RESONA HOLDINGS, INC.

Annual Report 2003

RESONA

Super Regional Bank Group

RESONA HOLDINGS

PROFILE

Company Name	Resona Holdings, Inc.
Lines of Business	Management and supervision of banking and other subsidiaries as well as other related activities
Osaka Head Office	2-1, Bingomachi 2-chome, Chuo-ku, Osaka 540-8608, Japan
Tokyo Head Office	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 108-8107, Japan
Day of Establishment	December 12, 2001
Paid-in Capital	¥720.4 billion (As of March 31, 2003)

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Concerning Forward-Looking Statements: This material 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.

I would like to take this opportunity to thank you for your continuing patronage and support of the Resona Group.

Speaking for all the management and staff of the Resona Group, as we embark on the revitalization of our activities, I would like to express our most profound appreciation to all those who made possible the support in public funds in the amount of ¥1,960 billion provided to Resona Bank, Ltd. We would also like to express our sincerest apologies for the serious concern caused by the decline in the capital adequacy ratio of Resona Bank, which made the infusion of public funds necessary, and for any inconvenience created by the suspension of dividends and other related issues.

We fully realize the weight of our responsibilities arising from the infusion of approximately ¥3 trillion in public funds in the Resona Group, including the most recent infusion of approximately ¥2 trillion, and are committed to doing our utmost to fulfill these responsibilities.

Thanks to the kind words of encouragement and support of our stakeholders, since our new management team members have moved into their current positions, Resona has begun to demonstrate signs of change, step by step.

However, given the harsh realities that Resona faces and the speed of change in the operating environment, I have now concluded even this measured pace of improvement is inadequate. To implement change that every one of you will recognize as genuine, I believe it necessary to confront three specific challenges.

The first challenge is to strengthen our operating and financial positions focusing especially on the following two areas.

- Minimizing risk related to non-performing loans and cross-holdings of shares.

  We have commissioned an independent auditing firm to conduct due diligence and assess the quality of the Resona Group's assets. This firm's assessment will enable us to accurately grasp which of our assets are at risk and the size of our exposure to such risk and then eliminate the unhealthy legacy of the past as quickly as possible.

  Specific measures will include the separation of Resona Bank's assets into two accounts: namely, a "revival account" and a "new account." These two accounts will be treated separately from administrative accounting and management perspectives. In addition, to restore the soundness of our asset portfolio, we will conduct strict credit risk management through the observance of credit ceilings and other guidelines, while also accelerating the sale of our equity holdings.

  To restructure our affiliated companies, as announced in July 2003, we will withdraw from the non-bank financing business, and our research institute will sharpen the focus of its activities and abandon its think-tank functions. In addition to these steps, we will implement a zero-based review of our affiliates and formulate specific plans that may include the options of withdrawing from or selling certain businesses.

- Establishing a low-cost operating system suited to a banking group focused on retail banking.

  We are in the process of formulating specific measures, but, as in every public company, I believe it is indispensable for every member of our staff to be profit-oriented and cost-conscious.

The second challenge we must confront is changing the mind-set of our employees. Each member of our staff must be aware of the situation Resona faces and the direction in which we are aspiring to move. I believe it is essential to re-examine, from the ground level up, and then abandon, when appropriate, our old mind-sets and the ways we do business. To promote a keener awareness among employees that Resona is making a new beginning, at the end of June 2003, we instituted the "Resona Plus One" campaign. Under Resona Plus One, we have asked all branch offices of Resona Group banks to review their operations and ask the question, "Are our activities providing benefits and convenient services for our customers?" I have already begun to receive a number of positive reports about the results of this campaign.

Also, in July, to harness and direct the energy of younger staff members toward reform measures, we formed eight project teams to cover specific themes, which include branch network strategy, cost reduction, and the upgrading of marketing capabilities. Along with the work of these teams, we are scheduled to form a Group-wide "brain trust" to accelerate the implementation of reforms.

The third challenge we want to address, as we make progress in confronting the first and second challenges, is to establish our new business model. There is no magic wand for devising a new business model, but what we want to accomplish is to differentiate ourselves in the retail banking business, which we consider our strength, by offering convenience, services, and speed to our customers at low cost and without sacrificing efficiency. We will make the best use of our close ties with our home markets to identify newly emerging customer needs, at least "half a lap" ahead of megabank competitors, and then develop and offer new products and services that set Resona apart for its imagination and responsiveness.

The first two challenges—namely, building stronger operating and financial positions and changing the mind-set of our employees—require urgent attention. The first six months of reform implementation will be crucial for success, and I intend to communicate messages periodically on the progress we are making toward change that I hope will enable everyone to see that Resona is making genuine progress.

As I stated when I took the position of chairman, I believe our long-term management goal is to transform Resona into a truly commercial enterprise. By that I meant we must evolve from being a "bank," which has connotations of close association and dependency on the public sector, into a "financial services company" that competes effectively in the market for financial services. As evidence of my commitment to achieving this transformation, let me present my five guiding principles.

1. The goal for revival of Resona is the maximization of corporate value. To achieve this goal, we will instill a profit-oriented mind-set and heighten cost-consciousness.
2. The swift elimination of problem assets, which are an unhealthy legacy from the past, is an absolute necessity for Resona's survival. We are strictly reviewing and assessing our assets, strengthening loan loss reserves, and clearing problem loans from our balance sheet.
3. Resona will free itself from past constraints and proactively work to create a new and innovative business model to enhance value added for its customers. To do this, we will provide opportunities for young and talented employees to take an active role in revitalization and recruit talented people from outside the Group as necessary.

4. At a time when customers have become more discriminating in the choice of the banks they do business with, we aim to become “The people’s most preferred bank.” We will always make judgments with our customers in mind and make a commitment to evolve into a true “financial services company” that is competitive in product quality, services, cost, and speed.
5. The market will be the judge of the success of Resona’s revival. We will break away from the smug, inward-focused management style of the past and become more open to customers and shareholders and act with a sense of speed and urgency.

Bearing in mind these five principles, I will take up the challenge of guiding the regeneration of Resona. In view of the responsibilities that the infusion of public funds places on us, our aim is to attain a high degree of transparency in management through better disclosure and step up our efforts to win the confidence of the market. As we make progress toward these objectives, we ask for your continued support and encouragement.

August 2003

Eiji Hosoya
Director, Chairman and Representative Executive Officer of Resona Holdings, Inc.

The reason leading to Resona Bank's submission of an application for an infusion of public funds was the substantial decline in the Bank's capital adequacy resulting from the implementation of major steps toward enhancing the Bank's financial position in accord with the intent of the Program for Financial Revival, which was announced in October 2002. Specific steps taken were (1) aggressive measures to clear problem loan exposure from the balance sheet, (2) write-downs of unrealized losses on stocks, and (3) the reversal of deferred tax assets. These steps resulted in substantial losses and a consequent deterioration in the Bank's capital adequacy ratio.

When these circumstances became apparent, Resona Bank received certification in May 2003 as being in need of No. 1 Measures (the underwriting of shares and other measures by the Deposit Insurance Corporation (DIC) to expand the capital of financial institutions) as specified in Article 102 of Japan's Deposit Insurance Law. Thereafter, the Bank submitted an application for an infusion of public funds to the DIC.

Prior to the Bank's certification for No. 1 Measures, a report issued on May 17 on the findings of the Financial System Management Council, an advisory group convened at the request of Prime Minister Junichiro Koizumi, contained the statement, "The specific content of the capital infusion should be decided after taking Resona Bank's application into consideration, but the size of an infusion should be sufficient enough for Resona Bank to raise its capital adequacy ratio above 10% from the viewpoint of eliminating concerns prevailing among depositors and customers and in the markets."

In view of this opinion, Resona Holdings, Inc., took into consideration a comprehensive range of factors, including (1) Resona Bank's policy of focusing on lending and other services for small and medium-sized companies, (2) its objective of being a bank with close ties to regional communities, and (3) the likelihood that it would take some time to return the Bank to a sound footing, despite the exertion of strong efforts, and that the Bank would therefore need to maintain a stable capital base during this period of recovery. As a result of these considerations, we concluded that a substantial capital infusion would be necessary and applied for an infusion of ¥1,960 billion in public funds.

Subsequently, this matter was taken up by the Diet and other government organizations, and a final decision was reached to make an infusion of ¥1,960 billion into Resona Bank effective June 30, 2003. On July 1, 2003, Resona Bank issued common stock and preferred stocks, as shown in the accompanying table to the DIC, thus completing the capital infusion.

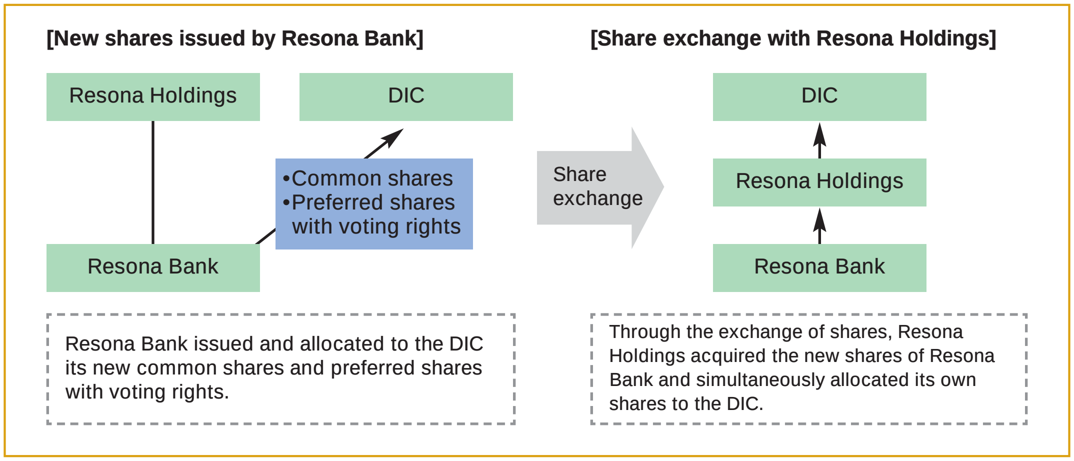
As a consequence of this capital increase, Resona Bank's capital adequacy ratio recovered to above 12%.

Summary of the Shares Issued by Resona Bank

Shares issued	Type of stock	Number of shares issued	Total issue amount
Common stock	Common stock	25,912,450,000	¥296,438,428,000
Class one No. 1 preferred stock	Preferred stock with voting rights	12,500,000,000	¥550,000,000,000
Class two No. 1 preferred stock	Preferred stock with voting rights	12,808,217,550	¥563,561,572,200
Class three No. 1 preferred stock	Preferred stock with voting rights	12,500,000,000	¥550,000,000,000
Total	—	—	¥1,960,000,000,200

In addition, on August 7, 2003, the new shares issued by Resona Bank accompanying the infusion of public funds were exchanged for an equivalent amount of the shares of Resona Holdings, the Resona Group holding company. Under this share exchange arrangement, Resona Holdings acquired the shares which Resona Bank issued to the DIC in exchange for its own new shares it issued to the DIC, which then became a shareholder of Resona Holdings, with the objectives of strengthening the corporate governance of the Resona Group and ensuring adherence to strict compliance standards.

Share Exchange between Resona Holdings and Resona Bank



Share Exchange Ratio

Types and total number of shares issued by Resona Holdings

	Total number of shares
Common stock	5,700,739,000 shares
Class one, No. 1 preferred stock	2,750,000,000 shares
Class two, No. 1 preferred stock	2,817,807,861 shares
Class three, No. 1 preferred stock	2,750,000,000 shares

Note: Date of share exchange: August 7, 2003

Share exchange ratio

Types of Resona Bank's stocks	Number of Resona Holdings' shares to be allocated
Common stock 1 share	Common stock 0.22 share
Class one, No. 1 preferred stock 1 share	Class one, No. 1 preferred stock 0.22 share
Class two, No. 1 preferred stock 1 share	Class two, No. 1 preferred stock 0.22 share
Class three, No. 1 preferred stock 1 share	Class three, No. 1 preferred stock 0.22 share

Corporate Governance

The reason directly responsible for making the infusion of public funds necessary was the deterioration and weakness of the Resona Group's financial position. Circumstances leading to this deterioration, which were aggravated by the weakness in the domestic economy and the need to revitalize the financial system in a short period of time, included the non-performing loan problem and cross-holdings of shares, but these are issues that we have in common with other financial institutions. We believe that the roots of these financial problems lie in corporate governance, specifically the lack of sufficient leadership by management.

After reviewing the events leading to the current circumstances, our first step was to implement a major overhaul of management, including the removal of the former management and the appointment of independent, outside directors. Following these measures, we then formed corporate governance committees and became the first Japanese banking institution to take this step.

New Management Structure

(Number of directors)

	Previous structure	New structure	Reduction
Resona Holdings and banking subsidiaries (Note 1)	47	41 (Note 2)	(6)
Affiliated companies	230	164	(66)

Notes: 1. In cases where individuals hold positions in several Group companies, adjustments have been made to avoid double counting.
2. This figure includes the Chairman and six outside directors.

Appointment of Director, Chairman and Representative Executive Officer

Position	Name	Previous position
Director, Chairman and Representative Executive Officer	Eiji Hosoya	Executive Vice President, East Japan Railway Company

Note: The Director, Chairman and Representative Executive Officer serves as Chairman of the Board of Resona Holdings, Inc., and Resona Bank, Ltd.

Appointment of Outside Directors

Position	Name	Concurrent position(s)
Director	Yoji Arakawa	Lawyer
Director	Terukazu Inoue	Corporate Adviser, Toyota Motor Corporation
Director	Shunji Koike	President of Sunlit Sangyo Co., Ltd., Vice Chairman, The Osaka Chamber of Commerce and Industry
Director	Noboru Yanai	President, Arrow Consulting
Director	Hiroshi Rinno	President, Credit Saison Co., Ltd.
Director	Shotaro Watanabe	Vice Chairman and President, KEIZAI DOYUKAI (Japan Association of Corporate Executives)

Composition of the Boards of Directors

(Number of directors)

	Previous structure	New structure	Outside directors (included)
Resona Holdings	11	10	6
Resona Bank	10	11 (Note)	6

Note: This figure includes eight individuals holding the position of director in Resona Holdings.

Accompanying the appointment of governance committees, we separated the functions of overall decision making and the supervision of the business activities from the functions of the day-to-day conduct of operations. The objectives of this measure were to enhance the soundness and transparency of management and to increase the speed and flexibility of the conduct of operations.

Also, together with the appointment of governance committees, we made three key organizational changes, with the aim of strengthening our corporate governance structures as quickly as possible.

These were as follows:

1. Appointment of Independent, Outside Directors

We have appointed a majority, or 6, outside directors to our 10-member Board, with the aim of substantially strengthening the supervision and surveillance of management. All of these six directors also serve on the Board of Resona Bank.

2. Formation of Committees for Appointments, Compensation, and Auditing

To ensure the independence of these committees from the conduct of operations, a majority of the members of each committee are independent, outside directors. In addition, none of the directors serving on the Auditing Committee hold positions as executive officers. The functions of these committees are as follows.

● Appointments Committee

Makes decisions regarding proposals for the appointment and dismissal of directors that are submitted to the General Meeting of Shareholders

● Compensation Committee

Decides on the content of compensation for directors and executive officers on an individual basis

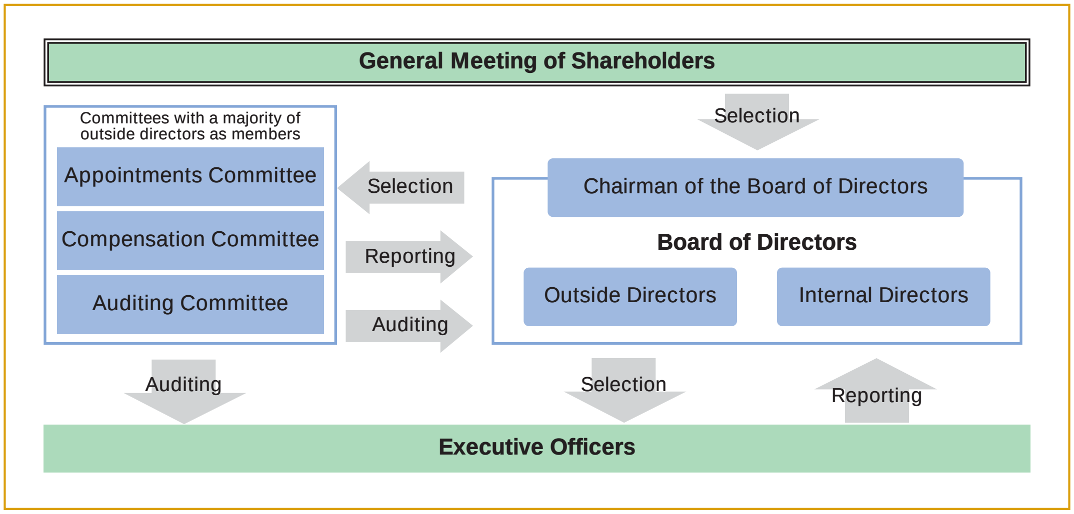
● Auditing Committee

Supervises the conduct of duties by directors and executive officers and decides on the content of proposals for the appointment and dismissal of accounting auditors that are submitted to the General Meeting of Shareholders

3. Appointment of Executive Officers

The executive officers are responsible for decision making on matters delegated to them by the Board of Directors and for the day-to-day conduct of operations. As a result of the appointment of executive officers, substantial decision-making authority has been delegated by the Board to these officers, with the aim of speeding up the execution of business operations.

New Management Structure



Total income of the Resona Group in fiscal 2002, ended March 31, 2003, amounted to ¥1,267.6 billion. By source, interest income, mainly interest on loans and bills discounted, was ¥688.2 billion, and fees and commissions totaled ¥175.7 billion.

Total expenses amounted to ¥1,791.8 billion. This was due to write-downs of the value of stocks totaling ¥308.9 billion, as Resona Bank took more aggressive measures to dispose of its unrealized losses on stocks accompanying a substantial drop in stock prices in comparison with the previous fiscal year. In addition, to deal with non-performing loans, further aggressive measures were adopted to make write-offs and provisions, including steps to clear problem exposure from the balance sheet and to strengthen the loan loss reserve with the adoption of the Discounted Cash Flows (DCF) Method*. As a consequence, provisions to the reserve for possible loan losses amounted to ¥229.2 billion and write-offs of problem exposure were ¥244.8 billion. Please note that income taxes—deferred amounted to ¥300.7 billion for the year. This was because, after the detailed consideration of future uncertainties, Resona Bank made a substantial reversal of the outstanding balance of its deferred tax assets in view of the Program for Financial Revival, the ruling of the chairman of the Japan Association of Certified Public Accountants, and other factors.

As a consequence, the Group's loss before income taxes and minority interests amounted to ¥524.1 billion, and the net loss was ¥837.6 billion.

Resona Holdings, Inc., on a non-consolidated basis, reported operating income of ¥13.0 billion and ordinary net profit of ¥1.7 billion. However, accompanying the decline in net assets of Group banks, Resona Holdings recognized a devaluation loss of investment in subsidiaries amounting to ¥751.2 billion and provisions for reserve for possible losses on investments of ¥409.8 billion, amounting to a total extraordinary loss of ¥1,161.1 billion. As a result, the holding company reported a net loss of ¥1,153.5 billion.

* Under the discounted cash flow, or DCF, method, the future cash flows from principal and interest on loan assets are discounted at a fixed discount rate to calculate the present value of such loan assets.

Consolidated Balance Sheets and Trust Assets and Liabilities

Total assets of the Group amounted to ¥42,891.9 billion, a decline of ¥2,060.5 billion from the previous fiscal year-end. Loans and bills discounted declined ¥850.6 billion, to ¥29,170.5 billion, and securities decreased ¥394.3 billion, to ¥6,469.9 billion.

On the other hand, the total volume of funds, including deposits and negotiable certificates of deposit, amounted to ¥35,310.6 billion, representing an increase of ¥632.3 billion from the previous fiscal year-end.

In the trust account, total trust assets amounted to ¥25,154.8 billion, comprising mainly ¥9,911.3 billion in money trusts and ¥5,887.6 billion in pension trusts.

As a result of the substantial net loss, net assets decreased ¥978.2 billion from the previous fiscal year-end, to ¥310.8 billion. The consolidated capital adequacy ratio declined by 4.95 percentage points from the end of the previous fiscal year to 3.78%, owing to the weakness in stock prices, the reversal of deferred tax assets, and other factors.

Dividend Policy

Resona Holdings suspended its dividends for the end of the fiscal year under review on both common and preferred shares in view of the substantial net loss reported for the year. Please note that in view of the large infusion of public funds, the Company has decided to continue the suspension of dividends on common shares for the year ending March 31, 2004, with a view to improving its financial position through the steady accumulation of retained earnings. Going forward, the Resona Group will work to build a strong financial position to enable the stable and continued payment of dividends through efforts to increase corporate value and create a sound business position and aim for an early resumption of dividends. Resona Holdings is scheduled to pay dividends on preferred shares for the fiscal year ending March 2004 under the terms of their issuance.

Consolidated Financial Summary

Resona Holdings, Inc.

Years ended March 31	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Income statement data			
Income			
Interest income	**¥ 688,267**	¥ 814,876	**$ 5,726**
Trust fees	**37,721**	44,843	**313**
Fees and commissions	**175,701**	188,101	**1,461**
Trading income	**23,592**	10,369	**196**
Other operating income	**161,021**	108,130	**1,339**
Other income	**181,332**	207,086	**1,508**
Total Income	**1,267,638**	1,373,407	**10,546**
Expenses			
Interest expenses	**89,110**	162,631	**741**
Fees and commissions	**63,464**	70,039	**527**
Trading expenses	**60**	37	**0**
Other operating expenses	**31,832**	34,257	**264**
General and administrative expenses	**597,675**	568,320	**4,972**
Other expenses	**1,009,681**	1,711,910	**8,400**
Total Expenses	**1,791,824**	2,547,197	**14,907**
Loss before income taxes and minority interests	**524,186**	1,173,789	**4,360**
Income taxes—current	**10,767**	14,906	**89**
Income taxes—deferred	**300,788**	(256,412)	**2,502**
Net loss	**¥ 837,633**	¥ 931,876	**$ 6,968**
Balance sheet data			
Total assets	**¥42,891,933**	¥44,952,488	**$356,838**
Total liabilities	**42,280,240**	43,558,519	**351,749**
Minority interests in consolidated subsidiaries	**300,849**	104,911	**2,502**
Total shareholders' equity	**310,842**	1,289,058	**2,586**
Deposits and negotiable certificates of deposit	**35,310,658**	34,678,319	**293,765**
Loans and bills discounted	**29,170,585**	30,021,204	**242,683**
Securities	**6,469,988**	6,864,323	**53,826**

	Yen 2003	Yen 2002	U.S. dollars 2003
Per share data			
Net loss per share	**¥ 154.66**	¥ 174.57	**$ 1.28**

Non-consolidated Financial Summary

Resona Holdings, Inc.

Years ended March 31	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Income Statement Data			
Operating income	**¥ 13,078**	¥ 2,125	**$ 108**
Dividends from subsidiaries	**941**	—	**7**
Fees from subsidiaries	**7,087**	2,091	**58**
Interest on loans to subsidiaries	**5,050**	34	**42**
Operating expenses	**10,871**	1,700	**90**
Interest expenses	**5,050**	34	**42**
General and administrative expenses	**5,821**	1,666	**48**
Operating profit	**2,206**	424	**18**
Non-operating profit	**27**	1	**0**
Non-operating expenses	**447**	118	**3**
Ordinary net profit	**1,787**	307	**14**
Extraordinary profit	**6,782**	28,913	**56**
Gains on sales of investment in subsidiaries	**6,782**	28,913	**56**
Extraordinary loss	**1,161,119**	—	**9,659**
Devaluation of investment in subsidiaries	**751,263**	—	**6,250**
Provision for possible losses on investments	**409,856**	—	**3,409**
Income (loss) before income taxes	**(1,152,550)**	29,221	**(9,588)**
Income taxes—current	**8**	10,313	**0**
Income taxes—deferred	**993**	(993)	**8**
Net income (loss)	**¥(1,153,552)**	¥ 19,901	**$(9,596)**
Balance Sheet Data			
Total assets	**¥ 700,952**	¥1,822,271	**$ 5,831**
Total liabilities	**352,590**	310,972	**2,933**
Total shareholders' equity	**348,362**	1,511,298	**2,898**

	Yen 2003	Yen 2002	U.S. dollars 2003
Per Share Data			
Net income (loss) per share	**¥ (204.73)**	¥ 2.66	**$ (1.70)**
Cash dividends declared per share:			
Common stock	**—**	—	**—**
Preferred stock:			
Class A No. 1 preferred stock	**—**	24.75	**—**
Class B No. 1 preferred stock	**—**	6.36	**—**
Class C No. 1 preferred stock	**—**	6.33	**—**
Class D No. 1 preferred stock	**—**	10.00	**—**
Class E No. 1 preferred stock	**—**	14.38	**—**
Class F No. 1 preferred stock	**—**	18.50	**—**

(Reference)

Non-consolidated Summary of Operations (Total of the five banks)

Total of the five banks*1	Millions of yen			Millions of U.S. dollars
Years ended March 31	**2003**	2002	Difference	**2003**
Gross operating profit	**¥761,021**	¥ 800,138	¥ (39,116)	**$6,331**
Gross operating profit from domestic operations	**733,237**	757,796	(24,558)	**6,100**
Interest income	**580,836**	627,662	(46,825)	**4,832**
Trust fees (after disposal of non-performing loans in the trust account)	**37,398**	44,346	(6,948)	**311**
Fees and commissions	**56,346**	55,696	649	**468**
Trading income	**1,000**	1,993	(992)	**8**
Other operating income	**57,655**	28,098	29,557	**479**
Gross operating profit from international operations	**27,784**	42,341	(14,557)	**231**
Interest income	**802**	11,762	(10,960)	**6**
Fees and commissions	**3,710**	4,352	(642)	**30**
Trading income	**19,900**	6,407	13,492	**165**
Other operating income	**3,370**	19,818	(16,447)	**28**
Expenses (excluding extraordinary expenses)	**455,894**	477,324	(21,430)	**3,792**
Personnel expenses	**167,828**	187,550	(19,722)	**1,396**
Nonpersonnel expenses	**264,799**	266,293	(1,493)	**2,202**
Taxes	**23,266**	23,480	(214)	**193**
Provision to general reserve for possible loan losses	**141,795**	112,983	28,812	**1,179**
Disposal of non-performing loans in the trust account	**2,228**	4,034	(1,806)	**18**
Actual net operating profit*2	**307,356**	326,849	(19,492)	**2,557**
Net operating profit	**163,332**	209,830	(46,498)	**1,358**
Other gains or losses	**(669,596)**	(1,473,599)	804,002	**(5,570)**
Gains or losses on stocks and other securities	**(312,107)**	(607,210)	295,102	**(2,596)**
Gains on sale	**25,488**	41,857	(16,369)	**212**
Losses on sale	**24,216**	215,884	(191,667)	**201**
Losses on devaluation	**313,379**	415,383	(102,004)	**2,607**
Provision to the reserve for possible losses on investments	**0**	17,800	(17,800)	**0**
Disposal of non-performing loans	**366,457**	834,977	(468,519)	**3,048**
Write-off of loans	**241,157**	297,970	(56,813)	**2,006**
Provision to specific reserve for possible loan losses	**70,382**	404,650	(334,267)	**585**
Provision to reserve for possible losses on loans sold	**644**	9,231	(8,586)	**5**
Losses on sales of claims to CCPC	**5,089**	14,214	(9,124)	**42**
Provision to special reserve for certain overseas loans	**(1,115)**	(4,977)	3,861	**(9)**
Other credit-related expenses	**50,299**	113,888	(63,589)	**418**
External standards tax on banks in Tokyo and Osaka	**6,192**	11,259	(5,067)	**51**
Ordinary loss	**506,331**	1,263,768	(757,436)	**4,212**
Extraordinary gains or losses	**(11,023)**	(14,601)	3,577	**(91)**
Gains or losses on disposition of real estate/premises and equipment	**(18,090)**	(23,808)	5,718	**(150)**
Gains on disposition	**748**	776	(27)	**6**
Losses on disposition	**18,839**	24,585	(5,745)	**156**
Loss before income taxes	**517,355**	1,278,369	(761,014)	**4,304**
Income taxes—current	**8,966**	1,794	7,172	**74**
Income taxes—deferred	**264,104**	(239,477)	503,582	**2,197**
Net loss	**¥790,425**	¥1,040,686	¥(250,260)	**$6,575**

Notes: 1. The total for the five Group banks is the sum of the non-consolidated figures for Resona Bank, Saitama Resona Bank, Kinki Osaka Bank, Nara Bank, and Resona Trust & Banking. For the sake of comparison, the figures presented for the year ended March 2003 also include the figures of the former Asahi Bank, which closed its account at the end of February 2003, for the merger with Daiwa Bank on March 1, 2003.
2. Actual net operating profit: Net operating profit before transfer to general reserve for possible loan losses and disposal of non-performing loans in the trust account.

As of March 31, 2003, the consolidated capital adequacy ratio of Resona Holdings stood at 3.78%, a substantial decline of 4.95 percentage points from the end of the previous period and below the 4.00% required under Secondary Standards (Domestic Standards) for bank capital adequacy ratios.

Although Resona Holdings increased its capital by ¥194.6 billion through the issuance of preferred securities and common shares during the fiscal year under review, the Group's capital adequacy ratio declined, owing to a number of factors. These included (1) the substantial reversal of deferred tax assets by Resona Bank, following a strict reevaluation of these assets, (2) the write-down of the carrying value of securities at Group banks accompanying the decline in stock prices, and (3) the increase in credit-related costs arising as problem exposure was cleared from the balance sheet and as the DCF Method was applied to calculate the appropriate level of loan loss reserves under more stringent critieria.

The principal factors accounting for the decline in the capital adequacy ratio are shown in the following tables.

Consolidated Capital Adequacy Ratio of Resona Holdings

(Billions of yen)

	Period ended March 31, 2003	Period ended March 31, 2002	Year-on-year change
Capital ratio	**3.78%**	8.73%	(4.95)%
Tier I capital ratio	**1.91%**	4.38%	(2.47)%
Total qualifying capital	**¥ 1,037.5**	¥ 2,517.5	¥(1,479.9)
Tier I capital	**525.5**	1,265.2	(739.6)
Preferred securities issued	**264.2**	70.6	193.6
Preferred stock (public funds)	**868.0**	868.0	0.0
Deferred tax assets	**522.9**	832.6	(309.6)
Total risk-adjusted assets	**¥27,448.3**	¥28,830.2	¥(1,381.8)
Capital increase during the period	**194.6**	0.0	194.6

- The capital adequacy ratio of Resona Holdings declined 4.95 percentage points year on year.
- Factors contributing to an increase in the capital adequacy ratio
  Capital increase during the fiscal year: 1.35 percentage points
  A decline in risk-adjusted assets: 0.18 percentage point
- Factors leading to a decrease in the capital adequacy ratio
  A decline in stock prices: -2.90 percentage points
  A decline in deferred tax assets: -2.15 percentage points
  Other factors, net: -1.43 percentage points

Factors Leading to the Decline in the Capital Adequacy Ratio

(Billions of yen)

		Quantitative impact		
Decline in capital adequacy ratio	**(4.95)%**			Decline in Tier I capital x 2 + Increase in amounts deducted
Decline in total qualifying capital	**(5.13)**	¥(1,479.9)	(a)	
Decline in risk-adjusted assets	**0.18**	(1,381.8)		

		Quantitative impact		
Decline in total qualifying capital	**(5.13)%**		(a)	Decline in Tier I capital x 2 = Decrease in total qualifying capital
Capital raised through preferred securities	**1.34**	¥193.6		
Issuance of common stock	**0.01**	1.0		
Impact of net loss for the period	**(6.48)**	(934.3)	(b)	

		Quantitative impact	
Impact of net loss for the period	**(6.48)%**		(b)
Effect of decline in stock prices, etc.	**(2.90)**	¥(418.5)	(c)
Decline in deferred tax assets	**(2.15)**	(309.6)	
Other factors, net (See note)	**(1.43)**	(206.1)	

Note: Other factors, net, is the balance of net operating profit minus non-performing loan disposal costs, etc.

	Quantitative impact	
Effect of decline in stock prices, etc.	**¥(418.5)**	(c)
Loss on stocks	**(300.5)**	
Disposal of unrealized loss utilizing merger gains.	**(162.5)**	
Revaluation gains on stocks	**44.5**	

During the fiscal year ended March 31, 2003, Resona Group banks worked actively to place problem claims classified as Doubtful or lower in credit quality off their balance sheets and made additions to reserves for possible loan losses, with the aim of disposing problem loans at an early date. As a result of these aggressive measures, the total disposal of problem loans for the fiscal year amounted to ¥415.5 billion on a consolidated basis. In addition, based on the application of the DCF Method, Group banks made substantial additions to the general reserve for possible loan losses amounting to ¥136.5 billion, principally for loans to major obligors classified as Special Attention. As a result, the total credit-related expenses for the year on a consolidated basis amounted to ¥552.1 billion.

Please note that the total of problem claims newly recognized as Doubtful or lower in credit quality at Resona Group banks (total of the four Group banks) during the fiscal year—because of the deterioration of the operating environment for obligors under a deflationary economic environment—was approximately ¥430 billion. However, Group banks took decisive steps to deal with this problem exposure and reduced the total by approximately ¥1,330 billion during the course of the fiscal year through the removal of such problem claims from their balance sheets and other measures. As a consequence, the balance of such problem claims subject to placement off the balance sheets was reduced by approximately ¥900 billion from the end of the previous fiscal year.

Breakdown of Disposal of Non-performing Loans (Consolidated)

(Billions of yen)

Year ended March 31	2003	2002
Disposal of non-performing loans	**¥415.5**	¥901.3
Write-off of loans	**244.8**	349.2
Provision to specific reserve for possible loan losses	**93.4**	375.6
Provision to reserve for possible losses on loans sold	**0.6**	9.2
Losses on forgiveness of loans to assist borrowers	**14.3**	66.5
Losses on sales of claims to CCPC*	**5.1**	14.2
Provision to special reserve for certain overseas loans	**(0.8)**	(4.9)
Other disposal of non-performing loans	**57.9**	91.3

* Cooperative Credit Purchasing Company, Limited

Claims Disclosure according to the Financial Reconstruction Law (Total of the four banks)

(Includes Jointly Operated Designated Money Trusts, of which the principal is guaranteed by a Group bank. Figures are after partial direct write-offs.)

(Billions of yen)

March 31	2003	2002
Unrecoverable or valueless claims	**¥ 388.8**	¥ 442.4
Risk claims	**752.9**	1,598.2
Claims in need of special attention	**1,764.5**	1,315.4
Financial Reconstruction Law subtotal	**2,906.3**	3,356.1
Nonclassified claims	**28,244.5**	29,302.7
Financial Reconstruction Law total	**¥31,150.8**	¥32,658.8

Note: The total of the four banks is the sum of non-consolidated figures for Resona Bank, Saitama Resona Bank, Kinki Osaka Bank, and Nara Bank.

Risk Management Loans (Consolidated)

(Includes Jointly Operated Designated Money Trusts, of which the principal is guaranteed by a Group bank. Figures are after partial direct write-offs.)

(Billions of yen)

March 31	2003		2002	
	Risk management loans	Ratio to total loans	Risk management loans	Ratio to total loans
Loans to borrowers in legal bankruptcy	**¥ 163.3**	**0.55%**	¥ 186.6	0.62%
Past due loans	**1,042.0**	**3.53%**	1,891.3	6.30%
Loans past due three months or more	**71.1**	**0.24%**	121.4	0.40%
Restructured loans	**1,761.5**	**5.97%**	1,259.3	4.19%
Total	**¥3,038.0**	**10.31%**	¥3,458.7	11.52%
Partial direct write-offs	**¥1,069.3**		¥1,022.7	

Reserve for Possible Loan Losses (Consolidated)

(Billions of yen)

March 31	2003	2002
General reserve for possible loan losses	**¥494.5**	¥ 344.5
Specific reserve for possible loan losses	**306.2**	708.8
Special reserve for certain overseas loans	**0.5**	1.5
Total reserve for possible loan losses	**¥801.3**	¥1,054.9
Reserve for possible losses on loans sold	**¥ 10.1**	¥ 20.4
Reserve provided in preparation for write-offs in trust account	**0.8**	1.3

Percentage of Reserves to Total Risk Management Loans (Consolidated)

(%)

March 31	2003	2002
Before partial direct write-off	**45.56**	46.39
After partial direct write-off	**26.40**	30.53

Percentage of reserves = (Total reserve for possible loan losses + Reserve for the specific borrowers under support + Reserve provided in preparation for write-offs in trust account) / Total risk management loans

Risk Management Loans (Total of the four banks)

(Includes Jointly Operated Designated Money Trusts, of which the principal is guaranteed by a Group bank. Figures are after partial direct write-offs.)

(Billions of yen)

March 31	2003		2002	
	Risk management loans	Ratio to total loans	Risk management loans	Ratio to total loans
Loans to borrowers in legal bankruptcy	**¥ 156.4**	**0.52%**	¥ 178.6	0.58%
Past due loans	**962.8**	**3.25%**	1,806.6	5.93%
Loans past due three months or more	**57.5**	**0.19%**	102.0	0.33%
Restructured loans	**1,707.0**	**5.77%**	1,213.3	3.98%
Total	**¥2,883.8**	**9.76%**	¥3,300.6	10.84%
Partial direct write-offs	**¥ 992.0**		¥ 944.2	

Reserve for Possible Loan Losses (Total of the four banks)

(Billions of yen)

March 31	2003	2002
General reserve for possible loan losses	**¥468.7**	¥326.4
Specific reserve for possible loan losses	**262.6**	651.2
Special reserve for certain overseas loans	**0.9**	2.2
Total reserve for possible loan losses	**¥732.3**	¥979.9
Reserve for possible losses on loans sold	**¥ 10.1**	¥ 20.4
Reserve provided in preparation for write-offs in trust account	**0.8**	1.3

Percentage of Reserves to Total Risk Management Loans (Total of the four banks)

(%)

March 31	2003	2002
Before partial direct write-off	**44.51**	45.36
After partial direct write-off	**25.42**	29.73

Percentage of reserves = (Total reserve for possible loan losses + Reserve for the specific borrowers under support + Reserve provided in preparation for write-offs in trust account) / Total risk management loans

Problem Exposure Cleared from the Balance Sheets

Claims to Obligors Classified as Doubtful or Lower Obligor Categories in the Self-assessment of Asset Quality (Total of the four banks)

(Includes Jointly Operated Designated Money Trusts, of which the principal is guaranteed by a Group bank. Figures are after partial direct write-offs.)

(Billions of yen)

	End of March 2003							
		Clearance Ratios	End of September 2002	End of March 2002	End of September 2001	End of March 2001	End of September 2000
Portion in or prior to the first half of fiscal 2000							
Total	**¥ 258.4**	**83.3%**	¥ 528.0	¥ 610.1	¥ 868.7	¥1,096.7	¥1,554.9
Unrecoverable or valueless claims	**144.0**	**—**	199.3	238.3	292.9	373.0	419.6
Risk claims	**114.4**	**—**	328.6	371.7	575.8	723.7	1,135.3
Portion in the latter half of fiscal 2000							
Total	**121.9**	**73.4%**	172.8	311.5	372.1	459.7	
Unrecoverable or valueless claims	**38.2**	**—**	51.0	38.0	34.1	57.9	
Risk claims	**83.6**	**—**	121.8	273.5	337.9	401.8	
Portion in the first half of fiscal 2001							
Total	**62.7**	**69.0%**	91.2	120.6	202.7		
Unrecoverable or valueless claims	**25.4**	**—**	31.8	38.0	54.2		
Risk claims	**37.3**	**—**	59.3	82.5	148.4		
Portion in the latter half of fiscal 2001							
Total	**321.3**	**67.8%**	710.6	998.3			
Unrecoverable or valueless claims	**94.9**	**—**	103.5	128.0			
Risk claims	**226.3**	**—**	607.1	870.3			
Portion in the first half of fiscal 2002							
Total	**130.7**	**30.1%**	187.3				
Unrecoverable or valueless claims	**34.3**	**—**	46.7				
Risk claims	**96.4**	**—**	140.5				
Portion in the latter half of fiscal 2002							
Total	**246.3**	**—**					
Unrecoverable or valueless claims	**51.7**	**—**					
Risk claims	**194.5**	**—**					
Total	**¥1,141.7**	**—**	¥1,690.1	¥2,040.7	¥1,443.6	¥1,556.5	¥1,554.9

Note: Clearance ratios are the percentages of exposure outstanding as of the end of March 2003 compared with the balance at the end of the period when such exposure was newly classified.

Summary of Policies for Write-offs and Reserves by Obligor Classification

Obligor Classification under Self-Assessments	Summary of Policies for Write-Offs and Reserves (Banking Account)
Normal	The amount equivalent to the expected loss over the coming one-year period is added to the General Reserve for Possible Loan Losses. The expected loss is computed by using expected loan loss ratios that take account of the average maturities of the loans, actual loan loss experience, and other factors, including adjustments deemed necessary for future prospects.
Watch	
Special Attention	The amount equivalent to the expected loss over the coming three-year period is added to the General Reserve for Possible Loan Losses. The expected loss is computed by using expected loan loss ratios that take account of the average maturities of the loans, actual loan loss experience, and other factors, including adjustments deemed necessary for future prospects. In addition, for certain major obligors, the Group banks adopt the DCF Method to compute the necessary loan loss reserves on an obligor-by-obligor basis based on estimates of future cash flows, and this amount is then added to the General Reserve for Possible Loan Losses.
Doubtful	An amount equivalent to the total amount of claims (after subtraction of the expected recoveries from collateral and guarantees) minus a rational estimate of the amount of the claims deemed recoverable, or the amount of the expected loss over the next three years based on an expected loss ratio that takes account of past loan loss ratios and necessary adjustments for future prospects, is added to the Specific Reserve for Possible Loan Losses on an obligor-by-obligor basis.
Effectively Bankrupt	The amount remaining after subtraction of the expected recoveries from collateral and guarantees from the balance of the exposures is either written off or an equivalent amount is added to the Specific Reserve for Possible Loan Losses on a loan-by-loan basis.
Bankrupt	

Statement of Self-assessment of Asset Quality (Total of the four banks)

(Billions of yen)

Obligor Classification / Categories of Claims	Disclosure Categories under the Financial Reconstruction Law	Disclosure Categories under Self-Assessment of Asset Quality: Normal Claims	Category II Claims	Category III Claims	Category IV Claims	Coverage	Coverage Ratio under Financial Reconstruction Law Criteria
Bankrupt and Effectively Bankrupt (Total 388.8)	Unrecoverable or Valueless Claims 388.8	117.0	271.7	Reserve Ratio 100%	Direct Write-Offs	Reserves (47.2) Collateral/Guarantees (341.5)	Unrecoverable or Valueless Claims 100%
Doubtful (Total 752.9)	Risk Claims 752.9	344.9	281.1	126.7 Reserve Ratio 62.56%		Reserves (211.9) Collateral/ Guarantees (414.1)	Risk Claims 83.15%
Watch: Special Attention (Total 2,304.7)	Claims in Need of Special Attention 1,764.5 Subtotal 2,906.3	118.8	2,185.9			Reserves (390.0) Collateral/Guarantees (658.7)	Claims in Need of Special Attention 59.43%
Watch: Other Watch (Total 3,575.3)	Nonclassified Claims 28,244.5	726.5	2,848.7				
Normal (Total 24,129.0)		24,129.0					Coverage Ratio against Total Claims 71.01%
Total 31,150.8	Total 31,150.8	Normal Claims 25,436.4	Category II Claims 5,587.5	Category III Claims 126.7	Category IV Claims —		

Basic Approach to Risk Management

As banking activities have become more diverse and financial technology has become more sophisticated, financial institutions are confronted with a wide range of risks. To ensure sound management while offering high-quality services to customers, it has become increasingly important for financial institutions to control risk within fixed limits and generate stable levels of earnings that are appropriate to the risks they take.

The Resona Group is endeavoring to create even stronger risk management systems, realize soundness and efficiency in its operations, enhance corporate value, and gain the understanding and trust of society. The Group aims to create a new style of risk management, differing from those of megabanks and regional banking institutions, which is appropriate to the nature of its activities as a “federation of regional financial institutions.”

Within the Group, Resona Holdings (the Group’s holding company) has established a statement, *Group Risk Management Policies,* which sets forth the basic approach of the Group toward risk management. Based on these policies, each of the banks in the Resona Group has prepared risk management policies suited to the scale and nature of its operations.

The Group classifies risks into eight types (credit, market, liquidity, operational, processing, systems, legal, and reputation) and manages these in a manner appropriate to each type of risk. For those risks that are quantifiable, including credit and market risk, the Group sets risk limits, and each of the Group banks conducts its operations within these limits. In addition, the members of the Group are working together to upgrade the basic risk management framework and tools, including methods for measuring quantifiable risks.

Types of risk	Definition
Credit risk	The risk of loss arising when the value of assets declines or is destroyed as a result of the deterioration of the financial position of obligors.
Market risk	The risk of loss arising when the value of assets held declines owing to fluctuations in long- and short-term interest rates, prices of bonds and stocks, foreign currency exchange rates, and other indicators. Market risk also includes the risk of loss that may occur when transactions cannot be consummated due to market turmoil, or transactions must be carried out at much less favorable prices than during normal periods (market liquidity risk).
Liquidity risk	The risk of loss arising when necessary liquidity cannot be obtained and cash needed for the conduct of operations is unavailable because of deterioration in financial position and other circumstances. Liquidity risk also applies to situations where losses are incurred because of the need to borrow funds at substantially higher interest rates than during normal periods.
Operational risk	The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. (Operational risk is defined to include the following three types of risk: namely, processing, systems, and legal risk.)
Processing risk	The risk of loss arising from failed processing due to mistakes, negligence, accidents or fraud by directors, staff, and other personnel within the organization.
Systems risk	The risk of loss arising when computer systems fail, function improperly, or are defective. Systems risk also includes losses arising when computer systems are used improperly.
Legal risk	The risk of loss when laws and legal contracts are violated or breached, when improper contracts are concluded, and when other adverse circumstances arise for legal reasons.
Reputation risk	The risk of loss when a bank’s reputation is damaged due to the content of media reports, rumors in the market, and other circumstances or problems that may affect its reputation.

Group Risk Management Systems

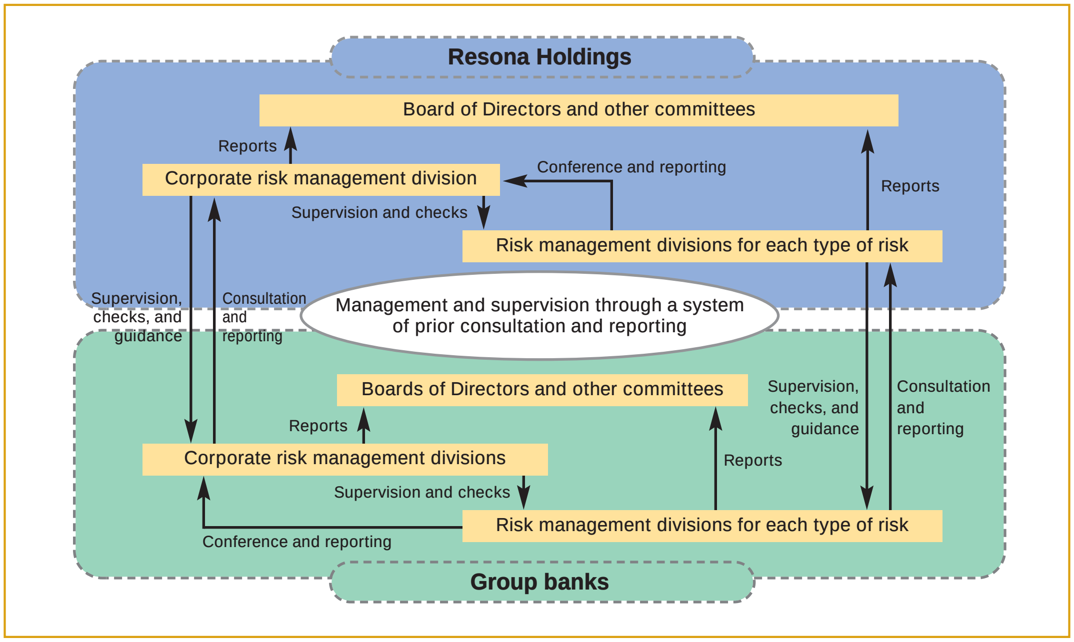
Resona Holdings (Holding Company)

The Board of Directors of the holding company makes decisions on important matters related to risk management, including the preparation of Group Risk Management Policy. In addition, the holding company has established risk management divisions for each type of risk—namely, credit, market, liquidity, operational, processing, systems, legal, and reputation risk—as well as a corporate risk management division to supervise the risks confronted by the holding company and Group banks. These divisions have the responsibility for monitoring risk conditions at each of the Group banks and for providing guidance and advice.

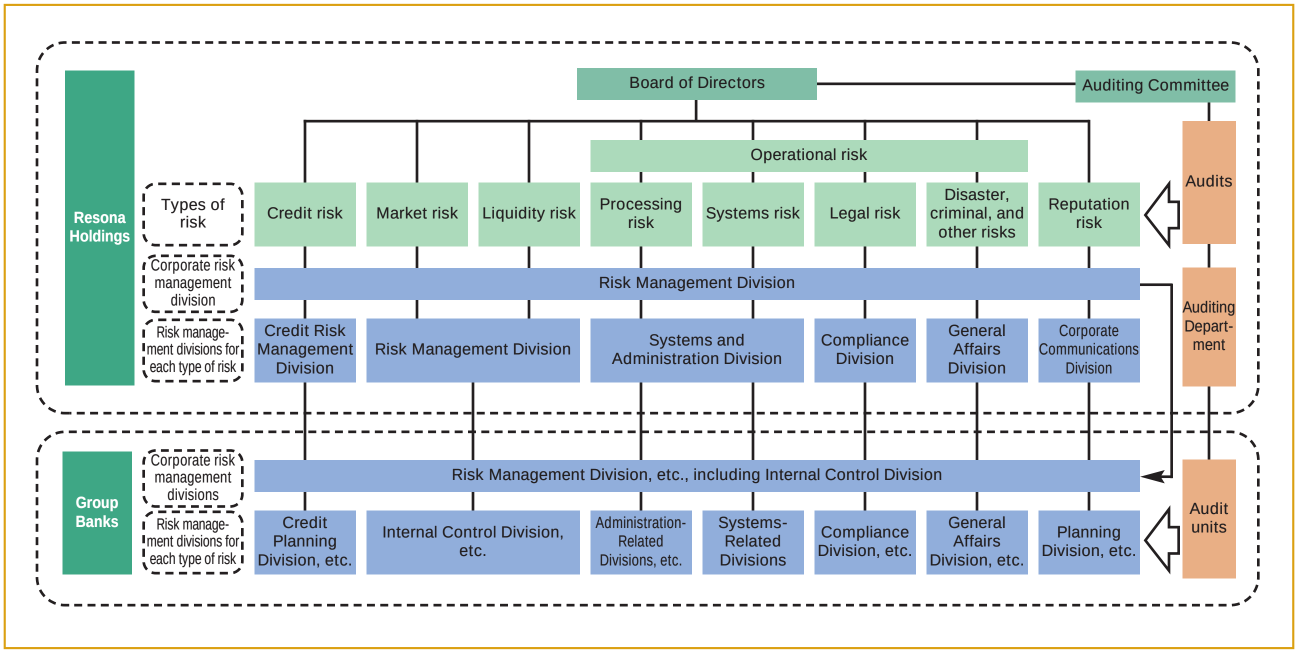
Group Banks

In each of the Group banks, the Board of Directors is responsible for making decisions related to important risk management issues, including risk management policies. In addition, each of the Group banks establishes its own risk management divisions, as well as conducts risk management activities in accordance with the policies of and under the guidance of the holding company, in a manner suited to the nature of its operations and the risks it confronts. When decisions are made on important risk management issues, Group banks confer in advance with the holding company and submit reports periodically on risk conditions to the holding company.

Relationships between Resona Holdings and Group Banks



Outline of Group Risk Management Systems



Credit Risk Management

Credit risk is one of the major risks arising in banking operations. To manage the Resona Group's credit risk appropriately, the holding company sets risk management policies for the Group and is working to upgrade credit risk management systems for the Group as a whole.

The holding company monitors credit risk conditions of each of the Group banks and submits reports to management. Through prior consultation on major policies related to credit management, including risk management policies as well as rules and regulations, the holding company provides guidance and advice for the risk management systems of individual Group banks. In addition, through the introduction of uniform criteria and methods within the Group, the holding company is taking the lead in increasing the sophistication of risk management.

Each of the Group banks has prepared systems for credit management, including rules, regulations, and criteria for risk management, credit policies, as well as a credit rating system, which forms the basis for credit risk management. In making individual credit decisions, loan officers work to become thoroughly familiar with the borrowers' industries and consider each loan application in detail for its appropriateness, with the aim of building a portfolio of high-quality assets.

To manage the credit risk of loan portfolios as a whole, each Group bank has developed a credit rating system and other related tools and is applying these to quantify credit risk. The Group banks also measure credit cost (the average expected loss for the portfolio as a whole) and credit risk (unexpected losses that exceed credit cost due to the presence of large credit exposures, fluctuations in the default ratio, and other circumstances) and seek to attain a balance between risk and return through analyses from many perspectives, with the objective of structuring a high-quality credit portfolio. Moreover, the Group banks make use of the results of measurements of credit risk in setting credit limits and guidelines as well as in loan pricing.

Market Risk

The holding company sets Group risk management policies and works to enhance the market risk management systems for the Group as a whole. The principal upper limits and guidelines for market risk are determined through prior consultation among the holding company and Group banks. The Risk Management Division of the holding company receives reports from Group banks regarding their market risk conditions, including compliance with upper limits and guidelines, and is responsible for the centralized monitoring and management of market risk as well as for reporting to management. In addition, by examining the appropriateness of the risk management policies and regulations of Group banks, the division provides guidance and advice related to their risk management systems.

Based on Group risk management policies, each of the Group banks has clarified the positioning of its market-related activities and has developed risk management systems appropriate to their operations. The larger Group banks have instituted mutual checking systems involving the establishment of middle offices responsible for the supervision of the front offices, which are engaged in business promotion, and the back offices, which engage in transaction processing. The middle offices monitor compliance with the predetermined upper limits and report risk conditions to management.

Liquidity Risk

The Group banks manage liquidity risk based on the Group risk management policies set by the holding company. When formulating strategies and objectives, the banks always take account of liquidity risk and conduct their operations in accord with their cash positions.

Group banks measure their cash positions appropriately using management indicators suited to their liquidity conditions, and, when necessary, guidelines are established for liquidity management.

The Risk Management Division of the holding company monitors the liquidity risk of each Group bank, including compliance with liquidity risk guidelines on a daily basis and submits reports to management. In addition, if necessary, it may provide guidance regarding cash position management to the Group banks. The Group's liquidity risk position is monitored and managed centrally by the holding company.

Operational Risk

Operational risk is a broad concept covering processing risk, systems risk, and legal risk. The Group is working to enhance its systems for comprehensive monitoring and managing these types of risks while actively taking initiatives to increase the sophistication of its systems for the management of operational risk, including methods of measurement.

● Processing Risk

The Group has identified the areas where it is exposed to processing risk and is engaged in continuing efforts to improve administrative rules, regulations, and procedures and enhance its guidance and training programs. In addition, the Group is working to strengthen its processing risk management systems by periodically monitoring the occurrence of processing errors and misconduct and, after conducting wide-ranging analyses of the causes and nature of these risks, uses the results to prevent a similar recurrence and reduce the incidence of problems.

● Systems Risk

The Resona Group does not perceive systems risk as simply a technical issue but is fully aware of the impact on society and consequences for management if systems-related problems occur.

For this reason, the holding company and Group banks work to minimize systems risk by establishing standardized policies to prevent failure errors as well as the improper use of computer and other systems. In addition, the Group prepares and updates contingency plans to deal with systems failure, with the aim of minimizing systems risk.

Moreover, the Group is implementing specific measures to secure the smooth integration of Group systems and has developed crisis management systems to deal with unexpected situations.

● Legal Risk

The Resona Group is fully aware of legal risk and, while conducting its operations in strict compliance with laws and regulations, the Group's legal risk management divisions conduct checks to confirm compliance. In addition, through systematic legal training and the provision of guidance and advice, the Group endeavors to avoid and minimize legal risk and prevent the recurrence of legal issues.

Moreover, legal risk management divisions are responsible for compiling information on litigation and other legal matters to maintain an accurate understanding of the legal risks the Group confronts and for strengthening legal risk management systems.

Reputation Risk

Reputation risk (the risk arising, for example, from harmful rumors) may involve unexpectedly serious economic damage depending on how it is managed. In addition, because of potential links between reputation risk and other forms of risk, it ranks high in importance among various risk factors. The Group works to prevent the emergence of reputation risk through its public relations and investor relations activities, which are intended to inform society at large, customers, and shareholders about its operations and gain their understanding and trust.

Moreover, the Group is working to enhance its reporting and response systems to obtain access as quickly as possible to inaccurate reports, rumors, and other misleading information that may give rise to reputation risk and take appropriate action immediately. Also, to prevent inconsistencies in information released, Resona Holdings acts as the sole point for the Group for receiving inquiries and issuing information to the public.

Basic Principles

The Resona Group is strongly aware of the responsibilities of banking institutions to society and to acting in the public interest. Under its basic principles of compliance, the Group defines compliance as the strict observance not only of laws and regulations but also social norms to strengthen the understanding of and trust placed in the Group by society at large. Therefore, the Resona Group has positioned compliance as a key management issue and is working to implement effectively and enhance the compliance systems of the Group as a whole.

The Resona Group's *Corporate Ideals and Standards of Conduct,* which proclaim the importance the Group places on compliance, specify that the activities of the Group must be conducted soundly and transparently as well as in accordance with the principles and common sense dictates of society.

Moreover, to provide a handbook for specific behavior, the holding company has issued *Guidelines for Action for Management and Staff of the Resona Group,* which are common for all Group companies, and is working to ensure that all personnel act in accordance with these guidelines.

Compliance Monitoring Systems

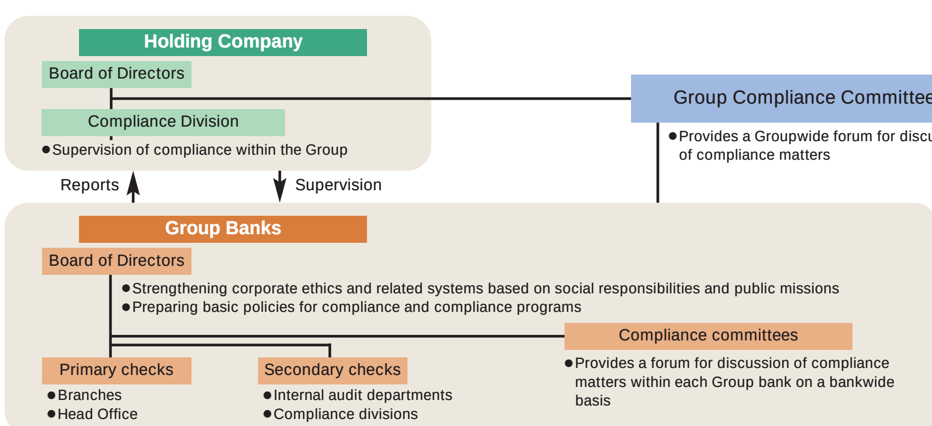
To strengthen its compliance systems, the Group has established a *Group Compliance Committee*, which has the responsibility for considering and evaluating various issues related to compliance.

Resona Holdings has established a Compliance Division, which is in overall control of compliance for the Group and works with the compliance divisions of Group banks to ensure strong Groupwide systems. Moreover, *compliance managers* have been appointed within all branches and divisions in the head offices of the Group banks and the holding company to take principal responsibility for primary checks on compliance. Going beyond this, internal audit divisions and compliance divisions at each of the Group banks and the holding company perform secondary checks.

Compliance Programs

The holding company and each bank within the Group implement systematic activities to strengthen their compliance systems through the preparation of annual *compliance programs* that are approved by the Board and include such specific activities as updating existing manuals, implementing internal controls, and staff training. Reports on progress toward the objectives of these compliance programs are made periodically to the Board to monitor progress.

The Compliance Division of the holding company supervises the progress toward the objectives of the *compliance programs* of Group banks, with the aims of further strengthening compliance systems and working to achieve uniformity within the Group in compliance matters.



The Resona Group comprises the following banking subsidiaries: Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd., The Nara Bank, Ltd., and Resona Trust & Banking Co., Ltd. The Resona Group comprises 42 consolidated domestic subsidiaries, 22 consolidated subsidiaries overseas, and 7 companies accounted for by the equity method. The Group offers a broad range of financial services, including banking and trust banking, securities, credit card, and leasing businesses. In fiscal 2002, wholly owned subsidiaries The Daiwa Bank, Ltd., and The Asahi Bank, Ltd., were realigned through split-offs and mergers to form Resona Bank, Ltd., and Saitama Resona Bank, Ltd.

Resona Bank

Head Office (Osaka)

Resona Bank began operations on March 1, 2003, following the merger of the former Daiwa Bank with those branches of the former Asahi Bank remaining after the split-off of Asahi Bank branches operating in Saitama Prefecture. The Resona Bank is endeavoring to become a super regional bank, providing a broad range of high-quality services carefully tailored to the needs of its customers and working in close partnership with the communities it serves.

Resona Bank is working to further strengthen its business promotion capabilities especially in retail banking—including transactions with small and medium-sized enterprises (SMEs) and individuals, including housing loans—where it has developed strengths over many years by its predecessor banks. Specific initiatives in retail banking include the introduction of small loan products based on the Bank's scoring model and the expansion of its housing loan centers. In addition, in the trust business field, Resona Bank continues to provide real estate, inheritance, and other trust services and maintains close collaboration with Resona Trust & Banking. Similarly, for other specialized services, the capabilities and functions of the Resona Group have been concentrated in Resona Bank to enhance the sophistication of these services and meet various needs of customers.

Saitama Resona Bank

Head Office (Saitama)

Saitama Resona Bank was established as the financial institution responsible for taking over the 108 branches (excluding agencies) located in Saitama Prefecture and 3 offices in Tokyo of the former Asahi Bank. It began operations in March 2003.

Saitama Resona Bank takes account of the special features of Saitama Prefecture and is implementing operational and marketing strategies focusing on SMEs as well as individual customers. The bank is placing high priority on expanding its loans to SMEs and is implementing business policies sharply focused on this customer segment.

For individual customers, Saitama Resona Bank has positioned housing loans, which comprise approximately 50% of its loan assets, as an especially important field.

Saitama Resona Bank is proud of the important role it plays in the prefectural economy, a role that includes acting as the official financial institution for 87 of the municipalities within Saitama Prefecture. Also, it accounts for about 40% of the total banking deposits and loans in the prefecture. Looking forward, Saitama Resona Bank is committed to endeavoring to contribute to the revitalization of the local economy.

Kinki Osaka Bank


Head Office (Osaka)

Kinki Osaka Bank was formed in April 2000 from the merger of Kinki Bank and Osaka Bank in Osaka Prefecture. The newly formed bank, which began operations with the motto "becoming a bank with a strong regional presence," endeavors to offer SMEs and individual customers a stable supply of funds and high-quality services and views its mission as contributing to the development of the economy of its home region.

Since its establishment, Kinki Osaka Bank has worked to expand its operating base, and, as of March 31, 2003, its deposits amounted to ¥3,778.7 billion, its loans were ¥3,000.9 billion, and it had 166 full-service branches, making it a top-class regional bank in the Kinki region. Of the 166 full-service branches, 143 of these are in Osaka Prefecture, and approximately 88% of all loans, amounting to ¥2,660.6 billion, were also extended in Osaka Prefecture. Of these loans provided in Osaka Prefecture, approximately 94% of loans were outstanding to SMEs and individual customers.

Nara Bank


Head Office (Nara)

Nara Bank was originally established in 1953 in Nara City as a mutual banking institution and applied to become an ordinary bank in April 1989. In October 2000, Nara Bank announced a strategic alliance with Daiwa Bank and Kinki Osaka Bank and became a member of the Daiwa Bank Group.

Nara Bank's principal base of operations is Nara Prefecture, where it has 23 of its 25 full-service branches. In Nara City and the surrounding areas, Nara Bank has focused especially on establishing automated banking service outlets and, through its relationship with the Resona Group, has worked to substantially expand its ATM network coverage. In addition, in July 2003, Nara Bank adopted Resona Bank's NEWTON computer system.

Going forward, Nara Bank plans to combine the sophisticated and diverse financial functions of city banks and a trust banking institution to offer a wide range of high-quality financial services to satisfy the needs of its customers.

Resona Trust & Banking Company


Head Office (Tokyo)

Resona Trust & Banking specializes in pension and corporate trust business. As the common service platform for the Resona Group, the company provides asset management, product planning, as well as consulting and other services related to pensions and corporate trusts. Resona Trust & Banking aims to become the strategic partner for pension and corporate trusts for its customers and provide the best services as well as always offer the best execution services as a trustee.

Resona Trust & Banking is working to concentrate its corporate resources on substantially strengthening its asset management and consulting capabilities and has re-entrusted the administration of trust assets with Japan Trustee Services Bank, Ltd., which specializes in providing trust asset administration, custody, and related services. These arrangements make it possible for Resona Trust & Banking to focus on providing support for the dynamic and global investment activities of its customers. Moreover, Resona Trust & Banking is not engaged in lending and, by working to minimize risk, maintains a strong financial position.

As of March 2003, Resona Trust & Banking's trust agency network covered 868 branches of 33 financial institutions, which included 541 branches of the four banking institutions of the Resona Group.

Shin Nihon & Co.

The Board of Directors
Resona Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Resona Holdings, Inc. and consolidated subsidiaries as of March 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards, procedures and practices generally accepted and applied in Japan. Those standards, procedures and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Resona Holdings, Inc. and consolidated subsidiaries at March 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles and practices generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2003 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Additional information
(1) As described in circumstances and conditions that cast doubts on the going concern assumption, the Company's consolidated equity ratio per 2nd standard was below 4% as of March 31, 2003, and the Company received the Operation Improvement Order from the Financial Services Agency based on Article 52-33.1 of the Banking Law on May 17, 2003, and also, Resona Bank, Ltd., a subsidiary of the Company, whose non-consolidated and consolidated equity ratios per domestic standard were below 4% as of March 31, 2003, received the Operation Improvement Order from the Financial Services Agency based on Article 26.1 of the Banking Law on the same day. Therefore, significant concerns exist for the going concern assumption. The management plan for the concerning condition is included in the notes to the financial statements of the Company. The consolidated financial statements were prepared assuming a going concern, and do not reflect those significant kinds of doubts.

(2) The following items mention the significant subsequent events.
1. The Operation Improvement Order based on the Banking Law and the determination to carry out the measures of the Deposit Insurance Law, Article 102.1. (1)
2. Issuance of a total of ¥1,960 billion in common stocks and voting preferred stocks to the Deposit Insurance Corporation.
3. Execution of the stock exchange agreement between Resona Holdings, Inc. and Resona Bank, Ltd.
4. Capital reduction to compensate the deficit in Resona Holdings, Inc.
5. Capital reduction to compensate the deficit in Resona Bank, Ltd.
6. Capital reduction to compensate the deficit in Kinki Osaka Bank, Ltd.

Shin Nihon & Co.

June 27, 2003

See Note 1 to the consolidated financial statements which explains the basis of preparation of the consolidated financial statements of Resona Holdings, Inc. and consolidated subsidiaries under Japanese accounting principles and practices.

CONSOLIDATED BALANCE SHEETS

Resona Holdings, Inc.
March 31, 2003 and 2002

	Millions of yen		Millions of U.S. dollars (Note 1)
	2003	2002	**2003**
Assets			
Cash and due from banks (Notes 3 (t), 11 and 24)	**¥ 2,445,016**	¥ 3,166,039	**$ 20,341**
Call loans and bills bought (Note 4)	**110,500**	102,634	**919**
Deposits paid for bonds lending/borrowing transactions	**6,349**	—	**52**
Monetary claims bought	**14,307**	3,740	**119**
Trading assets (Notes 3 (b), 5 and 11)	**512,733**	651,322	**4,265**
Money held in trust (Note 27)	**70,450**	43,854	**586**
Securities (Notes 3 (d), 6, 11 and 27)	**6,469,988**	6,864,323	**53,826**
Loans and bills discounted (Notes 7, 11 and 12)	**29,170,585**	30,021,204	**242,683**
Foreign exchange (Note 8)	**181,473**	180,939	**1,509**
Other assets (Notes 9 and 11)	**1,129,269**	1,232,565	**9,394**
Premises and equipment (Notes 3 (f), 10, 11, 18 and 26)	**784,413**	840,198	**6,525**
Deferred tax assets (Note 25)	**522,986**	832,611	**4,350**
Consolidation differences (Note 3 (r))	**1,840**	5,124	**15**
Customers' liabilities for acceptances and guarantees (Note 17)	**2,273,330**	2,062,934	**18,912**
Reserve for possible loan losses (Note 3 (g))	**(801,312)**	(1,054,958)	**(6,666)**
Reserve for possible losses on investments (Note 3 (h))	**—**	(45)	**—**
Total Assets	**¥42,891,933**	¥44,952,488	**$356,838**
Liabilities			
Deposits (Notes 11 and 14)	**¥34,881,992**	¥33,822,170	**$290,199**
Negotiable certificates of deposit	**428,666**	856,148	**3,566**
Call money and bills sold (Notes 4 and 11)	**2,037,096**	2,547,782	**16,947**
Bills sold under repurchase agreements (Note 11)	**283,991**	281,083	**2,362**
Deposits received for bonds borrowing/lending transactions	**31,963**	—	**265**
Commercial paper	**6,000**	20,000	**49**
Trading liabilities (Notes 3 (b) and 5)	**44,053**	219,655	**366**
Borrowed money (Notes 11 and 15)	**720,646**	1,017,404	**5,995**
Foreign exchange (Note 8)	**7,666**	8,957	**63**
Bonds (Note 15)	**381,550**	597,064	**3,174**
Due to trust account	**267,600**	213,342	**2,226**
Other liabilities (Notes 11, 13 and 16)	**828,379**	1,789,046	**6,891**
Reserve for employees' bonuses (Note 3 (i))	**8,108**	8,797	**67**
Reserve for employees' retirement benefits (Notes 3 (j) and 29)	**12,622**	17,012	**105**
Reserve for possible losses on loans sold (Note 3 (k))	**10,115**	20,432	**84**
Other reserves (Note 3 (l))	**12**	134	**0**
Deferred tax liabilities (Note 25)	**600**	379	**4**
Deferred tax liabilities on land revaluation (Note 18)	**55,842**	74,221	**464**
Consolidation differences (Note 3 (r))	**—**	1,950	**—**
Acceptances and guarantees (Note 17)	**2,273,330**	2,062,934	**18,912**
Total Liabilities	**42,280,240**	43,558,519	**351,749**
Minority Interests			
Minority interests in consolidated subsidiaries	**300,849**	104,911	**2,502**
Shareholders' Equity (Note 19)			
Capital	**—**	720,000	**—**
Capital surplus	**—**	1,377,089	**—**
Land revaluation differences (Note 18)	**—**	113,301	**—**
Deficit (Note 3 (s))	**—**	817,181	**—**
Valuation differences (Note 27)	**—**	(72,797)	**—**
Foreign currency translation adjustments, net of taxes	**—**	(9,550)	**—**
Treasury stock	**—**	(19)	**—**
Parent's stock owned by subsidiaries	**—**	(21,784)	**—**
Total Shareholders' Equity	**—**	1,289,058	**—**
Shareholders' Equity (Note 19)			
Capital	**720,499**	—	**5,994**
Capital surplus	**322,713**	—	**2,684**
Earned surplus (Note 3 (s))	**(754,826)**	—	**(6,279)**
Revaluation reserve for land, net of taxes (Note 18)	**82,211**	—	**683**
Net unrealized gains/losses on securities available for sale, net of taxes (Note 27)	**(28,234)**	—	**(234)**
Foreign currency translation adjustments, net of taxes	**(9,531)**	—	**(79)**
Treasury stock (Note 3 (v))	**(21,989)**	—	**(182)**
Total Shareholders' Equity	**310,842**	—	**2,586**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥42,891,933**	¥44,952,488	**$356,838**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

Resona Holdings, Inc.
Years ended March 31, 2003 and 2002

	Millions of yen		Millions of U.S. dollars (Note 1)
	2003	2002	**2003**
Income			
Interest income (Note 20)	**¥ 688,267**	¥ 814,876	**$ 5,726**
Interest on loans and bills discounted	**614,409**	690,226	**5,111**
Interest and dividends on securities	**58,883**	81,262	**489**
Trust fees	**37,721**	44,843	**313**
Fees and commissions	**175,701**	188,101	**1,461**
Trading income (Notes 3 (c) and 21)	**23,592**	10,369	**196**
Other operating income (Note 22)	**161,021**	108,130	**1,339**
Other income (Note 23)	**181,332**	207,086	**1,508**
Total Income	**1,267,638**	1,373,407	**10,546**
Expenses			
Interest expenses (Note 20)	**89,110**	162,631	**741**
Interest on deposits	**45,099**	87,772	**375**
Fees and commissions	**63,464**	70,039	**527**
Trading expenses (Note 3 (c))	**60**	37	**0**
Other operating expenses (Note 22)	**31,832**	34,257	**264**
General and administrative expenses	**597,675**	568,320	**4,972**
Other expenses (Note 23)	**1,009,681**	1,711,910	**8,400**
Total Expenses	**1,791,824**	2,547,197	**14,907**
Loss before income taxes and minority interests	**524,186**	1,173,789	**4,360**
Income taxes—current (Note 3 (u))	**10,767**	14,906	**89**
Income taxes—deferred (Note 3 (u))	**300,788**	(256,412)	**2,502**
Minority interests in net income (loss)	**1,891**	(407)	**15**
Net loss	**¥ 837,633**	¥ 931,876	**$ 6,968**

	Yen		U.S. dollars (Note 1)
Net loss per share	**¥154.66**	¥174.57	**$1.28**
Net loss per share (potential equity adjusted)	**—**	—	**—**
Cash dividends declared per share:			
Common stock	**—**	—	**—**
Preferred stock:			
Class A No. 1 preferred stock	**—**	24.75	**—**
Class B No. 1 preferred stock	**—**	6.36	**—**
Class C No. 1 preferred stock	**—**	6.33	**—**
Class D No. 1 preferred stock	**—**	10.00	**—**
Class E No. 1 preferred stock	**—**	14.38	**—**
Class F No. 1 preferred stock	**—**	18.50	**—**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Resona Holdings, Inc.
Years ended March 31, 2003 and 2002

			Millions of yen							
	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Capital	Capital surplus	Land revaluation differences (Note 18)	Retained earnings (Deficit) (Note 3 (s))	Valuation differences (Note 27)	Foreign currency translation adjustments	Treasury stock	Parent's stock owned by subsidiaries
Balance at April 1, 2001	5,634,904	1,131,356	¥720,000	¥1,444,475	¥127,223	¥ 57,201	¥ —	¥(6,229)	¥ —	¥ —
Reversal of capital surplus	—	—	—	(67,385)	—	67,385	—	—	—	—
Reversal of land revaluation differences	—	—	—	—	(13,828)	13,828	—	—	—	—
Reduction in the number of affiliates accounted for by the equity method	—	—	—	—	—	2,017		—	—	—
Transfer to deferred tax liabilities on land revaluation	—	—	—	—	(93)	—	—	—	—	—
Dividends paid	—	—	—	—	—	(4,711)	—	—	—	—
Directors' bonuses	—	—	—	—	—	(2)	—	—	—	—
Transfer of shares	—	—	—	—	—	(21,024)	—	—	—	—
Changes during the year	—	—	—	—	—	—	(72,797)	(3,321)	—	—
Net loss	—	—	—	—	—	(931,876)	—	—	—	—
Treasury stock transactions	—	—	—	—	—	—	—	—	(19)	(21,784)
Balance at March 31, 2002	5,634,904	1,131,356	¥720,000	¥1,377,089	¥113,301	¥(817,181)	¥(72,797)	¥(9,550)	¥(19)	¥(21,784)

			Millions of yen						
	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Capital	Capital surplus	Earned surplus (Note 3 (s))	Revaluation reserve for land, net of taxes (Note 18)	Net unrealized gains/losses on securities available for sale, net of taxes (Note 27)	Foreign currency translation adjustments	Treasury stock
Balance at April 1, 2002	5,634,904	1,131,356	¥720,000	¥1,417,089	¥(857,181)	¥113,301	¥(72,797)	¥(9,550)	¥(21,804)
Capital increase through issuance of new common shares	**18,500**	**—**	**499**	**499**	**—**	**—**	**—**	**—**	**—**
Reversal of capital surplus for compensation deficit	**—**	**—**	**—**	**(935,460)**	**935,460**	**—**	**—**	**—**	**—**
Decrease in capital surplus due to merger	**—**	**—**	**—**	**(159,415)**	**—**	**—**	**—**	**—**	**—**
Decrease in land revaluation difference due to corporate separation	**—**	**—**	**—**	**—**	**—**	**(15,192)**	**—**	**—**	**—**
Reversal of land revaluation differences	**—**	**—**	**—**	**—**	**14,696**	**(14,696)**	**—**	**—**	**—**
Transfer to deferred tax liabilities on land revaluation	**—**	**—**	**—**	**—**	**—**	**(1,201)**	**—**	**—**	**—**
Dividends paid	**—**	**—**	**—**	**—**	**(10,167)**	**—**	**—**	**—**	**—**
Changes during the year	**185**	**(46)**	**—**	**—**	**—**	**—**	**44,563**	**19**	**—**
Net loss	**—**	**—**	**—**	**—**	**(837,633)**	**—**	**—**	**—**	**—**
Treasury stock transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(185)**
Balance at March 31, 2003	**5,653,589**	**1,131,310**	**¥720,499**	**¥ 322,713**	**¥(754,826)**	**¥ 82,211**	**¥(28,234)**	**¥(9,531)**	**¥(21,989)**

			Millions of U.S. dollars (Note 1)						
	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Capital	Capital surplus	Earned surplus (Note 3 (s))	Revaluation reserve for land, net of taxes (Note 18)	Net unrealized gains/losses on securities available for sale, net of taxes (Note 27)	Foreign currency translation adjustments	Treasury stock
Balance at April 1, 2002	5,634,904	1,131,356	$5,990	$11,789	$(7,131)	$942	$(605)	$(79)	$(181)
Capital increase through issuance of new common shares	**18,500**	**—**	**4**	**4**	**—**	**—**	**—**	**—**	**—**
Reversal of capital surplus for compensation deficit	**—**	**—**	**—**	**(7,782)**	**7,782**	**—**	**—**	**—**	**—**
Decrease in capital surplus due to merger	**—**	**—**	**—**	**(1,326)**	**—**	**—**	**—**	**—**	**—**
Decrease in land revaluation difference due to corporate separation	**—**	**—**	**—**	**—**	**—**	**(126)**	**—**	**—**	**—**
Reversal of land revaluation differences	**—**	**—**	**—**	**—**	**122**	**(122)**	**—**	**—**	**—**
Transfer to deferred tax liabilities on land revaluation	**—**	**—**	**—**	**—**	**—**	**(9)**	**—**	**—**	**—**
Dividends paid	**—**	**—**	**—**	**—**	**(84)**	**—**	**—**	**—**	**—**
Changes during the year	**185**	**(46)**	**—**	**—**	**—**	**—**	**370**	**0**	**—**
Net loss	**—**	**—**	**—**	**—**	**(6,968)**	**—**	**—**	**—**	**—**
Treasury stock transactions	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(1)**
Balance at March 31, 2003	**5,653,589**	**1,131,310**	**$5,994**	**$ 2,684**	**$(6,279)**	**$683**	**$(234)**	**$(79)**	**$(182)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Resona Holdings, Inc.
Years ended March 31, 2003 and 2002

	Millions of yen		Millions of U.S. dollars (Note 1)
	2003	2002	**2003**
Cash flows from operating activities:			
Loss before income taxes and minority interests	**¥ (524,186)**	¥(1,173,789)	**$ (4,360)**
Depreciation of premises and equipment	**117,446**	60,916	**977**
Amortization of consolidation differences	**1,402**	501	**11**
Equity in net losses from investments in affiliated companies	**4,518**	2,713	**37**
Increase in reserve for possible loan losses	**(249,294)**	319,140	**(2,073)**
Increase in reserve for possible losses on investments	**(45)**	(20)	**(0)**
Increase in reserve for possible losses on loans sold	**(9,897)**	(44,684)	**(82)**
Increase in reserve for employees' bonuses	**(706)**	8,557	**(5)**
Increase in reserve for employees' retirement benefits	**(4,640)**	(15,320)	**(38)**
Interest income	**(688,267)**	(814,876)	**(5,726)**
Interest expenses	**89,110**	162,631	**741**
Net losses on securities	**259,345**	459,974	**2,157**
Net losses on money held in trust	**237**	645	**1**
Net foreign exchange gains	**(2,630)**	(3,088)	**(21)**
Net losses on sales of premises and equipment	**19,772**	24,197	**164**
Net decrease in trading assets	**136,059**	270,076	**1,131**
Net decrease in trading liabilities	**(172,872)**	(52,035)	**(1,438)**
Net decrease in loans and bills discounted	**683,133**	3,895,632	**5,683**
Net increase/(decrease) in deposits	**1,074,881**	(273,610)	**8,942**
Net decrease in negotiable certificates of deposit	**(427,482)**	(4,612,272)	**(3,556)**
Net decrease in borrowed money (excluding subordinated borrowed money)	**(111,051)**	(283,884)	**(923)**
Net decrease in due from banks (excluding those deposited at BOJ)	**296,152**	994,077	**2,463**
Net (increase)/decrease in call loans and other	**(18,151)**	1,289,572	**(151)**
Net decrease in cash collateral for bonds borrowed	**—**	4,774	**—**
Net increase in deposits paid for bonds borrowing/lending transactions	**2,777**	—	**23**
Net increase/(decrease) in call money and other	**(507,777)**	923,127	**(4,224)**
Net decrease in commercial paper	**(14,000)**	(400,000)	**(116)**
Net increase in cash collateral for bonds lent	**—**	485,806	**—**
Net decrease in deposits received for bonds borrowing/lending transactions	**(677,857)**	—	**(5,639)**
Net increase in foreign exchange assets	**(438)**	(25,699)	**(3)**
Net increase/(decrease) in foreign exchange liabilities	**9,368**	(8,381)	**77**
Net decrease on issuance of and payments on bonds	**(8,800)**	(22,500)	**(73)**
Net increase/(decrease) in due to trust account	**54,258**	(241,775)	**451**
Interest receipts	**710,370**	868,922	**5,909**
Interest payments	**(90,145)**	(208,994)	**(749)**
Directors' bonuses	**—**	(5)	**—**
Other	**(95,177)**	(49,142)	**(791)**
Total	**(144,586)**	1,541,188	**(1,202)**
Penalties paid	**—**	(2,100)	**—**
Income taxes paid	**(21,050)**	(13,536)	**(175)**
Net cash (used in) provided by operating activities	**(165,637)**	1,525,552	**(1,378)**
Cash flows from investing activities:			
Purchases of securities	**(18,274,495)**	(10,637,859)	**(152,034)**
Proceeds from sales of securities	**17,727,030**	7,965,902	**147,479**
Proceeds from maturity of securities	**640,339**	3,113,103	**5,327**
Payments associated with increase in money held in trust	**(32,000)**	(48,810)	**(266)**
Proceeds from decrease in money held in trust	**5,082**	102,905	**42**
Purchases of premises and equipment	**(118,672)**	(42,595)	**(987)**
Proceeds from sales of premises and equipment	**26,485**	32,056	**220**
Payments for purchases of equity investments in subsidiaries	**(9,969)**	(0)	**(82)**
Proceeds from sales of equity investments in subsidiaries	**—**	3,013	**—**
Net cash (used in) provided by investing activities	**(36,199)**	487,715	**(301)**
Cash flows from financing activities:			
Proceeds from subordinated borrowed money	**58,000**	23,500	**482**
Repayment of subordinated borrowed money	**(284,500)**	(226,500)	**(2,366)**
Proceeds from issuance of subordinated bonds	**—**	48,200	**—**
Repayment of subordinated bonds	**(202,939)**	(66,475)	**(1,688)**
Proceeds from issuance of stocks	**999**	59,946	**8**
Proceeds from issuance of common stock to minority shareholders	**800**	—	**6**
Proceeds from issuance of preferred securities	**193,600**	70,600	**1,610**
Dividends paid	**(10,189)**	(4,743)	**(84)**
Dividends paid to minority shareholders	**(423)**	(321)	**(3)**
Payments related to acquisition of treasury stock	**(91)**	(291)	**(0)**
Proceeds from sales of treasury stock	**—**	49	**—**
Net cash used in financing activities	**(244,744)**	(96,034)	**(2,036)**
Effect of exchange rate changes on cash and cash equivalents	**913**	892	**7**
Net increase (decrease) in cash and cash equivalents	**(445,667)**	1,918,125	**(3,707)**
Cash and cash equivalents at beginning of the year	**2,796,180**	875,538	**23,262**
Increase in cash and cash equivalents due to transfer of shares	**—**	2,516	**—**
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	**—**	(0)	**—**
Cash and cash equivalents at end of year (Note 24)	**¥ 2,350,512**	¥ 2,796,180	**$ 19,555**

See accompanying notes to consolidated financial statements.

NOTE 1. BASIS OF PRESENTATION

The accompanying consolidated financial statements have been prepared from the accounts maintained by Resona Holdings, Inc. (the "Company") in accordance with the provisions set forth in the Commercial Code of Japan and in conformity with accounting principles and practices generally accepted and applied in Japan, which may differ in certain material respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan. Also, they are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥120.20= U.S.$1.00, the approximate rate of exchange on March 31, 2003, has been used. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate. As a result, the totals in U.S. dollars do not necessarily agree with the sum of the individual amounts.

Amounts of less than one million yen have been rounded down in the presentation of the accompanying consolidated financial statements. As a result, the totals in yen do not necessarily agree with the sum of the individual amounts.

NOTE 2. GOING CONCERN ASSUMPTION

As of March 31, 2003, the Company's consolidated equity ratio per 2nd standard was below 4% and, accordingly, was classified as the first category in the table of Item 1, Article 3 of the Order to classify banks, which is stipulated in Section 2, Article 26 of the Banking Law (Cabinet Order Ministry of Finance Order No. 39 of 2000). As a result, on May 17, 2003, the Company received the Operation Improvement Order from the Financial Services Agency based on Section 1, Article 52-33 of the Banking Law.

As of March 31, 2003, Resona Bank, Ltd. (the "Bank"), a subsidiary of the Company, whose non-consolidated and consolidated equity ratios per domestic standard were below 4% and, accordingly, was classified as the first section in the table of Item 2 and Item 1, Article 1 of the Order to classify banks, which is stipulated in Section 2, Article 26 of the Banking Law (Cabinet Order, Ministry of Finance Order No. 39 of 2000).

As a result, on May 17, 2003, the Bank received the Operation Improvement Order from the Financial Services Agency based on Section 1, Article 26 of the Banking Law.

Under the current circumstances, there exist serious going concern issues.

Based on the present situation, the Prime Minister recognized the necessity to carry out measures to recapitalize, as the measure in Article 102.1. (1) of the Deposit Insurance Law, for Resona Bank, Ltd. on the same day, through a meeting with the Financial System Management Council.

To diffuse the present situation, the Company and the Bank applied for capital injection totaling ¥1,960 billion in public funds to the Deposit Insurance Corporation on May 30, 2003, and also submitted an "Improvement plan considered reasonable to secure sound management" to the Financial Services Agency on June 2, 2003.

Upon the application for recapitalization, the measures provided in Article 102.1. (1) were approved on June 10, 2003 by the Prime Minister.

Also, according to the approval mentioned above, an extraordinary shareholders' meeting was held on June 10, 2003, and the Article of Incorporation was revised to increase the total number of shares to be issued. With this decision, Resona Bank, Ltd.'s Board of Directors decided to issue ¥1,960 billion in common stocks and voting preferred stocks to the Deposit Insurance Corporation on the same date. The new shares are scheduled to be issued on July 1, 2003.

In addition, the Company and Resona Bank, Ltd. concluded the stock exchanges agreement on June 10, 2003.

The Company will acquire the shares issued by Resona Bank, Ltd. to the Deposit Insurance Corporation, and also the Company will issue shares to the Deposit Insurance Corporation. Thus, the Deposit Insurance Corporation will become the stockholder.

Through execution of these measures, the Company is trying to achieve a recovery with enough net equity capital.

The consolidated financial documents have been prepared on the basis of the going concern, but do not reflect those significant kinds of doubts.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

Consolidated subsidiaries

1) Consolidated subsidiaries: 64

The principal consolidated subsidiaries were Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd., The Nara Bank, Ltd., and Resona Trust & Banking Co., Ltd.

Saitama Resona Bank, Ltd., Resona Preferred Capital (Cayman) 1 Limited, Resona Preferred Capital (Cayman) 2 Limited, Resona Preferred Capital (Cayman) 3 Limited, Resona Preferred Capital (Cayman) 4 Limited, Resona Preferred Capital (Cayman) 5 Limited, Resona Preferred Capital (Cayman) 6 Limited, Resona Preferred Securities (Cayman) 2 Limited, Resona Preferred Securities (Cayman) 3 Limited, Resona Preferred Securities (Cayman) 4 Limited, Resona Preferred Securities (Cayman) 5 Limited, Resona Preferred Securities (Cayman) 6 Limited and Resona Preferred Finance (Cayman) Limited have been consolidated from this fiscal year onwards with their establishments.

Kinki Osaka Shinyo Hosho Co., Ltd. and Kinki Osaka Leasing Co., Ltd. have been consolidated from this fiscal year onwards, which used to be the affiliate for which the equity method was applied.

The Daiwa Bank, Ltd. and The Asahi Bank, Ltd., both are consolidated subsidiaries, merged and changed their names to Resona Bank, Ltd.

During this fiscal year, Asahi Trust & Banking Co., Ltd. was merged with The Daiwa Bank, Ltd., a consolidated subsidiary. Asahi Bank Sogo Service Co., Ltd. was merged with Asahi Bank Career Service Co., Ltd., a consolidated subsidiary. Asahi Bank Building Co., Ltd. was merged with The Asahi Bank, Ltd., a consolidated subsidiary. Kinki Osaka Sogo Kanri Co., Ltd. was merged with Kinki Osaka Shinyo Hosho Co., Ltd., a consolidated subsidiary.

2) Non-consolidated subsidiaries

The principal non-consolidated subsidiary was Asahi S/C Ltda.

Non-consolidated subsidiaries were immaterial with respect to consolidated assets, operating income, net income/loss (based on the owned interest) and retained earnings (based on the owned interest), etc. Therefore, the exclusion of them from consolidation does not prevent a rational judgment regarding the Group's overall financial condition.

Affiliated companies accounted for by the equity method

1) The equity method was not applied to any of the non-consolidated subsidiaries.
2) Affiliates that applied the equity method: 7

The principal affiliated companies that applied the equity method were Japan Trustee Services Bank, Ltd., and The Asahi Retail Securities Co., Ltd.

3) The principal non-consolidated subsidiary that does not apply the equity method is Asahi S/C Ltda.
4) The principal affiliated company that does not apply the equity method is Triangle Asset Management Limited.

The affiliates that do not apply the equity method were not material to the consolidated financial statements with respect to net income/loss (based on the owned interest) and retained earnings (based on the owned interest), etc., and, accordingly, the equity method is not applied to them.

Fiscal year-end of consolidated subsidiaries

1) The fiscal year-end of the consolidated subsidiaries were as follows:

End of December: 8 subsidiaries
End of March: 56 subsidiaries

2) All subsidiaries have been consolidated based on their accounts at their respective balance sheet dates.

Appropriate adjustments have been made for significant transactions during the period from the respective balance sheet dates of the above subsidiaries to the date of the Parent's balance sheet date.

(b) Trading assets and trading liabilities

Transactions whose purpose is to earn a profit by taking advantage of short-term fluctuations in the market or discrepancies between interest rates, currency exchange rates, share prices or other indices (hereinafter referred to as "transactions for trading purposes") on different markets are included in "Trading assets" or "Trading liabilities" in the consolidated balance sheets on a trade-date basis. "Trading assets" and "Trading liabilities" in the case of securities and monetary claims, etc. are stated at market value as of the consolidated balance sheet date and, in the case of derivatives, including swaps, futures and options, etc. at the settlement amount assuming settlement on the consolidated balance sheet date.

(c) Trading income and trading expenses

Profit and loss on transactions for trading purposes is included in "Trading income" or "Trading expenses" in the consolidated statement of operations on a trade-date basis.

Trading income and trading expenses include amounts of the interest received or paid during the period, plus the amount of the difference between the profits or losses on the valuation of securities, monetary claims, etc. as at the end of the preceding year and those as of the end of the current year, and the profits or losses as if the settlement has been made at the end of the preceding year and those at the end of the current year for derivatives.

(d) Securities

Bonds held to maturity are stated at amortized cost (straight-line method) by the moving average method. Investments in the unconsolidated subsidiaries and affiliates for which the equity method of accounting are not applied are stated at cost determined by the moving average method. Equity securities included in other securities with market value are stated at fair value, based on the average market price for the month prior to the consolidated balance sheet date. Other securities, except equity securities, with market value are stated at their respective market value and the cost of sales of such securities is determined by the moving average method. Other securities without market value are stated at cost determined by the moving average method or at their respective amortized cost. Net unrealized gain/loss of other securities is included as a component of shareholders' equity.

Securities held as assets in individually managed money trusts, whose principal objective is portfolio management, are stated at market value.

(e) Derivatives

Derivative transactions (excluding "transactions for trading purposes") are stated at market value.

(f) Depreciation

Premises and equipment

Depreciation of premises and equipment is mainly calculated by the straight-line method for buildings and by the declining-balance method for equipment. The useful lives adopted for major premises and equipment are as follows:

- Buildings: 2~50 years
- Equipment: 2~20 years

Software

Software used by the Company and the consolidated subsidiaries is depreciated by the straight-line method, based on an estimated useful life (mainly 5 years), which is determined by the Company and the consolidated subsidiaries.

(g) Reserve for possible loan losses

The principal consolidated subsidiaries have made provisions for possible loan losses as follows:

For loans to insolvent customers who are undergoing bankruptcy or special liquidation, etc. (hereinafter, "borrowers under bankruptcy proceedings") or who are in a similar financial condition, although not yet in bankruptcy (hereinafter, "borrowers substantially in bankruptcy"), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deducting the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from the disposal of the collateral pledged and the guarantees that are deemed recoverable.

For the unsecured and unguaranteed portion of loans to customers not presently in the above circumstances, but in a high probability of becoming so (hereinafter "customers with high probability of becoming insolvent"), the reserve for possible loan losses is provided at the estimated unrecoverable amounts determined after a valuation of the collateral pledged, the guarantees and the customer's overall financial condition.

For loans of customers with high probability of becoming insolvent and the loans of customers with a rescheduled or reconditioned plan, which exceeds the certain threshold, the Discounted Cash Flows (DCF) Method was applied to provide the allowance for doubtful accounts, for cash flows on collection of principal and receipts of interest that can be reasonably estimated. The DCF Method means that the difference between the cash flows discounted by the original interest rate and the carrying value of the loan would be provided as an allowance for doubtful accounts. For those customers with significant loan balances and whose future cash flows cannot be reasonably estimated, an allowance for doubtful accounts is provided by the estimated losses to be incurred for the certain residual period.

For other loans, the reserve for possible loan losses is provided at an amount based on the anticipated loss rates calculated from the actual losses for a certain period and others. The reserve includes a special reserve for certain overseas loans that are likely to become uncollectible due to political and economic circumstances in the relevant countries.

Regarding each loan, the Credit Review Office, which is controlled separately from the operating divisions, reviews the operating divisions' asset valuation of each loan for collectibility based on self-assessment standards. The provision for possible loan losses is based on the results of these reviews.

For loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated recoverable balance from the disposal of the collateral and the amounts deemed recoverable from the guarantors. The unrecoverable amount is written off directly against the value of the loan ("direct write-off"). The amounts of such direct write-offs for the year ended March 31, 2003 and 2002 were ¥1,132,444 million ($9,421 million) and ¥1,064,417 million, respectively.

Effective the year ended March 31, 2003, the DCF Method was implemented with respect to the loans of customers with high probability of becoming insolvent and the loans of customers with a rescheduled or reconditioned plan, which exceeds a certain threshold, and their cash flows on collection of principal and receipts of interest can be reasonably estimated, while considering the JICPA's "Important audit points when the DCF Method is employed to provide allowance for doubtful accounts by the financial institutions", which was announced on February 23, 2003. As a result of the application, the ordinary loss for the year increased by ¥87,572 million ($728 million) compared to the case where the prior method had been employed.

Other consolidated subsidiaries mainly provide the reserve for possible loan losses at an amount deemed necessary, judging by the past write-off experience ratios for general loans and individually determined uncollectible amounts for specific loans, such as those to borrowers under bankruptcy proceedings.

(h) Reserve for possible losses on investments

The reserve for possible losses on investments is provided for the possible losses from investments, considering the financial conditions and others of the issuer of such securities.

(i) Reserve for employees' bonuses

The reserve for employees' bonuses is provided at the estimated amount of employees' bonus payments applicable to the fiscal year.

(j) Reserve for employees' retirement benefits

To provide for employees' retirement benefits, consolidated subsidiaries have recorded a reserve for severance payments and pension plans that will be accrued at this year-end, based on the projected benefit obligation and the plan assets on the consolidated balance sheet date. Past service cost is charged to operations by the straight-line method over a certain period (1~15 years) within the average remaining years of service of the eligible employees. The actuarial differences are charged to operations effective the next fiscal year by the straight-line method over a certain period (5~15 years) within the average remaining years of service of the eligible employees.

With regard to the transition differences at accounting change, the principal consolidated subsidiaries have charged it to operations as follows:

- Resona Bank, Ltd. 10 years
- Saitama Resona Bank, Ltd. 10 years
- The Kinki Osaka Bank, Ltd. 15 years

(k) Reserve for possible losses on loans sold

The reserve for possible losses on loans sold is provided based on the estimated liability for further losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited.

(l) Other reserves

Reserve for contingent liabilities from the brokering of securities transactions: ¥12 million ($0 million). This reserve is provided in accordance with Article 51 of the Securities and Exchange Law and Article 65-2-7 thereof, and Article 32 of the Cabinet Ordinance relating to securities business of financial institutions. For domestic consolidated securities dealers subsidiaries, it is based on Article 51 of the Securities and Exchange Law and Article 35 of the Cabinet Ordinance relating to securities companies.

(m) Translation of foreign currencies

Foreign-currency-denominated assets and liabilities of the domestic consolidated banking subsidiaries (the "Banks") are translated into yen equivalents, primarily at the exchange rates on the consolidated balance sheet date.

The "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, Report No. 20) was adopted in the prior year regarding the accounting for foreign currency transactions. However, effective this year, the Banks have adopted a "Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, Report No. 25).

For this year, the Banks recorded "funding-related swap transactions", "cross currency swap transactions" and "internal contracts and treatment of intercompany transactions" in accordance with the previous method, which is allowed as a transitional treatment stipulated in the JICPA Industry Audit Committee, Report No. 25. Translated Japanese yen differences on forward exchange transactions and others were recorded on a net basis on the consolidated balance sheet.

For funding-related swaps, the Banks reported the net yen equivalents of the notional principal amounts translated at the exchange rate on the balance sheet date, in accordance with the tentative treatment stipulated in JICPA Industry Audit Committee, Report No. 25. The difference between the spot and the forward rates, which reflects the interest rate gap between the different currencies, is reported in the consolidated statement of operations on an accrual basis over the period from the spot settlement date to the forward settlement date.

Funding-related swaps are foreign exchange swaps executed for the purpose of raising and investing funds in different currencies. The Banks recorded the notional principal amounts of the funds as spot exchange purchased or spot exchange sold, with the notional principal amounts plus the interest income or interest expense as of the maturity dates, which are being recorded as forward foreign exchange purchased or forward foreign exchange sold.

For cross currency swaps of the Banks, which meet the criteria indicated in the tentative treatment stipulated in the JICPA Industry Audit Committee, Report No. 25, the Banks reported the net yen equivalents translated at the exchange rates on the consolidated balance sheet date, for the notional principal amounts, with the related interest income and interest expense being accrued and reported them in the consolidated statement of operations. The cross currency swaps mentioned above are entered into by the Banks for the purpose of raising and investing funds in different currencies. The notional principal amounts paid or received at the valuation date correspond to the notional principal amounts to be received or paid at the maturity of the swap agreements. Also, the swap rates used for calculating the principal and interest amounts of the swaps are considered reasonable (including cross currency swaps whose principal amounts in one currency is updated at each reset date to reflect the spot exchange rate as of the reset dates; thus, the notional principal at the spot exchange and the forward exchange rate is identical in each reset period).

Foreign-currency-denominated assets and liabilities of the other consolidated subsidiaries are translated into yen equivalents on the respective balance sheet date.

(n) Leases

Noncancelable lease transactions of the domestic consolidated subsidiaries are accounted for as operating leases regardless of whether such leases are classified as operating leases or finance leases, except for lease agreements that stipulate the transfer of ownership of the leased property to the lessee, they are accounted for as finance leases.

(o) Hedge accounting

Certain consolidated banking subsidiaries use the technique of “macro-hedging,” which utilizes derivatives to comprehensively control the attendant interest risk on its numerous financial assets and liabilities, such as loans and deposits, in accordance with the tentative treatment stipulated in the “Accounting and auditing treatments of the application of accounting standards for Financial Instruments in the Banking Industry” (JICPA Industry Audit Committee, Report No. 24). Macro-hedging is a risk-management tool based on the risk-adjustment approach established in the “Temporary Treatment for Accounting and Auditing for Application of Accounting Standards for Financial Instruments in the Banking Industry” (JICPA’s Industry Audit Committee, Report No. 15). Certain consolidated banking subsidiaries have adopted deferred hedging to account for unrealized gains or losses arising from the derivatives mentioned above.

Certain consolidated banking subsidiaries control the risk on derivatives, which form a risk-adjustment mechanism within the range of permissible risk established in its risk-management policy. Also, they periodically evaluate the effectiveness of its hedging approach by verifying that the interest risk on the underlying hedged item has been nullified.

In addition, in order to hedge the risk of foreign exchange rate fluctuations on foreign-currency-denominated securities excluding bonds, certain consolidated banking subsidiaries designate, at the inception of each hedge, the names of the foreign-currency-denominated investment securities that will be hedged and apply deferred hedge and fair-value hedge accounting to such foreign-currency-denominated investment securities, to the extent that certain consolidated banking subsidiaries have spot and forward foreign exchange liabilities exceeding the acquisition costs of the related securities, as a comprehensive hedge as defined in the “Accounting for Financial Instruments”.

Certain consolidated banking subsidiaries have adopted deferred hedging, market value hedging, and special treatment of interest rate swaps for a part of their assets and liabilities.

Certain consolidated subsidiaries have also adopted deferred hedging or special treatment for interest rate swaps.

(p) Accounting for consumption tax

The Company and domestic consolidated subsidiaries mainly account for consumption tax and local consumption tax with the tax-exclusion method.

(q) Valuation of assets and liabilities of consolidated subsidiaries

Assets and liabilities of the consolidated subsidiaries are valued by the full mark-to-market method.

(r) Amortization of consolidation differences

Consolidation differences are being amortized equally over a period of five years and any immaterial consolidation differences are charged to operations as incurred.

(s) Retained earnings

The consolidated statement of retained earnings reflects the appropriation of retained earnings approved at a shareholders' meeting held during the fiscal year.

(t) Cash and cash equivalents in the consolidated statement of cash flows

In the consolidated statement of cash flows, cash represents cash and due from the Bank of Japan in "Cash and due from banks" in the consolidated balance sheet.

(u) Income taxes

At Resona Bank, Ltd. (the "Bank"), a domestic consolidated subsidiary, the Tokyo tax base for enterprise tax was changed from income to gross operating profit with the implementation of "The Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business, etc. in Tokyo," (Tokyo Metropolitan Ordinance No. 145, 2000) (the "Ordinance").

On October 18, 2000, the Bank filed a lawsuit to confirm the invalidity of this Ordinance in the Tokyo district court. On March 26, 2002, the court rendered a judgment in favor of the Bank and ordered the Tokyo Metropolitan government to repay the erroneously paid amount of ¥5,191 million ($43 million) plus a penalty of ¥200 million ($1 million). On March 29, 2002, the Tokyo Metropolitan government filed a petition with the Tokyo High Court and, on April 9, 2002, a group of plaintiff banks including the Bank filed a petition with the Tokyo High Court. On January 30, 2003, the Tokyo High Court approved the repayment of ¥11,394 million ($94 million), which was erroneously paid by the banks based on the reason that the Ordinance was illegally issued by the Tokyo Metropolitan government. On February 10, 2003, the Tokyo Metropolitan government filed an appeal and, on February 13, 2003, the plaintiff banks including the Bank filed an appeal.

The Bank believes that this Ordinance is unlawful and is pursuing this with a lawsuit. Although the Bank has treated enterprise tax payable to the Tokyo Metropolitan government in accordance with the terms of the Ordinance, the Bank has not accepted the Ordinance as being lawful.

Enterprise tax for the Tokyo Metropolitan government, in the amount of ¥2,300 million ($19 million), for the current fiscal year was recorded as other ordinary expenses and the ordinary loss was increased by this amount over the amount which would have been recorded if the tax base of the enterprise tax had been income. In addition, such enterprise tax is not subject to tax-effect accounting, and, accordingly, "deferred tax assets" decreased by ¥7,822 million ($65 million) from the former case in which the tax base was income. Also, "deferred tax liabilities on land revaluation" decreased by ¥2,871 million ($23 million) and "revaluation reserve for land, net of taxes" increased by the same amount.

The Osaka tax base for enterprise tax of the Bank was also changed from income to gross operating profit with the implementation of the "Prefectural Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business, etc. in Osaka," (Osaka Prefectural Ordinance No. 131, 2000) (the "Ordinance").

On April 4, 2002, the Bank filed a lawsuit to confirm the invalidity of this Ordinance in the Osaka district court. With respect to the enterprise tax levied by the Osaka Prefectural government, on May 30, 2002, the "Ordinance to Amend Prefectural Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business, etc. in Osaka" (Osaka Prefectural Ordinance No. 77 of 2002) and on April 1, 2003, the "Ordinance to Amend Prefectural Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business, etc. in Osaka" (Osaka Prefectural Ordinance No. 14 of 2003) were implemented. Thus, accordingly, the special exception of the tax base by the Prefectural government Ordinance has been applied effective the year beginning on or after April 1, 2003. As a result, the enterprise tax for Osaka for the year ended March 31, 2003, will be calculated and paid based on the income, which is lower than the amount of the external standard tax base in accordance with Addendum 2 of the revised Prefectural government Ordinance 2003. However, it does not mean that we accept the Prefectural government Ordinance, the revised ordinance of 2002 or the revised ordinance of 2003 as being legal and lawful.

In addition, such enterprise tax is not subject to tax-effect accounting, and, accordingly, "deferred tax assets" decreased by ¥6,581 million ($54 million) from the former case in which the tax base was income.

Also, “deferred tax liabilities on land revaluation” decreased by ¥2,415 million ($20 million) and “revaluation reserve for land, net of taxes” increased by the same amount.

“The Law to amend the local tax laws” (Law No. 9, March 2003) was made public on March 31, 2003. The tax base of enterprise tax for the banking industry was changed from the previous “income and liquidation income” (Article 72-12 of the Old Local Tax Law of 2003) to “added value”, “amount of capital” and “income and liquidation income”. Enterprise taxes based on added value and amount of capital are not considered as income taxes. And, with this change, the Tokyo tax base for enterprise tax and the Osaka tax base for enterprise tax will lose the basis by law and will not be applied for the fiscal year ended March 31, 2004.

With this change, the total amount of “deferred tax assets” of five banks, namely, Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd., The Nara Bank, Ltd. and The Resona Trust & Banking Co., Ltd., will increase by ¥11,755 million ($97 million) and “income taxes - deferred” will decrease by ¥11,716 million ($97 million).

“Deferred tax liabilities on land revaluation” increased by ¥3,344 million ($27 million) and “revaluation reserve for land, net of taxes”, decreased by the same amount, while “Net unrealized gains/losses on securities available for sale, net of taxes” increased by ¥48 million ($0 million).

For the Bank, the statutory tax rate applied in the calculation of deferred tax assets and deferred tax liabilities after the fiscal year ended March 31, 2004 will change from 38.01% to 40.45%.

(v) Accounting for treasury stock and reversal of legal reserves

The Company has applied the “Accounting Standard for Treasury Stock and Reversal of Legal Reserves” (Business Accounting Standard No. 1) effective April 1, 2002. The effect of adopting this standard to assets and capital for the fiscal year ended March 31, 2003 was immaterial.

The Company has applied the “Accounting Standard for Net Income per Share” (Business Accounting Standard No. 2) and the “Guideline for the Accounting Standard for Net Income per Share” (Guideline for Business Accounting Standard No. 4) effective April 1, 2002.

(w) Differences between accounting principles and practices adopted in the accompanying consolidated financial statements and International Accounting Standards

The accompanying consolidated financial statements have been prepared in conformity with accounting principles and practices generally accepted and applied in Japan. Such principles and practices differ from International Accounting Standards in several respects, such as accounting for leases and accounting for the impairment of assets.

NOTE 4. CALL LOANS AND BILLS BOUGHT/CALL MONEY AND BILLS SOLD

Call loans and bills bought as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Call loans	**¥110,500**	¥102,634	**$919**
Bills bought	**—**	—	**—**
Total	**¥110,500**	¥102,634	**$919**

Call money and bills sold as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Call money	**¥ 859,396**	¥1,228,982	**$ 7,149**
Bills sold	**1,177,700**	1,318,800	**9,797**
Total	**¥2,037,096**	¥2,547,782	**$16,947**

NOTE 5. TRADING ASSETS AND TRADING LIABILITIES

Trading assets and liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Trading assets:			
Trading securities	**¥ 10,181**	¥ 23,653	**$ 84**
Derivatives of trading securities	**1**	11	**0**
Trading-related financial derivatives	**61,299**	219,753	**509**
Other trading assets	**441,251**	407,904	**3,670**
Total	**¥512,733**	¥651,322	**$4,265**
Trading liabilities:			
Trading securities sold for short sales	**¥ 816**	¥ 6,197	**$ 6**
Derivatives of trading securities	**10**	18	**0**
Trading-related financial derivatives	**43,226**	213,213	**359**
Other trading liabilities	**0**	224	**0**
Total	**¥ 44,053**	¥219,655	**$ 366**

NOTE 6. SECURITIES

Securities as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
National government bonds	**¥3,833,576**	¥3,556,866	**$31,893**
Local government bonds	**164,353**	137,648	**1,367**
Corporate bonds	**740,030**	932,238	**6,156**
Corporate stocks	**1,454,550**	1,964,652	**12,101**
Other securities	**277,477**	272,916	**2,308**
Total	**¥6,469,988**	¥6,864,323	**$53,826**

As of March 31, 2003 and 2002, securities included stock in nonconsolidated subsidiaries and affiliates of ¥20,347 million ($169 million) and ¥27,865 million, and capital subscriptions of ¥234 million ($1 million) and ¥233 million, respectively.

As of March 31, 2003, loaned securities totaling ¥8,165 million ($67 million) under lease agreements have been included in the equities in “Securities”.

As of March 31, 2003, securities loaned to consolidated subsidiaries under unsecured loan agreements and securities loaned to consolidated subsidiaries under bills sold/purchased with repurchase/resell agreements or bond loan transactions collateralized with cash included ¥78,100 million ($649 million) of securities collateralized.

NOTE 7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Bills discounted	**¥ 593,440**	¥ 690,845	**$ 4,937**
Loans on notes	**3,597,308**	3,867,967	**29,927**
Loans on deeds	**20,743,263**	21,641,395	**172,572**
Overdrafts	**4,236,573**	3,820,995	**35,246**
Total	**¥29,170,585**	¥30,021,204	**$242,683**

Among loans and bills discounted, the following loans were included.

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Loans to borrowers in legal bankruptcy	**¥ 161,475**	¥ 184,365	**$ 1,343**
Past due loans	**1,034,096**	1,879,447	**8,603**
Loans past due three months or more	**70,770**	119,535	**588**
Restructured loans	**1,738,585**	1,243,735	**14,464**
Total	**¥3,004,926**	¥3,427,083	**$24,999**

The above amounts are stated before the deduction of the reserve for possible loan losses.

Included in the above amount as of March 31, 2003 is ¥12,951 million ($107 million) which was entrusted to the Resolution and Collection Corporation by the Administration Trust Method which leads to a final settlement.

Loans to borrowers in legal bankruptcy are those for which there is a strong probability that the principal will not be recoverable. Specific conditions for inclusion in this category are (1) among those loans for which nonaccrual of interest has been approved under tax law criteria, those for which the borrowers have made application for procedures under the Corporate Reconstruction Act, Bankruptcy Law, Composition Law, liquidation under the Commercial Code, or liquidation under other legal provisions or (2) loans to borrowers for which transactions have been suspended by the Promissory Note Exchange.

Past due loans are those for which there is a high probability that write-offs will be necessary in the future. Specifically, loans in this category are those for which nonaccrual of interest has been approved under tax law criteria, but after the exclusion of loans to borrowers in legal bankruptcy and loans for which interest payments have been suspended. Not all of the loans in this category will become unrecoverable. In certain cases, these loans have been secured by collateral or other measures and reserves for possible loan losses set aside after consideration of future recoverability.

Loans past due three months or more are defined as those for which principal or interest has been in arrears for three months or more from the contract payment date but which are not classified and disclosed in notes to the balance sheets as loans to borrowers in legal bankruptcy or loans past due six months or more.

Restructured loans are those for which terms and conditions have been provided that are more favorable to the borrower than those in the original loan agreement, with the objective of restructuring and assisting borrowers in economic difficulty and facilitating recovery of such loans. Concessions on loan terms and conditions include reducing interest rates, rescheduling interest and principal payments, waiving claims on the borrower, providing cash, and accepting nonmonetary repayments. Restructured loans must be disclosed in the notes to the balance sheets and include loans for which interest rates have been reduced or exempted and loans to borrowers that are receiving assistance in restructuring.

NOTE 8. FOREIGN EXCHANGE

Foreign exchange assets and liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Assets:			
Due from foreign banks	**¥ 88,025**	¥ 86,811	**$ 732**
Loans to foreign banks	**20**	3	**0**
Foreign bills of exchange bought	**45,998**	40,262	**382**
Foreign bills of exchange receivable	**47,427**	53,862	**394**
Total	**¥181,473**	¥180,939	**$1,509**
Liabilities:			
Due to foreign banks	**¥ 3,525**	¥ 2,846	**$ 29**
Loans from foreign banks	**—**	443	**—**
Foreign bills of exchange sold	**2,966**	5,086	**24**
Foreign bills of exchange payable	**1,173**	581	**9**
Total	**¥ 7,666**	¥ 8,957	**$ 63**

NOTE 9. OTHER ASSETS

Other assets as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Unsettled exchange receivables	**¥ 1,495**	¥ 317	**$ 12**
Prepaid expenses	**6,251**	4,425	**52**
Accrued income	**82,626**	111,938	**687**
Deposits for futures transactions	**396**	799	**3**
Variation margins for futures transactions	**8**	1,024	**0**
Securities in custody and other	**—**	4,417	**—**
Financial derivatives	**108,738**	111,038	**904**
Deferred hedge loss	**—**	4,672	**—**
Cash collateral on bonds borrowed	**111,471**	9,126	**927**
Other	**818,281**	984,804	**6,807**
Total	**¥1,129,269**	¥1,232,565	**$9,394**

NOTE 10. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Land, buildings and equipment	**¥1,305,744**	¥1,358,343	**$10,863**
Less accumulated depreciation	**(651,454)**	(663,996)	**(5,419)**
Construction in progress	**2,151**	437	**17**
Subtotal	**656,442**	694,784	**5,461**
Other	**127,970**	145,413	**1,064**
Total	**¥ 784,413**	¥ 840,198	**$ 6,525**

NOTE 11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debts collateralized as of March 31, 2003 were as follows:

	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Cash and due from banks	¥ 159	$ 1
Trading assets	285,982	2,379
Securities	2,961,470	24,637
Loans and bills discounted	690,533	5,744
Other assets	77,681	646
Debts collateralized:		
Deposits	61,888	514
Call money and bills sold	1,916,327	15,942
Bills sold under repurchase agreements	283,991	2,362
Borrowed money	118,603	986
Other liabilities	42,263	351

Other than the above, cash and due from banks, trading assets, securities and other assets which were worth ¥13,227 million ($110 million), ¥640 million ($5 million), ¥1,084,872 million ($9,025 million) and ¥34,457 million ($286 million), respectively, were pledged as collateral for settlement of foreign exchange, derivatives transactions or for dealing in futures.

Premises and equipment include the guarantee deposits of ¥127,970 million ($1,064 million).

Other assets include the deposits for futures transactions in the amount of ¥396 million ($3 million).

Notes discounted are recorded as cash lending/borrowing transactions in accordance with the "Accounting and auditing treatments of the Application of Accounting Standards for Financial Instruments in the Banking Industry" (JICPA Industry Audit Committee, Report No. 24). Consolidated banking subsidiaries have a right to sell or collateralize such bills at their discretion of the Company and consolidated subsidiaries. The total face value of bank acceptance bills, commercial bills, documentary bills obtained as a result of discounting and foreign exchange purchased was ¥640,609 million ($5,329 million).

NOTE 12. COMMITMENT-LINE AGREEMENTS

Commitment-line agreements related to negative checking accounts and loans represent agreements to loan customers up to the amount of the customers' request as long as no violation of the condition of the agreement occurs.

The amount of unexercised loans related to such agreements at March 31, 2003 amounted to ¥8,640,498 million ($71,884 million). Of the above, the amounts for which the original agreement period was within a year or agreements for which consolidated subsidiaries could cancel at any time without penalty totaled ¥8,520,570 million ($70,886 million).

The unexercised loans do not necessarily affect the future cash flows of consolidated subsidiaries because most of these agreements have been terminated without being exercised. In addition, most agreements contain provisions, which stipulated that consolidated subsidiaries may deny making loans or decrease the line of credit, if there are changes in the financial condition, the security of the loans or for other reasons.

When extending loans to customers, consolidated subsidiaries request collateral such as premises or securities if necessary. After entering into loans, consolidated subsidiaries periodically check the financial condition of the customers based on its internal rules and, if necessary, take certain measures to ensure the security of the loans.

NOTE 13. DEFERRED HEDGE ACCOUNTING

Unrealized gains or losses on hedging are included in “other liabilities” as a deferred hedge gain at the net amount. Prior to this offsetting, gross deferred hedge losses and gains as of March 31, 2003 amounted to ¥80,310 million ($668 million) and ¥97,428 million ($810 million), respectively.

NOTE 14. DEPOSITS

Deposits as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Current deposits	**¥ 3,597,530**	¥ 2,484,121	**$ 29,929**
Ordinary deposits	**16,379,724**	15,388,740	**136,270**
Savings deposits	**13,834,611**	763,364	**115,096**
Deposits at notice	**—**	426,046	**—**
Time deposits	**26,111**	13,790,522	**217**
Other deposits	**1,044,013**	969,374	**8,685**
Total	**¥34,881,992**	¥33,822,170	**$290,199**

NOTE 15. BORROWED MONEY AND BONDS

As of March 31, 2003 and 2002, borrowed money and bonds included in subordinated liabilities were as follows:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Subordinated borrowed money	**¥484,000**	¥ 710,500	**$4,026**
Subordinated bonds	**312,850**	519,564	**2,602**
Total	**¥796,850**	¥1,230,064	**$6,629**

NOTE 16. OTHER LIABILITIES

Other liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Unsettled exchange payables	**¥ 2,452**	¥ 1,691	**$ 20**
Accrued income taxes	**15,445**	19,107	**128**
Accrued expenses	**75,680**	92,471	**629**
Income in advance	**35,473**	42,486	**295**
Deposits for futures transactions	**290**	1,425	**2**
Borrowed securities	**—**	3,195	**—**
Financial derivatives	**90,857**	117,024	**755**
Cash collateral on bonds lent	**—**	709,821	**—**
Other	**608,178**	801,821	**5,059**
Total	**¥828,379**	¥1,789,046	**$6,891**

NOTE 17. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in "Acceptances and guarantees." As a contra account, "Customers' liabilities for acceptances and guarantees" is shown on the assets side of the balance sheets representing the Company's right of indemnity from the applicants.

NOTE 18. LAND REVALUATION DIFFERENCES

Certain consolidated domestic subsidiaries revalued land used for business purposes based on the Law Concerning Land Revaluation (Law 34, announced on March 31, 1998). "Deferred tax liabilities on land revaluation" has been recorded in liabilities, and "revaluation reserve for land, net of taxes" has been recorded in shareholders' equity.

Revaluation date: March 31, 1998

The revaluation method as stated in Article 3-3 of the Law Concerning Land Revaluation is as follows:

The value of land is based on the official notice prices stated in the Law of Public Notice of Land Prices (assessed date, January 1, 1998) as stipulated in Article 2-1 of the Ordinance for the Law Concerning Land Revaluation (Government Ordinance No. 119, announced on March 31, 1998) after making reasonable adjustments for the location and quality of the sites.

The difference between the total market value of the land used for business purposes that was revalued based on Article 10 of the Law Concerning Land Revaluation as of the consolidated balance sheet date and the total book value of the land after the revaluation was ¥57,569 million ($478 million) and ¥80,051 million as of March 31, 2003 and 2002, respectively.

NOTE 19. SHAREHOLDERS' EQUITY

Common stock as of March 31, 2003 and 2002 was as follows:

	2003	2002
Number of shares:		
Authorized	**13,000,000,000**	13,000,000,000
Issued and outstanding	**5,653,589,359**	5,634,904,065

Preferred stock as of March 31, 2003 and 2002 was as follows:

	2003	2002
Number of shares (Class A No. 1 preferred stock):		
Authorized	**10,970,000**	10,970,000
Issued and outstanding	**10,970,000**	10,970,000
Number of shares (Class B No. 1 preferred stock):		
Authorized	**680,000,000**	680,000,000
Issued and outstanding	**680,000,000**	680,000,000
Number of shares (Class C No. 1 preferred stock):		
Authorized	**120,000,000**	120,000,000
Issued and outstanding	**120,000,000**	120,000,000
Number of shares (Class D No. 1 preferred stock):		
Authorized	**340,000**	386,000
Issued and outstanding	**340,000**	386,000
Number of shares (Class E No. 1 preferred stock):		
Authorized	**240,000,000**	240,000,000
Issued and outstanding	**240,000,000**	240,000,000
Number of shares (Class F No. 1 preferred stock):		
Authorized	**80,000,000**	80,000,000
Issued and outstanding	**80,000,000**	80,000,000
Total number of shares of preferred stock:		
Authorized	**1,131,310,000**	1,131,356,000
Issued and outstanding	**1,131,310,000**	1,131,356,000

NOTE 20. INTEREST INCOME AND EXPENSES

Interest income and expenses for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Interest income:			
Interest on loans and bills discounted	**¥614,409**	¥690,226	**$5,111**
Interest and dividends on securities	**58,883**	81,262	**489**
Interest on call loans and bills bought	**616**	1,893	**5**
Interest on bills bought under resale agreements	**0**	0	**0**
Interest on due from banks	**4,279**	22,745	**35**
Other interest income	**10,078**	18,749	**83**
Total	**¥688,267**	¥814,876	**$5,726**
Interest expenses:			
Interest on deposits	**¥ 45,099**	¥ 87,772	**$ 375**
Interest on negotiable certificates of deposit	**562**	5,993	**4**
Interest on call money and bills sold	**1,164**	2,930	**9**
Interest on bills sold under repurchase agreements	**33**	109	**0**
Interest on commercial paper	**1**	223	**0**
Interest on borrowed money	**20,546**	24,393	**170**
Interest on bonds	**9,721**	14,261	**80**
Other interest expenses	**11,980**	26,947	**99**
Total	**¥ 89,110**	¥162,631	**$ 741**

NOTE 21. TRADING INCOME

Trading income for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Trading income:			
Income from trading securities	**¥ 3,133**	¥ 2,899	**$ 26**
Income from trading-related financial derivatives	**19,873**	6,440	**165**
Other trading income	**586**	1,030	**4**
Total	**¥23,592**	¥10,369	**$196**

NOTE 22. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the years ended March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Other operating income:			
Gains on foreign exchange transactions	**¥ 5,649**	¥ 15,800	**$ 46**
Gains on sales of national government bonds and other	**64,971**	34,518	**540**
Income from financial derivatives	**188**	493	**1**
Other	**90,212**	57,318	**750**
Total	**¥161,021**	¥108,130	**$1,339**
Other operating expenses:			
Losses on sales of national government bonds and other	**¥ 21,083**	¥ 17,431	**$ 175**
Losses on redemption of national government bonds and other	**68**	192	**0**
Losses on devaluation of national government bonds and other	**197**	940	**1**
Other	**10,482**	15,693	**87**
Total	**¥ 31,832**	¥ 34,257	**$ 264**

NOTE 23. OTHER INCOME AND EXPENSES

Other income and expenses for the year ended March 31, 2003 and 2002 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Other income:			
Gains on sales of stocks and other securities	**¥ 34,657**	¥ 88,241	**$ 288**
Gains on establishment of employees' retirement benefit trust	**—**	37,242	**—**
Gains on dispositions of premises and equipment	**860**	1,459	**7**
Recoveries of written-off claims	**7,395**	9,565	**61**
Gains on termination of Welfare Pension Fund of a subsidiary "Cosmo Securities Co., Ltd."	**—**	1,039	**—**
Other	**138,419**	69,538	**1,151**
Total	**¥ 181,332**	¥ 207,086	**$1,508**
Other expenses:			
Write-off of loans	**¥ 244,854**	¥ 349,288	**$2,037**
Net addition to reserve for possible loan losses	**229,212**	473,792	**1,906**
Net addition to reserve for possible losses on loans sold	**644**	9,231	**5**
Losses on sales of stocks and other securities	**26,267**	219,251	**218**
Losses on devaluation of stocks and other securities	**308,960**	335,903	**2,570**
Losses on forgiveness of loans to assist borrowers	**—**	66,580	**—**
Losses related to past due loans sold	**—**	49,744	**—**
Losses on dispositions of premises and equipment	**20,633**	25,656	**171**
Loss relating to securities claim of a subsidiary "Cosmo Securities Co., Ltd."	**1,788**	—	**14**
Other	**177,323**	182,462	**1,475**
Total	**¥1,009,681**	¥1,711,910	**$8,400**

NOTE 24. CASH FLOWS

The relationship between cash and cash equivalents and cash and due from banks in the consolidated balance sheets as of March 31, 2003 and 2002 was as follows:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Cash and due from banks	**¥2,445,016**	¥3,166,039	**$20,341**
Due from banks except for the Bank of Japan	**(94,503)**	(369,858)	**(786)**
Cash and cash equivalents	**¥2,350,512**	¥2,796,180	**$19,555**

Notes: 1. The breakdown of assets and liabilities of a newly consolidated subsidiary due to the acquisition of the stock was as follows:

(Kinki Osaka Leasing Co., Ltd.)	Millions of yen **2003**	Millions of U.S. dollars **2003**
Current assets	**¥30,350**	**$252**
Non-current assets	**55,921**	**465**
Current liabilities	**(60,547)**	**(503)**
Non-current liabilities	**(24,312)**	**(202)**
Minority interests	**(70)**	**(0)**
Consolidation differences	**70**	**0**
Subtotal	**1,412**	**11**
The amount appraised by the equity method of acquired stocks	**4,587**	**38**
Acquisition cost of stocks of a new subsidiary	**6,000**	**49**
Cash and cash equivalents of a new subsidiary	**29**	**0**
Expenditures to acquire a new subsidiary	**¥ 5,970**	**$ 49**

(Kinki Osaka Shinyo Hosho Co., Ltd.)	Millions of yen 2003	Millions of U.S. dollars 2003
Current assets	**¥ 6,985**	**$58**
Non-current assets	**5,214**	**43**
Current liabilities	**(11,470)**	**(95)**
Non-current liabilities	**(6)**	**(0)**
Minority interests	**(54)**	**(0)**
Consolidation differences	**54**	**0**
Subtotal	**723**	**6**
The amount appraised by the equity method of acquired stocks	**3,276**	**27**
Acquisition cost of stocks of a new subsidiary	**4,000**	**33**
Cash and cash equivalents of a new subsidiary	**0**	**0**
Expenditures to acquire a new subsidiary	**¥ 3,999**	**$33**

2. Major nonfund transaction
Acquisition of stocks by Debt-Equity Swap as of March 31, 2003: ¥94,199 million ($783 million)

NOTE 25. DEFERRED TAXES

Deferred tax assets and deferred tax liabilities as of March 31, 2003 and 2002 consisted of the following:

	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Deferred tax assets:			
Tax loss carryforward	**¥ 784,651**	¥ 292,144	**$ 6,527**
Reserve for possible loan losses and excessive write-offs of loans	**597,526**	602,655	**4,971**
Devaluation of securities	**316,767**	161,685	**2,635**
Reserve for employees' retirement benefits	**37,267**	15,764	**310**
Unrealized differences of other securities	**15,329**	31,753	**127**
Reserve for possible losses on loans sold	**—**	8,102	**—**
Other	**28,651**	60,567	**238**
Gross deferred tax assets	**1,780,193**	1,172,674	**14,810**
Less: Valuation allowance	**(1,183,724)**	(314,139)	**(9,847)**
Total deferred tax assets	**596,469**	858,535	**4,962**
Deferred tax liabilities:			
Gains on establishment of employees' retirement benefit trust	**(62,987)**	(20,375)	**(524)**
Unearned dividends	**(3,636)**	(3,508)	**(30)**
Unrealized differences of other securities	**(2,192)**	(2,057)	**(18)**
Other	**(5,266)**	(361)	**(43)**
Total deferred tax liabilities	**(74,082)**	(26,303)	**(616)**
Net deferred tax assets	**¥ 522,386**	¥ 832,231	**$ 4,345**

The Law to amend the local tax laws (Law No. 9, March 2003) was made public on March 31, 2003. The tax base of enterprise tax for the banking industry was changed to "added value" and "amount of capital". Certain enterprise taxes are not considered as income taxes.

With this change, for the Bank, the statutory tax rate applied in the calculation of deferred tax assets and deferred tax liabilities after the fiscal year ended March 31, 2004 will change from 38.01% to 40.45%.

The total amount of "deferred tax assets" of five banks, namely, Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd., The Nara Bank, Ltd. and Resona Trust & Banking Co., Ltd., will increase by ¥11,734 million ($97 million) and "income taxes - deferred" will decrease by ¥11,695 million ($97 million).

Deferred tax liabilities on land revaluation increased by ¥3,344 million ($27 million) and "revaluation reserve for land, net of taxes", decreased by the same amount, while "Net unrealized gains/losses on securities available for sale, net of taxes" increased by ¥48 million ($0 million).

NOTE 26. LEASES

(Lessee Side)

(1) Finance Leases

Finance leases as of March 31, 2003 and 2002, except for lease agreements which stipulate the transfer of ownership of the leased property to the lessee, were as follows:

Amounts corresponding to the year-end acquisition costs and accumulated depreciation of the leased items:

	Millions of yen						Millions of U.S. dollars		
	2003			2002			**2003**		
	Equipment	Other	Total	Equipment	Other	Total	Equipment	Other	Total
Acquisition costs	**¥31,856**	**¥814**	**¥32,670**	¥29,592	¥500	¥30,093	**$265**	**$6**	**$271**
Accumulated depreciation	**21,650**	**322**	**21,972**	18,473	188	18,661	**180**	**2**	**182**
Net book value	**¥10,205**	**¥492**	**¥10,698**	¥11,119	¥311	¥11,431	**$ 84**	**$4**	**$ 89**

Future minimum lease payments, exclusive of interest expenses:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 5,284**	¥ 5,645	**$43**
Due after one year	**5,626**	5,916	**46**
Total	**¥10,910**	¥11,561	**$90**

Lease fees and the amounts corresponding to depreciation and interest expenses:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Lease fees	**¥6,781**	¥7,922	**$56**
Depreciation	**6,319**	7,421	**52**
Interest expenses	**211**	283	**1**

Computation of amounts corresponding to depreciation:

The duration of the lease term is taken as equivalent to the useful lives of the equipment, and the straight-line method is applied to fully depreciate the assets.

Computation of amounts corresponding to interest expenses:

The difference between the total amount of the lease payments and the purchase value of the assets is taken as the amount corresponding to interest expenses and the interest method is used to allocate this amount to the appropriate consolidated accounting years.

(2) Operating Leases

As of March 31, 2003 and 2002, future minimum lease payments inclusive of interest expenses under noncancelable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 67**	¥377	**$0**
Due after one year	**173**	209	**1**
Total	**¥240**	¥586	**$1**

(Lessor Side)

(1) Finance Leases

Finance leases as of March 31, 2003 and 2002, except for lease agreements which stipulate the transfer of ownership of the leased property to the lessee, were as follows:

Amounts of acquisition costs and accumulated depreciation of the leased items:

	Millions of yen						Millions of U.S. dollars		
	2003			2002			**2003**		
	Equipment	Other	Total	Equipment	Other	Total	Equipment	Other	Total
Acquisition costs	**¥365,274**	**¥120,032**	**¥485,306**	¥296,240	¥43,359	¥339,599	**$3,038**	**$998**	**$4,037**
Accumulated depreciation	**200,087**	**77,822**	**277,910**	148,274	21,750	170,024	**1,664**	**647**	**2,312**
Net book value	**¥165,186**	**¥ 42,209**	**¥207,396**	¥147,965	¥21,609	¥169,575	**$1,374**	**$351**	**$1,725**

Future minimum lease receipts, exclusive of interest income:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥ 70,415**	¥ 58,398	**$ 585**
Due after one year	**137,212**	113,835	**1,141**
Total	**¥207,627**	¥172,234	**$1,727**

Lease fees received, depreciation cost and the amount corresponding to interest income:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Lease fees received	**¥70,529**	¥23,658	**$586**
Depreciation	**63,926**	20,853	**531**
Interest income	**6,570**	2,431	**54**

Computation of amounts corresponding to interest income:

The difference between the total amount of the lease payments and the purchase value of the assets is taken as the amount corresponding to interest expenses and the interest method is used to allocate this amount to the appropriate consolidated accounting years.

(2) Operating Leases

As of March 31, 2003 and 2002, future minimum lease receipts inclusive of interest expenses under non-cancelable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Due within one year	**¥1,293**	¥ 955	**$10**
Due after one year	**2,442**	1,809	**20**
Total	**¥3,736**	¥2,765	**$31**

Of the future minimum lease receipts contained in (1) and (2) above, as of March 31, 2003 and 2002, ¥116,883 million ($972 million) and ¥111,103 million had been pledged, respectively.

NOTE 27. MARKET VALUE OF SECURITIES AND MONEY HELD IN TRUST

In the year ended March 31, 2003
1. Securities

"Securities" in the consolidated balance sheet, securities, negotiable certificates of deposit, commercial paper in "Trading assets", negotiable certificates of deposit in "Cash and due from banks", and commercial paper in "Monetary claims bought" as of March 31, 2003 were as follows:

(1) Securities held for trading purposes

	Millions of yen		Millions of U.S. dollars	
As of March 31, 2003	Book value	Unrealized gain (net) included in profits and losses	Book value	Unrealized gain (net) included in profits and losses
Securities held for trading purposes	**¥451,433**	**¥229**	**$3,755**	**$1**

(2) Marketable bonds held to maturity

	Millions of yen					Millions of U.S. dollars				
As of March 31, 2003	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
National government bonds	**¥ 180**	**¥ 181**	**¥ 1**	**¥ 1**	**¥ —**	**$ 1**	**$ 1**	**$0**	**$0**	**$—**
Local government bonds	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Corporate bonds	**500**	**493**	**(6)**	**—**	**(6)**	**4**	**4**	**(0)**	**—**	**(0)**
Other	**1,898**	**1,932**	**34**	**74**	**(40)**	**15**	**16**	**0**	**0**	**(0)**
Total	**¥2,578**	**¥2,607**	**¥29**	**¥76**	**¥(46)**	**$21**	**$21**	**$0**	**$0**	**$(0)**

Note: Market values are based on the market prices on March 31, 2003.

(3) As of March 31, 2003, there were no investment securities with market value at subsidiaries and affiliates.

(4) Other securities for which market values can be calculated

	Millions of yen				
As of March 31, 2003	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
Stocks	**¥1,319,004**	**¥1,267,310**	**¥(51,693)**	**¥55,733**	**¥(107,427)**
Bonds	**4,433,076**	**4,463,496**	**30,420**	**30,874**	**(454)**
National government bonds	**3,811,024**	**3,833,396**	**22,372**	**22,519**	**(147)**
Local government bonds	**159,832**	**164,353**	**4,521**	**4,657**	**(136)**
Corporate bonds	**462,219**	**465,745**	**3,526**	**3,697**	**(170)**
Other	**253,034**	**248,469**	**(4,565)**	**3,498**	**(8,063)**
Total	**¥6,005,115**	**¥5,979,276**	**¥(25,838)**	**¥90,106**	**¥(115,945)**

	Millions of U.S. dollars				
As of March 31, 2003	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
Stocks	**$10,973**	**$10,543**	**$(430)**	**$463**	**$(893)**
Bonds	**36,880**	**37,133**	**253**	**256**	**(3)**
National government bonds	**31,705**	**31,891**	**186**	**187**	**(1)**
Local government bonds	**1,329**	**1,367**	**37**	**38**	**(1)**
Corporate bonds	**3,845**	**3,874**	**29**	**30**	**(1)**
Other	**2,105**	**2,067**	**(37)**	**29**	**(67)**
Total	**$49,959**	**$49,744**	**$(214)**	**$749**	**$(964)**

Notes: 1. The market value of stocks is based on the average market prices of the last month of the fiscal year ended March 31, 2003.
The market value of others is based on the market prices on March 31, 2003.
2. For the year ended March 31, 2003, the valuation loss of ¥297,807 million ($2,477 million) was recorded with respect to the stocks of other securities with available fair values.
The criteria to judge a substantial decline in fair value are as follows:
If the fair value declined 30% or more compared to the acquisition cost, it is judged as a substantial decline and determines the recoverability, together with the classification of borrowers by self-assessment.
If the fair value declined 50% or more, the valuation losses are disposed of due to no possibility of recovery.

(5) There were no marketable bonds held to maturity sold during the year ended March 31, 2003.

(6) Other securities which were sold during the year ended March 31, 2003.

	Millions of yen			Millions of U.S. dollars		
As of March 31, 2003	Sold	Gain	(Loss)	Sold	Gain	(Loss)
Other securities	**¥17,554,337**	**¥92,532**	**¥(30,705)**	**$146,042**	**$769**	**$(255)**

(7) The major components of securities whose market value was not available and their respective balance sheet amounts:

As of March 31, 2003	Millions of yen	Millions of U.S. dollars
Bonds held to maturity:		
Unlisted domestic bonds	**¥ 6,732**	**$ 56**
Negotiable certificates of deposit	**4,620**	**38**
Monetary claims bought	**9,995**	**83**
Other securities:		
Unlisted domestic bonds	**267,051**	**2,221**
Unlisted stocks (excluding over-the-counter securities)	**166,925**	**1,388**
Unlisted foreign bonds	**21,141**	**175**

(8) As of March 31, 2003, there were no securities whose intent in holding had been changed.

(9) Projected redemption amounts for other securities with maturities and bonds held to maturity:

	Millions of yen			
As of March 31, 2003	One year or less	One to five years	Five to 10 years	Over 10 years
Bonds	**¥1,213,435**	**¥2,877,154**	**¥642,872**	**¥ 4,398**
National government bonds	**1,027,455**	**2,292,058**	**511,107**	**2,955**
Local government bonds	**1,760**	**71,455**	**91,138**	**—**
Corporate bonds	**184,219**	**513,641**	**40,627**	**1,442**
Other	**110,785**	**19,161**	**3,837**	**20,265**
Total	**¥1,324,221**	**¥2,896,316**	**¥646,710**	**¥24,663**

	Millions of U.S. dollars			
As of March 31, 2003	One year or less	One to five years	Five to 10 years	Over 10 years
Bonds	**$10,095**	**$23,936**	**$5,348**	**$ 36**
National government bonds	**8,547**	**19,068**	**4,252**	**24**
Local government bonds	**14**	**594**	**758**	**—**
Corporate bonds	**1,532**	**4,273**	**337**	**11**
Other	**921**	**159**	**31**	**168**
Total	**$11,016**	**$24,095**	**$5,380**	**$205**

2. Money held in trust

(1) Money held in trust for investment purposes

	Millions of yen		Millions of U.S. dollars	
As of March 31, 2003	Book value	Unrealized gain (net) included in profits and losses	Book value	Unrealized gain (net) included in profits and losses
Money held in trust for investment purposes	**¥70,422**	**¥—**	**$585**	**$—**

(2) As of March 31, 2003, there was no held-to-maturity money held in trust.

(3) As of March 31, 2003, there was no other money held in trust with market value (excluding investment or held to maturity securities).

Other money held in trust without market value was stated at the acquisition cost of ¥27 million ($0 million).

3. Net unrealized losses on securities available for sale, net of taxes

As of March 31, 2003	Millions of yen	Millions of U.S. dollars
Difference (market value—balance sheet amount)	**¥(25,838)**	**$(214)**
Other securities	**(25,838)**	**(214)**
Other money held in trust	**—**	**—**
Amount equivalent to deferred tax liabilities	**2,121**	**17**
Amount equivalent to unrealized differences of other securities (before adjustment of amount equivalent to interest)	**(27,960)**	**(232)**
Amount equivalent to minority interests	**304**	**2**
Amount equivalent to parent company interest of amount equivalent to unrealized differences of other securities owned by the companies accounted for the equity method	**30**	**0**
Net unrealized losses on securities available for sale net of taxes	**¥(28,234)**	**$(234)**

In the year ended March 31, 2002
1. Securities

"Securities" in the consolidated balance sheet, negotiable certificates of deposit, commercial paper in "Trading assets," negotiable certificates of deposit in "Cash and due from banks," and commercial paper in "Monetary claims bought" as of March 31, 2002 were as follows:

(1) Securities held for trading purposes

	Millions of yen	
As of March 31, 2002	Book value	Unrealized gain (net) included in profits and losses
Securities held for trading purposes	¥431,558	¥375

(2) Marketable bonds held to maturity

	Millions of yen				
As of March 31, 2002	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
National government bonds	¥ 9	¥ 9	¥ 0	¥ 0	¥ —
Local government bonds	381	392	10	10	—
Corporate bonds	500	466	(34)	—	(34)
Other	3,930	3,934	4	61	(57)
Total	¥4,821	¥4,802	¥(18)	¥72	¥(91)

Note: Market values are based on the market prices on March 31, 2002.

(3) As of March 31, 2002, there were no investment securities with market value at subsidiaries and affiliates.

(4) Other securities for which market values can be calculated

	Millions of yen				
As of March 31, 2002	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
Stocks	¥1,928,133	¥1,838,809	¥(89,324)	¥103,640	¥(192,964)
Bonds	4,394,349	4,418,192	23,843	27,260	(3,417)
National government bonds	3,538,560	3,556,856	18,296	18,395	(99)
Local government bonds	130,684	134,157	3,473	3,640	(167)
Corporate bonds	725,104	727,178	2,073	5,224	(3,150)
Other	247,645	242,387	(5,257)	2,557	(7,815)
Total	¥6,570,128	¥6,499,389	¥(70,738)	¥133,458	¥(204,197)

Note: The market value of stocks is based on the average market prices of the last month of the fiscal year ended March 31, 2002.
The market value of others is based on the market prices on March 31, 2002.

(5) There were no marketable bonds held to maturity sold during the year ended March 31, 2002.

(6) Other securities which were sold during the year ended March 31, 2002

As of March 31, 2002	Millions of yen Sold	Gain	(Loss)
Other securities	¥7,911,660	¥79,462	¥(232,555)

(7) The major components of securities whose market value was not available and their respective balance sheet amounts:

As of March 31, 2002	Millions of yen
Bonds held to maturity:	
Unlisted domestic bonds	¥ 5,033
Negotiable certificates of deposit	5,595
Other securities:	
Unlisted domestic bonds	202,636
Unlisted stocks (excluding over-the-counter securities)	99,773
Unlisted foreign bonds	14,964

(8) As of March 31, 2002, there were no securities whose intent in holding had been changed.

(9) Projected redemption amounts for other securities with maturities and bonds held to maturity

	Millions of yen			
As of March 31, 2002	One year or less	One to five years	Five to 10 years	Over 10 years
Bonds	¥1,063,813	¥2,673,406	¥884,984	¥ 4,450
National government bonds	854,482	1,949,240	750,143	3,000
Local government bonds	12,374	55,386	69,887	—
Corporate bonds	196,956	668,779	64,952	1,449
Other	48,711	31,622	16,329	8,220
Total	¥1,112,524	¥2,705,029	¥901,313	¥12,671

2. Money held in trust

(1) Money held in trust for investment purposes

	Millions of yen	
As of March 31, 2002	Book value	Unrealized gain (net) included in profits and losses
Money held in trust for investment purposes	¥43,823	¥(0)

(2) As of March 31, 2002, there was no held-to-maturity money held in trust.

(3) As of March 31, 2002, there was no other money held in trust with market value (excluding investment or held to maturity securities).

Other money held in trust without market value was stated at the acquisition cost of ¥30 million.

3. Net unrealized differences of other securities (Valuation differences)

As of March 31, 2002	Millions of yen
Difference (market value—balance sheet amount)	¥(70,738)
Other securities	(70,738)
Other money held in trust	—
Amount equivalent to deferred tax liabilities	1,285
Amount equivalent to unrealized differences of other securities (before adjustment of amount equivalent to interest)	(72,023)
Amount equivalent to minority interests	731
Amount equivalent to parent company interest of amount equivalent to unrealized differences of other securities owned by the companies accounted for the equity method	(41)
Net unrealized differences of other securities	¥(72,797)

NOTE 28. DERIVATIVES

In the year ended March 31, 2003

The contract values or notional principal amounts, market values or estimated market value and unrealized gains/losses on derivative financial instruments are as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

(a) Interest rate related transactions

As of March 31, 2003			Millions of yen: Contract value or notional principal amount	Contract value or notional principal amount: Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures					
		Sold	¥ 115,700	¥ 13,880	¥ (26)	¥ (26)
		Bought	225,078	12,416	29	29
Over-the-counter	Swaps					
		Receive fixed/Pay floating	1,839,833	1,473,908	50,150	50,150
		Receive floating/Pay fixed	1,932,332	1,374,549	(31,636)	(31,636)
		Receive floating/Pay floating	309,510	263,310	55	55
	Caps					
		Sold	353,740	123,508	2,687	2,198
		Bought	293,970	97,495	1,413	(698)
	Floors					
		Sold	12,000	12,000	484	(425)
		Bought	16,875	16,631	628	502
	Swaptions					
		Sold	85	84	0	(0)
		Bought	1,044	1,044	28	18
Total			¥ /	¥ /	¥17,472	¥20,168

As of March 31, 2003			Millions of U.S. dollars: Contract value or notional principal amount	Contract value or notional principal amount: Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures					
		Sold	$ 962	$ 115	$ (0)	$ (0)
		Bought	1,872	103	0	0
Over-the-counter	Swaps					
		Receive fixed/Pay floating	15,306	12,262	417	417
		Receive floating/Pay fixed	16,075	11,435	(263)	(263)
		Receive floating/Pay floating	2,574	2,190	0	0
	Caps					
		Sold	2,942	1,027	22	18
		Bought	2,445	811	11	(5)
	Floors					
		Sold	99	99	4	(3)
		Bought	140	138	5	4
	Swaptions					
		Sold	0	0	0	(0)
		Bought	8	8	0	0
Total			$ /	$ /	$145	$167

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income/expenses in the consolidated statement of operations. Derivative transactions used for hedge accounting have been excluded from the above table.

2. The market value of listed contracts is based on the closing prices on the Tokyo International Financial Futures Exchange and other exchanges. The market value of over-the-counter contracts is based on the discounted value of their future cash flows, option exchanges or option pricing models.

(b) Currency-related transactions

As of March 31, 2003			Millions of yen: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Over-the-counter	Currency swaps		¥929,107	¥700,339	¥721	¥721
	Forward contracts	Sold	163	—	(0)	(0)
		Bought	840	—	(8)	(8)
Total			¥ /	¥ /	¥712	¥712

As of March 31, 2003			Millions of U.S. dollars: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Over-the-counter	Currency swaps		$7,729	$5,826	$5	$5
	Forward contracts	Sold	1	—	(0)	(0)
		Bought	6	—	(0)	(0)
Total			$ /	$ /	$5	$5

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income/expenses in the consolidated statement of operations. Derivative transactions used for hedge accounting and the transactions described in Note 3 have been excluded from the above table.
2. Market value is based on the discounted value of future cash flows.
3. Currency swap transactions which are accrued in accordance with "Temporary Auditing Treatment for the Continuing Adoption of New Foreign Exchange Accounting Standards in the Banking Industry" issued by the JICPA on April 10, 2000 have been excluded from the above tables.
Currency swap transactions accounted for by the accrual method are as follows:

As of March 31, 2003	Millions of yen: Contract value or notional principal amount	Market value	Unrealized gain/(loss)
Currency swaps	¥84,245	¥546	¥546

As of March 31, 2003	Millions of U.S. dollars: Contract value or notional principal amount	Market value	Unrealized gain/(loss)
Currency swaps	$700	$4	$4

4. The following currency forward contracts, currency options and other transactions have been excluded from the above table:
- Transactions which are marked-to-market and on which an unrealized gain or loss is charged to income in the consolidated statement of operations
- Transactions involving financial assets and liabilities denominated in foreign currencies and recognized in the consolidated balance sheets
- Transactions denominated in foreign currencies which have been eliminated in the consolidation process

Currency-related derivatives which were marked-to-market were as follows:

As of March 31, 2003			Millions of yen: Contract value or notional principal amount	Millions of U.S. dollars: Contract value or notional principal amount
Over-the-counter	Forward contracts	Sold	¥ 332,674	$ 2,767
		Bought	392,587	3,266
	Options	Sold	1,146,341	9,536
		Bought	1,251,875	10,414

(c) Stock-related transactions

As of March 31, 2003			Millions of yen: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Index futures	Sold	¥79	¥—	¥ 0	¥ 0
		Bought	—	—	—	—
Total			¥ /	¥ /	¥ 0	¥ 0

As of March 31, 2003			Millions of U.S. dollars: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Index futures	Sold	**$ 0**	**$—**	**$ 0**	**$ 0**
		Bought	**—**	**—**	**—**	**—**
Total			**$ /**	**$ /**	**$ 0**	**$ 0**

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income in the consolidated statements of operations. Derivative transactions used for hedge accounting have been excluded from the above table.

2. The market value of listed contracts is based on the closing prices on the Tokyo Stock Exchange and other exchanges.

(d) Bond-related transactions

As of March 31, 2003			Millions of yen: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures	Sold	**¥999**	**¥—**	**¥(1)**	**¥(1)**
		Bought	**—**	**—**	**—**	**—**
Total			**¥ /**	**¥ /**	**¥(1)**	**¥(1)**

As of March 31, 2003			Millions of U.S. dollars: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures	Sold	**$ 8**	**$—**	**$(0)**	**$(0)**
		Bought	**—**	**—**	**—**	**—**
Total			**$ /**	**$ /**	**$(0)**	**$(0)**

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income in the consolidated statement of operations. Derivative transactions used for hedge accounting have been excluded from the above table.

2. The market value of listed contracts is based on the closing prices on the Tokyo Stock Exchange and other exchanges.

(e) As of March 31, 2003, there were no commodity-related transactions.

(f) As of March 31, 2003, there were no credit derivative transactions.

In the year ended March 31, 2002

The contract values or notional principal amounts, market values or estimated market value and unrealized gains/losses on derivative financial instruments are as follows in accordance with the revised Regulations for Financial Statements (Ordinance promulgated by the Ministry of Finance).

(a) Interest rate related transactions

As of March 31, 2002			Millions of yen: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures					
		Sold	¥ 573,509	¥ 5,362	¥ (1,783)	¥ (1,783)
		Bought	345,240	—	1,628	1,628
Over-the-counter	Swaps					
		Receive fixed/Pay floating	2,168,533	1,373,851	47,209	47,209
		Receive floating/Pay fixed	2,199,687	1,322,699	(39,279)	(39,279)
		Receive floating/Pay floating	238,668	174,510	(165)	(165)
	Caps					
		Sold	363,694	288,426	440	2,612
		Bought	329,432	261,220	366	(1,063)
	Floors					
		Sold	12,000	12,000	528	(422)
		Bought	17,633	17,156	720	528
	Swaptions					
		Sold	1,043	43	23	(4)
		Bought	1,000	—	23	15
Total			¥ /	¥ /	¥ 7,726	¥ 9,275

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income/expenses in the consolidated statement of operations. Derivative transactions used for hedge accounting have been excluded from the above table.
2. The market value of listed contracts is based on the closing prices on the Tokyo International Financial Futures Exchange and other exchanges. The market value of over-the-counter contracts is based on the discounted value of their future cash flows, option exchanges or option pricing models.

(b) Currency-related transactions

As of March 31, 2002			Millions of yen: Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Over-the-counter	Currency swaps		¥889,482	¥760,163	¥(1,634)	¥(1,634)
	Forward contracts	Sold	156	—	0	0
		Bought	953	—	(2)	(2)
Total			¥ /	¥ /	¥(1,636)	¥(1,636)

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income/expenses in the consolidated statement of operations. Derivative transactions used for hedge accounting and the transactions described in Note 3 have been excluded from the above table.
2. Market value is based on the discounted value of future cash flows.
3. Currency swap transactions which are accrued in accordance with "Temporary Auditing Treatment for the Continuing Adoption of New Foreign Exchange Accounting Standards in the Banking Industry" issued by the JICPA on April 10, 2000 have been excluded from the above tables.
Currency swap transactions accounted for by the accrual method were as follows:

As of March 31, 2002	Millions of yen: Contract value or notional principal amount	Market value	Unrealized gain/(loss)
Currency swaps	¥229,474	¥(154)	¥(154)

4. The following currency forward contracts, currency options and other transactions have been excluded from the previous table:
   - Transactions which are marked-to-market and on which unrealized gain or loss is charged to income in the consolidated statement of operations
   - Transactions involving financial assets and liabilities denominated in foreign currencies and recognized in the consolidated balance sheets
   - Transactions denominated in foreign currencies which have been eliminated in the consolidation process

   Currency-related derivatives which were marked-to-market were as follows:

As of March 31, 2002			Millions of yen Contract value or notional principal amount
Over-the-counter	Forward contracts	Sold	¥ 610,865
		Bought	630,602
	Options	Sold	1,313,282
		Bought	1,403,453

(c) Stock-related transactions

As of March 31, 2002			Millions of yen Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Index futures	Sold	¥112	¥—	¥ 3	¥ 3
		Bought	—	—	—	—
Total			¥ /	¥ /	¥ 3	¥ 3

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income in the consolidated statement of operations. Derivative transactions used for hedge accounting have been excluded from the above table.
2. The market value of listed contracts is based on the closing prices on the Tokyo Stock Exchange and other exchanges.

(d) Bond-related transactions

As of March 31, 2002			Millions of yen Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures					
		Sold	¥3,709	¥—	¥(15)	¥(15)
		Bought	1,236	—	5	5
	Futures options					
		Sold	—	—	—	—
		Bought	546	—	0	0
Total			¥ /	¥ /	¥ (8)	¥ (9)

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income in the consolidated statement of operations. Derivative transactions used for hedge accounting have been excluded from the above table.
2. The market value of listed contracts is based on the closing prices on the Tokyo Stock Exchange and other exchanges.

(e) As of March 31, 2002, there were no commodity-related transactions.

(f) As of March 31, 2002, there were no credit derivative transactions.

NOTE 29. RETIREMENT BENEFIT PLANS

(1) Certain consolidated subsidiaries have a lump-sum retirement benefit plan and a defined benefits pension plan. Upon an employee retirement, there are cases that severance payments, which are not subject to retirement benefit obligation according to actuarial calculation based on the accounting standard for employee retirement benefits, are made. Moreover, three of the consolidated subsidiaries above provide the retirement benefit trust.

At the end of the consolidated fiscal year, there were 40 consolidated subsidiaries that have a lump-sum retirement benefit plan. And for the corporate pension plan, the Daiwa Bank welfare pension fund, the Kinki Osaka Bank welfare pension fund and the Asahi Bank welfare pension fund merged into "the Resona welfare fund," a welfare fund in alliance as of March 31, 2003. In addition, there are 6 consolidated subsidiaries that have an established general welfare fund, and 8 subsidiaries that have a qualified retirement benefit plan.

The Company does not have a retirement benefit plan.

(2) The reserve for employees' retirement benefits as of March 31, 2003 and 2002 was analyzed as follows:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Retirement benefit obligation	**¥(807,637)**	¥(780,876)	**$(6,719)**
Pension plan assets at fair value	**584,856**	648,916	**4,865**
Unfunded retirement benefit obligation	**(222,781)**	(131,960)	**(1,853)**
Unrecognized transition differences at accounting change	**107,929**	134,217	**897**
Unrecognized actuarial differences	**350,650**	172,060	**2,917**
Unrecognized past service cost	**702**	528	**5**
Net retirement benefit obligation	**236,501**	174,846	**1,967**
Prepaid pension cost	**249,124**	191,858	**2,072**
Reserve for employees' retirement benefits	**¥ (12,622)**	¥ (17,012)	**$ (105)**

Notes: 1. A portion of the government welfare contributory plan has been included.

2. Extra retirement benefits have not been included.

3. Certain consolidated subsidiaries have adopted a simplified method in calculating their retirement benefit obligation.

4. In addition to the above, there existed ¥3,489 million ($29 million) and ¥4,009 million of pension assets at fair value in a multi-employers' plan, as of March 31, 2003 and 2002, respectively; however, the portion of these assets belonging to the Company could not be reasonably calculated.

5. Cosmo Securities Co., Ltd., a consolidated subsidiary, terminated the Cosmo Securities Welfare Pension Fund on February 26, 2002 with the approval of the Minister of Health, Labor and Welfare. The effect of this was as follows:

	Millions of yen
Decrease in retirement benefit obligation	¥20,419
Decrease in pension plan assets	9,276
Amortization of transition differences at accounting change	6,239
Amortization of unrecognized actuarial differences	3,864
Extraordinary profit recognized	¥ 1,039

(3) The components of retirement benefit expenses for the years ended March 31, 2003 and 2002 were as follows:

	Millions of yen		Millions of U.S. dollars
	2003	2002	**2003**
Service cost	**¥18,187**	¥18,325	**$151**
Interest cost	**23,230**	26,137	**193**
Expected return on pension plan assets	**(16,624)**	(20,535)	**(138)**
Amortization of past service cost	**(40,733)**	(6,054)	**(338)**
Amortization of actuarial differences	**17,990**	7,984	**149**
Amortization of transition differences at accounting change	**26,271**	27,789	**218**
Other (such as extra retirement benefits paid)	**724**	6,837	**6**
Retirement benefit expenses	**¥29,045**	¥60,483	**$241**

Notes: 1. Contributions by employees to the Welfare Pension Fund have been excluded.

2. Retirement benefit expenses of the consolidated subsidiaries which employed the simplified method have been included in service cost.

(4) The assumptions used in accounting for the above plans were as follows:

	2003	2002
Discount rates	**2.5%**	2.5–3.0%
Expected rates of return on plan assets	**3.0–3.5%**	3.5–4.7%
Method of attributing retirement benefits to periods of services	**Straight-line basis**	Straight-line basis
The amortization period of past service cost (Past service cost is recognized as income or expenses by the straight-line method for a period within the average remaining years of service of the eligible employees at the time when the liabilities were incurred.)	**1–10 years**	1–10 years
The amortization period of unrecognized actuarial differences (Unrecognized actuarial differences are recognized as income or expenses from the next fiscal year by the straight-line method for a period within the average remaining years of service of the eligible employees at the time when the liabilities were incurred.)	**5–15 years**	5–15 years
The amortization period of transition differences at accounting change (Amortization period of major consolidated subsidiaries) • Resona Bank, Ltd. 10 years • Saitama Resona Bank, Ltd. 10 years • The Kinki Osaka Bank, Ltd. 15 years	**1–15 years**	1–15 years

NOTE 30. SEGMENT INFORMATION

(a) Business segment information

In the year ended March 31, 2003

	Millions of yen					
As of March 31, 2003	Banking and Trust banking	Securities	Other financial services	Total	Elimination & General corporate	Consolidated
I. Ordinary income and Ordinary profit						
Ordinary income						
(1) Ordinary income to outside customers	**¥ 1,115,535**	**¥14,243**	**¥ 129,481**	**¥ 1,259,259**	**¥ —**	**¥ 1,259,259**
(2) Inter-segment ordinary income	**9,072**	**154**	**9,506**	**18,733**	**(18,733)**	**—**
Total	**1,124,607**	**14,397**	**138,987**	**1,277,993**	**(18,733)**	**1,259,259**
Ordinary expenses	**1,629,636**	**18,497**	**151,483**	**1,799,617**	**(30,214)**	**1,769,403**
Ordinary loss	**505,028**	**4,099**	**12,496**	**521,624**	**(11,480)**	**510,143**
II. Assets, Depreciation and Capital expenditure						
Assets	**42,631,063**	**85,672**	**1,150,139**	**43,866,875**	**(974,942)**	**42,891,933**
Depreciation	**52,855**	**409**	**64,180**	**117,446**	**—**	**117,446**
Capital expenditure	**78,506**	**680**	**62,068**	**141,255**	**—**	**141,255**

As of March 31, 2003	Millions of U.S. dollars Banking and Trust banking	Securities	Other financial services	Total	Elimination & General corporate	Consolidated
I. Ordinary income and Ordinary profit						
Ordinary income						
(1) Ordinary income to outside customers	$ 9,280	$118	$1,077	$ 10,476	$ —	$ 10,476
(2) Inter-segment ordinary income	75	1	79	155	(155)	—
Total	9,356	119	1,156	10,632	(155)	10,476
Ordinary expenses	13,557	153	1,260	14,971	(251)	14,720
Ordinary loss	4,201	34	103	4,339	(95)	4,244
II. Assets, Depreciation and Capital expenditure						
Assets	354,667	712	9,568	364,949	(8,110)	356,838
Depreciation	439	3	533	977	—	977
Capital expenditure	653	5	516	1,175	—	1,175

Notes: 1. As a result of a change in the scope of consolidation, ordinary income of the other financial services segment represented 10% or more of total ordinary income. Accordingly, segment information by type of business has been presented as required by the Regulations on consolidated financial statements 15-2.
2. Major operational segments are as follows.
(1) Banking and Trust banking: Banking business, Trust banking business, Loan guarantee service and Banking system engineering
(2) Securities: Securities
(3) Other financial services: Credit card administration, General leasing, Financing and Venture capital
3. Ordinary income and ordinary profit are shown in lieu of sales and operating profit of business enterprises.
4. Capital expenditure includes the investments related to computer systems and other related equipment.

In the year ended March 31, 2002

Some of the consolidated subsidiaries are engaged in the securities, general leasing and other businesses in addition to commercial banking and trust banking. As those activities are not deemed material, the business segment information has not been disclosed.

(b) Geographic segment information

In the year ended March 31, 2003

Since the ordinary income and employed assets of the “Japan” segment make up more than 90% of all the ordinary income and employed assets of the other segments combined, geographical segment information for 2002 is not shown here.

Such disclosures have been omitted in the prior fiscal year (for the period from April 1, 2001 to March 31, 2002) also.

(c) Overseas ordinary income

In the year ended March 31, 2003

Since overseas ordinary income of the Company is less than 10% of the total, overseas ordinary income for 2002 is not shown here.

Such disclosures have been omitted in the prior fiscal year (for the period from April 1, 2001 to March 31, 2002) also.

NOTE 31. SUBSEQUENT EVENT

1. The Operation Improvement Order based on the Banking Law and the determination to carry out the measures of the Deposit Insurance Law, Article 102.1. (1)

As of March 31, 2003, the Company’s consolidated equity ratio per 2nd standard was below 4%. As a result, on May 17, 2003, the Company received the Operation Improvement Order from the Financial Services Agency based on Section 1, Article 52-33 of the Banking Law.

As of March 31, 2003, the non-consolidated and consolidated equity ratios per domestic standard of Resona Bank, Ltd. (the “Bank”), a subsidiary of the Company, were below 4%.

As a result, on May 17, 2003, the Bank received the Operation Improvement Order from the Financial Services Agency based on Section 1, Article 26 of the Banking Law.

Based on the present situation, the Prime Minister recognized the necessity to carry out measures to recapitalize, as the measure in Article 102.1. (1) of the Deposit Insurance Law, for the Resona Bank, Ltd. on the same day, through a meeting with the Financial System Management Council.

To diffuse the present situation, the Company and the Bank applied for capital injection totaling ¥1,960 billion in public funds to the Deposit Insurance Corporation on May 30, 2003, and also submitted an “Improvement plan considered reasonable to secure sound management” to the Financial Services Agency on June 2, 2003.

Upon the application for recapitalization, the measures provided in Article 102.1.(1) were approved on June 10, 2003 by the Prime Minister.

2. Issuance of a total of ¥1,960 billion in common stocks and voting preferred stocks to the Deposit Insurance Corporation

An extraordinary shareholders’ meeting was held on June 10, 2003, and the Articles of Incorporation were revised to increase the total number of shares to be issued. With this decision, Resona Bank, Ltd.’s Board of Directors decided to issue ¥1,960 billion in common stocks and voting preferred stocks to the Deposit Insurance Corporation, on the same date. The new shares are scheduled to be issued on July 1, 2003.

Type of shares	Number of shares Issue price Total issue amount
Common stock	25,912,450,000 stocks ¥11.44 ¥296,438,428,000
Type 1 No. 1 preferred stock	12,500,000,000 stocks ¥44 ¥550,000,000,000
Type 2 No. 1 preferred stock	12,808,217,550 stocks ¥44 ¥563,561,572,200
Type 3 No. 1 preferred stock	12,500,000,000 stocks ¥44 ¥550,000,000,000
Total	63,720,667,550 stocks ¥1,960,000,000,200

* ¥980 billion is to be credited to capital.

3. Execution of the stock exchange agreement between Resona Holdings, Inc. and Resona Bank, Ltd.

The Company and the Resona Bank, Ltd. concluded the stock exchange agreement on June 10, 2003. The Company will acquire the shares issued by Resona Bank, Ltd. to the Deposit Insurance Corporation, and also the Company will issue shares to the Deposit Insurance Corporation. Thus, the Deposit Insurance Corporation will become the stockholder.

A summary of the stock exchange agreement is as follows:

(1) The dates of the stock exchanges

1. Agreement Conclusion Date	June 10, 2003
2. The date of the stockholders’ meeting resolution	June 27, 2003
3. Date of the stock exchanges	August 7, 2003 (scheduled)

(2) The type and number of the Company's new shares issued for the stock exchanges

The type and number of the Company's new shares issued for the stock exchanges are as follows.

Type of shares	Number of shares
Common stock	5,700,739,000 stocks
Type 1 No. 1 preferred stock	2,750,000,000 stocks
Type 2 No. 1 preferred stock	2,817,807,861 stocks
Type 3 No. 1 preferred stock	2,750,000,000 stocks
Total	14,018,546,861 stocks

* Increased capital by stock exchange is ¥980 billion.

(3) Stock exchanges ratio

Resona Bank, Ltd. will issue shares at the following ratio to stockholders who have their names on the latest list of stockholders, except for the Company, on the day before the stock exchanges.

	Type of shares in Resona Bank, Ltd.	Shares issued by the Company
Common Stocks	1 stock	0.22 stock
Type 1 No. 1 preferred stock	1 stock	0.22 stock
Type 2 No. 1 preferred stock	1 stock	0.22 stock
Type 3 No. 1 preferred stock	1 stock	0.22 stock

4. Capital reduction to compensate the deficit in Resona Holdings, Inc.

The Company resolved a reduction of capital at the shareholders' meeting held on June 27, 2003.

This was executed to aim compensation of significant loss carried forward, even after the reversal of capital reserve, at the closing of accounts of the year ended on March 31, 2003, and to maintain flexible financial strategy.

(1) The course of reduction

1. Amount of capital to be reduced

The Company's capital of ¥720,499,500,000 is reduced by ¥412,025,611,582; therefore, the resulting amount will be ¥308,473,888,418.

2. Method of capital reduction

The number of shares issued will not change; only the capital amount will be reduced.

3. Included in capital to be reduced is the amount to compensate loss of ¥372,025,611,582. ¥40,000,000,000, the difference between this amount and the capital to be reduced, is to be transferred to other capital reserve.

(2) The dates of reduction

The date of the stockholders' meeting resolution:	June 27, 2003
The last date of creditors' claim request:	August 11, 2003 (scheduled)
Capital reduction effective date:	August 12, 2003 (scheduled)

5. Capital reduction to compensate the deficit in Resona Bank, Ltd.

Resona Bank, Ltd., a subsidiary of the Company, has decided to apply a measure to reduce capital at the stockholders' meeting held on June 25, 2003. As of the closing of accounts for the year ended on March 31, 2003, even after the reversal of legal reserves, a significant amount of loss carried forward rose, and, as a result, to maintain a sound financial base, is judged that the capital structure needs improvement, to compensate the loss carried forward.

(1) The course of reduction

1. Amount of capital to be reduced

Resona Bank, Ltd.'s capital of ¥443,158,789,782 is reduced by ¥371,359,220,486; therefore, the resulting amount will be ¥71,799,569,296.

2. Method of capital reduction

The number of shares issued will not change; only the capital amount will be reduced.

(2) The dates of reduction

The date of the stockholders' meeting resolution:	June 25, 2003
The last date of creditors' claim request:	August 11, 2003 (scheduled)
Capital reduction effective date:	August 12, 2003 (scheduled)

6. Capital reduction to compensate the deficit in The Kinki Osaka Bank, Ltd.

The Kinki Osaka Bank, Ltd., a subsidiary of the Company, has decided to apply a measure to reduce capital at the Board of Directors' meeting held on June 10, 2003. As of the closing of accounts for the year ended on March 31, 2003, even after the reversal of legal reserves, a significant amount of loss carried forward rose, and, as a result, to maintain a sound financial base, is judged that the capital structure needs improvement, to compensate the loss carried forward.

(1) The course of reduction

1. Amount of capital to be reduced

The Kinki Osaka Bank, Ltd.'s capital of ¥121,456,466,770 is reduced by ¥48,351,155,776; therefore, the resulting amount will be ¥73,105,310,994.

2. Method of capital reduction

The number of shares issued will not change; only the capital amount will be reduced.

(2) The dates of reduction

The date of stockholders' meeting's resolution:	July 18, 2003 (scheduled)
The last date of creditors' claim request:	September 2, 2003 (scheduled)
Capital reduction effective date:	September 3, 2003 (scheduled)

SUPPLEMENTARY FINANCIAL INFORMATION OF THE GROUP AND CORPORATE DATA

CONTENTS

Risk-Adjusted Capital Ratio (Consolidated, Domestic Standard)

Resona Holdings, Inc.			Billions of yen	
March 31			**2003**	2002
Tier I capital	Capital		**¥ 720.4**	¥ 720.0
	Non-cumulative perpetual preferred stock (Note 1)		**—**	—
	Capital surplus		**—**	1,377.0
	Consolidated retained surplus		**—**	(827.4)
	Earned surplus		**(434.0)**	—
	Minority interests in consolidated subsidiaries		**300.8**	104.9
	Preferred securities issued by special-purpose company overseas*		**264.2**	70.6
	Revaluation loss on other securities		**(28.2)**	(72.7)
	Treasury stock		**(21.9)**	(21.8)
	Foreign currency translation adjustments, net of taxes		**(9.5)**	(9.5)
	Goodwill		**(0.1)**	—
	Consolidation differences		**(1.8)**	(5.1)
	Total qualifying Tier I capital	(A)	**525.5**	1,265.2
	Preferred securities with interest step-up conditions (Note 2)		**70.6**	70.6
Tier II capital	45% of the difference between land after revaluation and the book value immediately before revaluation		**62.1**	84.3
	General reserve for possible loan losses		**171.5**	180.1
	Qualifying subordinated debt		**740.8**	1,015.2
	Perpetual subordinated bonds (Note 3)		**499.7**	719.0
	Subordinated bonds with maturity dates and preferred stocks with maturity dates (Note 4)		**241.1**	296.1
	Subtotal		**974.5**	1,279.8
	Tier II capital included as qualifying capital	(B)	**525.5**	1,265.2
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions (Note 5)	(C)	**13.5**	12.9
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 1,037.5**	¥ 2,517.5
Risk-adjusted assets	On-balance-sheet items		**¥25,803.9**	¥26,631.1
	Off-balance-sheet items		**1,644.4**	2,199.1
Total risk-adjusted assets		(E)	**¥27,448.3**	¥28,830.2
Risk-adjusted capital ratio	(D)/(E) x 100%		**3.78%**	8.73%

Notes: 1. Since the holding company's shares cannot be classified by type, the amounts of non-cumulative, perpetual preferred stocks are not shown.

2. Securities specified in Article 13-2 of the Public Ministerial Announcement (*kokuji*) are stocks with special interest step-up conditions and other features, which may be subject to call and amortization (including preferred securities issued by special-purpose companies overseas).

3. Financial instruments for raising capital similar in characteristics to liabilities, as specified in Article 14-1-3 of the Public Ministerial Announcement (*kokuji*), having all of the following characteristics:
(1) Uncollateralized, lower in seniority than other liabilities and already paid in,
(2) Cannot be called or amortized, except under specified conditions,
(3) Can be used to offset losses while operations are continuing, and
(4) For which the duty to pay interest may be postponed.

4. Securities specified in Article 14-1-4 and Article 14-1-5 of the Public Ministerial Announcement (*kokuji*). However, subordinated liabilities with maturity dates are limited to those with amortization periods of over five years at the time of the contract.

5. The amounts corresponding to financial instruments, as specified in Article 15-1-1 of the Public Ministerial Announcement (*kokuji*), issued by other financial institutions for the purpose of raising capital, which are held deliberately and the amounts of investments corresponding to those specified in Article 15-1-2 of the Public Ministerial Announcement (*kokuji*).

*Outline of Preferred Securities

The Company has issued through its overseas special-purpose companies the preferred securities for the purpose of capital enhancement as described below, and has posted them in its Tier I capital for the purpose of calculating its consolidated capital adequacy ratio (Domestic standard).

Issuer	Resona Preferred Capital (Cayman) 1 Limited
Type of securities	Non-cumulative perpetual preferred securities
Maturity	None (perpetual)
Optional redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2013, subject to the prior approval of the Financial Services Agency.
Amount of issue	¥67.9 billion
Date for payment of the issue price	September 27, 2002
Dividend rate	Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2013. After this date, the dividend rate will become variable, without step-up.
Mandatory dividend	When dividends are paid on the Company's common stock for any accounting period, the full amount of dividends on the preferred securities described here must be paid following the conclusion of such accounting period and on the due date for dividends (mandatory dividend payment date). However, this will be subject to the following conditions. (1) A loss Absorption Certificate (See note 1 below.) has not been submitted. (2) No Preferred Stock Dividend Limitation is in effect. (If such limitation is in effect, dividends can be paid only up to the applicable limit.) (3) A Distributable Profits Limitation Certificate (See note 2 below.) has not been submitted. (If such a certificate has been submitted, dividends can be paid only up to the applicable limit.)
Dividend payment date	July 5 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day.
Preferred stock dividend limitation	If the dividends paid on the Company's preferred stock (See note 3 below.) are reduced, dividends on these preferred securities will be reduced by the same percentage.
Distributable profits limitation	If there are insufficient Available Distributable Profits (See note 4 below.) (in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on these preferred securities will be limited to the amount of Available Distributable Profits.
Conditions for suspension of dividends	If any one of the following events occurs, payment of dividends will be suspended. Unpaid dividends will not accrue in the subsequent periods: (1) If a Loss Absorption Certificate is delivered by the Company to the issuer; (2) If dividends are not paid on the Company's preferred stock; (3) If the Company does not have Available Distributable Profits; (4) If the Company delivers a Dividend Instruction instructing not to pay dividends on the dividend payment date.
Liquidation preference	The preferred securities rank *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Loss Absorption Certificate: This Certificate is submitted by the Company to issuers when specified conditions (Loss Absorption Event) become applicable accompanying a financial crisis or potential financial crisis in the Company. (However, when the Loss Absorption Event described in (4) below prevails, submission is at the discretion of the Company.) Loss Absorption Events are said to exist when the Company is in the following circumstances.

(1) When liquidation begins (commencement of liquidation proceedings, declaration of bankruptcy, permission is granted for preparation of reorganization plans that involve liquidation, and presentation of rehabilitation plans that involve liquidation).

(2) When the decision has been made to begin reorganization proceedings under corporate reorganization laws; the decision has been made to begin arrangement proceedings under the Commercial Code; or the decision has been made to begin rehabilitation proceedings under civil rehabilitation laws. In addition, such circumstances will prevail when notice of the convening of a meeting of creditors for obligatory settlement under bankruptcy laws has been delivered to creditors.

(3) When government authorities having jurisdiction over the Company declare that the Company is unable to meet its payment obligations or has a net capital deficiency, or has been placed under public administration, or has declared the Company will be assigned to third parties.

(4) When the Company's consolidated capital ratio or core capital ratios decline below the minimum required by applicable bank regulations, or if payment of the dividends in question will lead to such a decline.

(5) When the Company fails to meet its obligations or there is concern that it may fail to meet its obligations, or when there is concern that it may fail to meet such obligations as a result of payment of the dividends in question.

(6) When the Company's accounts are in net capital deficit or such a situation may arise if the dividends in question are paid.

2. Distributable Profits Limitation Certificate: When the amount of Available Distributable Profits of the Company for any accounting year is less than the amount of dividends on these preferred securities coming due on the dividend payment date during the year, the Company must submit a Distributable Profits Limitation Certificate to issuers showing the amount of Available Distributable Profits.

3. The Company's preferred stock: The Company's preferred stock which has been issued directly by the Company and has the highest priority for the payment of dividends among preferred stock.

4. Available Distributable Profits: Available Distributable Profits are defined as the amount of Available Distributable Profits applicable to the accounting year immediately prior to the current year less the sum of the amount of dividends paid on the Company's preferred stock thus far during the current year and the amount of dividends to be paid on preferred stock for the remainder of the current year. (However, the interim dividend paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same seniority for their issuer as these preferred securities do for their issuer, adjustments are made in Available Distributable Profits.

Issuer	Resona Preferred Securities (Cayman) 1 Limited
Type of securities	Non-cumulative perpetual preferred securities
Maturity	None (perpetual)
Optional redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2012, subject to the prior approval of the Financial Services Agency.
Amount of issue	¥70.6 billion
Date for payment of the issue price	March 26, 2002
Dividend rate	Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2012. After this date, the dividend rate will become variable and a step-up dividend will be added.
Mandatory dividend	When dividends are paid on the Company's common stock for any accounting period, the full amount of dividends on the preferred securities described here must be paid following the conclusion of such accounting period and on the due date for dividends (mandatory dividend payment date). However, this will be subject to the following conditions. (1) A loss Absorption Certificate (See note 1 below.) has not been submitted. (2) No Preferred Stock Dividend Limitation is in effect. (If such limitation is in effect, dividends can be paid only up to the applicable limit.) (3) A Distributable Profits Limitation Certificate (See note 2 below.) has not been submitted. (If such a certificate has been submitted, dividends can be paid only up to the applicable limit.)
Dividend payment date	July 5 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day.
Preferred stock dividend limitation	If the dividends paid on the Company's preferred stock (See note 3 below.) are reduced, dividends on these preferred securities will be reduced by the same percentage.
Distributable profits limitation	If there are insufficient Available Distributable Profits (See note 4 below.) (in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on these preferred securities will be limited to the amount of Available Distributable Profits.
Conditions for suspension of dividends	If any one of the following events occurs, payment of dividends will be suspended. Unpaid dividends will not accrue in the subsequent periods: (1) If a Loss Absorption Certificate is delivered by the Company to the issuer; (2) If dividends are not paid on the Company's preferred stock; (3) If the Company does not have Available Distributable Profits; (4) If the Company delivers a Dividend Instruction instructing not to pay dividends on the dividend payment date.
Liquidation preference	The preferred securities rank *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Loss Absorption Certificate: This Certificate is submitted by the Company to issuers when specified conditions (Loss Absorption Event) become applicable accompanying a financial crisis or potential financial crisis in the Company. (However, when the Loss Absorption Event described in (4) below prevails, submission is at the discretion of the Company.) Loss Absorption Events are said to exist when the Company is in the following circumstances.

(1) When liquidation begins (commencement of liquidation proceedings, declaration of bankruptcy, permission is granted for preparation of reorganization plans that involve liquidation, and presentation of rehabilitation plans that involve liquidation).

(2) When the decision has been made to begin reorganization proceedings under corporate reorganization laws; the decision has been made to begin arrangement proceedings under the Commercial Code; or the decision has been made to begin rehabilitation proceedings under civil rehabilitation laws. In addition, such circumstances will prevail when notice of the convening of a meeting of creditors for obligatory settlement under bankruptcy laws has been delivered to creditors.

(3) When government authorities having jurisdiction over the Company declare that the Company is unable to meet its payment obligations or has a net capital deficiency, or has been placed under public administration, or has declared the Company will be assigned to third parties.

(4) When the Company's consolidated capital ratio or core capital ratios decline below the minimum required by applicable bank regulations, or if payment of the dividends in question will lead to such a decline.

(5) When the Company fails to meet its obligations or there is concern that it may fail to meet its obligations, or when there is concern that it may fail to meet such obligations as a result of payment of the dividends in question.

(6) When the Company's accounts are in net capital deficit or such a situation may arise if the dividends in question are paid.

2. Distributable Profits Limitation Certificate: When the amount of Available Distributable Profits of the Company for any accounting year is less than the amount of dividends on these preferred securities coming due on the dividend payment date during the year, the Company must submit a Distributable Profits Limitation Certificate to issuers showing the amount of Available Distributable Profits.

3. The Company's preferred stock: The Company's preferred stock which has been issued directly by the Company and has the highest priority for the payment of dividends among preferred stock.

4. Available Distributable Profits: Available Distributable Profits are defined as the amount of Available Distributable Profits applicable to the accounting year immediately prior to the current year less the sum of the amount of dividends paid on the Company's preferred stock thus far during the current year and the amount of dividends to be paid on preferred stock for the remainder of the current year. (However, the interim dividend paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same seniority for their issuer as these preferred securities do for their issuer, adjustments are made in Available Distributable Profits.

Issuer	Resona Preferred Capital (Cayman) 4 Limited
Type of securities	Non-cumulative perpetual preferred securities
Maturity	None (perpetual)
Optional redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2008, subject to the prior approval of the Financial Services Agency.
Amount of issue	Series A: ¥33.0 billion Series B: ¥20.2 billion
Date for payment of the issue price	March 28, 2003
Dividend rate	Series A: Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2008. After this date, the dividend rate will become variable, without step-up. Series B: A variable dividend rate will apply. No step-up.
Mandatory dividend	When dividends are paid on the Company's common stock for any accounting period, the full amount of dividends on the preferred securities described here must be paid following the conclusion of such accounting period and on the due date for dividends (mandatory dividend payment date). However, this will be subject to the following conditions. (1) A loss Absorption Certificate (See note 1 below.) has not been submitted. (2) No Preferred Stock Dividend Limitation is in effect. (If such limitation is in effect, dividends can be paid only up to the applicable limit.) (3) A Distributable Profits Limitation Certificate (See note 2 below.) has not been submitted. (If such a certificate has been submitted, dividends can be paid only up to the applicable limit.)
Dividend payment date	July 5 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day.
Preferred stock dividend limitation	If the dividends paid on the Company's preferred stock (See note 3 below.) are reduced, dividends on these preferred securities will be reduced by the same percentage.
Distributable profits limitation	If there are insufficient Available Distributable Profits (See note 4 below.) (in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on these preferred securities will be limited to the amount of Available Distributable Profits.
Conditions for suspension of dividends	If any one of the following events occurs, payment of dividends will be suspended. Unpaid dividends will not accrue in the subsequent periods: (1) If a Loss Absorption Certificate is delivered by the Company to the issuer; (2) If dividends are not paid on the Company's preferred stock; (3) If the Company does not have Available Distributable Profits; (4) If the Company delivers a Dividend Instruction instructing not to pay dividends on the dividend payment date.
Liquidation preference	The preferred securities rank *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Loss Absorption Certificate: This Certificate is submitted by the Company to issuers when specified conditions (Loss Absorption Event) become applicable accompanying a financial crisis or potential financial crisis in the Company. (However, when the Loss Absorption Event described in (4) below prevails, submission is at the discretion of the Company.) Loss Absorption Events are said to exist when the Company is in the following circumstances.

(1) When liquidation begins (commencement of liquidation proceedings, declaration of bankruptcy, permission is granted for preparation of reorganization plans that involve liquidation, and presentation of rehabilitation plans that involve liquidation).

(2) When the decision has been made to begin reorganization proceedings under corporate reorganization laws; the decision has been made to begin arrangement proceedings under the Commercial Code; or the decision has been made to begin rehabilitation proceedings under civil rehabilitation laws. In addition, such circumstances will prevail when notice of the convening of a meeting of creditors for obligatory settlement under bankruptcy laws has been delivered to creditors.

(3) When government authorities having jurisdiction over the Company declare that the Company is unable to meet its payment obligations or has a net capital deficiency, or has been placed under public administration, or has declared the Company will be assigned to third parties.

(4) When the Company's consolidated capital ratio or core capital ratios decline below the minimum required by applicable bank regulations, or if payment of the dividends in question will lead to such a decline.

(5) When the Company fails to meet its obligations or there is concern that it may fail to meet its obligations, or when there is concern that it may fail to meet such obligations as a result of payment of the dividends in question.

(6) When the Company's accounts are in net capital deficit or such a situation may arise if the dividends in question are paid.

2. Distributable Profits Limitation Certificate: When the amount of Available Distributable Profits of the Company for any accounting year is less than the amount of dividends on these preferred securities coming due on the dividend payment date during the year, the Company must submit a Distributable Profits Limitation Certificate to issuers showing the amount of Available Distributable Profits.

3. The Company's preferred stock: The Company's preferred stock which has been issued directly by the Company and has the highest priority for the payment of dividends among preferred stock.

4. Available Distributable Profits: Available Distributable Profits are defined as the amount of Available Distributable Profits applicable to the accounting year immediately prior to the current year less the sum of the amount of dividends paid on the Company's preferred stock thus far during the current year and the amount of dividends to be paid on preferred stock for the remainder of the current year. (However, the interim dividend paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same seniority for their issuer as these preferred securities do for their issuer, adjustments are made in Available Distributable Profits.

Issuer	Resona Preferred Securities (Cayman) 4 Limited
Type of securities	Non-cumulative perpetual preferred securities
Maturity	None (perpetual)
Optional redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2008, subject to the prior approval of the Financial Services Agency.
Amount of issue	Series A: ¥32.6 billion Series B: ¥24.9 billion
Date for payment of the issue price	March 28, 2003
Dividend rate	Series A: Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2008. After this date, the dividend rate will become variable, without step-up. Series B: A variable dividend rate will apply. No step-up.
Mandatory dividend	When dividends are paid on the Company's common stock for any accounting period, the full amount of dividends on the preferred securities described here must be paid following the conclusion of such accounting period and on the due date for dividends (mandatory dividend payment date). However, this will be subject to the following conditions. (1) A loss Absorption Certificate (See note 1 below.) has not been submitted. (2) No Preferred Stock Dividend Limitation is in effect. (If such limitation is in effect, dividends can be paid only up to the applicable limit.) (3) A Distributable Profits Limitation Certificate (See note 2 below.) has not been submitted. (If such a certificate has been submitted, dividends can be paid only up to the applicable limit.)
Dividend payment date	July 5 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day.
Preferred stock dividend limitation	If the dividends paid on the Company's preferred stock (See note 3 below.) are reduced, dividends on these preferred securities will be reduced by the same percentage.
Distributable profits limitation	If there are insufficient Available Distributable Profits (See note 4 below.) (in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on these preferred securities will be limited to the amount of Available Distributable Profits.
Conditions for suspension of dividends	If any one of the following events occurs, payment of dividends will be suspended. Unpaid dividends will not accrue in the subsequent periods: (1) If a Loss Absorption Certificate is delivered by the Company to the issuer; (2) If dividends are not paid on the Company's preferred stock; (3) If the Company does not have Available Distributable Profits; (4) If the Company delivers a Dividend Instruction instructing not to pay dividends on the dividend payment date.
Liquidation preference	The preferred securities rank *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Loss Absorption Certificate: This Certificate is submitted by the Company to issuers when specified conditions (Loss Absorption Event) become applicable accompanying a financial crisis or potential financial crisis in the Company. (However, when the Loss Absorption Event described in (4) below prevails, submission is at the discretion of the Company.) Loss Absorption Events are said to exist when the Company is in the following circumstances.

(1) When liquidation begins (commencement of liquidation proceedings, declaration of bankruptcy, permission is granted for preparation of reorganization plans that involve liquidation, and presentation of rehabilitation plans that involve liquidation).

(2) When the decision has been made to begin reorganization proceedings under corporate reorganization laws; the decision has been made to begin arrangement proceedings under the Commercial Code; or the decision has been made to begin rehabilitation proceedings under civil rehabilitation laws. In addition, such circumstances will prevail when notice of the convening of a meeting of creditors for obligatory settlement under bankruptcy laws has been delivered to creditors.

(3) When government authorities having jurisdiction over the Company declare that the Company is unable to meet its payment obligations or has a net capital deficiency, or has been placed under public administration, or has declared the Company will be assigned to third parties.

(4) When the Company's consolidated capital ratio or core capital ratios decline below the minimum required by applicable bank regulations, or if payment of the dividends in question will lead to such a decline.

(5) When the Company fails to meet its obligations or there is concern that it may fail to meet its obligations, or when there is concern that it may fail to meet such obligations as a result of payment of the dividends in question.

(6) When the Company's accounts are in net capital deficit or such a situation may arise if the dividends in question are paid.

2. Distributable Profits Limitation Certificate: When the amount of Available Distributable Profits of the Company for any accounting year is less than the amount of dividends on these preferred securities coming due on the dividend payment date during the year, the Company must submit a Distributable Profits Limitation Certificate to issuers showing the amount of Available Distributable Profits.

3. The Company's preferred stock: The Company's preferred stock which has been issued directly by the Company and has the highest priority for the payment of dividends among preferred stock.

4. Available Distributable Profits: Available Distributable Profits are defined as the amount of Available Distributable Profits applicable to the accounting year immediately prior to the current year less the sum of the amount of dividends paid on the Company's preferred stock thus far during the current year and the amount of dividends to be paid on preferred stock for the remainder of the current year. (However, the interim dividend paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same seniority for their issuer as these preferred securities do for their issuer, adjustments are made in Available Distributable Profits.

Issuer	Resona Preferred Finance (Cayman) Limited
Type of securities	Non-cumulative perpetual preferred securities
Maturity	None (perpetual)
Optional redemption	The preferred securities may be redeemed at the option of the issuer on any dividend payment date in or after July 2008, subject to the prior approval of the Financial Services Agency.
Amount of issue	¥15.0 billion
Date for payment of the issue price	March 28, 2003
Dividend rate	Dividends on the preferred securities will be payable at a fixed rate through the dividend payment date in July 2008. After this date, the dividend rate will become variable, without step-up.
Mandatory dividend	When dividends are paid on the Company's common stock for any accounting period, the full amount of dividends on the preferred securities described here must be paid following the conclusion of such accounting period and on the due date for dividends (mandatory dividend payment date). However, this will be subject to the following conditions. (1) A loss Absorption Certificate (See note 1 below.) has not been submitted. (2) No Preferred Stock Dividend Limitation is in effect. (If such limitation is in effect, dividends can be paid only up to the applicable limit.) (3) A Distributable Profits Limitation Certificate (See note 2 below.) has not been submitted. (If such a certificate has been submitted, dividends can be paid only up to the applicable limit.)
Dividend payment date	July 5 of each year, provided that if this date in any year falls on a day that is not a business day, payment will be made on the next business day.
Preferred stock dividend limitation	If the dividends paid on the Company's preferred stock (See note 3 below.) are reduced, dividends on these preferred securities will be reduced by the same percentage.
Distributable profits limitation	If there are insufficient Available Distributable Profits (See note 4 below.) (in the case where the Available Distributable Profits are less than the total amount of dividends to be paid), dividends on these preferred securities will be limited to the amount of Available Distributable Profits.
Conditions for suspension of dividends	If any one of the following events occurs, payment of dividends will be suspended. Unpaid dividends will not accrue in the subsequent periods: (1) If a Loss Absorption Certificate is delivered by the Company to the issuer; (2) If dividends are not paid on the Company's preferred stock; (3) If the Company does not have Available Distributable Profits; (4) If the Company delivers a Dividend Instruction instructing not to pay dividends on the dividend payment date.
Liquidation preference	The preferred securities rank *pari passu* with the Company's preferred shares as to liquidation preference.

Notes: 1. Loss Absorption Certificate: This Certificate is submitted by the Company to issuers when specified conditions (Loss Absorption Event) become applicable accompanying a financial crisis or potential financial crisis in the Company. (However, when the Loss Absorption Event described in (4) below prevails, submission is at the discretion of the Company.) Loss Absorption Events are said to exist when the Company is in the following circumstances.

(1) When liquidation begins (commencement of liquidation proceedings, declaration of bankruptcy, permission is granted for preparation of reorganization plans that involve liquidation, and presentation of rehabilitation plans that involve liquidation).

(2) When the decision has been made to begin reorganization proceedings under corporate reorganization laws; the decision has been made to begin arrangement proceedings under the Commercial Code; or the decision has been made to begin rehabilitation proceedings under civil rehabilitation laws. In addition, such circumstances will prevail when notice of the convening of a meeting of creditors for obligatory settlement under bankruptcy laws has been delivered to creditors.

(3) When government authorities having jurisdiction over the Company declare that the Company is unable to meet its payment obligations or has a net capital deficiency, or has been placed under public administration, or has declared the Company will be assigned to third parties.

(4) When the Company's consolidated capital ratio or core capital ratios decline below the minimum required by applicable bank regulations, or if payment of the dividends in question will lead to such a decline.

(5) When the Company fails to meet its obligations or there is concern that it may fail to meet its obligations, or when there is concern that it may fail to meet such obligations as a result of payment of the dividends in question.

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4. Available Distributable Profits: Available Distributable Profits are defined as the amount of Available Distributable Profits applicable to the accounting year immediately prior to the current year less the sum of the amount of dividends paid on the Company's preferred stock thus far during the current year and the amount of dividends to be paid on preferred stock for the remainder of the current year. (However, the interim dividend paid on the Company's preferred stock in the current year is not considered in the computation of Available Distributable Profits.) However, when there are securities issued by subsidiaries of the Company, rights to dividends, voting rights, and rights exercisable in the event of liquidation of which are determined by reference to the Company's financial position and operating performance and which have the same seniority for their issuer as these preferred securities do for their issuer, adjustments are made in Available Distributable Profits.

Statements of Trust Assets and Liabilities

Based on the Law Concerning Concurrent Conduct of Trust Business Operations by Financial Institutions, the amounts of trust assets are the simple totals of such assets held by consolidated subsidiaries in their trust operations.

Resona Holdings, Inc. March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Assets			
Loans and bills discounted	¥ 326,028	¥ 475,878	$ 2,712
Securities	2,406,393	1,344,746	20,019
Securities held for investment trusts	—	93,171	—
Trust beneficiary certificates	21,135,947	21,581,191	175,839
Securities held in custody account	255	128,818	2
Monetary claims	689,591	895,943	5,737
Premises and equipment	256,970	220,001	2,137
Land lease rights	1,977	1,857	16
Other claims	5,361	21,580	44
Call loans	—	39,247	—
Due from banking account	267,600	213,342	2,226
Cash and due from banks	64,701	126,746	538
Total assets	¥25,154,826	¥25,142,526	$209,274
Liabilities			
Money trusts	¥ 9,911,367	¥ 8,134,746	$ 82,457
Pension trusts	5,887,645	6,266,942	48,982
Asset formation benefit trusts	2,422	2,441	20
Securities investment trusts	7,447,570	8,715,719	61,959
Pecuniary trusts other than money trusts	267,349	292,720	2,224
Securities trusts	231,979	385,701	1,929
Monetary claim trusts	602,184	912,250	5,009
Real estate trusts	213,685	192,546	1,777
Land lease trusts	4,913	4,902	40
Composite trusts	585,708	234,553	4,872
Total liabilities	¥25,154,826	¥25,142,526	$209,274

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.
3. The trusts which were re-entrusted for asset management purposes were excluded.
4. Trust beneficiary certificates worth ¥21,131,290 million ($175,801 million) were re-entrusted for asset administration purposes.
5. Co-managed trust funds under other trust bank's administration amounted to ¥6,212,075 million ($51,681 million).
6. Loans and bills discounted funded by Jointly Operated Designated Money Trust (JOMT) account funds, of which the principal is guaranteed by a Group Bank amounting to ¥291,475 million ($2,424 million), included the following:

	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Loans to borrowers in legal bankruptcy	¥ 1,871	¥ 2,279	¥ 15
Past due loans	7,947	11,914	66
Loans past due three months or more	373	1,936	3
Restructured loans	22,918	15,566	190
Total	¥33,110	¥31,696	¥275

Jointly Operated Designated Money Trusts (JOMT)

Resona Holdings, Inc. March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Assets			
Loans and bills discounted	¥291,475	¥444,374	$2,424
Securities	126,039	164,880	1,048
Other	180,347	91,346	1,500
Total assets	¥597,863	¥700,600	$4,973
Liabilities			
Principal	¥596,348	¥698,676	$4,961
Reserve provided in preparation for write-offs in trust account	880	1,341	7
Other	634	583	5
Total liabilities	¥597,863	¥700,600	$4,973

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Balance Sheets

Resona Holdings, Inc.

March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Assets			
Current assets	**¥ 5,883**	¥ 32,545	**$ 48**
Cash and due from banks	**4,850**	31,482	**40**
Prepaid expenses	**291**	—	**2**
Deferred tax assets	**—**	993	**—**
Accrued income	**552**	34	**4**
Other	**188**	35	**1**
Non-current assets	**694,727**	1,789,269	**5,779**
Tangible fixed assets	**22**	20	**0**
Intangible fixed assets	**104**	5	**0**
Investments and other assets	**694,600**	1,789,243	**5,778**
Deferred charges	**342**	456	**2**
Organization costs	**342**	456	**2**
Total Assets	**¥ 700,952**	¥1,822,271	**$5,831**
Liabilities			
Current liabilities	**¥ 5,070**	¥ 10,972	**$ 42**
Short-term debt	**4,100**	—	**34**
Accounts payable	**0**	424	**0**
Accrued expenses	**813**	153	**6**
Income tax payable	**5**	10,313	**0**
Consumption tax payable	**132**	67	**1**
Other	**18**	13	**0**
Non-current liabilities	**347,520**	300,000	**2,891**
Bonds	**15,020**	—	**124**
Long-term debt	**332,500**	300,000	**2,766**
Total Liabilities	**352,590**	310,972	**2,933**
Shareholders' Equity			
Capital	**—**	720,000	**—**
Capital reserve	**—**	731,417	**—**
Gain from deduction of capital reserve	**—**	40,000	**—**
Retained earnings	**—**	19,901	**—**
Treasury stock	**—**	(19)	**—**
Total Shareholders' Equity	**—**	1,511,298	**—**
Shareholders' Equity			
Capital	**720,499**	—	**5,994**
Capital surplus	**771,916**	—	**6,421**
Earned surplus	**(1,143,942)**	—	**(9,516)**
Treasury stock	**(111)**	—	**(0)**
Total Shareholders' Equity	**348,362**	—	**2,898**
Total Liabilities and Shareholders' Equity	**¥ 700,952**	¥1,822,271	**$5,831**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Statements of Operations

Resona Holdings, Inc.

Years ended March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Operating income	**¥ 13,078**	¥ 2,125	**$ 108**
Dividends from subsidiaries	**941**	—	**7**
Fees from subsidiaries	**7,087**	2,091	**58**
Interest on loans to subsidiaries	**5,050**	34	**42**
Operating expenses	**10,871**	1,700	**90**
Interest expenses	**5,050**	34	**42**
General and administrative expenses	**5,821**	1,666	**48**
Operating profit	**2,206**	424	**18**
Non-operating profit	**27**	1	**0**
Non-operating expenses	**447**	118	**3**
Ordinary net profit	**1,787**	307	**14**
Extraordinary profit	**6,782**	28,913	**56**
Gains on sales of investment in subsidiaries	**6,782**	28,913	**56**
Extraordinary loss	**1,161,119**	—	**9,659**
Devaluation of investment in subsidiaries	**751,263**	—	**6,250**
Provisions for reserve for possible losses on investments	**409,856**	—	**3,409**
Income (loss) before income taxes	**(1,152,550)**	29,221	**(9,588)**
Income taxes—current	**8**	10,313	**0**
Income taxes—deferred	**993**	(993)	**8**
Net income (loss)	**¥(1,153,552)**	¥19,901	**$(9,596)**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Statements of Shareholders' Equity

Resona Holdings, Inc.

Year ended March 31, 2002	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen: Capital	Capital reserve	Gain from deduction of capital reserve	Retained earnings	Treasury stock
Balance at December 12, 2001	2,803,354	810,970	¥380,000	¥401,660	¥ —	¥ —	¥ —
Reversal of capital surplus	—	—	—	(40,000)	40,000	—	—
Transfer of shares	2,831,549	320,386	340,000	369,756	—	—	—
Net income	—	—	—	—	—	19,901	—
Treasury stock transactions	—	—	—	—	—	—	(19)
Balance at March 31, 2002	5,634,904	1,131,356	¥720,000	¥731,417	¥40,000	¥19,901	¥(19)

Year ended March 31, 2003	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen: Capital	Capital surplus	Gain from deduction of capital surplus	Earned surplus	Treasury stock
Balance at April 1, 2002	5,634,904	1,131,356	¥720,000	¥731,417	¥40,000	¥ 19,901	¥ (19)
Capital increase through issuance of new common shares	**18,500**	**—**	**499**	**499**	**—**	**—**	**—**
Dividends on Class A No. 1 Preferred stock (¥24.75 per share)	**—**	**—**	**—**	**—**	**—**	**271**	**—**
Dividends on Class B No. 1 Preferred stock (¥6.36 per share)	**—**	**—**	**—**	**—**	**—**	**4,324**	**—**
Dividends on Class C No. 1 Preferred stock (¥6.33 per share)	**—**	**—**	**—**	**—**	**—**	**759**	**—**
Dividends on Class D No. 1 Preferred stock (¥10 per share)	**—**	**—**	**—**	**—**	**—**	**3**	**—**
Dividends on Class E No. 1 Preferred stock (¥14.38 per share)	**—**	**—**	**—**	**—**	**—**	**3,451**	**—**
Dividends on Class F No. 1 Preferred stock (¥18.50 per share)	**—**	**—**	**—**	**—**	**—**	**1,480**	**—**
Changes during the year	**185**	**(46)**	**—**	**—**	**—**	**—**	**—**
Net loss	**—**	**—**	**—**	**—**	**—**	**(1,153,552)**	**—**
Treasury stock transactions	**—**	**—**	**—**	**—**	**—**	**—**	**(91)**
Balance at March 31, 2003	**5,653,589**	**1,131,310**	**¥720,499**	**¥731,916**	**¥40,000**	**¥(1,143,942)**	**¥(111)**

Year ended March 31, 2003	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of U.S. dollars: Capital	Capital surplus	Gain from deduction of capital surplus	Earned surplus	Treasury stock
Balance at April 1, 2002	5,634,904	1,131,356	$5,990	$6,085	$332	$ 165	$(0)
Capital increase through issuance of new common shares	**18,500**	**—**	**4**	**4**	**—**	**—**	**—**
Dividends on Class A No. 1 Preferred stock (¥24.75 per share)	**—**	**—**	**—**	**—**	**—**	**2**	**—**
Dividends on Class B No. 1 Preferred stock (¥6.36 per share)	**—**	**—**	**—**	**—**	**—**	**35**	**—**
Dividends on Class C No. 1 Preferred stock (¥6.33 per share)	**—**	**—**	**—**	**—**	**—**	**6**	**—**
Dividends on Class D No. 1 Preferred stock (¥10 per share)	**—**	**—**	**—**	**—**	**—**	**0**	**—**
Dividends on Class E No. 1 Preferred stock (¥14.38 per share)	**—**	**—**	**—**	**—**	**—**	**28**	**—**
Dividends on Class F No. 1 Preferred stock (¥18.50 per share)	**—**	**—**	**—**	**—**	**—**	**12**	**—**
Changes during the year	**185**	**(46)**	**—**	**—**	**—**	**—**	**—**
Net loss	**—**	**—**	**—**	**—**	**—**	**(9,596)**	**—**
Treasury stock transactions	**—**	**—**	**—**	**—**	**—**	**—**	**(0)**
Balance at March 31, 2003	**5,653,589**	**1,131,310**	**$5,994**	**$6,089**	**$332**	**$(9,516)**	**$(0)**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

The former Daiwa Bank and the former Asahi Bank merged on March 1, 2003 with Daiwa Bank being a surviving company and the new bank began operations as Resona Bank, Ltd. Since it is not possible to make a simple comparison of financial data of the former Daiwa Bank with those of Resona Bank for the fiscal year under review, the financial data of the former Daiwa Bank for the previous fiscal year are not presented.

Non-consolidated Balance Sheet

Resona Bank, Ltd. March 31, 2003	Millions of yen **2003**	Millions of U.S. dollars **2003**
Assets		
Cash and due from banks	**¥ 1,682,444**	**$ 13,997**
Call loans and bills bought	**104,934**	**872**
Monetary claims bought	**—**	**—**
Trading assets	**504,214**	**4,194**
Money held in trust	**70,449**	**586**
Securities	**5,267,210**	**43,820**
Loans and bills discounted	**21,412,766**	**178,142**
Foreign exchange	**162,924**	**1,355**
Other assets	**725,847**	**6,038**
Premises and equipment	**450,668**	**3,749**
Deferred tax assets	**391,643**	**3,258**
Customers' liabilities for acceptances and guarantees	**1,581,136**	**13,154**
Reserve for possible loan losses	**(603,533)**	**(5,021)**
Total Assets	**¥31,750,707**	**$264,148**
Liabilities		
Deposits	**¥22,356,118**	**$185,990**
Negotiable certificates of deposit	**535,926**	**4,458**
Call money and bills sold	**5,025,209**	**41,807**
Bills sold under repurchase agreements	**283,991**	**2,362**
Commercial paper	**6,000**	**49**
Trading liabilities	**43,815**	**364**
Borrowed money	**652,785**	**5,430**
Foreign exchange	**25,047**	**208**
Bonds	**394,060**	**3,278**
Due to trust account	**267,600**	**2,226**
Other liabilities	**396,780**	**3,300**
Reserve for employees' bonuses	**4,044**	**33**
Reserve for possible losses on loans sold	**4,201**	**34**
Other reserves	**0**	**0**
Deferred tax liabilities on land revaluation	**55,842**	**464**
Acceptances and guarantees	**1,581,136**	**13,154**
Total Liabilities	**31,632,560**	**263,166**
Shareholders' Equity		
Capital	**443,158**	**3,686**
Capital surplus	**154,316**	**1,283**
Earned surplus	**(525,676)**	**(4,373)**
Revaluation reserve for land, net of taxes	**82,211**	**683**
Net unrealized gains/losses on securities available for sale, net of taxes	**(35,864)**	**(298)**
Total Shareholders' Equity	**118,146**	**982**
Total Liabilities and Shareholders' Equity	**¥31,750,707**	**$264,148**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Statement of Operations

Resona Bank, Ltd. Year ended March 31, 2003	Millions of yen **2003**	Millions of U.S. dollars **2003**
Income		
Interest income	**¥228,147**	**$1,898**
Interest on loans and bills discounted	**197,838**	**1,645**
Interest and dividends on securities	**24,015**	**199**
Trust fees	**7,809**	**64**
Fees and commissions	**66,484**	**553**
Trading income	**13,550**	**112**
Other operating income	**23,613**	**196**
Other income	**36,357**	**302**
Total Income	**375,963**	**3,127**
Expenses		
Interest expenses	**38,743**	**322**
Interest on deposits	**19,645**	**163**
Fees and commissions	**34,008**	**282**
Trading expenses	**13**	**0**
Other operating expenses	**3,752**	**31**
General and administrative expenses	**181,335**	**1,508**
Other expenses	**431,675**	**3,591**
Total Expenses	**689,528**	**5,736**
Loss before income taxes	**313,565**	**2,608**
Income taxes—current	**636**	**5**
Income taxes—deferred	**268,867**	**2,236**
Net loss	**¥583,069**	**$4,850**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Statement of Trust Assets and Liabilities

Resona Bank, Ltd.

March 31, 2003	Millions of yen 2003	Millions of U.S. dollars 2003
Assets		
Loans and bills discounted	¥ 326,028	$ 2,712
Securities	127,309	1,059
Trust beneficiary certificates	4,657	38
Securities held in custody account	255	2
Monetary claims	689,591	5,737
Premises and equipment	256,970	2,137
Land lease rights	1,977	16
Other claims	5,228	43
Due from banking account	267,600	2,226
Cash and due from banks	49,747	413
Total assets	¥1,729,365	$14,387
Liabilities		
Money trusts	¥ 709,600	$ 5,903
Asset formation benefit trusts	2,422	20
Pecuniary trusts other than money trusts	0	0
Securities trusts	255	2
Monetary claim trusts	602,184	5,009
Real estate trusts	213,685	1,777
Land lease trusts	4,913	40
Composite trusts	196,304	1,633
Total liabilities	¥1,729,365	$14,387

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.
3. Co-managed trust funds under other trust banks' administration amounted to ¥78,294 million ($651 million).
4. Loans and bills discounted funded by Jointly Operated Designated Money Trust account funds that the Bank guarantees the principal amounting to ¥291,475 million ($2,424 million) included the following:

	Millions of yen 2003	Millions of U.S. dollars 2003
Loans to borrowers in legal bankruptcy	¥ 1,871	$ 15
Past due loans	7,947	66
Loans past due three months or more	373	3
Restructured loans	22,918	190
Total	¥33,110	$275

Deposits and Negotiable Certificates of Deposit

Resona Bank, Ltd. March 31	Billions of yen **2003**
Liquid deposits	**¥13,792.2**
Time deposits	**7,752.8**
Other deposits	**1,346.9**
Total	**¥22,892.0**

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor (Non-consolidated)

Resona Bank, Ltd. March 31	Billions of yen **2003**
Individuals	**¥10,706.9**
Corporations	**9,909.7**
Other	**1,677.9**
Total	**¥22,294.6**

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

Resona Bank, Ltd. March 31	Billions of yen **2003**	Ratio to total loans **2003**
Banking account	**¥16,356.2**	**76.5%**
Banking and trust accounts	**16,607.2**	**76.5%**

Loans to Individuals (Non-consolidated, Banking and Trust Accounts)

Resona Bank, Ltd. March 31	Billions of yen **2003**
Consumer loans total	**¥5,544.6**
Housing loans	**5,220.9**

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry (Non-consolidated, Banking Account)

Resona Bank, Ltd.

March 31	Billions of yen 2003
Domestic operations	
Manufacturing	¥ 3,066.2 14.35%
Agriculture	15.9 0.08%
Forestry	3.3 0.02%
Fishing	4.6 0.02%
Mining	26.3 0.12%
Construction	1,033.6 4.84%
Electric power, gas, and other public enterprises	82.5 0.39%
Information and communications	384.1 1.80%
Transportation	731.0 3.42%
Wholesale and retail	3,132.4 14.66%
Financial services	1,547.0 7.24%
Real estate	3,147.9 14.73%
Services	2,320.2 10.86%
Local governments	314.6 1.47%
Other	5,554.4 26.00%
Subtotal	¥21,364.9 100.00%
Japan Offshore Banking Account	
Governments	¥ 7.3 15.31%
Financial institutions	17.5 36.65%
Other	22.9 48.04%
Subtotal	¥ 47.8 100.00%
Total	¥21,412.7

Note: On March 7, 2002, the Ministry of Public Management, Home Affairs, Posts and Telecommunications issued Notification 139 revising the Japan Standard Industrial Classification, and this notification took effect on October 1, 2002. Resona Bank's data for the balance and percentage composition of loans and bills discounted outstanding by industry as of the end of March 2003 have been stated according to the revised industrial classification.

Risk Management Loans (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2003
Loans to borrowers in legal bankruptcy	¥ 113,594
Past due loans	696,041
Loans past due three months or more	39,867
Restructured loans	1,448,285
Total*	¥ 2,297,788
Total loans and bills discounted	¥21,704,241
Ratio of risk management loans to total loans and bills discounted	10.58%

* Amounts are net of partial direct write-offs.

Disclosure according to the Financial Reconstruction Law (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2003
Unrecoverable or valueless claims	¥ 267,937
Risk claims	557,406
Claims in need of special attention	1,488,152
Financial Reconstruction Law subtotal	2,313,496
Nonclassified claims	20,847,214
Financial Reconstruction Law total*	¥23,160,710
Coverage ratio	68.60%

* Amounts are net of partial direct write-offs.

Reserve for Possible Loan Losses (Banking and Trust Accounts)

Resona Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2003
Reserves for possible loan losses	¥603,533
General reserve for possible loan losses	402,270
Specific reserve for possible loan losses	200,296
Special reserve for certain overseas loans	967
Reserve for the specific borrowers under support	—
Reserve for possible losses on loans sold	4,201
Reserve provided in preparation for write-offs in trust account	880

Securities

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen 2003
National and local government bonds	¥3,174.5
Corporate bonds	450.6
Corporate stocks	1,443.5
Other securities	198.4
Total book value	¥5,267.2

Risk-Adjusted Capital Ratio

(1) Consolidated Capital Ratio (Domestic Standard)

Resona Bank, Ltd. March 31			Billions of yen **2003**
Tier I capital	Capital		**¥ 443.1**
	Non-cumulative perpetual preferred stock		**—**
	Consolidated retained surplus		**—**
	Capital surplus		**52.2**
	Earned surplus		**(447.0)**
	Minority interests in consolidated subsidiaries		**245.4**
	Preferred securities issued by special-purpose company overseas		**213.9**
	Revaluation loss on other securities		**(35.7)**
	Foreign currency translation adjustments, net of taxes		**(9.5)**
	Consolidation differences		**(2.9)**
	Total qualifying Tier I capital	(A)	**245.5**
	Preferred securities with interest step-up conditions		**70.6**
Tier II capital	45% of the difference between land after revaluation and the book value immediately before revaluation		**62.1**
	General reserve for possible loan losses		**143.9**
	Qualifying subordinated debt		**593.1**
	Subtotal		**799.2**
	Tier II capital included as qualifying capital	(B)	**245.5**
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**13.5**
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 477.6**
Risk-adjusted assets	On-balance-sheet items		**¥20,330.2**
	Off-balance-sheet items		**2,708.8**
Total risk-adjusted assets		(E)	**¥23,039.1**
Risk-adjusted capital ratio	(D)/(E) x 100%		**2.07%**

(2) Non-consolidated Capital Ratio (Domestic Standard)

Resona Bank, Ltd. March 31			Billions of yen **2003**
Tier I capital	Capital		**¥ 443.1**
	Non-cumulative perpetual preferred stock		**—**
	Capital surplus		**—**
	Legal reserve		**—**
	Voluntary reserve		**—**
	Earned surplus carried forward to the next year		**(368.4)**
	Other		**216.9**
	Revaluation loss on other securities		**(35.8)**
	Total qualifying Tier I capital	(A)	**255.8**
	Preferred securities with interest step-up conditions		**70.6**
Tier II capital	45% of the difference between land after revaluation and the book value immediately before revaluation		**62.1**
	General reserve for possible loan losses		**132.7**
	Qualifying subordinated debt		**593.1**
	Subtotal		**787.9**
	Tier II capital included as qualifying capital	(B)	**255.8**
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**28.0**
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 483.6**
Risk-adjusted assets	On-balance-sheet items		**¥19,874.4**
	Off-balance-sheet items		**1,363.1**
Total risk-adjusted assets		(E)	**¥21,237.6**
Risk-adjusted capital ratio	(D)/(E) x 100%		**2.27%**

Note: In conformity with the guidelines established by the Ministry of Finance of Japan based on Article 14-2 of the Banking Law of Japan, both consolidated and non-consolidated capital adequacy ratios are calculated.

Non-consolidated Balance Sheet

Saitama Resona Bank, Ltd.

March 31, 2003	Millions of yen 2003	Millions of U.S. dollars 2003
Assets		
Cash and due from banks	¥ 601,874	$ 5,007
Call loans and bills bought	3,024,040	25,158
Trading assets	452	3
Securities	544,828	4,532
Loans and bills discounted	4,710,361	39,187
Foreign exchange	15,419	128
Other assets	43,667	363
Premises and equipment	74,921	623
Deferred tax assets	43,771	364
Customers' liabilities for acceptances and guarantees	39,817	331
Reserve for possible loan losses	(35,126)	(292)
Total Assets	¥9,064,029	$75,407
Liabilities		
Deposits	¥8,600,948	$71,555
Negotiable certificates of deposit	13,740	114
Call money and bills sold	36,612	304
Borrowed money	125,011	1,040
Foreign exchange	225	1
Other liabilities	92,040	765
Reserve for employees' bonuses	1,164	9
Acceptances and guarantees	39,817	331
Total Liabilities	8,909,561	74,122
Shareholders' Equity		
Capital	50,000	415
Capital surplus	80,000	665
Earned surplus	22,484	187
Net unrealized gains/losses on securities available for sale, net of taxes	1,982	16
Total Shareholders' Equity	154,467	1,285
Total Liabilities and Shareholders' Equity	¥9,064,029	$75,407

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Statement of Operations

Saitama Resona Bank, Ltd.

Year ended March 31, 2003	Millions of yen 2003	Millions of U.S. dollars 2003
Income		
Interest income	¥ 9,652	$ 80
Interest on loans and bills discounted	8,856	73
Interest and dividends on securities	677	5
Fees and commissions	2,670	22
Other operating income	295	2
Other income	119	0
Total Income	12,738	105
Expenses		
Interest expenses	950	7
Interest on deposits	843	7
Fees and commissions	1,226	10
Other operating expenses	21	0
General and administrative expenses	5,416	45
Other expenses	1,845	15
Total Expenses	9,460	78
Income before income taxes	3,277	27
Income taxes—current	1,415	11
Income taxes—deferred	(610)	(5)
Net income	¥ 2,472	$ 20

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Deposits and Negotiable Certificates of Deposit

Saitama Resona Bank, Ltd.	Billions of yen
March 31	**2003**
Liquid deposits	**¥4,769.8**
Time deposits	**3,654.2**
Other deposits	**190.5**
Total	**¥8,614.6**

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice

Deposits by Type of Depositor

Saitama Resona Bank, Ltd.	Billions of yen
March 31	**2003**
Individuals	**¥6,444.7**
Corporations	**1,354.1**
Other	**802.0**
Total	**¥8,600.9**

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

Saitama Resona Bank, Ltd.	Billions of yen	Ratio to total loans
March 31	**2003**	**2003**
Loans to SMEs and individuals	**¥4,031.6**	**85.5%**

Loans to Individuals (Non-consolidated)

Saitama Resona Bank, Ltd.	Billions of yen
March 31	**2003**
Consumer loans total	**¥2,426.4**
Housing loans	**2,341.3**

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry

Saitama Resona Bank, Ltd.	Billions of yen
March 31	**2003**
Domestic operations	
Manufacturing	**¥ 355.4**
	7.55%
Agriculture	**6.7**
	0.14%
Forestry	**0.9**
	0.02%
Fishing	**—**
	—%
Mining	**1.7**
	0.04%
Construction	**191.0**
	4.06%
Electric power, gas, and other public enterprises	**11.9**
	0.25%
Information and communications	**9.6**
	0.21%
Transportation	**109.3**
	2.32%
Wholesale and retail	**326.1**
	6.92%
Financial services	**11.5**
	0.25%
Real estate	**405.2**
	8.60%
Services	**331.7**
	7.04%
Local governments	**414.1**
	8.79%
Other	**2,534.4**
	53.81%
Total	**¥4,710.3**
	100%

Note: On March 7, 2002, the Ministry of Public Management, Home Affairs, Posts and Telecommunications issued Notification 139 revising the Japan Standard Industrial Classification, and this notification took effect on October 1, 2002. Saitama Resona Bank's data for the balance and percentage composition of loans and bills discounted outstanding by industry as of the end of March 2003 have been stated according to the revised industrial classification.

Risk Management Loans

Saitama Resona Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2003
Loans to borrowers in legal bankruptcy	¥ 7,188
Past due loans	81,978
Loans past due three months or more	7,477
Restructured loans	73,437
Total*	¥ 170,081
Total loans and bills discounted	¥4,710,361
Ratio of risk management loans to total loans and bills discounted	3.61%

* Amount is net of partial direct write-offs.

Disclosure according to the Financial Reconstruction Law

Saitama Resona Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2003
Unrecoverable or valueless claims	¥ 29,499
Risk claims	61,233
Claims in need of special attention	80,914
Financial Reconstruction Law subtotal	171,647
Nonclassified claims	4,600,144
Financial Reconstruction Law total*	¥4,771,792
Coverage ratio	81.32%

* Amount is net of partial direct write-offs.

Reserve for Possible Loan Losses

Saitama Resona Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2003
Reserves for possible loan losses	¥35,126
General reserve for possible loan losses	20,500
Specific reserve for possible loan losses	14,626
Special reserve for certain overseas loans	—
Reserve for the specific borrowers under support	—
Reserve for possible losses on loans sold	—

Securities

Saitama Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen 2003
National and local government bonds	¥405.6
Corporate bonds	37.4
Corporate stocks	101.7
Other securities	0
Total book value	¥544.8

Risk-Adjusted Capital Ratio (Non-consolidated, Domestic Standards)

Saitama Resona Bank, Ltd.

			Billions of yen 2003
Tier I capital	Capital		¥ 50.0
	Non-cumulative perpetual preferred stock		—
	Capital surplus		80.0
	Legal reserve		20.0
	Voluntary reserve		—
	Earned surplus carried forward to the next year		0.7
	Other		—
	Revaluation losses on other securities		—
	Total qualifying Tier I capital	(A)	150.8
Tier II capital	General reserve for possible loan losses		20.5
	Qualifying subordinated debt		125.0
	Subtotal		145.5
	Tier II capital included as qualifying capital	(B)	145.5
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	—
Total qualifying capital	(A)+(B)–(C)	(D)	¥ 296.3
Risk-adjusted assets	On-balance-sheet items		¥3,700.9
	Off-balance-sheet items		109.0
Total risk-adjusted assets		(E)	3,809.9
Risk-adjusted capital ratio	(D)/(E)×100%		7.77%

Note: The non-consolidated capital adequacy ratio is calculated in conformity with the guidelines established by the Ministry of Finance of Japan based on Article 14-2 of the Banking Law of Japan.

Non-consolidated Balance Sheets

The Kinki Osaka Bank, Ltd.	Millions of yen		Millions of U.S. dollars
March 31, 2003 and 2002	**2003**	2002	**2003**
Assets			
Cash and due from banks	**¥ 126,053**	¥ 160,093	**$ 1,048**
Monetary claims bought	**2,024**	2,300	**16**
Trading assets	**871**	1,014	**7**
Money held in trust	**—**	1,000	**—**
Securities	**790,925**	851,860	**6,580**
Loans and bills discounted	**3,000,969**	3,101,019	**24,966**
Foreign exchange	**8,594**	9,417	**71**
Other assets	**23,971**	85,537	**199**
Premises and equipment	**57,784**	61,703	**480**
Deferred tax assets	**74,866**	77,373	**622**
Customers' liabilities for acceptances and guarantees	**64,404**	84,167	**535**
Reserve for possible loan losses	**(86,782)**	(43,526)	**(721)**
Total Assets	**¥4,063,684**	¥4,391,961	**$33,807**
Liabilities			
Deposits	**¥3,778,701**	¥3,812,273	**$31,436**
Negotiable certificates of deposit	**—**	1,000	**—**
Call money and bills sold	**1,923**	22,730	**15**
Deposits received for bonds borrowing/lending transactions	**31,963**	—	**265**
Borrowed money	**75,189**	78,358	**625**
Foreign exchange	**147**	131	**1**
Other liabilities	**12,640**	263,961	**105**
Reserve for employees' bonuses	**1,001**	1,185	**8**
Reserve for employees' retirement benefits	**8,751**	8,944	**72**
Reserve for possible losses on loans sold	**5,759**	5,762	**47**
Acceptances and guarantees	**64,404**	84,167	**535**
Total Liabilities	**3,980,484**	4,278,515	**33,115**
Shareholders' Equity			
Capital	**—**	111,539	**—**
Capital reserve	**—**	33,770	**—**
Deficit	**—**	21,524	**—**
Valuation differences	**—**	(10,339)	**—**
Total Shareholders' Equity	**—**	113,445	**—**
Shareholders' Equity			
Capital	**111,539**	—	**927**
Additional payment for unissued share	**19,834**	—	**165**
Capital surplus	**12,246**	—	**101**
Earned surplus	**(60,597)**	—	**(504)**
Net unrealized gains/losses on securities available for sale, net of taxes	**177**	—	**1**
Total Shareholders' Equity	**83,199**	—	**692**
Total Liabilities and Shareholders' Equity	**¥4,063,684**	¥4,391,961	**$33,807**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Statements of Operations

The Kinki Osaka Bank, Ltd.

Years ended March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Income			
Interest income	**¥ 88,078**	¥ 93,683	**$ 732**
Interest on loans and bills discounted	**74,919**	80,547	**623**
Interest and dividends on securities	**11,806**	11,508	**98**
Fees and commissions	**11,126**	10,519	**92**
Other operating income	**8,553**	2,026	**71**
Other income	**26,974**	14,054	**224**
Total Income	**134,733**	120,284	**1,120**
Expenses			
Interest expenses	**7,238**	11,645	**60**
Interest on deposits	**5,276**	8,986	**43**
Fees and commissions	**7,214**	6,322	**60**
Other operating expenses	**435**	1,257	**3**
General and administrative expenses	**67,891**	68,898	**564**
Other expenses	**110,081**	53,580	**915**
Total Expenses	**192,861**	141,703	**1,604**
Loss before income taxes	**58,127**	21,418	**483**
Income taxes—current	**83**	105	**0**
Income taxes—deferred	**2,386**	—	**19**
Net loss	**¥ 60,597**	¥ 21,524	**$ 504**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Deposits and Negotiable Certificates of Deposit

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2003**	2002
Liquid deposits	**¥1,381.3**	¥1,322.2
Time deposits	**2,341.8**	2,456.7
Other deposits	**55.4**	34.3
Total	**¥3,778.7**	¥3,813.2

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
Time deposits = Time deposits + Periodic time deposits

Deposits by Type of Depositor

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2003**	2002
Individuals	**¥2,999.4**	¥3,034.7
Corporations	**729.7**	726.2
Other	**49.5**	51.2
Total	**¥3,778.7**	¥3,812.2

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2003**	2002	**2003**	2002
Loans to SMEs and individuals	**¥2,784.4**	¥2,870.5	**92.7%**	92.5%

Loans to Individuals (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		
March 31	**2003**	2002	Change
Consumer loans total	**¥1,051.9**	¥1,051.6	¥0.3
Housing loans	**836.2**	836.6	(0.4)

Loans and Bills Discounted by Industry

The Kinki Osaka Bank, Ltd.

March 31	2003 Billions of yen	2003 %
Domestic operations		
Manufacturing	**¥ 412.7**	**13.73%**
Agriculture	**0.7**	**0.02%**
Forestry	**0.3**	**0.01%**
Fishing	**0.7**	**0.02%**
Mining	**1.9**	**0.07%**
Construction	**183.5**	**6.12%**
Electric power, gas, and other public enterprises	**0.2**	**0.01%**
Information and communications	**17.4**	**0.58%**
Transportation	**46.0**	**1.53%**
Wholesale and retail	**385.8**	**12.86%**
Financial services	**87.9**	**2.93%**
Real estate	**420.9**	**14.03%**
Services	**317.3**	**10.58%**
Local governments	**16.2**	**0.54%**
Other	**1,108.4**	**36.94%**
Subtotal	**¥3,000.7**	**100.00%**
Japan Offshore Banking Account		
Other	**0.2**	**100.00%**
Subtotal	**0.2**	**100.00%**
Total	**¥3,000.9**	**100.00%**

March 31	2002 Billions of yen	2002 %
Domestic operations		
Manufacturing	¥ 425.8	13.73%
Agriculture	0.8	0.03%
Forestry	0.3	0.01%
Fishing	0.7	0.02%
Mining	2.2	0.07%
Construction	190.8	6.16%
Electric power, gas, and other public enterprises	0.6	0.02%
Transportation, communications, and other utilities	46.9	1.52%
Retail, wholesale, and food services	430.2	13.88%
Financial services	80.0	2.58%
Real estate	449.3	14.49%
Services	345.5	11.14%
Local governments	15.3	0.49%
Other	1,111.7	35.86%
Subtotal	¥3,100.7	100.00%
Japan Offshore Banking Account		
Other	0.2	100.00%
Subtotal	0.2	100.00%
Total	¥3,101.0	100.00%

Note: On March 7, 2002, the Ministry of Public Management, Home Affairs, Posts and Telecommunications issued Notification 139 revising the Japan Standard Industrial Classification, and this notification took effect on October 1, 2002. The Kinki Osaka Bank's data for the balance and percentage composition of loans and bills discounted outstanding by industry as of the end of March 2002 have been stated according to the industrial classification prior to revision. Data as of the end of March 2003 have been stated according to the revised classification.

Risk Management Loans

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2003	Change	2002
Loans to borrowers in legal bankruptcy	**¥ 32.6**	**¥ (4.1)**	¥ 36.7
Past due loans	**177.4**	**35.6**	141.7
Loans past due three months or more	**9.7**	**(3.7)**	13.5
Restructured loans	**182.6**	**4.6**	177.9
Total*	**¥ 402.3**	**¥ 32.3**	¥ 370.0
Total loans and bills discounted	**¥3,000.9**	**¥(100.0)**	¥3,101.0
Ratio of risk management loans to total loans and bills discounted (%)	**13.40**	**1.47****	11.9

* Amounts are net of partial direct write-offs.
** Percentage points

Disclosure according to the Financial Reconstruction Law

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2003	Change	2002
Unrecoverable or valueless claims	**¥ 84.7**	**¥ 4.2**	¥ 80.4
Risk claims	**130.3**	**27.2**	103.0
Claims in need of special attention	**192.3**	**0.8**	191.4
Financial Reconstruction Law subtotal	**407.4**	**32.4**	375.0
Nonclassified claims	**2,675.3**	**(208.2)**	2,883.6
Financial Reconstruction Law total*	**¥3,082.8**	**¥(175.8)**	¥3,258.6
Coverage ratio (%)	**79.51**	**1.32****	78.19

* Amounts are net of partial direct write-offs.
** Percentage points

Reserve for Possible Loan Losses

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2003	Change	2002
Reserves for possible loan losses	**¥86.7**	**¥43.2**	¥43.5
General reserve for possible loan losses	**44.3**	**26.8**	17.4
Specific reserve for possible loan losses	**42.4**	**16.6**	25.8
Special reserve for certain overseas loans	**—**	**(0.2)**	0.2
Reserve for possible losses on loans sold	**5.7**	**(0.0)**	5.7

Securities

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2003	2002
National and local government bonds	**¥376.4**	¥284.5
Corporate bonds	**239.7**	350.1
Corporate stocks	**67.0**	77.2
Other securities	**107.5**	139.9
Total book value	**¥790.9**	¥851.8

Risk-Adjusted Capital Ratio

(1) Consolidated Capital Ratio (Domestic Standard)

The Kinki Osaka Bank, Ltd.			Billions of yen	
March 31			**2003**	2002
Tier I capital	Capital		**¥ 111.5**	¥ 111.5
	Non-cumulative perpetual preferred stock		**—**	—
	Additional payment for unissued share		**19.8**	—
	Capital reserve		**—**	33.7
	Consolidated retained surplus		**—**	(24.9)
	Capital surplus		**12.2**	—
	Earned surplus		**(68.9)**	—
	Minority interests in consolidated subsidiaries		**0.0**	—
	Revaluation losses on other securities		**—**	(10.3)
	Foreign currency translation adjustments, net of taxes		**—**	—
	Goodwill		**(0.1)**	(0.1)
	Consolidation differences		**—**	—
	Total qualifying Tier I capital	(A)	**74.6**	109.8
Tier II capital	General reserve for possible loan losses		**45.0**	17.4
	Qualifying subordinated debt		**63.0**	66.0
	Subtotal		**108.0**	83.4
	Tier II capital included as qualifying capital	(B)	**74.6**	82.5
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**0.0**	0.0
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 149.1**	¥ 192.3
Risk-adjusted assets	On-balance-sheet items		**¥2,393.7**	¥2,559.9
	Off-balance-sheet items		**38.4**	83.6
Total risk-adjusted assets		(E)	**¥2,432.2**	¥2,643.5
Risk-adjusted capital ratio	(D)/(E) x 100%		**6.13%**	7.27%

(2) Non-consolidated Capital Ratio (Domestic Standard)

The Kinki Osaka Bank, Ltd.			Billions of yen	
March 31			**2003**	2002
Tier I capital	Capital		**¥ 111.5**	¥ 111.5
	Non-cumulative perpetual preferred stock		**—**	—
	Additional payment for unissued share		**19.8**	—
	Capital surplus		**12.2**	33.7
	Legal reserve		**—**	—
	Voluntary reserve		**—**	—
	Earned surplus carried forward to the next year		**(60.5)**	(21.5)
	Revaluation losses on other securities		**—**	(10.3)
	Goodwill		**(0)**	(0.1)
	Total qualifying Tier I capital	(A)	**82.9**	113.3
Tier II capital	General reserve for possible loan losses		**44.3**	17.4
	Qualifying subordinated debt		**63.0**	66.0
	Subtotal		**107.3**	83.4
	Tier II capital included as qualifying capital	(B)	**77.9**	82.5
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**0.0**	0.0
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 160.8**	¥ 195.7
Risk-adjusted assets	On-balance-sheet items		**¥2,351.9**	¥2,560.3
	Off-balance-sheet items		**34.2**	83.6
Total risk-adjusted assets		(E)	**¥2,386.1**	¥2,643.9
Risk-adjusted capital ratio	(D)/(E) x 100%		**6.73%**	7.40%

Note: In conformity with the guidelines established by the Ministry of Finance of Japan based on Article 14-2 of the Banking Law of Japan, both consolidated and non-consolidated capital adequacy ratios are calculated.

Non-consolidated Balance Sheets

The Nara Bank, Ltd.

March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Assets			
Cash and due from banks	**¥ 6,963**	¥ 11,042	**$ 57**
Call loans and bills bought	**5,000**	6,705	**41**
Monetary claims bought	**2,276**	1,388	**18**
Securities	**36,773**	35,311	**305**
Loans and bills discounted	**129,613**	124,236	**1,078**
Other assets	**978**	832	**8**
Premises and equipment	**3,390**	3,443	**28**
Deferred tax assets	**568**	1,907	**4**
Customers' liabilities for acceptances and guarantees	**5,745**	6,498	**47**
Reserve for possible loan losses	**(6,913)**	(6,671)	**(57)**
Total Assets	**¥184,395**	¥184,693	**$1,534**
Liabilities			
Deposits	**¥171,284**	¥167,681	**$1,424**
Other liabilities	**480**	1,074	**3**
Reserve for employees' bonuses	**118**	120	**0**
Reserve for employees' retirement benefits	**507**	459	**4**
Reserve for possible losses on loans sold	**154**	138	**1**
Deferred tax liabilities on land revaluation	**676**	676	**5**
Acceptances and guarantees	**5,745**	6,498	**47**
Total Liabilities	**178,967**	176,649	**1,488**
Shareholders' Equity			
Capital	**—**	3,862	**—**
Capital reserve	**—**	1,847	**—**
Legal reserve	**—**	356	**—**
Land revaluation differences	**—**	934	**—**
Retained earnings	**—**	957	**—**
Valuation differences	**—**	86	**—**
Total Shareholders' Equity	**—**	8,044	**—**
Shareholders' Equity			
Capital	**3,862**	—	**32**
Capital surplus	**1,847**	—	**15**
Earned surplus	**(1,401)**	—	**(11)**
Revaluation reserve for land, net of taxes	**934**	—	**7**
Net unrealized gains/losses on securities available for sale, net of taxes	**184**	—	**1**
Total Shareholders' Equity	**5,427**	—	**45**
Total Liabilities and Shareholders' Equity	**¥184,395**	¥184,693	**$1,534**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Statements of Operations

The Nara Bank, Ltd.

Years ended March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Income			
Interest income	**¥3,590**	¥3,819	**$29**
Interest on loans and bills discounted	**3,209**	3,267	**26**
Interest and dividends on securities	**356**	522	**2**
Fees and commissions	**495**	452	**4**
Other operating income	**217**	391	**1**
Other income	**65**	87	**0**
Total Income	**4,368**	4,750	**36**
Expenses			
Interest expenses	**136**	241	**1**
Interest on deposits	**136**	236	**1**
Fees and commissions	**213**	205	**1**
Other operating expenses	**77**	5	**0**
General and administrative expenses	**3,433**	3,380	**28**
Other expenses	**1,945**	1,758	**16**
Total Expenses	**5,805**	5,591	**48**
Loss before income taxes	**1,437**	841	**11**
Income taxes—current	**9**	12	**0**
Income taxes—deferred	**1,268**	(360)	**10**
Net loss	**¥2,715**	¥ 493	**$22**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Deposits

The Nara Bank, Ltd.	Billions of yen	
March 31	**2003**	2002
Liquid deposits	**¥ 60.6**	¥ 61.4
Time deposits	**109.0**	105.2
Other deposits	**1.5**	0.9
Total	**¥171.2**	¥167.6

Note: Liquid deposits = Current deposits + Ordinary deposits + Savings deposits + Deposits at notice
Time deposits = Time deposits + Periodic time deposits

Deposits by Type of Depositor

The Nara Bank, Ltd.	Billions of yen	
March 31	**2003**	2002
Individuals	**¥139.8**	¥130.0
Corporations	**27.2**	26.9
Other	**4.2**	10.6
Total	**¥171.2**	¥167.6

Note: Domestic depositors only

Loans to SMEs and Individuals (Non-consolidated)

The Nara Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2003**	2002	**2003**	2002
Loans to SMEs and individuals	**¥116.7**	¥114.1	**90.1%**	91.9%

Loans to Individuals (Non-consolidated)

The Nara Bank, Ltd.	Billions of yen		
March 31	**2003**	2002	Change
Consumer loans total	**¥27.3**	¥26.1	¥1.1
Housing loans	**24.5**	22.9	1.5

Loans and Bills Discounted by Industry

The Nara Bank, Ltd.	**2003**	
March 31	Billions of yen	%
Domestic operations		
Manufacturing	**¥ 14.7**	**11.35%**
Agriculture	**0.3**	**0.25%**
Forestry	**0.0**	**0.02%**
Fishing	**—**	**—%**
Mining	**—**	**—%**
Construction	**9.8**	**7.59%**
Electric power, gas, and other public enterprises	**0.6**	**0.50%**
Information and communications	**0.6**	**0.46%**
Transportation	**2.9**	**2.25%**
Wholesale and retail	**16.4**	**12.66%**
Financial services	**6.8**	**5.25%**
Real estate	**22.3**	**17.25%**
Services	**18.5**	**14.31%**
Local governments	**2.2**	**1.73%**
Other	**34.1**	**26.38%**
Total	**¥129.6**	**100.00%**

	2002	
March 31	Billions of yen	%
Domestic operations		
Manufacturing	¥ 14.5	11.73%
Agriculture	0.3	0.27%
Forestry	—	—%
Fishing	—	—%
Mining	—	—%
Construction	9.8	7.90%
Electric power, gas, and other public enterprises	0.6	0.51%
Transportation, communications, and other utilities	3.1	2.55%
Retail, wholesale, and food services	19.7	15.87%
Financial services	6.6	5.38%
Real estate	22.3	18.01%
Services	13.6	10.98%
Local governments	0.2	0.20%
Other	33.0	26.60%
Total	¥124.2	100.00%

Note: On March 7, 2002, the Ministry of Public Management, Home Affairs, Posts and Telecommunications issued Notification 139 revising the Japan Standard Industrial Classification, and this notification took effect on October 1, 2002. The Nara Bank's data for the balance and percentage composition of loans and bills discounted outstanding by industry as of the end of March 2002 have been stated according to the industrial classification prior to revision. Data as of the end of March 2003 have been stated according to the revised classification.

Risk Management Loans

The Nara Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2003	Change	2002	2001
Loans to borrowers in legal bankruptcy	**¥ 3,015**	**¥ (478)**	¥ 3,493	¥ 3,164
Past due loans	**7,399**	**(258)**	7,657	4,400
Loans past due three months or more	**458**	**200**	257	321
Restructured loans	**2,701**	**(954)**	3,656	2,565
Total*	**¥ 13,573**	**¥(1,491)**	¥ 15,064	¥ 10,450
Total loans and bills discounted	**¥129,613**	**¥ 5,377**	¥124,236	¥125,798
Ratio of risk management loans to total loans and bills discounted (%)	**10.47**	**1.65****	12.12	8.30

* Amounts are net of partial direct write-offs.
** Percentage points

Disclosure according to the Financial Reconstruction Law

The Nara Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2003	Change	2002	2001
Unrecoverable or valueless claims	**¥ 6,663**	**¥(1,145)**	¥ 7,809	¥ 5,998
Risk claims	**3,883**	**453**	3,429	3,353
Claims in need of special attention	**3,159**	**(754)**	3,913	2,170
Financial Reconstruction Law subtotal	**13,706**	**(1,446)**	15,152	11,521
Nonclassified claims	**121,852**	**6,074**	115,777	122,173
Financial Reconstruction Law total*	**¥135,558**	**¥ 4,628**	¥130,929	¥133,694
Coverage ratio (%)	**95.74**	**1.75****	93.99	88.23

* Amounts are net of partial direct write-offs.
** Percentage points

Reserve for Possible Loan Losses

The Nara Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2003	Change	2002	2001
Reserves for possible loan losses	**¥6,913**	**¥241**	¥6,671	¥5,442
General reserve for possible loan losses	**1,609**	**217**	1,392	975
Specific reserve for possible loan losses	**5,304**	**24**	5,279	4,467
Reserve for possible losses on loans sold	**154**	**16**	138	182

Securities

The Nara Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2003	2002
National and local government bonds	**¥23.8**	¥18.6
Corporate bonds	**9.9**	11.2
Corporate stocks	**0.4**	0.9
Other securities	**2.4**	4.4
Total book value	**¥36.7**	¥35.3

Risk-Adjusted Capital Ratio (Non-consolidated, Domestic Standard)

The Nara Bank, Ltd.

		Billions of yen	
		2003	2002
Tier I capital	Capital	**¥ 3.8**	¥ 3.8
	Non-cumulative perpetual preferred stock	**—**	—
	Capital surplus	**0.4**	1.8
	Legal reserve	**—**	0.3
	Voluntary reserve	**—**	0.7
	Earned surplus carried forward to the next year	**—**	0.1
	Total qualifying Tier I capital (A)	**4.3**	7.0
Tier II capital	45% of the difference between land after revaluation and the book value immediately before revaluation	**0.7**	0.7
	General reserve for possible loan losses	**0.6**	0.6
	Qualifying subordinated debt	**—**	—
	Subtotal	**1.3**	1.3
	Tier II capital included as qualifying capital (B)	**1.3**	1.3
Amount to be deducted	(C)	**—**	—
Total qualifying capital	(A)+(B)–(C) (D)	**5.6**	8.3
Risk-adjusted assets	On-balance-sheet items	**97.4**	94.4
	Off-balance-sheet items	**5.7**	6.4
Total risk-adjusted assets	(E)	**¥103.1**	¥100.9
Risk-adjusted capital ratio	(D)/(E) x 100%	**5.50%**	8.30%

Note: The non-consolidated capital adequacy ratio is calculated in conformity with the guidelines established by the Ministry of Finance of Japan based on Article 14-2 of the Banking Law of Japan.

Non-consolidated Balance Sheets

Resona Trust & Banking Co., Ltd.

March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Assets			
Cash and due from banks	**¥ 9,414**	¥22,058	**$ 78**
Securities	**15,010**	11	**124**
Other assets	**22,582**	6,466	**187**
Premises and equipment	**3,514**	3,535	**29**
Deferred tax assets	**447**	26	**3**
Total Assets	**¥50,970**	¥32,098	**$424**
Liabilities			
Deposits	**¥ 3,334**	¥ 3,094	**$ 27**
Other liabilities	**12,955**	3,378	**107**
Total Liabilities	**16,290**	6,473	**135**
Shareholders' Equity			
Capital	**—**	10,000	**—**
Capital surplus	**—**	14,969	**—**
Retained earnings	**—**	655	**—**
Valuation differences	**—**	0	**—**
Total Shareholders' Equity	**—**	25,625	**—**
Shareholders' Equity			
Capital	**10,000**	—	**83**
Capital surplus	**14,969**	—	**124**
Earned surplus	**9,711**	—	**80**
Net unrealized gains/losses on securities available for sale, net of taxes	**(0)**	—	**(0)**
Total Shareholders' Equity	**34,680**	—	**288**
Total Liabilities and Shareholders' Equity	**¥50,970**	¥32,098	**$424**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Non-consolidated Statements of Operations

Resona Trust & Banking Co., Ltd.

Years ended March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Income			
Interest income	**¥ 1**	¥ 0	**$ 0**
Trust fees	**29,588**	2,141	**246**
Fees and commissions	**4,937**	470	**41**
Other operating income	**0**	—	**0**
Other income	**2**	0	**0**
Total Income	**34,529**	2,612	**287**
Expenses			
Interest expenses	**2**	0	**0**
Fees and commissions	**8,548**	727	**71**
General and administrative expenses	**9,750**	786	**81**
Other expenses	**535**	42	**4**
Total Expenses	**18,838**	1,556	**156**
Income before income taxes	**15,691**	1,055	**130**
Income taxes—current	**6,406**	426	**53**
Income taxes—deferred	**(420)**	(26)	**(3)**
Net income	**¥ 9,705**	¥ 655	**$ 80**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.

Statements of Trust Assets and Liabilities

Resona Trust & Banking Co., Ltd.

March 31, 2003 and 2002	Millions of yen 2003	Millions of yen 2002	Millions of U.S. dollars 2003
Assets			
Securities	**¥ 2,279,083**	¥ 1,116,624	**$ 18,960**
Trust beneficiary certificate	**21,131,290**	21,575,448	**175,801**
Other claims	**132**	77	**1**
Cash and due from banks	**14,953**	—	**124**
Total Assets	**¥23,425,461**	¥22,692,150	**$194,887**
Liabilities			
Money trusts	**¥ 9,201,766**	¥ 7,247,479	**$ 76,553**
Pension trusts	**5,887,645**	6,266,942	**48,982**
Securities investment trusts	**7,447,570**	8,555,022	**61,959**
Pecuniary trusts other than money trusts	**267,348**	232,396	**2,224**
Securities trusts	**231,724**	248,977	**1,927**
Composite trusts	**389,404**	141,332	**3,239**
Total Liabilities	**¥23,425,461**	¥22,692,150	**$194,887**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥120.20 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2003, has been used.
3. Trust beneficiary certificates worth ¥21,131,290 million ($175,801 million) were re-entrusted for asset administration purposes.
4. Co-managed trust funds under other trust banks' administration amounted to ¥6,133,780 million ($51,029 million).

Risk-Adjusted Capital Ratio (Non-consolidated, Domestic Standard)

Resona Trust & Banking Co., Ltd.

			Millions of yen 2003	Millions of yen 2002
Tier I capital	Capital		**¥10,000**	¥10,000
	Capital surplus		**14,969**	14,969
	Earned surplus carried forward to the next year		**211**	5
	Revaluation losses on other securities		**(0)**	—
	Goodwill		**(71)**	—
	Total qualifying Tier I capital	(A)	**25,108**	24,975
Tier II capital		(B)	**—**	—
Amount to be deducted		(C)	**—**	—
Total qualifying capital	(A)+(B)–(C)	(D)	**¥25,108**	¥24,975
Risk-adjusted assets	On-balance-sheet items		**¥21,813**	¥11,449
	Off-balance-sheet items		**—**	—
Total risk-adjusted assets		(E)	**¥21,813**	¥11,449
Risk-adjusted capital ratio	(D)/(E) x 100%		**115.10%**	218.13%

Note: The non-consolidated capital adequacy ratio is calculated in conformity with the guidelines established by the Ministry of Finance of Japan based on Article 14-2 of the Banking Law of Japan.

DIRECTORS AND EXECUTIVE OFFICERS

As of June 27, 2003

■ Directors

Post	Name	Concurrent Post
Director, Chairman and Representative Executive Officer Member of Appointments Committee Member of Compensation Committee	Eiji Hosoya	Director, Chairman and Representative Executive Officer of Resona Bank, Ltd.
Director, President and Representative Executive Officer	Kenji Kawada	Director of Resona Bank, Ltd. (part-time)
Director, Deputy President and Representative Executive Officer	Yoshikatsu Nakashima	Director of Resona Trust & Banking Co., Ltd. (part-time)
Director Member of Auditing Committee	Masao Ishibashi	
Director (Outside) Member of Auditing Committee	Yoji Arakawa	Lawyer Director of Resona Bank, Ltd. (Outside)
Director (Outside) Member of Auditing Committee	Terukazu Inoue	Corporate Adviser of Toyota Motor Corporation Director of Resona Bank, Ltd. (Outside)
Director (Outside) Head of Compensation Committee	Shunji Koike	President of Sunlit Sangyo Co., Ltd. Director of Resona Bank, Ltd. (Outside)
Director (Outside) Head of Auditing Committee	Noboru Yanai	President of Arrow Consulting Director of Resona Bank, Ltd. (Outside)
Director (Outside) Head of Appointments Committee	Hiroshi Rinno	President of Credit Saison Co., Ltd. Director of Resona Bank, Ltd. (Outside)
Director (Outside) Member of Appointments Committee Member of Compensation Committee	Shotaro Watanabe	Vice Chairman and President of KEIZAI DOYUKAI (Japan Association of Corporate Executives) Director of Resona Bank, Ltd. (Outside)

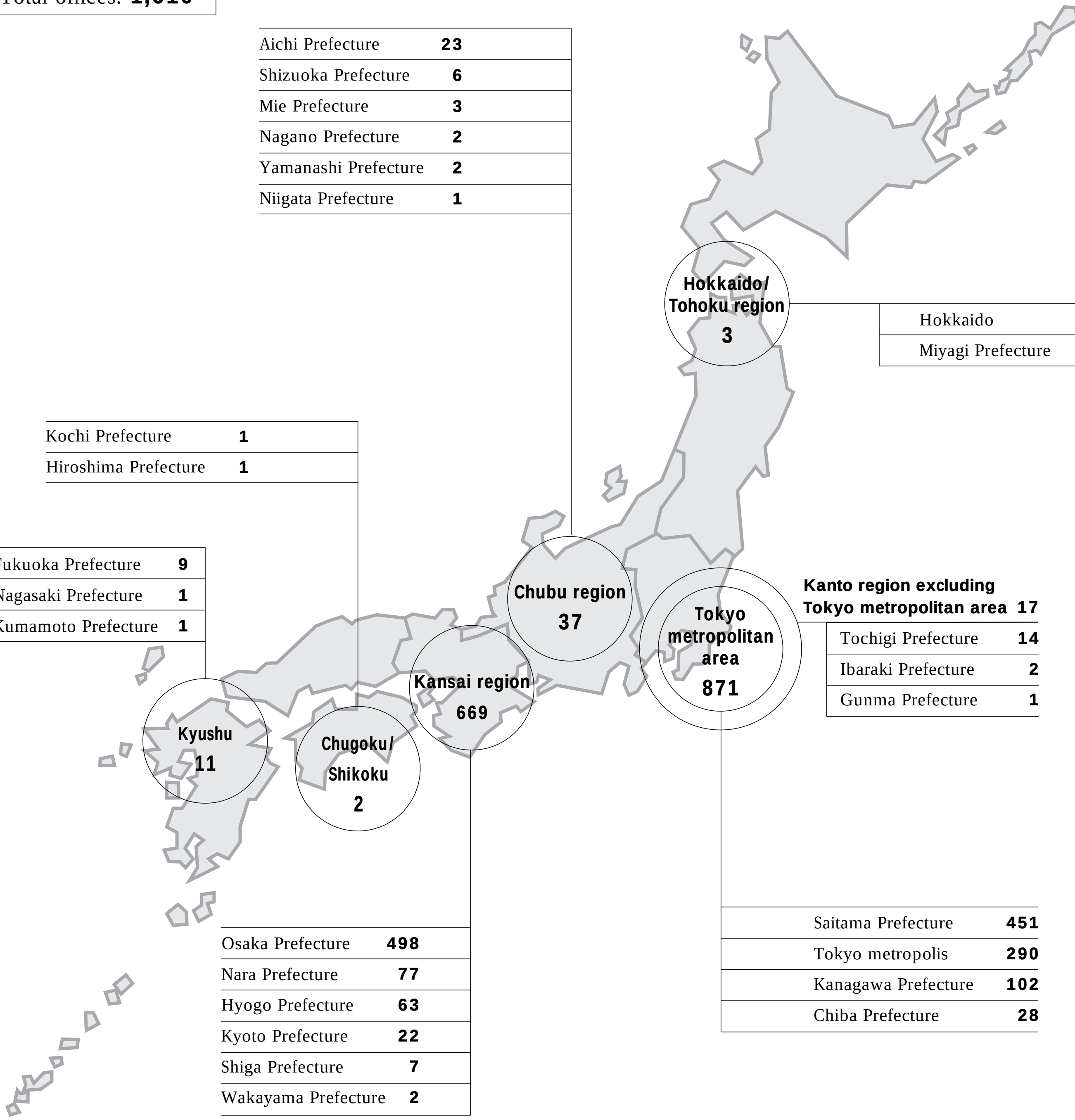
■ Executive Officers

Post	Name	
Senior Vice President	Koji Nishijima	Director of Saitama Resona Bank, Ltd. (part-time)
Senior Vice President	Hiroshi Kawasaki	Director of the Kinki Osaka Bank, Ltd. (part-time) Director of the Nara Bank, Ltd. (part-time)
Executive Officer	Minoru Takahashi	
Executive Officer	Minoru Nishino	
Executive Officer	Mikihiko Wada	

DOMESTIC NETWORK

As of June 30, 2003

Total offices: **1,610**



Aichi Prefecture	**23**
Shizuoka Prefecture	**6**
Mie Prefecture	**3**
Nagano Prefecture	**2**
Yamanashi Prefecture	**2**
Niigata Prefecture	**1**

Hokkaido	**2**
Miyagi Prefecture	**1**

Kochi Prefecture	**1**
Hiroshima Prefecture	**1**

Fukuoka Prefecture	**9**
Nagasaki Prefecture	**1**
Kumamoto Prefecture	**1**

Kanto region excluding Tokyo metropolitan area 17

Tochigi Prefecture	**14**
Ibaraki Prefecture	**2**
Gunma Prefecture	**1**

Osaka Prefecture	**498**
Nara Prefecture	**77**
Hyogo Prefecture	**63**
Kyoto Prefecture	**22**
Shiga Prefecture	**7**
Wakayama Prefecture	**2**

Saitama Prefecture	**451**
Tokyo metropolis	**290**
Kanagawa Prefecture	**102**
Chiba Prefecture	**28**

Domestic Branches

(As of June 30, 2002)

	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank	Nara Bank	Resona Trust & Banking	Total of the six banks	Tokyo metropolitan area	Kansai region
Manned offices	367	113	157	25	4	666	291	339
Nonmanned offices	534	339	39	32	0	944	580	330
Total offices	901	452	196	57	4	1,610	871	669

As of September 1, 2003

Resona Bank, Ltd.

■ EUROPE

Resona Bank (Capital Management) Plc
Level 18, City Tower,
40 Basinghall Street,
London EC2V 5DE,
United Kingdom
Phone: 44-20-7256-5661
Telex: 8956907
Fax: 44-20-7256-5662

London Representative Office
Suite 1, 8th Floor,
Bucklersbury House,
3 Queen Victoria Street,
London EC4N 8NH, U.K.
Phone: 44-20-7329-7766
Fax: 44-20-7329-6086

■ NORTH AMERICA

New York Representative Office
546 Fifth Avenue, 19th Floor,
New York, NY 10036,
U.S.A.
Phone: 1-212-997-7830
Fax: 1-212-997-7835

■ ASIA

Hong Kong Representative Office
Room 1103A, 11th Floor,
Far East Finance Centre,
16 Harcourt Road,
Hong Kong, S.A.R.,
The People's Republic of China
Phone: 852-2532-0500
Fax: 852-2522-5378

Singapore Representative Office
3 Temasek Avenue,
#20-05 Centennial Tower,
Singapore 039190,
Republic of Singapore
Phone: 65-6333-0378
Fax: 65-6333-0797

Shanghai Representative Office
Room No. 2709,
Shanghai International
Trade Centre,
2201 Yan An Xi Lu, Shanghai,
The People's Republic of China
Phone: 86-21-6275-5198
Fax: 86-21-6275-5229

Bangkok Representative Office
31st Floor, Abdulrahim Place,
990 Rama 4 Road,
Silom, Bangrak,
Bangkok 10500,
Thailand
Phone: 66-2-636-2311
Fax: 66-2-636-2316

PT. Bank Resona Perdania
Head Office
JL. Jend. Sudirman Kav. 40-41,
Jakarta, Indonesia
Phone: 62-21-5701958
Telex: 65658, 65195
Fax: 62-21-5701936
Cable: JOINT BANK, JAKARTA
SWIFT: BPIAIDJA

Kota Sub-Branch
JL. Raya Mangga Besar No. 7,
Jakarta, Indonesia
Phone: 62-21-6260408
Fax: 62-21-6592164

Thamrin Cash Office
1st Floor, Menara Cakrawala
(Skyline Building),
JL. M.H. Thamrin No. 9,
Jakarta, Indonesia
Phone: 62-21-327309
Fax: 62-21-327637

Surabaya Branch
JL. Raya Darmo No. 31,
Surabaya, East Java, Indonesia
Phone: 62-31-5671700
Fax: 62-31-5674840

Bandung Branch
JL. Wastu Kencana No. 87,
Bandung, West Java, Indonesia
Phone: 62-22-4241742
Fax: 62-22-4241207

Cikarang Sub-Branch
JL. Jababeka Raya Block B
No. 14-15, Cikarang Industrial
Estate, Bekasi, West Java,
Indonesia
Phone: 62-21-8934347
Fax: 62-21-8934346

Makassar Branch
4th Floor, BII Building,
JL. Kajaolalido No. 6, Makassar,
South Sulawesi, Indonesia
Phone: 62-411-330570
Fax: 62-411-330574

PT. Resona Indonesia Finance
5th Floor,
Bank Resona Perdania Building,
JL. Jend. Sudirman Kav. 40-41,
Jakarta, Indonesia
Phone: 62-21-5701956
Fax: 62-21-5701961

■ JAPAN

Osaka Head Office
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8610, Japan
Phone: 81-6-6271-1221
Telex: J64051 DAIBANK
Cable: DAIBANK
SWIFT: DIWAJPJS

Tokyo Head Office
1-2, Otemachi 1-chome,
Chiyoda-ku, Tokyo 100-8106,
Japan
Phone: 81-3-3287-2111
Telex: J64052 DAIBANK
Cable: DAIBANK
SWIFT: DIWAJPJT

Internet Address
http://www.resona-gr.co.jp/resonabank/index.htm

The Kinki Osaka Bank, Ltd.

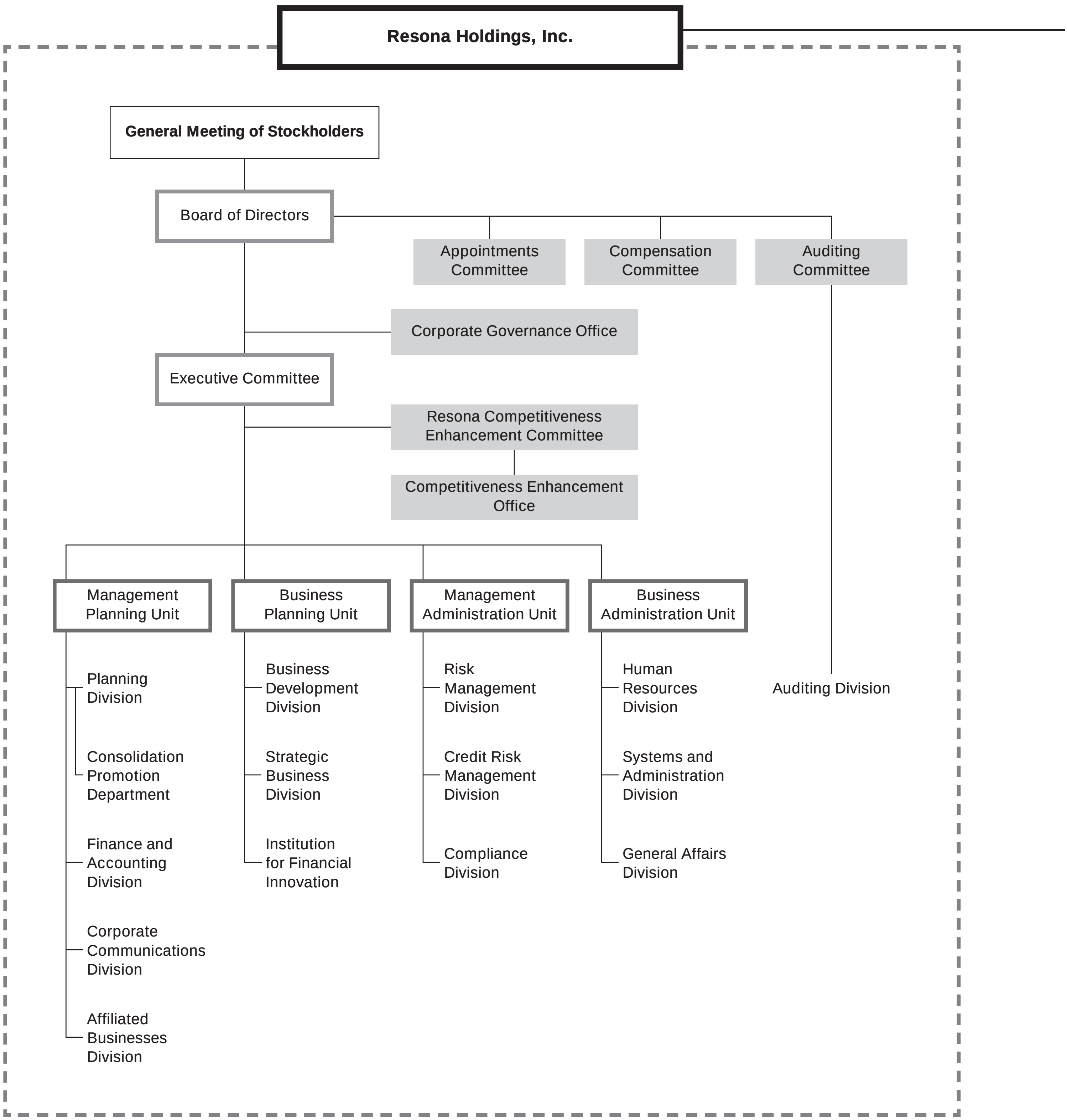
■ JAPAN

Head Office
4-27, Shiromi 1-chome,
Chuo-ku, Osaka 540-8560, Japan
Phone: 81-6-6945-2063
Telex: 63936 kinkibk j
SWIFT: OSAB JP JS

Internet Address
http://www.kinkiosakabank.co.jp/

ORGANIZATION CHART AND OUTLINE OF THE GROUP

As of September 1, 2003



Resona Holdings' Ownership: 100%	Resona Holdings' Ownership: 100%	Resona Holdings' Ownership: 100%	Resona Holdings' Ownership: 100%	Resona Holdings' Ownership: 79.3%
Resona Bank, Ltd.	**Saitama Resona Bank, Ltd.**	**The Kinki Osaka Bank, Ltd.**	**The Nara Bank, Ltd.**	**Resona Trust & Banking Co., Ltd.**
Banking and trust banking business	Banking business	Banking business	Banking business	Banking and trust banking business

■ Principal Subsidiaries and Affiliates

Name	Address	Capital (Millions)	Operations	Established	Equity ownership by Group companies (%)
Banking and trust banking business					
■ Resona Research Institute, Inc. (Note 1)	Chuo-ku, Osaka-shi	¥500	Research and business consulting services	June 27, 1987	57.5
■ D & I Information Systems Inc.	Toyonaka-shi, Osaka	¥100	Systems development, maintenance, and administration	Mar. 26, 1998	25.0
▲ Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	¥51,000	Banking and trust banking business	June 20, 2000	33.3
■ PT. Bank Resona Perdania (Note 2)	Jakarta, Indonesia	IDR 240,000	Banking business	Feb. 15, 1956	48.5
Securities business					
■ Cosmo Securities Co., Ltd.	Chuo-ku, Osaka-shi	¥32,366	Securities business	Dec. 18, 1917	60.3
▲ The Asahi Retail Securities Co., Ltd.	Chuo-ku, Tokyo	¥4,727	Securities business	Aug. 27, 1947	22.5
■ Resona Asset Management Co., Ltd.	Chuo-ku, Tokyo	¥780	Sales of investment trust products and investment advisory services	Nov. 18, 1987	50.6
Finance-related business					
■ Asahi Card Co., Ltd.	Chuo-ku, Tokyo	¥200	Credit card administration	Feb. 12, 1983	36.3
■ Daiwagin Card Co., Ltd.	Chuo-ku, Osaka-shi	¥200	Credit card administration	Apr. 1, 1983	57.1
■ Asahigin Leasing Co., Ltd.	Chuo-ku, Tokyo	¥2,710	General leasing	Apr. 2, 1976	76.9
■ The Daiwa Factor and Leasing Co., Ltd.	Chuo-ku, Osaka-shi	¥2,500	General leasing and factoring	Jan. 12, 1982	92.7
■ Kinki Osaka Leasing Co., Ltd.	Chuo-ku, Osaka-shi	¥4,800	General leasing	Aug. 3, 1973	96.1
■ Asahi Bank Retail Finance Co., Ltd.	Toshima-ku, Tokyo	¥10,200	Financing for individuals, financing for small and medium-sized businesses	July 5, 1979	100.0

■ Consolidated subsidiaries
▲ Affiliates accounted for by the equity method

Notes: 1. Asahi Bank Research Institute Co., Ltd., Daiwa Research Institute, Inc. and Kinki Osaka Research Institute for Small and Medium Business Ltd. were merged in April 2003 and changed their name to Resona Research Institute, Inc.
2. PT. Bank Daiwa Perdania changed its name to PT. Bank Resona Perdania in July 2003.

As of March 31, 2003

Osaka Head Office
2-1, Bingomachi 2-chome,
Chuo-ku, Osaka 540-8608, Japan
Tel: 81-6-6268-7400

Tokyo Head Office
1-2, Otemachi 1-chome,
Chiyoda-ku, Tokyo 108-8107, Japan
Tel: 81-3-3287-2131

Paid-in Capital
¥720,499 million

Number of Shareholders
(Common stock)
184,414

Common Stock (Thousands)
Authorized: 13,000,000 shares
Issued: 5,653,589 shares

Preferred Stock (Thousands)
Authorized: 1,131,356 shares
Issued: 1,131,310 shares
Class A No. 1 10,970 shares
Class B No. 1 680,000 shares
Class C No. 1 120,000 shares
Class D No. 1 340 shares
Class E No. 1 240,000 shares
Class F No. 1 80,000 shares

Stock Exchange Listings
Tokyo, Osaka

Transfer Agent and Registrar
Daiko Shoken Business Co., Ltd.
4-6, Kitahama 2-chome, Chuo-ku,
Osaka 541-8535, Japan

Independent Accountants
Shin Nihon & Co.

Number of Employees
23,692 (Consolidated)
292 (Non-consolidated)

Stock Price Range on the Tokyo Stock Exchange

(First section)

	2002				2003							
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.
High	¥102	¥91	¥71	¥70	¥68	¥66	¥60	¥61	¥74	¥89	¥105	¥102
Low	74	66	48	59	59	55	54	54	47	64	83	78

Major Shareholders

	Number of shares held (Thousands)	Percentage of total shares issued
Resona Bank, Ltd.	184,435	3.26
The Dai-ichi Mutual Life Insurance Company	117,896	2.08
Japan Trustee Services Bank, Ltd.	103,503	1.83
Mitsui Asset Trust and Banking Co., Ltd.	101,150	1.78
The Master Trust Bank of Japan, Ltd.	88,267	1.56
Resona Holdings Employee Stock Ownership Association	81,711	1.44
Asahi Mutual Life Insurance Company	79,935	1.41
The Nomura Securities Co., Ltd.	74,819	1.32
Daido Life Insurance Company	70,000	1.23
The Fuji Fire & Marine Insurance Co., Ltd.	64,589	1.14
Total	966,309	17.09

Contact:

Corporate Communications Division
Resona Holdings, Inc.
1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8107, Japan
Tel: 81-3-3287-2131
http://www.resona-hd.co.jp

Resona Holdings

Printed on recycled paper in Japan