RESONA

RESONA HOLDINGS, INC.

ANNUAL REPORT 2004

RESONA

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 100-8107, Japan
Day of Establishment	December 12, 2001
Paid-in Capital	¥1,288.4 billion (As of March 31, 2004)

RESONA

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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.

Message from the Chairman

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

Fully one year has passed since the capital infusion of public funds in 2003. Since then, the management and staff of the Group have united their energies to address three important issues. These are "making the transformation to sustainable profitability," "implementing reforms to revitalize our corporate culture," and "establishing a new business model."

During the first half of fiscal 2003, ended March 31, 2004, we implemented sweeping financial reforms, which included the elimination of excessive risk factors and the recognition of future costs in advance. As a consequence, the Group reported a substantial net loss for the fiscal year under review and has decided to continue to suspend dividends on both common and preferred stock. I wish to express my deepest regrets for not meeting the expectations of shareholders.

Nevertheless, as a result of the decisive measures taken in the first half of fiscal 2003, we believe we have taken the major first step toward "making the transformation to sustainable profitability." We have also implemented various measures to address the issues of "implementing reforms to revitalize our corporate culture" and "establishing a new business model" with a sense of urgency.

In the following pages, I would like to report on the reform initiatives we implemented in fiscal 2003.

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

Progress toward Revitalizing the Resona Group

I. Transformation to Sustainable Profitability

(1) Minimizing Risk Factors

To make the transformation to sustainable profitability, we put into action a number of sweeping financial reforms to minimize or eliminate future risk factors. These changes were carried out primarily in the first half of fiscal 2003.

The Substance of Our Financial Reforms

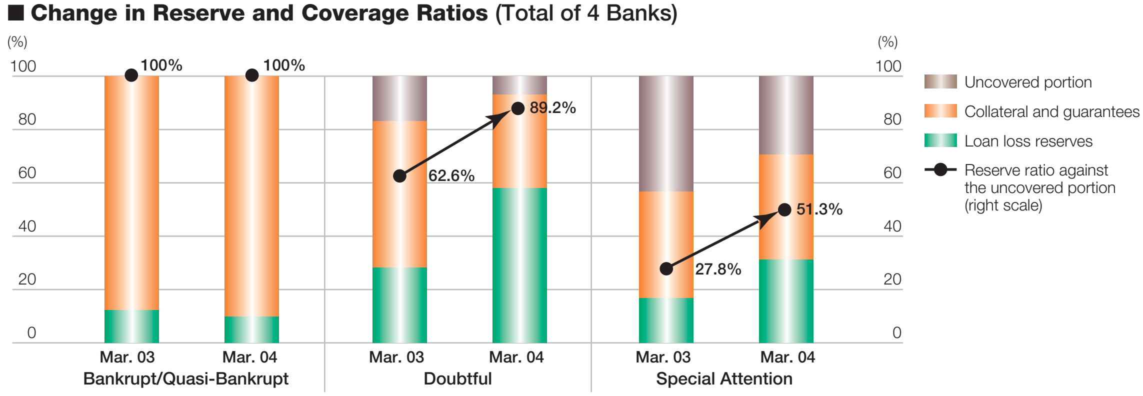
- ◆ Accelerated cleanup of non-performing loans (NPLs)
  - Reduced loan exposure to "closely related borrowers" and withdrew from non-bank business
  - Strengthened loan loss reserves based on the discounted cash flow and similar cash flow-based approaches
- ◆ Amortized unfunded retirement benefit obligations
- ◆ Recognized restructuring and other related costs accompanying accelerated measures to revitalize the Resona Group
  - Early application in fiscal 2003 of accounting standards for the impairment of fixed assets in Group banks and subsidiaries
- ◆ Improved the quality of capital through further reductions in deferred tax assets

● Accelerated the Cleanup of NPLs

The Resona Group has implemented decisive measures to deal with NPLs, including clearing them from its balance sheet and strengthening its loan loss reserves. In fiscal 2003, we took further, even more decisive steps to deal with NPLs to minimize future risk.

Specific measures included conducting stricter self-assessments of asset quality and the value of collateral pledged against loans and strengthening loan loss reserves through expanding the application of the discounted cash flow (DCF) method. Other steps included the recognition of losses accompanying the provision of restructuring assistance to certain corporate borrowers, clearing NPLs from the balance sheet, and the liquidation or sale of certain subsidiaries and affiliates. As a result of these comprehensive measures to resolve NPL issues, Resona Bank, Ltd., Saitama Resona Bank, Ltd., The Kinki Osaka Bank, Ltd., and The Nara Bank, Ltd. (the four Group banks), reported total credit-related expenses of ¥1,328.4 billion for the fiscal year under review.

■ **Change in Reserve and Coverage Ratios** (Total of 4 Banks)

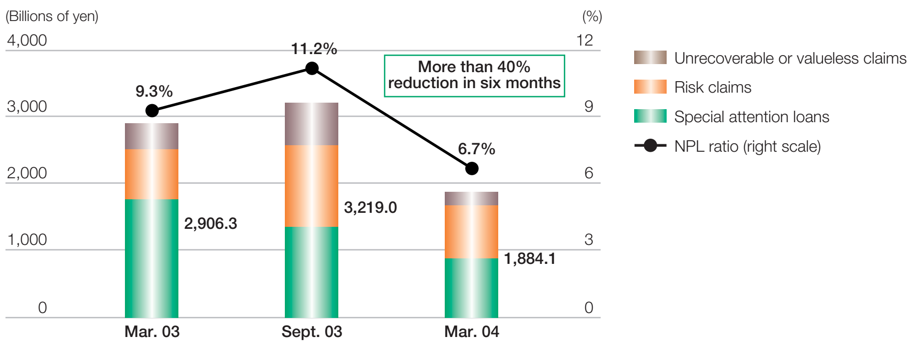


The Resona Group regards lowering the percentage of NPLs as a major management issue and is actively working to accelerate the clearing of NPL exposure from its balance sheet as well as proceeding with corporate revitalization initiatives.

We are implementing aggressive measures as part of our corporate revitalization initiatives. These include the establishment of a unit with responsibility for large borrowers in the Special Attention category and for borrowers in the Doubtful category that have prospects of revitalization. We have also launched a corporate revitalization fund for small and medium-sized enterprises (SMEs) and established a unit specializing in providing revitalization assistance.

As a consequence of these initiatives, the balance of NPLs under the Financial Reconstruction Law (FRL) criteria for the four Group banks as of March 31, 2004, was ¥1,884.1 billion, more than 40% lower than at the end of September 2003. At the same time, the ratio of NPLs to total loans fell from 11.2% as of September 30, 2003, to 6.7% as of March 31, 2004. Going forward, we intend to further accelerate our initiatives to deal with NPLs and speed up corporate revitalization measures, with a target of cutting the NPL ratio to the 3% range.

■ **Balance of NPLs under the FRL Criteria**

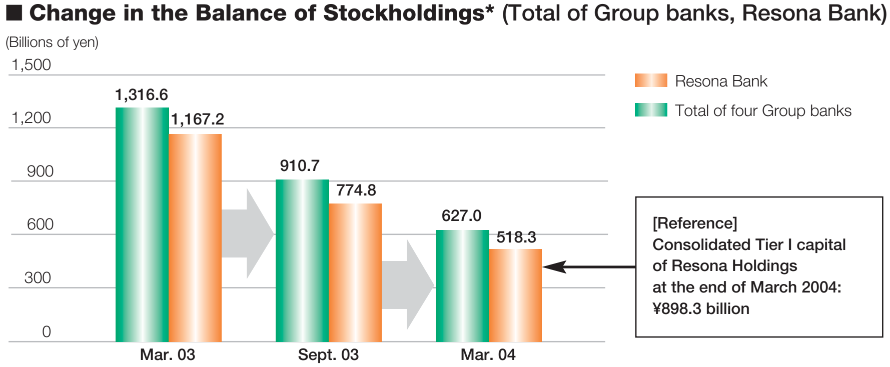


● Reduction in Stockholdings

After gaining the understanding of our customers, we sold more than ¥700 billion in stocks held for customer relationship purposes on a book value basis during fiscal 2003. As a result, the total value of the Group's holdings of listed and other marketable stocks included in "Other Securities" amounted to ¥627.0 billion at fiscal year-end. The balance has thus been reduced to a level equivalent to approximately 70% of the Group's consolidated Tier I capital.

We intend to continue to conduct "zero-based" reviews of our portfolio of stocks held for customer relationship purposes. Looking forward, we intend to lower the Group's balance of such holdings to ¥400 billion (¥300 billion for Resona Bank) by March 31, 2005.

■ **Change in the Balance of Stockholdings*** (Total of Group banks, Resona Bank)



* Term-end balance of stocks to which the Tier I capital/stockholdings regulation is applicable

(2) Improvements in Cost Structure

● Cutbacks in Personnel Expenses

Effective October 2003, we have cut staff bonuses to zero and implemented a special reduction averaging 7% in base salaries of Group personnel. As a consequence, annual salaries of employees have been reduced about 30%. Personnel expenses for the fiscal year amounted to ¥125.5 billion, ¥34.0 billion lower than for the previous fiscal year.

■ Personnel Expenses (Business Revitalization Plan basis) (Billions of yen)

	Fiscal 2002 (actual)	Fiscal 2003 (planned)	Fiscal 2003 (actual)	Change from fiscal 2002	Divergence from planned
Total for Group banks	159.5	125.8	125.5	(34.0)	(0.3)

In addition, the number of employees was reduced 3,218, to 16,089, as of March 31, 2004, compared with the previous fiscal year-end, through the introduction of an early retirement system and other measures.

■ Number of Employees (Business Revitalization Plan basis)

	Fiscal 2002 (actual)	Fiscal 2003 (planned)	Fiscal 2003 (actual)	Change from fiscal 2002	Divergence from planned
Total for Group banks	19,307	16,607	16,089	(3,218)	(518)

● Lowering of Non-Personnel Expenses

Similarly, as a result of further steps to cut expenses, non-personnel costs were reduced ¥7.5 billion, to ¥265.5 billion, which was below our reduction target.

■ Non-Personnel Expenses (Billions of yen)

	Fiscal 2002 (actual)	Fiscal 2003 (planned)	Fiscal 2003 (actual)	Change from fiscal 2002	Divergence from planned
Total for Group banks	273.0	276.0	265.5	(7.5)	(10.5)

Reduction in Systems-Related Expenses

To enhance the responsiveness of the Resona Group's IT strategy and reduce systems-related expenses, the Group plans to introduce major reforms in its business processes and IT cost structure.

As part of these activities, we have reached a formal agreement to outsource the systems development and operating functions of the former Asahi Bank, Ltd., to NTT Data Corp., an IT service provider. Moreover, accompanying the commencement of these outsourcing services, the IT assets of Resona Bank have been sold to two outsourcers.

By outsourcing the development and operation of IT systems, we anticipate that the planned integration of Resona Bank systems can be conducted smoothly at a relatively low cost. In addition, by tapping into NTT Data's cutting-edge IT, we expect to be able to offer more convenient services for our customers.

Cutbacks in Real Estate and Outsourcing Expenses

We have taken a number of major steps toward fully rectifying our high cost structure. These have included combining the headquarters functions of Group companies in the Tokyo and Osaka Head Office buildings, and changing the configurations of branch offices. We have also worked to lower real estate related costs through the early sale of unused real estate and other means. Along with these measures, we are reviewing our business processes and endeavoring to reduce our business outsourcing costs by screening current outsourcers and switching to other vendors as appropriate.

● Realignment of Subsidiaries and Affiliates

We have also conducted a zero-based review of our subsidiaries and affiliates, with the objectives of eliminating risk factors wherever possible and making better use of our management resources. Plans now call for reducing the number of subsidiaries and affiliates, excluding Group banks, to about one-fourth the level of March 31, 2003, by March 31, 2005.

Under these plans, as a result of activities to liquidate or realign subsidiaries and affiliates during the fiscal year under review, as of April 1, 2004, the number of subsidiaries and affiliates had been reduced effectively to 13 (those companies already scheduled to be merged into a single entity are treated as one company). This represents a major reduction compared with 50 subsidiaries and affiliates as of March 31, 2003.

■ Realignment of Group Subsidiaries and Affiliates

Principal lines of business	Name of company	Steps implemented and current status
Consulting	Resona Research Institute Co., Ltd.	Withdrew from the "think tank" business and now specializing in consulting (October 2003)
Venture capital	Resona Capital Co., Ltd.	President and other management selected internally after call for candidates, thus significantly rejuvenating management (October 2003)
Leasing and factoring	Asahigin Leasing Co., Ltd. (Currently Shutoken Leasing Co., Ltd.)	Business alliance concluded with UFJ Central Leasing Co., Ltd. (December 2003), stock transferred to that company (February 2004)
	Kinki Osaka Leasing Co., Ltd. (Currently Kinki Sogo Leasing Co., Ltd.)	Business alliance concluded with Mitsui Leasing & Development, Ltd. (December 2003), stock transferred to that company (February 2004)
	The Daiwa Factor and Leasing Co., Ltd. (Currently DFL Leasing Co., Ltd.) Asahi Bank Finance Service Co., Ltd.	Business alliance concluded with Diamond Lease Co., Ltd. (December 2003), stock transferred to that company (January 2004) Along with these measures, the collections department and factoring department of Daiwa Factor and Leasing were set up as a separate company (December 2003), then integrated with the Group's Asahi Bank Finance Service, and the name was changed to Resona Kessai Service Co., Ltd.
Credit cards	Asahi Card Co., Ltd. Daiwagin Card Co., Ltd. Osaka Card Service Co., Ltd.	To strengthen the business operations of credit card companies in the Resona Group, a strategic capital and business alliance with Credit Saison Co., Ltd., was concluded. (The business alliance was consummated in February 2004, and capital participation took place in July 2004.) In addition, the three companies on the left were merged in July 2004, and the name of the merged entity was changed to Resona Card Co., Ltd.
Personnel services	Daiwa Office Service Co., Ltd. Daiwagin Kosei Service Co., Ltd. Asahigin Career Service Co., Ltd. Kinki Osaka Business Service Co., Ltd.	The four personnel-related companies in the Group on the left were merged and integrated (December 2003). The name of the merged entity has been changed to Resona HR Support Co., Ltd.
Credit guarantees	Asahigin Guarantee Co., Ltd. Daiwa Guarantee Co., Ltd.	The two companies on the left were realigned, with Asahigin Guarantee as the parent company and Daiwa Guarantee as a subsidiary. The name was changed to Resona Guarantee Co., Ltd. (April 2004).
Information processing	Asahigin Systems Co., Ltd. (Currently AGS Corporation)	Shares were transferred to a third party outside the Group (March 2004).
	Daiwagin Sogo Systems Co., Ltd. (Currently DACS Co., Ltd.)	Shares were transferred to INES Corporation and a business alliance was concluded with that company (March 2004).
Systems development, maintenance, and operation	Asahigin Software Co., Ltd. (Currently NTT Data Sophia Corporation) D&I Information Systems Inc.	The shares of Asahigin Software were transferred to NTT Data Corp., which became the outsourcer for the systems of the former Asahi Bank (March 2004). The shares of D&I Information Systems were transferred to IBM Japan, Ltd., which became the outsourcer for the systems of the former Daiwa Bank (March 2004).
Non-bank services	Asahi Bank Retail Finance Co., Ltd. Kyodo Mortgage Acceptance Co., Ltd.	Both companies on the left are scheduled for liquidation (with a target date in March 2005).
Securities	The Asahi Retail Securities Co., Ltd. (Currently Socius Securities Co., Ltd.)	All shares were transferred to a third party outside the Group and capital ties were dissolved (October 2003).
	Cosmo Securities Co., Ltd.	As a result of the transfer of a portion of the shares to CSK Corporation, this company is no longer an affiliate (April 2004).
Investment trusts management/ Investment advisory	Resona Asset Management Co., Ltd.	Shares were transferred to Societe Generale Asset Management (North Pacific) Ltd., and a business alliance was concluded with that company (both in March 2004).
Back-office operations	Daiwa Business Service Co., Ltd. Daiwagin Operation Business Co., Ltd. Daiwa Credit Management Co., Ltd. Asahi Bank Business Service Co., Ltd. Resona Video & Culture Inc.	The five back-office operations outsourcers on the left were merged and integrated (April 2004), and the name was changed to Resona Business Service Co., Ltd.
Credit administration and servicing	Asahi Servicer Co., Ltd.	A corporate revitalization department was formed and began operations (October 2003). The new corporate name is Resona Servicer Co., Ltd.

II. Internal Reforms to Revitalize Corporate Culture

(1) Stronger Corporate Governance Systems

In June 2003, the Resona Group appointed an outside businessperson to assume the post of chairman as well as six outside directors to serve on its Board of Directors. At the same time, Resona Holdings and Resona Bank adopted the "company with committees" corporate governance model. As a result of these appointments, the Group now has a younger management team. In addition, in October 2003, Resona Holdings and Resona Bank appointed younger officers to Executive Officer positions, with the aims of creating significantly more effective management supervisory and checking functions. In addition, the Group introduced a transparent and objective management evaluation system that includes the preparation of performance assessments and the conduct of management interviews by an outside organization. Moreover, in March 2004, the Group decided on the outline of a management compensation system linked to the performances achieved by individual members of management.

(2) Reforms in Corporate Culture

To clarify the road map toward "Resona Group Revitalization," the Group has returned to the basics of the service business. We are placing top priority on putting the customer first and strengthening profit-mindedness among all personnel, with the goal of transforming Resona into a true "financial services enterprise."

As part of this process of transformation and reform, in Resona Holdings and Resona Bank, we have delegated considerably more authority to the CEOs in charge of local regions. The objective of this new approach, which we call the Area Management System, is to enable locally based area CEOs, who are well-attuned to the needs of local customers, to think and act from our customers' points of view.

In addition, in the human resources area, we are introducing new concepts to revitalize our organization. These include calling for candidates from within the Group for branch manager and presidents of our subsidiaries and appointing outside personnel as area CEOs and managerial-level personnel.

For directors, we are moving along with the introduction of new evaluation systems and a compensation system linked to performance. In addition, for staff in July 2004, we introduced a new personnel evaluation system that lays emphasis on actual performance and on-the-job contribution.

III. Establishing a New Business Model

To meet the challenge of introducing a new business model, we believe the key factors will be improving our capabilities for offering convenience, good service, and speed in all aspects of our relationships with individual customers and SMEs, which will be the core customer segments for our operations, and providing our services at a low cost. Based on this view, we are implementing the following measures.

● Reforming Office Channels

To expand the points of interface with customers, Resona Bank is moving forward with the opening of Resona Personal Stations. These are manned offices that offer basic banking services and have much lower operating costs than conventional branches.

Also, we are expanding the services offered and the number of specialized service centers for SMEs and individuals. For example, we are strengthening our network of SME Support Centers to improve the convenience of services and strengthen relationships with SMEs. Similarly, we are expanding the number of Housing Loan Centers to respond quickly and agilely to the housing loan needs of individual customers.

● Extending Operating Hours

Beginning in October 2003, we have extended business hours on weekdays and commenced services on weekends and holidays for some of our branches and Housing Loan Centers. Since then, we have also extended hours on Fridays and other busy days and are taking steps to gradually extend the hours we are open for business to enhance customer convenience.

Also, starting in April 2004, to take these initiatives further, Resona Bank and Saitama Resona Bank have extended operating hours on weekdays at virtually all their branches, and those offices are now open until 5pm.

● "Zero Waiting Time" Campaign

As part of our activities to return to the basics of the service business, we believe it is essential to listen to what our customers have to say and respond appropriately. Resona Bank, Saitama Resona Bank, and Kinki Osaka Bank have begun initiatives to reduce customers' waiting time to zero beginning in January 2004.

● Implementing the Area Management System

Beginning in April 2004, Resona Bank and Saitama Resona Bank began the full-scale introduction of their Area Management System business model. Under this model, substantially greater decision-making authority has been delegated from the head offices to Area CEOs who are in close touch with local customer needs.

Area CEOs now have the authority to set local management policies, manage their personnel, and conduct transactions with customers in their area; they also have overall responsibility for the profitability and management of their respective areas.

By delegating authority to the area level, we can implement business policies that are suited to each region and reply to the needs of area customers quickly and responsively. This business model will also allow us to make a transformation from the previous approach of maximizing profitability by individual office to maximizing profits by area, based on an area strategy.

● Raising Fee Income through Service Quality Enhancement

Since a major expansion in the volume of loans is no longer an option, we are working to change the composition of income to focus less on income from the stock of assets to greater focus on expanding fee income.

Especially for the sale of investment trusts, we have recruited about 220 personnel, who have experience in the securities business, as fund management consultants. We have assigned them as consultants to our branches and other offices to strengthen our capabilities for sales based on an understanding of customer needs.

As a result of these measures, the Group, as a whole, sold approximately ¥600 billion in investment trusts in fiscal 2003, and the balance outstanding (at market prices) as of March 31, 2004, was about ¥980 billion.

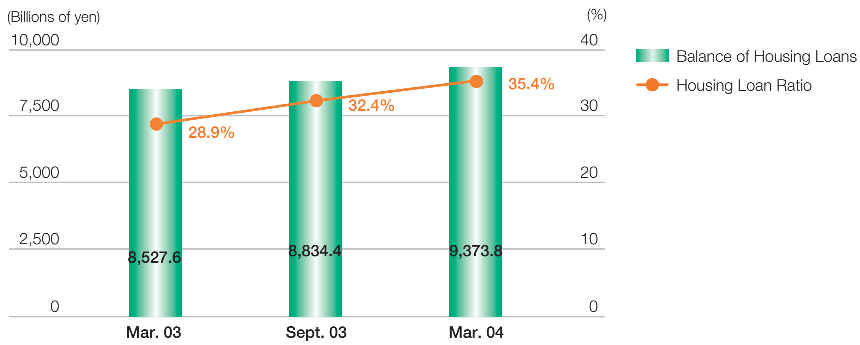
● Strengthening Loans to SMEs and Individuals

Starting in the latter half of fiscal 2003, to respond more proactively and quickly to the funding needs of SMEs, Resona Bank introduced loans that do not require the personal guarantees of company representative directors and several new types of business loans.

Moreover, to offer a faster response to the fund-raising needs of SMEs, the loan authorization limits of branch managers were increased at Resona Bank (in November 2003), Saitama Resona Bank (December 2003), and Kinki Osaka Bank (January 2004).

For individual customers, we have developed new, convenient loan products and are working to substantially strengthen our loan promotion capabilities by expanding the number and range of services offered by our Housing Loan Centers. These initiatives were major factors leading to an expansion of ¥846.2 billion in the balance of the Group's total housing loans, to ¥9,373.8 billion as of March 31, 2004, compared with the previous year-end.

■ **Housing Loans Increased by Approximately ¥850 Billlion during FY2003.** (Total of 4 banks)



Progressing toward the Goal of Resona Group Revitalization

Fiscal 2004 will be the second stage in the revitalization of the Resona Group. We are committed to moving forward with key initiatives that will enable the Group to enhance its earnings power by evolving from being a conventional bank to becoming a true financial services enterprise. These initiatives are (1) our drive to become the "people's most favorite bank," (2) enhancement of our capabilities for providing financial solutions, and (3) doing everything we can to lower operating costs.

We fully believe that the mission of the Group—as the recipient of approximately ¥3 trillion in support from public funds—is to maximize corporate value.

In conclusion, going forward, we ask that you follow our initiatives closely and ask for your continued support and encouragement.

August 2004

Eiji Hosoya

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

Performance in Fiscal 2003

To reach its objective of "making the transformation to sustainable profitability" during the "period of intensive revitalization," the Resona Group implemented sweeping financial reforms during the interim period ended September 30, 2003, with the aim of minimizing future risks. In addition, the Group applied new accounting standards for the impairment of fixed assets ahead of the mandatory application date in the accounts of Group banks and their subsidiaries for the fiscal year ended March 31, 2004, with the objective of making accelerated disposals of latent losses on assets deemed to be unrecoverable. The Group's financial position and management performance on a consolidated basis for the year under review are described in the following paragraphs.

Consolidated Balance Sheets

Total assets amounted to ¥39,841.8 billion as of March 31, 2004, ¥3,050.0 billion lower than at the end of the previous fiscal year.

Among fund uses, loans and bills discounted stood at ¥26,002.9 billion, ¥3,167.6 billion lower than at the previous fiscal year-end. On the other hand, securities increased ¥1,166.2 billion, to ¥7,636.1 billion.

On the funding side, deposits and negotiable certificates of deposit totaled ¥33,344.9 billion, ¥1,965.6 billion lower than at the end of the previous fiscal year. This decrease was due to a decline of ¥2,329.9 billion in deposits from the previous fiscal year-end. Time deposits alone amounted to ¥13,071.9 billion, ¥762.6 billion lower than for the previous fiscal year-end.

Shareholders' equity rose ¥502.2 billion, to ¥813.0 billion. This was due to the increase in capital of subsidiary Resona Bank, owing to the infusion of public funds, a rise in net unrealized gains on other securities, accompanying the recovery in stock market prices, and other factors.

Consolidated Operating Results

Consolidated total income was ¥1,173.1 billion, ¥94.4 billion lower than for the previous fiscal year. By principal item, interest income, consisting primarily of interest on loans and bills discounted, amounted to ¥632.4 billion, while fees and commissions totaled ¥184.3 billion.

Consolidated total expenses amounted to ¥2,467.1 billion, ¥675.2 billion higher than for the prior fiscal year. This marked rise was primarily due to sweeping measures to resolve non-performing loan (NPL) issues, which resulted in credit costs of approximately ¥1,400 billion. Specific developments leading to the rise in credit costs included additions to reserves following the adoption of significantly stricter self-assessment criteria for assets, severer evaluation of collateral pledged against loans with the aim of making an early disposal of such assets, and a broader application of the discounted cash flow method to strengthen loan loss reserves. Other factors resulting in higher expenses included the recognition of losses on business restructuring, clearing of NPLs from the balance sheet, and losses incurred in the liquidation and sale of subsidiaries and affiliates.

Net gains on the sale of stock amounted to ¥57.6 billion, as the Group took further steps to reduce its equity portfolio.

The Group also implemented a number of measures to bring about the early revitalization of its activities that resulted in certain extraordinary losses. These included ¥66.7 billion in losses in relation to the business restructuring, such as the consolidation or closure of some offices and payments for employees taking early retirement, etc., and ¥13.2 billion for a provision to the reserve for business restructuring to cover the anticipated future costs arising from such business restructuring. Extraordinary losses also included ¥64.9 billion for the one-time amortization of differences arising from the change in accounting standards for retirement benefits, ¥27.9 billion to write down the book value of fixed assets accompanying the early application of new accounting standards for the impairment of fixed assets, and ¥23.8 billion in losses accompanying the return of the substitutional portion of the Group's employee welfare pension fund. In addition, as a result of the adoption of more conservative estimates of deferred tax assets at Group banks, the Group reported income taxes–deferred of ¥357.9 billion for the fiscal year under review.

As a result of the factors described, the Group reported a consolidated loss before income taxes and minority interests of ¥1,293.9 billion and a net loss of ¥1,663.9 billion. The net loss per share amounted to ¥181.05.

Resona Holdings on a non-consolidated basis reported operating income of ¥32.5 billion and an ordinary profit of ¥16.4 billion. However, as a consequence of the devaluation of investments in subsidiaries amounting to ¥1,480.3 billion, the holding company reported a net loss of ¥1,463.9 billion.

The Group's risk-adjusted capital ratio (Japanese domestic standards) was 7.74% at fiscal year-end.

Cash Flow

Net cash used in operating activities on a consolidated basis was ¥762.3 billion. Although the balance of loans and bills discounted outstanding decreased ¥3,167.6 billion, as a result of a decline in deposits and funding from market sources as well as other factors, net cash used in operating activities was ¥596.6 billion greater than in the previous fiscal year.

Net cash used in investing activities was ¥780.9 billion larger than in the previous fiscal year, and amounted to ¥817.1 billion.

Net cash provided by financing activities was ¥1,912.7 billion, which was ¥2,157.4 billion larger than for the previous fiscal year, owing to ¥1,960.0 billion in proceeds from the issuance of stocks in connection with the infusion of public funds.

As a consequence of these cash flows, cash and cash equivalents at the end of the fiscal year under review amounted to ¥2,683.5 billion, ¥330.0 billion higher than at the beginning of the year.

Dividend Policy

As part of activities in fiscal 2003 to enhance the soundness of the assets of Resona Group banks and make the transformation toward sustainable profitability, the Group took decisive measures to improve its financial position by eliminating or minimizing future risk factors. As a result, the Group banks reported substantial net losses. Accordingly, Resona Holdings wrote down the value of its stockholdings in these banking subsidiaries and on a non-consolidated basis reported a net loss of ¥1,463.9 billion for the fiscal year under review.

For this reason, Resona Holdings did not have sufficient funds available, as provided for in Japan's Commercial Code, for the payment of cash dividends and, therefore, suspended its dividends on both common and preferred stocks.

Resona Holdings reduced its capital in accordance with the decision made at the annual General Meeting of Shareholders held on June 25, 2004, to make up for the deficit reported for fiscal 2003. Through this measure and policies to enhance profitability, Resona Holdings will work to increase earned surplus to implement the scheduled resumption of dividends on preferred stocks for the fiscal year ending March 31, 2005.

Regarding the future appropriation of profits, it is assumed that dividends on preferred stocks will continue hereafter but, in view of the substantial infusion of public funds, the basic policy of the Group will be to restrain outflows of net income, with the objective of stabilizing its financial position at an early date and accumulating retained earnings. Accordingly, going forward, the Group will decide whether to resume dividends on common shares and the specific level of such dividends based on the earnings performance of each period.

Consolidated Financial Summary

Resona Holdings, Inc.

Years ended March 31	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Income statement data			
Income			
Interest income	**¥ 632,453**	¥ 688,267	**$ 5,984**
Trust fees	**32,763**	37,721	**309**
Fees and commissions	**184,330**	175,701	**1,744**
Trading income	**24,957**	23,592	**236**
Other operating income	**78,410**	161,021	**741**
Other income	**220,242**	181,332	**2,083**
Total Income	**1,173,159**	1,267,638	**11,100**
Expenses			
Interest expenses	**71,177**	89,110	**673**
Fees and commissions	**64,433**	63,464	**609**
Trading expenses	**20**	60	**0**
Other operating expenses	**42,217**	31,832	**399**
General and administrative expenses	**510,085**	597,675	**4,826**
Other expenses	**1,779,170**	1,009,681	**16,833**
Total Expenses	**2,467,103**	1,791,824	**23,342**
Loss before income taxes and minority interests	**1,293,944**	524,186	**12,242**
Income taxes—current	**7,985**	10,767	**75**
Income taxes—deferred	**357,956**	300,788	**3,386**
Net loss	**¥ 1,663,964**	¥ 837,633	**$ 15,743**
Balance sheet data			
Total assets	**¥39,841,837**	¥42,891,933	**$376,968**
Total liabilities	**38,732,132**	42,280,240	**366,469**
Minority interests in consolidated subsidiaries	**296,649**	300,849	**2,806**
Total shareholders' equity	**813,055**	310,842	**7,692**
Deposits and negotiable certificates of deposit	**33,314,970**	35,310,658	**315,214**
Loans and bills discounted	**26,002,922**	29,170,585	**246,030**
Securities	**7,636,189**	6,469,988	**72,250**

	Yen 2004	Yen 2003	U.S. dollars 2004
Per share data			
Net loss per share	**¥ 181.05**	¥ 154.66	**$ 1.71**

RESONA HOLDINGS, INC.

Performance in Fiscal 2003

Non-consolidated Financial Summary

Resona Holdings, Inc. Years ended March 31	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Income Statement Data			
Operating income	**¥ 32,566**	¥ 13,078	**$ 308**
Dividends from subsidiaries	**19,119**	941	**180**
Fees from subsidiaries	**6,903**	7,087	**65**
Interest on loans to subsidiaries	**6,543**	5,050	**61**
Operating expenses	**13,151**	10,871	**124**
Interest expenses	**8,901**	5,050	**84**
General and administrative expenses	**4,249**	5,821	**40**
Operating profit	**19,415**	2,206	**183**
Non-operating profit	**117**	27	**1**
Non-operating expenses	**3,068**	447	**29**
Ordinary net profit	**16,464**	1,787	**155**
Extraordinary profit	**—**	6,782	**—**
Gains on sales of investment in subsidiaries	**—**	6,782	**—**
Extraordinary loss	**1,480,358**	1,161,119	**14,006**
Devaluation of investment in subsidiaries	**1,480,358**	751,263	**14,006**
Provision for possible losses on investments	**—**	409,856	**—**
Loss before income taxes	**1,463,894**	1,152,550	**13,850**
Income taxes—current	**8**	8	**0**
Income taxes—deferred	**—**	993	**—**
Net loss	**¥1,463,902**	¥1,153,552	**$13,850**
Balance Sheet Data			
Total assets	**¥1,345,960**	¥ 700,952	**$12,734**
Total liabilities	**651,748**	352,590	**6,166**
Total shareholders' equity	**694,212**	348,362	**6,568**

	Yen 2004	Yen 2003	U.S. dollars 2004
Per Share Data			
Net loss per share	**¥ 156.34**	¥ 204.73	**$ 1.47**
Cash dividends declared per share:			
Common stock	**—**	—	**—**
Preferred stock:			
Class A No. 1 preferred stock	**—**	—	**—**
Class B No. 1 preferred stock	**—**	—	**—**
Class C No. 1 preferred stock	**—**	—	**—**
Class D No. 1 preferred stock	**—**	—	**—**
Class E No. 1 preferred stock	**—**	—	**—**
Class F No. 1 preferred stock	**—**	—	**—**
Class one No. 1 preferred stock	**—**	/	**—**
Class two No. 1 preferred stock	**—**	/	**—**
Class three No. 1 preferred stock	**—**	/	**—**

(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	**2004**	2003	Difference	**2004**
Gross operating profit	**¥ 672,710**	¥761,021	¥ (88,311)	**$ 6,364**
Gross operating profit from domestic operations	**640,554**	733,237	(92,682)	**6,060**
Interest income	**547,474**	580,836	(33,361)	**5,179**
Trust fees (after disposal of non-performing loans in the trust account)	**32,763**	37,398	(4,634)	**309**
Fees and commissions	**67,676**	56,346	11,329	**640**
Trading income	**750**	1,000	(250)	**7**
Other operating income	**(8,110)**	57,655	(65,766)	**(76)**
Gross operating profit from international operations	**32,155**	27,784	4,371	**304**
Interest income	**(3,287)**	802	(4,089)	**(31)**
Fees and commissions	**3,904**	3,710	193	**36**
Trading income	**21,069**	19,900	1,168	**199**
Other operating income	**10,469**	3,370	7,098	**99**
Expenses (excluding extraordinary expenses)	**416,819**	455,894	(39,074)	**3,943**
Personnel expenses	**123,758**	156,451	(32,693)	**1,170**
Nonpersonnel expenses	**267,338**	276,176	(8,838)	**2,529**
Taxes	**25,723**	23,266	2,457	**243**
Provision to general reserve for possible loan losses	**(19,460)**	141,795	(161,255)	**(184)**
Actual net operating profit[*2]	**260,333**	307,356	(47,022)	**2,463**
Net operating profit	**275,356**	163,332	112,024	**2,605**
Other gains or losses	**(1,427,880)**	(669,663)	(758,216)	**(13,510)**
Gains or losses on stocks and other securities	**(19,918)**	(312,107)	292,188	**(188)**
Gains on sale	**136,444**	25,488	110,956	**1,290**
Losses on sale	**37,351**	24,216	13,135	**353**
Losses on devaluation	**103,344**	313,379	(210,034)	**977**
Provision to the reserve for possible losses on investments	**15,667**	—	15,667	**148**
Disposal of non-performing loans	**1,343,481**	366,457	977,023	**12,711**
Write-off of loans	**467,382**	241,157	226,225	**4,422**
Provision to specific reserve for possible loan losses	**440,617**	70,382	370,234	**4,168**
Provision to reserve for possible losses on loans sold	**(75)**	644	(720)	**(0)**
Provision to reserve for specific borrowers under support	**1,925**	—	1,925	**18**
Losses on sales of claims to CCPC*	**814**	5,089	(4,274)	**7**
Provision to special reserve for certain overseas loans	**(305)**	(1,115)	810	**(2)**
Other credit-related expenses	**433,123**	50,299	382,823	**4,098**
Ordinary loss	**1,152,528**	506,331	(646,196)	**10,904**
Extraordinary gains or losses	**(179,153)**	(11,023)	(168,130)	**(1,695)**
Gains or losses on disposition of real estate/ premises and equipment	**(13,092)**	(18,090)	4,998	**(123)**
Gains on disposition	**3,920**	748	3,171	**37**
Losses on disposition	**17,012**	18,839	(1,826)	**160**
Loss before income taxes	**1,331,682**	517,355	(814,327)	**12,599**
Income taxes—current	**6,507**	8,966	(2,458)	**61**
Income taxes—deferred	**354,567**	264,104	90,462	**3,354**
Net loss	**¥1,692,757**	¥790,425	¥(902,331)	**$16,016**

* Cooperative Credit Purchasing Company, Limited

Notes: 1. The total of the five 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 the former 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.

Non-Performing Exposure

Breakdown of Disposal of Non-Performing Loans (Consolidated)

(Billions of yen)

Years ended March 31	2004	2003
Disposal of non-performing loans	**¥1,409.9**	¥415.5
Write-off of loans	**472.0**	244.8
Provision to specific reserve for possible loan losses	**464.5**	93.4
Provision to reserve for possible losses on loans sold	**(0.0)**	0.6
Provision to reserve for the specific borrowers under support	**1.9**	—
Losses on sales of claims to CCPC	**0.8**	5.1
Provision to special reserve for certain overseas loans	**(0.2)**	(0.8)
Losses on sales of other claims	**333.8**	36.7
Other disposal of non-performing loans	**137.1**	35.6

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	2004	2003
Unrecoverable or valueless claims	**¥ 203.7**	¥ 388.8
Risk claims	**798.9**	752.9
Claims in need of special attention	**881.5**	1,764.5
Financial Reconstruction Law subtotal	**1,884.1**	2,906.3
Nonclassified claims	**26,054.2**	28,244.5
Financial Reconstruction Law total	**¥27,938.4**	¥31,150.8

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)

	2004		2003	
March 31	Risk management loans	Ratio to total loans	Risk management loans	Ratio to total loans
Loans to borrowers in legal bankruptcy	**¥ 43.9**	**0.16%**	¥ 163.3	0.55%
Past due loans	**945.8**	**3.60%**	1,042.0	3.53%
Loans past due three months or more	**48.5**	**0.18%**	71.1	0.24%
Restructured loans	**836.2**	**3.18%**	1,761.5	5.97%
Total	**¥1,874.5**	**7.14%**	¥3,038.0	10.31%

Reserve for Possible Loan Losses (Consolidated)

(Billions of yen)

March 31	2004	2003
General reserve for possible loan losses	**¥ 478.0**	¥494.5
Specific reserve for possible loan losses	**542.2**	306.2
Special reserve for certain overseas loans	**0.2**	0.5
Total reserve for possible loan losses	**¥1,020.5**	¥801.3
Reserve for the specific borrowers under support	**¥ 1.9**	¥ —
Reserve for possible losses on loans sold	**—**	10.1
Reserve provided in preparation for write-offs in trust account	**0.7**	0.8

Percentage of Reserves to Total Risk Management Loans (Consolidated)

(%)

March 31	2004	2003
After partial direct write-off	**54.58**	26.40

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)

	2004		2003	
March 31	Risk management loans	Ratio to total loans	Risk management loans	Ratio to total loans
Loans to borrowers in legal bankruptcy	**¥ 42.2**	**0.15%**	¥ 156.4	0.52%
Past due loans	**938.9**	**3.54%**	962.8	3.25%
Loans past due three months or more	**46.7**	**0.17%**	57.5	0.19%
Restructured loans	**834.7**	**3.15%**	1,707.0	5.77%
Total	**¥1,862.6**	**7.03%**	¥2,883.8	9.76%
Partial direct write-offs	**¥1,035.7**		¥ 992.0	

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

(Billions of yen)

March 31	2004	2003
General reserve for possible loan losses	**¥449.2**	¥468.7
Specific reserve for possible loan losses	**514.4**	262.6
Special reserve for certain overseas loans	**0.6**	0.9
Total reserve for possible loan losses	**¥964.3**	¥732.3
Reserve for the specific borrowers under support	**¥ 1.9**	¥ —
Reserve for possible losses on loans sold	**—**	10.1
Reserve provided in preparation for write-offs in trust account	**0.7**	0.8

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

(%)

March 31	2004	2003
Before partial direct write-off	**69.09**	44.51
After partial direct write-off	**51.91**	25.42

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 2004	Clearance Ratios	End of September 2003	End of March 2003	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	**¥ 71.6**	**95.3%**	¥ 193.5	¥ 258.4	¥ 528.0	¥ 610.1	¥ 868.7	¥1,096.7	¥1,554.9
Unrecoverable or valueless claims	**40.5**	—	129.4	144.0	199.3	238.3	292.9	373.0	419.6
Risk claims	**31.0**	—	64.1	114.4	328.6	371.7	575.8	723.7	1,135.3
Portion in the latter half of fiscal 2000									
Total	**21.9**	**95.2%**	86.0	121.9	172.8	311.5	372.1	459.7	
Unrecoverable or valueless claims	**8.6**	—	17.9	38.2	51.0	38.0	34.1	57.9	
Risk claims	**13.3**	—	68.1	83.6	121.8	273.5	337.9	401.8	
Portion in the first half of fiscal 2001									
Total	**22.2**	**89.0%**	42.4	62.7	91.2	120.6	202.7		
Unrecoverable or valueless claims	**4.9**	—	19.0	25.4	31.8	38.0	54.2		
Risk claims	**17.2**	—	23.4	37.3	59.3	82.5	148.4		
Portion in the latter half of fiscal 2001									
Total	**82.9**	**91.6%**	188.5	321.3	710.6	998.3			
Unrecoverable or valueless claims	**42.8**	—	92.5	94.9	103.5	128.0			
Risk claims	**40.1**	—	96.0	226.3	607.1	870.3			
Portion in the first half of fiscal 2002									
Total	**38.1**	**79.6%**	82.2	130.7	187.3				
Unrecoverable or valueless claims	**16.3**	—	29.7	34.3	46.7				
Risk claims	**21.7**	—	52.5	96.4	140.5				
Portion in the latter half of fiscal 2002									
Total	**74.8**	**69.6%**	142.6	246.3					
Unrecoverable or valueless claims	**23.9**	—	46.9	51.7					
Risk claims	**50.9**	—	95.6	194.5					
Portion in the first half of fiscal 2003									
Total	**445.9**	**60.3%**	1,124.5						
Unrecoverable or valueless claims	**41.1**	—	307.8						
Risk claims	**404.7**	—	816.6						
Portion in the latter half of fiscal 2003									
Total	**244.9**	—							
Unrecoverable or valueless claims	**25.2**	—							
Risk claims	**219.6**	—							
Total	**¥1,002.6**	—	¥1,860.0	¥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 2004 compared with the balance at the end of the period when such exposure was newly classified.

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

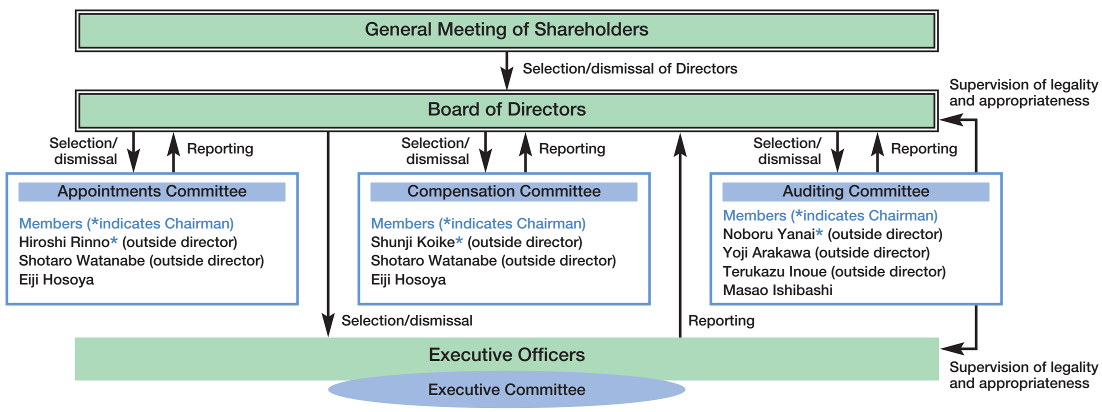
(Billions of yen)

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 203.7)	Unrecoverable or Valueless Claims 203.7	72.5	131.1	Reserve Ratio 100%	Direct Write-Offs	Reserves (19.9) Collateral/Guarantees (183.7)	Unrecoverable or Valueless Claims 100%
Doubtful (Total 798.9)	Risk Claims 798.9	564.5	178.4	55.8 / Reserve Ratio 89.23%		Reserves (463.3) Collateral/ Guarantees (279.6)	Risk Claims 93.00%
Watch: Special Attention (Total 1,074.4)	Claims in Need of Special Attention 881.4 / Subtotal 1,884.1	88.5	985.9			Reserves (273.8) Collateral/Guarantees (345.2)	Claims in Need of Special Attention 70.22%
Watch: Other Watch (Total 2,238.1)	Nonclassified Claims 26,054.2	305.7	1,932.4				
Normal (Total 23,623.1)		23,623.1					Coverage Ratio against Total Claims 83.10%
Total 27,938.4	Total 27,938.4	Normal Claims 24,654.6	Category II Claims 3,227.9	Category III Claims 55.8	Category IV Claims —		

Corporate Governance

Resona Holdings became the first Japanese banking institution to introduce the "company with committees" corporate governance model, following the approval of this governance model at the General Meeting of Shareholders on June 27, 2003. The objectives of this model are to establish a responsible management system and strengthen the supervision and surveillance of management. Also, to enhance the transparency of management, we created the position of Director, Chairman, and Representative Executive Officer and appointed an outside business executive to assume this post along with six outside directors to our Board of Directors. Under our present management structure, a majority of the members of the Appointments Committee, the Compensation Committee, and the Auditing Committee as well as the Board of Directors are independent, outside directors. The roles of the Board of Directors are to make decisions on the minimum number of matters that are required by law, hear reports on the conduct of operations presented by the Executive Officers, and spend as much time as possible conducting in-depth discussions on management issues. Following this procedure, the Board is able to make decisions on important matters and supervise the conduct of operations, thus clearly separating its responsibilities from the role of the Executive Officers, who are responsible for the conduct of operations. This approach strengthens the capabilities of the Board for overall supervision and makes it possible to conduct business activities agilely and flexibly.

■ Resona's Corporate Governance Structure



Activities of the Board of Directors and Committees

Board of Directors

The Board is responsible for making decisions on important matters and for supervising the conduct of business activities by the Executive Officers. Of the nine members of the Board, six are independent, outside Directors. The objectives of this Board structure are to ensure the transparency of management and to stimulate members to engage in active discussions from a broad perspective. In conducting Board meetings, matters brought up for decision are kept to the minimum required by law, and, to strengthen the surveillance functions of the Board, the range of items that Executive Officers report on has been expanded. After the transition to the committee governance model, through March 2004, the Board had met 23 times. In addition to these official meetings, however, the Board holds meetings as necessary at appropriate times.

Appointments Committee

The Appointments Committee is composed of three Directors, with the committee chairman and one other member being outside Directors, and is responsible for making decisions on proposals for the appointment and dismissal of Directors that are submitted to the General Meeting of Shareholders. After the transition to the committee governance model, through March 2004, the Appointments Committee had met four times and, in addition to making proposals for appointment and dismissal, has conducted discussions and made decisions related to the specific qualifications Resona should require of its Directors.

Compensation Committee

The Compensation Committee consists of three Directors, including two outside Directors, with one outside Director acting as chairman of the committee. Its functions include setting policies for the compensation received by Directors and Executive Officers and decisions on individual compensation. After the transition to the committee governance model, through March 2004, the Compensation Committee had met three times to discuss and make decisions regarding the amount of individual compensation and the new compensation system for Directors.

Auditing Committee

The Auditing Committee comprises four Directors, including three outside Directors, one of whom serves as chairman. The roles of this committee are to supervise the conduct of management by the Directors and Executive Officers and to make decisions on and attend to other matters related to the appointment and dismissal of accounting auditors. After the transition to the committee governance model, through March 2004, the Auditing Committee had convened 15 times.

Executive Committee

The Executive Committee is responsible, in principle, for the discussion of important matters to be referred to the Board of Directors and matters to be decided by the Executive Officers. This committee is composed of Executive Officers, and its objectives are to provide a venue for officers to actively discuss matters related to their fields of responsibility and ensure the transparency of decision making on important matters.

Internal Auditing Systems

Definition of Internal Auditing

The Resona Group defines "internal auditing" to mean the activities of internal auditing units, which are independent of the operating divisions at Head offices, branches, and other operating units. The activities of these auditing units include making objective and fair examinations and evaluations of the appropriateness as well as the effectiveness of operational systems and functions, and, when necessary, offering advice on addressing any problems that arise.

As may be necessary, these internal auditing units may point out issues, make proposals, and give recommendations to the units they are responsible for supervising as well as require them to prepare plans for improvement. They may also monitor the progress toward addressing the issues they have pointed out. In addition, these internal auditing units analyze the results of their audits and, as necessary, ask operating units other than the ones they are auditing for their opinions and suggestions.

Organization

We believe that the role the internal auditing units play in working to attain the Resona Group's management objectives of "responding to the trust of customers" and "conducting transparent management" is extremely important. Accordingly, we have created the following organizational structure for internal auditing.

In Resona Holdings and Resona Bank, which have adopted the corporate governance committee model, we have formed the Internal Audit divisions that report to the representative executive officers and the executive officers in charge of internal auditing who are not in charge of executive departments. Moreover, in both Resona Holdings and Resona Bank, we have formed an “Internal Auditing Council,” which is separate from the Executive Committee. Membership of the Internal Auditing Council includes all representative executive officers, the executive officers in charge of the Internal Audit divisions, and managers of Internal Audit divisions. The role of these councils is to discuss issues related to internal auditing.

At Saitama Resona Bank, Kinki Osaka Bank, Nara Bank, and Resona Trust & Banking, which retain the corporate auditor governance model, we have formed internal auditing departments under the direction of the boards of directors of the respective banks. Also, at Saitama Resona Bank and Kinki Osaka Bank, we have created “auditing councils,” which report directly to the boards of directors of those two banks for the purpose of making decisions on major, basic matters related to internal auditing.

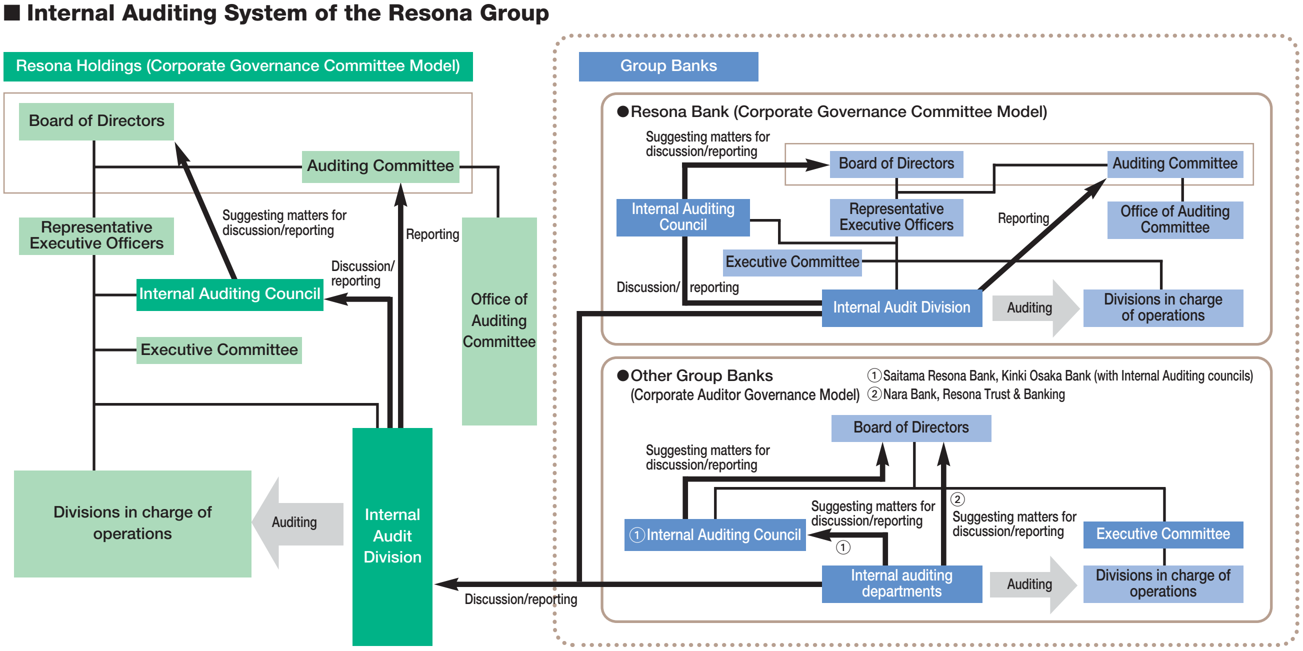
Roles and Functions

To guide the preparation of specific plans for internal auditing, the Internal Audit Division of Resona Holdings prepares the *Basic Plan for Internal Auditing,* a manual containing the Group’s policies, a statement of issues subject to auditing, and other major items. This manual is to be approved by the Board of Directors of Resona Holdings.

The internal auditing departments of each of the Group’s banks also prepare basic plans for internal auditing in discussion with the Internal Audit Division of Resona Holdings. These plans are to be approved by the boards of directors of the respective banks and reported to the Representative Executive Officers via the Internal Audit Division of Resona Holdings.

Resona Holdings and each of the Group banks conduct their internal supervision activities based on their respective basic plans for internal auditing.

■ Internal Auditing System of the Resona Group



Risk Management Systems of the Resona Group

Basic Approach to Risk Management

In May 2003, the Resona Group applied for an infusion of public funds. We sincerely regret the concern and inconvenience this may have caused. We believe the reason for this turn of events was the inadequacy of the Group's risk management systems, which led to taking risks in excess of the Group's corporate strengths, and the failure to take prompt action to deal with risk factors.

Based on our analysis of these issues, we have established the following three basic principles and, as we put these into practice, are working to create a corporate culture that places strong emphasis on risk management.

1. We will not assume levels of risk in excess of our management strengths.
2. We will deal promptly with losses that we have incurred or expect to incur.
3. We will take risks appropriate for our earnings power.

Group Risk Management Systems

■ Resona Holdings

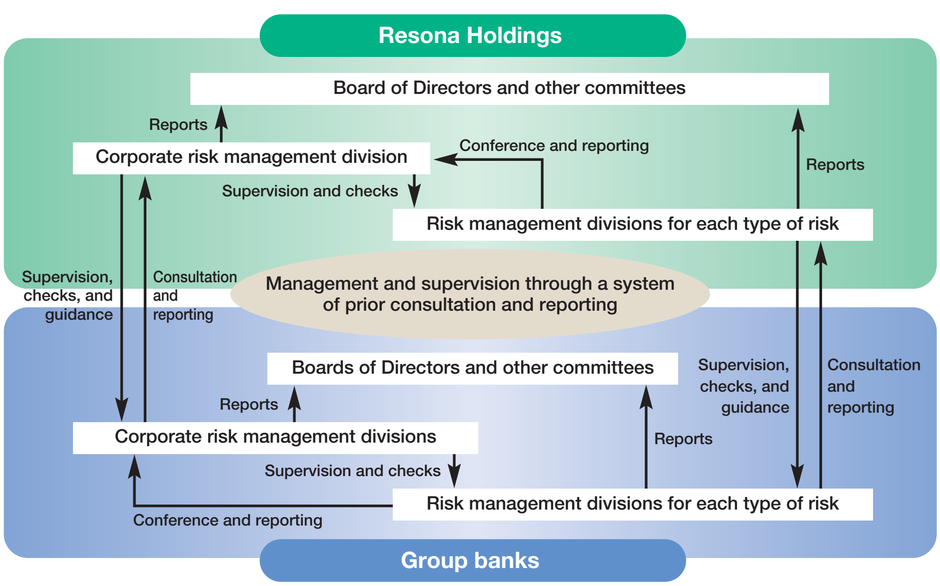
The Resona Group has prepared its Group Risk Management Policy, which states their basic risk management policies. In addition, we have formed a division for corporate risk management and risk management divisions for each type of risk. The roles of these divisions include monitoring the levels of risk incurred by Group banks and providing guidance and advice.

■ Group Banks

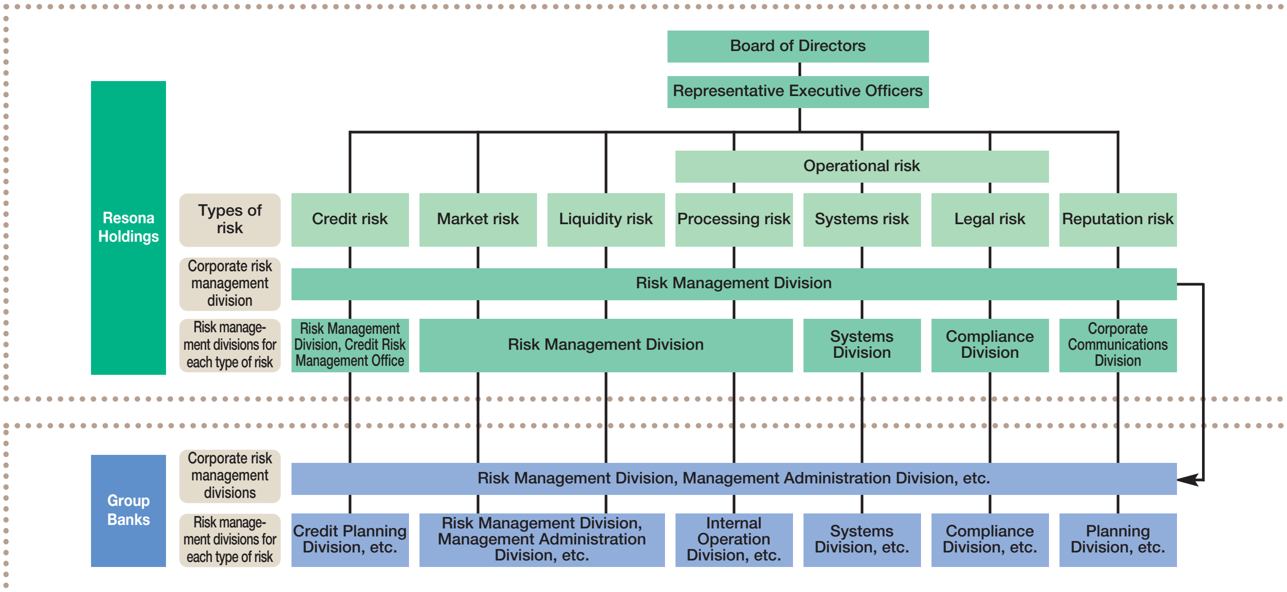
Based on the Group Risk Management Policy, each member of the Group has established its own risk management policies suited to the nature of its exposure to risks and its activities.

In addition, each of the Group's banks has created corporate risk management divisions as well as risk management divisions for each type of risk. In line with the policies and guidance provided by Resona Holdings, each of the Group banks manages risk taking into account the nature of its activities and the level of risk it takes. Moreover, when deciding on major issues related to risk management, Group banks confer with Resona Holdings in advance and periodically provide reports on risk volumes and related matters.

■ Relationships between Resona Holdings and Group Banks



■ **Outline of Group Risk Management Systems**



Credit Risk Management

Basic Policies

Credit risk is the most important type of risk that arises in banking operations. According to the Group's definition, "credit risk arises when the value of assets declines or is destroyed as a result of the deterioration of the financial position of obligors."

Resona Holdings has prepared the Group Risk Management Policy, which sets forth the basic approach of the Group toward risk management. In addition, in December 2003, the Group issued its Group Credit Policy, which states a standard set of basic principles for credit management for the Group as a whole. With these policies as a basis, members of the Group are continuing to enhance their credit risk management systems.

In reviewing and analyzing the developments that led to the need for a major infusion of public funds, we have concluded that the Group's approach to managing credit risk for individual borrowers was inadequate and that there were excessive concentrations of risk in particular borrowers and in industries. Accordingly, the Group Credit Policy returns to basic principles and places top priority on the concepts of "credit analysis" and "credit portfolio management" based on the dispersal of risk.

In the credit analysis and approval process, Group banks assess the creditworthiness of borrowers based on credit rating and self-assessment systems. In addition, when credit applications are considered, Group banks look into borrowers' plans for the usage of funds, how they will be repaid, and other related issues to determine the appropriateness of approving loan requests. Moreover, Group banks endeavor to build high quality loan portfolios by exercising caution to disperse risk through the strict observance of credit ceilings and obtaining sufficient loan spreads to cover risk.

Market Risk

Basic Policies

Market risk is the risk of losses arising when the value of assets held declines owing to fluctuations in short- and long-term interest rates, prices of bonds and stocks, foreign currency exchange rates, and other asset prices. Market risk also includes the risk of losses arising from fluctuations in interest rates owing to the differences in contractual interest rate periods, times of contracts, or the base rates that are applicable to certain assets and liabilities.

Market risk is managed by computing positions, value at risk (VaR), profit/loss, and other measures and then setting limits for these measures.

The Group believes that the risk of fluctuations in stock prices is one of the major risks it must manage. Based on this awareness, the Group is adopting a zero-based approach in reviewing its stocks held for client relationship purposes and working to reduce its equity portfolio.

Liquidity Risk

Liquidity risk is the risk of loss arising when necessary liquidity cannot be obtained and cash needed for the conduct of operations is unavailable because of a 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 a normal period.

The Group is aware that liquidity risk is one of the most basic and important risks for management systems as a whole. Accordingly, the Group manages risk by preparing estimates of cash inflow and cash outflow in advance of the implementation of business strategies. When preparing strategies and goals, the Group banks give full attention to liquidity risk, and operations are conducted in accord with cash positions.

Operational Risk

Operational risk is 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: processing, systems, and legal risk.

Processing Risk

Processing risk is the risk of loss arising from failures in processing due to mistakes, negligence, accidents, or fraud by Directors and other personnel.

The Group is engaged in continuing efforts to improve its processing activities through simplification, centralization, and systems improvements. In addition, the Group is working to enhance its educational and training programs in this area, while creating management systems for outsourcing certain processing operations.

Moreover, the Group periodically monitors the occurrence of processing errors and misconduct and, after conducting comprehensive analyses of the causes and nature of these risks, uses the results to prevent recurrences of such issues and reduce processing risk.

Systems Risk

Systems risk is the risk of loss arising when computer systems fail, function improperly, or are defective. This type of risk also included losses arising when computer systems are used improperly.

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, as the Group works to secure the smooth integration of systems of its member companies, it is developing crisis management systems to deal with unexpected situations and implementing measures to strengthen its management systems to lessen systems risk.

Legal Risk

Legal risk is 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.

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.

In addition, 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 arises 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. Because of potential links between reputation risk and other forms of risk, it may involve unexpectedly serious economic damage depending on how it is managed. Accordingly, 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, 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.

Compliance Systems of the Resona Group

Outline of Group Compliance Systems

Resona Holdings has established a Compliance Division to take overall charge of compliance matters. This division works together with the compliance divisions of Group banks to strengthen compliance systems for the Group as a whole. In addition, we have formed the Group Compliance Committee to consider and evaluate issues related to compliance within the Group.

Realignment of Compliance Guidelines

In recognition of the need to have guidelines for judgment and behavior and the necessity of having these guidelines understood and followed for the revitalization of the Group, we issued written compliance publications in November 2003. The first of these was the Resona Group's *Corporate Mission,* which was prepared to provide management and other personnel with standards for judgment and behavior. Along with this, we also issued *Resona Way (Resona Group Corporate Promises),* which is a proclamation of the basic attitude of Group personnel towards each of our stakeholders. Then, in April 2004, we issued *Resona Standards,* a set of guidelines for behavior, which provides a written statement of what behavior is expected of management and other staff, based on the *Corporate Mission* and *Resona Way.*

The philosophy and standards of these three publications—*Corporate Mission, Resona Way,* and *Resona Standards*—apply to all Group banks and other Group companies, and we are working to achieve uniformity in compliance matters across the Group.

We have also made extensive revisions in the previously issued *Basic Compliance Policy.* This revised policy clarifies the roles of directors and employees as well as the basic framework of the compliance organization and is intended to strengthen the Group's compliance systems.

Review of the Compliance Program

Beginning in fiscal 2004, the holding company and Group banks have reviewed their methods for preparing compliance programs, which are intended to put compliance into actual practice. Instead of having these programs prepared by a specific division, each of the divisions of the Head Office is now taking initiatives in preparing compliance programs to make them substantially clearer.

In addition, progress reports are presented periodically to the Group Compliance Committee and to the Board of Directors, and steps are taken to systematically strengthen compliance systems further.

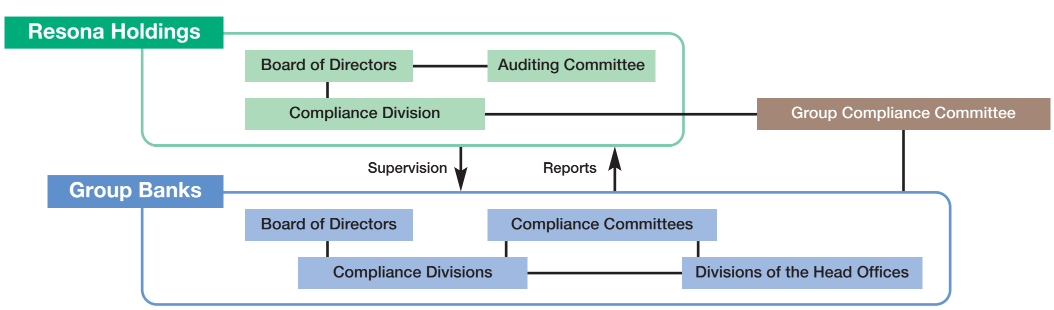
Review of the Compliance Access Hotline

To ensure that compliance becomes an integral part of everyday work activities, in December 2003, we conducted a major review of the compliance consultation and reporting systems in each of the Group companies.

Specific measures taken following the review focused on creating systems that are easier for our personnel to use. These included providing access to external legal counsel, a toll-free compliance hotline, a designated e-mail address, and access to advice on a confidential basis.

As a result of these improvements, the usage of this system is steadily increasing. We plan to take further steps to ensure this becomes an integral part of workplace activities and will continue to work to identify compliance issues as quickly as possible.

■ Resona Group Compliance System



Business Risk Factors

The risk factors that may influence the management performance, stock price, and financial position of the Resona Group are described in the following paragraphs.

For Resona to make the transformation to sustainable profitability during the intensive revitalization period, sweeping measures were taken, principally during the interim period ended September 30, 2003, to minimize future risk inherent in the Group's activities. As a result, the Group has substantially reduced its exposure to the risks arising from nonperforming loans (NPLs), stockholdings in client companies for relationship purposes, fixed assets, deferred tax assets, trust banking products with contractual principal compensation features, retirement benefit obligations, and other risks.

Forward-looking statements in this section are based on judgments made by the Group at the end of the fiscal year covered by the consolidated financial statements.

(1) Risks of Nonperforming Loans

Regarding NPLs, the Group has made sufficient financial provisions so as not for a substantial rise in credit costs to occur again even when we reinforce further the support for the early revitalization of problem borrowers and accelerate the measures to clean NPLs from the balance sheet. Along with this, the Group has strengthened its credit risk management systems and has moved forward with steps to monitor and prevent deterioration in the credit standing of problem borrowers as well as to disperse risk.

However, there is a risk that—depending on future trends in the domestic economy, fluctuations in real estate and stock prices, and changes in the management condition of borrowers—the Group may have to make loan write-offs and provisions larger than is currently expected. This would have a detrimental effect on the Group's performance, financial position, and its shareholders' equity.

(a) Deterioration in Conditions of Borrowers

To attain the objectives in the Group's Business Revitalization Plan, the Group is moving forward with measures to make the final resolution of NPLs; however, as of March 31, 2004, the four Group subsidiaries engaged in banking business had total NPLs of ¥1,884.1 billion as disclosed under criteria of the Financial Reconstruction Law. In addition, exposure classified as normal may also have latent risk. The Group conducts accurate self-assessments of its assets and makes write-offs and provisions that are deemed to be appropriate. However, among major borrowers, there are some customers undergoing restructuring with the assistance of financial institutions, and there are some customers in industries experiencing stagnation, including real estate, construction, nonbank financial services, and retail/wholesaling sectors. Going forward, depending on the environment these borrowers may confront, including changes in economic conditions and alterations in the policies of the principal financial institutions of these customers, the Group banks may be requested to forfeit their claims or the number of business failures may increase. In such cases, there is a possibility that the Group's NPLs and credit costs may increase.

Moreover, the Group's principal customer base is small and medium-sized enterprises (SMEs) and individuals. These customer segments account for a substantial portion of the Group's loan portfolio, and their performances are easily influenced by economic trends. Accordingly, there is a possibility that the levels of the Group's NPLs and credit costs may exceed the expected levels, depending on trends in the domestic economy.

(b) Decline in the Value of Collateral

In making write-offs and provisions, the Group makes strict evaluations of collateral, making the assumption that the collateral will actually be sold in the market. However, there is a possibility that the levels of NPLs and credit costs may rise, depending on the degree of fluctuations in real estate and stock prices.

(c) Increase in Bankruptcies due to Deterioration in Local Economies

The Group's principal bases of operations are the greater Tokyo metropolitan area, centered on the city of Tokyo and Saitama Prefecture, and the Kansai metropolitan area, centered around the city of Osaka. These two areas account for a high percentage of the Group's credit portfolio. If economic conditions deteriorate in these areas, there is a possibility that the Group's NPLs and credit costs may rise, as a result of an increase in bankruptcies, a decline in the value of collateral, and other adverse circumstances.

In addition, because of the prolonged lackluster economic conditions and other factors, the performances of public-sector enterprises with private participation and public-sector enterprises have shown signs of rising instability. Depending on future trends, there is a possibility that the Group's NPLs and credit costs arising from exposure to these enterprises may increase. Moreover, as a result of the deterioration in local economies, there is a risk that the financial position of local credit guarantee associations may decline. If the impact of this decline is substantial, it is possible that this would present an obstacle to the Group's efforts to deal with NPLs because of delays in receiving compensation under guarantees provided to the Group by these associations. There is also a possibility that the Group's costs would rise because of the need for higher contributions from the Group to support these associations.

(d) Increase in Credit Costs Accompanying Resolution of the NPL Issue

As previously mentioned, the Group is moving forward toward the final resolution of the NPL issue under its Business Revitalization Plan. The Group is making write-offs and provisions as deemed appropriate, but in removing NPLs from the balance sheet, losses may exceed provisions, resulting in additional net credit losses and giving rise to a possibility that credit costs may increase.

(2) Market Operations Risk

The members of the Group handle financial products whose value is influenced by movements in market indicators, including long- and short-term interest rates, bonds, and foreign currencies. In particular, the Group has major investments in bonds, principally Japanese government bonds (JGBs). To manage this risk, the Group sets upper limits on the risks it will take, taking into account computations of value-at-risk (VaR), which are based on historical data on market fluctuations and calculated using statistical techniques. Taking this approach, the Group is able to contain losses due to market fluctuations within set limits.

Nevertheless, when market fluctuations substantially exceed the forecast range, as they did at the time of Black Monday and on other occasions, especially in the case of sharp rises in interest rates, the value of bond holdings may decline significantly more than anticipated. Under these circumstances, there is a possibility that the Group's performance and financial condition will be seriously affected.

(3) Risks Accompanying the Limitation of Government Deposit Guarantees

As part of preparations for the removal of the blanket guarantees provided by the Japanese government on bank deposits (and their replacement by upper limits on deposit guarantees), the Group is actively disclosing information on its management and performance to help customers better understand the Group's condition.

In addition to collecting information on customer trends and the periodic monitoring of activities at Group branches, the Group is making other preparations that include the development of a broader range of deposit products, including settlement-type deposit accounts.

However, in the event that serious concern arises regarding the Japanese financial system and financial institutions, including the Group, as the removal of government guarantees, which is scheduled for April 2005, approaches, there is a possibility that the Group may be the subject of malicious rumors. These circumstances might lead to an unexpectedly large outflow of deposits, thus having a detrimental impact on the Group's liquidity position.

(4) Risk of Declines in Stock Prices

The Group has worked to eliminate the impact of a decline in stock prices on its performance and to create a business base to generate sustained profits. To this end, under the Business Revitalization Plan, the Group sets a quantitative goal of reducing its portfolio of stocks held for customer-relationship purposes to ¥400 million. The Group is, therefore, moving forward with the sale of equity holdings to meet this goal during the year ending March 31, 2005.

Nevertheless, even if this goal is attained, such stocks held for relationship purposes will still represent a certain percentage of the Group's capital accounts. Accordingly, there is a possibility that actual losses or valuation losses will occur as a result of fluctuations in stock prices and may have an adverse impact on the Group's performance and financial position.

(5) Risk of Regulatory Changes

The Group conducts its activities in compliance with relevant laws and regulations. Therefore, in the event that changes occur in government policies, laws, business practices, and their interpretations or new regulations are introduced, such developments may have an adverse impact on the Group's performance and financial position.

(6) Risk of Impairment in Value of Fixed Assets

The Group is working to enhance the transparency of its management and strengthen its capabilities for dealing financially with changes in the external environment. To this end, the Group introduced new accounting standards for the impairment of fixed assets, which are scheduled to go into effect in fiscal 2005, during fiscal 2003, ended March 31, 2004.

However, depending on trends in the economic environment and fluctuations in real estate prices, the Group may be obliged to make further write-downs of the value of its fixed assets, and this may have an impact on the Group's performance and financial position.

(7) Systems Integration Risk

Some of the member banks of the Group are scheduled to implement the integration of their computer systems beginning in fiscal 2005. To ensure that this integration project proceeds smoothly, the Group has formed a Systems Integration Committee headed by the representative executive officers of the Group, which will have responsibility for creating the appropriate systems for managing this transition and monitoring progress.

Nevertheless, if unforeseen issues arise before and after the completion of the integration process, and computer systems become temporarily inoperative or malfunction, this will have a detrimental impact on customer services. This, in turn, may have an adverse impact on the Group's performance and financial position as a result of damage to customer relationships.

(8) Deferred Tax Assets

The Group made conservative assessments of the irretrievability of its deferred tax assets and reversed a substantial portion of these assets for the interim period ended September 30, 2003. However, the computation of deferred tax assets requires making various forecasts and assumptions, including future flows of taxable income. Actual results may differ from the assumptions and forecasts. If this happens, deferred tax assets may decline, and this may have an adverse impact on the Group's financial condition.

(9) Compensation for Trust Products with Contractual Principal Compensation Features

Resona Bank, Ltd., a subsidiary of Resona Holdings, Inc., has concluded compensation contracts covering the principal amount of certain trust products: namely, those entrusted in certain jointly operated designated money trusts. The funds placed in these trust products are used for making loans, purchasing securities, and other investment purposes. When loans made from these trust products become impaired or investment losses arise, even if allowances for covering write-offs of claims are drawn on, if the principal entrusted in those trust accounts with contractual principal compensation features is lost, it will be necessary to make compensation payments.

In addition, although the ratio of dividends paid on a half-yearly basis to beneficiaries of jointly operated designated money trusts (the scheduled dividend rate) is reviewed every six months, if the investment environment deteriorates, the trust fees received by Resona Bank from such jointly operated designated money trusts decrease, and this may result in deterioration in the Group's performance.

(10) Retirement Benefit Obligations

During the interim period ended September 30, 2003, the Group took steps to lower future costs by returning the substitutional portion of the employee welfare pension fund to the Japanese government and making a lump-sum disposal of part of the remaining unfunded retirement benefit liabilities arising from a change in accounting standards. However, an unrecognized actuarial difference may arise in the event of one or more of the following: (1) the market value of the Group's pension assets declines, (2) the rate of return on plan assets falls below the expected level, or (3) the assumptions and estimates that form the basis for calculating retirement benefit obligations change. In addition, retirement benefit obligations for employees' prior service may arise as a result of changes in the retirement and pension systems.

(11) Risks Borne by the Holding Company

Since Resona Holdings is a bank holding company, the dividends it receives from its banking subsidiaries under specified circumstances are subject to a number of regulations and contractual restrictions. Therefore, in certain cases, the amount of dividends that the banking subsidiaries can pay to the holding company may be restricted. In addition, if the subsidiaries cannot generate sufficient profit, the holding company may not receive any dividends, and the holding company, in turn, may have to suspend its dividend payments.

Moreover, for the fiscal year ended March 31, 2004, the holding company reported an extraordinary loss of ¥1,480,358 million due to the decline in the value of its holdings of shares in its banking subsidiaries. This left a loss carried forward of ¥921,272 million. At the Regular General Meeting of Shareholders, held on June 25, 2004, it was decided to give approval for a reduction in capital to allow the holding company to take the necessary steps to dispose of the loss.

Independent Auditors' Report

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, 2004 and 2003, 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, 2004 and 2003, 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, 2004 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 Note 2 (i) to the consolidated financial statements, the transition difference at the accounting change for employees' retirement benefits of certain consolidated banking subsidiaries had been formerly amortized over mainly 10 years. However, due to decreases in the number of employees and salaries, the components of retirement benefits obligations were changed significantly from those at the time of the initial application of the accounting and the amount of the transition difference at this interim consolidated balance sheet date did not represent substance of the obligations. Accordingly, the remaining unrecognized transition difference at the accounting change was charged to operations in the year ended March 31, 2004.

(2) As described in Note 3 to the consolidated financial statements, the Company adopted accounting standards for impairment of fixed assets in the year ended March 31, 2004.

(3) As described in Note 31 to the consolidated financial statements, the following events occurred subsequent to the balance sheet date:
1. Capital reduction to compensate the deficit in Resona Holdings, Inc.
2. Sale of investment in a subsidiary

Shin Nihon & Co.

June 25, 2004

Consolidated Balance Sheets

Resona Holdings, Inc.
March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	**2004**
Assets			
Cash and due from banks (Notes 11 and 24)	**¥ 2,835,040**	¥ 2,445,016	**$ 26,824**
Call loans and bills bought (Note 4)	**268,150**	110,500	**2,537**
Deposits paid for bonds borrowing transactions	**12,280**	6,349	**116**
Monetary claims bought	**8,339**	14,307	**78**
Trading assets (Notes 5 and 11)	**556,829**	512,733	**5,268**
Money held in trust (Note 27)	**70,500**	70,450	**667**
Securities (Notes 6, 11 and 27)	**7,636,189**	6,469,988	**72,250**
Loans and bills discounted (Notes 7, 11 and 12)	**26,002,922**	29,170,585	**246,030**
Foreign exchange assets (Note 8)	**105,938**	181,473	**1,002**
Other assets (Notes 9 and 11)	**871,329**	1,129,269	**8,244**
Premises and equipment (Notes 3, 10, 11 and 18)	**490,600**	784,413	**4,641**
Deferred tax assets (Note 25)	**52,913**	522,986	**500**
Consolidation differences	**—**	1,840	**—**
Customers' liabilities for acceptances and guarantees (Note 17)	**1,965,212**	2,273,330	**18,594**
Reserve for possible loan losses	**(1,020,536)**	(801,312)	**(9,655)**
Reserve for possible losses on investments	**(13,871)**	—	**(131)**
Total Assets	**¥39,841,837**	¥42,891,933	**$376,968**
Liabilities			
Deposits (Notes 11 and 14)	**¥32,552,004**	¥34,881,992	**$307,995**
Negotiable certificates of deposit	**792,966**	428,666	**7,502**
Call money and bills sold (Notes 4 and 11)	**918,143**	2,037,096	**8,687**
Bills sold under repurchase agreement (Note 11)	**323,085**	283,991	**3,056**
Deposits received for bonds lending transactions (Note 11)	**69,896**	31,963	**661**
Commercial paper	**—**	6,000	**—**
Trading liabilities (Note 5)	**45,517**	44,053	**430**
Borrowed money (Notes 11 and 15)	**578,327**	720,646	**5,471**
Foreign exchange liabilities (Note 8)	**7,519**	7,666	**71**
Bonds (Note 15)	**363,159**	381,550	**3,436**
Due to trust account	**403,849**	267,600	**3,821**
Other liabilities (Notes 11, 13 and 16)	**641,449**	828,379	**6,069**
Reserve for employees' bonuses	**—**	8,108	**—**
Reserve for employees' retirement benefits (Note 29)	**9,138**	12,622	**86**
Reserve for possible losses on loans sold	**—**	10,115	**—**
Reserve for specific borrowers under support	**1,925**	—	**18**
Reserve for possible losses on business restructuring	**13,232**	—	**125**
Other reserves	**327**	12	**3**
Deferred tax liabilities (Note 25)	**314**	600	**2**
Deferred tax liabilities on land revaluation	**45,088**	55,842	**426**
Consolidation differences	**975**	—	**9**
Acceptances and guarantees (Note 17)	**1,965,212**	2,273,330	**18,594**
Total Liabilities	**38,732,132**	42,280,240	**366,469**
Minority Interests			
Minority interests in consolidated subsidiaries	**296,649**	300,849	**2,806**
Shareholders' Equity (Note 19)			
Capital	**1,288,473**	720,499	**12,191**
Capital surplus	**1,026,439**	322,713	**9,711**
Earned deficit	**1,707,754**	754,826	**16,158**
Revaluation reserve for land, net of taxes (Note 18)	**65,912**	82,211	**623**
Net unrealized gains/(losses) on other securities, net of taxes	**142,275**	(28,234)	**1,346**
Foreign currency translation adjustments, net of taxes	**(2,089)**	(9,531)	**(19)**
Treasury stock	**(200)**	(21,989)	**(1)**
Total Shareholders' Equity	**813,055**	310,842	**7,692**
Total Liabilities, Minority Interests and Shareholders' Equity	**¥39,841,837**	¥42,891,933	**$376,968**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

Resona Holdings, Inc.
Years ended March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	**2004**
Income			
Interest income (Note 20)	**¥ 632,453**	¥ 688,267	**$ 5,984**
Interest on loans and bills discounted	**572,636**	614,409	**5,418**
Interest and dividends on securities	**49,614**	58,883	**469**
Trust fees	**32,763**	37,721	**309**
Fees and commissions	**184,330**	175,701	**1,744**
Trading income (Note 21)	**24,957**	23,592	**236**
Other operating income (Note 22)	**78,410**	161,021	**741**
Other income (Note 23)	**220,242**	181,332	**2,083**
Total Income	**1,173,159**	1,267,638	**11,100**
Expenses			
Interest expenses (Note 20)	**71,177**	89,110	**673**
Interest on deposits	**38,909**	45,099	**368**
Fees and commissions	**64,433**	63,464	**609**
Trading expenses	**20**	60	**0**
Other operating expenses (Note 22)	**42,217**	31,832	**399**
General and administrative expenses	**510,085**	597,675	**4,826**
Other expenses (Note 23)	**1,779,170**	1,009,681	**16,833**
Total Expenses	**2,467,103**	1,791,824	**23,342**
Loss before income taxes and minority interests	**1,293,944**	524,186	**12,242**
Income taxes—current	**7,985**	10,767	**75**
Income taxes—deferred	**357,956**	300,788	**3,386**
Minority interests in net income	**4,077**	1,891	**38**
Net loss	**¥1,663,964**	¥ 837,633	**$15,743**

	Yen		U.S. dollars (Note 1)
Net loss per share	**¥181.05**	¥154.66	**$1.71**
Net loss per share (potential equity adjusted)	—	—	—
Cash dividends declared per share:			
Common stock	—	—	—
Preferred stock:			
Class A No. 1 preferred stock	—	—	—
Class B No. 1 preferred stock	—	—	—
Class C No. 1 preferred stock	—	—	—
Class D No. 1 preferred stock	—	—	—
Class E No. 1 preferred stock	—	—	—
Class F No. 1 preferred stock	—	—	—
Class one No. 1 preferred stock	—	/	—
Class two No. 1 preferred stock	—	/	—
Class three No. 1 preferred stock	—	/	—

See accompanying notes to consolidated financial statements

Consolidated Statements of Shareholders' Equity

Resona Holdings, Inc.
Years ended March 31, 2004 and 2003

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen: Capital	Capital surplus	Earned surplus (deficit)	Revaluation reserve for land, net of taxes	Net unrealized gains/(losses) on other securities, net of taxes	Foreign currency translation adjustments, net of taxes	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)

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen: Capital	Capital surplus	Earned surplus (deficit)	Revaluation reserve for land, net of taxes	Net unrealized gains/(losses) on other securities, net of taxes	Foreign currency translation adjustments, net of taxes	Treasury stock
Balance at April 1, 2003	5,653,589	1,131,310	¥ 720,499	¥ 322,713	¥ (754,826)	¥82,211	¥(28,234)	¥(9,531)	¥(21,989)
Capital increase through issuance of new preferred shares	—	8,317,807	980,000	—	—	—	—	—	—
Stock exchange between the Company and the Resona Bank, Ltd. and conversion from preferred shares to common stock	5,721,480	(5,184)	—	—	—	—	—	—	—
Increase in capital surplus due to increase of capital	—	—	—	980,000	—	—	—	—	—
Transfer from capital to cover deficit	—	—	(412,025)	40,000	372,025	—	—	—	—
Profits on sales of treasury stock	—	—	—	6,439	—	—	—	—	—
Transfer from capital reserve to cover deficit	—	—	—	(282,713)	282,713	—	—	—	—
Transfer from other capital surplus to cover deficit	—	—	—	(40,000)	40,000	—	—	—	—
Reduction in the number of consolidated subsidiaries	—	—	—	—	435	—	—	—	—
Merger of consolidated subsidiaries	—	—	—	—	3	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	16,110	(16,110)	—	—	—
Transfer to deferred tax liabilities on land revaluation	—	—	—	—	—	(189)	—	—	—
Changes during the year	—	—	—	—	—	—	170,510	7,441	—
Net loss	—	—	—	—	(1,663,964)	—	—	—	—
Reduction in the number of subsidiaries	—	—	—	—	(252)	—	—	—	—
Treasury stock transactions	—	—	—	—	—	—	—	—	21,789
Balance at March 31, 2004	**11,375,069**	**9,443,933**	**¥1,288,473**	**¥1,026,439**	**¥(1,707,754)**	**¥65,912**	**¥142,275**	**¥(2,089)**	**¥ (200)**

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of U.S. dollars (Note 1): Capital	Capital surplus	Earned surplus (deficit)	Revaluation reserve for land, net of taxes	Net unrealized gains/(losses) on other securities, net of taxes	Foreign currency translation adjustments, net of taxes	Treasury stock
Balance at April 1, 2003	5,653,589	1,131,310	$ 6,817	$3,053	$ (7,141)	$777	$ (267)	$(90)	$(208)
Capital increase through issuance of new preferred shares	—	8,317,807	9,272	—	—	—	—	—	—
Stock exchange between the Company and the Resona Bank, Ltd. and conversion from preferred shares to common stock	5,721,480	(5,184)	—	—	—	—	—	—	—
Increase in capital surplus due to increase of capital	—	—	—	9,272	—	—	—	—	—
Transfer from capital to cover deficit	—	—	(3,898)	378	3,519	—	—	—	—
Profits on sales of treasury stock	—	—	—	60	—	—	—	—	—
Transfer from capital reserve to cover deficit	—	—	—	(2,674)	2,674	—	—	—	—
Transfer from other capital surplus to cover deficit	—	—	—	(378)	378	—	—	—	—
Reduction in the number of consolidated subsidiaries	—	—	—	—	4	—	—	—	—
Merger of consolidated subsidiaries	—	—	—	—	0	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	—	152	(152)	—	—	—
Transfer to deferred tax liabilities on land revaluation	—	—	—	—	—	(1)	—	—	—
Changes during the year	—	—	—	—	—	—	1,613	70	—
Net loss	—	—	—	—	(15,743)	—	—	—	—
Reduction in the number of subsidiaries	—	—	—	—	(2)	—	—	—	—
Treasury stock transactions	—	—	—	—	—	—	—	—	206
Balance at March 31, 2004	**11,375,069**	**9,443,933**	**$12,191**	**$9,711**	**$(16,158)**	**$623**	**$1,346**	**$(19)**	**$ (1)**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Resona Holdings, Inc.
Years ended March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars (Note 1)
	2004	2003	**2004**
Cash flows from operating activities:			
Loss before income taxes and minority interests	**¥ 1,293,944**	¥ 524,186	**$ 12,242**
Depreciation of premises and equipment	**74,409**	117,446	**704**
Impairment losses on fixed assets	**27,976**	—	**264**
Amortization of consolidation differences	**2,849**	1,402	**26**
Equity in net (gains)/losses from investments in affiliated companies	**(360)**	4,518	**(3)**
Increase in reserve for possible loan losses	**239,243**	(249,294)	**2,263**
Increase in reserve for possible losses on investments	**14,107**	(45)	**133**
Increase in reserve for possible losses on loans sold	**(10,115)**	(9,897)	**(95)**
Increase in reserve for specific borrowers under support	**1,925**	—	**18**
Increase in reserve for possible losses on business restructuring	**13,232**	—	**125**
Increase in reserve for employees' bonuses	**(8,112)**	(706)	**(76)**
Increase in reserve for employees' retirement benefits	**(1,314)**	(4,640)	**(12)**
Interest income	**(632,453)**	(688,267)	**(5,984)**
Interest expenses	**71,177**	89,110	**673**
Net (gains)/losses on securities	**(87,269)**	259,345	**(825)**
Net (gains)/losses on money held in trust	**(406)**	237	**(3)**
Net foreign exchange (gains)/losses	**13,094**	(2,630)	**123**
Net (gains)/losses on sales of premises and equipment	**14,631**	19,772	**138**
Net (increase)/decrease in trading assets	**(44,099)**	136,059	**(417)**
Net increase/(decrease) in trading liabilities	**21,313**	(172,872)	**201**
Net (increase)/decrease in loans and bills discounted	**3,076,797**	683,133	**29,111**
Net increase/(decrease) in deposits	**(2,329,987)**	1,074,881	**(22,045)**
Net increase/(decrease) in negotiable certificates of deposit	**364,299**	(427,482)	**3,446**
Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)	**152,311**	(111,051)	**1,441**
Net (increase)/decrease in due from banks (excluding those deposited at BOJ)	**(65,031)**	296,152	**(615)**
Net (increase)/decrease in call loans and other	**(151,682)**	(18,151)	**(1,435)**
Net (increase)/decrease in deposits paid for bonds borrowing transactions	**(5,931)**	2,777	**(56)**
Net increase/(decrease) in call money and other	**(1,079,859)**	(507,777)	**(10,217)**
Net increase/(decrease) in commercial paper	**(6,000)**	(14,000)	**(56)**
Net increase/(decrease) in deposits received for bonds lending transactions	**37,932**	(677,857)	**358**
Net (increase)/decrease in foreign exchange assets	**75,534**	(438)	**714**
Net increase/(decrease) in foreign exchange liabilities	**(146)**	9,368	**(1)**
Net increase/(decrease) in bonds issued	**—**	(8,800)	**—**
Net increase/(decrease) in due to trust account	**136,248**	54,258	**1,289**
Interest receipts	**637,858**	710,370	**6,035**
Interest payments	**(74,936)**	(90,145)	**(709)**
Other	**69,493**	(95,177)	**657**
Subtotal	**(747,210)**	(144,586)	**(7,069)**
Income taxes paid	**(15,123)**	(21,050)	**(143)**
Net cash used in operating activities	**(762,333)**	(165,637)	**(7,212)**
Cash flows from investing activities:			
Purchases of securities	**(11,791,089)**	(18,274,495)	**(111,562)**
Proceeds from sales of securities	**10,282,205**	17,727,030	**97,286**
Proceeds from maturity of securities	**728,814**	640,339	**6,895**
Payments associated with increase in money held in trust	**(81,486)**	(32,000)	**(770)**
Proceeds from decrease in money held in trust	**81,842**	5,082	**774**
Purchases of premises and equipment	**(99,173)**	(118,672)	**(938)**
Proceeds from sales of premises and equipment	**52,737**	26,485	**498**
Payments for purchases of equity investments in subsidiaries	**(173)**	(9,969)	**(1)**
Proceeds from sales of equity investments in subsidiaries	**9,160**	—	**86**
Net cash used in investing activities	**(817,162)**	(36,199)	**(7,731)**
Cash flows from financing activities:			
Proceeds from subordinated borrowed money	**—**	58,000	**—**
Repayment of subordinated borrowed money	**(57,000)**	(284,500)	**(539)**
Repayment of subordinated bonds	**(16,200)**	(202,939)	**(153)**
Proceeds from issuance of stocks	**1,960,000**	999	**18,544**
Proceeds from issuance of common stock to minority shareholders	**—**	800	**—**
Proceeds from issuance of preferred securities	**—**	193,600	**—**
Dividends paid	**—**	(10,189)	**—**
Dividends paid to minority shareholders	**(2,333)**	(423)	**(22)**
Payments related to acquisition of treasury stock	**(84)**	(91)	**(0)**
Proceeds from sales of treasury stock	**28,320**	—	**267**
Net cash provided by (used) in financing activities	**1,912,702**	(244,744)	**18,097**
Effect of exchange rate changes on cash and cash equivalents	**(198)**	913	**(1)**
Increase (decrease) in cash and cash equivalents	**333,007**	(445,667)	**3,150**
Cash and cash equivalents at beginning of the year	**2,350,512**	2,796,180	**22,239**
Increase in cash and cash equivalents due to merger of subsidiaries	**0**	—	**0**
Cash and cash equivalents at end of year (Note 24)	**¥ 2,683,520**	¥ 2,350,512	**$ 25,390**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Resona Holdings, Inc.
Year ended March 31, 2004

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 in Japan, which are different in certain respects, as to the application and disclosure requirements of International Financial Reporting Standards.

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 ¥105.69= U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, 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.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

Consolidated subsidiaries

1) Consolidated subsidiaries: 49

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.

Osaka Card Service Co., Ltd. has been consolidated from the year ended March 31, 2004 onwards, which used to be an affiliate accounted for by the equity method.

The Daiwa Mortgage Co., Ltd. merged with Kyodo Mortgage Acceptance Co., Ltd., another consolidated subsidiary.

Kinki Osaka Chusho Kigyo Kenkyujo Co., Ltd., which used to be an affiliate accounted for by the equity method, merged with Daiwa Research Institute, Inc. and Asahi Bank Research Institute, Inc., both consolidated subsidiaries, and changed its name to Resona Research Institute, Inc.

Daiwa Office Service Co., Ltd., Daiwagin Kosei Service Co., Ltd., Kinki Osaka Business Service Co., Ltd., and Asahi Bank Career Service Co., Ltd., all consolidated subsidiaries, merged and changed their name to Resona HR Support Co., Ltd.

The Daiwa Business Investment Co., Ltd. and Asahi Bank Investment Co., Ltd., both consolidated subsidiaries, merged and changed their name to Resona Capital Co., Ltd.

WSR Servicing Company, Inc. was excluded from the consolidated subsidiaries due to liquidation.

The Daiwa Factor and Leasing Co., Ltd., Kinki Osaka Lease Co., Ltd., Asahigin Leasing Co., Ltd., Daiwagin Sogo System Co., Ltd., Daiwagin Computer Service Co., Ltd., D&I Information Systems Inc., Asahigin Software Co., Ltd., Asahigin Systems Co., Ltd., and Resona Asset Management Co., Ltd. were excluded from the consolidated subsidiaries due to disposal.

2) Non-consolidated subsidiaries

The principal non-consolidated subsidiary was Asahi Servicos e Representacoes Ltda.

Non-consolidated subsidiaries were immaterial with respect to consolidated assets, ordinary income, net income/loss (based on the owned interest) and earned surplus (based on the owned interest), etc. They were excluded from the scope of consolidation as reasonable judgment on the Group's financial condition and operating results can still be expected even if they were not consolidated.

Affiliated companies accounted for by the equity method

1) The equity method was not applied to any of the non-consolidated subsidiaries.

2) Affiliates accounted for by the equity method: 4
The principal affiliated company accounted for by the equity method is Japan Trustee Services Bank, Ltd.

3) The principal non-consolidated subsidiary not accounted for by the equity method is Asahi Servicos e Representacoes Ltda.

4) There is no affiliated company not accounted for by the equity method.
The affiliate not accounted for by the equity method was not material to the consolidated financial statements with respect to net income/loss (based on the owned interest) and earned surplus (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 are as follows:
End of December: 7 subsidiaries
End of March: 42 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 date 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 close-out value calculated assuming the transaction is closed out 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 statements 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 of 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 in the last month for the year. 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 is calculated mainly 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 amortized by the straight-line method, based on estimated useful lives (mainly 5 years), which are determined by the Company and the consolidated subsidiaries.

(g) Reserve for possible loan losses

The principal consolidated subsidiaries have made provisions for the reserve 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 and the guarantees that are deemed recoverable.

For loans to customers not presently in the above circumstances, but in a high probability of becoming insolvent (hereinafter, "customers with high probability of becoming insolvent"), or loans to customers with a rescheduled or reconditioned plan ("restructured loans") which exceeds a certain threshold, the Discounted Cash Flows Method (the "DCF Method") was applied to provide the allowance for doubtful accounts, if cash flows on collection of principals of interests can be reasonably estimated. Under the DCF Method, a reserve for possible loan losses is provided as the difference between future cash flows discounted by the original interest rate and the carrying value of the loan.

For loans to customers with high probability of becoming insolvent and whose future cash flows cannot be reasonably estimated, the reserve for possible loan losses is provided at the estimated unrecoverable amounts determined based on a valuation of the collateral, recovery from the guarantees, and the customer's overall financial condition.

For other loans, the reserve for possible loan losses is calculated based on the loss rates derived from the historical loss experience for a certain period and others.

The allowance for loans to specific foreign borrowers is provided based on the amount of expected losses determined considering the political and economic situation of their respective countries.

The Credit Review Office, which is independent from the operating divisions, examines the operating divisions' asset quality reviews of each loan for collectibility in accordance with self-assessment standards. The provision for possible loan losses is based on the results of these reviews.

Regarding the loans with collateral or guarantees, etc. to the borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy, the unrecoverable amount of loans is directly written off from loan balances. The estimated unrecoverable amounts are determined considering a valuation of the collateral and guarantees and for the year ended March 31, 2004 and 2003 were ¥1,116,222 million ($10,561 million) and ¥1,132,444 million, respectively.

Other consolidated subsidiaries mainly provide the reserve for possible loan losses at amounts deemed necessary judged 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 in securities, considering the financial conditions and others of the issuer of such securities.

(i) Reserve for employees' retirement benefits

To provide for employees' retirement benefits payments, consolidated subsidiaries provide a reserve for severance payments benefits 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 (1~10 years) within the average remaining years of service of the eligible employees.

The actuarial differences are charged to operations in the next fiscal year by the straight-line method over a certain period (5~15 years) within the average remaining service years of the eligible employees.

The transition difference at the accounting change of consolidated banking subsidiaries had been formerly amortized over mainly 10 years. However, due to decreases in the number of employees and salaries, the components of retirement benefits obligations were changed significantly from those at the time of the initial application of the accounting and the amount of the transition difference at this interim consolidated balance sheet date did not represent substance of the obligations. Accordingly, the remaining unrecognized transition difference at the accounting change was charged to operations in this interim period. As a result, "Other assets" decreased by ¥51,754 million ($489 million), and "Reserve for employees' retirement benefits" and "Loss before income taxes and minority interests" increased by ¥8,471 million ($80 million) and ¥60,225 million ($569 million), respectively.

Regarding the entrusted government's portion of the social welfare pension fund, with the enactment of the Contributed Pension Benefit Plan Law, consolidated banking subsidiaries had obtained approvals from the Minister of Health, Labor and Welfare on August 29, 2003 for exemption from future obligation to the benefits for future employee services.

Consolidated banking subsidiaries applied the transitional measure as prescribed in paragraph 47-2 of the JICPA Accounting Committee Report No. 13, "Practical Guideline for Retirement Benefits Accounting (Interim Report)," and the retirement benefits obligation and the pension assets in relation to the entrusted government's portion were de-recognized on the date of approval for the exemption from such future obligation. As a result of the exemption, "Loss before income taxes and minority interests" increased by ¥23,850 million ($225 million), and the fund assets to be provided to (amount corresponding Minimum Reserve Fund), measured as of the end of the year, was ¥140,934 million ($1,333 million).

(j) Reserve for specific borrowers under support

The reserve for specific borrowers under support is provided based on the amount considered necessary, taking into account the reasonably estimated cost to support the specified borrowers.

This reserve is that under Article 43 of the Commercial Code Enforcement Regulation.

(k) Reserve for possible losses on business restructuring

The reserve for possible losses on business restructuring is provided based on an amount considered reasonable, taking into account estimated expenses and losses arising from the disposal of information systems due to renewing, the integration of branch offices, and the disposal of an unrealized loss on securities in jointly operated designated money in trusts for the structural reorganization of assets and profit during the intensive revitalization period.

This reserve is that under Article 43 of the Commercial Code Enforcement Regulation.

(l) Other reserves

Reserve for contingent liabilities from the securities transactions: ¥327 million ($3 million).

For the consolidated banking subsidiaries, this reserve is provided in accordance with Article 51 and Article 65-2-7 of the Securities and Exchange Law and Article 32 of the Cabinet Ordinance relating to securities business of financial institutions. For domestic consolidated security company subsidiaries, the reserve is provided 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, primarily at the exchange rates on the consolidated balance sheet date.

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

Until the year ended March 31, 2003, the Banks have adopted the transitional treatment of the “Treatment in Accounting and Auditing Concerning the Accounting Treatment of Foreign Currency Transactions in the Banking Industry” (JICPA Industry Audit Committee, Report No. 25) regarding the accounting for foreign currency transactions. However, in the year ended March 31, 2004, the Banks have applied hedge accounting to “currency swap transactions” and “foreign exchange swap transactions,” etc., in accordance with the principle treatment in Report No. 25, which are carried out to hedge risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency. Description of the hedge accounting applied to these transactions is described in (o) Hedge-accounting.

As a result of the application, the Banks started recording these transactions on the consolidated balance sheets at their market value, which were these transactions. As a result of the change, “Trading assets,” “Other assets” and “Trading Liabilities” increased by ¥2,450 million ($23 million), ¥5,456 million ($51 million), and ¥13,143 million ($124 million), respectively, and “Other liabilities” decreased by ¥5,236 million ($49 million), as compared to the corresponding amount under the previous method. There is no impact on profit by this change.

Market value of forward foreign currency exchange contracts and similar transactions are reported on the consolidated balance sheets on a gross basis in accordance with the JICPA Industry Audit Committee, Report No. 25, as “Other Assets—Derivatives” and “Other Liabilities—Derivatives” although they were previously stated on a net basis as “Other assets—other asset” or “Other Liabilities—other liability.” As a result of this change, “Other assets” and “Other liabilities” increased by ¥7,119 million ($67 million), and ¥7,119 million ($67 million), respectively, compared to the corresponding amounts under the previous method.

(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, and are accounted for as finance leases.

(o) Hedge accounting

Consolidated banking subsidiaries apply the deferred hedge accounting to hedge of interest risk associated with their financial assets and liabilities. Until the year ended March 31, 2003, the hedge accounting was applied to “macro-hedge”, under which derivatives are designated to hedge net interest risk of numerous financial assets and liabilities, such as loans and deposits, in accordance with the transitional treatment stipulated in the “Accounting and Auditing Treatments on the Application of Accounting Standards for Financial Instruments in the Banking Industry” (JICPA Industry Audit Committee, Report No. 24). However, in the year ended March 31, 2004, the principle treatment in the JICPA Industry Audit Committee Report No. 24 has been adopted. In assessment of effectiveness of fair value hedge, hedged instruments, such as loans and deposits and hedging instruments, such as interest swaps, are specified as a group with a similar remaining term.

In assessing effectiveness of cash flow hedges, correlation of the interest sensitivities of hedged instruments and hedging instruments are examined.

Deferred hedge gains/losses recorded on the consolidated balance sheets with respect to the previous macro-hedge approach are allocated over years as interest income and expenses based on the specified remaining term and the notional amount of the hedging instruments starting from the year ended March 31, 2004.

Deferred hedge gains and losses based on the macro-hedge approach at the consolidated balance sheet date were ¥61,813 million ($584 million) and ¥44,147 million ($417 million), respectively.

As discussed in transactions of foreign currencies, consolidated banking subsidiaries apply deferred hedge accounting to hedge the foreign currency risk associated with their foreign-currency-dominated financial assets and liabilities.

Assessment of the effectiveness of these hedge transactions is conducted by confirming whether the notional amount of hedging currency swaps and foreign exchange swaps, etc. is corresponding to hedged foreign-currency-denominated receivables or payables.

In addition, in application of the deferred hedge accounting or the fair value hedge accounting to hedges of foreign exchange risk on foreign-currency-denominated securities, other than bonds, at the inception of each hedge, the hedge effectiveness is assessed by confirming whether the foreign currency payable amount of hedging spot or forward exchange contracts exceeds the acquisition costs of the hedged foreign-currency-denominated securities specified.

Because internal interest swaps, currency swaps, and other derivatives transactions specified as hedging instruments are strictly processed based the appropriate market prices and covered by corresponding external transactions as required by the JICPA Industry Audit Committee, Report No. 24 and No. 25, gains and losses on these internal derivative transactions within consolidated banking subsidiaries (the "Banks"), or with their trading accounts, are not eliminated, and are recognized as profit or deferred.

The hedging of certain assets and liabilities is accounted for by deferred hedge accounting, fair value hedge accounting or the special treatment of interest rate swaps.

Certain other consolidated subsidiaries adopt deferred hedge accounting.

(p) Accounting for consumption tax

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

(q) Valuation of assets and liabilities of consolidated subsidiaries

Acquisitions of subsidiaries are accounted for by the purchase method and assets and liabilities of the consolidated subsidiaries are initially recorded at fair value.

(r) Amortization of consolidation differences

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

(s) Earned surplus

The consolidated statements of shareholders' equity reflect the appropriation of earned surplus 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 and cash equivalents represents cash and due from The Bank of Japan in "Cash and due from banks" in the consolidated balance sheet.

NOTE 3. THE CHANGE OF SIGNIFICANT ACCOUNTING POLICIES

Accounting standards for impairment of fixed assets, "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" (August 8, 2002) issued by the Business Accounting Deliberation Council and Financial Accounting Standards Implementation Guidance No. 6 "Implementation Guidance on Accounting Standard for Impairment of Fixed Assets" issued by the Accounting Standards Board of Japan (October 31, 2003), permit early adoption of these standards in the year ending March 31, 2004, and, therefore, the Company adopted these standards in the year ended March 31, 2004. The effect of this early adoption was to increase the net loss before income taxes by ¥27,976 million ($264 million).

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

Call loans and bills bought as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Call loans	**¥164,950**	¥110,500	**$1,560**
Bills bought	**103,200**	—	**976**
Total	**¥268,150**	¥110,500	**$2,537**

Call money and bills sold as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Call money	**¥723,543**	¥ 859,396	**$6,845**
Bills sold	**194,600**	1,177,700	**1,841**
Total	**¥918,143**	¥2,037,096	**$8,687**

NOTE 5. TRADING ASSETS AND TRADING LIABILITIES

Trading assets and liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Trading assets:			
Trading securities	**¥ 17,012**	¥ 10,181	**$ 160**
Derivatives of trading securities	**23**	1	**0**
Trading-related financial derivatives	**54,510**	61,299	**515**
Other trading assets	**485,283**	441,251	**4,591**
Total	**¥556,829**	¥512,733	**$5,268**
Trading liabilities:			
Trading securities sold for short sales	**¥ 8,137**	¥ 816	**$ 76**
Derivatives of trading securities	**45**	10	**0**
Trading-related financial derivatives	**37,332**	43,226	**353**
Other trading liabilities	**2**	0	**0**
Total	**¥ 45,517**	¥ 44,053	**$ 430**

NOTE 6. SECURITIES

Securities as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
National government bonds	**¥4,495,653**	¥3,833,576	**$42,536**
Local government bonds	**284,901**	164,353	**2,695**
Corporate bonds	**1,286,573**	740,030	**12,173**
Corporate stocks	**1,108,835**	1,454,550	**10,491**
Other securities	**460,225**	277,477	**4,354**
Total	**¥7,636,189**	¥6,469,988	**$72,250**

As of March 31, 2004 and 2003, securities included stock in nonconsolidated subsidiaries and affiliates of ¥17,921 million ($169 million) and ¥20,347 million, and capital subscriptions of ¥12 million ($0 million) and ¥234 million, respectively.

As of March 31, 2004 and 2003, loaned securities totaling ¥9,683 million ($91 million) and ¥8,165 million, respectively, are included in "Corporate stocks" in "Securities".

As of March 31, 2004 and 2003, securities received under purchase with resale agreements or securities borrowing transactions with cash collateral, which were pledged as collateral, amounted to ¥4,100 million ($38 million) of securities collateralized.

NOTE 7. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Bills discounted	**¥ 432,330**	¥ 593,440	**$ 4,090**
Loans on notes	**2,529,711**	3,597,308	**23,935**
Loans on deeds	**19,852,190**	20,743,263	**187,834**
Overdrafts	**3,188,689**	4,236,573	**30,170**
Total	**¥26,002,922**	¥29,170,585	**$246,030**

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

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Loans to borrowers in legal bankruptcy	**¥ 43,566**	¥ 161,475	**$ 412**
Past due loans	**937,552**	1,034,096	**8,870**
Loans past due three months or more	**47,738**	70,770	**451**
Restructured loans	**813,271**	1,738,585	**7,694**
Total	**¥1,842,129**	¥3,004,926	**$17,429**

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

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 permitted 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 permitted 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 delayed for three months or more from the contract payment date but which are not classified as loans to borrowers in legal bankruptcy or past due loans.

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 are such loans but other than the above three types of loans.

NOTE 8. FOREIGN EXCHANGE

Foreign exchange assets and liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Assets:			
Due from foreign banks	**¥ 30,787**	¥ 88,025	**$ 291**
Loans to foreign banks	**0**	20	**0**
Foreign bills of exchange bought	**36,081**	45,998	**341**
Foreign bills of exchange receivable	**39,068**	47,427	**369**
Total	**¥105,938**	¥181,473	**$1,002**
Liabilities:			
Due to foreign banks	**¥ 2,704**	¥ 3,525	**$ 25**
Foreign bills of exchange sold	**3,817**	2,966	**36**
Foreign bills of exchange payable	**998**	1,173	**9**
Total	**¥ 7,519**	¥ 7,666	**$ 71**

NOTE 9. OTHER ASSETS

Other assets as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Unsettled exchange receivables	**¥ 389**	¥ 1,495	**$ 3**
Prepaid expenses	**5,816**	6,251	**55**
Accrued income	**75,656**	82,626	**715**
Deposits for futures transactions	**440**	396	**4**
Variation margins for futures transactions	**12**	8	**0**
Securities in custody and other	**4,595**	—	**43**
Financial derivatives	**129,697**	108,738	**1,227**
Cash collateral on bonds borrowed	**—**	111,471	**—**
Other	**654,721**	818,281	**6,194**
Total	**¥871,329**	¥1,129,269	**$8,244**

NOTE 10. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Land, buildings and equipment	**¥677,643**	¥1,305,744	**$6,411**
Less accumulated depreciation	**(235,951)**	(651,454)	**(2,232)**
Construction in progress	**786**	2,151	**7**
Subtotal	**442,478**	656,442	**4,186**
Other	**48,122**	127,970	**455**
Total	**¥490,600**	¥ 784,413	**$4,641**

NOTE 11. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debts collateralized as of March 31, 2004 were as follows:

	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Trading assets	¥ 318,805	$ 3,016
Securities	3,814,417	36,090
Loans and bills discounted	450,256	4,260
Debts collateralized:		
Deposits	38,381	363
Call money and bills sold	613,000	5,799
Bills sold under repurchase agreements	313,087	2,962
Deposits received for bonds lending transactions	69,896	661
Borrowed money	9,625	91
Other liabilities	31,184	295

Other than the above, cash and due from banks, trading assets, securities and other assets which were worth ¥1,158 million ($10 million), ¥279 million ($2 million), ¥770,160 million ($7,286 million) and ¥27,932 million ($264 million), respectively, were pledged as collateral for settlement of foreign exchange, derivatives transactions or for dealing in futures and March 31, 2004.

Premises and equipment include the guarantee deposits of ¥48,122 million ($455 million), and other assets include the deposits for futures transactions in the amount of ¥440 million ($4 million) as of March 31, 2004.

Notes discounted are recorded as cash lending/borrowing transactions in accordance with the JICPA Industry Audit Committee, Report No. 24. Consolidated banking subsidiaries have a right to sell or collateralize such bills at their discretion, and the total face value of bank acceptance bills, commercial bills, and documentary bills obtained as a result of discounting and foreign exchange purchased was ¥469,266 million ($4,440 million).

NOTE 12. COMMITMENT-LINE AGREEMENTS

Commitment-line agreements related to overdrafts and loans represent agreements to lend money to customers up to the amount based on the customers' request as long as no violation of the condition of the agreement occurs.

The unused amount of such agreements at March 31, 2004 amounted to ¥7,521,427 million ($71,164 million). Of the above, the amounts of agreements for which the original term is within a year or agreements for which consolidated subsidiaries could cancel at any time without penalty totaled ¥7,452,507 million ($70,512 million).

The unused amount does not necessarily affect the future cash flows of consolidated subsidiaries because many of these agreements will be terminated without being used. In addition, most agreements contain provisions, which stipulated that consolidated subsidiaries may deny making loans or decrease the limit, if there are changes in the financial condition, for the security of the loans or for other reasons.

When entering into agreements with customers, consolidated subsidiaries request collateral, such as premises or securities if necessary. After entering into agreements, consolidated subsidiaries periodically check the financial condition of the customers based on their 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 hedges are included in "other liabilities" as a deferred hedge gain at the net amount. Gross deferred hedge losses and gains as of March 31, 2004 amounted to ¥48,872 million ($462 million) and ¥59,271 million ($560 million), respectively.

NOTE 14. DEPOSITS

Deposits as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Current deposits	**¥ 3,057,401**	¥ 3,597,530	**$ 28,928**
Ordinary deposits	**15,851,569**	16,379,724	**149,981**
Time deposits	**13,071,938**	13,834,611	**123,681**
Other deposits	**571,094**	1,070,124	**5,403**
Total	**¥32,552,004**	¥34,881,992	**$307,995**

NOTE 15. BORROWED MONEY AND BONDS

As of March 31, 2004 and 2003, borrowed money and bonds included the following subordinated liabilities:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Subordinated borrowed money	**¥427,000**	¥484,000	**$4,040**
Subordinated bonds	**294,459**	312,850	**2,786**
Total	**¥721,459**	¥796,850	**$6,826**

NOTE 16. OTHER LIABILITIES

Other liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Unsettled exchange payables	**¥ 815**	¥ 2,452	**$ 7**
Accrued income taxes	**7,614**	15,445	**72**
Accrued expenses	**72,833**	75,680	**689**
Income in advance	**29,900**	35,473	**282**
Deposits for futures transactions	**422**	290	**3**
Financial derivatives	**106,934**	90,857	**1,011**
Other	**422,928**	608,178	**4,001**
Total	**¥641,449**	¥828,379	**$6,069**

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 consolidated 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 ¥41,995 million ($397 million) and ¥57,569 million as of March 31, 2004 and 2003, respectively.

NOTE 19. SHAREHOLDERS' EQUITY

Common stock as of March 31, 2004 and 2003 was as follows:

	2004	2003
Number of shares:		
Authorized	**73,000,000,000**	13,000,000,000
Issued and outstanding	**11,375,069,845**	5,653,589,359

Preferred stock as of March 31, 2004 and 2003 was as follows:

	2004	2003
Number of shares (Class A No. 1 preferred stock):		
Authorized	**10,970,000**	10,970,000
Issued and outstanding	**5,970,000**	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**	340,000
Issued and outstanding	**156,000**	340,000
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
Number of shares (Class one No. 1 preferred stock):		
Authorized	**2,750,000,000**	—
Issued and outstanding	**2,750,000,000**	—
Number of shares (Class two No. 1 preferred stock):		
Authorized	**2,817,807,861**	—
Issued and outstanding	**2,817,807,861**	—
Number of shares (Class three No. 1 preferred stock):		
Authorized	**2,750,000,000**	—
Issued and outstanding	**2,750,000,000**	—
Total number of shares of preferred stock:		
Authorized	**9,449,117,861**	1,131,310,000
Issued and outstanding	**9,443,933,861**	1,131,310,000

NOTE 20. INTEREST INCOME AND EXPENSES

Interest income and expenses for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Interest income:			
Interest on loans and bills discounted	**¥572,636**	¥614,409	**$5,418**
Interest and dividends on securities	**49,614**	58,883	**469**
Interest on call loans and bills bought	**516**	616	**4**
Interest on bills bought under resale agreements	**0**	0	**0**
Interest on due from banks	**2,018**	4,279	**19**
Other interest income	**7,667**	10,078	**72**
Total	**¥632,453**	¥688,267	**$5,984**
Interest expenses:			
Interest on deposits	**¥ 38,909**	¥ 45,099	**$ 368**
Interest on negotiable certificates of deposit	**368**	562	**3**
Interest on call money and bills sold	**402**	1,164	**3**
Interest on bills sold under repurchase agreements	**33**	33	**0**
Interest on commercial paper	**0**	1	**0**
Interest on borrowed money	**17,661**	20,546	**167**
Interest on bonds	**4,558**	9,721	**43**
Other interest expenses	**9,242**	11,980	**87**
Total	**¥ 71,177**	¥ 89,110	**$ 673**

NOTE 21. TRADING INCOME

Trading income for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Trading income:			
Income from trading securities	**¥ 4,550**	¥ 3,133	**$ 43**
Income from trading-related financial derivatives	**20,285**	19,873	**191**
Other trading income	**121**	586	**1**
Total	**¥24,957**	¥23,592	**$236**

NOTE 22. OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Other operating income:			
Gains on foreign exchange transactions	**¥ 6,909**	¥ 5,649	**$ 65**
Gains on sales of national government bonds and other	**30,330**	64,971	**286**
Income from financial derivatives	**3,970**	188	**37**
Other	**37,199**	90,212	**351**
Total	**¥78,410**	¥161,021	**$741**
Other operating expenses:			
Losses on sales of national government bonds and other	**¥34,330**	¥ 21,083	**$324**
Losses on redemption of national government bonds and other	**—**	68	**—**
Losses on devaluation of national government bonds and other	**2,667**	197	**25**
Other	**5,218**	10,482	**49**
Total	**¥42,217**	¥ 31,832	**$399**

NOTE 23. OTHER INCOME AND EXPENSES

Other income and expenses for the years ended March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Other income:			
Gains on sales of stocks and other securities	**¥ 129,270**	¥ 34,657	**$ 1,223**
Gains on dispositions of premises and equipment	**4,016**	860	**37**
Recoveries of written-off claims	**9,825**	7,395	**92**
Other	**77,130**	138,419	**729**
Total	**¥ 220,242**	¥ 181,332	**$ 2,083**
Other expenses:			
Net addition to reserve for possible loan losses	**¥ 455,954**	¥ 229,212	**$ 4,314**
Net addition to reserve for possible losses on loans sold	**—**	644	**—**
Write-off of loans	**472,010**	244,854	**4,465**
Losses on sales of claims	**333,790**	—	**3,158**
Losses on abandon of claims	**127,518**	—	**1,206**
Losses on sales of stocks and other securities	**38,005**	26,267	**359**
Losses on devaluation of stocks and other securities	**19,829**	308,960	**187**
Provision for reserve for possible losses on investments	**13,871**	—	**131**
Provision for reserve for possible losses on business restructuring	**13,232**	—	**125**
Losses from sales of premises and equipment	**18,647**	20,633	**176**
Impairment losses on fixed assets	**27,976**	—	**264**
Losses on business restructuring (Arising from the disposal of information systems due to outsourcing, the integration of branch offices, the implementation of a voluntary early retirement program and others)	**66,761**	—	**631**
Write-off of the transition difference at accounting change upon application of employees' retirement benefit accounting	**64,923**	—	**614**
Loss on exemption from the entrusted government's portion of social welfare pension fund	**23,850**	—	**225**
Loss relating to securities claim of a subsidiary "Cosmo Securities Co., Ltd."	**—**	1,788	**—**
Other	**102,804**	177,323	**972**
Total	**¥1,779,170**	¥1,009,681	**$16,833**

The Company recognized impairment losses on certain premises and equipment of operating branches in the amount of ¥627 million ($5 million) and other premises and equipment unused or of closing branches in the amount of ¥27,349 million ($258 million), respectively, because their carrying amount is not recoverable.

The above impairment losses include losses on land, buildings, equipment, the guarantee deposit, and other assets in the amount of ¥20,554 million ($194 million), ¥6,778 million ($64 million), ¥375 million ($3 million), ¥244 million ($2 million), and ¥23 million ($0 million), respectively.

Operating fixed assets mostly consisting of branch premises are grouped with other assets within the same geographic area because these assets are supplemental in generating cash flows. Premises and equipment unused or of closing branches are not included in the grouped assets.

The recoverable amounts are determined primarily at net realizable value calculated based on real estate appraisal values less estimated disposal costs. Recoverable amounts for certain branch premises are determined based on future cash flows generated by the premises discounted by annual interest rate of 5.7%.

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, 2004 and 2003 was as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Cash and due from banks	**¥2,835,040**	¥2,445,016	**$26,824**
Due from banks except for the Bank of Japan	**(151,519)**	(94,503)	**(1,433)**
Cash and cash equivalents	**¥2,683,520**	¥2,350,512	**$25,390**

Notes: 1. The breakdown of assets and liabilities of companies, which were excluded from the consolidated subsidiaries due to disposal, was as follows:

	Millions of yen	Millions of U.S. dollars
	2004	**2004**
Assets	**¥341,894**	**$3,234**
(Premises and equipment)	**(228,853)**	**(2,165)**
(Loans and bills discounted)	**(28,816)**	**(272)**
Liabilities	**325,979**	**3,084**
(Borrowed money)	**(240,133)**	**(2,272)**

2. Major nonfund transaction
Acquisition of stocks by debt-equity swap as of March 31, 2004: ¥55,331 million ($523 million)

NOTE 25. DEFERRED TAXES

Deferred tax assets and deferred tax liabilities as of March 31, 2004 and 2003 consisted of the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Deferred tax assets:			
Tax loss carryforward	**¥1,336,840**	¥ 784,651	**$12,648**
Reserve for possible loan losses and excessive write-offs of loans	**598,191**	597,526	**5,659**
Devaluation of securities	**1,038,408**	316,767	**9,825**
Reserve for employees' retirement benefits	**32,681**	37,267	**309**
Unrealized differences of other securities	**1**	15,329	**0**
Other	**47,649**	28,651	**450**
Gross deferred tax assets	**3,053,773**	1,780,193	**28,893**
Less: Valuation allowance	**(2,871,220)**	(1,183,724)	**(27,166)**
Total deferred tax assets	**182,553**	596,469	**1,727**
Deferred tax liabilities:			
Gains on establishment of employees' retirement benefit trust	**(25,294)**	(62,987)	**(239)**
Unearned dividends	**(2,064)**	(3,636)	**(19)**
Unrealized differences of other securities	**(97,705)**	(2,192)	**(924)**
Other	**(4,889)**	(5,266)	**(46)**
Total deferred tax liabilities	**(129,953)**	(74,082)	**(1,229)**
Net deferred tax assets	**¥ 52,599**	¥ 522,386	**$ 497**

NOTE 26. LEASES

(Lessee Side)

(1) Finance Leases

Finance leases as of March 31, 2004 and 2003, 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		
	2004			2003			2004		
	Equipment	Other	Total	Equipment	Other	Total	Equipment	Other	Total
Acquisition costs	**¥36,723**	**¥1,895**	**¥38,619**	¥31,856	¥814	¥32,670	**$347**	**$17**	**$365**
Accumulated depreciation	**22,886**	**851**	**23,738**	21,650	322	21,972	**216**	**8**	**224**
Net book value	**¥13,836**	**¥1,043**	**¥14,880**	¥10,205	¥492	¥10,698	**$130**	**$ 9**	**$140**

Future minimum lease payments, exclusive of interest expenses:

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Due within one year	**¥ 6,058**	¥ 5,284	**$ 57**
Due after one year	**9,799**	5,626	**92**
Total	**¥15,858**	¥10,910	**$150**

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

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Lease fees	**¥6,493**	¥6,781	**$61**
Depreciation	**6,084**	6,319	**57**
Interest expenses	**369**	211	**3**

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 fair 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, 2004 and 2003, future minimum lease payments inclusive of interest expenses under noncancelable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	2004
Due within one year	**¥28**	¥ 67	**$0**
Due after one year	**21**	173	**0**
Total	**¥49**	¥240	**$0**

(Lessor Side)

(1) Finance Leases

Finance leases as of March 31, 2004 and 2003, 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		
	2004			2003			**2004**		
	Equipment	Other	Total	Equipment	Other	Total	Equipment	Other	Total
Acquisition costs	**¥—**	**¥—**	**¥—**	¥365,274	¥120,032	¥485,306	**$—**	**$—**	**$—**
Accumulated depreciation	**—**	**—**	**—**	200,087	77,822	277,910	**—**	**—**	**—**
Net book value	**¥—**	**¥—**	**¥—**	¥165,186	¥ 42,209	¥207,396	**$—**	**$—**	**$—**

Future minimum lease receipts, exclusive of interest income:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥—**	¥ 70,415	**$—**
Due after one year	**—**	137,212	**—**
Total	**¥—**	¥207,627	**$—**

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

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Lease fees received	**¥42,376**	¥70,529	**$400**
Depreciation	**37,608**	63,926	**355**
Interest income	**4,259**	6,570	**40**

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, 2004 and 2003, future minimum lease receipts inclusive of interest expenses under non-cancelable operating leases were as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Due within one year	**¥—**	¥1,293	**$—**
Due after one year	**—**	2,442	**—**
Total	**¥—**	¥3,736	**$—**

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

There were no acquisition costs, accumulated depreciation, or book value of finance leases, because The Daiwa Factor and Leasing Co., Ltd., Kinki Osaka Lease Co., Ltd., Asahigin Leasing Co., Ltd., were excluded from the consolidated subsidiaries in the year ended March 31, 2004.

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

In the year ended March 31, 2004

1. Securities

"Securities " in the consolidated balance sheets, securities, negotiable certificates of deposit in "Cash and due from banks", trading securities, commercial paper, and short-term bonds in "Trading assets" as of March 31, 2004 were as follows:

(1) Securities held for trading purposes

	Millions of yen		Millions of U.S. dollars	
As of March 31, 2004	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	**¥502,295**	**¥70**	**$4,752**	**$0**

(2) Marketable bonds held to maturity

	Millions of yen					Millions of U.S. dollars				
As of March 31, 2004	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	**¥ 9**	**¥ 9**	**¥ (0)**	**¥—**	**¥ (0)**	**$ 0**	**$ 0**	**$(0)**	**$—**	**$(0)**
Local government bonds	**26,360**	**26,037**	**(322)**	**—**	**(322)**	**249**	**246**	**(3)**	**—**	**(3)**
Corporate bonds	**500**	**500**	**0**	**0**	**—**	**4**	**4**	**0**	**0**	**—**
Other	**1,898**	**1,879**	**(19)**	**32**	**(52)**	**17**	**17**	**(0)**	**0**	**(0)**
Total	**¥28,769**	**¥28,427**	**¥(341)**	**¥32**	**¥(374)**	**$272**	**$268**	**$(3)**	**$ 0**	**$(3)**

Note: Market values are based on the market prices on March 31, 2004.

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

	Millions of yen				
As of March 31, 2004	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
Stocks	**¥ 630,128**	**¥ 861,722**	**¥231,593**	**¥241,017**	**¥ (9,423)**
Bonds	**5,663,827**	**5,661,984**	**(1,842)**	**13,218**	**(15,061)**
National government bonds	**4,499,356**	**4,495,643**	**(3,712)**	**8,291**	**(12,004)**
Local government bonds	**258,352**	**258,541**	**188**	**2,287**	**(2,098)**
Corporate bonds	**906,117**	**907,799**	**1,681**	**2,639**	**(957)**
Other	**420,823**	**432,401**	**11,577**	**13,839**	**(2,262)**
Total	**¥6,714,779**	**¥6,956,108**	**¥241,328**	**¥268,075**	**¥(26,746)**

	Millions of U.S. dollars				
As of March 31, 2004	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
Stocks	**$ 5,962**	**$ 8,153**	**$2,191**	**$2,280**	**$ (89)**
Bonds	**53,589**	**53,571**	**(17)**	**125**	**(142)**
National government bonds	**42,571**	**42,536**	**(35)**	**78**	**(113)**
Local government bonds	**2,444**	**2,446**	**1**	**21**	**(19)**
Corporate bonds	**8,573**	**8,589**	**15**	**24**	**(9)**
Other	**3,981**	**4,091**	**109**	**130**	**(21)**
Total	**$63,532**	**$65,816**	**$2,283**	**$2,536**	**$(253)**

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, 2004.
The market value of others is based on the market prices on March 31, 2004.
2. For the year ended March 31, 2004, the valuation loss of ¥50 million ($0 million) was recorded with respect to the stocks of other securities with market values.
A substantial decline in value is determined, considering the obligor classification of the security issuer which is used in the self-assessment of asset quality for loan loss reserving, as follows:
Obligors classified as Borrowers under bankruptcy proceedings, Borrowers substantially in bankruptcy, Customers with high probability of becoming insolvent and Borrowers under monitoring: the fair value declined by 30% or more compared to the acquisition cost.
Other obligors: the fair value declined by 50% or more compared to the acquisition cost.

(4) There were no marketable bonds held to maturity sold during the year ended March 31, 2004.

(5) Other securities which were sold during the year ended March 31, 2004.

As of March 31, 2004	Millions of yen			Millions of U.S. dollars		
	Sold	Gain	(Loss)	Sold	Gain	(Loss)
Other securities	**¥10,282,205**	**¥156,004**	**¥(70,342)**	**$97,286**	**$1,476**	**$(665)**

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

As of March 31, 2004	Millions of yen	Millions of U.S. dollars
Bonds held to maturity:		
Unlisted domestic bonds	**¥ 7,729**	**$ 73**
Negotiable certificates of deposit	**4,561**	**43**
Other securities:		
Unlisted domestic bonds	**370,544**	**3,505**
Unlisted stocks (excluding over-the-counter securities)	**229,121**	**2,167**
Unlisted foreign bonds	**20,759**	**196**

(7) For the year ended March 31, 2004, there were no securities whose intent in holding had been changed.

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

As of March 31, 2004	Millions of yen			
	One year or less	One to five years	Five to 10 years	Over 10 years
Bonds	**¥932,997**	**¥4,353,019**	**¥434,744**	**¥346,368**
National government bonds	**691,109**	**3,166,935**	**301,784**	**335,823**
Local government bonds	**4,338**	**191,880**	**88,682**	**—**
Corporate bonds	**237,549**	**994,202**	**44,277**	**10,544**
Other	**9,122**	**240,996**	**9,825**	**39,903**
Total	**¥942,119**	**¥4,594,015**	**¥444,569**	**¥386,271**

As of March 31, 2004	Millions of U.S. dollars			
	One year or less	One to five years	Five to 10 years	Over 10 years
Bonds	**$8,827**	**$41,186**	**$4,113**	**$3,277**
National government bonds	**6,539**	**29,964**	**2,855**	**3,177**
Local government bonds	**41**	**1,815**	**839**	**—**
Corporate bonds	**2,247**	**9,406**	**418**	**99**
Other	**86**	**2,280**	**92**	**377**
Total	**$8,913**	**$43,466**	**$4,206**	**$3,654**

2. Money held in trust

(1) As of March 31, 2004, there was no money held in trust for trading purposes.

(2) As of March 31, 2004, there was no held-to-maturity money held in trust.

(3) As of March 31, 2004, 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 ¥70,500 million ($667 million).

3. Net unrealized gains on other securities, net of taxes

As of March 31, 2004	Millions of yen	Millions of U.S. dollars
Difference (market value—balance sheet amount)	**¥241,328**	**$2,283**
Other securities	**241,328**	**2,283**
Other money held in trust	**—**	**—**
Amount equivalent to fair-value hedge gain charged to operations	**321**	**3**
Amount equivalent to deferred tax liabilities	**97,703**	**924**
Amount equivalent to unrealized differences of other securities (before adjustment of amount equivalent to interest)	**143,303**	**1,355**
Amount equivalent to minority interests	**1,021**	**9**
Amount equivalent to parent company interest of amount equivalent to unrealized differences of other securities owned by the companies accounted by the equity method	**(7)**	**(0)**
Net unrealized gains on other securities net of taxes	**¥142,275**	**$1,346**

In the year ended March 31, 2003

1. Securities

"Securities" in the consolidated balance sheets, 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	
As of March 31, 2003	Book value	Unrealized gain (net) included in profits and losses
Securities held for trading purposes	¥451,433	¥229

(2) Marketable bonds held to maturity

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

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

(3) 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)

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 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.

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

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

	Millions of yen		
As of March 31, 2003	Sold	Gain	(Loss)
Other securities	¥17,554,337	¥92,532	¥(30,705)

(6) 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
Bonds held to maturity:	
Unlisted domestic bonds	¥ 6,732
Negotiable certificates of deposit	4,620
Monetary claims bought	9,995
Other securities:	
Unlisted domestic bonds	267,051
Unlisted stocks (excluding over-the-counter securities)	166,925
Unlisted foreign bonds	21,141

(7) For the year ended March 31, 2003, there were no securities whose intent in holding had been changed.

(8) 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

2. Money held in trust

(1) Money held in trust for trading purposes

	Millions of yen	
As of March 31, 2003	Book value	Unrealized gain (net) included in profits and losses
Money held in trust for trading purposes	¥70,422	¥—

(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.

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

As of March 31, 2003	Millions of yen
Difference (market value—balance sheet amount)	¥(25,838)
Other securities	(25,838)
Other money held in trust	—
Amount equivalent to deferred tax liabilities	2,121
Amount equivalent to unrealized differences of other securities (before adjustment of amount equivalent to interest)	(27,960)
Amount equivalent to minority interests	304
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
Net unrealized losses on other securities net of taxes	¥(28,234)

NOTE 28. DERIVATIVES

In the year ended March 31, 2004

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

			Millions of yen			
			Contract value or notional principal amount			
As of March 31, 2004				Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures					
		Sold	¥ 162,240	¥ 28,769	¥ 2	¥ 2
		Bought	113,087	17,097	(0)	(0)
Over-the-counter	Swaps					
		Receive fixed/Pay floating	4,197,514	2,946,447	67,005	11,993
		Receive floating/Pay fixed	4,207,128	2,804,287	(45,949)	17,021
		Receive floating/Pay floating	823,310	607,810	(200)	(200)
	Caps					
		Sold	285,874	179,133	891	1,608
		Bought	216,044	138,544	788	(170)
	Floors					
		Sold	10,000	10,000	323	(293)
		Bought	15,424	15,206	459	296
	Swaptions					
		Sold	5,185	5,185	106	70
		Bought	6,144	6,044	119	28
Total			¥ /	¥ /	¥20,904	¥30,356

			Millions of U.S. dollars			
			Contract value or notional principal amount			
As of March 31, 2004				Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures					
		Sold	$ 1,535	$ 272	$ 0	$ 0
		Bought	1,069	161	(0)	(0)
Over-the-counter	Swaps					
		Receive fixed/Pay floating	39,715	27,878	633	113
		Receive floating/Pay fixed	39,806	26,533	(434)	161
		Receive floating/Pay floating	7,789	5,750	(1)	(1)
	Caps					
		Sold	2,704	1,694	8	15
		Bought	2,044	1,310	7	(1)
	Floors					
		Sold	94	94	3	(2)
		Bought	145	143	4	2
	Swaptions					
		Sold	49	49	1	0
		Bought	58	57	1	0
Total			$ /	$ /	$197	$287

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income in the consolidated. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income/expenses 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 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 or option pricing models.

(b) Currency-related transactions

As of March 31, 2004			Millions of yen			
			Contract value or notional principal amount		Market value	Unrealized gain/(loss)
				Over 1 year		
Over-the-counter	Currency swaps		¥ 916,976	¥772,751	¥(2,828)	¥ 7,863
	Forward contracts					
		Sold	281,831	16,430	5,571	5,571
		Bought	379,075	77,250	(6,793)	(6,793)
	Currency options					
		Sold	1,528,616	284,071	44,015	(2,106)
		Bought	1,549,010	280,276	48,908	14,827
Total			¥ /	¥ /	¥ 842	¥19,362

As of March 31, 2004			Millions of U.S. dollars			
			Contract value or notional principal amount		Market value	Unrealized gain/(loss)
				Over 1 year		
Over-the-counter	Currency swaps		$ 8,676	$7,311	$(26)	$ 74
	Forward contracts					
		Sold	2,666	155	52	52
		Bought	3,586	730	(64)	(64)
	Currency options					
		Sold	14,463	2,687	416	(19)
		Bought	14,656	2,651	462	140
Total			$ /	$ /	$ 7	$183

Notes: 1. There is no listed transaction.
2. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income/expenses in the consolidated statements of operations.
Derivative transactions used for hedge and the transactions involving financial assets and liabilities denominated in foreign currencies and recognized in the consolidated balance sheets or the transactions denominated in foreign currencies which have been eliminated in the consolidation process have been excluded from the above table.
3. Market value is based on the discounted value of future cash flows.
4. Forward exchange contracts, currency options, and other transactions which are marked-to-market are included in the above table from the year ended March 31, 2004.
Currency swap transactions and other transactions accounted for as hedges in accordance with the JICPA Industry Audit Committee, Report No. 25 are excluded from the above table.

(c) Stock-related transactions

As of March 31, 2004			Millions of yen			
			Contract value or notional principal amount		Market value	Unrealized gain/(loss)
				Over 1 year		
Listed	Index futures					
		Sold	¥720	¥—	¥(21)	¥(21)
		Bought	—	—	—	—
	Index options					
		Sold	—	—	—	—
		Bought	110	—	0	(0)
Total			¥ /	¥ /	¥(20)	¥(21)

As of March 31, 2004			Millions of U.S. dollars			
			Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Index futures					
		Sold	**$ 6**	**$—**	**$(0)**	**$(0)**
		Bought	**—**	**—**	**—**	**—**
	Index options					
		Sold	**—**	**—**	**—**	**—**
		Bought	**1**	**—**	**0**	**(0)**
Total			**$ /**	**$ /**	**$(0)**	**$(0)**

Notes: 1. There are no over-the-counter transactions.
2. 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 are excluded from the above table.
3. 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, 2004			Millions of yen			
			Contract value or notional principal amount	Over 1 year	Market value	Unrealized gain/(loss)
Listed	Futures					
		Sold	**¥2,768**	**¥—**	**¥17**	**¥17**
		Bought	**3,325**	**—**	**(24)**	**(24)**
	Futures options					
		Sold	**—**	**—**	**—**	**—**
		Bought	**1,360**	**—**	**4**	**0**
Total			**¥ /**	**¥ /**	**¥(2)**	**¥(5)**

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	**$26**	**$—**	**$ 0**	**$ 0**
		Bought	**31**	**—**	**(0)**	**(0)**
	Futures options					
		Sold	**—**	**—**	**—**	**—**
		Bought	**12**	**—**	**0**	**0**
Total			**$ /**	**$ /**	**$(0)**	**$(0)**

Notes: 1. There are no over-the-counter transactions.
2. 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 are excluded from the above table.
3. 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, 2004, there were no commodity-related transactions.

(f) As of March 31, 2004, there were no credit derivative transactions.

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

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 statements of operations. Derivative transactions used for hedge are 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 or option pricing models.

(b) Currency-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)
Over-the-counter	Currency swaps		¥929,107	¥700,339	¥721	¥721
	Forward contracts					
		Sold	163	—	(0)	(0)
		Bought	840	—	(8)	(8)
Total			¥ /	¥ /	¥712	¥712

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 statements of operations. Derivative transactions used for hedge and the transactions described in 3 below are 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 are 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

4. The following currency forward contracts, currency options, and other transactions are 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
Over-the-counter	Forward contracts		
		Sold	¥ 332,674
		Bought	392,587
	Options		
		Sold	1,146,341
		Bought	1,251,875

(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

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 hedges are 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)

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 hedges are 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.

NOTE 29. RETIREMENT BENEFIT PLANS

(1) Certain consolidated subsidiaries have a lump-sum retirement benefit plan and a defined benefits pension plan. There are cases that severance payment, which is not subject to retirement benefit obligation according to actuarial calculation based on the accounting standard for employee retirement benefits, is made.

Three of the consolidated subsidiaries above established the retirement benefit trust.

Four subsidiaries have qualified retirement benefit plans.

Certain consolidated banking subsidiaries had obtained approvals from the Minister of Health, Labor and Welfare for exemption from future obligation to the benefits for future employee services with respect to the Welfare Pension Plan.

The remaining unrecognized transition difference at the accounting change of certain consolidated banking subsidiaries was charged to operations in the year ended March 31, 2004.

The Company does not have a retirement benefit plan.

(2) The reserve for employees' retirement benefits as of March 31, 2004 and 2003 was analyzed as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Retirement benefit obligation	**¥(557,043)**	¥(807,637)	**$(5,270)**
Pension plan assets at fair value	**562,070**	584,856	**5,318**
Unfunded retirement benefit obligation	**5,027**	(222,781)	**47**
Unrecognized pension assets	**(19,608)**	—	**(185)**
Unrecognized transition differences at accounting change	**—**	107,929	**—**
Unrecognized actuarial differences	**157,393**	350,650	**1,489**
Unrecognized past service cost	**1,433**	702	**13**
Net retirement benefit obligation	**144,246**	236,501	**1,364**
Prepaid pension cost	**153,384**	249,124	**1,451**
Reserve for employees' retirement benefits	**¥ (9,138)**	¥ (12,622)	**$ (86)**

Notes: 1. A portion of the government welfare contributory plan is included in the year ended March 31, 2003.
2. Extra retirement benefits are not included.
3. Certain consolidated subsidiaries adopt a simplified method in calculating their retirement benefit obligation.
4. In addition to the above, there existed ¥3,489 million of pension assets at fair value in a multi-employers' plan, as of March 31, 2003; however, the portion of these assets belonging to the Company could not be reasonably calculated.
5. Certain consolidated banking subsidiaries applied the transitional measure as prescribed in paragraph 47-2 of the JICPA Accounting Committee Report No. 13, "Practical Guideline for Retirement Benefits Accounting (Interim Report)," and the retirement benefits obligation and the pension assets in relation to the entrusted government's portion were de-recognized on the date of approval for the exemption from such future obligation. The fund assets to be provided to (amount corresponding Minimum Reserve Fund), measured as of the end of the year, was ¥140,934 million ($1,333 million).

(3) The components of retirement benefit expenses for the years ended March 31, 2004 and 2003 were as follows:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Service cost	**¥ 18,472**	¥18,187	**$ 174**
Interest cost	**16,217**	23,230	**153**
Expected return on pension plan assets	**(8,539)**	(16,624)	**(80)**
Amortization of past service cost	**247**	(40,733)	**2**
Amortization of actuarial differences	**30,251**	17,990	**286**
Amortization of transition differences at accounting change	**6,811**	26,271	**64**
Other (such as extra retirement benefits paid)	**322**	724	**3**
Retirement benefit expenses	**63,783**	29,045	**603**
Loss on exemption from the entrusted government's portion of social welfare pension fund	**23,850**	—	**225**
Write-off of the transition difference at accounting change upon application of employees' retirement benefit accounting	**64,923**	—	**614**
Total	**¥152,557**	¥29,045	**$1,443**

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 are included in service cost.

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

	2004	2003
Discount rates	**2.0%**	2.5%
Expected rates of return on plan assets	**2.5–3.5%**	3.0–3.5%
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	*	1–15 years**

* The transition difference at the accounting change of certain consolidated banking subsidiaries had been formerly amortized over mainly 10 years. However, due to decreases in the number of employees and salaries, the components of retirement benefits obligations were changed significantly from those at the time of the initial application of the accounting and the amount of the transition difference did not represent substance of the obligations. Accordingly, the remaining unrecognized transition difference at the accounting change was charged to operations in the year ended March 31, 2004.

** • Resona Bank, Ltd.: 10 years
• Saitama Resona Bank, Ltd. 10 years
• The Kinki Osaka Bank, Ltd. 15 years

NOTE 30. SEGMENT INFORMATION

(a) Business segment information

In the year ended March 31, 2004

	Millions of yen					
As of March 31, 2004	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	**¥ 1,021,087**	**¥ 19,908**	**¥ 97,203**	**¥ 1,138,199**	**¥ —**	**¥ 1,138,199**
(2) Inter-segment ordinary income	**8,000**	**82**	**7,773**	**15,856**	**(15,856)**	**—**
Total	**1,029,088**	**19,990**	**104,977**	**1,154,055**	**(15,856)**	**1,138,199**
Ordinary expenses	**2,103,475**	**16,385**	**233,731**	**2,353,593**	**(103,516)**	**2,250,076**
Ordinary income (loss)	**(1,074,387)**	**3,604**	**(128,754)**	**(1,199,537)**	**87,659**	**(1,111,877)**
II. Assets, Depreciation, and Capital expenditure						
Assets	**39,716,732**	**138,941**	**474,346**	**40,330,019**	**(488,181)**	**39,841,837**
Depreciation	**42,900**	**459**	**31,049**	**74,409**	**—**	**74,409**
Impairment losses	**27,976**	**—**	**0**	**27,976**	**—**	**27,976**
Capital expenditure	**104,953**	**445**	**26,070**	**131,469**	**—**	**131,469**

	Millions of U.S. dollars					
As of March 31, 2004	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	**$ 9,661**	**$ 188**	**$ 919**	**$ 10,769**	**$ —**	**$ 10,769**
(2) Inter-segment ordinary income	**75**	**0**	**73**	**150**	**(150)**	**—**
Total	**9,736**	**189**	**993**	**10,919**	**(150)**	**10,769**
Ordinary expenses	**19,902**	**155**	**2,211**	**22,268**	**(979)**	**21,289**
Ordinary income (loss)	**(10,165)**	**34**	**(1,218)**	**(11,349)**	**829**	**(10,520)**
II. Assets, Depreciation, and Capital expenditure						
Assets	**375,785**	**1,314**	**4,488**	**381,587**	**(4,618)**	**376,968**
Depreciation	**405**	**4**	**293**	**704**	**—**	**704**
Impairment losses	**264**	**—**	**0**	**264**	**—**	**264**
Capital expenditure	**993**	**4**	**246**	**1,243**	**—**	**1,243**

Notes: 1. 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 service: Credit card administration, General leasing, Financing, and Venture capital
2. Ordinary income and ordinary profit are shown in lieu of sales and operating profit of business enterprises.
3. Capital expenditure includes the investments related to computer systems and other related equipment.
4. Accounting standards for impairment of fixed assets, "Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" (August 8, 2002) issued by the Business Accounting Deliberation Council and Financial Accounting Standards Implementation Guidance No. 6 "Implementation Guidance on Accounting Standard for Impairment of Fixed Assets" issued by the Accounting Standards Board of Japan (October 31, 2003), permit early adoption of these standards for the year ended March 31, 2004, and, therefore, the Company adopted these standards in the year ended March 31, 2004.
As a result of this change, "Impairment losses" of the Banking and Trust Banking segment and the Other financial service segment are reported in the amount of ¥27,976 million ($264 million) and ¥0 million ($0 million), respectively. There is no impact on ordinary loss by this change.

5. Until the year ended March 31, 2003, domestic consolidated banking subsidiaries (the "Banks") had adopted the transitional treatment of the JICPA Industry Audit Committee, Report No. 25 regarding the accounting for foreign currency transactions. However, effective the year ended March 31, 2004, the Banks have applied hedge accounting for "currency swap transactions" "foreign exchange swap transactions" etc., according to the principle treatment in Report No. 25, which is carried out to hedge risks of borrowing and lending in different currencies by swapping the borrowing currency for the lending currency. Currency translation differences relating to other future foreign currency exchange transactions, etc. are stated at the gross amount in accordance with the JICPA Industry Audit Committee, Report No. 25, but were previously stated at the net amount.
   As a result of this change, "Assets" of Banking and Trust Banking segment increased ¥15,026 million ($142 million), compared to the corresponding amounts under the previous method. There is no impact on ordinary loss from this change.
6. The transition difference of the accounting change in retirement benefits of certain consolidated banking subsidiaries was formerly amortized over mainly 10 years. However, due to decreases in the number of employees and salaries, the components of retirement benefits obligations were changed significantly from those at the time of initial application of the accounting and the amount of the transition difference did not represent substance of the obligations. Accordingly, the unrecognized transition difference at the accounting change was charged to operations in the year ended March 31, 2004. As a result, "Assets" and "Ordinary loss" of the Banking and Trust Banking segment decreased ¥51,754 million ($489 million) and ¥4,697 million ($44 million), respectively.

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

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.

(b) Geographic segment information

In the year ended March 31, 2004

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 2003 is not shown here.

Such disclosures have been omitted for the year ended March 31, 2003 also.

(c) Overseas ordinary income

In the year ended March 31, 2004

Since overseas ordinary income of the Company is less than 10% of the total, overseas ordinary income for 2003 is not shown here.

Such disclosures have been omitted for the year ended March 31, 2003 also.

NOTE 31. SUBSEQUENT EVENTS

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

The Company resolved a reduction of capital at the shareholders' meeting held on June 25, 2004.

This was to compensate the significant loss carried forward which existed even after the reversal of the capital reserve at the closing of accounts of the year ended on March 31, 2004, and to improve flexibility of the Company's financial strategy.

(1) Description of reduction
1. Amount of capital to be reduced
The Company's capital of ¥1,288,473,888,418 is reduced by ¥961,272,621,427; therefore, the resulting capital amount will be ¥327,201,266,991.
2. Method of capital reduction
The number of shares issued will not change; only the capital amount will be reduced.
3. Out of capital reduced, the amount used to compensate a loss: ¥921,272,621,427.
The difference between this amount and the capital reduced of ¥40,000,000 were transferred to other capital surplus.

(2) The dates of reduction

The date of the stockholders' meeting resolution:	June 25, 2004
The last date of creditors' claim request:	August 9, 2004 (scheduled)
Capital reduction effective date:	August 10, 2004 (scheduled)

2. The sale of investment in subsidiary

The Company reviewed the Group management in the sight of maximizing the enterprise value. Resona Bank, Ltd., a subsidiary of the Company, sold a part of its shares of Cosmo Securities Co., Ltd. Cosmo Securities Co., Ltd. was excluded from the consolidated subsidiaries due to this sale.

(1) Amount of stocks for the sale	210,910 thousand
(2) Profits on the sale of stocks	¥12,208 million
(3) Share after the sale	10.388%
(4) The opposite party of the sale	CSK Co., Ltd.
(5) The date of the sale	April 22, 2004

Supplementary Financial Information of the Group and Corporate Data

CONTENTS

Financial Information of Resona Holdings, Inc.

Risk-Adjusted Capital Ratio (Consolidated, Domestic Standard)

Resona Holdings, Inc.			Billions of yen	
March 31			**2004**	2003
Tier I capital	Capital		**¥ 1,288.4**	¥ 720.4
	Non-cumulative perpetual preferred stock (Note 1)		**—**	—
	Capital surplus		**259.4**	—
	Earned surplus		**(940.7)**	(434.0)
	Minority interests in consolidated subsidiaries		**293.5**	300.8
	Preferred securities issued by special-purpose company overseas*		**264.2**	264.2
	Revaluation loss on other securities		**—**	(28.2)
	Treasury stock		**(0.2)**	(21.9)
	Foreign currency translation adjustments, net of taxes		**(2.0)**	(9.5)
	Goodwill		**(0.0)**	(0.1)
	Consolidation differences		**—**	(1.8)
	Total qualifying Tier I capital	(A)	**898.3**	525.5
	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		**49.9**	62.1
	General reserve for possible loan losses		**143.0**	171.5
	Qualifying subordinated debt		**692.6**	740.8
	Perpetual subordinated bonds (Note 3)		**481.3**	499.7
	Subordinated bonds with maturity dates and preferred stocks with maturity dates (Note 4)		**211.3**	241.1
	Subtotal		**885.6**	974.5
	Tier II capital included as qualifying capital	(B)	**885.6**	525.5
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions (Note 5)	(C)	**10.5**	13.5
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 1,773.5**	¥ 1,037.5
Risk-adjusted assets	On-balance-sheet items		**¥21,685.9**	¥25,803.9
	Off-balance-sheet items		**1,201.9**	1,644.4
Total risk-adjusted assets		(E)	**¥22,887.8**	¥27,448.3
Risk-adjusted capital ratio	(D)/(E) x 100%		**7.74%**	3.78%

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.

(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.

Statements of Trust Assets and Liabilities (Unaudited)

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.	Millions of yen		Millions of U.S. dollars
March 31, 2004 and 2003	**2004**	2003	**2004**
Assets			
Loans and bills discounted	**¥ 235,055**	¥ 326,028	**$ 2,224**
Securities	**3,450,013**	2,406,393	**32,642**
Trust beneficiary certificates	**20,633,616**	21,135,947	**195,227**
Securities held in custody account	**28**	255	**0**
Monetary claims	**585,963**	689,591	**5,544**
Premises and equipment	**365,527**	256,970	**3,458**
Land lease rights	**1,977**	1,977	**18**
Other claims	**13,743**	5,361	**130**
Due from banking account	**403,849**	267,600	**3,821**
Cash and due from banks	**30,090**	64,701	**284**
Total assets	**¥25,719,866**	¥25,154,826	**$243,351**
Liabilities			
Money trusts	**¥ 9,495,175**	¥ 9,911,367	**$ 89,839**
Pension trusts	**5,355,689**	5,887,645	**50,673**
Asset formation benefit trusts	**2,115**	2,422	**20**
Securities investment trusts	**9,000,857**	7,447,570	**85,162**
Pecuniary trusts other than money trusts	**235,731**	267,349	**2,230**
Securities trusts	**218,960**	231,979	**2,071**
Monetary claim trusts	**607,066**	602,184	**5,743**
Real estate trusts	**218,654**	213,685	**2,068**
Land lease trusts	**4,919**	4,913	**46**
Composite trusts	**580,695**	585,708	**5,494**
Total liabilities	**¥25,719,866**	¥25,154,826	**$243,351**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.
3. The trusts which were re-entrusted for asset management purposes were excluded.
4. Trust beneficiary certificates worth ¥20,630,112 million ($195,194 million) were re-entrusted for asset administration purposes.
5. Co-managed trust funds under other trust banks' administration amounted to ¥4,744,373 million ($44,889 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 ¥229,307 million ($2,169 million), included the following:

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Loans to borrowers in legal bankruptcy	**¥ 383**	¥ 1,871	**$ 3**
Past due loans	**8,273**	7,947	**78**
Loans past due three months or more	**849**	373	**8**
Restructured loans	**22,933**	22,918	**216**
Total	**¥32,438**	¥33,110	**$306**

Jointly Operated Designated Money Trusts (JOMTs)

Resona Holdings, Inc.	Millions of yen		Millions of U.S. dollars
March 31, 2004 and 2003	**2004**	2003	**2004**
Assets			
Loans and bills discounted	**¥229,307**	¥291,475	**$2,169**
Securities	**102,000**	126,039	**965**
Other	**238,052**	180,347	**2,252**
Total assets	**¥569,359**	¥597,863	**$5,387**
Liabilities			
Principal	**¥569,057**	¥596,348	**$5,384**
Reserve provided in preparation for write-offs in trust account	**700**	880	**6**
Other	**(397)**	634	**(3)**
Total liabilities	**¥569,359**	¥597,863	**$5,387**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Balance Sheets

Resona Holdings, Inc.

March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Current assets	¥ 9,609	¥ 5,883	$ 90
Cash and due from banks	6,024	4,850	56
Prepaid expenses	285	291	2
Accrued income	1,317	552	12
Other	1,981	188	18
Non-current assets	1,336,123	694,727	12,641
Tangible fixed assets	25	22	0
Intangible fixed assets	121	104	1
Investments and other assets	1,335,976	694,600	12,640
Deferred charges	228	342	2
Organization costs	228	342	2
Total Assets	¥1,345,960	¥ 700,952	$12,734
Liabilities			
Current liabilities	¥ 5,728	¥ 5,070	$ 54
Short-term debt	—	4,100	—
Annual maturities of long-term debt	1,500	—	14
Accounts payable	—	0	—
Accrued expenses	4,122	813	39
Income tax payable	9	5	0
Consumption tax payable	76	132	0
Other	19	18	0
Non-current liabilities	646,020	347,520	6,112
Bonds	15,020	15,020	142
Long-term debt	631,000	332,500	5,970
Total Liabilities	651,748	352,590	6,166
Shareholders' Equity			
Capital	1,288,473	720,499	12,191
Capital surplus	869,830	771,916	8,230
Earned deficit	1,463,902	1,143,942	13,850
Treasury stock	(190)	(111)	(1)
Total Shareholders' Equity	694,212	348,362	6,568
Total Liabilities and Shareholders' Equity	¥1,345,960	¥ 700,952	$12,734

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Statements of Operations

Resona Holdings, Inc.

March 31, 2004 and 2003

	Millions of yen		Millions of U.S. dollars
	2004	2003	**2004**
Operating income	**¥ 32,566**	¥ 13,078	**$ 308**
Dividends from subsidiaries	**19,119**	941	**180**
Fees from subsidiaries	**6,903**	7,087	**65**
Interest on loans to subsidiaries	**6,543**	5,050	**61**
Operating expenses	**13,151**	10,871	**124**
Interest expenses	**8,901**	5,050	**84**
General and administrative expenses	**4,249**	5,821	**40**
Operating profit	**19,415**	2,206	**183**
Non-operating profit	**117**	27	**1**
Non-operating expenses	**3,068**	447	**29**
Ordinary profit	**16,464**	1,787	**155**
Extraordinary profit	**—**	6,782	**—**
Gains on sales of investment in subsidiaries	**—**	6,782	**—**
Extraordinary loss	**1,480,358**	1,161,119	**14,006**
Devaluation of investment in subsidiaries	**1,480,358**	751,263	**14,006**
Provisions for reserve for possible losses on investments	**—**	409,856	**—**
Loss before income taxes	**1,463,894**	1,152,550	**13,850**
Income taxes—current	**8**	8	**0**
Income taxes—deferred	**—**	993	**—**
Net loss	**¥1,463,902**	¥1,153,552	**$13,850**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Statements of Shareholders' Equity

Resona Holdings, Inc.

Years ended March 31, 2004 and 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 (deficit)	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)
Balance at April 1, 2003	5,653,589	1,131,310	¥ 720,499	¥731,916	¥40,000	¥(1,143,942)	¥(111)
Capital increase through issuance of new preferred shares	**—**	**8,317,807**	**980,000**	**—**	**—**	**—**	**—**
Stock exchange between the Company and the Resona Bank, Ltd. and conversion from preferred shares to common stock	**5,721,480**	**(5,184)**	**—**	**—**	**—**	**—**	**—**
Increase in capital surplus due to increase of capital	**—**	**—**	**—**	**980,000**	**—**	**—**	**—**
Transfer from capital to cover deficit	**—**	**—**	**(412,025)**	**—**	**40,000**	**372,025**	**—**
Transfer from capital reserve to cover deficit	**—**	**—**	**—**	**(731,916)**	**—**	**731,916**	**—**
Transfer from other capital surplus to cover deficit	**—**	**—**	**—**	**—**	**(40,000)**	**40,000**	**—**
Changes during the year	**—**	**—**	**—**	**(150,171)**	**—**	**—**	**—**
Net loss	**—**	**—**	**—**	**—**	**—**	**(1,463,902)**	**—**
Treasury stock transactions	**—**	**—**	**—**	**—**	**1**	**—**	**(79)**
Balance at March 31, 2004	**11,375,069**	**9,443,933**	**¥1,288,473**	**¥829,829**	**¥40,001**	**¥(1,463,902)**	**¥(190)**

Year ended March 31, 2004	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 (deficit)	Treasury stock
Balance at April 1, 2003	5,653,589	1,131,310	$ 6,817	$6,925	$378	$(10,823)	$(1)
Capital increase through issuance of new preferred shares	**—**	**8,317,807**	**9,272**	**—**	**—**	**—**	**—**
Stock exchange between the Company and the Resona Bank, Ltd. and conversion from preferred shares to common stock	**5,721,480**	**(5,184)**	**—**	**—**	**—**	**—**	**—**
Increase in capital surplus due to increase of capital	**—**	**—**	**—**	**9,272**	**—**	**—**	**—**
Transfer from capital to cover deficit	**—**	**—**	**(3,898)**	**—**	**378**	**3,519**	**—**
Transfer from capital reserve to cover deficit	**—**	**—**	**—**	**(6,925)**	**—**	**6,925**	**—**
Transfer from other capital surplus to cover deficit	**—**	**—**	**—**	**—**	**(378)**	**378**	**—**
Changes during the year	**—**	**—**	**—**	**(1,420)**	**—**	**—**	**—**
Net loss	**—**	**—**	**—**	**—**	**—**	**(13,850)**	**—**
Treasury stock transactions	**—**	**—**	**—**	**—**	**0**	**—**	**(0)**
Balance at March 31, 2004	**11,375,069**	**9,443,933**	**$12,191**	**$7,851**	**$378**	**$(13,850)**	**$(1)**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Financial Information of Resona Bank, Ltd.

Non-consolidated Balance Sheet

Resona Bank, Ltd. March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Cash and due from banks	**¥ 2,216,761**	¥ 1,682,444	**$ 20,974**
Call loans and bills bought	**160,702**	104,934	**1,520**
Deposits paid for bonds borrowing transactions	**4,651**	—	**44**
Monetary claims bought	**16,295**	—	**154**
Trading assets	**544,340**	504,214	**5,150**
Money held in trust	**—**	70,449	**—**
Securities	**5,501,412**	5,267,210	**52,052**
Loans and bills discounted	**18,590,575**	21,412,766	**175,897**
Foreign exchange	**84,004**	162,924	**794**
Other assets	**575,284**	725,847	**5,443**
Premises and equipment	**360,249**	450,668	**3,408**
Deferred tax assets	**13,466**	391,643	**127**
Customers' liabilities for acceptances and guarantees	**1,348,120**	1,581,136	**12,755**
Reserve for possible loan losses	**(790,243)**	(603,533)	**(7,476)**
Reserve for possible losses on investment	**(13,118)**	—	**(124)**
Total Assets	**¥28,612,504**	¥31,750,707	**$270,721**
Liabilities			
Deposits	**¥20,328,898**	¥22,356,118	**$192,344**
Negotiable certificates of deposit	**847,076**	535,926	**8,014**
Call money and bills sold	**3,138,766**	5,025,209	**29,697**
Bills sold under repurchase agreements	**323,085**	283,991	**3,056**
Deposits received for bonds lending transactions	**3,109**	—	**29**
Commercial paper	**—**	6,000	**—**
Trading liabilities	**42,534**	43,815	**402**
Borrowed money	**605,899**	652,785	**5,732**
Foreign exchange	**22,286**	25,047	**210**
Bonds	**394,060**	394,060	**3,728**
Due to trust account	**403,849**	267,600	**3,821**
Other liabilities	**276,292**	396,780	**2,614**
Reserve for employees' bonuses	**—**	4,044	**—**
Reserve for possible losses on loans sold	**—**	4,201	**—**
Reserve for specific borrowers under support	**1,925**	—	**18**
Reserve for possible losses on business restructuring	**12,727**	—	**120**
Other reserves	**0**	0	**0**
Deferred tax liabilities on land revaluation	**45,088**	55,842	**426**
Acceptances and guarantees	**1,348,120**	1,581,136	**12,755**
Total Liabilities	**27,793,721**	31,632,560	**262,973**
Shareholders' Equity			
Capital	**279,928**	443,158	**2,648**
Capital surplus	**1,751,871**	154,316	**16,575**
Earned deficit	**1,399,662**	525,676	**13,243**
Revaluation reserve for land, net of taxes	**65,912**	82,211	**623**
Net unrealized gains/(losses) on other securities net of taxes	**120,732**	(35,864)	**1,142**
Total Shareholders' Equity	**818,782**	118,146	**7,747**
Total Liabilities and Shareholders' Equity	**¥28,612,504**	¥31,750,707	**$270,721**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Statement of Operations

Resona Bank, Ltd.

Years ended March 31, 2004 and 2003	Millions of yen **2004**	2003	Millions of U.S. dollars **2004**
Income			
Interest income	**¥ 441,343**	¥228,147	**$ 4,175**
Interest on loans and bills discounted	**390,128**	197,838	**3,691**
Interest and dividends on securities	**43,837**	24,015	**414**
Trust fees	**4,619**	7,809	**43**
Fees and commissions	**112,529**	66,484	**1,064**
Trading income	**21,819**	13,550	**206**
Other operating income	**22,936**	23,613	**217**
Other income	**168,588**	36,357	**1,595**
Total Income	**771,837**	375,963	**7,302**
Expenses			
Interest expenses	**66,321**	38,743	**627**
Interest on deposits	**23,730**	19,645	**224**
Fees and commissions	**57,631**	34,008	**545**
Trading expenses	**—**	13	**—**
Other operating expenses	**34,244**	3,752	**324**
General and administrative expenses	**313,357**	181,335	**2,964**
Other expenses	**1,430,746**	431,675	**13,537**
Total Expenses	**1,902,301**	689,528	**17,998**
Loss before income taxes	**1,130,463**	313,565	**10,696**
Income taxes—current	**665**	636	**6**
Income taxes—deferred	**284,643**	268,867	**2,693**
Net loss	**¥1,415,772**	¥583,069	**$13,395**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Statement of Trust Assets and Liabilities

Resona Bank, Ltd.

March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Loans and bills discounted	**¥ 235,055**	¥ 326,028	**$ 2,224**
Securities	**102,500**	127,309	**969**
Trust beneficiary certificates	**3,504**	4,657	**33**
Securities held in custody account	**28**	255	**0**
Monetary claims	**585,963**	689,591	**5,544**
Premises and equipment	**365,527**	256,970	**3,458**
Land lease rights	**1,977**	1,977	**18**
Other claims	**13,349**	5,228	**126**
Due from banking account	**403,849**	267,600	**3,821**
Cash and due from banks	**26,993**	49,747	**255**
Total assets	**¥1,738,749**	¥1,729,365	**$16,451**
Liabilities			
Money trusts	**¥ 714,328**	¥ 709,600	**$ 6,758**
Asset formation benefit trusts	**2,115**	2,422	**20**
Pecuniary trusts other than money trusts	**0**	0	**0**
Securities trusts	**28**	255	**0**
Monetary claim trusts	**607,066**	602,184	**5,743**
Real estate trusts	**218,654**	213,685	**2,068**
Land lease trusts	**4,919**	4,913	**46**
Composite trusts	**191,637**	196,304	**1,813**
Total liabilities	**¥1,738,749**	¥1,729,365	**$16,451**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.
3. Co-managed trust funds under other trust banks' administration amounted to ¥76,329 million ($722 million).
4. Loans and bills discounted funded by Jointly Operated Designated Money Trust account funds that the Bank guarantees the principal amounting to ¥229,307 million ($2,169 million) included the following:

	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Loans to borrowers in legal bankruptcy	**¥ 383**	¥ 1,871	**$ 3**
Past due loans	**8,273**	7,947	**78**
Loans past due three months or more	**849**	373	**8**
Restructured loans	**22,933**	22,918	**216**
Total	**¥32,438**	¥33,110	**$306**

Deposits and Negotiable Certificates of Deposit (Non-consolidated)

Resona Bank, Ltd.	Billions of yen	
March 31	**2004**	2003
Liquid deposits	**¥12,355,4**	¥13,792.2
Time deposits	**7,213.4**	7,752.8
Other deposits	**1,607.0**	1,346.9
Total	**¥21,175.9**	¥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.	Billions of yen	
March 31	**2004**	2003
Individuals	**¥10,301.9**	¥10,706.9
Corporations, other	**10,023.2**	11,591.4
Total	**¥20,325.1**	¥22,298.4

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

Resona Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2004**	2003	**2004**	2003
Banking account	**¥14,303.8**	¥16,356.2	**77.0%**	76.5%
Banking and trust accounts	**14,494.8**	16,607.2	**77.1**	76.5

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

Resona Bank, Ltd.	Billions of yen	
March 31	**2004**	2003
Consumer loans total	**¥6,049.6**	¥5,544.6
Housing loans	**5,762.8**	5,220.9

Note: Amount after securitization of housing loans

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

Resona Bank, Ltd.	Billions of yen	
March 31	**2004**	2003
Domestic operations		
Manufacturing	**¥ 2,435.8**	¥ 3,066.2
	13.12%	14.35%
Agriculture	**13.8**	15.9
	0.07%	0.08%
Forestry	**3.3**	3.3
	0.02%	0.02%
Fishing	**3.1**	4.6
	0.02%	0.02%
Mining	**22.6**	26.3
	0.12%	0.12%
Construction	**780.0**	1,033.6
	4.20%	4.84%
Electric power, gas, and other public enterprises	**70.0**	82.5
	0.38%	0.39%
Information and communications	**301.5**	384.1
	1.62%	1.80%
Transportation	**647.6**	731.0
	3.49%	3.42%
Wholesale and retail	**2,434.8**	3,132.4
	13.12%	14.66%
Financial services	**1,327.0**	1,547.0
	7.15%	7.24%
Real estate	**2,281.8**	3,147.9
	12.29%	14.73%
Services	**1,900.0**	2,320.2
	10.24%	10.86%
Local governments	**348.1**	314.6
	1.88%	1.47%
Other	**5,992.6**	5,554.4
	32.28%	26.00%
Subtotal	**¥18,562.5**	¥21,364.9
	100.00%	100.00%
Japan Offshore Banking Account		
Governments	**¥ 5.6**	¥ 7.3
	20.15%	15.31%
Financial institutions	**12.8**	17.5
	45.88%	36.65%
Other	**9.5**	22.9
	33.97%	48.04%
Subtotal	**¥ 28.0**	¥ 47.8
	100.00%	100.00%
Total	**¥18,590.5**	¥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 and 2004 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		
	2004	Change	2003
Loans to borrowers in legal bankruptcy	**¥ 26,263**	**¥ (87,330)**	¥ 113,594
Past due loans	**705,019**	**8,977**	696,041
Loans past due three months or more	**29,942**	**(9,924)**	39,867
Restructured loans	**712,565**	**(735,719)**	1,448,285
Total*	**¥ 1,473,790**	**¥ (823,997)**	¥ 2,297,788
Total loans and bills discounted	**¥18,819,882**	**¥(2,884,358)**	¥21,704,241
Ratio of risk management loans to total loans and bills discounted (%)	**7.83**	**(2.75)**	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		
	2004	Change	2003
Unrecoverable or valueless claims	**¥ 128,515**	**¥ (139,421)**	¥ 267,937
Risk claims	**617,668**	**60,261**	557,406
Claims in need of special attention	**742,507**	**(745,644)**	1,488,152
Financial Reconstruction Law subtotal	**1,488,691**	**(824,804)**	2,313,496
Nonclassified claims	**18,643,972**	**(2,203,242)**	20,847,214
Financial Reconstruction Law total*	**¥20,132,664**	**¥(3,028,046)**	¥23,160,710
Coverage ratio (%)	**80.21**	**11.61**	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		
	2004	Change	2003
Reserves for possible loan losses	**¥790,243**	**¥186,710**	¥603,533
General reserve for possible loan losses	**374,766**	**(27,504)**	402,270
Specific reserve for possible loan losses	**414,815**	**214,519**	200,296
Special reserve for certain overseas loans	**662**	**(305)**	967
Reserve for the specific borrowers under support	**1,925**	**1,925**	—
Reserve for possible losses on loans sold	**—**	**(4,201)**	4,201
Reserve provided in preparation for write-offs in trust account	**700**	**(180)**	880

Securities

Resona Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2004	2003
National and local government bonds	**¥3,375.3**	¥3,174.5
Corporate bonds	**764.4**	450.6
Corporate stocks	**1,028.3**	1,443.5
Other securities	**333.3**	198.4
Total book value	**¥5,501.4**	¥5,267.2

Risk-Adjusted Capital Ratio

(1) Consolidated Capital Ratio (Domestic Standard)

Resona Bank, Ltd.		Billions of yen	
March 31		**2004**	2003
Tier I capital	Capital	**¥ 279.9**	¥ 443.1
	Non-cumulative perpetual preferred stock	**—**	—
	Capital surplus	**404.4**	52.2
	Earned surplus	**(39.2)**	(447.0)
	Minority interests in consolidated subsidiaries	**274.7**	245.4
	Preferred securities issued by special-purpose company overseas	**249.2**	213.9
	Revaluation loss on other securities	**—**	(35.7)
	Foreign currency translation adjustments, net of taxes	**(2.0)**	(9.5)
	Consolidation differences	**—**	(2.9)
	Total qualifying Tier I capital (A)	**917.7**	245.5
	Preferred securities with interest step-up conditions	**70.6**	70.6
Tier II capital	45% of the difference between land after revaluation and the book value immediately before revaluation	**49.9**	62.1
	General reserve for possible loan losses	**117.4**	143.9
	Qualifying subordinated debt	**567.9**	593.1
	Subtotal	**735.3**	799.2
	Tier II capital included as qualifying capital (B)	**735.3**	245.5
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions (C)	**310.4**	13.5
Total qualifying capital	(A)+(B)–(C) (D)	**¥ 1,342.5**	¥ 477.6
Risk-adjusted assets	On-balance-sheet items	**¥16,414.5**	¥20,330.2
	Off-balance-sheet items	**2,384.8**	2,708.8
Total risk-adjusted assets	(E)	**¥18,799.4**	¥23,039.1
Risk-adjusted capital ratio	(D)/(E) x 100%	**7.14%**	2.07%

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

Resona Bank, Ltd.		Billions of yen	
March 31		**2004**	2003
Tier I capital	Capital	**¥ 279.9**	¥ 443.1
	Non-cumulative perpetual preferred stock	**—**	—
	Capital reserve	**279.9**	—
	Other capital surplus	**72.2**	—
	Voluntary reserve	**—**	—
	Earned surplus carried forward to the next year	**10.6**	(368.4)
	Other	**249.1**	216.9
	Revaluation loss on other securities	**—**	(35.8)
	Total qualifying Tier I capital (A)	**891.9**	255.8
	Preferred securities with interest step-up conditions	**70.6**	70.6
Tier II capital	45% of the difference between land after revaluation and the book value immediately before revaluation	**49.9**	62.1
	General reserve for possible loan losses	**106.3**	132.7
	Qualifying subordinated debt	**567.9**	593.1
	Subtotal	**724.2**	787.9
	Tier II capital included as qualifying capital (B)	**724.2**	255.8
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions (C)	**327.3**	28.0
Total qualifying capital	(A)+(B)–(C) (D)	**¥ 1,288.7**	¥ 483.6
Risk-adjusted assets	On-balance-sheet items	**¥16,066.8**	¥19,874.4
	Off-balance-sheet items	**947.9**	1,363.1
Total risk-adjusted assets	(E)	**¥17,014.8**	¥21,237.6
Risk-adjusted capital ratio	(D)/(E) x 100%	**7.57%**	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.

Financial Information of Saitama Resona Bank, Ltd.

Non-consolidated Balance Sheet

Saitama Resona Bank, Ltd.

March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Cash and due from banks	**¥ 462,786**	¥ 601,874	**$ 4,378**
Call loans and bills bought	**2,640,423**	3,024,040	**24,982**
Monetary claim bought	**1,500**	—	**14**
Trading assets	**5,277**	452	**49**
Securities	**1,162,625**	544,828	**11,000**
Loans and bills discounted	**4,980,307**	4,710,361	**47,121**
Foreign exchange	**19,244**	15,419	**182**
Other assets	**46,167**	43,667	**436**
Premises and equipment	**72,484**	74,921	**685**
Deferred tax assets	**30,881**	43,771	**292**
Customers' liabilities for acceptances and guarantees	**53,899**	39,817	**509**
Reserve for possible loan losses	**(45,175)**	(35,126)	**(427)**
Total Assets	**¥9,430,422**	¥9,064,029	**$89,227**
Liabilities			
Deposits	**¥8,631,425**	¥8,600,948	**$81,667**
Negotiable certificates of deposit	**15,890**	13,740	**150**
Call money and bills sold	**316,857**	36,612	**2,997**
Deposits received for bonds lending transactions	**66,786**	—	**631**
Borrowed money	**125,002**	125,011	**1,182**
Foreign exchange	**481**	225	**4**
Other liabilities	**48,926**	92,040	**462**
Reserve for employees' bonuses	**—**	1,164	**—**
Acceptances and guarantees	**53,899**	39,817	**509**
Total Liabilities	**9,259,270**	8,909,561	**87,607**
Shareholders' Equity			
Capital	**50,000**	50,000	**473**
Capital surplus	**80,000**	80,000	**756**
Earned surplus	**24,986**	22,484	**236**
Net unrealized gains on other securities, net of taxes	**16,165**	1,982	**152**
Total Shareholders' Equity	**171,151**	154,467	**1,619**
Total Liabilities and Shareholders' Equity	**¥9,430,422**	¥9,064,029	**$89,227**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Statement of Operations

Saitama Resona Bank, Ltd.	Millions of yen		Millions of U.S. dollars
Years ended March 31, 2004 and 2003	**2004**	2003	**2004**
Income			
Interest income	**¥109,235**	¥ 9,652	**$1,033**
Interest on loans and bills discounted	**102,284**	8,856	**967**
Interest and dividends on securities	**4,363**	677	**41**
Fees and commissions	**30,490**	2,670	**288**
Other operating income	**4,281**	295	**40**
Other income	**5,913**	119	**55**
Total Income	**149,920**	12,738	**1,418**
Expenses			
Interest expenses	**12,004**	950	**113**
Interest on deposits	**9,693**	843	**91**
Fees and commissions	**16,639**	1,226	**157**
Other operating expenses	**2,938**	21	**27**
General and administrative expenses	**74,543**	5,416	**705**
Other expenses	**36,149**	1,845	**342**
Total Expenses	**142,275**	9,460	**1,346**
Income before income taxes	**7,645**	3,277	**72**
Income taxes—current	**144**	1,415	**1**
Income taxes—deferred	**3,320**	(610)	**31**
Net income	**¥ 4,181**	¥ 2,472	**$ 39**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Deposits and Negotiable Certificates of Deposit

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	**2004**	2003
Liquid deposits	**¥4,807.2**	¥4,769.8
Time deposits	**3,668.3**	3,654.2
Other deposits	**171.6**	190.5
Total	**¥8,647.3**	¥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	**2004**	2003
Individuals	**¥6,496.9**	¥6,444.7
Corporations	**1,373.7**	1,354.1
Other	**760.7**	802.0
Total	**¥8,631.4**	¥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	**2004**	2003	**2004**	2003
Loans to SMEs and individuals	**¥4,237.7**	¥4,031.6	**85.0%**	85.5%

Loans to Individuals (Non-consolidated)

Saitama Resona Bank, Ltd.	Billions of yen	
March 31	**2004**	2003
Consumer loans total	**¥2,676.2**	¥2,426.4
Housing loans	**2,594.1**	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	**2004**	2003
Domestic operations		
Manufacturing	**¥ 342.1**	¥ 355.4
	6.87%	7.55%
Agriculture	**7.5**	6.7
	0.15%	0.14%
Forestry	**0.8**	0.9
	0.02%	0.02%
Fishing	**—**	—
	—%	—%
Mining	**2.1**	1.7
	0.04%	0.04%
Construction	**175.5**	191.0
	3.52%	4.06%
Electric power, gas, and other public enterprises	**8.9**	11.9
	0.18%	0.25%
Information and communications	**12.7**	9.6
	0.26%	0.21%
Transportation	**123.4**	109.3
	2.48%	2.32%
Wholesale and retail	**316.1**	326.1
	6.35%	6.92%
Financial services	**21.7**	11.5
	0.44%	0.25%
Real estate	**421.6**	405.2
	8.46%	8.60%
Services	**348.9**	331.7
	7.01%	7.04%
Local governments	**415.8**	414.1
	8.35%	8.79%
Other	**2,782.5**	2,534.4
	55.87%	53.81%
Total	**¥4,980.3**	¥4,710.3
	100.00%	100.00%

RESONA HOLDINGS, INC.

Financial Section

Risk Management Loans

Saitama Resona Bank, Ltd. Non-consolidated Basis March 31	Millions of yen		
	2004	Change	2003
Loans to borrowers in legal bankruptcy	¥ 3,682	¥ (3,505)	¥ 7,188
Past due loans	75,680	(6,297)	81,978
Loans past due three months or more	10,009	2,532	7,477
Restructured loans	63,337	(10,099)	73,437
Total*	¥ 152,710	¥ (17,370)	¥ 170,081
Total loans and bills discounted	¥4,980,307	¥269,945	¥4,710,361
Ratio of risk management loans to total loans and bills discounted (%)	3.06	(0.55)	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		
	2004	Change	2003
Unrecoverable or valueless claims	¥ 18,972	¥ (10,526)	¥ 29,499
Risk claims	60,713	(520)	61,233
Claims in need of special attention	73,347	(7,567)	80,914
Financial Reconstruction Law subtotal	153,033	(18,614)	171,647
Nonclassified claims	4,905,337	305,192	4,600,144
Financial Reconstruction Law total*	¥5,058,370	¥286,578	¥4,771,792
Coverage ratio (%)	87.18	5.86	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		
	2004	Change	2003
Reserves for possible loan losses	¥45,175	¥10,049	¥35,126
General reserve for possible loan losses	24,398	3,898	20,500
Specific reserve for possible loan losses	20,777	6,151	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	Millions of yen	
	2004	2003
National and local government bonds	¥ 863.8	¥405.6
Corporate bonds	167.8	37.4
Corporate stocks	123.4	101.7
Other securities	7.4	0
Total book value	¥1,162.6	¥544.8

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

Saitama Resona Bank, Ltd.

			Billions of yen	
			2004	2003
Tier I capital	Capital		**¥ 50.0**	¥ 50.0
	Non-cumulative perpetual preferred stock		**—**	—
	Capital reserve		**80.0**	80.0
	Legal reserve		**20.0**	20.0
	Voluntary reserve		**—**	—
	Earned surplus carried forward to the next year		**4.9**	0.7
	Other		**—**	—
	Revaluation losses on other securities		**—**	—
	Total qualifying Tier I capital	(A)	**154.9**	150.8
Tier II capital	General reserve for possible loan losses		**24.3**	20.5
	Qualifying subordinated debt		**125.0**	125.0
	Subtotal		**149.3**	145.5
	Tier II capital included as qualifying capital	(B)	**149.3**	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)	**¥ 304.3**	¥ 296.3
Risk-adjusted assets	On-balance-sheet items		**¥3,876.5**	¥3,700.9
	Off-balance-sheet items		**98.6**	109.0
Total risk-adjusted assets		(E)	**¥3,975.1**	¥3,809.9
Risk-adjusted capital ratio	(D)/(E) x 100%		**7.65%**	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.

Financial Information of The Kinki Osaka Bank, Ltd.

Non-consolidated Balance Sheets

The Kinki Osaka Bank, Ltd.

March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Cash and due from banks	**¥ 137,496**	¥ 126,053	**$ 1,300**
Monetary claims bought	**4,560**	2,024	**43**
Trading assets	**565**	871	**5**
Securities	**1,021,195**	790,925	**9,662**
Loans and bills discounted	**2,541,554**	3,000,969	**24,047**
Foreign exchange	**7,889**	8,594	**74**
Other assets	**20,275**	23,971	**191**
Premises and equipment	**45,722**	57,784	**432**
Deferred tax assets	**6,384**	74,866	**60**
Customers' liabilities for acceptances and guarantees	**51,302**	64,404	**485**
Reserve for possible loan losses	**(125,618)**	(86,782)	**(1,188)**
Reserve for possible losses on investment	**(2,549)**	—	**(24)**
Total Assets	**¥3,708,779**	¥4,063,684	**$35,091**
Liabilities			
Deposits	**¥3,493,690**	¥3,778,701	**$33,056**
Call money and bills sold	**1,056**	1,923	**9**
Deposits received for bonds lending transactions	**—**	31,963	**—**
Borrowed money	**45,284**	75,189	**428**
Foreign exchange	**132**	147	**1**
Other liabilities	**10,896**	12,640	**103**
Reserve for employees' bonuses	**—**	1,001	**—**
Reserve for employees' retirement benefits	**7,551**	8,751	**71**
Reserve for possible losses on loans sold	**—**	5,759	**—**
Reserve for possible losses on business restructuring	**457**	—	**4**
Acceptances and guarantees	**51,302**	64,404	**485**
Total Liabilities	**3,610,371**	3,980,484	**34,160**
Shareholders' Equity			
Capital	**38,971**	111,539	**368**
Additional payment for unissued share	**—**	19,834	**—**
Capital surplus	**344,051**	12,246	**3,255**
Earned deficit	**288,611**	60,597	**2,730**
Net unrealized gains on other securities, net of taxes	**3,997**	177	**37**
Total Shareholders' Equity	**98,407**	83,199	**931**
Total Liabilities and Shareholders' Equity	**¥3,708,779**	¥4,063,684	**$35,091**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Statements of Operations

The Kinki Osaka Bank, Ltd.

Years ended March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Income			
Interest income	**¥ 75,418**	¥ 88,078	**$ 713**
Interest on loans and bills discounted	**67,720**	74,919	**640**
Interest and dividends on securities	**7,219**	11,806	**68**
Fees and commissions	**12,397**	11,126	**117**
Other operating income	**12,619**	8,553	**119**
Other income	**14,673**	26,974	**138**
Total Income	**115,108**	134,733	**1,089**
Expenses			
Interest expenses	**6,809**	7,238	**64**
Interest on deposits	**5,012**	5,276	**47**
Fees and commissions	**7,741**	7,214	**73**
Other operating expenses	**330**	435	**3**
General and administrative expenses	**53,843**	67,891	**509**
Other expenses	**269,060**	110,081	**2,545**
Total Expenses	**337,784**	192,861	**3,195**
Loss before income taxes	**222,676**	58,127	**2,106**
Income taxes—current	**68**	83	**0**
Income taxes—deferred	**65,867**	2,386	**623**
Net loss	**¥288,611**	¥ 60,597	**$2,730**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Deposits and Negotiable Certificates of Deposit

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2004**	2003
Liquid deposits	**¥1,356.4**	¥1,381.3
Time deposits	**2,098.1**	2,341.8
Other deposits	**39.0**	55.4
Total	**¥3,493.6**	¥3,778.7

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	**2004**	2003
Individuals	**¥2,818.6**	¥2,999.4
Corporations	**620.1**	729.7
Other	**54.9**	49.5
Total	**¥3,493.6**	¥3,778.7

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	**2004**	2003	**2004**	2003
Loans to SMEs and individuals	**¥2,382.0**	¥2,784.4	**93.7%**	92.7%

Loans to Individuals (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		
March 31	**2004**	2003	Change
Consumer loans total	**¥1,080.5**	¥1,051.9	¥28.5
Housing loans	**850.8**	836.2	14.6

Loans and Bills Discounted by Industry

The Kinki Osaka Bank, Ltd.

March 31	Billions of yen 2004	2003
Domestic operations		
Manufacturing	**¥ 326.9**	¥ 412.7
	12.87%	13.76%
Agriculture	**0.6**	0.7
	0.02%	0.02%
Forestry	**0.2**	0.3
	0.01%	0.01%
Fishing	**0.6**	0.7
	0.03%	0.02%
Mining	**0.3**	1.9
	0.01%	0.07%
Construction	**138.9**	183.5
	5.47%	6.12%
Electric power, gas, and other public enterprises	**0.1**	0.2
	0.01%	0.01%
Information and communications	**10.8**	17.4
	0.43%	0.58%
Transportation	**48.1**	46.0
	1.89%	1.53%
Wholesale and retail	**298.6**	385.8
	11.75%	12.86%
Financial services	**71.0**	87.9
	2.80%	2.93%
Real estate	**262.1**	420.9
	10.31%	14.03%
Services	**245.0**	317.3
	9.64%	10.58%
Local governments	**18.3**	16.2
	0.72%	0.54%
Other	**1,119.1**	1,108.4
	44.04%	36.94%
Subtotal	**¥2,541.3**	¥3,000.7
	100.00%	100.00%
Japan Offshore Banking Account		
Other	**¥ 0.1**	¥ 0.2
	100.00%	100.00%
Subtotal	**¥ 0.1**	¥ 0.2
	100.00%	100.00%
Total	**¥2,541.5**	¥3,000.9

Risk Management Loans

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2004	Change	2003
Loans to borrowers in legal bankruptcy	**¥ 11.5**	**¥ (21.0)**	¥ 32.6
Past due loans	**152.8**	**(24.5)**	177.4
Loans past due three months or more	**6.6**	**(3.0)**	9.7
Restructured loans	**55.8**	**(126.7)**	182.6
Total*	**¥ 226.9**	**¥(175.4)**	¥ 402.3
Total loans and bills discounted	**¥2,541.5**	**¥(459.4)**	¥3,000.9
Ratio of risk management loans to total loans and bills discounted (%)	**8.92**	**(4.48)****	13.40

* 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		
	2004	Change	2003
Unrecoverable or valueless claims	**¥ 54.1**	**¥ (30.6)**	¥ 84.7
Risk claims	**116.5**	**(13.8)**	130.3
Claims in need of special attention	**62.5**	**(129.8)**	192.3
Financial Reconstruction Law subtotal	**233.2**	**(174.2)**	407.4
Nonclassified claims	**2,375.3**	**(300.0)**	2,675.3
Financial Reconstruction Law total*	**¥2,608.5**	**¥(474.2)**	¥3,082.8
Coverage ratio (%)	**98.54**	**19.03****	79.51

* 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		
	2004	Change	2003
Reserves for possible loan losses	**¥125.6**	**¥38.8**	¥86.7
General reserve for possible loan losses	**48.5**	**4.1**	44.3
Specific reserve for possible loan losses	**77.1**	**34.6**	42.4
Special reserve for certain overseas loans	**—**	**—**	—
Reserve for possible losses on loans sold	**—**	**(5.7)**	5.7

Securities

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2004	2003
National and local government bonds	**¥ 506.0**	¥376.4
Corporate bonds	**345.9**	239.7
Corporate stocks	**28.2**	67.0
Other securities	**140.9**	107.5
Total book value	**¥1,021.1**	¥790.9

Risk-Adjusted Capital Ratio

(1) Consolidated Capital Ratio (Domestic Standard)

The Kinki Osaka Bank, Ltd.

March 31			Billions of yen 2004	2003
Tier I capital	Capital		¥ 38.9	¥ 111.5
	Non-cumulative perpetual preferred stock		—	—
	Additional payment for unissued share		—	19.8
	Capital reserve		—	—
	Capital surplus		344.0	12.2
	Earned surplus		(286.5)	(68.9)
	Minority interests in consolidated subsidiaries		—	0.0
	Revaluation losses on other securities		—	—
	Foreign currency translation adjustments, net of taxes		—	—
	Goodwill		0.0	(0.1)
	Consolidation differences		—	—
	Total qualifying Tier I capital	(A)	96.4	74.6
Tier II capital	General reserve for possible loan losses		49.4	45.0
	Qualifying subordinated debt		40.0	63.0
	Subtotal		89.4	108.0
	Tier II capital included as qualifying capital	(B)	51.8	74.6
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	0.2	0.0
Total qualifying capital	(A)+(B)–(C)	(D)	¥ 147.9	¥ 149.1
Risk-adjusted assets	On-balance-sheet items		¥1,861.3	¥2,393.7
	Off-balance-sheet items		30.0	38.4
Total risk-adjusted assets		(E)	¥1,891.3	¥2,432.2
Risk-adjusted capital ratio	(D)/(E) x 100%		7.82%	6.13%

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

The Kinki Osaka Bank, Ltd.

March 31			Billions of yen 2004	2003
Tier I capital	Capital		¥ 38.9	¥ 111.5
	Non-cumulative perpetual preferred stock		—	—
	Additional payment for unissued share		—	19.8
	Capital reserve		38.9	12.2
	Other capital surplus		305.0	—
	Legal reserve		—	—
	Earned surplus carried forward to the next year		(288.6)	(60.5)
	Revaluation losses on other securities		—	—
	Goodwill		(0.0)	(0.0)
	Total qualifying Tier I capital	(A)	94.3	82.9
Tier II capital	General reserve for possible loan losses		48.5	44.3
	Qualifying subordinated debt		40.0	63.0
	Subtotal		88.5	107.3
	Tier II capital included as qualifying capital	(B)	51.7	77.9
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)	¥ 146.1	¥ 160.8
Risk-adjusted assets	On-balance-sheet items		¥1,859.2	¥2,351.9
	Off-balance-sheet items		26.4	34.2
Total risk-adjusted assets		(E)	¥1,885.6	¥2,386.1
Risk-adjusted capital ratio	(D)/(E) x 100%		7.74%	6.73%

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.

Financial Information of The Nara Bank, Ltd.

Non-consolidated Balance Sheets

The Nara Bank, Ltd.

March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Cash and due from banks	**¥ 5,463**	¥ 6,963	**$ 51**
Call loans and bills bought	**—**	5,000	**—**
Monetary claims bought	**2,278**	2,276	**21**
Securities	**29,990**	36,773	**283**
Loans and bills discounted	**133,655**	129,613	**1,264**
Other assets	**456**	978	**4**
Premises and equipment	**3,198**	3,390	**30**
Deferred tax assets	**99**	568	**0**
Customers' liabilities for acceptances and guarantees	**5,088**	5,745	**48**
Reserve for possible loan losses	**(3,353)**	(6,913)	**(31)**
Total Assets	**¥176,877**	¥184,395	**$1,673**
Liabilities			
Deposits	**¥163,581**	¥171,284	**$1,547**
Other liabilities	**810**	480	**7**
Reserve for employees' bonuses	**—**	118	**—**
Reserve for employees' retirement benefits	**619**	507	**5**
Reserve for possible losses on loans sold	**—**	154	**—**
Reserve for possible losses on business restructuring	**48**	—	**0**
Deferred tax liabilities on land revaluation	**654**	676	**6**
Acceptances and guarantees	**5,088**	5,745	**48**
Total Liabilities	**170,802**	178,967	**1,616**
Shareholders' Equity			
Capital	**5,862**	3,862	**55**
Capital surplus	**2,446**	1,847	**23**
Earned deficit	**3,235**	1,401	**30**
Revaluation reserve for land, net of taxes	**961**	934	**9**
Net unrealized gains on other securities, net of taxes	**39**	184	**0**
Total Shareholders' Equity	**6,074**	5,427	**57**
Total Liabilities and Shareholders' Equity	**¥176,877**	¥184,395	**$1,673**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Statements of Operations

The Nara Bank, Ltd.

Years ended March 31, 2004 and 2003	Millions of yen 2004	2003	Millions of U.S. dollars 2004
Income			
Interest income	**¥3,440**	¥3,590	**$32**
Interest on loans and bills discounted	**3,175**	3,209	**30**
Interest and dividends on securities	**240**	356	**2**
Fees and commissions	**572**	495	**5**
Other operating income	**186**	217	**1**
Other income	**94**	65	**0**
Total Income	**4,294**	4,368	**40**
Expenses			
Interest expenses	**150**	136	**1**
Interest on deposits	**150**	136	**1**
Fees and commissions	**246**	213	**2**
Other operating expenses	**152**	77	**1**
General and administrative expenses	**3,739**	3,433	**35**
Other expenses	**2,648**	1,945	**25**
Total Expenses	**6,937**	5,805	**65**
Loss before income taxes	**2,642**	1,437	**24**
Income taxes—current	**11**	9	**0**
Income taxes—deferred	**578**	1,268	**5**
Net loss	**¥3,232**	¥2,715	**$30**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Deposits (Non-consolidated)

The Nara Bank, Ltd. March 31	Billions of yen 2004	2003
Liquid deposits	**¥ 61.6**	¥ 60.6
Time deposits	**100.5**	109.0
Other deposits	**1.3**	1.5
Total	**¥163.5**	¥171.2

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

Deposits by Type of Depositor (Non-consolidated)

The Nara Bank, Ltd. March 31	Billions of yen 2004	2003
Individuals	**¥130.4**	¥139.8
Corporations	**29.1**	27.2
Other	**3.9**	4.2
Total	**¥163.5**	¥171.2

Loans to SMEs and Individuals (Non-consolidated)

The Nara Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2004**	2003	**2004**	2003
Loans to SMEs and individuals	**¥120.1**	¥116.7	**89.8%**	90.1%

Loans to Individuals (Non-consolidated)

The Nara Bank, Ltd. March 31	Billions of yen 2004	2003
Consumer loans total	**¥35.0**	¥27.3
Housing loans	**32.9**	24.5

Loans and Bills Discounted by Industry

The Nara Bank, Ltd.

March 31	Billions of yen 2004	2003
Domestic operations		
Manufacturing	**¥ 13.5**	¥ 14.7
	10.15%	11.35%
Agriculture	**0.1**	0.3
	0.08%	0.25%
Forestry	**—**	0.0
	—%	0.02%
Fishing	**—**	—
	—%	—%
Mining	**—**	—
	—%	—%
Construction	**9.2**	9.8
	6.90%	7.59%
Electric power, gas, and other public enterprises	**0.4**	0.6
	0.36%	0.50%
Information and communications	**0.1**	0.6
	0.12%	0.46%
Transportation	**3.3**	2.9
	2.50%	2.25%
Wholesale and retail	**14.1**	16.4
	10.56%	12.66%
Financial services	**10.2**	6.8
	7.66%	5.25%
Real estate	**20.4**	22.3
	15.28%	17.25%
Services	**18.3**	18.5
	13.72%	14.31%
Local governments	**2.2**	2.2
	1.67%	1.73%
Other	**41.4**	34.1
	31.00%	26.38%
Total	**¥133.6**	¥129.6
	100.00%	100.00%

Risk Management Loans

The Nara Bank, Ltd.
Non-consolidated Basis
March 31

	Millions of yen		
	2004	Change	2003
Loans to borrowers in legal bankruptcy	**¥ 719**	**¥(2,295)**	¥ 3,015
Past due loans	**5,351**	**(2,047)**	7,399
Loans past due three months or more	**195**	**(262)**	458
Restructured loans	**2,930**	**229**	2,701
Total*	**¥ 9,197**	**¥(4,376)**	¥ 13,573
Total loans and bills discounted	**¥133,655**	**¥ 4,041**	¥129,613
Ratio of risk management loans to total loans and bills discounted (%)	**6.88**	**(3.59)**	10.47

* 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		
	2004	Change	2003
Unrecoverable or valueless claims	**¥ 2,162**	**¥(4,500)**	¥ 6,663
Risk claims	**3,945**	**62**	3,883
Claims in need of special attention	**3,126**	**(32)**	3,159
Financial Reconstruction Law subtotal	**9,234**	**(4,471)**	13,706
Nonclassified claims	**129,608**	**7,756**	121,852
Financial Reconstruction Law total*	**¥138,843**	**¥ 3,285**	¥135,558
Coverage ratio (%)	**91.1**	**(4.6)**	95.7

* 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		
	2004	Change	2003
Reserves for possible loan losses	**¥3,353**	**¥(3,560)**	¥6,913
General reserve for possible loan losses	**1,575**	**(34)**	1,609
Specific reserve for possible loan losses	**1,778**	**(3,526)**	5,304
Reserve for possible losses on loans sold	**—**	**(154)**	154

Securities

The Nara Bank, Ltd.
Non-consolidated Basis
March 31

	Billions of yen	
	2004	2003
National and local government bonds	**¥20.2**	¥23.8
Corporate bonds	**6.8**	9.9
Corporate stocks	**0.4**	0.4
Other securities	**2.4**	2.4
Total book value	**¥29.9**	¥36.7

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

The Nara Bank, Ltd.

			Billions of yen	
			2004	2003
Tier I capital	Capital		**¥ 5.8**	¥ 3.8
	Non-cumulative perpetual preferred stock		**—**	—
	Capital reserve		**—**	0.4
	Legal reserve		**—**	—
	Voluntary reserve		**—**	—
	Earned surplus carried forward to the next year		**(0.7)**	—
	Total qualifying Tier I capital	(A)	**5.0**	4.3
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)	**6.4**	5.6
Risk-adjusted assets	On-balance-sheet items		**98.7**	97.4
	Off-balance-sheet items		**5.0**	5.7
Total risk-adjusted assets		(E)	**¥103.7**	¥103.1
Risk-adjusted capital ratio	(D)/(E) x 100%		**6.21%**	5.50%

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.

Financial Information of Resona Trust & Banking Co., Ltd.

Non-consolidated Balance Sheets

Resona Trust & Banking Co., Ltd.

March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Cash and due from banks	**¥11,777**	¥ 9,414	**$111**
Securities	**15,010**	15,010	**142**
Other assets	**21,170**	22,582	**200**
Premises and equipment	**2,172**	3,514	**20**
Deferred tax assets	**288**	447	**2**
Total Assets	**¥50,419**	¥50,970	**$477**
Liabilities			
Deposits	**¥ 3,394**	¥ 3,334	**$ 32**
Other liabilities	**11,167**	12,955	**105**
Total Liabilities	**14,561**	16,290	**137**
Shareholders' Equity			
Capital	**10,000**	10,000	**94**
Capital surplus	**14,969**	14,969	**141**
Earned surplus	**10,889**	9,711	**103**
Net unrealized losses on other securities, net of taxes	**(0)**	(0)	**(0)**
Total Shareholders' Equity	**35,858**	34,680	**339**
Total Liabilities and Shareholders' Equity	**¥50,419**	¥50,970	**$477**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Non-consolidated Statements of Operations

Resona Trust & Banking Co., Ltd.

Years ended March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Income			
Interest income	**¥ 2**	¥ 1	**$ 0**
Trust fees	**28,144**	29,588	**266**
Fees and commissions	**5,411**	4,937	**51**
Other operating income	**—**	0	**—**
Other income	**420**	2	**3**
Total Income	**33,978**	34,529	**321**
Expenses			
Interest expenses	**3**	2	**0**
Fees and commissions	**7,562**	8,548	**71**
General and administrative expenses	**9,592**	9,750	**90**
Other expenses	**364**	535	**3**
Total Expenses	**17,523**	18,838	**165**
Income before income taxes	**16,454**	15,691	**155**
Income taxes—current	**5,617**	6,406	**53**
Income taxes—deferred	**158**	(420)	**1**
Net income	**¥10,678**	¥ 9,705	**$101**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.

Statements of Trust Assets and Liabilities

Resona Trust & Banking Co., Ltd.

March 31, 2004 and 2003	Millions of yen 2004	Millions of yen 2003	Millions of U.S. dollars 2004
Assets			
Securities	**¥ 3,347,512**	¥ 2,279,083	**$ 31,672**
Trust beneficiary certificate	**20,630,112**	21,131,290	**195,194**
Other claims	**393**	132	**3**
Cash and due from banks	**3,097**	14,953	**29**
Total Assets	**¥23,981,116**	¥23,425,461	**$226,900**
Liabilities			
Money trusts	**¥ 8,780,847**	¥ 9,201,766	**$ 83,081**
Pension trusts	**5,355,689**	5,887,645	**50,673**
Securities investment trusts	**9,000,857**	7,447,570	**85,162**
Pecuniary trusts other than money trusts	**235,731**	267,348	**2,230**
Securities trusts	**218,931**	231,724	**2,071**
Composite trusts	**389,058**	389,404	**3,681**
Total Liabilities	**¥23,981,116**	¥23,425,461	**$226,900**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥105.69=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2004, has been used.
3. Trust beneficiary certificates worth ¥20,630,112 million ($195,194 million) were re-entrusted for asset administration purposes.
4. Co-managed trust funds under other trust banks' administration amounted to ¥4,668,043 million ($44,167 million).

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

Resona Trust & Banking Co., Ltd.

			Millions of yen 2004	Millions of yen 2003
Tier I capital	Capital		**¥10,000**	¥10,000
	Capital surplus		**14,969**	14,969
	Earned surplus carried forward to the next year		**889**	211
	Revaluation losses on other securities		**(0)**	(0)
	Goodwill		**(53)**	(71)
	Total qualifying Tier I capital	(A)	**25,805**	25,108
Tier II capital		(B)	**—**	—
Amount to be deducted		(C)	**—**	—
Total qualifying capital	(A)+(B)–(C)	(D)	**¥25,805**	¥25,108
Risk-adjusted assets	On-balance-sheet items		**¥23,325**	¥21,813
	Off-balance-sheet items		**—**	—
Total risk-adjusted assets		(E)	**¥23,325**	¥21,813
Risk-adjusted capital ratio	(D)/(E) x 100%		**110.63%**	115.10%

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 25, 2004

■ 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 and Representative Executive Officer of Resona Bank, Ltd.
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 Corporate Auditor of Toyoda Gosei Co., Ltd. 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)

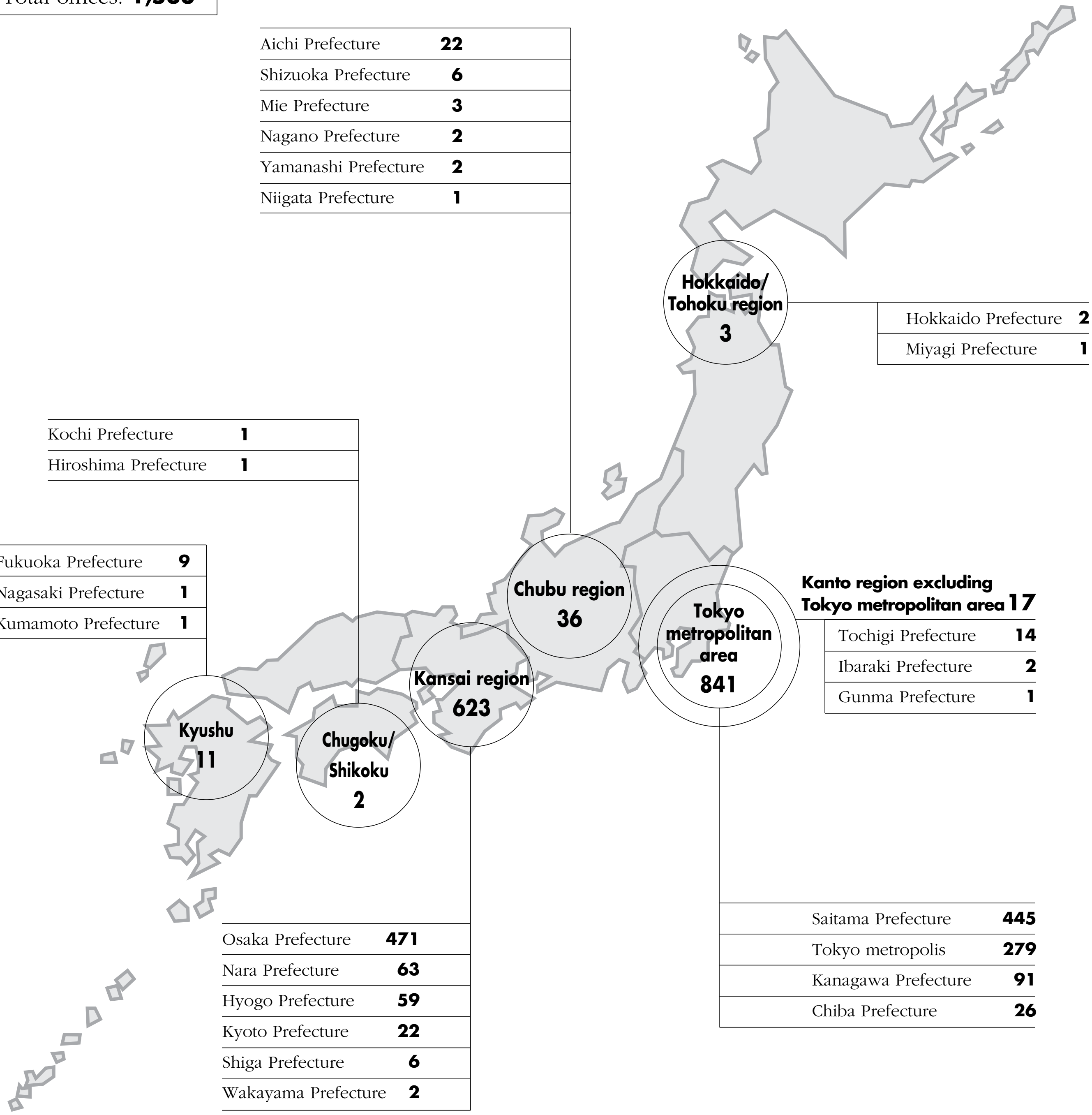
■ Executive Officers

Post	Name	
Executive Officer	Kuniharu Kajita	Executive Officer of Resona Bank, Ltd.
Executive Officer	Takashi Tanaka	Executive Officer of Resona Bank, Ltd.
Executive Officer	Susumu Ishii	Executive Officer of Resona Bank, Ltd.
Executive Officer	Makoto Fukai	Executive Officer of Resona Bank, Ltd. Director of Resona Trust & Banking Co., Ltd. (part-time)
Executive Officer	Yoshinori Kanbayashi	Representative Director, President and Executive Officer of The Nara Bank, Ltd.
Executive Officer	Kazuma Yamaoka	Executive Officer of Resona Bank, Ltd. Director of Saitama Resona Bank, Ltd. (part-time)
Executive Officer	Kazuhiro Higashi	Executive Officer of Resona Bank, Ltd.
Executive Officer	Kaoru Isono	Executive Officer of Resona Bank, Ltd. Director of The Nara Bank, Ltd. (part-time)
Executive Officer	Naobumi Sato	Executive Officer of Resona Bank, Ltd.
Executive Officer	Kazuyoshi Ikeda	Executive Officer of Resona Bank, Ltd. Director of The Kinki Osaka Bank, Ltd. (part-time)

Domestic Network

As of June 30, 2004

Total offices: **1,533**



Domestic Branches

(As of June 30, 2004)

	Resona Bank	Saitama Resona Bank	Kinki Osaka Bank	Nara Bank	Resona Trust & Banking	Total of the five banks	Tokyo metropolitan area	Kansai region
Manned offices	344	112	144	16	4	620	282	306
Nonmanned offices	526	333	26	28	0	913	559	317
Total offices	870	445	170	44	4	1,533	841	623

International Network

As of August 1, 2004

Resona Bank, Ltd.

■ EUROPE

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40 Basinghall Street,
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Telex: 8956907
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■ ASIA

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Fax: 65-6333-0797

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Bangkok Representative Office
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PT. Bank Resona Perdania

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Telex: 65658, 65195
Fax: 62-21-5701936
Cable: JOINT BANK, JAKARTA
SWIFT: BPIAIDJA

Cikarang Sub-Branch
2nd Floor,
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EJIP Industrial Park Plot 3A,
Cikarang Selatan,
Bekasi, Indonesia
Phone: 62-21-8974940
Fax: 62-21-8974941

Karawang Sub-Branch
1st Floor, Graha KIIC,
JL. Permata Raya Lot C-1B,
Kawasan Industri KIIC,
Karawang,
West Java, Indonesia
Phone: 62-21-89115020
Fax: 62-267-647347

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

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

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JL. Jend. Sudirman Kav. 40-41,
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■ JAPAN

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Cable: DAIBANK
SWIFT: DIWAJPJS

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Cable: DAIBANK
SWIFT: DIWAJPJT

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

The Kinki Osaka Bank, Ltd.

■ JAPAN

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

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

Saitama Resona Bank, Ltd.

■ JAPAN

Head Office
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Urawa-ku, Saitama 330-0061, Japan

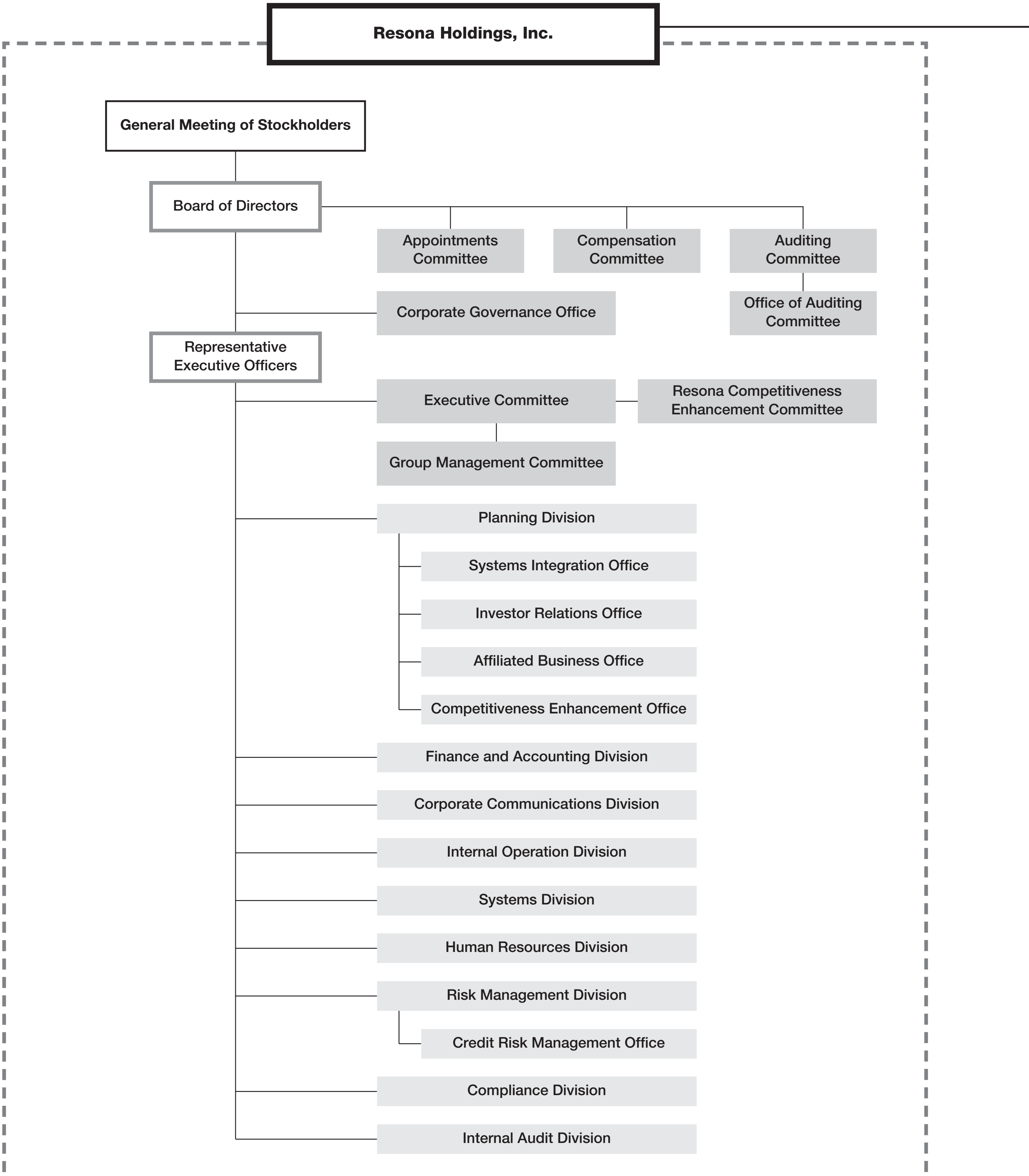
Tokyo Office
1-2, Otemachi 1-chome,
Chiyoda-ku, Tokyo 100-8106, Japan

Phone: 81-48-824-2411
SWIFT: SAIBJPJT

Internet Address
http://www.resona-gr.co.jp/saitamaresona/

Organization Chart and Outline of the Group

As of August 1, 2004



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.**	**9 other companies**
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 Co., Ltd.	Chuo-ku, Osaka-shi	¥100	Business consulting services	Oct. 1, 1986	64.3
■ Resona Guarantee Co., Ltd.	Urawa-ku, Saitama-shi	¥72,800	Credit guarantee	May 8, 1975	100.0
▲ Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	¥51,000	Banking and trust banking business	June 20, 2000	33.3
■ PT. Bank Resona Perdania	Jakarta, Indonesia	IDR 240,000	Banking business	Feb. 15, 1956	48.5
Finance-related business					
■ Resona Card Co., Ltd.	Chuo-ku, Tokyo	¥400	Credit card administration	Feb. 12, 1983	54.0
■ Resona Capital Co., Ltd.	Chuo-ku, Tokyo	¥4,500	Venture capital business	Mar. 29, 1988	75.6

■ Consolidated subsidiaries
▲ Affiliates accounted for by the equity method

Investor Information

As of March 31, 2004

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 100-8107, Japan
Tel: 81-3-3287-2131

Paid-in Capital
¥1,288,473 million

Number of Shareholders
(Common stock)
240,950

Common Stock (Thousands)
Authorized: 73,000,000 shares
Issued: 11,375,069 shares

Preferred Stock (Thousands)
Authorized: 9,443,933 shares
(As of June 25, 2004)
Issued: 9,443,933 shares

Class A No. 1	5,970 shares
Class B No. 1	680,000 shares
Class C No. 1	120,000 shares
Class D No. 1	156 shares
Class E No. 1	240,000 shares
Class F No. 1	80,000 shares
Class one No. 1	2,750,000 shares
Class two No. 1	2,817,807 shares
Class three No. 1	2,750,000 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.
Note: On June 25, 2004, the Regular General Meeting of Shareholders of Resona Holdings approved the Proposal to Appoint an Additional Accounting Auditor. As of the same date, Tohmatsu & Co. was newly appointed to this position.

Number of Employees
16,810 (Consolidated)
228 (Non-consolidated)

Stock Price Range on the Tokyo Stock Exchange

(First section)

	2003					2004						
	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July
High	¥102	¥183	¥191	¥167	¥141	¥140	¥130	¥182	¥250	¥228	¥199	¥196
Low	78	97	151	115	119	125	117	124	173	172	179	168

Major Shareholders

	Number of shares held (Thousands)	Percentage of total shares issued
Deposit Insurance Corporation of Japan	5,700,739	50.11
Japan Trustee Services Bank, Ltd.	229,314	2.01
The Master Trust Bank of Japan, Ltd.	120,457	1.05
Japan Securities Finance Co., Ltd.	111,543	0.98
The Dai-ichi Mutual Life Insurance Company	94,117	0.82
Nomura Holdings, Inc.	79,049	0.69
Resona Holdings Employee Stock Ownership Association	72,191	0.63
Daido Life Insurance Company	70,000	0.61
The Fuji Fire & Marine Insurance Co., Ltd.	64,589	0.56
The Nichido Fire and Marine Insurance Co., Ltd.	62,875	0.55
Total	6,604,877	58.06

Contact:

IR Office, Planning Division
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Resona Holdings

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