

October 18, 2002

For immediate release

Resona Holdings, Inc.

**Regarding the Business Reform Order Issued to a
Resona Subsidiary by the Financial Services Agency**

The Asahi Bank, Limited, (President, Yukio Yanase), a subsidiary of Resona Holdings, received a Business Reform Order from Japan's Financial Services Agency, based on the Emergency Measures Law for Early Achievement of Soundness of the Financial System (Article 20-2) and on the Banking Law (Article 26-1) because its lending balance to small and medium-sized enterprises fell short of the planned level under its 2001 Plan for Management Reforms.

The content of the Business Reform Order is explained in the accompanying separate sheet.

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Asahi Bank, Limited

The Asahi Bank, Limited, (President, Yukio Yanase) today received a Business Reform Order from Japan's Financial Services Agency, based on the Emergency Measures Law for Early Achievement of Soundness of the Financial System (Article 20-2) and the Banking Law (Article 26-1) because its lending balance to small and medium-sized enterprises fell short of the planned level under its FY 2001 Plan for Management Reforms.

We wish to express our apologies for the concern and inconvenience that the issuance of this Business Reform Order may cause among our many business and other associates.

The Asahi Bank regards this order with the greatest seriousness, and, together with a review of developments in the previous fiscal year will exert its utmost efforts to reach its targets under its management plan for the current fiscal year. We therefore request your increased understanding and support.

1. Content of the Business Reform Order

Under the Emergency Measures Law for Early Achievement of Soundness of the Financial System and other laws, the Asahi Bank will submit a Business Reform Plan including specific measures for meeting targets for lending to small and medium-sized enterprises and will steadily implement this plan, while reporting on progress toward implementation.

2. Reasons for Issuance of the Order

The Asahi Bank's balance of loans to small and medium-sized enterprises for fiscal 2001, under its Plan for Management Reforms, was substantially below target, and, when implementing this plan, the Bank did not set a goal for lending to small and medium-sized enterprises for the second half of fiscal 2001. Moreover, the Bank did not implement sufficiently effective measures to reach its goals.

3. Reasons for Not Meeting the Target for the Previous Fiscal Year

During fiscal 2001, the Bank pursued policies to increase its lending to these enterprises, including strengthening its organization for making net increases in new loans, expanding the range of loan products, and enhancing its capabilities for supporting the growth of small and medium-sized enterprises.

However, in the latter half of fiscal 2001, the Bank's stock price fell to unprecedentedly low levels owing to rumors and other developments. The Bank exerted its fullest efforts to recovering confidence and decided to omit the establishment of goals for lending for its offices.

Therefore, there were not sufficient incentives to increase lending from the Bank's offices to small and medium-sized enterprises. In addition, as a result also of the decline in funding needs among customers for capital investment accompanying the economic recession, the repayment of loans by customers accompanying financial restructuring, the progress toward repayment of loans made under guarantee systems to promote financial stability, and the downward pressure on the Bank's loan balance exerted by the disposal of nonperforming loans, the Bank's loans to small and medium-sized enterprises, unfortunately, were stagnant, and lending fell short of the targets contained in the Plan for Management Reforms.

4. Policies to Be Implemented this Fiscal Year

As a member of the Resona Group, which is aiming to become a “Super Regional Bank,” which will be a “new federation of regional financial institutions founded on close ties with local communities,” the Asahi Bank has accepted this Business Reform Order with utmost seriousness and, going forward, will respect its ties with local communities and strengthen its systems for focusing its management resources on small and medium-sized enterprises in regional areas.

Regarding the Bank’s plans for lending to small and medium-sized enterprises in fiscal 2002, the Bank will reflect on and reexamine its systems for the previous fiscal year and strengthen its supervisory systems in the Head Office and in its branches. Moreover, through the implementation of various measures aimed at increasing loans to small and medium-sized enterprises, all management and staff will work together to respond speedily to the financial needs of customers among small and medium-sized enterprises, and, by providing funds smoothly, contribute to the communities served by the Bank and to its customers.