

**Announcement Regarding Reduction of Capital and Legal Reserves  
of Resona Bank and Kinki Osaka Bank**

Resona Bank, Ltd. ("Resona Bank," President: Masaaki Nomura) and The Kinki Osaka Bank, Ltd., ("Kinki Osaka Bank," President: Kunitsugu Hara), both of which are subsidiaries of Resona Holdings, Inc. (Resona HD), passed resolutions in their board of directors' meetings held on June 10, 2003 to submit the following agenda to the general meeting of shareholders of Resona Bank and to the extraordinary meeting of shareholders of Kinki Osaka Bank to be held on June 25, 2003, and on July 15, 2003, respectively. Details are as follows:

**Resona Bank**

**I. Reduction of Capital**

**1. Purpose of capital reduction**

In the fiscal year ended March 31, 2003, Resona Bank took drastic measures to restore its financial soundness by virtually eliminating the latent losses on its equity securities, reducing its deferred tax assets based on a more conservative assessment and other proactive measures. As a result, Resona Bank incurred a substantial loss, and even after making up for the loss using its legal reserve, significant amount of carried forward loss remained. Therefore, Resona Bank considers it necessary to improve its capital structure in order to stabilize its financial position and decided to propose a reduction of capital to dispose of the remaining loss.

**2. The way in which capital decrease will be implemented**

- 1) Amount of capital decrease  
Capital amount of Resona Bank at present, ¥443,158,789,782 will be reduced by ¥371,359,220,486 to ¥71,799,569,296.
- 2) Way of capital reduction  
The number of shares issued remain unaffected by the proposed capital reduction.  
The amount of total shareholders' equity will also remain unchanged by the planned capital decrease.

**3. Schedule**

- |  |                           |
|--|---------------------------|
| 1) Corporate resolution                          | June 10, 2003             |
| 2) Resolution by general meeting of shareholders | June 25, 2003 (Planned)   |
| 3) Deadline for creditors to lodge protests      | August 11, 2003 (Planned) |
| 4) Date of capital decrease (entry into force)   | August 12, 2003 (Planned) |

**II. Reduction of capital reserve and revenue reserve**

**1. Purpose of reducing capital reserve and earned surplus reserve**

The capital reserve and earned surplus reserve will be reduced in order to compensate for the carried forward loss.

**2. The way in which reduction of capital reserve and earned surplus reserve will be implemented  
(The amount to be reduced from capital reserve and earned surplus reserve)**

The entire capital reserve and earned surplus reserve of Resona Bank in the amount of ¥154,316,941,128 and

¥57,087,511,473, respectively, will be utilized to make up for for the carried forward loss.

## **Kinki Osaka Bank**

### **I. Reduction of Capital**

#### **1. Purpose of capital reduction**

Taking into account the current severe economic environment, Kinki Osaka Bank has taken drastic steps to dispose of problem loans in order to completely eliminate the risk of future decline in stock prices and real estate prices. As a result, a substantial amount of carried forward loss is to remain undisposed even after making up for the loss utilizing its entire capital reserve. Under such circumstance like this, Kinki Osaka Bank considers it necessary to improve its capital structure in order to ensure the recovery of its financial strength, and decided to propose a reduction of capital to dispose of the carried forward loss.

#### **2. The way in which capital decrease will be implemented**

- 1) Amount of capital decrease  
Capital amount of Kinki Osaka Bank at present, ¥121,456,466,770, will be reduced by ¥48,351,155,776 to ¥73,105,310,994.
- 2) Way of capital reduction  
The number of shares issued remain unaffected by the proposed capital reduction.  
The amount of total shareholders' equity will also remain unchanged by the planned capital decrease.

#### **3. Schedule**

- |  |                             |
|--|-----------------------------|
| 1) Corporate resolution                                | June 10, 2003               |
| 2) Resolution by extraordinary meeting of shareholders | July 15, 2003 (Planned)     |
| 3) Deadline for creditors to lodge protests            | September 2, 2003 (Planned) |
| 4) Date of capital decrease (entry into force)         | September 3, 2003 (Planned) |

### **II. Reduction of capital reserve**

#### **1. Purpose of reducing capital reserve**

The capital reserve will be reduced in order to compensate for the carried forward loss.

#### **2. The way in which reduction of capital reserve and revenue reserve will be implemented**

##### **(The amount to be reduced from capital reserve and revenue reserve)**

The entire capital reserve of Kinki Osaka Bank, in the amount of ¥12,246,301,176, will be used to compensate for the carried forward loss.

The aforementioned agenda concerning reduction of capital reserve will be submitted to the general meeting of shareholders which will be held on June 24, 2003.

2. Reference Sheet

**[Change in Resona Bank's non-consolidated shareholders' equity account] (Planned)**

The planned loss disposal and reduction of capital to compensate for the carried forward loss are subject to approvals in the general and meeting of shareholders.

(million of yen)		Mar.31,2003	After loss disposal	Reduction of capital	After compensation for carried forward loss
Capital		443,158	443,158	(371,359)	<b>71,799</b>
Capital surplus		154,316	-	-	-
Capital reserve		154,316	-	-	-
Other capital surplus		-	-	-	-
Earned surplus		(525,676)	(371,359)	+371,359	-
Revenue reserve		57,087	-	-	-
Undisposed loss for the period then ended		582,763	371,359	+371,359	-
Revaluation reserve for land, net of taxes		82,211	82,211	-	82,211
Net unrealized gains on securities available for sale, net of taxes		(35,864)	(35,864)	-	(35,864)
<b>Total shareholders' equity</b>		<b>118,146</b>	<b>118,146</b>	<b>Remains same</b>	<b>118,146</b>

**[Change in Kinki Osaka Bank's non-consolidated shareholders' equity account] (Planned)**

Loss disposal and reduction of capital to compensate for the carried forward loss are planned subject to approval of the general meeting of shareholders

(million yen)		Mar.31,2003	After loss disposal	Reduction of capital	After compensation for carried forward loss
Capital		111,539	121,456	(48,351)	<b>73,105</b>
Proceeds from new shares *1		19,834	-	-	-
Capital surplus		12,246	9,917	-	9,917
Capital reserve		12,246	9,917	-	9,917
Other capital surplus		-	-	-	-
Earned surplus		(60,597)	(48,351)	+48,351	-
Earned surplus reserve		-	-	-	-
Undisposed loss for the period then ended		60,597	48,351	+48,351	-
Net unrealized gains on securities available for sale, net of taxes		177	177	-	177
<b>Total shareholders' equity</b>		<b>83,199</b>	<b>83,199</b>	<b>Remains same</b>	<b>83,199</b>

\*1. In March 2003, Kinki Osaka Bank issued new shares, totaling ¥19,834 million, through allotment to Resona HD. Since the date of capital increase was April 1, 2003, the amount of capital increase is registered as “proceeds from new shares as of the end of fiscal year 2002. “Proceeds from new shares” were then transferred to capital and capital surplus accounts in the amount of ¥9,917 million, respectively.

The proposed capital reduction of both banks will neither result in reduction of total shareholders’ equity nor accompany any disbursement of cash (reduction of capital without compensation).