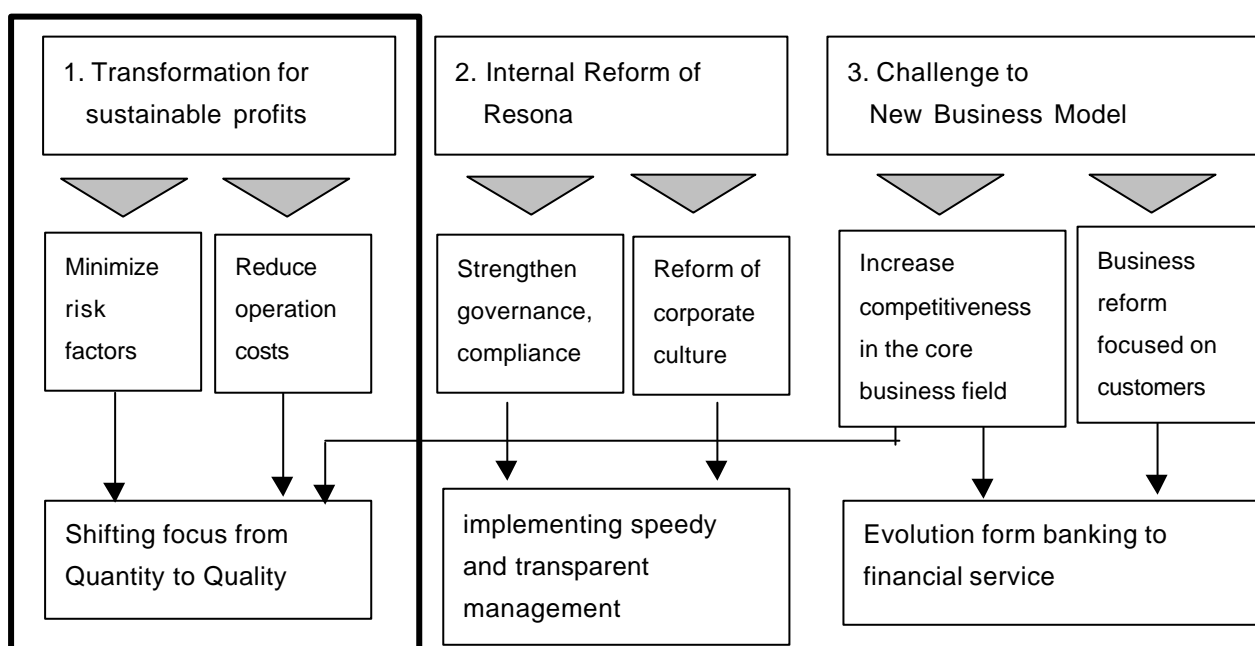


Outline of the Financial Reform Aimed at Maximization of Corporate Value of Resona and Revisions of Earnings and Dividend Forecasts

Resona Group has decided to implement financial reform for the purpose of establishing solid financial strength with a view to maximizing its corporate value. As a result, Resona Holdings Inc. revised its earnings forecasts for the interim period ended September 30, 2003 and its dividend forecasts for the fiscal year ending March 31, 2004. Details were announced as follows:

I. Outline of the Ongoing Reforms Aimed at Maximization of Corporate Value

- New management is strenuously implementing a number of reforms aimed at maximizing corporate value of Resona. Outline of the ongoing reforms is as follows.



II. Outline of the Financial Reform

- The goal for the financial reform is to attain "transformation for sustainable profits" by recognizing as much front-end costs as possible.

1. Reorganization of Resona for reducing future costs

(1) Elimination of transactions with "closely-related borrowers" and thoroughly withdrawing from nonbank business

- Formulated new policies for disposal of "closely-related borrowers" and non-bank affiliates on the basis of such options as "liquidation," "withdrawal from certain business fields" and "transfer to third parties," rather on formerly applied "going concern" assumption.

	Resona Bank	Kinki Osaka Bank	Total of Two Banks
Related loss expected	Approx. ¥330 bil.	Approx. ¥90 bil.	Approx. ¥420 bil.

* Presented figures are on a non-consolidated basis and inclusive of such losses arising from impairment of loans to these companies and losses in relation to write-downs of subsidiaries' stocks, etc.

(2) Disposal of Unfunded Retirement Benefit Liabilities

- Returned a proxy portion of the employee pension fund and disposed of the corresponding unfunded liabilities
- Also, took a measure to dispose of a portion of the remaining unfunded liabilities and substantially reduced amortization costs in the next fiscal year and beyond.

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Saitama Resona Bank	Total of Three Banks
Related loss expected	Approx. 80.0	Approx. 5.0	Approx. 2.0	Approx. 87.0
Unfunded liabilities disposed	Approx. 182.0	Approx. 26.0	Approx. 7.0	Approx. 215.0

Expected reduction of costs	Approx. 31.0	Approx. 4.0	Approx. 1.5	Approx. 36.5
Personnel expenses	Approx. 7.0	Approx. 1.8	Approx. 0.7	Approx. 9.5

* Reduction of costs is shown on the annualized basis. (Reduction expected for fiscal 2004 and after)

(3) Provision of "Reserve for Business Restructuring"

- Reserve for Business Restructuring is provided against the future expected loss arising from disposal of real estates and other business restructuring. (As a reserve stipulated in Article 43 of the Implementing Regulation for Commercial Law, rationally estimated loss amount is added to the reserve.)
- Reserve is provided against the anticipated loss arising from outsourcing of certain systems (Details are to be announced separately upon decision.)

(Billions of yen)	Resona Bank
Amount added to the reserve	Approx. 50.0

- Reserve is provided against the anticipated loss arising from sales of certain real estates accompanying consolidation and abolition of overlapping branches, etc. (Preparation for introduction of mark-to-market accounting on real estate assets.)

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Total of Two Banks
Amount added to the reserve	Approx. 20.0	Approx. 7.0	Approx. 27.0

- Reserve is provided against the anticipated loss arising from reducing personnel ahead of the schedule in the current "Management Revitalization Plan." (Details of voluntary retirement system, etc. will be announced separately upon decision.)

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Saitama Resona Bank	Total of Three Banks
Amount added to the reserve	Approx. 14.5	Approx. 6.0	Approx. 0.5	Approx. 21.0

2. Strengthening of Loan Loss Reserves Aimed at Revitalization of Corporate Borrowers

(1) Measures to enable early revitalization of corporate borrowers

- Actively utilizing the Industrial Revitalization Corporation of Japan (IRCJ) with a view to ensuring early revitalization of corporate borrowers and transparency in providing such assistance.
- Measures were taken to facilitate assistance for rehabilitation of corporate borrowers including establishment of a specialized division.

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Total of Two Banks
Related loss expected	Approx. 135.0	Approx. 11.0	Approx. 146.0

* Presented figures are on a non-consolidated basis and equivalent to additional loss amount which is expected for the interim period.

(2) Adopted cash flow-based approach to strengthen loan loss reserves

- Expanded the application of the discounted cash flow method and computed appropriate levels of loan loss reserve on a borrower-by-borrower basis.

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Total of Two Banks
Related loss expected	Approx. 300.0	Approx. 44.0	Approx. 344.0

* Presented figures are on a non-consolidated basis and equivalent to additional loss amount which is expected for the interim period.

[Reference: Estimates for Loan Loss Reserve Ratio]

	Resona Bank	Kinki Osaka Bank	Saitama Resona Bank
Claims to "doubtful" borrowers	Slightly lower than 90%	Approx. 100%	Approx. 80%
Change from previous fiscal year-end	+ Approx. 25%	+ Approx. 35%	+ Over 20%
Claims to "special attention" borrowers	Slightly lower than 50%	Slightly lower than 90%	Slightly lower than 40%
Change from previous fiscal year-end	+ Approx 20%	+Approx 55%	+ Over 5%

1. Loan loss reserve ratio for "doubtful" borrowers is the ratio of loan loss reserves against the portion not covered by collateral and guarantees (category III exposure).

2. Loan loss reserve ratio for "special attention" borrowers is the ratio of loan loss reserves against the portion not covered by collateral and guarantees.

[For reference: Estimate for the Disclosed Claims under the Financial Reconstruction Law Criteria]

- In the interim period, Resona Group has drastically strengthened loan loss reserves to eliminate risk factors. As a result, the problem claims disclosed in accordance with the Financial Reconstruction Law criteria at the end of September 2003 increased temporarily. However, since we already provided sufficient loan loss reserves and took other proactive measures to accelerate off-balancing of these claims in the second half, the balance of problem claims is expected to decline substantially at the end of March 2004.

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Saitama Resona Bank	Nara Bank
End of March 2003	2,313.4	407.4	171.6	13.7
Ratio of problem claims to total claims	10.0%	13.2%	3.6%	10.1%

End of September 2003	Approx. 2,850.0	Approx. 360.0	Approx. 175.0	Approx. 13.5
Change during six months	Approx. 530.0	Approx. (45.0)	Approx. 3.0	Approx. (0.2)
Ratio of problem claims to total claims	Former half of 13% range	Middle of 13% range	Latter half of 3% range	Latter half of 9% range

End of March 2004	Approx. 1,550.0	Approx. 225.0	Approx. 170.0	Approx. 12.0
Change during six months	Approx. (1,300.0)	Approx. (135.0)	Approx. (5.0)	Approx. (1.5)
Ratio of problem claims to total claims	Former half of 7% range	Middle of 8% range	Middle of 3% range	Former half of 8% range

1. Figures are estimates on a non-consolidated basis.
2. Ratio of problem claims is computed based on the claims classified in accordance with the Financial Reconstruction Law criteria.

3. Further Reduction of Deferred Tax Assets

- Taking into account the uncertainty of income during the intensive revitalization period, Resona Bank and Kinki Osaka Bank will further reduce their deferred tax assets.

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Total of Two Banks
Balance of deferred tax assets at the end of September 2003	Approx. 40.0	Approx. 7.0	Approx. 47.0
Balance at the end of the previous fiscal year	391.6	74.8	466.5

1. Figures are estimates on a non-consolidated basis.
2. Balance of deferred tax assets is reported on a net basis, after subtracting deferred tax liabilities related to unrealized gains on stocks.

4. Further Reduction of Cross-Held Stocks

- Sold more than ¥400 billion of stocks (on a book value basis), actively utilizing the Bank of Japan's stock purchasing program.

(Billions of yen)	Resona Bank	Kinki Osaka Bank	Total of Two Banks
Estimate for the book value of stocks sold during the interim period	Over 400.0	Approx. 12.0	Approx. 420.0
of which, sold to BOJ	Approx. 160.0	---	Approx. 160.0

Target for sale in the second half of fiscal 2003	Approx. 180.0	Approx. 6.0	Approx. 186.0
Projected balance at the end of March 2004	Below 600.0	Approx. 35.0	Approx. 635.0

* Presented figures are for marketable stocks included in "other securities."

II. Revisions of Earnings and Dividend Forecasts

- Accompanying the financial reform specified above, Resona Holdings revises its earnings forecasts for the interim period ended September 30, 2003 and its dividend forecasts for the fiscal year ending March 31, 2004 as follows:

1. Earnings Forecasts for the Interim Period Ended September 30, 2003

(1) Consolidated Earnings Forecast

(Millions of yen)	Ordinary Income	Ordinary Profit(Loss)	Net Income(Loss)
Previous Forecast	550,000	26,000	22,000
Revised Forecast	630,000	(1,220,000)	(1,760,000)
Increase / (Decrease)	80,000	(1,246,000)	(1,782,000)
Rate of Increase/ (Decrease)	+ 15%	(4,792)%	(8,100)%

(2) Non-consolidated Earnings Forecast for the Interim Period Ended September 30, 2003

(Millions of yen)	Ordinary Income	Ordinary Profit(Loss)	Net Income(Loss)
Previous Forecast	15,000	9,300	9,300
Revised Forecast	26,000	18,000	(1,460,000)
Increase / (Decrease)	+ 11,000	+ 8,700	(1,469,300)
Rate of Increase/ (Decrease)	+ 73%	+ 94%	(15,799)%

- Previous forecast was announced on June 10, 2003
- Please refer to the attached for earnings forecast of each subsidiary bank.
- Full year forecasts will be announced separately when Resona Holdings releases its interim results.

2. Dividends Forecast for the Fiscal Year Ending March 31, 2004

	Previous Forecast	Revised Forecast
Class A No.1 Preferred Stock	24.750 yen	---
Class B No.1 Preferred Stock	6.360 yen	---
Class C No.1 Preferred Stock	6.800 yen	---
Class D No.1 Preferred Stock	10.000 yen	---
Class E No.1 Preferred Stock	14.380 yen	---
Class F No.1 Preferred Stock	18.500 yen	---
Class One No.1 Preferred Stock	0.908 yen	---
Class Two No.1 Preferred Stock	0.908 yen	---
Class Three No.1 Preferred Stock	0.908 yen	---

*Regrettably, in addition to the stocks specified above, dividends on preferred securities will also be suspended.

Non-consolidated earnings estimates of the subsidiary banks for the interim period ended September 30, 2003 are as follows.

The earnings forecast for the fiscal year ending March 31, 2004 (full year) will be announced when Resona HD announces its interim results.

(Billions of Yen)	Total of Group Banks	Change from Previous Forecast	Resona Bank		Saitama Resona Bank		Kinki Osaka Bank		Nara Bank		Resona Trust & Banking			Resona Holdings Non-consolidated
			Resona Bank	Change from Previous Forecast	Saitama Resona Bank	Change from Previous Forecast	Kinki Osaka Bank	Change from Previous Forecast	Nara Bank	Change from Previous Forecast	Resona Trust & Banking	Change from Previous Forecast		
Gross operating profits	332.3	(21.2)	213.0	(28.5)	55.0	(1.0)	51.0	8.5	1.8	(0.2)	11.5	---	Operating income	26.0
Operating expenses	(212.5)	8.8	(140.0)	7.5	(37.0)	0.5	(28.0)	1.0	(2.5)	(0.5)	(5.0)	0.3	Operating expenses	(5.5)
Core net operating profits (Note 1)	119.8	(12.4)	73.0	(21.0)	18.0	(0.5)	23.0	9.5	(0.7)	(0.7)	6.5	0.3	Operating profits	20.5
Net gains / (losses) on stocks	(28.8)	(23.8)	(17.0)	(12.0)	0.2	0.2	(12.0)	(12.0)	---	0.0	---	---		
Expenses for problem loan disposal (Note 2)	(1,263.6)	(1,186.1)	(1,010.0)	(952.0)	(23.0)	(14.5)	(230.0)	(219.0)	(0.6)	(0.6)	---	---		
Ordinary profits / (loss)	(1,229.9)	(1,254.4)	(1,005.0)	(1,014.5)	(6.0)	(14.5)	(224.0)	(224.5)	(1.2)	(1.2)	6.3	0.3	Ordinary profits	18.0
Extraordinary profits	28.1	/	23.0	/	1.0	/	4.0	/	---	/	0.1	/		
Extraordinary loss	(204.1)	/	(178.0)	/	(3.5)	/	(22.0)	/	(0.6)	/	---	/	Extraordinary loss	(1,478.0)
Income / (loss) before income taxes	(1,405.9)	/	(1,160.0)	/	(8.5)	/	(242.0)	/	(1.8)	/	6.4	/		
Income taxes-deferred	(357.4)	/	(290.0)	/	3.5	/	(68.0)	/	(0.5)	/	(2.4)	/		
Net interim income / (loss)	(1,763.3)	(1,783.3)	(1,450.0)	(1,460.0)	(5.0)	(10.0)	(310.0)	(311.0)	(2.3)	(2.3)	4.0	---	Net interim income	(1,460.0)

1. Core net operating profit: Net operating profit before disposal of problem loans in the trust account (applicable only to Resona Bank) and transfer to general reserve for possible loan losses.

2. Expenses for problem loan disposal include transfer to general reserve for possible loan losses and expenses in relation to the disposal in the trust account (applicable only to Resona Bank).

Estimates of the capital adequacy ratios for each of the subsidiary banks as of the end of September 2003 are as follows

	Resona HD (Consolidated)	Resona Bank (Consolidated)	Saitama Resona (Nonconsolidated)	Kinki Osaka (Consolidated)	Nara Bank (Nonconsolidated)	Resona Trust (Nonconsolidated)
Capital adequacy ratio	Former half of 6% range	Middle of 7% range *3	Latter half of 7% range	Former half of 7% range *4	Approximately 7% *4	Approximately 170%

3. Capital adequacy ratio of Resona Bank at the end of March 2004 is expected to decline approximately 1% since it provides loans to Resona Holdings with a view to subscribing the shares to be issued by Kinki Osaka Bank (double gearing subtraction).

4. The capital adequacy ratios of Kinki Osaka Bank and Nara Bank shown above are after capital increase.