Daiwa Bank Holdings, Inc. Annual Report 2002

RESONA

Super Regional Bank Group

RESONA GROUP

The members of the Resona Group will combine the same high quality services offered by Japan's city banks with know-how in the trust business and the close ties of regional banks with the communities they serve. This will be a different style of management from those of Japan's four major banking groups and conventional regional banks. For example, for individual customers, we will offer user-friendly financial services, including housing loans, a broad range of advice on asset management, services tailored for senior citizens, and other services suited to customer needs at various stages in their lives. On the other hand, for corporate customers, we will provide the optimal products, services, and overall solutions to meet their needs at each stage of their development.

Each of the banks within the Resona Group will conduct its activities to match the special features and requirements of its home market. In addition, specialist capabilities will be concentrated in Resona Bank, Ltd., which will provide derivatives, real estate, and other professional services, and Resona Trust & Banking Co., Ltd., which will offer pension and corporate trust services. This will create a common platform to make available the highest quality services to all the customers of the Resona Group.

Daiwa Bank Holdings, Inc., and the Daiwa Trust & Banking Co., Ltd., are scheduled to change their names to Resona Holdings, Inc., on October 1, 2002, and Resona Trust & Banking Co., Ltd., on October 15, 2002, respectively.

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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.

CONSOLIDATED FINANCIAL SUMMARY

Daiwa Bank Holdings, Inc.
Year ended March 31, 2002

	Millions of yen 2002	Millions of U.S. dollars 2002
For the year		
Total income	¥ 1,373,407	$ 10,306
Total expenses	2,547,197	19,115
Loss before income taxes and minority interests	1,173,789	8,808
Net loss	931,876	6,993
At year-end		
Total assets	¥44,952,488	$337,354
Loans and bills discounted	30,021,204	225,299
Securities	6,864,323	51,514
Customers' liabilities for acceptances and guarantees	2,062,934	15,481
Deposits	33,822,170	253,824
Total shareholders' equity	1,289,058	9,673
Per share data (in yen)		
Net loss	¥174.57	$1.31
Cash dividends declared per share:		
Common stock	—	—
Preferred stock:		
Class A No. 1 preferred stock	24.75	0.18
Class B No. 1 preferred stock	6.36	0.04
Class C No. 1 preferred stock	6.33	0.04
Class D No. 1 preferred stock	10.00	0.07
Class E No. 1 preferred stock	14.38	0.10
Class F No. 1 preferred stock	18.50	0.13

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

RESONA

Concept of the New Group Logo

The Resona Group's corporate name was derived from the Latin word (*resonus*) meaning "resonate" or "resound."

The origin and starting point for the businesses of financial institutions are the strong bonds of trust we create through working together with our customers. By adopting the corporate name Resona, we want to express our desire to build stronger ties with our customers by "resonating" or "resounding" with them based on the bonds of trust that we have established thus far.

We designed our Group logo to suggest the resonance between the "R" in Resona and the "R" in the Resona Group's key word "Regional." We then enclosed the two "Rs" inside a perfect circle to express a sense of security and trust.

We chose green as our principal Group color because it suggests "gentleness" and "transparency" and orange as the Group's sub-color to create a sense of "familiarity" and "warmth."

Strengths and Features of the Resona Group

- Strong customer base in the Tokyo metropolitan area and Kansai region
- Loan portfolio centered around small and medium-sized enterprises (SMEs) and individuals
- Concentration of management resources in domestic commercial banking and trust business operations
- Elimination of former "universal" and "global" banking strategies

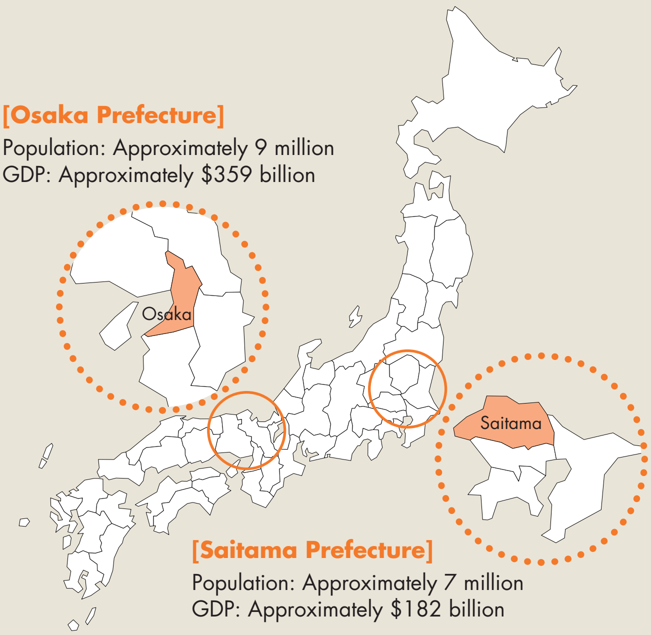
Solid Presence in Japan's Two Principal Economic Regions

■ Regional Shares Based on Combined Data for the Four Group Banks

(Trillions of yen)

	Deposits		Loans	
	Outstanding at March 31		Outstanding at March 31	
	2002	Share (%)	2002	Share (%)
Nationwide	¥33.8	6.8	¥29.8	6.9
Tokyo metropolitan area	19.0	9.5	17.5	8.0
Saitama Prefecture	8.3	**40.9**	5.1	**41.5**
Tokyo	8.7	6.5	10.6	6.0
Kinki region	13.4	14.8	10.9	14.8
Osaka	11.1	**21.9**	9.3	**18.9**

Note: Data for the four Group banks is the sum of the non-consolidated amounts for the Daiwa Bank, the Kinki Osaka Bank, the Nara Bank, and the Asahi Bank.
Source: Bank of Japan

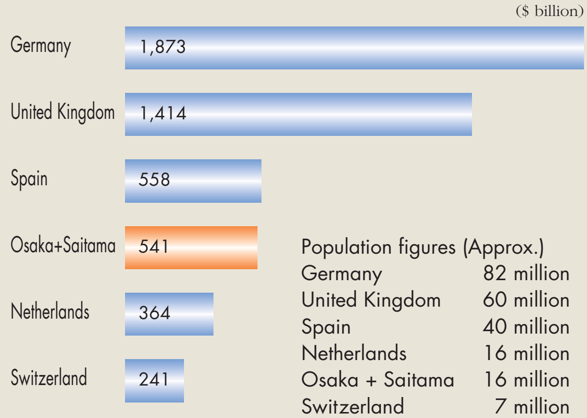


[Osaka Prefecture]
Population: Approximately 9 million
GDP: Approximately $359 billion

[Saitama Prefecture]
Population: Approximately 7 million
GDP: Approximately $182 billion

■ GDP Comparisons with European Countries

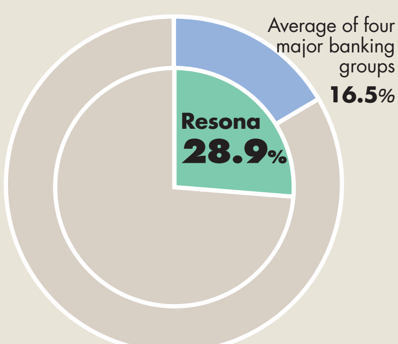
($ billion)



Notes: 1. Figures for various countries are for calendar 2000, and figures for Osaka and Saitama Prefecture are for fiscal 1999.
2. GDP figures in U.S. dollars for Osaka and Saitama Prefecture were computed using the following rate: US$1=¥110.52, the average rate for fiscal 2000.
Sources: OECD, *Main Economic Indicators,* and others

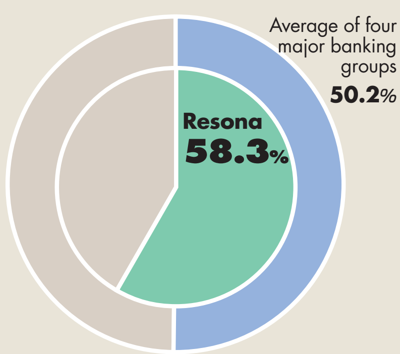
Concentration of Management Resources in Retail Banking Business

■ Ratio of Housing Loans to Total Lending



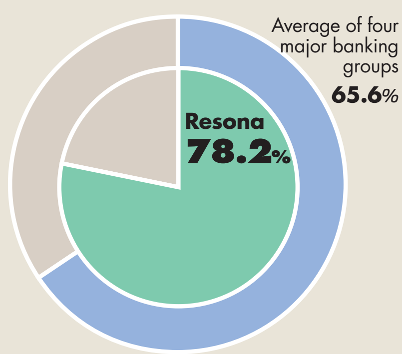
Ratio of housing loans =
Housing loans outstanding (after securitization)/
Total domestic loans outstanding

■ Ratio of Individual Deposits



Ratio of individual deposits =
Individual deposits/Total deposits

■ Ratio of Loans to SMEs and Individuals



Note: Ratio of loans to SMEs and individuals =
Loans to SMEs and individuals/
Total domestic loans outstanding

MESSAGE FROM THE PRESIDENT

I would like to take this opportunity to outline the current state and future direction of the newly formed Resona Group.

The Resona Group was created through the consolidation of several financial institutions based in Japan with the fundamental objective of "creating a super regional bank that will be known as a key member of Japan's banking industry." The Resona Group differs from the so-called megabanks and regional banks and was formed based on a new business model that has not existed in Japan before. In the following pages, I would like to explain the current state of the Resona Group, what kind of financial institution we are seeking to become, the issues we face, and our strategies.

Question

Looking back at the consolidation that led to the formation of the Resona Group, what is your appraisal?

In February 1999, the Daiwa Bank, Ltd., the Kinki Bank, Ltd., and the Osaka Bank, Ltd., reached agreement to conclude a strategic alliance, with an eye toward the eventual consolidation of their operations. In April 2000, the Kinki Bank and the Osaka Bank merged to form today's Kinki Osaka Bank, Ltd., and, in October 2000, the Nara Bank, Ltd., also joined our alliance. In August 2001, the member banks reached basic agreement to further develop and expand their strategic alliance by creating a holding company and consolidating their operations. Daiwa Bank Holdings, Inc., was, therefore, established in December 2001.

In February 2001, the Daiwa Bank and the Kinki Osaka Bank took over the operations of the Namihaya Bank, Ltd., which had become insolvent. As a result, the Group's operating base was strengthened through the addition of the 135 branches of the Namihaya Bank—67 of which were merged into branches in close proximity to those of the Daiwa or Kinki Osaka banks—and approximately 1,000 of the Namihaya Bank's employees. This consolidation also reflected the Group's efforts to contribute to the stability of the regional financial system.

In addition, in September 2001, we reached basic agreement with the Asahi Bank, Ltd., which supported the basic ideals and objectives of the consolidation that led to the formation of today's Resona Group, and, in March 2002, the Asahi Bank became a member of the Group. At the same time, we split off the pension and corporate trust operations of the Daiwa Bank into a separate company, which began operations as the Daiwa Trust & Banking Co., Ltd.

As a result of the entry of the Asahi Bank into the Group, we were able to expand our network to include both the Kansai region and the Tokyo metropolitan area, thus vastly increasing the convenience of our customer services. Moreover, by combining our sophisticated trust business capabilities, accumulated over many years, with our retail banking activities, which have deep roots in local communities, we are now able to offer our customers substantially higher quality financial services.

To realize the benefits of this management consolidation at an early date, the members of the Resona Group are actively proceeding with operating tie-ups in a wide range of areas, the exchange of personnel, and other activities. At the same time, we are working to rationalize our operations while ensuring convenience for customers and endeavoring to substantially increase the efficiency of our activities. The Resona Group is thus beginning to take steady and decisive steps toward the creation of a super regional bank.

Yasuhisa Katsuta President

Question

Could you explain the type of financial institution that the Resona Group will aim to become and how you view the prospects for the Group?

We are aiming to become a super regional bank—built around a "federation of regional financial institutions"—that will be one of Japan's leading financial institutions.

To move toward the realization of this objective and achieve significantly greater convenience for our customers and increased efficiency, we will realign the banking divisions of Group members and consolidate our trust business divisions. We will also combine the know-how of the Group banks and create systems that will allow us to offer sophisticated services to our customers.

Looking first at the realignment of banking operations, we are aiming to implement a new business model based on the concept of a "federation of regional financial institutions." In 2003 and subsequent years, we will consolidate and realign the branches of the Daiwa Bank, the Kinki Osaka Bank, the Nara Bank, as well as the Asahi Bank by region to create "regional banks" as well as a more broadly based "interregional bank" that supplement the functions and capabilities of the regional banks.

In our trust business activities, we are strengthening the operating base of the Daiwa Trust & Banking, enhancing its capabilities, eliminating companies or departments within the Group that have similar functions, and working to create a uniform platform within the Group to offer financial services.

Also, along with this realignment of our business activities, we will consolidate and close offices with overlapping coverage, reduce the number of personnel, consolidate and realign our associated companies, consolidate our operating systems, and aggressively take other steps to improve efficiency.

For the Resona Group to move forward smoothly with these business restructuring activities, we have concentrated our planning and administrative functions within our holding company and are establishing systems that will allow us to institute uniform and efficient Group management.

As a result of these restructuring measures, we are aiming to increase the convenience of our services for customers, strengthen our operating base, and enhance the efficiency of our operations. We believe that these activities will lead to a substantial increase in earnings power and strengthen our financial position.

Question

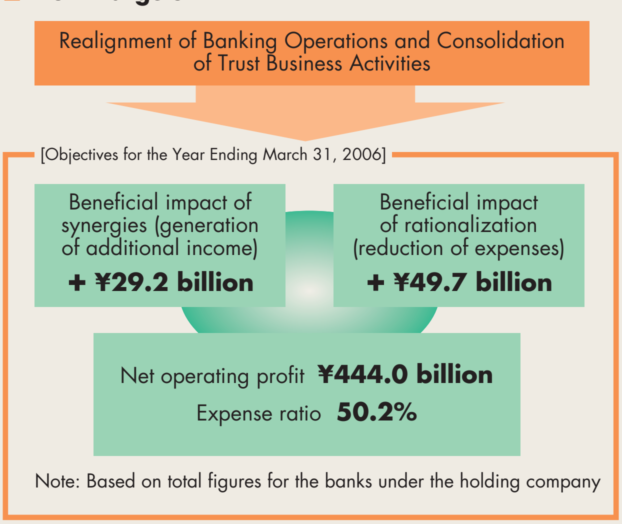
Next, what strategies will you be implementing to achieve the Group's objectives, and what are your goals for performance?

Each of the banks in the Resona Group has developed its operations by building close ties with the local communities they serve and by taking the perspectives of their customers among small and medium-sized enterprises (SMEs) as well as individuals. Looking forward, the pillar of our corporate strategy will continue to be to specialize in retail banking, focusing primarily on SMEs and individuals. As a result of the realignment of our banking divisions, we will be positioned to conduct marketing activities deeply rooted in local markets and carefully tailored to customer needs.

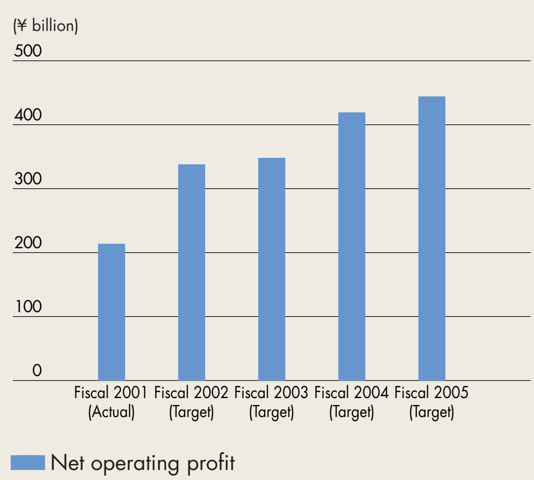
In addition, in our trust business operations, which are another special feature of the Group's activities, we are working to strengthen our capabilities and our business base through the split-off of these activities into a separate, joint venture company. We will work to increase the quality of services we offer by drawing on the capabilities of this common platform for the Group.

Based on the fundamental strategy of focusing on our areas of special strength and on specific regions, we will realign our banking divisions to increase the efficiency of our activities and will aim to achieve net operating profit of ¥444.0 billion and an expense ratio of about 50% for the year ending March 31, 2006.

■ Profit Targets



■ Yearly Targets for Group Profitability



Question

How will you proceed with the realignment of the Group's banking operations, which is the core strategy for the Group?

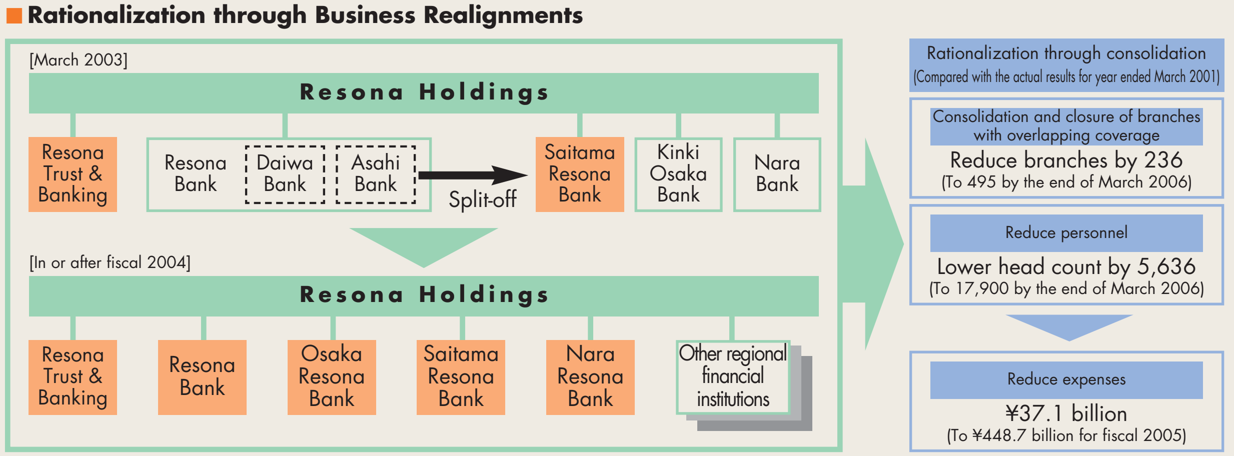
Beginning in 2003, we will realign the banking operations of the banks under the holding company. In specific terms, we will consolidate and realign the branches and other operations of the Daiwa Bank, the Kinki Osaka Bank, the Nara Bank, and the Asahi Bank by region and create "regional banks" as well as an "interregional bank" to supplement the functions of the regional banks.

As the first step, with a target date of March 2003, we will consolidate and realign the branches and other offices of the Daiwa Bank and the Asahi Bank to form Saitama Resona Bank, Ltd., and Resona Bank, Ltd. Saitama Resona Bank will be established to take over the branches and other offices of the Asahi Bank in Saitama Prefecture. On the other hand, Resona Bank will be formed through the merger of the Daiwa Bank and the Asahi Bank, and it will take over the branches of the Daiwa Bank and the Asahi Bank, with the exception of those branches assumed by Saitama Resona Bank. Saitama Resona Bank will develop its business activities with all customer segments in Saitama Prefecture, building close ties with the local communities and responding to the needs of its customers with carefully tailored services. Also, through teamwork between Resona Bank and the Daiwa Trust & Banking, Saitama Resona Bank will provide a broader range of high quality services. Moreover, the specialized service capabilities of the Daiwa Bank and the Asahi Bank will be concentrated in Resona Bank, and the Group will work to enhance these capabilities. This will provide one common platform for the Group as a whole and provide us with a means to offer these services to all the customers of the Resona Group.

In the Osaka and Nara areas, beginning during the year ending March 31, 2005, we are giving consideration to realigning the operations of Resona Bank, the Kinki Osaka Bank, and the Nara Bank to form Osaka Resona Bank, Ltd., and Nara Resona Bank, Ltd.

Each of these banks will develop its activities by conducting its marketing activities and providing services that are closely matched to the special features and requirements of their home regions. Also, by drawing on the complementary capabilities available within the Resona Group, including those of the Daiwa Trust & Banking, the Group banks will be well positioned to offer high quality services to their customers.

■ Rationalization through Business Realignments



Daiwa Bank Holdings, Inc., and the Daiwa Trust & Banking Co., Ltd., are scheduled to change their names to Resona Holdings, Inc., on October 1, 2002, and Resona Trust & Banking Co., Ltd., on October 15, 2002, respectively.

Question

How will you make optimal use of the Group's strengths in retail banking?

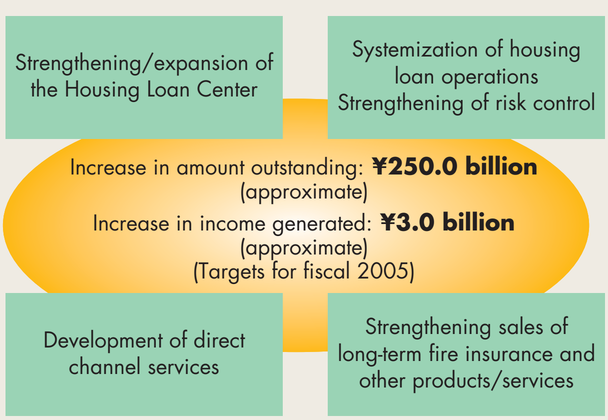
We have positioned retail banking as the most important activity of the Resona Group, and, at the same time, it is our strongest business area. Our basic approach in retail banking is to establish close ties with local communities and to respond to local needs with carefully tailored services that reflect an emphasis on customer relationships. At the same time, by sharing and combining the know-how the Group banks have amassed over the years, we are committed to providing high quality services. Business areas of special focus within our retail banking operations include consumer loans, transactions with SMEs, and sales of investment trusts.

Looking first at consumer loans, to respond to the full range of customers' needs for funds, including home finance loans, we are working to enhance our full range of loan products and services. In particular, we have positioned housing loans as a key product for the Resona Group and are endeavoring to increase the competitiveness of our products and improve related services, while establishing Resona housing loans as the top brand in this area.

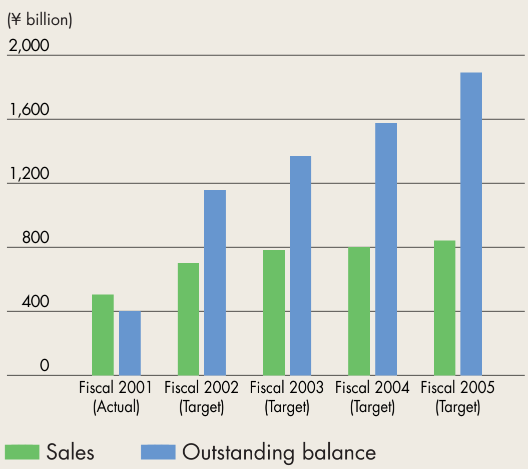
In our transactions with SMEs, we have actively strengthened our consulting capabilities by making full use of our SME Support Center and our Business Support Center, offering M&A advisory services, providing assistance for IPOs, supporting venture businesses, offering business-related information, and making proposals for new business activities.

To increase sales of investment trusts, we have established sales counters in virtually all the branches of the Group and expanded sales channels to include the Internet and other direct marketing routes. Also, by concentrating the planning and development functions for investment trust products in the holding company, we have centralized know-how and information in this area. Similarly, by standardizing the lineup of these products throughout the Group, we have been able to syndicate special types of funds that would have been difficult for individual banks. Through these activities, we are responding to the growing diversity of customers' needs for these investment products.

Strengthening Loan Business of the Group



Group Sales Targets for Investment Trusts



Question

Could you please explain what steps you will take to strengthen your trust business operations?

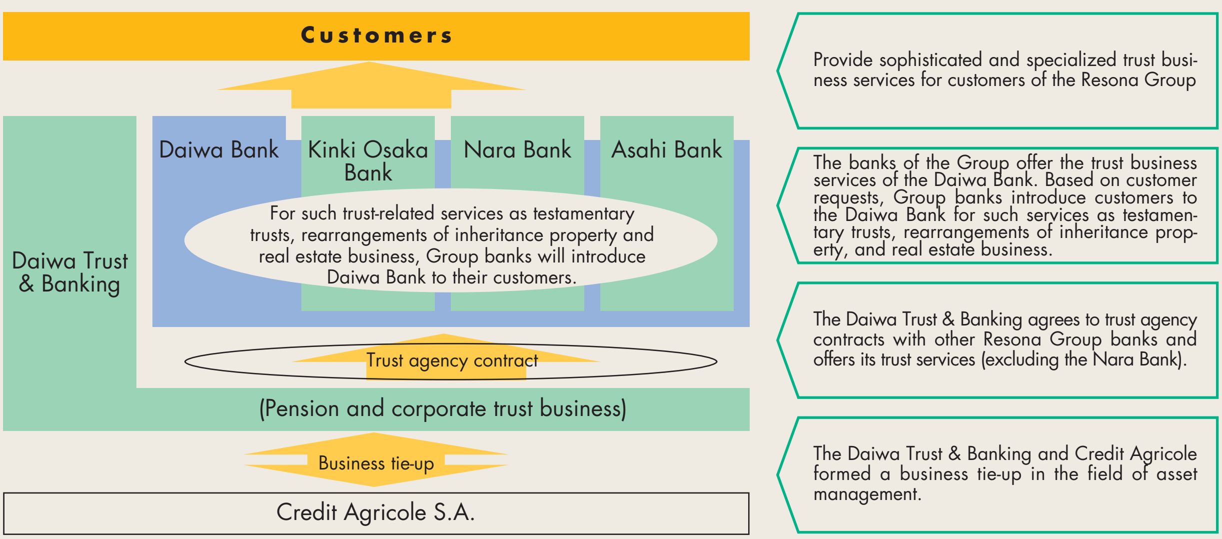
First, in the areas of pension trusts and corporate trusts, to make possible optimal operations suited to the special features of trust business activities, substantially strengthen professionalism, and clarify responsibility for profitability, we split off the pension and corporate trust operations of the Daiwa Bank, and these operations began at the Daiwa Trust & Banking in March 2002. Moreover, during the same month, we sold a portion of the shares held by the holding company in the Daiwa Trust & Banking, thus making it a joint venture with 12 domestic financial institutions and with SEGESPAR, a subsidiary of Credit Agricole S.A., with overall responsibility for the asset management activities of the Credit Agricole Group, the largest retail banking institution in France. The objectives of this sale of shares were to substantially strengthen the operating base of the Daiwa Trust & Banking, enhance its capabilities, and, by extension, raise the financial service capabilities of the Resona Group. In addition, by October 2002, we will eliminate the overlapping activities in our Group to increase efficiency and combine our know-how by merging the activities of Asahi Trust & Banking Co., Ltd., with the corresponding departments in the Daiwa Bank and the Daiwa Trust & Banking.

The next steps will include aiming to expand our customer base in trust business activities by making expanded use of trust agency functions, including those of each of our Group banks. In particular, the Asahi Bank will become an agency for the trust business services of the Daiwa Trust & Banking and conduct marketing activities on its behalf, thus expanding the number of new pension trust accounts opened by the customers of the Asahi Bank.

In addition, through the joint venture with the Credit Agricole Group, we will be able to draw on that group's asset management know-how and strengthen our own capabilities, with the aim of expanding assets entrusted with the Daiwa Trust & Banking.

At the same time, in real estate and private banking operations, we plan to strengthen teamwork between the Daiwa Bank and the other banks of the Resona Group and create systems to effectively promote these businesses, drawing fully on the Group's network.

Image of the Group Promotion Scheme for Trust Business Services



Question

What results are you expecting to achieve as a result of the consolidation?

First, as a result of the management consolidation, we are looking to realize a ¥29.0 billion increase in income as a result of synergistic effects in the year ending March 31, 2006, by strengthening our relationships based on the policy of building close ties with communities and the sharing of know-how, combined with the expansion of trust business capabilities and cooperative efforts within the Resona Group. Specifically, we are aiming for an increase of ¥13.4 billion in net interest income, an ¥8.0 billion gain in income from real estate business, an increase of ¥4.0 billion in income from investment trust sales, and an additional ¥2.5 billion in income from pension-related operations.

In addition, the realignment of the Group banks will result in reductions in personnel, the consolidation and closure of branches, the consolidation of computer systems, and other cost-saving benefits that will enable us to substantially lower operating costs. We are aiming to lower total expenses about ¥37 billion in comparison with the year ended March 2001, to ¥448.7 billion for the year ending March 2006. As a result, we plan to bring down the expense ratio, which stood at approximately 62% for the year ended March 2001, by 12 percentage points, to approximately 50% for the year ending March 2006. Specific rationalization measures we plan to implement by the end of March 2006 include cutting back on the number of branches, principally those with overlapping coverage, by 236 (compared with the number at the end of March 2001), to 495 as a means of increasing efficiency. We are also planning to reduce personnel by 5,636 (compared with the number at the end of March 2001). Other measures will include realizing savings by eliminating duplicate expenditures for systems development and maintenance. As a result, we anticipate that systems-related costs will decline approximately ¥16.0 billion if we compare the projected cost for the year ending March 2006 with the actual result for the year ended March 2001.

As a result of the consolidation, we are aiming to report net operating profit for the Resona Group of ¥444.0 billion and an expense ratio of approximately 50% for the year ending March 2006.

Question

What are your views regarding how the Group will enhance the soundness of its assets?

For the shareholders and customers of the Resona Group to look to what it can accomplish and give the Group their full trust and confidence, the banks of the Group must move forward to thoroughly implement the management rationalization measures they have pursued thus far. At the same time, building a strong financial position will be one of the most important issues to be addressed. To this end, during the fiscal year ended March 2002, we implemented decisive measures aimed at bringing the nonperforming loan issue to a conclusion and substantially reducing the risk of stock price fluctuations.

To dispose of nonperforming loans, during the fiscal year ended March 31, 2002, with the management consolidation in mind, each of the Group banks conducted more stringent self-assessments of their loan portfolios than in the past, based on a common awareness. Along with this, the banks strengthened their reserves for their exposures to watch borrowers, took decisive measures to reduce large credit exposures, and implemented other measures. As a consequence, on a consolidated basis, the Group incurred a credit-related loss of more than ¥1 trillion, including additions to the general reserve for possible loan losses. As a result, we believe the risk of unexpected losses arising from large credit exposures has virtually been eliminated.

Also during the fiscal year ended March 2002, we sold approximately ¥910.0 billion in equities from our securities portfolio, and, for stocks whose market prices were 30% or more below their original purchase costs, we marked virtually all of these to market value. As a result, we have substantially reduced the risk of stock price fluctuations on the banks' performance.

Question

Finally, what will be the stance of the Resona Group toward corporate governance systems and the transparency of management?

In the management of our operations, we have established systems that separate corporate governance functions—namely management decision making and overall supervision—from the day-to-day conduct of business operations. These systems make management more responsible and accountable for performance.

In more specific terms, members of the Board of Directors, with the exception of those that also hold positions as Executive Officers, have moved away from management of the day-to-day activities and concentrate on governance, while the Executive Officers focus on management. At present, six board members also hold positions as Executive Officers; these are the President, Deputy President, and the four full-time directors, but looking forward, we are considering having external directors assume two of the full-time director positions and transfer the executive authorities from these Board Directors to Executive Officers.

In addition, we have divided the organization of the holding company into five units: the Management Planning Unit, the Business Planning Unit, the Management Administration Unit, the Business Administration Unit, and the Internal Audit Unit. By having an Executive Officer take overall charge of each of these units, we have established a mutual checking function.

To establish a mutual checking function between the holding company and the Group banks, following the realignment of the Group banks, we are considering a system under which the President and Deputy President of the holding company will become part-time directors of the Group banks and the presidents of the Group banks will also become part-time directors of the holding company.

Through the arrangements I have described, we will establish governance structures that hold management responsible, and, through our efforts to provide the timely and appropriate disclosure of information, we will make it possible for shareholders to have an accurate understanding of the Resona Group's activities.

July 2002

Yasuhisa Katsuta
President

PERFORMANCE IN FISCAL 2001

Consolidated Statement of Operations

Total income of the Resona Group in fiscal 2001, ended March 31, 2002, amounted to ¥1,373.4 billion. By source, interest income, principally interest on loans, totaled ¥814.8 billion, and fees and commissions amounted to ¥188.1 billion.

Total expenses rose to ¥2,547.1 billion, as all banks in the Group took decisive steps to dispose of non-performing loans and adopted conservative measures to deal with unrealized losses on securities to enhance the quality of their equity portfolios. These measures were taken to create a strong earnings base in fiscal 2002 and subsequent years and, in view of the management consolidation that led to the Group's formation, were based on the awareness that the highest priority objective for the Group was to strengthen its financial position.

As a result, the Group reported a loss before income taxes and minority interests of ¥1,173.7 billion and a net loss of ¥931.8 billion.

Daiwa Bank Holdings, Inc., on a non-consolidated basis, reported operating income of ¥2.1 billion and ordinary net profit of ¥0.3 billion for the fiscal year. However, the holding company sold a portion of its shares in the Daiwa Trust & Banking, accompanying the conversion of that company to a joint venture, thus realizing an extraordinary gain on the sale of shares amounting to ¥28.9 billion. As a consequence, the holding company reported net income of ¥19.9 billion.

Consolidated Balance Sheet and Trust Account

Total assets of the Group amounted to ¥44,952.4 billion at the balance sheet date. Loans and bills discounted were ¥30,021.2 billion and securities amounted to ¥6,864.3 billion. The Group's reserve for possible loan losses was ¥1,054.9 billion. The total volume of funds, which is defined as the sum of deposits and negotiable certificates of deposit, was ¥34,678.3 billion.

In the trust account, total trust assets amounted to ¥25,142.5 billion, comprising principally ¥8,134.7 billion in money trusts and ¥6,266.9 billion in pension trusts.

The Group's net assets amounted to ¥1,289.0 billion. The consolidated capital adequacy ratio was 8.73%.

Dividend Policy

As mentioned previously, the member banks of the Resona Group adopted decisive measures to enhance the soundness of their asset portfolios and reported a substantial net loss for fiscal 2001. Management regrets that under the circumstances, the Group must give highest priority to strengthening its financial position and did not pay a dividend on common shares. Dividends on preferred shares were paid as originally declared.

Consolidated Financial Summary

Daiwa Bank Holdings, Inc.	2002	
	Millions of yen	Millions of U.S. dollars
Year ended March 31		
Income statement data		
Income		
Interest income	¥ 814,876	$ 6,115
Trust fees	44,843	336
Fees and commissions	188,101	1,411
Trading income	10,369	77
Other operating income	108,130	811
Other income	207,086	1,554
Total Income	1,373,407	10,306
Expenses		
Interest expenses	162,631	1,220
Fees and commissions	70,039	525
Trading expenses	37	0
Other operating expenses	34,257	257
General and administrative expenses	568,320	4,265
Other expenses	1,711,910	12,847
Total Expenses	2,547,197	19,115
Loss before income taxes and minority interests	1,173,789	8,808
Net loss	¥ 931,876	$ 6,993
Balance sheet data		
Total assets	¥44,952,488	$337,354
Total liabilities	43,558,519	326,893
Minority interests in consolidated subsidiaries	104,911	787
Total shareholders' equity	1,289,058	9,673
Deposits and negotiable certificates of deposit	34,678,319	260,250
Loans and bills discounted	30,021,204	225,299
Securities	6,864,323	51,514

	Yen	U.S. dollars
Per share data		
Net loss per share	¥ 174.57	$ 1.31

Non-Consolidated Financial Summary

Daiwa Bank Holdings, Inc.

Year ended March 31	2002 Millions of yen	2002 Millions of U.S. dollars
Income Statement Data		
Operating income	¥ 2,125	$ 15
Fees from subsidiaries	2,091	15
Interest on loans to subsidiaries	34	0
Operating expenses	1,700	12
Interest expenses	34	0
General and administrative expenses	1,666	12
Operating profit	424	3
Non-operating profit	1	0
Non-operating expenses	118	0
Ordinary net profit	307	2
Extraordinary profit	28,913	216
Gains on sales of investment in subsidiaries	28,913	216
Income before income taxes	29,221	219
Income taxes—current	10,313	77
Income taxes—deferred	(993)	(7)
Net income	¥ 19,901	$ 149
Balance Sheet Data		
Total assets	¥1,822,271	$13,675
Total liabilities	310,972	2,333
Total shareholders' equity	1,511,298	11,341

	Yen	U.S. dollars
Per Share Data		
Net income per share	¥ 2.66	$ 0.01
Cash dividends declared per share:		
Common stock	—	—
Preferred stock:		
Class A No. 1 preferred stock	24.75	0.18
Class B No. 1 preferred stock	6.36	0.04
Class C No. 1 preferred stock	6.33	0.04
Class D No. 1 preferred stock	10.00	0.07
Class E No. 1 preferred stock	14.38	0.10
Class F No. 1 preferred stock	18.50	0.13

(Reference)

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

Total of the five banks*1

Years ended March 31	Millions of yen 2002	Millions of yen 2001	Millions of yen Difference	Millions of U.S. dollars 2002
Gross operating profit	**¥ 800,138**	¥786,296	¥ 13,841	**$ 6,004**
Gross operating profit from domestic operations	**757,796**	744,312	13,484	**5,687**
Interest income	**627,662**	604,200	23,461	**4,710**
Trust fees	**44,346**	54,833	(10,487)	**332**
Fees and commissions	**55,696**	61,622	(5,926)	**417**
Trading income	**1,993**	3,162	(1,169)	**14**
Other operating income	**28,098**	20,492	7,605	**210**
Gross operating profit from international operations	**42,341**	41,984	357	**317**
Interest income	**11,762**	20,792	(9,030)	**88**
Fees and commissions	**4,352**	4,195	157	**32**
Trading income	**6,407**	2,335	4,072	**48**
Other operating income	**19,818**	14,660	5,157	**148**
Expenses (excluding extraordinary expenses)	**477,324**	485,991	(8,667)	**3,582**
Personnel expenses	**187,550**	198,777	(11,226)	**1,407**
Nonpersonnel expenses	**266,293**	262,903	3,390	**1,998**
Taxes	**23,480**	24,310	(830)	**176**
Provision to general reserve for possible loan losses	**112,983**	11,696	101,286	**847**
Disposal of non-performing loans in the trust account	**4,034**	2,775	1,259	**30**
Actual net operating profit*2	**326,849**	303,081	23,767	**2,452**
Net operating profit	**209,830**	288,608	(78,778)	**1,574**
Other gains or losses	**(1,473,599)**	(333,449)	(1,140,149)	**(11,058)**
Gains or losses on stocks and other securities	**(607,210)**	203,836	(811,047)	**(4,556)**
Gains on sale	**41,857**	244,207	(202,350)	**314**
Losses on sale	**215,884**	6,906	208,977	**1,620**
Losses on devaluation	**415,383**	33,463	381,919	**3,117**
Provision to the reserve for possible losses on investments	**17,800**	—	17,800	**133**
Disposal of non-performing loans	**834,977**	494,434	340,542	**6,266**
Write-off of loans	**297,970**	209,514	88,456	**2,236**
Provision to specific reserve for possible loan losses	**404,650**	188,606	216,043	**3,036**
Provision to reserve for possible losses on loans sold	**9,231**	24,653	(15,421)	**69**
Provision to reserve for the specific borrowers under support	**—**	22,000	(22,000)	**—**
Losses on sales of claims to CCPC	**14,214**	15,201	(986)	**106**
Provision to special reserve for certain overseas loans	**(4,977)**	(691)	(4,286)	**(37)**
Other credit-related expenses	**113,888**	35,151	78,737	**854**
External standards tax on banks in Tokyo and Osaka	**11,259**	6,201	5,058	**84**
Ordinary loss	**1,263,768**	44,840	1,218,927	**9,484**
Extraordinary gains or losses	**(14,601)**	2,107	(16,709)	**(109)**
Gains or losses on disposition of real estate/ premises and equipment	**(23,808)**	(5,229)	(18,579)	**(178)**
Gains on disposition of real estate/ premises and equipment	**776**	5,021	(4,245)	**5**
Losses on disposition of real estate/ premises and equipment	**24,585**	10,250	14,334	**184**
Loss before income taxes	**1,278,369**	42,732	1,235,637	**9,593**
Income taxes—current	**1,794**	14,235	(12,441)	**13**
Income taxes—deferred	**(239,477)**	(7,495)	(231,982)	**(1,797)**
Net loss	**¥1,040,686**	¥ 49,472	¥ 991,213	**$ 7,810**

Notes: 1. Total for the five Group banks is the sum of the non-consolidated figures for the Daiwa Bank, the Kinki Osaka Bank, the Nara Bank, the Asahi Bank, and the Daiwa Trust & Banking.

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.

INITIATIVES TO ENHANCE THE SOUNDNESS OF THE GROUP'S ACTIVITIES

The Resona Group has a corporate philosophy of "conducting sound and transparent activities and working to maximize corporate value." Accordingly, the Group is implementing initiatives to enhance the soundness of its operations.

In fiscal 2001, in view of the recent consolidation of their activities into a single group and based on a shared awareness that improving financial position was an issue of the highest priority, the members of the Resona Group took initiatives to bring the issue of nonperforming loans to a conclusion and substantially reduce the impact of fluctuations in stock prices on their performance, with the aim of building a strong earnings base in fiscal 2002 and subsequent years.

Measures to Dispose of Nonperforming Exposure in Fiscal 2001

To eliminate latent credit risk, the Group conducted significantly stricter self-assessments and strengthened its approach to dealing with large loan exposures. Also, as a result of these and related activities as well as expanded additions to the reserve for possible loan losses, the total amount of credit-related costs, on a consolidated basis, amounted to ¥901.3 billion during the fiscal year. This included write-offs of loans in the amount of ¥349.2 billion, provision to the specific reserve for possible loan losses of ¥375.6 billion, losses on forgiveness of loans to assist borrowers amounting to ¥66.5 billion, losses in relation to the loans sold to the Cooperative Credit Purchasing Company, Limited (CCPC), of ¥23.4 billion, and losses on the sale of other claims of ¥47.5 billion. If disposals of ¥4.0 billion of nonperforming exposure in the trust account and ¥103.1 billion in additions to the general reserve for possible loan losses are also included, the Group incurred ¥1,008.4 billion in losses in relation to the disposal of such nonperforming exposures in the broadest sense.

Disclosure of Nonperforming Exposure

The Group discloses its nonperforming exposure according to the definitions of the Law Concerning Emergency Measures for the Early Strengthening of Financial Functions (hereinafter, the Financial Reconstruction Law) and according to the definitions based on the Banking Law, for risk management loans (including exposure from the trust account with contracts providing for the guarantee of principal).

Under the Financial Reconstruction Law definitions, the total amounts for the four Group banks* of classified exposures were as follows: Unrecoverable or valueless claims: ¥442.4 billion; Risk claims: ¥1,598.2 billion; and Claims in need of special attention: ¥1,315.4 billion. The total for the three categories was ¥3,356.1 billion, representing an increase of ¥879.0 billion over the previous year. The coverage ratio for this exposure, including reserves, collateral, and guarantees, was 75.1%.

Risk management loans on a consolidated basis amounted to ¥3,458.7 billion, and the total for the four Group banks was ¥3,300.6 billion. The ratio of risk management loans to total loans and bills discounted was 11.52% on a consolidated basis. The same ratio for the total of the four Group banks was 10.84%.

* The total for the four Group banks is the sum of the relevant non-consolidated amounts for the Daiwa Bank, the Kinki Osaka Bank, the Nara Bank, and the Asahi Bank.

Breakdown of disposal of non-performing loans (Consolidated)

(Billions of yen)

Year ended March 31	2002
Disposal of non-performing loans	**¥901.3**
Write-off of loans	**349.2**
Provision to specific reserve for possible loan losses	**375.6**
Provision to reserve for possible losses on loans sold	**9.2**
Losses on forgiveness of loans to assist borrowers	**66.5**
Losses on sales of claims to CCPC	**14.2**
Provision to special reserve for certain overseas loans	**(4.9)**
Losses on sales of other claims	**47.5**
Other credit-related expenses	**43.8**

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

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

(Billions of yen)

March 31	2002	2001
Unrecoverable or valueless claims	**¥ 442.4**	¥ 430.9
Risk claims	**1,598.2**	1,125.5
Claims in need of special attention	**1,315.4**	920.5
Financial Reconstruction Law subtotal	**3,356.1**	2,477.1
Nonclassified claims	**29,302.7**	34,532.5
Financial Reconstruction Law total	**¥32,658.8**	¥37,009.6

Risk management loans (Consolidated)

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

(Billions of yen)

	2002	
March 31	Risk management loans	Ratio to total loans
Loans to borrowers in legal bankruptcy	**¥ 186.6**	**0.62%**
Past due loans	**1,891.3**	**6.30%**
Loans past due three months or more	**121.4**	**0.40%**
Restructured loans	**1,259.3**	**4.19%**
Total	**¥3,458.7**	**11.52%**
Partial direct write-offs	**¥1,022.7**	

Reserve for possible loan losses (Consolidated)

(Billions of yen)

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

Percentage of reserves to total risk management loans (Consolidated)

(%)

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

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

■ Risk management loans (Total of the four banks)

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

(Billions of yen)

March 31	2002	2001
Loans to borrowers in legal bankruptcy	**¥ 178.6**	¥ 210.5
Past due loans	**1,806.6**	1,310.8
Loans past due three months or more	**102.0**	134.7
Restructured loans	**1,213.3**	786.5
Total	**¥3,300.6**	¥2,442.6
Partial direct write-offs	**¥ 944.2**	¥ 939.4

■ Ratio to balance of loans (At year-end) (Total of the four banks)

(%)

March 31	2002	2001
Loans to borrowers in legal bankruptcy	**0.58**	0.61
Past due loans	**5.93**	3.82
Loans past due three months	**0.33**	0.39
Restructured loans	**3.98**	2.29
Total	**10.84**	7.12

■ Reserve for possible loan losses (Total of the four banks)

(Billions of yen)

March 31	2002	2001
General reserve for possible loan losses	**¥326.4**	¥213.2
Specific reserve for possible loan losses	**651.2**	457.5
Special reserve for certain overseas loans	**2.2**	7.0
Total reserve for possible loan losses	**¥979.9**	¥677.8
Reserve for the specific borrowers under support	**¥ —**	¥ 46.6
Reserve for possible losses on loans sold	**20.4**	65.3
Reserve provided in preparation for write-offs in trust account	**1.3**	1.6

■ Percentage of reserves to total risk management loans

(%)

March 31	2002	2001
Before partial direct write-off	**45.36**	49.24
After partial direct write-off	**29.73**	29.72

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

Problem Exposure Cleared from the Balance Sheet

The four Group banks cleared a total of ¥716.9 billion in exposures to "bankrupt," "effectively bankrupt," and "doubtful" obligors from their balance sheets during fiscal 2001, but as a result of the application of stricter self-assessment criteria and other developments, loans and other assets of ¥1,201.1 billion were newly classified as exposures to these categories of borrowers, bringing the outstanding balance of exposure to be cleared from the balance sheet to ¥2,040.7 billion as of the end of March 2002.

The Group is making steady progress toward clearing these problem exposures from its balance sheet, as the percentage of such exposures cleared from the balance sheet indicates.

Of those claims classified as being extended to "doubtful" or lower obligor categories in or before the first half of fiscal 2000, 60.7% of such exposures has been cleared from the balance sheet. Similarly, 32.2% and 40.4% of such exposures newly classified in the second half of fiscal 2000 and in the first half of fiscal 2001 have been cleared from the balance sheet, respectively.

■ 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 Trust, of which the principal is guaranteed by a Group bank. Figures are after partial direct write-offs.)

(Billions of yen)

	End of March 2002				
		Clearance Ratios	End of September 2001	End of March 2001	End of September 2000
Portion in or prior to the first half of fiscal 2000					
(existing portion)	**¥ 610.1**	**60.7%**	¥ 868.7	¥1,096.7	¥1,554.9
Unrecoverable or valueless claims	**238.3**	**43.2%**	292.9	373.0	419.6
Risk claims	**371.7**	**67.2%**	575.8	723.7	1,135.3
Portion in the latter half of fiscal 2000					
(existing portion)	**311.5**	**32.2%**	372.1	459.7	
Unrecoverable or valueless claims	**38.0**	**34.3%**	34.1	57.9	
Risk claims	**273.5**	**31.9%**	337.9	401.8	
Portion in the first half of fiscal 2001					
(existing portion)	**120.6**	**40.4%**	202.7		
Unrecoverable or valueless claims	**38.0**	**29.8%**	54.2		
Risk claims	**82.5**	**44.3%**	148.4		
Additional portion in the second half of					
fiscal 2001 (newly reported)	**998.3**	—			
Unrecoverable or valueless claims	**128.0**	—			
Risk claims	**870.3**	—			
Total	**¥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 2002 compared with the balance at the end of the period when such exposure was newly classified.

Summary of policies for write-offs and reserves by obligor classification

Obligor Classification under Self-Assessments	Summary of Policies for Write-Offs and Reserves (Banking Account)
Normal **Watch**	The amount equivalent to the expected loss over the coming one-year period is added to the General Reserve for Possible Loan Losses. The expected loss is computed by using expected loan loss ratios that take account of the average maturities of the loans, actual loan loss experience, and other factors, including adjustments deemed necessary for future prospects.
Special Attention	The amount equivalent to the expected loss over the coming three-year period is added to the General Reserve for Possible Loan Losses. The expected loss is computed by using expected loan loss ratios that take account of the average maturities of the loans, actual loan loss experience, and other factors, including adjustments deemed necessary for future prospects.
Doubtful	In principle, an amount equivalent to the outstanding balance of the loan less the rationally estimated recoverable portion is added to specific reserve for possible loan losses on an obligor-by-obligor basis. For other obligors, the expected loss ratio, based on historical loan loss experience after taking account of necessary adjustments for future prospects, is used to compute additions to reserves for individual loans.
Effectively Bankrupt **Bankrupt**	The amount remaining after subtraction of the expected recoveries from collateral and guarantees from the balance of the exposures is either written off or an equivalent amount is added to the Specific Reserve for Possible Loan Losses on a loan-by-loan basis.

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 442.4)	Unrecoverable or Valueless Claims 442.4	147.3	295.1	Reserve Ratio 100%	Direct Write-Offs	Reserves (67.7) Collateral/Guarantees (374.7)	Unrecoverable or Valueless Claims 100%
Doubtful (Total 1,598.2)	Risk Claims 1,598.2	744.2	565.2	288.7 Reserve Ratio 66.8%		Reserves (581.3) Collateral/Guarantees (728.0)	Risk Claims 81.9%
Watch: Special Attention (Total 2,101.7)	Claims in Need of Special Attention 1,315.4 Subtotal 3,356.1	271.1	1,830.5			Reserves (225.7) Collateral/Guarantees (544.3)	Claims in Need of Special Attention 58.5%
Watch: Other Watch (Total 4,359.5)	Nonclassified Claims 29,302.7	1,405.5	2,954.0				
Normal (Total 24,156.8)		24,156.8					Coverage Ratio against Total Claims 75.1%
Total 32,658.8	Total 32,658.8	Normal Claims 26,725.1	Category II Claims 5,644.9	Category III Claims 288.7	Category IV Claims —		

Note: Includes the Jointly Operated Designated Money Trust, of which the principal is guaranteed by a Group bank.

Initiatives to Reduce the Impact of Stock Price Fluctuations

The Group has moved forward proactively to sell portions of its stock portfolio and estimated the possibilities for recovery in the value of its stockholdings conservatively. Specifically, the Group banks generally marked to market those stocks whose market prices were 30% or more below their original purchase costs on their balance sheets. As a result, the Group banks combined reported losses on the devaluation of stocks of ¥415.3 billion, bringing the net losses on stocks, including losses on the sale of stocks, to ¥607.2 billion.

Accordingly, net unrealized losses on "Other securities" declined to ¥79.1 billion. The total value of stocks sold during the fiscal year, including ¥144.8 billion in stocks transferred to an employees' retirement benefit trust, amounted to ¥914.3 billion.

As a consequence, the Group has significantly reduced its exposure to the risk of stock price fluctuations.

■ Gains or losses on stocks and other securities

(Billions of yen)

Total of the five banks Year ended March 31	**2002**
Gains or losses on stocks and other securities	**¥(607.2)**
Gains on sales	**41.8**
Losses on sales	**215.8**
Losses on devaluation	**415.3**
Provision to reserve for possible losses on investments	**17.8**

■ Book value of stock sold

(Billions of yen)

Total of the five banks Year ended March 31	**2002**
Book value of stock sold	**¥914.3**
Of which, transferred to employees' retirement benefit trust	**144.8**

■ Unrealized gains or losses on securities

(Billions of yen)

Total of the five banks March 31	**2002**
Securities held to maturity	**¥ (0.0)**
Stocks of subsidiaries and affiliates	**—**
Other securities	**(79.1)**
Total	**(79.1)**
Bonds	**23.8**
Stocks	**(91.7)**
Other	**(11.2)**

Note: The totals for the five banks are the sum of non-consolidated figures for the Daiwa Bank, the Kinki Osaka Bank, the Nara Bank, the Asahi Bank, and the Daiwa Trust & Banking Company.

Risk Management Systems of the Resona Group

Basic Approach to Risk Management

As banking activities have become more diverse and financial technology has progressed, financial institutions are confronted with a wider range of risks. It has become increasingly important for financial institutions to control risk within fixed limits and generate stable levels of earnings that are appropriate to the risks they take.

The Resona Group believes it must create strong risk management systems, realize soundness and efficiency in its operations, enhance corporate value, and gain the understanding and trust of society. The Group aims to create a new style of risk management that is suitable to the nature of its operations as a super regional bank.

The holding company decides basic matters related to risk management. The members of the Group are working together actively to upgrade and create a common basic risk management framework and tools, including methods of measuring risk. Each Group member conducts specific risk management activities appropriate to the content of its business activities.

The Group has classified risks into seven types (credit, market, liquidity, operations, systems, legal, and reputation) and manages these in a manner appropriate to each type of risk. The Group is working to develop systems for integrated risk management, including methods for measuring quantifiable risks with uniform standards wherever possible. For risks that are difficult to quantify, the Group is endeavoring to enhance management capabilities through the preparation of procedures manuals and training as well as guidance programs.

Types of risk	Definition
Credit risk	The risk of losses arising when the value of assets declines or is destroyed as a result of the deterioration of the financial position of obligors
Market risk	The risk of losses arising when the value of assets declines owing to fluctuations in long- and short-term interest rates, prices of bonds and stocks, foreign currency exchange rates, and other indicators. Market risk also includes the risk of losses that may occur when transactions cannot be consummated due to market turmoil, or transactions must be carried out at much less favorable prices than during normal periods (market liquidity risk).
Liquidity risk	The risk of losses arising when necessary liquidity cannot be obtained and cash needed for the conduct of operations is unavailable because of deterioration in financial position and other circumstances. Liquidity risk also applies to situations where losses are incurred because of the need to borrow funds at substantially higher interest rates than during normal periods.
Operations risk	The risk of losses arising when management and staff fail to perform operations accurately or engage in fraudulent or illegal activities
Systems risk	The risk of losses arising when computer systems fail or function improperly, when systems are used inappropriately, when hackers break into systems, and when information is leaked from computer systems
Legal risk	The risk of losses when laws and legal contracts are violated or breached, when improper contracts are concluded, and when other adverse circumstances arise for legal reasons
Reputation risk	The risk of losses when the trust of others and reputations are damaged due to the circulation of reports and rumors contrary to fact

Group Risk Management Systems

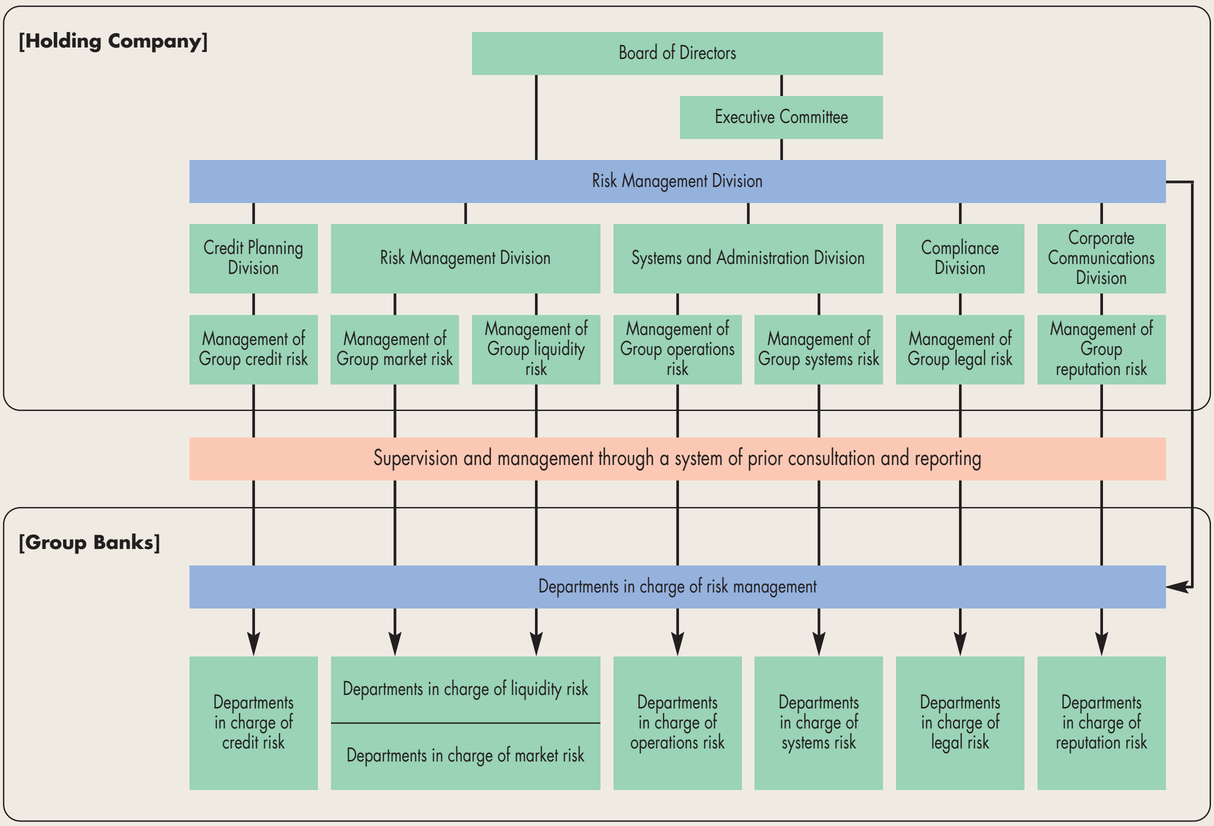
Holding Company (Daiwa Bank Holdings)

The Board of Directors and Executive Committee decide on basic risk management frameworks and policies, including Group risk management policies and risk limits. The holding company has formed risk management units for each type of risk, which provide guidance and advice after gathering and analyzing risk conditions at Group banks. The holding company has established the Risk Management Division to supervise the risks confronted by the holding company and Group members.

Group Banks (Daiwa Bank, Kinki Osaka Bank, Nara Bank, Asahi Bank, and Daiwa Trust & Banking)

Group banks follow Group risk management policies established by the holding company and conduct their own risk management activities appropriate to the risks they confront. In addition, under the guidance of the holding company, Group banks are endeavoring to enhance the sophistication of risk management methods and develop common approaches within the Group.

■ **Group Risk Management Systems**



Credit Risk Management

Holding Company

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

The holding company gathers information from Group banks regarding their risk conditions and works to supervise and manage risk through consultation on important policies. In addition, the holding company reviews risk management policies and rules of Group banks and provides guidance and advice. The holding company is also the focal point of activities to introduce uniform criteria and methods and to enhance the sophistication of risk management.

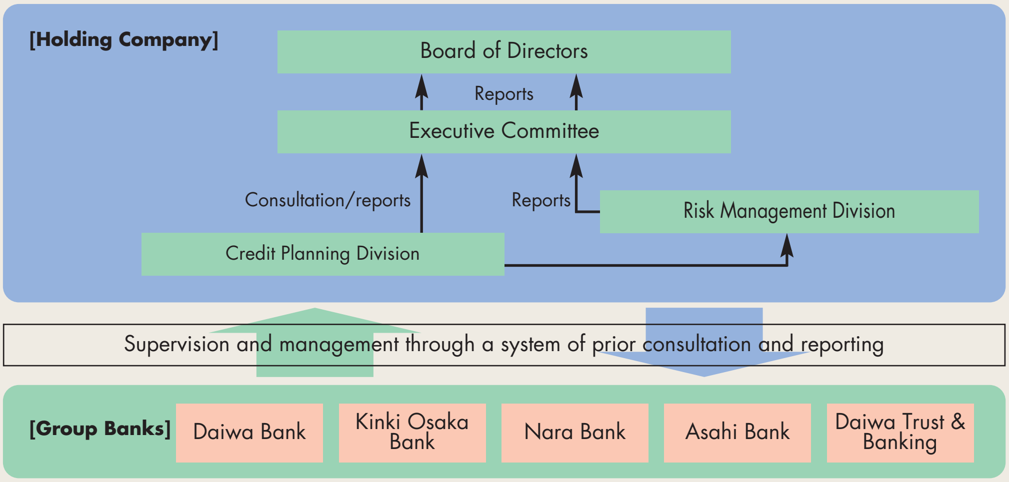
Group Banks

Each of the Group banks has established credit policies and procedures and works to ensure the soundness of its credit decision and post-transaction management functions.

To manage credit risk of the asset portfolio as a whole, the Group banks employ a credit rating system and measure credit risk based on this system. The banks also measure credit cost (the average expected loss for the portfolio as a whole) and credit risk (unexpected losses that exceed credit cost due to the presence of large credit exposures, fluctuations in the default ratio, and other circumstances) and seek to attain a balance between risk and return through analyses from many perspectives, with the aim of structuring a high-quality credit portfolio.

Moreover, the Group banks make use of the results of measurements of credit risk in setting credit limits and guidelines as well as in loan pricing.

Credit Risk Management System



Market Risk

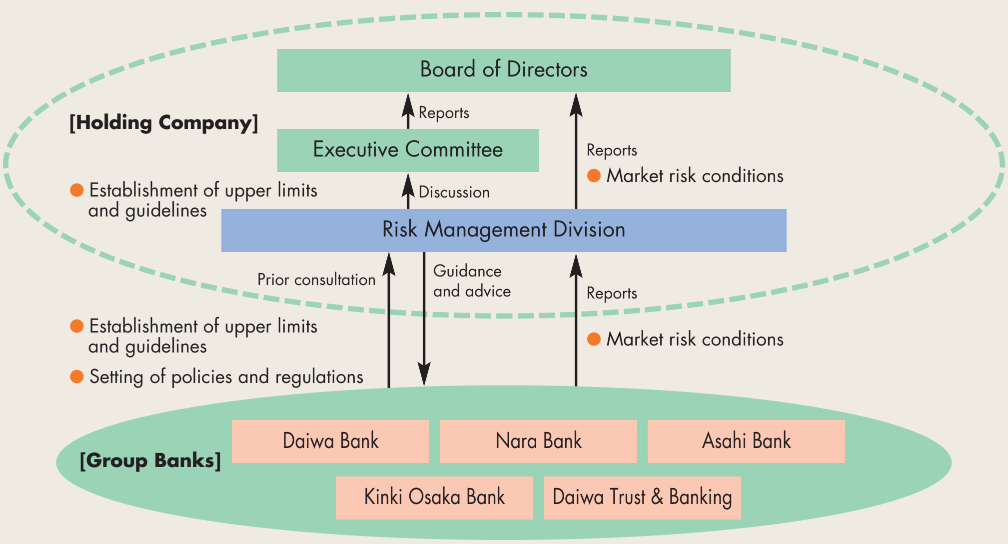
Holding Company

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

Group Banks

Based on Group risk management policies, the Group banks have created appropriate risk management systems. The basic approach to market risk management is to establish mutual checking functions through the establishment of front offices, back offices, and independent middle offices. The middle offices monitor compliance with the predetermined upper limits and report risk conditions to management.

Market Risk Management System



Liquidity Risk

The banking institutions of the Resona Group manage liquidity risk based on the Group risk management policies set by the holding company. The Group banks diversify sources of funding and maintain a sufficient volume of highly liquid assets.

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

The holding company monitors the liquidity risk condition, including compliance with guidelines, on a daily basis and provides reports to management. In addition, if necessary, it may provide guidance regarding cash position management to the Group banks.

Operations Risk

The holding company and Group banks are continuously upgrading their operational regulations and procedures based on a full awareness of operational risk. Moreover, by periodically monitoring the occurrence of operational errors and other issues and undertaking comprehensive analysis of operational risks, the holding company and Group banks work together to prevent the recurrence of problems and use past experience to establish policies for minimizing operational risk.

Systems Risk

The holding company and Group banks endeavor to minimize systems risk by establishing standardized policies to prevent failure, errors, and the improper use of computer and other systems. Activities also include the preparation and updating of contingency plans in the event of systems failure.

Legal Risk

The holding company and Group banks work to minimize legal risk through the implementation of legal checks, through teamwork with legal counsel, and other measures. In addition, to centralize information on legal suits and related matters among the Group banks, work is under way to create systems that will permit the monitoring of information related to legal risk.

Activities to Manage Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, human error, and systems or from external events.

The banks of the Resona Group are preparing and upgrading systems to monitor and manage this broad category of risks comprehensively. In addition, active efforts are in progress to increase the sophistication of operational risk management, including the quantification of this category of risks.

Reputation Risk

The holding company and the Group banks are working to expand their disclosure regarding their business activities by providing more accurate and pertinent information.

Compliance Systems of the Resona Group

Basic Principle

The Resona Group has strong awareness of the responsibilities of the Group to society and the public. The Group defines compliance as to strictly observe not only laws and regulations but also social norms in order to obtain trust from customers and society in general. The Group is committed to enhancing compliance in the Group and to putting it into practice.

As was stated in the Resona Group's *Corporate Ideals* and *Standards of Conduct* that the Group declared in May 2002, the Group defines the soundness and transparency of management as one of the most important ideals and adherence to the principles and common sense of society as one of the most essential behavioral norms.

Compliance Monitoring Systems

The holding company newly instituted the *Group Compliance Manual* in December 2001, which was based on the existing compliance manuals of the core banks in the Group. The manual provides the compliance structure of the Group as a whole, and each bank within the Group is required to establish its compliance system under the direction of the holding company.

Each bank within the Group and the holding company have already appointed deputy general managers of all branches and departments in the head offices to be *Compliance Manager,* who are primarily responsible for compliance matters of each branch and department.

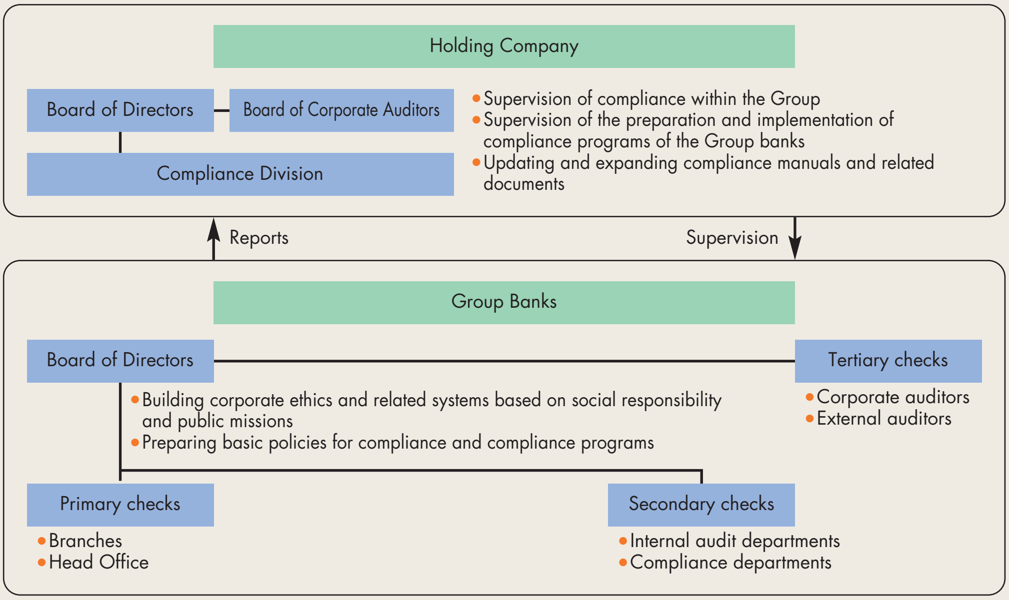
The inspection division of each bank conducts on-site monitoring of the operations as well as compliance of all branches and departments in the head offices. Moreover, the compliance department of each bank supervises all compliance matters of each bank by observing and advising to all branches and departments in the head offices.

Compliance Programs

The holding company and each bank within the Group have implemented their own annual compliance programs approved by the Board, which includes plans for reviewing the existing various manuals and procedures to reflect changes in laws and regulations. The compliance programs of the Group banks also include action plans for the enhancement of the internal control system and employee training. Under the quarterly compliance reporting system of the Group banks, all compliance matters are reported to their compliance department and the Board.

In addition, each bank within the Group is required to report quarterly the status of its compliance program to the Compliance Division of the holding company.

Resona Group Compliance Systems



Shin Nihon & Co.

The Board of Directors
Daiwa Bank Holdings, Inc.

We have audited the consolidated balance sheet of Daiwa Bank Holdings, Inc. and consolidated subsidiaries as of March 31, 2002, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended, all expressed in yen. Our audit was made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements, expressed in yen, present fairly the consolidated financial position of Daiwa Bank Holdings, Inc. and consolidated subsidiaries as of March 31, 2002, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles and practices generally accepted in Japan applied on a consistent basis.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2002 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.

Shin Nihon & Co.

Tokyo, Japan
June 27, 2002

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

CONSOLIDATED BALANCE SHEET

Daiwa Bank Holdings, Inc.
March 31, 2002

	Millions of yen 2002	Millions of U.S. dollars (Note 1) 2002
Assets		
Cash and due from banks (Notes 2 (t), 10 and 23)	¥ 3,166,039	$ 23,760
Call loans and bills bought (Note 3)	102,634	770
Monetary claims bought	3,740	28
Trading assets (Notes 2 (b), 4 and 10)	651,322	4,887
Money held in trust (Note 26)	43,854	329
Securities (Notes 2 (d), 5, 10 and 26)	6,864,323	51,514
Loans and bills discounted (Notes 6, 10 and 11)	30,021,204	225,299
Foreign exchange (Note 7)	180,939	1,357
Other assets (Notes 8, 10 and 12)	1,232,565	9,250
Premises and equipment (Notes 2 (f), 9, 10, 17 and 25)	840,198	6,305
Deferred tax assets (Note 24)	832,611	6,248
Consolidation differences (Note 2 (r))	5,124	38
Customers' liabilities for acceptances and guarantees (Note 16)	2,062,934	15,481
Reserve for possible loan losses (Note 2 (g))	(1,054,958)	(7,917)
Reserve for possible losses on investments (Note 2 (h))	(45)	(0)
Total Assets	¥44,952,488	$337,354
Liabilities		
Deposits (Notes 10 and 13)	¥33,822,170	$253,824
Negotiable certificates of deposit	856,148	6,425
Call money and bills sold (Notes 3 and 10)	2,547,782	19,120
Bills sold under repurchase agreements (Note 10)	281,083	2,109
Commercial paper	20,000	150
Trading liabilities (Notes 2 (b) and 4)	219,655	1,648
Borrowed money (Notes 10 and 14)	1,017,404	7,635
Foreign exchange (Note 7)	8,957	67
Bonds (Note 14)	597,064	4,480
Due to trust account	213,342	1,601
Other liabilities (Notes 10 and 15)	1,789,046	13,426
Reserve for employees' bonuses (Note 2 (i))	8,797	66
Reserve for employees' retirement benefits (Notes 2 (j) and 28)	17,012	127
Reserve for possible losses on loans sold (Note 2 (k))	20,432	153
Other reserves (Note 2 (l))	134	1
Deferred tax liabilities (Note 24)	379	2
Deferred tax liabilities on land revaluation	74,221	557
Consolidation differences (Note 2 (r))	1,950	14
Acceptances and guarantees (Note 16)	2,062,934	15,481
Total Liabilities	43,558,519	326,893
Minority Interests		
Minority interests in consolidated subsidiaries	104,911	787
Shareholders' Equity (Note 18)		
Capital	720,000	5,403
Capital surplus	1,377,089	10,334
Land revaluation differences (Note 17)	113,301	850
Deficit (Note 2 (s))	817,181	6,132
Valuation differences (Note 26)	(72,797)	(546)
Foreign currency translation adjustments, net of taxes	(9,550)	(71)
Treasury stock	(19)	(0)
Parent's stock owned by subsidiaries	(21,784)	(163)
Total Shareholders' Equity	1,289,058	9,673
Total Liabilities, Minority Interests and Shareholders' Equity	¥44,952,488	$337,354

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF OPERATIONS

Daiwa Bank Holdings, Inc.
Year ended March 31, 2002

	Millions of yen	Millions of U.S. dollars (Note 1)
	2002	**2002**
Income		
Interest income (Note 19)	**¥ 814,876**	**$ 6,115**
Trust fees	**44,843**	**336**
Fees and commissions	**188,101**	**1,411**
Trading income (Notes 2 (c) and 20)	**10,369**	**77**
Other operating income (Note 21)	**108,130**	**811**
Other income (Note 22)	**207,086**	**1,554**
Total Income	**1,373,407**	**10,306**
Expenses		
Interest expenses (Note 19)	**162,631**	**1,220**
Fees and commissions	**70,039**	**525**
Trading expenses (Note 2 (c))	**37**	**0**
Other operating expenses (Note 21)	**34,257**	**257**
General and administrative expenses	**568,320**	**4,265**
Other expenses (Note 22)	**1,711,910**	**12,847**
Total Expenses	**2,547,197**	**19,115**
Loss before income taxes and minority interests	**1,173,789**	**8,808**
Income taxes—current (Note 2 (u))	**14,906**	**111**
Income taxes—deferred (Note 2 (u))	**(256,412)**	**(1,924)**
Minority interests in net loss	**407**	**3**
Net loss	**¥ 931,876**	**$ 6,993**

	Yen	U.S. dollars (Note 1)
Net loss per share	**¥174.57**	**$1.31**
Cash dividends declared per share:		
Common stock	**—**	**—**
Preferred stock:		
Class A No. 1 preferred stock	**24.75**	**0.18**
Class B No. 1 preferred stock	**6.36**	**0.04**
Class C No. 1 preferred stock	**6.33**	**0.04**
Class D No. 1 preferred stock	**10.00**	**0.07**
Class E No. 1 preferred stock	**14.38**	**0.10**
Class F No. 1 preferred stock	**18.50**	**0.13**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Daiwa Bank Holdings, Inc.
Year ended March 31, 2002

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of yen							
			Capital	Capital surplus	Land revaluation differences (Note 17)	Retained earnings (deficit) (Note 2 (s))	Valuation differences (Note 26)	Foreign currency translation adjustments	Treasury stock	Parent's stock owned by subsidiaries
Balance at April 1, 2001	5,634,904	1,131,356	¥720,000	¥1,444,475	¥127,223	¥ 57,201	¥ —	¥(6,229)	¥ —	¥ —
Reversal of capital surplus	—	—	—	**(67,385)**	—	**67,385**	—	—	—	—
Reversal of land revaluation differences	—	—	—	—	**(13,828)**	**13,828**	—	—	—	—
Reduction in the number of affiliates accounted for by the equity method	—	—	—	—	—	**2,017**		—	—	—
Transfer to deferred tax liabilities on land revaluation	—	—	—	—	**(93)**	—	—	—	—	—
Dividends paid	—	—	—	—	—	**(4,711)**	—	—	—	—
Directors' bonuses	—	—	—	—	—	**(2)**	—	—	—	—
Transfer of shares	—	—	—	—	—	**(21,024)**	—	—	—	—
Changes during the year	—	—	—	—	—	—	**(72,797)**	**(3,321)**	—	—
Net loss	—	—	—	—	—	**(931,876)**	—	—	—	—
Treasury stock transactions	—	—	—	—	—	—	—	—	**(19)**	**(21,784)**
Balance at March 31, 2002	**5,634,904**	**1,131,356**	**¥720,000**	**¥1,377,089**	**¥113,301**	**¥(817,181)**	**¥(72,797)**	**¥(9,550)**	**¥(19)**	**¥(21,784)**

	Number of shares of common stock (Thousands)	Number of shares of preferred stock (Thousands)	Millions of U.S. dollars (Note 1)							
			Capital	Capital surplus	Land revaluation differences (Note 17)	Retained earnings (deficit) (Note 2 (s))	Valuation differences (Note 26)	Foreign currency translation adjustments	Treasury stock	Parent's stock owned by subsidiaries
Balance at April 1, 2001	5,634,904	1,131,356	$5,403	$10,840	$954	$ 429	$ —	$(46)	$—	$ —
Reversal of capital surplus	—	—	—	**(505)**	—	**505**	—	—	—	—
Reversal of land revaluation differences	—	—	—	—	**(103)**	**103**	—	—	—	—
Reduction in the number of affiliates accounted for by the equity method	—	—	—	—	—	**15**	—	—	—	—
Transfer to deferred tax liabilities on land revaluation	—	—	—	—	**(0)**	—	—	—	—	—
Dividends paid	—	—	—	—	—	**(35)**	—	—	—	—
Directors' bonuses	—	—	—	—	—	**(0)**	—	—	—	—
Transfer of shares	—	—	—	—	—	**(157)**	—	—	—	—
Changes during the year	—	—	—	—	—	—	**(546)**	**(24)**	—	—
Net loss	—	—	—	—	—	**(6,993)**	—	—	—	—
Treasury stock transactions	—	—	—	—	—	—	—	—	**(0)**	**(163)**
Balance at March 31, 2002	**5,634,904**	**1,131,356**	**$5,403**	**$10,334**	**$850**	**$(6,132)**	**$(546)**	**$(71)**	**$(0)**	**$(163)**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Daiwa Bank Holdings, Inc.
Year ended March 31, 2002

	Millions of yen	Millions of U.S. dollars (Note 1)
	2002	2002
Cash flows from operating activities:		
Loss before income taxes and minority interests	¥(1,173,789)	$ (8,808)
Depreciation of premises and equipment	60,916	457
Amortization of consolidation differences	501	3
Equity in losses from investments in affiliated companies	2,713	20
Increase in reserve for possible loan losses	319,140	2,395
Decrease in reserve for possible losses on investments	(20)	(0)
Decrease in reserve for possible losses on loans sold	(44,684)	(335)
Increase in reserve for employees' bonuses	8,557	64
Decrease in reserve for employees' retirement benefits	(15,320)	(114)
Interest income	(814,876)	(6,115)
Interest expenses	162,631	1,220
Net losses on securities	459,974	3,451
Net losses on money held in trust	645	4
Net foreign exchange gains	(3,088)	(23)
Net losses on sales of premises and equipment	24,197	181
Net decrease in trading assets	270,076	2,026
Net decrease in trading liabilities	(52,035)	(390)
Net decrease in loans and bills discounted	3,895,632	29,235
Net decrease in deposits	(273,610)	(2,053)
Net decrease in negotiable certificates of deposit	(4,612,272)	(34,613)
Net decrease in borrowed money (excluding subordinated borrowed money)	(283,884)	(2,130)
Net decrease in due from banks (excluding those deposited at BOJ)	994,077	7,460
Net decrease in call loans and other	1,289,572	9,677
Net decrease in cash collateral on bonds borrowed	4,774	35
Net increase in call money and other	923,127	6,927
Net decrease in commercial paper	(400,000)	(3,001)
Net increase in cash collateral on bonds lent	485,806	3,645
Net increase in foreign exchange assets	(25,699)	(192)
Net decrease in foreign exchange liabilities	(8,381)	(62)
Net decrease in bonds	(22,500)	(168)
Net decrease in due to trust account	(241,775)	(1,814)
Interest receipts	868,922	6,520
Interest payments	(208,994)	(1,568)
Directors' bonuses	(5)	(0)
Other	(49,142)	(368)
Total	1,541,188	11,566
Penalties paid	(2,100)	(15)
Income taxes paid	(13,536)	(101)
Net cash provided by operating activities	1,525,552	11,448
Cash flows from investing activities:		
Purchases of securities	(10,637,859)	(79,833)
Proceeds from sales of securities	7,965,902	59,781
Proceeds from maturity of securities	3,113,103	23,362
Payments associated with increase in money held in trust	(48,810)	(366)
Proceeds from decrease in money held in trust	102,905	772
Purchases of premises and equipment	(42,595)	(319)
Proceeds from sales of premises and equipment	32,056	240
Payments for purchases of equity investments in subsidiaries	(0)	(0)
Proceeds from sales of equity investments in subsidiaries	3,013	22
Net cash provided by investing activities	487,715	3,660
Cash flows from financing activities:		
Proceeds from subordinated borrowed money	23,500	176
Repayment of subordinated borrowed money	(226,500)	(1,699)
Proceeds from issuance of subordinated bonds	48,200	361
Repayment of subordinated bonds	(66,475)	(498)
Proceeds from issuance of stocks	59,946	449
Proceeds from issuance of preferred securities	70,600	529
Dividends paid	(4,743)	(35)
Dividends paid to minority shareholders	(321)	(2)
Payments related to acquisition of treasury stock	(291)	(2)
Proceeds from sales of treasury stock	49	0
Net cash used in financing activities	(96,034)	(720)
Effect of exchange rate changes on cash and cash equivalents	892	6
Increase in cash and cash equivalents	1,918,125	14,394
Cash and cash equivalents at beginning of year	875,538	6,570
Increase in cash and cash equivalents due to transfer of shares	2,516	18
Decrease in cash and cash equivalents due to exclusion of subsidiaries from consolidation	(0)	(0)
Cash and cash equivalents at end of year (Note 23)	¥ 2,796,180	$ 20,984

See accompanying notes to consolidated financial statements.

NOTE 1. BASIS OF PRESENTATION

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

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

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥133.25= U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used in translation. This translation is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate. As a result, the totals in U.S. dollars do not necessarily agree with the sum of the individual amounts.

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

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

Consolidated subsidiaries

1) Consolidated subsidiaries: 54

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

2) Non-consolidated subsidiaries

The principal nonconsolidated subsidiary was Asahi S/C Ltda.

Non-consolidated subsidiaries were immaterial with respect to total assets, ordinary income, net income/loss (based on the owned interest) and retained earnings (based on the owned interest). They are excluded from consolidation as reasonable judgement on the Group's financial conditions, and operating results can be expected even if they are 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) Affiliated companies accounted for by the equity method: 9

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

3) The principal non-consolidated subsidiary not accounted for by the equity method was Asahi S/C Ltda.
4) The principal affiliated company not accounted for by the equity method was Siam City-Showa Leasing Co., Ltd.

The affiliates not accounted for by the equity method were not material to the consolidated financial statements with respect to net income/loss (based on the owned interest) and retained earnings (based on the owned interest).

Fiscal year-ends of consolidated subsidiaries

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

End of December: 8 subsidiaries
End of March: 46 subsidiaries

2) All subsidiaries have been consolidated based on their accounts at their respective fiscal year-ends.

Appropriate adjustments have been made for significant transactions during the period from the respective fiscal year-ends of the above subsidiaries to the date of the Parent's fiscal year-end.

Business combinations

The pooling of interest method was applied to the Daiwa Bank, Ltd., the Kinki Osaka Bank, Ltd., and the Asahi Bank, Ltd. when a holding company was established by exchange of shares and transfer of shares. The purchase method was applied to the Nara Bank, Ltd.

(b) Trading assets and trading liabilities

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

(c) Trading income and trading expenses

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

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

(d) Securities

Bonds held to maturity are stated at amortized cost by the moving average method. Equity securities of nonconsolidated subsidiaries and affiliates to which the equity method is not applied are stated at cost by the moving average method. Equity securities included in other securities with market value are stated at fair value based on the average market price for the month prior to the consolidated balance sheet date. Other securities, other than 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, and the related net unrealized gain/loss 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 Specific Trading Purposes") are stated at market value.

(f) Depreciation

Premises and equipment

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

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

Software

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

(g) Reserve for possible loan losses

The Company and the consolidated subsidiaries have made provisions for possible loan losses as follows:

For loans to insolvent customers who are undergoing bankruptcy or special liquidation (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 the deduction of the amount of direct write-offs (as defined below), and excluding amounts deemed collectible from the disposal of the collateral pledged and from guarantees that are deemed recoverable.

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

For other loans, the reserve for possible loan losses is provided at an amount based on the anticipated loss rates calculated by reasonable methods. The reserve includes a special reserve for certain overseas loans (including the reserve for possible overseas investment losses as stipulated in Article 55-2 of the Special Taxation Measures Law) likely to become uncollectible due to political or economic circumstances in the relevant countries.

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

Other consolidated subsidiaries perform self-assessments applying standards similar to the self-assessment standards and provide a reserve for possible loan losses at the amounts deemed necessary.

For certain consolidated subsidiaries' loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated recoverable balance from the disposal of the collateral and the amounts deemed recoverable from the guarantors. The unrecoverable amount is written off directly against the value of the loan ("direct write-off"). Direct write-offs amounted to ¥1,064,417 million ($7,988 million) for the year ended March 31, 2002.

(h) Reserve for possible losses on investments

The reserve for possible losses on investments is provided for the possible losses from investments.

(i) Reserve for employees' bonuses

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

(j) Reserve for employees' retirement benefits

To provide for employees' retirement benefits, the Company has recorded a reserve for severance payments and pension plans, based on the retirement benefit obligation and the pension plan assets at the balance sheet date. Past service cost is amortized 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 amortized effective the next fiscal year by the straight-line method over a certain period (5~15 years) within the average remaining years of service of the eligible employees.

With regard to the transition differences at accounting change (¥229,203 million ($1,720 million)), the consolidated subsidiaries have charged to operations as follows:

- The Daiwa Bank, Ltd. 10 years
- The Kinki Osaka Bank, Ltd. 15 years
- The Asahi Bank, Ltd. 5 years

(k) Reserve for possible losses on loans sold

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

(l) Other reserves

The Company has provided legal reserves as follows:

- Reserve for financial futures transactions: ¥0 million ($0 million)
  This reserve is provided in accordance with Article 82 of the Financial Futures Transactions Law and Article 29 of the Implementation Rules for this law.

- Reserve for contingent liabilities from the brokering of securities transactions: ¥134 million ($1 million). This reserve is provided to compensate for losses relating to securities futures and other transactions by the domestic consolidated banking subsidiaries based on Article 51 of the Securities and Exchange Law and the Article 65-2-7 thereof, and Article 32 of the Cabinet Ordinance with respect to securities business of financial institutions and by domestic consolidated security dealers subsidiaries based on Article 51 of the Securities and Exchange Law and Article 35 of the Cabinet Ordinance with respect to securities companies.

(m) Foreign currency translation

Foreign-currency-denominated assets and liabilities of the domestic consolidated banking subsidiaries and overseas branches, with the exception of stock in affiliates for which amounts are translated into yen equivalents at the exchange rates in effect at the acquisition dates, are translated into yen equivalents, primarily at the exchange rates prevailing at the balance sheet date.

For funding-related swaps of the domestic consolidated banking subsidiaries, the Company reports the net yen equivalents of the notional principal amounts translated at the exchange rate prevailing at the balance sheet date in accordance with "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, Report No. 20). The difference between the spot and the forward rates, which reflects the interest rate gap between the different currencies, is reported in the consolidated statement of operations on an accrual basis over the period from the spot settlement date to the forward settlement date.

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

For cross currency swaps of the domestic consolidated banking subsidiaries which meet the criteria indicated in Report No. 20 of the JICPA Industry Audit Committee, the domestic consolidated banking subsidiaries report the net yen equivalents translated at the exchange rates prevailing at the balance sheet date of the notional principal amounts, with the related interest income and interest expense being accrued and reported in the consolidated statement of operations. The cross currency swaps mentioned above are entered into by the domestic consolidated banking subsidiaries for the purpose of raising and investing funds in different currencies. The notional principal amounts paid or received at the valuation date correspond to the notional principal amounts to be received or paid at the maturity of the swap agreements, and the swap rates used for calculating the principal and interest amounts of the swaps are considered reasonable (including cross currency swaps whose principal in one currency is updated at each reset date to reflect the spot exchange rate as of that date and, thus, the notional principal at the spot exchange and the forward exchange rates is identical for each reset period).

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

(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 that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

(o) Hedge accounting

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

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

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

Certain consolidated subsidiaries have also adopted deferred hedging and special treatment of interest rate swaps.

In addition, in order to hedge the risk of foreign exchange rate fluctuations on foreign-currency-denominated securities excluding bonds, certain consolidated banking subsidiaries designate, at the inception of each hedge, the names of the foreign-currency-denominated investment securities that will be hedged based on "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, Report No. 20), and applied deferred hedge and fair-value hedge accounting to such foreign-currency-denominated investment securities, to the extent that certain consolidated banking subsidiaries have spot and forward foreign exchange liabilities exceeding the acquisition costs of the related securities.

(p) Accounting for consumption tax

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

(q) Valuation of assets and liabilities of consolidated subsidiaries

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

(r) Amortization of consolidation differences

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

(s) Retained earnings

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

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

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

(u) Income taxes

The Company and the consolidated subsidiaries are subject to corporation tax, inhabitants' taxes and enterprise tax, which are based on income. Income taxes are provided on the basis of the current tax liabilities, and reflect the tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax purposes.

With the implementation of the "Metropolitan ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Tokyo" (Tokyo Metropolitan Ordinance No. 145, April 1, 2000) ("the metropolitan ordinance"), the Tokyo tax base for enterprise taxes of the Daiwa Bank, Ltd. and the Asahi Bank, Ltd. ("the Banks"), both are subsidiaries of the Company, was changed from income to *gyomu ararieki*.

On October 18, 2000, the Banks filed a lawsuit with the Tokyo District Court against the Tokyo metropolitan government and the Governor of Tokyo seeking to void the metropolitan ordinance. The Banks won the case eventually entirely on March 26, 2002 with a decision of the Tokyo District Court in the Banks' favor, on the grounds that the metropolitan ordinance was illegal. The District Court ordered the metropolitan government to return to the Banks advance tax payments of ¥5,191 million ($38 million) and also awarded to the Banks damages of ¥200 million ($1 million). On March 29, 2002, the metropolitan government lodged an appeal with the Tokyo High Court against the decision.

It is the opinion of the Banks that the metropolitan ordinance is both unconstitutional and illegal. The Banks have asserted this opinion in the courts and the matter is still in litigation. The fact that during this term the Banks have applied the same treatment as in the previous term, accounting for enterprise taxes through external standards taxation on banks in Tokyo in accordance with the metropolitan ordinance, is because the Banks have deemed it appropriate at this stage to continue with the same accounting treatment as before. This accounting treatment does not constitute in any way an admission on the part of the Banks either of the constitutionality or of the legality of the metropolitan ordinance.

With the implementation of the municipal ordinance, enterprise taxes relating to banks in Tokyo were recorded in other expenses in the amounts of ¥6,281 million ($47 million) in this term. As a result, there was an increase in the ordinary loss of the same amount as compared with the previous standards under which enterprise taxes were levied on income. Moreover, there was no effect to current income tax expenses in this term as compared with the previous standards under which enterprise taxes were levied on income. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in deferred tax assets of ¥28,784 million ($216 million) as compared with the amount that it would have been had the enterprise taxes been levied on income instead of gross profits. There was also a decrease in deferred tax liabilities on land revaluation of ¥3,506 million ($26 million), and an increase in land revaluation differences of the same amount.

With the implementation of the "Municipal Ordinance regarding the imposition of enterprise taxes through external standards taxation on banks in Osaka" (Osaka Municipal Ordinance No. 131, June 9, 2000) ("the municipal ordinance"), the Osaka tax base for enterprise taxes of the Banks, which were hitherto levied on income, are now levied on *gyomu ararieki*.

On April 4, 2002, the Banks filed a lawsuit with the Osaka District Court against the Osaka municipal government and the Governor of Osaka seeking to void the municipal ordinance.

It is the opinion of the Banks that the municipal ordinance is both unconstitutional and illegal. The Banks have asserted this opinion in the Osaka District Court and the matter is still in litigation. The fact that during this term the Banks have applied the treatment accounting for enterprise taxes through external standards taxation on banks in Osaka in accordance with the municipal ordinance is because the Banks have deemed it appropriate at this stage to apply the same accounting treatment to Osaka as to Tokyo. This accounting treatment does not constitute in any way an admission on the part of the Banks either of the constitutionality or of the legality of the municipal ordinance.

With the implementation of the municipal ordinance, enterprise taxes relating to banks in Osaka were recorded in the other expenses in the amounts of ¥4,935 million ($37 million). As a result, there was an increase in the ordinary loss of the same amount as compared with the previous standards under which enterprise taxes were levied on income. Moreover, there was no effect to current income tax expenses as compared with the previous standards under which enterprise taxes were levied on income. Since the enterprise taxes in question are not included in the calculations for accounting for tax effects, there was a decrease in deferred tax assets of ¥25,761 million ($193 million) as compared with the amount that it would have been had the enterprise taxes been levied on income instead of gross profits. There was also a decrease in deferred tax liabilities on land revaluation of ¥693 million ($5 million), and an increase in land revaluation differences of the same amount.

With the implementation of the "Revision of Municipal Ordinance regarding the imposition of the enterprise taxes through external standards taxation on banks in Osaka" (Osaka Municipal Ordinance No. 77) ("the revised municipal ordinance") on May 30, 2002, the special treatment regarding the tax basis is to be applicable from the fiscal year starting on April 1, 2002.

The enterprise taxes which the banks should pay to the Osaka municipal government this term are subject to the supplementary provision 2 of the revised municipal ordinance, which provides the banks shall pay the enterprise taxes based on the lesser of *gyomu ararieki* or income. The Banks, therefore, will file and pay the enterprise taxes based on income.

The fact that the Banks will file and pay the enterprise taxes according to the revised municipal ordinance does not constitute in any way an admission on the part of the Banks either of the constitutionality or of the legality of the revised municipal ordinance as well as the municipal ordinance.

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

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

NOTE 3. CALL LOANS AND BILLS BOUGHT/CALL MONEY AND BILLS SOLD

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

	Millions of yen	Millions of U.S. dollars
Call loans	**¥102,634**	**$770**
Bills bought	**—**	**—**
Total	**¥102,634**	**$770**

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

	Millions of yen	Millions of U.S. dollars
Call money	**¥1,228,982**	**$ 9,223**
Bills sold	**1,318,800**	**9,897**
Total	**¥2,547,782**	**$19,120**

NOTE 4. TRADING ASSETS AND TRADING LIABILITIES

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

	Millions of yen	Millions of U.S. dollars
Trading assets:		
Trading securities	**¥ 23,653**	**$ 177**
Derivatives of trading securities	**11**	**0**
Trading-related financial derivatives	**219,753**	**1,649**
Other trading assets	**407,904**	**3,061**
Total	**¥651,322**	**$4,887**
Trading liabilities:		
Trading securities sold for short sales	**¥ 6,197**	**$ 46**
Derivatives of trading securities	**18**	**0**
Trading-related financial derivatives	**213,213**	**1,600**
Other trading liabilities	**224**	**1**
Total	**¥219,655**	**$1,648**

NOTE 5. SECURITIES

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

	Millions of yen	Millions of U.S. dollars
National government bonds	**¥3,556,866**	**$26,693**
Local government bonds	**137,648**	**1,033**
Corporate bonds	**932,238**	**6,996**
Corporate stocks	**1,964,652**	**14,744**
Other securities	**272,916**	**2,048**
Total	**¥6,864,323**	**$51,514**

Securities included ¥27,865 million ($209 million) of unconsolidated subsidiaries and affiliates and ¥233 million ($1 million) of investment money.

Loaned securities totaling ¥120,848 million ($906 million) under loan agreements have been included in the securities account.

Loaned securities totaling ¥34,065 million ($255 million) under lease agreements have been included in the securities account.

Securities loaned to certain consolidated subsidiaries under unsecured loan agreements and securities loaned to certain consolidated subsidiaries under bills added/purchased with repurchase/resell agreements or bond loan transactions collateralized with cash included ¥187,137 million ($1,404 million) of securities collateralized and ¥1,530 million ($11 million) of securities held by certain consolidated subsidiaries. All were collateralized and their disposition is at the discretion of certain consolidated subsidiaries.

NOTE 6. LOANS AND BILLS DISCOUNTED

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

	Millions of yen	Millions of U.S. dollars
Bills discounted	**¥ 690,845**	**$ 5,184**
Loans on notes	**3,867,967**	**29,027**
Loans on deeds	**21,641,395**	**162,411**
Overdrafts	**3,820,995**	**28,675**
Total	**¥30,021,204**	**$225,299**

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

	Millions of yen	Millions of U.S. dollars
Loans to borrowers in legal bankruptcy	**¥ 184,365**	**$ 1,383**
Past due loans	**1,879,447**	**14,104**
Loans past due three months or more	**119,535**	**897**
Restructured loans	**1,243,735**	**9,333**
Total	**¥3,427,083**	**$25,719**

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

Included in the above amount is ¥8,184 million ($61 million) which was entrusted to the Resolution and Collection Corporation by the Administration Trust Method which leads to a final settlement.

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

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

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

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

NOTE 7. FOREIGN EXCHANGE

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

	Millions of yen	Millions of U.S. dollars
Assets:		
Due from foreign banks	¥ 86,811	$ 651
Loans to foreign banks	3	0
Foreign bills of exchange bought	40,262	302
Foreign bills of exchange receivable	53,862	404
Total	¥180,939	$1,357
Liabilities:		
Due to foreign banks	¥ 2,846	$ 21
Loans from foreign banks	443	3
Foreign bills of exchange sold	5,086	38
Foreign bills of exchange payable	581	4
Total	¥ 8,957	$ 67

NOTE 8. OTHER ASSETS

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

	Millions of yen	Millions of U.S. dollars
Unsettled exchange receivables	¥ 317	$ 2
Prepaid expenses	4,425	33
Accrued income	111,938	840
Deposits for futures transactions	799	5
Variation margin for futures transactions	1,024	7
Securities held in custody and other	4,417	33
Financial derivatives	111,038	833
Deferred hedge loss	4,672	35
Cash collateral on bonds borrowed	9,126	68
Other	984,804	7,390
Total	¥1,232,565	$9,250

NOTE 9. PREMISES AND EQUIPMENT

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

	Millions of yen	Millions of U.S. dollars
Land, buildings and equipment	¥1,358,343	$10,193
Less accumulated depreciation	(663,996)	(4,983)
Construction in progress	437	3
Subtotal	694,784	5,214
Other	145,413	1,091
Total	¥ 840,198	$ 6,305

NOTE 10. ASSETS PLEDGED AS COLLATERAL

Assets pledged as collateral and debts collateralized as of March 31, 2002 were as follows:

	Millions of yen	Millions of U.S. dollars
Assets pledged as collateral:		
Cash and due from banks	**¥ 50,060**	**$ 375**
Trading assets	**284,940**	**2,138**
Securities	**3,414,823**	**25,627**
Loans and bills discounted	**1,152,238**	**8,647**
Other assets	**19,466**	**146**
Debts collateralized:		
Deposits	**81,438**	**611**
Call money and bills sold	**2,293,318**	**17,210**
Bills sold under repurchase agreements	**281,083**	**2,109**
Borrowed money	**122,229**	**917**
Other liabilities	**710,444**	**5,331**

Other than the above, cash and due from banks, trading assets, securities, loans and bills discounted, and other assets which were valued at ¥1,198 million ($8 million), ¥280 million ($2 million), ¥1,338,142 million ($10,042 million), ¥19,633 million ($147 million) and ¥27,092 million ($203 million), respectively, were pledged as collateral or as substitutes for cash deposits for exchange clearing transactions, derivatives transactions and other.

Cash and due from banks of ¥15,000 million ($112 million) were pledged as collateral for loans of unconsolidated subsidiaries and other.

Premises and equipment stated include guarantee deposits of ¥145,407 million ($1,091 million).

Other assets stated include deposits for futures transactions in the amount of ¥799 million ($5 million), and cash collateral on bonds borrowed in the amount of ¥9,126 million ($68 million).

NOTE 11. COMMITMENT LINE AGREEMENTS

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

The amount of unexercised loans related to such agreements at March 31, 2002 amounted to ¥9,636,871 million ($72,321 million). Of the above, the amounts for which the original agreement period was within a year or agreements which certain consolidated banking subsidiaries could cancel at any time without penalty totaled ¥9,481,596 million ($71,156 million).

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

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

NOTE 12. DEFERRED HEDGE ACCOUNTING

Unrealized gains or losses on hedging are included in other assets as a deferred hedge loss at the net amount. Prior to this offsetting, gross deferred hedge losses and gains amounted to ¥108,279 million ($812 million) and ¥103,606 million ($777 million), respectively.

NOTE 13. DEPOSITS

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

	Millions of yen	Millions of U.S. dollars
Current deposits	¥ 2,484,121	$ 18,642
Ordinary deposits	15,388,740	115,487
Savings deposits	763,364	5,728
Deposits at notice	426,046	3,197
Time deposits	13,790,522	103,493
Other deposits	969,374	7,274
Total	¥33,822,170	$253,824

NOTE 14. BORROWED MONEY AND BONDS

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

	Millions of yen	Millions of U.S. dollars
Subordinated borrowed money	¥ 710,500	$5,332
Subordinated bonds	519,564	3,899
Total	¥1,230,064	$9,231

NOTE 15. OTHER LIABILITIES

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

	Millions of yen	Millions of U.S. dollars
Unsettled exchange payables	¥ 1,691	$ 12
Accrued income taxes	19,107	143
Accrued expenses	92,471	693
Income in advance	42,486	318
Deposits for futures transactions	1,425	10
Borrowed securities	3,195	23
Financial derivatives	117,024	878
Cash collateral on bonds lent	709,821	5,326
Other	801,821	6,017
Total	¥1,789,046	$13,426

NOTE 16. 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 presented on the assets side of the balance sheets representing the Company's right of indemnity from the applicants.

NOTE 17. LAND REVALUATION DIFFERENCES

Certain consolidated domestic subsidiaries revalued their 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 the remainder 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 and 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 as of March 31, 2002: ¥80,051 million ($600 million)

NOTE 18. SHAREHOLDERS' EQUITY

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

Number of shares:	
Authorized	13,000,000,000
Issued and outstanding	5,634,904,065

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

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

Notes: 1. The Company's Articles of Incorporation state that preferred dividends to preferred shareholders will never be paid in excess of the following amounts:

Class A No. 1 Preferred Stock	¥24.75 ($0.18) per share
Class B No. 1 Preferred Stock	¥6.36 ($0.04) per share
Class C No. 1 Preferred Stock	¥6.33 ($0.04) per share
Class D No. 1 Preferred Stock	¥10.00 ($0.07) per share
Class E No. 1 Preferred Stock	¥14.38 ($0.10) per share
Class F No. 1 Preferred Stock	¥18.50 ($0.13) per share

2. The Company reversed capital surplus in the year ended March 31, 2002 in accordance with a provision stipulated in the Article 289-2 of the Commercial Code of Japan. As a result, capital surplus decreased by ¥40,000 million ($300 million) and retained earnings increased by the same amount.

NOTE 19. INTEREST INCOME AND EXPENSES

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

	Millions of yen	Millions of U.S. dollars
Interest income:		
Interest on loans and bills discounted	**¥690,226**	**$5,179**
Interest and dividends on securities	**81,262**	**609**
Interest on call loans and bills bought	**1,893**	**14**
Interest on bills bought under resale agreements	**0**	**0**
Interest on due from banks	**22,745**	**170**
Other interest income	**18,749**	**140**
Total	**¥814,876**	**$6,115**
Interest expenses:		
Interest on deposits	**¥ 87,772**	**$ 658**
Interest on negotiable certificates of deposit	**5,993**	**44**
Interest on call money and bills sold	**2,930**	**21**
Interest on bills sold under repurchase agreements	**109**	**0**
Interest on commercial paper	**223**	**1**
Interest on borrowed money	**24,393**	**183**
Interest on bonds	**14,261**	**107**
Other interest expenses	**26,947**	**202**
Total	**¥162,631**	**$1,220**

NOTE 20. TRADING INCOME

Trading income for the year ended March 31, 2002 consisted of the following:

	Millions of yen	Millions of U.S. dollars
Trading income:		
Income from trading securities	**¥ 2,899**	**$21**
Income from trading-related financial derivatives	**6,440**	**48**
Other trading income	**1,030**	**7**
Total	**¥10,369**	**$77**

NOTE 21. OTHER OPERATING INCOME AND EXPENSES

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

	Millions of yen	Millions of U.S. dollars
Other operating income:		
Gains on foreign exchange transactions	**¥ 15,800**	**$118**
Gains on sales of national government bonds and other	**34,518**	**259**
Income from financial derivatives	**493**	**3**
Other	**57,318**	**430**
Total	**¥108,130**	**$811**
Other operating expenses:		
Losses on sales of national government bonds and other	**¥ 17,431**	**$130**
Losses on redemption of national government bonds and other	**192**	**1**
Losses on devaluation of national government bonds and other	**940**	**7**
Other	**15,693**	**117**
Total	**¥ 34,257**	**$257**

NOTE 22. OTHER INCOME AND EXPENSES

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

	Millions of yen	Millions of U.S. dollars
Other income:		
Gains on sales of stocks and other securities	¥ 88,241	$ 662
Gains on establishment of employees' retirement benefit trust	37,242	279
Gains on dispositions of premises and equipment	1,459	10
Recoveries of written-off claims	9,565	71
Gains on termination of Welfare Pension Fund of a subsidiary "Cosmo Securities Co., Ltd."	1,039	7
Other	69,538	521
Total	¥ 207,086	$ 1,554
Other expenses:		
Write-off of loans	¥ 349,288	$ 2,621
Net addition to reserve for possible loan losses	473,792	3,555
Net addition to reserve for possible losses on loans sold	9,231	69
Losses on sales of stocks and other securities	219,251	1,645
Losses on devaluation of stocks and other securities	335,903	2,520
Losses on forgiveness of loans to assist borrowers	66,580	499
Losses related to past due loans sold	49,744	373
Losses on dispositions of premises and equipment	25,656	192
Other	182,462	1,369
Total	¥1,711,910	$12,847

NOTE 23. CASH FLOWS

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

	Millions of yen	Millions of U.S. dollars
Cash and due from banks	¥3,166,039	$23,760
Due from banks except for the Bank of Japan	(369,858)	(2,775)
Cash and cash equivalents	¥2,796,180	$20,984

NOTE 24. DEFERRED TAXES

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

	Millions of yen	Millions of U.S. dollars
Deferred tax assets:		
Reserve for possible loan losses and excessive write-offs of loans	¥ 602,655	$4,522
Tax loss carryforward	292,144	2,192
Devaluation of securities	161,685	1,213
Unrealized differences of other securities	31,753	238
Reserve for employees' retirement benefits	15,764	118
Reserve for possible losses on loans sold	8,102	60
Other	60,567	454
Gross deferred tax assets	1,172,674	8,800
Less: Valuation allowance	(314,139)	(2,357)
Total deferred tax assets	858,535	6,443
Deferred tax liabilities:		
Gains on establishment of employees' retirement benefit trust	(20,375)	(152)
Unearned dividends	(3,508)	(26)
Unrealized differences of other securities	(2,057)	(15)
Other	(361)	(2)
Total deferred tax liabilities	(26,303)	(197)
Net deferred tax assets	¥ 832,231	$6,245

NOTE 25. LEASES

(Lessee Side)

(1) Finance Leases

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

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

	Millions of yen			Millions of U.S. dollars		
	Equipment	Other	Total	Equipment	Other	Total
Acquisition costs	¥29,592	¥500	¥30,093	$222	$3	$225
Accumulated depreciation	18,473	188	18,661	138	1	140
Net book value	¥11,119	¥311	¥11,431	$ 83	$2	$ 85

Future minimum lease payments, exclusive of interest expenses:

	Millions of yen	Millions of U.S. dollars
Due within one year	¥ 5,645	$42
Due after one year	5,916	44
Total	¥11,561	$86

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

	Millions of yen	Millions of U.S. dollars
Lease fees	¥7,922	$59
Depreciation	7,421	55
Interest expenses	283	2

Computation of amounts corresponding to depreciation:

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

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

(2) Operating Leases
As of March 31, 2002, future minimum lease payments inclusive of interest expenses under noncancelable operating leases were as follows:

	Millions of yen	Millions of U.S. dollars
Due within one year	**¥377**	**$2**
Due after one year	**209**	**1**
Total	**¥586**	**$4**

(Lessor Side)

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

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

	Millions of yen			Millions of U.S. dollars		
	Equipment	Other	Total	Equipment	Other	Total
Acquisition costs	**¥296,240**	**¥43,359**	**¥339,599**	**$2,223**	**$325**	**$2,548**
Accumulated depreciation	**148,274**	**21,750**	**170,024**	**1,112**	**163**	**1,275**
Net book value	**¥147,965**	**¥21,609**	**¥169,575**	**$1,110**	**$162**	**$1,272**

Future minimum lease receipts, exclusive of interest income:

	Millions of yen	Millions of U.S. dollars
Due within one year	**¥ 58,398**	**$ 438**
Due after one year	**113,835**	**854**
Total	**¥172,234**	**$1,292**

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

	Millions of yen	Millions of U.S. dollars
Lease fees received	**¥23,658**	**$177**
Depreciation	**20,853**	**156**
Interest income	**2,431**	**18**

As Asahigin Leasing Co., Ltd. became a consolidated subsidiary effective the end of this consolidated fiscal year, lease fees received, depreciation and interest income equivalents have not been included above.

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, 2002, future minimum lease receipts inclusive of interest expenses under noncancelable operating leases were as follows:

	Millions of yen	Millions of U.S. dollars
Due within one year	**¥ 955**	**$ 7**
Due after one year	**1,809**	**13**
Total	**¥2,765**	**$20**

Of the future minimum lease receipts contained in (1) and (2) above, ¥111,103 million ($833 million) had been pledged.

NOTE 26. MARKET VALUE OF SECURITIES AND MONEY HELD IN TRUST

1. Securities

"Securities" in the consolidated balance sheet, trading 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, 2002 were as follows:

(1) Securities held for trading purposes

	Millions of yen		Millions of U.S. dollars	
	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	**¥431,558**	**¥375**	**$3,238**	**$2**

(2) Marketable bonds held to maturity

	Millions of yen					Millions of U.S. dollars				
	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	**381**	**392**	**10**	**10**	**(—)**	**2**	**2**	**0**	**0**	**(—)**
Corporate bonds	**500**	**466**	**(34)**	**—**	**(34)**	**3**	**3**	**(0)**	**—**	**(0)**
Other	**3,930**	**3,934**	**4**	**61**	**(57)**	**29**	**29**	**0**	**0**	**(0)**
Total	**¥4,821**	**¥4,802**	**¥(18)**	**¥72**	**¥(91)**	**$36**	**$36**	**$(0)**	**$ 0**	**$ (0)**

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

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

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

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

	Millions of U.S. dollars				
	Book value (X)	Market value (Y)	Unrealized gain/(loss) (Y – X)	Gain	(Loss)
Stocks	**$14,470**	**$13,799**	**$(670)**	**$ 777**	**$(1,448)**
Bonds	**32,978**	**33,157**	**178**	**204**	**(25)**
National government bonds	**26,555**	**26,693**	**137**	**138**	**(0)**
Local government bonds	**980**	**1,006**	**26**	**27**	**(1)**
Corporate bonds	**5,441**	**5,457**	**15**	**39**	**(23)**
Other	**1,858**	**1,819**	**(39)**	**19**	**(58)**
Total	**$49,306**	**$48,775**	**$(530)**	**$1,001**	**$(1,532)**

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

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

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

	Millions of yen			Millions of U.S. dollars		
	Sold	Gain	(Loss)	Sold	Gain	(Loss)
Other securities	**¥7,911,660**	**¥79,462**	**¥(232,555)**	**$59,374**	**$596**	**$(1,745)**

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

	Millions of yen	Millions of U.S. dollars
Bonds held to maturity:		
Unlisted domestic bonds	**¥ 5,033**	**$ 37**
Negotiable certificates of deposit	**5,595**	**41**
Other securities:		
Unlisted domestic bonds	**202,636**	**1,520**
Unlisted stocks (excluding over-the-counter securities)	**99,773**	**748**
Unlisted foreign bonds	**14,964**	**112**

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

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

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

	Millions of U.S. dollars			
	One year or less	One to five years	Five to 10 years	More than 10 years
Bonds	**$7,983**	**$20,063**	**$6,641**	**$33**
National government bonds	**6,412**	**14,628**	**5,629**	**22**
Local government bonds	**92**	**415**	**524**	**—**
Corporate bonds	**1,478**	**5,018**	**487**	**10**
Other	**365**	**237**	**122**	**61**
Total	**$8,349**	**$20,300**	**$6,764**	**$95**

2. Money held in trust

(1) Money held in trust for investment purposes

	Millions of yen		Millions of U.S. dollars	
As of March 31, 2002	Book value	Unrealized gain (net) included in profits and losses	Book value	Unrealized gain (net) included in profits and losses
Money held in trust for investment purposes	**¥43,823**	**¥(0)**	**$328**	**$(0)**

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

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

Other money held in trust without market value is stated at the acquisition cost of ¥30 million ($0 million).

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

As of March 31, 2002	Millions of yen	Millions of U.S. dollars
Difference (market value—balance sheet amount)	**¥(70,738)**	**$(530)**
Other securities	**(70,738)**	**(530)**
Other money held in trust	**—**	**—**
Amount equivalent to deferred tax liabilities	**1,285**	**9**
Amount equivalent to unrealized differences of other securities (before adjustment of amount equivalent to interest)	**(72,023)**	**(540)**
Amount equivalent to minority interests	**731**	**5**
Amount equivalent to parent company interest of amount equivalent to unrealized differences of other securities owned by the companies accounted for the equity method	**(41)**	**(0)**
Net unrealized differences of other securities	**¥(72,797)**	**$(546)**

NOTE 27. DERIVATIVES

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) as of March 31, 2002.

(a) Interest rate related transactions

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

			Millions of U.S. dollars			
			Contract value or notional principal amount		Market value	Unrealized gain/(loss)
				Over 1 year		
Listed	Futures					
		Sold	$ 4,304	$ 40	$ (13)	$ (13)
		Bought	2,590	—	12	12
Over-the-counter	Swaps					
		Receive fixed/Pay floating	16,274	10,310	354	354
		Receive floating/Pay fixed	16,507	9,926	(294)	(294)
		Receive floating/Pay floating	1,791	1,309	(1)	(1)
	Caps					
		Sold	2,729	2,164	3	19
		Bought	2,472	1,960	2	(7)
	Floors					
		Sold	90	90	3	(3)
		Bought	132	128	5	3
	Swaptions					
		Sold	7	0	0	(0)
		Bought	7	—	0	0
Total			$ /	$ /	$ 57	$ 69

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

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

(b) Currency-related transactions

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

			Millions of U.S. dollars			
			Contract value or notional principal amount		Market value	Unrealized gain/(loss)
				Over 1 year		
Over-the-counter	Currency swaps		$6,675	$5,704	$(12)	$(12)
	Forward contracts	Sold	1	—	0	0
		Bought	7	—	(0)	(0)
Total			$ /	$ /	$(12)	$(12)

Notes: 1. The above transactions are stated on a marked-to-market basis and unrealized gains/losses are charged to income/expenses in the consolidated statement of operations. Derivative transactions used for hedge accounting and the transactions described in Note 3 have been excluded from the above table.

2. Market value is based on the discounted value of future cash flows.

3. Currency swap transactions which are accrued in accordance with "Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, Report No. 20) have been excluded from the previous tables.
   Currency swap transactions accounted for by the accrual method were as follows:

	Millions of yen		
	Contract value or notional principal amount	Market value	Unrealized gain/(loss)
Currency swaps	**¥229,474**	**¥(154)**	**¥(154)**

	Millions of U.S. dollars		
	Contract value or notional principal amount	Market value	Unrealized gain/(loss)
Currency swaps	**$1,722**	**$(1)**	**$(1)**

4. The following currency forward contracts, currency options and other transactions have been excluded from the above table:
   - Transactions which are marked-to-market and on which 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 sheet
   - Transactions denominated in foreign currencies which have been eliminated in the consolidation process

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

			Millions of yen	Millions of U.S. dollars
			Contract value or notional principal amount	Contract value or notional principal amount
Over-the-counter	Forward contracts	Sold	**¥ 610,865**	**$ 4,584**
		Bought	**630,602**	**4,732**
	Options	Sold	**1,313,282**	**9,855**
		Bought	**1,403,453**	**10,532**

(c) Stock-related transactions

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

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

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

(d) Bond-related transactions

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

			Millions of U.S. dollars			
			Contract value or notional principal amount		Market value	Unrealized gain/(loss)
				Over 1 year		
Listed	Futures					
		Sold	**$27**	**$—**	**$(0)**	**$(0)**
		Bought	**9**	**—**	**0**	**0**
	Futures options					
		Sold	**—**	**—**	**—**	**—**
		Bought	**4**	**—**	**0**	**0**
Total			**$ /**	**$ /**	**$(0)**	**$(0)**

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

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

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

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

NOTE 28. RETIREMENT BENEFIT PLANS

(1) Certain consolidated subsidiaries have both lump-sum retirement benefit and defined benefit pension plans. In addition, retirement benefits not subject to actuarial calculation under the retirement benefit accounting standard may be paid upon retirement to certain employees. The three consolidated subsidiaries referred to above have established retirement benefit trusts.

A total of 42 consolidated subsidiaries had lump-sum retirement benefit plans. Three consolidated subsidiaries had separate welfare pension funds, six consolidated subsidiaries were participating in a common welfare pension fund, and eight consolidated subsidiaries had qualified pension plans.

As of March 31, 2002, the Company had no retirement benefit plan. Cosmo Securities Co., Ltd., a consolidated subsidiary, terminated the Cosmo Securities Welfare Pension Fund on February 26, 2002 with the approval of the Minister of Welfare and Labor.

(2) The reserve for employee's retirement benefits as of March 31, 2002 was analyzed as follows:

	Millions of yen	Millions of U.S. dollars
Retirement benefit obligation	**¥(780,876)**	**$(5,860)**
Pension plan assets at fair value	**648,916**	**4,869**
Unfunded retirement benefit obligation	**(131,960)**	**(990)**
Unrecognized transition differences at accounting change	**134,217**	**1,007**
Unrecognized actuarial differences	**172,060**	**1,291**
Unrecognized past service cost	**528**	**3**
Net retirement benefit obligation	**174,846**	**1,312**
Prepaid pension cost	**191,858**	**1,439**
Reserve for employee's retirement benefits	**¥ (17,012)**	**$ (127)**

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

2. Extra retirement benefits have not been included.

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

4. In addition to the above, there existed ¥4,009 million ($30 million) of pension assets at fair value in a multi-employers' plan; however, the portion of these assets belonging to the Company could not be reasonably calculated.

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

	Millions of yen	Millions of U.S. dollars
Decrease in retirement benefit obligation	**¥20,419**	**$153**
Decrease in pension plan assets	**9,276**	**69**
Amortization of transition differences at accounting change	**6,239**	**46**
Amortization of unrecognized actuarial differences	**3,864**	**28**
Extraordinary profit recognized	**¥ 1,039**	**$ 7**

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

	Millions of yen	Millions of U.S. dollars
Service cost	**¥18,325**	**$137**
Interest cost	**26,137**	**196**
Expected return on pension plan assets	**(20,535)**	**(154)**
Amortization of past service cost	**(6,054)**	**(45)**
Amortization of actuarial differences	**7,984**	**59**
Amortization of transition differences at accounting change	**27,789**	**208**
Other (such as extra retirement benefits paid)	**6,837**	**51**
Retirement benefit expenses	**¥60,483**	**$453**

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

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

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

Discount rates	2.5–3.0%
Expected rates of return on plan assets	3.5–4.7%
Method of attributing retirement benefits to periods of services	Straight-line basis
The amortization period of past service cost	1–10 years
(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.)	
The amortization period of unrecognized actuarial differences	5–15 years
(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.)	
The amortization period of transition differences at accounting change	1–15 years
(Amortization period of major consolidated subsidiaries)	
• The Daiwa Bank, Ltd. 10 years	
• The Kinki Osaka Bank, Ltd. 15 years	
• The Asahi Bank, Ltd. 5 years	

NOTE 29. SEGMENT INFORMATION

(a) Business segment information

Certain consolidated subsidiaries are engaged in the securities, general leasing and other businesses in addition to commercial banking and trust banking. As those activities are not deemed material, the business segment information for the year ended March 31, 2002 is not shown here.

(b) Geographic segment information

Since the ordinary income and employed assets of the "Japan" segment constitute more than 90% of all the other segments combined, geographical segment information for the year ended March 31, 2002 is not shown here.

(c) Overseas ordinary income

Since overseas ordinary income of the Bank is less than 10% of total income, overseas ordinary income for the year ended March 31, 2002 is not shown here.

NOTE 30. SUBSEQUENT EVENT

On June 27, 2002, the shareholders of the Company approved the following appropriations of retained earnings as of March 31, 2002.

	Millions of yen	Millions of U.S. dollars
Cash dividends	**¥10,290**	**$77**
Preferred stock:		
Class A No. 1 preferred stock (¥24.75 per share)	**271**	**2**
Class B No. 1 preferred stock (¥6.36 per share)	**4,324**	**32**
Class C No. 1 preferred stock (¥6.33 per share)	**759**	**5**
Class D No. 1 preferred stock (¥10.00 per share)	**3**	**0**
Class E No. 1 preferred stock (¥14.38 per share)	**3,451**	**25**
Class F No. 1 preferred stock (¥18.50 per share)	**1,480**	**11**

SUPPLEMENTARY FINANCIAL INFORMATION OF THE GROUP

CONTENTS

Risk-Adjusted Capital Ratio (Consolidated, Domestic Standard)

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

Notes:
1. Since the holding company's shares cannot be classified by type, the amounts of non-cumulative, perpetual preferred stocks are not shown.
2. Securities specified in Article 13-2 of the Public Ministerial Announcement (*kokuji*) are stocks with special interest step-up conditions and other features, which may be subject to call and amortization (including preferred securities issued by special-purpose companies overseas).
3. Financial instruments for raising capital similar in characteristics to liabilities, as specified in Article 14-1-3 of the Public Ministerial Announcement (*kokuji*), having all of the following characteristics:
   (1) Uncollateralized, lower in seniority than other liabilities and already paid in,
   (2) Cannot be called or amortized, except under specified conditions,
   (3) Can be used to offset losses while operations are continuing, and
   (4) For which the duty to pay interest may be postponed.
4. Securities specified in Article 14-1-4 and Article 14-1-5 of the Public Ministerial Announcement (*kokuji*). However, subordinated liabilities with maturity dates are limited to those with amortization periods of over five years at the time of the contract.
5. The amounts corresponding to financial instruments, as specified in Article 15-1-1 of the Public Ministerial Announcement (*kokuji*), issued by other financial institutions for the purpose of raising capital, which are held deliberately and the amounts of investments corresponding to those specified in Article 15-1-2 of the Public Ministerial Announcement (*kokuji*).

***Outline of Preferred Securities**

Pursuant to Article 23, paragraph 2 of the Public Ministerial Announcement (*kokuji*), The Asahi Bank, Ltd., a consolidated subsidiary of the Company (hereinafter the "Bank"), has issued through its overseas special-purpose company 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	Asahi Preferred Securities (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 2012, subject to the prior approval of the Financial Services Agency.
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.
Amount of issue	¥70.6 billion
Date for payment of the issue price	March 26, 2002
Details of dividend payments	
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.
Limitation on payment of dividends:	If the Bank has not declared payment of full dividends on its preferred shares (Note 1), the dividends on the preferred securities will be limited to an amount that represents the same proportion of full dividends on the preferred securities as the amount of dividends paid on the Bank's preferred shares for the fiscal year bore to the full amount of dividends on such preferred shares for such fiscal year.
Distributable profits limitation:	Dividends on the preferred securities must be within the limits of the Bank's Available Distributable Profits (Note 2) and the Next Year's Estimated Available Distributable Profits (Note 3).
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 Event (Note 4) occurs with respect to the Bank and a Loss Absorption Certificate is delivered by the Bank to the issuer; (2) If dividends are not paid on the Bank's preferred shares; (3) If the Bank does not have Available Distributable Profits or Next Year's Estimated Available Distributable Profits; (4) If the Bank delivers a No Dividend Instruction (Note 5).
Liquidation preference	The preferred securities rank *pari passu* with the Bank's preferred shares as to liquidation preference.

Notes: 1. The Bank's "preferred shares" means the preferred shares issued directly by the Bank ranking most senior as to dividend payments.

2. "Available Distributable Profits" with respect to a fiscal year of the Bank means the Bank's distributable profits less the aggregate amount of dividends paid previously during such fiscal year and proposed to be paid during such fiscal year on the Bank's preferred shares and other dividend parity securities.

3. "Next Year's Estimated Available Distributable Profits" means the Available Distributable Profits estimated for the next fiscal year of the Bank.

4. A "Loss Absorption Event" with respect to the Bank means any of the following events:

(1) the Bank's total risk-based capital ratio or Tier 1 risk-based capital ratio is less than the minimum percentage required by Japanese banking regulations,

(2) the Bank is not able or will not be able to pay its debts as they become due,

(3) the Bank's liabilities exceed its assets, or

(4) there occurs a change of control event (which includes (i) liquidation events (commencement of liquidation proceedings, declaration of bankruptcy, approval of preparation of a reorganization plan for liquidation, or approval of preparation of a rehabilitation plan for liquidation), (ii) commencement of corporate reorganization, civil rehabilitation or similar proceedings, or (iii) determination and public declaration by the applicable bank regulator that the Bank is not able or will not be able to pay its debts as they become due or that the Bank's liabilities exceed its assets, or its declaration to put the Bank under public management). However, if only item (1) above applies, suspension of dividends will be at the Bank's discretion.

5. "No Dividend Instruction" means an instruction delivered by the Bank to the issuer with respect to a dividend payment date of the preferred securities, instructing the issuer not to pay dividends on the preferred securities on such dividend payment date. A No Dividend Instruction may not be delivered if the Bank paid dividends on its common stock in the previous year.

Statement of Trust Assets and Liabilities

Daiwa Bank Holdings, Inc.

March 31, 2002	Millions of yen 2002	Millions of U.S. dollars 2002
Assets		
Loans and bills discounted	¥ 475,878	$ 3,571
Securities	1,344,746	10,091
Securities held for investment trusts	93,171	699
Trust beneficiary certificates	21,581,191	161,960
Securities held in custody account	128,818	966
Monetary claims	895,943	6,723
Premises and equipment	220,001	1,651
Land lease rights	1,857	13
Other claims	21,580	161
Call loans	39,247	294
Due from banking account	213,342	1,601
Cash and due from banks	126,746	951
Total assets	¥25,142,526	$188,686
Liabilities		
Money trusts	¥ 8,134,746	$ 61,048
Pension trusts	6,266,942	47,031
Asset formation benefit trusts	2,441	18
Securities investment trusts	8,715,719	65,408
Pecuniary trusts other than money trusts	292,720	2,196
Securities trusts	385,701	2,894
Monetary claim trusts	912,250	6,846
Real estate trusts	192,546	1,444
Land lease trusts	4,902	36
Composite trusts	234,553	1,760
Total liabilities	¥25,142,526	$188,686

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.
3. The trusts which were re-entrusted for operations were excluded.
4. Trust beneficiary certificates worth ¥21,574,604 million ($161,910 million) were re-entrusted for asset administration purposes.
5. Co-managed trust funds under other trust bank's administration amounted to ¥7,607,431 million ($57,091 million).
6. Loans and bills discounted funded by Jointly Operated Designated Money Trust account funds of which the principal is guaranteed by a Group bank amounting to ¥444,374 million ($3,334 million) included the following:

	Millions of of yen	Millions of U.S. dollars
Loans to borrowers in legal bankruptcy	¥ 2,279	$ 17
Past due loans	11,914	89
Loans past due three months or more	1,936	14
Restructured loans	15,566	116
Total	¥31,696	$237

Jointly Operated Designated Money Trusts

Daiwa Bank Holdings, Inc.

March 31, 2002	Millions of yen 2002	Millions of U.S. dollars 2002
Assets		
Loans and bills discounted	¥444,374	$3,334
Securities	164,880	1,237
Other	91,346	685
Total assets	¥700,600	$5,257
Liabilities		
Principal	¥698,676	$5,243
Special loan loss reserve	1,341	10
Other	583	4
Total liabilities	¥700,600	$5,257

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Balance Sheet

Daiwa Bank Holdings, Inc.

March 31, 2002	Millions of yen 2002	Millions of U.S. dollars 2002
Assets		
Current assets	¥ 32,545	$ 244
Cash and due from banks	31,482	236
Deferred tax assets	993	7
Accrued income	34	0
Other current assets	35	0
Non-current assets	1,789,269	13,427
Tangible fixed assets	20	0
Intangible fixed assets	5	0
Investments in subsidiaries	1,489,234	11,176
Long-term loans to subsidiaries	300,000	2,251
Other investments	8	0
Deferred charges	456	3
Organization costs	456	3
Total Assets	¥1,822,271	$13,675
Liabilities		
Current liabilities	¥ 10,972	$ 82
Accounts payable	424	3
Accrued expenses	153	1
Income tax payable	10,313	77
Consumption tax payable	67	0
Other current liabilities	13	0
Non-current liabilities	300,000	2,251
Long-term debt	300,000	2,251
Total Liabilities	310,972	2,333
Shareholders' Equity		
Capital	720,000	5,403
Capital surplus	731,417	5,489
Gain from deduction of capital surplus	40,000	300
Retained earnings	19,901	149
Treasury stock	(19)	(0)
Total Shareholders' Equity	1,511,298	11,341
Total Liabilities and Shareholders' Equity	¥1,822,271	$13,675

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Statement of Income

Daiwa Bank Holdings, Inc.

Year ended March 31, 2002	Millions of yen 2002	Millions of U.S. dollars 2002
Operating income	**¥ 2,125**	**$ 15**
Fees from subsidiaries	**2,091**	**15**
Interest on loans to subsidiaries	**34**	**0**
Operating expenses	**1,700**	**12**
Interest expenses	**34**	**0**
General and administrative expenses	**1,666**	**12**
Operating profit	**424**	**3**
Non-operating profit	**1**	**0**
Non-operating expenses	**118**	**0**
Ordinary net profit	**307**	**2**
Extraordinary profit	**28,913**	**216**
Gains on sales of investment in subsidiaries	**28,913**	**216**
Income before income taxes	**29,221**	**219**
Income taxes—current	**10,313**	**77**
Income taxes—deferred	**(993)**	**(7)**
Net income	**¥19,901**	**$149**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Statement of Shareholders' Equity

Daiwa Bank Holdings, Inc.

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

Year ended March 31, 2002	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	Retained earnings	Treasury stock
Balance at December 12, 2001	**2,803,354**	**810,970**	**$2,851**	**$3,014**	**$ —**	**$ —**	**$—**
Reversal of capital surplus	**—**	**—**	**—**	**(300)**	**300**	**—**	**—**
Transfer of shares	**2,831,549**	**320,386**	**2,551**	**2,774**	**—**	**—**	**—**
Net income	**—**	**—**	**—**	**—**	**—**	**149**	**—**
Treasury stock transactions	**—**	**—**	**—**	**—**	**—**	**—**	**(0)**
Balance at March 31, 2002	**5,634,904**	**1,131,356**	**$5,403**	**$5,489**	**$300**	**$149**	**$(0)**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Balance Sheets

The Daiwa Bank, Ltd.

March 31, 2002 and 2001	Millions of yen 2002	Millions of yen 2001	Millions of U.S. dollars 2002
Assets			
Cash and due from banks	**¥ 1,293,243**	¥ 524,060	**$ 9,705**
Call loans and bills bought	**5,576**	303,868	**41**
Monetary claims bought	**20**	20	**0**
Trading assets	**66,379**	128,704	**498**
Money held in trust	**2,803**	34,585	**21**
Securities	**2,726,073**	3,142,138	**20,458**
Loans and bills discounted	**9,612,764**	10,205,796	**72,140**
Foreign exchange	**55,928**	70,134	**419**
Other assets	**323,352**	260,371	**2,426**
Premises and equipment	**142,099**	147,290	**1,066**
Deferred tax assets	**285,169**	178,422	**2,140**
Customers' liabilities for acceptances and guarantees	**607,839**	735,977	**4,561**
Reserve for possible loan losses	**(397,290)**	(212,774)	**(2,981)**
Total Assets	**¥14,723,960**	¥15,518,596	**$110,498**
Liabilities			
Deposits	**¥10,963,041**	¥ 9,458,777	**$ 82,274**
Negotiable certificates of deposit	**553,328**	2,513,626	**4,152**
Call money and bills sold	**764,464**	343,535	**5,737**
Bills sold under repurchase agreements	**4,099**	—	**30**
Trading liabilities	**23,244**	28,125	**174**
Borrowed money	**407,822**	428,217	**3,060**
Foreign exchange	**5,933**	9,053	**44**
Bonds	**70,000**	51,800	**525**
Due to trust account	**192,446**	452,941	**1,444**
Other liabilities	**707,482**	506,144	**5,309**
Reserve for employees' bonuses	**2,300**	—	**17**
Reserve for employees' retirement benefits	**—**	16,001	**—**
Reserve for possible losses on loans sold	**3,935**	23,149	**29**
Reserve for the specific borrowers under support	**—**	24,662	**—**
Other reserves	**0**	1	**0**
Acceptances and guarantees	**607,839**	735,977	**4,561**
Total Liabilities	**14,305,939**	14,592,012	**107,361**
Shareholders' Equity			
Capital	**443,158**	465,158	**3,325**
Capital surplus	**404,449**	405,419	**3,035**
Legal reserve	**47,854**	47,394	**359**
(Deficit) retained earnings	**(428,786)**	8,611	**(3,217)**
Valuation differences	**(48,654)**	—	**(365)**
Total Shareholders' Equity	**418,021**	926,584	**3,137**
Total Liabilities and Shareholders' Equity	**¥14,723,960**	¥15,518,596	**$110,498**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Statements of Operations

The Daiwa Bank, Ltd.

Years ended March 31, 2002 and 2001	Millions of yen 2002	Millions of yen 2001	Millions of U.S. dollars 2002
Income			
Interest income	**¥224,853**	¥250,088	**$1,687**
Interest on loans and bills discounted	**193,200**	204,783	**1,449**
Interest and dividends on securities	**25,381**	32,415	**190**
Trust fees	**42,204**	54,833	**316**
Fees and commissions	**67,333**	44,518	**505**
Trading income	**3,432**	1,047	**25**
Other operating income	**17,457**	23,466	**131**
Other income	**41,337**	72,038	**310**
Total Income	**396,618**	445,993	**2,976**
Expenses			
Interest expenses	**45,315**	76,492	**340**
Interest on deposits	**23,890**	46,498	**179**
Fees and commissions	**42,310**	15,863	**317**
Trading expenses	**9**	5	**0**
Other operating expenses	**2,793**	5,331	**20**
General and administrative expenses	**171,882**	167,596	**1,289**
Other expenses	**675,376**	176,353	**5,068**
Total Expenses	**937,688**	441,641	**7,037**
(Loss) income before income taxes	**(541,069)**	4,351	**(4,060)**
Income taxes—current	**317**	3,721	**2**
Income taxes—deferred	**(106,747)**	11,619	**(801)**
Net loss	**¥434,639**	¥ 10,989	**$3,261**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Statements of Trust Assets and Liabilities

The Daiwa Bank, Ltd.

March 31, 2002 and 2001	Millions of yen 2002	Millions of yen 2001	Millions of U.S. dollars 2002
Assets			
Loans and bills discounted	**¥ 475,878**	¥ 560,196	**$3,571**
Securities	**167,084**	1,305,361	**1,253**
Securities held for investment trusts	**—**	4,347,292	**—**
Foreign investment held for investment trusts	**—**	461,562	**—**
Trust beneficiary certificates	**5,742**	12,777,902	**43**
Securities held in custody account	**631**	1,262	**4**
Securities lent	**—**	968	**—**
Monetary claims	**76,499**	821,335	**574**
Premises and equipment	**214,449**	201,139	**1,609**
Land lease rights	**1,857**	748	**13**
Other claims	**8,869**	318,793	**66**
Call loans	**—**	958,110	**—**
Due from banking account	**192,446**	452,941	**1,444**
Cash and due from banks	**2,098**	79,780	**15**
Total assets	**¥1,145,558**	¥22,287,395	**$8,597**
Liabilities			
Money trusts	**¥ 831,362**	¥ 7,897,183	**$6,239**
Pension trusts	**—**	6,359,275	**—**
Asset formation benefit trusts	**2,441**	3,107	**18**
Securities investment trusts	**—**	6,876,379	**—**
Pecuniary trusts other than money trusts	**1,436**	295,857	**10**
Securities trusts	**631**	399,983	**4**
Monetary claim trusts	**24,735**	49,327	**185**
Real estate trusts	**192,546**	189,373	**1,444**
Land lease trusts	**4,902**	4,929	**36**
Composite trusts	**87,502**	211,979	**656**
Total liabilities	**¥1,145,558**	¥22,287,395	**$8,597**

Note: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.
3. Co-managed trust funds under other trust banks' administration as of March 31, 2002 and 2001 amounted to ¥79,598 million ($597 million) and ¥8,894,498 million, respectively.
4. Loans and bills discounted funded by Jointly Operated Designated Money Trust account funds that the Bank guarantees the principal amounting to ¥444,374 million ($3,334 million) and ¥525,513 million as of March 31, 2002 and 2001 included the following:

	Millions of yen 2002	Millions of yen 2001	Millions of U.S. dollars 2002
Loans to borrowers in legal bankruptcy	**¥ 2,279**	¥ 1,679	**$ 17**
Past due loans	**11,914**	11,672	**89**
Loans past due three months or more	**1,936**	1,759	**14**
Restructured loans	**15,566**	3,095	**116**
Total	**¥31,696**	¥18,207	**$237**

Deposits and Negotiable Certificates of Deposit

The Daiwa Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Liquid deposits	**¥ 6,535.6**	¥ 3,847.1
Time deposits	**3,984.3**	5,323.9
Other deposits	**996.3**	2,801.2
Total	**¥11,516.3**	¥11,972.4

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 Daiwa Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Individuals	**¥ 4,965.5**	¥4,859.0
Corporations	**4,660.9**	4,065.4
Other	**1,338.3**	523.4
Total	**¥10,964.9**	¥9,447.9

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

The Daiwa Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2002**	2001	**2002**	2001
Banking account	**¥6,916.4**	¥7,367.6	**72.2%**	72.5%
Banking and trust accounts	**7,318.8**	7,846.9	**72.8%**	73.2%

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

The Daiwa Bank, Ltd.	Billions of yen		
March 31	**2002**	2001	Change
Consumer loans total	**¥2,022.9**	¥2,035.1	¥(12.1)
Housing loans	**1,809.8**	1,798.4	11.3

Note: Amount after securitization of housing loans

Loans and Bills Discounted by Industry (Banking Account)

The Daiwa Bank, Ltd.

March 31	Billions of yen 2002	2001
Domestic operations		
Manufacturing	**¥1,523.0**	¥ 1,628.6
	15.9%	16.0%
Retail, wholesale, and food services	**1,592.3**	1,749.1
	16.6%	17.2%
Financial services	**701.3**	804.3
	7.3%	7.9%
Construction	**599.4**	667.9
	6.3%	6.6%
Electric power, gas, and other public enterprises	**51.6**	68.1
	0.5%	0.7%
Real estate	**1,990.0**	2,013.6
	20.8%	19.8%
Transportation, communications, and other utilities	**336.5**	326.3
	3.5%	3.2%
Services	**946.4**	1,001.8
	9.9%	9.9%
Agriculture, forestry, fishing, and mining	**18.1**	17.5
	0.2%	0.2%
Local governments	**231.9**	238.8
	2.4%	2.4%
Other	**1,582.5**	1,640.1
	16.6%	16.1%
Subtotal	**¥9,573.6**	¥10,156.0
	100%	100%
International operations		
Governments	**¥ 7.6**	¥ 7.3
	19.6%	14.7%
Financial institutions	**17.6**	17.0
	45.1%	34.1%
Other	**13.8**	25.5
	35.3%	51.2%
Subtotal	**¥ 39.1**	¥ 49.7
	100%	100%
Elimination and intercompany	**—**	—
Total	**¥9,612.7**	¥10,205.7

Risk Management Loans (Banking and Trust Accounts)

The Daiwa Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2002	Change	2001	2000
Loans to borrowers in legal bankruptcy	**¥ 71,281**	**¥ (26,447)**	¥ 97,728	¥ 103,318
Past due loans	**783,726**	**374,895**	408,830	482,858
Loans past due three months or more	**9,030**	**(12,860)**	21,891	19,308
Restructured loans	**587,356**	**321,921**	265,435	381,313
Total*	**¥ 1,451,395**	**¥ 657,508**	¥ 793,886	¥ 986,799
Total loans and bills discounted	**¥10,057,138**	**¥(674,170)**	¥10,731,309	¥10,608,237
Ratio of risk management loans to total loans and bills discounted	**14.43%**	**7.04%****	7.39%	9.30%

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

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

The Daiwa Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2002	Change	2001	2000
Unrecoverable or valueless claims	**¥ 205,036**	**¥ 30,766**	¥ 174,270	¥ 197,626
Risk claims	**690,790**	**338,617**	352,173	437,069
Claims in need of special attention	**596,387**	**309,060**	287,327	400,621
Financial Reconstruction Law subtotal	**1,492,214**	**678,444**	813,770	1,035,317
Nonclassified claims	**9,271,885**	**(1,499,876)**	10,771,761	10,433,644
Financial Reconstruction Law total	**¥10,764,100**	**¥ (821,432)**	¥11,585,532	¥11,468,962
Coverage ratio	**77.46%**	**3.92%****	73.54%	72.07%

** Percentage points.

Reserve for Possible Loan Losses (Banking and Trust Accounts)

The Daiwa Bank, Ltd. Non-consolidated Basis March 31	Millions of yen 2002	Change	2001	2000
Reserves for possible loan losses	**¥397,290**	**¥184,515**	¥212,774	¥188,801
General reserve for possible loan losses	**140,353**	**73,713**	66,640	61,299
Specific reserve for possible loan losses	**254,946**	**110,925**	144,020	124,879
Special reserve for certain overseas loans	**1,990**	**(123)**	2,113	2,622
Reserve for the specific borrowers under support	**—**	**(24,662)**	24,662	55,096
Reserve for possible losses on loans sold	**3,935**	**(19,214)**	23,149	37,033
Reserve provided in preparation for write-offs in trust account	**1,341**	**(273)**	1,614	1,900

Securities

The Daiwa Bank, Ltd. Non-consolidated Basis March 31	Billions of yen 2002	2001
National and local government bonds	**¥1,391.5**	¥1,464.8
Corporate bonds	**282.9**	168.2
Corporate stocks	**993.2**	1,449.3
Other securities	**58.3**	59.6
Total book value	**¥2,726.0**	¥3,142.1

Risk-Adjusted Capital Ratio

(1) Consolidated Capital Ratio (Domestic Standard)

The Daiwa Bank, Ltd.			Billions of yen	
March 31			**2002**	2001
Tier I capital	Capital		**¥ 443.1**	¥ 465.0
	Non-cumulative perpetual preferred stock		**209.4**	209.4
	Capital surplus		**—**	405.4
	Consolidated retained surplus		**13.9**	(53.9)
	Minority interests in consolidated subsidiaries		**21.2**	22.6
	Revaluation loss on other securities		**(49.4)**	—
	Consolidation differences		**—**	—
	Foreign currency translation adjustments, net of taxes		**(9.5)**	(5.5)
	Total qualifying Tier I capital	(A)	**419.3**	833.6
Tier II capital	General reserve for possible loan losses		**62.1**	69.5
	Qualifying subordinated debt		**406.2**	420.9
	Subtotal		**468.3**	490.5
	Tier II capital included as qualifying capital	(B)	**419.3**	490.5
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**8.0**	62.1
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 830.6**	¥ 1,262.1
Risk-adjusted assets	On-balance-sheet items		**¥9,132.8**	¥10,200.1
	Off-balance-sheet items		**803.7**	929.7
Total risk-adjusted assets		(E)	**¥9,936.6**	¥11,129.9
Risk-adjusted capital ratio	(D)/(E)×100%		**8.35%**	11.33%

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

The Daiwa Bank, Ltd.			Billions of yen	
March 31			**2002**	2001
Tier I capital	Capital		**¥ 443.1**	¥ 465.1
	Non-cumulative perpetual preferred stock		**209.4**	209.4
	Capital surplus		**—**	405.4
	Legal reserve		**23.5**	47.8
	Voluntary reserve		**—**	0.0
	Earned surplus carried forward to the next year		**0.2**	6.0
	Other		**0.0**	—
	Revaluation loss on other securities		**(48.6)**	—
	Total qualifying Tier I capital	(A)	**418.2**	924.4
Tier II capital	General reserve for possible loan losses		**60.9**	66.3
	Qualifying subordinated debt		**406.2**	420.9
	Subtotal		**467.2**	487.3
	Tier II capital included as qualifying capital	(B)	**418.2**	487.3
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**33.0**	96.8
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 803.4**	¥ 1,315.0
Risk-adjusted assets	On-balance-sheet items		**¥8,945.0**	¥ 9,993.2
	Off-balance-sheet items		**803.6**	961.1
Total risk-adjusted assets		(E)	**¥9,748.7**	¥10,954.3
Risk-adjusted capital ratio	(D)/(E)×100%		**8.24%**	12.00%

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

Non-consolidated Balance Sheets

The Kinki Osaka Bank, Ltd.

March 31, 2002 and 2001	Millions of yen **2002**	Millions of yen 2001	Millions of U.S. dollars **2002**
Assets			
Cash and due from banks	**¥ 160,093**	¥ 104,236	**$ 1,201**
Call loans and bills bought	**—**	160,000	**—**
Monetary claims bought	**2,300**	2,598	**17**
Trading assets	**1,014**	950	**7**
Money held in trust	**1,000**	3,863	**7**
Securities	**851,860**	815,550	**6,392**
Loans and bills discounted	**3,101,019**	3,102,974	**23,272**
Foreign exchange	**9,417**	10,153	**70**
Other assets	**85,537**	31,235	**641**
Premises and equipment	**61,703**	63,955	**463**
Deferred tax assets	**77,373**	77,373	**580**
Customers' liabilities for acceptances and guarantees	**84,167**	103,791	**631**
Reserve for possible loan losses	**(43,526)**	(43,030)	**(326)**
Total Assets	**¥4,391,961**	¥4,433,651	**$32,960**
Liabilities			
Deposits	**¥3,812,273**	¥4,036,244	**$28,609**
Negotiable certificates of deposit	**1,000**	—	**7**
Call money and bills sold	**22,730**	8,834	**170**
Borrowed money	**78,358**	105,408	**588**
Foreign exchange	**131**	121	**0**
Other liabilities	**263,961**	82,338	**1,980**
Reserve for employees' bonuses	**1,185**	—	**8**
Reserve for employees' retirement benefits	**8,944**	7,221	**67**
Reserve for possible losses on loans sold	**5,762**	4,382	**43**
Acceptances and guarantees	**84,167**	103,791	**631**
Total Liabilities	**4,278,515**	4,348,341	**32,108**
Shareholders' Equity			
Capital	**111,539**	81,539	**837**
Capital surplus	**33,770**	31,155	**253**
Deficit	**21,524**	27,385	**161**
Valuation differences	**(10,339)**	—	**(77)**
Total Shareholders' Equity	**113,445**	85,309	**851**
Total Liabilities and Shareholders' Equity	**¥4,391,961**	¥4,433,651	**$32,960**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Statements of Operations

The Kinki Osaka Bank, Ltd.

Years ended March 31, 2002 and 2001	Millions of yen		Millions of U.S. dollars
	2002	2001	**2002**
Income			
Interest income	**¥ 93,683**	¥ 90,048	**$ 703**
Interest on loans and bills discounted	**80,547**	77,714	**604**
Interest and dividends on securities	**11,508**	10,816	**86**
Fees and commissions	**10,519**	8,759	**78**
Other operating income	**2,026**	4,538	**15**
Other income	**14,054**	3,340	**105**
Total Income	**120,284**	106,688	**902**
Expenses			
Interest expenses	**11,645**	16,755	**87**
Interest on deposits	**8,986**	12,815	**67**
Fees and commissions	**6,322**	5,394	**47**
Other operating expenses	**1,257**	1	**9**
General and administrative expenses	**68,898**	65,464	**517**
Other expenses	**53,580**	43,580	**402**
Total Expenses	**141,703**	131,196	**1,063**
Loss before income taxes	**21,418**	24,507	**160**
Income taxes—current	**105**	130	**0**
Income taxes—deferred	**—**	2,747	**—**
Net loss	**¥ 21,524**	¥ 27,385	**$ 161**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Deposits and Negotiable Certificates of Deposit

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Liquid deposits	**¥1,322.2**	¥1,015.0
Time deposits	**2,456.7**	2,994.7
Other deposits	**34.3**	26.4
Total	**¥3,813.2**	¥4,036.2

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

Deposits by Type of Depositor

The Kinki Osaka Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Individuals	**¥3,034.7**	¥3,203.9
Corporations	**726.2**	764.4
Other	**51.2**	67.8
Total	**¥3,812.2**	¥4,036.2

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2002**	2001	**2002**	2001
Loans to SMEs and individuals	**¥2,870.5**	¥2,897.2	**92.5%**	93.3%

Loans to Individuals (Non-consolidated)

The Kinki Osaka Bank, Ltd.	Billions of yen		
March 31	**2002**	2001	Change
Consumer loans total	**¥1,051.6**	¥1,022.8	¥28.7
Housing loans	**836.6**	804.9	31.7

Loans and Bills Discounted by Industry

The Kinki Osaka Bank, Ltd.

March 31	Billions of yen	
	2002	2001
Domestic operations		
Manufacturing	**¥ 425.8**	¥ 451.4
	13.73%	14.55%
Retail, wholesale, and food services	**430.2**	428.4
	13.88%	13.81%
Financial services	**80.0**	67.0
	2.58%	2.16%
Construction	**190.8**	201.7
	6.16%	6.50%
Electric power, gas, and other public enterprises	**0.6**	1.7
	0.02%	0.06%
Real estate	**449.3**	441.2
	14.49%	14.22%
Transportation, communications, and other utilities	**46.9**	50.6
	1.52%	1.63%
Services	**345.5**	338.8
	11.14%	10.92%
Agriculture, forestry, fishing, and mining	**4.1**	3.6
	0.13%	0.13%
Local governments	**15.3**	16.6
	0.49%	0.53%
Other	**1,111.7**	1,101.0
	35.86%	35.49%
Subtotal	**¥3,100.7**	¥3,102.5
	100%	100%
International operations		
Financial institutions	**¥ —**	¥ 0
	—%	0.69%
Other	**0.2**	0.3
	100%	99.31%
Subtotal	**¥ 0.2**	¥ 0.3
	100%	100%
Total	**¥3,101.0**	¥3,102.9

Risk Management Loans

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2002	Change	2001
Loans to borrowers in legal bankruptcy	**¥ 36.7**	**¥ 3.3**	¥ 33.4
Past due loans	**141.7**	**(11.2)**	153.0
Loans past due three months or more	**13.5**	**1.7**	11.7
Restructured loans	**177.9**	**(0.8)**	178.8
Total*	**¥ 370.0**	**¥ (7.0)**	¥ 377.0
Total loans and bills discounted	**¥3,101.0**	**¥ (1.9)**	¥3,102.9
Ratio of risk management loans to total loans and bills discounted (%)	**11.93%**	**(0.22)%******	12.15%

* 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		
	2002	Change	2001
Unrecoverable or valueless claims	**¥ 80.4**	**¥ 4.6**	¥ 75.8
Risk claims	**103.0**	**(12.9)**	116.0
Claims in need of special attention	**191.4**	**0.9**	190.5
Financial Reconstruction Law subtotal	**375.0**	**(7.4)**	382.4
Nonclassified claims	**2,883.6**	**(58.5)**	2,942.2
Financial Reconstruction Law total	**¥3,258.6**	**¥(66.0)**	¥3,324.6
Coverage ratio	**78.19%**	**(1.28)%****	79.47%

** Percentage points.

Reserve for Possible Loan Losses

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen		
	2002	Change	2001
Reserves for possible loan losses	**¥43.5**	**¥ 0.4**	¥43.0
General reserve for possible loan losses	**17.4**	**1.5**	15.9
Specific reserve for possible loan losses	**25.8**	**(0.9)**	26.7
Special reserve for certain overseas loans	**0.2**	**(0.7)**	0.3
Reserve for possible losses on loans sold	**5.7**	**1.3**	4.3

Securities

The Kinki Osaka Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2002	2001
National and local government bonds	**¥284.5**	¥245.7
Corporate bonds	**350.1**	310.0
Corporate stocks	**77.2**	103.5
Other securities	**139.9**	156.2
Total book value	**¥851.8**	¥815.5

Risk-Adjusted Capital Ratio

(1) Consolidated Capital Ratio (Domestic Standard)

The Kinki Osaka Bank, Ltd.			Billions of yen	
March 31			**2002**	2001
Tier I capital	Capital		**¥ 111.5**	¥ 81.5
	Non-cumulative perpetual preferred stock		**—**	—
	Capital surplus		**33.7**	31.1
	Consolidated retained surplus		**(24.9)**	(27.5)
	Minority interests in consolidated subsidiaries		**—**	—
	Revaluation losses on other securities		**(10.3)**	—
	Foreign currency translation adjustments, net of taxes		**—**	—
	Goodwill		**(0.1)**	(0.1)
	Consolidation differences		**—**	—
	Total qualifying Tier I capital	(A)	**109.8**	85.0
Tier II capital	General reserve for possible loan losses		**17.4**	15.9
	Qualifying subordinated debt		**66.0**	73.2
	Subtotal		**83.4**	89.1
	Tier II capital included as qualifying capital	(B)	**82.5**	85.0
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**0**	0.3
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 192.3**	¥ 169.6
Risk-adjusted assets	On-balance-sheet items		**¥2,559.9**	¥2,669.7
	Off-balance-sheet items		**83.6**	51.8
Total risk-adjusted assets		(E)	**¥2,643.5**	¥2,721.6
Risk-adjusted capital ratio	(D)/(E)×100%		**7.27%**	6.23%

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

The Kinki Osaka Bank, Ltd.			Billions of yen	
March 31			**2002**	2001
Tier I capital	Capital		**¥ 111.5**	¥ 81.5
	Non-cumulative perpetual preferred stock		**—**	—
	Capital surplus		**33.7**	31.1
	Legal reserve		**—**	—
	Voluntary reserve		**—**	—
	Earned surplus carried forward to the next year		**(21.5)**	(27.3)
	Revaluation losses on other securities		**(10.3)**	—
	Goodwill		**(0.1)**	(0.1)
	Total qualifying Tier I capital	(A)	**113.3**	85.1
Tier II capital	General reserve for possible loan losses		**17.4**	15.9
	Qualifying subordinated debt		**66.0**	73.2
	Subtotal		**83.4**	89.1
	Tier II capital included as qualifying capital	(B)	**82.5**	85.1
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**0**	0.3
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 195.7**	¥ 169.8
Risk-adjusted assets	On-balance-sheet items		**¥2,560.3**	¥2,670.0
	Off-balance-sheet items		**83.6**	51.8
Total risk-adjusted assets		(E)	**¥2,643.9**	¥2,721.9
Risk-adjusted capital ratio	(D)/(E)×100%		**7.40%**	6.24%

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

Non-consolidated Balance Sheets

The Nara Bank, Ltd.

March 31, 2002 and 2001	Millions of yen 2002	Millions of yen 2001	Millions of U.S. dollars 2002
Assets			
Cash and due from banks	**¥ 11,042**	¥ 3,844	**$ 82**
Call loans and bills bought	**6,705**	5,300	**50**
Monetary claims bought	**1,388**	3,600	**10**
Trading assets	**—**	25	**—**
Securities	**35,311**	40,602	**264**
Loans and bills discounted	**124,236**	125,798	**932**
Other assets	**832**	1,014	**6**
Premises and equipment	**3,443**	3,540	**25**
Deferred tax assets	**1,907**	1,609	**14**
Customers' liabilities for acceptances and guarantees	**6,498**	7,352	**48**
Reserve for possible loan losses	**(6,671)**	(5,442)	**(50)**
Total Assets	**¥184,693**	¥187,244	**$1,386**
Liabilities			
Deposits	**¥167,681**	¥168,656	**$1,258**
Other liabilities	**1,074**	1,419	**8**
Reserve for employees' bonuses	**120**	—	**0**
Reserve for employees' retirement benefits	**459**	403	**3**
Reserve for possible losses on loans sold	**138**	182	**1**
Deferred tax liabilities on land revaluation	**676**	676	**5**
Acceptances and guarantees	**6,498**	7,352	**48**
Total Liabilities	**176,649**	178,690	**1,325**
Shareholders' Equity			
Capital	**3,862**	3,862	**28**
Capital surplus	**1,847**	1,847	**13**
Legal reserve	**356**	335	**2**
Land revaluation differences	**934**	934	**7**
Retained earnings	**957**	1,573	**7**
Valuation differences	**86**	—	**0**
Total Shareholders' Equity	**8,044**	8,554	**60**
Total Liabilities and Shareholders' Equity	**¥184,693**	¥187,244	**$1,386**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Statements of Operations

The Nara Bank, Ltd.

Years ended March 31, 2002 and 2001	Millions of yen		Millions of U.S. dollars
	2002	2001	**2002**
Income			
Interest income	**¥3,819**	¥4,043	**$28**
Interest on loans and bills discounted	**3,267**	3,254	**24**
Interest and dividends on securities	**522**	718	**3**
Fees and commissions	**452**	412	**3**
Other operating income	**391**	343	**2**
Other income	**87**	70	**0**
Total Income	**4,750**	4,870	**35**
Expenses			
Interest expenses	**241**	387	**1**
Interest on deposits	**236**	382	**1**
Fees and commissions	**205**	184	**1**
Other operating expenses	**5**	64	**0**
General and administrative expenses	**3,380**	3,195	**25**
Other expenses	**1,758**	3,177	**13**
Total Expenses	**5,591**	7,010	**41**
Loss before income taxes	**841**	2,139	**6**
Income taxes—current	**12**	14	**0**
Income taxes—deferred	**(360)**	(897)	**(2)**
Net loss	**¥ 493**	¥1,256	**$ 3**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Deposits

The Nara Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Liquid deposits	**¥ 61.4**	¥ 47.6
Time deposits	**105.2**	120.0
Other deposits	**0.9**	0.9
Total	**¥167.6**	¥168.6

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

Deposits by Type of Depositor

The Nara Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Individuals	**¥130.0**	¥125.0
Corporations	**26.9**	31.3
Other	**10.6**	12.2
Total	**¥167.6**	¥168.6

Note: Domestic depositors only

Loans to SMEs and Individuals (Non-consolidated)

The Nara Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	**2002**	2001	**2002**	2001
Loans to SMEs and individuals	**¥114.1**	¥114.0	**91.91%**	90.68%

Loans to Individuals (Non-consolidated)

The Nara Bank, Ltd.	Billions of yen		
March 31	**2002**	2001	Change
Consumer loans total	**¥26.1**	¥26.7	¥(0.5)
Housing loans	**22.9**	23.1	(0.1)

Loans and Bills Discounted by Industry

The Nara Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Domestic operations		
Manufacturing	**¥ 14.5**	¥ 13.8
	11.73%	11.03%
Retail, wholesale, and food services	**19.7**	19.3
	15.87%	15.38%
Financial services	**6.6**	9.1
	5.38%	7.28%
Construction	**9.8**	10.1
	7.90%	8.03%
Electric power, gas, and other public enterprises	**0.6**	0.6
	0.51%	0.53%
Real estate	**22.3**	21.8
	18.01%	17.40%
Transportation, communications, and other utilities	**3.1**	2.9
	2.55%	2.33%
Services	**13.6**	13.7
	10.98%	10.91%
Agriculture, forestry, fishing, and mining	**0.3**	0.3
	0.27%	0.29%
Local governments	**0.2**	0.2
	0.20%	0.16%
Other	**33.0**	33.5
	26.60%	26.66%
Total	**¥124.2**	¥125.7
	100%	100%

Risk Management Loans

The Nara Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2002	Change	2001	2000
Loans to borrowers in legal bankruptcy	**¥ 3,493**	**¥ 329**	¥ 3,164	¥ 2,330
Past due loans	**7,657**	**3,257**	4,400	2,841
Loans past due three months or more	**257**	**(63)**	321	637
Restructured loans	**3,656**	**1,091**	2,565	1,381
Total*	**¥ 15,064**	**¥ 4,614**	¥ 10,450	¥ 7,189
Total loans and bills discounted	**¥124,236**	**¥(1,562)**	¥125,798	¥119,934
Ratio of risk management loans to total loans and bills discounted (%)	**12.12**	**3.82****	8.30	5.99

* 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			
	2002	Change	2001	2000
Unrecoverable or valueless claims	**¥ 7,809**	**¥ 1,811**	¥ 5,998	¥ 4,255
Risk claims	**3,429**	**76**	3,353	3,715
Claims in need of special attention	**3,913**	**1,743**	2,170	2,147
Financial Reconstruction Law subtotal	**15,152**	**3,631**	11,521	10,117
Nonclassified claims	**115,777**	**(6,396)**	122,173	118,036
Financial Reconstruction Law total	**¥130,929**	**¥(2,764)**	¥133,694	¥128,153
Coverage ratio	**93.99%**	**5.76%****	88.23%	86.63%

** Percentage points.

Reserve for Possible Loan Losses

The Nara Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2002	Change	2001	2000
Reserves for possible loan losses	**¥6,671**	**¥1,229**	¥5,442	¥3,177
General reserve for possible loan losses	**1,392**	**417**	975	561
Specific reserve for possible loan losses	**5,279**	**812**	4,467	2,616
Reserve for possible losses on loans sold	**138**	**(44)**	182	—

Securities

The Nara Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2002	2001
National and local government bonds	**¥18.6**	¥16.4
Corporate bonds	**11.2**	16.8
Corporate stocks	**0.9**	1.2
Other securities	**4.4**	6.0
Total book value	**¥35.3**	¥40.6

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

The Nara Bank, Ltd.

			Billions of yen	
			2002	2001
Tier I capital	Capital		**¥ 3.8**	¥ 3.8
	Non-cumulative perpetual preferred stock		**—**	—
	Capital surplus		**1.8**	1.8
	Legal reserve		**0.3**	0.3
	Voluntary reserve		**0.7**	0.7
	Earned surplus carried forward to the next year		**0.1**	0.7
	Total qualifying Tier I capital	(A)	**7.0**	7.5
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)	**8.3**	8.9
Risk-adjusted assets	On-balance-sheet items		**94.4**	98.9
	Off-balance-sheet items		**6.4**	7.3
Total risk-adjusted assets		(E)	**¥100.9**	¥106.3
Risk-adjusted capital ratio	(D)/(E)×100%		**8.30%**	8.43%

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

Non-consolidated Balance Sheets

The Asahi Bank, Ltd.

March 31, 2002 and 2001	Millions of yen 2002	Millions of yen 2001	Millions of U.S. dollars 2002
Assets			
Cash and due from banks	**¥ 1,660,446**	¥ 1,575,845	**$ 12,461**
Call loans and bills bought	**91,000**	899,400	**682**
Trading assets	**574,134**	777,686	**4,308**
Money held in trust	**40,000**	60,000	**300**
Securities	**3,403,577**	4,216,032	**25,542**
Loans and bills discounted	**17,148,723**	20,327,355	**128,695**
Foreign exchange	**114,500**	74,054	**859**
Other assets	**524,725**	481,051	**3,937**
Premises and equipment	**417,035**	451,803	**3,129**
Deferred tax assets	**424,060**	300,756	**3,182**
Customers' liabilities for acceptances and guarantees	**1,191,361**	1,517,303	**8,940**
Reserve for possible loan losses	**(532,501)**	(416,570)	**(3,996)**
Reserve for possible losses on investments	**(17,800)**	—	**(133)**
Total Assets	**¥25,039,264**	¥30,264,719	**$187,911**
Liabilities			
Deposits	**¥18,949,733**	¥20,444,811	**$142,211**
Negotiable certificates of deposit	**339,020**	2,981,795	**2,544**
Call money and bills sold	**1,765,718**	1,272,285	**13,251**
Bills sold under repurchase agreements	**276,983**	—	**2,078**
Commercial paper	**20,000**	420,000	**150**
Trading liabilities	**193,786**	211,496	**1,454**
Borrowed money	**884,166**	1,027,207	**6,635**
Foreign exchange	**3,360**	8,706	**25**
Bonds	**87,500**	100,000	**656**
Other liabilities	**483,705**	757,868	**3,630**
Reserve for employees' bonuses	**3,229**	—	**24**
Reserve for employees' retirement benefits	**3,950**	20,926	**29**
Reserve for possible losses on loans sold	**10,595**	37,654	**79**
Reserve for the specific borrowers under support	**—**	22,000	**—**
Other reserves	**0**	0	**0**
Deferred tax liabilities on land revaluation	**74,221**	83,167	**557**
Acceptances and guarantees	**1,191,361**	1,517,303	**8,940**
Total Liabilities	**24,287,332**	28,905,224	**182,268**
Shareholders' Equity			
Capital	**605,356**	605,356	**4,543**
Capital surplus	**509,486**	509,486	**3,823**
Legal reserve	**76,067**	75,567	**570**
Land revaluation differences	**113,301**	127,223	**850**
(Deficit) retained earnings	**(531,971)**	41,860	**(3,992)**
Valuation differences	**(20,309)**	—	**(152)**
Total Shareholders' Equity	**751,931**	1,359,494	**5,643**
Total Liabilities and Shareholders' Equity	**¥25,039,264**	¥30,264,719	**$187,911**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Statements of Operations

The Asahi Bank, Ltd.	Millions of yen		Millions of U.S. dollars
Years ended March 31, 2002 and 2001	**2002**	2001	**2002**
Income			
Interest income	**¥ 476,014**	¥547,461	**$ 3,572**
Interest on loans and bills discounted	**397,547**	444,186	**2,983**
Interest and dividends on securities	**45,607**	53,033	**342**
Fees and commissions	**63,404**	64,121	**475**
Trading income	**4,999**	4,455	**37**
Other operating income	**46,278**	26,223	**347**
Other income	**74,919**	230,050	**562**
Total Income	**665,616**	872,313	**4,995**
Expenses			
Interest expenses	**101,966**	173,789	**765**
Interest on deposits	**54,249**	103,651	**407**
Fees and commissions	**32,564**	30,553	**244**
Trading expenses	**21**	—	**0**
Other operating expenses	**14,180**	14,021	**106**
General and administrative expenses	**257,940**	259,251	**1,935**
Other expenses	**975,038**	415,133	**7,317**
Total Expenses	**1,381,712**	892,749	**10,369**
Loss before income taxes	**716,096**	20,436	**5,374**
Income taxes—current	**931**	10,368	**6**
Income taxes—deferred	**(132,343)**	(20,964)	**(993)**
Net loss	**¥ 584,684**	¥ 9,841	**$ 4,387**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Deposits and Negotiable Certificates of Deposit

The Asahi Bank, Ltd.	Billions of yen	
March 31	2002	2001
Liquid deposits	¥11,197.9	¥ 7,989.9
Time deposits	7,262.6	11,646.3
Other deposits	828.1	3,790.3
Total	¥19,288.7	¥23,426.6

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

Deposits by Type of Depositor

The Asahi Bank, Ltd.	Billions of yen	
March 31	2002	2001
Individuals	¥11,585.8	¥12,331.9
Corporations	5,683.3	5,609.5
Other	1,426.3	763.5
Total	¥18,695.4	¥18,705.0

Note: Domestic depositors only and excluding negotiable certificates of deposit

Loans to SMEs and Individuals (Non-consolidated)

The Asahi Bank, Ltd.	Billions of yen		Ratio to total loans	
March 31	2002	2001	2002	2001
Loans to SMEs and individuals	¥13,468.7	¥15,124.8	78.6%	77.3%

Loans to Individuals (Non-consolidated)

The Asahi Bank, Ltd.	Billions of yen		
March 31	2002	2001	Change
Consumer loans total	¥6,385.9	¥6,377.0	¥ 8.8
Housing loans	6,153.8	6,125.5	28.3

Loans and Bills Discounted by Industry

The Asahi Bank, Ltd.	Billions of yen	
March 31	**2002**	2001
Domestic operations		
Manufacturing	**¥ 2,035.4**	¥ 2,663.4
	11.89%	13.62%
Retail, wholesale, and food services	**2,036.5**	2,732.4
	11.90%	13.97%
Financial services	**792.7**	945.1
	4.63%	4.83%
Construction	**786.1**	1,082.9
	4.59%	5.54%
Electric power, gas, and other public enterprises	**48.0**	83.1
	0.28%	0.42%
Real estate	**1,842.8**	2,089.1
	10.77%	10.68%
Transportation, communications, and other utilities	**500.5**	604.3
	2.92%	3.09%
Services	**1,649.7**	1,943.2
	9.64%	9.94%
Agriculture, forestry, fishing, and mining	**39.5**	44.6
	0.24%	0.23%
Local governments	**385.0**	395.0
	2.25%	2.02%
Other	**6,997.4**	6,973.8
	40.89%	35.66%
Subtotal	**¥17,114.1**	¥19,557.4
	100%	100%
International operations		
Governments	**¥ 1.2**	¥ 19.2
	3.61%	2.50%
Financial institutions	**10.4**	59.8
	30.17%	7.77%
Other	**22.9**	690.8
	66.22%	89.73%
Subtotal	**¥ 34.6**	¥ 769.9
	100%	100%
Total	**¥17,148.7**	¥20,327.3

Risk Management Loans

The Asahi Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2002	Change	2001	2000
Loans to borrowers in legal bankruptcy	**¥ 67,081**	**¥ (9,082)**	¥ 76,163	¥ 73,432
Past due loans	**873,503**	**128,937**	744,566	611,019
Loans past due three months or more	**79,219**	**(21,565)**	100,784	84,920
Restructured loans	**444,404**	**104,662**	339,741	88,262
Total*	**¥ 1,464,208**	**¥ 202,952**	¥ 1,261,256	¥ 857,635
Total loans and bills discounted	**¥17,148,723**	**¥(3,178,631)**	¥20,327,355	¥20,547,425
Ratio of risk management loans to total loans and bills discounted	**8.53%**	**2.33%****	6.20%	4.17%

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

Disclosure according to the Financial Reconstruction Law

The Asahi Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2002	Change	2001	2000
Unrecoverable or valueless claims	**¥ 149,159**	**¥ (25,735)**	¥ 174,895	¥ 186,765
Risk claims	**800,950**	**147,005**	653,945	503,662
Claims in need of special attention	**523,623**	**83,097**	440,526	173,183
Financial Reconstruction Law subtotal	**1,473,732**	**204,366**	1,269,366	863,611
Nonclassified claims	**17,031,450**	**(3,664,962)**	20,696,413	21,067,600
Financial Reconstruction Law total	**¥18,505,183**	**¥(3,460,595)**	¥21,965,779	¥21,931,211
Coverage ratio	**71.83%**	**(0.26)%****	72.09%	74.32%

** Percentage points.

Reserve for Possible Loan Losses

The Asahi Bank, Ltd. Non-consolidated Basis March 31	Millions of yen			
	2002	Change	2001	2000
Reserves for possible loan losses	**¥532,501**	**¥115,930**	¥416,570	¥398,780
General reserve for possible loan losses	**167,200**	**37,600**	129,600	127,700
Specific reserve for possible loan losses	**365,241**	**82,907**	282,333	266,728
Special reserve for certain overseas loans	**60**	**(4,576)**	4,636	4,351
Reserve for the specific borrowers under support	**—**	**(22,000)**	22,000	6,603
Reserve for possible losses on loans sold	**10,595**	**(27,059)**	37,654	64,073

Securities

The Asahi Bank, Ltd. Non-consolidated Basis March 31	Billions of yen	
	2002	2001
National and local government bonds	**¥1,999.7**	¥1,737.2
Corporate bonds	**284.9**	386.1
Corporate stocks	**1,010.6**	1,802.8
Other securities	**108.1**	289.8
Total book value	**¥3,403.5**	¥4,216.0

Risk-Adjusted Capital Ratio

(1) Consolidated Capital Ratio

The Asahi Bank, Ltd.

			Billions of yen	
			2002 (Domestic Standard)	2001 (BIS Standard)
Tier I capital	Capital		**¥ 605.3**	¥ 605.3
	Non-cumulative perpetual preferred stock		**200.3**	201.9
	Capital surplus		**—**	509.4
	Consolidated retained surplus		**47.9**	114.8
	Minority interests in consolidated subsidiaries		**79.2**	8.5
	Preferred securities issued by special-purpose company overseas		**70.6**	—
	Revaluation loss on other securities		**(18.5)**	—
	Consolidation differences		**(5.1)**	(6.8)
	Foreign currency translation adjustments, net of taxes		**0.0**	(0.6)
	Total qualifying Tier I capital	(A)	**708.9**	1,230.7
	Preferred securities with interest step-up conditions		**70.6**	—
Tier II capital	45% of the difference between land after revaluation and the book value immediately before revaluation		**84.3**	94.6
	General reserve for possible loan losses		**101.3**	154.3
	Qualifying subordinated debt		**592.7**	708.1
	Subtotal		**778.4**	957.2
	Tier II capital included as qualifying capital	(B)	**708.9**	957.2
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**4.9**	2.9
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 1,412.9**	¥ 2,185.0
Risk-adjusted assets	On-balance-sheet items		**¥14,870.3**	¥18,396.1
	Off-balance-sheet items		**1,350.6**	1,185.6
	Subtotal	(E)	**16,220.9**	19,581.7
Market risk equivalent assets	(G)/8%	(F)	**—**	31.1
Measure for market risk		(G)	**—**	2.4
Total risk-adjusted assets	(E)+(F)	(H)	**¥16,220.9**	¥19,612.8
Risk-adjusted capital ratio	(D)/(H)×100%		**8.71%**	11.14%

(2) Non-consolidated Capital Ratio

The Asahi Bank, Ltd.

			Billions of yen	
			2002 (Domestic Standard)	2001 (BIS Standard)
Tier I capital	Capital		**¥ 605.3**	¥ 605.3
	Non-cumulative perpetual preferred stock		**200.3**	201.9
	Capital surplus		**—**	509.4
	Legal reserve		**53.5**	76.0
	Voluntary reserve		**—**	25.1
	Earned surplus carried forward to the next year		**—**	13.7
	Other		**70.6**	—
	Revaluation losses on other securities		**(20.3)**	—
	Total qualifying Tier I capital	(A)	**709.2**	1,229.7
Tier II capital	Land revaluation difference		**84.3**	94.6
	General reserve for possible loan losses		**98.7**	129.6
	Qualifying subordinated debt		**592.7**	708.1
	Subtotal		**775.8**	932.4
	Tier II capital included as qualifying capital	(B)	**709.2**	932.4
Amount to be deducted	Certain stocks and other debt instruments issued by other financial institutions	(C)	**3.0**	0.9
Total qualifying capital	(A)+(B)–(C)	(D)	**¥ 1,415.3**	¥ 2,161.2
Risk-adjusted assets	On-balance-sheet items		**¥14,557.2**	¥17,933.4
	Off-balance-sheet items		**1,243.7**	973.3
	Subtotal	(E)	**15,801.0**	18,906.7
Market risk equivalent assets	(G)/8%	(F)	**—**	30.8
Measure for market risk		(G)	**—**	2.4
Total risk-adjusted assets		(H)	**¥15,801.0**	¥18,937.6
Risk-adjusted capital ratio	(D)/(H)×100%		**8.95%**	11.41%

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

Non-consolidated Balance Sheet

The Daiwa Trust & Banking Co., Ltd.

March 31, 2002	Millions of yen 2002	Millions of U.S. dollars 2002
Assets		
Cash and due from banks	¥22,058	$165
Securities	11	0
Other assets	6,466	48
Premises and equipment	3,535	26
Deferred tax assets	26	0
Total Assets	¥32,098	$240
Liabilities		
Deposits	¥ 3,094	$ 23
Other liabilities	3,378	25
Total Liabilities	6,473	48
Shareholders' equity		
Capital	10,000	75
Capital surplus	14,969	112
Retained earnings	655	4
Valuation differences	0	0
Total Shareholders' Equity	25,625	192
Total Liabilities and Shareholders' Equity	¥32,098	$240

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Non-consolidated Statement of Income

The Daiwa Trust & Banking Co., Ltd.

Year ended March 31, 2002	Millions of yen 2002	Millions of U.S. dollars 2002
Income		
Interest income	¥ 0	$ 0
Trust fees	2,141	16
Fees and commissions	470	3
Other income	0	0
Total Income	2,612	19
Expenses		
Interest expenses	0	0
Fees and commissions	727	5
General and administrative expenses	786	5
Other expenses	42	0
Total Expenses	1,556	11
Income before income taxes	1,055	7
Income taxes—current	426	3
Income taxes—deferred	(26)	(0)
Net income	¥ 655	$ 4

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25=U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.

Statement of Trust Assets and Liabilities

The Daiwa Trust & Banking Co., Ltd.

March 31, 2002	Millions of yen 2002	Millions of U.S. dollars 2002
Assets		
Securities	**¥ 1,116,624**	**$ 8,379**
Trust beneficiary certificate	**21,575,448**	**161,917**
Other claims	**77**	**0**
Total Assets	**¥22,692,150**	**$170,297**
Liabilities		
Money trusts	**¥ 7,247,479**	**$ 54,390**
Pension trusts	**6,266,942**	**47,031**
Securities investment trusts	**8,555,022**	**64,202**
Pecuniary trusts other than money trusts	**232,396**	**1,744**
Securities trusts	**248,977**	**1,868**
Composite trusts	**141,332**	**1,060**
Total Liabilities	**¥22,692,150**	**$170,297**

Notes: 1. Amounts of less than one million yen have been rounded down.
2. The rate of ¥133.25 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2002, has been used.
3. Trust beneficiary certificates worth ¥21,574,604 million ($161,910 million) were re-entrusted for asset administration purposes.
4. Co-managed trust funds under other trust banks' administration amounted to ¥7,527,833 million ($56,494 million).

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

The Daiwa Trust & Banking Co., Ltd.

			Millions of yen 2002
Tier I capital	Capital		¥10,000
	Capital surplus		14,969
	Earned surplus carried forward to the next year		5
	Total qualifying Tier I capital	(A)	24,975
Tier II capital	Subtotal	(B)	—
Amount to be deducted		(C)	—
Total qualifying capital	(A)+(B)–(C)	(D)	¥24,975
Risk-adjusted assets	On-balance-sheet items		¥11,449
	Off-balance-sheet items		—
Total risk-adjusted assets		(E)	¥11,449
Risk-adjusted capital ratio	(D)/(E)×100%		218.13%

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.

CORPORATE DATA

CONTENTS

BOARD OF DIRECTORS, CORPORATE AUDITORS, AND EXECUTIVE OFFICERS

As of July 1, 2002

Board of Directors

Post	Name	Concurrent Post
Director and Chairman	Takashi Kaiho	
Director and President*	Yasuhisa Katsuta	President of the Daiwa Bank, Director of the Daiwa Trust & Banking Company
Director and Deputy President*	Yukio Yanase	President of the Asahi Bank
Director and Senior Executive Officer	Akiyoshi Otani	
Director and Senior Executive Officer	Yoshinari Demura	
Director and Senior Executive Officer	Osamu Monoe	
Director and Senior Executive Officer	Kenji Kawada	

* President and Deputy President also serve as Executive Officers

Post	Name	Concurrent Post
Director (part-time)	Yasuhiro Takatani	President of the Kinki Osaka Bank
Director (part-time)	Masao Nomura	President of the Nara Bank
Director (part-time)	Atsumu Kuroishi	President of the Daiwa Trust & Banking Company
Director (part-time)	Tadahiro Tone	Senior Managing Director of the Asahi Bank

Corporate Auditors

Post	Name	Concurrent Post
Corporate Auditor	Isao Kimura	
Corporate Auditor	Hideo Yoda	Corporate Auditor of the Asahi Bank
Corporate Auditor (Outside)	Masataka Ide	Chairman of West Japan Railway Company
Corporate Auditor (Outside)	Hidenao Toyoshima	Lawyer, Corporate Auditor of the Asahi Bank

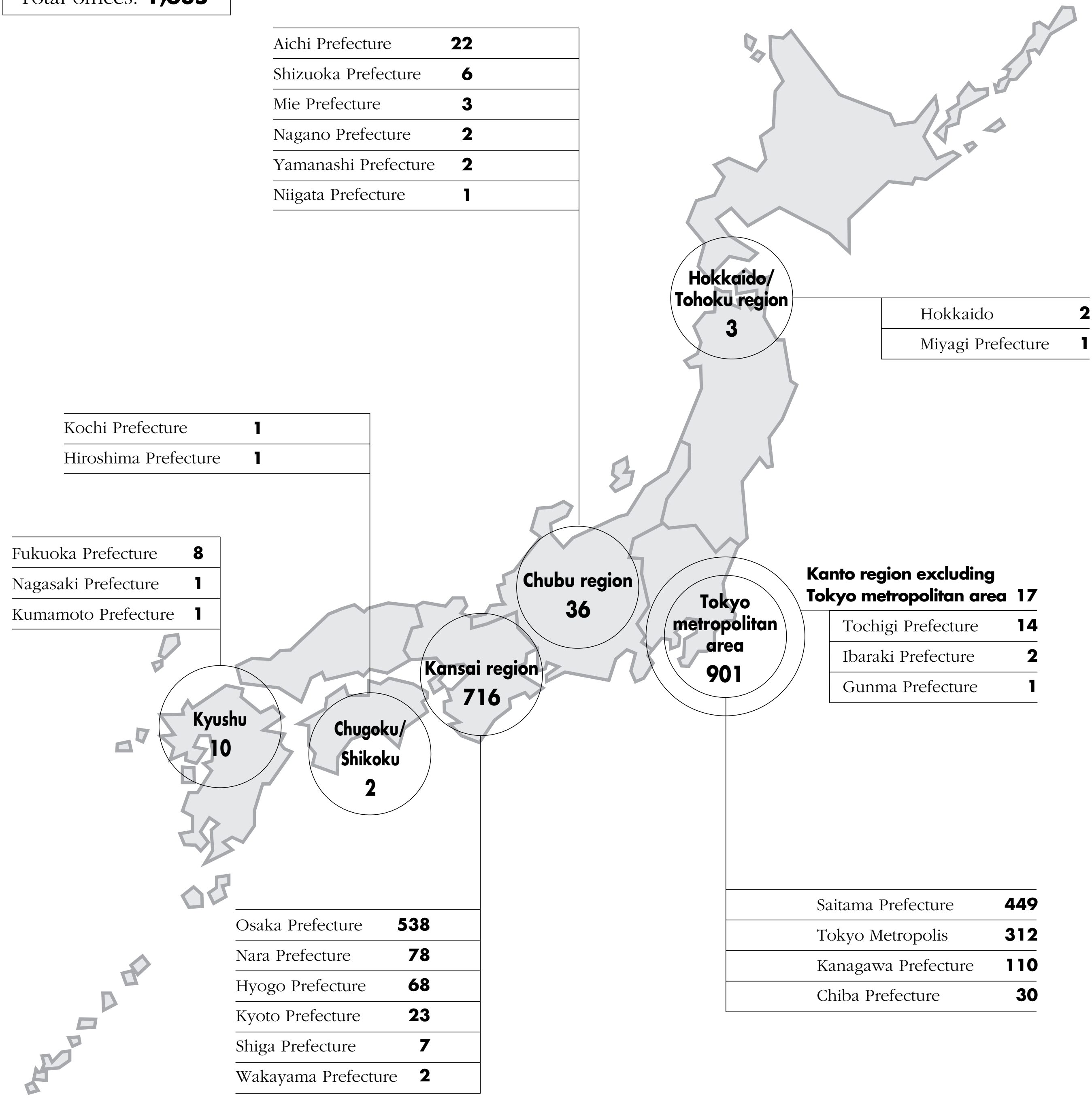
Executive Officers

Post	Name
Executive Officer	Koji Nishijima
Executive Officer	Masaaki Nomura
Executive Officer	Minoru Takahashi
Executive Officer	Hiroshi Kawasaki
Executive Officer	Tomoyuki Uchiyama

DOMESTIC NETWORK

As of June 30, 2002

Total offices: **1,685**



Domestic Branches

(As of June 30, 2002)

	Daiwa Bank	Kinki Osaka Bank	Nara Bank	Asahi Bank	Total of the five banks	Tokyo metropolitan area	Kansai region
Manned offices	183	186	25	297	691	288	369
Nonmanned offices	257	44	32	661	994	613	347
Total offices	440	230	57	958	1,685	901	716

(As of August 1, 2002)

The Daiwa Bank, Ltd.

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Telex: 44532
Fax: 62-21-323308

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Telex: 32145
Fax: 62-31-5674840

Bandung Branch
JL. Wastukencana No. 87,
Bandung, West Java, Indonesia
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Telex: 28018
Fax: 62-22-4241207

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Telex: J24275 ASAHI TKI
Cable: ASAHIBANK TOKYO
SWIFT: SAIBJPJT

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

The Kinki Osaka Bank, Ltd.

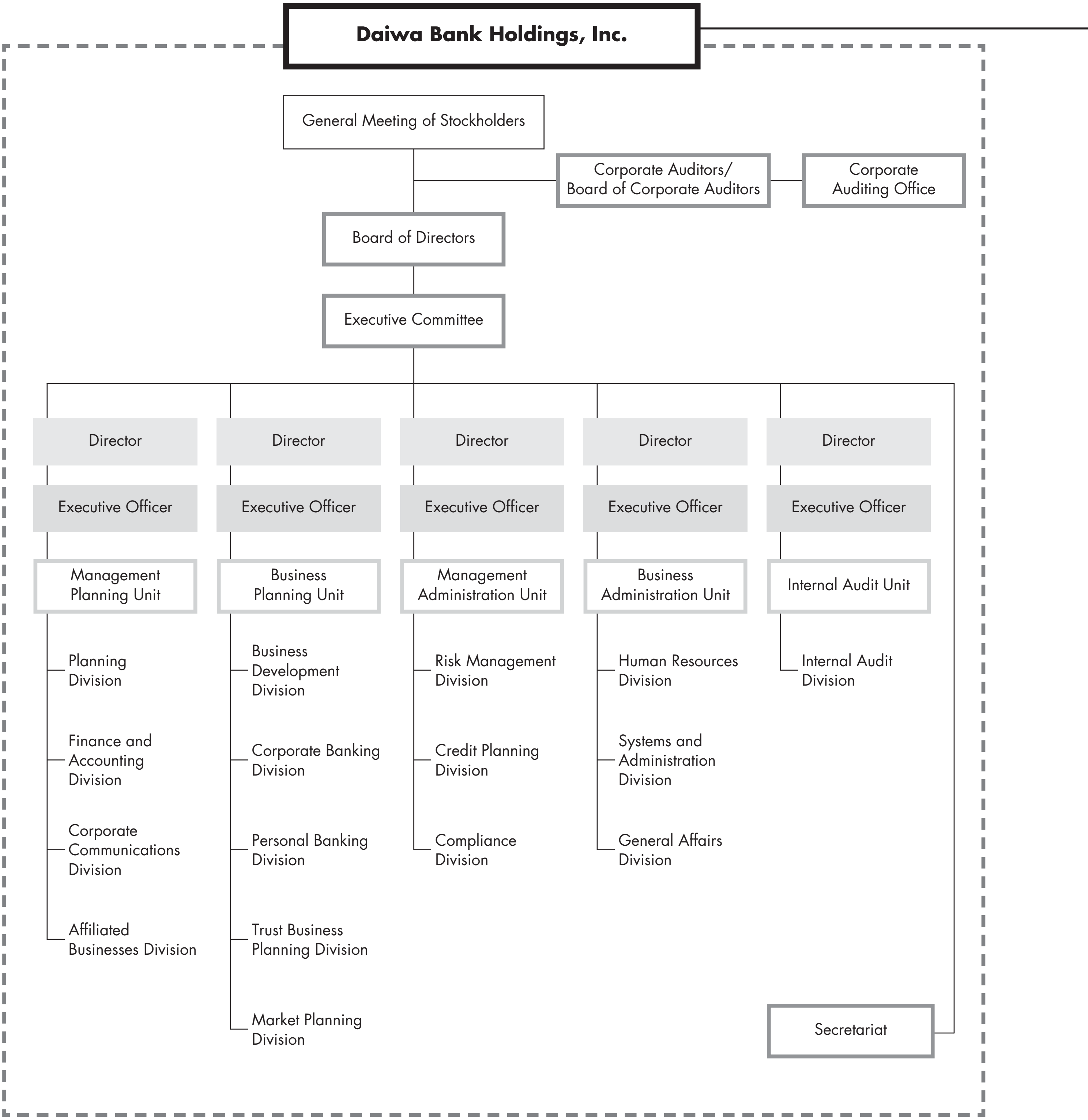
■ JAPAN

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

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

ORGANIZATION CHART AND OUTLINE OF THE GROUP

As of March 31, 2002



Daiwa Bank Holdings' Ownership: 100%

The Daiwa Bank, Ltd.

Banking and trust banking business

Daiwa Bank Holdings' Ownership: 100%

The Kinki Osaka Bank, Ltd.

Banking business

Daiwa Bank Holdings' Ownership: 100%

The Nara Bank, Ltd.

Banking business

Daiwa Bank Holdings' Ownership: 100%

The Asahi Bank, Ltd.

Banking business

Daiwa Bank Holdings' Ownership: 83.2%

The Daiwa Trust & Banking Co., Ltd.

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					
■ Asahi Trust and Banking Co., Ltd.	Saitama-shi, Saitama	¥10,000	Banking and trust banking business	Mar. 6, 1996	100.0
■ Asahi Bank Research Institute Co., Ltd.	Chuo-ku, Tokyo	¥400	Research and business consulting services	Oct. 1, 1986	50.0
■ Daiwa Research Institute, Inc.	Chuo-ku, Osaka-shi	¥500	Research and business consulting services	June 27, 1987	57.5
▲ Kinki Osaka Research Institute for Small and Medium Business Ltd.	Nishi-ku, Osaka-shi	¥30	Research and business consulting services	Apr. 1, 1974	25.0
■ D & I Information Systems Inc.	Toyonaka-shi, Osaka	¥100	Systems development, maintenance, and administration	Mar. 26, 1998	25.0
▲ Japan Trustee Services Bank, Ltd.	Chuo-ku, Tokyo	¥50,000	Banking and trust banking business	June 20, 2000	50.0
■ P.T. Bank Daiwa Perdania	Jakarta, Indonesia	IDR 203,120	Banking business	Feb. 15, 1956	48.0
Securities business					
■ Cosmo Securities Co., Ltd.	Chuo-ku, Osaka-shi	¥32,366	Securities business	Dec. 18, 1917	60.4
▲ The Asahi Retail Securities Co., Ltd.	Chuo-ku, Tokyo	¥4,727	Securities business	Aug. 27, 1947	20.3
■ Asahi Tokyo Investment Trust Management Co., Ltd.	Chuo-ku, Tokyo	¥780	Sales of investment trust products and investment advisory services	Nov. 18, 1987	50.6
Finance-related business					
■ Asahi Card Co., Ltd.	Chuo-ku, Tokyo	¥200	Credit card administration	Feb. 12, 1983	47.5
■ Daiwagin Card Co., Ltd.	Chuo-ku, Osaka-shi	¥200	Credit card administration	Apr. 1, 1983	57.1
■ Asahigin Leasing Co., Ltd.	Chuo-ku, Tokyo	¥710	General leasing	Apr. 2, 1976	42.3
■ The Daiwa Factor and Leasing Co., Ltd.	Chuo-ku, Osaka-shi	¥500	General leasing and factoring	Jan. 12, 1982	35.0
▲ Kinki Osaka Leasing Co., Ltd.	Chuo-ku, Osaka-shi	¥1,800	General leasing	Aug. 3, 1973	20.8
■ Asahi Bank Retail Finance Co., Ltd.	Toshima-ku, Tokyo	¥10,200	Financing for individuals, financing for small and medium-sized businesses	July 5, 1979	100.0

■ Consolidated subsidiaries
▲ Affiliates accounted for by the equity method

INVESTOR INFORMATION

As of March 31, 2002

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

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

Paid-in Capital
¥720,000 million

Number of Shareholders
(Common stock)
192,556

Common Stock (Thousands)
Authorized: 13,000,000 shares
Issued: 5,634,904 shares

Preferred Stock (Thousands)
Authorized: 1,131,356 shares
Issued: 1,131,356 shares

Class A	No. 1	10,970 shares
Class B	No. 1	680,000 shares
Class C	No. 1	120,000 shares
Class D	No. 1	386 shares
Class E	No. 1	240,000 shares
Class F	No. 1	80,000 shares

Stock Price Range on the Tokyo Stock Exchange

(First section)

	2001	2002		
	Dec.	Jan.	Feb.	Mar.
High	¥99	¥86	¥114	¥106
Low	62	81	70	83

The Company's common shares were listed on the First sections of the Osaka Securities Exchange Co., Ltd., and the Tokyo Stock Exchange Co., Ltd., on December 11, 2001.

Accordingly, the high and low prices for the Company's shares are based on data covering the period from December 11, 2001, through the end of the fiscal year. In addition, the high and low prices for the month of December 2001 are based on data covering the period from December 11 through the last trading day of December 2001.

Stock Exchange Listings
Tokyo, Osaka

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

Independent Accountants
Shin Nihon & Co.

Number of Employees
25,506 (Consolidated)
385 (Non-consolidated)

Major Shareholders

	Number of shares held (Thousands)	Percentage of total shares issued
The Daiwa Bank, Ltd.	183,181	3.25
The Dai-ichi Mutual Life Insurance Company	117,899	2.09
Mitsui Asset Trust and Banking Co., Ltd.	104,808	1.85
The Nomura Securities Co., Ltd.	80,482	1.42
Asahi Mutual Life Insurance Company	79,935	1.41
Japan Trustee Services Bank, Ltd.	79,074	1.40
Daido Life Insurance Company	71,000	1.26
Nippon Life Insurance Company	64,860	1.15
The Fuji Fire & Marine Insurance Co., Ltd.	64,589	1.14
Nichido Fire & Marine Insurance Co., Ltd.	62,875	1.11
Total	908,707	16.12

Contact:

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Daiwa Bank Holdings, Inc.
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http://www.daiwabankholdings.co.jp

On October 1, 2002, accompanying the change in our corporate name, we are scheduled to move to a new domain, as follows:
http://www.resona-hd.co.jp

RESONA Resona Group

Printed on recycled paper in Japan