



**Financial Results Report for the Fiscal Year
Ended March 31, 2002
(Consolidated Statements)**

May 24, 2002

The Daiwa Bank, Ltd.

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Summary of Consolidated Financial Results

(March 31, 2002/Unaudited)

May 24, 2002

Daiwa Bank Holdings, Inc. (The Daiwa Bank, Ltd.)
2-2-1 Bingomachi, Cyuo-ku, Osaka, Japan

1. Financial Highlights (April 1, 2001 - March 31, 2002)

(1) Consolidated Operating Results

	Ordinary income	Change from previous fiscal year	Ordinary net income	Change from previous fiscal year	Net income	Change from previous fiscal year
	<i>Million yen</i>	<i>%</i>	<i>Million yen</i>	<i>%</i>	<i>Million yen</i>	<i>%</i>
March 31, 2002	484,650	(8.9)	(449,525)	-	(336,608)	-
March 31, 2001	531,840	(31.8)	(13,807)	-	(23,472)	-

	Net income per share	Net income per share (potential equity adjusted)	Ratio of net income to shareholders' equity	Ratio of ordinary net income to total assets	Ratio of ordinary net income to ordinary income
	<i>Yen</i>	<i>Yen</i>	<i>%</i>	<i>%</i>	<i>%</i>
March 31, 2002	(163.97)	-	(180.3)	(3.0)	(92.8)
March 31, 2001	(12.56)	-	(6.2)	(0.1)	(2.6)

Note: (1) Equity in net loss of affiliated companies: (1,265) million yen (fiscal year ended March 31, 2002)

Equity in net loss of affiliated companies: (12,028) million yen (fiscal year ended March 31, 2001)

(2) Average number of ordinary shares issued (consolidated): 2,052,773,858 shares (fiscal year ended March 31, 2002)

Average number of ordinary shares issued (consolidated): 2,050,679,919 shares (fiscal year ended March 31, 2001)

(3) There were changes in accounting policies. (For detail, see segment information)

(4) Percentages in ordinary income, ordinary net income and net income show the changes from the prior year.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share	Consolidated capital assets ratio (Japanese Standard)
	<i>Million yen</i>	<i>Million yen</i>	<i>%</i>	<i>Yen</i>	<i>%</i>
March 31, 2002	14,746,249	398,088	2.7	(10.17)	8.35
March 31, 2001	15,522,161	813,305	5.2	192.10	11.33

Note: (1) Number of ordinary shares issued (consolidated): 2,052,867,887 shares (as of March 31, 2002)

Number of ordinary shares issued (consolidated): 2,052,774,251 shares (as of March 31, 2001)

(2) Capital assets ratio at March 31, 2001 was based on a BIS standard.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	<i>Million yen</i>	<i>Million yen</i>	<i>Million yen</i>	<i>Million yen</i>
March 31, 2002	733,635	58,053	(5,595)	1,114,935
March 31, 2001	171,254	(276,551)	(13,656)	351,539

(4) Principles of consolidation and application of equity method

Number of consolidated subsidiaries: 26

Number of nonconsolidated subsidiaries applying the equity method: None

Number of affiliated companies accounted for by the equity method: 2

(5) Change in consolidation and application of equity method

Number of consolidated subsidiaries added: None

Number of consolidated subsidiaries excluded: 19

Number of affiliated companies accounted for by the equity method added: None

Number of affiliated companies accounted for by the equity method excluded: 7

2. Forecast of Fiscal Year's Performance (April 1, 2002 - March 31, 2003)

For the consolidated operating result forecast, see flash report (consolidated) of Daiwa Bank Holdings, Inc.

(1) Average number of shares of preferred stock for the year

Year ended March 31, 2002	ClassA 1st preferred stock	10,970,000 shares
	ClassB 1st preferred stock	680,000,000 shares
Year ended March 31, 2001	ClassA 1st preferred stock	11,516,835 shares
	ClassB 1st preferred stock	680,000,000 shares

(2) Issued number of shares of preferred stock at year end

March 31, 2002	ClassA 1st preferred stock	10,970,000 shares
	ClassB 1st preferred stock	680,000,000 shares
March 31, 2001	ClassA 1st preferred stock	10,970,000 shares
	ClassB 1st preferred stock	680,000,000 shares

(3) Formula for consolidated financial results for the year ended March 31, 2002

Net income per share

$$\frac{\text{Net income} - \text{Dividends on Preferred Stock}}{\text{Average number of shares of common stock during the year (consolidated)}}$$

Ratio of net income to shareholders' equity

$$\frac{\text{Net income} - \text{Dividends on Preferred Stock}}{\{(\text{Beginning shareholders' equity} - \text{Preferred stock in issue at beginning} \times \text{Amount per share}) + (\text{Ending shareholders' equity} - \text{Issued Preferred Stock at ending} \times \text{Amount per share})\} \div 2}$$

Shareholders' equity per share

$$\frac{\text{Ending shareholders' equity} - \text{Issued number of shares of Preferred Stock} \times \text{Amount per share}}{\text{Issued number of shares of common stock at year end (consolidated)}}$$

Consolidated Balance Sheets (Unaudited)

(Millions of yen)

	March 31,2002 (A)	March 31,2001 (B)	Difference (A) - (B)
Assets			
Cash and due from banks	¥ 1,309,345	¥ 554,798	¥ 754,547
Call loans and bills bought	9,659	310,696	(301,037)
Monetary claims bought	20	20	–
Trading assets	76,788	140,065	(63,277)
Money held in trust	2,803	34,720	(31,917)
Securities	2,694,686	3,035,246	(340,560)
Loans and bills discounted	9,596,544	9,960,773	(364,229)
Foreign exchange	57,290	71,227	(13,937)
Other assets	457,756	476,284	(18,528)
Premises and equipment	198,903	379,879	(180,976)
Deferred tax assets	290,433	181,943	108,490
Customers' liabilities for acceptances and guarantees	471,621	568,907	(97,286)
Reserve for possible loan losses	(419,560)	(192,336)	(227,224)
Reserve for possible losses on investments	(45)	(65)	20
Total assets	14,746,249	15,522,161	(775,912)
Liabilities			
Deposits	10,966,155	9,455,121	1,511,034
Negotiable certificates of deposit	545,328	2,503,626	(1,958,298)
Call money and bills sold	764,064	343,535	420,529
Bills sold under repurchase agreement	4,099	–	4,099
Trading liabilities	26,484	32,163	(5,679)
Borrowed money	334,356	408,041	(73,685)
Foreign exchange	5,735	8,788	(3,053)
Bonds	216,444	205,476	10,968
Due to trust account	192,446	452,941	(260,495)
Other liabilities	791,361	666,166	125,195
Reserve for employees' bonuses	2,621	–	2,621
Reserve for employees' retirement benefits	1,205	17,417	(16,212)
Reserve for possible losses on loans sold	3,935	23,149	(19,214)
Other reserves	134	40	94
Deferred tax Liabilities	379	–	379
Consolidation differences	557	805	(248)
Acceptances and guarantees	471,621	568,907	(97,286)
Total liabilities	14,326,932	14,686,181	(359,249)
Minority interests			
Minority interests in consolidated subsidiaries	21,227	22,674	(1,447)
Shareholders' equity			
Capital	443,158	465,158	(22,000)
Capital surplus	404,449	405,419	(970)
Deficit	390,541	51,668	338,873
Valuation differences	(49,428)	–	(49,428)
Foreign currency translation adjustments, net of taxes	(9,550)	(5,532)	(4,018)
Treasury stock	–	(1)	1
Parent's stock owned by subsidiaries	–	(70)	70
Total shareholders' equity	398,088	813,305	(415,217)
Total liabilities, minority interests and shareholders' equity	¥14,746,249	¥15,522,161	¥ (775,912)

<Note> Yen amounts are rounded down to the nearest million yen.

Consolidated Statements of Operations (Unaudited)

(Millions of yen)

	FY 2001 〔From April 1, 2001〕 〔To March 31, 2002〕	FY 2000 〔From April 1, 2000〕 〔To March 31, 2001〕	Difference
Ordinary income	¥ 484,650	¥531,840	¥ (47,190)
Interest income	230,452	254,242	(23,790)
(Interest on loans and discounts)	198,350	206,429	(8,079)
(Interest and dividends on securities)	23,768	31,950	(8,182)
(Interest on call loans and bills bought)	708	1,303	(595)
(Interest on bills purchased under resell agreement)	0	–	0
(Interest on due from banks)	3,194	7,359	(4,165)
(Other interest income)	4,429	7,199	(2,770)
Trust fees	42,204	54,833	(12,629)
Fees and commissions	90,961	71,804	19,157
Trading income	5,369	2,795	2,574
Other operating income	61,843	80,391	(18,548)
Other income	53,818	67,773	(13,955)
Ordinary expenses	934,176	545,648	388,528
Interest expenses	48,380	79,944	(31,564)
(Interest on deposits)	24,281	46,917	(22,636)
(Interest on NCD)	1,664	2,145	(481)
(Interest on call money and bills sold)	243	653	(410)
(Interest on bills sold under repurchase agreement)	16	–	16
(Interest on commercial paper)	3	30	(27)
(Interest on borrowed money)	8,449	9,509	(1,060)
(Interest on bonds)	6,149	7,453	(1,304)
(Other interest expenses)	7,570	13,234	(5,664)
Fees and commissions	42,326	13,953	28,373
Trading expenses	15	5	10
Other operating expenses	18,364	21,643	(3,279)
General and administrative expenses	227,670	227,918	(248)
Other expenses	597,419	202,182	395,237
(Provision for possible loan losses)	283,819	46,150	237,669
(Others)	313,599	156,031	157,568
Ordinary net loss	449,525	13,807	435,718
Extraordinary profits	7,097	11,209	(4,112)
(Profit from sales of premises and equipment)	402	5,084	(4,682)
(Profit from recoveries of written-off claims)	5,655	6,120	(465)
(Other extraordinary profits)	1,039	4	1,035
Extraordinary losses	1,695	4,338	(2,643)
(Loss from sales of premises and equipment)	1,601	2,238	(637)
(Other extraordinary losses)	93	2,100	(2,007)
Loss before income taxes	444,124	6,936	437,188
Income taxes – current	1,722	5,438	(3,716)
Income taxes – deferred	(107,626)	9,864	(117,490)
Minority interests in subsidiaries	(1,612)	1,232	(2,844)
Net loss	¥ 336,608	¥ 23,472	¥ 313,136

<Note> Yen amounts are rounded down to the nearest million yen.

Consolidated Statements of Deficit (Unaudited)

(Millions of yen)

	FY 2001 (From April 1, 2001) (To March 31, 2002)	FY 2000 (From April 1, 2000) (To March 31, 2001)	Difference
Deficit at beginning of year	¥ 51,668	¥17,428	¥ 34,240
Decrease in deficit during year	36	0	36
Reduction in the number of consolidated subsidiaries	–	0	(0)
Reduction in the number of affiliates accounted for by equity method	36	–	36
Increase in deficit during the period	2,300	10,767	(8,467)
Dividends paid	2,298	10,767	(8,469)
Bonus to directors and corporate auditors	2	0	2
Net loss	336,608	23,472	313,136
Deficit at end of year	¥390,541	¥51,668	¥338,873

<Note> Yen amounts are rounded down to the nearest million yen.

Consolidated Statements of Cash Flows (Unaudited)

(Millions of yen)

	FY 2001 (From April 1, 2001 To March 31, 2002)	FY 2000 (From April 1, 2000 To March 31, 2001)	Difference
Cash flows from operating activities			
Income (loss) before income taxes	¥ (444,124)	¥ (6,936)	¥ (437,188)
Depreciation of premises and equipment	29,152	33,166	(4,014)
Amortization of consolidation differences	(237)	(218)	(19)
Equity in earnings from investments in affiliated companies	1,265	12,028	(10,763)
Increase in reserve for possible loan losses	202,274	5,885	196,389
Increase in reserve for possible losses on investments	(20)	(1,035)	1,015
Increase in reserve for possible losses on loans sold	(19,214)	(13,884)	(5,330)
Increase in reserve for specific borrowers under support	-	(30,434)	30,434
Increase in reserve for employees' bonuses	2,626	-	2,626
Increase in reserve for employees' retirement allowances	-	(16,183)	16,183
Increase in reserve for employees' retirement benefits	(121)	17,470	(17,591)
Interest income	(230,452)	(254,242)	23,790
Interest expenses	48,380	79,944	(31,564)
Net (gains)/losses on investment securities	150,499	(31,386)	181,885
Net (gains)/losses on money held in trust	680	3,788	(3,108)
Net foreign exchange (gains)/losses	1,520	2,871	(1,351)
Net (gains)/losses on sales of premises and equipment	1,198	(2,758)	3,956
Net (increase)/decrease in trading account assets	60,909	29,701	31,208
Net increase/(decrease) in trading account liabilities	(33,688)	(75,601)	41,913
Net (increase)/decrease in loans and bills discounted	557,240	(161,246)	718,486
Net increase/(decrease) in deposits	1,508,655	(677,675)	2,186,330
Net increase/(decrease) in negotiable certificates of deposit	(1,958,297)	917,208	(2,875,505)
Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)	(45,701)	10,112	(55,813)
Net (increase)/decrease in due from banks (excluding those deposited at BOJ)	10,596	109,339	(98,743)
Net (increase)/decrease in call loans and others	301,435	(88,105)	389,540
Net (increase)/decrease in cash collateral for bonds borrowed	4,774	130,979	(126,205)
Net increase/(decrease) in call money and others	420,528	203,731	216,797
Net increase/(decrease) in commercial paper	-	(10,000)	10,000
Net increase/(decrease) in cash collateral for bonds lent	284,773	37,555	247,218
Net (increase)/decrease in foreign exchange assets	14,020	21,178	(7,158)
Net increase/(decrease) in foreign exchange liabilities	(3,054)	(6,355)	3,301
Net increase/(decrease) in due to trust account	(260,494)	(323,537)	63,043
Interest receipts	243,369	268,150	(24,781)
Interest payments	(52,870)	(84,833)	31,963
Directors' bonus	(5)	(3)	(2)
Others	(56,703)	77,632	(134,335)
Subtotal	738,914	176,311	562,603
Penalties paid	(2,100)	-	(2,100)
Income taxes	(3,179)	(5,056)	1,877
Net cash provided by operating activities	733,635	171,254	562,381
Cash flows from investing activities			
Purchases of securities	(2,478,079)	(2,530,892)	52,813
Proceeds from sales of securities	2,490,948	1,906,199	584,749
Proceeds from maturity of securities	29,816	72,316	(42,500)
Payments associated with increase in money held in trust	(16,110)	(12,061)	(4,049)
Proceeds from decrease in money held in trust	47,323	188,574	(141,251)
Purchases of premises and equipment	(20,909)	(46,245)	25,336
Proceeds from sales of premises and equipment	5,032	7,876	(2,844)
Proceeds from sales of equity investments in a subsidiary	30	350	(320)
Proceeds from acquisition of operations	-	137,328	(137,328)
Net cash provided by (used in) investing activities	58,053	(276,551)	334,604
Cash flows from financing activities			
Proceeds from subordinated borrowed money	23,500	7,500	16,000
Repayment of subordinated borrowed money	(34,500)	(5,500)	(29,000)
Proceeds from issuance of subordinated bonds	18,200	23,000	(4,800)
Repayment of subordinated bonds	(10,000)	(27,895)	17,895
Proceeds from issuance of stocks	-	55	(55)
Dividends paid	(2,298)	(10,767)	8,469
Dividends paid to minority shareholders	(304)	(49)	(255)
Payments related to acquisition of treasury stocks	(202)	(39)	(163)
Proceeds from sales of treasury stocks	10	39	(29)
Net cash used in financing activities	(5,595)	(13,656)	8,061
Effect of exchange rate changes on cash and cash equivalents	806	517	289
Increase (decrease) in cash and cash equivalents	786,899	(118,436)	905,335
Cash and cash equivalents at beginning of year	351,539	469,975	(118,436)
Decrease in cash and cash equivalents due to corporate division	(23,502)	-	(23,502)
Decrease in cash and cash equivalents due to exclusion from consolidation	(0)	(0)	0
Cash and cash equivalents at end of year	¥ 1,114,935	¥ 351,539	¥ 763,396

<Note> Yen amounts are rounded down to the nearest million yen.

Principles of Consolidations

1. Scope of consolidation

(1) Consolidated subsidiaries:	26
Major consolidated subsidiaries	Cosmo Securities Co., Ltd. Daiwagin Card Co., Ltd. Daiwa Guarantee Co., Ltd. The Daiwa Factor And Leasing Co., Ltd. Daiwa Bank (Capital Management) Plc. P.T. Bank Daiwa Perdania

Shin-ei Co., Ltd., Alte Co., Ltd. and other 17 companies, which were liquidated during the fiscal year, were excluded from consolidation.

(2) Non-consolidated subsidiaries:	None
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2. Application of equity method

(1) Affiliates applied equity method:	2
Major affiliates	Japan Trustee Services Bank, Ltd.

During fiscal year, the Bank, The Kinki Osaka Bank, Ltd. and The Nara Bank, Ltd. carried out a stock-for-stock exchange to establish a holding company Daiwa Bank Holdings, Inc. and, accordingly, the Kinki Osaka Bank, the Nara Bank, and other 2 companies were excluded from those companies to which equity method of accounting is applied. General Housing Finance Co., Ltd. and other 2 companies were sold or merged during the year, and, accordingly, were excluded from those companies to which equity method of accounting is applied.

(2) Non-consolidated subsidiaries and affiliates not applied equity method	None
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3. Fiscal period-ends of consolidated subsidiaries

Fiscal period-ends of the consolidated subsidiaries are as follows:

End of December :	6
End of March :	20

The subsidiaries mentioned above have been consolidated based on their financial statements as of each balance sheet dates. The accounts of these subsidiaries have been adjusted for any material transactions during the period from December 31 to March 31.

4. Consolidation difference is being amortized evenly over a period of five years.

5. Valuation of assets and liabilities of consolidated subsidiaries

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

6. Appropriation of retained earnings

Consolidated statement of retained earnings reflects the appropriation of retained earnings approved by the shareholders' meeting held in the fiscal year.

Notes to consolidated balance sheet:

1. Amounts of less than one million yen have been rounded down.
2. 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 commercial paper, etc. are stated at market value as of the consolidated balance sheet date and, in the case of derivatives including swaps, futures and options, at the settlement amount assuming settlement on the consolidated balance sheet date.
3. Bonds held to maturity are stated at amortized cost by the moving average method. Equity securities in other securities with market value are stated at fair value based on the average market price for the previous one month of the consolidated balance sheet date. Other securities, other than equity securities, with market value are stated at their respective market value whereas the cost of sales of such securities are determined by the moving average method. Other securities without market value are stated at cost determined by the moving average method or at their respective amortized cost. Net unrealized gain/loss is included in a component of shareholders’ equity.
4. Securities held as assets in individually managed money trusts whose principal objective is portfolio management are stated at market value.
5. Derivative transactions (excluding “transactions for trading purposes”) are stated at market value.
6. Depreciation of premises and equipment of the Bank is 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

Premises and equipment of consolidated subsidiaries are mainly depreciated by the straight line method over their estimated useful lives.
7. Software used by the Bank and the consolidated subsidiaries has been depreciated by the straight-line method based on an estimated useful life (mainly 5 years) determined by the Bank and the consolidated subsidiaries.

The Daiwa Bank, Ltd.

8. Foreign-currency-denominated assets and liabilities, with the exception of stock in subsidiaries and 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. In the prior year, the Bank adopted a “New Foreign Exchange Accounting Standard,” pursuant to “Temporary Auditing Treatment for Continuous Application of the ‘New Foreign Exchange Accounting Standard’ in the Banking Industry” (the Japanese Institute of Certified Public Accountants, “JICPA,” April 10, 2000). However, effective this year, the Bank has adopted a revised accounting standard for foreign currency transactions (“Opinion Report Concerning Amendment of Accounting Standards Applied for Foreign Currency Transactions,” issued by the Business Accounting Deliberation Council, October 22, 1999), except for the accounting treatment stipulated in “Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Audit Committee, Report No. 20). The impact of this change was nil.

For funding-related swaps, the Bank reports the net yen equivalents of the notional principal amounts translated at the exchange rate prevailing at the balance sheet date in accordance with Report No. 20 of the JICPA Industry Audit Committee. 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 Bank records 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, which meet the criteria indicated in Report No. 20 of the JICPA Industry Audit Committee, the Bank reports, 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 Bank 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 amounts in one currency are updated at the reset dates to reflect the spot exchange rate as of the reset dates and, thus, the notional principal amounts at the spot exchange and the forward exchange rate are identical in each reset period).

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

9. The Bank has 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 while 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 deduction of the amount of direct write-offs (as defined below), and excluding the 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 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 loss rates calculated from the actual losses for a certain period and others. The reserve includes a special reserve for possible losses on 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 and 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 Bank’s self-assessment standards. The provision for possible loan losses is based on the results of these reviews.

Other consolidated subsidiaries perform self-assessment similar to the Bank’s self-assessment standards and provide the reserve for possible loan losses at the amount deemed necessary.

For the Banks’ 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”). Such direct write-offs amounted to ¥291,725 million for the year ended March 31, 2002.

10. The reserve for possible losses on investments losses is provided for the possible losses from investments.
11. The reserve for employees’ bonuses is provided at the estimated amount of employees’ bonus payments applicable to the year. An accrual for employees’ bonuses was formerly included in other liabilities. Effective the year ended March 31, 2002, this has been presented as a reserve for employees’ bonuses. This change decreased accrued expenses included in other liabilities by ¥2,621 million and increased the reserve for employees’ bonuses by the same amount.

The Daiwa Bank, Ltd.

12. To provide for employees' retirement benefits, the Bank has recorded a reserve for severance payments and pension plans, based on the projected benefit obligation and the plan assets at the balance sheet date. Past service liabilities are amortized by the straight-line method over a certain period (1 ~ 8 years) within the average remaining years of service of the eligible employees. The actuarial gain/loss is amortized effective the next fiscal year by the straight-line method over a certain period (8 ~ 10 years) within the average remaining years of service of the eligible employees.

With regard to the difference caused by this accounting change (¥77,584 million), the Bank charges to operations for 10 years. Cosmo Securities Co., Ltd., ("cosmo") a consolidated subsidiary, accounted for this as an expense due to dissolution of the pension benefits' trust. In the prior year cosmo had proportionally amortized the amounts and charged to operations over a 15-year period.

13. 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.

This reserve is recorded by the Bank in accordance with Article 287-2 of the Commercial Code of Japan.

14. Noncancelable lease transactions 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.

15. The Bank uses 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). The Bank has adopted deferred hedging to account for unrealized gains or losses arising from the derivatives mentioned above.

The Bank controls the risk on derivatives, which form a risk-adjustment mechanism within the range of permissible risk established in its risk-management policy, and periodically evaluates the effectiveness of its hedging approach by verifying that the interest risk on the underlying hedged item has been nullified.

The Daiwa Bank, Ltd.

In addition, to hedge the risk of foreign exchange rate fluctuations on foreign-currency-denominated securities excluding bonds, the Bank designates, at the inception of the hedge, the names of foreign-currency-denominated investment securities that will be hedged, based on “Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in 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 the Bank has spot and forward foreign exchange liabilities exceeding the acquisition cost of the relating securities.

The Bank has adopted deferred hedging, market value hedging and special treatment of interest rate swaps for certain of its assets and liabilities.

Certain consolidated subsidiaries apply a special rule for interest rate swaps.

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

17. Other reserves: Reserve for financial futures transactions ¥0 million

This reserve is provided in accordance with Article 82 of the Financial Futures Transactions Law.

Reserve for contingent liabilities from the brokering securities transactions: ¥134 million.

This reserve is based on the Article 51 of the Securities an Exchange Act and the Article 65-2-7 thereof.

18. Accumulated depreciation of premises and equipment: ¥172,007 million

19. Advanced depreciation entry on the acquisition costs of premises and equipment: ¥4,764 million

20. In addition to the premises and equipment recorded in the consolidated balance sheets, certain computers are held under leases.

21. Loans to borrowers in legal bankruptcy amounted to ¥70,576 million, and past due loans amounted to ¥761,849 million. Included in this amount is ¥381 million which was entrusted to the Resolution and Collection Corporation by Administration Trust Method which leads to a final settlement.

Loans to borrowers in legal bankruptcy are those loans - among all loans for which payment of principal or interest has not been received for a substantial period and for which, for other reasons, there are no prospects for recovery or repayment of principal or interest, and, accordingly, no interest has been accrued (excluding loans written off and hereinafter referred to as nonaccrual loans) - for which certain specific circumstances apply as stated in the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No. 97, 1965), Items i through v in Article 96, Section 1, Part 3 or the circumstances stated in Part 4 of the same article.

The Daiwa Bank, Ltd.

Past due loans are nonaccrual loans other than loans to borrowers in legal bankruptcy and loans whose interest payments have been rescheduled with the objective of assisting the restructuring of the borrowers.

22. Loans past due 3 months or more amounted to ¥8,514 million.

Loans past due 3 months or more are loans on which payment of principal or interest is overdue by 3 months or more from the contract payment date. This category excludes “loans to borrowers in legal bankruptcy” and “past due loans.”

23. Restructured loans amounted to ¥580,921 million.

Restructured loans are those on which the Bank has provided special terms and conditions - including reducing the interest rates, rescheduling the interest and principal payments, or waiving claims on the borrowers - all of which are more favorable to the borrowers than the corresponding terms in the original loan agreements. This category excludes “loans to borrowers in legal bankruptcy,” “past due loans,” and “loans past due 3 months or more.”

24. Loans to borrowers in legal bankruptcy, past due loans, loans past due 3 months or more, and restructured loans amounted to ¥1,421,862 million in the aggregate.

Included in this amount is ¥381 million which was entrusted to the Resolution and Collection Corporation by Administration Trust Method which leads to a final settlement.

The amounts presented in Notes 21 to 24 are stated before the deduction of the reserve for possible loan losses.

25. Commercial bills which were acquired as bills discounted, amounted to ¥285,780 million.

26. Assets pledged as collateral were as follows:

• Cash and due from banks	¥	10 million
• Trading assets	¥	7,989 million
• Securities		¥1,328,724 million
• Loans and bills discounted	¥	556,675 million
• Other assets	¥	537 million

Liabilities corresponding to the assets pledged as collateral:

• Call money and bills sold	¥	719,500 million
• Bills sold under repurchase agreements	¥	4,099 million
• Borrowed money	¥	14,442 million
• Deposits for bonds borrowed in other liabilities	¥	493,689 million

Other than the above cash and due form banks, securities, loans and bills discounted, and other assets which were worth of ¥1,188 million, ¥540,760 million, ¥19,633

The Daiwa Bank, Ltd.

million and ¥7,470 million, respectively, were pledged as collateral or as substitutes for cash deposits for exchange clearing transactions, derivatives transactions and others.

Premises and equipment include the guarantee deposit of ¥98,413 million. Other assets include the deposits for futures transactions in the amount of ¥462 million, and the deposits for bonds borrowed in the amount of ¥9,126 million.

27. Unrealized gain or loss on hedging is included in other assets as deferred hedge loss at the net amount. Prior to this offsetting, gross deferred hedge losses and gains amounted to ¥2,983 million and ¥7 million, respectively.
28. Borrowed money included subordinated debt amounting to ¥244,500 million, which, by special covenants, are subordinated to other obligations in the order of their performance.
29. Bonds are subordinated bonds.
30. The principal amount of the Bank's trust with principal compensation agreement is ¥698,676 million of Jointly operated specified money trust.
31. Net assets per share: (10.17) yen
32. Issues pertaining to the market value and the unrealized net gain/loss on securities are presented below. This encompasses trading account securities and commercial paper under trading assets, and negotiable certificates of deposit under cash and due from banks, as well as securities. This grouping applies through Note 35.

Securities held for trading purposes:

Consolidated balance sheet amount	¥52,742 million
Unrealized net gain included in profits and losses	¥ 68 million

Bonds held to maturity with market value: None

Other securities with market value:

	Acquisition costs	Consolidated balance sheet amount	Valuation differences	Gain	Loss
			<i>(Millions of yen)</i>		
Stocks	¥ 977,971	¥ 916,621	¥(61,350)	¥35,904	¥97,254
Bonds	1,615,041	1,626,276	11,235	12,000	765
National					
government	1,348,746	1,358,336	9,590	9,646	56
Local government	32,684	33,206	522	556	34
Corporate	233,611	234,733	1,122	1,797	675
Others	18,929	19,558	629	1,699	1,069

Total	<u>¥2,611,941</u>	<u>¥2,562,456</u>	<u>¥(49,484)</u>	The Daiwa Bank, Ltd.	
				<u>¥49,604</u>	<u>¥99,089</u>

The following amount has been included in valuation difference.

Valuation differences	¥(49,484)	million
Deferred tax assets	111	
Minority interest based on the owned interest	(56)	
Parent company's portion of valuation differences of affiliates	1	
	<u>¥(49,428)</u>	<u>million</u>

33. Other securities sold during the year ended March 31, 2002 were as follows:

<u>Amount sold</u>	<u>Gain</u>	<u>Loss</u>
<i>(Millions of yen)</i>		
¥2,490,636	¥20,252	¥22,274

34. The major components of other securities without market value and their respective consolidated balance sheet amounts are summarized as follows:

Bonds held to maturity:

Negotiable deposits ¥ 4,595 million

Other securities:

Unlisted corporate bonds ¥49,141 million

Unlisted stocks
(excluding over-the-counter securities) ¥41,806 million

35. The projected redemption amounts for other investment securities with maturities and held to maturity are presented below by maturity date:

	<u>One year or less</u>	<u>One to five years</u>	<u>Five to 10 years</u>	<u>More than 10 years</u>
	<i>(Millions of yen)</i>			
Bonds	¥263,355	¥898,124	¥513,964	¥ –
National government	253,265	626,902	478,167	–
Local government	539	21,361	11,306	–
Corporate	9,550	249,859	24,490	–
Others	4,966	3,936	5,534	5,720
Total	<u>¥268,322</u>	<u>¥902,060</u>	<u>¥519,499</u>	<u>¥5,720</u>

36. A breakdown of money held in trust and reflected in the balance sheet is as follows:

Money held in trust for investment purposes: ¥2,773 million

Unrealized loss charged to operations: ¥0 million

No money held in trust held to maturity and other money held with market value in trust existed.

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

37. Loaned securities totaling ¥19,463 million under loan agreements have been included in the securities account.

Securities loaned to the Bank under unsecured loan agreements and securities loaned to the Bank under bills add/purchased with repurchase/resell agreements or bond loan transactions collateralized with cash included ¥258,521 million of securities collateralized and ¥1,530 million of securities held by the Bank. All were collateralized and are disposable at the discretion of the Bank.

38. 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 amounted to ¥3,521,260 million. Of the above, the amounts for which the original agreement period was within a year or agreements which the Bank could cancel at any time without penalty totaled ¥3,420,646 million yen.

The unexercised loans do not necessarily affect the future cash flows of the Bank because most of these agreements have been terminated without being exercised. In addition, most agreements contain provisions which stipulated that the Bank 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, the Bank requests collateral such as premises or securities if necessary. After entering into loans, the Bank periodically checks the financial condition of the customers based on its internal rules and, if necessary, takes certain measures to ensure the security of the loans.

39. The retirement benefits liabilities at March 31, 2002 are as follows:

	<u>(Millions of yen)</u>
Retirement benefits liabilities	¥(280,291)
Pension assets at fair value	241,427
Unfunded retirement benefits liabilities	<u>(38,863)</u>
Unrecognized differences at the change of accounting standard	62,067
Unrecognized actuarial differences	53,763
Unrecognized past service liabilities	2,748
Net liabilities on the consolidated balance sheet	<u>¥ 79,715</u>
Prepaid pension expenses	80,920
Reserve for employees' retirement benefits	¥ (1,205)

40. With the implementation of a revised accounting standard for financial instruments, the following accounting treatments were employed effective the year ended March 31, 2002:

- (1) Sales or purchases of bills under repurchase or resale agreements, formerly treated as sales or purchases, are recorded as sales of bills under repurchase agreements or purchases of bills under resale agreements. As a result of this change, “Bills sold under repurchase agreement” increased by ¥4,099 million and “Other liabilities” decreased by ¥4,099 million.
- (2) Valuation differences, after the tax effect, from valuing other securities and other money in trust at market value are recorded as valuation differences.

The fair value of the Bank’s equity securities, included in other securities, used to be based on the fair value at the balance sheet date, are now based on the average of the fair value of the previous one month before the balance sheet date. This change was made because the Bank believes that the average value of the previous one month before the balance sheet date reflects better financial position than by the fair value at the balance sheet date as a result of the study of the uniform accounting policy of the group banks at the management integrity by the establishment of a holding company “Daiwa Bank Holdings, Inc.” in December 2001. At September 30, 2001, the fair value was based on the market price on that date. If the average value of the previous one month before the interim balance sheet date were used, ordinary net loss and loss before income taxes would decrease by ¥7,328 million and the valuation differences would increase by ¥7,369 million.

41. The Tokyo tax base for enterprise tax was changed from income to gross operating profit with the implementation of “The Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business in Tokyo,” a bylaw enacted on April 1, 2000 as Tokyo Metropolitan Ordinance No. 145 (the “Ordinance”). On October 18, 2000, the Bank filed a lawsuit to confirm the invalidity of this Ordinance in the local Tokyo court. On March 26, 2002, the court rendered a judgement in favor of the Bank and ordered the Tokyo Metropolitan government to repay the erroneously paid amount of ¥1,078 million plus a penalty of ¥100 million. However, the Tokyo local government filed an appeal with the Tokyo High Court on March 29, 2002.

The Bank believes that this ordinance is unlawful and is pursuing this with a lawsuit. Although the Bank has treated enterprise tax payable to the Tokyo Metropolitan government in accordance with the terms of the Ordinance, the Bank has not accepted the Ordinance as lawful.

Enterprise tax for the Tokyo Metropolitan government of ¥1,901 million for the prior fiscal year and ¥1,781 million for the current fiscal year was recorded as other operating expenses, and ordinary losses were increased by this amount over the amount which would have been recorded if the tax base of the enterprise tax had been income. Income taxes, inhabitant taxes and enterprise taxes for the prior year decreased by ¥825 million from the former case in which the tax base was income. There was no effect on income taxes, inhabitants’ taxes and enterprise tax for the current year. In addition, such enterprise tax is not subject to tax-effect accounting, and, accordingly, deferred tax assets decreased by ¥8,748 million from the former case in which the tax base was

income.

The Osaka tax base for enterprise tax was also changed from income to gross operating profit with the implementation of the “Municipal Ordinance concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business, etc., in Osaka,” a bylaw enacted on June 9, 2000 as Osaka Municipal Ordinance No. 131 (the “Ordinance”). On April 4, 2002, the Bank filed a lawsuit against Osaka and the governor of Osaka to confirm the invalidity of this ordinance with the Osaka district court.

The Bank believes that the ordinance is unlawful and is pursuing this in a lawsuit. Although the Bank has treated enterprise tax for Osaka in accordance with the Ordinance, the Bank has not accepted the Ordinance as lawful.

The Bank recorded ¥4,035 million of Osaka enterprise tax as other operating expenses and ordinary loss increased by that amount when compared to the former case in which the tax base was income. There was no effect on income taxes, inhabitants’ taxes or enterprise taxes when compared to the former case in which the tax base was income. In addition, such enterprise tax is not subject to tax-effect accounting, and, accordingly, deferred tax assets decreased by ¥21,796 million from the former case in which the tax base was income.

Notes to consolidated statement of operations:

1. Amounts of less than one million yen have been rounded down.
2. Net loss per share 163.97 yen
3. Net income per share as adjusted for potential shares is not presented as net loss has been recorded for the current year.
4. Profit and loss on transactions for trading purposes are included in “Trading income” or “Trading expenses” in the statement of operations on a trade-date basis.

Trading income and trading expenses include amounts of interest received or paid during the period plus the amount of the difference between the profits or losses generated from valuation of securities, monetary assets, etc. as at the end of the preceding period and those as at the end of the current period, and the amount of profit or loss as if the settlement is made as at the end of the preceding period and those at the end of the current period for derivatives.

5. Other income includes:
 - Profit from sales of equity securities and others ¥ 26,427 million
6. Other expenses, others include:
 - Write-off of loans ¥ 86,520 million
 - Losses from sale of equity securities and others ¥ 20,401 million
 - Write-off of equity securities and others ¥159,642 million
7. Other extraordinary profit represents a gain on termination of Welfare Pension Fund of a subsidiary “Cosmo Securities Co., Ltd.”

Notes to consolidated statement of cash flows:

1. Amounts of less than one million yen have been rounded down.
2. 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.
3. Cash and cash equivalents as of March 31, 2002 consisted of the following:

	<i>(Millions of yen)</i>
Cash and due from banks	¥1,309,345
Due from banks excluding due from The Bank of Japan	(194,409)
Cash and cash equivalents	<u>¥1,114,935</u>

4. Shin-ei Co., Ltd. and Alte Co., Ltd. was sold and these companies and other 12 companies were excluded from consolidation. The major assets and liabilities of above 14 companies are as follows:

	<i>(Millions of yen)</i>
Assets	¥187,134
(Premises and Equipment	166,645)
(Loans	4,882)
Liabilities	211,714
(Borrowed money	203,460)

5. The Bank has transferred the Pension/Corporate Trust Department to The Daiwa Trust & banking Co., Ltd. by corporate division.

The decrease in assets and liabilities by corporate division were as follows:

	<i>(Millions of yen)</i>
Assets (including other assets of ¥2,746)	¥ 2,827
Liabilities (including deposits of ¥3,094)	(3,360)
Decreased capital and capital reserves by corporate division	(22,969)
Decreased cash and cash equivalent with corporate division	<u>¥(23,502)</u>

Segment Information

1. Business Segment Information

FY 2001 (for the period from April 1, 2001 to March 31, 2002)

(Millions of yen)

	Banking and Trust Banking	Securities	Other financial service	Others	Total	Elimination & General corporate assets	Consolidated
I. Operating Income and Ordinary Profit							
Operating Income							
(1) Operating Income from Customers	417,585	16,733	49,184	1,148	484,650		484,650
(2) Inter-segment Operating Income	2,684	93	3,953	47	6,778	(6,778)	
Total	420,269	16,826	53,137	1,195	491,429	(6,778)	484,650
Operating Expenses	913,228	19,751	59,856	4,148	996,984	(62,808)	934,176
Ordinary Profits/(Losses)	(492,959)	(2,924)	(6,718)	(2,952)	(505,555)	56,029	(449,525)
II. Assets, Depreciation and Capital Expenditure							
Assets	14,613,344	93,631	267,563		14,974,539	(228,290)	14,746,249
Depreciation	6,701	309	21,955	186	29,152		29,152
Capital Expenditure	13,037	905	18,056	39	32,039		32,039

<Notes>

1. Yen amounts are rounded down to the nearest million yen.
2. Major operational segments are as follows.
 - (1) Banking and Trust Banking : Banking business, Trust Banking business, Loan guarantee service and Banking system engineering
 - (2) Securities : Securities
 - (3) Other financial service : Credit card administration, General leasing, Financing and Venture capital
 - (4) Others :Real estate leasing and Insurance agency etc.

Effective the fiscal year ended March 31, 2002, operational segments were changed from segmentations based on the Banking Law and others to those reflecting the actual operations and their relationship. As a result of this change, ordinary income, depreciation and capital expenditure of "Banking and Trust Banking Operations" increased by ¥2,945 million, ¥40 million and ¥125 million, respectively, and ordinary expenses, ordinary loss, and assets of "Trust Banking operations" decreased by ¥9,565 million, ¥12,511 million and ¥132,399 million, respectively from the case in which the previous method was used. Ordinary income, ordinary expenses, assets, depreciation and capital expenditures of "Other financial operations" decreased by ¥11,288 million, ¥11,166 million, ¥1,674,882 million and ¥125 million, respectively, and ordinary loss increased by ¥122 million from the case in which the previous method was used.
3. Operating Income and Ordinary Profit are shown in places of Sales and Operating Profit which would be reported in cases of general companies.
4. Capital Expenditure includes the investments related to system.

FY 2000 (for the period from April 1, 2000 to March 31, 2001)

(Millions of yen)

	Banking and Trust Banking	Securities	Other financial service	Others	Total	Elimination & General corporate assets	Consolidated
I. Operating Income and Ordinary Profit							
Operating Income							
(1) Operating Income from Customers	440,044	23,288	52,397	16,110	531,840		531,840
(2) Inter-segment Operating Income	7,075	129	13,512	405	21,122	(21,122)	
Total	447,120	23,417	65,909	16,516	552,963	(21,122)	531,840
Operating Expenses	460,499	19,721	91,440	17,420	589,081	(43,433)	545,648
Ordinary Profits/(Losses)	(13,379)	3,696	(25,530)	(904)	(36,118)	22,310	(13,807)
II. Assets, Depreciation and Capital Expenditure							
Assets	15,511,119	167,745	2,050,215	190,330	17,919,410	(2,397,249)	15,522,161
Depreciation	6,809	199	24,009	2,147	33,166		33,166
Capital Expenditure	7,220	1,432	28,034	13,638	50,325		50,325

<Notes>

1. Yen amounts are rounded down to the nearest million yen.
2. Segmentation is based on each consolidated company's line of business. "Others" represents insurance agency business, real property leasing business and so forth.
3. Operating Income and Ordinary Profit are shown in places of Sales and Operating Profit which would be reported in cases of general companies.
4. Capital Expenditure includes the investments related to system.
5. As specified previously in the Notes to the Consolidated Financial Statements, the new accounting method for employees' retirement benefits was introduced effective from the fiscal year ended March 31, 2001. Ordinary Losses of the "Banking and Trust Banking" and "Securities" segments were reduced by ¥1,370 million and ¥421 million, respectively, compared to the results computed based on the former accounting method. Ordinary Losses of the "Other financial services" and "Others" segments were increased by ¥88 million and ¥10 million, respectively, owing to the change in the accounting treatment.
6. As specified previously in the Notes to the Consolidated Financial Statements, the new accounting method for financial instruments was applied effective from the fiscal year ended March 31, 2001. Due to the change in the accounting method, Ordinary Losses of the "Banking and Trust Banking," "Other financial services" and "Others" segments increased by ¥3,026 million, ¥840 million and ¥49 million, respectively. The "Securities" segment was unaffected by the change in accounting method.
7. As specified previously in the Notes to the Consolidated Financial Statements, the enterprise tax levied by the Tokyo Metropolitan Government was treated as operating expenses, effective from the fiscal year ended March 31, 2001. (It used to be treated as one component of income taxes.) Operating Expenses of the "Banking and Trust Banking" segment include ¥1,901 million of such enterprise tax.

2. Geographical Segment Information

Since the operating income and employed assets of "Japan" segment is more than 90 % of other segments combined, geographical segment information for FY 2001 is not shown here. For the same reason, geographical segment information for FY 2000 is not reported here, either.

3. Overseas ordinary income

Since overseas ordinary income of the Bank is less than 10% of the total, overseas ordinary income for FY 2001 is not shown here. For the same reason, overseas ordinary income for FY 2000 is not reported here, either.

Securities, etc.

(As of Mar. 31, 2001)

1. Securities

' - including "securities " on consolidated balance sheet, negotiable certificates of deposit in "cash and due from banks", negotiable certificates of deposit, commercial paper in "trading assets".

(1) Securities Held for Trading Purposes *(Millions of yen)*

	As of Mar. 31, 2001	
	Balance-sheet amount	Unrealized gain (net) included in profits and losses
Securities Held for Trading Purposes	111,667	127

(2) Marketable bonds held to maturity *(Millions of yen)*

	As of Mar. 31, 2001				
	Balance Sheet Amount (consolidated) X	Market Value Y	Unrealized Gains/Losses Y-X	Unrealized Gains/Losses	
				Gains	Losses
Japanese government bonds	141	143	2	2	-
Local government bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Others	-	-	-	-	-
Total	141	143	2	2	-

Note: Market values are based on the market prices on March 31, 2001.

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

Other securities with market value are not stated at market value at the consolidated balance sheet date.

Other investment securities carries on the balance sheet according to Ordinance No.9, 2000 of the Ministry of Finance, Supplementary Provision Clause 3 are as follows *(Millions of yen)*

	As of Mar. 31, 2001				
	Balance Sheet Amount (consolidated) X	Market Value Y	Unrealized Gains/Losses Y-X	Unrealized Gains/Losses	
				Gains	Losses
Stocks	1,265,952	1,149,798	(116,153)	66,847	183,000
Bonds	1,633,133	1,648,240	15,107	16,089	982
Japanese government bonds	1,418,031	1,428,316	10,285	11,157	872
Local government bonds	46,865	47,894	1,028	1,028	-
Corporate bonds	168,235	172,029	3,793	3,903	109
Others	33,597	31,134	(2,462)	2,687	5,150
Total	2,932,682	2,829,174	(103,508)	85,624	189,132

Note: Market values of others are based on the market prices on March 31, 2001.

(4) Other securities which were sold in the fiscal year 2000

	Fiscal 2000		
	Sold	Gains	Losses
Other securities	7,800,545	61,636	12,586

(5) The major components of securities with which market value is not available and their respective balance sheet amounts
(Millions of yen)

Other securities	As of Mar. 31, 2001
Bonds being held to maturity NCDs	4,017
Non-trading securities available for sale Unlisted stocks (except over-the-counter securities)	41,631
Unlisted foreign stocks	800
Unlisted Industrial Bonds	1,469

(6) Projected redemption amounts for other securities with maturities and bonds held to maturity.
(Millions of yen)

	As of Mar. 31, 2001			
	One Year or Less	One to Five Years	Five to 10 Years	More than 10 years
Bonds	382,078	900,448	352,242	-
Government Bonds	360,260	746,670	311,241	-
Local Government Bonds	172	43,122	3,570	-
Corporate Bonds	21,646	110,654	37,429	-
Others	6,161	7,381	6,819	1,721
Total	388,240	907,829	359,061	1,721

(7) Investment securities in subsidiaries and affiliates with market value
(Millions of yen)

	As of Mar. 31, 2001		
	Balance Sheet Amount	Market Value	Unrealized Gains/Losses
Securities in subsidiaries	81,635	39,169	(42,465)
Securities in affiliates	47,790	42,824	(4,966)
Total	129,425	81,994	(47,431)

Note: Market values are based on the market prices on March 31, 2001.

2. Money held in trust

(1) Investment purposes money held in trust
(Millions of yen)

	As of Mar. 31, 2001	
	Balance-sheet amount	Unrealized gain (net) included in profits and losses
Investment purpose money held in trust	34,691	125

(2) Held-to-maturity money held in trust

None

(3) Other money held in trust (excluding investment purposes or held-to-maturity)

None

3. Net unrealized gains on securities available for sale, net of taxes

(Millions of yen)

	As of Mar. 31, 2001
Difference (Market value - Balance sheet amount)	(103,508)
Other securities	(103,508)
Other money held in trust	-
Amount equivalent to deferred tax liabilities	39,088
Amount equivalent to unrealized gain (Net) of other securities (before adjustment of amount equivalent to interest)	(64,420)
Amount equivalent to minority interest	(122)
Amount equivalent to parent company interest of amount equivalent to unrealized gain (Net) of other securities owned by the companies accounted for the equity method	234
Amount equivalent to unrealized gain (Net) of other securities	(64,063)

Contract Amount, Market Value and
Unrealized Gain/(Loss) of Derivatives
(As of Mar. 31, 2002)

(1) Interest Rate-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2002			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Listed:				
Futures:				
Sold	¥ 4,039	¥ –	¥ (0)	¥ (0)
Bought	602	–	(0)	(0)
Over-the-Counter:				
Swaps:				
Receive Fixed/Pay Float	813,251	517,738	22,230	22,230
Receive Float/Pay Fixed	909,286	500,600	(15,608)	(15,608)
Receive Float/Pay Float	153,668	89,510	86	86
Caps:				
Sold	226,759	164,774	284	1,427
Bought	208,007	155,295	236	(774)
Floor:				
Sold	12,000	12,000	528	(422)
Bought	17,533	17,056	708	525
Swaption:				
Sold	43	43	0	(0)
Bought	–	–	–	–
Total			¥ 6,838	¥ 7,462

Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting are excluded from the above table.

2. Market value of listed contracts is based on the closing prices of the Tokyo International Financial Futures Exchange and others. Market value of over-the-counter contracts is based on the discounted value of future cash flows or option pricing models.

(2) Currency-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2002			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-Counter: Currency Swaps	¥362,895	¥299,599	¥(3,227)	¥(3,227)
Foreign Exchange:				
Sold	156	–	0	0
Bought	953	–	(2)	(2)
Total			¥(3,229)	¥(3,229)

Notes: 1. There was no listed transactions.

2. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting were none. Transactions described in Note 4 are excluded from the above table.
3. Market value is based on the discounted value of future cash flows.
4. Currency swap transactions which are accrued in accordance with “Tentative Auditing Treatment for the continuing adoption of ‘New Foreign Exchange Accounting Standards’ in banking industries” issued by JICPA dated April 10, 2000 are excluded from the above tables.

Currency swap transactions accounted for under the accrual method are as follows:

(Millions of yen)

Type of Transactions	At March 31, 2002		
	Contract value	Market value	Unrealized gain (loss)
Currency Swaps	¥61,493	¥(980)	¥(980)

The following currency forwards, currency options and other transactions are excluded from the above table:

- * Transactions which are marked to market and of which unrealized gain or loss is charged to the consolidated statement of operations.
- * Transactions which are for financial assets and liabilities denominated in foreign currencies and recognized on the consolidated balance sheet.
- * Transactions denominated in foreign currencies which are eliminated in the consolidation process.

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

(Millions of yen)

Type of Transactions	At March 31, 2002
	Contract value
Over-the-Counter:	
Forwards:	
Sold	¥ 424,933
Bought	476,654
Options:	
Sold	1,286,741
Bought	1,371,553

There were no listed transactions.

(3) Stock-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2002			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Listed:				
Index Futures:				
Sold	¥112	¥-	¥3	¥3
Bought	-	-	-	-
Total			¥3	¥3

Notes: 1. There were no over-the-counter transactions.

2. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting were nil.

3. Market value is based on the closing prices of the Tokyo Stock Exchange.

(4) Bond-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2002			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Listed:				
Futures:				
Sold	¥2,748	—	¥(10)	¥(10)
Bought	1,236	—	5	5
Futures Options:				
Sold	—	—	—	—
Bought	546	—	0	0
Total			¥ (4)	¥ (5)

- Notes: 1. There were no over-the-counter transactions.
2. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting were nil.
3. Market value is based on the closing prices of the Tokyo Stock Exchange.

(5) Commodity-Related Transactions

None

(6) Credit Derivatives Transactions

None

(As of Mar. 31, 2001)

(1) Interest Rate-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2001			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Listed:				
Futures:				
Sold	¥3,113	¥ -	¥(22)	¥(22)
Bought	19,814	1,636	22	22
Over-the-Counter:				
Swaps:				
Receive Fixed/Pay Float	1,010,060	650,744	27,742	27,742
Receive Float/Pay Fixed	1,143,527	639,058	(23,164)	(23,164)
Receive Float/Pay Float	146,029	119,888	384	384
Caps:				
Sold	249,674	188,528	393	4,770
Bought	186,133	133,188	379	(3,783)
Floor:				
Sold	10,000	10,000	466	(339)
Bought	14,372	14,372	616	403
Swaption:				
Sold	3,000	-	2	32
Bought	-	-	-	-
Total			¥5,096	¥6,045

- Notes: 1. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting are excluded from the above table.
2. Market value of listed contracts is based on the closing prices of the Tokyo International Financial Futures Exchange and others. Market value of over-the-counter contracts is based on the discounted value of future cash flows or option pricing models.

(2) Currency-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2001			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Over-the-Counter: Currency Swaps	¥197,949	¥166,356	¥(2,289)	¥(2,289)

- Notes: 1. There was no listed transactions.
2. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting were none. Transactions described in Note 4 are excluded from the above table.
3. Market value is based on the discounted value of future cash flows.
4. Currency swap transactions which are accrued in accordance with "Tentative Auditing Treatment for the continuing adoption of 'New Foreign Exchange Accounting Standards' in banking industries" issued by JICPA dated April 10, 2000 are excluded from the above tables.

Currency swap transactions accounted for under the accrual method are as follows:

(Millions of yen)

Type of Transactions	At March 31, 2001		
	Contract value	Market value	Unrealized gain (loss)
Currency Swaps	¥42,200	¥(1,609)	¥(1,609)

The following currency forwards, currency options and other transactions are excluded from the above table:

- * Transactions which are marked to market and of which unrealized gain or loss is charged to the consolidated statement of operations.
- * Transactions which are for financial assets and liabilities denominated in foreign currencies and recognized on the consolidated balance sheet.
- * Transactions denominated in foreign currencies which are eliminated in the consolidation process.

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

(Millions of yen)

Type of Transactions	At March 31, 2001
	Contract value
Over-the-Counter:	
Forwards:	
Sold	¥296,461
Bought	286,970
Options:	
Sold	580,972
Bought	621,723

There were no listed transactions.

(3) Stock-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2001			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Listed:				
Index Futures:				
Sold	¥126	-	¥(3)	¥(3)
Bought	-	-	-	-
Total			¥(3)	¥(3)

Notes: 1. There were no over-the-counter transactions.

2. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting were nil.

3. Market value is based on the closing prices of the Tokyo Stock Exchange.

(4) Bond-Related Transactions

(Millions of yen)

Type of Transactions	At March 31, 2002			
	Contract value		Market value	Unrealized gain (loss)
	Total	Over one year		
Listed:				
Futures:				
Sold	¥8,486	-	¥6	¥6
Bought	1,392	-	(2)	(2)
Total			¥4	¥4

- Notes: 1. There were no over-the-counter transactions.
2. The above transactions are marked to market and unrealized gains/losses are charged to the consolidated statement of operations. Derivative transactions being used for hedge accounting were nil.
3. Market value is based on the closing prices of the Tokyo Stock Exchange.

(5) Commodity-Related Transactions

None

(6) Credit Derivatives Transactions

None

Statement of Trust Assets and Liabilities
(As of March 31,2002)

(Millions of Yen)

Assets		Liabilities	
Loans and bills discounted	475,878	Money trusts	831,362
Securities	167,084	Asset formation benefit trusts	2,441
Trust beneficiary certificate	5,742	Pecuniary trusts other than money trusts	1,436
Securities held in custody account	631	Securities trusts	631
Monetary claims	76,499	Monetary claims trusts	24,735
Premises and equipment	214,449	Real estates trusts	192,546
Land lease rights	1,857	Land leases trusts	4,902
Other claims	8,869	Composite trusts	87,502
Due from banking account	192,446		
Cash and due from banks	2,098		
Total assets	1,145,558	Total liabilities	1,145,558

Note

- 1 Yen amounts are rounded down to the nearest million yen.
- 2 The trust which were re-entrusted for operations were excluded.
- 3 Co-managed trust funds under other Trust Bank's administration amounted to ¥79,598 million.
- 4 Loans and bills discounted funded by JOMT account funds that the Bank guarantees the principal amounted ¥444,374 million includes the following:

(Millions of Yen)

Loans to borrowers under bankruptcy proceeding	¥ 2,279
Past-due loans	11,914
Loans past due for three months or more	1,936
Restructured loans	15,566
Total	31,696

- 5 Pursuant to the corporate division on March 1,2002,the trust assets of ¥ 22,836,649 million were transferred to The Daiwa Trust & Banking Co.,Ltd..

Jointly Operated Designated Money in Trusts(JOMT)
(As of March 31,2002)

(Millions of Yen)

Assets		Liabilities	
Loans and bills discounted	444,374	Principal	698,676
Securities	164,880	Special loan loss reserve	1,341
Others	91,346	Others	583
Total assets	700,600	Total liabilities	700,600

Note Yen amounts are rounded down to the nearest million yen

(Reference Sheet)
Comparison of Statements of Trust Assets and Liabilities

(Millions of Yen)

ASSETS	Mar 31,2002 (A)	Mar 31,2001 (B)	Difference (A)-(B)
Loans and bills discounted	475,878	560,196	(84,318)
Securities	167,084	1,305,361	(1,138,277)
Securities held for investment trust	-	4,347,292	(4,347,292)
Foreign investment held for investment trust	-	461,562	(461,562)
Trust beneficiary certificate	5,742	12,777,902	(12,772,160)
Securities held in custody accounts	631	1,262	(631)
Securities lent	-	968	(968)
Monetary claims	76,499	821,335	(744,836)
Premises and equipment	214,449	201,139	13,310
Land Lease rights	1,857	748	1,109
Other claims	8,869	318,793	(309,924)
Call loans	-	958,110	(958,110)
Due from banking account	192,446	452,941	(260,495)
Cash and due from banks	2,098	79,780	(77,682)
Total assets	1,145,558	22,287,395	(21,141,837)
Co-Managed trust funds under other trust bank's Administration	79,598	8,894,498	(8,814,900)

LIABILITIES	Mar 31,2002 (A)	Mar 31,2001 (B)	Difference (A)-(B)
Money trusts	831,362	7,897,183	(7,065,821)
Pension trusts	-	6,359,275	(6,359,275)
Asset formation benefit trusts	2,441	3,107	(666)
Securities investment trusts	-	6,876,379	(6,876,379)
Pecuniary trusts other than money trusts	1,436	295,857	(294,421)
Securities trusts	631	399,983	(399,352)
Monetary claims trusts	24,735	49,327	(24,592)
Real estates trusts	192,546	189,373	3,173
Land leases trusts	4,902	4,929	(27)
Composite trusts	87,502	211,979	(124,477)
Total liabilities	1,145,558	22,287,395	(21,141,837)

Note Yen amounts are rounded down to the nearest million yen.