

Financial Results Report for the First Half of FY 2000

<Non-Consolidated>

November 22, 2000

The Daiwa Bank, Limited
2-1, Bingomachi 2-Chome,
Chuo-ku, Osaka, Japan

Date of Approval by the Board of Directors : November 22, 2000

Date of General Meeting of Stockholders : December 8, 2000

1. Financial Highlights for the First Half of FY 2000 (from April 1, 2000 to September 30, 2000)

<Notes> (i) Yen amounts are rounded down to the nearest million yen.

(ii) Figures in Parentheses represent negative figures.

(1) Operating Results

	Change from		Change from		Change from		Net (Interim) Income Per Share
	Operating Income	Previous Period	Ordinary Profits	Previous Period	Net (Interim) Income	Previous Period)	
	¥ million	%	¥ million	%	¥ million	%	¥
First Half of FY 2000	226,053	(7.0)	20,301	38.4	4,147	(55.6)	0.90
First Half of FY 1999	243,113	(12.3)	14,666	106.4	9,331	(12.5)	3.45
FY 1999	668,147	23.1	37,611	-	18,139	-	6.68

<Notes> (i) Average number of shares:

First Half of FY 2000	:	Common Stock	2,048,813,818 shares
		Preferred Stock (Kind A)	12,060,683 shares
		Preferred Stock (Kind B)	680,000,000 shares
First Half of FY 1999	:	Common Stock	1,913,403,209 shares
		Preferred Stock (Kind A)	48,350,819 shares
		Preferred Stock (Kind B)	680,000,000 shares
FY 1999	:	Common Stock	1,960,181,448 shares
		Preferred Stock (Kind A)	35,835,846 shares
		Preferred Stock (Kind B)	680,000,000 shares

(ii) Change of Accounting Policy : None

(2) Dividend Payment

	Interim Dividend Per Share	Full-Year Dividend Per Share
	¥	¥
First Half of FY 2000 (Common)	1.50	-
First Half of FY 1999 (Common)	1.50	-
FY 1999 (Common)	-	3.00

As for dividends paid for preferred stock, please refer to the following page.

(3) Financial Position

	Total Assets	Total Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity Per Share	Capital Ratio Domestic Std (Parent)
	¥ million	¥ million	%	¥	Provisional %
First Half of FY 2000	15,088,531	947,097	6.3	257.26	12.55
First Half of FY 1999	15,431,261	944,049	6.1	254.91	13.02
FY 1999	15,319,209	947,250	6.2	257.30	12.70

<Notes> (i) First Half of FY 2000

	:	Common Stock	2,052,867,887 shares
		Preferred Stock (Kind A)	10,970,000 shares
		Preferred Stock (Kind B)	680,000,000 shares
First Half of FY 1999	:	Common Stock	1,927,270,457 shares
		Preferred Stock (Kind A)	44,760,000 shares
		Preferred Stock (Kind B)	680,000,000 shares
FY 1999	:	Common Stock	2,045,768,417 shares
		Preferred Stock (Kind A)	12,880,000 shares
		Preferred Stock (Kind B)	680,000,000 shares

(iii) Capital ratio for the first half of FY 1999 is calculated based on the BIS international standard.

2. Earnings Projection for FY 2000 (from April 1, 2000 to March 31, 2001)

	Operating Income	Ordinary Profits	Net Income	Dividend Per Share	
				Term-end	
	¥ million	¥ million	¥ million	¥	¥
FY 2000 (Full Year)	440,000	54,500	28,000	1.50	3.00

(Reference)

Projected Net Income Per Share (Full Year) ¥ 11.40

Dividends Per Share

	1H of FY 2000	1H of FY 1999	FY 2000
	Interim	Interim	Full Year
	¥	¥	¥
(Common)	1.50	1.50	3.00
(Kind A Preferred)	12.375	12.375	24.75
(Kind B Preferred)	3.18	3.18	6.36

Projection for Per Share Dividends (For Fiscal Year ending March 31, 2001)

	Term-end	Total
	¥	¥
(Common)	1.50	3.00
(Kind A Preferred)	12.375	24.75
(Kind B Preferred)	3.18	6.36

[Reference]

Definitions of Indices Appeared in "Financial Highlights for the First Half of FY 2000"

$$\text{Net Interim Income Per Share} = \frac{\text{Net Interim Income} - \text{Total Dividends on Preferred Shares}}{\text{Average Number of Common Shares during the Period}}$$

$$\text{Stockholders' Equity Per Share} = \frac{\text{Term-end Balance of Stockholders' Equity} - \text{Term-end Number of Preferred Shares} \times \text{Issue Price}}{\text{Term-end Number of Common Shares}}$$

Definition of Index Appeared in "Earnings Performance Projections for FY 2000"

$$\text{Projected Net Income Per Share} = \frac{\text{Projected Net Income} - \text{Projected Total Dividends on Preferred Shares}}{\text{Number of Common Shares as at the end of the 1H of FY 2000}}$$

Comparison of Balance Sheets (Major Breakdown)

(Millions of Yen)

Balance Sheet Items	1H of FY 2000 (Sep 30, 2000) (A)	1H of FY 1999 (Sep 30, 1999) (B)	Comparison (A) - (B)	End of FY 1999 (Mar 31, 2000) (C)	Comparison (A) - (C)
(ASSETS)					
Cash and Due from Banks	492,371	740,236	(247,865)	762,293	(269,922)
Call Loans	142,160	855	141,305	167,932	(25,772)
Bills Bought	60,000	-	60,000	48,400	11,600
Monetary Claims Bought	20	20	-	20	-
Trading Assets	145,905	169,907	(24,002)	149,008	(3,103)
Money Held in Trust	82,347	126,748	(44,401)	191,229	(108,882)
Securities	2,878,794	2,764,770	114,024	2,535,038	343,756
Loans and Bills Discounted	10,120,087	9,766,864	353,223	9,979,683	140,404
Foreign Exchanges	77,016	97,812	(20,796)	89,027	(12,011)
Other Assets	290,305	579,309	(289,004)	511,956	(221,651)
Premises and Equipment	149,102	146,721	2,381	146,366	2,736
Deferred Taxes	168,016	204,165	(36,149)	190,041	(22,025)
Customers' Liabilities for Acceptances and Guarantees	693,635	833,849	(140,214)	737,958	(44,323)
Reserve for Possible Loan Losses	(211,200)	-	(211,200)	(188,801)	(22,399)
Reserve for Possible Losses on Securities	(30)	-	(30)	(943)	913
Total Assets	15,088,531	15,431,261	(342,730)	15,319,209	(230,678)
(LIABILITIES)					
Deposits	11,026,761	10,648,847	377,914	9,998,208	1,028,553
Negotiable Certificates of Deposits (NCDs)	635,699	482,249	153,450	1,586,417	(950,718)
Call Money	131,480	240,363	(108,883)	81,103	50,377
Bills Sold	14,200	121,155	(106,955)	58,700	(44,500)
Commercial Paper	-	25,000	(25,000)	10,000	(10,000)
Trading Liabilities	28,344	49,864	(21,520)	43,009	(14,665)
Borrowed Money	434,597	531,276	(96,679)	451,424	(16,827)
Foreign Exchanges	11,345	6,635	4,710	16,092	(4,747)
Corporate Bonds	51,800	-	51,800	28,800	23,000
Due to Trust Account	662,798	668,035	(5,237)	776,478	(113,680)
Other Liabilities	344,523	567,289	(222,766)	476,058	(131,535)
Reserve for Possible Loan Losses	-	162,103	(162,103)	-	-
Reserve for Retirement Allowance	-	15,434	(15,434)	15,573	(15,573)
Reserve for Retirement Benefit	15,831	-	15,831	-	15,831
Reserve for Possible Losses on Loans Sold	35,317	32,289	3,028	37,033	(1,716)
Reserve for Specific Borrowers under Support	55,096	102,053	(46,957)	55,096	-
Reserve for Possible Losses on Securities	-	760	(760)	-	-
Other Reserves	2	3	(1)	2	-
Acceptances and Guarantees	693,635	833,849	(140,214)	737,958	(44,323)
Total Liabilities	14,141,433	14,487,211	(345,778)	14,371,959	(230,526)
(STOCKHOLDERS' EQUITY)					
Capital	465,158	465,158	-	465,158	-
Capital Surplus and Legal Reserve	451,737	449,536	2,201	450,658	1,079
Earned Surplus	30,201	29,354	847	31,433	(1,232)
Voluntary Reserve	15,872	10,002	5,870	10,002	5,870
Unappropriated Profit at the End of the Period	14,328	19,352	(5,024)	21,430	(7,102)
Net (Interim) Income/(Loss)	4,147	9,331	(5,184)	18,139	(13,992)
Total Stockholders' Equity	947,097	944,049	3,048	947,250	(153)
Total Liabilities and Stockholders' Equity	15,088,531	15,431,261	(342,730)	15,319,209	(230,678)

(Note) Increase in the number of common stock shares issued during the first half of FY 2000

Increase due to the conversion of Kind A preferred stock shares 7,099,470 shares
Amount capitalized ¥--- million

Comparison of Statements of Income (Major Breakdown)

(Millions of Yen)

	1H of FY 2000 (A)	1H of FY 1999 (B)	Comparison (A) - (B)	FY 1999
Operating Income	226,053	243,113	(17,060)	668,147
Interest Income	126,241	131,212	(4,971)	255,908
(Interest on loans and discounts)	100,616	100,599	17	202,606
(Interest and dividends on securities)	18,900	20,290	(1,390)	34,933
Trust Fees	26,011	24,696	1,315	55,378
Fees and Commissions	21,638	21,239	399	41,985
Trading Revenue	1,299	1,467	(168)	2,745
Other Operating Income	3,918	12,703	(8,785)	17,769
Other Income	46,944	51,794	(4,850)	294,360
Operating Expenses	205,752	228,447	(22,695)	630,536
Interest Expenses	36,408	51,269	(14,861)	94,359
(Interest on deposits)	21,140	24,181	(3,041)	45,806
Fees and Commissions	6,236	6,364	(128)	12,788
Other Operating Expenses	3,832	5,560	(1,728)	10,946
General and Administrative Expenses	84,599	85,772	(1,173)	170,438
Other Expenses	74,675	79,479	(4,804)	342,003
Ordinary Profits /(Losses)	20,301	14,666	5,635	37,611
Extraordinary Profits	6,782	2,331	4,451	7,188
Extraordinary Losses	547	442	105	2,569
Income (Loss) before Income Tax	26,535	16,555	9,980	42,229
Provision for Income Taxes	363	200	163	2,942
Income Taxes - Deferred	22,025	7,024	15,001	21,148
Net (Interim) Income/(Loss)	4,147	9,331	(5,184)	18,139
Retained Earnings Brought Forward from Previous Year	9,961	10,020	(59)	10,020
Unappropriated Profit Acquired on Merger	220	-	220	-
Interim Dividends Paid	-	-	-	5,607
Transfer to Legal Reserve	-	-	-	1,122
Unappropriated Profit at the End of the Term	14,328	19,352	(5,024)	21,430

Notes to Non-Consolidated Balance Sheets

1. Yen amounts are rounded down to the nearest million yen.
2. Transactions for trading purposes represent transactions seeking to capture gains arising from short-term changes or differences between markets, in interest rates, currency exchange rates, or market prices of securities and other market-related indices. These transactions are included in "Trading Assets" or "Trading Liabilities" in the Non-Consolidated Balance Sheet on a trade date basis. Securities and monetary receivables, etc., are carried at market value prevailing on the Balance Sheet Date, and financial derivatives such as swaps, futures and options are carried at the price based on the assumption that these transactions were settled on the Balance Sheet Date.
3. Stocks of subsidiaries and affiliates, etc., are carried at moving-average cost. Securities other than the above are carried at moving-average cost or amortized cost.
4. Securities held in individually managed money trusts for asset management purpose are carried based on the market value method.
5. Derivatives transactions excluding those in the trading account are carried based on the market value method.
6. Depreciation of premises and equipment is calculated based on the following methods.
 - *Buildings Computed by the straight-line method. Rates are defined in accordance with the Corporate Tax Law.
 - *Equipment Computed by the declining balance method. Rates are defined in accordance with the Corporate Tax Law.
 - *Others As amortized in accordance with the Corporate Tax Law.
7. Depreciation of computer software for in-house use is computed using the straight-line method. (Useful life of such software: 5 years)
8. Deferred bond issue cost is accounted as expenses when incurred.
9. Assets and liabilities denominated in foreign currencies are principally translated into yen at market exchange rates prevailing on the Balance Sheet Date.
10. The reserve for possible loan losses is provided as follows, based on the pre-determined rules for write-offs and provisioning.
 - The reserve for possible loan losses for legally/substantially bankrupt borrowers is provided based on the amount after deductions of the expected collectable amount through the disposal of collateral or through the execution of guarantees.
 - The reserve for possible loan losses for borrowers, who are not currently bankrupt but are likely to become bankrupt, is provided based on the amount considered necessary in accordance with the overall solvency assessment of the borrowers after deductions of the expected collectable amount through the disposal of collateral or through the execution of guarantees.
 - The reserve for possible loan losses on the loans to other than the above is provided based on the loan loss experiences, as calculated using the actual default rates during a certain period in the past.
 - Also, a reserve for possible losses on the loans to restructuring countries is set aside with the estimated amount based on such factors as political and economic risks.
 - All loans are assessed by branches and business departments based on the internal rules of the self-assessment of assets. The Asset Auditing Department, independent of the branches and business departments, audits the results of the self-assessment, and the reserve is provided based on the results of the audit.
 - As for the loans to legally/substantially bankrupt borrowers, the credit amounts not covered by collateral or guarantees (Category exposures) are regarded as uncollectable and directly written-off from the original credit amounts. The amount of such write-off is ¥307,528 million.
11. To secure the payments of retirement benefit to eligible employees, the Bank provides reserve for retirement benefit. This reserve is provided based on the actuarial computation of retirement benefit liabilities and the estimated balance of pension assets as of the Balance Sheet Date. The amount equal to the service cost during the interim period was added to the reserve.
 - The portion of the retirement benefit liabilities exceeding the reserve and pension assets (discrepancy recognized when the new accounting method for retirement benefit was introduced) was ¥77,584 million, which is being amortized by the straight-line method over the period of 10 years. For the interim period ended September 30, 2000, half of the annual amortization cost was charged to income.
12. The reserve for possible losses on loans sold is set aside based on the estimated amount of losses to be incurred from the decline of the real estate collateral value of loans sold to the Cooperative Credit Purchasing Co., Ltd.
13. The reserve for the specific borrowers under support is set aside based on the rationally estimated amount of financial support that the Bank will need to provide for specific borrowers under support in the future.
14. The reserve for possible losses on securities is provided based on the rationally estimated amount of losses that might be incurred from securities investments.
15. Finance lease transactions, other than those for which the ownership of the leased equipment is recognized to be transferred to lessees, are accounted in conformity with general accounting procedures for rent transactions.
16. As for the accounting method for hedge transactions, the Bank applies the macro-hedge, which tries to control the interest rate risks in the aggregate arising from numerous assets and liabilities such as loans and deposits with the derivatives transactions.
17. All figures are not inclusive of consumption tax.

18. Other reserves required by special laws are as follows:
- * The reserve for contingent liabilities from the brokering of financial futures transactions is based on the Article 82 of the Financial Futures Transaction Law. (¥ 1 million)
 - * The reserve for contingent liabilities from the brokering securities transactions is based on the Article 51 of the Securities and Exchange Act and the Article 65-2-7 thereof. (¥ 1 million)
19. Securities include ¥2 million of treasury stocks of the Bank.
20. Accumulated depreciation of buildings and equipment: ¥53,766 million
21. The gains on disposals of buildings and equipment are deducted from the cost of buildings and equipment acquired in substitution. The cumulative amount of such advanced depreciation is ¥4,764 million.
22. Non-accrual loans to bankrupt borrowers: ¥85,638 million.
Non-accrual past due loans: ¥576,397 million.
Non-accrual loans to bankrupt borrowers refer to those loans in which the payment of principal or interest is well past due or there is no prospect of recovery of the principal or interest from the borrower or from a third party guaranteeing the loan.
Non-accrual past due loans are defined as those loans which are past due and not accruing interests, but are categorized neither as non-accrual loans to bankrupt borrowers nor as loans with altered lending conditions whose definition is given below.
23. Loans past due for more than three months: ¥16,404 million.
Loans past due for more than three months are defined as loans whose principal or interest payment is past due for more than three months, but are categorized neither as non-accrual loans to bankrupt borrowers, nor as non-accrual past due loans.
24. Loans with altered lending conditions: ¥289,377 million
Loans with altered lending conditions are defined as loans that the Bank has granted certain concessions by changing the original conditions to borrowers' advantage, with a view to supporting the financial restructuring and facilitating the collection of the Bank's credits to them. These loans are categorized neither as non-accrual loans to bankrupt borrowers, non-accrual past due loans, nor as loans past due for more than three months.
25. Amount of risk monitored loans (total of 22, 23, and 24 above) is ¥967,817 million.
Figures reported in notes 22, 23 and 24 above are before netting-out of loan loss reserves.
26. The face value of the commercial bills discounted: ¥327,375 million.
27. Assets pledged as collateral and their relevant liabilities are as follows:
- *Assets pledged as collateral

Loans and bills discounted	¥234,066 million
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 - *Relevant liabilities

Call money	¥13,000 million
Bills sold	¥14,200 million
- Other than the above, securities, loans and bills discounted, and other assets which were worth of ¥718,485 million, ¥277,902 million, and 4,304 million, respectively, were pledged as collateral or as substitutes for cash deposits for exchange clearing transactions, derivatives transactions and others.
In addition, securities worth of ¥28,375 million were pledged as collateral for the borrowings by the Bank's subsidiaries and affiliates.
Premises and equipment stated include the guarantee deposit of ¥102,258 million.
Other assets stated include the deposits for futures transactions in the amount of ¥593 million, and the deposits for bonds borrowed in the amount of ¥13,245 million.
28. Deferred hedge gains and losses from hedging instruments were ¥3,505 million and ¥7,067 million, respectively.
The net deferred hedge losses are reflected in other assets stated on the balance sheet.
29. On June 9, 2000, "Municipal Ordinance concerning Special Treatment of Tax Base, etc., in Osaka Prefecture"(Osaka Prefectural Government Ordinance No.131) was promulgated by the Osaka Prefectural Government.
Due to the new enterprise tax to be imposed by the Osaka Prefectural Government, the Bank reduced the effective statutory tax rate, which is applied when computing the deferred tax assets and liabilities, from 40.59%, the rate applied in the previous fiscal year, to 37.69%. As a result of this change, deferred tax assets were reduced by ¥12,927 million while income tax-deferred registered for the period increased by the same amount.
30. Borrowed money includes ¥414,470 million of subordinated borrowed money.
31. All bonds issued are with subordination clause.
33. Principal amount of Jointly Operated Designated Money in Trust (JOMT) that the Bank guarantees the principal is ¥1,215,503 million.

Notes to Non-Consolidated Statements of Income

1. Yen amounts are rounded down to the nearest million yen.
2. Profits and losses arising from trading transactions are reported in the Statement of Income as "Trading Revenue" and "Trading Expenses," respectively, on the trade date basis.
Interests received and paid during the interim period, and the change in gains and losses from the revaluation of securities and monetary claims during the interim period are also recognized as trading revenue and trading expenses. As to trading-related financial derivatives transactions, the change in revaluation gains and losses are reported as trading revenue and trading expenses, respectively, on the assumption that these transactions had been settled at the previous fiscal year-end and the interim period-end.
3. Effective from the interim period under review, the Bank applied the new accounting method for retirement benefit. Due to the change in the accounting method, ordinary profits and income before income taxes for the period was increased by ¥705 million, respectively, compared to the figures based on the former accounting method.
4. Effective from the interim period under review, the Bank changed the valuation methods of securities, derivatives transactions, and the accounting method for hedge transactions. Due to the change in these accounting methods, ordinary profits and income before income taxes for the period was increased by ¥1,726 million compared to the figures based on the former accounting methods.
5. Enterprise taxes levied on gross profits were accounted as "other expenses." On April 1, 2000, "Municipal Ordinance concerning Special Treatment of Tax Base, etc., for Enterprise Tax on Banking Business, etc., in Tokyo Metropolis" (Tokyo Metropolitan Government Ordinance No.145) was adopted by the Tokyo Metropolitan Government. Enterprise tax levied by the Tokyo Metropolitan Government used to be included in "provision for income taxes" as one component of income taxes. However, due to the change in the treatment of tax base, from the interim period under review, enterprise tax levied by the Tokyo Metropolitan Government was included in "other expenses." "Other expenses" for the period include ¥926 million of such enterprise tax.
6. Extraordinary profits include gains on disposal of premises and equipment in the amount of ¥4,173 million, and recoveries of written-off claims in the amount of ¥2,609 million.

(Millions of Yen)

Item	September 30, 2000	September 30, 1999	March 31, 2000
Total Funds	25,618,950	24,418,856	25,296,807
Deposits	11,026,761	10,648,847	9,998,208
Negotiable Certificates of Deposit (NCDs)	635,699	482,249	1,586,417
Money Trusts	7,734,379	7,272,195	7,596,851
Pension Trusts	6,218,665	6,011,862	6,111,769
Asset Formation Benefit Trusts	3,444	3,702	3,559
Total Loans and Bills Discounted	10,785,615	10,588,072	10,734,783
Banking Account	10,120,087	9,766,864	9,979,683
Trust Account	665,528	821,207	755,099
Investment Securities	15,525,581	14,458,191	14,800,139
Banking Account	2,878,794	2,764,770	2,535,038
Trust Account	12,646,787	11,693,420	12,265,101

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