Summary of Consolidated Financial Results
(March 31, 2002/Unaudited)

May 24, 2002

Daiwa Bank Holdings, Inc.
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
	Million yen	*%*	*Million yen*	*%*	*Million yen*	*%*
March 31, 2002	1,361,343	—	(1,160,102)	—	(931,876)	—
March 31, 2001	—	—	—	—	—	—

	Net income per share	Net income per share (potential equity adjusted)	Ratio of net income to stockholders' equity	Ratio of ordinary net income to total assets	Ratio of ordinary net income to ordinary income
	Yen	*Yen*	*%*	*%*	*%*
March 31, 2002	(174.57)	—	(103.9)	(2.4)	(85.2)
March 31, 2001	—	—	—	—	—

Note: (1) Equity in net loss of affiliated companies: (2,713) million yen (fiscal year ended March 31, 2002)
Equity in net loss of affiliated companies: — million yen (fiscal year ended March 31, 2001)
(2) Average number of ordinary shares issued (consolidated): 5,396,193,095 shares (fiscal year ended March 31, 2002)
Average number of ordinary shares issued (consolidated): — shares (fiscal year ended March 31, 2001)
(3) There were no changes in accounting policies.
(4) Percentages in ordinary income,ordinary net income and net income show the changes from the prior year.

(2) Consolidated Financial Position

	Total assets	Stockholders' equity	Stockholders' equity ratio	Stockholders' equity per share	Consolidated capital assets ratio (Japanese standard)
	Million yen	*Million yen*	*%*	*Yen*	*%*
March 31, 2002	44,952,488	1,289,058	2.9	76.47	8.73
March 31, 2001	—	—	—	—	—

Note: Number of ordinary shares issued (consolidated): 5,417,535,624 shares (as of March 31, 2002)
Number of ordinary shares issued (consolidated): — shares (as of March 31, 2001)

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents
	Million yen	*Million yen*	*Million yen*	*Million yen*
March 31, 2002	1,525,552	487,715	(96,034)	2,796,180
March 31, 2001	—	—	—	—

(4) Principles of consolidation and application of equity method
Number of consolidated subsidiaries: 54
Number of nonconsolidated subsidiaries applying the equity method: None
Number of affiliated companies accounted for by the equity method: 9

(5) Change in consolidation and application of equity method
Number of consolidated subsidiaries added: None
Number of consolidated subsidiaries excluded: None
Number of affiliated companies accounted for by the equity method added: None
Number of affiliated companies accounted for by the equity method excluded: None

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

	Operating Income	Ordinary Profit	Net Income
	Million yen	*Million yen*	*Million yen*
First half of FY 2002	620,000	40,000	20,000
FY 2002 (Full Year)	1,300,000	100,000	50,000

Note:Forecasted net income per share (full year) (7.34 *Yen)*
See appendix for conditions for above forecast.

Appendixes

Number of Preferred Shares Issued and Outstanding (consolidated)

(Consolidated)	Year ended March 31, 2002	
	Average outstanding for the year	At year-end
Type A, First Issue Preferred Stock	5,970,000 shares	5,970,000 shares
Type B, First Issue Preferred Stock	680,000,000	680,000,000
Type C, First Issue Preferred Stock	111,780,821	120,000,000
Type D, First Issue Preferred Stock	920,073	386,000
Type E, First Issue Preferred Stock	240,000,000	240,000,000
Type F, First Issue Preferred Stock	80,000,000	80,000,000

Note: Excludes treasury stock and parent company's common stock held by subsidiaries

(Reference)

Formulas for computing ratios for the year ended March 31, 2002 (consolidated)

Net Income per Common Share:

$$\frac{\text{Net income – Cash dividends declared on preferred stocks}}{\text{Average number of outstanding shares of common stock}}$$

Return on Equity:

$$\frac{\text{Net income – Cash dividends declared on preferred stocks}}{\text{[(Shareholders' equity at the beginning of the fiscal year – Number of preferred shares outstanding at the beginning of the fiscal year x issue price) + (Shareholders' equity at the fiscal year-end– Number of preferred shares outstanding at the fiscal year-end x issue price)]/ 2}} \times 100$$

Shareholders' Equity per Common Share:

$$\frac{\text{Shareholders' equity at the fiscal year-end – Number of preferred shares outstanding at the fiscal year-end x issue price}}{\text{Number of outstanding shares of common stock at the fiscal year-end*}}$$

・Formula for computing ratios for the year ending March 31, 2003 (consolidated)

Net Income per Common Share (Fiscal 2002 forecast):

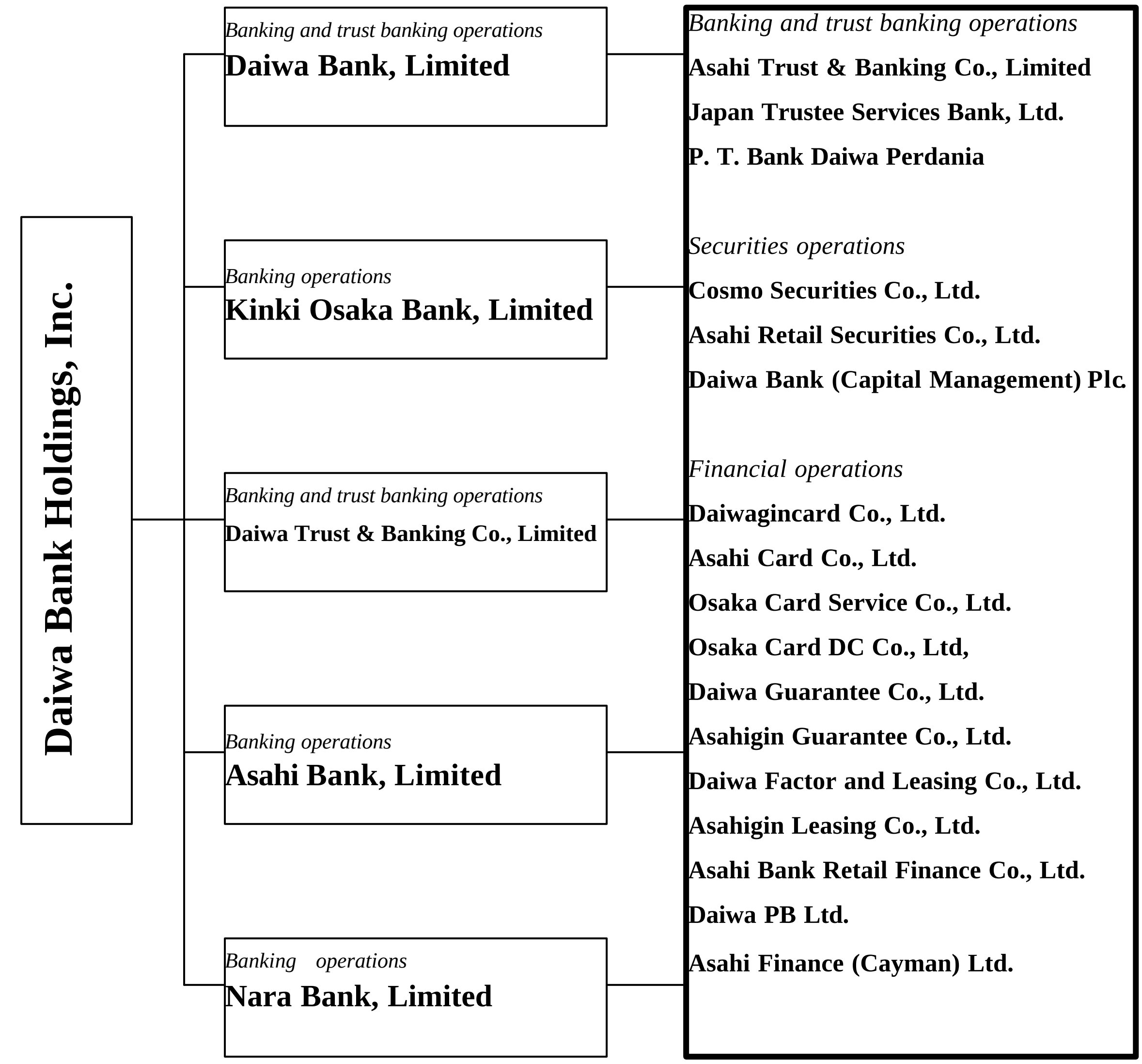
$$\frac{\text{Net income (forecast) – Cash dividends declared on preferred stocks (forecast)}}{\text{Number of outstanding shares of common stock at fiscal year-end*}}$$

* Excluding treasury stock and parent company's common stock held by subsidiaries

1. Structure of the Group

Daiwa Bank Holdings, Inc. was established on December 12, 2001, as the holding company for three banks: Daiwa Bank, Limited, Kinki Osaka Bank, Limited, and Nara Bank, Limited. Thereafter, on February 25, 2002, Daiwa Trust & Banking Co., Ltd. became a subsidiary of Daiwa Bank Holdings, and on March 1, 2002, it commenced operations upon taking over the pension and corporate trust department of Daiwa Bank by way of a company split. On the same date, Asahi Bank, Ltd. became a wholly owned subsidiary of Daiwa Bank Holdings through an exchange of shares. The Daiwa Bank Holdings Group—which consists of the holding company, 61 subsidiaries, and 9 associated companies—provides a wide range of financial services centered on the banking and trust businesses, including also securities, credit card, and leasing businesses. One of the subsidiaries, Cosmo Securities Co., Ltd., is listed on the first sections of the Tokyo, Osaka, and Nagoya stock exchanges.

Business structure of the Group



Notes:

1. After receiving approval at the Ordinary General Meeting of Shareholders to be held in June 2002, on October 1, 2002, Daiwa Bank Holdings will change its corporate name to Risona Holdings.
2. With a target date of October 1, 2002, Asahi Trust & Banking Co., Ltd. will be consolidated with Daiwa Bank, Limited and Daiwa Trust & Banking Co., Ltd. through a merger and business transfer.
3. With a target date of March 2003, through a company split and merger, Daiwa Bank and Asahi Bank will be reorganized as Resona Bank and Saitama Resona Bank.

2. Management Policies

(1) Basic Management Policies

For the purpose of the management consolidation of Daiwa Bank, Kinki Osaka Bank, and Nara Bank, Daiwa Bank Holdings was established on December 12, 2001, as a holding company having these three banks as its subsidiaries. On March 1, 2002, the Asahi Bank also joined the management consolidation and became a subsidiary of Daiwa Bank Holdings. The name of the group formed from these banks will be the “Resona Group”.

The Resona Group has adopted the management philosophy of “Creating a Super Regional Bank,” and, as an alliance of financial institutions with close ties to the communities they serve, the Group has a basic policy of providing high-quality services to its customers and increasing its corporate value.

(2) Basic Policy for Allocation of Profits

By combining the operating bases and know-how of the banks in the Group to realize synergies and by rationalizing their activities by streamlining operations to eliminate overlapping branches and functions, Daiwa Bank Holdings will work to strengthen profitability by realizing the beneficial effects of the management consolidation at an early date. It will also work to pay continuing, stable dividends and to steadily build its retained earnings to meet the expectations of its shareholders.

(3) Medium- and Long-Term Management Strategies

The Resona Group—as an alliance of financial institutions with close ties to the communities they serve—will make it a basic strategic principle to establish a new business model of providing services carefully tailored to customer needs through in-depth familiarity with their respective regions, while also providing its customers with a broad range of high-quality services.

As the holding company overseeing the Group, we will combine the planning and administrative functions of the member banks and work to conduct the operations of the Group efficiently and as an integrated whole. To establish the above-mentioned business model, we will proceed with the business restructuring of the Group.

Our specific strategies will include adopting a clear policy of building close ties with the community in our operations, by reorganizing the member banks along regional lines. As part of this policy, in March 2003, the Group plans to establish Saitama Resona Bank, which will take over the operations of the branches of Asahi Bank located in Saitama Prefecture. Simultaneously with the formation of Saitama Resona Bank, we are scheduled to merge Daiwa Bank and Asahi Bank to form Resona Bank. In addition, in the Osaka and Nara regions, we are considering the formation of Osaka Resona Bank and Nara Resona Bank through the restructuring of Resona Bank, Kinki Osaka Bank and Nara Bank, in or after fiscal 2004.

At the same time that we reorganize along regional lines, we will centralize each specialized function in a specified member of the Group to concentrate our know-how and enhance the sophistication of the specialized services we can offer. In addition, we will develop systems that allow the Group as a whole to offer higher-quality services than in the past by having its member banks draw on these specialized capabilities. As part of this, in March 2002, the pension and corporate trust divisions of Daiwa Bank were spun off as a joint venture. Daiwa Trust & Banking Co., Ltd., which has assumed these pension and corporate trust operations, will make use of the know-how of the domestic and foreign partners, which have invested in the joint venture, to substantially increase the sophistication of its capabilities. Daiwa Trust & Banking will work to respond to the needs of customers, working with the other member banks of the Group, which will act as its agents. Moreover, for derivatives, real estate, and other specialized services, plans call for these capabilities to be concentrated at the time of the previously mentioned reorganization by region. Also, with a target date of October 2002, Asahi Trust & Banking, a subsidiary of Asahi Bank, is scheduled to be consolidated along functional lines with Daiwa Bank and Daiwa Trust & Banking.

As these comments suggest, as the Group proceeds with reorganization along regional lines and the concentration of specialized functions, overlapping functions and offices of the member banks will be merged or eliminated and the efficiency of operations will be promoted.

Moreover, looking to the substantial further expansion of the Group's operating base, we are looking forward to the participation of other financial institutions in the Group.

For the holding company to implement the restructuring of the Group quickly and steadily, we have adopted an executive officer system to separate corporate governance functions (decision making and oversight) and management functions (day-to-day operation of the business), with the goal of accelerating decision making and clarifying responsibilities. Moreover, we are establishing systems for the supervision of the management of the Group banks through a prior consultation system.

(4) Management Performance Indicators and Objectives

Based on the positive impact of the previously mentioned restructuring of the Resona Group's businesses, in the Management Reinvigoration Plan which we prepared in May 2002, we have established quantitative objectives for the year ending March 31, 2006. We are aiming to reach net operating income of ¥444 billion, ROE of 28%, an expense ratio of 50%, and other goals. (These figures are all computed by adding the results for the Group banks.)

(5) Issues to Be Addressed

As mentioned previously, we are planning to realign the Group banks, including the consolidation of Asahi Trust & Banking (scheduled for October 2002) and the establishment of Saitama Resona Bank and Resona Bank (scheduled for March 2003). We believe that the most important issue for us for the time being is carrying out this realignment smoothly and offering our customers a higher level of services than in the past by realizing the benefits of the consolidation. In addition, we believe that other urgent issues we must also address are (1) enhancing profitability through a thoroughgoing program to increase efficiency, and (2) improving our financial position by reducing our balance of nonperforming loans by helping companies in need of rehabilitation and effecting the final disposal of nonperforming loans and by reducing our stockholdings.

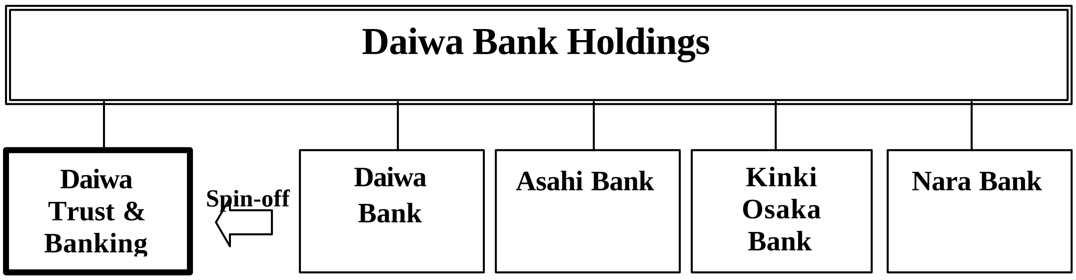
By dealing quickly and appropriately with these issues, we will aim to win the trust of our customers and society at large as members of regional communities and to become highly regarded as a "Super Regional Bank" by our stockholders and by the market.

Consolidation of the Group

March 2002

Asahi Bank joins in Daiwa Bank Holdings.

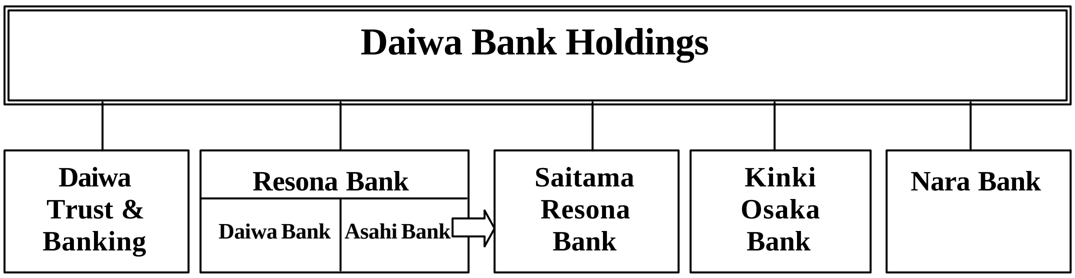
Split-off of the pension and corporate trust divisions of Daiwa Bank



March 2003

Establishment of Saitama Resona Bank, which takes over the branches of Asahi Bank located in Saitama Prefecture

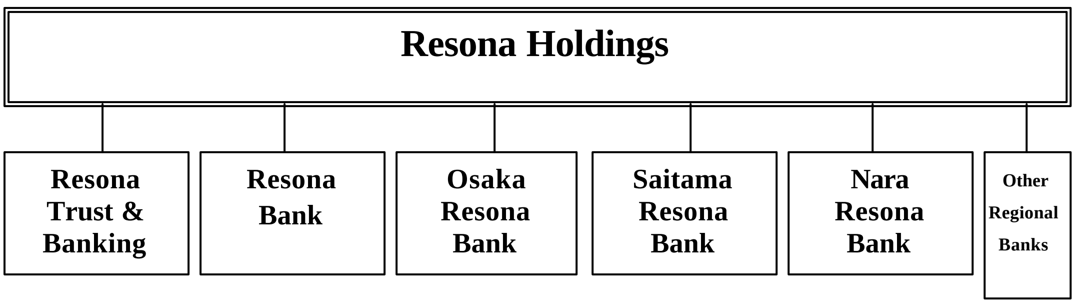
Daiwa Bank and Asahi Bank merge after the establishment of Saitama Resona Bank.



FY2004 or later

Image of the Fully Reorganized Daiwa Bank Holdings Group

Beginning in 2004, the banks under the holding company will be consolidated and realigned by region.



3. Management Performance and Financial Position

Consolidated operating results and financial position for the fiscal year (April 1, 2001 to March 31, 2002) were as follows:

(1) Management Performance

Consolidated ordinary income for the fiscal year amounted to ¥1,361.3 billion. This included ¥814.8 billion in net interest income and ¥188.1 billion in net fees and commissions income.

Total ordinary expenses amounted to ¥2,521.4 billion. This was because the banks in the Daiwa Bank Holdings Group aimed to dispose of nonperforming loans dramatically and to improve their stock portfolios and therefore effected the disposal of related unrealized losses conservatively, for the purpose of providing the new Resona Group with a strong earnings base for fiscal 2002 and beyond and of establishing a stable earnings structure. Regarding disposal of nonperforming loans, the Group as a whole has implemented strict self-assessment and has moved toward the final disposal of those claims (in particular claims of large size) to obligors classified as Doubtful or lower in credit quality, and has substantially strengthened the reserves against claims to borrowers classified as Special Attention. As a result, the provisions to the reserve for possible loan losses amounted to ¥473.7 billion, and write-offs of claims, included in “Other current expenses,” amounted to ¥349.2 billion. In addition, regarding measures to enhance the soundness of the stock portfolio, the value of stocks on the books was reduced through sales of the securities. Further, the Group banks estimated the possibilities for recovery in the value of their stock holdings conservatively, and those stocks whose market value was 30% or more below the original purchase cost were generally marked to market value on the balance sheets. As a consequence, the Group banks reported losses on the sale of stocks of ¥219.2 billion and losses on the revaluation of stocks of ¥335.9 billion.

As a result of the above factors, the Group banks reported a ordinary net loss of ¥1,160.1 billion and a net loss of ¥931.8 billion. In addition, net loss per share was ¥174.57.

For Daiwa Bank Holdings, operating income was ¥2.1 billon and ordinary net profit amounted to ¥300 million. Because of an extraordinary gains of ¥28.9 billion on the sale of stock of subsidiaries, net income was ¥19.9 billion. Regarding year-end cash dividends, in view of the financial results of the Group banks, we regret that the Board of Directors will propose to pay no dividends on outstanding common shares at the Ordinary General Meeting of Shareholders. Dividends on preferred shares will be paid in accordance with the specified terms of their issuance.

Outlook for Fiscal 2002

The outlook for fiscal 2002 is for consolidated ordinary income of ¥1,300 billion, ordinary net profit of ¥100 billion, and net income of ¥50 billion.

As a result of measures taken by the Group banks to make final disposals of nonperforming loans and to substantially improve the soundness of their stock portfolios, which had been a cause for concern, the management believes that the Group will be able to make the transition to sound financial position that will generate stable earnings from fiscal 2002 onward. Regarding fiscal 2002, gross operating profit is forecast to be virtually level with the previous fiscal year, but as a result of the decline in provisions to the general reserve for possible loan losses and reductions in expenses, net operating profit is expected to rise ¥120 billion, to ¥339 billion.

In addition, credit-related expenses among extraordinary expenses are forecast to decline ¥650 billion from the previous fiscal year, to ¥190 billion. As a result of the disposals of nonperforming exposure through the end of the previous fiscal year, these credit costs, even together with gains and losses related to stocks (for which holding risk has been reduced substantially) are expected to be within the limits of the Group's overall net operating profit.

Regarding expenses related to the management consolidation, we are anticipating approximately ¥19 billion in fiscal 2002, but the implementation of an efficient Group strategy, coming from early realization of synergies and the beneficial effects of restructuring, is expected to bring an accelerating beneficial impact in fiscal 2003 and later years.

For Daiwa Bank Holdings, we are forecasting operating income of ¥8 billion, ordinary net profit of ¥1.1 billion, and net income of ¥700 million.

(2) Financial Position

The Group's total assets on a consolidated basis amounted to ¥44,952.4 billion. This included loans and bills discounted of ¥30,021.2 billion and securities amounting to ¥6,864.3 billion. The reserve for possible loan losses was ¥1,054.9 billion.

On the funding side, available funds, which are the total of deposits and negotiable certificates of deposit, were ¥34.678.3 billion, and call money and bills sold amounted to ¥2,547.7 billion. In addition, shareholders' equity was ¥1,289.0 billion and shareholders' equity per share amounted to ¥76.47.

The consolidated capital adequacy ratio (second set of criteria) was 8.73%.

Turning to cash flow, as a result primarily of the final disposal of nonperforming loans and the resulting decline in loans and bills discounted, cash flow from operations reported a net increase of ¥1,525.5 billion. Cash flow from investing activities reported a net increase of ¥487.7 owing to sales of securities aimed at improving the soundness of the Group banks' stock portfolios. Cash flow from financing activities reported a net decline of ¥96.0 billion as a consequence of the decline in funds raised by subordinated debt financing. As a result of the above cash and cash equivalents showed a net increase of ¥1,918.1 billion as at the fiscal-year-end.

Principles of Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 54

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

(2) Non-consolidated subsidiaries:

Major non-consolidated subsidiary Asahi S/C Ltda.

Non-consolidated subsidiaries are immaterial with respect to assets, operating 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.

2. Application of equity method

(1) Affiliates applied equity method: 9

Major affiliates	Japan Trustee Services Bank, Ltd. The Asahi Retail Securities Co., Ltd.

(2) Affiliates not applied equity method:

Major affiliate not applied equity method Siam City - Showa Leasing Public Co., Ltd.

The affiliates not applied equity method are 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), and, accordingly, the equity method is not applied to them.

3. Fiscal period-ends of consolidated subsidiaries

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

End of December	8
End of March	46

(2) All subsidiaries are consolidated based on their accounts at their respective fiscal-year ends. Appropriate adjustments were made for significant transactions during the period from the respective fiscal period-ends of the above subsidiaries to the date of the Parent's fiscal period-end.

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

5. Consolidation differences are being amortized evenly over a period of five years, while the immaterial consolidation differences are charged to operations as incurred.

6. Valuation of assets and liabilities of consolidated subsidiaries

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

7. 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.

Consolidated Balance Sheet

(Million of yen)

	March 31,2002
Assets	
Cash and due from banks	¥3,166,039
Call loan and bills bought	102,634
Monetary claims bought	3,740
Trading assets	651,322
Money held in trust	43,854
Securities	6,864,323
Loans and bills discounted	30,021,204
Foreign exchange	180,939
Other assets	1,232,565
Premises and equipment	840,198
Deferred tax assets	832,611
Consolidation differences	5,124
Customers' liabilities for acceptances and guarantees	2,062,934
Reserve for possible loan losses	(1,054,958)
Reserve for possible losses on investments	(45)
Total assets	44,952,488
Liabilities	
Deposits	33,822,170
Negotiable certificates of deposit	856,148
Call money and bills sold	2,547,782
Bills sold under repurchase agreement	281,083
Commercial paper	20,000
Trading liabilities	219,655
Borrowed money	1,017,404
Foreign exchange	8,957
Bonds	597,064
Due to trust account	213,342
Other liabilities	1,789,046
Reserve for employees' bonuses	8,797
Reserve for employees' retirement benefits	17,012
Reserve for possible losses on loans sold	20,432
Other reserves	134
Deferred tax liabilities	379
Deferred tax liabilities on revaluation	74,221
Consolidation differences	1,950
Acceptances and guarantees	2,062,934
Total liabilities	43,558,519
Minority interests	
Minority interests in consolidated subsidiaries	104,911
Shareholders' equity	
Capital	720,000
Capital surplus	1,377,089
Land revaluation differences	113,301
Deficit	817,181
Valuation differences	(72,797)
Foreign currency translation adjustments, net of taxes	(9,550)
Treasury stock	(19)
Parent's stock owned by subsidiaries	(21,784)
Total shareholders' equity	1,289,058
Total liabilities, minority interests and shareholders' equity	¥44,952,488

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

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 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.

3. Bonds held to maturity are stated at amortized cost by the moving average method. Equity securities in unconsolidated subsidiaries and affiliates to which equity method is not applied are stated at the 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 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

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

8. Foreign-currency-denominated assets and liabilities of 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 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 an Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry" (JICPA Industry Audit Committee, No20). 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 of domestic consolidated banking subsidiaries, 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 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 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 anticipated loss rates calculated by reasonable methods. 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 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"). Such direct write-offs amounted to ¥1,064,417 million for the year ended March 31, 2002.

10. The reserve for possible losses on investments 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.

12. To provide for employees' retirement benefits, the Company 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 ~ 10 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 ~ 15 years) within the average remaining years of service of the eligible employees.

    With regard to the difference caused by this accounting change (¥229,203 million), the Banks charge to operations as follows:

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

13. The reserve for contingent liabilities related to 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 in accordance with Article 287-2 of the Commercial Code of Japan.

14. Noncancelable lease transactions of 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.

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

    The companies 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 evaluates the effectiveness of its hedging approach by verifying that the interest risk on the underlying hedged item has been nullified. The companies have adopted deferred hedging, market value hedging and special treatment of interest rate swaps for certain of its assets and liabilities.

    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 companies 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.

16. The Company 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 and Article 29 of the Implementation Rules for this 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: ¥663,996 million.

19. Advanced depreciation entry on the acquisition costs of premises and equipment: ¥74,972 million.

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

21. Loans to borrowers in legal bankruptcy amounted to ¥184,365 million, and past due loans amounted to ¥1,879,447 million. Included in this amount is ¥8,184 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.

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 ¥119,535 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 ¥1,243,735million.

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 ¥3,427,083 million in the aggregate.

    Included in this amount is ¥8,184 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, and bills of exchange with freight which were acquired as bills discounted, amounted to ¥692,562 million.

26. Assets pledged as collateral were as follows:

• Cash and due from banks	¥ 50,060 million
• Trading assets	¥ 284,940 million
• Securities	¥3,414,823 million
• Loans and bills discounted	¥1,152,238 million
• Other assets	¥ 19,466 million

Liabilities corresponding to the assets pledged as collateral:

• Deposits	¥ 81,438 million
• Call money and bills sold	¥2,293,318 million
• Bills sold under repurchase agreement	¥ 281,083 million
• Borrowed money	¥ 122,229 million
• Other liabilities	¥ 710,444 million

Other than the above, cash and due from banks, trading assets, securities, loans and bills discounted, and other assets which were worth of ¥1,198 million, ¥280 million, ¥1,338,142 million, ¥19,633 million and ¥27,092 million, respectively, were pledged as collateral or as substitutes for cash deposits for exchange clearing transactions, derivatives transactions and others.

Cash and due from banks of ¥15,000 million were pledged as collateral for loans of unconsolidated subsidiaries and others.

Premises and equipment include the guarantee deposit of ¥145,407 million. Other assets include the deposits for futures transactions in the amount of ¥799 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 ¥108,279 million and ¥103,606 million, respectively.

28. Certain consolidated domestic subsidiaries revalued land used for business purposes based on the Law Concerning Land Revaluation (Law 34, announced on March 31, 1998). Deferred tax on the revaluation difference 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: ¥80,051 million.

29. Borrowed money included subordinated debt amounting to ¥710,500 million, which, by special covenants, are subordinated to other obligations in the order of their performance.

30. Bonds payable includes subordinated bonds of ¥519,564 million.

31. The principal amount of trust with principal compensation agreement is ¥698,676 million of Jointly operated specified money trust.

32. Net assets per share: 76.47 yen

33. Issues pertaining to the market value and the valuation differences on securities are presented below. This encompasses trading securities, negotiable certificates of deposit and commercial paper under trading assets, and negotiable certificates of deposit under cash and due from banks, and commercial paper under monetary claims bought, as well as securities. This grouping applies through Note 36.

Securities held for trading purposes:

Consolidated balance sheet amount	¥431,558 million
Unrealized net gain charged to operations	¥ 375 million

Bonds held to maturity with market value;

	Consolidated balance sheet amount	Market value	Difference	Gain	Loss
			(Millions of yen)		
National government bonds	¥ 9	¥ 9	¥ 0	¥ 0	¥ –
Local government bonds	381	392	10	10	–
Corporate bonds	500	466	(34)	–	34
Others	3,930	3,934	4	61	57
Total	¥4,821	¥4,802	¥(18)	¥72	¥91

Other securities with market value:

	Acquisition costs	Consolidated balance sheet amount	Valuation differences	Gain	Loss
			(Millions of yen)		
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	3,538,560	3,556,856	18,296	18,395	99
Local government	130,684	134,157	3,473	3,640	167
Corporate	725,104	727,178	2,073	5,224	3,150
Others	247,645	242,387	(5,257)	2,557	7,815
Total	¥6,570,128	¥6,499,389	¥(70,738)	¥133,458	¥204,197

The following amount has been included in valuation difference.

Valuation difference	¥(70,738)	million
Deferred tax liabilities	(1,285)	
Minority interest	(731)	
Parent company's portion of valuation differences of affiliates	(41)	
	¥(72,797)	million

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

Amount sold	Gain	Loss
	(Millions of yen)	
¥7,911,660	¥79,462	¥232,555

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

Bonds held to maturity:

Unlisted domestic bonds	¥ 5,033 million
Negotiable deposits	¥ 5,595 million

Other securities:

Unlisted domestic bonds	¥202,636 million
Unlisted stocks (excluding over-the-counter securities)	¥ 99,773 million
Unlisted foreign bonds	¥ 14,964 million

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

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

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

Money held in trust for investment purposes:	¥43,823 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.

38. Loaned securities totaling ¥120,848 million under loan agreements have been included in the securities account.

Loaned securities totaling ¥34,065 million under lease agreement 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 ¥187,137 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.

39. 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 ¥9,636,871 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 ¥9,481,596 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.

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

	(Millions of yen)
Retirement benefits liabilities	¥(780,876)
Pension assets at fair value	648,916
Unfunded retirement benefits liabilities	(131,960)
Unrecognized differences at the change of accounting standard	134,217
Unrecognized actuarial differences	172,060
Unrecognized past service liabilities	528
Net liabilities on the consolidated balance sheet	¥ 174,846
Prepaid pension expenses	¥ 191,858
Reserve for employees' retirement benefits	¥ (17,012)

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

42. The Tokyo tax base for enterprise tax of the Daiwa Bank, .Limited and the Asahi Bank, Limited ("the Banks") both are subsidiaries of the Company, 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 Banks 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 ¥5,191 million plus a penalty of ¥200 million. However, the Tokyo local government filed an appeal with the Tokyo High Court on March 29, 2002.

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

Enterprise tax for the Tokyo Metropolitan government of ¥6,281 million for the current fiscal year was recorded as other expenses, others, and ordinary loss were increased by this amount over the amount which would have been recorded if the tax base of the enterprise tax had been 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 ¥28,784 million from the former case in which the tax base was income.

Also, deferred tax liabilities on revaluation decreased by ¥3,506 million and revaluation differences increased by the same amount.

The Osaka tax base for enterprise tax of the Banks 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 Banks filed a lawsuit against Osaka and the governor of Osaka to confirm the invalidity of this ordinance with the Osaka district court.

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

The Banks recorded ¥4,935 million of Osaka enterprise tax as other expenses, others, 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 ¥25,761 million from the former case in which the tax base was income.

Also, deferred tax liabilities on revaluation decreased by ¥693 million and revaluation differences increased by the same amount.

Consolidated Statements of Operations

(Millions of yen)

	FY 2001 (From April 1, 2001 To March 31, 2002)
Ordinary income	¥1,361,343
Interest income	814,876
(Interest on loans and discounts)	690,226
(Interest and dividends on securities)	81,262
(Interest on call loan and bills bought)	1,893
(Interest on bills purchased under resell agreement)	0
(Interest on due from banks)	22,745
(Other interest income)	18,749
Trust fees	44,843
Fees and commissions	188,101
Trading income	10,369
Other operating income	108,130
Other income	195,022
Ordinary expenses	2,521,446
Interest expenses	162,631
(Interest on deposits)	87,772
(Interest on NCD)	5,993
(Interest on call money and bills sold)	2,930
(Interest on bills sold under repurchase agreement)	109
(Interest on commercial paper)	223
(Interest on borrowed money)	24,393
(Interest on bonds)	14,261
(Other interest expenses)	26,947
Fees and commissions	70,039
Trading expenses	37
Other operating expenses	34,257
General and administrative expenses	568,320
Other expenses	1,686,160
(Provision for possible loan losses)	473,792
(Others)	1,212,367
Ordinary net loss	1,160,102
Extraordinary profits	12,063
(Profit from sales of premises and equipment)	1,459
(Profit from recoveries of written-off claims)	9,565
(Other extraordinary profits)	1,039
Extraordinary losses	25,750
(Loss from sales of premises and equipment)	25,656
(Other extraordinary losses)	93
Loss before income taxes	1,173,789
Income taxes – current	14,906
Income taxes – deferred	(256,412)
Minority interests in subsidiaries	407
Net loss	¥ 931,876

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

Notes to consolidated statement of operations:

1. Amounts of less than one million yen have been rounded down.

2. Net loss per share 174.57 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 ¥ 88,241 million
   - Gain on establishment of Pension Benefits Trust ¥ 37,242 million

6. Other expenses, others, include:

   - Write-off of loans ¥349,288 million
   - Losses from sale of equity securities and others ¥219,251 million
   - Write-off of equity securities and others ¥335,903 million
   - Losses on forgiveness of loans to assist borrowers ¥ 66,580 million
   - Losses related to past due loans sold ¥ 49,744 million

7. Other extraordinary profit represents a gain on termination of Welfare Pension Fund of a subsidiary "Cosmo Securities Co., Ltd."

Consolidated Statements of Retained Earnings (Deficit)

(Millions of yen)

	FY 2001 (From April 1, 2001 To March 31, 2002)
Retained earnings at beginning of period	¥ 57,201
Increase in retained earnings during period	83,231
Reversal of capital surplus	67,385
Reversal of revaluation differences	13,828
Reduction in the number of affiliates accounted for by equity method	2,017
Decrease in retained earnings during period	25,739
Reduction in the number of affiliates accounted for by equity method	0
Transfer of shares	21,024
Dividends paid	4,711
Bonus to directors and corporate auditors	2
Net loss	(931,876)
Deficit at end of period	¥(817,181)

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

Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2001 (From April 1, 2001 To March 31, 2002)
Cash flows from operating activities	
Income (loss) before income taxes	¥(1,173,789)
Depreciation of premises and equipment	60,916
Amortization of consolidation differences	501
Equity in earnings from investments in affiliated companies	2,713
Increase in reserve for possible loan losses	319,140
Increase in reserve for possible losses on investments	(20)
Increase in reserve for possible losses on loans sold	(44,684)
Increase in reserve for employees' bonuses	8,557
Increase in reserve for employees' retirement benefits	(15,320)
Interest income	(814,876)
Interest expenses	162,631
Net (gains)/losses on securities	459,974
Net (gains)/losses on money held in trust	645
Net foreign exchange (gains)/losses	(3,088)
Net (gains)/losses on sales of premises and equipment	24,197
Net (increase)/decrease in trading account assets	270,076
Net increase/(decrease) in trading account liabilities	(52,035)
Net (increase)/decrease in loans and bills discounted	3,895,632
Net increase/(decrease) in deposits	(273,610)
Net increase/(decrease) in negotiable certificates of deposit	(4,612,272)
Net increase/(decrease) in borrowed money (excluding subordinated borrowed money)	(283,884)
Net (increase)/decrease in due from banks (excluding those deposited at BOJ)	994,077
Net (increase)/decrease in call loans and others	1,289,572
Net (increase)/decrease in cash collateral for bonds borrowed	4,774
Net increase/(decrease) in call money and others	923,127
Net increase/(decrease) in commercial paper	(400,000)
Net increase/(decrease) in cash collateral for bonds lent	485,806
Net (increase)/decrease in foreign exchange assets	(25,699)
Net increase/(decrease) in foreign exchange liabilities	(8,381)
Net increase/(decrease) in bonds	(22,500)
Net increase/(decrease) in due to trust account	(241,775)
Interest receipts	868,922
Interest payments	(208,994)
Directors' bonus	(5)
Others	(49,142)
Subtotal	1,541,188
Penalties paid	(2,100)
Income taxes paid	(13,536)
Net cash provided by operating activities	1,525,552

Daiwa Bank Holdings, Inc.

Consolidated Statements of Cash Flows (continued)

(Millions of yen)

	FY 2001 (From April 1, 2001 To March 31, 2002)
Cash flows from investing activities	
Purchases of securities	¥(10,637,859)
Proceeds from sales of securities	7,965,902
Proceeds from maturity of securities	3,113,103
Payments associated with increase in money held in trust	(48,810)
Proceeds from decrease in money held in trust	102,905
Purchases of premises and equipment	(42,595)
Proceeds from sales of premises and equipment	32,056
Payments for purchase of equity investments in subsidiaries	(0)
Proceeds from sales of equity investments in subsidiaries	3,013
Net cash provided by investing activities	487,715
Cash flows from financing activities	
Proceeds from subordinated borrowed money	23,500
Repayment of subordinated borrowed money	(226,500)
Proceeds from issuance of subordinated bonds	48,200
Repayment of subordinated bonds	(66,475)
Proceeds from issuance of stocks	59,946
Proceeds from issuance of preferred securities	70,600
Dividends paid	(4,743)
Dividends paid to minority shareholders	(321)
Payments related to acquisition of treasury stocks	(291)
Proceeds from sales of treasury stocks	49
Net cash used in financing activities	(96,034)
Effect of exchange rate changes on cash and cash equivalents	892
Increase in cash and cash equivalents	1,918,125
Cash and cash equivalents at beginning of year	875,538
Increase in cash and cash equivalents due to transfer of shares	2,516
Decrease in cash and cash equivalents due to exclusion from consolidation	(0)
Cash and cash equivalents at end of period	¥ 2,796,180

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

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:

	(Millions of yen)
Cash and due from banks	¥3,166,039
Due from banks excluding due from The Bank of Japan	(369,858)
Cash and cash equivalents	¥2,796,180

4. Shinei 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:

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

5. The breakdown of assts and liabilities of a newly consolidated subsidiary, Asahigin Leasing Co., Ltd. due to the acquisition of the stock, at the inception of consolidation and related expenditures (net) were as follows:

	(Millions of yen)
Premises and equipment	¥ 136,299
Borrowed money	(139,168)
Other assets and liabilities	3,180
Appraised value of already held stocks by equity method	(325)
Consolidation differences	14
Acquisition cost of stocks of a new subsidiary	0
Cash and cash equivalent of a new subsidiary	0
Expenditures to acquire a new subsidiary	¥ 0

Segment Information

1. Business Segment Information
Some of the 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 has not been disclosed.

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.

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.

Contract Value, Market Value and Unrealized Gain (Loss) on Derivatives

(1) Interest Rate-Related Transactions

(Millions of yen)

Type of Transaction	At March 31, 2002 Contract value Total	Contract value Over one 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 Float/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
Swaption:				
Sold	1,043	43	23	(4)
Bought	1,000	–	23	15
Total			¥ 7,726	¥ 9,275

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 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 or option pricing models.

(2) Currency-Related Transactions

(Millions of yen)

Type of Transaction	At March 31, 2002			
	Contract value			
	Total	Over one year	Market value	Unrealized gain (loss)
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)

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 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 "Tentative Auditing Treatment for the Continuing Adoption of 'New Foreign Exchange Accounting Standards' in the Banking Industry" issued by the JICPA on April 10, 2000 have been excluded from the above tables.

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

(Millions of yen)

Type of Transaction	At March 31, 2002		
	Contract value	Market value	Unrealized gain (loss)
Currency swaps	¥229,474	¥(154)	¥(154)

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)

Type of Transaction	At March 31, 2002 Contract value
Over-the-Counter:	
Forward contracts:	
Sold	610,865
Bought	630,602
Options:	
Sold	1,313,282
Bought	1,403,453

(3) Stock-Related Transactions

(Millions of yen)

Type of Transaction	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. 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.

(4) Bond-Related Transactions

(Millions of yen)

Type of Transaction	At March 31, 2002 Contract value Total	Over one year	Market value	Unrealized gain (loss)
Listed:				
Futures:				
Sold	¥3,709	–	¥(15)	¥(15)
Bought	1,236	–	5	5
Futures Options:				
Sold	–	–	–	–
Bought	546	–	0	0
Total			¥(8)	¥(9)

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.

(5) Commodity-Related Transactions

None

(6) Credit Derivative 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	8,134,746
Securities	1,344,746	Pension trust	6,266,942
Securities held for investment trust	93,171	Asset formation benefit trusts	2,441
Trust beneficiary certificate	21,581,191	Securities investment trusts	8,715,719
Securities held in custody account	128,818	Pecuniary trusts other than money trusts	292,720
Monetary claims	895,943	Securities trusts	385,701
Premises and equipment	220,001	Monetary claims trusts	912,250
Land lease rights	1,857	Real estates trusts	192,546
Other claims	21,580	Land leases trusts	4,902
Call loans	39,247	Composite trusts	234,553
Due from banking Account	213,342		
Cash and due from banks	126,746		
Total assets	25,142,526	Total liabilities	25,142,526

〈Note〉

※ **1** Yen amounts are rounded down to the nearest million yen.

※ **2** The trust which were re-entrusted for operations were excluded.

※ **3** Trust beneficiary certificates worth of ¥ 21,574,604 million were re-entrusted for asset administration purpose.

※ **4** Co-managed trust funds under other Trust Bank's administration amounted to ¥7,607,431 million.

※ **5** Loans and bills discounted funded by JOMT account funds that the Bank guarantees the principal amounted ¥444,374 million includes the following:

	(in million)
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

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