April 12, 2002

Daiwa Bank Holdings, Inc.

Asahi Bank's Management Reform Plan
—Report on the Results of the "180 Days of Reform"

Tokyo, Japan, April 12, 2002—The Asahi Bank, Ltd. (President: Yukio Yanase), a subsidiary of Daiwa Bank Holdings, Inc. (the "Bank"), implemented a dramatic management reform plan entitled "180 Days of Reform" during the six-month period from October 2001 through March 2002. The three primary themes of the plan were (1) restructuring the Bank's corporate governance, (2) restructuring its asset portfolio, and (3) restructuring its earnings power, with the objectives of "winning the trust of its customers and becoming the most user-friendly financial institution."

As the Bank's fiscal year concluded on March 31, 2002, we would like to present this report (on a preliminary basis) on the results of the "180 Days of Reform."

Please note that the Bank is now preparing its financial results for the fiscal year 2001 which has just concluded and that the figures and other information presented in this report are only preliminary data and/or estimates.

Results of the "180 Days of Reform"

1. Restructuring the Bank's Corporate Governance

In October 2001, the Bank implemented a bold reform of its corporate governance structures focused on the leadership of its President, through an overhaul of its management team and the renewal of the management of its associated companies with much younger officers. This has given the Bank a streamlined and speedy management system and headquarters organization.

Number of directors: reduced from 30 (as of September 30, 2001) to 24 (as of March 31, 2002) (excluding 2 part-time directors)
Headquarters organization: reduced from 30 divisions (as of September 30, 2001) to 16 divisions (as of March 31, 2002) (including offices, centers, and other organizational units)

2. Restructuring the Bank's Asset Portfolio

Regarding nonperforming loans, the Bank accelerated and made final disposal of loans to accounts at risk of insolvency or of a lower grade, while also increasing its reserve to cover the risk of losses on large-exposure loans. In addition, the Bank implemented measures to dramatically improve the management position of its associated companies.

Nonperforming loans disposed of: approximately ¥530.0 billion
Nonperforming loans placed off-balance: approximately ¥400.0 billion
Nonperforming loans sold (to joint ventures with Goldman Sachs and to the Resolution and Collection Corporation): approximately ¥230.0 billion

To substantially lower the management risk associated with fluctuations in stock prices, the Bank has sold off investment stocks and has strictly applied mark-to-market accounting principles (reducing to market value the book values of stocks whose market values have dropped 30% or more).

Investment stocks sold during the year: approximately ¥700.0 billion (book value, after depreciation, of investment stocks as of March 31, 2002: approximately ¥1,040.0 billion)
Losses on stocks and other securities: approximately ¥330.0 billion (including approximately ¥140.0 billion in depreciation in the value of securities)
Remaining unrealized losses on stocks: approximately ¥30.0 billion

In order to strengthen its earnings power, the Bank has reduced its lowmargin domestic lending and reduced its overseas assets to zero through speeding up by six months the withdrawal from customer transactions at its overseas branches. The Bank has also moved forward aggressively with the sale of unused real estate and other assets.

Overseas offices closed: Labuan Branch (November 2001), Seoul Branch (December 2001), Singapore Branch (January 2002), Asahi Bank of California (sold in January 2002), London Branch (February 2002), Sydney Branch (February 2002), Hong Kong Branch (March 2002), Shanghai Branch (March 2002), and New York Branch (March 2002)

Notes:
1. *These closures resulted in a reduction in overseas loans of approximately ¥500.0 billion (compared with March 31, 2001).*
2. *Notations in parentheses are the dates of closure.*

In addition to these measures to reduce the quantity of low-profitability assets, the Bank took steps to increase its Tier I capital by issuing preferred securities through an overseas subsidiary in March 2002. Please note that following the completion of the withdrawal from overseas operations, the Bank now applies domestic capital adequacy criteria.

Capital adequacy ratio (nonconsolidated): in the middle of the 8% to 9% range (The effect of the shift from international to domestic capital ratio standards is expected to bring a 0.3 percentage point decline in the Bank's capital ratio.)
Preferred securities issued: ¥70.6 billion (issued through the Bank's Cayman Islands subsidiary)

3. Restructuring the Bank's Earnings Power

In the current ultra-low interest rate environment, restructuring the Bank's earnings power is an extremely important management issue. Along with measures to restructure its asset portfolio, the Bank has been working to strengthen its earnings power by taking thorough steps to reduce its personnel expenses and other costs. As a result, the Bank has lowered its expense ratio by about four percentage points compared with the previous year.

Net operating profit (before additions to the general reserve for possible loan losses): ¥168.6 billion (fiscal 2000), versus over ¥190.0 billion (fiscal 2001)
Expenses: ¥255.6 billion (fiscal 2000), versus ¥249.0 billion (fiscal 2001)
Expense ratio: 60.2% (fiscal 2000), versus 56.0% to 57.0% (fiscal 2001)
Personnel of record: 11,841 (March 31, 2001), versus 10,150 (March 31, 2002)

Note: In addition to a reduction in the number of personnel, under its policy of "reforming its service providers" the Bank is shifting responsibilities from career staff to non-career staff, thereby maintaining its capabilities for delivering services and reducing costs. The ratio of non-career staff to total personnel of record was 36.3% at the end of fiscal 2001, as compared with 31.9% at the end of fiscal 2000.

As the foregoing suggests, the Bank was able to implement its "180 Days of Reform" management reform plan substantially as planned. During the current fiscal year, the Bank intends to continue to use the results of the plan as a springboard and devote its fullest efforts to making Asahi Bank a user-friendly, attractive financial institution that wins the trust and confidence of its customers. As a member of the new Resona Group, the Bank will work toward the creation of a super-regional bank recognized as a leader in domestic banking in Japan.

We wish to express our heartfelt thanks to our stockholders and customers who have backed our efforts thus far and request their continuing support and encouragement.