



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

May 24, 2002

The Asahi Bank, Ltd.

This material may contain important information, defined in the Japanese Securities and Exchange Law, concerning the business of Daiwa Bank Holdings and its subsidiaries. In case that a person who receives such information by viewing this web site conducts any sale, purchase or other certain transactions designated under the Law in respect of stocks or other certain securities or instruments issued by the Company, until 12 hours pass from the time when such information was disclosed to the designated media, such conducts may be deemed to be violation of the Law.

Summary of Non-Consolidated Financial Results

(March 31, 2002/Unaudited)

May 24, 2002

Daiwa Bank Holdings, Inc. (The Asahi Bank, Ltd.)
1-1-2 Otemachi, Chiyoda-ku, Tokyo, Japan

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

(1) Operating Results

| | Ordinary income | Change from previous fiscal year | Ordinary net income | Change from previous fiscal year | Net income | Change from previous fiscal year |
|----------------|--------------------|----------------------------------|---------------------|----------------------------------|--------------------|----------------------------------|
| | <i>Million yen</i> | % | <i>Million yen</i> | % | <i>Million yen</i> | % |
| March 31, 2002 | 664,579 | (23.8) | (694,346) | - | (584,684) | - |
| March 31, 2001 | 872,017 | (19.5) | (13,112) | - | (9,841) | - |

| | Net income per share | Net income per share (potential equity adjusted) | Ratio of net income to Shareholders' equity | Ratio of ordinary expenses to ordinary income | Total deposits |
|----------------|----------------------|--|---|---|--------------------|
| | <i>Yen</i> | <i>Yen</i> | % | % | <i>Million yen</i> |
| March 31, 2002 | (206.65) | - | (89.5) | 204.5 | 18,949,733 |
| March 31, 2001 | (5.25) | - | (1.5) | 101.5 | 20,444,811 |

Note: (1) Average number of ordinary shares issued: 2,829,352,773 shares (fiscal year ended March 31, 2002)

Average number of ordinary shares issued: 2,821,455,208 shares (fiscal year ended March 31, 2001)

(2) There were no changes in accounting policies.

(3) Ratio of ordinary expenses to ordinary income=ordinary expenses/ordinary income × 100%

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

(3) Dividend Payment

| | Cash dividends per share | | | Total cash dividends (Yearly) | Dividend payout ratio | Ratio of total dividends to Shareholders' equity |
|----------------|--------------------------|------------|------------|-------------------------------|-----------------------|--|
| | | Interim | Term-end | | | |
| | <i>Yen</i> | <i>Yen</i> | <i>Yen</i> | <i>Million yen</i> | % | % |
| March 31, 2002 | 0.00 | 0.00 | 0.00 | - | - | - |
| March 31, 2001 | 3.00 | 3.00 | 0.00 | 13,415 | - | 0.9 |

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

(3) Financial Position

| | Total assets | Shareholders' equity | Shareholders' equity ratio | Shareholders' equity per share | Capital assets ratio |
|----------------|--------------------|----------------------|----------------------------|--------------------------------|----------------------|
| | <i>Million yen</i> | <i>Million yen</i> | % | <i>Yen</i> | % |
| March 31, 2002 | 25,039,264 | 751,931 | 3.0 | 124.02 | 8.95 |
| March 31, 2001 | 30,264,719 | 1,359,494 | 4.5 | 338.23 | 11.41 |

Note: (1) Number of ordinary shares issued : 2,831,549,906 shares (as of March 31, 2002)

Number of ordinary shares issued : 2,825,145,079 shares (as of March 31, 2001)

(2) Treasury stock at March 31, 2002 : 0 shares

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

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

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

(1) Average number of shares of Preferred Stock during the year

| | | |
|---------------------------|-----------------------------|--------------------|
| Year ended March 31, 2002 | 1st Preferred Stock | 920,073 shares |
| | 1st Class 2 Preferred Stock | 240,000,000 shares |
| | 2nd Class 2 Preferred Stock | 80,000,000 shares |
| Year ended March 31, 2001 | 1st Preferred Stock | 2,894,493 shares |
| | 1st Class 2 Preferred Stock | 240,000,000 shares |
| | 2nd Class 2 Preferred Stock | 80,000,000 shares |

(2) Issued number of shares of Preferred Stock at year end

| | | |
|----------------|--|--------------------|
| March 31, 2002 | 1st Preferred Stock | 386,000 shares |
| | 1st Class 2 Preferred Stock | 240,000,000 shares |
| | 2nd Class 2 Preferred Stock | 80,000,000 shares |
| March 31, 2001 | 1st Preferred Stock (No par value) | 1,976,000 shares |
| | 1st Class 2 Preferred Stock (No par value) | 240,000,000 shares |
| | 2nd Class 2 Preferred Stock (No par value) | 80,000,000 shares |

(3) Per share

| | FY2001 | | | FY2000 | | |
|-----------------------------|----------------|------------------|-------------------|----------------|------------------|-------------------|
| | Total (Yen) | Interim (Yen) | Term-end (Yen) | Total (Yen) | Interim (Yen) | Term-end (Yen) |
| 1st Preferred Stock | 0.00 | 0.00 | 0.00 | 10.00 | 5.00 | 5.00 |
| 1st Class 2 Preferred Stock | 0.00 | 0.00 | 0.00 | 14.38 | 7.19 | 7.19 |
| 2nd Class 2 Preferred Stock | 0.00 | 0.00 | 0.00 | 18.50 | 9.25 | 9.25 |

(4) Formula for Financial results for the year ended March 31, 2002

Net income per share

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

Ratio of net income to shareholders' equity

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

Ratio of total dividends to shareholders' equity

$$\frac{\text{Dividends on common stock}}{\text{Ending shareholders' equity} - \text{Issued Preferred Stock at ending} \times \text{Amount per share}}$$

Shareholders' equity per share

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

Non-Consolidated Balance Sheet (Unaudited)

(Millions of yen)

| | March 31,2002 (A) | March 31,2001 (B) | Difference (A) - (B) |
|---|----------------------|----------------------|-------------------------|
| Assets | | | |
| Cash and due from banks | ¥ 1,660,446 | ¥ 1,575,845 | ¥ 84,600 |
| Call loans | 91,000 | 97,800 | (6,800) |
| Bills bought | - | 801,600 | (801,600) |
| Trading assets | 574,134 | 777,686 | (203,552) |
| Money held in trust | 40,000 | 60,000 | (20,000) |
| Securities | 3,403,577 | 4,216,032 | (812,454) |
| Loans and bills discounted | 17,148,723 | 20,327,355 | (3,178,631) |
| Foreign exchange | 114,500 | 74,054 | 40,446 |
| Other assets | 524,725 | 481,051 | 43,674 |
| Premises and equipment | 417,035 | 451,803 | (34,768) |
| Deferred tax assets | 424,060 | 300,756 | 123,303 |
| Customers' liabilities for acceptances and guarantees | 1,191,361 | 1,517,303 | (325,941) |
| Reserve for possible loan losses | (532,501) | (416,570) | (115,930) |
| Reserve for possible losses on investments | (17,800) | - | (17,800) |
| Total assets | 25,039,264 | 30,264,719 | (5,225,454) |
| Liabilities | | | |
| Deposits | 18,949,733 | 20,444,811 | (1,495,078) |
| Negotiable certificates of deposit | 339,020 | 2,981,795 | (2,642,775) |
| Call money | 846,418 | 1,233,685 | (387,267) |
| Bills sold under repurchase agreement | 276,983 | - | 276,983 |
| Bills sold | 919,300 | 38,600 | 880,700 |
| Commercial paper | 20,000 | 420,000 | (400,000) |
| Trading liabilities | 193,786 | 211,496 | (17,710) |
| Borrowed money | 884,166 | 1,027,207 | (143,040) |
| Foreign exchange | 3,360 | 8,706 | (5,346) |
| Bonds | 87,500 | 100,000 | (12,500) |
| Other liabilities | 483,705 | 757,868 | (274,163) |
| Reserve for employees' bonuses | 3,229 | - | 3,229 |
| Reserve for employees' retirement benefits | 3,950 | 20,926 | (16,975) |
| Reserve for possible losses on loans sold | 10,595 | 37,654 | (27,059) |
| Reserve for specific borrowers under support | - | 22,000 | (22,000) |
| Other reserves | 0 | 0 | 0 |
| Deferred tax liabilities on land revaluation | 74,221 | 83,167 | (8,946) |
| Acceptances and guarantees | 1,191,361 | 1,517,303 | (325,941) |
| Total liabilities | 24,287,332 | 28,905,224 | (4,617,891) |
| Shareholders' equity | | | |
| Capital | 605,356 | 605,356 | - |
| Legal reserve | 585,553 | 585,053 | 500 |
| Land revaluation differences | 113,301 | 127,223 | (13,922) |
| Retained earnings (deficit) | (531,971) | 41,860 | (573,831) |
| Voluntary reserves | 25,100 | 44,100 | (18,999) |
| Undisposed deficit | 557,071 | 2,240 | 554,831 |
| Net loss | 584,684 | 9,841 | 574,843 |
| Valuation differences | (20,309) | - | (20,309) |
| Total Shareholders' equity | 751,931 | 1,359,494 | (607,562) |
| Total liabilities and shareholders' equity | ¥ 25,039,264 | ¥ 30,264,719 | ¥ (5,225,454) |

<Note> Amounts of less than one million yen have been rounded down.

Non-Consolidated Statement of Operations (Unaudited)

(Millions of yen)

| | FY 2001 From April 1, 2001 To March 31, 2002 | FY 2000 From April 1, 2000 To March 31, 2001 | Difference |
|---|---|---|-------------------|
| Ordinary income | ¥ 664,579 | ¥ 872,017 | (207,437) |
| Interest income: | 476,014 | 547,461 | (71,447) |
| (Interest on loans and discounts) | 397,547 | 444,186 | (46,639) |
| (Interest and dividends on securities) | 45,607 | 53,033 | (7,426) |
| Fees and commission | 63,404 | 64,121 | (717) |
| Trading income | 4,999 | 4,455 | 543 |
| Other operating income | 46,278 | 26,223 | 20,055 |
| Other income | 73,882 | 229,754 | (155,871) |
| Ordinary expenses | 1,358,926 | 885,129 | 473,797 |
| Interest expenses: | 101,966 | 173,789 | (71,822) |
| (Interest on deposits) | 54,249 | 103,651 | (49,402) |
| Fees and commission | 32,564 | 30,553 | 2,011 |
| Trading expenses | 21 | - | 21 |
| Other operating expenses | 14,180 | 14,021 | 158 |
| General and administrative expenses | 257,940 | 259,251 | (1,311) |
| Other expenses | 952,252 | 407,513 | 544,739 |
| Ordinary net loss | 694,346 | 13,112 | 681,234 |
| Extraordinary profit | 1,036 | 296 | 740 |
| Extraordinary losses | 22,786 | 7,620 | 15,165 |
| Loss before income taxes | 716,096 | 20,436 | 695,659 |
| Income taxes - Current | 931 | 10,368 | (9,437) |
| Income taxes - eferred | (132,343) | (20,964) | (111,379) |
| Net loss | 584,684 | 9,841 | 574,843 |
| Profit carried forward from previous year | 13,783 | 15,752 | (1,968) |
| Reversal of land revaluation difference | 13,828 | 4,976 | 8,852 |
| Interim dividends | - | 10,940 | (10,940) |
| Transfer to legal reserve | - | 2,188 | (2,188) |
| Undisposed deficit at end of year | ¥ 557,071 | ¥ 2,240 | ¥ 554,831 |

<Note> Amounts of less than one million yen have been rounded down

Proposal for Disposition of Undisposed Deficit

(Millions of yen)

| | FY 2001 From April 1, 2001 To March 31, 2002 | FY 2000 From April 1, 2000 To March 31, 2001 | Difference |
|--|---|---|-------------------|
| Undisposed deficit at end of year | ¥ 557,071 | ¥ 2,240 | ¥ 554,831 |
| Disposition of undisposed deficit: | 557,071 | - | 557,071 |
| Reversal of voluntary reserve | 25,100 | - | 25,100 |
| Reversal of reserve for overseas investment losses | 4 | - | 4 |
| Reversal of employee termination benefits fund | 1,019 | - | 1,019 |
| Reversal of other reserve | 24,076 | - | 24,076 |
| Reversal of capital surplus | 509,486 | - | 509,486 |
| Reversal of legal reserve | 22,484 | - | 22,484 |
| Reversal of voluntary reserve: | - | 19,000 | (19,000) |
| Reversal of general reserve | - | 19,000 | (19,000) |
| Total | - | 16,759 | (16,759) |
| Appropriations: | - | 2,975 | (2,975) |
| Transfer to legal reserve | - | 500 | (500) |
| Dividends for Preference Shares #1 | - | 9 | (9) |
| Dividends for Class B Preference Shares #1 | - | 1,725 | (1,725) |
| Dividends for Class B Preference Shares #2 | - | 740 | (740) |
| Voluntary reserve: | - | 0 | (0) |
| Reserve for losses on overseas investments | - | 0 | (0) |
| Deficit carried forward | ¥ - | | - |
| Retained earnings carried Forward | | ¥ 13,783 | - |

<Note> Amounts of less than one million yen have been rounded down.

Non-Consolidated Balance Sheet as of March 31, 2002 (Unaudited)

(Millions of yen)

| | | | |
|---|--------------------|---|--------------------|
| ASSETS | | LIABILITIES | |
| Cash and due from banks | ¥1,660,446 | Deposits | ¥18,949,733 |
| Cash on hand | 387,519 | Current deposits | 1,179,934 |
| Due from banks | 1,272,927 | Ordinary deposits | 9,398,168 |
| Call loans | 91,000 | Saving deposits | 449,082 |
| Trading assets | 574,134 | Deposits at notice | 170,800 |
| Trading securities | 6,118 | Time deposits | 7,262,605 |
| Trading-related financial derivatives | 196,333 | Other deposits | 489,141 |
| Other trading assets | 371,682 | Negotiable certificates of deposits | 339,020 |
| Money held in trust | 40,000 | Call money | 846,418 |
| Securities | 3,403,577 | Bills sold under repurchase agreements | 276,983 |
| National government bonds | 1,915,123 | Bills sold | 919,300 |
| Local government bonds | 84,659 | Commercial paper | 20,000 |
| Corporate bonds | 284,971 | Trading liabilities | 193,786 |
| Corporate stocks | 1,010,639 | Derivatives of trading securities | 4 |
| Other securities | 108,183 | Trading-related financial derivatives | 193,782 |
| Loans and bills discounted | 17,148,723 | Borrowed money | 884,166 |
| Bills discounted | 268,245 | Foreign exchange | 3,360 |
| Loans on notes | 2,042,066 | Due to foreign banks | 1,412 |
| Loans on deeds | 12,783,359 | Loans from foreign banks | 443 |
| Overdrafts | 2,055,051 | Foreign bills of exchange sold | 1,177 |
| Foreign exchange | 114,500 | Foreign bills of exchange payable | 327 |
| Due from foreign banks | 79,397 | Bonds | 87,500 |
| Loans to foreign banks | 3 | Other liabilities | 483,705 |
| Foreign bills of exchange bought | 18,096 | Unsettled exchange payable | 862 |
| Foreign bills of exchange receivable | 17,003 | Accrued income taxes | 5,720 |
| Other assets | 524,725 | Accrued expenses | 40,492 |
| Prepaid expense | 1,490 | Income in advance | 10,858 |
| Accrued income | 51,060 | Financial derivatives | 111,627 |
| Initial margins for futures transactions | 336 | Trading payable | 25,063 |
| Variation margins for futures transactions | 1,023 | Others | 289,081 |
| Financial derivatives | 110,209 | Reserve for employees' bonuses | 3,229 |
| Deferred hedge loss | 1,121 | Reserve for employees' retirement benefits | 3,950 |
| Others | 359,484 | Reserve for possible losses on loans sold | 10,595 |
| Premises and equipment | 417,035 | Other reserves | 0 |
| Land, building, and equipment | 393,871 | Reserve for financial futures transaction liabilities | 0 |
| Construction in progress | 160 | Deferred tax liabilities on land revaluation | 74,221 |
| Lease deposits | 23,003 | Acceptances and guarantees | 1,191,361 |
| Deferred tax assets | 424,060 | Total liabilities | ¥24,287,332 |
| Customers' liabilities for acceptances and guarantees | 1,191,361 | SHAREHOLDERS' EQUITY | |
| Reserve for possible loan losses | (532,501) | Capital | 605,356 |
| Reserve for investment losses | (17,800) | Legal reserves | 585,553 |
| | | Capital surplus | 509,486 |
| | | Legal reserve | 76,067 |
| | | Difference arising from land revaluation | 113,301 |
| | | Deficit | 531,971 |
| | | Voluntary reserves | 25,100 |
| | | Reserve for losses on overseas investments | 4 |
| | | Employee termination benefits fund | 1,019 |
| | | Other reserve | 24,076 |
| | | Undisposed deficits | 557,071 |
| | | Net loss | 584,684 |
| | | Valuation differences | (20,309) |
| | | Total Shareholders' equity | 751,931 |
| Total assets | ¥25,039,264 | Total liabilities and shareholders' equity | ¥25,039,264 |

<Note> Amounts of less than one million yen have been rounded down.

Notes to non-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 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 balance sheet date and, in the case of derivatives including swaps, futures and options, etc. at the settlement amount assuming settlement on the balance sheet date.
3. Bonds held to maturity are stated at amortized cost by the moving average method. Investments in subsidiaries and affiliates are stated at cost determined by the moving average method. Other 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 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: 8 ~ 50 years
 - Equipment: 2 ~ 20 years
7. Software used by the Bank has been depreciated by the straight-line method based on an estimated useful life of 5 years determined by the Bank.
8. Bond issuance expenses are charged to operations as incurred.
9. Foreign-currency-denominated assets and liabilities and overseas branch accounts of the Bank, with the exception of stock in subsidiaries and affiliates for which amounts are translated into yen equivalents at the exchange rates in effect at the acquisition dates, are translated into yen equivalents, primarily at the exchange rates prevailing at the balance sheet date. In the prior year, the Bank adopted a “New Foreign Exchange Accounting Standard,” pursuant to “Temporary Auditing Treatment for Continuous Application of the ‘New Foreign Exchange Accounting Standard’ in the Banking

Industry” (the Japanese Institute of Certified Public Accountants, “JICPA,” April 10, 2000). However, effective this year, the Bank has adopted a revised accounting standard for foreign currency transactions (“Opinion Report Concerning Amendment of Accounting Standards Applied for Foreign Currency Transactions,” issued by the Business Accounting Deliberation Council, October 22, 1999), except for the accounting treatment stipulated in “Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Audit Committee, Report No. 20). The impact of this change was immaterial.

For funding-related swaps, the Bank reports the net yen equivalents of the notional principal amounts translated at the exchange rate prevailing at the balance sheet date in accordance with Report No. 20 of the JICPA Industry Audit Committee. The difference between the spot and the forward rates, which reflects the interest rate gap between the different currencies, is reported in the statement of operations on an accrual basis over the period from the spot settlement date to the forward settlement date.

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

For cross currency swaps, which meet the criteria indicated in Report No. 20 of the JICPA Industry Audit Committee, the Bank reports, the net yen equivalents, translated at the exchange rates prevailing at the balance sheet date, of the notional principal amounts, with the related interest income and interest expense being accrued and reported in the 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 date to reflect the spot exchange rate as of the reset dates and, thus, the notional principal amounts at the spot exchange rate and the forward exchange rate are identical in each reset period).

10. The Bank has made provisions for possible loan losses as follows:

For loans to insolvent customers who are undergoing bankruptcy or special liquidation (hereinafter, “borrowers under bankruptcy proceedings”) or who are in a similar financial condition while not yet in bankruptcy (hereinafter “borrowers substantially in bankruptcy”), the reserve for possible loan losses is provided at the full amount of the book value of such loans after deduction of the amount of direct write-offs (as defined below), and excluding the amounts deemed collectible from the disposal of the collateral pledged and from guarantees that are deemed recoverable.

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

For other loans, the reserve for possible loan losses is provided at an amount based on the 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.

For the Banks' loans to borrowers under bankruptcy proceedings and borrowers substantially in bankruptcy that are secured by collateral and guarantees, the unrecoverable portion of such loans is determined by subtracting the estimated recoverable balance from the disposal of the collateral and the amounts deemed recoverable from the guarantors. The unrecoverable amount is written off directly against the value of the loan ("direct write-off"). Such direct write-offs amounted to ¥533,781 million for the year ended March 31, 2002.

11. The reserve for investment losses is provided at the necessary amount determined by the securities issuers' financial condition based on possible losses on investments.
12. The reserve for employees' bonuses is provided at the estimated amount of employees' bonus payments applicable to the year. An accrual for employees' bonuses was formerly included in other liabilities. Effective the year ended March 31, 2002, this has been presented as a reserve for employees' bonuses. This change decreased accrued expenses included in other liabilities by ¥3,229 million and increased the reserve for employees' bonuses by the same amount.
13. To provide for employees' retirement benefits, the Bank has recorded a reserve for severance payments and pension plans, based on the projected benefit obligation and the plan assets at the balance sheet date. Past service liabilities are charged to operations as incurred. The actuarial loss is amortized effective the next fiscal year by the straight-line method over a certain period (10 years) within the average remaining years of service of the eligible employees.

With regard to the difference caused by this accounting change (¥131,588 million), the Bank accounted for this as an expense of ¥40,290 million due to establishment of the pension benefits' trust in the prior year and is to proportionally amortize the rest of amounts and to charge to operations over a five-year period.

14. 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 by the Bank in accordance with Article 287-2 of the Commercial Code of Japan.

15. Noncancelable lease transactions are accounted for as operating leases regardless of whether such leases are classified as operating leases or finance leases except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.
16. The Bank uses the technique of “macro hedging,” which utilizes derivatives to comprehensively control the attendant interest risk on its numerous financial assets and liabilities such as loans and deposits. Macro-hedging is a risk-management tool based on the risk-adjustment approach established in “Temporary Treatment for Accounting and Auditing for Application of Accounting Standards for Financial Instruments in the Banking Industry” (JICPA’s Industry Audit Committee Report No. 15). The Bank has adopted deferred hedging to account for unrealized gains or losses arising from the derivatives mentioned above.

The Bank controls the risk on derivatives, which form a risk-adjustment mechanism within the range of permissible risk established in its risk-management policy, and periodically evaluates the effectiveness of its hedging approach by verifying that the interest risk on the underlying hedged item has been nullified. The Bank has adopted deferred hedging, market value hedging and special treatment of interest rate swaps for certain of its assets and liabilities.

17. The Bank accounts for consumption tax and local consumption tax by the tax-exclusion method.
18. Other reserves: Reserve for financial futures transactions

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

19. Shares held and investments in subsidiaries: ¥104,656 million.
20. Receivable due from subsidiaries: ¥215,781 million.
21. Payable due from subsidiaries: ¥456,228 million.
22. Receivable due from controlling shareholder: ¥208,821 million.
23. Accumulated depreciation of premises and equipment: ¥222,396 million.

24. Advanced depreciation entry on the acquisition costs of premises and equipment: ¥58,327 million.
25. In addition to the premises and equipment recorded in the balance sheet, certain computers are held under leases.
26. Loans to borrowers in legal bankruptcy amounted to ¥67,081 million, and past due loans amounted to ¥873,503 million. Included in this amount is ¥7,802 million which was entrusted to the Resolution and Collection Corporation by Administration Trust Method .

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.

27. Loans past due 3 months or more amounted to ¥79,219 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.”

28. Restructured loans amounted to ¥444,404 million.

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

29. Loans to borrowers in legal bankruptcy, past due loans, loans past due 3 months or more, and restructured loans amounted to ¥1,464,208 million in the aggregate.

Included in this amount is ¥7,802 million which was entrusted to the Resolution and Collection Corporation by Administration Trust Method .

The amounts presented in Notes 26 to 29 are stated before the deduction of the reserve for possible loan losses.

30. Commercial bills, and bills of exchange with freight which were acquired as bills discounted, amounted to ¥268,245 million.

31. Assets pledged as collateral were as follows:

- Trading assets ¥ 276,951 million
- Securities ¥1,857,402 million
- Loans ¥ 595,563 million

Liabilities corresponding to the assets pledged as collateral:

- Deposits ¥ 81,201 million
- Call money ¥ 654,518 million
- Bills sold under
 repurchase agreement ¥ 276,983 million
- Bills sold ¥ 919,300 million

In addition to the above, the following securities were pledged as collateral for settlement of foreign exchange or for dealings in futures:

- Securities ¥ 683,828 million
- Others ¥ 19,622 million

Cash and due from banks of ¥65,000 million has been additionally pledged as collateral for certain loans of subsidiaries and others.

32. 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 ¥104,720 million and ¥103,598 million, respectively.

33. The Bank 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 (announced on March 31, 1998) after making reasonable adjustments for the location and quality of 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 balance sheet date and the total book value of the land after the revaluation: ¥80,051 million.

34. Borrowed money included subordinated debt amounting to ¥802,600 million, which, by special covenants, are subordinated to other obligations in the order of their performance.

35. Bonds payable included subordinated bonds of ¥10,000 million.
36. Net loss per share: 206.64 yen.
37. Issues pertaining to the market value and the valuation differences on investment securities are presented below. This encompasses trading account securities, negotiable certificates of deposit under other trading assets, commercial paper under trading assets, and negotiable certificates of deposit under cash and due from banks, as well as commercial paper under monetary receivables bought and, in addition, Japanese government bonds, local government bonds, corporate bonds, stocks, and other securities. This grouping applies through Note 41.

Securities held for trading purposes:

| | |
|--|------------------|
| Balance sheet amount | ¥377,801 million |
| Unrealized net gain included in profits and losses | ¥ 291 million |

No marketable bonds held to maturity with market value were held.

No marketable equity interest in subsidiaries or affiliates was recorded.

Other securities with market value:

| | Acquisition costs | Balance sheet amount | Valuation differences | Gain | Loss |
|--------------------------|----------------------|----------------------------|--------------------------|----------------|----------------|
| <i>(Millions of yen)</i> | | | | | |
| Stocks | ¥ 892,555 | ¥ 861,660 | ¥(30,894) | ¥58,936 | ¥89,831 |
| Bonds | 2,122,252 | 2,133,278 | 11,025 | 11,719 | 693 |
| National | | | | | |
| government | 1,908,606 | 1,915,123 | 6,517 | 6,560 | 42 |
| Local government | 78,705 | 81,549 | 2,843 | 2,843 | – |
| Corporate | 134,940 | 136,604 | 1,664 | 2,315 | 651 |
| Others | 97,059 | 96,619 | (440) | 636 | 1,076 |
| Total | <u>¥3,111,867</u> | <u>¥3,091,558</u> | <u>¥(20,309)</u> | <u>¥71,292</u> | <u>¥91,601</u> |

The valuation difference of ¥20,309 million has been included in valuation differences.

38. No held-to-maturity bonds were sold during the year.
39. Other securities sold during the year ended March 31, 2002 were as follows:

| Amount sold | Gain | Loss |
|--------------------------|---------|----------|
| <i>(Millions of yen)</i> | | |
| ¥5,193,186 | ¥52,402 | ¥207,996 |

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

Securities of subsidiaries and affiliates:

| | |
|--------------|------------------|
| Subsidiaries | ¥107,375 million |
| Affiliates | ¥ 1,055 million |

Other securities:

| | |
|--|------------------|
| Unlisted bonds | ¥151,476 million |
| Unlisted stocks (excluding over-the-counter securities) | ¥ 41,861 million |

41. The projected redemption amounts for other investment securities with maturities are presented below by maturity date:

| | One year or less | One to five years | Five to 10 years | More than 10 years |
|---------------------|--------------------------|----------------------|---------------------|-----------------------|
| | <i>(Millions of yen)</i> | | | |
| Bonds | ¥625,988 | ¥1,463,687 | ¥194,315 | ¥763 |
| Japanese government | 564,331 | 1,223,723 | 127,069 | - |
| Local government | 11,793 | 32,902 | 39,962 | - |
| Corporate | 49,862 | 207,061 | 27,283 | 763 |
| Other | 41,105 | 14,071 | 8,095 | - |
| Total | <u>¥667,094</u> | <u>¥1,477,758</u> | <u>¥202,411</u> | <u>¥763</u> |

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

Money held in trust for investment purposes: ¥40,000 million.

No unrealized gain or loss has been included in earnings for the year ended March 31, 2002.

43. Loaned securities totaling ¥120,848 million under loan agreements and loaned securities totaling ¥21,352 million under lease agreements have been included in the securities account.

Securities loaned to the Bank under loan agreements amounted to ¥108,017 million. All were collateralized and are disposable at the discretion of the Bank.

44. 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 ¥5,798,250 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 ¥5,743,833 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.

45. The reserve for employees' retirement benefits, prepaid pension expenses, and the plan assets of the retirement benefit trust which was offset against the employees' retirement benefits, excluding unrecognized actuarial differences, at March 31, 2002 is summarized as follows:

| | Lump-sum retirement and severance payment plan | Welfare pension fund | Total |
|---|---|-------------------------|------------|
| | <i>(Millions of yen)</i> | | |
| Reserve for employees' retirement benefits (before excluding plan assets of retirement benefit trust) | ¥(45,889) | ¥ – | ¥ (45,889) |
| Prepaid pension expense (before adding plan assets of retirement benefit trust) | – | 36,910 | 36,910 |
| Plan assets of retirement benefit trust (after excluding unrecognized actuarial differences) | 41,938 | 74,027 | 115,965 |
| Reserve for employees' retirement benefits (after excluding plan assets of retirement benefit trust) | (3,950) | – | (3,950) |
| Prepaid pension expense | – | 110,937 | 110,937 |

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

- (1) Sales or purchases of securities under repurchase or resale agreements, formerly treated as sales or purchases, are recorded as sales of securities under repurchase agreement or purchases of securities under resale agreement.
- (2) Valuation differences, after the tax effect, from valuing other securities and other money in trust at market value are recorded as valuation differences.

47. The Tokyo tax base for enterprise tax was changed from income to gross operating profit with the implementation of “The Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business in Tokyo,” a bylaw enacted on April 1, 2000 as Tokyo Metropolitan Ordinance No. 145 (the “Ordinance”). On October 18, 2000, the Bank filed a lawsuit to confirm the invalidity of this Ordinance in the local Tokyo court. On March 26, 2002, the court rendered a judgement in favor of the Bank and ordered the Tokyo Metropolitan government to repay the erroneously paid amount of ¥4,113 million plus a penalty of ¥100 million. However, the Tokyo local government filed an appeal with the Tokyo High Court on March 29, 2002.

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

Enterprise tax for the Tokyo Metropolitan government of ¥4,300 million for the prior fiscal year and ¥4,500 million for the current fiscal year was recorded as other expenses, and ordinary losses were increased by this amount over the amount which would have been recorded if the tax base of the enterprise tax had been income. There was no effect on income taxes, inhabitants’ taxes and enterprise tax either for the prior year or the current year. In addition, such enterprise tax is not subject to tax-effect accounting, and, accordingly, deferred tax assets decreased by ¥20,035 million from the former case in which the tax base was income. Deferred tax liabilities on revaluation decreased by ¥3,506 million and differences on revaluation increased by the same amount.

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

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

The Bank recorded ¥900 million of Osaka enterprise tax as other operating expenses and ordinary loss increased by that amount. 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 ¥3,964 million from the former case in which the tax base was income. Deferred tax liabilities on revaluation decreased by ¥693 million and the difference on revaluation increased by the same amount.

Non-Consolidated Statement of Operations (Unaudited)

Year ended March 31, 2002

(Millions of yen)

| | | |
|--|-----------|-----------|
| Ordinary income | | ¥ 664,579 |
| Interest income: | ¥ 476,014 | |
| Interest on loans and discounts | 397,547 | |
| Interest and dividends on securities | 45,607 | |
| Interest on call loans | 998 | |
| Interest on bills purchased under resell agreement | 0 | |
| Interest on bills bought | 50 | |
| Interest on due from banks | 19,485 | |
| Other interest income | 12,325 | |
| Fees and commission | 63,404 | |
| Domestic and foreign exchange commission | 27,637 | |
| Other fees and commission | 35,766 | |
| Trading income | 4,999 | |
| Trading securities | 269 | |
| Trading-related financial derivatives transactions | 3,852 | |
| Other trading income | 877 | |
| Other operating income | 46,278 | |
| Gains on foreign exchange transactions | 6,531 | |
| Gains on sales of national government bonds and others | 23,752 | |
| Income from derivatives other than for trading or hedging | 491 | |
| Others | 15,502 | |
| Other income | 73,882 | |
| Gains on sales of stocks and other securities | 29,828 | |
| Gains on money held in trust | 14 | |
| Others | 44,039 | |
| Ordinary expenses | | 1,358,926 |
| Interest expenses: | 101,966 | |
| Interest on deposits | 54,249 | |
| Interest on negotiable certificates of deposit | 4,333 | |
| Interest on call money | 2,494 | |
| Interest on bills sold under repurchase agreement | 92 | |
| Interest on bills sold | 71 | |
| Interest on commercial paper | 220 | |
| Interest on borrowed money | 19,941 | |
| Interest on bonds | 1,640 | |
| Interest on interest rate swaps | 15,897 | |
| Other interest expenses | 3,026 | |
| Fees and commission | 32,564 | |
| Domestic and foreign exchange | 5,270 | |
| Others | 27,293 | |
| Trading expenses | 21 | |
| Expenses on securities related to trading transactions | 21 | |
| Other operating expenses | 14,180 | |
| Losses on sales of national government bonds and others | 13,829 | |
| Devaluation losses on national Government bonds and others | 207 | |
| Bond issuance expenses | 121 | |
| Others | 22 | |
| General and administrative expenses | 257,940 | |
| Other expenses | 952,252 | |
| Provision for reserve for possible loan losses | 215,915 | |
| Write-off of loans | 197,055 | |
| Losses on sales of stocks and other securities | 196,662 | |
| Losses on devaluation of stocks and other securities | 150,545 | |
| Others | 192,074 | |
| Ordinary net loss | | 694,346 |
| Extraordinary profits | | 1,036 |
| Gains on sales of premises and equipment | 44 | |
| Recoveries of written-off claims | 992 | |
| Extraordinary losses | | 22,786 |
| Losses from sales of premises and equipment | 22,786 | |
| Loss before income taxes | | 716,096 |
| Income taxes: | | |
| Current | | 931 |
| Deferred | | (132,343) |
| Net loss | | 584,684 |
| Profit carried forward from previous year | | 13,783 |
| Reversal of land revaluation difference | | 13,828 |
| Undisposed deficit at end of year | | ¥ 557,071 |

<Note> Amounts of less than one million yen have been rounded down.

Notes:

1. Amounts of less than one million yen have been rounded down.
2. Total revenue from transactions with subsidiaries: ¥ 2,257 million
Total expenses from transactions with subsidiaries: ¥37,552 million
3. Total expenses from transactions with controlling shareholder ¥350 million
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-data 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, commercial paper, derivatives, etc. as at the end of the preceding period and those as at the end of the current period.

5. Other income includes:
 - Gains on establishment of trust for employee retirement benefits ¥28,381 million
6. Other expenses include:
 - Losses on forgiveness of loans to assist borrowers ¥65,000 million
 - Provision for reserve for possible losses on loans sold ¥43,356 million
 - Losses on sales of loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited ¥ 9,615 million
 - Provision for investment losses ¥17,800 million
 - Expenses for the difference caused by accounting change and application of new criteria for employees’ retirement benefits ¥18,259 million
 - Expenses for outplacement services ¥15,791 million

The Asahi Bank, Ltd.

Proposal for Disposition of Undisposed Deficit

| | As of March 31, 2002 |
|--|---------------------------------------|
| | <u>(yen)</u> |
| Undisposed Deficit as of March 31, 2002 | ¥557,071,804,984 |
| Disposition of undisposed deficit: | 557,071,804,984 |
| Reversal of voluntary reserves | 25,100,685,493 |
| Reversal of reserve for losses on overseas investments | 4,885,493 |
| Reversal of employee termination benefits fund | 1,019,800,000 |
| Reversal of other reserves | 24,076,000,000 |
| Reversal of capital reserve | 509,486,400,063 |
| Reversal of legal reserve | 22,484,719,428 |
| Deficit carried forward | <u>¥ 0</u> |