



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

May 24, 2002

The Daiwa 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 Daiwa Bank, Ltd.)
2-2-1 Bingomachi, Cyuo-ku, Osaka, 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>%</i>	<i>Million yen</i>	<i>%</i>	<i>Million yen</i>	<i>%</i>
March 31, 2002	390,775	(10.2)	(545,960)	-	(434,639)	-
March 31, 2001	435,083	(34.9)	(4,829)	-	(10,989)	-

	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 (Total Funds)
	<i>Yen</i>	<i>Yen</i>	<i>%</i>	<i>%</i>	<i>Million yen</i>
March 31, 2002	(211.72)	-	(171.6)	239.7	10,963,041 (12,350,173)
March 31, 2001	(7.60)	-	(3.0)	101.1	9,458,777 (26,231,969)

Note: Average number of ordinary shares issued: 2,052,854,550 shares (fiscal year ended March 31, 2002)

Average number of ordinary shares issued: 2,050,835,299 shares (fiscal year ended March 31, 2001)

There were no changes in accounting policies.

Ratio of ordinary expenses to ordinary income = ordinary expenses / ordinary income × 100%

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>	<i>%</i>	<i>%</i>
March 31, 2002	0.00	0.00	0.00	-	-	-
March 31, 2001	1.50	1.50	0.00	3,079	-	0.6

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>%</i>	<i>Yen</i>	<i>%</i>
March 31, 2002	14,723,960	418,021	2.8	(0.46)	8.24
March 31, 2001	15,518,596	926,584	6.0	247.27	12.00

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

Number of ordinary shares issued : 2,052,867,887 shares (as of March 31, 2001)

Treasury stock at March 31, 2002 : 0 shares

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 for the year

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

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

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

(3) Number of shares of treasury stock

March 31, 2002	ClassA 1st preferred stock	- shares
	ClassB 1st preferred stock	- shares
March 31, 2001	ClassA 1st preferred stock	- shares
	ClassB 1st preferred stock	- shares

(4) Per share and Total dividends Paid (Fiscal Year 2001 and 2000)

	Total (yen)	Term-end		Total Amount of Dividends (millions of yen)
		(yen)	Interim (yen)	
FY 2001				
(Kind A Preferred)	0.00	0.00	0.00	-
(Kind B Preferred)	0.00	0.00	0.00	-
FY 2000				
(Kind A Preferred)	24.75	12.375	12.375	271
(Kind B Preferred)	6.36	3.18	3.18	4,324

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

Net income per share

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

Ratio of net income to shareholders' equity

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

Dividend payout ratio

$$\frac{\text{Total dividends on common Stock}}{\text{Net income} - \text{Total dividends on Preferred Stock}}$$

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

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

Non-Consolidated Financial Statements
Comparison of Balance Sheets (Major Breakdown)

(Millions of yen)

	March 31,2002 (A)	March 31,2001 (B)	Difference (A) - (B)
Assets			
Cash and due from banks	¥ 1,293,243	¥ 524,060	¥ 769,183
Call loan	5,576	253,868	(248,292)
Bills bought	–	50,000	(50,000)
Monetary claims bought	20	20	–
Trading assets	66,379	128,704	(62,325)
Money held in trust	2,803	34,585	(31,782)
Securities	2,726,073	3,142,138	(416,065)
Loans and bills discounted	9,612,764	10,205,796	(593,032)
Foreign exchanges	55,928	70,134	(14,206)
Other assets	323,352	260,371	62,981
Premises and equipment	142,099	147,290	(5,191)
Deferred tax assets	285,169	178,422	106,747
Customers' liabilities for acceptances and guarantees	607,839	735,977	(128,138)
Reserve for possible loan losses	(397,290)	(212,774)	(184,516)
Total assets	14,723,960	15,518,596	(794,636)
Liabilities			
Deposits	10,963,041	9,458,777	1,504,264
Negotiable certificates of deposit	553,328	2,513,626	(1,960,298)
Call money	374,964	253,535	121,429
Bills sold under repurchase agreement	4,099	–	4,099
Bills sold	389,500	90,000	299,500
Trading liabilities	23,244	28,125	(4,881)
Borrowed money	407,822	428,217	(20,395)
Foreign exchanges	5,933	9,053	(3,120)
Bonds	70,000	51,800	18,200
Due to trust account	192,446	452,941	(260,495)
Other liabilities	707,482	506,144	201,338
Reserve for employees' bonuses	2,300	–	2,300
Reserve for employees' retirement benefits	–	16,001	(16,001)
Reserve for possible losses on loans sold	3,935	23,149	(19,214)
Reserve for specific borrowers under support	–	24,662	(24,662)
Other reserves	0	1	(1)
Acceptance and guarantees	607,839	735,977	(128,138)
Total liabilities	14,305,939	14,592,012	(286,073)
Shareholders' equity			
Capital	443,158	465,158	(22,000)
Legal reserve	452,303	452,813	(510)
Retained earnings (deficit)	(428,786)	8,611	(437,397)
Voluntary reserve	2	15,872	(15,870)
Undisposed deficit	428,788	7,260	421,528
Net loss	434,639	10,989	423,650
Valuation differences	(48,654)	–	(48,654)
Total shareholders' equity	418,021	926,584	(508,563)
Total liabilities and shareholders' equity	¥14,723,960	¥15,518,596	¥ (794,636)

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

Comparison of Statements of Operations (Major Breakdown)

(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	¥ 390,775	¥ 435,083	¥ (44,308)
Interest income	224,853	250,088	(25,235)
(Interest on loans and discounts)	193,200	204,783	(11,583)
(Interest and dividends on securities)	25,381	32,415	(7,034)
Trust fees	42,204	54,833	(12,629)
Fees and commissions	67,333	44,518	22,815
Trading income	3,432	1,047	2,385
Other operating income	17,457	23,466	(6,009)
Other income	35,493	61,129	(25,636)
Ordinary expenses	936,735	439,913	496,822
Interest expenses	45,315	76,492	(31,177)
(Interest on deposits)	23,890	46,498	(22,608)
Fees and commissions	42,310	15,863	26,447
Trading expenses	9	5	4
Other operating expenses	2,793	5,331	(2,538)
General and administrative expenses	171,882	167,596	4,286
Other expenses	674,424	174,624	499,800
Ordinary net loss	545,960	4,829	541,131
Extraordinary profits	5,843	10,909	(5,066)
Extraordinary losses	952	1,728	(776)
Income/(loss) before income taxes	(541,069)	4,351	(545,420)
Income taxes – current	317	3,721	(3,404)
Income taxes – deferred	(106,747)	11,619	(118,366)
Net loss	434,639	10,989	423,650
Profit carried forward from previous year	5,851	9,961	(4,110)
Increase of unappropriated profit related to merger	–	220	(220)
Interim dividends paid	–	5,377	(5,377)
Transfer to legal reserve	–	1,076	(1,076)
Undisposed deficit at end of year	¥ 428,788	¥ 7,260	¥ 421,528

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

Appropriation/Disposition of Retained Earnings

(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	¥428,788	¥ 7,260	¥421,528
Reversal of voluntary reserve			
Reversal of reserve for overseas investment losses	2	—	2
Reversal of capital surplus	404,449	—	404,449
Reversal of legal reserve	24,336	—	24,336
Reversal of voluntary reserve:			
Reversal of general reserve	—	15,870	(15,870)
Total	—	8,609	(8,609)
Appropriations:			
Retained earnings appropriated total	—	2,758	(2,758)
Transfer to legal reserve	—	460	(460)
Dividends for Class A No.1 preferred shares	—	135	(135)
Dividends for Class B No.1 preferred shares	—	2,162	(2,162)
Voluntary reserve	—	0	(0)
Reserve for losses on overseas investments	—	0	(0)
Retained earnings (deficit) carried	¥ —	¥ 5,851	¥ —

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

Non-Consolidated Balance Sheet as of March 31, 2002

(Millions of yen)

Assets		Liabilities	
Cash and due from banks:	¥ 1,293,243	Deposits:	¥10,963,041
Cash on hand	188,357	Current deposits	1,123,505
Due from banks	1,104,886	Ordinary deposits	4,909,911
Call loans	5,576	Saving deposits	270,335
Monetary claims bought	20	Deposits at notice	231,904
Trading assets:	66,379	Time deposits	3,984,399
Trading securities	6,557	Other deposits	442,984
Trading-related financial derivatives	24,035	Negotiable certificates of deposits	553,328
Other trading assets	35,785	Call money	374,964
Money held in trust	2,803	Bills sold under repurchase agreement	4,099
Securities:	2,726,073	Bills sold	389,500
National government bonds	1,358,321	Trading liabilities:	23,244
Local government bonds	33,206	Trading securities sold for short sales	3,195
Corporate bonds	282,958	Derivatives of trading securities	0
Corporate stocks	993,268	Trading-related financial derivatives	20,047
Other securities	58,317	Borrowed money	407,822
Loans and bills discounted:	9,612,764	Foreign exchange:	5,933
Bills discounted	285,780	Due to foreign banks	1,899
Loans on notes	1,489,550	Foreign bills of exchange sold	3,805
Loans on deeds	5,918,380	Foreign bills of exchange payable	228
Overdrafts	1,919,052	Bonds	70,000
Foreign exchanges:	55,928	Due to trust account	192,446
Due from foreign banks	5,163	Other liabilities:	707,482
Loans to foreign banks	0	Unsettled exchange payable	698
Foreign bills of exchange bought	19,624	Accrued income taxes	424
Foreign bills of exchange receivable	31,140	Accrued expenses	44,362
Other assets:	323,352	Income in advance	12,590
Unsettled exchange receivable	32	Initial margins for futures transactions	1,281
Prepaid expenses	1,354	Variation margins for futures transactions	0
Accrued income	43,728	Borrowed securities	3,195
Initial margins for futures transactions	112	Financial derivatives	4,822
Variation margins for futures transactions	1	Cash collateral on securities lent	493,689
Securities in custody and others	4,417	Others	146,417
Financial derivatives	828	Reserve for employees' bonuses	2,300
Deferred hedge loss	2,975	Reserve for possible losses on loans sold	3,935
Cash collateral on securities borrowed	3,912	Other reserves:	0
Others	265,989	Reserve for financial futures transaction liabilities	0
Premises and equipment:	142,099	Reserve for securities transaction liabilities	0
Land, building, and equipment	44,090	Acceptances and guarantees	607,839
Construction in progress	277	Total liabilities	14,305,939
Lease deposits	97,731	Shareholders' equity	
Deferred tax assets	285,169	Capital	443,158
Customers' liabilities for acceptances and guarantees	607,839	Legal reserve:	452,303
Reserve for possible loan losses	(397,290)	Capital surplus	404,449
		Legal reserves	47,854
		Deficit	428,786
		Voluntary reserve:	
		Reserve for losses on overseas investments	2
		Undisposed deficit	428,788
		Net loss	434,639
		Valuation differences	(48,654)
		Total shareholders' equity	418,021
Total assets	¥14,723,960	Total liabilities and shareholders' equity	¥14,723,960

<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. Investments in subsidiaries and affiliates are stated at cost determined 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 balance sheet date. Other securities, other than equity securities, with market value are stated at their respective market value whereas the cost of sales of such securities are determined by the moving average method. Other securities without market value are stated at cost determined by the moving average method or at their respective amortized cost. Net unrealized gain/loss is included in a component of shareholders’ equity.
4. Securities held as assets in individually managed money trusts whose principal objective is portfolio management are stated at market value.
5. Derivative transactions (excluding “transactions for trading purposes”) are stated at market value.
6. Depreciation of premises and equipment of the Bank is calculated by the straight-line method for buildings and by the declining-balance method for equipment. The useful lives adopted for major premises and equipment are as follows:
 - Buildings: 2 ~ 50 years
 - Equipment: 2 ~ 20 years
7. Software used by the Bank has been depreciated by the straight-line method based on an estimated useful life (5 years) determined by the Bank.
8. Bond issue expenses of the Bank are charged to operations as incurred.

9. Foreign-currency-denominated assets and liabilities, with the exception of stock in subsidiaries and affiliates for which amounts are translated into yen equivalents at the exchange rates in effect at the acquisition dates, are translated into yen equivalents, primarily at the exchange rates prevailing at the balance sheet date. In the prior year, the Bank adopted a “New Foreign Exchange Accounting Standard,” pursuant to “Temporary Auditing Treatment for Continuous Application of the ‘New Foreign Exchange Accounting Standard’ in the Banking Industry” (the Japanese Institute of Certified Public Accountants, “JICPA,” April 10, 2000). However, effective this year, the Bank has adopted a revised accounting standard for foreign currency transactions (“Opinion Report Concerning Amendment of Accounting Standards Applied for Foreign Currency Transactions,” issued by the Business Accounting Deliberation Council, October 22, 1999), except for the accounting treatment stipulated in “Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in the Banking Industry” (JICPA Industry Audit Committee, Report No. 20). The impact of this change was to decrease securities by ¥28 million and increase other asset by the same amount.

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 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).

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 loss rates calculated from the actual losses for a certain period and others. The reserve includes a special reserve for possible losses on overseas loans (including the reserve for possible overseas investment losses as stipulated in Article 55-2 of the Special Taxation Measures Law) likely to become uncollectible due to political and economic circumstances in the relevant countries.

Regarding each loan, the Credit Review Office, which is controlled separately from the operating divisions, reviews the operating divisions’ asset valuation of each loan for collectibility based on the Bank’s self-assessment standards. The provision for possible loan losses is based on the results of these reviews.

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 ¥279,329 million for the year ended March 31, 2002.

11. The reserve for employees’ bonuses is provided at the estimated amount of employees’ bonus payments applicable to the year. An accrual for employees’ bonuses was formerly included in accrued expenses. Effective the year ended March 31, 2002, this has been presented as a reserve for employees’ bonuses. This change decreased accrued expenses by ¥2,300 million and increased the reserve for employees’ bonuses by the same amount.
12. To provide for employees’ retirement benefits, the Bank has recorded a reserve for severance payments and pension plans, based on the projected benefit obligation and the plan assets at the balance sheet date. The actuarial gain/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 (¥77,584 million), the Bank charges to operations for 10 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 by the Bank in accordance with Article 287-2 of the Commercial Code of Japan.

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

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

In addition, to hedge the risk of foreign exchange rate fluctuations on foreign-currency-denominated securities excluding bonds, in subsidiaries and affiliates as well as other investment securities (or available-for-sale securities, excluding bonds), the Bank designates, at the inception of the hedge, the names of foreign-currency-denominated investment securities that will be hedged, based on “Temporary Treatment of Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Audit Committee, Report No. 20), and applied deferred hedge and fair-value hedge accounting to such foreign-currency-denominated investment securities, to the extent that the Bank has spot and forward foreign exchange liabilities exceeding the acquisition cost of the relating securities.

The Bank applies deferred hedging, market value hedging and a special rule for interest rate swaps with respect to certain assets and liabilities.

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

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

Reserve for contingent liabilities from the brokering securities transactions.

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

18. Investments in subsidiaries: ¥49,234 million.
19. Receivables due from subsidiaries: ¥3,585 million.
20. Payables due to subsidiaries: ¥168,850 million.
21. Receivables due from controlling shareholder: ¥74 million.
22. Payables due to controlling shareholder: ¥119,395 million.
23. Securities include stocks of the parent company of ¥16,852 million.
24. Accumulated depreciation of premises and equipment: ¥43,508 million.
25. Advanced depreciation entry on the acquisition costs of premises and equipment: ¥4,764 million.
26. In addition to the premises and equipment recorded in the balance sheets, certain computers are held under leases.
27. Loans to borrowers in legal bankruptcy amounted to ¥69,001 million, and past due loans amounted to ¥771,811 million. Included in this amount is ¥381 million which was entrusted to the Resolution and Collection Corporation by Administration Trust Method which leads to a final settlement.

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

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.

28. Loans past due 3 months or more amounted to ¥7,094 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.”

29. Restructured loans amounted to ¥571,790 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.”

30. Loans to borrowers in legal bankruptcy, past due loans, loans past due 3 months or more, and restructured loans amounted to ¥1,419,698 million in the aggregate.

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

The amounts presented in Notes 27 to 30 are stated before the deduction of the reserve for possible loan losses.

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

32. Assets pledged as collateral were as follows:

• Trading assets	¥ 7,138 million
• Securities	¥1,312,137 million
• Loans and bill discounted	¥ 538,580 million

Liabilities corresponding to the assets pledged as collateral:

• Call money	¥ 330,000 million
• Bills sold under repurchase agreement	¥ 4,099 million
• Bills sold	¥ 389,500 million
• Deposits for bonds borrowed	¥ 493,689 million

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

• Securities	¥ 540,650 million
• Loans and bill discounted	¥ 19,633 million
• Other assets	¥ 7,470 million

Securities of ¥10,568 million has been additionally pledged as collateral for certain loans of subsidiaries and others.

33. Unrealized gain or loss on hedging is included in other assets as deferred hedge loss at the net amount. Prior to this offsetting, gross deferred hedge losses and gains amounted to ¥2,983 million and ¥7 million, respectively.

34. Borrowed money included subordinated debt amounting to ¥390,944 million, which, by special covenants, are subordinated to other obligations in the order of their performance.
35. Bonds are subordinated bonds.
36. The principal amount of the Bank's trust with principal compensation agreement is ¥698,676 million of Jointly operated specified money trust.
37. Net loss per share: 211.72 yen.
38. Issues pertaining to the market value and the valuation differences on securities are presented below. This encompasses commercial paper under trading account securities and trading assets, and negotiable certificates of deposit under due from banks, as well as national government bonds, local government bonds, corporate bonds, equity securities and other securities. This grouping applies through Note 41.

Securities held for trading purposes:

Balance sheet amount	¥42,343 million
Unrealized net gain charged to operations	¥ 21 million

Investments in subsidiaries and affiliates with market value:

	Balance sheet amount	Market value	Difference
	<i>(Millions of yen)</i>		
Investments in subsidiaries	¥31,335	¥31,335	-
Total	<u>¥31,335</u>	<u>¥31,335</u>	<u>-</u>

Other securities with market value:

	Acquisition costs	Balance sheet amount	Valuation differences	Gain	Loss
	<i>(Millions of yen)</i>				
Stocks	¥ 960,769	¥ 900,233	¥(60,536)	¥34,073	¥94,609
Bonds	1,615,026	1,626,261	11,235	12,000	765
National					
government	1,348,731	1,358,321	9,590	9,646	56
Local government	32,684	33,206	522	556	34
Corporate	233,611	234,733	1,122	1,797	675
Others	17,506	18,152	645	1,699	1,053
Total	<u>¥2,593,302</u>	<u>¥2,544,647</u>	<u>¥(48,654)</u>	<u>¥47,773</u>	<u>¥96,428</u>

The above amount of ¥(48,654) million has been included in valuation difference.

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

<u>Amount sold</u>	<u>Gain</u>	<u>Loss</u>
<i>(Millions of yen)</i>		
¥2,486,960	¥19,739	¥21,932

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

Investments in subsidiaries and affiliates

Stocks of subsidiaries	¥28,504 million
Stocks of affiliates	¥25,010 million

Other securities:

Unlisted stocks (excluding over-the-counter securities)	¥32,751 million
Unlisted corporate bonds	¥48,225 million

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

	<u>One year or less</u>	<u>One to five years</u>	<u>Five to 10 years</u>	<u>More than 10 years</u>
<i>(Millions of yen)</i>				
Bonds	¥263,106	¥897,436	¥513,944	¥ –
National government	253,265	626,888	478,167	–
Local government	539	21,361	11,306	–
Corporate	9,301	249,187	24,470	–
Other	371	3,936	5,534	5,720
Total	<u>¥263,478</u>	<u>¥901,372</u>	<u>¥519,479</u>	<u>¥5,720</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:	¥2,773 million.
Unrealized loss charged to operations:	0

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.

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

Securities loaned to the Bank under unsecured loan agreements and securities loaned to the Bank under bills add/purchased with repurchase/resell agreements or bond loan transactions collateralized with cash included ¥254,840 million of securities collateralized and ¥507 million of securities held by the Bank. 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 ¥3,188,406 million. Of the above, the amounts for which the original agreement period was within a year or agreements which the Bank could cancel at any time without penalty totaled ¥3,087,792 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 assets of the retirement benefit trust which were offset against the employees' retirement benefits, excluding unrecognized actuarial differences, at March 31, 2002 are 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)	¥(14,519)	¥(4,231)	¥(18,750)
Plan assets of retirement benefit trust (after excluding unrecognized actuarial differences)	<u>22,954</u>	<u>76,716</u>	<u>99,670</u>
Prepaid pension expense (after adding plan assets of retirement benefit trust)	<u>8,435</u>	<u>72,485</u>	<u>80,920</u>

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

	<u>(Millions of yen)</u>
Retirement benefits liabilities	¥(275,746)
Pension assets at fair value	240,857
Unfunded retirement benefits liabilities	<u>(34,888)</u>
Unrecognized differences at the change of accounting standard	62,067
Unrecognized actuarial differences	<u>53,741</u>
Prepaid pension expense on balance sheet	<u>¥80,920</u>

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

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

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 ¥1,078 million plus a penalty of ¥100 million. However, the Tokyo local government filed an appeal with the Tokyo High Court on March 29, 2002.

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

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

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

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

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

Non-Consolidated Statement of Operations for FY 2001

Year ended March 31, 2002

(Millions of yen)

Ordinary income		¥ 390,775
Interest income:	224,853	
Interest on loans and discounts	193,200	
Interest and dividends on securities	25,381	
Interest on call loans	210	
Interest on bills bought under resell agreement	0	
Interest on bills bought	8	
Interest on due from banks	2,752	
Other interest income	3,299	
Trust fees	42,204	
Fees and commissions:	67,333	
Domestic and foreign exchange commission	15,390	
Other fees and commissions	51,942	
Trading revenue:	3,432	
Trading securities	692	
Trading-related financial derivatives transactions	2,587	
Other trading income	152	
Other operating income:	17,457	
Gains on foreign exchange transactions	8,926	
Gain on sales of national government bonds and others	8,447	
Redemption gains on national government bonds and others	3	
Income from derivatives other than for trading or hedging	2	
Others	77	
Other income:	35,493	
Gains on sales of stocks and other securities	11,292	
Gains on money held in trust	102	
Others	24,099	
Ordinary expenses		936,735
Interest expenses:	45,315	
Interest on deposits	23,890	
Interest on negotiable certificates of deposit	1,664	
Interest on call money	237	
Interest on bills sold under repurchase agreements	16	
Interest on bills sold	48	
Interest on commercial paper	3	
Interest on borrowed money	11,053	
Interest on bonds	1,220	
Interest on interest rate swaps	3,166	
Other interest expenses	4,013	
Fees and commissions:	42,310	
Domestic and foreign exchange	3,700	
Others	38,609	
Trading expenses:	9	
Expenses on securities related to trading transactions	9	
Other operating expenses:	2,793	
Losses on sales of national government bonds and others	2,784	
Others	9	
General and administrative expenses	171,882	
Other expenses:	674,424	
Provision for reserve for possible loan losses	289,081	
Write-off of loans	84,804	
Transfer to reserve for possible losses on loans sold	5,261	
Losses on sales of stocks and other securities	19,148	
Losses on devaluation of stocks and other securities	239,883	
Losses on money held in trust	803	
Others	35,441	
Ordinary net loss		545,960
Extraordinary profit:		5,843
Gains on dispositions of premises and equipment	398	
Recoveries of written-off claims	5,444	
Transfer from reserve for securities transaction liabilities	0	
Extraordinary losses:		952
Losses on dispositions of premises and equipment	952	
Loss before income tax		541,069
Income taxes – current		317
Income taxes – deferred		(106,747)
Net loss		434,639
Retained earnings carried forward from previous year		5,851
Unappropriated deficit at end of year		¥ 428,788

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

Notes to non-consolidated statement of operations:

1. Amounts of less than one million yen have been rounded down.
2. Total revenue from transactions with subsidiaries: ¥ 237 million
Total expenses from transactions with subsidiaries: ¥18,288 million
3. Total revenue from transactions with controlling shareholder: ¥ 34 million
Total expenses from transactions with controlling shareholder: ¥ 1,226 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 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, receivables, etc. as at the end of the preceding period and those as at the end of the current period and gains or losses from derivatives at the end of preceding period and those as at the end of the current period as if settlements are made.

5. Other expenses, others include:
 - Losses on sales of loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited ¥4,590 million
 - Losses on sales of loans ¥6,159 million

Non-Consolidated Statement of Proposal for Disposition of Deficit

	FY 2001
	<i>(Yen)</i>
Undisposed deficit as of March 31,2002	¥428,788,853,740
Deficit disposition	428,788,853,740
Reversal of voluntary reserve	2,516,671
Reversal of reserve for possible losses on overseas investments	2,516,671
Reversal of capital reserve	404,449,838,466
Reversal of legal reserve	24,336,498,603
Deficit brought forward to the following term	<u>¥ 0</u>