

1. Financial Highlights for the First Half of Fiscal Year 2001 (from April 1, 2001 to September 30, 2001)

- <Notes> (i) Yen amounts are rounded down to the nearest million yen.
(ii) Figures in parentheses represent negative figures.

(1) Operating Results

	Operating Income	(Change from Previous Fiscal Year)	Ordinary Profits	(Change from Previous Fiscal Year)	Net (Interim) Income	(Change from Previous Fiscal Year)	Net(Interim) Income Per Share
	¥ million	%	¥ million	%	¥ million	%	¥
First Half of FY 2001	197,677	(12.6)	(359,834)	-	(220,772)	-	(107.54)
First Half of FY 2000	226,053	(7.0)	20,301	38.4	4,147	(55.6)	0.90
FY 2000	435,083	(34.9)	(4,829)	-	(10,989)	-	(7.60)

(Notes) 1. Average number of shares :

(First Half of FY 2001)	:	Common Stock	2,052,862,749 shares
		Preferred Stock (Kind A)	10,970,000 shares
		Preferred Stock (Kind B)	680,000,000 shares
(First Half of FY 2000)	:	Common Stock	2,048,813,818 shares
		Preferred Stock (Kind A)	12,060,683 shares
		Preferred Stock (Kind B)	680,000,000 shares
(FY 2000)	:	Common Stock	2,050,835,299 shares
		Preferred Stock (Kind A)	11,516,835 shares
		Preferred Stock (Kind B)	680,000,000 shares

2 Change in Accounting Policies : None

(2) Dividend Payment

	Interim Dividend per Share	Full-Year Dividend per Share
<Common Stock>	¥	¥
First Half of FY 2001	0.00	-
First Half of FY 2000	1.50	-
FY 2000	-	1.50

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

(3) Financial Position

* Japanese Domestic Std

	Total Assets	Stockholders' Equity	Stockholders' Equity to Total Assets	Stockholders' Equity per Share	Capital Ratio (*) [Parent]
	¥ million	¥ million	%	¥	%
First Half of FY 2001	14,894,198	670,932	4.5	122.73	(Provisional) 10.06
First Half of FY 2000	15,088,531	947,097	6.3	257.26	12.55
FY 2000	15,518,596	926,584	6.0	247.27	12.00

(Note) 1. Term-end number of shares :

(First Half of FY 2001)	:	Common Stock	2,052,863,441 shares
		Preferred Stock (Kind A)	10,970,000 shares
		Preferred Stock (Kind B)	680,000,000 shares
(First Half of FY 2000)	:	Common Stock	2,052,867,887 shares
		Preferred Stock (Kind A)	10,970,000 shares
		Preferred Stock (Kind B)	680,000,000 shares
(FY 2000)	:	Common Stock	2,052,867,887 shares
		Preferred Stock (Kind A)	10,970,000 shares
		Preferred Stock (Kind B)	680,000,000 shares

2. Term-end number of Treasury Stocks :

(First Half of FY 2001)	:	Common Stock	4,446 shares
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2. Earnings Projection for Fiscal Year 2001 (From April 1, 2001 to March 31, 2002)

	Operating Income	Ordinary Profits	Net Income	Dividend Per Share	
				Term-end	
	¥ million	¥ million	¥ million	¥	¥
FY 2001 (Full Year)	400,000	(320,000)	(195,000)	1.50	1.50

(Reference)

Projected Net Income Per Share : ¥(97.22)

(Notes)

*Term-end dividend payment for common and preferred stock will be made by Daiwa Bank Holdings, Inc. to be established on December 12, 2001.

Dividends Per Share

	1H of FY 2001	1H of FY 2000	FY 2000
	Interim	Interim	Full Year
	¥	¥	¥
(Common)	0.0	1.50	1.50
(Kind A Preferred)	0.0	12.375	24.75
(Kind B Preferred)	0.0	3.18	6.36

Projection for Per Share Dividends (For Fiscal Year ending March 31, 2002)

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

[Reference]

Definitions of Indices Appeared in "Financial Highlights for the First Half of FY 2001"

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

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

Definition of Index Appeared in "Earnings Performance Projections for FY 2001"

$$\text{Projected Net Income Per Share} = \frac{\text{Projected Net Income} - \text{Projected Total Dividends on Preferred Shares}}{\text{Number of Common Shares as at the end of the 1H of FY 2001}}$$

Comparison of Balance Sheets (Major Breakdown)

(Millions of Yen)

Balance Sheet Items	1H of FY 2001 (Sep 30, 2001) (A)	1H of FY 2000 (Sep 30, 2000) (B)	Comparison (A) - (B)	End of FY 2000 (Mar 31, 2001) (C)	Comparison (A) - (C)
(ASSETS)					
Cash and Due from Banks	522,764	492,371	30,393	524,060	(1,296)
Call Loans	163,834	142,160	21,674	253,868	(90,034)
Bills Bought	-	60,000	(60,000)	50,000	(50,000)
Monetary Claims Bought	20	20	-	20	-
Trading Assets	92,681	145,905	(53,224)	128,704	(36,023)
Money Held in Trust	30,790	82,347	(51,557)	34,585	(3,795)
Securities	2,778,044	2,878,794	(100,750)	3,142,138	(364,094)
Loans and Bills Discounted	10,020,878	10,120,087	(99,209)	10,205,796	(184,918)
Foreign Exchanges	63,955	77,016	(13,061)	70,134	(6,179)
Other Assets	222,384	290,305	(67,921)	260,371	(37,987)
Premises and Equipment	144,694	149,102	(4,408)	147,290	(2,596)
Deferred Taxes	335,154	168,016	167,138	178,422	156,732
Customers' Liabilities for Acceptances and Guarantees	709,247	693,635	15,612	735,977	(26,730)
Reserve for Possible Loan Losses	(190,252)	(211,200)	20,948	(212,774)	22,522
Reserve for Possible Losses on Securities	-	(30)	30	-	-
Total Assets	14,894,198	15,088,531	(194,333)	15,518,596	(624,398)
(LIABILITIES)					
Deposits	9,723,374	11,026,761	(1,303,387)	9,458,777	264,597
Negotiable Certificates of Deposits (NCDs)	1,957,042	635,699	1,321,343	2,513,626	(556,584)
Call Money	206,789	131,480	75,309	253,535	(46,746)
Payables under Repurchase Agreements	57,997	-	57,997	-	57,997
Bills Sold	154,900	14,200	140,700	90,000	64,900
Trading Liabilities	23,483	28,344	(4,861)	28,125	(4,642)
Borrowed Money	408,486	434,597	(26,111)	428,217	(19,731)
Foreign Exchanges	9,520	11,345	(1,825)	9,053	467
Corporate Bonds	70,000	51,800	18,200	51,800	18,200
Due to Trust Account	423,085	662,798	(239,713)	452,941	(29,856)
Other Liabilities	443,302	344,523	98,779	506,144	(62,842)
Reserve for Bonus Payment	2,923	-	2,923	-	2,923
Reserve for Retirement Benefit	16,796	15,831	965	16,001	795
Reserve for Possible Losses on Loans Sold	16,314	35,317	(19,003)	23,149	(6,835)
Reserve for Specific Borrowers under Support	-	55,096	(55,096)	24,662	(24,662)
Other Reserves	1	2	(1)	1	-
Acceptances and Guarantees	709,247	693,635	15,612	735,977	(26,730)
Total Liabilities	14,223,265	14,141,433	81,832	14,592,012	(368,747)
(STOCKHOLDERS' EQUITY)					
Capital	465,158	465,158	-	465,158	-
Capital Surplus and Legal Reserve	453,273	451,737	1,536	452,813	460
Earned Surplus	(214,918)	30,201	(245,119)	8,611	(223,529)
Voluntary Reserve	2	15,872	(15,870)	15,872	(15,870)
Unappropriated Profit at the End of the Period	(214,921)	14,328	(229,249)	(7,260)	(207,661)
Net (Interim) Income/(Loss)	(220,772)	4,147	(224,919)	(10,989)	(209,783)
Net Unrealized Gains(Losses) on Non-Trading Securities					
Available for Sale, Net of Taxes	(32,580)	-	(32,580)	-	(32,580)
Treasury Stocks	(0)	-	(0)	-	(0)
Total Stockholders' Equity	670,932	947,097	(276,165)	926,584	(255,652)
Total Liabilities and Stockholders' Equity	14,894,198	15,088,531	(194,333)	15,518,596	(624,398)

(Note) Increase in the number of common stock shares issued during the first half of FY 2001

Increase due to the conversion of Kind A preferred stock shares
Amount capitalized

shares
¥--- million

Comparison of Statements of Income (Major Breakdown)

(Millions of Yen)

	1H of FY 2001 (A)	1H of FY 2000 (B)	Comparison (A) - (B)	FY 2000
Operating Income	197,677	226,053	(28,376)	435,083
Interest Income	114,598	126,241	(11,643)	250,088
(Interest on loans and discounts)	99,682	100,616	(934)	204,783
(Interest and dividends on securities)	11,444	18,900	(7,456)	32,415
Trust Fees	18,315	26,011	(7,696)	54,833
Fees and Commissions	36,061	21,638	14,423	44,518
Trading Revenue	4,331	1,299	3,032	1,047
Other Operating Income	7,761	3,918	3,843	23,466
Other Income	16,609	46,944	(30,335)	61,129
Operating Expenses	557,511	205,752	351,759	439,913
Interest Expenses	25,212	36,408	(11,196)	76,492
(Interest on deposits)	13,926	21,140	(7,214)	46,498
Fees and Commissions	21,865	6,236	15,629	15,863
Trading Expenses	11	-	11	5
Other Operating Expenses	1,007	3,832	(2,825)	5,331
General and Administrative Expenses	87,097	84,599	2,498	167,596
Other Expenses	422,317	74,675	347,642	174,624
Ordinary Profits /(Losses)	(359,834)	20,301	(380,135)	(4,829)
Extraordinary Profits	2,594	6,782	(4,188)	10,909
Extraordinary Losses	355	547	(192)	1,728
Income (Loss) before Income Tax	(357,595)	26,535	(384,130)	4,351
Income Taxes - Current	193	363	(170)	3,721
Income Taxes - Deferred	(137,017)	22,025	(159,042)	11,619
Net (Interim) Income/(Loss)	(220,772)	4,147	(224,919)	(10,989)
Retained Earnings Brought Forward from Previous Year	5,851	9,961	(4,110)	9,961
Unappropriated Profit Acquired on Merger	-	220	(220)	220
Interim Dividends Paid	-	-	-	5,377
Transfer to Legal Reserve	-	-	-	1,076
Unappropriated Profit at the End of the Term	(214,921)	14,328	(229,249)	(7,260)

Notes to Non-Consolidated Balance Sheets

1. Yen amounts are rounded down to the nearest million yen.
2. Transactions for trading purposes represent transactions seeking to capture gains arising from short-term changes or differences between markets, in interest rates, currency exchange rates, or market prices of securities and other market-related indices. These transactions are included in "Trading Assets" or "Trading Liabilities" in the Non-Consolidated Balance Sheet on a trade date basis. Securities and monetary receivables, etc., are carried at market value prevailing on the Balance Sheet Date, and financial derivatives such as swaps, futures and options are carried at the price based on the assumption that these transactions were settled on the Balance Sheet Date.
3. Stocks of subsidiaries and affiliates are carried at moving-average cost. Marketable securities available for sale are carried at their fair values, with unrealized gains and losses reported on a net-of-tax basis within changes in equity from nonowner sources, which is a component of stockholders' equity. (Cost of securities sold are determined on a moving-average basis.) Non-marketable securities available for sale are carried at their moving-average costs or amortized costs.
4. Securities held in individually managed money trusts for asset management purpose are carried at their fair values.
5. Derivatives transactions excluding those in the trading account are carried at their fair values.
6. Depreciation of premises and equipment is calculated based on the following methods.
Depreciation is charged to income over the estimated useful lives of the related assets.
*Buildings Computed by the straight-line method. (Useful lives are primarily 2 to 50 years.)
*Equipment Computed by the declining balance method. (Useful lives are primarily 2 to 20 years.)
7. Depreciation of computer software for in-house use is computed using the straight-line method. (Useful life of such software: 5 years)
8. Bond issuing cost is accounted as expenses when incurred.
9. Foreign currency denominated assets and liabilities are primarily translated into Japanese yen at the market exchange rates prevailing on the Balance Sheet Date. Stocks of subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing on the dates of their acquisition.
10. The reserve for possible loan losses is provided as follows, based on the pre-determined rules for write-offs and provisioning.
The reserve for possible loan losses for legally/effectively bankrupt borrowers is provided based on the amount after deductions of the expected recoveries from the disposal of collateral or from the execution of guarantees. The reserve for possible loan losses for borrowers, who are not currently bankrupt but are likely to become bankrupt, is provided based on the amount considered necessary in accordance with the overall solvency assessment of the borrowers after deductions of the expected recoveries from the disposal of collateral or from the execution of guarantees.
The reserve for possible loan losses on the loans to other than the above is provided based on the loan loss experiences, as calculated using the actual loan loss rates during a certain period in the past.
Also, a reserve for possible loan losses on the loans to restructuring countries is set aside with the estimated amount based on such factors as political and economic risks.
All loans are assessed by branches and business departments based on the internal rules of the self-assessment of assets. The Asset Auditing Department, independent of the branches and business departments, audits the results of the self-assessment, and the reserve is provided based on the results of such audits.
As for the loans to legally/effectively bankrupt borrowers, the credit amounts not covered by collateral or guarantees (Category exposures) are deemed as irrecoverable and directly written-off from the original credit amounts. The amount of such write-off is ¥307,461 million.
11. To secure the payments of bonus to employees, the Bank provides reserve for bonus payments.
Of the expected amount of bonus payments, the amount accrued during the accounting period is added to the reserve. The amount of bonus payable used to be included in Other Liabilities on the balance sheet. However, effective from the first half of fiscal 2001, these accrued bonus is shown independently as "reserve for bonus payments."
12. To secure the payments of retirement benefit to eligible employees, the Bank provides reserve for retirement benefit. This reserve is provided based on the present value of the projected benefit obligation and the estimated balance of pension assets at the end of each accounting period.
Unrecognized net obligation from initial application of the new accounting standard for employee retirement benefit of ¥77,584 million is amortized using the straight line method over 10 years. For the first half of fiscal 2001, half of such annual amortization cost is charged to income.
Unrecognized net actuarial gain or loss are amortized from the next fiscal year using the straight-line method over 10 years, which is within the average remaining service period of active employees.
13. The reserve for possible losses on loans sold is set aside based on the estimated amount of losses to be incurred from the decline of the real estate collateral value of loans sold to the Cooperative Credit Purchasing Co., Ltd.
14. Finance lease transactions, other than those for which the ownership of the leased equipment is recognized to be transferable to lessees, are accounted for in conformity with general accounting procedures for rent transactions.
15. As for the accounting method for hedge transactions, the Bank applies the macro-hedge, which tries to control the interest rate risks in the aggregate arising from numerous assets and liabilities such as loans and deposits with the derivatives transactions.
16. All figures are not inclusive of consumption tax.
17. Other reserves required by special laws are as follows:
 - * The reserve for contingent liabilities from the broking of financial futures transactions is based on the Article 82 of the Financial Futures Transaction Law. (¥0 million)
 - * The reserve for contingent liabilities from the broking of securities transactions is based on the Article 51 of the Securities and Exchange Act and the Article 65-2-7 thereof. (¥1 million)

18. Accumulated depreciation of buildings and equipment: ¥50,125 million
19. The gains on disposals of buildings and equipment are deducted from the cost of buildings and equipment acquired in substitution. The cumulative amount of such advanced depreciation is ¥4,764 million.
20. Non-accrual loans to bankrupt borrowers: ¥80,306 million.
Non-accrual past due loans: ¥334,538 million.
Non-accrual loans to bankrupt borrowers refer to those loans in which the payment of principal or interest is well past due or there is no prospect of recovery of the principal or interest from the borrower or from a third party guaranteeing the loan.
Non-accrual past due loans are defined as those loans which are past due and not accruing interests, but are categorized neither as non-accrual loans to bankrupt borrowers nor as loans with altered lending conditions whose definition is given below.
21. Loans past due for more than three months: ¥13,635 million.
Loans past due for more than three months are defined as loans whose principal or interest payment is past due for more than three months, but are categorized neither as non-accrual loans to bankrupt borrowers, nor as non-accrual past due loans.
22. Loans with altered lending conditions: ¥439,378 million
Loans with altered lending conditions are defined as loans that the Bank has granted certain concessions by changing the original conditions to borrowers' advantage, with a view to supporting the financial restructuring and facilitating the collection of the Bank's credits to them. These loans are categorized neither as non-accrual loans to bankrupt borrowers, non-accrual past due loans, nor as loans past due for more than three months.
23. Amount of risk monitored loans (total of 20, 21 and 22 above) is ¥867,858 million.
Figures reported in the notes 20, 21, 22 and 23 are before netting-out of loan loss reserves.
24. The face value of the commercial bills discounted: ¥320,633 million.
25. Assets pledged as collateral and their relevant liabilities are as follows:

*Assets pledged as collateral

Trading assets (CPs)	¥46,997 million
Securities	¥946,532 million
Loans and bills discounted	¥365,419 million

*Relevant liabilities

Call money	¥142,800 million
Payables under repurchase agreements	¥57,997 million
Bills sold	¥154,900 million
Other liabilities	¥244,102 million

Other than the above, securities, loans and bills discounted, and other assets which were worth of ¥658,116 million, ¥27,190 million, and 5,600 million, respectively, were pledged as collateral or as substitutes for cash deposits for exchange clearing transactions, derivatives transactions and others. In addition, securities worth of ¥8,371 million were pledged as collateral for the borrowings and others of the Bank's subsidiaries.

Premises and equipment stated include a guarantee deposit of ¥98,617 million. Other assets stated include deposits for futures transactions in the amount of ¥130 million as of the end of the first half of fiscal 2001.

26. The net deferred hedge losses are reflected in other assets stated on the balance sheet. Deferred gross hedge gains and losses before netting are ¥4,515 million and ¥32 million, respectively.
27. Borrowed money includes ¥391,629 million of subordinated borrowed money.
28. All bonds issued are subordinated bonds.
29. Market values of securities and other related information are provided as follows. Other than "securities" stated on the balance sheet, trading securities and commercial papers included in "trading assets" and negotiable certificates of deposits included in "cash and due from banks" are covered in the market value information provided below. (These securities are also covered in the notes 30, 31 and 32.)

* Trading securities	(Millions of yen)
Book Value	64,985
Revaluation gains/(losses) charged to income	(3)

* Marketable stocks of subsidiaries and affiliates

	(Millions of Yen)		
	Book Value	Market Value	Unrealized Gain/(Loss)
Stocks of subsidiaries	30,830	30,830	-
Stocks of affiliates	31,207	31,207	-
Total	62,037	62,037	-

* Non-trading marketable securities available for sale

	(Millions of yen)				
	Acquisition Cost	Book Value	Net Unrealized Gains/(Losses)	Gains	Losses
Stocks	980,758	915,132	(65,626)	33,369	98,995
Bonds	1,605,814	1,617,271	11,457	12,840	1,383
JGBs	1,376,731	1,385,816	9,085	10,302	1,216
Local Gov. Bonds	39,592	40,399	806	825	19
Corporate Bonds	189,490	191,055	1,564	1,712	147
Others	28,781	30,654	1,872	2,361	488
Total	2,615,354	2,563,058	(52,296)	48,571	100,867

Net unrealized gains/(losses), net of taxes: ¥(32,580) million.
(Amount of deferred tax asset: ¥ 19,715 million)

30. Amount of non-trading securities available for sale sold during the first half of fiscal 2001

	(Millions of Yen)		
	Amount Sold	Profit on Sale	Loss on Sale
	1,421,679	11,548	5,170

31. Major items comprising non-marketable securities and their book values are as follows:

	(Millions of yen)
	<u>Book Value</u>
Stocks of subsidiaries and affiliates	
Stocks of subsidiaries	40,809
Stocks of affiliates	26,907
Non-trading securities available for sale	
Unlisted stocks	31,285
(excluding over-the-counter stock)	
Unlisted industrial bonds	50,162

32. Non-trading securities available for sale with maturity are as follows (breakdown by maturity period):

	(Millions of yen)			
	Within 1 year	1 to 5 years	5 to 10 years	Over 10 years
Bond	376,476	943,911	337,100	9,946
JGBs	353,736	738,471	293,608	-
Local Gov. Bonds	567	20,137	9,748	9,946
Corporate Bonds	22,173	185,301	33,743	-
Others	1,613	5,925	7,777	1,720
Total	378,090	949,836	344,877	11,666

33. Breakdown of money held in trust is as follows:

	(Millions of yen)
Money held in trust for fund management purpose	
Book value	30,762
Revaluation loss charged to income	(10)
Money held in trust other than above	

Non-marketable money held in trust worth of ¥27 million is carried at cost.

34. Overdraft facilities and commitments to extend credits are binding agreements to lend to customers as long as there is no violation of any condition established in the contract.

Out of the total commitment amounts, ¥3,190,930 million remained undrawn. Of this undrawn portion, the amount of commitments expiring in one year or less and commitments revocable unconditionally at any time is ¥3,048,711 million. Since many of these commitments expire without being drawn upon, the total commitments amounts do not necessarily represent future cash requirements.

35. Principal amount of Jointly Operated Designated Money in Trust (JOMT) that the Bank guarantees the principal is ¥903,554 million.

36. Treasury stock of the Bank were previously included in securities. Effective from the first half of FY 2001, treasury stock of the Bank is stated on the Balance Sheet as a component to be deducted from the stockholders' equity. As a result of this change, total assets and stockholders' equity were decreased by ¥753,068, respectively, compared with the figures based on the former accounting treatment.

37. In relation to the application of the accounting standard for financial instruments, non-trading securities available for sale are carried at their fair values, with unrealized gains/losses on these securities being reported on a net-of-tax basis within changes in equity from nonowner sources. As a result, securities stated on the balance sheet decreased by ¥52,296 million and the amount of such net unrealized loss on a net-of-tax basis as of the end of the first half of fiscal 2001 is ¥32,580 million.

Notes to Non-Consolidated Statements of Income

1. Yen amounts are rounded down to the nearest million yen.
2. Profits and losses arising from trading transactions are reported in the Statement of Income as "Trading Revenue" and "Trading Expenses," respectively, on the trade date basis.
Interests received and paid during the fiscal period, and the change in gains and losses from the revaluation of securities and monetary claims during the fiscal period are also recognized as trading revenue and trading expenses.
As to trading-related financial derivatives transactions, the change in revaluation gains and losses are reported as trading revenue and trading expenses, respectively, on the assumption that these transactions had been settled at the end of each fiscal period.
3. "Other Expenses" include write-off of loans in the amount of ¥40,879 million, transfer to loan loss reserves in the amount of ¥38,545 million and devaluation of stocks and others in the amount of ¥ 308,084 million.
4. "Extraordinary Profit" include gains on disposition of premises and equipment in the amount of ¥286 million and gains from recoveries of written-off claims in the amount of ¥2,308 million.

(Millions of Yen)

Item	September 30, 2001	September 30, 2000	March 31, 2001
Total Funds	26,181,151	25,618,950	26,231,969
Deposits	9,723,374	11,026,761	9,458,777
Negotiable Certificates of Deposit (NCDs)	1,957,042	635,699	2,513,626
Money Trusts	8,124,551	7,734,379	7,897,183
Pension Trusts	6,373,084	6,218,665	6,359,275
Asset Formation Benefit Trusts	3,098	3,444	3,107
Total Loans and Bills Discounted	10,541,287	10,785,615	10,765,992
Banking Account	10,020,878	10,120,087	10,205,796
Trust Account	520,409	665,528	560,196
Investment Securities	4,064,687	15,525,581	4,447,500
Banking Account	2,778,044	2,878,794	3,142,138
Trust Account	1,286,642	12,646,787	1,305,361

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