

Consolidation of Daiwa Bank Group and Asahi Bank

October 18, 2001



The Daiwa Bank, Ltd.
President: Yasuhisa Katsuta



The Asahi Bank, Ltd.
Senior Managing Director: Yukio Yanase

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Gist of Management Consolidation

Principles for Consolidation

- Creating a “Superregional Bank” that represents Japan
- Adopting a new management style, standing apart from mega-banks or other regional banks

Desired Framework for Establishing a Superregional Bank

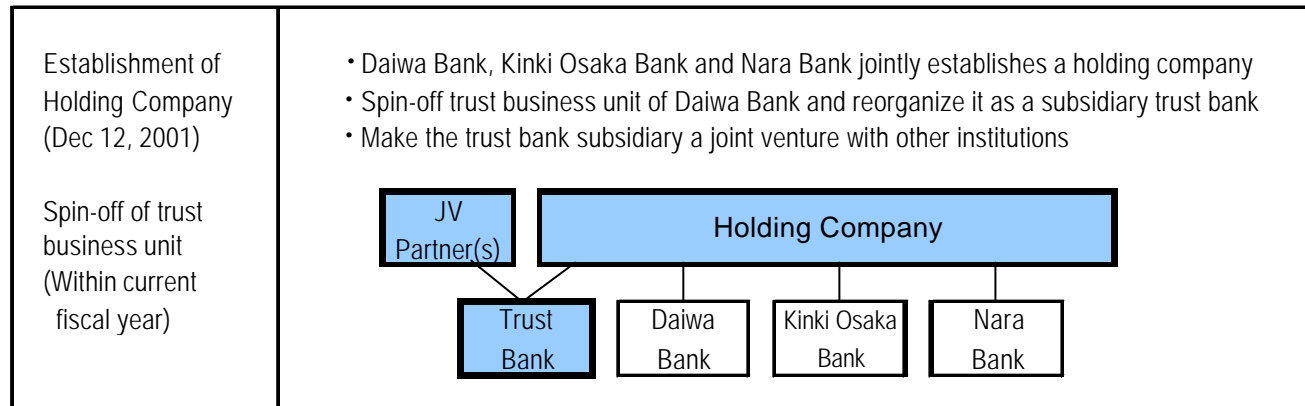
- A group comprised of financial institutions devoted to local areas
 - Doors open to other regional banks hoping to join the group in the future
- Holding Company supervising the overall operations of the Group
- Common platforms offering high-quality financial services to the group subsidiaries
 - Holding Company
 - New Trust Bank Subsidiary

Outline of the Holding Company

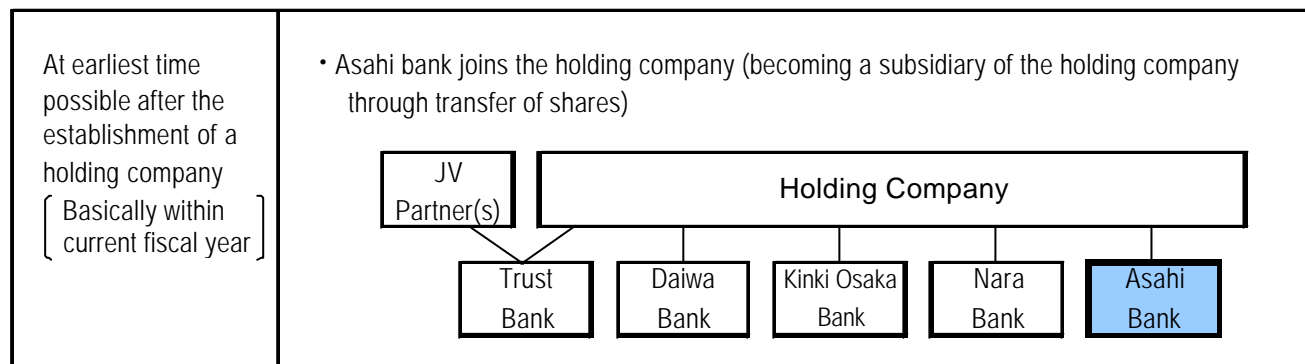
1. Corporate Name	Daiwa Bank Holdings, Inc (at the time of establishment) (The name will be changed so as to make it better reflect the group identity)
2. Head Office	Osaka City (Current Daiwa Bank's head office location)
3. Time of Establishment	December 12, 2001
4. Capital	¥ 380 billion
5. Representatives	<ul style="list-style-type: none">• Chairman: Takashi Kaiho (chairman of Daiwa Bank)• President: Yasuhisa Katsuta (president of Daiwa Bank)• Directors: Yasuhiro Takatani (president of Kinki Osaka Bank) Masao Nomura (president of Nara Bank) Atsumu Kuroishi (deputy president of Daiwa Bank) Ryo Aoyagi (senior managing director of Daiwa Bank) Sadao Tanaka (managing director of Daiwa Bank) Yoshinari Demura (director of Kinki Osaka Bank) <p>* Yukio Yanase (senior managing director of Asahi Bank) will be appointed as deputy president when Asahi Bank joins the holding company.</p>
6. Scope of Operations	Formulation of group management and business strategies, decision on allocation of management resources of the group, supervision of subsidiaries' operations, etc.
7. Others	Other board members, organizational structure, amount of capital at the time Asahi Bank joins Daiwa Bank Holdings, etc. will be discussed and determined hereafter.

Outline of Management Consolidation and Business Reorganization

1. Establishment of a holding company of Daiwa Bank Group, spin-off of trust business unit of Daiwa Bank and subsequent reorganization as a JV



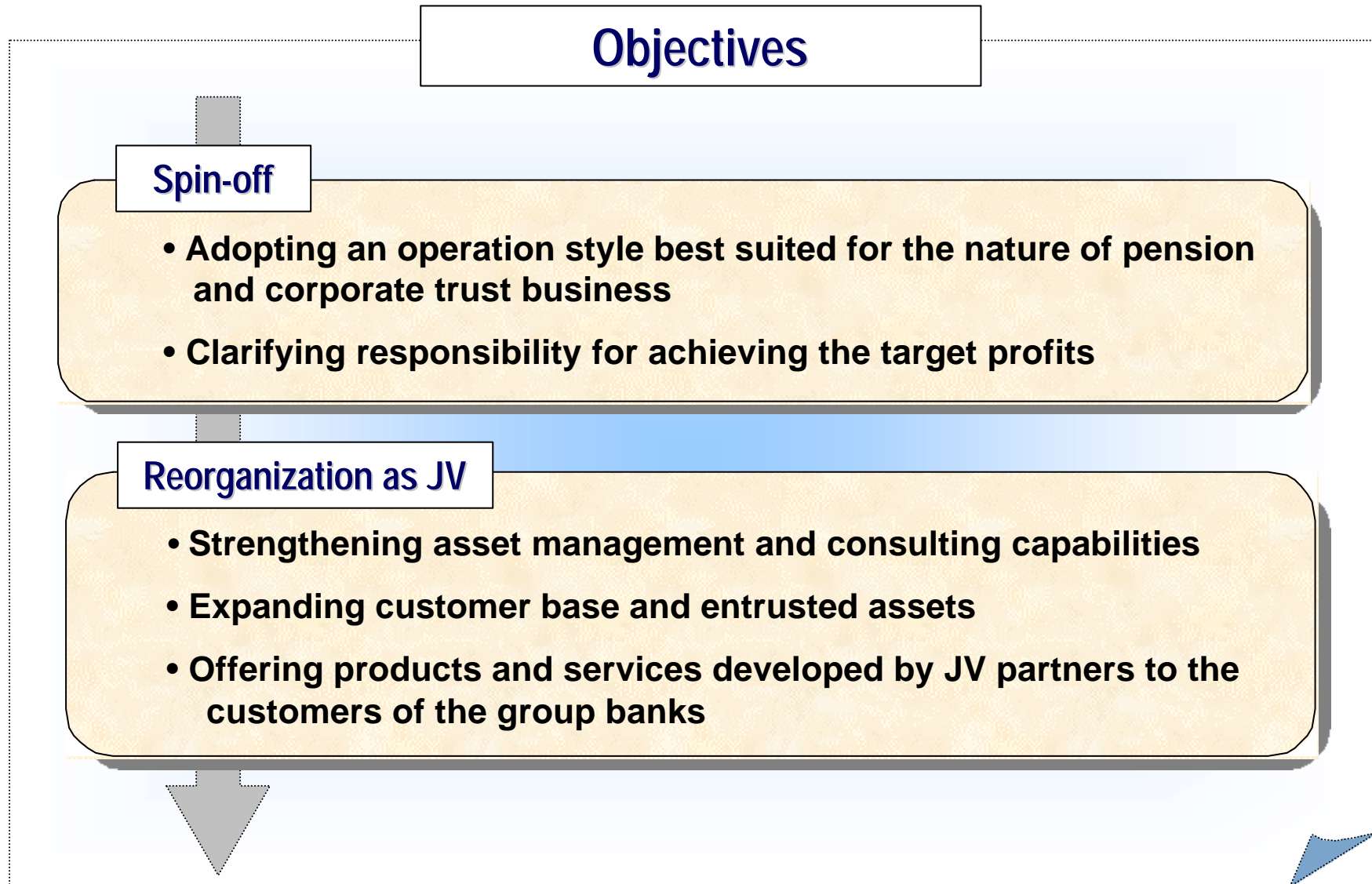
2. Participation of Asahi Bank in the holding company of the Daiwa Bank Group



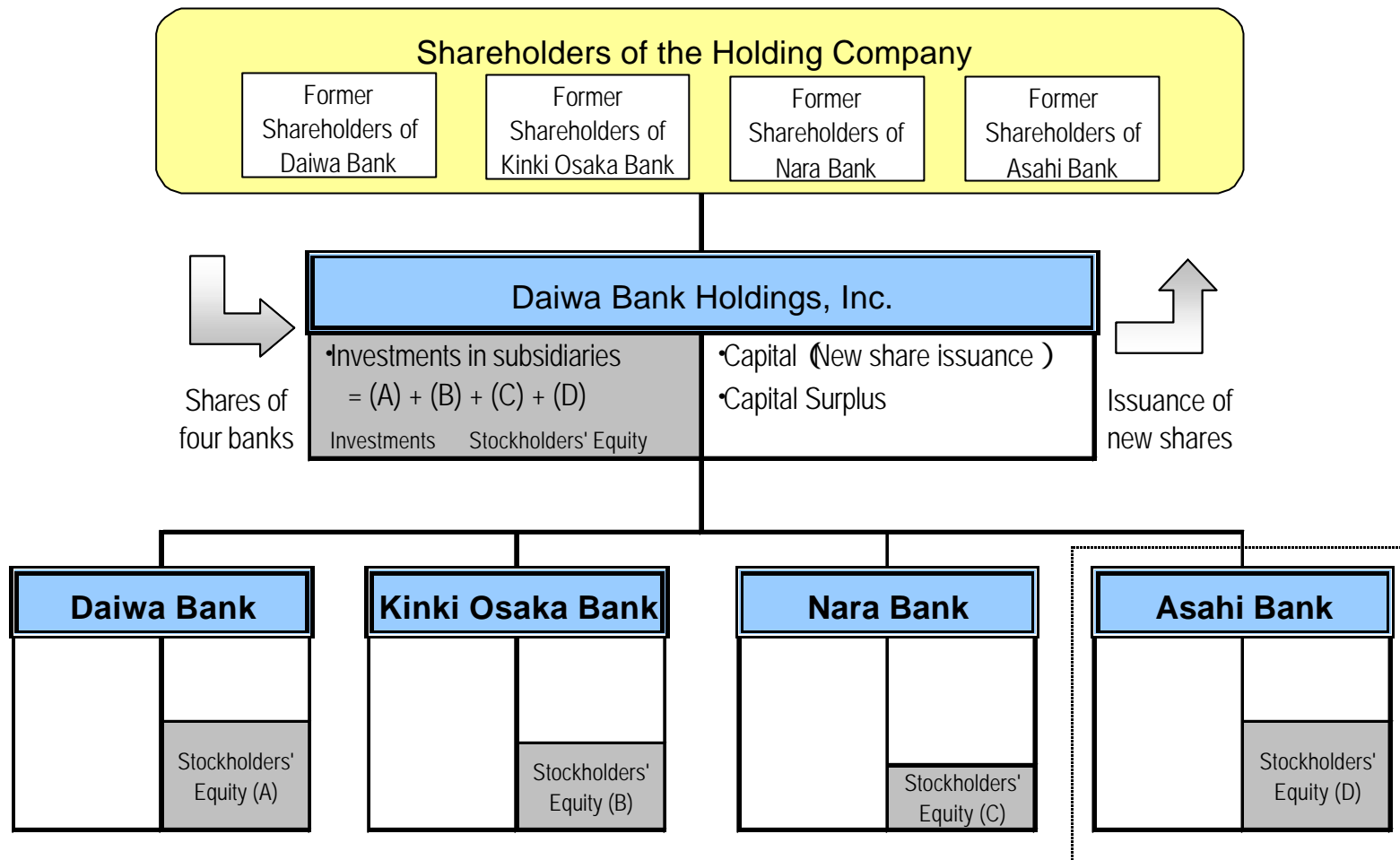
3. Reorganization of banking business subsidiaries

The businesses of the four banking business subsidiaries will be reorganized based on the basic concept of becoming a consortium of regional financial institutions.

Spin-off of Trust Business Unit of Daiwa Bank and Subsequent Reorganization as a JV



Establishment of Holding Company: Outline of Stock Transfer Scheme



[Share transfer ratio] (Date of share transfer: Dec 11, 2001)

Daiwa Bank	1
Kinki Osaka Bank	0.75
Nara Bank	14

* Share transfer ratio of Asahi Bank will be determined, hereafter

Asahi Bank will join the Daiwa Bank Holdings after it is established by Daiwa Bank Group. In principle, Asahi Bank is scheduled to join during the current fiscal year.

Realizing Synergies from Management Consolidation

Unified Strategy and Reallocation of Group Resources

- **Extensive branch network**

- Well-balanced branch network covering the two largest economic spheres in Japan, the Tokyo metropolitan area and the Kansai region

Domestic Head & Branch Offices (End of March, 2001)

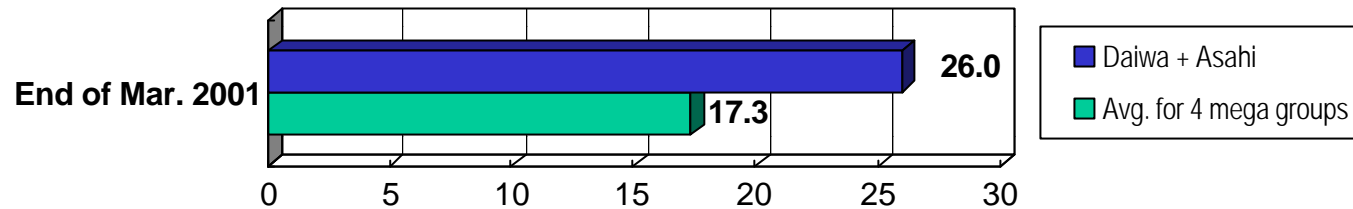
	Daiwa	Kinki Osaka	Nara	Asahi	Total
Tokyo Mtp. Area	44	1	0	251	296
Chubu Region	2	2	0	11	15
Kansai Region	97	214	25	34	370
Other Regions	17	0	0	21	38
Total	160	217	25	317	719

- **Diversification of services through integration of know-how**

- Integration of accumulated know-how in retail banking
- Synergies from integration of systems infrastructure
- Offering trust functions to group customers
- Synergies from wider array of products & services
(Full utilization of group functions)

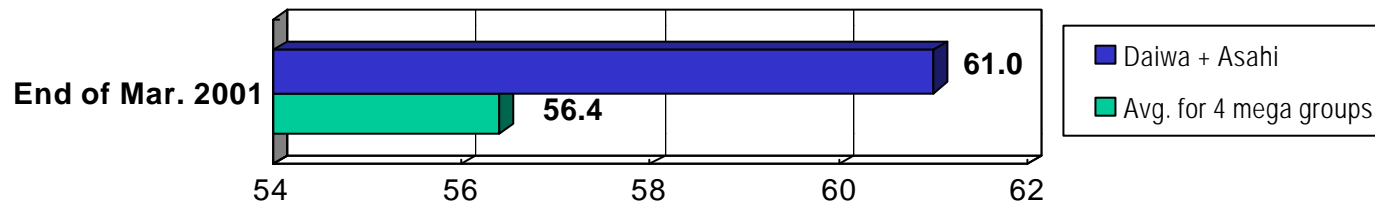
Intensive Allocation of Resources on Retail Banking Businesses

【Ratio of Housing Loans to Total Lending (%)】



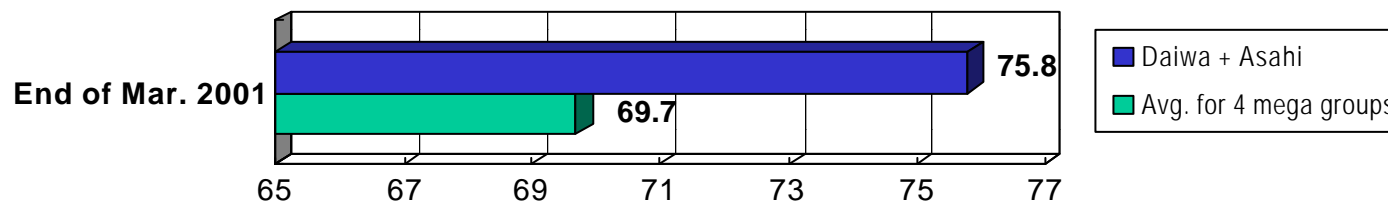
* Ratio of Housing Loans = Housing Loan Balance / Total Loan Balance

【Ratio of Individual Deposits (%)】

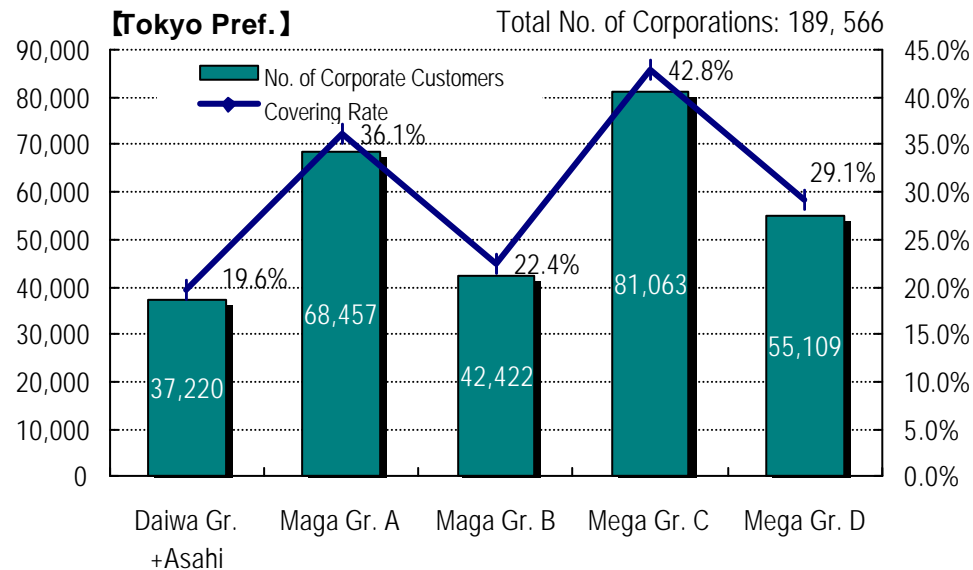
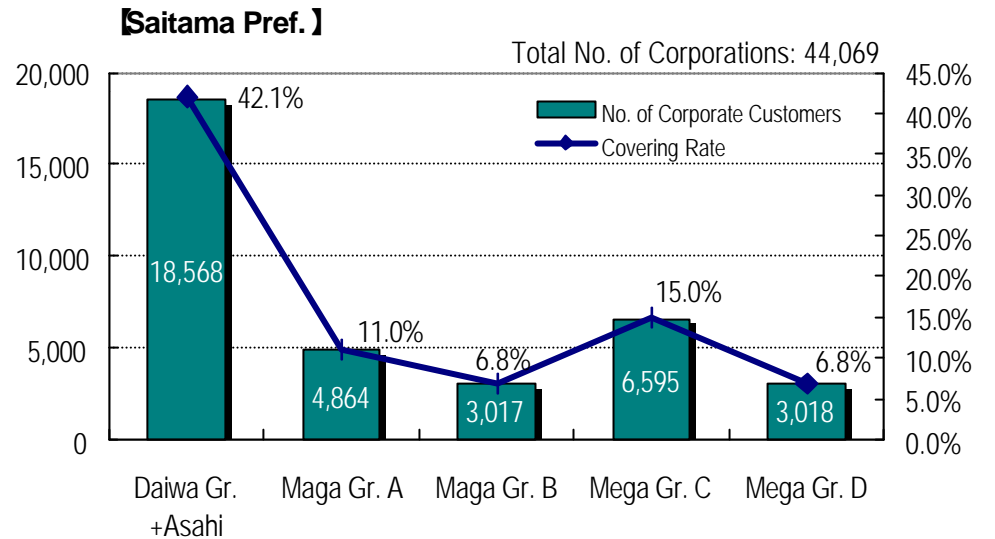
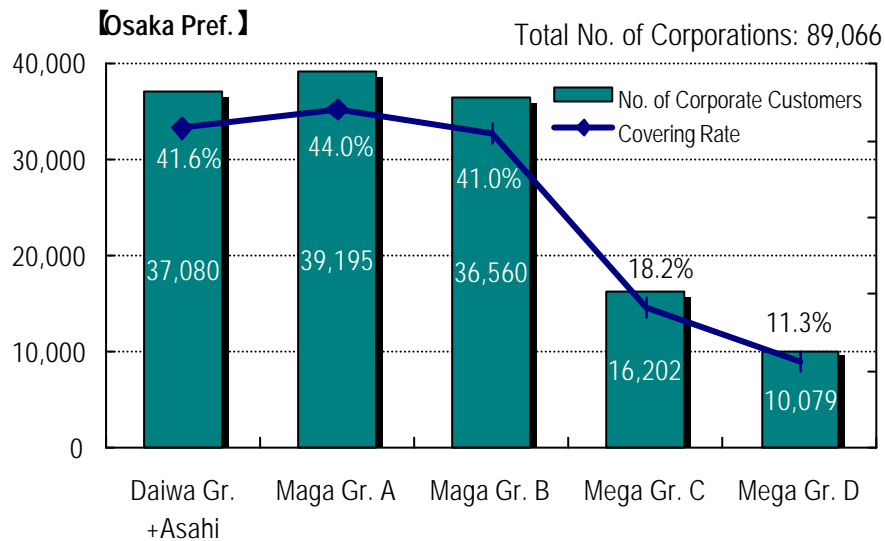


* Ratio of Individual Deposits = Individual Deposit Balance / Total Domestic Deposit Balance

【Ratio of Loans to SMEs and Individuals (%)】



Comparison of Corporate Customers and Covering Rates in Major Markets



Figures are extracted from "Cosmos 2" corporation data-base.

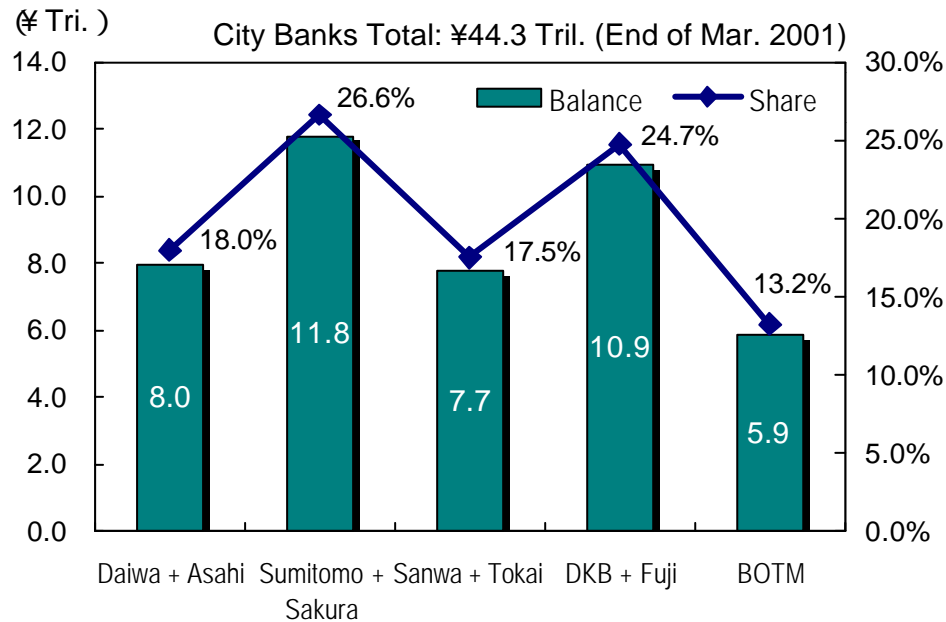
Each group is comprised of the following banks:
【Daiwa Gr.+Asahi】... Daiwa + Kinki Osaka + Nara + Asahi
 Other mega-bank groups also include first and second-tier regional banks.

Group figures are shown after the adjustments to exclude intra-group overlaps.

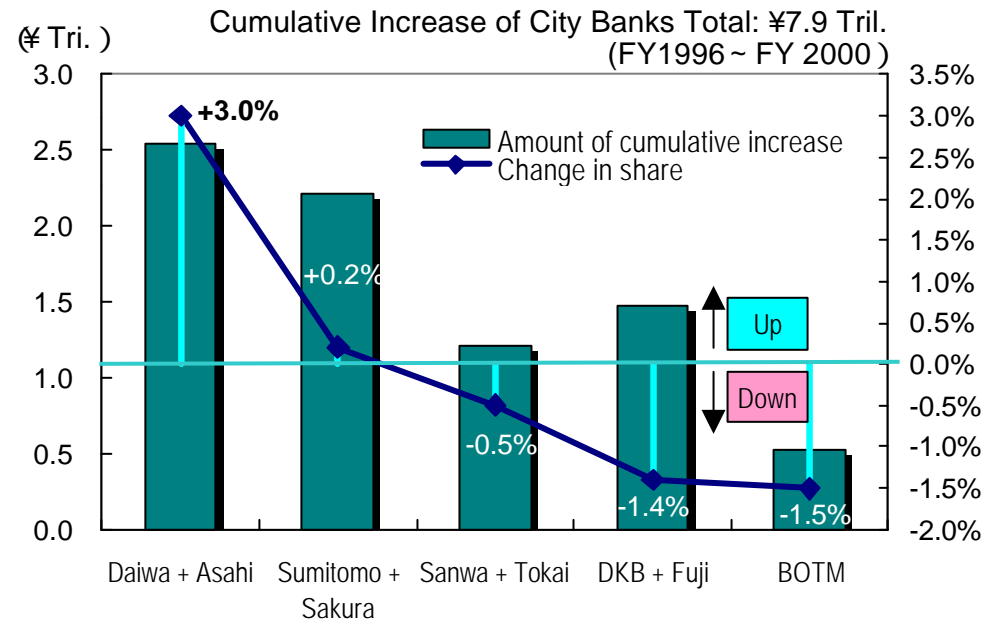
Industry Top Performance in Housing Loan

- Housing loan balance ranked #3 among mega-bank groups
- 5-year cumulative increase ranked #1
- Further increase possible through well-established individual customer base in the Tokyo metropolitan area and the Kansai region

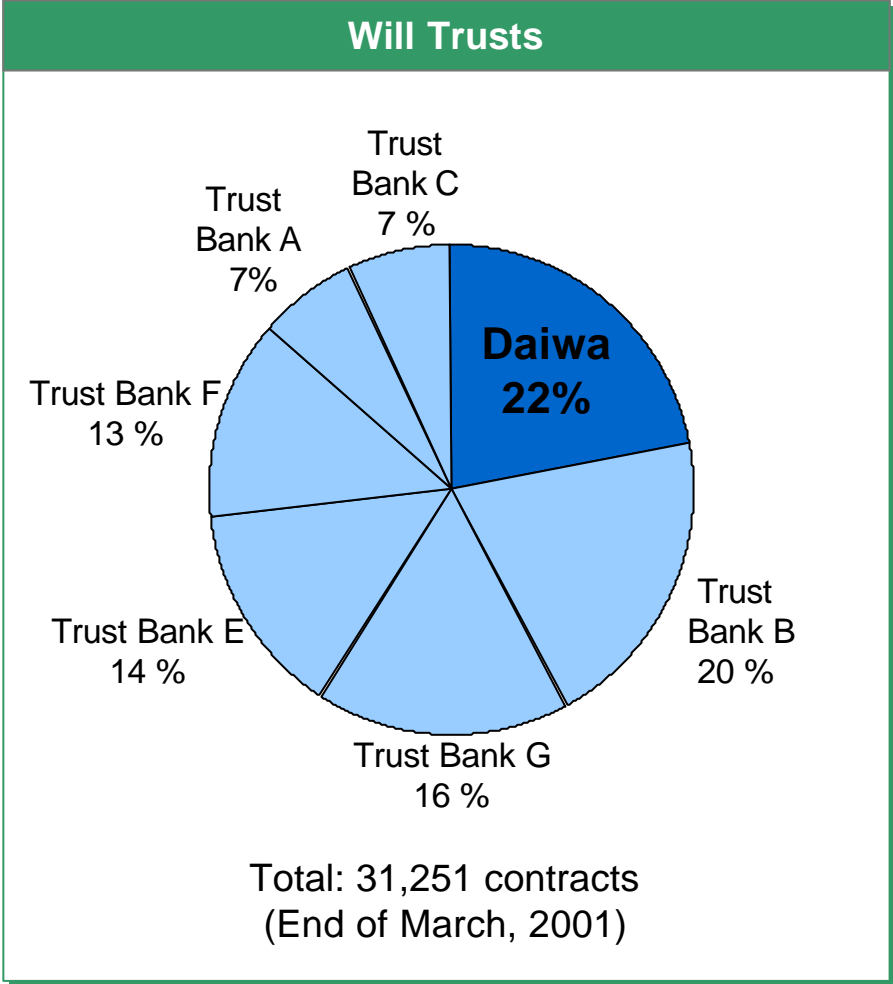
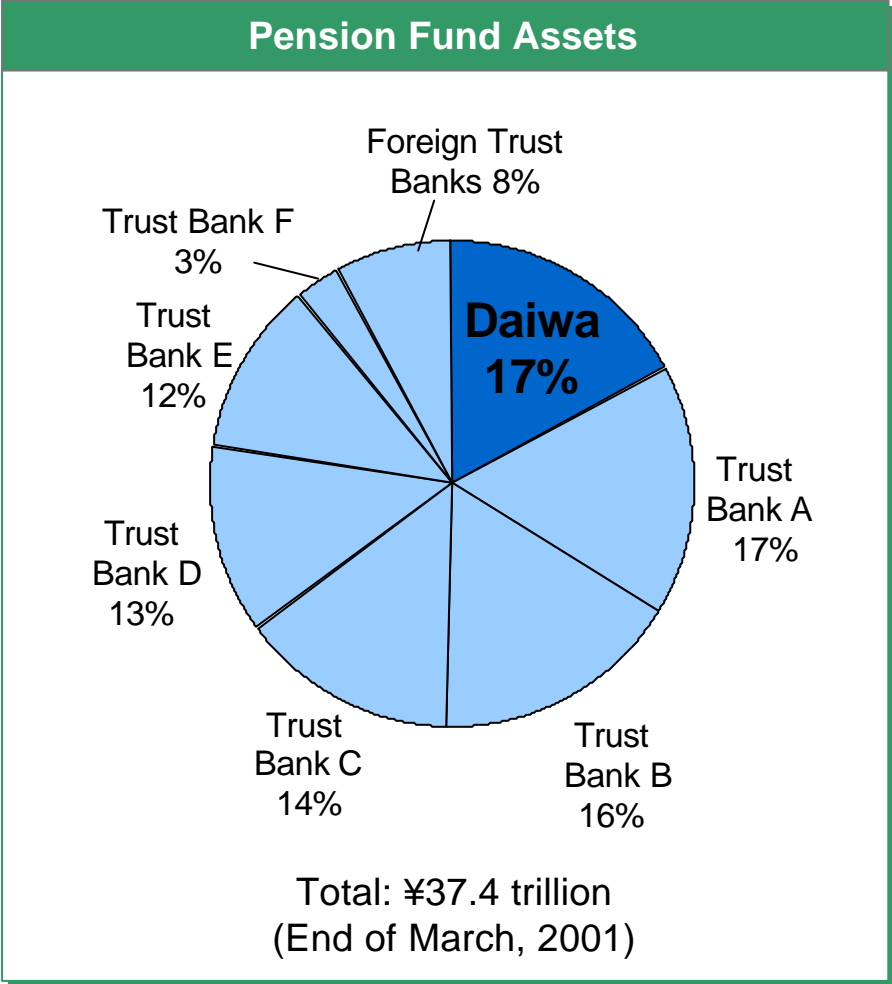
Comparison of Housing Loan Balance & Shares among City Banks



Comparison of Cumulative Increase in Past Five Years & Change in Shares among City Banks

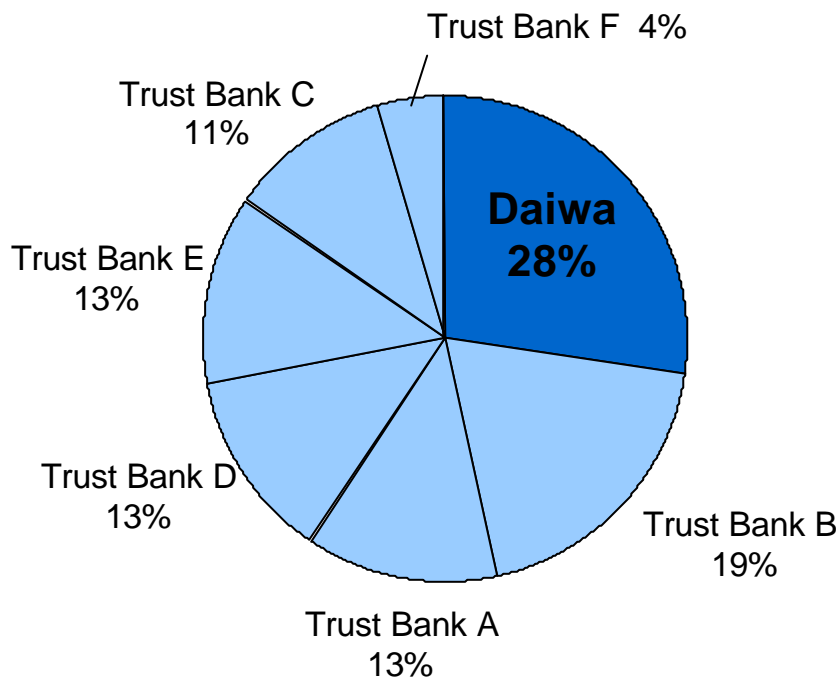


Industry Top Shares in Pension and Will Trusts



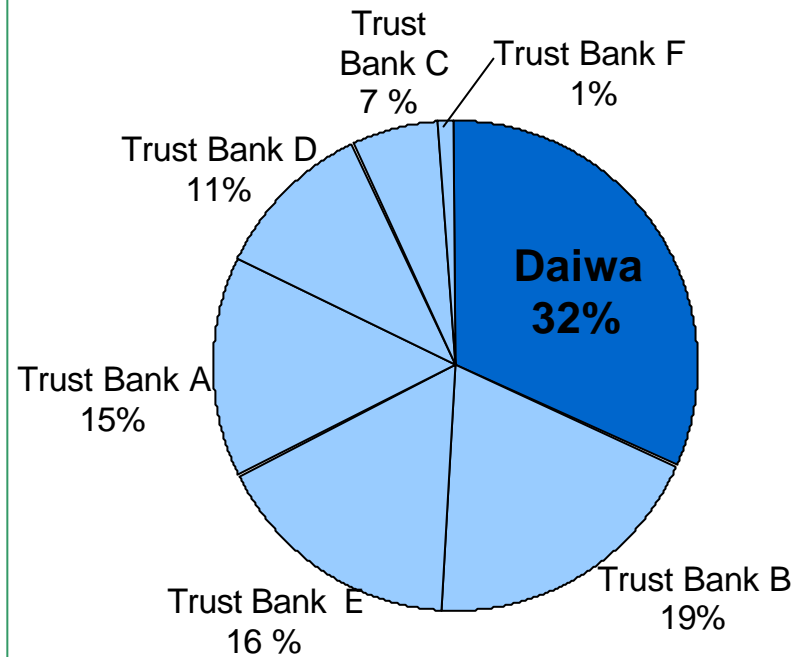
Particular Strength in Pension Funds Entrusted from SMEs

Number of Lead Manager Funds
(Tax-Qualified Pension Funds + Welfare Pension Funds)



Total: 10,591 funds
(End of March, 2001)

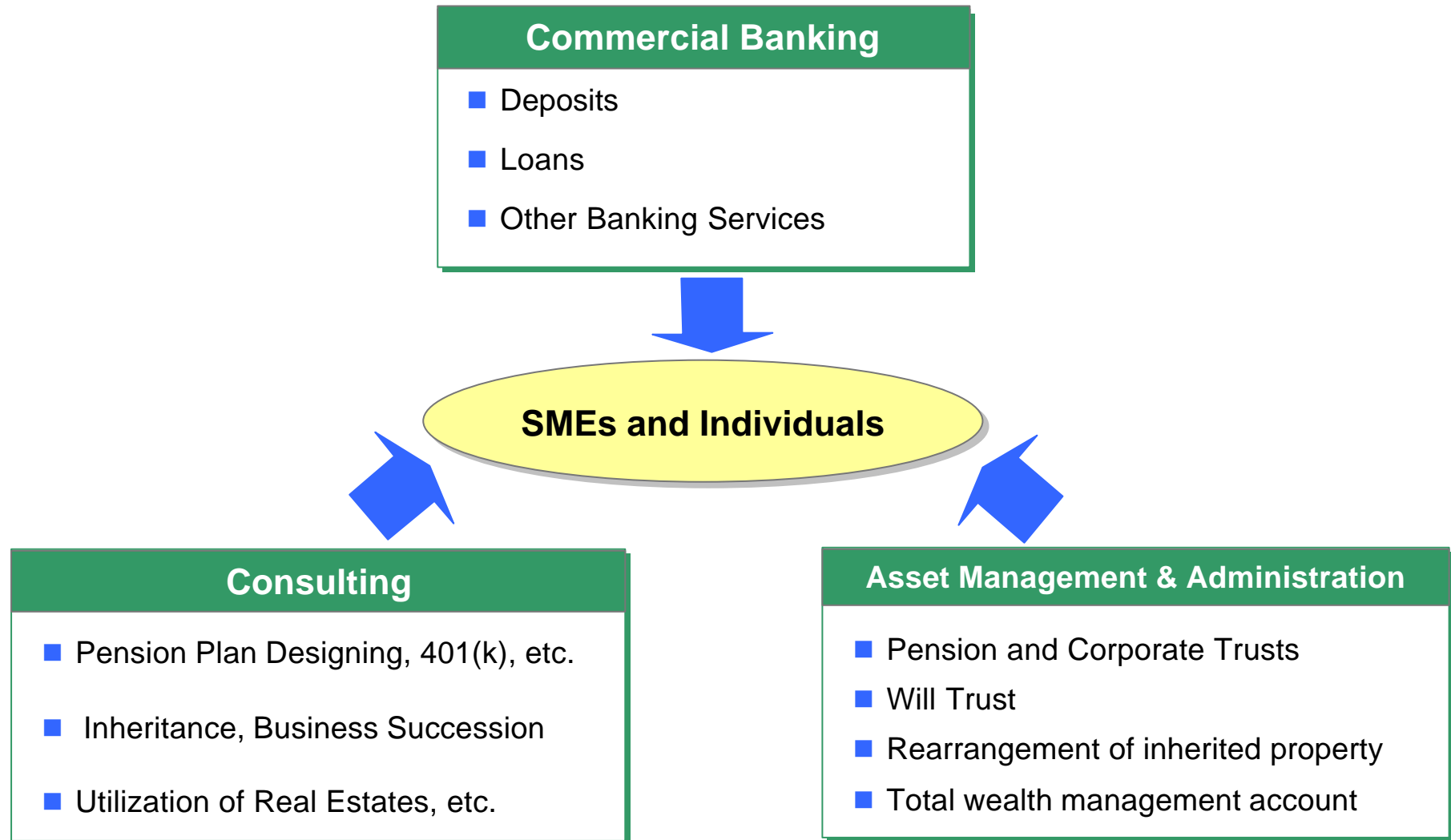
Number of Lead Manager Funds
(Jointly Established Welfare Pension Funds)



Total: 454 funds
(End of March, 2001)

Synergies between Banking and Trust Businesses

Wide Range of Products for SMEs and Individuals

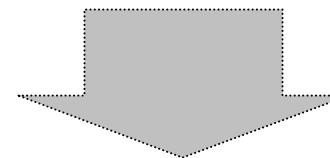


Rationalization Effects of Management Consolidation

- Restructuring of overlapping branches, and reduction of personnel
- Development and offering of common products and services
- Integration of back-office operations and systems, etc



Management Rationalization



<Summary of Consolidation Effects>

	Revitalization Plans of Group Banks (FY 2001 to FY 2004)	Consolidation Effects of Daiwa Bank Group (Announced on Aug.1)	Consolidation Effects from Participation of Asahi Bank (Announced on Sep. 21)	Total Consolidation Effects (Comparison with figures at the end of March, 2001)
Number of Head and Branch Offices	(88)	(100)	(50)	(238) (32%)
Daiwa Bank	(14)			/
Kinki Osaka Bank	(27)	(100)	(50)	
Nara Bank	0			
Asahi Bank	(47)	-		
Number of Employees	(2,907)	(1,700)	(1,700)	(6,307) (27%)
Daiwa Bank	(982)			/
Kinki Osaka Bank	(694)	(1,700)	(1,700)	
Nara Bank	10			
Asahi Bank	(1,241)	-		
G&A Expenses (Billions of yen)	(9.8)	(28.0)	(30.0)	(67.8) (14%)
Daiwa Bank	(2.9)			/
Kinki Osaka Bank	0.5	(28.0)	(30.0)	
Nara Bank	0.2			
Asahi Bank	(7.6)	-		

Financial Targets of the Group Banks

Group banks will strive to achieve the following financial targets within five years after management consolidation

	Results for FY 2000	Targets after Consolidation	Comparison with Actual Results for FY2000
Net Business Profits (Bil. Yen)	288.5	To be raised to the level of 470 billion yen	Increase of 181.5 billion yen Rate of increase: approximately 63%
Daiwa Bank	109.5		
Kinki Osaka Bank	11.7		
Nara Bank	0.6		
Asahi Bank	166.7		
Consolidated Capital Adequacy Ratio	-	Approximately 10%	
Daiwa Bank	11.33%		
Kinki Osaka Bank	(Note 1) 6.23%		
Nara Bank	8.43%		
Asahi Bank	11.14%		
ROE (Net Business Profits/Term-end Balance of Stockholders' Equity)	12.1%	16% or more	Increase of 4.1% or more
Daiwa Bank	11.8%		
Kinki Osaka Bank	13.7%		
Nara Bank	6.7%		
Asahi Bank	12.3%		
OHR (G&A Expenses/Gross Operating Profits)	61.8%	Less than 50%	Decrease of 11.8% or more
Daiwa Bank	58.5%		
Kinki Osaka Bank	(Note 2) 80.5%		
Nara Bank	76.2%		
Asahi Bank	60.3%		

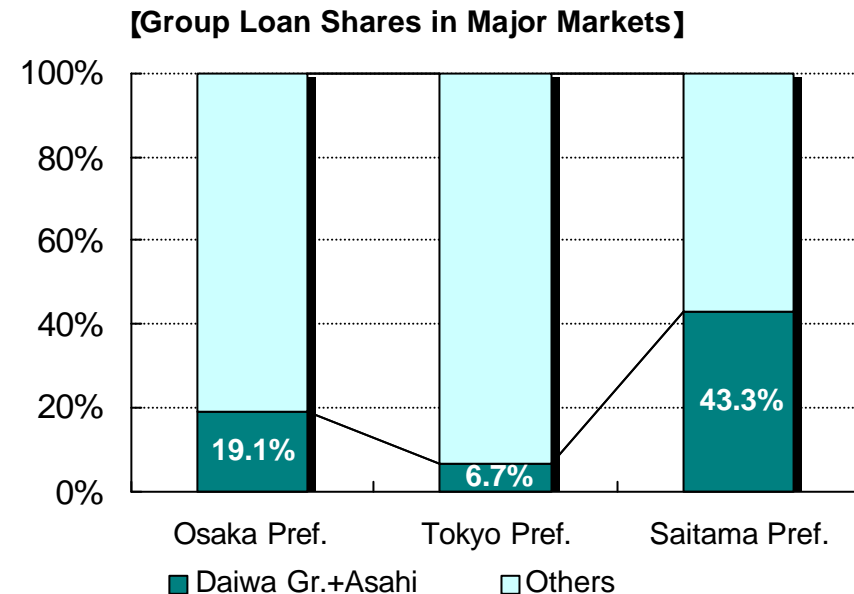
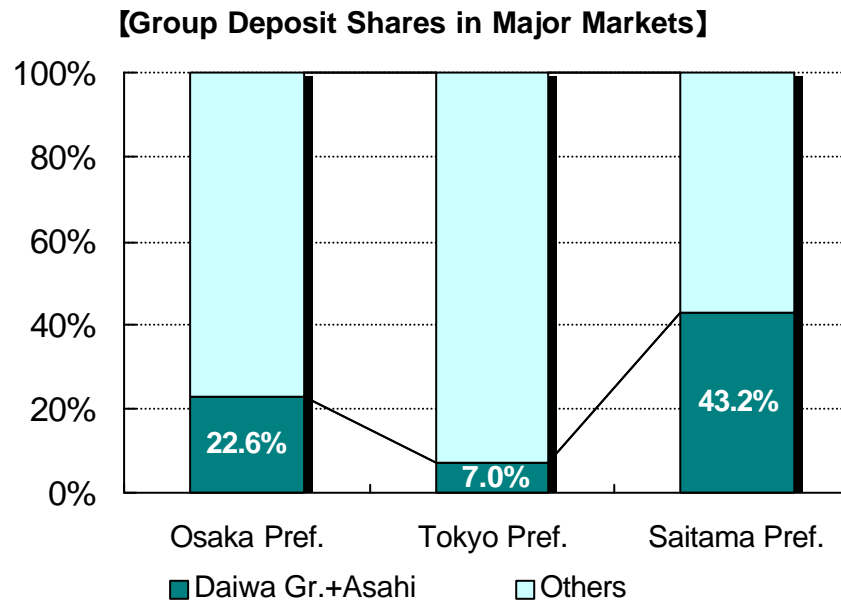
Note 1. Following the capital increase in April 2001 with public funds, capital adequacy ratio rose to 8.59%.

Note 2. G&A expenses for fiscal 2000 includes temporary cost related to the acquisition of operations from the former Namihaya Bank. OHR for the previous fiscal year was 72.9%.

Reference Materials

Deposit and Loan Shares in Major Markets

Group Deposit and Loan Shares in Major Markets



•Market shares are computed based on monthly BOJ statistics and others.

•Group shares are based on the sum of the figures of the group banks as of the end of March 2001.

•Daiwa Bank's trust account is not reflected on the market shares shown in the above charts.

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