

October 12, 2001

The Daiwa Bank, Limited  
The Kinki Osaka Bank, Limited  
The Nara Bank, Limited

### **Announcement with Regard to the Establishment of Daiwa Bank Holdings, Inc**

The Daiwa Bank, Ltd. ("Daiwa Bank," President: Yasuhisa Katsuta), The Kinki Osaka Bank, Ltd. ("Kinki Osaka Bank," President: Yasuhiro Takatani) and The Nara Bank, Ltd. ("Nara Bank," President: Masao Nomura) (three banks collectively referred to as "Daiwa Bank Group," hereafter) agreed on the following principal subjects related to the management consolidation of Daiwa Bank Group which was announced on August 1, 2001, contingent on the approvals of shareholders and regulatory authorities.

As was announced on September 21, 2001, Daiwa Bank Group and Asahi Bank subsequently came to a basic agreement for Asahi Bank to join the holding company to be established by Daiwa Bank Group basically within the current fiscal year and to consolidate the operations of the four banks under the holding company. The following principal items are agreed upon by the member of Daiwa Bank Group over their management consolidation, prior to the participation of Asahi Bank.

#### **1. Scheme of Management Consolidation**

The members of Daiwa Bank Group will jointly establish a holding company through transfer of shares. Prior to the establishment of the holding company, the three banks will submit the related agendas to their respective extraordinary meetings of common and preferred shareholders to be held in early November this year.

#### **2. Name of the Holding Company**

The name of the holding company is fixed as "Daiwa Bank Holdings, Inc."

#### **3. Businesses of the Holding Company**

Daiwa Bank Holdings will be responsible for supervision of its subsidiaries' operations and other related businesses.

#### **4. Head Office of the Holding Company**

Head Office Address: 2-1 Bingomachi 2-chome, Chuo-ku, Osaka (Current Daiwa Bank's head office location)

#### **5. Time of Establishment**

Daiwa Bank Holdings will be established on December 12, 2001.  
(Transfer of shares is scheduled on December 11, 2001)

## 6. Amount of Capital

Daiwa Bank Holdings will have capital worth 380 billion yen.

## 7. Share Transfer Ratio

Transfer ratios for common shares of the three banks are determined as follows:

	Daiwa Bank	Kinki Osaka Bank	Nara Bank
Share Transfer Ratio	1	0.75	14

\* Par value requirement is abolished due to the revision of the Commercial Code that took effect from October 1, 2001. Par value of common stock used to be ¥50 for Daiwa Bank and Kinki Osaka Bank, and ¥500 for Nara Bank.

Therefore, one share of Daiwa Bank, Kinki Osaka Bank and Nara Bank will be exchanged for 1, 0.75 and 14 common shares of Daiwa Bank Holdings, respectively.

The Boards of Directors of the three banks received the opinion from Shin Nihon Ernst & Young and Merrill Lynch Japan Securities that the above transfer ratios are fair judging from the financial fundamentals of the three banks.

## 8. Adjustment Cash Payment for Share Transfer

The shareholders of the three banks on the day before the date of share transfer are entitled to receive the following adjustment cash payments for share transfer in lieu of term-end dividend payments. These adjustment cash payments will be effected within seven months from the date of share transfers. (However, the following adjustment cash payments are subject to change or cancellation depending on the state of assets and liabilities of the three banks, change in macroeconomic conditions and other factors, if such a change or cancellation are considered necessary based on the discussions among the three banks and Daiwa Bank Holdings.

Daiwa Bank	Common Stock	¥1.50 per share
	Kind A Preferred Stock	¥24.75 per share
	Kind B Preferred Stock	¥6.36 per share
Kinki Osaka Bank	Common Stock	¥1.00 per share
	Preferred Stock	¥6.33 per share
Nara Bank	Common Stock	¥20.00 per share

## 9. Directors

Takashi Kaiho (Chairman of Daiwa Bank), Yasuhisa Katsuta (President of Daiwa Bank), 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)

and Yoshinari Demura (Director of Kinki Osaka Bank) will be appointed as directors of Daiwa Bank Holdings.

Takashi Kaiho and Yasuhisa Katsuta will be appointed as Chairman and President of Daiwa Bank Holdings, respectively. Yukio Yanase (Senior Managing Director of Asahi Bank) will be appointed as Deputy President when Asahi Bank joins Daiwa Bank Holdings.

#### **10. Auditors**

Isao Kimura (Standing Corporate Auditor of Daiwa Bank), Motoyuki Sakai (Standing Corporate Auditor of Kinki Osaka Bank), Hideo Yoda (Corporate Auditor of Asahi Bank) and Masataka Ide (Chairman of West Japan Railway Company) will be appointed as auditors of Daiwa Bank Holdings.

#### **11. Stock Exchange Listings**

Daiwa Bank Holdings will apply for listings on Tokyo Stock Exchange and Osaka Securities Exchange.

The existing listed stocks of Daiwa Bank and Kinki Osaka Bank will be delisted after the establishment of Daiwa Bank Holdings.

<Reference> Principles for the Management Consolidation of Daiwa Bank Group

Creating a “superregional bank” that represents the nation

- Adopting a new management style, standing apart from mega-banks or other regional banks -

1. As a consortium of financial institutions devoted to local regions, providing customers with high-quality financial services, meeting expectations of customers, and contributing broadly to the society
2. Maximizing corporate values by ensuring management transparency and soundness, and obtaining the understanding and trust of the society
3. Creating corporate culture that rewards innovative ideas and devotions