

December 25, 2001  
Daiwa Bank Holdings, Inc.  
The Asahi Bank, Ltd.

**Consolidation Between Daiwa Bank Holdings, Inc. and The Asahi Bank, Ltd.**

Daiwa Bank Holdings, Inc. (President: Yasuhisa Katsuta) ("Daiwa Bank HD") and The Asahi Bank, Ltd. (President: Yukio Yanase) ("Asahi Bank") have agreed on the management consolidation announced on September 21, 2001, as described hereinbelow, subject to their respective shareholders' approvals and approval by the competent governmental authorities.

1. Method of Consolidation

The consolidation will be effected by way of share exchange (*kabushiki kokan*) under the Commercial Code, through which Asahi Bank will become a wholly-owned subsidiary of Daiwa Bank HD.

The share exchange will be submitted to a shareholders' meeting of Asahi Bank scheduled to be held in late January 2002 and to a shareholders' meeting of Daiwa Bank HD scheduled to be held in late February 2002, for the respective shareholders' approvals.

2. Date of Share Exchange

The date of the share exchange will be March 1, 2002 (Friday), as of which date Asahi Bank will become a subsidiary of Daiwa Bank HD.

3. Capital Amount of Daiwa Bank HD

The capital amount of Daiwa Bank HD will be increased by 340 billion yen, to 720 billion yen, as a result of the share exchange.

4. Share Exchange Ratio

The share exchange ratio for ordinary shares will be as follows:

Name of company	Daiwa Bank Holdings (parent company)	Asahi Bank (wholly-owned subsidiary)
Share exchange ratio	1	1

Accordingly, one ordinary share of Daiwa Bank HD will be allotted to each ordinary share of Asahi Bank.

Daiwa Bank HD has received opinions from Merrill Lynch Japan Securities and Shin Nihon Ernst & Young, and Asahi Bank has received an opinion from Goldman Sachs (Japan) Limited, each confirming the appropriateness of the above share exchange ratio from the financial point of view.

## 5. Share Exchange Payments

Within four months from the date of the share exchange, Daiwa Bank HD will make share exchange payments, in lieu of year-end dividends, in cash and in the amounts described below, to the parties who were shareholders of Asahi Bank on the day immediately preceding the date of the share exchange; provided, however, that Daiwa Bank HD may change the amounts of, or may decide not to pay, such share exchange payments upon consultation between Daiwa Bank HD and Asahi Bank, if there would be changes in circumstances, including the condition of the assets and liabilities of Asahi Bank and changes in economic conditions.

Ordinary shares	1.50 yen per share
Preference Shares #1	10 yen per share
Class B Preference Shares #1	14.38 yen per share
Class B Preference Shares #2	18.50 yen per share

## 6. Directors, Corporate Auditors and Executive Officers (see Attachment)

### a. Directors

Yukio Yanase (President of Asahi Bank), Katsuyoshi Iwashiro (Deputy President of Asahi Bank), Tadahiro Tone (Senior Managing Director (Non-Board Member) of Asahi Bank), Osamu Monoe (Managing Director (Non-Board Member) of Asahi Bank) and Kenji Kawada (Director (Non-Board Member) of Asahi Bank) will be newly appointed as Directors of Daiwa Bank HD.

Yukio Yanase will be appointed as Deputy President of Daiwa Bank HD.

### b. Corporate Auditors

Hidenao Toyoshima (Lawyer) will be newly appointed as Corporate Auditor of Daiwa Bank HD. As a result, Motoyuki Sakai, Corporate Auditor of Daiwa Bank HD, will retire from office.

### c. Executive Officers

Koji Nishijima (Director (Non-Board Member) of Asahi Bank) and Minoru Takahashi (General Manager of New York Branch of Asahi Bank) will be newly appointed as Executive Officers of Daiwa Bank HD.

## 7. Other matters

The location of the head office of Daiwa Bank HD and its company name will be as follows:

Head office	The head office will remain in Osaka after the share exchange.
Company name	Although the company name will not be changed at the time of the share exchange, it is expected that it will be changed when a new group name (which is under consideration) is determined.

**Directors, Corporate Auditors and Executive Officers as of March 1, 2002 (plan)**

indicates new appointees

**Directors**

Title	Name	Other offices (Present offices of new appointees)
Director and Chairman	Takashi Kaiho	Chairman of Daiwa Bank
Director and President*	Yasuhisa Katsuta	President of Daiwa Bank
Director and Deputy President *	Yukio Yanase	President of Asahi Bank
Director and Senior Executive Officer	Sadao Tanaka	
Director and Senior Executive Officer	Yoshinari Demura	
Director and Senior Executive Officer	Osamu Monoe	Managing Director (Non-Board Member) of Asahi Bank
Director and Senior Executive Officer	Kenji Kawada	Director (Non-Board Member) of Asahi Bank
Director (part-time)	Yasuhiro Takatani	President of Kinki Osaka Bank
Director (part-time)	Masao Nomura	President of Nara Bank
Director (part-time)	Atsumu Kuroishi	Deputy President of Daiwa Bank President of Daiwa Trust & Banking
Director (part-time)	Ryo Aoyagi	Senior Managing Director of Daiwa Bank
Director (part-time)	Katsuyoshi Iwashiro	Deputy President of Asahi Bank
Director (part-time)	Tadahiro Tone	Senior Managing Director (Non-Board Member) of Asahi Bank

\*President and Deputy President also serve as Executive Officers.

**Corporate Auditors**

Title	Name	Other offices	Remarks
Corporate Auditor	Isao Kimura	Corporate Auditor of Daiwa Bank	
Corporate Auditor	Hideo Yoda	Corporate Auditor of Asahi Bank	
Corporate Auditor	Masataka Ide	Chairman of West Japan Railway Company	Outside corporate auditor
Corporate Auditor	Hidenao Toyoshima	Lawyer	Outside corporate auditor

**Executive Officers**

Title	Name	Remarks (present offices)
Executive Officer	Masaaki Nomura	
Executive Officer	Kenichi Kanzaki	
Executive Officer	Tomoyuki Uchiyama	
Executive Officer	Koji Nishijima	Director (Non-Board Member) of Asahi Bank
Executive Officer	Minoru Takahashi	General Manager of New York Branch of Asahi Bank

[Reference]

## Status of Discussions Relating to the Consolidation

Meetings of the "Consolidation Promotion Committee" comprised of the top management, the "Consolidation Promotion Council" comprised of the officers in charge of planning departments and the "Consolidation Promotion Sub-Committees" at the working level comprised of the officers in charge and other officers at the four banks (sixteen sub-committees for each area) have been regularly held and have discussed the steps to be taken toward the consolidation.

### 1. Structure of the Holding Company

The basic frameworks of the governance, organization and personnel systems of Daiwa Bank HD, which have already been established, have been structured on the assumption that Asahi Bank will participate in Daiwa Bank HD.

### 2. Promotion of Business Tie-ups

For the purpose of enhancing customer convenience, improvement in services and early achievement of the benefits of the consolidation, business tie-ups have been pursued aggressively as follows (see the next page for details):

(Measures already implemented)

- Mutual opening-up of ATMs (November 5, 2001)
- Mutual links between web sites on the Internet (November 8, 2001)
- Tie-ups in M&A-related services (November 2001 and afterward)
- Joint distribution of "Unitopia," a new investment trust product (December 5, 2001)
- Production of a joint web site for next year's recruiting by Daiwa Bank and Asahi Bank (December 5, 2001)
- Exchange of personnel (dispatch of personnel related to private banking and trust business trainees from Asahi Bank to Daiwa Bank) (December 12, 2001 and afterward)
- Joint campaign involving reduced interest rates for housing loans by the four banks (December 12, 2001)

(Measures under consideration or being planned)

- Joint distribution of housing loan products and loan products targeted at small- and medium-sized companies
- Joint sponsorship of contests for financial planner techniques
- Joint seminars for support of initial stock offerings
- Joint sponsorship of client seminars on testamentary trusts and others

**Progress in Business Tie-ups**

Item of business tie-up	Description	Date of Implementation (including plan)
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**Tie-ups already implemented**

ATM tie-up	a. Elimination of commissions on cash withdrawals from the ATMs of the four banks b. Discounted commissions on ATM fund transfers among the four banks	Implemented on Nov. 5, 2001
Tie-ups relating to the Internet web sites	a. Mutual links among the web sites of the four banks b. Production of a joint web site for next year's recruiting by Daiwa Bank and Asahi Bank	Implemented on Nov. 8, 2001 Implemented on Dec. 5, 2001
Tie-ups in M&A related services	[Tie-ups for exchanging information of business opportunities] Daiwa Bank and Asahi Bank will exchange information concerning needs for mergers, acquisitions, collaborations and other business opportunities.	Nov. 2001 and afterward
Tie-ups in investment trusts business	[Joint sales campaign for investment trust products sold at the four banks] a. Launch of "Unitopia", an investment trust product unique to the four banks b. Joint advertising on newspapers and at the store fronts	Implemented on Dec. 5, 2001
Tie-ups in housing loan business	[Joint campaign involving reduced interest rates by the four banks] 0.75% reduction from Dec. 13, 2001 to Mar. 29, 2002	Implemented on Dec. 12, 2001
Exchange of Personnel	a. [Private banking trainings] Asahi Bank has sent 10 employees to the private banking dept. of Daiwa Bank, to engage in testamentary trust and estate administration businesses. b. [Trust service trainees] Asahi Bank has sent 4 trainees to the Pension & Corporate Trust Company of Daiwa Bank.	Implemented on Dec. 12, 2001  Implemented on Dec. 14, 2001

**Tie-ups planned**

Tie-ups in loan business	[Joint sales campaign for housing loans] Sales campaign for loans to replace existing loans	Jan. 2002
Tie-ups in private banking services	[Tie-ups in services relating to testamentary trusts and to the administration of estates] a. Asahi Bank will refer its customers to Daiwa Bank. b. Daiwa Bank and Asahi Bank will jointly hold seminars for their customers. [Joint sponsorship of contests for financial planner techniques] Daiwa Bank and Asahi Bank will co-sponsor contests for financial planner techniques.	Jan. 2002  Feb. 2002

Tie-ups in M&A related services	[Tie-ups for exchanging information of business opportunities] Daiwa Bank and Asahi Bank plan to hold joint seminars.	Feb./Mar. 2002
Tie-ups in corporate banking services	[Mutual sales of loan products] Sales of small commercial loans ("Retail 48" by Asahi Bank or other) is being considered. [Seminars to support initial public offerings] Daiwa Bank and Asahi Bank plan to hold joint seminars to support initial public offerings by their customers.	To be determined  Jan. 2002
Exchange of Personnel	[Loan areas] Mutual exchange of personnel belonging to the "loan centers" of Daiwa Bank and Asahi Bank	To be determined