

August 28, 2002  
Daiwa Bank Holdings, Inc.

**Establishment of Subsidiary for Issuance of Preferred Securities**

Daiwa Bank Holdings, Inc. ("DBH," hereafter, President: Yasuhisa Katsuta) hereby announces that its board of directors meeting held on August 28, 2002 passed a resolution to establish a wholly owned subsidiary in Cayman Islands as a special purpose company (SPC) for issuance of preferred securities.

The issuance of preferred securities, non-cumulative perpetual preference shares to be issued by the SPC, will strengthen the capital adequacy of DBH through increasing the DBH's Tier I capital as minority interest in its consolidated subsidiaries. The proceeds from the issuance of the preferred securities will be provided to Daiwa Bank. Therefore, this issuance will simultaneously help Daiwa Bank strengthen its Tier I capital. This issuance is in line with the measure to strengthen the capital base which was mentioned in the DBH's announcement dated on April 12, 2002, titled "Decision of New Group Name and Reorganization of Subsidiary Banks." As a result, the financial position of the Resona Group as a whole will be reinforced.

The preferred securities are not convertible to DBH's common shares. The issuance is scheduled in September 2002, in form of private placement, after notification to the Financial Services Agency (FSA) of the establishment of the Cayman subsidiary and acceptance of such notification by the FSA.

(Reference)

Outline of the forthcoming preferred securities

Issuer	Resona Preferred Capital (Cayman) 1 Limited (SPC to be established as a fully owned subsidiary of DBH in Cayman Islands)
Issue amount	Approximately 60 billion yen (Planned)
Type of securities	Non-cumulative perpetual preference shares denominated in Yen
Use of proceeds	To be provided ultimately to Daiwa Bank, a banking subsidiary of DBH
Order of priority	Preferred securities are designed in such a way to provide holders with liquidation preference substantially similar to that of the preferred stocks directly issued by DBH
Form of offering	Private placement

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