

September 21, 2001

The Daiwa Bank, Ltd.
The Kinki Osaka Bank, Ltd.
The Nara Bank, Ltd.
The Asahi Bank, Ltd.

Consolidation of Daiwa Bank, Kinki Osaka Bank, Nara Bank and Asahi Bank

The Daiwa Bank, Ltd. ("Daiwa Bank," President: Yasuhisa Katsuta), The Kinki Osaka Bank, Ltd. ("Kinki Osaka Bank," President: Yasuhiro Takatani), The Nara Bank, Ltd. ("Nara Bank," President: Masao Nomura) (collectively, the "Daiwa Bank Group") and The Asahi Bank, Ltd. ("Asahi Bank," President: Tatsuro Itoh) agreed today for Asahi Bank to join the holding company to be established by the Daiwa Bank Group and to consolidate the operations of the four banks, contingent upon the approvals of shareholders and regulatory authorities.

1. Summary of the Consolidation

Announced on August 1, 2001, Daiwa Bank, Kinki Osaka Bank and Nara Bank will jointly establish a holding company and restructure the businesses of the group banks under the holding company. By creating a new governance structure, the Daiwa Bank Group intends to establish a super-regional bank, a new category of banking group, and thereby differentiate the group from the so called "mega-banks" and regional banks. The Daiwa Bank Group also announced that it would adopt an open-door policy and actively work on alliances with other financial institutions hoping to join the Group in the future.

Asahi Bank has also been taking a retail-focused management strategy with its basic policy of serving the local region in which it operates. Asahi Bank has been giving consideration to forming alliances with other leading regional financial institutions with the same management principles and to building a new business model in its focused field of retail banking.

In this process, Asahi Bank found that the underlying principles for the management consolidation of the Daiwa Bank Group are in conformity with its own management strategy, and thereby conveyed to the Daiwa Bank Group its desire to join the holding company to be established by the Daiwa Bank Group. As a result of subsequent discussions, the four banks came to a basic agreement today to consolidate the operations and restructure the businesses of the four banks under the holding company.

The participation of Asahi Bank will create a new financial group with well-established business bases both in the Tokyo metropolitan area and the Kansai region, capable of providing customers with the best-quality financial services.

The four banks will discuss and determine the details of this development with a sense of

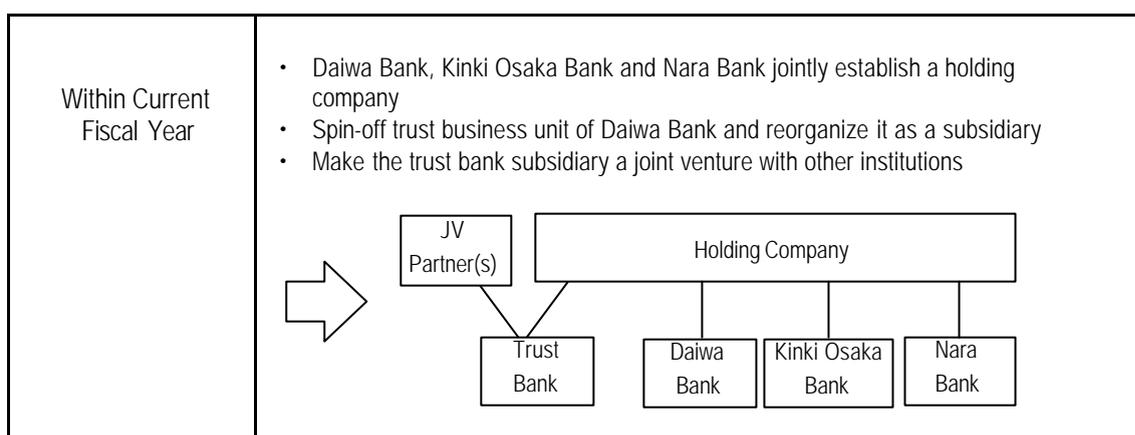
speed and are committed to create a super-regional bank that represents the nation. The four banks will continue to adopt an open-door policy toward other regional financial institutions and aim to be a consortium of regional financial institutions in Japan.

2. Outline of the Management Consolidation and Business Restructuring

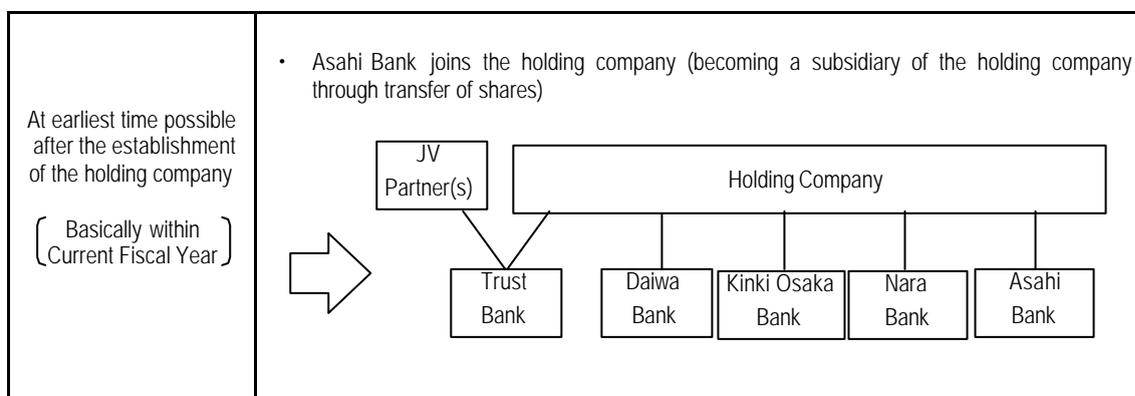
In principle, the four banks will proceed with the management consolidation in accordance with the step-by-step integration scheme already announced by the Daiwa Bank Group. The management consolidation scheme is outlined below. (Further details are to be determined in a speedy manner hereafter.)

(1) Outline of Management Consolidation Scheme

A. Establishment of a Holding Company of the Daiwa Bank Group, Spin-off of Trust Business Unit of Daiwa Bank and Subsequent Reorganization as a JV



B. Participation of Asahi Bank in the Holding Company of the Daiwa Bank Group



C. Reorganization of Banking Business Subsidiaries

The businesses of the four banking business subsidiaries placed under the holding company will be reorganized based on the basic concept, which was previously announced by the Daiwa Bank Group, of becoming a consortium of regional financial institutions.

D. Consolidation of Trust Business Subsidiary

The trust banking business subsidiary of Asahi Bank, Asahi Trust & Banking Co., Ltd., will be merged with the new trust bank that is to be established as a subsidiary of the holding company, following the spin-off of the trust business unit of Daiwa Bank.

(2) Group Name and Group Logo

A group name and a group logo, with which the superregional bank group could be best identified, are to be determined at the earliest time possible.

(3) Outline of the Holding Company

Corporate Name	<ul style="list-style-type: none">• The corporate name, Daiwa Bank Holdings, Inc, is given to the holding company at the time of establishment.• However, after the above group name is fixed, the name of the holding company will also be changed accordingly so as to make it better reflect the group identity.
Head Office	Planned to be located in Osaka city.
Representatives	<ul style="list-style-type: none">• Takashi Kaiho, current chairman of Daiwa Bank, and Yasuhisa Katsuta, current president of Daiwa Bank, will be appointed as chairman and president of the holding company, respectively.• Yasuhiro Takatani, current president of Kinki Osaka Bank, and Masao Nomura, current president of Nara Bank, will be appointed as directors.• Yukio Yanase, current senior managing director of Asahi Bank, will be appointed as deputy president when Asahi Bank joins the holding company.
Scope of Operations	Formulation of group management and business strategies, decision on allocation of management resources of the group, supervision of subsidiaries' operations, etc.

(4) Installation of Management Consolidation Council

A Management Consolidation Council, comprised of two top representatives from each bank, will be set up as an organization for consultation and decision-making with regard to basic policies on the management consolidation.

3. Consolidation Effects

(1) Synergies from Management Consolidation

The Daiwa Bank Group and Asahi Bank will strive to improve the quality of services, expand customer base, establish solid group presence, and build well-recognized brand, by fully realizing the following expected synergies from the management consolidation.

A. Unified Strategies and Reallocating Resources

Amid the wave of structural reform, financial institutions are required to respond to the rapidly changing financial environment in more timely manner. The management consolidation will enable the Daiwa Bank Group and Asahi Bank to realize the group operations based on unified and well-coordinated strategies with emphasis on maximization of group profits.

With respect to personnel policy, the Daiwa Bank Group and Asahi Bank will put the right staff in the right post, regardless of which bank he/she is from.

B. Well-balanced Coverage of Branch Network

Making the best use of the well-developed branch network in the Tokyo metropolitan area and the Kansai region, the two largest economic spheres in Japan, the Daiwa Bank Group and Asahi Bank, as a superregional bank group closely tied to local areas, will strive to offer greater conveniences to small to upper-middle corporate and individual customers.

C. Wider Array of Products and Services through Know-how integration

The members of the Daiwa Bank Group and Asahi Bank will endeavor to offer a wider array of products and services by uniting accumulated know-how in such fields as retail banking and trust businesses.

<Know-how integration in retail banking businesses>

The members of the Daiwa Bank Group and Asahi Bank will merge their respective know-how in products and services for small and medium-sized corporate and individual customers such as private banking services, investment trusts, housing loans, business loans, etc.

<Synergies from integration of systems infrastructure>

By integrating systems infrastructure, group banks will actively use advanced information technologies to develop systems for direct banking, CRM systems for database marketing, etc.

<Trust banking services for Asahi Bank's customers>

Products and services related to corporate pension trust, which is a particular strength of Daiwa Bank, can be more broadly offered to Asahi Bank's customers. In addition, with respect to the introduction of the so-called 401(k), or defined contribution pension plans in Japan, by merging the know-how of Daiwa Bank and Asahi Bank, the group can not only capture the new business opportunities, but also ensure the best-quality

services to their customers.

<Comprehensive financial functions>

Securities subsidiaries, investment trust subsidiaries, life and non-life insurance companies that maintain close relationships with Daiwa Bank and Asahi Bank, and the trust bank JV partners are also expected to contribute their specific functions to the group banks. Through these implicit arrangements, the group banks can offer comprehensive financial services to its customers.

(2) Rationalization Effects

In the process of concentrating redundant head-office functions to the holding company and subsequent reorganization of the four banking subsidiaries, the group banks will rationalize operations. The group banks will restructure the current branch network, reduce the number of employees, develop common products and services to offer, and integrate back-office operations and systems.

Details of restructuring will be discussed and determined hereafter as each step of the consolidation process materializes. However, at the present, the group banks expect the following rationalization effects:

- Number of head and branch offices
The group banks combined will reduce approximately 230 branch offices compared with the number at the end of March 2001, through merger or close of overlapping branches.
- Number of employees
The group banks combined will reduce approximately 6,300 employees compared with the number at the end of March 2001.
- General and administrative expenses
The group banks combined will cut their annual general and administrative expenses by approximately 68 billion yen compared with the actual figure for FY 2000.

<Summary of Rationalization Effects>

	Revitalization Plans of group banks	Consolidation Effects of Daiwa Bank Group	Consolidation Effects from Participation of Asahi Bank	Consolidation Effects Total
	(FY 2001 to FY 2004)	(Announcement on August 1, 2001)	(Announcement today)	(Comparison with the figures as of the end of March, 2001)
Number of Branches	(88)	(100)	(50)	(238) -32%
Daiwa Bank	(14)	(100)	(50)	/
Kinki Osaka Bank	(27)			
Nara Bank	0			
Asahi Bank	(47)			
Number of Employees	(2,907)	(1,700)	(1,700)	(6,307) -27%
Daiwa Bank	(982)	(1,700)	(1,700)	/
Kinki Osaka Bank	(694)			
Nara Bank	10			
Asahi Bank	(1,241)			
General & Administrative Expenses (Bil. Yen)	(9.8)	(28.0)	(30.0)	(67.8) -14%
Daiwa Bank	(2.9)	(28.0)	(30.0)	/
Kinki Osaka Bank	0.5			
Nara Bank	0.2			
Asahi Bank	(7.6)			

(3) Financial Targets

Taking into account the expected growth of revenues related to positive synergies from the management consolidation and cut in expenses related to rationalization measures, the group banks set the following financial targets for FY 2006:

<Financial Targets>

	Actual Results for FY 2000	Targets after Consolidation
Net Business Profits (Bil. Yen)	288.5	To be raised to the level of 470 billion yen
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 Profit / Term-end Balance of Stockholders' Equity)	12.1%	16% 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%
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 merger and the acquisition of operations from Namihaya Bank. OHR for the previous fiscal year was 72.9%.

(4) Scope of Existing Business Tie-ups

Daiwa Bank and Asahi Bank have materialized various cooperative arrangements in such fields as bill clearing operations, integration of intra-firm mail delivery systems, joint administration of off-premises ATM corners, etc, with a view to deriving benefit from such reciprocal arrangements.

In addition to these existing arrangements, prior to the management consolidation, the four banks will forge business tie-ups in the following fields to improve the quality of services to customers.

- Mutual opening-up of ATM network
- Sales of common products (mutual funds, business loans designed for small and medium-sized businesses, etc.)
- Tie-up in the field of trust business
- Exchange of personnel (trust business, private banking business, etc)

For inquiry:

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Kinki Osaka Bank	Corporate Communications Office Hisamatsu Tel: +81-6-6945-2225
Nara Bank	General Planning Division Yabuuchi Tel: +81-742-23-3372
Asahi Bank	Corporate Communications Department Takashima Tel: +81-3-5223-5078

Corporate Profile of Daiwa Bank, Kinki Osaka Bank, Nara Bank and Asahi Bank

	Daiwa Bank	Kinki Osaka Bank	Nara Bank	Asahi Bank	Total
Date of Establishment	August, 1918	April, 2000	March, 1953	April, 1991	/
Head Office Location	Osaka	Osaka	Nara	Tokyo	
Representative	(President) Yasuhisa Katsuta	(President) Yasuhiro Takatani	(President) Masao Nomura	(President) Tatsuro Itoh	
Paid-in Capital	465.1 billion yen	81.5 billion yen	3.8 billion yen	605.3 billion yen	1,155.7 billion yen
Number of Shares Issued	2,743 million	944 million	Par Value } 3 million	3,147 million	6,837 million
Common Stock	2,052 million	944 million	500 yen } 3 million	2,825 million	5,824 million
Preferred Stocks	(Kind A Preferred) 10 million (Kind B Preferred) 680 million	/	/	(Preferred No.1) 2 million (ClassB Preferred No.: 240 million (ClassB Preferred No.: 80 million	/
Stockholders' Equity	926.5 billion yen	85.3 billion yen	8.5 billion yen	1,359.4 billion yen	2,379.7 billion yen
Total Assets	15,518.5 billion yen	4,433.6 billion yen	187.2 billion yen	30,264.7 billion yen	50,404.0 billion yen
Total Funds	26,231.9 billion yen	4,036.2 billion yen	168.6 billion yen	23,426.5 billion yen	53,863.2 billion yen
Deposits (Banking Account)	9,458.7 billion yen	4,036.2 billion yen	168.6 billion yen	20,444.8 billion yen	34,108.3 billion yen
Loans (Banking Account)	10,205.7 billion yen	3,102.9 billion yen	125.7 billion yen	20,327.3 billion yen	33,761.6 billion yen
Loans (Trust Account)	560.1 billion yen	/	/	/	560.1 billion yen
Trust Assets	22,287.3 billion yen	/	/	/	22,287.3 billion yen
(Pension Fund Trust)	6,359.2 billion yen	/	/	/	6,359.2 billion yen
Number of Employees	6,982	4,388	325	11,841	23,536
Number of Domestic Offices	160	229	25	317	731
Manned Offices	189	239	25	338	791
Unmanned Offices	266	49	32	625	972
Net Business Profit (FY 2000)	109.5 billion yen	11.7 billion yen	0.6 billion yen	166.7 billion yen	288.5 billion yen
Gross Profit	276.6 billion yen	81.2 billion yen	4.2 billion yen	424.2 billion yen	786.2 billion yen
G&A Expenses	161.7 billion yen	65.4 billion yen	3.2 billion yen	255.6 billion yen	485.9 billion yen
Principal Stockholders	The Nomura Securities Co., Ltd 3.25%	The Daiwa Bank, Ltd. 24.11%	The Daiwa Bank, Ltd. 29.04%	Dai-ichi Mutual Life Insurance Company 4.10%	/
	Tokyo Mutual Life Insurance Company 3.00%	The Shinsei Bank, Ltd. 2.31%	Masao Nomura 5.80%	Yasuda Mutual Life Insurance Company 2.79%	
	The Fuji Fire & Marine Insurance Co., Ltd. 2.59%	The Aozora Bank, Ltd. 2.05%	The Kinki Osaka Bank, Ltd. 4.99%	Japan Trustee Services Bank, Ltd. 2.35%	
	Osaka Gas Co., Ltd. 2.47%	Employee Stock Ownership Plan 1.99%	B&M, Ltd. 2.54%	Asahi Mutual Life Insurance Company 2.10%	
	Japan Trustee Services Bank, Ltd. 2.15%	The Fuji Fire & Marine Insurance Co., Ltd. 1.59%	Employee Stock Ownership Plan 2.42%	Nihon Mutual Life Insurance Company 1.79%	

As of March 31, 2001