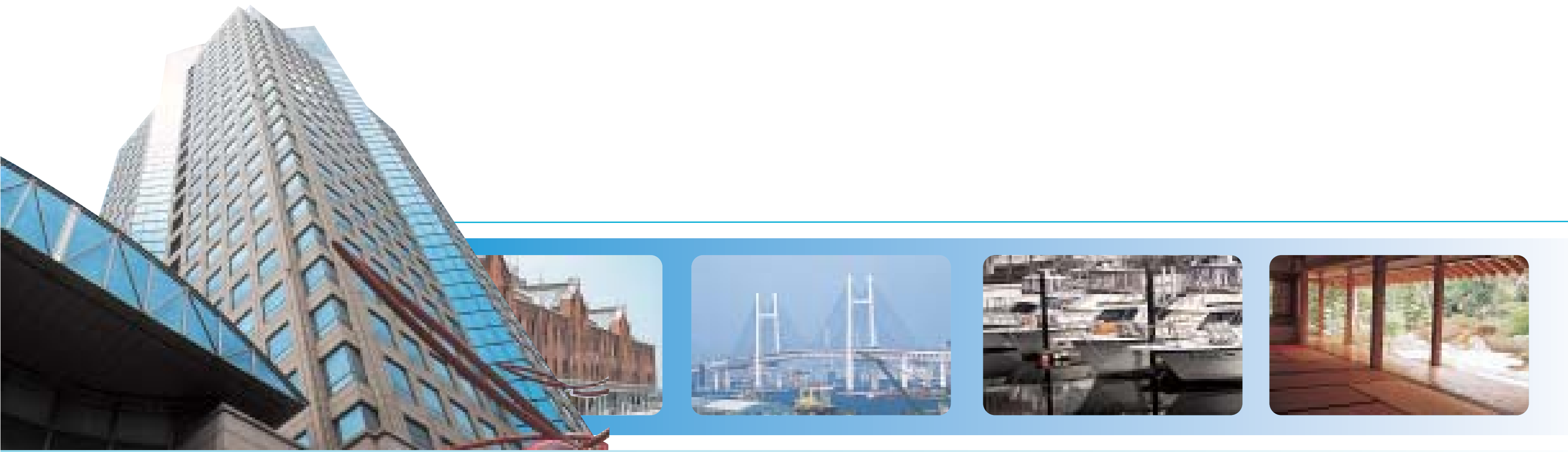
BANK OF YOKOHAMA



B A N K O F Y O K O H A M A

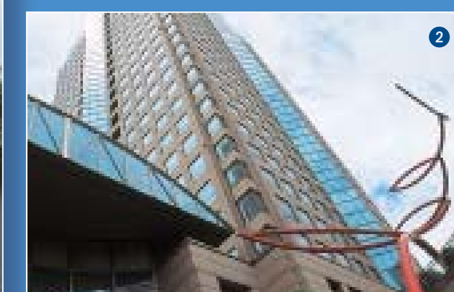
ANNUAL REPORT 2004

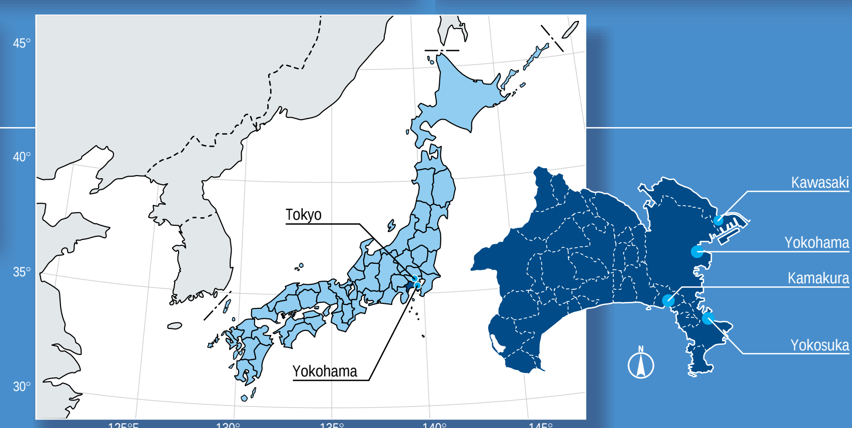
Year Ended March 31, 2004

横浜銀行

The Bank of Yokohama, Ltd. was founded in 1920 to serve the needs of individuals and companies in Kanagawa Prefecture and southwest Tokyo.

With a main business focus on its home region, the Bank has since grown to become one of Japan's leading regional banks, with consolidated total assets of ¥10,660.2 billion and deposits of ¥9,174.0 billion as of March 31, 2004. Under "Value Up," the medium-term management plan, the Bank is striving to be a bank that "customers can always trust" by extending and perfecting the regional retail strategy.

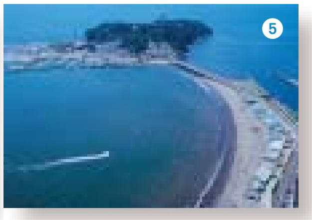




Contents

Yokohama and the surrounding Kanagawa prefecture is an area of significant economic activity, historical interest and natural beauty. These are some of our favorite scenes.

1 "Minato Mirai 21" Disteict 2 Headoffice of the Bank of Yokohama
3 Landmark Tower 4 Yokohama China Town 5 Enoshima Island



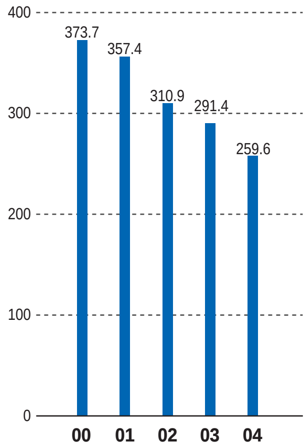
Consolidated Financial Highlights

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

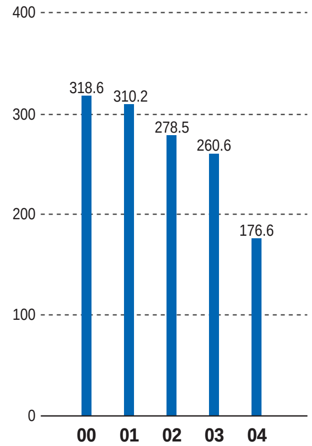
Years ended March 31	Millions of Yen* 2004	Millions of Yen* 2003	Thousands of U.S. Dollars** 2004
At Year-end:			
Total assets	**¥10,660,252**	¥10,672,796	**$100,920,688**
Cash and due from banks	**556,767**	493,925	**5,270,926**
Deposits	**9,174,001**	9,433,594	**86,850,337**
Loans and bills discounted	**7,946,846**	7,833,029	**75,232,853**
Securities	**1,298,771**	1,492,241	**12,295,481**
Total stockholders' equity	**554,926**	457,225	**5,253,492**
Capital stock	**188,223**	184,803	**1,781,910**
For the Year:			
Total income	**¥ 259,674**	¥ 291,488	**$ 2,458,336**
Total expenses	**176,633**	260,605	**1,672,190**
Net income	**47,445**	16,896	**449,167**

* Yen amounts have been round down to millions of yen.
** U.S. dollar amounts are translated, for reference only, at the rate of ¥105.63=$1 effective on March 31, 2004.

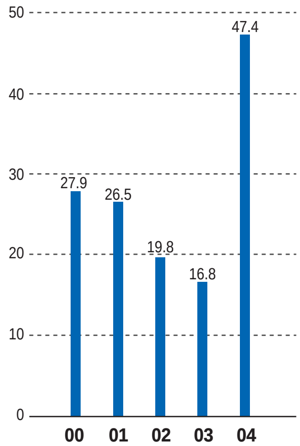
TOTAL INCOME
(¥ billion)



TOTAL EXPENSES
(¥ billion)



NET INCOME
(¥ billion)



This report contains information that constitutes forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the Bank or its officers with respect to the financial condition of the Bank. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors. The information contained in this report identified important factors that could cause such differences, including but not limited to, change in overall economic conditions.

Aiming to be a bank that enjoys strong support of customers in the region it serves, the Bank of Yokohama is implementing Value Up, a three-year medium-term management plan launched in April 2003. In the year ended March 31, 2004, the first year of the plan, the Bank achieved steady results.

Sadaaki Hirasawa
Chairman,
President and CEO

Q. First of all, could you provide an overview of the Value Up medium-term management plan?

The objective of Value Up, the current medium-term management plan, is to further reinforce the regional retail strategy the Bank has been implementing for some time now. It is an initiative that plays to the Bank's core strengths by concentrating management resources on the retail-banking sector as it reinforces the management structure and solidifies our foundation as a regional financial institution. Ultimately, it enhances value for our shareholders, for our customers, and for the Bank itself.

In Value Up, the important thing is to do everything possible to enhance customer value: that is, the value that customers obtain when the Bank provides services and information to appropriately meet their needs. This is the primary mission of a financial institution. To achieve this, value enhancement for the Bank is essential. There are two aspects to this: value enhancement from the standpoint of finance and from the standpoint of personnel.

Value enhancement with respect to finance is about constructing a sound, solid financial base. If the Bank's financial strength deteriorates, we cannot provide high-quality services to our customers. Needless to say, maximizing value from the standpoint of finance is essential for the Bank of Yokohama, which, as a regional bank, bears great responsibility for promoting regional financial stability and providing a variety of financial services.

At the same time, the Bank considers enhancing the value of its human resources to be extremely important for prevailing against fierce competition. We believe that each officer and line worker must constantly hone his or her abilities, reliably meet the needs of customers in the region we serve, and acquire the skills to provide satisfactory financial services.

Q. Value Up has completed its first year. Please describe the plan's results so far and issues to be addressed in the second year.

Specific measures aimed at financial value enhancement set forth in the plan are the expansion of loan volume, the improvement of profit margins, and the strengthening of the fee and commission business. With regard to measures for personnel value enhancement, in April we established the Human Resources Value Up Committee to further vitalize our human resources. We are considering various personnel measures and engaging in affirmative utilization of human resources. For instance, we are promoting women and young employees to branch manager positions.

During the past year, we put particular emphasis on customer value enhancement, financial value enhancement, and shareholder value enhancement by aggressively engaging in measures to boost sales activities and profitability.

As a result of these initiatives, in the financial results for fiscal 2003 the Bank achieved record-high gross operating income, net business profit, ordinary profit, and net income. Earned surplus exceeded ¥100 billion.

The performance indicators the Bank aims to achieve (on a non-consolidated basis) during the final year of the Value Up medium-term management plan (fiscal 2005) are shown in the table below. The Bank has already achieved the targets for net business profit, overhead ratio, and fee and commission ratio. The Bank will continue to maintain and improve these results; we have revised upward the target for net business profit for fiscal 2004 to ¥119 billion and aim to achieve this target.

As of April 2004, the Bank is filing a petition to repay public funds (preferred stock) to the related authorities, an objective set forth in Value Up. If this comes about, it will mean repayment in full of public funds.

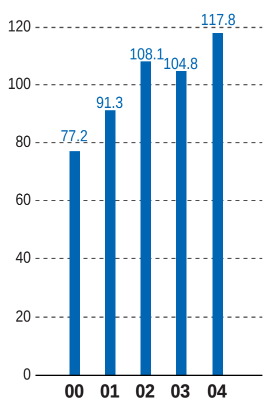
[Numerical Targets]

1. Strengthen the regional retail banking infrastructure	Increase in the balance of loans to individual customers(¥870 billion or more) Average in the balance of loans to small and medium-sized companies (¥3,100 billion or more)
2. Increase capital	Tier 1 capital to 8.5% or higher Non-consolidated earned surplus of ¥150 billion or more
3. Reduce credit costs	A credit-related cost ratio below 0.45%
4. Profit improvement	Net business profit of ¥110 billion
5. Low-cost operation	Overhead ratio (Excluding gains or losses on bonds and bond derivatives) below 45%
6. Increase revenue from commissions	Fees and commissions ratio of 14% or higher
7. Upgrade credit ratings	Upgrade the R&I and Moody's ratings by one notch respectively

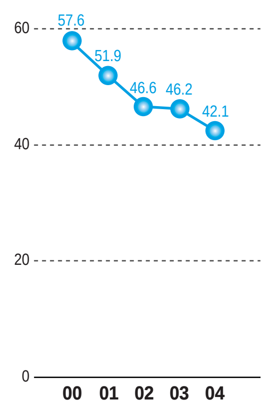
At the same time, we expect competition against other banks and types of financial institutions to intensify. It is necessary for us to further boost sales capabilities and profitability through such means as keeping pace with the expansion of the scope of services resulting from deregulation. Accordingly, the Bank is implementing a number of measures to lay the groundwork for further development and growth after the repayment of public funds.

First of all, we will build a rock-solid business foundation as a reborn Bank of Yokohama by further strengthening corporate governance and risk management systems and by activating human resources to devise new and more aggressive operating policies and measures. Then, we will enhance shareholder value by returning the resulting added value to our shareholders.

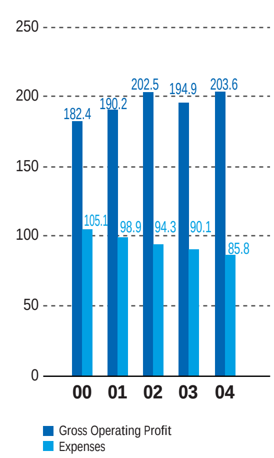
NET BUSINESS PROFIT
(Non-consolidated)
(¥ billion)



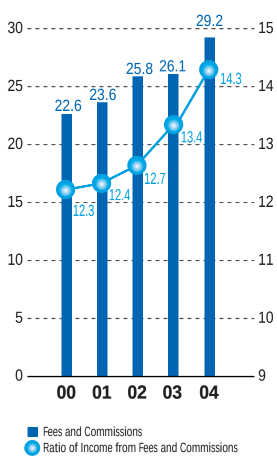
OVERHEAD RATIO
(Non-consolidated)
(%)



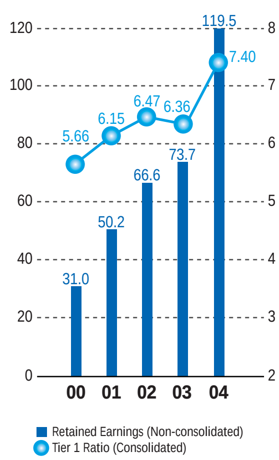
GROSS OPERATING PROFIT/ EXPENSES (Non-consolidated)
(¥ billion)



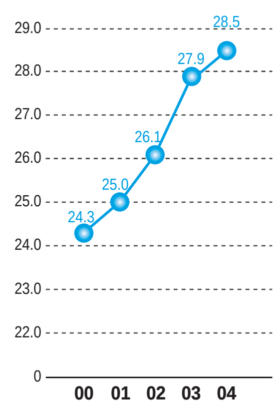
FEES AND COMMISSIONS
(Non-consolidated)
(¥ billion/%)



TIER 1 RATIO AND RETAINED EARNINGS
(¥ billion/%)



SHARE IN LOANS IN KANAGAWA PREFECTURE
(%)



Q. What management's vision for the future of the Bank as a regional financial institution?

With the professed aim of being "a bank that customers can always trust," that is one that has earned the strong support of its customers, the Bank is implementing policies and measures to achieve such objectives as boosting sales activities and profitability, establishing a low-cost operating structure, and strengthening risk management. Although we are achieving steady results in these areas, much remains to be done. We will steadily address the issues we continue to face one by one.

Consider our financial businesses, for instance. From the point of view of users, they're nothing more than a useful tool, a kind of social infrastructure that everyone uses. From now on, successful banks will reflect these expectations vis-à-vis their dealings with customers and the local community.

It is also necessary for banks to establish themselves as institutions that local companies and individual customers can rely on. By strengthening themselves, banks can make a greater contribution to the vitalization of the communities they serve.

Furthermore, as I always say at the Bank, the basis of the regional banking business is face-to-face dealings with customers. This means that we must ground our business in the provision of real services—that is, services provided through branches—while using virtual information technology as efficiently as possible.

I believe that the important thing is to benefit the region and meet the financial needs of local customers as efficiently, reliably, and rapidly as possible. It is also important to be more attentive and thoughtful in our dealings with customers. I think that is something that a regional bank must never lose sight of. I would like the employees of the Bank of Yokohama to continue to work to enhance value for the Bank and value for themselves on the basis of this kind of thinking.

August 2004

S. Hirasawa

CHAIRMAN, PRESIDENT AND CEO
Sadaaki Hirasawa

1

A Strong Market Position from a Solid Business Base

Our business base is Kanagawa Prefecture. Bordering Tokyo, Japan's capital, Kanagawa has a population of about 8.7 million, third-largest of Japan's prefectures. Its GDP of about US$245 billion is equivalent to that of Switzerland. In this highly favorable base of operations, the Bank has devised a regional retail banking strategy and established a position as the leading bank in its service area.

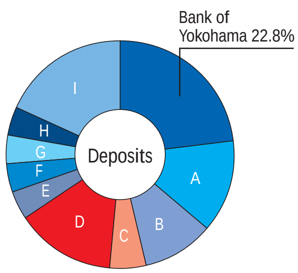
[Kanagawa Prefecture, Our Business Base]

The Bank has designated Kanagawa Prefecture and southwest Tokyo as its home region. The inhabitants of Kanagawa Prefecture have high incomes and personal savings that exceed the national average by about 10%. A favorable living environment has led to a spate of housing construction and, in recent years, made Kanagawa Japan's fastest-growing prefecture in terms of population and the number of new housing starts.

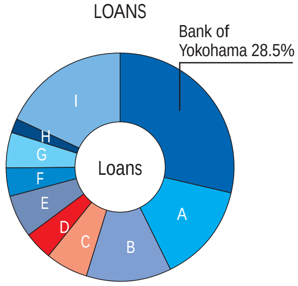
Kanagawa also offers highly favorable conditions for business, including an advantageous environment for information availability, highly developed road and railway networks, and international

SHARE IN KANAGAWA PREFECTURE
(%)

DEPOSITS

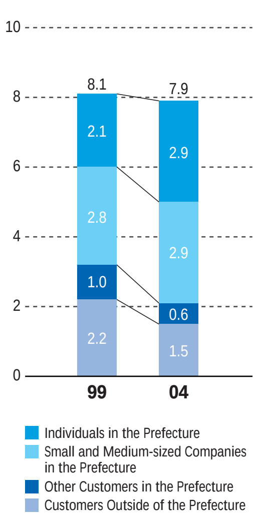


LOANS



	Deposits	Loans
A – Banking Group A	13%	14%
B – Banking Group B	10%	12%
C – Banking Group C	5%	6%
D – Banking Group D	14%	4%
E – Banking Group E	4%	6%
F – Regional Banks	4%	4%
G – The 2nd regional Banks	4%	5%
H – Trust Banks	4%	2%
I – Co-op Banks	18%	18%

CHANGES IN LOAN PORTFOLIO (Non-consolidated)
(¥ trillion)



port facilities. Kanagawa boasts major business centers such as the Keihin Waterfront District. In recent years, new company and new business start-up activity has hit full swing, owing in part to aggressive industrial promotion measures by local governments. A high percentage of these start-ups are venture businesses. Kanagawa is also attracting many high-tech companies and research and development centers.

[Focusing Management Resources on the Region]

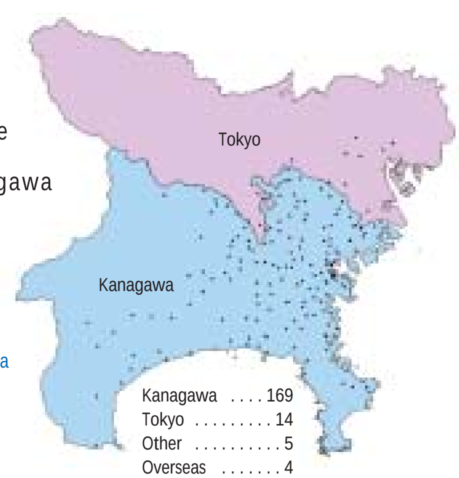
To take full advantage of this favorable business base, we have concentrated management resources on its home region, conducted a sweeping review of its business strategy, and undertaken restructuring of operations.

The impetus for the policy to concentrate management resources regionally was a review of the loan portfolio undertaken on the basis of specialization in regional retail banking. As a result of the review, the Bank undertook to sharply reduce loans to customers outside of the prefecture and to large companies while aggressively increasing the proportion of loans to individuals residing in Kanagawa and to small and medium-sized companies.

In fiscal 1998, loans to individuals and small and medium-sized companies in Kanagawa accounted for ¥4.9 trillion (about 60%) of the ¥8.1 trillion total loans outstanding. By fiscal 2003, loans to individuals and small and medium-sized companies in the prefecture had grown to ¥5.8 trillion and accounted for about 73% of the ¥7.9 trillion total loan balance. The Bank's share, among all bank loans to customers in Kanagawa, has reached 28.5%, up from about 23% in fiscal 1998. The balance of loans to customers in Kanagawa has reached ¥6.4 trillion, 80.8% of the Bank's total loan portfolio.

With regard to deposits, the Bank has established a solid position as the leading bank in the prefecture. The Bank's share of deposits in Kanagawa is 22.8%.

The Bank has constructed a dense, community-based operating structure that gives it competitive advantage in the number of branches in Kanagawa; in fiscal 2003, the Bank operated a network of 169 branches in Kanagawa Prefecture, for a share of 18.4%.



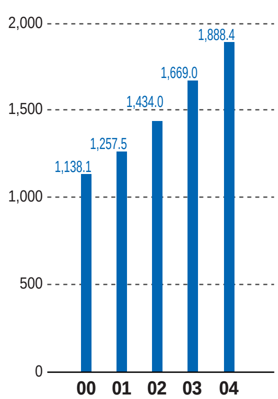
The Bank's branch network serves population centers throughout Kanagawa Prefecture and strategic locations in nearby southwestern Tokyo.

2

Customer Relationships Based on Reliable Service

In pursuing a regional retail banking strategy, the Bank of Yokohama has produced consistent results by building a strong array of services for individuals and providing a comprehensive line of products and services that focus on unfailingly meeting the needs of each customer.

GROWTH IN HOUSING LOANS (Non-consolidated)
(¥ billion)



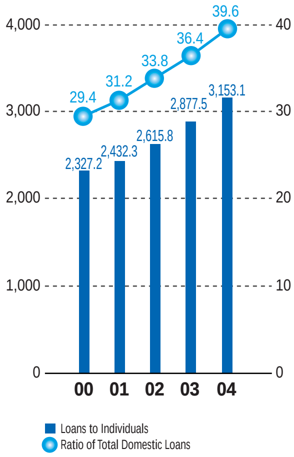
[Loans to Individuals]

The Bank regards the smooth provision of funds to individual borrowers as an important mission and provides a variety of products and services for individuals. We place particular emphasis on proactively meeting customer needs for housing loans.

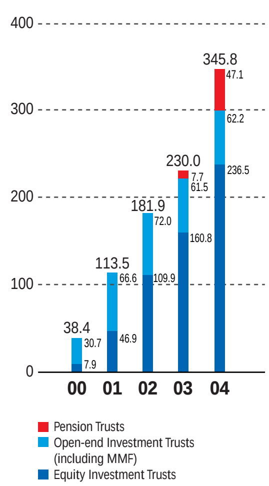
To increase customer convenience, since December 2002, the Bank has operated its housing loan centers on Sundays. To strengthen our coverage of southwest Tokyo, we have established housing loan centers for the first time outside Kanagawa prefecture in Jiyugaoka, Kamata, and Shinjuku areas.

In 2003, the Bank took additional steps to augment its housing loan consulting capabilities. The Bank established the Affiliated Housing Loan Center in September 2003 to better promote affiliated loans and followed that, in November 2003, with the Direct Housing Loan Center, to provide housing loans through direct-banking channels such as the Internet.

LOANS TO INDIVIDUALS
(Non-consolidated)
(¥ billion/%)



BALANCE OF INVESTMENT TRUSTS AND ANNUITY INSURANCE OUTSTANDING FOR INDIVIDUAL CUSTOMERS
(Non-consolidated)
(¥ billion)



As a result of these and other developments, the balance of housing loans has grown dramatically in recent years. As of March 31, 2004 the balance of housing loans was ¥1,888.4 billion, and the balance of housing-related loans including apartment loans, loans to residential property management companies, was ¥2,833.8 billion on a non-consolidated basis.

In addition to housing loans, the Bank is working to expand automobile loans and home-improvement loans at its "Mini-loan Plazas," which specialize in non-collateralized consumer loans (except credit card loans).

As a result, the Bank's loans to individual customers increased by 9.6% from the previous fiscal year-end to ¥3,153.1 billion, bringing the ratio of loans to individuals to 39.6% of the total domestic loan balance on a non-consolidated basis.

[Expanding the Line of Asset Management Products]

The Bank is strengthening its capability to provide timely and useful asset management products and services through its service channels. In addition to expanding the line of investment products such as investment trusts and annuity insurance, Yokohama Bank seeks to reliably satisfy diversifying and increasingly sophisticated customer needs through a system of financial advisors (FA), who offer highly specialized knowledge and a wide range of skills.

The balance of investment trusts has steadily increased; as of March 31, 2004 it was ¥298.8 billion, a 34.4% increase from fiscal 2002. The combined balance of assets of deposits held by individuals in investment trusts, foreign currency deposits, public bonds, and annuity insurance reached ¥750.7 billion.

1. Housing loans provided to individuals
2. "QYQY" (Quickly) individual loans, applied for and approved via Internet, telephone, fax, etc.
3. "Accel 1," a unique auto loan that considers trade-in value

3

Contributing to the Growth of the Regional Economy

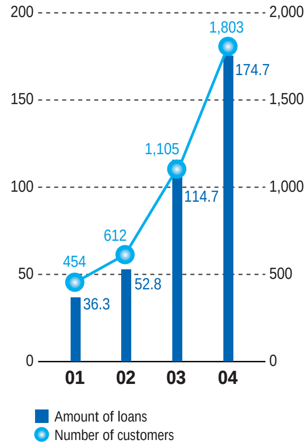
In corporate banking, management policy focuses on needs of small and medium-sized businesses within our service area. We apply the Group's comprehensive capabilities to meticulously support business customers, cooperate in the promotion of the regional economy and provide management consulting to local companies.

[Structural Reinforcement to Bolster Corporate Banking Operations]

In April 2003, the Bank established Block Corporate Customer Departments in each Block Business Headquarters, primarily targeting excellent local companies, to aggressively pursue "Medium-risk, Medium-return" loans and to bolster our ability to propose ways of diversifying financing methods. In particular, the use of syndicated loans by local companies is expanding, and in fiscal 2003, the Bank was involved in arranging 24 syndicated loans in the amount of ¥73.9 billion. The Bank also cooperated in the flotation of 479 private-placement corporate bonds in the amount of ¥99.0 billion, far surpassing the results for the previous year.

To meet the needs of the small and medium-sized companies in our region that do not currently do business with the Bank, during the past eighteen months we have more than doubled the num-

TREND FOR NEW BUSINESS CUSTOMERS (Non-consolidated)
(¥ billion/Number of customers)



ber of specialists, expanding the staff to more than 60, who are promoting new business transactions with such companies.

In September 2003, the Bank established business loan centers in eight locations to provide meticulous support for the diversifying needs of small and medium-sized companies in those areas.

The Bank is also aggressively engaged in the development of new financial products. In fiscal 2003, we developed "Super Business Loans," non-collateralized loans that do not require a third-party guarantor. We also began offering the "Yokohama Quick Loan guaranteed by the Yokohama City Credit Guarantee Association (YCGA)," a rapid-approval product with terms up to five years.

The Bank has constructed a network of "information meisters" (employees in each area responsible for customer information) who engage in unified acquisition and management of customer information and is upgrading the Group-wide information network encompassing headquarters and affiliated companies. By taking full advantage of these information networks, the Bank will strengthen its proposal and consulting capabilities, such as business matching services.

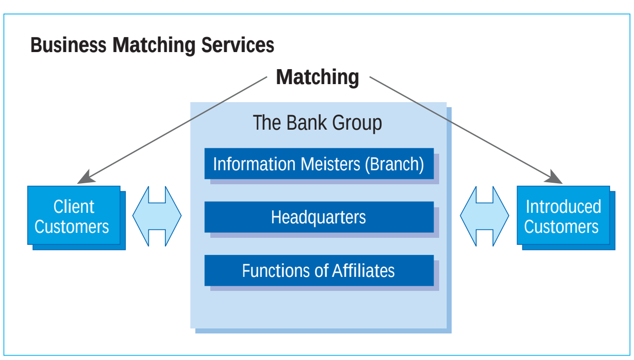
[Initiatives to Support Business Revitalization]

The Small and Medium-Sized Company Support Center engages in hands-on operations to support the revitalization of small and medium-sized companies. The Bank extended its cooperation to the Kanagawa Prefecture Small and Medium-Sized Enterprise Support Council (an organization newly launched in August 2003), began handling Kanagawa Prefecture's newly established loan scheme in April 2004, and is strengthening its support for business revitalization.

The Bank is considering participating in new support schemes, including the utilization of external organizations such as the Resolution and Collection Corporation and the utilization of debt-equity swaps scheme. In August 2003, the Bank engaged in DIP (Debtor in Possession) financing in collaboration with The Shoko Chukin Bank. In fiscal 2003, we provided DIP financing to a total of five companies.

[Support for New Companies and New Businesses]

In the venture-financing sector, in addition to equity investments through the "Yume Fund Investment Partnership," the Bank is engaged in the smooth provision of loans through the "Yume Kikin (Dream Found)," the Bank's own loan fund. We entered into a business cooperation agreement with the Development Bank of Japan and began handling loans collateralized by intellectual property rights. The Bank plans to strengthen its venture company support business through cooperation with such government-affiliated financial institutions and to step up its activities to vitalize the regional economy.

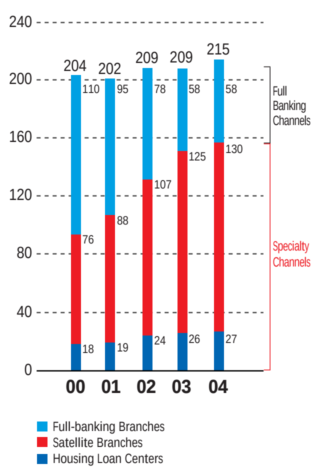


4

Establishing Efficient Business Channels

The Bank of Yokohama has increased points of contact with customers and enhanced customer convenience by constructing a dense network of branches in the communities we serve and putting in place and expanding a direct-banking framework that utilizes updated information technology.

REVIEW OF EFFICIENT SERVICE CHANNELS
(Number of Channels)



[Our Service Channel Strategy]

By shifting the emphasis from fully staffed, full-banking branches to satellite branches (functionally specialized branches), the Bank has reduced costs while maintaining the number of branches that provide specific functions needed in their area.

In parallel with the Bank's full-banking branches, where the Bank has concentrated loans and customer liaison functions, at our satellite branches we have worked to increase efficiency and put in place a framework for providing services that meet the needs of customers through closer collaboration between full-banking branches. The role of the satellite branches is to provide high-quality services and convenience mainly to individual customers, who generally do not need frequent loan services.

New, specialized satellite branch serving full needs of savers.

Mini-branches, a new format with simplified functions that specialize in serving individual customers providing various investment products. In fiscal 2003 we opened five mini-branches, bringing the total number to eight.

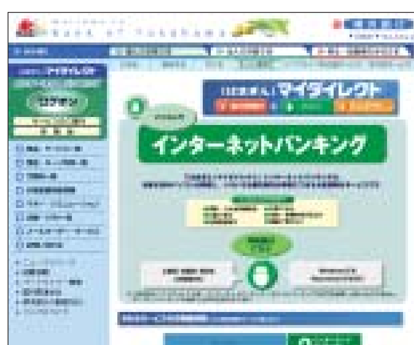
[Expansion of the Network of Fully Automated Cash Dispenser Corners]

Even as the Bank reviews the status of less-frequently used automated cash dispenser corners, it is reinstalling automated cash dispensers in train stations and other public facilities where people congregate. The Bank is implementing a plan to install automated cash dispensers at all Odakyu Line railway stations by March 2005 and has completed 55 automated cash dispensers installation at 50 stations. We will also install 17 dispensers at 15 Sagami Railway stations by September 2005. The Bank has greatly increased the number of fully automated cash dispenser corners from 312 to 345 during the past year, including these new installations through collaboration with railway operators.

The Bank is developing an automated cash dispenser network at train stations in Kanagawa.

[Reinforcing Direct Channels]

The bank is expanding its telephone banking, Internet banking, and mobile banking services to increase customer convenience and operating efficiency. In terms of systems, in November 2003 we established the Direct Housing Loan Center at the head office and have stepped up collaboration between the Business Loan Plaza—a direct-banking channel serving small and medium-sized companies—and the Business Loan Centers, where face-to-face transactions are possible. In January 2004, we established the Direct Business Department to specialize in implementing sales and marketing activities through direct channels. By consolidating existing direct channels into a single responsible department and putting in place efficient and effective systems, the Bank seeks to provide higher quality services.



The bank is enhancing its promotions and services via the Internet and mobile technology.

5 Strengthening a Sound Management Structure

The Bank has been implementing a business strategy of specializing in regional retail banking, boosting competitiveness by concentrating management resources in the retail banking sector. To further this strategy, we are working to strengthen our already sound management structure. The Bank has made repaying the trust of the customers in the region we serve an important management priority.

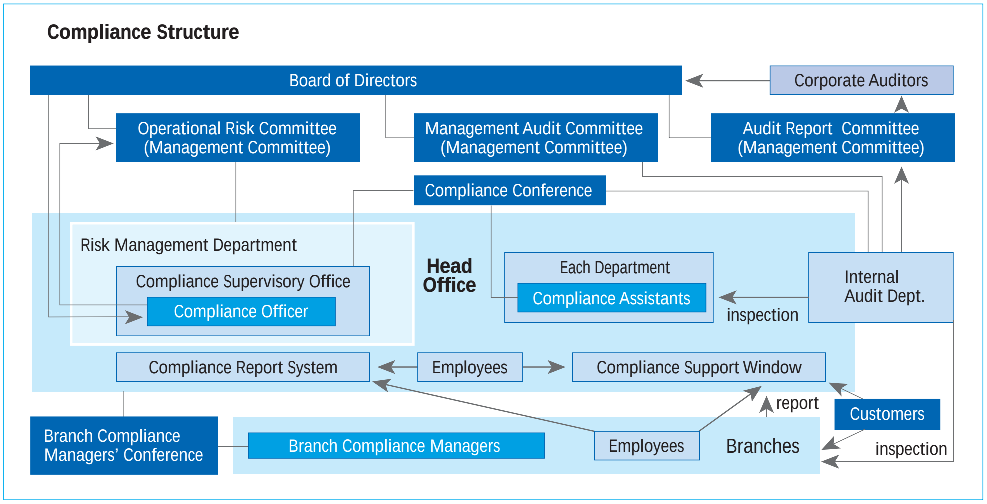
[Strengthening Corporate Governance]

The Bank regards corporate governance as a critical management issue and places great importance on observance of the Commercial Code and other laws. The Board of Directors and corporate auditors monitor and supervise the directors and executive officers. The Bank has instituted the executive officer system and put in place a structure under which the executive officers bear marketing responsibility and the directors bear management responsibility.

With regard to the decision-making process, the Bank implements a structure with the Board of Directors at the apex to rigorously enforce internal regulations, engage in appropriate delegation of authority, and to ensure quick decision making. In an initiative to strengthen corporate governance, in July 2004, the Bank established the Management Advisory Committee made up primarily of experts from outside the company to serve as a consultative body to the Board of Directors. At meetings of the Board of Directors, executive management gives full consideration to the advice and recommendations of the Management Advisory Committee in making decisions.

To conduct objective internal audits, we placed the Internal Audit Department under the direct control of the Board of Directors in June 2004, a move intended to enhance the function of the Board of Directors and strengthen its supervision of operating departments. The Internal Audit Department verifies legal compliance and the appropriateness and effectiveness of the internal management structure within each department. In April 2004 the Bank established the Audit Report Committee, a venue for the directors to periodically consult with and receive advice from the corporate auditors.

In this way, the Bank will work to increase management soundness, efficiency, and transparency through internal and external corporate governance measures and link improvements in corporate governance to enhance corporate value and shareholder value.



[Compliance Measures]

In light of the Bank's mission as a regional bank with deep roots in the region it serves and the importance of its social responsibility, we are working to ensure rigorous compliance with the law and put in place a compliance structure.

The Bank has established the Compliance Supervisory Office within the Risk Management Department to control compliance matters for the Bank as a whole. The general manager of the Compliance Supervisory Office is appointed by the Board of Directors to preside over compliance issues as the Bank's compliance officer. The Bank assigns compliance assistants to each department at headquarters and compliance managers to each branch to monitor business operations within each department and branch.

The Bank's basic compliance policy is established in the Compliance Regulations, which prescribe basic matters related to compliance. In addition, the Board of Directors lays down each year a specific Compliance Program to ensure compliance structures, and the Bank implements compliance activities in accordance with the Program. The Operational Risk Committee, chaired by the president, convenes periodically to receive reports on matters related to operational risk and reports from the Risk Management Department's Compliance Supervisory Office on causes of compliance-related problems and measures to prevent their recurrence and to discuss and provide guidance on measures to prevent violations of the law.

The Bank makes every effort to maintain a thorough compliance structure. We prepare a Compliance Manual approved by the Board of Directors, provide the manual to every employee, and enforce its contents. In addition, we produce a Compliance Manual for each department at headquarters based on the specific operations performed by the departments and enforce compliance with laws and regulations for each business operation.

[Implementation of Risk Management Systems]

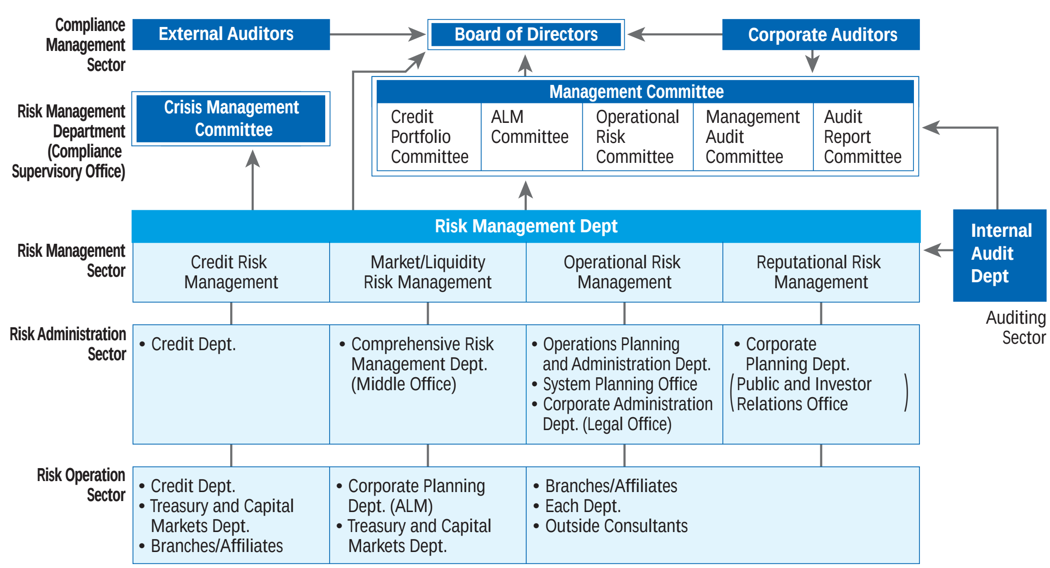
The risks confronting banks are becoming increasingly varied and complicated due to financial deregulation, globalization, securitization, the development of financial technologies — including derivatives trading — and the sophistication and diversification of customer needs. Accordingly, the Bank has positioned risk management as a critical management issue from the standpoint of maintaining and improving the soundness of management and strives to develop its risk management capabilities. To that end, in June 2004 the Bank established the Risk Management Department, increasing the degree of independence of the risk management and compliance units and creating a framework for comprehensive management of various forms of risk and more flexible control. With regard to credit risk, market risk, liquidity risk, and other forms of risk, we have partitioned the risk administration sector from the risk operation sector and constructed a systematic, rigorous monitoring system. On the basis of this structure, we engage in sound and highly profitable management by taking into consideration the characteristics of each form of risk and distinguishing between "risks that should be taken" and "risks that should be avoided."

[Basic Risk Management Policy]

Our risk management structure is built around our Basic Risk Management Guidelines. Our basic policies with respect to risk management are to:

- Assess each type of risk to which we are exposed and take appropriate countermeasures, thereby ensuring stability and growth for our assets;
- State clear strategic objectives with respect to our risk management policies on a company-wide basis and review these objectives annually or as warranted by changes in circumstances;
- Identify and mitigate each risk across all of our various operations, managing risk comprehensively to the extent possible; and
- Apply our risk management structure on an integrated consolidated basis.

Risk Management Structure



Financial Review

[CONSOLIDATED]

The performance of Bank of Yokohama Group for the year ended March 31, 2004 (the year under review) is as described below.

DEPOSITS AND LOANS

Amid continuation of low interest rate levels, the Bank worked to increase deposits by promoting general banking transactions. These efforts notwithstanding, deposits decreased by ¥259.5 billion or 2.7% to ¥9,174.0 billion. Time deposits decreased by ¥241.7 billion or 6.9% from the previous term to ¥3,241.9 billion. Negotiable certificates of deposit decreased by ¥21.4 billion or 30.8% to ¥48.0 billion.

As a result of efforts to increase loan transactions, primarily loans to individuals, loans increased by ¥113.8billion or 1.4% from the previous term to ¥7,946.8 billion.

SECURITIES

Securities decreased by ¥193.5 billion during the year under review. The balance at the fiscal year-end of ¥1,298.7 billion was 12.9% lower than a year earlier.

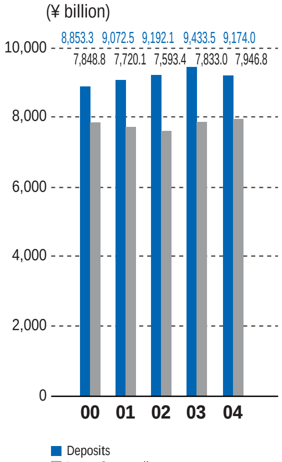
TOTAL ASSETS

Total assets decreased by ¥12.5 billion or 0.1% during the term. The year-end balance was ¥10,660.2 billion

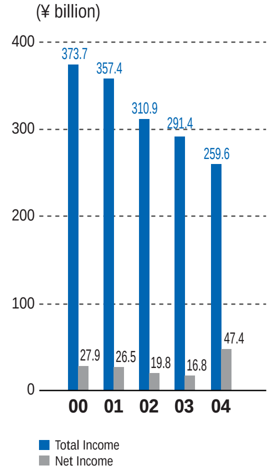
PROFIT AND LOSS

Although increases in loans, primarily loans to individuals, and fee business led to an increase in income from interest on loans and discounts and from fees and commissions, total income decreased by ¥31.8 billion or 10.9% from the previous term to ¥259.6 billion owing to the exclusion from consolidation of Hamagin Finance Co., Ltd. Total expenses decreased by ¥84.0 billion or 32.2% to ¥176.6 billion as a result of a sharp reduction in the loss on write-down of stocks and other securities owing to the recovery in stock prices, a reduction in interest expense on deposits and efforts to curtail expenses. As a result, income before income taxes and minority interests increased by ¥52.2 billion or 168.8% from the previous term to ¥83.0 billion. Net income increased by ¥30.6 billion or 180.8% to ¥47.4 billion.

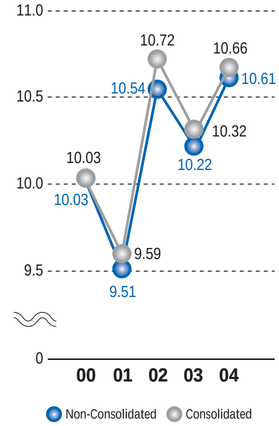
DEPOSITS AND LOANS OUTSTANDING
(Consolidated)
(¥ billion)



TOTAL INCOME AND NET INCOME
(Consolidated)
(¥ billion)



CAPITAL ADEQUACY RATIO
(%)



The consolidated capital adequacy ratio in domestic criteria at the fiscal year-end increased by 0.34 percentage points compared to the previous term to 10.66%.

CASH FLOWS

Net cash flows from operating activities include increases or decreases in funds invested or procured in the markets, such as call loans or call money, and in loans and deposits. For the year under review, ¥127.0 billion in net cash was used in operating activities, a decrease of ¥169.9 billion from net cash provided by operating activities in the previous term. Net cash flows from investing activities include payments for or proceeds from purchases or sales of securities and purchases or sales of premises and equipment. For the year under review, ¥243.6 billion in net cash was provided by investing activities, an increase of ¥860.6 billion from net cash used in investing activities in the previous term. Net cash flows from financing activities include proceeds from and repayments of subordinated loans and subordinated bonds. For the year under review, net cash of ¥47.1 billion was used in financing activities, an increase of ¥29.7 billion from net cash used in the previous term. As a result, cash and cash equivalents at the fiscal year-end increased by ¥69.5 billion to ¥547.0 billion.

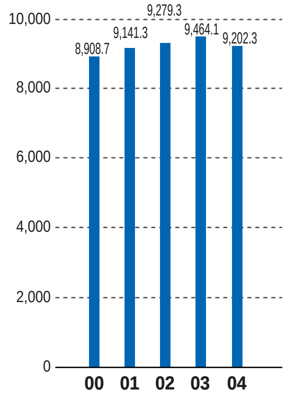
[NON-CONSOLIDATED]

DEPOSITS AND LOANS

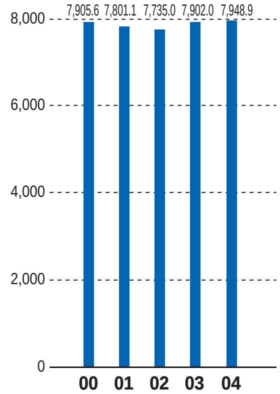
Although the Bank engaged in selling activities tightly focused on the core service area and promoted general banking transactions to expand deposits, amid continuing low interest rate levels, deposits decreased by ¥261.8 billion or 2.8% from the previous term to ¥9,202.3 billion. Deposits from individual customers increased by ¥63.8 billion or 0.9% to ¥6,785.1 billion. Most of the increase came from customers within Kanagawa Prefecture.

Efforts to increase loan placements, primarily housing loans and other loans to individual customers, resulted in an increase in loans of ¥46.9 billion or 0.5% from the previous term to

DEPOSITS
(Non-consolidated)
(¥ billion)



LOANS OUTSTANDING
(Non-consolidated)
(¥ billion)



¥7,948.9 billion. Loans to individuals increased by ¥275.6 billion or 9.5% to ¥3,153.1 billion as a result of continued growth in housing loans. The ratio of loans to individuals to total domestic loans increased by 3.2 percentage points from the previous term to 39.6%.

SECURITIES

The year-end balance of securities decreased by ¥191.1 billion or 12.8% from the previous year to ¥1,294.9 billion.

FOREIGN EXCHANGE

The volume of foreign exchange transactions during the year under review increased by US$23,428 million or 211.4% to US$34,506 million.

PROFIT AND LOSS

Total income increased by ¥10.6 billion or 4.3% compared to the previous term to ¥252.5 billion. Due to expansion of individual loans and fee business, interest on loans and income from fees and commissions increased. At the same time, total expenses decreased by ¥41.9 billion or 19.5% to ¥171.9 billion. This result reflects a sharp reduction in the loss on write-off of stocks and other securities owing to the recovery in stock prices, a reduction in interest expense on deposits, and cost reductions. As a result, income before income taxes increased by ¥52.5 billion or 186.9% from the previous year, to ¥80.5 billion, and net income also increased by ¥32.3 billion or 212.4% compared to the previous term to ¥47.4 billion.

DIVIDEND POLICY

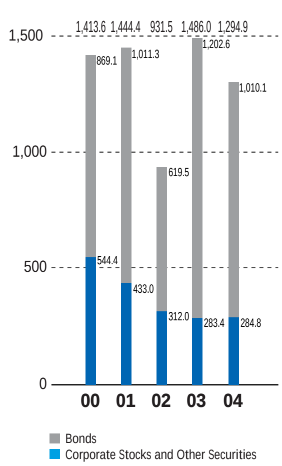
It is the Bank's policy to continue to pay stable dividends, and the Bank strives to meet the expectations of shareholders in this regard. On the basis of this policy, the Bank proposed cash dividends on common stock of ¥5.00 per share.

Dividends on first preferred stock were ¥5.66 per share, and dividends on second preferred stock were ¥9.46 per share for the year under review.

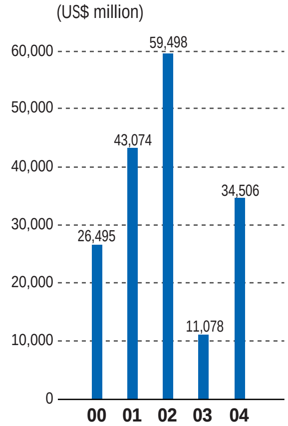
CAPITAL ADEQUACY RATIO

The Bank's capital adequacy ratio is calculated using domestic criteria. The capital adequacy ratio at the fiscal year-end increased by 0.39 percentage points compared to the previous term to 10.61%.

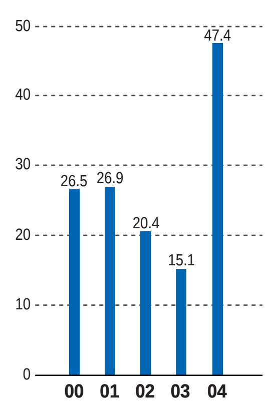
SECURITIES
(Non-consolidated)
(¥ billion)



FOREIGN EXCHANGE TRANSACTIONS
(Non-consolidated)
(US$ million)



NET INCOME
(Non-consolidated)
(¥ billion)



Five-year Summary of Consolidated Financial Statements

• Consolidated Balance Seets

As of March 31,	Millions of Yen 2004	2003	2002	2001	2000
ASSETS:					
Cash and due from banks	**¥ 556,767**	¥ 493,925	¥ 1,109,666	¥ 293,610	¥ 450,776
Call loans	**28,002**	19,436	61,900	205,669	76,380
Other debt purchased	**149,257**	62,341	20,658	24,168	23,810
Trading assets	**121,130**	72,529	52,310	118,705	44,565
Securities	**1,298,771**	1,492,241	953,716	1,460,242	1,448,130
Loans and bills discounted	**7,946,846**	7,833,029	7,593,463	7,720,133	7,848,803
Foreign exchanges assets	**8,080**	7,582	10,294	7,668	8,217
Other assets	**109,851**	133,562	258,074	137,313	104,153
Premises and equipment	**145,114**	206,014	230,935	242,995	259,244
Deferred tax assets	**73,686**	139,518	147,824	146,092	168,442
Goodwill			156	270	383
Customers' liabilities for acceptances and guarantees	**307,039**	303,666	436,138	498,927	430,349
Allowance for possible loan losses	**(84,297)**	(91,051)	(110,256)	(115,534)	(134,919)
Allowance for possible losses on investments				(197)	(107)
TOTAL	**¥10,660,252**	¥10,672,796	¥10,764,882	¥10,740,067	¥10,728,229
LIABILITIES:					
Deposits	**¥ 9,174,001**	¥ 9,433,594	¥ 9,192,155	¥ 9,072,508	¥ 8,853,324
Call money and bills sold	**908**	276	1,773	132,585	255,434
Trading liabilities	**2,617**	4,167	4,687	5,206	3,363
Borrowed money	**114,004**	221,987	241,210	286,863	376,543
Foreign exchanges liabilities	**105**	151	82	161	184
Bonds and notes	**85,999**	45,999	55,997	30,716	95,888
Convertible bonds	**53,176**	60,000	60,000		
Other liabilities	**339,829**	113,721	267,688	195,929	201,517
Liability for employees' retirement benefits	**62**	68	71	181	15,620
Reserve for possible losses on collateralized real estate loans sold		1,815	14,295	22,692	26,320
Reserve for contingent liabilities			4,200	3,777	5,004
Deferred tax liabilities			484	620	350
Deferred tax liabilities for land revaluation excess	**23,011**	22,536	23,369	23,463	23,905
Negative goodwill	**49**	1,450			
Acceptances and guarantees	**307,039**	303,666	436,138	498,927	430,349
Total liabilities	**10,100,805**	10,209,435	10,302,156	10,273,636	10,287,806
MINORITY INTERESTS	**4,520**	6,135	11,458	11,537	10,694
STOCKHOLDERS' EQUITY:					
Capital stock	**188,223**	184,803	184,799	184,799	184,799
Surplus, reserves and other	**366,703**	272,422	266,467	270,094	244,928
Total stockholders' equity	**554,926**	457,225	451,267	454,894	429,728
TOTAL	**¥10,660,252**	¥10,672,796	¥10,764,882	¥10,740,067	¥10,728,229

• Consolidated Statements of Income

Years ended March 31	Millions of Yen 2004	2003	2002	2001	2000
INCOME:					
Interest on loans and discounts	**¥ 159,933**	¥ 157,135	¥ 165,882	¥ 177,538	¥ 181,791
Other	**99,740**	134,353	145,022	179,936	191,985
Total income	**259,674**	291,488	310,904	357,474	373,776
EXPENSES:					
Interest on deposits	**2,600**	4,183	14,471	25,342	25,176
Other	**174,032**	256,422	264,045	284,919	293,468
Total expenses	**176,633**	260,605	278,516	310,262	318,645
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**83,040**	30,883	32,387	47,212	55,131
TOTAL INCOME TAXES	**34,794**	13,478	12,834	20,197	25,429
MINORITY INTERESTS IN NET INCOME (LOSS)	**(800)**	(508)	299	(507)	(1,800)
NET INCOME	**¥ 47,445**	¥ 16,896	¥ 19,852	¥ 26,507	¥ 27,901

* *Yen amounts have been rounded down to millions of yen.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Bank of Yokohama, Ltd.:

We have audited the accompanying consolidated balance sheets of The Bank of Yokohama, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Bank and consolidated subsidiaries as of March 31, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As discussed in Note 2.r to the consolidated financial statements, the Bank and consolidated subsidiaries changed their method of accounting for dividend income as of April 1, 2002.

As discussed in Note 29.(1) to the consolidated financial statements, by May 10, 2004, all of the outstanding convertible bonds were converted into common stock or redeemed prior to maturity.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 25, 2004 (July 2, 2004 as to Note 29.(3))

CONSOLIDATED BALANCE SHEETS

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2004 and 2003

	Millions of Yen		Thousand of U.S. Dollars (Note 1)
	2004	2003	2004
ASSETS:			
Cash and due from banks (Note 3)	¥ 556,767	¥ 493,925	$ 5,270,926
Call loans	28,002	19,436	265,100
Other debt purchased	149,257	62,341	1,413,024
Trading assets (Note 4)	121,130	72,529	1,146,746
Securities (Notes 5 and 11)	1,298,771	1,492,241	12,295,481
Loans and bills discounted (Notes 6 and 11)	7,946,846	7,833,029	75,232,853
Foreign exchange assets (Notes 6 and 7)	8,080	7,582	76,502
Other assets (Notes 8 and 11)	109,851	133,562	1,039,967
Premises and equipment (Note 9)	145,114	206,014	1,373,798
Deferred tax assets (Note 24)	73,686	139,518	697,586
Customers' liabilities for acceptances and guarantees (Note 10)	307,039	303,666	2,906,749
Allowance for possible loan losses	(84,297)	(91,051)	(798,044)
TOTAL	¥10,660,252	¥10,672,796	$100,920,688
LIABILITIES:			
Deposits (Notes 11 and 12)	¥ 9,174,001	¥ 9,433,594	$ 86,850,337
Call money and bills sold (Note 11)	908	276	8,600
Trading liabilities (Note 4)	2,617	4,167	24,780
Borrowed money (Notes 11 and 13)	114,004	221,987	1,079,282
Foreign exchange liabilities (Note 7)	105	151	997
Bonds and notes (Note 14)	85,999	45,999	814,163
Convertible bonds (Note 15)	53,176	60,000	503,418
Other liabilities (Note 16)	339,829	113,721	3,217,169
Liability for employees' retirement benefits (Note 17)	62	68	588
Reserve for possible losses on collateralized real estate loans sold		1,815	
Deferred tax liabilities for land revaluation surplus (Note 24)	23,011	22,536	217,854
Negative goodwill	49	1,450	464
Acceptances and guarantees (Note 10)	307,039	303,666	2,906,749
Total liabilities	10,100,805	10,209,435	95,624,401
MINORITY INTERESTS	4,520	6,135	42,795
STOCKHOLDERS' EQUITY (Notes 18, 24 and 29):			
Capital stock—common stock—authorized, 2,600,000 thousand shares; issued, 1,154,928 thousand shares in 2004 and 1,138,644 thousand shares in 2003; preferred stock—authorized, 400,000 thousand shares; issued, 200,000 thousand shares in 2004 and 2003	188,223	184,803	1,781,910
Capital surplus	149,839	146,281	1,418,536
Retained earnings	154,132	113,613	1,459,172
Land revaluation surplus	32,289	33,206	305,686
Net unrealized gain (loss) on available-for-sale securities	30,838	(20,348)	291,945
Treasury stock—at cost, 839,106 shares in 2004 and 693,934 shares in 2003	(396)	(330)	(3,757)
Total stockholders' equity	554,926	457,225	5,253,492
TOTAL	¥10,660,252	¥10,672,796	$100,920,688

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousand of U.S. Dollars (Note 1)
	2004	2003	2004
INCOME:			
Interest income:			
Interest on loans and discounts	¥159,933	¥157,135	$1,514,093
Interest and dividends on securities	14,495	18,486	137,230
Other interest income	1,484	2,032	14,056
Fees and commissions	43,214	38,938	409,110
Trading profits	771	975	7,301
Other operating income (Note 20)	21,624	56,343	204,717
Other income (Note 21)	18,150	17,575	171,829
Total income	259,674	291,488	2,458,336
EXPENSES:			
Interest expenses:			
Interest on deposits	2,600	4,183	24,620
Interest on borrowings and rediscounts	3,492	4,787	33,066
Other interest expenses	2,722	6,298	25,770
Fees and commissions	8,558	8,481	81,028
Trading losses		157	
Other operating expenses (Note 22)	13,628	45,906	129,023
General and administrative expenses	91,554	98,897	866,750
Provision for possible loan losses	9,865	7,194	93,393
Other expenses (Note 23)	44,210	84,699	418,540
Total expenses	176,633	260,605	1,672,190
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	83,040	30,883	786,146
INCOME TAXES (Note 24):			
Current	5,133	2,404	48,596
Deferred	29,661	11,073	280,806
Total income taxes	34,794	13,478	329,402
MINORITY INTERESTS IN NET LOSS	(800)	(508)	(7,577)
NET INCOME	¥ 47,445	¥ 16,896	$ 449,167

	Yen		U.S. Dollars
	2004	2003	2004
PER SHARE INFORMATION (Notes 2.q and 19):			
Basic net income per share	¥ 40.49	¥ 13.64	$ 0.38
Diluted net income per share	32.71	11.57	0.31
Dividend on common stock	5.00	5.00	0.05
Dividend on first series preferred stock	5.66	5.66	0.05
Dividend on second series preferred stock	9.46	9.46	0.09

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

Thousands Millions of Yen	Outstanding Number of Shares							
	Common Stock	Preferred Stock	Capital Stock	Capital Surplus	Retained Eamings	Land Revaluation Surplus	Net Unrealized Gain (Loss) on Available-for-sales Securities	Treasury Stock
BALANCE, APRIL 1, 2002	1,138,015	200,000	¥184,799	¥146,277	¥103,433	¥32,942	¥(15,943)	¥(243)
Net income					16,896			
Cash dividends, ¥5.00 per share for common stock, ¥5.66 per share for first series preferred stock and ¥9.46 per share for second series preferred stock					(7,049)			
Reversal of land revaluation surplus					333	263		
Net increase in treasury stock (85,564 shares)	(85)							(87)
Exercise of warrants	20		3	3				
Net increase in unrealized loss on available-for-sale securities							(4,405)	
BALANCE, MARCH 31, 2003	1,137,950	200,000	184,803	146,281	113,613	33,206	(20,348)	(330)
Net income					47,445			
Cash dividends, ¥5.00 per share for common stock, ¥5.66 per share for first series preferred stock and ¥9.46 per share for second series preferred stock					(7,049)			
Reversal of land revaluation surplus					262	(916)		
Adjustment to retained earnings due to merger				138	(138)			
Net increase in treasury stock (145,172 shares)	(145)				(1)			(66)
Exercise of warrants	37		7	7				
Conversion of convertible bonds	16,247		3,411	3,411				
Net increase in unrealized gain on available-for-sale securities							51,186	
BALANCE, MARCH 31, 2004	**1,154,089**	**200,000**	**¥188,223**	**¥149,839**	**¥154,132**	**¥32,289**	**¥ 30,838**	**¥(396)**

Thousands of U.S. Dollars (Note 1)	Capital Stock	Capital Surplus	Retained Eamings	Land Revaluation Surplus	Net Unrealized Gain (Loss) on Available-for-sales Securities	Treasury Stock
BALANCE, MARCH 31, 2003	$1,749,534	$1,384,848	$1,075,582	$314,362	$(192,636)	$(3,132)
Net income			449,167			
Cash dividends, $0.05 per share for common stock, $0.05 per share for first series preferred stock and $0.09 per share for second series preferred stock			(66,740)			
Reversal of land revaluation surplus			2,489	(8,676)		
Adjustment to retained earnings due to merger		1,312	(1,312)			
Net increase in treasury stock (145,172 shares)			(14)			(625)
Exercise of warrants	75	75				
Conversion of convertible bonds	32,301	32,301				
Net increase in unrealized gain on available-for-sale securities					484,581	
BALANCE, MARCH 31, 2004	**$1,781,910**	**$1,418,536**	**$1,459,172**	**$305,686**	**$ 291,945**	**$(3,757)**

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

	Millions of Yen		Thousand of U.S. Dollars (Note 1)
	2004	2003	**2004**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 83,040**	¥ 30,883	**$ 786,146**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation	**7,742**	33,811	**73,302**
Amortization of (negative) goodwill	**1**	(60)	**12**
Equity in earnings of associated companies	**(370)**		**(3,505)**
Decrease in allowance for possible loan losses	**(5,928)**	(19,187)	**(56,124)**
Decrease in reserve for possible losses on collateralized real estate loans sold	**(1,815)**	(12,479)	**(17,187)**
Decrease in reserve for contingent liabilities		(10)	
Increase (decrease) in liability for employees' retirement benefits	**2**	(1)	**23**
Interest income	**(175,914)**	(177,655)	**(1,665,379)**
Interest expenses	**8,815**	15,270	**83,456**
Loss on sales, write-down and redemption of securities—net	**9,043**	30,989	**85,618**
Foreign exchange losses—net	**8,407**	3,490	**79,597**
Losses on disposal of premises and equipment—net	**678**	948	**6,428**
Net increase in trading assets	**(48,601)**	(20,218)	**(460,107)**
Net decrease in trading liabilities	**(1,550)**	(519)	**(14,675)**
Net increase in loans	**(55,426)**	(230,127)	**(524,721)**
Net increase (decrease) in deposits	**(261,942)**	241,055	**(2,479,809)**
Net decrease in other borrowings	**(104)**	(19,222)	**(993)**
Net decrease in due from banks	**5,460**	24,196	**51,696**
Net decrease (increase) in call loans and others	**(113,454)**	780	**(1,074,075)**
Net decrease in margin money deposited under securities lending transactions		69,316	
Net increase (decrease) in call money and others	**631**	(1,497)	**5,983**
Net decrease (increase) in foreign exchange (assets)	**(497)**	2,711	**(4,714)**
Net increase (decrease) in foreign exchange (liabilities)	**(46)**	68	**(437)**
Interest and dividends received	**191,428**	196,359	**1,812,254**
Interest paid	**(9,441)**	(18,499)	**(89,385)**
Other—net	**235,302**	(106,211)	**2,227,611**
Subtotal	**(124,536)**	44,189	**(1,178,985)**
Income tax paid	**(2,549)**	(1,210)	**(24,137)**
Net cash provided by (used in) operating activities—(Forward)	**¥(127,085)**	¥ 42,979	**$(1,203,122)**

	Millions of Yen		Thousand of U.S. Dollars (Note 1)
	2004	2003	2004
Net cash provided by (used in) operating activities—(Forward)	¥ (127,085)	¥ 42,979	$ (1,203,122)
INVESTING ACTIVITIES:			
Purchases of securities	(2,160,662)	(2,291,322)	(20,455,004)
Proceeds from sales of securities	2,107,608	1,420,689	19,952,750
Proceeds from maturities of securities	297,884	271,594	2,820,072
Expenditures for premises and equipment	(5,314)	(22,867)	(50,313)
Proceeds from sales of premises and equipment	1,755	4,825	16,621
Proceeds from transfer of investments of a subsidiary accompanying change of scope of consolidation	2,418		22,892
Net cash provided by (used in) investing activities	243,690	(617,079)	2,307,018
FINANCING ACTIVITIES:			
Repayments of subordinated loans	(80,000)		(757,360)
Proceeds from subordinated bonds and convertible bonds	40,000		378,680
Repayments of subordinated bonds		(9,997)	
Issuance of common stock	15	7	150
Dividends paid	(7,049)	(7,049)	(66,740)
Dividends paid to minority interests stockholders		(140)	
Purchase of treasury stock	(75)	(282)	(718)
Proceeds from sales of treasury stock	8	50	79
Net cash used in financing activities	(47,101)	(17,411)	(445,909)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(42)	(33)	(407)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	69,460	(591,544)	657,580
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	477,551	1,069,096	4,520,985
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	¥ 547,011	¥ 477,551	$ 5,178,565
NONCASH FINANCING ACTIVITIES:			
Convertible bonds converted into common stock	¥ 3,411		$ 32,301
Convertible bonds converted into capital surplus	3,411		32,301

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Bank of Yokohama, Ltd. (the "Bank") and consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulation and the Enforcement Regulation for the Banking Law and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing the consolidated financial statements, certain reclassifications and rearrangements have been made to the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2003 financial statements to conform to the classifications used in 2004.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. As permitted by the Securities and Exchange Law of Japan, amounts less than one million yen have been omitted. As a result, the totals do not necessarily agree with the sum of the individual amounts. Yen amounts, other than per share amounts, have been rounded down to millions of yen. Yen amounts of per share amounts have been rounded down to two decimal places.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥105.63 to U.S.$1, the rate of exchange at March 31, 2004. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Principles of Consolidation**—The consolidated financial statements include the accounts of the Bank and its significant subsidiaries. The number of consolidated subsidiaries as of March 31, 2004 and 2003 was 10 and 12, respectively. Hamagin Finance Co., Ltd. ("HFC") and Yokohama Business Service Co., Ltd. ("YBS"), which were previously consolidated until 2003, were not consolidated subsidiaries in 2004 because the Bank transferred a portion of its investment in HFC to Sumisho Lease Co., Ltd. and YBS was merged with the Bank in 2004.

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are to be fully consolidated, and those companies over which the Bank, directly or indirectly, have the ability to exercise significant influence are accounted for by the equity method.

Of the consolidated subsidiaries, 8 in 2004 and 10 in 2003 have a fiscal year ending on March 31, which is the same as the fiscal year of the Bank.

Two consolidated subsidiaries have a fiscal year ending on December 31, which differs from the Bank's fiscal year. The consolidated financial statements include the financial statements of these subsidiaries for their respective fiscal years after making appropriate adjustments for significant transactions during the periods from their respective year-ends to the date of the consolidated financial statements.

The consolidated financial statements do not include the accounts of three subsidiaries in 2004 and five subsidiaries in 2003, respectively, because the total assets, total income, net income and retained earnings of these entities would not have had material effects on the consolidated financial statements.

Investment in HFC was accounted for by the equity method in 2004. Investments in the three (five in 2003) unconsolidated subsidiaries and one associated company were stated at cost in 2004. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances, transactions and unrealized profits included in assets are eliminated in consolidation.

Goodwill and negative goodwill represent the differences between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Goodwill and negative goodwill on acquisition of subsidiaries are amortized using the straight-line method over 5 years.

b. **Trading Purpose Transactions**—"Transactions for trading purposes" (the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from arbitrage opportunities) are included in "Trading assets" and "Trading liabilities" on a trade date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at fair value and trading-related financial derivatives are stated at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profit and losses on transactions for trading purposes are shown as "Trading profits" or "Trading losses" on a trade date basis.

c. Securities—Securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are stated at amortized cost computed by the straight-line method and (2) available-for-sale securities, which are not classified as held-to-maturity debt securities, are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of stockholders' equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method.

For other than temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

d. Premises and Equipment—Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment owned by the Bank is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998.

The range of useful lives is from 2 to 60 years for buildings and from 2 to 20 years for equipment.

Depreciation of premises and equipment owned by consolidated subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets and depreciation of leased property and equipment is provided on the straight-line method over the lease periods.

e. Software—Cost of computer software obtained for internal use is amortized principally using the straight-line method over the estimated useful lives of 5 years.

f. Land Revaluation—Under the "Law of Land Revaluation," promulgated on March 31, 1998 (and revised on March 31, 1999 and 2001), the Bank elected a one-time revaluation of its own-use land to a value based on a real estate appraisal as of March 31, 1998.

The resulting land revaluation surplus represents unrealized appreciation of land and is stated, net of income taxes, as a component of stockholders' equity. There is no effect on the consolidated statements of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and deferred tax liabilities. The details of the one-time revaluation as of March 31, 1998 were as follows:

	Millions of Yen
	1998
Land before revaluation	¥26,419
Land after revaluation	85,623
Land revaluation surplus	¥59,204

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥38,961 million ($368,852 thousand) and ¥36,377 million as of March 31, 2004 and 2003, respectively.

g. Stock and Bond Issue Costs—Issuance costs of stocks and bonds are charged to income when paid.

h. Allowance for Possible Loan Losses—The Bank and certain consolidated finance companies provide allowance for possible loan losses which is determined based on management's judgment and assessment of future losses based on their self-assessment systems. These systems reflect past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, value of collateral or guarantees and other pertinent indicators.

The Bank has implemented a self-assessment system to determine its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and inspection division in accordance with the Bank's policy and guidelines for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes: "normal," "in need of caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

The allowance for possible loan losses is calculated based on the actual historical loss ratio for normal and in need of caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including future cash flows for other categories. For claims to borrowers who are classified as possible bankruptcy or under restructured lending conditions, for which future cash flows could be reasonably estimated, an allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and carrying value of the claims.

For collateralized or guaranteed claims to borrowers who are in "virtual bankruptcy" or "legal bankruptcy," the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible, directly from those claims. As of March 31, 2004 and

2003, the deducted amounts were ¥182,068 million ($1,723,639 thousand) and ¥217,976 million, respectively.

Other consolidated subsidiaries maintain allowances for possible loan losses which are provided as deemed necessary to cover expected losses based on their own experience.

i. Reserve for Possible Losses on Collateralized Real Estate Loans Sold—The reserve for possible losses on loans collateralized by real estate sold to the Cooperative Credit Purchasing Company, Limited ("CCPC") was provided at an amount deemed necessary to cover possible losses based on the estimated fair value of the real estate. In accordance with the terms of the loans collateralized by real estate sales contracts, the Bank was required to cover certain portions of losses incurred, as defined in the contract, when CCPC disposes of the real estate in satisfaction of debt.

j. Liability for Employees' Retirement Benefits—The Bank and domestic consolidated subsidiaries have lump-sum retirement benefit plans. The Bank has a contributory funded defined benefit pension plan and a domestic consolidated subsidiary has a non-contributory funded pension plan covering substantially all of its employees. The Bank and domestic consolidated subsidiaries account for the liability for employees' retirement benefits based on projected benefit obligation and plan assets at the balance sheet date. Prior service cost is amortized using the straight-line method over 2 years. Net actuarial gain (loss) is amortized using the straight-line method over 15 years commencing from the next fiscal year of incurrence.

k. Leases—All leases of the Bank and the consolidated domestic subsidiaries are accounted for as operating leases. Under the Japanese accounting standards for leases, finance leases that are deemed to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

l. Derivatives and Hedging Activities—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives except those entered into for trading purposes will be recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the statements of income, and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions (deferral hedge accounting).

Prior to April 1, 2003, the Bank applied a "macro-hedge," which was permitted for Japanese banks pursuant to the transitional treatment of the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24, for interest rate derivatives to manage interest rate risk from various financial assets and liabilities as a whole. Macro-hedge accounting permitted interest rate swaps which qualify for hedge accounting and meet specific matching criteria not to be remeasured at market value but for the differential paid or received under the swap agreements to be recognized and included in interest expenses or income.

Effective April 1, 2003, the Bank has applied the main accounting rules of JICPA Industry Audit Committee Report No. 24. Under these main rules, the effectiveness of a fair value hedge is assessed by each of identified group of hedge deposits, loans and similar instruments and by corresponding group of hedging instruments such as interest rate swaps in the same maturity category. Also, under these main rules, the effectiveness of cash flow hedge is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

Deferred hedge gains or losses recorded in the previous periods under the macro-hedge are amortized as income or expenses over remaining maturities of up to 5 years of the respective hedging instruments. The unamortized balance of deferred hedge gains and losses under macro-hedge as of March 31, 2004 were ¥2,841 million ($26,902 thousand) and ¥4,376 million ($41,434 thousand), respectively.

Prior to April 1, 2003, the Bank applied the transitional treatment of the JICPA Industry Audit Committee Report No. 25 which permitted that the currency swaps and funding swaps for the purpose of currency exchange were accounted for by accrual basis. Effective April 1, 2003, the Bank applied deferral hedge accounting for such currency swaps and funding swaps based on the main rules of JICPA Industry Audit Committee Report No. 25.

As a result of the application of the main rules, other assets and other liabilities decreased by ¥74 million ($705 thousand) as of March 31, 2004, respectively, as compared to the previous method. The application of the main rules did not affect the Bank's results of operations. Also as a result of the application of the main rules, unrealized transaction gain and losses for foreign currency forward transactions that were previously presented on a net basis are now recorded on a gross basis as derivative financial instruments in other assets and other liabilities. This change resulted in increases of other assets and other liabilities of ¥987 million ($9,350 thousand), respectively, as of March 31, 2004.

m. Translation of Foreign Currencies—The financial statements of foreign consolidated subsidiaries are translated into Japanese yen at exchange rates as of the balance sheet date, except for stockholders' equity which is translated at the historical exchange rate. Differences arising from such translations are shown as "Foreign currency translation adjustment" as a separate component of stockholders' equity.

Assets and liabilities denominated in foreign currencies held by the Bank have been translated at exchange rates prevailing as of the balance sheet date.

Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective year-end exchange rates.

n. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences. A valuation allowance is provided for any portion of the deferred tax assets if it is considered more likely than not that they will not be realized.

o. Cash and Cash Equivalents—For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and amounts due from the Bank of Japan.

p. Cash Dividends—Cash dividends charged to retained earnings are actually paid during the year and represent year-end dividends for the preceding year and interim dividends for the current year.

q. Per Share Information—Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of share of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

r. Accounting Change—Prior to April 1, 2002, dividend income from marketable equity securities was recorded upon receipt from investees. Effective April 1, 2002, the Bank and consolidated subsidiaries have recorded accrued dividends on the day following the ex-dividend date, based on the actual dividend of the previous year or the published prospective dividend of each investee.

The effect of this change was to increase total income and income before income taxes and minority interests for the year ended March 31, 2003, by ¥1,436 million.

s. New Accounting Pronouncements—In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003, the Accounting Standards Board of Japan ("ASB") issued ASB Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements are effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The new accounting standards require an entity to review its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset or asset group exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or asset group or the net selling price at disposition.

The Bank is currently in the process of assessing the effect of adoption of these pronouncements.

3. CASH AND CASH EQUIVALENTS

The reconciliations of "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Cash and due from banks	**¥556,767**	¥493,925	**$5,270,926**
Interest-bearing deposits included in due from banks (other than deposits with the Bank of Japan)	**(9,756)**	(16,373)	**(92,361)**
Cash and cash equivalents	**¥547,011**	¥477,551	**$5,178,565**

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Trading assets:			
Trading securities	**¥118,720**	¥68,572	**$1,123,925**
Trading-related financial derivatives	**2,410**	3,956	**22,821**
Total	**¥121,130**	¥72,529	**$1,146,746**
Trading liabilities—Trading-related financial derivatives	**¥ 2,617**	¥ 4,167	**$ 24,780**

5. SECURITIES

Securities as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Japanese national government bonds	**¥ 265,160**	¥ 520,937	**$ 2,510,279**
Japanese local government bonds	**274,692**	293,117	**2,600,515**
Japanese corporate bonds	**470,648**	389,247	**4,455,630**
Japanese corporate stocks	**218,148**	189,865	**2,065,214**
Other securities	**70,121**	99,073	**663,843**
Total	**¥1,298,771**	¥1,492,241	**$12,295,481**

The carrying amounts and aggregate fair value of securities as of March 31, 2004 and 2003, were as follows:

	Millions of Yen							
	2004				2003			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:								
Available-for-sale:								
Equity securities	**¥148,676**	**¥62,366**	**¥13,254**	**¥197,787**	¥ 212,751	¥8,257	¥48,498	¥ 172,511
Debt securities	**848,542**	**2,881**	**763**	**850,659**	1,118,506	5,559	651	1,123,414
Other securities	**192,629**	**1,070**	**412**	**193,287**	131,575	1,134	126	132,584
Held-to-maturity	**13,297**	**17**	**100**	**13,214**	23,198	62	107	23,153

	Thousand of U.S. Dollars			
	2004			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$1,407,518	$590,422	$125,480	$1,872,460
Debt securities	8,033,155	27,274	7,226	8,053,203
Other securities	1,823,621	10,138	3,905	1,829,854
Held-to-maturity	125,886	169	951	125,104

Principal items of securities whose fair value were not readily determinable as of March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Available-for-sale	¥ 37,772	¥16,967	$ 357,597
Held-to-maturity	148,530	62,094	1,406,144

Proceeds from sales by early redemption of held-to-maturity debt securities for the year ended March 31, 2004 were ¥250 million ($2,367 thousand). Net realized gains on these sales, computed on the amortized cost basis, were ¥8 million ($83 thousand) for the year ended March 31, 2004. Transfer of held-to-maturity debt securities to available-for-sale securities due to deterioration of issuers' creditworthiness amounts to ¥549 million ($5,202 thousand) and ¥99 million for the years ended March 31, 2004 and 2003, respectively.

Proceeds from sales of available-for-sale securities and gross realized gains and losses on these sales, computed on the moving average cost basis for the years ended March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Proceeds from sales of available-for-sale securities	¥2,107,310	¥1,418,461	$19,949,922
Gross realized gains	9,560	12,446	90,510
Gross realized losses	16,218	8,818	153,543

The carrying values of debt securities with specific maturities by contractual maturities for securities classified as available-for-sale and held-to-maturity as of March 31, 2004, were as follows:

	Millions of Yen				Thousand of U.S. Dollars			
	2004				2004			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Bonds	¥294,754	¥668,724	¥25,511	¥21,510	$2,790,446	$6,330,819	$241,521	$203,638
Other	13,587	115,525	8,086	76,418	128,629	1,093,681	76,560	723,453
Total	¥308,341	¥784,249	¥33,598	¥97,928	$2,919,075	$7,424,500	$318,081	$927,091

Securities also include corporate stocks in unconsolidated subsidiaries and associated companies, which totaled ¥931 million ($8,818 thousand) and ¥386 million as of March 31, 2004 and 2003, respectively.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Bills discounted	¥ 83,976	¥ 92,510	$ 795,009
Loans on bills	582,416	609,910	5,513,738
Loans on deeds	5,782,645	5,495,703	54,744,349
Overdrafts	1,497,807	1,634,905	14,179,757
Total	¥7,946,846	¥7,833,029	$75,232,853

"Past due loans" include loans classified as "possible bankruptcy" and "virtual bankruptcy" under the Bank's self-assessment guidelines. Accrued interest receivables for these categories are not recognized as accruals for accounting purposes. The loans and bills discounted include "loans to borrowers in bankruptcy" totaling ¥14,952 million ($141,551 thousand) and ¥15,250 million as of March 31, 2004 and 2003, respectively, as well as "past due loans" totaling ¥219,935 million ($2,082,129 thousand) and ¥244,736 million as of March 31, 2004 and 2003, respectively.

In addition to "past due loans" as defined, certain other loans classified as "in need of caution" under the Bank's self-assessment guidelines include "accruing loans contractually past due for three months or more." "Accruing loans contractually past due for three months or more" are loans on which the principal and/or interest is three months or more past due but exclude "loans to borrowers in bankruptcy" or "past due loans." The balances of "accruing loans contractually past due for three months or more" as of March 31, 2004 and 2003, were ¥8,053 million ($76,244 thousand) and ¥15,255 million, respectively.

"Restructured loans" are loans of which the Bank and its subsidiaries have restructured lending conditions, such as by a reduction of the original interest rate, forbearance of interest payments, principal repayments or renunciation of claims to support the borrowers' reorganization, but exclude "loans to borrowers in bankruptcy," "past due loans" or "accruing loans contractually past due for three months or more." The outstanding balance of "restructured loans" as of March 31, 2004 and 2003, were ¥82,874 million ($784,576 thousand) and ¥119,017 million, respectively.

The allowance for possible loan losses is not deducted from the amounts of loans shown in the above three paragraphs.

Contracts of overdraft facilities and loan commitment limits are the contracts under which the Bank lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2004 and 2003, the amounts of unused commitments were ¥1,245,096 million ($11,787,337 thousand) and ¥926,712 million, respectively. As of March 31, 2004 and 2003, the amounts of unused commitments whose original contract terms were within one year were ¥838,663 million ($7,939,636 thousand) and ¥439,344 million, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby the Bank can refuse customers' application for loans or decrease the contract limits for proper reason (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of contracts, the Bank obtains real estate, securities or other assets as collateral if considered to be necessary. Subsequently, the Bank performs periodic reviews of the customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

Discounting bills is treated as secured lending transactions. As of March 31, 2004 and 2003, the Bank has right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face value was ¥88,127 million ($834,300 thousand) and ¥96,722 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Assets			
Foreign exchange bills bought	**¥4,150**	¥4,212	**$39,291**
Foreign exchange bills receivable	**2,968**	2,262	**28,098**
Due from foreign correspondent accounts	**962**	1,107	**9,113**
Total	**¥8,080**	¥7,582	**$76,502**
Liabilities			
Foreign exchange bills sold	**¥ 48**	¥ 128	**$ 460**
Foreign exchange bills payable	**50**	20	**476**
Due to foreign correspondent accounts	**6**	2	**61**
Total	**¥ 105**	¥ 151	**$ 997**

8. OTHER ASSETS

Other assets as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Accrued income	**¥ 13,637**	¥ 16,665	**$ 129,103**
Prepaid expenses	**27,888**	23,902	**264,019**
Financial derivatives	**12,969**	8,101	**122,783**
Deferred hedge losses	**1,240**	3,626	**11,748**
Other	**54,115**	81,266	**512,314**
Total	**¥109,851**	¥133,562	**$1,039,967**

9. PREMISES AND EQUIPMENT

The accumulated depreciation of premises and equipment as of March 31, 2004 and 2003 amounted to ¥103,823 million ($982,895 thousand) and ¥254,973 million, respectively.

Premises and equipment included security deposits amounting to ¥9,525 million ($90,177 thousand) and ¥10,087 million as of March 31, 2004 and 2003, respectively.

10. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the Bank's and certain consolidated subsidiaries' rights of indemnity from the applicants.

11. ASSETS PLEDGED

Assets pledged as collateral and their relevant liabilities as of March 31, 2004 and 2003 were as follows:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Assets pledged as collateral:			
Securities	¥333,832	¥540,385	$3,160,398
Loans and bills discounted	24,552	41,639	232,438
Relevant liabilities to above assets—Deposits	25,434	54,083	240,785

Additionally, securities amounting to ¥634,283 million ($6,004,766 thousand) and ¥140,914 million as of March 31, 2004 and 2003, respectively, and other assets amounting to ¥247 million ($2,346 thousand) as of March 31, 2004 were pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for initial margin on futures transactions and others.

12. DEPOSITS

Deposits as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Current deposits	¥ 569,018	¥ 657,693	$ 5,386,905
Ordinary deposits	4,737,950	4,625,968	44,854,210
Savings deposits	307,635	313,077	2,912,385
Deposits at notice	83,879	72,489	794,088
Time deposits	3,241,933	3,483,683	30,691,411
Negotiable certificates of deposit	48,059	69,488	454,975
Other deposits	185,524	211,192	1,756,363
Total	¥9,174,001	¥9,433,594	$86,850,337

13. BORROWED MONEY

As of March 31, 2004 and 2003, the weighted average annual interest rates applicable to borrowed money were 2.2% and 2.1%, respectively.

Borrowed money includes rediscounted bills and borrowings from the Bank of Japan and other financial institutions. In addition, as of March 31, 2004 and 2003, borrowed money included subordinated debt totaling ¥79,000 million ($747,894 thousand) and ¥159,000 million, respectively, of which ¥50,000 million ($473,350 thousand) and ¥120,000 million as of March 31, 2004 and 2003, respectively, was subordinated debt from the Resolution and Collection Corporation (the "RCC"), a Japanese governmental entity.

Annual maturities of borrowed money as of March 31, 2004, were as follows:

Year Ending March 31	Millions of Yen	Thousand of U.S. Dollars
2005	¥ 30,564	$ 289,349
2006	1,123	10,633
2007	2,857	27,048
2008	210	1,996
2009	220	2,083
2010 and thereafter	79,029	748,173
Total	¥114,004	$1,079,282

14. BONDS AND NOTES

Bonds and notes as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due April 2010, 2.25% interest until April 2005	¥10,000	¥10,000	$ 94,670
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due September 2010, 2.0% interest until September 2005	10,000	10,000	94,670
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due May 2011, 1.53% interest until May 2006	10,000	10,000	94,670
Unsecured floating subordinated bonds, payable in Japanese yen, due May 2011, interest of 1.07% in 2004 and 1.08% in 2003	5,000	5,000	47,335
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due June 2011, 1.5% interest until June 2006	5,000	5,000	47,335
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due September 2011, 1.55% interest until September 2006	5,000	5,000	47,335
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due August 2013, 1.23% interest until August 2008	20,000		189,340
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2014, 1.35% interest until February 2009	20,000		189,340
Unsecured floating subordinated notes, payable in Japanese yen, due in November 2010, interest of 0.77% in 2004 and 0.78% in 2003	999	999	9,468
Total	¥85,999	¥45,999	$814,163

Annual maturities of bonds and notes as of March 31, 2004, were as follows:

Year Ending March 31	Millions of Yen	Thousand of U.S. Dollars
2010 and thereafter	¥85,999	$814,163

15. CONVERTIBLE BONDS

Convertible bonds as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Zero coupon unsecured 4th convertible bonds with 120% call option, payable in Japanese yen, due in September 2004	¥53,176	¥60,000	$503,418

The convertible bonds are convertible into common stock of the Bank from December 3, 2001 to September 29, 2004. (See Note 29. (1).) The convertible bonds outstanding as of March 31, 2004 were convertible into 126,609 thousand shares of the Bank's common stock at the conversion price of ¥420 per share. According to fluctuations in the market price of the Bank's common stock, the conversion price of the convertible bonds will be modified downwards within 80% of the above initial conversion price, and the convertible bonds may be redeemed prior to maturity in whole or in part at price 100% of the principal amount. The conversion price of the convertible bonds is subject to adjustment to reflect stock splits and certain events.

16. OTHER LIABILITIES

Other liabilities as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Domestic exchange settlement account credit (see below)	**¥ 4,136**	¥ 4,107	**$ 39,164**
Accrued expenses	**10,154**	21,727	**96,128**
Unearned income	**28,170**	27,560	**266,689**
Accrued income taxes	**4,278**	2,158	**40,503**
Financial derivatives	**13,493**	11,997	**127,741**
Other	**279,596**	46,169	**2,646,944**
Total	**¥339,829**	¥113,721	**$3,217,169**

The domestic exchange settlement account consists of outstanding remittance bills from other banks and/or collection bills for which the Bank has received notices for payment from other banks that have not been settled.

17. EMPLOYEES' RETIREMENT BENEFITS

Under the unfunded lump-sum retirement benefit plans, the employees of the Bank and its domestic consolidated subsidiaries terminating their employment are, under most circumstances, entitled to lump-sum payments determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs.

In addition, under the pension plan of the Bank, employees terminating their employment after more than 15 years of participation are entitled to pension benefits.

The Bank's contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Bank on behalf of the government and a corporate portion established at the discretion of the Bank. According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Bank applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Bank obtained an approval of exemption from future obligation by the Ministry of Health, Labour and Welfare on March 1, 2003.

As a result of this exemption, the Bank recognized a gain on exemption from future pension obligations of the governmental program in the amount of ¥3,536 million in accordance with a transitional measurement of the accounting standard for employees' retirement benefits for the year ended March 31, 2003. The substitutional portion of the plan assets which would be transferred to the government as measured as of March 31, 2003 was approximately ¥28,833 million.

The Bank implemented a cash balance pension plan and pension point system in July 2003 by which the former qualified defined benefit pensions plan and the severance lump-sum payment plan were revised. In connection with this change, prior service cost of ¥6,135 million ($58,082 thousand) was recorded as a reduction of projected benefit obligations for the year ended March 31, 2004.

The Bank introduced a defined contribution pension plan and advance payment plan ("New Plans") in July 2003 by which a portion of severance lump-sum payment plan was terminated. The Bank recognized a loss on termination of a portion of severance lump-sum payment plan and introduction of the New Plans in the amount of ¥2,211 million ($20,937 thousand) for the year ended March 31, 2004.

The liability (asset) for employees' retirement benefits as of March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Projected benefit obligation	**¥(68,103)**	¥(77,680)	**$(644,739)**
Fair value of plan assets	**61,925**	47,561	**586,246**
Unfunded projected benefit obligation	**(6,178)**	(30,118)	**(58,493)**
Unrecognized prior service cost	**(3,834)**		**(36,301)**
Unrecognized actuarial loss	**36,329**	52,028	**343,930**
Net liability recognized	**26,316**	21,910	**249,136**
Prepaid pension cost	**26,378**	21,978	**249,724**
Liability for employees' retirement benefits	**¥ (62)**	¥ (68)	**$ (588)**

The component of net periodic retirement benefit costs for the years ended March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Service cost	**¥ 1,354**	¥ 2,269	**$ 12,827**
Interest cost	**1,806**	3,405	**17,103**
Expected return on plan assets	**(1,370)**	(2,914)	**(12,975)**
Amortization of prior service cost	**(2,300)**		**(21,781)**
Recognized actuarial loss	**3,545**	3,086	**33,567**
Gain on exemption of substitutional portion of the governmental pension program		(3,536)	
Loss on termination of a portion of unfunded lump-sum retirement benefit plans and introduction of the defined contribution plan and advance payment plan	**2,211**		**20,937**
Other retirement costs (non-actuarial basis cost)	**3,262**	3,441	**30,890**
Net periodic retirements benefit costs	**¥ 8,510**	¥ 5,751	**$ 80,568**

Assumptions used for the years ended March 31, 2004 and 2003, were set forth as follows:

	2004	2003
Discount rate	**2.50%**	2.50%
Expected rate of return on plan assets	**3.50%**	4.00%
Amortization period of prior service cost	**2 years**	
Recognition period of actuarial gain/loss	**15 years**	15 years

18. STOCKHOLDERS' EQUITY

As of March 31, 2004 and 2003, the authorized number of shares were 2,600,000 thousand shares of common stock and 400,000 thousand shares of non-voting, non-cumulative preferred stock.

Japanese banks are subject to the Japanese Commercial Code (the "Code") and the Banking Law to which various amendments have become effective since October 1, 2001.

The Code was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing stockholders without consideration as a stock split. Such issuance of shares generally does not give rise to changes within the stockholders' accounts.

The revised Banking Law provides that an amount at least equal to 20% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 100% of stated capital. The amount of total additional paid-in capital and legal reserve that exceeds 100% of the stated capital may be available for dividends by resolution of the stockholders. The Bank's legal reserve amounts, which were included in retained earnings, totaled ¥35,934 million ($340,194 thousand) and ¥34,512 million as of March 31, 2004 and 2003, respectively. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the stated capital by resolution of the Board of Directors.

The revised Code eliminated restrictions on the repurchase and use of treasury stock allowing Japanese companies to repurchase treasury stock by a resolution of the stockholders at the general stockholders meeting and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of stated capital, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general stockholders meeting.

The amount of retained earnings available for dividends under the Code was ¥114,618 million ($1,085,091 thousand) as of March 31, 2004, based on the amount recorded in the Bank's general books of account. In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends.

Dividends are approved by the stockholders at a meeting held subsequent to the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

On March 31, 1999, the Bank issued 200,000,000 shares of non-voting, non-cumulative preferred stock to the RCC at ¥500 per share (140,000,000 shares of first series preferred stock and 60,000,000 shares of second series preferred stock), which were convertible into shares of common stock at a conversion price of ¥397.90 per share as of March 31, 2004. The conversion price to the common stock is to be modified on July 31 annually from 1999 to 2008. The preferred stockholder shall be entitled, in priority to any payment of dividends on or in respect of any other class of shares, to an annual dividend of ¥5.66 (first series preferred stock) and ¥9.46 (second series preferred stock) per share. Preferred stockholders receive liquidation preference of ¥500 per share and do not have the right to participate in any further liquidation distribution.

Shares of first series preferred stock are convertible on or after August 1, 2001, and up to and including July 30, 2009, at the option of the preferred stockholder. Shares of second series preferred stock are convertible on or after August 1, 2004, and up to and including July 30, 2009, at the option of the preferred stockholder. Unless previously converted at the option of the preferred stockholder, all outstanding preferred stock will be mandatorily exchanged for fully paid shares of common stock on July 31, 2009, at the number of shares of common stock calculated by the average market price per share during a certain period preceding July 31, 2009.

19. PER SHARE INFORMATION

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2004 and 2003, is as follows:

	Millions of Yen	Thousand of Shares	Yen	U.S. Dollars
Year Ended March 31, 2004	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common stockholders	**¥46,085**	**1,138,137**	**¥40.49**	**$0.38**
Effect of dilutive securities:				
Warrants		**80**		
Convertible bonds		**114,101**		
Preferred stocks	**1,360**	**197,863**		
Diluted EPS—Net income for computation	**¥47,445**	**1,450,183**	**¥32.71**	**$0.31**
Year Ended March 31, 2003				
Basic EPS—Net income available to common stockholders	¥15,536	1,138,219	¥13.64	
Effect of dilutive securities:				
Warrants		65		
Convertible bonds		114,285		
Preferred stocks	1,360	207,727		
Diluted EPS—Net income for computation	¥16,896	1,460,298	¥11.57	

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Gain on foreign exchange transactions—net	**¥ 2,055**	¥ 1,883	**$ 19,458**
Gain on sales and redemption of bonds and other securities	**2,819**	6,307	**26,695**
Revenues on leasing and installment sales		37,021	
Gain on derivatives	**9,533**	6,698	**90,252**
Other	**7,215**	4,433	**68,312**
Total	**¥21,624**	¥56,343	**$204,717**

21. OTHER INCOME

Other income for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Gain on sales of stocks and other securities	¥ 8,525	¥ 9,316	$ 80,709
Gain on sales of premises and equipment	386	1,381	3,662
Gain on exemption of the substitutional portion of the governmental pension program		3,536	
Recovery of claims previously charged-off	4,885	1,138	46,250
Enterprise taxes on banking business refund including interest earned	1,126		10,667
Other	3,226	2,202	30,541
Total	¥18,150	¥17,575	$171,829

22. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Losses on sales and redemption of bonds and other securities	¥13,529	¥10,854	$128,087
Losses on write-down of bonds and other securities	39	92	371
Costs on leasing and installment sales		33,773	
Other	59	1,186	565
Total	¥13,628	¥45,906	$129,023

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2004 and 2003, consisted of the following:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Provision for possible losses on collateralized real estate loans sold		¥ 980	
Loss on sales of stocks and other securities	¥ 6,330	1,794	$ 59,934
Loss on write-down of stocks and other securities	489	33,871	4,629
Loss on disposal of premises and equipment	1,065	2,329	10,090
Direct charge-off of loans	27,828	41,022	263,450
Loss on termination of a portion of unfunded lump-sum retirement benefit plans and introduction of the defined contribution plan and advance payment plan	2,211		20,937
Other	6,284	4,700	59,500
Total	¥44,210	¥84,699	$418,540

24. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 41.5% for the years ended March 31, 2004 and 2003.

The Tokyo tax base for enterprise tax was changed from income to gross operating income with the implementation of "The Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business in Tokyo," a bylaw enacted on April 1, 2000 as Tokyo Metropolitan Ordinance No. 145. Banks subject to the Tokyo regional tax, including the Bank, filed a complaint in October 2000 with the Tokyo District Court challenging the legality of the tax. After lower courts had largely upheld the challenge, in October 2003 banks involved in the ongoing proceedings reached a settlement with the Tokyo metropolitan government. The terms of the settlement include a revision of the applicable tax rate to 0.9% from the current 3.0%, retroactive to the effective date of the tax for the year ended March 31, 2001 and a refund representing the difference between the amount already paid by the banks and the amount computed based on the newly enacted rate plus accrued interest. The Bank received a tax refund for the years ended March 31, 2001, 2002 and 2003 amounting to ¥1,126 million ($10,667 thousand) as part of the settlement. (See Note 21.)

The Osaka tax base for enterprise tax was also changed from income to gross operating income with the implementation of the "Municipal Ordinance Concerning Special Treatment of Tax Base, etc. for Enterprise Tax on Banking Business, etc., in Osaka," a bylaw enacted on June 9, 2000 as Osaka Municipal Ordinance No. 131. Banks subject to the tax, including the Bank, filed a lawsuit in April 2002 challenging the Osaka tax. In response, the Osaka prefectural government revised its tax rule for the year ended March 31, 2002 and the additional years subject to the rule. The revised rule required large banks to pay the lower of the 3% regional tax on their gross operating income or the regional tax computed based on their net income. As a result, banks involved in the proceedings, including the Bank, withdrew the case in May 2004. There will be no refund payment to the Bank.

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.5% to 40.4%, effective for years beginning on or after April 1, 2004. The deferred tax assets and liabilities which will be realized on or after April 1, 2004 are measured at the effective tax rate of 40.4% as of March 31, 2004 and 2003.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities as of March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	**2004**
Deferred tax assets:			
Allowance for possible loan losses	**¥84,658**	¥108,094	**$801,465**
Net unrealized loss on available-for-sale securities		13,878	
Write-down of securities	**9,636**	12,834	**91,227**
Other	**9,955**	12,815	**94,249**
Less valuation allowance	**(1,064)**		**(10,079)**
Total deferred tax assets	**103,185**	147,623	**976,862**
Deferred tax liabilities:			
Gain on contribution of the employees' retirement benefit trust	**7,126**	7,091	**67,463**
Net unrealized gain on available-for-sale securities	**21,082**		**199,588**
Others	**1,291**	1,013	**12,225**
Total deferred tax liabilities	**29,499**	8,104	**279,276**
Net deferred tax assets	**¥73,686**	¥139,518	**$697,586**

A reconciliation between the normal effective statutory tax rates and actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2003, was as follows:

	2003
Normal effective statutory tax rate	41.5%
Reduction of deferred tax assets according to change of tax rate	6.8
Effect of disposal of investments in consolidated subsidiaries	(3.3)
Other—net	(1.4)
Actual effective tax rate	43.6%

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2004 and the actual effective tax rate reflected in the accompanying consolidated statements of income was not required under Japanese accounting standards due to immaterial differences of tax rates.

25. LEASES

a. Lessee

The Bank and its consolidated subsidiaries lease certain equipment and other assets.

Lease payments under finance leases for the years ended March 31, 2004 and 2003, amounted to ¥94 million ($894 thousand) and ¥19 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2004 and 2003, was as follows:

	Millions of Yen			Thousand of U.S. Dollars		
	2004			2004		
	Equipment	Other Assets	Total	Equipment	Other Assets	Total
Acquisition cost	¥377	¥115	¥493	$3,574	$1,097	$4,671
Accumulated depreciation	231	53	285	2,194	509	2,703
Net leased property	¥145	¥ 62	¥207	$1,380	$ 588	$1,968

	Millions of Yen
	2003
	Equipment
Acquisition cost	¥133
Accumulated depreciation	102
Net leased property	¥ 30

Obligations under finance leases:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Due within one year	¥ 85	¥15	$ 813
Due after one year	129	13	1,221
Total	¥214	¥28	$2,034

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Depreciation expense	¥82	¥17	$783
Interest expense	12	1	119
Total	¥95	¥19	$902

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, were computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases as of March 31, 2004 and 2003, were as follows:

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
Due within one year	¥5	¥ 7	$49
Due after one year		5	
Total	¥5	¥12	$49

b. Lessor

A consolidated subsidiary, which was not a subsidiary in 2004 but had been a consolidated subsidiary until 2003, leased certain equipment and other assets to various customers.

Lease receipts under finance leases for the year ended March 31, 2003, were ¥30,546 million.

Pro forma information on leased property such as acquisition cost, accumulated depreciation, rights under finance leases, depreciation expense and interest income of finance leases that do not transfer ownership of the leased property to the lessee for the year ended March 31, 2003 was as follows:

	Millions of Yen		
	2003		
	Equipment	Other Assets	Total
Acquisition cost	¥113,768	¥18,410	¥132,178
Accumulated depreciation	56,404	9,735	66,139
Net leased property	¥ 57,364	¥ 8,674	¥ 66,038

Rights under finance lease:

	Millions of Yen
	2003
Due within one year	¥23,247
Due after one year	42,775
Total	¥66,023

Depreciation expense and interest income under finance leases:

	Millions of Yen
	2003
Depreciation expense	¥21,751
Interest income	3,271
Total	¥25,023

Interest income, which is not reflected in the accompanying consolidated statement of income, was computed by the interest method.

The minimum rental commitments under noncancelable operating leases as of March 31, 2003 were as follows:

	Millions of Yen
	2003
Due within one year	¥ 82
Due after one year	184
Total	¥266

26. SEGMENT INFORMATION

a. Business Segment Information

The Bank and consolidated subsidiaries are engaged in the business of banking and other related activities such as credit guarantee, venture capital and other. The leasing segment was not presented in 2004, because the subsidiary engaged in leasing was not consolidated in 2004. Ordinary income and total assets as of and for the year ended March 31, 2004 were primarily concentrated in the business of banking. Accordingly, the presentation of segment information by business segment is not required under the related regulations for the year ended March 31, 2004. The business segment information for the year ended March 31, 2003 is summarized as follows:

	Millions of Yen				
	2003				
	Banking	Leasing	Other	Eliminations/Corporate	Consolidated
Ordinary income*1:					
Outside customers	¥ 236,608	¥ 38,579	¥ 10,244		¥ 285,432
Intersegment income	2,042	383	3,545	¥ (5,970)	
Total	238,651	38,962	13,790	(5,970)	285,432
Ordinary expenses*2	213,076	38,295	11,855	(4,950)	258,276
Ordinary profit	¥ 25,574	¥ 667	¥ 1,934	¥ (1,020)	27,156
Other income and expenses—net					3,726
Income before income taxes and minority interests					¥ 30,883
Assets, depreciation and capital expenditures:					
Assets	¥10,539,146	¥108,354	¥148,517	¥(123,220)	¥10,672,796
Depreciation	7,726	25,771	313		33,811
Capital expenditures	6,063	23,004	146		29,214

Notes: 1. "Ordinary income" represents total income less certain special income included in other income in the accompanying consolidated statements of income. Such ordinary income and ordinary expenses are summarized by the business engaged in by consolidated companies.
2. "Ordinary expenses" represent total expenses less certain special expenses included in other expenses in the accompanying consolidated statements of income.
3. Prior to April 1, 2002, dividend income from marketable equity securities was recorded upon receipt from investees. Effective April 1, 2002, the Bank and consolidated subsidiaries have recorded the accrued dividends on the day following the ex-dividend date which have been estimated based on the actual dividend of the previous year or the published prospective dividend of each investee. The effect of this change was to increase ordinary income and ordinary profit of banking, leasing and other for the year ended March 31, 2003 by ¥1,407 million, ¥22 million and ¥5 million, respectively.

b. Segment Information by Geographic Area

Ordinary income and total assets as of and for the years ended March 31, 2004 and 2003 were primarily concentrated in Japan. Accordingly, the presentation of segment information by geographic area is not required under the related regulations for these fiscal years.

c. Ordinary Income from International Operations

Ordinary income arising from international operations both in and outside Japan was minor in relation to the total ordinary income for the years ended March 31, 2004 and 2003. Accordingly, the presentation of ordinary income from international operations is not required under the related regulations for these fiscal years.

27. DERIVATIVE INFORMATION

The Bank uses swap, futures, forward and option contracts, and other similar types of contracts based on either interest rates, foreign exchange rates or securities prices. These financial instruments are used in trading activities to generate trading revenues and fee income and are also used in Asset and Liability Management ("ALM") activities to control exposure to fluctuations in such market rates or prices.

The Bank uses derivatives to provide customers with risk hedging methods, to complement their ALM activities, to hedge market risks, and to strengthen earnings. The Bank carefully studies the risks involved with derivatives transactions and maintains a policy of limiting the volume of the risks within a range which they are capable of controlling based on their financial strength.

Derivatives used for hedging purposes are recorded on the basis of hedge accounting in accordance with the Japanese accounting standard for financial instruments. Such derivatives are currency swaps, forward exchange contracts, interest rate swap and others, which are utilized to control the risks from foreign-currency monetary claims and debt, borrowed money and other financial instruments. The Bank reviews the effectiveness of hedging activities by the methods permitted under the accounting standard.

Similar to other market transactions, derivatives transactions are subject to a variety of risks, including market, credit, liquidity, operational and legal risks. Among those risks, the Bank emphasizes establishing the risk management structure to comprehend and manage market risk and credit risk. As of March 31, 2004 and 2003, the estimated amount of derivative-related credit risk exposure of the Bank was ¥29.6 billion ($281 million) and ¥25.1 billion, respectively.

The Bank has adopted an integrated management approach in developing a comprehensive risk management system that is based on global standards. The Bank has established the Corporate Administration Department ("CAD") to perform the integrated management of all market, credit and operational risks. With their middle office function, teams from CAD are monitoring the transaction execution department ("front office") of the Treasury and Capital Markets Department on a daily basis.

The volume of risk associated with interest rate, currency, securities and other transactions is gathered and managed on an integrated basis. The ultimate decision on market risk position limits is made by the Executive Committee. Based on this limit, each department establishes loss-cutting rules and maximum risk exposures for each type of derivative transaction and product. The middle office ensures that risk exposure limits and other rules are observed while using value-at-risk (VaR), basis points value, and other methods to calculate quantitative measures of risk volume. The CAD reports the total volume of the Bank's market risk to the ALM Committee. Credit risk associated with derivatives transactions is managed in conjunction with other off-balance-sheet as well as on-balance-sheet transactions. The ultimate decision on credit risk is made by a credit department and definitely separated from the front office. The CAD calculates the Bank's total credit exposure and reports this amount to the Credit Portfolio Committee.

The Bank and consolidated subsidiaries had the following derivatives contracts that were quoted on listed exchanges, outstanding as of March 31, 2004 and 2003:

	Millions of Yen			Thousand of U.S. Dollars		
	2004			**2004**		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts—Interest rate futures written	**¥ 49**			**$ 473**		
Bond contracts—Futures:						
Written	**5,255**	**¥28**	**¥28**	**49,756**	**$273**	**$273**
Purchased	**1,246**	**(8)**	**(8)**	**11,798**	**(79)**	**(79)**
Bond contracts—Future options:						
Written	**2,000**	**(4)**	**(2)**	**18,934**	**(44)**	**(23)**
Purchased	**1,000**	**1**		**9,467**	**12**	

	Millions of Yen		
	2003		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Bond contracts:			
Options written	¥4,700	¥(3)	
Options purchased	3,000	4	

The Bank and consolidated subsidiaries had the following derivatives contracts that were not quoted on listed exchanges, outstanding as of March 31, 2004 and 2003:

	Millions of Yen			Thousand of U.S. Dollars		
	2004			2004		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts:						
Interest rate swaps:						
Receive fixed and pay floating	**¥812,253**	**¥8,732**	**¥2,759**	**$7,689,614**	**$ 82,673**	**$26,128**
Receive floating and pay fixed	**769,699**	**(7,002)**	**2,588**	**7,286,748**	**(66,293)**	**24,504**
Receive floating and pay floating	**107**	**2**	**2**	**1,013**	**22**	**22**
Caps written	**88,077**	**(174)**	**1,106**	**833,834**	**(1,651)**	**10,476**
Caps purchased	**6,720**	**6**	**(90)**	**63,618**	**58**	**(852)**
Foreign exchange:						
Currency swaps	**102,895**	**(674)**	**(674)**	**974,108**	**(6,387)**	**(6,387)**
Forward exchange contracts written	**16,682**	**197**	**197**	**157,930**	**1,870**	**1,870**
Forward exchange contracts purchased	**22,513**	**(115)**	**(115)**	**213,133**	**(1,090)**	**(1,090)**
Options written	**3,922**	**(17)**	**15**	**37,130**	**(167)**	**149**
Options purchased	**7,854**	**71**	**38**	**74,357**	**677**	**364**

	Millions of Yen		
	2003		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts:			
Interest rate swaps:			
Receive fixed and pay floating	¥ 267,940	¥4,947	¥4,947
Receive floating and pay fixed	231,140	(4,743)	(4,743)
Receive floating and pay floating	2,025		
Caps written	94,951	(69)	1,268
Caps purchased	11,924	3	(156)
Foreign exchange:			
Currency swaps	32,298	14	14
Forward exchange contracts written	13,681		
Forward exchange contracts purchased	11,631		
Options written	17,447		
Options purchased	21,046		

Notes: 1. Derivatives which qualify for hedge accounting are excluded in the above table.
2. The difference between fair value (loss) and valuation gain (loss) in interest rate swap as of March 31, 2004 is unamortized balance of deferred gain or losses attributable to macro-hedge.
3. Foreign exchange forward contracts and options have been valued at market rates and the gain (loss) has been reflected in the consolidated statements of income. Only contract or notional amount was disclosed with such derivatives for the year ended March 31, 2003.

Currency swaps accounted for by accrual method pursuant to the temporary treatment of the JICPA Industry Audit Committee Report No. 25 for the year ended March 31, 2003 were as follows:

	Millions of Yen		
	2003		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Foreign exchange—Currency swaps	¥136,524	¥1,345	¥1,345

28. STOCK OPTION PLAN

At the stockholders meeting held on June 25, 1999, the Bank's stock option plan for directors and executive officers was approved by the stockholders. The plan provided for granting options to directors and executive officers to purchase 310 thousand shares of the Bank's common stock in the period from June 26, 2001 to June 25, 2009. The options to purchase 270 thousand shares had not been exercised as of March 31, 2004. The exercise price of the stock options is ¥369 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

At the stockholders meeting held on June 28, 2000, the Bank's stock option plan for directors, executive officers and managers was approved by the stockholders. The plan provided for granting options to directors, executive officers and managers to purchase 1,504 thousand shares of the Bank's common stock in the period from June 29, 2002 to June 28, 2010. The options to purchase 1,490 thousand shares had not been exercised as of March 31, 2004. The exercise price of the stock options is ¥498 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

At the stockholders meeting held on June 27, 2001, the Bank's stock option plan for directors, executive officers and managers was approved by the stockholders. The plan provided for granting options to directors, executive officers and managers to purchase 1,489 thousand shares of the Bank's common stock in the period from June 28, 2003 to June 27, 2011. The options to purchase 1,486 thousand shares had not been exercised as of March 31, 2004. The exercise price of the stock options is ¥502 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

At the stockholders meeting held on June 26, 2002, the Bank's stock option plan for directors and employees was approved by the stockholders. The plan provided for granting options to directors and employees to purchase 1,473 thousand shares of the Bank's common stock in the period from June 27, 2004 to June 26, 2012. The exercise price of the stock options is ¥520 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

At the stockholders meeting held on June 26, 2003, the Bank's stock option plan for directors and employees was approved by the stockholders. The plan provided for granting options to directors and employees to purchase 1,407 thousand shares of the Bank's common stock in the period from June 27, 2005 to June 26, 2013. The exercise price of the stock options is ¥437 per share, which is subject to adjustments for stock issuance below fair value and stock splits.

Another stock option plan was approved at the stockholders meeting held on June 25, 2004. (See Note 29. (2)b.)

29. SUBSEQUENT EVENTS

(1) On April 7, 2004, the Board of Directors of the Bank resolved to redeem zero coupon unsecured 4th convertible bonds with 120% call option at par prior to maturity on May 10, 2004 based on its conditional call option established on April 6, 2004. By May 10, 2004, out of the balance of ¥53,176 million ($503,418 thousand), as of March 31, 2004, ¥53,129 million ($502,973 thousand) have been converted to 126,497 thousand shares of common stock at conversion price ¥420 and ¥47 million ($445 thousand) was redeemed at par on that date by exercising the option. The Bank's capital stock and capital surplus increased by ¥26,564 million ($251,486 thousand), respectively.

(2) At the general stockholders meeting held on June 25, 2004, the Bank's stockholders approved the following appropriations of retained earnings, stock option plan and purchase of treasury stock:

a. Appropriation of Retained Earnings as of March 31, 2004

	Millions of Yen	Thousand of U.S. Dollars
Transfer to legal reserve	¥1,430	$13,538
Dividends:		
First series preferred stock (¥5.66—$0.05 per share)	792	7,502
Second series preferred stock (¥9.46—$0.09 per share)	567	5,373
Common stock (¥5.00—$0.05 per share)	5,770	54,629

b. Stock Option Plan

The plan provides for granting options to directors and employees to purchase up to 2,254 thousand shares of the Bank's common stock in the period from June 26, 2006 to June 25, 2014. The options will be granted at an exercise price of 105% of the average market price for a certain period before the date of option grant. The exercise price is subject to adjustments for stock issuance below fair value and stock splits.

c. Purchase of Treasury Stock

The Bank is authorized to repurchase up to 60,000,000 shares of the Bank's first series preferred stock and second series preferred stock, respectively, (aggregate amount up to ¥60 billion) as treasury stock until the next general stockholders meeting.

(3) On July 2, 2004, the Bank repurchased all 60,000,000 shares of its issued and outstanding second series preferred stock at a price of ¥580.70 per share for an aggregate amount of ¥34,842 million ($329,849 thousand) from the RCC and retired such shares.

NON-CONSOLIDATED BALANCE SHEETS—March 31, 2004 and 2003 (Unaudited)

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
ASSETS:			
Cash and due from banks	¥ 556,756	¥ 492,755	$ 5,270,817
Call loans	28,002	19,436	265,100
Other debt purchased	149,257	44,471	1,413,024
Trading assets	121,130	72,529	1,146,746
Securities	1,294,971	1,486,036	12,259,509
Loans and bills discounted	7,948,935	7,902,054	75,252,630
Foreign exchange assets	8,080	7,582	76,502
Other assets	109,183	111,174	1,033,643
Premises and equipment	148,119	137,249	1,402,244
Deferred tax assets	67,697	132,170	640,895
Customers' liabilities for acceptances and guarantees	154,390	213,469	1,461,612
Allowance for possible loan losses	(77,153)	(83,324)	(730,415)
TOTAL	¥10,509,372	¥10,535,608	$99,492,307
LIABILITIES:			
Deposits	¥ 9,202,366	¥ 9,464,134	$87,118,877
Call money and bills sold	908	276	8,600
Trading liabilities	2,617	4,167	24,780
Borrowed money	115,004	195,109	1,088,749
Foreign exchange liabilities	105	151	997
Subordinated bonds	85,000	45,000	804,695
Convertible bonds	53,176	60,000	503,418
Other liabilities	316,560	77,064	2,996,880
Reserve for possible losses on collateralized real estate loans sold		1,815	
Deferred tax liabilities for land revaluation surplus	23,011	22,536	217,854
Acceptances and guarantees	154,390	213,469	1,461,612
Total liabilities	9,953,141	10,083,726	94,226,462
STOCKHOLDERS' EQUITY:			
Capital stock—common stock—authorized, 2,600,000 thousand shares; issued, 1,154,928 thousand shares in 2004 and 1,138,644 thousand shares in 2003; preferred stock—authorized, 400,000 thousand shares; issued, 200,000 thousand shares in 2004 and 2003	188,223	184,803	1,781,910
Capital surplus—additional paid-in capital	149,839	146,281	1,418,536
Retained earnings:			
Legal reserve	35,934	34,512	340,194
Unappropriated	119,534	73,706	1,131,630
Land revaluation surplus	32,289	33,206	305,686
Net unrealized gain (loss) on available-for-sale securities	30,806	(20,297)	291,646
Treasury stock—at cost, 839,106 shares in 2004 and 693,934 shares in 2003	(396)	(330)	(3,757)
Total stockholders' equity	556,231	451,881	5,265,845
TOTAL	¥10,509,372	¥10,535,608	$99,492,307

NON-CONSOLIDATED STATEMENTS OF INCOME—Years Ended March 31, 2004 and 2003 (Unaudited)

	Millions of Yen		Thousand of U.S. Dollars
	2004	2003	2004
INCOME:			
Interest income:			
Interest on loans and discounts	¥159,722	¥157,690	$1,512,090
Interest and dividends on securities	14,559	18,825	137,834
Other interest income	1,483	2,035	14,047
Fees and commissions	40,764	36,294	385,919
Trading profits	771	975	7,301
Other operating income	20,169	14,889	190,941
Other income	15,089	11,243	142,856
Total income	252,560	241,955	2,390,988
EXPENSES:			
Interest expenses:			
Interest on deposits	2,600	4,185	24,623
Interest on borrowings and rediscounts	3,492	4,230	33,066
Other interest expenses	2,712	6,146	25,683
Fees and commissions	11,492	10,162	108,803
Trading losses		157	
Other operating expenses	13,536	10,906	128,152
General and administrative expenses	90,264	96,770	854,532
Provision for possible loan losses	8,747	3,737	82,809
Other expenses	39,143	77,582	370,572
Total expenses	171,991	213,879	1,628,240
INCOME BEFORE INCOME TAXES	80,569	28,076	762,748
INCOME TAXES:			
Current	3,596	1,216	34,048
Deferred	29,562	11,688	279,872
Total income taxes	33,159	12,904	313,920
NET INCOME	¥ 47,409	¥ 15,171	$ 448,828

	Yen		U.S. Dollars
	2004	2003	2004
Basic net income per share	¥ 40.46	¥ 12.13	$ 0.38
Diluted net income per share	32.69	10.38	0.31

NON-CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY—Years Ended March 31, 2004 and 2003 (Unaudited)

	Thousands		Millions of Yen						
	Outstanding Number of Shares								
	Common Stock	Preferred Stock	Capital Stock	Additional Paid-in Capital	Legal Reserve	Un-appropriated	Land Revaluation Surplus	Net Unrealized Gain (Loss) on Available-for-sales Securities	Treasury Stock
BALANCE, APRIL 1, 2002	1,138,515	200,000	¥184,799	¥146,277	¥33,092	¥ 66,674	¥32,942	¥(16,153)	¥ (48)
Net income						15,171			
Cash dividends, ¥5.00 per share for common stock, ¥5.66 per share for first series preferred stock and ¥9.46 per share for second series preferred stock						(7,052)			
Transfer to legal reserve					1,420	(1,420)			
Reversal of land revaluation surplus						333	263		
Net increase of treasury stock (585,564 shares)	(585)								(282)
Exercise of warrants	20		3	3					
Net increase in unrealized loss on available-for-sale securities								(4,143)	
BALANCE, MARCH 31, 2003	1,137,950	200,000	184,803	146,281	34,512	73,706	33,206	(20,297)	(330)
Net income						47,409			
Cash dividends, ¥5.00 per share for common stock, ¥5.66 per share for first series preferred stock and ¥9.46 per share for second series preferred stock						(7,049)			
Transfer to legal reserve					1,420	(1,420)			
Reversal of land revaluation surplus						262	(916)		
Increase due to merger				138	2	6,625			
Net increase of treasury stock (145,172 shares)	(145)					(1)			(66)
Exercise of warrants	37		7	7					
Conversion of convertible bonds	16,247		3,411	3,411					
Net increase in unrealized gain on available-for-sale securities								51,103	
BALANCE, MARCH 31, 2004	**1,154,089**	**200,000**	**¥188,223**	**¥149,839**	**¥35,934**	**¥119,534**	**¥32,289**	**¥ 30,806**	**¥(396)**

	Thousands of U.S. Dollars						
	Capital Stock	Additional Paid-in Capital	Legal Reserve	Un-appropriated	Land Revaluation Surplus	Net Unrealized Gain (Loss) on Available-for-sales Securities	Treasury Stock
BALANCE, MARCH 31, 2003	$1,749,534	$1,384,848	$326,727	$ 697,783	$314,362	$(192,154)	$(3,132)
Net income				448,828			
Cash dividends, $0.05 per share for common stock, $0.05 per share for first series preferred stock and $0.09 per share for second series preferred stock				(66,740)			
Transfer to legal reserve			13,443	(13,443)			
Reversal of land revaluation surplus				2,489	(8,676)		
Increase due to merger		1,312	24	62,727			
Net increase of treasury stock (145,172 shares)				(14)			(625)
Exercise of warrants	75	75					
Conversion of convertible bonds	32,301	32,301					
Net increase in unrealized gain on available-for-sale securities						483,800	
BALANCE, MARCH 31, 2004	**$1,781,910**	**$1,418,536**	**$340,194**	**$1,131,630**	**$305,686**	**$ 291,646**	**$(3,757)**

Board of Directors, Executive Officers and Corporate Auditors As of June 30, 2004

CHAIRMAN, PRESIDENT AND CEO
Sadaaki Hirasawa

Management Section

DIRECTOR AND DEPUTY CHAIRMAN
Yasunaka Fujikawa

REPRESENTATIVE DIRECTOR AND CIO
Chiyuki Okubo

REPRESENTATIVE DIRECTOR AND CRO
Yoshio Ota

DIRECTOR
Masuo Yokota

Marketing Section

REPRESENTATIVE DIRECTOR AND COO
Toshiyuki Nakamura

DIRECTOR AND MANAGING EXECUTIVE OFFICERS
Kazutaka Tsumura
Shinobu Suzuki

MANAGING EXECUTIVE OFFICERS
Soichi Ushijima
Masaji Kurihara

EXECUTIVE OFFICERS
Yasuhiko Teramura
Tetsunobu Ikeda
Hiroshi Kono
Toshiyuki Mimura
Ryuichi Kaneko
Masaki Ito

Corporate Auditors

Hiroshi Hayakawa
Jun Okura
Shinsuke Kobayashi
Masahiro Hoshino

CEO = CHIEF EXECUTIVE OFFICER
CIO = CHIEF INFORMATION OFFICER
COO = CHIEF OPERATING OFFICER
CRO = CHIEF RISK-MANAGING OFFICER

Corporate Data As of March 31, 2004

DATE OF ESTABLISHMENT
December 16, 1920

NUMBER OF BRANCHES AND OFFICES
192
Domestic: 188
Overseas: 4

NUMBER OF EMPLOYEES
3,431

AUTHORIZED STOCKS
3,000,000 thousand
Common stock: 2,600,000 thousand
Preferred stock: 400,000 thousand

OUTSTANDING STOCKS
1,354,928 thousand
Common Stock: 1,154,928 thousand
Preferred Stock: 200,000 thousand

PAID-IN CAPITAL
¥188,223 million

CAPITAL ADEQUACY RATIO(Consolidated):
10.66%

NUMBER STOCKHOLDERS
22,717
(Incomplete stock units are not included)

STOCK LISTING
First Section of the Tokyo Stock Exchange

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Kanagawa 220-8611, Japan
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Major Stockholders (Common Stocks)	Number of stocks held (thousand)	Voting rights (%)
Japan Trustee Services Bank, Ltd.	84,055	7.32
The Master Trust Bank of Japan, Ltd.	63,858	5.56
State Street Bank and Trust Company	38,589	3.36
Meiji Yasuda Life Insurance Company	36,494	3.17
Mizuho Trust & Banking Co., Ltd.	36,494	3.17
The Dai-ichi Mutual Life Insurance Company	36,494	3.17
Nippon Life Insurance Company	27,413	2.38
Sumitomo Life Insurance Company	18,194	1.58
The Nomura Trust and Banking Co., Ltd.	15,037	1.31
Yokohama Maruuo Co., Ltd.	11,760	1.02

Classification of Stockholders by Area (Common Stocks)	Number of stockholders	Number of stocks held (thousand)	%
Kanagawa	15,104	248,963	21.67
Tokyo	2,599	655,365	57.05
Osaka	282	13,469	1.17
Other areas	4,349	31,204	2.71
Overseas	383	199,729	17.38
Total	22,717	1,148,730	100.00

International Network As of June 30, 2004

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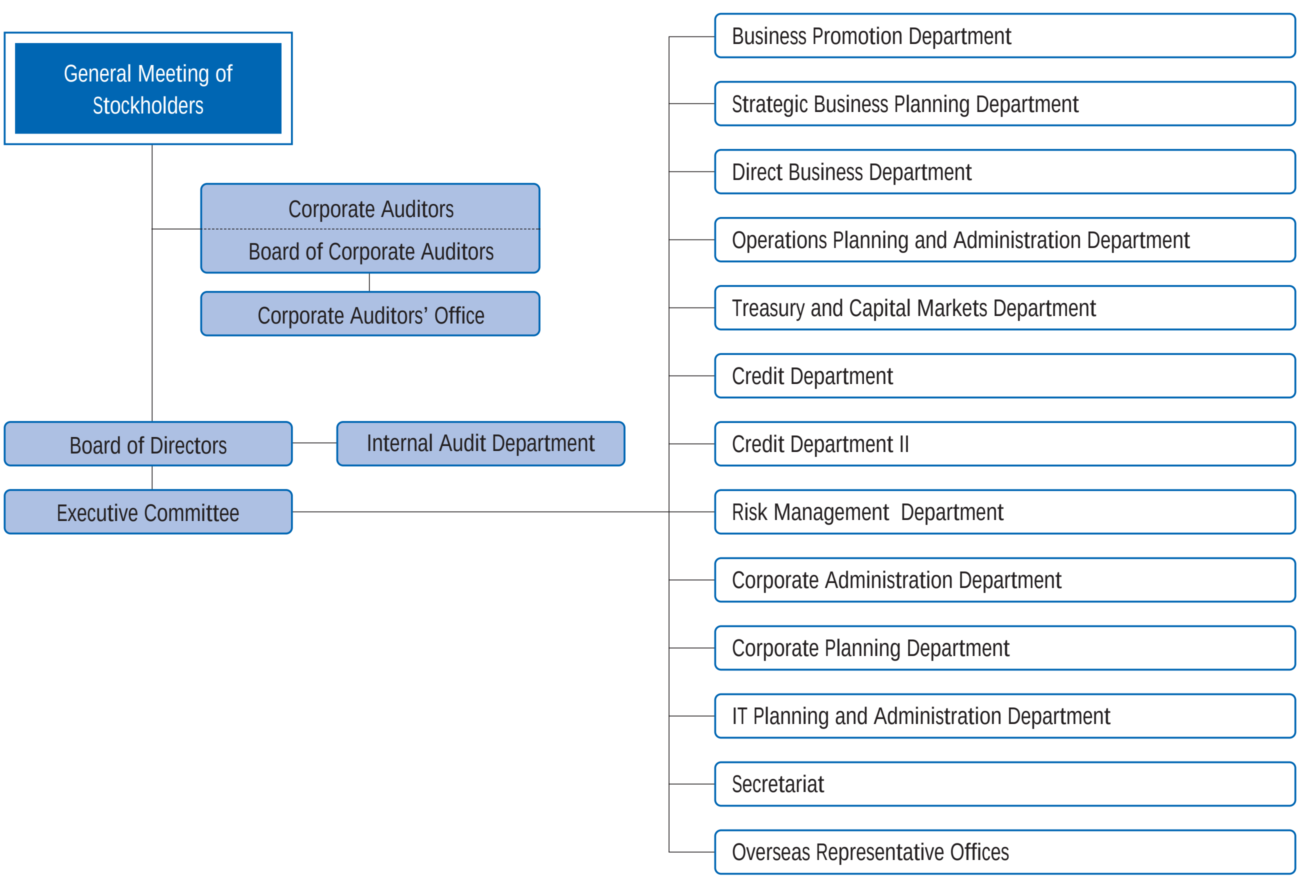
Masaki Kimura

Organization As of June 30, 2004



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