

Bank of Yokohama

INTERIM REPORT

Six Months ended September 30, 2000

Consolidated Financial Summary

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Six months ended September 30, 2000

At September 30, 2000	Thousands of	
	Millions of yen	U.S. dollars
Total assets	¥10,636,843	\$98,489
Deposits	8,726,283	80,799
Loans and bills discounted	7,769,575	71,941
Securities	1,438,465	13,319
Total stockholders' equity	447,891	4,147
Common stock	184,799	1,711
Six months ended September 30, 2000		
Total income	¥173,926	\$1,610
Total expenses	150,137	1,390
Interim income before income taxes	23,532	218
Net income of interim term	13,260	123
Dividends declared per share (yen and U.S. dollars)	¥2.50	\$0.023

Note. U.S. dollar amounts are translated, for convenience only, at the rate of ¥108.00=\$1.00, as of Sept. 29, 2000.

Message from the President

Performance

In the six-month interim period ended September 30, 2000, the Bank of Yokohama, Ltd., achieved favorable results, exceeding targets announced at the beginning of the fiscal year. On a consolidated basis, interim income before income taxes rose 18.4% compared with the corresponding period of the previous year, while net income jumped 27.9%. We attribute these results to sales strategies geared to the regional retail market, as well as to our efforts to reduce costs and raise profitability.

Amid continued low interest rates, we endeavored to attract new deposits. As a result, the balance of deposits rose ¥86.3 billion, to ¥8,726.2 billion at interim term-end. In Kanagawa Prefecture, our home territory, we achieved a 23.0% share of the market for deposits — the second consecutive gain since the interim period ended September 30, 1998.

During the term, the Bank endeavored to expand loans to small and medium-sized companies. Due to sluggish overall demand, however, the balance of loans and bills discounted fell ¥79.2 billion, to ¥7,769.5 billion at interim term-end.

Securities at interim-term end totaled ¥1,438.4 billion, down ¥9.7 billion from March 31, 2000. The reason for the decline was that the Bank evaluated "Other securities" at market value from the period under review.

Due to low interest rates, loan income was declined. As a result, total income amounted to ¥173,926 million, down ¥2,507 million from

the previous corresponding interim period. Total expenses were down ¥6,621 million, to ¥150,137 million, due to declines in deposit interest and reduced overall expenses.

As a result, operating profit rose ¥4,113 million, to ¥23,788 million. Net income jumped ¥2,894 million, to ¥13,260 million.

The parent company maintained interest cash dividends at ¥2.50 per share, reflecting its fundamental policy of providing stable dividends to shareholders.

Outlook

The Bank will continue to implement Groupwide policies in line with its Corporate Revitalization Plan. For the full year ending March 31, 2001, we forecast consolidated total income of ¥335.0 billion, income before income taxes of ¥52.0 billion, and net income of ¥28.0 billion.

Management Policies

By September 30, 2001, the Bank plans to close Yokohama Finance (Europe) S.A., its operation in Brussels, to focus on strengthening its domestic regional retail business. That company was established in June 1983 as the Bank of Yokohama in Europe, mainly to help Kanagawa-based corporations issue bonds in Europe. Since March 1999, it has focused exclusively on the securities business. As a result of the closure, the Bank's overseas operations will consist only of six representative offices, in Hong Kong, Singapore, Beijing, Shanghai, New York, and London.

In April 1997, the Bank initiated a four-year business plan, entitled Innovation 21, aimed at promoting its position as a bank that faithfully serves customers in its region. In line with the plan, we are working hard to upgrade various services. Specifically, we are focusing on the regional retail market, centering on Kanagawa Prefecture and southwestern Tokyo. We are also making a Groupwide effort to streamline and improve the efficiency of unprofitable and low-profit operations.

In the future, we will continue pursuing sales strategies focusing on the regional retail market, in order to foster regional development. At the same time, the entire Bank of Yokohama Group will strive to establish a strong management foundation as part of its quest to faithfully serve the people in its region, including customers and shareholders.

December 2000

Sadaaki Hirasawa
President

Consolidated Interim Balance Sheets

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
September 30, 2000 and 1999

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
ASSETS:			
Cash and due from banks	¥ 437,470	¥ 320,267	\$ 4,051
Call loans	56,257	14,652	521
Commercial paper and other debt purchased	21,935	20,713	203
Trading assets	67,070	44,571	621
Money held in trust	—	1,526	—
Securities	1,438,465	1,524,622	13,319
Loans and bills discounted	7,769,575	7,888,986	71,941
Foreign exchanges	8,620	8,636	80
Other assets	141,571	136,210	1,311
Premises and equipment	252,674	261,351	2,340
Deferred income taxes	155,494	186,099	1,440
Goodwill	326	247	3
Customers liabilities for acceptances and guarantees	419,643	441,975	3,886
Reserve for possible loan losses	(132,035)	—	(1,223)
Reserve for possible losses on investment	(226)	—	(2)
Total Assets	¥10,636,843	¥10,849,860	\$98,489
LIABILITIES:			
Deposits	¥ 8,726,283	¥ 8,422,756	\$80,799
Certificate of deposit	53,870	114,390	499
Call Money & bills sold	317,979	395,311	2,944
Commercial paper	—	20,000	—
Trading liabilities	3,143	4,609	29
Borrowed money	316,414	409,815	2,930
Foreign exchanges	821	154	8
Subordinated bonds	85,938	95,908	796
Convertible bonds	—	3,273	—
Other liabilities	198,932	274,243	1,842
Reserve for possible loan losses	—	171,142	—
Reserve for retirement allowances	—	15,729	—
Reserve for retirement payment	157	—	1
Reserve for possible losses on collateralized real estate loans sold	25,281	29,757	234
Reserve for contingent liabilities	5,135	2,719	48
Reserve for investment loss	—	163	—
Reserves under special laws	0	0	0
Deferred tax liabilities	733	—	7
Acceptances and guarantees	419,643	441,975	3,886
Deferred tax liabilities for land revaluation excess	23,636	24,792	219
Total liabilities	10,177,970	10,426,743	94,240
MINORITY INTERESTS	10,980	10,287	102
STOCKHOLDERS' EQUITY			
Total stockholders' equity	447,891	412,829	4,147
Total liabilities, minority interests and stockholders' equity	¥10,636,843	¥10,849,860	\$98,489

Note. U.S. dollar amounts are translated, for convenience only,
at the rate of ¥108.00=\$1.00, as of Sept. 29, 2000.

Consolidated Interim Statements of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Six month ended September 30, 2000 and 1999

	Millions of yen		Millions of U.S. dollars
	2000	1999	2000
OPERATING INCOME:			
Interest received:			
Loans	¥ 85,551	¥ 91,926	\$ 792
Securities	12,406	18,323	115
Other	11,960	9,342	111
Fees and commissions	16,512	16,650	153
Trading profits	150	178	1
Other operating income	27,610	28,155	256
Other income	19,735	11,857	183
Total income	173,926	176,433	1,610
OPERATING EXPENSES:			
Interest paid:			
Deposits	11,295	13,538	105
Other	21,944	24,780	203
Fees and commissions	3,373	4,787	31
Special trading expenses	6	—	0
Other operating expenses	22,994	29,629	213
General and administrative expenses	53,176	53,977	492
Other expenses	37,347	30,045	346
Total expenses	150,137	156,758	1,390
OPERATING PROFIT	23,788	19,675	220
SPECIAL PROFIT	16,352	668	151
SPECIAL LOSS	16,608	464	154
PROFIT BEFORE TAXES	23,532	19,879	218
INCOME TAXES:			
Current	1,908	1,335	18
Deferred	8,057	6,903	75
MINORITY INTERESTS IN NET INCOME	306	1,273	3
NET PROFIT	13,260	10,366	123

Note. U.S. dollar amounts are translated, for convenience only,
at the rate of ¥108.00=\$1.00, as of Sept. 29, 2000.

Board of Directors and Corporate Auditors

(As of December 31, 2000)

President

Sadaaki Hirasawa

Managing Directors

Takao Kobayashi

Kazumi Shimizu

Norito Ikeda

Senior Managing Executive Officers

Hiroshi Matsuzaki (Director)

Jiro Goto

Managing Executive Officers

Isao Yamashita (Director)

Yasunaka Fujikawa (Director)

Hiroshi Hayakawa (Director)

Executive Officers

Ichio Iwase

Shinichiro Koga

Toshio Wakui

Koichi Okubo

Junzo Ogita

Tadashi Mike

Kazutaka Tsumura

Corporate Auditors

Nobuyuki Shimizu

Yoshihiro Nozaki

Takehiko Sekine

Yutaka Ueno

International Network

(As of December 31, 2000)

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Cable Address: YOKOBRX
Telex: 21709
Managing Director and
General Manager
Mikihiko Sato

Corporate Data

(As of December 31, 2000)

Establishment: December 16, 1920

Branches and Offices: 193

Domestic: 187

Overseas Representative Offices: 6

Employees: 5,068

Paid-in Capital: ¥184,799 million

Stockholders: 26,449

(Incomplete share units are not included)

Stock Listings: First Section of Tokyo Stock Exchange

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THE BANK OF YOKOHAMA, LTD.

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