

# BANK OF YOKOHAMA

## INTERIM REPORT

Six months ended September 30, 2001



# Consolidated Financial Summary

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries  
Six months ended September 30, 2001

At September 30, 2001	Millions of	
	Millions of yen	U.S. dollars
Total assets	<b>¥10,272,672</b>	<b>\$86,036</b>
Deposits	<b>8,816,693</b>	<b>73,842</b>
Loans and bills discounted	<b>7,644,690</b>	<b>64,026</b>
Securities	<b>1,196,514</b>	<b>10,021</b>
Total stockholders' equity	<b>445,270</b>	<b>3,729</b>
Common stock	<b>184,799</b>	<b>1,548</b>

Six months ended September 30, 2001

Total income	<b>¥ 160,021</b>	<b>\$ 1,340</b>
Total expenses	<b>150,547</b>	<b>1,261</b>
Interim income before income taxes	<b>9,163</b>	<b>77</b>
Net income of interim term	<b>6,185</b>	<b>52</b>
Dividends declared per share (yen and U.S. dollars)	<b>¥ —</b>	<b>\$ —</b>

Note. U.S. dollar amounts are translated, for convenience only, at the rate of ¥119.40=\$1.00, as of Sept. 30, 2001.

## Message from the President

### Overview

As IT-related demand worldwide decreased, Japan's export showed a downward trend, and both business activities and business investment continued to shrink. Moreover, in the wake of the terrorist attack on September 11th in New York, Japan's business prospect grew bleaker than before. Financial institutions finally buckled down to clear up the bad debt write-offs and handle with larger drops in stock prices. These trends prompted major institutions to merge their businesses and set up holding companies.

### Performance

During the six-month interim period from April 1 to September 30, 2001, we continued to promote our business policy of specializing in regional retail customers, and we committed ourselves to reducing personnel and other operating costs to strengthen our profitability. As a result, the gross operating profit of the Bank and its consolidated subsidiaries climbed 10.4 percent from the previous interim period, to ¥104,438 million, and our net business profit before general provisions increased 76.9 percent from the year before, to ¥54,794 million.

In contrast, we had to deal with greater declines this year due to the prolonged economic slump and plunging stock prices. However, since we continued to dispose of cross-held shares through outright sales for the last few years, consolidated ordinary profit reached ¥9,474 million, and consolidated net profit for the term reached ¥6,185 million.

During the term under review, we made every effort to increase new deposits under the continuing low interest rates. The balance of deposits slightly increased by ¥36,540 million and reached ¥8,816,693 million as of the end of September. With regard to loans and bills discounted, we worked to expand business with individuals and small- and medium-sized businesses under circumstances where demand in funding remained low. Our balance of loans and bills discounted as of the end of September stood at ¥7,644,690 million, a 1.6 percent decrease from the previous interim period. In addition, our securities portfolio stood at ¥1,196,514 million, a 16.8 percent slide from the previous period. As for the disposals of bad debts, the amount handled reached ¥18.7 billion, as intended in our initial plan.

As a result, our total consolidated assets amounted to ¥10,272,672 million, a 3.4 percent decrease. Further, our consolidated capital ratio stood at 10.32 percent, while our non-consolidated capital ratio was 10.17 percent.

With regard to appropriation, our fundamental policy has for many years been to ensure a stable operating base for our customers and shareholders. With respect to this interim period, however, interim dividends should be integrated into the term-end dividends for this fiscal year, because a drop in share prices is expected by the end of interim term, and the effect of mark to market accounting needs considering.

### **Establishing Low Cost Operations**

For the past several years, we have dedicated ourselves to a program of rationalization and greater efficiency. As these efforts culminated, our overhead ratio achieved 47.2 percent, improved by 26.5 percent from the highest ratio recorded in September 1996. The business environments among financial institutions are changing beyond our expectations. We, therefore, believe we must accelerate the speed at which we strengthen our corporate culture and realize low cost operations fully. Concretely, we aim to reduce the number of our current personnel by 30 percent, to 3,500 employees, and to achieve an overhead ratio of 45 percent, which would place us among the highest level of Japanese banks.

To achieve these objectives, and for the whole Bank to prepare for a system by which we can maintain and strengthen our sales capacity with a smaller number of employees, we will completely review our business operating structure. As our first step, we conducted reorganization in the head office in October. Further, we will define and clarify the roles of each division and branch, while streamlining our present branches with full-banking services to total some 50 of them, and increasing the number of other branches with intensive and specialized functions to total some 100.

We will make efforts to provide customers with high quality products and services that will increase convenience and satisfy the needs of customers through diversifying ways of communication with them. For this purpose, we actively utilize business alliances as related to field and function with companies of other business nature or categories, such IT and FT (financial technology).

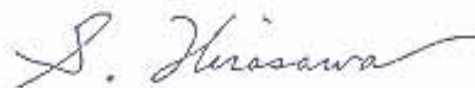
### **Further Enhancing Capital Ratio**

On November 11th, we issued ¥60 billion in convertible bonds to respond to the demand for housing loans, which continue to grow annually by more than 10 percent mainly in Kanagawa prefecture.

Our current capital ratio is greater than 10 percent, and we intend to further enhance it to create a more solid financial footing for the Bank. As the convertible bonds are converted into stock, our Tier 1 ratio will improve, further enhancing and stabilizing our capital.

These plans will enable us to establish a firm foundation for our business. In the future, we will continue our efforts to faithfully make us "a bank that customers can always trust," an aim pursued as part of Innovation 21 (Stage3), which is our business plan for the intermediate term effective for the two-year period from April 1, 2001 to March 31, 2003.

December 2001



Sadaaki Hirasawa  
President

# Consolidated Interim Balance Sheets

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries  
At September 30, 2001 and 2000

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## ASSETS:

Cash and due from banks .....	
Call loans .....	
Commercial paper and other debt purchased .....	
Trading assets .....	
Securities .....	
Loans and bills discounted .....	
Foreign exchanges .....	
Other assets .....	
Premises and equipment .....	
Deferred income taxes .....	
Goodwill .....	
Customers liabilities for acceptances and guarantees .....	
Reserve for possible loan losses .....	
Reserve for possible losses on investment .....	
<b>Total Assets .....</b>	

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## LIABILITIES:

Deposits .....	
Call Money & bills sold .....	
Trading liabilities .....	
Borrowed money .....	
Foreign exchanges .....	
Subordinated bonds .....	
Other liabilities .....	
Reserve for retirement payment .....	
Reserve for possible losses on collateralized real estate loans sold .....	
Reserve for contingent liabilities .....	
Reserves under special laws .....	
Deferred tax liabilities .....	
Deferred tax liabilities for land revaluation excess .....	
Acceptances and guarantees .....	
<b>Total liabilities .....</b>	

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## MINORITY INTERESTS .....

## STOCKHOLDERS' EQUITY

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Total stockholders' equity .....	
<b>Total liabilities, minority interests and stockholders' equity .....</b>	

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Note. U.S. dollar amounts are translated, for convenience only,  
at the rate of ¥119.40=\$1.00, as of Sept. 30, 2001.

	Millions of yen		Millions of U.S. dollars
	2001	2000	2001
.....	¥ 290,247	¥ 437,470	\$ 2,431
.....	100,649	56,257	843
.....	21,526	21,935	180
.....	37,280	67,070	312
.....	1,196,514	1,438,465	10,021
.....	7,644,690	7,769,575	64,026
.....	8,346	8,620	70
.....	213,488	141,571	1,788
.....	237,692	252,674	1,991
.....	152,506	155,494	1,277
.....	213	326	2
.....	475,756	419,643	3,985
.....	(106,240)	(132,035)	(890)
.....	—	(226)	—
.....	¥10,272,672	¥10,636,843	\$86,036
.....	¥ 8,816,693	¥ 8,780,153	\$73,842
.....	5,553	317,979	47
.....	5,488	3,143	46
.....	264,510	316,414	2,215
.....	86	821	1
.....	55,581	85,938	466
.....	143,377	198,932	1,201
.....	193	157	2
.....	21,325	25,281	179
.....	3,864	5,135	32
.....	0	0	0
.....	474	733	4
.....	23,531	23,636	197
.....	475,756	419,643	3,985
.....	¥ 9,816,438	¥10,177,970	\$82,215
.....	10,963	10,980	92
.....	445,270	447,891	3,729
.....	¥10,272,672	¥10,636,843	\$86,036

# Consolidated Interim Statements of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries  
Six months ended September 30, 2001 and 2000

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## OPERATING INCOME:

Interest received:

Loans .....

Securities .....

Other .....

Fees and commissions .....

Trading profits .....

Other operating income .....

Other income .....

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Total income .....

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## OPERATING EXPENSES:

Interest paid:

Deposits .....

Other .....

Fees and commissions .....

Special trading expenses .....

Other operating expenses .....

General and administrative expenses .....

Other expenses .....

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Total expenses .....

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**OPERATING PROFIT** .....

**SPECIAL PROFIT** .....

**SPECIAL LOSS** .....

**PROFIT BEFORE TAXES** .....

## INCOME TAXES:

Current .....

Deferred .....

**MINORITY INTERESTS IN NET INCOME (Loss)** .....

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**NET PROFIT** .....

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Note. U.S. dollar amounts are translated, for convenience only,  
at the rate of ¥119.40=\$1.00, as of Sept. 30, 2001.

	Millions of yen		Millions of U.S. dollars
	<b>2001</b>	2000	<b>2001</b>
.....	<b>¥ 84,313</b>	¥ 85,551	<b>\$ 706</b>
.....	<b>11,736</b>	12,406	<b>98</b>
.....	<b>6,773</b>	11,960	<b>57</b>
.....	<b>17,884</b>	16,512	<b>150</b>
.....	<b>258</b>	150	<b>2</b>
.....	<b>28,342</b>	27,610	<b>237</b>
.....	<b>10,713</b>	19,735	<b>90</b>
.....	<b>160,021</b>	173,926	<b>1,340</b>
.....	<b>9,334</b>	11,295	<b>78</b>
.....	<b>9,872</b>	21,944	<b>83</b>
.....	<b>3,064</b>	3,373	<b>26</b>
.....	<b>19</b>	6	<b>0</b>
.....	<b>22,579</b>	22,994	<b>189</b>
.....	<b>49,003</b>	53,176	<b>410</b>
.....	<b>56,674</b>	37,347	<b>475</b>
.....	<b>150,547</b>	150,137	<b>1,261</b>
.....	<b>9,474</b>	23,788	<b>79</b>
.....	<b>107</b>	16,352	<b>1</b>
.....	<b>417</b>	16,608	<b>3</b>
.....	<b>9,163</b>	23,532	<b>77</b>
.....	<b>848</b>	1,908	<b>7</b>
.....	<b>2,388</b>	8,057	<b>20</b>
.....	<b>(258)</b>	306	<b>(2)</b>
.....	<b>6,185</b>	13,260	<b>52</b>

# **Board of Directors and Corporate Auditors**

(As of November 30, 2001)

## *President and CEO*

Sadaaki Hirasawa

## **Management Section**

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### *Representative Director and CRO*

Kazumi Shimizu

### *Representative Director and CFO*

Norito Ikeda

### *Directors*

Koichi Okubo

Masuo Yokota

Takao Kobayashi

## **Marketing Section**

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### *Director and COO*

Hiroshi Matsuzaki

### *Managing Executive Officer*

Isao Yamashita

### *Director and Managing Executive Officer*

Yasunaka Fujikawa

### *Managing Executive Officer*

Hiroshi Hayakawa

### *Executive Officers*

Toshio Wakui

Junzo Ogita

Tadashi Mike

Kazutaka Tsumura

Kiyohito Imai

Chiyuki Okubo

Shinobu Suzuki

## **Corporate Auditors**

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Nobuyuki Shimizu

Yoshihiro Nozaki

Takehiko Sekine

Yutaka Ueno



# International Network

(As of December 31, 2001)

## ■ JAPAN

### HEAD OFFICE

1-1, Minatomirai 3-chome,  
Nishi-ku, Yokohama,  
Kanagawa 220-8611, Japan  
Tel: 81 (45) 225-1111  
Fax: 81 (45) 225-1160  
URL: <http://www.boy.co.jp/>

### Corporate Planning Department

Representative Director and CFO  
Norito Ikeda

#### *Public and Investor Relations Office*

General Manager  
Kentaro Nihei

### TOKYO OFFICE

8-2, Nihonbashi 2-chome  
Chuo-ku, Tokyo 103-0027, Japan  
Tel: 81 (3) 3272-4171  
Fax: 81 (3) 3273-6274

### Treasury and Capital Markets Department

Executive Officer  
Toshio Wakui  
General Manager  
Yasuhiko Teramura

#### *Bank Relations*

Senior Deputy General Manager  
Masato Kawase  
Tel: 81 (3) 3272-4227

### Operations Planning and Administration Department

#### *International Operations Center*

Tel: 81 (3) 3275-9124  
Fax: 81 (3) 3281-6535  
Cable Address: FOREXHAMA  
SWIFT Address: HAMAJPJT  
Telex: J24945 HAMABK  
General Manager  
Toshiaki Hayakawa

## ■ ASIA

### **Hong Kong Representative Office**

Suites 2113-15, Jardine House,  
Connaught Place 1, Central,  
Hong Kong, S.A.R.,  
People's Republic of China  
Tel: 852-2523-6041  
Fax: 852-2845-9022  
Chief Representative  
Hitoshi Uemura

Representative  
Tetsuto Iwaki

### **Shanghai Representative Office**

Room No. 1411, Ruijin Building,  
205 Mao Ming Nan Lu, Shanghai,  
People's Republic of China  
Tel: 86 (21) 6472-5930  
Fax: 86 (21) 6472-9255  
Chief Representative  
Lu Zun Yi

## ■ NORTH AMERICA

### **New York Representative Office**

c/o The City of Yokohama  
New York Representative Office  
1251 Avenue of the Americas  
Suite 4850, New York,  
NY10020, U.S.A.  
Tel: 1 (212) 575-9106  
Fax: 1 (212) 575-9153  
Chief Representative  
Shoichi Ohama

## ■ EUROPE

### **London Representative Office**

40 Basinghall Street,  
London EC2V 5DE, U.K.  
Tel: 44 (20) 7628-9973  
Fax: 44 (20) 7638-1886  
Chief Representative  
Masaki Kimura

## **Corporate Data**

(As of November 30, 2001)

**Establishment:** December 16, 1920

**Branches and Offices:** 188

Domestic: 183

Overseas: 5

**Employees:** 4,589

**Paid-in Capital:** ¥184,800 million

**Stockholders:** 29,561

(Incomplete stock units are not included)

**Stock Listing:** First Section of Tokyo Stock Exchange

**Head Office:** 1-1, Minatomirai 3-chome, Nishi-ku,  
Yokohama, Kanagawa 220-8611, Japan

Tel: 81 (45) 225-1111

Tel: 81 (45) 225-1160

# **THE BANK OF YOKOHAMA, LTD.**

URL Address: <http://www.boy.co.jp/>  
E-mail: [intldept@boy.co.jp](mailto:intldept@boy.co.jp)