

INTERIM
REPORT

THE BANK OF YOKOHAMA, LTD.

Six months ended
September 30, 2003

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Consolidated Financial Highlights

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

At September 30,2003 and 2002	Millions of yen		Thousands of U.S.dollars
	2003	2002	2003
Total assets	¥ 10,449,341	¥ 10,145,537	\$ 93,926,661
Cash and due from banks	318,818	391,343	2,865,780
Deposits	9,111,396	8,739,519	81,900,189
Loans and bills discounted	7,901,423	7,589,991	71,024,027
Securities	1,347,183	1,118,904	12,109,510
Total stockholders' equity	490,282	445,561	4,407,029
Capital stock	184,807	184,803	1,661,186
Six months ended September 30,2003 and 2002	2003	2002	2003
Total income	¥ 133,359	¥ 141,872	\$ 1,198,733
Total expenses	97,033	137,923	872,207
Income before income taxes and minority interests	36,326	3,949	326,526
Net income	19,783	2,047	177,825
Dividends declared per share(yen and U.S.dollars)	¥ -	¥ -	\$ -

Note:U.S.dollar amounts are translated,for convenience only,
at the rate of ¥111.25=\$1.00, as of Sept.30,2003.

Note: The amounts are presented in millions of yen and are rounded off to the nearest million.

Message from the President

I am very grateful for your continued support and patronage.

As of now, business prospects remain uncertain and conditions within the financial industry call for an ever-vigilant eye.

Under such circumstances, the Bank started a three-year business plan, “Value-up” for the period between April 2003 and March 2006 in order to build a more solid foundation of existence as a regional financial institution.

With regard to business results in the current interim period, both gross operating income and net business profit remain in high standing as a result of our continued implementation of cost reductions and efforts at reinforcing earnings potential, in addition to thorough sales activities focusing on our region.

In particular, “Increasing loan volume,” “Improving ROA” and “Enhancing fees and commissions,” which we set out as targets of reinforcement efforts in the beginning of the year, have yielded steady results and we will continue to actively tackle these.

Ensuring a Business Strategy as a Regional Financial Institution

Our mid-term business plan, “Value-up,” calls for focusing business resources on the regional retailing business in Kanagawa Prefecture and the southwestern area of Tokyo, where we remain steadfast in being “a bank that is strongly supported by customers in the region.” Last August, we formulated a “Plan for Reinforcement of Functions of Relationship Banking” in order to realize this objective.

This plan for reinforcement of functions consists of an action plan for strengthening our prior efforts in the course of expanding transactions with small and medium sized businesses and individuals.

In each item, the plan has substantiated our “improvements in financial value” and “improvements in shareholder value,” which presupposes appropriate risk management and a strict compliance system, “improvements in customer value within the region” by offering added value, which is the pillar of “Value-up,” and “improvements in the personnel value” of our employees.

The Bank will ensure a strategy as a regional financial institution more thoroughly by carrying out its plans consistently as well as attempt to improve the system for securing soundness to contribute to the development of the regional economy through improved financial services.

Toward Establishment of an Organization of 3,500 Personnel

The Bank will reduce by March 2004 the number of personnel at the head office to 25% of the peak and total number of personnel to 55% of the peak, which amount to 3,500 personnel in total. On the other hand, we decide to increase branch office staff by downsizing the number of staff at our headquarters in response reinforce sales potential.

Since November, last year, the bank has announced and implemented “Measures for reinforcing sales potential and earnings potential” (the first to fifth step, total 19 items) and placed about 100 staff to our branch offices.

Related to the measures, we will continue to provide information and services, offering high added value and contributing the region in a timely and precise manner, especially focusing on small and medium sized businesses and individual customers.

As stated in the above, we will continue to build an efficient business model by strengthening retail sales potential in the field and also through low cost operations. Our plan anticipates the highest level of OHR (overhead ratio) achieved in Japan by March 2006.

Further Reinforcement of Risk Management

In facilitating the reinforcement of the management practices of the Bank, in addition to the formulation of an efficient and profitable sales organization, we believe further reinforcement of risk management is required.

The Bank continues to make efforts to secure returns in relation to risk after uniformly comprehending measurable risks in order to distribute business resources appropriately within our effective capital.

We will further deepen research on enhancing total risk management and continue to improve our organization and infrastructure toward reinforcement of total risk management.

Through these efforts, while we will strengthen our management practices, we will reinforce financial strength to realize repayment of public funds and aim at being known as a “high quality bank” with significant earnings potential and soundness.

I ask for your further support and encouragement in the future with sincere gratitude.

December 2003



Sadaaki Hirasawa
President

Consolidated Interim Financial Statements

1. Consolidated Interim Balance Sheets (Unaudited)

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
September 30, 2003 and 2002

	Millions of yen		Thousands of U.S.dollars
	2003	2002	2003
ASSETS:			
Cash and due from banks	¥ 318,818	¥ 391,343	\$ 2,865,780
Call loans	612	172,290	5,501
Other debt purchased	131,739	19,309	1,184,171
Trading assets	73,694	50,910	662,418
Securities	1,347,183	1,118,904	12,109,510
Loans and bills discounted	7,901,423	7,589,991	71,024,027
Foreign exchanges	6,498	7,169	58,409
Other assets	93,863	102,862	843,712
Premises and equipment	145,644	226,244	1,309,159
Deferred tax assets	110,101	147,930	989,672
Customers' liabilities for acceptances and guarantee	411,666	418,319	3,700,369
Allowance for possible loan losses	(91,900)	(99,734)	(826,067)
TOTAL	¥10,449,341	¥10,145,537	\$93,926,661
LIABILITIES:			
Deposits	¥ 9,111,396	¥ 8,739,519	\$ 81,900,189
Call money and bills sold	367	243	3,299
Trading liabilities	3,193	4,544	28,701
Borrowed money	164,059	226,008	1,474,688
Foreign exchanges	154	43	1,384
Bonds and notes	66,000	46,000	593,258
Bonds with warrants	60,000	60,000	539,326
Other liabilities	115,153	163,712	1,035,083
Liability for employees' retirement benefit	69	75	620
Reserve for possible losses on collateralized real estate loans		8,469	
Deferred tax liabilities		482	
Deferred tax liabilities for land revaluation excess	22,551	23,149	202,706
Negative goodwill	47	1,642	422
Acceptances and guarantees	411,666	418,319	3,700,369
Total liabilities	9,954,655	9,692,205	89,480,045
MINORITY INTERESTS	4,404	7,771	39,587
Stockholders' equity:			
Capital stock	184,807	184,803	1,661,186
Capital surplus	146,424	146,282	1,316,171
Retained earnings	126,186	98,758	1,134,256
Land revaluation excess	33,227	32,604	298,670
Net unrealized loss on available-for-sale securities	(13)	(16,714)	(117)
Treasury stock	(349)	(172)	(3,137)
Total stockholders' equity	490,282	445,561	4,407,029
TOTAL	¥10,449,341	¥10,145,537	\$93,926,661

Note: U.S. dollar amounts are translated, for convenience only
at the rate of ¥111.25=\$1.00, as of Sept. 30, 2003.

Note: The amounts are presented in millions of yen and are rounded off to the nearest million.

2.Consolidated Interim Statements of Income (Unaudited)

The Bank of Yokohama, Ltd. and Consolidated Subsidi
Six months ended September 30,2003 and 2002

	Millions of yen		Thousands of U.S.dollars
	2003	2002	2003
INCOME:			
Interest on:			
loans and discounts	¥ 79,470	¥ 78,055	\$ 714,337
securities	7,224	9,626	64,935
other	757	1,365	6,804
Fees and commissions	20,509	18,069	184,351
Trading profits	245	455	2,202
Other operating income	15,255	28,790	137,124
Other income	9,899	5,512	88,980
Total income	133,359	141,872	1,198,733
EXPENSES:			
Interest on:			
deposits	1,438	2,466	12,926
other	3,273	6,365	29,420
Fees and commissions	3,450	3,573	31,011
Trading losses	1	65	9
Other operating expenses	7,945	20,435	71,416
General and administrative expenses	47,004	49,394	422,508
Other expenses	33,922	55,625	304,917
Total expenses	97,033	137,923	872,207
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	36,326	3,949	326,526
INCOME TAXES:			
current	1,305	1,077	11,730
deferred	14,542	643	130,715
Total income taxes	15,847	1,720	142,445
MINORITY INTERESTS IN NET INCOME	696	182	6,256
INTERIM NET INCOME	¥19,783	¥2,047	\$177,825

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at the rate of ¥111.25=\$1.00, as of Sept.30,2003.

Note: The amounts are presented in millions of yen and are rounded off to the nearest million.

3.Consolidated Interim Statements of Cash Flows(Unaudited)

The Bank of Yokohama, Ltd. and Consolidated Subsidiary
Six months ended September 30,2003 and 2002

	Millions of yen		Thousands of U.S.dollars
	2003	2002	2003
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 36,326	¥ 3,949	\$ 326,526
Depreciation	3,775	16,998	33,933
Amortization of(negative)goodwil	(1)	57	(9)
Equity in earnings of affiliates	(213)		(1,915)
Increase (Decrease) in allowance for possible loan losses	1,674	(10,523)	15,047
Decrease in allowance for possible losses on collateralized estate loans sold	(1,816)	(5,826)	(16,324)
Decrease in reserve for contingent liabilities		(11)	
Increase in liability for employee's retirement benefit	9	4	81
Interest income	(87,452)	(89,046)	(786,085)
Interest expenses	4,711	8,831	42,346
Securities losses-net	4,750	16,678	42,697
Foreign exchange losses-net	5,183	3,092	46,589
Losses on disposal of premises and equipment-net	281	413	2,526
Net decrease(increase) in trading assets	(1,165)	1,400	(10,472)
Net decrease in trading liabilities	(974)	(144)	(8,755)
Net decrease (increase) increase in loans	(10,003)	3,472	(89,915)
Net decrease in deposits	(324,547)	(452,637)	(2,917,276)
Net decrease in other borrowing	(51)	(15,202)	(458)
Net increase in due from banks	(304)	(30,267)	(2,733)
Net increase in call loans and others	(68,741)	(109,040)	(617,897)
Net decrease in margin money deposited under securities lending transactions		69,317	
Net increase (Decrease) in call money and others	91	(1,531)	818
Net decrease in foreign exchange (assets)	1,085	3,125	9,753
Net increase(decrease) in foreign exchange (liabilities)	3	(39)	27
Interest and dividends received	97,501	101,610	876,413
Interest paid	(6,976)	(11,285)	(62,706)
Other- net	31,483	(25,220)	282,993
Subtotal	(315,371)	(521,825)	(2,834,796)
Income tax paid	(1,433)	(782)	(12,880)
Net cash provided by operating activities-(Forward)	(316,804)	(522,607)	(2,847,676)
Investing activities:			
Purchases of securities	(1,523,218)	(968,467)	(13,691,847)
Proceeds from sales of securities	1,515,118	649,524	13,619,038
Proceeds from maturities of securities	166,718	120,437	1,498,588
Expenditures for premises and equipment	(1,585)	(11,937)	(14,247)
Proceeds from sales of premises and equipment	186	1,592	1,672
Proceeds from sales of stocks of subsidiaries	2,418		21,735
Net cash provided by (used in) investing activities	159,637	(208,851)	1,434,939
Financing activities:			
Repayments of subordinated loans	(30,000)		(269,663)
Proceeds from issuance of subordinated bonds, bonds with subscription rights for shares	20,000		179,775
Repayments of subordinated bonds and convertible bonds		(9,998)	
Issuance of common	7	7	63
Dividends paid	(7,050)	(7,049)	(63,371)
Dividends paid to minority interests stockholders		(20)	
Purchase of treasury stock	(25)	(93)	(224)
Proceeds from sales of treasury stock	6	51	54
Net cash provided by (used in) financing activities	(17,062)	(17,102)	(153,366)
FOREIGN CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS	(26)	(30)	(234)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(174,255)	(748,590)	(1,566,337)
CASH AND CASH EQUIVALENTS, BEGINNING	477,552	1,069,096	4,292,602
CASH AND CASH EQUIVALENTS, AT END OF INTERIM TERM	¥ 303,297	¥ 320,506	\$ 2,726,265

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Note: The amounts are presented in millions of yen and are rounded off to the nearest million.

Non-Consolidated Interim Financial Statements

1.Non-Consolidated Interim Balance Sheets (Unaudited)

The Bank of Yokohama, Ltd.
September 30,2003 and 2002

	Millions of yen		Thousands of U.S.dollars
	2003	2002	2003
ASSETS:			
Cash and due from banks	¥ 318,817	¥ 391,300	\$ 2,865,771
Call loans	612	172,290	5,501
Other debt purchased	131,739	4,841	1,184,171
Trading assets	73,694	50,910	662,418
Securities	1,343,209	1,110,942	12,073,789
Loans and bills discounted	7,903,195	7,727,242	71,039,955
Foreign exchanges	6,498	7,169	58,409
Other assets	93,376	80,036	839,335
Premises and equipment	148,646	138,870	1,336,144
Deferred tax assets	103,924	140,463	934,148
Customers' liabilities for acceptances and guarantees	250,128	322,860	2,248,342
Allowance for possible loan losses	(84,953)	(92,900)	(763,623)
TOTAL	¥10,288,885	¥10,054,023	\$92,484,360
LIABILITIES:			
Deposits	9,137,736	8,826,415	82,136,953
Call money	367	243	3,299
Trading liabilities	3,193	4,544	28,701
Borrowed money	165,059	195,149	1,483,676
Foreign exchanges	154	43	1,384
Subordinated bonds	65,000	45,000	584,270
Bonds with warrants	60,000	60,000	539,326
Other liabilities	92,725	125,292	833,483
Reserve for possible losses on collateralized real estate		8,469	
Deferred tax liabilities for land revaluation excess	22,551	23,149	202,706
Acceptances and guarantees	250,128	322,860	2,248,342
Total liabilities	9,796,913	9,611,164	88,062,140
STOCKHOLDERS' EQUITY:			
Capital stock	184,807	184,803	1,661,186
Capital surplus	146,424	146,282	1,316,171
Retained earnings:			
Legal reserve	35,935	34,512	323,011
Unappropriated	91,920	61,518	826,247
Land revaluation excess	33,227	32,604	298,670
Net unrealized loss on available-for-sale securities	8	(16,719)	72
Treasury stock	(349)	(141)	(3,137)
Total stockholders' equity	491,972	442,859	4,422,220
TOTAL	¥10,288,885	¥10,054,023	\$92,484,360

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Note: The amounts are presented in millions of yen and are rounded off to the nearest million.

2. Non-Consolidated Interim Statements of Income (Unaudited)

The Bank of Yokohama, Ltd.

Six months ended September 30, 2003 and 2002

	Millions of yen		Thousands of U.S.dollars
	2003	2002	2003
INCOME:			
Interest on:			
Loans and discounts	¥ 79,397	¥ 78,291	\$ 713,681
Securities	7,306	9,460	65,672
Other	757	1,365	6,805
Fees and commissions	19,211	16,762	172,683
Trading profits	245	455	2,202
Other operating income	14,696	7,991	132,099
Other income	7,970	3,987	71,640
Total income	129,582	118,311	1,164,782
EXPENSES:			
Interest on:			
Deposits	1,438	2,467	12,926
Other	3,272	5,871	29,411
Fees and commissions	4,699	4,368	42,238
Trading losses	1	65	9
Other operating expenses	7,883	2,695	70,859
General and administrative expenses	46,377	48,299	416,872
Other expenses	31,156	50,009	280,054
Total ordinary expenses :	94,826	113,774	852,369
INCOME BEFORE INCOME TAXES	34,756	4,537	312,413
INCOME TAXES:			
Current	71	54	638
Deferred	14,606	1,495	131,290
Total income taxes	14,677	1,549	131,928
INTERIM NET INCOME	¥ 20,079	¥ 2,988	\$ 180,485

Note: U.S. dollar amounts are translated, for convenience only,
at the rate of ¥111.25=\$1.00, as of Sept. 30, 2003.

Note: The amounts are presented in millions of yen and are rounded off to the nearest million.

President and CEO

Sadaaki Hirasawa

Management Section

Representative Director and CRO

Kazumi Shimizu

Representative Director and CIO

Chiyuki Okubo

Director and CPO

Yoshio Ota

Directors

Norito Ikeda

Marketing Section

Director and COO

Yasunaka Fujikawa

Director and Managing Executive Officers

Koichi Okubo

Masuo Yokota

Managing Executive Officers

Kazutaka Tsumura

Kiyohito Imai

Toshiyuki Nakamura

Shinobu Suzuki

Executive Officers

Soichi Ushijima

Masaji Kurihara

Yasuhiko Teramura

Corporate Auditors

Hiroshi Hayakawa

Jun Okura

Shinsuke Kobayashi

Yutaka Ueno

CEO=Chief Executive Officer

CRO=Chief Risk-managing Officer

COO=Chief Operating Officer

CIO=Chief Information Officer

CPO=Chief Personnel Officer

JAPAN

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Chief Representative

Masaki Kimura

Corporate Data As of September 30,2003

Date of Establishment

December 16, 1920

Number of Branches and Offices

189

Domestic: 185

Overseas: 4

Number of Employees

3,695

Paid-in Capital

¥184,807 million

Capital Adequacy Ratio(Consolidated)

10.83%

Number of Stockholders

30,927

(Incomplete stock units are not included)

Stock Listing

First Section of the Tokyo Stock Exchange

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1-1,Minatomirai 3-chome,

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