



THE BANK OF YOKOHAMA, LTD.

INTERIM REPORT

Six months ended  
September 30, 2004



## Consolidated Financial Highlights

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

At September 30,2004 and 2003	Millions of yen		Thousands of U.S.dollars
	2004	2,003	2,004
Total assets	¥ 9,988,413	¥ 10,449,340	\$ 89,969,499
Cash and due from banks	406,950	318,817	3,665,560
Deposits	8,853,531	9,111,396	79,747,177
Loans and bills discounted	7,508,388	7,901,422	67,630,955
Securities	1,303,369	1,347,183	11,739,954
Total stockholders' equity	559,458	490,282	5,039,261
Capital stock	214,832	184,806	1,935,079
<b>Six months ended September 30,2004 and 2003</b>	<b>2,004</b>	<b>2,003</b>	<b>2,004</b>
Total income	¥ 131,873	¥ 133,359	\$ 1,187,833
Total expenses	86,218	97,033	776,604
Income before income taxes and minority	45,654	36,325	411,229
Net income	26,725	19,782	240,729
Dividens declared per share(yen and U.S.dollrs)	¥ -	¥ -	\$ -

Note: U.S.dollar amounts are translated, for convenience only,  
at the rate of ¥ 111.02=\$1.00, as of Sept.30,2004.

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

## Message from the President

### Early Repayment of Public Funds

Collapse of the bubble economy and the subsequent recession caused the bad-debt problem and the business of every financial institution has largely been affected and the Bank was no exception.

The Bank has implemented an ambitious review of strategies and restructuring of business since 1998, when the disposition of bad debt reached its peak and the Bank borrowed public funds, by clarifying the concentration of management resources in local communities.

In the previous mid-term management plan (from April 1997 to March 2003), the Bank narrowed and strengthened its businesses on the basis of a strategy of “specialization in regional retailing” and carried out an active shift to regional retailing in Kanagawa Prefecture by largely reducing loans to companies outside of Kanagawa Prefecture and larger corporations, in which the Bank had difficulty in demonstrating its superiority in competition with other financial institutions.

In addition, the Bank has expeditiously tackled the formulation of a low cost operation system, fundamental disposition of bad debt, sale of stocks to dissolve cross-holdings and withdrawal from overseas operations to steadily promote reinforcement of the organization and foundations of profit and finance.

From April 2003, the Bank started “Value-Up,” which is the current mid-term management plan, and we will continue to make our best efforts to improve the soundness of management and create a strong foundation for sustaining a regional financial institution as well as to improve the value of all of our customers, shareholders and the Bank.

In the midst of a drastically changing financial environment, in order to increase the freedom of management at an early date, we have targeted the repayment of public funds in the current mid-term management plan and as a result of steadily achieving the profit plan and accumulation of a surplus, we were able to make repayment of public funds in full last August.

I am greatly appreciative of our shareholders and customers for their understanding and support given to us during this period.

## **Toward New Development**

In the financial industry, the age of mega competition has started, where banks and other financial institutions compete with each other on the strength of their respective services, as a result of deregulation and a total lifting of the ban on the payoff system as the turning point. Under such circumstances, the Bank has improved its system allowing it to make more expeditious and flexible management decisions in response to future environmental changes, and seizing the opportunity in the repayment of public funds.

The issues that still need to be tackled are plenty, but our major strength is that we know the region best. From now on, I think it is necessary to concentrate more energy in the promotion of various financial services, while deepening the relationship with customers in the region, which we naturally must carry out as a regional financial institution.

As I also think it is important to hear a variety of objective opinions, the Bank established last July a management advisory board, consisting of outside experts. I would like the advisory board to act assertively, by presenting the tasks and problems of the Bank to the board.

The Bank has continued discussions, focusing on mid and long-term sales strategies, being conscious of customer satisfaction improvements, in addition to aggressive management in order to promote strategies for further growth. We will expeditiously carry out one after another the measures, which have been determined to be taken, and truly aim at becoming “a bank strongly supported by customers in the region.”

“We will develop excellent human resources and based on measures, we will return to our shareholders the added value that will be generated from an efficient, precise and speedy response to customer needs.

After confirming the basics of management, in which “customers,” “shareholders” and “the Bank and employees” will improve their values in unison, we will devote all our energies to management toward new growth of the Bank of Yokohama.

December 2004



Sadaaki Hirasawa  
Chairman, President & CEO

## Consolidated Interim Financial Statements

### 1.Consolidated Interim Balance Sheets ( Unaudited )

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

September 30,2004 and 2003

	Millions of yen		Thousands of U.S.dollars
	2,004	2,003	2,004
<b>ASSETS:</b>			
Cash and due from banks	¥ 406,950	¥ 318,817	\$ 3,665,560
Call loans and bills bought	532	611	4,800
Commercial paper and other debts purchased	155,887	131,739	1,404,137
Trading assets	30,935	73,694	278,651
Securities	1,303,369	1,347,183	11,739,954
Loans and bills discounted	7,508,388	7,901,422	67,630,955
Foreign exchanges assets	7,292	6,497	65,681
Other assets	93,904	93,863	845,836
Premises and equipment	144,229	145,643	1,299,131
Deferred tax assets	72,390	110,101	652,050
Customers' liabilities for acceptances and guarantees	342,878	411,665	3,088,443
Allowance for possible loan losses	(78,347)	(91,900)	(705,704)
<b>TOTAL</b>	<b>¥ 9,988,413</b>	<b>¥ 10,449,340</b>	<b>\$ 89,969,499</b>
<b>LIABILITIES :</b>			
Deposits	8,853,531	9,111,396	79,747,177
Call money and bills sold	388	367	3,500
Trading liabilities	2,053	3,193	18,501
Borrowed money	33,477	164,058	301,542
Foreign exchanges liabilities	113	154	1,022
Bonds and notes	85,999	66,000	774,634
Convertible bonds	-	60,000	-
Other liabilities	82,441	115,153	742,580
Liability for employees' retirement benefits	70	68	636
Allowance under special laws	-	0	-
Deferred tax liabilities for land revaluation surplus	22,995	22,550	207,131
Negative goodwill	42	47	380
Acceptances and guarantees	342,878	411,665	3,088,443
<b>Total Liabilities</b>	<b>9,423,993</b>	<b>9,954,655</b>	<b>84,885,550</b>
<b>Minority interests stockholders' equity</b>	<b>4,961</b>	<b>4,403</b>	<b>44,687</b>
<b>Stockholders' equity:</b>			
Common stock and preferred stock	214,832	184,806	1,935,079
Capital surplus	176,449	146,423	1,589,352
Retained earning	138,802	126,185	1,250,249
Land revaluation surplus	32,372	33,226	291,593
Net unrealized gain(loss) on available-for-sale securities	14,763	(12)	132,981
Foreign currency translation adjustments	(0)	0	(0)
Treasury stock	(17,762)	(348)	(159,993)
<b>Total stockholders' equity</b>	<b>559,458</b>	<b>490,282</b>	<b>5,039,261</b>
<b>TOTAL</b>	<b>¥ 9,988,413</b>	<b>¥ 10,449,340</b>	<b>\$ 89,969,499</b>

Note:U.S.dollar amounts are translated,for convenience only,  
at the rate of ¥ 111.02=\$1.00, as of Sept.30,2004.

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

## 2.Consolidated Interim Statements of Income ( Unaudited )

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries  
Six months ended September 30,2004 and 2003

	Millions of yen		Thousands of U.S.dollars
	2,004	2,003	2,004
<b>INCOME:</b>			
Interest income:			
Interest on loans and discounts	¥ 78,148	¥ 79,470	\$ 703,913
Interest and dividends on investment securities	6,155	7,223	55,443
other	1,193	757	10,753
Fees and commissions	21,636	20,508	194,883
Trading profits	438	244	3,946
Other operating income	8,529	15,255	76,832
Other income	15,771	9,898	142,060
<b>Total income</b>	<b>131,873</b>	<b>133,359</b>	<b>1,187,833</b>
<b>EXPENSES:</b>			
Interest expenses:			
Interest on deposits	1,138	1,437	10,254
other	2,046	3,272	18,431
Fees and commissions	3,440	3,449	30,987
Trading losses	31	1	285
Other operating expenses	3,925	7,945	35,362
General and administrative expenses	43,594	47,003	392,668
Other expenses	32,042	33,922	288,615
<b>Total expenses</b>	<b>86,218</b>	<b>97,033</b>	<b>776,604</b>
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	<b>45,654</b>	<b>36,325</b>	<b>411,229</b>
<b>INCOME TAXES:</b>			
Current	6,159	1,305	55,481
Deferred	12,302	14,541	110,809
<b>Total income taxes</b>	<b>18,461</b>	<b>15,846</b>	<b>166,290</b>
<b>MINORITY INTERESTS IN NET INCOME</b>	<b>467</b>	<b>696</b>	<b>4,209</b>
<b>INTERIM NET INCOME</b>	<b>¥ 26,725</b>	<b>¥ 19,782</b>	<b>\$ 240,729</b>

Note:U.S.dollar amounts are translated,for convenience only,  
at the rate of ¥ 111.02=\$1.00, as of Sept.30,2004.

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

### 3.Consolidated Interim Statements of Cash Flows(Unaudited)

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries  
Six months ended September 30,2004 and 2003

	Millions of yen		Thousands of U.S.dollars
	2,004	2,003	2,004
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 45,654	¥ 36,325	\$ 411,229
Depreciation	4,177	3,774	37,631
Amortization of goodwill	(6)	(0)	(61)
Equity in earnings of associated companies	(213)	(212)	(1,921)
Increase (Decrease) in allowance for possible loan losses	(5,950)	1,674	(53,594)
Increase (Decrease) in reserve for possible losses on collateralized real estate loans sold	-	(1,815)	-
Increase (Decrease) in liability for employee's retirement benefits	8	9	76
Interest income	(85,497)	(87,451)	(770,110)
Interest expenses	3,184	4,710	28,686
Gains on sales, write-down and redemption of securities-net	(8,845)	4,749	(79,676)
Foreign exchange losses (gains)	(2,988)	5,183	(26,916)
Losses (Gains) on disposal of premises and equipment	646	281	5,825
Net decrease(increase) in trading assets	90,194	(1,164)	812,419
Net increase (decrease) in trading liabilities	(563)	(974)	(5,076)
Net decrease in loans	438,457	(10,002)	3,949,356
Net increase(decrease) in deposits	(352,838)	(354,943)	(3,178,153)
Net increase(decrease) in negotiable certificates of deposit	32,369	30,396	291,561
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(30,527)	(51)	(274,972)
Net (increase) decrease in due from bank (excluding deposits at BOJ)	(16,752)	(303)	(150,900)
Net (increase) decrease in call loans and others	21,113	(68,741)	190,177
Net increase (decrease) in call money and others	(519)	90	(4,682)
Net decrease(increase) in foreign exchange (assets)	788	1,085	7,105
Net increase(decrease) in foreign exchange (liabilities)	8	2	74
Interest and dividends received	92,970	97,500	837,425
Interest paid	(3,208)	(6,975)	(28,903)
Other-net	(246,088)	31,482	(2,216,610)
<b>Subtotal</b>	<b>(24,425)</b>	<b>(315,370)</b>	<b>(220,010)</b>
Income tax paid	(3,688)	(1,433)	(33,222)
<b>Net cash provided by (used in) operating activities</b>	<b>¥ (28,113)</b>	<b>¥ (316,803)</b>	<b>\$ (253,233)</b>
<b>Investing activities:</b>			
Purchases of securities	(480,932)	(1,523,218)	(4,331,943)
Proceeds from sales of securities	334,337	1,515,118	3,011,503
Proceeds from maturities of securities	119,677	166,717	1,077,980
Expenditures for premises and equipment	(2,575)	(1,585)	(23,200)
Proceeds from sales of premises and equipment	352	186	3,173
Proceeds from transfer of investments of a subsidiary accompanying change of scope of consolidation	-	2,418	-
<b>Net cash provided by investing activities</b>	<b>(29,141)</b>	<b>159,637</b>	<b>(262,487)</b>
<b>Financing activities:</b>			
Repayments of subordinated loans	(50,000)	(30,000)	(450,369)
Proceeds from issuance of subordinated bonds, bonds with subscription rights for shares	-	20,000	-
Repayments of subordinated bonds and convertible bonds	(47)	-	(423)
Issuance of common stock	89	7	806
Dividends paid	(7,130)	(7,049)	(64,226)
Dividends paid to minority interests stockholders	(4)	-	(39)
Purchase of treasury stock	(52,210)	(24)	(470,281)
Proceeds from sales of treasury stock	3	5	34
<b>Net cash provided by (used in) financing activities</b>	<b>(109,299)</b>	<b>(17,061)</b>	<b>(984,499)</b>
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>	<b>(15)</b>	<b>(26)</b>	<b>(143)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(166,570)</b>	<b>(174,254)</b>	<b>(1,500,363)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF TERM</b>	<b>547,011</b>	<b>477,551</b>	<b>4,927,147</b>
<b>CASH AND CASH EQUIVALENTS, AT END OF INTERIM TERM</b>	<b>¥ 380,441</b>	<b>¥ 303,296</b>	<b>\$ 3,426,783</b>

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

## Non-Consolidated Interim Financial Statements

### 1.Non-Consolidated Interim Balance Sheets ( Unaudited)

The Bank of Yokohama, Ltd.

September 30,2004 and 2003

	Millions of yen		Thousands of U.S.dollars
	2,004	2,003	2,004
<b>ASSETS:</b>			
Cash and due from banks	¥ 406,934	¥ 318,817	\$ 3,665,418
Call loans	532	611	4,800
Commercial paper and other debts purchased	155,887	131,739	1,404,137
Trading assets	30,935	73,694	278,651
Securities	1,299,536	1,343,209	11,705,430
Loans and bills discounted	7,510,253	7,903,194	67,647,753
Foreign exchanges assets	7,292	6,497	65,681
Other assets	93,300	93,375	840,389
Premises and equipment	147,234	148,646	1,326,196
Deferred tax assets	66,016	103,923	594,636
Customers' liabilities for acceptances and guarantees	146,624	250,127	1,320,703
Allowance for possible loan losses	(70,437)	(84,952)	(634,457)
<b>TOTAL</b>	<b>¥ 9,794,111</b>	<b>¥ 10,288,885</b>	<b>\$ 88,219,342</b>
<b>LIABILITIES :</b>			
Deposits	8,882,626	9,137,735	80,009,250
Call money	388	367	3,500
Trading liabilities	2,053	3,193	18,501
Borrowed money	34,477	165,058	310,549
Foreign exchanges liabilities	113	154	1,022
Bonds and notes	85,000	65,000	765,627
Convertible bonds	-	60,000	-
Other liabilities	59,355	92,725	534,641
Allowance under special laws	-	0	-
Deferred tax liabilities for land revaluation surplus	22,995	22,550	207,131
Acceptances and guarantees	146,624	250,127	1,320,703
<b>Total liabilities</b>	<b>9,233,636</b>	<b>9,796,912</b>	<b>83,170,927</b>
<b>STOCKHOLDERS' EQUITY:</b>			
Common stock and preferred stock	214,832	184,806	1,935,079
Capital surplus	176,449	146,423	1,589,352
Retained earnings:			
Transfer to Legal reserve	37,364	35,934	336,558
Unappropriated	102,488	91,920	923,150
Land revaluation excess	32,372	33,226	291,593
Net unrealized gain/(loss) on available-for-sale securities	14,729	8	132,674
Treasury stock	(17,762)	(348)	(159,993)
<b>Total stockholders' equity</b>	<b>560,475</b>	<b>491,972</b>	<b>5,048,415</b>
<b>TOTAL</b>	<b>¥ 9,794,111</b>	<b>¥ 10,288,885</b>	<b>\$ 88,219,342</b>

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at the rate of ¥ 111.02=\$1.00, as of Sept.30,2004.

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

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

The Bank of Yokohama, Ltd.

Six months ended September 30,2004 and 2003

	Millions of yen		Thousands of U.S.dollars
	2,004	2,003	2,004
<b>INCOME:</b>			
Interest on:			
Interest on loans and discounts	¥ 78,033	¥ 79,397	\$ 702,876
Interest and dividends on investment securities	6,117	7,306	55,107
Other	1,193	757	10,753
Fees and commissions	20,194	19,210	181,897
Trading profits	438	244	3,946
Other operating income	8,076	14,695	72,751
Other income	13,286	7,970	119,679
<b>Total income</b>	<b>127,341</b>	<b>129,582</b>	<b>1,147,011</b>
<b>EXPENSES:</b>			
Interest expenses:			
Interest on deposits	1,139	1,437	10,262
Other	2,046	3,271	18,430
Fees and commissions	5,052	4,698	45,508
Trading losses	31	1	285
Other operating expenses	3,874	7,882	34,903
General and administrative expenses	42,758	46,377	385,138
Other expenses	28,441	31,156	256,187
<b>Total expenses</b>	<b>83,344</b>	<b>94,825</b>	<b>750,716</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>43,996</b>	<b>34,756</b>	<b>396,295</b>
<b>INCOME TAXES:</b>			
Current	4,889	71	44,042
Deferred	12,667	14,605	114,100
<b>Total income taxes</b>	<b>17,557</b>	<b>14,677</b>	<b>158,143</b>
<b>INTERIM NET INCOME</b>	<b>¥ 26,439</b>	<b>¥ 20,079</b>	<b>\$ 238,152</b>

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at the rate of ¥ 111.02=\$1.00, as of Sept.30,2004.

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



**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

**Directors**

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

**JAPAN**

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Chief Representative  
Takeshi Watanabe

**Date of Establishment**

December 16, 1920

**Number of Branches and Offices**

192

Domestic: 188

Overseas: 4

**Number of Employees**

3,499

**Paid-in Capital**

¥214,832 million

**Capital Adequacy Ratio(Consolidated)**

10.97%

**Number of Stockholders**

37,812

(Incomplete stock units are not included)

**Stock Listing**

First Section of the Tokyo Stock Exchange

**Head Office**

1-1,Minatomirai 3-chome,

Nishi-ku,Yokohama,

Kanagawa 220-8611,Japan

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