

 THE BANK OF YOKOHAMA, LTD.

**INTERIM REPORT**

Six months ended  
September 30, 2005



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## Consolidated Financial Highlights

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

	Millions of yen		Thousands of U.S.dollars
At September 30,2005 and 2004	2005	2004	2005
Total assets	¥ 10,461,821	¥ 9,988,413	\$ 92,418,921
Cash and due from banks	441,945	406,950	3,904,115
Deposits	9,179,252	8,853,531	81,088,807
Loans and bills discounted	7,850,540	7,508,388	69,351,064
Securities	1,264,824	1,303,369	11,173,364
Total stockholders' equity	621,694	559,458	5,492,003
Capital stock	214,944	214,832	1,898,800
Six months ended September 30,2005 and 2004	2005	2004	2005
Total income	¥ 119,930	¥ 131,873	\$ 1,059,457
Total expenses	70,913	86,218	626,445
Income before income taxes and minority interests	49,017	45,654	433,012
Net income	29,139	26,725	257,415
Dividens declared per share(yen and U.S.dollrs)	¥ —	¥ —	\$ —

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

Note:U.S.dollar amounts are translated,for convenience only, at the rate of ¥113.20=\$1.00, as of Sept.30,2005.

Note: The amounts are presented in thousands of dollars and are rounded to the nearest thousands.

## Message from the President

Thank you very much for your warm support and continued patronage.

The Japanese economy appears as though it has finally leveled off and the basic tone of a gradual economic recovery has become clear. On the other hand, in the financial industry, we have entered the “age of mega-competition,” in which respective financial institutions will compete for quality of services across financial sectors, in addition to an aggressive stance in retail business by mega-banks, accelerated by further advancement of deregulation and privatization of postal services.

Under such circumstances, we launched the three-year Mid-Term Management Plan, “Go Forward!” in April 2005 in order to promote “aggressive management” against the backdrop of a sound financial foundation and low-cost operations, which have previously been formulated.

As for the interim business results in the first year, as a result of our positive efforts at daily business operations, we were able to steadily achieve our targets to push net income to the highest level ever. In particular, in addition to the increase in fees and commissions centering on the sale of non-deposit products for individuals, loan volume gradually turned to increase.

Our operating bases of Kanagawa Prefecture and southwestern Tokyo are two of the most favorable market areas in Japan and we would like to continue active operations.

I assumed the post of President last June, and raised three objectives of the bank management as “penetrating customer-first principles,” “adhering to profit increases and tireless efforts” and “re-acknowledging the public nature of banks and rigorous commitment to compliance with rules.”

### Penetrating Customer-First Principles

As for providing of services, in order to improve customer satisfaction, we will penetrate “customer-first principles” within the Bank.

By putting ourselves in the position of the customer, grasping each customer’s needs and fully responding to them, we will carry out improvement in services. We will pursue how our services should be, with fresh ideas, free from stereotypical thinking, going back to the very basics of a service business.

In order to achieve this, it is important to improve the skills of all staff members within the Bank or “the quality of each employee” as well as to penetrate such consciousness throughout the bank as

corporate culture and enroot it firmly.

Therefore, we established the “Human Asset Value-Up Promotion Department” last October. Based on the belief that employees are “important assets” of the company, we refer to employees as “human assets.” We will not only reinforce the personnel system but review expeditiously our human resource management, education and training system, from a fresh perspective so that each staff member will continually improve his or her ability to provide satisfactory financial services.

In particular, along with the advancement of deregulation, as non-deposit products have drawn increasing interest, we will continue to consider what customers want and what it takes for customers to visit our branches, and with such perspectives and sensitivity, we will make every effort for customers to choose the Bank, by actively responding to increasingly diversified and sophisticated investment needs of customers.

### **Adhering to Profit Increase and Tireless Efforts**

Improvement in corporate value through maximizing “profit” is a top priority of the Bank, as a private enterprise. Therefore, we will make effective use of our capital thus far accumulated to carry out investments for growth of the Bank, and continue our efforts at generating an increase in profits. Based on this concept, as for our approach to making loans, we will continue to make efforts in providing loans to local small and mid-sized businesses and individuals on the assumption of appropriate risk management as well as actively expanding our branch network that will provide accessibility for our customers.

Our operating markets are promising, in terms of economic activities and future potential, and offer great possibilities. Investing and financing needs in our markets are high, and we are planning to open ten new branches in Kanagawa, and another ten new branches in southwestern Tokyo, a total of twenty, by March 2008. In September, we opened new branches in Shinagawa, Omori and Fujigaoka.

With the opening of branches in Tokyo for the first time in fourteen years, we will expand our business centering on corporations.

New branches in Kanagawa specialize in serving individual customers, with mainly non-deposit products. We will continue to strengthen sales capacity and profitability together with improvements in the quality of services.

### **Re-acknowledgment of Public Nature of Banks and Rigorous Commitment to Compliance with Rules**

Banks have an inherently high public nature supporting the basis of a credit economy and are strongly expected to exert their functions smoothly and soundly.

In re-acknowledging the public nature of banks, it is important to make efforts not only at compliance with rules but also implementing strict compliance through daily operations. I am confident that it is the accumulation of such trust in all staff members that will build up the trust in the Bank.

I believe that the banking business is now in an historic period of great change. A severe and challenging environment is expected to continue, but we have such assets as ties with local communities and with local individual residents. All staff members must make tireless efforts for the realization of “the best regional bank that is strongly supported by customers and that continues to evolve.”

At the Bank of Yokohama, we appreciate your continued support.

December 2005

Tadashi Ogawa  
President



## Consolidated Interim Financial Statements

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

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

September 30, 2005 and 2004

	Millions of yen		Thousands of U.S.dollars
	2005	2004	2005
<b>ASSETS:</b>			
Cash and due from banks	¥ 441,945	¥ 406,950	\$ 3,904,115
Call loans and bills bought	100,464	532	887,492
Other debt purchased	237,114	155,887	2,094,655
Trading assets	28,380	30,935	250,711
Securities	1,264,824	1,303,369	11,173,364
Loans and bills discounted	7,850,540	7,508,388	69,351,064
Foreign exchange assets	5,500	7,292	48,593
Other assets	94,750	93,904	837,021
Premises and equipment	138,929	144,229	1,227,289
Deferred tax assets	32,146	72,390	283,982
Goodwill	939		8,299
Customers' liabilities for acceptances and guarantees	327,492	342,878	2,893,046
Allowance for possible loan losses	(61,208)	(78,347)	(540,710)
<b>TOTAL</b>	<b>¥ 10,461,821</b>	<b>¥ 9,988,413</b>	<b>\$ 92,418,921</b>
<b>LIABILITIES:</b>			
Deposits	¥ 9,179,252	¥ 8,853,531	\$ 81,088,807
Call money and bills sold	373	388	3,300
Trading liabilities	2,160	2,053	19,088
Borrowed money	33,409	33,477	295,134
Foreign exchange liabilities	60	113	535
Bonds and notes	66,000	85,999	583,039
Other liabilities	204,526	82,441	1,806,767
Liability for employees' retirement benefits	83	70	741
Deferred tax liabilities for land revaluation surplus	22,736	22,995	200,851
Negative goodwill		42	
Acceptances and guarantees	327,492	342,878	2,893,047
<b>Total Liabilities</b>	<b>9,836,096</b>	<b>9,423,993</b>	<b>86,891,309</b>
<b>Minority interests</b>	<b>4,030</b>	<b>4,961</b>	<b>35,609</b>
<b>Stockholders' equity:</b>			
Capital stock	214,944	214,832	1,898,800
Capital surplus	176,563	176,449	1,559,750
Retained earnings	161,437	138,802	1,426,128
Land revaluation surplus	31,993	32,372	282,629
Net unrealized gain on available-for-sale securities	37,436	14,763	330,712
Foreign currency translation adjustments	(0)	(0)	(1)
Treasury stock	(680)	(17,762)	(6,015)
<b>Total stockholders' equity</b>	<b>621,694</b>	<b>559,458</b>	<b>5,492,003</b>
<b>TOTAL</b>	<b>¥ 10,461,821</b>	<b>¥ 9,988,413</b>	<b>\$ 92,418,921</b>

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

Note: U.S. dollar amounts are translated, for convenience only, at the rate of ¥113.20=\$1.00, as of Sept. 30, 2005.

Note: The amounts are presented in thousands of dollars and are rounded to the nearest thousands.

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

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries  
Six months ended September 30, 2005 and 2004

	Millions of yen		Thousands of U.S.dollars
	2005	2004	2005
<b>INCOME:</b>			
Interest income:			
Interest on loans and discounts	¥ 76,505	¥ 78,148	\$ 675,843
Interest and dividends on securities	5,786	6,155	51,121
Other	2,495	1,193	22,042
Fees and commissions	23,654	21,636	208,959
Trading profits	171	438	1,510
Other operating income	5,804	8,529	51,281
Other income	5,512	15,771	48,701
<b>Total income</b>	<b>119,930</b>	<b>131,873</b>	<b>1,059,457</b>
<b>EXPENSES:</b>			
Interest expenses:			
Interest on deposits	1,873	1,138	16,554
Other	1,500	2,046	13,253
Fees and commissions	2,525	3,440	22,309
Trading losses		31	
Other operating expenses	3,625	3,925	32,026
General and administrative expenses	44,668	43,594	394,599
Other expenses	16,720	32,042	147,704
<b>Total expenses</b>	<b>70,913</b>	<b>86,218</b>	<b>626,445</b>
<b>INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS</b>	<b>49,017</b>	<b>45,654</b>	<b>433,012</b>
<b>INCOME TAXES:</b>			
Current	10,456	6,159	92,370
Deferred	8,943	12,302	79,004
<b>Total income taxes</b>	<b>19,399</b>	<b>18,461</b>	<b>171,374</b>
<b>MINORITY INTERESTS IN NET INCOME</b>	<b>478</b>	<b>467</b>	<b>4,223</b>
<b>INTERIM NET INCOME</b>	<b>¥ 29,139</b>	<b>¥ 26,725</b>	<b>\$ 257,415</b>

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

Note: U.S. dollar amounts are translated, for convenience only, at the rate of ¥113.20=\$1.00, as of Sept. 30, 2005.

Note: The amounts are presented in thousands of dollars and are rounded to the nearest thousands.

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

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries  
Six months ended September 30,2005 and 2004

	Millions of yen		Thousands of U.S.dollars
	2005	2004	2005
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interest:	¥ 49,017	¥ 45,654	\$ 433,012
Depreciation	4,348	4,177	38,415
Impairment Losses	105		929
Amortization of (negative) goodwill	117	(6)	1,037
Equity in earnings of associated companies	(200)	(213)	(1,768)
Increase (Decrease) in allowance for possible loan losses	(13,596)	(5,950)	(120,112)
Increase (Decrease) in liability for employee's retirement benefit:	9	8	85
Interest income	(84,787)	(85,497)	(749,006)
Interest expenses	3,374	3,184	29,806
Losses (gains) on sales, write-down and redemption of securities-net	2,221	(8,845)	19,622
Foreign exchange losses-net (gains)	(1,956)	(2,988)	(17,283)
Losses (Gains) on disposal of premises and equipment-net	122	646	1,087
Net decrease(increase) in trading assets	22,545	90,194	199,162
Net increase (decrease) in trading liabilities	(4)	(563)	(41)
Net decrease (increase) in loans	(60,478)	438,457	(534,261)
Net increase(decrease) in deposits	(191,900)	(352,838)	(1,695,235)
Net increase(decrease) in negotiable certificates of deposit	74,214	32,369	655,605
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	(29)	(30,527)	(264)
Net decrease (increase) in due from banks (excluding deposits at BOJ)	4,296	(16,752)	37,952
Net decrease (increase) in call loans and others	(50,534)	21,113	(446,414)
Net increase (decrease) in call money and others	(167,813)	(519)	(1,482,447)
Net decrease(increase) in foreign exchange (assets)	761	788	6,724
Net increase(decrease) in foreign exchange (liabilities)	0	8	4
Interest and dividends received	88,567	92,970	782,397
Interest paid	(3,246)	(3,208)	(28,675)
Other-net	66,342	(246,088)	586,062
<b>Subtotal</b>	<b>(258,504)</b>	<b>(24,425)</b>	<b>(2,283,607)</b>
Income tax paid	(11,774)	(3,688)	(104,017)
<b>Net cash provided by (used in) operating activities</b>	<b>(270,279)</b>	<b>(28,113)</b>	<b>(2,387,624)</b>
<b>Investing activities:</b>			
Purchases of securities	(631,957)	(480,932)	(5,582,661)
Proceeds from sales of securities	293,351	334,337	2,591,442
Proceeds from maturities of securities	524,120	119,677	4,630,036
Expenditures for premises and equipment	(1,012)	(2,575)	(8,943)
Proceeds from sales of premises and equipment	1,076	352	9,507
<b>Net cash provided by (used in) investing activities</b>	<b>185,577</b>	<b>(29,141)</b>	<b>1,639,381</b>
<b>Financing activities:</b>			
Repayments of subordinated loans		(50,000)	
Repayments of subordinated bonds and bonds with warrants	(20,000)	(47)	(176,678)
Issuance of common stock	163	89	1,441
Dividends paid	(11,994)	(7,130)	(105,959)
Dividends paid to minority interests stockholders	(5)	(4)	(46)
Purchase of treasury stock	(3,691)	(52,210)	(32,607)
Proceeds from sales of treasury stock	5	3	52
<b>Net cash provided by (used in) financing activities</b>	<b>(35,521)</b>	<b>(109,299)</b>	<b>(313,797)</b>
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS</b>	<b>(18)</b>	<b>(15)</b>	<b>(164)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(120,241)</b>	<b>(166,570)</b>	<b>(1,062,204)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF TERM</b>	<b>543,900</b>	<b>547,011</b>	<b>4,804,771</b>
<b>CASH AND CASH EQUIVALENTS, END OF INTERIM TERM</b>	<b>¥ 423,658</b>	<b>¥ 380,441</b>	<b>\$ 3,742,567</b>

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

Note: U.S.dollar amounts are translated, for convenience only, at the rate of ¥113.20=\$1.00, as of Sept.30,2005.

Note: The amounts are presented in thousands of dollars and are rounded to the nearest thousands.

## Non-Consolidated Interim Financial Statements

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

The Bank of Yokohama, Ltd.

September 30,2005 and 2004

	Millions of yen		Thousands of U.S.dollars
	2005	2004	2005
<b>ASSETS:</b>			
Cash and due from banks	¥ 441,876	¥ 406,934	\$ 3,903,501
Call loans	70,464	532	622,475
Bills bought	30,000		265,018
Other debt purchased	237,114	155,887	2,094,655
Trading assets	28,380	30,935	250,711
Securities	1,263,018	1,299,536	11,157,405
Loans and bills discounted	7,850,550	7,510,253	69,351,152
Foreign exchange assets	5,500	7,292	48,594
Other assets	94,279	93,300	832,854
Premises and equipment	141,934	147,234	1,253,834
Deferred tax assets	25,996	66,016	229,653
Customers' liabilities for acceptances and guarantees	130,317	146,624	1,151,216
Allowance for possible loan losses	(53,923)	(70,437)	(476,355)
<b>TOTAL</b>	<b>¥ 10,265,509</b>	<b>¥ 9,794,111</b>	<b>\$ 90,684,712</b>
<b>LIABILITIES :</b>			
Deposits	¥ 9,206,201	¥ 8,882,626	\$ 10,099,860
Call money	373	388	3,300
Trading liabilities	2,160	2,053	19,088
Borrowed money	34,409	34,477	303,968
Foreign exchange liabilities	60	113	535
Bonds and notes	65,000	85,000	574,205
Other liabilities	182,123	59,355	1,608,866
Deferred tax liabilities for land revaluation surplus	22,736	22,995	200,851
Acceptances and guarantees	130,317	146,624	1,151,216
<b>Total liabilities</b>	<b>9,643,383</b>	<b>9,233,636</b>	<b>85,188,898</b>
<b>STOCKHOLDERS' EQUITY:</b>			
Capital stock	214,944	214,832	1,898,800
Capital surplus	176,563	176,449	1,559,750
Retained earnings:			
Legal reserve	38,383	37,364	339,076
Unappropriated	123,705	102,488	1,092,801
Land revaluation surplus	31,993	32,372	282,629
Net unrealized gain on available-for-sale securities	37,217	14,729	328,773
Treasury stock	(680)	(17,762)	(6,015)
<b>Total stockholders' equity</b>	<b>622,126</b>	<b>560,475</b>	<b>5,495,814</b>
<b>TOTAL</b>	<b>¥ 10,265,509</b>	<b>¥ 9,794,111</b>	<b>\$ 90,684,712</b>

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

Note: U.S.dollar amounts are translated, for convenience only, at the rate of ¥113.20=\$1.00, as of Sept.30,2005.

Note: The amounts are presented in thousands of dollars and are rounded to the nearest thousands.



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

The Bank of Yokohama, Ltd.

Six months ended September 30, 2005 and 2004

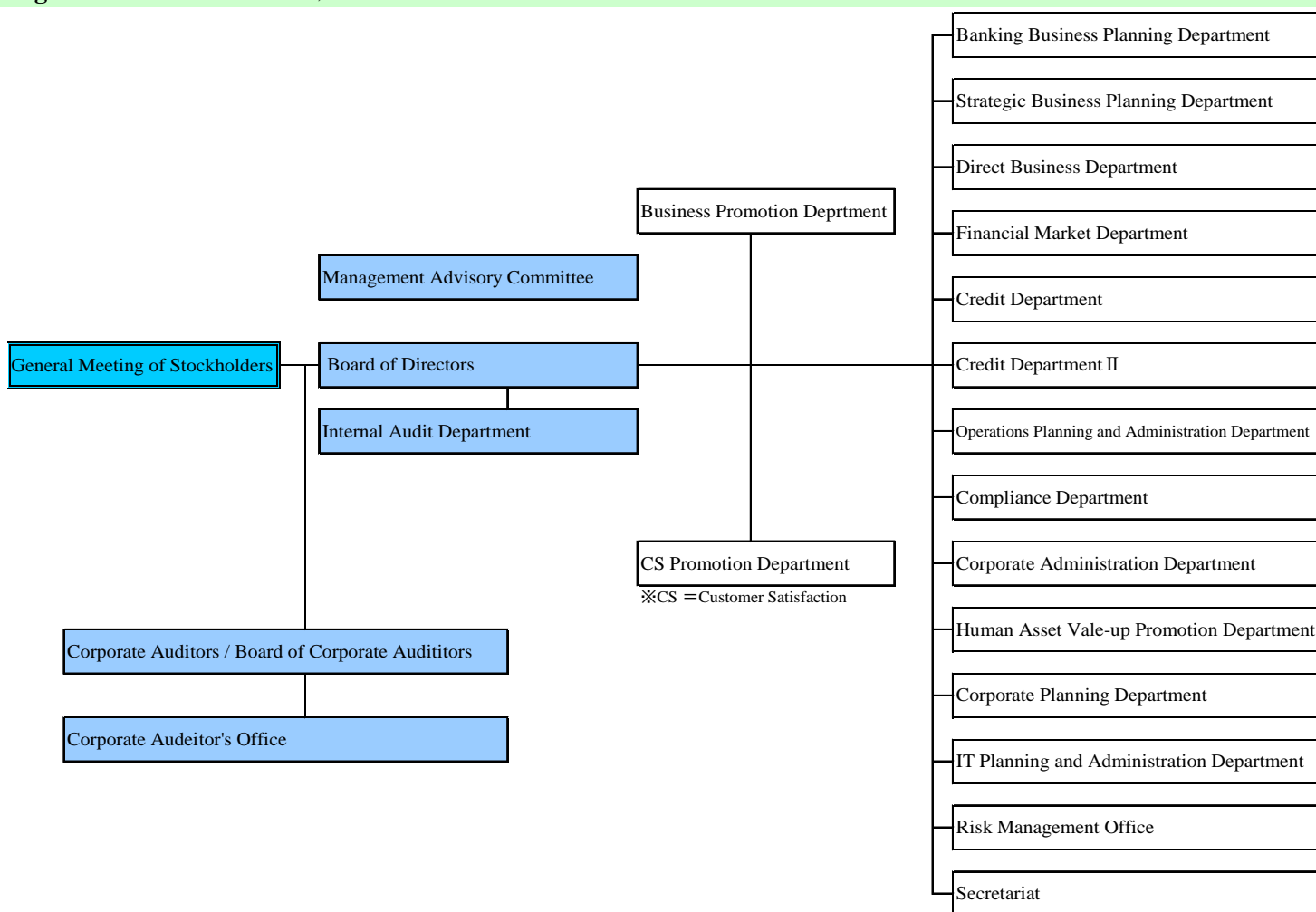
	Millions of yen		Thousands of U.S.dollars
	2005	2004	2005
<b>INCOME:</b>			
Interest income:			
Interest on loans and discounts	¥ 76,434	¥ 78,033	\$ 675,218
Interest and dividends on securities	5,758	6,117	50,866
Other	2,495	1,193	22,043
Fees and commissions	22,223	20,194	196,321
Trading profits	171	438	1,511
Other operating income	5,070	8,076	44,795
Other income	4,756	13,286	42,022
<b>Total income</b>	<b>116,910</b>	<b>127,341</b>	<b>1,032,776</b>
<b>EXPENSES:</b>			
Interest expenses:			
Interest on deposits	1,874	1,139	16,562
Other	1,500	2,046	13,252
Fees and commissions	4,229	5,052	37,360
Trading losses		31	
Other operating expenses	3,190	3,874	28,188
General and administrative expenses	43,857	42,758	387,438
Other expenses	14,593	28,441	128,919
<b>Total expenses</b>	<b>69,246</b>	<b>83,344</b>	<b>611,719</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>47,663</b>	<b>43,996</b>	<b>421,057</b>
<b>INCOME TAXES:</b>			
Current	10,225	4,889	90,333
Deferred	8,814	12,667	77,862
<b>Total income taxes</b>	<b>19,039</b>	<b>17,557</b>	<b>168,195</b>
<b>INTERIM NET INCOME</b>	<b>¥ 28,623</b>	<b>¥ 26,439</b>	<b>\$ 252,862</b>

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

Note: U.S. dollar amounts are translated, for convenience only, at the rate of ¥113.20=\$1.00, as of Sept. 30, 2005.

Note: The amounts are presented in thousands of dollars and are rounded to the nearest thousands.

**Organization** As of October 13, 2005



**International Network** As of November 30, 2005

**JAPAN**

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Chief Representative  
Takeshi Watanabe

**Board of Directors, Executive Officers and Corporate Auditors** As of November 30, 2005

**Chairman**

Sadaaki Hirasawa

**President**

Tadashi Ogawa

**Management Section**

**Representative Director**

**(Head of Corporate Planning)**

Chiyuki Okubo

**Representative Director**

**(Head of Corporate Administration)**

Yoshio Ota

**Executive Officer**

Masaki Ito

**Corporate Auditors**

Hiroshi Hayakawa

Jun Okura

Shinsuke Kobayashi

Masahiro Hoshino

**Marketing Section**

**Representative Director**

**(Head of Business Promotion)**

Toshiyuki Nakamura

**Director and Managing Executive Officer**

Kazutaka Tsumura

**Managing Executive Officers**

Soichi Ushijima

Toshiyuki Mimura

**Executive Officers**

Yasuhiko Teramura

Tetsunobu Ikeda

Hiroshi Kono

Ryuichi Kaneko

Masayuki Ishii

Takashi Yoshikawa

Hideya Shimoyama

**Corporate Data** As of September 30, 2005

**Date of Establishment**

December 16, 1920

**Number of Stockholders**

25,036

(Incomplete stock units are not included)

**Number of Branches and Offices**

195

Domestic: 191

Overseas: 4

**Stock Listing**

First Section of the Tokyo Stock Exchange

**Number of Employees**

3,456

**Paid-in Capital**

¥214,944 million

**Capital Adequacy Ratio(Consolidated)**

10.93%

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

1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa 220-8611, Japan

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