

# Consolidated Financial Statements

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

## Consolidated Balance Sheets

March 31, 1998 and 1997	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1997	1998
<b>Assets:</b>			
Cash and due from banks	¥ 559,367	¥ 1,034,808	\$ 4,234,421
Call loans	46,876	3,990	354,852
Commercial paper and other debt purchased	4,138	3,815	31,325
Trading assets (Note 3)	148,428		1,123,603
Trading account securities (Note 4)		19,404	
Money held in trust	25,833	55,036	195,556
Investment securities (Note 4)	1,594,880	1,607,533	12,073,278
Loans and bills discounted (Note 5)	8,037,192	8,448,031	60,841,726
Foreign exchanges (Note 6)	27,039	41,710	204,686
Other assets (Note 7)	117,816	150,776	891,870
Premises and equipment (Note 8)	185,808	127,393	1,406,571
Deferred income taxes	128,781	108,069	974,875
Customers' liabilities for acceptances and guarantees (Note 9)	383,544	426,778	2,903,437
<b>Total</b>	<b>¥11,259,702</b>	<b>¥12,027,343</b>	<b>\$85,236,200</b>
<b>Liabilities:</b>			
Deposits (Note 10)	¥ 8,962,955	¥ 9,754,311	\$67,849,773
Call money	320,934	550,837	2,429,478
Trading liabilities	2,144		16,230
Borrowed money (Note 11)	374,319	276,407	2,833,603
Foreign exchanges (Note 6)	505	7,970	3,823
Subordinated bonds	153,570	144,796	1,162,528
Convertible bonds (Note 12)	3,274	3,427	24,784
Other liabilities (Note 13)	298,126	208,552	2,256,820
Reserve for possible loan losses	254,434	201,504	1,926,071
Reserve for retirement allowances	15,499	14,926	117,328
Reserve for possible losses on collateralized real estate loans sold	26,042	8,118	197,139
Other reserves (Note 14)	2	2,452	15
Acceptances and guarantees (Note 9)	383,544	426,778	2,903,437
Land revaluation excess	59,204		448,176
Minority interest in consolidated subsidiaries		382	
<b>Total liabilities</b>	<b>10,854,552</b>	<b>11,600,460</b>	<b>82,169,205</b>
<b>Stockholders' equity:</b>			
Common stock (Note 15)	134,547	134,547	1,018,524
Capital surplus (Note 15)	96,024	96,024	726,904
Legal reserve (Note 16)	28,553	27,414	216,147
Earned surplus (Notes 16 and 23)	146,026	168,899	1,105,420
Treasury stock	(0)	(1)	(0)
<b>Total stockholders' equity</b>	<b>405,150</b>	<b>426,883</b>	<b>3,066,995</b>
<b>Total</b>	<b>¥11,259,702</b>	<b>¥12,027,343</b>	<b>\$85,236,200</b>

See notes to consolidated financial statements.



## Consolidated Statements of Cash Flows

Years ended March 31, 1998 and 1997	Millions of yen		Thousands of U.S. dollars (Note 1)
	1998	1997	1998
<b>Operating activities:</b>			
Net income (loss)	¥ (16,044)	¥ 1,266	\$ (121,453)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Provision for possible loan losses	101,774	90,669	770,431
Provision for possible losses on collateralized real estate loans sold	17,924	8,118	135,685
Depreciation and amortization	10,327	12,456	78,176
Deferred income taxes	(20,712)	3,222	(156,790)
Net loss on premises and equipment	537	170	4,065
Net gain on investment securities	(58,493)	(125,104)	(442,793)
Write-down of investment securities	13,748	32,049	104,073
Net gain on trading assets	(896)		(6,783)
Net loss on trading account securities		467	
Net gain on money held in trust	(133)	(521)	(1,007)
Net loss on sales of loans and bills discounted	11,511	32,965	87,138
Write-down of loans	1,427	3,069	10,802
Provision for retirement allowances	1,599	1,600	12,104
Other—net	(301)	(367)	(2,279)
Changes in operating assets and liabilities:			
Net change in trading assets	(128,128)		(969,931)
Net change in trading liabilities	2,144		16,230
Net change in trading account securities		3,974	
Net change in other assets	(51,089)	(35,691)	(386,745)
Net change in other liabilities and other	457	18,765	3,460
Net cash provided by (used in) operating activities	(114,348)	47,107	(865,617)
<b>Investing activities:</b>			
Purchases of investment securities	(855,942)	(897,691)	(6,479,500)
Sales and maturities of investment securities	879,508	920,685	6,657,896
Purchases of money held in trust	(15,750)	(356)	(119,228)
Sales of money held in trust	45,086	6,369	341,302
Purchases of premises and equipment	(14,581)	(11,505)	(110,379)
Sales of premises and equipment	4,806	2,500	36,382
Net change in call loans	(42,886)	(2,675)	(324,648)
Loan originations, net of repayments	323,851	88,037	2,451,559
Net change in commercial paper and other debt purchased	(323)	4,954	(2,445)
Net cash provided by investing activities	323,769	110,318	2,450,939
<b>Financing activities:</b>			
Net change in deposits	(695,419)	63,827	(5,264,338)
Net change in call money	(229,903)	(37,160)	(1,740,371)
Proceeds from subordinated loans	20,000		151,400
Proceeds from subordinated bonds	9,963		75,420
Net change in other borrowed money	78,568	(122,617)	594,762
Net change in margin money received under securities lending transactions	137,619		1,041,779
Dividends paid	(5,690)	(5,690)	(43,073)
Net cash used in financing activities	(684,862)	(101,640)	(5,184,421)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(475,441)</b>	<b>55,785</b>	<b>(3,599,099)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,034,808</b>	<b>979,023</b>	<b>7,833,520</b>
<b>Cash and cash equivalents, end of year</b>	<b>¥ 559,367</b>	<b>¥1,034,808</b>	<b>\$4,234,421</b>
<b>Additional cash flow information:</b>			
Interest paid	¥ 208,213	¥ 207,572	\$1,576,177
Income taxes paid	827	3,212	6,260
<b>Noncash financing activities:</b>			
Convertible bonds converted into common stock and capital surplus		154	

See notes to consolidated financial statements.