Bank of Yokohama

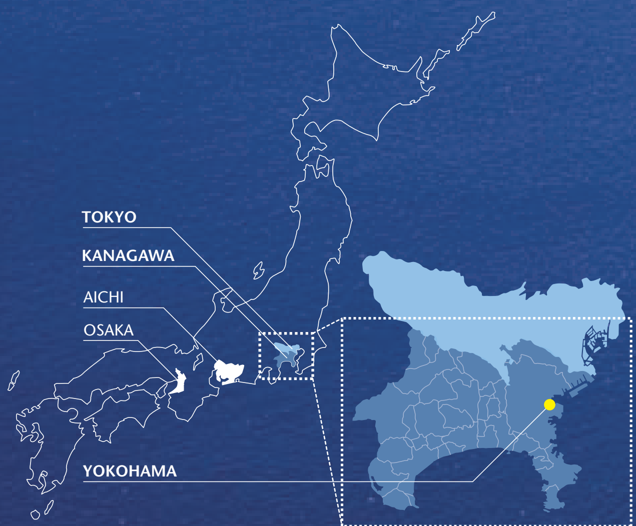
Annual Report 2009

Year Ended March 31, 2009

横浜銀行

PROFILE

The Bank of Yokohama, Ltd. (the Bank), was founded in 1920 to serve the needs of individuals and companies in Kanagawa Prefecture and southwestern Tokyo. With its main business focusing on its home region, the Bank has since grown to become one of Japan's leading regional banks, with consolidated total assets of ¥12,034.5 billion and deposits of ¥10,288.7 billion as of March 31, 2009. We have taken initial steps toward the realization of our long-term vision for the Bank of Yokohama as a financial institution that will meet the expectations of customers, shareholders, employees and local communities. That vision is defined in "New Horizon," the medium-term management plan that we launched in April 2007.



The Potential of Our Business Territory

Our business territory encompasses Kanagawa Prefecture and southwestern Tokyo, an area of excellent growth potential. Kanagawa's economic strength is also reflected in its indicators, such as gross prefectural product and retail sales, which are among the highest in Japan.

Global economic activity began to slow dramatically in the second half of 2008. This has had a major impact on our regional economy, which is heavily reliant on exporting, and there are clear signs of a slowdown in business activity. However, the region is still moving steadily ahead in future-oriented fields, such as electric cars and solar power generation. From a longer-term perspective, we are seeing renewed momentum in forward-looking business activities linked to the region's excellent growth potential.

Potential of Kanagawa Prefecture

Population (Oct. 2008)
8.91 million (2nd/47 Prefectures) (Tokyo, Kanagawa, Osaka)

Number of Businesses (Oct. 2006)
282 thousand (4th) (Tokyo, Osaka, Aichi, Kanagawa)

Gross Prefectural Product (FY06)
¥31.8 trillion (4th) (Tokyo, Osaka, Aichi, Kanagawa)

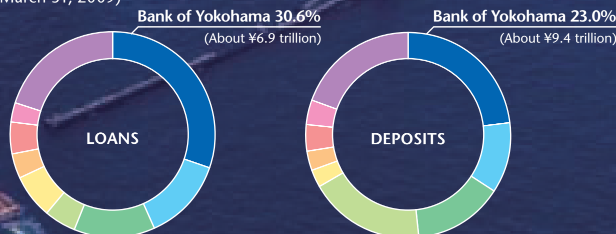
Manufacturing Output (2007)
¥20.2 trillion (2nd) (Aichi, Kanagawa, Shizuoka)

Retail Sales (2007)
¥8.5 trillion (3rd) (Tokyo, Osaka, Kanagawa)

(Note) Source:
- Population & Number of Businesses: Ministry of Internal Affairs and Communications
- Gross Prefectural Product: Cabinet Office, Government of Japan
- Manufacturing Output, Retail Sales: Ministry of Economy, Trade and Industry

Market Share in Kanagawa Prefecture

(As of March 31, 2009)



	LOANS	DEPOSITS
Banking Group A	13%	11%
Banking Group B	13%	14%
Banking Group C	5%	18%
Banking Group D	7%	3%
Regional Banks	4%	3%
2nd Tier Regional Banks	5%	4%
Trust Banks	3%	4%
Co-op Banks	20%	19%

(Note) Market share calculations do not include Japan Post Bank, Credit Cooperatives and Japan Agricultural Cooperatives.

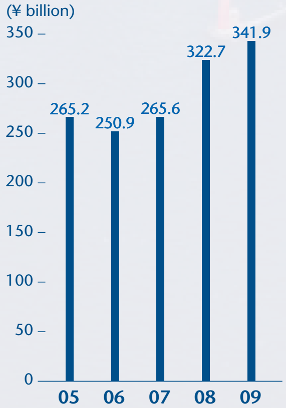
CONSOLIDATED FINANCIAL HIGHLIGHTS

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

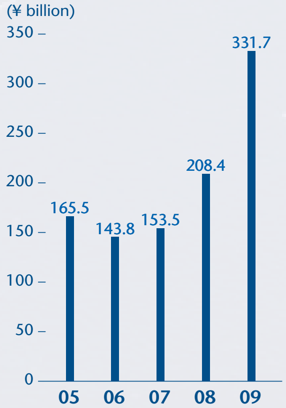
Years ended March 31	Millions of Yen* 2009	2008	Thousands of U.S. Dollars** 2009
At year-end:			
Total assets	**¥12,034,535**	¥11,989,520	**$122,501,374**
Cash and due from banks	**623,224**	544,132	**6,343,894**
Deposits	**10,288,750**	10,119,828	**104,730,766**
Loans and bills discounted	**8,961,222**	8,518,650	**91,217,652**
Securities	**1,348,507**	1,408,100	**13,726,668**
Total equity	**714,086**	748,348	**7,268,799**
Capital stock	**215,628**	215,597	**2,194,917**
For the year:			
Total income	**¥ 341,947**	¥ 322,776	**$ 3,480,740**
Total expenses	**331,777**	208,441	**3,377,213**
Net income	**7,344**	68,270	**74,765**

* Yen amounts have been rounded down to millions of yen.
** U.S. dollar amounts are translated, for reference only, at the rate of ¥98.24=$1 effective on March 31, 2009.

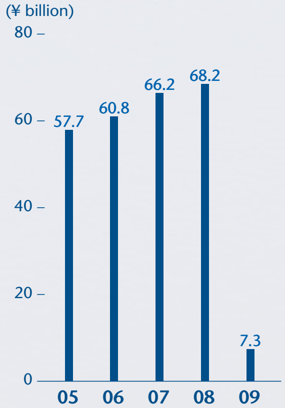
Total Income
Years ended March 31
(¥ billion)



Total Expenses
Years ended March 31
(¥ billion)



Net Income
Years ended March 31
(¥ billion)



The "Three-Ships Spirit"

MANAGEMENT PHILOSOPHY

Reflecting Yokohama's heritage as a port city, the "Three Ships" represents eternal prosperity, with customers, shareholders and bank employees (the "Three Ships") growing hand in hand with harmony. The three ideas underlying the concept we are working to realize are as follows.

- We aim to become a bank that is trusted. We will do this by fully recognizing our traditional role in ensuring a stable supply of funds, and in providing the kind of financial services demanded by the community by conducting our business in as thorough a manner as possible.
- In each area of our market, we aim to become a community bank deeply rooted in its locality, with each branch working to be the "best bank," growing through contribution to the community and in concert with it.
- We aim to be a bank that serves all the community, and is a great place to work, by developing and training dynamic talents and fostering energetic culture.

CONTENTS

This report contains information that constitutes forward-looking statements. These statements appear in a number of places in this presentation and include statements regarding the intent, belief or current expectations of the Bank or its officers with respect to the financial condition of the Bank. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors. The information contained in this report identified important factors that could cause such differences, including but not limited to, change in overall economic conditions.

I would like to begin by expressing our sincere appreciation to our customers and shareholders for their continuing support of the Bank of Yokohama.

There are signs that the global economic turmoil that emerged last summer in the wake of the U.S. subprime loan crisis is now starting to subside. However, the situation remains very uncertain, and the path to recovery will not be an easy one.

In addition to a major downturn in exports, the Japanese economy has also been affected by a rapid decline in production activities, a deteriorating employment environment and a slump in consumer spending. All of these factors mean that we are experiencing continued uncertainty as to the economic outlook.

These trends have also had a major impact on the economy of Kanagawa Prefecture. We expect that difficult economic conditions will continue for some time to come.

Despite the challenges that heralded the arrival of the current fiscal year, it will be a very important one for our efforts to realize our long-term vision for the next ten years. By working toward that vision, we are determined to realize the evolution of the Bank into an attractive financial institution for customers, shareholders, employees and communities.

This will be the final year of our medium-term management plan, "New Horizon". Conditions have changed substantially since the plan was formulated, and we have had to adjust some of our numerical targets to reflect the actual situation. In the year ended March 31, 2009, we recorded a substantial decline in income due to factors including a rise in credit costs, resulting in part from increased bankruptcies in certain industries, as well as increased write-downs of stocks and other assets because of falling share prices. Our response to this situation has been to focus our efforts in the current year on three prioritized measures: intensification of low-cost operation, enhancement of human resource performance and enhancement of credit control.

We are now in the final phase of preparations for the launch in January 2010 of the "MEJAR" shared use system, which we are developing jointly with The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd. The entire Bank of Yokohama organization is working intensively and with great care to ensure a successful transition to the new system.

During the current fiscal year, we will progressively open new shared branches with Hamagin Tokai Tokyo Securities Co., Ltd., a securities subsidiary established in November 2008 as a joint venture with Tokai Tokyo Securities Co., Ltd. We also plan to open the Shanghai branch, our first overseas branch in ten years.

By steadily implementing these initiatives, we aim to build a robust management structure capable of withstanding any changes in our business environment. We are also determined to further enhance the convenience of our customers.

Next year, we will celebrate an important milestone, the 90th anniversary of the Bank's founding. The Bank has survived many difficult periods during this long history. I believe that our most important priorities now are to learn from that experience, and move forward steadily toward the achievement of our goals. All of our executives and staff have a very clear awareness of these priorities and are determined to work as one to bring the Bank successfully through these challenging times.

We look forward to your continuing support in the future.

September 2009

T. Ogawa

Tadashi Ogawa President

Partial Revision of the Medium-Term Management Plan “New Horizon”

The Bank has made a partial revision to its Medium-Term Management Plan “New Horizon”.

While the Medium-Term Management Plan was launched as a three-year plan covering the period from April 2007 through March 2010, necessary revisions were made to reflect the current economic climate and other factors that have significantly changed the business environment of the Bank due to the global economic disruptions after the autumn of 2008.

Target Figures:

PROFITABILITY	BEFORE REVISION	AFTER REVISION (FY2009 <PLAN>)
Gross Operating Income (non-consolidated)	¥270 billion	**¥212 billion**
Earnings Per Share (consolidated)	+30% increase	**¥15.8**

MARKET SHARE IN KANAGAWA (Market share does not include Japan Post, Credit Cooperatives and Japan Agricultural Cooperatives)	BEFORE REVISION	AFTER REVISION (FY2009 <PLAN>)
Loans (non-consolidated)	Higher than 30%	**To remain as is**
Deposits (non-consolidated)	Higher than 23%	**To remain as is**
Non-Deposit Products Outstanding (non-consolidated)	+50% increase	**+12% increase from FY2008**

ADDITIONAL STRATEGIES

Measures to be Focused on in the Final Year:

Intensification of Low-Cost Operation

- Intensifying low-cost operation and taking the economic environment into consideration
- Securing profits by focusing on the balance between risk and return

Enhancement of Human Resource Performance

- Let bank employees exercise their abilities, and strengthen their capabilities
- Improving organizational productivity

Enhancement of Credit Control

- Providing stable supply of funds to SMEs
- Further efforts toward business reconstruction
- Exercising well thought-out credit control

INITIATIVES FOR INDIVIDUAL CUSTOMERS

Customer convenience is an important aspect of efforts to develop our business with individual customers. Service enhancements include the establishment of new branches, particularly specialized branches, and the expansion of our ATM network. In addition, we will develop new functions by utilizing alliances. Another priority is the enhancement of our consulting services, such as housing loans and non-deposit products, that we offer to meet customers' needs.

Specialized Branches

The Bank is opening branches that specialize in services for individual customers in Kanagawa Prefecture. We are also establishing specialized branches capable of providing consulting services to help customers select financial products that meet their needs and objectives.

ATM Network

As of March 31, 2009, we had 401 unmanned branches in railway stations and other convenient locations.

We have continued to expand our network of partner ATMs by proactively utilizing alliances with other financial institutions. We share ATM services with several other regional banks, specifically the Kanagawa Bank, Kanto Tsukuba Bank, Joyo Bank, Chiba Bank, Tokyo Tomin Bank, Hokuriku Bank, Hokkaido Bank and Musashino Bank.

Housing Loans

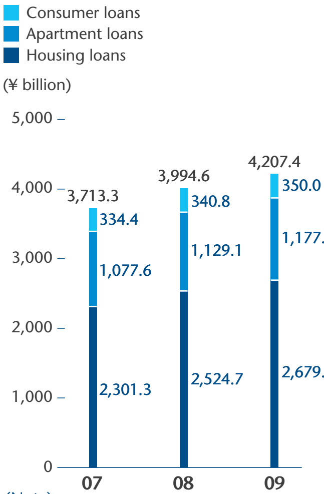
The Bank offers an extensive range of housing loan products to meet a variety of customer needs and life plans, including the construction or purchase of a residence, and the refinancing of a loan from another financial institution. Our range includes high-added-value, low-cost loan products, such as packages specifically designed for female borrowers, and housing loans with lifestyle support features.

A housing purchase is a major life event. The Bank helps customers to make the necessary household budget adjustments, including the arrangement of income insurance for new loan customers.

Expert staff stand ready to assist customers at our 26 Housing Loan Centers (as of March 31, 2009), most of which are open seven days a week for consultation and applications.

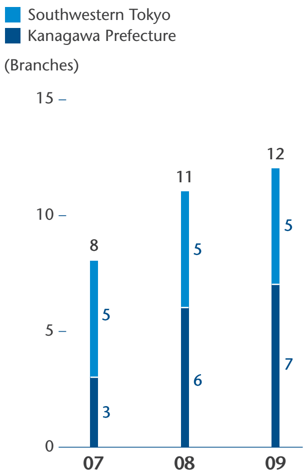
In addition, customers can apply for preliminary loan screening by contacting our Direct Housing Loan Center by

Individual Loans (Non-Consolidated)
As of March 31

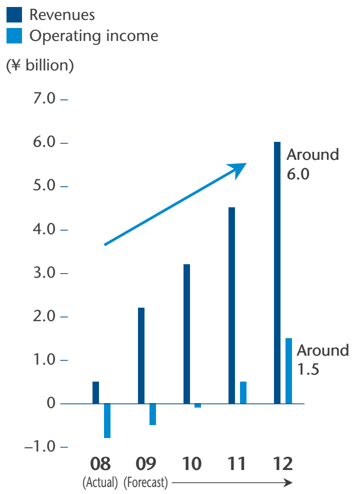


(Note)
"Housing loans" includes a portion that has been securitized.
(Mar. 07: ¥271.0 Bn., Mar. 08: ¥270.6 Bn., Mar. 09: ¥257.4 Bn.)

New Branches by Region (Cumulative)
As of March 31



Hamagin Tokai Tokyo Securities' Revenues & Operating Income Plan
Years ended March 31



telephone or via the Internet. There is also a toll-free advice line for existing loan customers.

Hamagin Tokai Tokyo Securities

Hamagin Tokai Tokyo Securities was established by the Bank of Yokohama and Tokai Tokyo Securities Co., Ltd. as a joint venture in November 2008. In addition to its head office sales department, the new company also took over the Futamatagawa, Konandai, Yokosuka, Ofuna, Chigasaki and Sagamihara Branches of Tokai Tokyo Securities in Kanagawa Prefecture, creating a network of seven outlets.

On July 21, the first combined branch of the Bank of Yokohama and Hamagin Tokai Tokyo Securities was opened in the Bank of Yokohama Nakayama Branch.

Investment Trusts

We have expanded our range of investment trusts to meet the investment needs of our customers. As of April 31, 2009, we offered 53 funds covering 50 types of products through our 196 branches in Japan. There has been steady growth in the balance of these funds, especially stock funds. Our product line-up includes retirement planning funds to meet the investment needs of baby-boomers, as well as funds specializing in investment in companies working to prevent global warming. There has been steady growth in sales of 18 investment trusts that are sold exclusively through direct channels, such as Internet banking and telephone banking.

Life Insurance

The Bank offers a variety of life insurance products to meet the wide-ranging post-retirement asset management and inheritance needs of our customers. As of March 31, 2009, we offered 3 personal fixed annuity insurance products, including 1 foreign currency-denominated product, 11 variable annuity insurance products, and 3 lump-sum whole life insurance products.

Inheritance-Related Service

To meet the inheritance-related requirements of its customers, the Bank provides testamentary trust and estate settlement services in partnership with the Mitsubishi UFJ Trust and Banking Corporation and The Sumitomo Trust & Banking Co., Ltd., for which it acts as a trust agency.

Yokohama Bank Card

This versatile card combines the functions of a cash card, an international credit card and a loan card.

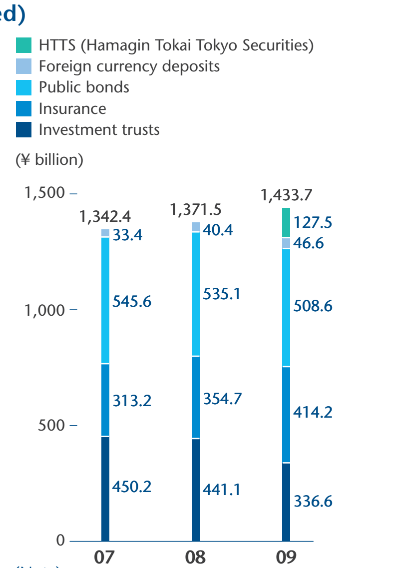
In April 2009, the Bank introduced the Yokohama Bank Card Suica which enables access to the Suica rail fare payment system. We offer bank cards that combine IC card and cash card functions with biometric authentication technology .

Card Loans for Consumers

Applications for our card loan product, “QYQY” (“Quicky”) can be made through direct channels, including telephone, fax, postal mail, mobile telephone and the Internet. Normally applications are screened and a response is given on the same day.

Balance of Non-Deposit Products for Individuals (Consolidated)

As of March 31



(Note)
Insurance = annuity insurance + whole life insurance

INITIATIVES FOR CORPORATE CUSTOMERS

The Bank offers a variety of services to meet the wide-ranging financing needs of its corporate customers. We are also developing sophisticated advisory services based on the capabilities of our group companies. These include advice in areas requiring specialist knowledge, such as M&A and business succession.

Solutions for Diversifying Financing Needs

The financing needs of businesses are becoming increasingly diverse. The Bank is enhancing its capacity to meet these changing needs through involvement in non-recourse loans using real estate liquidation schemes, private finance initiatives (PFIs) and other financing structures. We help our customer to find solutions to a wide range of financing requirements.

Through our business alliance with Aozora Bank, Ltd., we offer a range of investment banking services, including securitization, asset liquidation and other asset financing services, and advisory services relating to financial and capital strategies, including M&A.

Syndicated Loans and Private Placement Bonds

Syndicated loans have become an established part of the financing tools used by small and medium-sized companies in our region. We will continue to form syndicates to meet the changing financing needs of our customers. Private bond placements have also become a familiar direct financing method. There is still a growing demand for services in this area, and we will continue to respond proactively to customer needs.

Business Loan Centers

Our Business Loan Centers specialize mainly in loans for small and medium enterprises, offering such loans as "Hamagin Super Business Loans" and loans guaranteed by credit guarantee associations, using our exclusive scoring model. They work closely with the Area Business Departments to provide services to a wide range of small and medium enterprises.

Venture Capital Business

In this segment, the Bank facilitates the supply of funds to new businesses through the "Yume Fund," which covers a variety of government loan schemes for newly established businesses. We also channel investment to new businesses through "Yume Fund Investment Partnerships." As of March 31, 2009, the balance of Yume Fund investments stood at ¥8.9 billion, and funds had been supplied in 1,205 cases. Investment through Yume Fund Partnerships is channeled mainly into venture businesses with strong ties to Kanagawa Prefecture. By March 31, 2009, we had invested in a cumulative total of 102 companies, of which 12 had implemented IPOs.

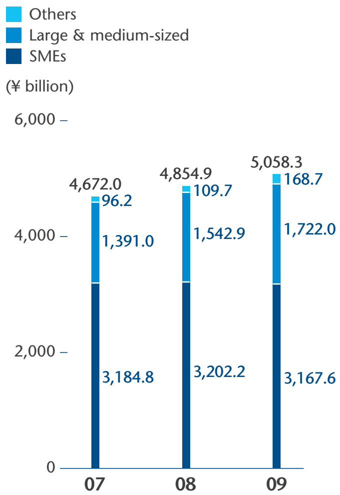
We also arrange loans secured by intellectual property in collaboration with the Development Bank of Japan. By March 2009, we had arranged four co-financing deals.

Enhanced Business Support

We help our customers to achieve sustainable growth by providing high-added-value information through our extensive network in Kanagawa Prefecture and southwest Tokyo. We also make optimal use of the Bank

Corporate Loans (Non-Consolidated)

As of March 31



(Note)
"Others" includes loans to public and public-related sectors.

of Yokohama Group's wide-ranging information resources and capabilities to meet customer needs in such areas as business expansion and succession through M&A. We are continually strengthening our solutions-based consultation and marketing services.

Support for Overseas Expansion

We created the Asia Business Promotion Office within the International Business Department to assist customers who have already established overseas business operations or are considering this step in the future. This specialist unit can provide a variety of support, including the proposal of solutions to the various problems that can arise during overseas business expansion.

In addition, we actively provide local financial services in Asian markets through our alliances with overseas banks. These include the Bank of East Asia, Ltd., which is the largest independent local bank in Hong Kong, and the Bangkok Bank Public Company Limited, which is Thailand's biggest commercial bank.

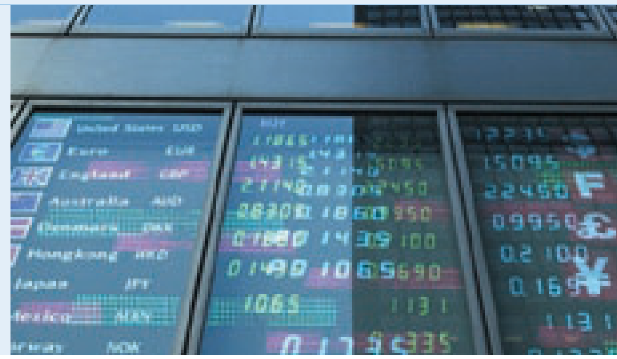
Shanghai Branch

The Bank has taken various steps, including the formation of alliances with foreign banks, to enhance our support functions for local companies that have established business operations overseas.

We are currently preparing to establish a branch in Shanghai, for which approval has already been obtained from the Chinese government. We aim to open the branch before the end of fiscal 2009. The new branch will be an important base for financial support services for customers developing business operations in China.

FINANCIAL MARKET ACTIVITIES

We actively use financial markets, including money markets, foreign exchange markets, bond markets and derivatives markets, both to meet the increasingly diverse needs of our customers, and also for diversified investment on our own account.



New Products and Services to Meet Customer Needs

We offer various derivatives that our customers use to hedge against interest rate and currency fluctuations and other risk factors. For added convenience, customers can place applications for foreign exchange contracts through our Internet-based Hamagin FX Direct service.

We also assist our customers by providing daily updates on market information and foreign exchange rates on our website.

Diversified Investment

Our diversified investment strategy allows us to adapt to changes in our investment and funding structure. Our aim is to secure earnings while carefully balancing investment returns and risks.

To appropriately manage interest rate risk, price fluctuation risk, exchange rate risk and liquidity risk, we also use financial markets as part of our asset and liability management (ALM).

PROFIT DISTRIBUTION POLICY AND INFORMATION FOR SHAREHOLDERS

Dividend Policy

1. Basic Policy on Dividends

Returning profits to shareholders is an important management priority for the Bank of Yokohama. In the year ended March 31, 2005, the Bank introduced a performance-based dividend policy, while adhering to the concept of a stable dividend. Specifically, the Bank will pay an Ordinary Dividend, stably paid regardless of business results, and a Special Dividend, which is linked to business results.

(1) Ordinary Dividend

The Ordinary Dividend is paid irrespective of business performance. From the year ending March 31, 2008, the Bank pays an ordinary dividend of ¥10 per share, based on the improvement in its profitability, and on its policy of emphasizing improvement in shareholder value.

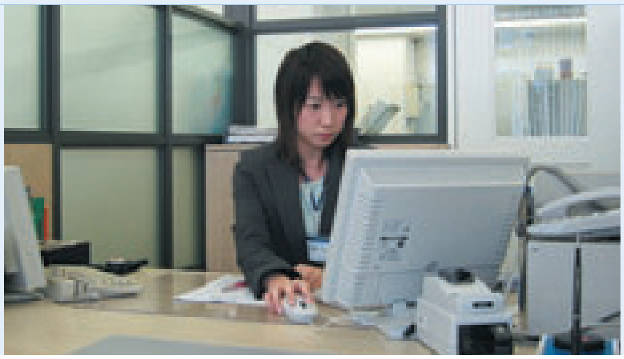
(2) Special Dividend

The Special Dividend is paid in any year in which the Bank's net income exceeds ¥60 billion yen. From the year ending March 31, 2008, after a review of the original calculation formula, the amount allocated for this portion is equivalent to 35% of the amount exceeding ¥60 billion in net income.

2. Returning Profits to Shareholders, Including Repurchase of Own Shares

In the year ended March 31, 2009, the Bank repurchased approximately ¥5.8 billion worth of its own shares (common stock) from the market. The Bank will continue to proactively return profits to shareholders. Under its medium-term management plan, "New Horizon," which covers the period from April 2007 to March 2010, the Bank is planning to return at least 40% of the net income to shareholders each year, by means of dividend payments and repurchasing of its own shares.

PROACTIVELY INVESTING IN HUMAN ASSETS



"Proactively investing in human assets" is one of the core themes of our new medium-term management plan, known as "New Horizon". We intend to invest aggressively in training and other aspects of human resource development to enhance our ability to provide added value to our customers.

Upgrading Human Assets

Investment under our human resource development policy is focused primarily on human resource development and motivation programs. Our aim is to enhance the value of our employees by improving their specialist knowledge and consultation skills. Particularly important is the ability to impart information clearly to customers. Staff must also be aware at all times of the customer's situation and act with sincerity. Our training programs are designed to strengthen these vital personal qualities and develop human resources who will be able to earn the trust of our customers.

Skill Development Support

The Bank of Yokohama has established structured career development and skill development support systems that help each employee to build their own careers based on clearly defined individual skill development plans.

Under this policy, the Bank has expanded and enhanced its education programs and in-house and external training programs for the purpose of improving the specialist knowledge and consultation skills of our employees, and thereby equip them for work in today's increasingly diverse financial environment. In fiscal 2009, we will also send employees overseas to undertake MBA studies.

Prioritized Measures in Upgrading Human Assets

	Prioritized Measures	
Human Resource Development	Expanding education programs Better in-house training programs Acquisition of consultancy by dispatching trainees outside	Upgrading Human Assets Improving CS and ES
Strengthening Motivation	Introducing attractive remuneration packages Reviewing evaluation system & personnel assessment Developing work-life-balance measures Appropriate allocation and hiring of employees	

CSR ACTIVITIES

Our manifesto for the "New Horizon" medium-term management plan includes a commitment to proactive engagement in community-based CSR activities. We are steadily turning that commitment into reality through focused activities.

Most of our CSR activities can be categorized as social contributions. We approach these activities in partnership with people in local communities.

Our CSR activities can be broadly categorized into "Corporate Leadership Activities," "Community-Based Volunteer Activities," and "Self-Planning Programs." Activities in the third category focus on children, specifically educational activities for future generations. Our goal is to contribute to enhanced regional growth and prosperity through these activities.

Basic Philosophy on Environmental activities

The Bank implements a variety of environmental protection activities. These can be broadly divided into energy conservation and recycling activities by the Bank of Yokohama Group, support for environmental protection activities by local communities and customers through the provision of financial products and services and other support, and environmental protection efforts guided by the environmental awareness of individual Bank of Yokohama executives and employees.

Corporate Governance

Basic Approach

In accordance with the Bank's recognition of corporate governance as a critical management issue, the Board of Directors and Board of Corporate Auditors supervises and monitors the execution of the duties of directors while placing great emphasis on compliance with the Corporation Law and other laws and ordinances.

The Bank has introduced an executive officer system, within which executive officers appointed by the Board of Directors are responsible for the operation of their departments, together with directors. In addition, the term of office of directors has been limited to one year in order to invigorate the Board of Directors and to facilitate quick responses to changes in the business environment.

Progress in the Implementation of Corporate Governance Policies

The Board of Directors is the apex of a structure designed to support appropriate delegation of authority and timely decision-making while ensuring strict enforcement of internal regulations.

A. Board of Directors

The Board of Directors makes decisions on important matters pertaining to the Bank's management, including policies and the execution of operations. Directors regularly report to the Board of Directors on various matters, including compliance, risk management and audit results. Meetings of the Board of Directors are normally held monthly.

B. Auditors, Board of Corporate Auditors

The Bank of Yokohama is structured under the "company with auditors" system Individual auditors attend important management meetings, including meetings of the Board of Directors, in accordance with audit policies and plans determined by the Board of Auditors. The auditors also perform their duties by monitoring the Bank's operations, financial position, and the performance of directors' duties.

C. Management Conference

The membership of the Management Committee includes representative directors and directors. It deliberates on agenda items for meetings of the Board of Directors and makes decisions on important management matters as stipulated in the Bank's internal regulations.

D. Remuneration Committee

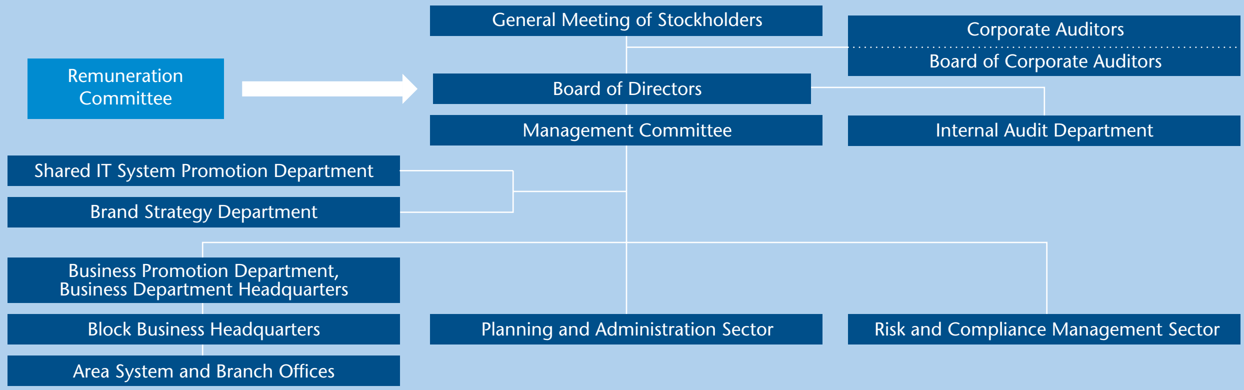
The Remuneration Committee was established to deliberate on directors' remuneration. Its task is to ensure objectivity and transparency in related decisions.

Improvement of Internal Control Systems

Based on its management philosophy, the Bank seeks unfettered growth through the forging of close partnerships in a spirit of harmony with stakeholders. Consequently, the Bank is putting in place a framework to ensure its operations are always appropriate.

A. A framework to ensure that the execution of duties of directors and employees is in accordance with the Articles of Incorporation as well as other laws and ordinances.

Corporate Governance Structure



B. A framework for storing and managing information related to the execution of duties of directors.

C. Regulations and other frameworks related to control of loss-related risk

D. A framework to ensure the execution of duties of the directors is being performed efficiently.

E. Systems to ensure the accuracy of financial statements.

F. A framework to ensure the appropriateness of operations within the Bank's group, comprising its subsidiaries as well as the Bank itself.

G. A framework concerning employees involved when Corporate Auditors request that the employees be assigned to assist them in their necessary duties, as well as provisions regarding the independence of those employees from the directors.

H. A framework enabling directors and employees to report to the Board of Corporate Auditors and a framework covering other reports to the Board of Corporate Auditors.

I. Other frameworks to ensure that audits by the Corporate Auditors are to be performed effectively.

(As of the end of June 2009)

Compliance

Approach to Compliance

The Bank has established the "Compliance Committee" and Compliance Conference, which are forums for deliberations on basic compliance policies, stringent measures to prevent regulatory violations, and other compliance-related matters. Management is actively involved in compliance activities and is working to enhance related systems by strengthening compliance checks and providing detailed guidance to branches.

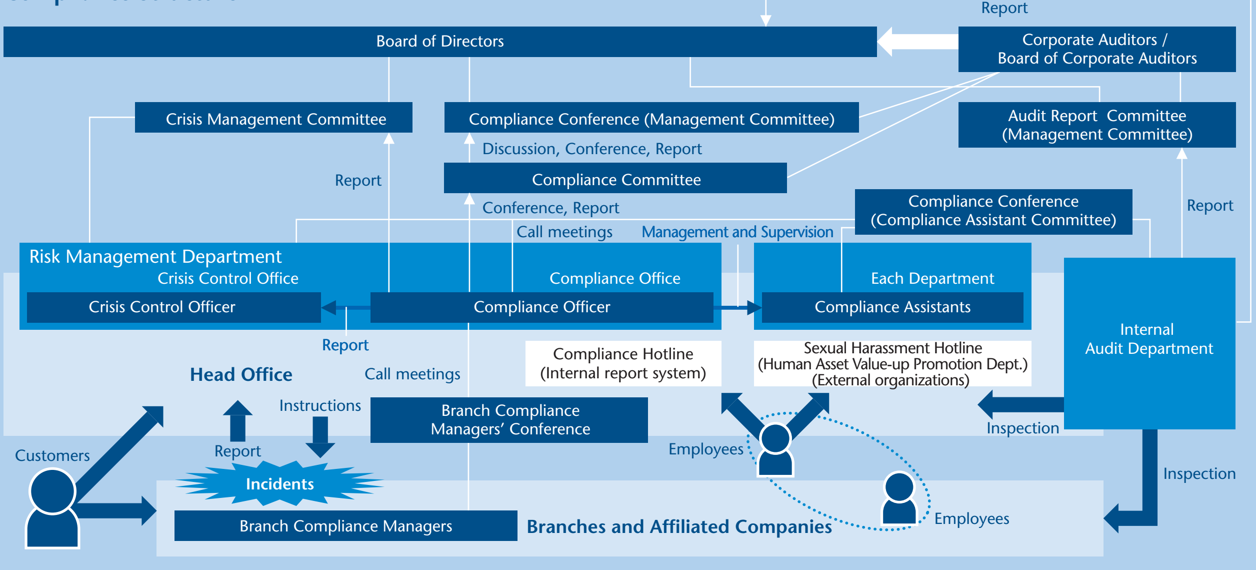
Basic Compliance Policy

The Bank's basic policy on compliance is determined by resolutions of the Board of Directors. Core aspects of compliance are defined in the Compliance Regulations. Every fiscal year the Board of Directors determines the Compliance Program of specific compliance measures, which form the basis for actual compliance implementation.

Compliance Framework

The Compliance Office within the Risk Management Department has overall responsibility for compliance activities throughout the Bank of Yokohama organization. Compliance officers are appointed directly by the Board of Directors and work independently of business departments to coordinate all aspects of compliance activities.

Compliance Structure



Elimination of Antisocial Elements

We are constantly aware of our social mission and responsibilities as a bank. For this reason, we steadfastly refuse to provide funds to antisocial elements that could threaten public order and safety and resolutely reject any unlawful demands or intervention by such elements. The entire Bank of Yokohama organization is united behind our fundamental principle of excluding any relationship whatsoever, including business transactions, with antisocial elements.

Approach to Customer Protection and Other Control Systems

In an effort to strengthen customer protection and other control systems, the Compliance Office has oversight, planning and management functions related to customer protection and other controls. The Customer Services Office, which operates within the Risk Management Department, serves as a framework for accommodating customer comments and complaints.

Protection of Personal Information

The Bank's Declaration on the Protection of Personal Information is based on the Japanese Personal Information Protection Law, industry guidelines and other requirements. This declaration, and the purposes for which customers' personal information will be used, are clearly stated on our website, in posters displayed in branches, and in brochures.

Risk Management

Approach to Risk Management

The risks confronting banks are becoming increasingly diverse and complex in step with the progress of financial deregulation, globalization and securitization as well as the development of derivatives and other financial engineering and IT, along with the growing sophistication of customer needs. Given this situation, the Bank positions risk management as a critical management issue from the standpoint of maintaining and improving the soundness of its business, and constantly works to refine its approach in this direction.

Consequently, the Bank comprehensively manages a wide range of risks by conducting dynamic risk control. At the same time, the Bank has constructed a strict monitoring framework to cope with the various risks such as credit risk, market risk and liquidity risk. Under this framework, risk controlling departments and risk-taking departments are organizationally separated.

Based on this framework, the Bank takes the characteristics of the various risks into consideration to draw a sharp line between "risks that should be taken" and "risks that should be avoided." The Bank actively deals with those risks that should be taken by applying appropriate control systems. In this manner, the Bank conducts sound and highly profitable business as the leader of the financial system in its region.

Basic Policies on Risk Management

Based on the Basic Risk Management Principles approved by the Board of Directors, the Bank conducts risk management in keeping with the basic policies stated below:

- The Bank continually identifies, assesses, monitors and controls the various risks inherent in its operations, products, services and systems corresponding to our strategic goals, including medium-term management plans and operational management policies. In this way, the Bank is able to secure stable income commensurate with risk by maintaining sound management and appropriately allocating our management resources.
- The Bank has established specific risk management policies according to our strategic goals, and the Bank takes appropriate steps to ensure that all within our organization are aware of these policies. Risk management policies are reviewed annually or as required when there are changes in our strategic goals or the external environment.
- Various risks confronted by the Bank are distinguished and controlled as much as possible in an integrated manner because they are either cross-organizational, ranging across various operations, or are closely related to one another.
- The Bank distinguishes and controls risks on a comprehensive and consolidated basis in principle.

  Under the Basel II framework, the Bank has established a credit risk management structure based on internal ratings and enhanced our operational risk management systems. Credit risk is assessed by using the "Foundation Internal Ratings Based approach (FIRB)" and operational risk by using the "Standardized Approach".

Integrated Risk Management

One of the Bank's basic policies of risk management is to "manage risks in an integrated manner as much as possible." To accomplish this goal, the Bank formulates "Integrated Risk Management Regulations" and seeks to understand each risk quantitatively in an integrated manner while conducting its business in pursuit of two aspects: to ensure the soundness of its management and to improve its profitability and efficiency.

Method of Risk Management

In keeping with the following basic rules, the Bank endeavors to refine its risk management practices and make them even stricter.

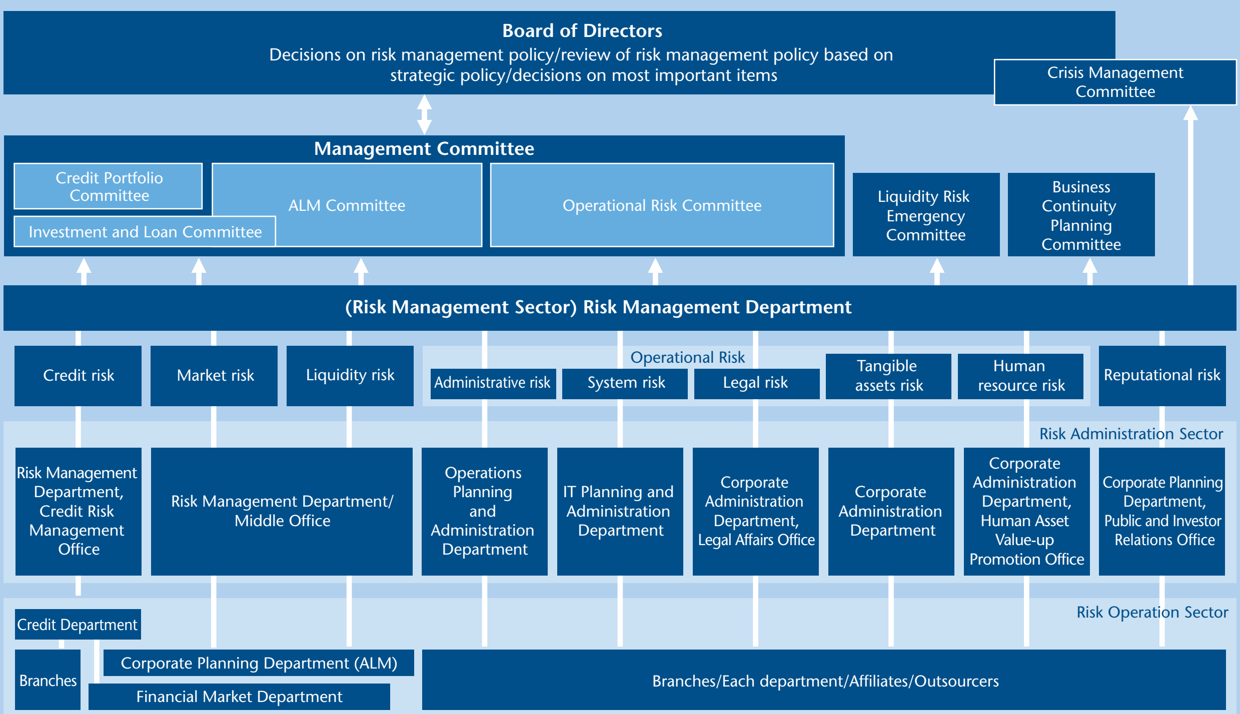
- Certain risks can be quantified, understood and thereby managed. After quantifying such risks by means of risk analysis using VaR (Value at Risk), BPV (basis point value), gap analysis and simulations, the Bank controls those risks in keeping with the expected returns and management strengths.
- Applying back testing and stress tests, the Bank checks its quantification techniques and the validity and effectiveness of its management methods to ensure the effectiveness of risk management while also working to refine its quantification techniques and make them more precise.
- The Bank seeks to prevent the emergence of reputational risks and other risks that should be avoided or constrained. If such risks do emerge, however, the Bank seeks to deal with them immediately.

The Bank identifies and assesses new risks resulting from various actions, such as the development, supply or modification of products and services, and establishes clearly defined risk control methods and management reporting systems.

When tasks are outsourced, appropriate risk management measures are employed to ensure customer protection and management soundness.

The Bank maintains risk management regulations concerning the establishment and effectiveness of risk management systems.

Risk Management Structure

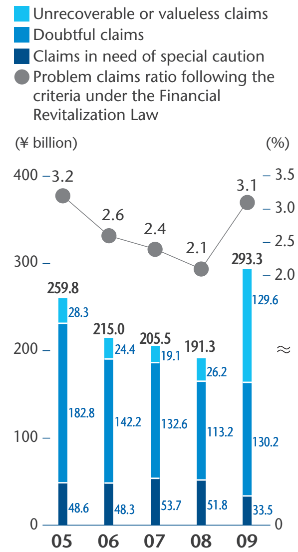


Approaches to Maintaining a Sound Financial Standing

The Problem Claims Ratio Increased to 3.1% (Non-Consolidated)

In the term under review, as a result of improvements in borrower categories and progress in debt collection, through removal of bad assets from the balance sheet and support for business improvement, problem claims (following the criteria set out in the Financial Revitalization Law) increased ¥102.0 billion compared with the previous term-end to ¥293.3 billion. The problem claims ratio increased 1.0 percentage points to 3.1%.

Problem Claims as a Percentage of Total Claims
(In Accordance with the Financial Revitalization Law) (Non-Consolidated)
As of March 31



Coverage of Credit Information (As of March 31, 2009)

(¥ billion, %)

		Unrecoverable or valueless claims	Doubtful claims	Subtotal	In need of special caution (borrower category)	Total
Outstanding claims	(A)	129.6	130.2	259.8	74.9	334.8
Sum covered by collateral, etc.	(B)	88.9	82.7	171.6	17.7	189.4
Sum of possible uncollectible loans	(C=A-B)	40.6	47.5	88.1	57.2	145.4
Specific allowance for possible loan losses	(D)	40.6	18.9	59.5	3.9	63.5
Allowance coverage ratio	(D/C)x100	100.00	39.79	67.55	6.94	43.69
Total coverage ratio	(B+D) /Ax100	100.00	78.03	88.98	28.98	75.54

Capital Adequacy

1. Overview of Capital Adequacy Assessment Method

The capital adequacy assessment method used by the Bank of Yokohama is defined in its Regulations on Capital Adequacy Management. The Bank assesses its capital adequacy by ascertaining whether it has sufficient capital to cover its risk exposure, while also taking management plans and strategies into account. Capital adequacy is assessed on the basis of total risk exposure and the capital adequacy ratio.

To assess capital adequacy based on total risk exposure, the Bank determines whether the buffer (unallocated capital) is sufficient to cover unallocated risk. In this way, it ensures that risk does not exceed its financial capacity.

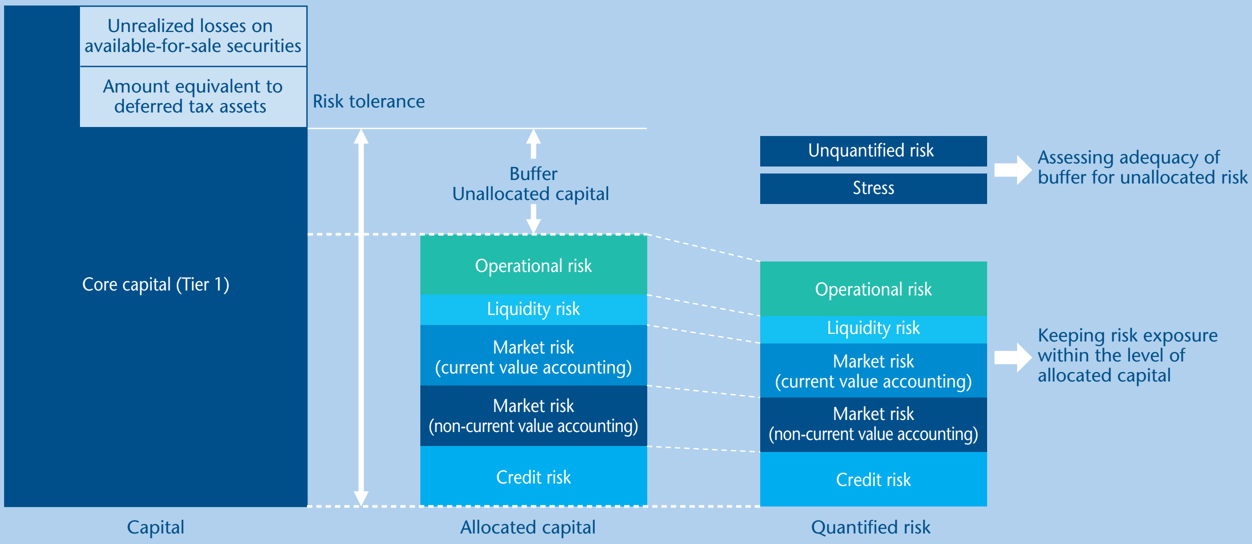
Specifically, expected risk exposure is calculated on the basis of business plans for each segment, and capital is allocated within the scope of real capital according to the level of risk in each category, including credit risk, market risk, liquidity risk and operational risk. To monitor the effect of sudden environmental changes and economic cycles on the overall portfolio, the Bank analyzes the potential impact, including the degree of capital impairment, by periodically conducting stress tests based on common scenarios that reflect the possibility of serious deterioration in relation to each type of risk. The Bank assesses its capital adequacy by comparing the capital buffer (unallocated capital calculated by deducting total allocated capital from real capital) with the extent of risk that is not subject to allocation, including risk excluded from quantification because of the limitations of quantification modeling. Where necessary, the results are used to formulate capital strategies and risk management policies.

2. Overview of Credit Risk Management Policies and Procedures

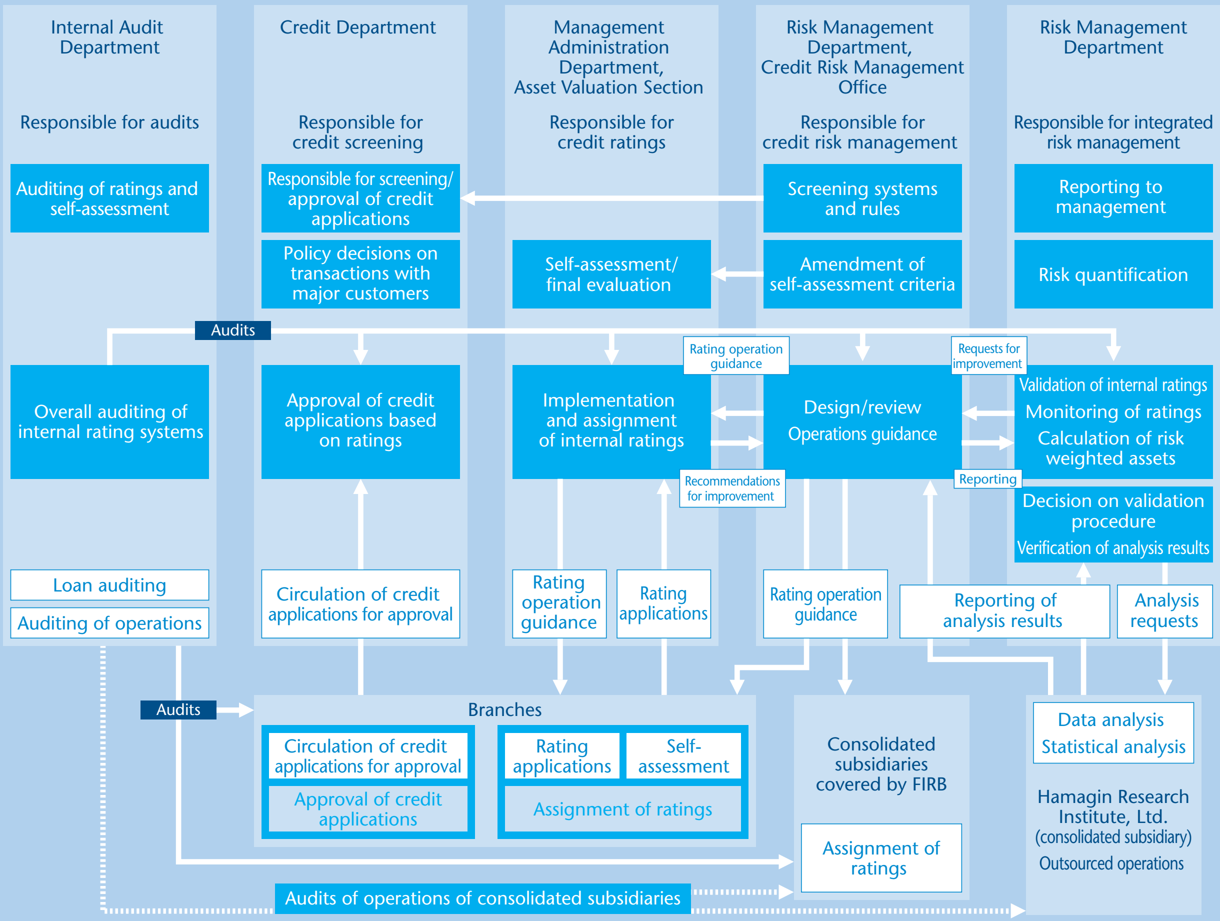
The basic policy of the Bank of Yokohama, as an institution that helps to maintain an orderly credit environment in its region, is to supply credit reliably regardless of business trends and changes in the economic environment with a forward-looking stance, while keeping its exposure to credit risk within its financial capacity and enhancing its risk management approach. Under this policy, we have continually strengthened our credit risk management systems, based on internal rating systems.

The Credit Risk Management Office within the Risk Management Department, which is independent of the Credit Department (responsible for credit screening) and Asset Valuation Section within the Corporate Administration Department (responsible for credit ratings), has developed internal rating and self-assessment systems to analyze the credit risk of obligators and transactions. These systems are used to manage credit risk appropriately, and to write off assets and provide reserves where appropriate. The Risk Management Department, responsible for integrated risk management, maintains the effectiveness and objectivity of internal rating systems by validating them and by monitoring credit portfolios.

Overview of Capital Adequacy Assessment Method



Organizational Structure for Internal Rating Systems



FIVE-YEAR SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

As of March 31,	2009	2008	2007	2006	2005
	Millions of Yen				
ASSETS:					
Cash and due from banks	¥ 623,224	¥ 544,132	¥ 383,330	¥ 305,844	¥ 566,483
Call loans and bills purchased	72,076	232,611	204,354	19,900	86,959
Other debt purchased	246,295	290,984	317,603	304,277	200,976
Trading assets	59,916	51,480	82,437	28,386	50,925
Securities	1,348,507	1,408,100	1,670,276	1,363,469	1,432,580
Loans and bills discounted	8,961,222	8,518,650	8,115,015	8,125,307	7,790,062
Foreign exchange assets	7,257	3,595	4,399	5,324	6,261
Deferred tax assets	68,042	36,149	5,592	5,597	48,787
Customers' liabilities for acceptances and guarantees	400,362	426,264	441,010	394,032	349,167
Other	358,047	533,868	234,036	312,245	232,774
Allowance for possible loan losses	(110,413)	(56,317)	(55,876)	(62,194)	(74,850)
Total	¥12,034,535	¥11,989,520	¥ 11,402,180	¥ 10,802,190	¥ 10,690,128
LIABILITIES:					
Deposits	¥10,288,750	¥10,119,828	¥ 9,867,222	9,450,040	9,296,939
Call money and bills sold	127,764	202,779	132,391	293	168,186
Trading liabilities	1,426	1,954	2,669	5,124	2,165
Borrowed money	250,293	110,887	2,648	17,359	33,439
Foreign exchange liabilities	45	55	36	99	60
Bonds and notes	34,300	40,000	40,000	65,000	86,000
Other liabilities	194,063	314,838	125,580	115,037	130,878
Accrued bonuses to directors and corporate auditors		85	80		
Liability for employees' retirement benefits	91	73	53	88	74
Reserve for directors' and corporate auditors' retirement benefits		1,072			
Reserve for reimbursement of deposits	879	881			
Reserve for contingent losses	420	116			
Deferred tax liabilities			6,446	7,478	
Deferred tax liabilities for land revaluation surplus	22,048	22,333	22,363	22,736	22,773
Acceptances and guarantees	400,362	426,264	441,010	394,032	349,167
Total liabilities	11,320,448	11,241,171	10,640,503	10,077,290	10,089,684
MINORITY INTERESTS				44,557	3,557
EQUITY:					
Capital stock	215,628	215,597	215,481	215,179	214,862
Surplus, reserves and other	450,102	487,299	501,008	465,163	382,024
Minority interests	48,354	45,450	45,187		
Total equity	714,086	748,348	761,677	680,342	596,886
TOTAL	¥12,034,535	¥11,989,520	¥ 11,402,180	¥ 10,802,190	¥ 10,690,128

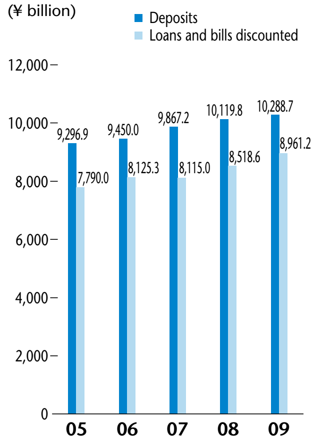
Consolidated Statements of Income

Years ended March 31,	2009	2008	2007	2006	2005
	Millions of Yen				
INCOME:					
Interest on loans and discounts	¥ 194,017	¥ 190,793	¥ 161,968	¥ 151,761	¥ 155,389
Other	147,930	131,982	103,715	99,219	109,900
Total income	341,947	322,776	265,684	250,980	265,289
EXPENSES:					
Interest on deposits	23,863	28,610	12,225	4,241	2,386
Other	307,914	179,830	141,348	139,590	163,128
Total expenses	331,777	208,441	153,574	143,832	165,514
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	10,170	114,335	112,109	107,148	99,775
TOTAL INCOME TAXES	2,121	44,378	44,261	45,386	41,699
MINORITY INTERESTS IN NET INCOME	(703)	(1,686)	(1,558)	(909)	(368)
NET INCOME	¥ 7,344	¥ 68,270	¥ 66,289	¥ 60,852	¥ 57,706

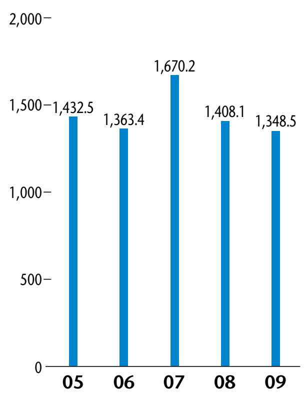
* *Yen amounts have been rounded down to millions of yen.

Financial Review (Consolidated)

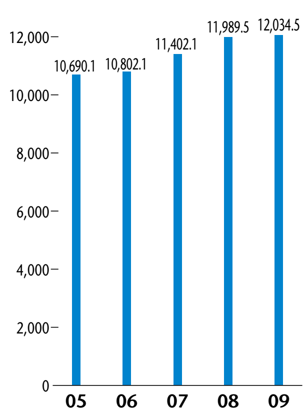
Deposits, Loans and Bills Discounted
As of March 31
(¥ billion)



Securities
As of March 31
(¥ billion)



Total Assets
As of March 31
(¥ billion)



We want the Bank of Yokohama to be an indispensable presence for all stakeholders. This is reflected in our long-term vision for the next ten years, which calls for the evolution of the Bank into an attractive financial institution for customers, shareholders, employees and communities. As our first step toward the realization of this vision, we launched the "New Horizon" medium-term management plan in April 2007.

However, this plan was based on certain assumptions about interest rates and share prices. In the year ended March 31, 2009, which was the second year of plan, the levels of these indicators shifted dramatically as a result of global economic upheavals. As we move into the year ending March 31, 2010, the final year of the current plan, we have adjusted our target management indicators to reflect the realities of the prevailing economic environment.

We responded to these far-reaching changes in our business environment by channeling our management resources into regional retail banking, an area in which the Bank of Yokohama Group excels. Our efforts were focused in particular on the reinforcement of our financial structure and the maximization of business performance. These initiatives are reflected in our results for the consolidated accounting period ended March 31, 2009.

Deposits and Loans

Deposits

Deposits increased by ¥168.9 billion higher year on year to a total of ¥10,288.7 billion at the end of the consolidated accounting period. This growth reflects our efforts to expand deposits through various initiatives, including the promotion of integrated transactions. The total includes ¥3,432.8 billion in time deposits, a year-on-year increase of ¥138.5 billion. Individual deposits at the non-consolidated level were ¥150.4 billion higher year on year at ¥7,709.4 billion, with most of the growth occurring within Kanagawa Prefecture. We attribute this increase to our efforts to expand customer interfaces and improve customer convenience.

Loans and Bills Discounted

We worked to expand our lending business with both individual and corporate customers. The balance of loans at the end of the consolidated accounting period was ¥8,961.2 billion, an increase of ¥442.6 billion compared with the previous year's total.

Our focus on regional retail banking resulted in a ¥226.0 billion increase in lending to individuals at the non-consolidated level. This growth, which occurred mainly in the area of home loans, brought the total as of March 31, 2009 to ¥3,950.0 billion.

Securities

The balance of securities at the end of the current consolidated accounting period was ¥59.6 billion lower year on year at ¥1,348.5 billion. This total includes ¥520.6 billion in Japanese national government bonds, down ¥73.2 billion year on year.

Financial Position

Assets and Equity, etc.

Total assets increased by ¥45.0 billion in the current consolidated accounting period to ¥12,034.5 billion as of March 31, 2009. Total equity (including minority interests) declined by ¥34.3 billion to ¥714.0 billion. There was an increase in risk assets, especially loans, in the year under review, but we were able to maintain a healthy capital adequacy ratio of 10.92% (based on Japanese standards) by various means, including the procurement of subordinated funds. Our Tier 1 ratio was 9.61%.

Since March 31, 2007, we have been calculating our capital adequacy ratio according to the new Basel II standard. We assess credit risk using the foundation internal ratings based approach, and operational risk using the standardized approach.

Income and Profit

Total income was ¥19.2 billion higher year on year at ¥341.9 billion. Reasons for this growth include an increase in other operating income following the conversion of a lease company into a consolidated subsidiary.

Credit costs were higher because of customer bankruptcies and a worsening business environment caused by the recession. We also had to write down shares and other assets as stock markets came under pressure from global financial turmoil. Other current expenses were also higher, with the result that total expenses increased by ¥123.3 billion year on year to ¥331.7 billion.

As a result of these factors, net income in the current consolidated accounting period was ¥60.9 billion below the previous year's level at ¥7.3 billion.

Cash Flows

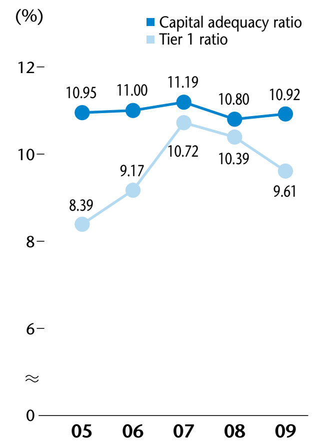
Net cash provided by operating activities amounted to ¥116.9 billion, compared with net cash used of ¥97.9 billion in the previous consolidated accounting period. Reasons for this result include an increase in deposits.

Net cash used for investing activities totaled ¥30.3 billion, compared with net cash provided of ¥141.9 billion in the previous consolidated accounting period. Major items included the acquisition of marketable securities.

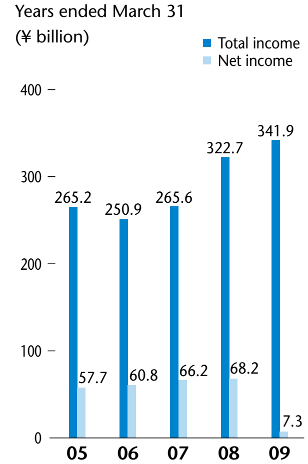
Net cash provided by financing activities amounted to ¥34.4 billion, compared with net cash used of ¥36.9 billion in the previous consolidated accounting period. Sources included subordinated loans.

Cash and cash equivalents as of March 31, 2009 amounted to ¥332.7 billion, a year-on-year increase of ¥121.1 billion.

Capital Adequacy Ratio
As of March 31



Total Income and Net Income
Years ended March 31



Consolidated Balance Sheets

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
ASSETS:			
Cash and due from banks (Note 3)	**¥ 623,224**	¥ 544,132	**$ 6,343,894**
Call loans and bills purchased	**72,076**	232,611	**733,679**
Other debt purchased	**246,295**	290,984	**2,507,082**
Trading assets (Notes 4 and 12)	**59,916**	51,480	**609,904**
Securities (Notes 5 and 12)	**1,348,507**	1,408,100	**13,726,668**
Loans and bills discounted (Notes 6 and 12)	**8,961,222**	8,518,650	**91,217,652**
Foreign exchange assets (Notes 6 and 7)	**7,257**	3,595	**73,877**
Lease receivables and investment assets (Note 25)	**67,498**		**687,072**
Other assets (Notes 8 and 12)	**134,525**	307,868	**1,369,359**
Premises and equipment (Note 9)	**137,076**	202,713	**1,395,325**
Intangible fixed assets (Note 10)	**18,941**	23,285	**192,812**
Deferred tax assets (Note 24)	**68,042**	36,149	**692,615**
Customers' liabilities for acceptances and guarantees (Note 11)	**400,362**	426,264	**4,075,356**
Allowance for possible loan losses	**(110,413)**	(56,317)	**(1,123,921)**
TOTAL	**¥12,034,535**	¥11,989,520	**$122,501,374**
LIABILITIES:			
Deposits (Notes 12 and 13)	**¥10,288,750**	¥10,119,828	**$104,730,766**
Call money and bills sold (Note 12)	**127,764**	202,779	**1,300,533**
Trading liabilities (Note 4)	**1,426**	1,954	**14,524**
Borrowed money (Notes 12 and 14)	**250,293**	110,887	**2,547,776**
Foreign exchange liabilities (Note 7)	**45**	55	**467**
Bonds and notes (Note 15)	**34,300**	40,000	**349,145**
Other liabilities (Note 16)	**194,063**	314,838	**1,975,402**
Accrued bonuses to directors and corporate auditors		85	
Liability for employees' retirement benefits (Note 17)	**91**	73	**933**
Reserve for directors' and corporate auditors' retirement benefits		1,072	
Reserve for reimbursement of deposits	**879**	881	**8,955**
Reserve for contingent losses	**420**	116	**4,278**
Reserves under special law			**4**
Deferred tax liabilities for land revaluation surplus	**22,048**	22,333	**224,436**
Acceptances and guarantees (Note 11)	**400,362**	426,264	**4,075,356**
Total liabilities	**11,320,448**	11,241,171	**115,232,575**
EQUITY (Notes 18 and 29):			
Capital stock—common stock—authorized, 3,000,000 thousand shares in 2009 and 2008; issued, 1,361,071 thousand shares in 2009 and 1,370,947 thousand shares in 2008	**215,628**	215,597	**2,194,917**
Capital surplus	**177,244**	177,213	**1,804,198**
Stock acquisition rights	**87**		**888**
Retained earnings	**247,545**	261,520	**2,519,807**
Unrealized gain (loss) on available-for-sale securities	**(5,517)**	17,384	**(56,159)**
Deferred loss on derivatives under hedge accounting	**(69)**	(39)	**(709)**
Land revaluation surplus	**31,524**	31,927	**320,894**
Treasury stock—common stock—at cost, 1,204 thousand shares in 2009 and 883 thousand shares in 2008	**(712)**	(705)	**(7,248)**
Total	**665,731**	702,897	**6,776,588**
Minority interests	**48,354**	45,450	**492,211**
Total equity	**714,086**	748,348	**7,268,799**
TOTAL	**¥12,034,535**	¥11,989,520	**$122,501,374**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
INCOME:			
Interest income:			
Interest on loans and discounts	**¥194,017**	¥190,793	**$1,974,939**
Interest and dividends on securities	**16,263**	17,376	**165,544**
Other interest income	**13,818**	16,249	**140,660**
Fees and commissions	**47,586**	50,961	**484,389**
Trading profits	**1,169**	981	**11,907**
Other operating income (Note 20)	**54,110**	31,153	**550,801**
Other income (Note 21)	**14,981**	15,259	**152,500**
Total income	**341,947**	322,776	**3,480,740**
EXPENSES:			
Interest expenses:			
Interest on deposits	**23,863**	28,610	**242,909**
Interest on borrowings and rediscounts	**2,350**	1,830	**23,924**
Other interest expenses	**7,104**	9,496	**72,316**
Fees and commissions	**9,281**	9,740	**94,477**
Trading losses	**56**	24	**578**
Other operating expenses (Note 22)	**45,777**	22,904	**465,980**
General and administrative expenses	**111,378**	102,498	**1,133,738**
Provision for possible loan losses	**69,232**	6,124	**704,728**
Other expenses (Note 23)	**62,732**	27,210	**638,563**
Total expenses	**331,777**	208,441	**3,377,213**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**10,170**	114,335	**103,527**
INCOME TAXES (Note 24):			
Current	**21,586**	50,020	**219,729**
Deferred	**(19,464)**	(5,642)	**(198,133)**
Total income taxes	**2,121**	44,378	**21,596**
MINORITY INTERESTS IN NET INCOME	**(703)**	(1,686)	**(7,166)**
NET INCOME	**¥ 7,344**	¥ 68,270	**$ 74,765**
	Yen		U.S. Dollars
PER SHARE INFORMATION (Notes 2.w and 19):			
Basic net income per share	**¥ 5.38**	¥ 49.52	**$ 0.05**
Diluted net income per share	**5.38**	49.43	**0.05**
Dividend on common stock	**10.00**	11.50	**0.11**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Thousands	Millions of Yen										
	Outstanding Number of Shares of Common Stock	Capital Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2007	1,392,275	¥215,481	¥177,097		¥226,678	¥ 65,457	¥ 8	¥31,972	¥ (205)	¥716,489	¥45,187	¥761,677
Net income					68,270					68,270		68,270
Cash dividends, ¥11.50 per share for common stock					(15,899)					(15,899)		(15,899)
Reversal of land revaluation surplus					44					44		44
Purchase of treasury stock	(22,680)								(18,095)	(18,095)		(18,095)
Disposal of treasury stock	27				(1)				23	21		21
Retirement of treasury stock (22,000,000 shares of common stock)					(17,572)				17,572			
Exercise of warrants	441	115	115							231		231
Net change in the year						(48,072)	(48)	(44)		(48,165)	263	(47,902)
BALANCE, MARCH 31, 2008	1,370,063	215,597	177,213		261,520	17,384	(39)	31,927	(705)	702,897	45,450	748,348
Net income					7,344					7,344		7,344
Cash dividends, ¥11.50 per share for common stock					(15,704)					(15,704)		(15,704)
Reversal of land revaluation surplus					408					408		408
Purchase of treasury stock	(11,085)								(6,391)	(6,391)		(6,391)
Disposal of treasury stock	764				(114)				476	362		362
Retirement of treasury stock (10,000,000 shares of common stock)					(5,909)				5,909			
Exercise of warrants	124	31	31							62		62
Net change in the year				¥87		(22,901)	(29)	(402)		(23,246)	2,903	(20,342)
BALANCE, MARCH 31, 2009	**1,359,866**	**¥215,628**	**¥177,244**	**¥87**	**¥247,545**	**¥ (5,517)**	**¥(69)**	**¥31,524**	**¥ (712)**	**¥665,731**	**¥48,354**	**¥714,086**

	Thousands of U.S. Dollars (Note 1)										
	Capital Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2008	$2,194,599	$1,803,881		$2,662,056	$176,960	$(407)	$324,994	$ (7,184)	$7,154,899	$462,652	$7,617,551
Net income				74,765					74,765		74,765
Cash dividends, $0.11 per share for common stock				(159,855)					(159,855)		(159,855)
Reversal of land revaluation surplus				4,156					4,156		4,156
Purchase of treasury stock								(65,064)	(65,064)		(65,064)
Disposal of treasury stock				(1,164)				4,849	3,685		3,685
Retirement of treasury stock (10,000,000 shares of common stock)				(60,151)				60,151			
Exercise of warrants	318	317							635		635
Net change in the year			$888		(233,119)	(302)	(4,100)		(236,633)	29,559	(207,074)
BALANCE, MARCH 31, 2009	**$2,194,917**	**$1,804,198**	**$888**	**$2,519,807**	**$ (56,159)**	**$(709)**	**$320,894**	**$ (7,248)**	**$6,776,588**	**$492,211**	**$7,268,799**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 10,170**	¥ 114,335	**$ 103,527**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation	**15,845**	23,956	**161,295**
Amortization of goodwill	**535**	226	**5,454**
Equity in earnings of associated companies		(215)	
Increase (decrease) in allowance for possible loan losses	**54,100**	(616)	**550,695**
(Decrease) increase in accrued bonuses to directors and corporate auditors	**(85)**	4	**(867)**
Increase in liability for employees' retirement benefits	**17**	1	**181**
(Decrease) increase in reserve for directors' and corporate auditors' retirement benefits	**(1,072)**	1,072	**(10,915)**
(Decrease) increase in reserve for reimbursement of deposits	**(1)**	881	**(17)**
Increase in reserve for contingent losses	**303**	116	**3,090**
Interest income	**(224,099)**	(224,419)	**(2,281,143)**
Interest expenses	**33,318**	39,937	**339,149**
Losses (gains) on sales, write-down and redemption of securities—net	**27,979**	(2,689)	**284,806**
Foreign exchange losses—net	**627**	5,243	**6,389**
Losses on disposal of fixed assets—net	**1,357**	309	**13,820**
Net (increase) decrease in trading assets	**(8,436)**	30,956	**(85,875)**
Net decrease in trading liabilities	**(528)**	(714)	**(5,376)**
Net increase in loans	**(442,571)**	(469,216)	**(4,505,005)**
Net increase in deposits	**176,169**	254,247	**1,793,255**
Net increase in other borrowings	**76,405**	74,421	**777,747**
Net decrease (increase) in due from banks	**41,953**	(150,494)	**427,047**
Net decrease in call loans and others	**202,777**	16,205	**2,064,099**
Net (decrease) increase in call money and others	**(75,015)**	70,388	**(763,591)**
Net (increase) decrease in foreign exchange (assets)	**(3,662)**	804	**(37,281)**
Net (decrease) increase in foreign exchange (liabilities)	**(9)**	19	**(97)**
Net decrease in lease receivables and investment assets	**5,783**		**58,871**
Interest and dividends received	**226,224**	227,916	**2,302,773**
Interest paid	**(32,687)**	(36,319)	**(332,728)**
Other—net	**80,392**	(24,022)	**818,326**
Subtotal	**165,792**	(47,663)	**1,687,629**
Income tax paid	**(48,809)**	(50,323)	**(496,841)**
Net cash provided by (used in) operating activities—(Forward)	**¥ 116,983**	¥ (97,986)	**$ 1,190,788**

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	**2009**
Net cash provided by (used in) operating activities—(Forward)	**¥ 116,983**	¥ (97,986)	**$ 1,190,788**
INVESTING ACTIVITIES:			
Purchases of securities	**(975,951)**	(1,037,725)	**(9,934,364)**
Proceeds from sales of securities	**553,547**	543,606	**5,634,644**
Proceeds from maturities of securities	**416,939**	671,241	**4,244,087**
Expenditures for premises and equipment	**(12,749)**	(19,885)	**(129,778)**
Expenditures for intangible fixed assets	**(5,629)**	(8,663)	**(57,301)**
Proceeds from sales of premises and equipment	**370**	1,487	**3,771**
Payment for purchase of stocks of consolidated subsidiary	**(6,744)**	(8,149)	**(68,658)**
Other—net	**(109)**	41	**(1,119)**
Net cash (used in) provided by investing activities	**(30,328)**	141,953	**(308,718)**
FINANCING ACTIVITIES:			
Increase in subordinated loans	**63,000**		**641,287**
Repayments of subordinated loans		(2,000)	
Proceeds from subordinated bonds and convertible bonds	**34,300**		**349,145**
Repayments of subordinated bonds and convertible bonds	**(40,000)**		**(407,166)**
Issuance of common stock	**62**	231	**635**
Dividends paid	**(15,704)**	(15,899)	**(159,855)**
Dividends paid to minority interests stockholders	**(1,207)**	(1,212)	**(12,286)**
Purchase of treasury stock	**(6,391)**	(18,095)	**(65,064)**
Proceeds from sales of treasury stock	**362**	21	**3,685**
Net cash provided by (used in) financing activities	**34,421**	(36,953)	**350,381**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(31)**	(43)	**(316)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**121,044**	6,969	**1,232,135**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**211,666**	204,697	**2,154,588**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥ 332,711**	¥ 211,666	**$ 3,386,723**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Bank of Yokohama, Ltd. (the "Bank") and consolidated subsidiaries (the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulation and the Enforcement Regulation for the Banking Law and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2008 financial statements to conform to the classifications used in 2009.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. As permitted by the Japanese Financial Instruments and Exchange Act, amounts less than one million yen have been omitted. As a result, the totals do not necessarily agree with the sum of the individual amounts. Yen amounts, other than per share amounts, have been rounded down to millions of yen. Yen per share amounts have been rounded down to two decimal places.

The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥98.24 to U.S.$1, the rate of exchange at March 31, 2009. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation—The consolidated financial statements include the accounts of the Bank and its significant subsidiaries. The number of consolidated subsidiaries as of March 31, 2009 and 2008 was 11 and 9, respectively. Hamagin Tokai Tokyo Securities Co., Ltd. and BANKCARD Service Japan Co., Ltd. were consolidated subsidiaries in 2009 because the Bank purchased stock of these companies.

Under the control or influence concept, those companies in which the Bank, directly or indirectly, is able to exercise control over operations are to be fully consolidated, and those companies over which the Bank, directly or indirectly, has the ability to exercise significant influence will be accounted for by the equity method.

Of the consolidated subsidiaries, 11 and 9 in 2009 and 2008 have a fiscal year ending on March 31, which is the same as the fiscal year of the Bank.

The consolidated financial statements do not include the accounts of 4 subsidiaries in 2009 and 5 subsidiaries in 2008, respectively, because the total assets, total income, net income and retained earnings of these entities would not have had a material effect on the consolidated financial statements.

Investments in the unconsolidated subsidiaries were stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances, transactions and unrealized profits included in assets are eliminated in consolidation.

Goodwill represents the difference between the cost of an acquisition and the fair value of the net assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is amortized using the straight-line method over five years.

b. Trading Purpose Transactions—"Transactions for trading purposes" (the purpose of seeking to capture gains arising from short-term changes in interest rates, currency exchange rates or market prices of securities and other market-related indices or from arbitrage opportunities) are included in "Trading assets" and "Trading liabilities" on a trade date basis. Trading securities and monetary claims purchased for trading purposes recorded in these accounts are stated at fair value and trading-related financial derivatives are stated at the amounts that would be settled if they were terminated at the end of the fiscal year.

Profit and losses on transactions for trading purposes are shown as "Trading profits" or "Trading losses" on a trade date basis.

c. Securities—Securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are stated at amortized cost computed by the straight-line method and (2) available-for-sale securities are stated at fair value with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. Non-marketable available-for-sale securities are stated at cost determined by the moving-average cost method.

For other than temporary declines in fair value, securities are reduced to net realizable value by a charge to income.

d. **Premises and Equipment**—Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment owned by the Bank and its domestic consolidated subsidiaries is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998.

The range of useful lives is from 2 to 60 years for buildings and from 2 to 20 years for equipment.

Depreciation of leased property and equipment owned by consolidated subsidiary is provided on the straight-line method over the lease periods.

e. **Software**—Cost of computer software obtained for internal use is amortized principally using the straight-line method over the estimated useful lives of five years.

f. **Long-lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. **Land Revaluation**—Under the "Law of Land Revaluation," the Bank elected a one-time revaluation of its own-use land to a value based on a real estate appraisal information as of March 31, 1998.

The resulting land revaluation surplus represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statements of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥35,335 million ($359,690 thousand) and ¥36,235 million as of March 31, 2009 and 2008, respectively.

h. **Stock Issuance Costs**—Stock issuance costs are charged to income when paid.

i. **Allowance for Possible Loan Losses**—The Bank and certain consolidated finance companies provide allowance for possible loan losses which is determined based on management's judgment and assessment of future losses based on their self-assessment systems. These systems reflect past experience of credit losses, possible credit losses, business and economic conditions, the character, quality and performance of the portfolio, value of collateral or guarantees and other pertinent indicators.

The Bank has implemented a self-assessment system to determine its asset quality. The quality of all loans is assessed by branches and the credit supervisory division with a subsequent audit by the asset review and inspection division in accordance with the Bank's policy and guidelines for self-assessment of asset quality.

The Bank has established a credit rating system under which its customers are classified into five categories. The credit rating system is used for self-assessment of asset quality. All loans are classified into five categories for self-assessment purposes: "normal," "in need of caution," "possible bankruptcy," "virtual bankruptcy" and "legal bankruptcy."

The allowance for possible loan losses is calculated based on the actual historical loss ratio for normal and in need of caution categories, and the fair value of the collateral for collateral-dependent loans and other factors of solvency including future cash flows for other categories. For claims to borrowers who are classified as possible bankruptcy, for which future cash flows could be reasonably estimated, an allowance is provided for the difference between the present value of expected future cash flows discounted at the contracted interest rate and carrying value of the claims.

For collateralized or guaranteed claims to borrowers who are in "virtual bankruptcy" or "legal bankruptcy," the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible, directly from those claims. As of March 31, 2009 and 2008, the deducted amounts were ¥95,026 million ($967,290 thousand) and ¥81,369 million, respectively.

Other consolidated subsidiaries maintain allowances for possible loan losses which are provided as deemed necessary to cover expected losses based on their own experience.

j. Accrued Bonuses to Directors and Corporate Auditors—Accrued bonuses to directors and corporate auditors are provided in the amount of the estimated bonuses which are attributable to each fiscal year.

k. Liability for Employees' Retirement Benefits—The Bank and domestic consolidated subsidiaries have lump-sum retirement benefit plans. The Bank has a contributory funded defined benefit pension plan and a domestic consolidated subsidiary has a non-contributory funded pension plan covering substantially all of its employees. The Bank and domestic consolidated subsidiaries account for the liability for employees' retirement benefits based on projected benefit obligation and plan assets at the balance sheet date. Prior service cost is amortized using the straight-line method over 2 years. Net actuarial gain (loss) is amortized using the straight-line method over 15 years commencing from the next fiscal year after incurrence.

l. Reserve for Directors' and Corporate Auditors' Retirement Benefits—Retirement benefits to directors and corporate auditors were recorded to state the liability at the amount that would be required if all directors and corporate auditors retired at the balance sheet date.

Effective June 24, 2008, the Bank terminated its unfunded retirement allowance plan for all directors and corporate auditors. The outstanding balance of reserve for directors' and corporate auditors' retirement benefits as of March 31, 2008 was reclassified to the other liabilities in the year ended March 31, 2009.

m. Reserve for Reimbursement of Deposits—Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for the possible losses on the future claims of withdrawal based on the historical reimbursement experience.

n. Reserve for Contingent Losses—The Bank provides reserve for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

o. Reserve under Special Law—Reserve under special law is provided for contingent liabilities from brokering of securities transactions in accordance with section 1 of Article 46-5 of Japanese Financial Instruments and Exchange Act.

p. Stock Options—In December 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

The Bank has applied this accounting standard for stock options to those granted on and after May 1, 2006.

q. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

Lessor

Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if sold" information is disclosed in the note to the lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee should be recognized as investments in lease.

The Group applied the revised accounting standard effective April 1, 2008. The effect of this change was to decrease ordinary profit and income before income taxes and minority interests by ¥757 million ($7,708 thousand) for the year ended March 31, 2009.

Lease revenue and lease costs are recognized over the lease period.

r. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences. A valuation allowance is provided for any portion of the deferred tax assets if it is considered more likely than not that they will not be realized.

s. Translation of Foreign Currencies—Assets and liabilities denominated in foreign currencies held by the Bank have been translated at exchange rates prevailing as of the balance sheet date.

Foreign currency accounts held by consolidated foreign subsidiaries are translated into the currency of the subsidiaries at the respective year-end exchange rates.

t. Derivatives and Hedging Activities—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives except those entered into for hedging purposes will be recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the statements of income, and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions (deferral hedge accounting).

The Bank applies deferral hedge accounting based on the rules of the Japanese Institute of Certified Public Accountants ("JICPA") Industry Audit Committee Report No. 24, for interest rate derivatives to manage interest rate risk from various financial assets and liabilities as a whole. Under these rules, the effectiveness of a fair value hedge is assessed by an identified group of hedge deposits, loans and similar instruments and by a corresponding group of hedging instruments such as interest rate swaps in the same maturity category. Also, under these rules, the effectiveness of cash flow hedge is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

The Bank applies deferral hedge accounting based on the rules of the JICPA Industry Audit Committee Report No. 25, for the currency swaps and funding swaps used for the purpose of currency exchange.

u. Cash and Cash Equivalents—For the purpose of the consolidated statements of cash flows, cash and cash equivalents represent cash and due from the Bank of Japan.

v. Cash Dividends—Cash dividends charged to retained earnings are actually paid during the year and represent year-end dividends for the preceding year and interim dividends for the current year.

w. Per Share Information—Basic net income per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

x. New Accounting Pronouncements

Business Combinations—On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.
(2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.
(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—The current accounting standard requires to unify accounting policies within the consolidation group. However, the current guidance allows to apply the equity method for the financial statements of its foreign associated company which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

On December 26, 2008, the ASBJ issued ASBJ Statement No. 16 (Revised 2008), “Revised Accounting Standard for Equity Method of Accounting for Investments.” The new standard requires adjustments to be made to conform the associate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate’s financial statements are used in applying the equity method unless it is impracticable to determine adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (1) amortization of goodwill; (2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (3) expensing capitalized development costs of R&D; (4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (5) recording the prior years’ effects of changes in accounting policies in the income statement where retrospective adjustments to the financial statements have been incorporated; and (6) exclusion of minority interests from net income, if contained.

This standard is applicable to equity method of accounting for investments effective on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 “Accounting Standard for Asset Retirement Obligations” and ASBJ Guidance No. 21 “Guidance on Accounting Standard for Asset Retirement Obligations.” Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2009 and 2008, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Cash and due from banks	**¥ 623,224**	¥ 544,132	**$ 6,343,894**
Interest-bearing deposits included in due from banks (other than deposits with the Bank of Japan)	**(290,512)**	(332,465)	**(2,957,171)**
Cash and cash equivalents	**¥ 332,711**	¥ 211,666	**$ 3,386,723**

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Trading assets:			
Trading securities	**¥58,585**	¥49,603	**$596,352**
Trading-related financial derivatives	**1,331**	1,877	**13,552**
Total	**¥59,916**	¥51,480	**$609,904**
Trading liabilities—Trading-related financial derivatives	**¥ 1,426**	¥ 1,954	**$ 14,524**

5. SECURITIES

Securities as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Japanese national government bonds	**¥ 520,622**	¥ 593,833	**$ 5,299,496**
Japanese local government bonds	**183,010**	77,777	**1,862,894**
Japanese corporate bonds	**444,775**	465,939	**4,527,440**
Japanese corporate stocks	**141,558**	204,490	**1,440,950**
Other securities	**58,540**	66,059	**595,888**
Total	**¥1,348,507**	¥1,408,100	**$13,726,668**

The carrying amounts and aggregate fair value of securities as of March 31, 2009 and 2008, were as follows:

	Millions of Yen							
	2009				2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:								
Available-for-sale:								
Equity securities	**¥131,039**	**¥16,558**	**¥18,551**	**¥129,047**	¥155,656	¥52,306	¥16,299	¥191,664
Debt securities	**804,879**	**8,252**	**6,012**	**807,118**	804,755	1,377	6,173	799,958
Other securities	**221,788**	**673**	**10,528**	**211,933**	266,122	626	5,629	261,118
Held-to-maturity	**126,037**	**2,464**	**16**	**128,485**	81,749	2,183	10	83,922

	Thousands of U.S. Dollars			
	2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$1,333,875**	**$168,556**	**$188,837**	**$1,313,594**
Debt securities	**8,192,992**	**83,999**	**61,206**	**8,215,785**
Other securities	**2,257,614**	**6,853**	**107,168**	**2,157,299**
Held-to-maturity	**1,282,953**	**25,083**	**166**	**1,307,870**

The fair value of floating rate government bonds in "Available-for-sale securities—Debt securities" were previously measured at their market price. However, after consideration of recent market environment, a judgment has been made by management that current market prices are not indicative of fair value. At the end of this fiscal year, the fair value of these bonds were determined based on the value reasonably estimated. As a result, securities were higher by ¥10,326 million ($105,118 thousand) and deferred tax assets and unrealized loss on available-for-sale securities were lower by ¥4,194 million ($42,699 thousand) and ¥6,132 million ($62,419 thousand), respectively, than they would have been if value based on the market prices.

Principal items of securities whose fair values were not readily determinable as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Available-for-sale	**¥278,551**	¥289,110	**$2,835,419**
Held-to-maturity	**21,243**	50,599	**216,243**

Proceeds from sales by early redemption of held-to-maturity debt securities for the years ended March 31, 2009 and 2008 were ¥70 million ($713 thousand) and ¥1,220 million, respectively. Net realized gains on these sales, computed on the amortized cost basis, were ¥0 million ($1 thousand) and ¥0 million for the years ended March 31, 2009 and 2008, respectively. Transfer of held-to-maturity debt securities to available-for-sale securities due to deterioration of issuers' credit worthiness amounted to ¥749 million ($7,624 thousand) and ¥635 million for the years ended March 31, 2009 and 2008, respectively.

Proceeds from sales of available-for-sale securities and gross realized gains and losses on these sales, computed on the moving average cost basis for the years ended March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Proceeds from sales of available-for-sale securities	**¥409,735**	¥692,645	**$4,170,757**
Gross realized gains	**10,751**	11,004	**109,439**
Gross realized losses	**6,216**	2,151	**63,274**

The carrying values of debt securities with specific maturities by contractual maturities for securities classified as available-for-sale and held-to-maturity as of March 31, 2009, were as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	2009				**2009**			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Bonds	**¥123,423**	**¥668,474**	**¥169,658**	**¥186,852**	**$1,256,349**	**$6,804,506**	**$1,726,977**	**$1,901,998**
Other	**6,940**	**12,959**	**262**	**264,830**	**70,645**	**131,921**	**2,674**	**2,695,754**
Total	**¥130,363**	**¥681,434**	**¥169,920**	**¥451,683**	**$1,326,994**	**$6,936,427**	**$1,729,651**	**$4,597,752**

Securities also include corporate stocks in unconsolidated subsidiaries and associated companies, and investments in unconsolidated subsidiaries, which totaled ¥653 million ($6,655 thousand) and ¥848 million as of March 31, 2009 and 2008, respectively.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Bills discounted	**¥ 54,565**	¥ 74,942	**$ 555,434**
Loans on bills	**472,486**	536,934	**4,809,517**
Loans on deeds	**7,255,762**	6,779,346	**73,857,521**
Overdrafts	**1,178,406**	1,127,427	**11,995,180**
Total	**¥8,961,222**	¥8,518,650	**$91,217,652**

"Past due loans" include loans classified as "possible bankruptcy" and "virtual bankruptcy" under the Bank's self-assessment guidelines. Accrued interest receivables for these categories are not recognized as accruals for accounting purposes. The loans and bills discounted include "loans to borrowers in bankruptcy" totaling ¥104,566 million ($1,064,397 thousand) and ¥8,613 million as of March 31, 2009 and 2008, respectively, as well as "past due loans" totaling ¥156,057 million ($1,588,530 thousand) and ¥133,715 million as of March 31, 2009 and 2008, respectively.

In addition to "past due loans" as defined, certain other loans classified as "in need of caution" under the Bank's self-assessment guidelines include "accruing loans contractually past due for three months or more." "Accruing loans contractually past due for three months or more" are loans on which the principal and/or interest is three months or more past due but exclude "loans to borrowers in bankruptcy" or "past due loans." The balances of "accruing loans contractually past due for three months or more" as of March 31, 2009 and 2008, were ¥8,535 million ($86,880 thousand) and ¥5,540 million, respectively.

"Restructured loans" are loans where the Bank and its subsidiaries have restructured lending conditions, such as by a reduction of the original interest rate, forbearance of interest payments, principal repayments or renunciation of claims to support the borrowers' reorganization, but exclude "loans to borrowers in bankruptcy," "past due loans" or "accruing loans contractually past due for three months or more." The outstanding balances of "restructured loans" as of March 31, 2009 and 2008, were ¥24,985 million ($254,336 thousand) and ¥46,313 million, respectively.

The allowance for possible loan losses is not deducted from the amounts of loans shown in the above three paragraphs.

Contracts of overdraft facilities and loan commitment limits are contracts under which the Bank lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2009 and 2008, the amounts of unused commitments were ¥1,742,304 million ($17,735,189 thousand) and ¥1,925,454 million, respectively. As of March 31, 2009 and 2008, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,139,686 million ($11,601,040 thousand) and ¥1,294,658 million, respectively.

Since many of these commitments expire without being drawn down, the unused amount does not necessarily represent a future cash requirement. Most of these contracts have conditions whereby the Bank can refuse customers' application for loans or decrease the contract limits for proper reason (e.g., changes in financial situation, deterioration in customers' credit worthiness). At the inception of contracts, the Bank obtains real estate, securities or other assets as collateral if considered to be necessary. Subsequently, the Bank performs periodic reviews of the customers' business results based on internal rules, and takes necessary measures to reconsider conditions in contracts and/or require additional collateral and guarantees.

Discounting bills are treated as secured lending transactions. As of March 31, 2009 and 2008, the Bank has right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face value was ¥55,032 million ($560,185 thousand) and ¥75,686 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Assets			
Foreign exchange bills bought	**¥ 466**	¥ 743	**$ 4,751**
Foreign exchange bills receivable	**2,922**	1,615	**29,753**
Due from foreign correspondent accounts	**3,868**	1,235	**39,373**
Total	**¥7,257**	¥3,595	**$73,877**
Liabilities			
Foreign exchange bills sold	**¥ 12**	¥ 18	**$ 130**
Foreign exchange bills payable	**19**	29	**196**
Due to foreign correspondent accounts	**13**	8	**141**
Total	**¥ 45**	¥ 55	**$ 467**

8. OTHER ASSETS

Other assets as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Accrued income	**¥ 16,706**	¥ 17,701	**$ 170,057**
Prepaid expenses	**31,194**	31,158	**317,538**
Financial derivatives	**44,235**	69,475	**450,277**
Receivables for securities transactions	**138**	144,534	**1,414**
Other	**42,250**	44,999	**430,073**
Total	**¥134,525**	¥307,868	**$1,369,359**

Other assets included security deposits amounting to ¥6,144 million ($62,546 thousand) and ¥6,115 million as of March 31, 2009 and 2008, respectively.

9. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Buildings	**¥ 41,325**	¥ 41,068	**$ 420,659**
Land	**80,026**	80,633	**814,604**
Construction in progress	**896**	705	**9,128**
Other	**14,827**	80,305	**150,934**
Total	**¥137,076**	¥202,713	**$1,395,325**

The accumulated depreciation of premises and equipment as of March 31, 2009 and 2008 amounted to ¥162,056 million ($1,649,594 thousand) and ¥217,338 million, respectively.

10. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Software	**¥15,855**	¥15,569	**$161,394**
Goodwill	**2,457**	399	**25,011**
Other	**629**	7,316	**6,407**
Total	**¥18,941**	¥23,285	**$192,812**

11. CUSTOMERS' LIABILITIES FOR ACCEPTANCES AND GUARANTEES

All contingent liabilities arising from acceptances and guarantees are reflected in acceptances and guarantees. As a contra account, customers' liabilities for acceptances and guarantees are presented as assets, representing the Bank's and certain consolidated subsidiaries' rights of indemnity from the applicants.

12. ASSETS PLEDGED

Assets pledged as collateral and the related liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Assets pledged as collateral:			
Securities	**¥723,844**	¥426,059	**$7,368,125**
Loans and bills discounted	**64,902**	2,838	**660,647**
Trading assets	**41,987**		**427,401**
Relevant liabilities to above assets:			
Deposits	**30,573**	46,344	**311,217**
Call money and bills sold	**26,500**	46,100	**269,748**
Borrowed money	**155,247**	76,400	**1,580,285**

Additionally, securities amounting to ¥120,069 million ($1,222,203 thousand) and ¥121,530 million as of March 31, 2009 and 2008, respectively, and other assets amounting to ¥1,585 million ($16,142 thousand) and ¥552 million as of March 31, 2009 and 2008, respectively, were pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for initial margin on futures transactions and others.

13. DEPOSITS

Deposits as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Current deposits	**¥ 399,991**	¥ 392,724	**$ 4,071,578**
Ordinary deposits	**5,838,009**	5,728,341	**59,425,995**
Savings deposits	**249,602**	265,028	**2,540,744**
Deposits at notice	**75,378**	69,183	**767,284**
Time deposits	**3,432,848**	3,294,349	**34,943,495**
Negotiable certificates of deposit	**130,520**	155,456	**1,328,583**
Other deposits	**162,399**	214,744	**1,653,087**
Total	**¥10,288,750**	¥10,119,828	**$104,730,766**

14. BORROWED MONEY

As of March 31, 2009 and 2008, the weighted average annual interest rates applicable to borrowed money were 0.9% and 0.7%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated debt totaling ¥63,000 million ($641,287 thousand) as of March 31, 2009.

Annual maturities of borrowed money as of March 31, 2009, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥166,931	$1,699,218
2011	3,444	35,060
2012	5,022	51,129
2013	6,813	69,356
2014	5,081	51,726
2015 and thereafter	63,000	641,287
Total	¥250,293	$2,547,776

15. BONDS AND NOTES

Bonds and notes as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due August 2013, 1.23% interest until August 2008		¥20,000	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2014, 1.35% interest until February 2009		20,000	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due December 2018, 2.56% interest until February 2009	**¥11,400**		**$116,042**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due December 2018, 2.50% interest until February 2009	**8,900**		**90,595**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2019, 2.48% interest until February 2009	**5,700**		**58,021**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2019, 2.37% interest until February 2009	**8,300**		**84,487**
Total	**¥34,300**	¥40,000	**$349,145**

Annual maturities of bonds and notes as of March 31, 2009, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015 and thereafter	¥34,300	$349,145

16. OTHER LIABILITIES

Other liabilities as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Domestic exchange settlement account credit (see below)	**¥ 2,391**	¥ 2,200	**$ 24,341**
Accrued expenses	**17,967**	15,247	**182,898**
Unearned income	**31,681**	31,228	**322,491**
Accrued income taxes	**1,638**	29,177	**16,679**
Financial derivatives	**46,188**	52,951	**470,161**
Payables for securities transactions	**337**	146,636	**3,434**
Other	**93,858**	37,396	**955,398**
Total	**¥194,063**	¥314,838	**$1,975,402**

The domestic exchange settlement account consists of outstanding remittance bills from other banks and/or collection bills for which the Bank has received notices for payment from other banks which have not been settled.

17. EMPLOYEES' RETIREMENT BENEFITS

The employees that service with the Bank and its domestic consolidated subsidiaries is terminated are, under most circumstances, entitled to retirement and pension benefits determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs. Such retirement benefits are made in the form of a lump-sum severance payment and annuity payment from a trustee. In addition, the Bank has a defined contribution pension plan. If the termination is in voluntary, the employee is entitled to greater payment than in the case of voluntary termination.

The liability for employees' retirement benefits as of March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Projected benefit obligation	**¥(73,650)**	¥(73,509)	**$(749,704)**
Fair value of plan assets	**57,695**	68,276	**587,289**
Unfunded projected benefit obligation	**(15,955)**	(5,232)	**(162,415)**
Unrecognized prior service cost		(153)	
Unrecognized actuarial loss	**44,555**	34,494	**453,541**
Net liability recognized	**28,600**	29,109	**291,126**
Prepaid pension cost	**28,691**	29,183	**292,059**
Liability for employees' retirement benefits	**¥ (91)**	¥ (73)	**$ (933)**

The components of net periodic retirement benefit costs for the years ended March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Service cost	**¥ 1,151**	¥ 1,144	**$ 11,725**
Interest cost	**1,466**	1,474	**14,931**
Expected return on plan assets	**(2,094)**	(2,274)	**(21,325)**
Amortization of prior service cost	**(153)**	(306)	**(1,559)**
Recognized actuarial loss	**3,466**	2,595	**35,287**
Other retirement costs (non-actuarial basis cost)	**393**	479	**4,004**
Net periodic retirement benefit costs	**¥ 4,230**	¥ 3,113	**$ 43,063**

Assumptions used for the years ended March 31, 2009 and 2008, were set forth as follows:

	2009	2008
Discount rate	**2.00%**	2.00%
Expected rate of return on plan assets	**3.50%**	3.50%
Amortization period of prior service cost	**2 years**	2 years
Recognition period of actuarial gain/loss	**15 years**	15 years

18. EQUITY

Since May 1, 2006, Japanese banks have been subject to the Companies Act of Japan (the "Companies Act") and the Banking Law. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the stockholders meeting. For companies that meet certain criteria such as; (1) having the Board of Directors, (2) having independent auditors, (3) having the Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Bank meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to stockholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act and the Banking Law provides certain limitations on the amounts available for dividends or the purchase of treasury stock.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Banking Law requires that an amount equal to 20% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 100% of capital stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that capital stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the stockholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the stockholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

19. PER SHARE INFORMATION

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2009 and 2008, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2009	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common stockholders	**¥ 7,344**	**1,364,140**	**¥ 5.38**	**$0.05**
Effect of dilutive warrants		**561**		
Diluted EPS—Net income for computation	**¥ 7,344**	**1,364,701**	**¥ 5.38**	**$0.05**
Year Ended March 31, 2008				
Basic EPS—Net income available to common stockholders	¥68,270	1,378,573	¥49.52	
Effect of dilutive warrants		2,504		
Diluted EPS—Net income for computation	¥68,270	1,381,077	¥49.43	

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Gain on foreign exchange transactions—net	**¥ 1,737**	¥ 2,143	**$ 17,685**
Gain on sales and redemption of bonds and other securities	**1,194**	3,990	**12,158**
Gain on derivatives	**8,300**	2,449	**84,497**
Lease receipts	**29,212**	14,323	**297,354**
Other	**13,665**	8,246	**139,107**
Total	**¥54,110**	¥31,153	**$550,801**

21. OTHER INCOME

Other income for the years ended March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Gain on sales of stocks and other securities	**¥ 9,557**	¥ 7,013	**$ 97,283**
Gain on sales of fixed assets	**140**	353	**1,425**
Recovery of claims previously charged-off	**3,078**	4,472	**31,335**
Other	**2,206**	3,419	**22,457**
Total	**¥14,981**	¥15,259	**$152,500**

22. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Losses on sales and redemption of bonds and other securities	**¥ 7,029**	¥ 4,263	**$ 71,559**
Losses on write-down of bonds and other securities	**1,914**	144	**19,489**
Lease costs	**25,370**	12,801	**258,255**
Other	**11,462**	5,696	**116,677**
Total	**¥45,777**	¥22,904	**$465,980**

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2009 and 2008, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Loss on sales of stocks and other securities	**¥ 132**	¥ 126	**$ 1,347**
Loss on write-down of stocks and other securities	**29,653**	3,781	**301,851**
Loss on disposal of fixed assets	**1,497**	662	**15,246**
Direct charge-off of loans	**27,201**	17,647	**276,885**
Other	**4,247**	4,992	**43,234**
Total	**¥62,732**	¥27,210	**$638,563**

24. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2009 and 2008.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities as of March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Deferred tax assets:			
Allowance for possible loan losses	**¥64,687**	¥42,931	**$658,468**
Write-down of securities	**4,092**	5,914	**41,663**
Net unrealized loss on available-for-sale securities	**4,024**	143	**40,962**
Other	**14,117**	15,495	**143,704**
Less valuation allowance	**(6,042)**	(7,438)	**(61,511)**
Total deferred tax assets	**80,879**	57,046	**823,286**
Deferred tax liabilities:			
Gain on contribution of the employees' retirement benefit trust	**6,978**	7,433	**71,033**
Net unrealized loss on available-for-sale securities	**38**	8,926	**391**
Other	**5,820**	4,537	**59,247**
Total deferred tax liabilities	**12,837**	20,897	**130,671**
Net deferred tax assets	**¥68,042**	¥36,149	**$692,615**

A reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of income for the year ended March 31, 2009 is as follows:

	2009
Normal effective statutory tax rate	**40.6%**
Permanently tax-exempt income	**(6.2)**
Change in valuation allowance	**(13.7)**
Other—net	**0.1**
Actual effective tax rate	**20.8%**

A reconciliation between the normal effective statutory tax rate for the year ended March 31, 2008 and the actual effective tax rate reflected in the accompanying consolidated statements of income is not required under Japanese accounting standards due to immaterial differences.

25. LEASES

a. Lessee

The Group leases certain equipment and other assets.

Lease payments under finance leases for the years ended March 31, 2009 and 2008, amounted to ¥9 million ($100 thousand) and ¥39 million, respectively.

As discussed in Note 2.q, the Group accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense, on an "as if capitalized" basis for the year ended March 31, 2009 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	**2009**
	Equipment	Equipment
Acquisition cost	**¥54**	**$551**
Accumulated depreciation	**25**	**256**
Net leased property	**¥29**	**$295**

Obligations under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
	2009	**2009**
Due within one year	**¥ 9**	**$ 99**
Due after one year	**12**	**124**
Total	**¥21**	**$223**

Depreciation expense and interest expense under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
	2009	**2009**
Depreciation expense	**¥9**	**$ 99**
Interest expense		**7**
Total	**¥9**	**$106**

Pro forma information for the year ended March 31, 2008

Pro forma information for the year ended March 31, 2008 of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

	Millions of Yen
	2008
	Equipment
Acquisition cost	¥62
Accumulated depreciation	19
Net leased property	¥42

Obligations under finance leases:

	Millions of Yen
	2008
Due within one year	¥10
Due after one year	23
Total	¥34

Depreciation expense and interest expense under finance leases:

	Millions of Yen
	2008
Depreciation expense	¥35
Interest expense	4
Total	¥39

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statements of income, were computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases as of March 31, 2009 and 2008, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Due within one year	**¥ 94**	¥ 38	**$ 965**
Due after one year	**251**	83	**2,564**
Total	**¥346**	¥121	**$3,529**

b. Lessor

A consolidated subsidiary leases certain equipment and other assets to various customers.

The net investments in lease are summarized as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	**2009**
Gross lease receivables	**¥69,009**	**$ 702,460**
Unguaranteed residual values	**8,199**	**83,463**
Unearned interest income	**(9,842)**	**(100,193)**
Investments in lease, current	**¥67,366**	**$ 685,730**

Maturities of lease receivables for finance leases that deem to transfer ownership of the leased property to the lessee were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥ 39	$ 406
2011	37	382
2012	21	218
2013	18	190
2014	13	137
2015 and thereafter	8	84
Total	¥139	$1,417

Maturities of investment in lease for finance leases that deem not to transfer ownership of the leased property to the lessee were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2010	¥23,562	$239,847
2011	18,037	183,609
2012	12,742	129,703
2013	7,978	81,218
2014	4,050	41,235
2015 and thereafter	2,637	26,848
Total	¥69,009	$702,460

With regard to finance lease transactions entered into prior to April 1, 2008, which do not transfer ownership of the leased property to the lessee, leased investment assets, are recognized at the book value of leased assets as of March 31, 2008. As a result, income before income taxes and minority interests for the year ended March 31, 2009 were decreased by ¥2,982 million ($30,356 thousand) more than it would have been if the revised accounting standard was applied retroactivity.

Pro forma information for the year ended March 31, 2008

Lease receipts under finance leases for the year ended March 31, 2008 were ¥13,741 million.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, rights under finance leases, depreciation expense and interest income of finance leases that do not transfer ownership of the leased property to the lessee for the year ended March 31, 2008 was as follows:

	Millions of Yen		
	2008		
	Equipment	Other Assets	Total
Acquisition cost	¥125,141	¥13,824	¥138,966
Accumulated depreciation	57,689	7,165	64,854
Net leased property	¥ 67,452	¥ 6,659	¥ 74,111

Rights under finance leases:

	Millions of Yen
	2008
Due within one year	¥23,757
Due after one year	54,412
Total	¥78,170

Depreciation expense and interest income under finance leases:

	Millions of Yen
	2008
Depreciation expense	¥12,209
Interest income	1,425
Total	¥13,635

Interest income, which is not reflected in the accompanying consolidated statement of income, was computed by the interest method.

The minimum rental commitments under noncancelable operating leases as of March 31, 2009 was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	**2009**
Due within one year	**¥ 23**	**$ 243**
Due after one year	**97**	**988**
Total	**¥120**	**$1,231**

26. SEGMENT INFORMATION

a. Business Segment Information

The Group operates in the following industries:

Banking consists of banking.

Leasing consists of leasing.

Other consists of credit guarantee, venture capital, securities and other.

Information about business segment information for the year ended March 31, 2009 is as follows:

	Millions of Yen				
	2009				
	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 291,665	¥ 42,214	¥ 4,849		¥ 338,729
Intersegment income	1,182	165	4,955	¥ (6,303)	
Total	292,848	42,380	9,804	(6,303)	338,729
Ordinary expenses	281,870	43,422	11,367	(6,380)	330,279
Ordinary profit	¥ 10,977	¥ (1,042)	¥ (1,563)	¥ 77	8,449
Other income and expenses—net					1,720
Income before income taxes and minority interests					¥ 10,170
Assets, depreciation and capital expenditures:					
Assets	¥11,690,904	¥110,869	¥347,012	¥(114,252)	¥12,034,535
Depreciation	14,788	900	156		15,845
Capital expenditures	19,118	300	409		19,828

	Thousands of U.S. Dollars				
	2009				
	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	$ 2,968,907	$ 429,712	$ 49,360		$ 3,447,979
Intersegment income	12,041	1,680	50,443	$ (64,164)	
Total	2,980,948	431,392	99,803	(64,164)	3,447,979
Ordinary expenses	2,869,202	442,001	115,713	(64,949)	3,361,967
Ordinary profit	$ 111,746	$ (10,609)	$ (15,910)	$ 785	86,012
Other income and expenses—net					17,515
Income before income taxes and minority interests					$ 103,527
Assets, depreciation and capital expenditures:					
Assets	$119,003,507	$1,128,561	$3,532,298	$(1,162,992)	$122,501,374
Depreciation	150,535	9,165	1,595		161,295
Capital expenditures	194,608	3,059	4,166		201,833

Notes: 1. Ordinary income and expenses mean total income and expenses less certain special income and expenses included in other income and expenses in the accompanying consolidated statements of income. Ordinary profit means ordinary income less ordinary expenses.

2. As discussed in Note 2.q, effective April 1, 2008, the Group applied the revised ASBJ Statement No. 13, "Accounting Standard for Lease Transactions." The effect of this change was to decrease ordinary profit of Leasing by ¥757 million ($7,708 thousand) for the year ended March 31, 2009.

The Group is engaged in the business of banking and other related activities such as credit guarantee, venture capital and other. Ordinary income, ordinary profit and total assets as of and for the year ended March 31, 2008 were primarily concentrated in the business of banking. Accordingly, the presentation of segment information by business segment is not required under the related regulations for the fiscal year.

b. Segment Information by Geographic Area

Ordinary income and total assets as of and for the years ended March 31, 2009 and 2008 were primarily concentrated in Japan. Accordingly, the presentation of segment information by geographic area is not required under the related regulations for these fiscal years.

c. Ordinary Income from International Operations

Ordinary income arising from international operations both in and outside Japan was minor in relation to the total ordinary income for the years ended March 31, 2009 and 2008. Accordingly, the presentation of ordinary income from international operations is not required under the related regulations for these fiscal years.

27. DERIVATIVE INFORMATION

The Bank uses swap, futures, forward and option contracts, and other similar types of contracts based on either interest rates, foreign exchange rates or securities prices. These financial instruments are used in trading activities to generate trading revenues and fee income and are also used in Asset and Liability Management ("ALM") activities to control exposure to fluctuations in such market rates or prices.

The Bank uses derivatives to provide customers with risk hedging methods, to complement their ALM activities, to hedge market risks, and to strengthen earnings. The Bank carefully studies the risks involved with derivatives transactions and maintains a policy of limiting the volume of the risks within a range which they are capable of controlling based on their financial strength.

Derivatives used for hedging purposes are recorded on the basis of hedge accounting in accordance with the Japanese accounting standard for financial instruments. Such derivatives are currency swaps, forward exchange contracts, interest rate swaps and others, which are utilized to control the risks from foreign-currency monetary claims and debt, borrowed money and other financial instruments. The Bank reviews the effectiveness of hedging activities by the methods permitted under the accounting standard.

Similar to other market transactions, derivatives transactions are subject to a variety of risks, including market, credit, liquidity, operational and legal risks. Among those risks, the Bank emphasizes establishing the risk management structure to comprehend and manage market risk and credit risk.

The Bank plays a crucial role in the maintenance of the financial system in its region, and its fundamental policy on risk management is to maintain its ability to provide financial services reliability. The Bank has established risk management regulations that require the detection and identification of various types of risk from a comprehensive and organization-wide perspective, as well as the implementation of risk control procedures. The risks include interest rate risk, exchange rate risk and price fluctuation risk. The regulations also require to the Bank quantify the risks using value-at-risk (VaR), basis point value (BPV) or other methods.

To control market risk effectively, the Executive Committee, which consists of directors, meets semiannually to set the amount of capital to be allocated within the Bank's risk tolerance parameters in relation to the level of risk exposure, and to set warning points (for banking transactions) at which management consultation concerning future operating policies is required, in the event that the profit-and-loss position is actually affected. The Executive Committee also sets alarm points at which management must be consulted after the risk has been minimized, and loss-cut points (for trading transactions), at which risks must be eliminated and no further transactions undertaken.

The Bank has established reciprocal control mechanisms in its market operations by separating its organization into front office (Financial Market Department), middle office (Risk Management Department ("RMD")) and back office (Operations Planning and Administration Department) functions. The RMD is responsible for market risk management and provides daily reports to management concerning market risk exposure and the profit-and-loss situation. The RMD provides monthly reports to the ALM Committee concerning the Bank's exposure to market risk. Credit risk associated with derivatives transactions is managed in conjunction with other off-balance-sheet as well as on-balance-sheet transactions. The ultimate decision on credit risk is made by a credit department and is separated from the front office. The middle office calculates and monitors the estimated amount of derivative-related credit risk daily or monthly. The RMD calculates the Bank's total credit exposure and reports this amount to the Credit Portfolio Committee.

The Bank had the following derivatives contracts that were quoted on listed exchanges, outstanding as of March 31, 2008:

	Millions of Yen		
	2008		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts— Futures purchased	¥2,447		
Bond contracts—Futures written	5,863	¥(38)	¥(38)

The Bank had the following derivatives contracts that were not quoted on listed exchanges, outstanding as of March 31, 2009 and 2008:

	Millions of Yen			Thousands of U.S. Dollars		
	2009			**2009**		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts:						
Interest rate swaps:						
Receive fixed and pay floating	**¥1,909,942**	**¥ 23,567**	**¥ 23,567**	**$19,441,602**	**$ 239,897**	**$ 239,897**
Receive floating and pay fixed	**1,981,356**	**(19,518)**	**(19,518)**	**20,168,528**	**(198,685)**	**(198,685)**
Caps and others written	**62,564**	**(114)**	**1,628**	**636,856**	**(1,169)**	**16,581**
Caps and others purchased	**18,654**	**37**	**37**	**189,882**	**378**	**378**
Foreign exchange:						
Currency swaps	**305,284**	**2,098**	**2,098**	**3,107,534**	**21,357**	**21,357**
Forward exchange contracts written	**169,599**	**(8,295)**	**(8,295)**	**1,726,375**	**(84,440)**	**(84,440)**
Forward exchange contracts purchased	**173,337**	**8,353**	**8,353**	**1,764,431**	**85,035**	**85,035**
Options written	**45,288**	**(3,571)**	**(185)**	**461,001**	**(36,350)**	**(1,888)**
Options purchased	**45,864**	**3,586**	**883**	**466,860**	**36,503**	**8,990**

	Millions of Yen		
	2008		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts:			
Interest rate swaps:			
Receive fixed and pay floating	¥2,393,126	¥ 17,558	¥ 17,557
Receive floating and pay fixed	2,448,881	(13,343)	(13,317)
Receive floating and pay floating	100		
Caps and others written	71,648	(183)	1,742
Caps and others purchased	9,854	(5)	(5)
Foreign exchange:			
Currency swaps	328,087	2,285	2,285
Forward exchange contracts written	342,795	16,992	16,992
Forward exchange contracts purchased	341,745	(17,073)	(17,073)
Options written	49,968	(2,754)	282
Options purchased	50,504	2,777	453
Bond contracts—Over-the-counter options written	200,000	(6,335)	(2,641)

Notes: 1. Derivatives which qualify for hedge accounting are excluded in the above table.

2. The difference between fair value (loss) and valuation gain (loss) in interest rate swaps as of March 31, 2008 is the unamortized balance of deferred gains or losses attributable to macro-hedge accounting.

28. STOCK OPTIONS

The Bank's stock option plans provided for granting options to directors and others to purchase certain shares of the Bank's common stock in the respective exercise periods. The exercise prices are subject to adjustments for stock issuances below fair value and stock splits.

Stock-based compensation expenses were ¥87 million ($888 thousand) for the fiscal year ended March 31, 2009.

The stock options outstanding as of March 31, 2009 are as follows:

Stock Option	Persons Granted	Number of Options Granted (Shares)	Date of Grant	Exercise Price	Exercise Period
2000 Stock Option	10 directors 6 executive officers	310,000	July 21, 1999	¥369	From June 26, 2001 to June 25, 2009
2001 Stock Option	8 directors 275 executive officers and managers	1,504,000	July 7, 2000	498	From June 29, 2002 to June 28, 2010
2002 Stock Option	8 directors 252 executive officers and managers	1,489,000	July 6, 2001	502	From June 28, 2003 to June 27, 2011
2003 Stock Option	8 directors 180 employees	1,473,000	July 5, 2002	520	From June 27, 2004 to June 26, 2012
2004 Stock Option	8 directors 186 employees	1,407,000	July 7, 2003	437	From June 27, 2005 to June 26, 2013
2005 Stock Option	8 directors 280 employees	2,186,000	July 6, 2004	624	From June 26, 2006 to June 25, 2014
2006 Stock Option	7 directors 455 employees	4,379,000	July 7, 2005	648	From June 29, 2007 to June 28, 2015
2009 Stock Option	7 directors 11 executive officers	178,800	July 9, 2008	1	From July 10, 2008 to July 9, 2038

The stock option activity is as follows:

For the Year Ended March 31, 2008	2000 Stock Option	2001 Stock Option	2002 Stock Option	2003 Stock Option	2004 Stock Option	2005 Stock Option	2006 Stock Option	2009 Stock Option
Non-vested (shares):								
March 31, 2007—outstanding								
Granted								
Canceled								
Vested								
March 31, 2008—outstanding								
Vested (shares):								
March 31, 2007—outstanding	25,000	589,000	846,000	1,116,000	857,000	2,025,000	4,379,000	
Vested								
Exercised	(10,000)	(69,000)	(101,000)	(47,000)	(90,000)	(51,000)	(73,000)	
Canceled								
March 31, 2008—outstanding	15,000	520,000	745,000	1,069,000	767,000	1,974,000	4,306,000	

For the Year Ended March 31, 2009	2000 Stock Option	2001 Stock Option	2002 Stock Option	2003 Stock Option	2004 Stock Option	2005 Stock Option	2006 Stock Option	2009 Stock Option
Non-vested (shares):								
March 31, 2008—outstanding								
Granted								178,800
Canceled								
Vested								(134,900)
March 31, 2009—outstanding								43,900
Vested (shares):								
March 31, 2008—outstanding	15,000	520,000	745,000	1,069,000	767,000	1,974,000	4,306,000	
Vested								134,900
Exercised	(15,000)	(17,000)	(61,000)	(33,000)	(87,000)	(6,000)	(18,000)	
Canceled								
March 31, 2009—outstanding		503,000	684,000	1,036,000	680,000	1,968,000	4,288,000	134,900
Exercise price	¥369	¥498	¥502	¥520	¥437	¥624	¥648	¥1
	$3.76	$5.07	$5.11	$5.29	$4.45	$6.35	$6.60	$0.01
Average stock price at exercise	¥462	¥652	¥664	¥660	¥632	¥748	¥682	
	$4.70	$6.64	$6.76	$6.72	$6.43	$7.61	$6.94	

The Assumptions Used to Measure Fair Value of 2009 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	31.979%
Estimated remaining outstanding period:	Four years and eleven months
Estimated dividend:	¥11.50 per share
Interest rate with risk free:	1.183%

29. SUBSEQUENT EVENT

On May 13, 2009 the Board of Directors resolved the following appropriations of retained earnings:

Appropriations of Retained Earnings as of March 31, 2009

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends—Common stock (¥5.00—$0.05 per share)	**¥6,799**	**$69,211**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Bank of Yokohama, Ltd.:

We have audited the accompanying consolidated balance sheets of The Bank of Yokohama, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Bank of Yokohama, Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 15, 2009

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Balance Sheets

The Bank of Yokohama, Ltd.
March 31, 2009 and 2008—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
ASSETS:			
Cash and due from banks	**¥ 620,552**	¥ 542,674	**$ 6,316,697**
Call loans and bills purchased	**72,076**	232,611	**733,679**
Other debt purchased	**237,228**	276,850	**2,414,790**
Trading assets	**59,916**	51,480	**609,904**
Securities	**1,357,930**	1,410,983	**13,822,587**
Loans and bills discounted	**9,008,333**	8,578,995	**91,697,210**
Foreign exchange assets	**7,257**	3,595	**73,877**
Other assets	**112,485**	284,572	**1,145,005**
Premises and equipment	**138,825**	136,727	**1,413,121**
Intangible fixed assets	**15,096**	15,709	**153,666**
Deferred tax assets	**58,410**	28,292	**594,569**
Customers' liabilities for acceptances and guarantees	**101,899**	108,522	**1,037,250**
Allowance for possible loan losses	**(96,681)**	(45,339)	**(984,134)**
TOTAL	**¥11,693,332**	¥11,625,677	**$119,028,221**
LIABILITIES:			
Deposits	**¥10,327,052**	¥10,152,350	**$105,120,650**
Call money and bills sold	**127,764**	202,779	**1,300,533**
Trading liabilities	**1,426**	1,954	**14,524**
Borrowed money	**259,853**	118,025	**2,645,085**
Foreign exchange liabilities	**45**	55	**467**
Bonds and notes	**34,300**	40,000	**349,145**
Other liabilities	**152,046**	276,254	**1,547,702**
Accrued bonuses to directors and corporate auditors		85	
Reserve for directors' and corporate auditors' retirement benefits		1,072	
Reserve for reimbursement of deposits	**879**	881	**8,955**
Reserve for contingent losses	**420**	116	**4,278**
Deferred tax liabilities for land revaluation surplus	**22,048**	22,333	**224,436**
Acceptances and guarantees	**101,899**	108,522	**1,037,250**
Total liabilities	**11,027,737**	10,924,432	**112,253,025**
EQUITY:			
Capital stock—common stock—authorized, 3,000,000 thousand shares in 2009 and 2008; issued, 1,361,071 thousand shares in 2009 and 1,370,947 thousand shares in 2008	**215,628**	215,597	**2,194,917**
Capital surplus	**177,244**	177,213	**1,804,198**
Stock acquisition rights	**87**		**888**
Retained earnings:			
Legal reserve	**38,384**	38,384	**390,719**
Unappropriated	**208,749**	221,414	**2,124,890**
Unrealized gain (loss) on available-for-sale securities	**(5,241)**	17,453	**(53,353)**
Deferred loss on derivatives under hedge accounting	**(69)**	(39)	**(709)**
Land revaluation surplus	**31,524**	31,927	**320,894**
Treasury stock—common stock—at cost, 1,204 thousand shares in 2009 and 883 thousand shares in 2008	**(712)**	(705)	**(7,248)**
Total equity	**665,595**	701,245	**6,775,196**
TOTAL	**¥11,693,332**	¥11,625,677	**$119,028,221**

Non-Consolidated Statements of Income

The Bank of Yokohama, Ltd.
Years Ended March 31, 2009 and 2008—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
INCOME:			
Interest income:			
Interest on loans and discounts	**¥194,200**	¥190,974	**$1,976,799**
Interest and dividends on securities	**16,181**	17,309	**164,711**
Other interest income	**13,665**	16,171	**139,103**
Fees and commissions	**43,969**	47,956	**447,576**
Trading profits	**1,028**	981	**10,470**
Other operating income	**11,790**	9,432	**120,018**
Other income	**14,002**	13,250	**142,533**
Total income	**294,838**	296,077	**3,001,210**
EXPENSES:			
Interest expenses:			
Interest on deposits	**23,936**	28,665	**243,651**
Interest on borrowings and rediscounts	**3,158**	2,851	**32,151**
Other interest expenses	**7,104**	9,496	**72,316**
Fees and commissions	**13,120**	13,279	**133,555**
Trading losses	**56**	24	**578**
Other operating expenses	**8,896**	4,364	**90,563**
General and administrative expenses	**106,721**	100,048	**1,086,331**
Provision for possible loan losses	**63,912**	3,520	**650,570**
Other expenses	**57,567**	23,293	**585,986**
Total expenses	**284,473**	185,543	**2,895,701**
INCOME BEFORE INCOME TAXES	**10,365**	110,533	**105,509**
INCOME TAXES:			
Current	**19,533**	48,440	**198,831**
Deferred	**(17,821)**	(4,375)	**(181,412)**
Total income taxes	**1,711**	44,065	**17,419**
NET INCOME	**¥ 8,653**	¥ 66,468	**$ 88,090**
	Yen		U.S. Dollars
PER SHARE INFORMATION:			
Basic net income per share	**¥ 6.34**	¥ 48.21	**$ 0.06**
Diluted net income per share	**6.34**	48.12	**0.06**

Non-Consolidated Statements of Changes in Equity

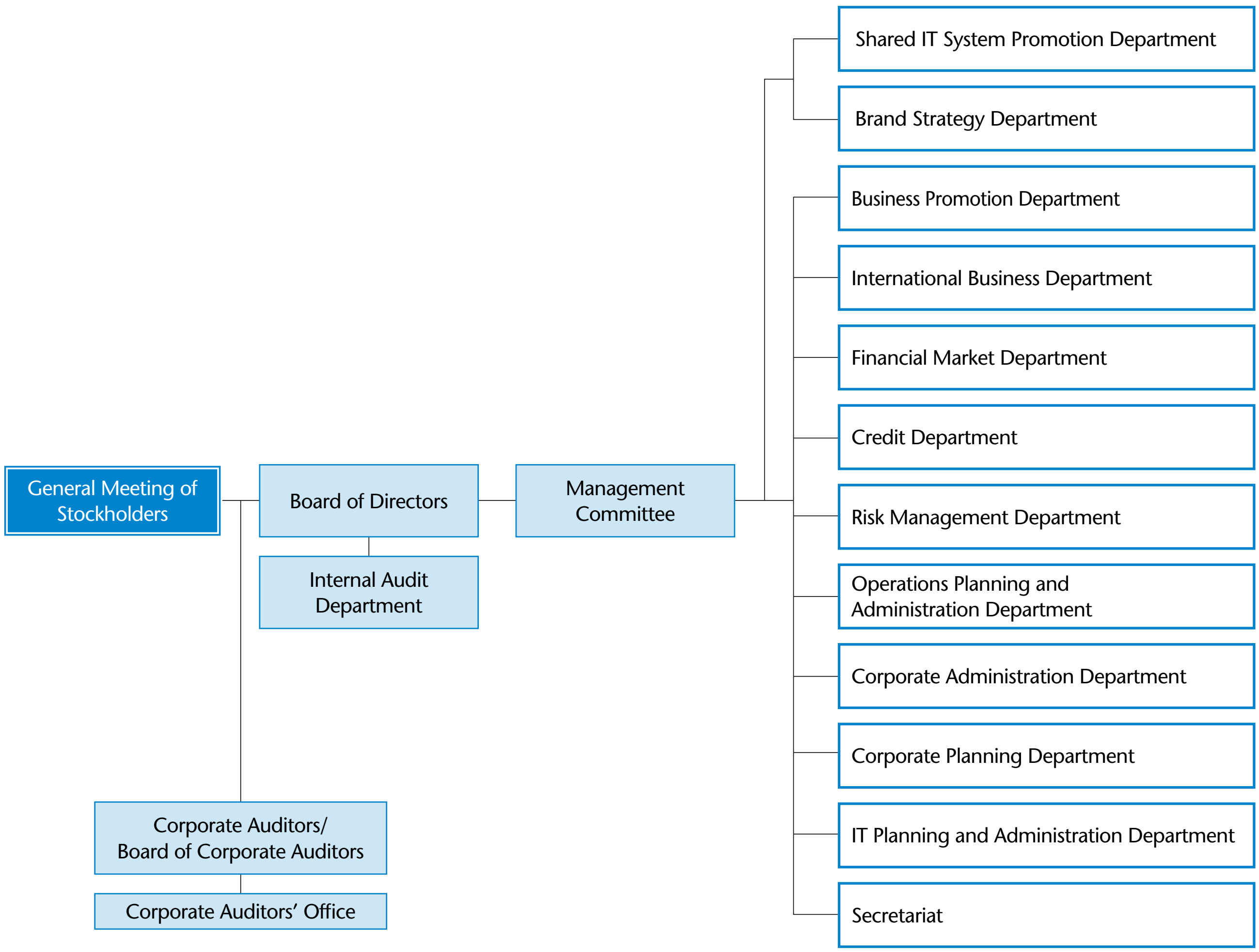
The Bank of Yokohama, Ltd.
Years Ended March 31, 2009 and 2008—Unaudited

	Thousands	Millions of Yen									
			Capital Surplus		Retained Earnings						
	Outstanding Number of Shares of Common Stock	Capital Stock	Additional Paid-in Capital	Stock Acquisition Rights	Legal Reserve	Unappropriated	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2007	1,392,275	¥215,481	¥177,097		¥38,383	¥188,374	¥65,039	¥ 8	¥31,972	¥ (205)	¥716,152
Net income						66,468					66,468
Cash dividends, ¥11.50 per share for common stock						(15,899)					(15,899)
Reversal of land revaluation surplus						44					44
Purchase of treasury stock	(22,680)									(18,095)	(18,095)
Disposal of treasury stock	27					(1)				23	21
Retirement of treasury stock (22,000,000 shares of common stock)						(17,572)				17,572	
Exercise of warrants	441	115	115								231
Net change in the year							(47,585)	(48)	(44)		(47,678)
BALANCE, MARCH 31, 2008	1,370,063	215,597	177,213		38,384	221,414	17,453	(39)	31,927	(705)	701,245
Net income						8,653					8,653
Cash dividends, ¥11.50 per share for common stock						(15,704)					(15,704)
Transfer to legal reserve											
Reversal of land revaluation surplus						408					408
Purchase of treasury stock	(11,085)									(6,391)	(6,391)
Disposal of treasury stock	764					(114)				476	362
Retirement of treasury stock (10,000,000 shares of common stock)						(5,909)				5,909	
Exercise of warrants	124	31	31								62
Net change in the year				¥87			(22,695)	(29)	(402)		(23,040)
BALANCE, MARCH 31, 2009	**1,359,866**	**¥215,628**	**¥177,244**	**¥87**	**¥38,384**	**¥208,749**	**¥(5,241)**	**¥(69)**	**¥31,524**	**¥ (712)**	**¥665,595**

	Thousands of U.S. Dollars									
		Capital Surplus		Retained Earnings						
	Capital Stock	Additional Paid-in Capital	Stock Acquisition Rights	Legal Reserve	Unappropriated	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2008	$2,194,599	$1,803,881		$390,718	$2,253,815	$ 177,665	$ (407)	$324,994	$ (7,184)	$7,138,081
Net income					88,090					88,090
Cash dividends, $0.11 per share for common stock					(159,855)					(159,855)
Transfer to legal reserve				1	(1)					
Reversal of land revaluation surplus					4,156					4,156
Purchase of treasury stock									(65,064)	(65,064)
Disposal of treasury stock					(1,164)				4,849	3,685
Retirement of treasury stock (10,000,000 shares of common stock)					(60,151)				60,151	
Exercise of warrants	318	317								635
Net change in the year			$888			(231,018)	(302)	(4,100)		(234,532)
BALANCE, MARCH 31, 2009	**$2,194,917**	**$1,804,198**	**$888**	**$390,719**	**$2,124,890**	**$ (53,353)**	**$ (709)**	**$320,894**	**$ (7,248)**	**$6,775,196**

ORGANIZATION

(As of April 20, 2009)



▶▶ International Network (As of August 1, 2009)

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Tel: 81 (45) 225-1111
Fax: 81 (45) 225-1160
URL: http://www.boy.co.jp/

TOKYO OFFICE
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Chuo-ku, Tokyo 103-0027, Japan
Tel: 81 (3) 3272-4171

ASIA

Hong Kong Representative Office
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1 Connaught Place, Central,
Hong Kong, S.A.R.,
People's Republic of China
Tel: 852-2523-6041
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CHIEF REPRESENTATIVE
Tomonori Okayama

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100 Century Avenue, Pudong New Area,
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Nobuyuki Takahashi

EUROPE

London Representative Office
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Fax: 44 (20) 7638-1886

CHIEF REPRESENTATIVE
Noboru Yahata

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE AUDITORS

(As of June 23, 2009)

PRESIDENT
Tadashi Ogawa

DEPUTY PRESIDENT
(REPRESENTATIVE DIRECTOR)
Hiroshi Hayakawa

REPRESENTATIVE DIRECTORS
Chiyuki Okubo
Masaki Itoh

DIRECTOR AND MANAGING EXECUTIVE OFFICERS
Ryuichi Kaneko
Toshio Aoi

DIRECTOR AND EXECUTIVE OFFICERS
Seiichi Yoneda
Kiyoshi Kikuchi

OUTSIDE DIRECTORS
Shoji Hanawa
Harumi Sakamoto

EXECUTIVE OFFICERS
Hideya Shimoyama
Takashi Noguchi
Takashi Matsuda
Kenji Yamada
Shunji Komatsu
Katsunori Amano
Atsushi Mochizuki
Kengo Takano
Yoshiyuki Hiranuma
Shinya Yamada

CORPORATE AUDITORS
Kazutaka Tsumura
Shinichi Mori

OUTSIDE CORPORATE AUDITORS
Toru Hara
Masahiro Hoshino
Atsushi Shimizu

▶▶ Corporate Data (As of March 31, 2009)

DATE OF ESTABLISHMENT
December 16, 1920

NUMBER OF BRANCHES AND OFFICES
607
Domestic: 603
Overseas: 4
(194 branches, 8 sub-branches, 401 ATM locations)

NUMBER OF EMPLOYEES
4,544

AUTHORIZED STOCKS
3,000,000 thousand

OUTSTANDING STOCKS
1,361,071 thousand

PAID-IN CAPITAL
¥215,628 million

CAPITAL ADEQUACY RATIO (Consolidated)
10.92%

NUMBER OF STOCKHOLDERS
31,710
(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
Tel: 81 (45) 225-1111
Fax: 81 (45) 225-1160

Major Stockholders (Common Stocks)

	Number of stocks held (thousand)	Voting rights (%)
Japan Trustee Services Bank, Ltd. (Trustee Account)	86,703	6.37
Japan Trustee Services Bank, Ltd. (Trustee Account 4G)	85,879	6.30
State Street Bank and Trust Company	61,123	4.49
The Master Trust Bank of Japan, Ltd. (Trustee Account)	57,206	4.20
Meiji Yasuda Life Insurance Company	36,494	2.68
The Dai-ichi Mutual life Insurance Company	36,494	2.68
Trust & Custody Services Bank, Ltd. (Meiji Yasuda Life Insurance Company Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	36,494	2.68
Nippon Life Insurance Company	26,709	1.96
Tokio Marine & Nichido Fire Insurance Co, Ltd.	14,901	1.09
Mitsui Sumitomo Insurance Co.,Ltd.	14,738	1.08

Classification of Stockholders by Area (Common Stocks)

	Number of stockholders	Number of stocks held (thousand)	%
Kanagawa	18,003	225,190	16.59
Tokyo	3,798	666,269	49.08
Osaka	599	13,002	0.95
Other areas	8,773	39,898	2.93
Overseas	537	412,981	30.42
Total	31,710	1,357,340	100.00

▶▶ The Bank of Yokohama on the Internet

Current information in English about the Bank of Yokohama can be found on our website. Users can also download annual reports, financial summary reports, news releases and other information.

http://www.boy.co.jp/e/index.html

The Bank of Yokohama, Ltd.

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