Bank of Yokohama

Annual Report 2010

Year Ended March 31, 2010

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 ¥11,984.3 billion and deposits of ¥10,477.6 billion as of March 31, 2010. 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 2nd Stage," the medium-term management plan that we launched in April 2010.

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 identifies important factors that could cause such differences, including but not limited to, changes in overall economic conditions.

The Bank of Yokohama Brand

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.

Our Brand Promise

We will create new opportunities for each and every customer
to enjoy the most appropriate financial services.

Afresh
あなたに、あたらしく。

Bank of Yokohama

Brand Slogan

The word “Afresh” means “new,” “again” and “to make something better.” “Afresh” expresses our commitment to understanding and realizing the needs and wants of every single customer in the most advantageous manner by keeping a clear, positive outlook on the present and the future. The Japanese following “Afresh” supports this message and can be translated as “Something new for you.”

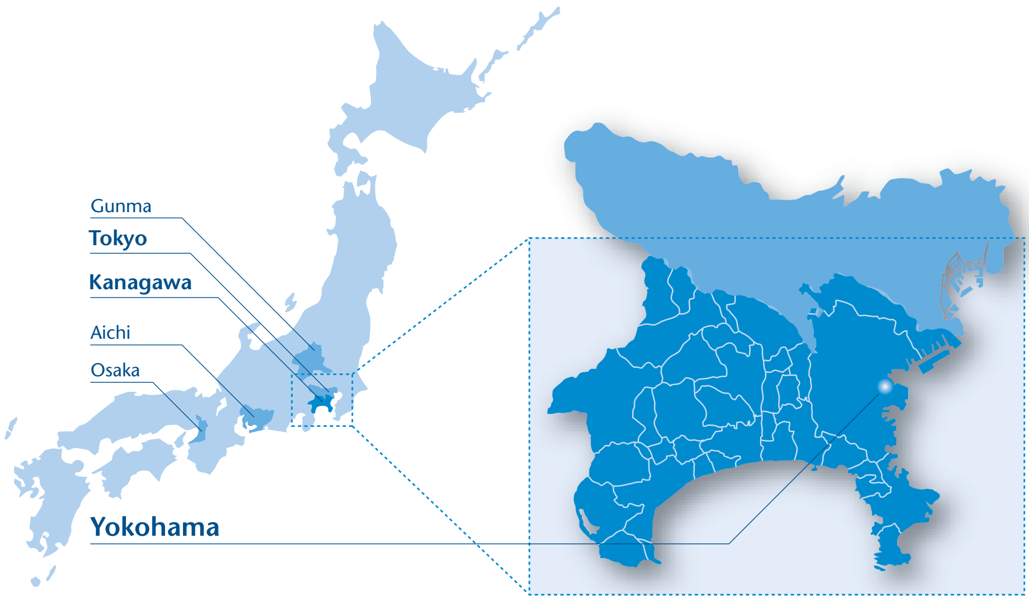
Brand Symbol

A stylized image of a ship seen from the front along the waterline, this two-part symbol represents “customers” and “us” sailing together swiftly toward new destinations.

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 total population and its indicators, such as gross prefectural product and retail sales, which are among the highest in Japan.

The dramatic global slowdown that followed the financial crisis triggered by the collapse of Lehman Brothers had a major impact on the economy of Kanagawa Prefecture, which is heavily reliant on exports. Nevertheless, regional exports and production began to increase in the spring of 2009, and business conditions are steadily recovering. Furthermore, business activity is still moving steadily ahead in future-oriented fields that will propel economic development in the coming years, such as electric cars and solar power generation. These new industries are the focus of high expectations as drivers of future economic growth that will unleash the region's excellent growth potential.



Potential of Kanagawa Prefecture

Population (Oct. 2009)
8.94 million (2nd/47 Prefectures) (Tokyo, Kanagawa, Osaka)

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

Gross Prefectural Product (FY07)
¥32.0 trillion (4th) (Tokyo, Osaka, Aichi, Kanagawa)

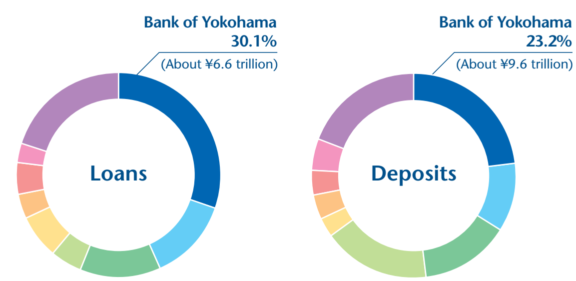
Manufacturing Output (2008)
¥19.5 trillion (2nd) (Aichi, Kanagawa, Shizuoka)

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, 2010)



	Loans	Deposits
Banking Group A	13%	11%
Banking Group B	13%	14%
Banking Group C	5%	17%
Banking Group D	7%	3%
Regional Banks	4%	4%
2nd Tier Regional Banks	5%	4%
Trust Banks, etc.	3%	5%
Co-op Banks	20%	19%

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

Consolidated Financial Highlights

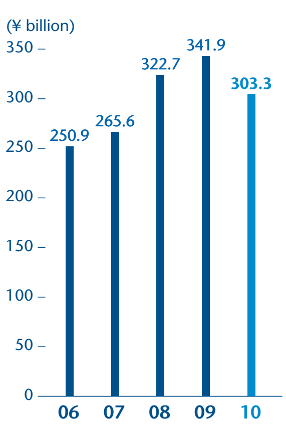
The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

Years ended March 31	Millions of Yen* 2010	Millions of Yen* 2009	Thousands of U.S. Dollars** 2010
At year-end:			
Total assets	¥11,984,313	¥12,034,535	$128,808,188
Cash and due from banks	731,175	623,224	7,858,724
Deposits	10,477,685	10,288,750	112,614,846
Loans and bills discounted	8,485,502	8,961,222	91,202,740
Securities	1,741,692	1,348,507	18,719,830
Total equity	761,580	714,086	8,185,519
Capital stock	215,628	215,628	2,317,590
For the year:			
Total income	¥ 303,358	¥ 341,947	$ 3,260,514
Total expenses	250,500	331,777	2,692,399
Net income	30,946	7,344	332,618

* Yen amounts have been rounded down to millions of yen.
** U.S. dollar amounts are translated, for reference only, at the rate of ¥93.04=$1 effective on March 31, 2010.

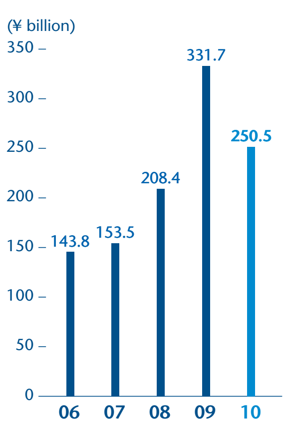
Total Income

Years ended March 31



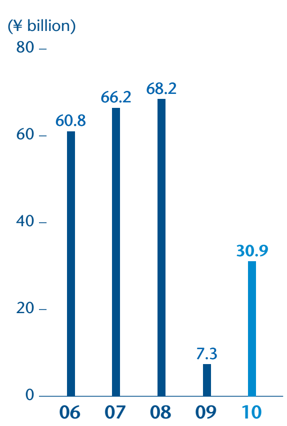
Total Expenses

Years ended March 31



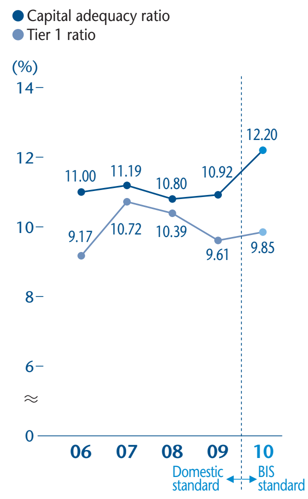
Net Income

Years ended March 31



Capital Adequacy Ratio

As of March 31



First of all, I would like to express our deep appreciation for your continued patronage and support of the Bank of Yokohama.

Encouraging Signs in the Kanagawa Economy

High economic growth rates in emerging economies, especially China and India, are helping to underpin a gradual recovery trend in the world economy. In the Japanese economy, exports are growing, and there are indications that the downward trend in capital investment has halted. Although the continuing seriousness of the employment situation is reflected in a high unemployment rate and other indicators, government policies are helping to drive a rally in consumer spending, and the economy can therefore be expected to follow a gradual recovery trend. Economic indicators for Kanagawa Prefecture are also starting to show positive trends, including a recovery in export industries.

Launch of the New Medium-Term Management Plan

In April 2010, we launched our new medium-term management plan, "New Horizon 2nd Stage."

Under our previous medium-term management plan, which we launched in April 2007, we focused on the realization of our long-term vision of becoming an attractive financial institution for customers, shareholders, employees and communities. While this plan was in progress, however, the external environment was radically changed by the global financial crisis. These changes are reflected in our new medium-term management plan, which we have positioned as a three-year period for the building of a solid business foundation that prepares us for the future and the establishment of a strong management foundation that can endure any environmental change.

We have identified three main themes for the new medium-term management plan: 1) improvement of corporate value by developing the "Yokohama Brand," 2) intensification of low-cost operation, and 3) improvement of performance by reinforcing investment in human assets.

Our goals under the plan are to provide high-value financial services for customers, to establish easy-to-use service channels for customers, and to enhance the stability and security of our operations to ensure customers' peace of mind.

Also, in January 2010, we transitioned smoothly to the "MEJAR" shared use system developed jointly with The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd., which are members of the Hokuhoku Financial Group. With the new system, we will offer new products and

services in a timely manner, which will benefit our customers through improved convenience. We will work through these initiatives to expand our regional retail business and realize our long-term vision.

Counting Down to Our 90th Anniversary

On December 16, 2010, we will celebrate an important milestone, the 90th anniversary of the Bank's founding. I would like to express our sincere gratitude for the past support of our shareholders, customers and business partners. We have survived many difficult times during this long history, and our entire organization is united in our determination to use that experience to achieve the targets set down in our new medium-term management plan, and to contribute to further prosperity in our region.

We look forward to your continuing support in the future.

September 2010

Tadashi Ogawa
President

The Bank of Yokohama's new medium-term management plan, "New Horizon 2nd Stage," is firmly adapted to a drastically altered business environment, and is aimed at strengthening the Bank's business foundation for sustained, future growth.

Outline of the New Medium-Term Management Plan

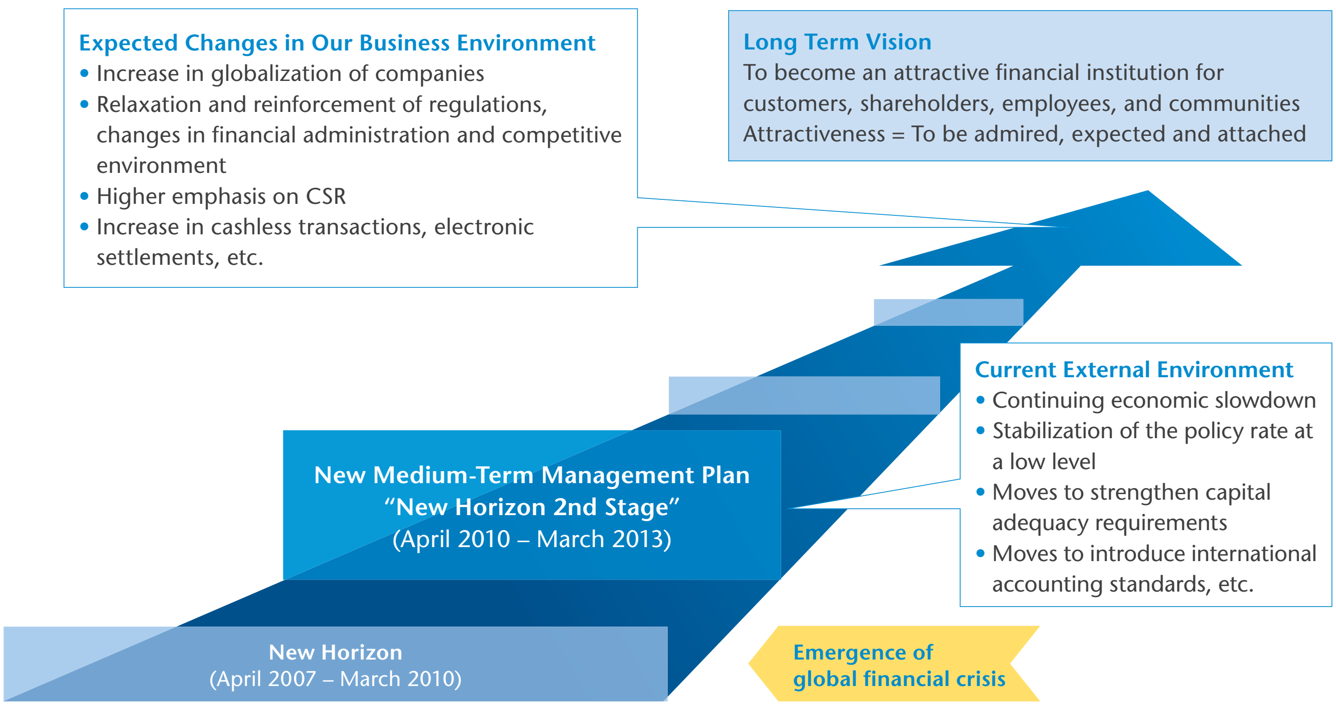
1. Name: **"New Horizon 2nd Stage"**

2. Term: 3 years (From April 2010 to March 2013)

3. Significance: 3 years to build a "Solid business foundation" that prepares us for the future and to establish a "Strong management foundation" that can endure any environmental change, in order to realize the Long Term Vision—To become an attractive financial institution for customers, shareholders, employees, and communities.

4. Main theme:
(1) Improvement of corporate value by developing the "Yokohama Brand"
(2) Intensification of low-cost operation
(3) Improvement of performance by reinforcing investment in human assets

Background and Positioning of the New Medium-Term Management Plan



Direction of Practical Steps and Important Measures

1. Direction of practical steps

(1) Provision of high-value financial services for customers

(2) Establishment of easy-to-use service channels for customers

(3) Enhancement of stability and safety of the management to ensure customers feel secure

2. Important measures

(1) Intensification in regional retail banking

(2) Improvement of fund management

(3) Strengthening of risk management

(4) Intensification of low-cost operation

(5) Improvement of performance by reinforcing investment in human assets

Main Target Figures (for the final fiscal year)

Core Tier 1 Ratio (Consolidated)	ROE (Consolidated)	Credit costs ratio (Non-consolidated)	OHR (Non-consolidated)
More than 8% *1	Around 7% *2	Around 0.30% *3	Around 45% *4

*1 {Tier 1 – (preferred stock + preferred securities + net deferred tax assets etc.) }/ Risk assets
*2 Net income / Shareholders' equity (average)
*3 Credit costs / Average balance of total loans
*4 Expenses / Gross operating income

Financial Forecast

(¥ billion)

		FY09 Actual (A)	FY12 Forecast (B)	Change (B) - (A)
Non-consolidated	Gross operating income	211.9	221.0	About +9.0
	Expenses	99.9	99.0	About (1.0)
	Net business profit	111.9	122.0	About +10.0
	Credit costs	55.8	26.0	About (30.0)
	Ordinary profit	52.8	92.0	About +39.0
	Net income	31.0	55.5	About +24.5
	OHR	47.1%	Around 45%	About (2.0%)
	Credit costs ratio	0.63%	Around 0.30%	About (0.3%)
Consolidated	Ordinary profit	53.7	95.0	About +41.5
	Net income	30.9	56.0	About +25.0
	ROE	4.7%	Around 7%	About +2.0%
	Core Tier 1 Ratio	7.4%	More than 8.0%	About +0.6%
Retail loans within Kanagawa Prefecture (Non-consolidated)*1		5868.1	6550.0	About +680.0
Individual deposit assets (Consolidated)		1732.2	2200.0	About +470.0

*1 Retail loans within Kanagawa Prefecture = Loans to small and medium-sized businesses in Kanagawa Prefecture + Loans to individuals in Kanagawa Prefecture

Figures projected in this material do not guarantee future financial results, and are exposed to risks and uncertainties. Future results may differ from those projected due to changes in the economic environment.

Initiatives for Individual Customers

We are expanding and upgrading banking channels to enhance convenience and ease of use for 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.

"MEJAR" Shared Use System Becomes Operational

Since March 2006, the Bank has been making preparations for use of the "MEJAR" shared use system together with The Hokuriku Bank, Ltd. and The Hokkaido Bank, Ltd., which are members of the Hokuhoku Financial Group. The purpose of the system is to enable the provision of products and services in a timely manner, which will benefit our customers through improved convenience. In January 2010, we began operation of the system ahead of the other banks. Transition to the new system has extended the business hours of ATMs in approximately 100 locations and has made possible 24-hour ATM service at 14 branches since July 2010.

ATM Network

As of March 31, 2010, we had 405 unmanned branches in railway stations and other convenient locations. In addition to linkage with convenience store ATMs, we maintain ATM network alliances with other financial institutions. We share ATM services with several other regional banks, specifically the Kanagawa Bank, Joyo Bank, Chiba Bank, Tsukuba Bank, Tokyo Tomin Bank, Hokuriku Bank, Hokkaido Bank and Musashino Bank.

Housing Loans

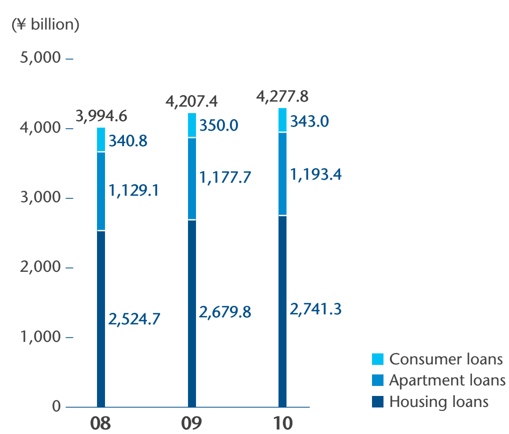
The Bank offers an extensive range of housing loan products to meet a wide range of customer needs, including the construction or purchase of a residence or the refinancing of a loan from another financial institution. Our product line includes high-added-value products that provide attractive customer benefits, such as loans specially designed for eco-friendly housing. Customers can borrow using housing loans adapted to their individual life plans by selecting combinations of different interest types, the use of group credit life insurance policies with housing loan riders, or payment of a guarantee charge.

Expert staff stand ready to assist customers at our 26 Housing Loan Centers (as of March 31, 2010), 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 Centers by

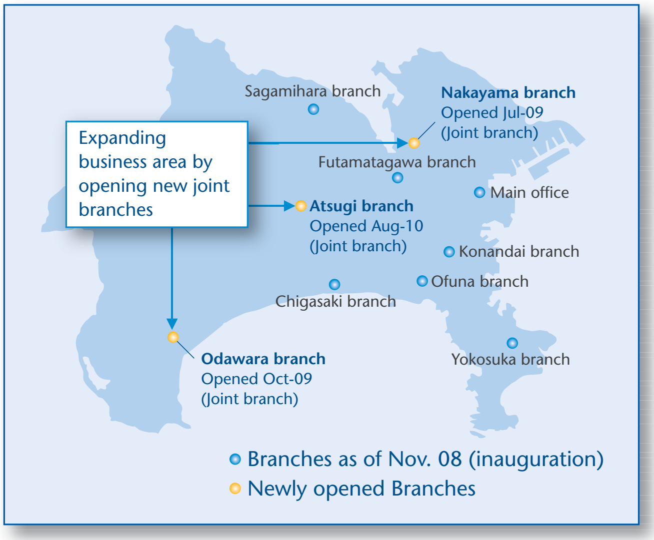
Individual Loans (Non-Consolidated)

As of March 31



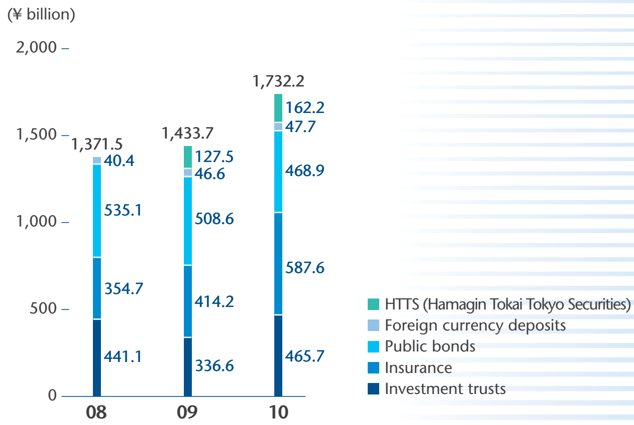
(Note) "Housing loans" includes a portion that has been securitized (Mar. 08: ¥270.6 billion, Mar. 09: ¥257.4 billion, Mar. 10: ¥232.6 billion).

Branch Network of Hamagin Tokai Tokyo Securities (As of August 31, 2010)



Balance of Non-Deposit Products for Individuals (Consolidated)

As of March 31



(Note) Insurance = annuity insurance + whole life insurance

telephone or via the Internet. We also operate a toll-free advice line for customers with existing loans to inquire about matters such as early repayment or loan modification procedures.

Hamagin Tokai Tokyo Securities

The Bank of Yokohama and Tokai Tokyo Securities Co., Ltd. jointly established the securities company Hamagin Tokai Tokyo Securities in November 2008. The company has expanded its service network from the original seven outlets and currently operates ten outlets in Kanagawa Prefecture. The Bank and Hamagin Tokai Tokyo Securities will continue to satisfy wide-ranging customer needs through mutual collaboration.

Investment Trusts

We have expanded our range of investment trusts to meet the investment needs of our customers. As of March 31, 2010, we offered 53 funds.

There has been steady growth in sales of 16 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, introducing new products and revising the product range as appropriate. As of March 31, 2010, we offered five personal fixed annuity insurance products, including one foreign currency-denominated product, six variable annuity insurance products, four lump-sum whole life insurance products, and one lump-sum medical insurance product. We also began offering 17 non-investment insurance products in April 2010.

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.

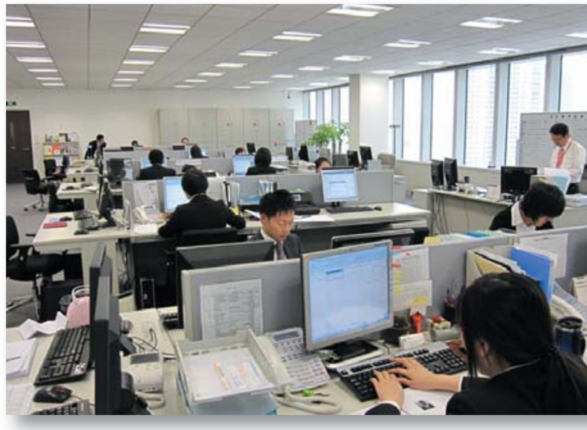
Yokohama Bank Card

The Yokohama Bank Card is a versatile card that combines the functions of a cash card, an international credit card, a loan card and a debit card. The number of individual Yokohama Bank Card members reached the one million mark in February 2010.

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. The Bank offers loans that can be used for a wide range of purposes.

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.

With our Shanghai branch, we offer financial services to customers developing business operations in China. We also support overseas expansion by local Kanagawa-based businesses through an approach that includes partnerships with foreign banks.

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.

Syndicated loans and private bond placements have become established as financing methods used by local companies. The Bank will continue to actively meet the diversifying financing needs of our customers.

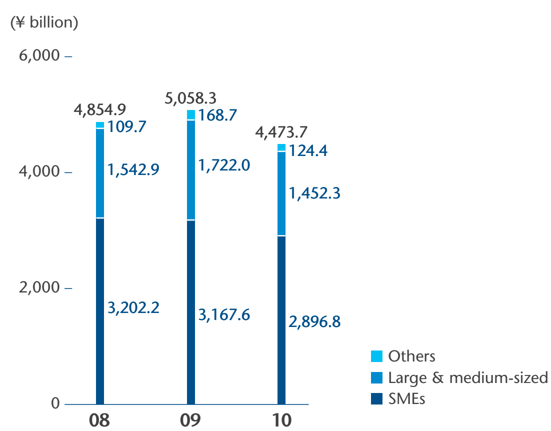
Business Loan Centers

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 corporations, 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. We currently operate a network of ten Business Loan Centers in Kanagawa Prefecture. The centers actively seek to contribute to smooth financing for our customers.

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, 2010, the balance of Yume Fund investments stood at ¥9.3 billion, and funds had been supplied in 1,267 cases. Investment through Yume Fund Partnerships is channeled mainly into venture businesses with strong

Corporate Loans (Non-Consolidated)
As of March 31



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

Shanghai Branch Map

ties to Kanagawa Prefecture. By March 31, 2010, we had invested in a cumulative total of 106 companies, of which 12 had implemented IPOs.

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. To meet customer needs for sales channel expansion opportunities, we actively provide business matching services and plan and hold business forums. In our M&A services, we are making optimal use of the Bank of Yokohama Group's wide-ranging information resources and capabilities, and reinforcing solutions-based consulting and marketing services, to meet customer needs in such areas as business expansion and restructuring, and to provide solutions for management succession issues.

Support for Overseas Expansion

In November 2009, we opened the Shanghai Branch in Shanghai, China and began providing locally based financial services to customers who do business in China, which continues to see striking economic growth.

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.

Management Improvement Support

We take full advantage of business information obtained through contact with our customers to ascertain customers' financial circumstances, make qualitative considerations and assess external environmental factors. On that basis, we provide support to customers in need of management improvement through concrete measures that are specifically tailored to each customer's intentions and plans.

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

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.

Diversified Investment

The Bank aims to secure stable investment returns by engaging in diversified investment that balances risks and returns, while paying careful consideration to the market environment to ensure diversification of income sources and risks.

Profit Distribution Policy and Information for Shareholders

Dividend Policy

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.

In keeping with that policy, to flexibly return profits to our shareholders and further increase management and financial stability, for the fiscal year ending March 31, 2011 the Bank has decided to add a Special Dividend linked to business results to the Ordinary Dividend, which is paid on a stable basis.

(1) Ordinary Dividend

The Bank will pay a dividend of ¥10 per share irrespective of business performance, consisting of an interim dividend of ¥5 per share and a year-end dividend of ¥5 per share.

(2) Special Dividend

Regarding the portion of the dividend linked to business results, the Bank will make a profit distribution (in the form of payment of a Special Dividend or purchase of treasury stock) equivalent to approximately 40% of the amount exceeding ¥50 billion in net income, if net income for the fiscal year exceeds ¥50 billion.

Improvement of Performance by Reinforcing Investment in Human Assets

"Improvement of performance by reinforcing investment in human assets" is one of the core themes of "New Horizon 2nd Stage," our new medium-term management plan. We will further strengthen the foundation that supports the Bank's growth by proactively developing human resources and increase the expertise of our employees, and create an organization where they are able to demonstrate their capabilities to the fullest.

Specifically, we will enhance the value of the human assets that support the Bank's growth and develop a vigorous and dynamic organization by enhancing our education programs and career design support.

Upgrading Human Assets

Our customers' needs, and the financial and competitive environment in which we operate, are changing. To enhance our ability to propose products and services aligned with customer needs and provide truly high-added-value financial services, we will develop employees with the skills to engage in sophisticated consultation-based selling, and also engage in deliberate development of human assets in highly specialized business areas. We will also send employees overseas to undertake MBA studies, and continue to expand and enhance our in-house and external training programs.

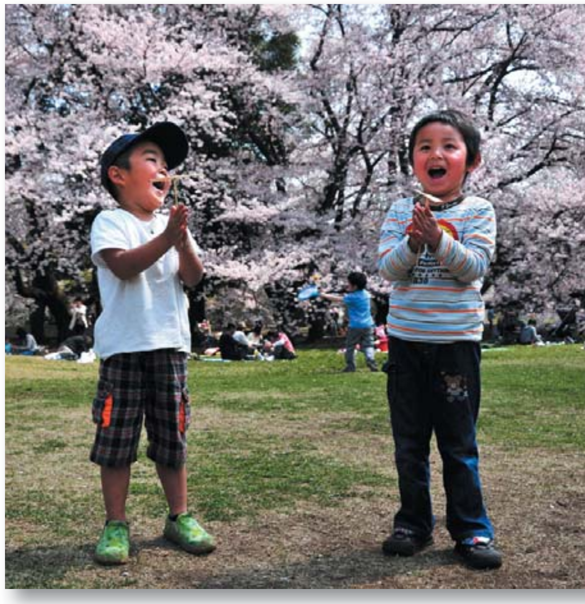
Increasing Employee Motivation

Alongside strengthening skill development support systems to systematically nurture human assets capable of providing optimal financial services befitting a first-rate regional bank, we will put in place a structure for further enhancing career design support for each employee.

Prioritized Measures in Upgrading Human Assets

	Prioritized Measures	
Human Resource Development	Development of human assets to engage in sophisticated consultation-based selling	Upgrading Human Assets
	Deliberate development of human assets in highly specialized business areas	
Strengthening Motivation	Preparation of career design support that draws on employees' experience and skills	Invigoration of the Organization
	Continued development of work/life balancing measures	

CSR Activities

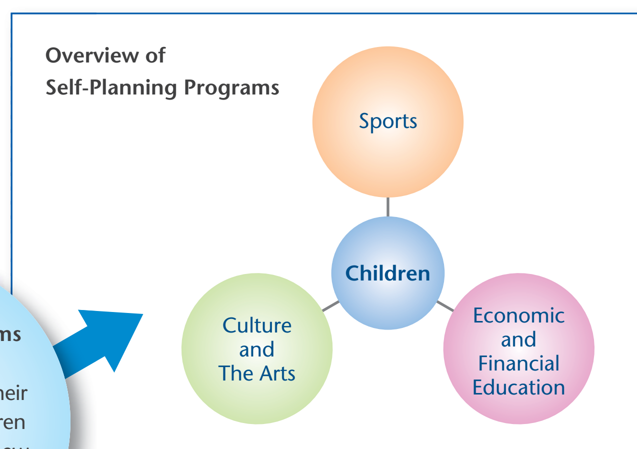


As a regionally based bank, we recognize the importance of strong ties with local communities. This is reflected in our wide-ranging involvement in CSR initiatives to support local communities. We work with communities to build a brighter future for tomorrow's children.

The Bank has a clearly defined basic policy concerning engagement in CSR activities and engages in concrete activities. Most of our CSR activities can be categorized as social contributions, which we approach 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.

Overview of CSR Activities



Governance System

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.

Description of Management Organization

The Bank of Yokohama is structured under the "company with auditors" system.

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.

It is the Bank's view that the effectiveness of corporate governance can be enhanced through the appointment of highly independent outside directors, which ensures thorough management oversight, and the maintenance of an auditing function through the corporate auditors and Board of Corporate Auditors.

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

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.

The Bank has established the Corporate Auditor's Office and staffed it with full-time employees to assist the corporate auditors, including the outside corporate auditors, and to ensure the smooth functioning of the Board of Corporate Auditors. The Board of Corporate Auditors normally meets monthly.

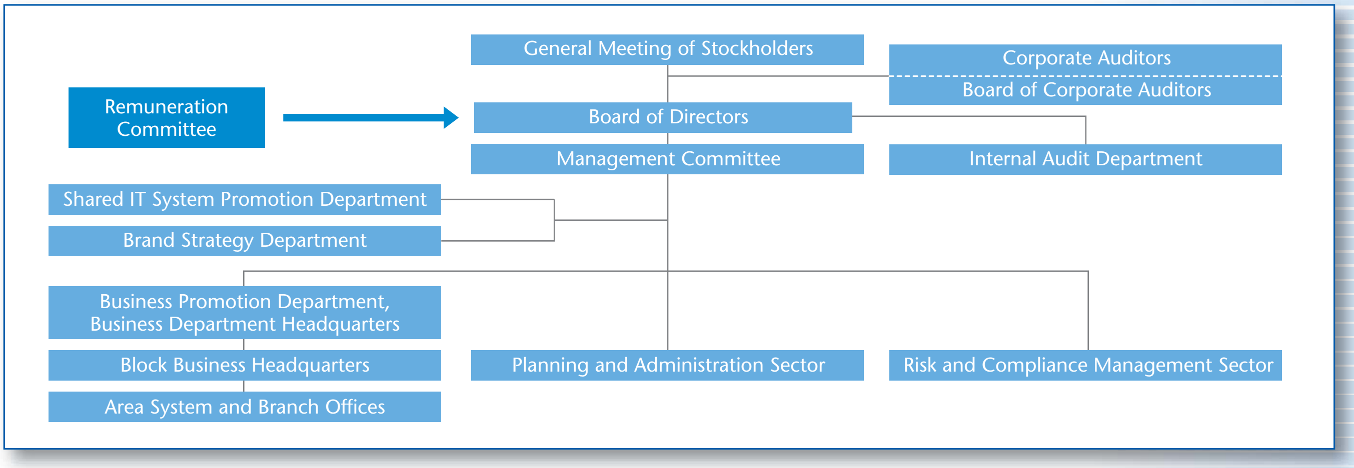
C. Management Conference

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. Meetings of the Management Conference are normally held monthly.

D. Remuneration Committee

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

Corporate Governance Structure



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.

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.

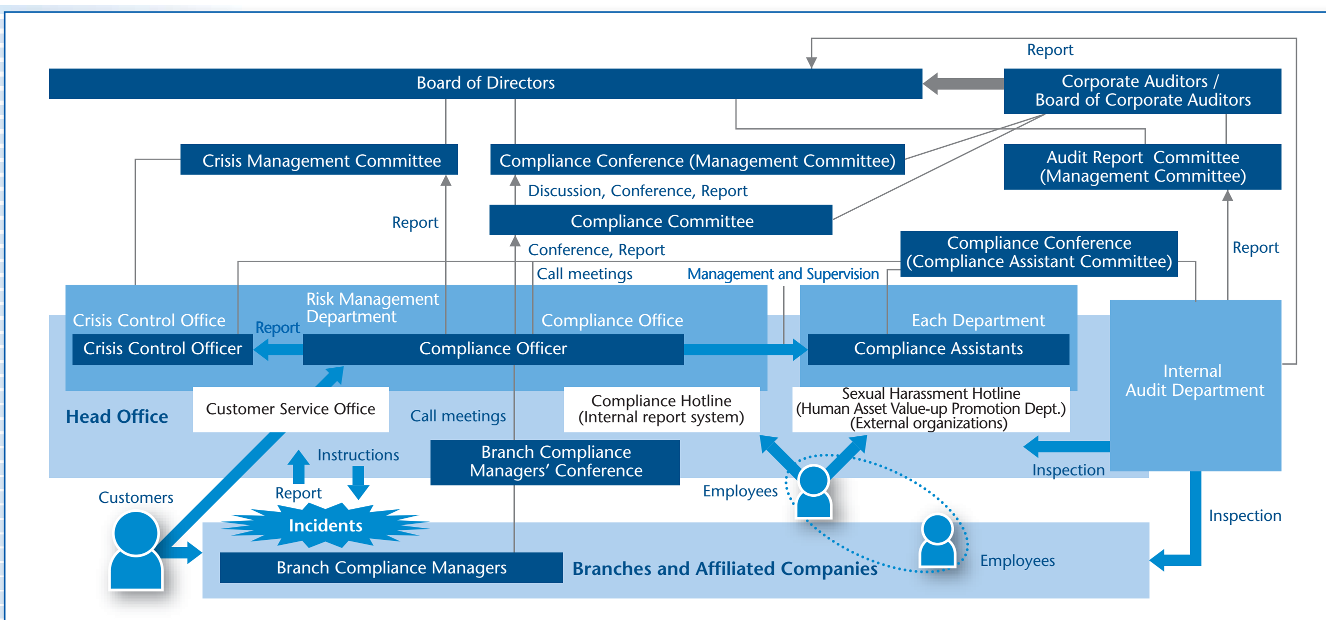
(As of the end of June 2010)

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.

Compliance Structure



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.

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." The Bank has adopted the BIS Standard as of December 2009.

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.

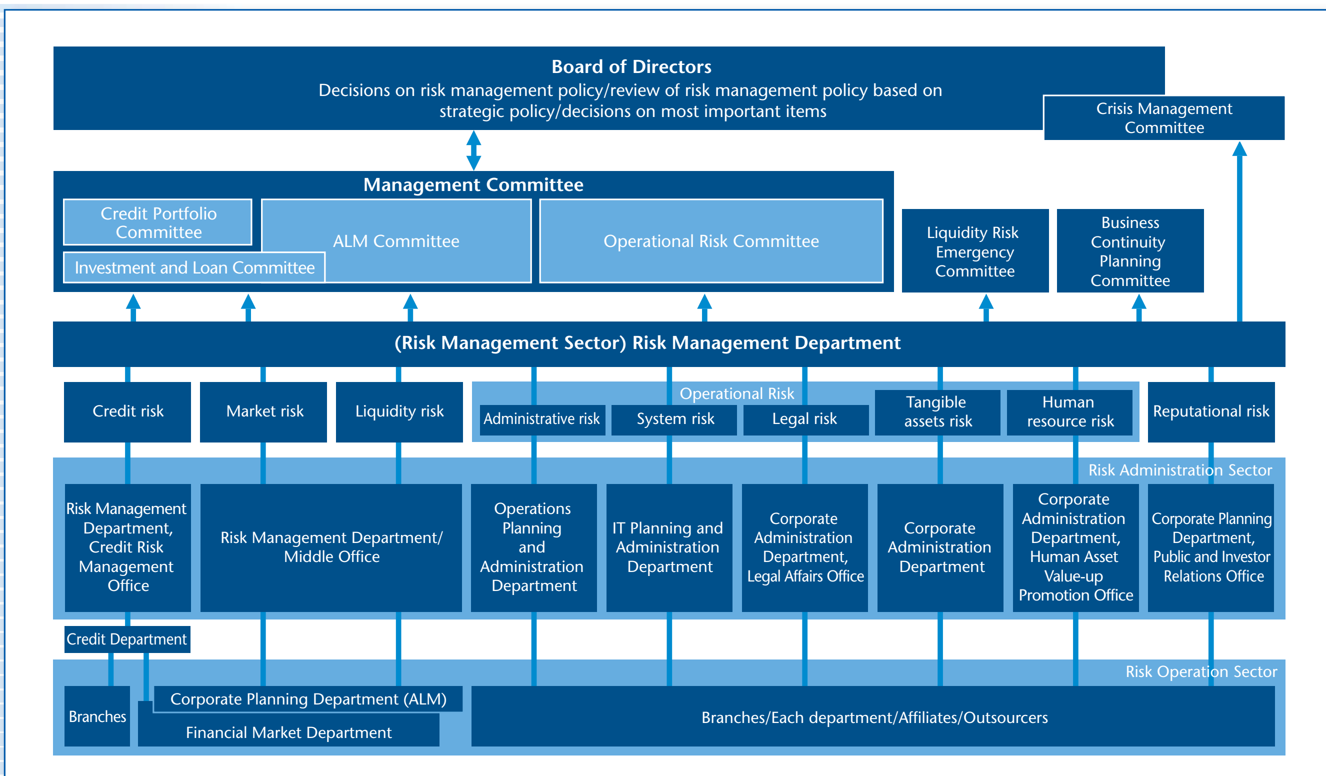
• The Bank seeks to prevent the emergence of reputational risks and other risks that should be avoided or constrained. If such risks do emerge, however, the Bank seeks to deal with them immediately.

• 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



Maintaining a Sound Financial Standing

CLAIMS

The Problem Claims Ratio Decreased to 2.7% (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) decreased ¥54.2 billion compared with the previous term-end to ¥239.1 billion. The problem claims ratio decreased 0.4 percentage points to 2.7 %.

Coverage of Credit Information (As of March 31, 2010)

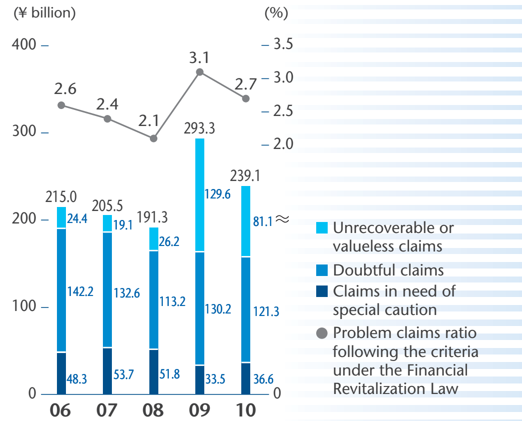
(¥ billion, %)

		Unrecoverable or valueless claims	Doubtful claims	Subtotal	In need of special caution (borrower category)	Total
Outstanding claims	(A)	81.1	121.3	202.5	40.9	243.5
Sum covered by collateral, etc.	(B)	59.3	80.2	139.6	20.9	160.5
Sum of possible uncollectible loans	(C=A-B)	21.8	41.0	62.9	20.0	82.9
Specific allowance for possible loan losses	(D)	21.8	19.0	40.8	3.7	44.6
Allowance coverage ratio	(D/C)x100	100.00	46.3	64.9	18.7	53.7
Total coverage ratio	(B+D) /Ax100	100.00	81.8	89.1	60.1	84.2

Problem Claims as a Percentage of Total Claims

(In Accordance with the Financial Revitalization Law) (Non-Consolidated)

As of March 31



CAPITAL ADEQUACY

1. Overview of Capital Adequacy Assessment Method

As stipulated in its Basic Regulations on Capital Adequacy Management, the Bank of Yokohama assesses its capital adequacy by ascertaining whether it has sufficient capital to cover its risk exposure, taking into account management plans and strategies. 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, anticipated risk exposure is estimated 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.

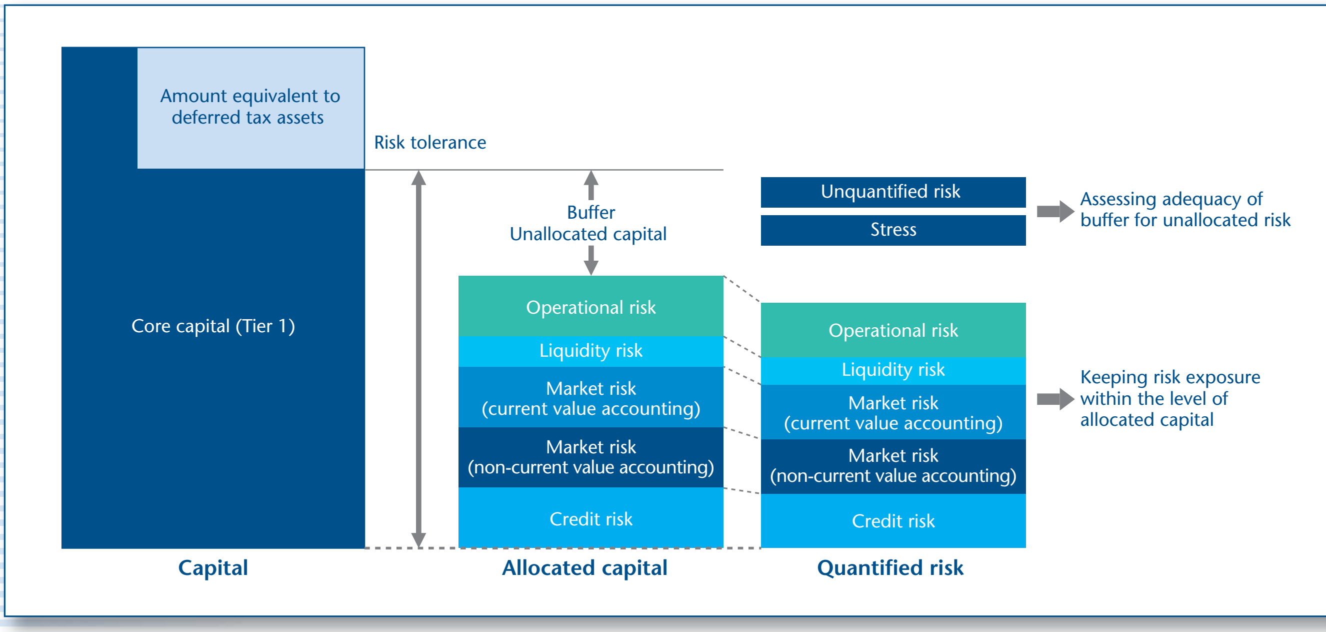
The Bank assesses its capital adequacy from the perspective of whether or not its capital buffer (unallocated capital) is sufficient, taking into account stress test results and risks that have been excluded from quantification because of quantification model limitations and other factors. The results are used to formulate capital strategies and risk management policies.

2. Overview of Credit Risk Management Policies and Procedures

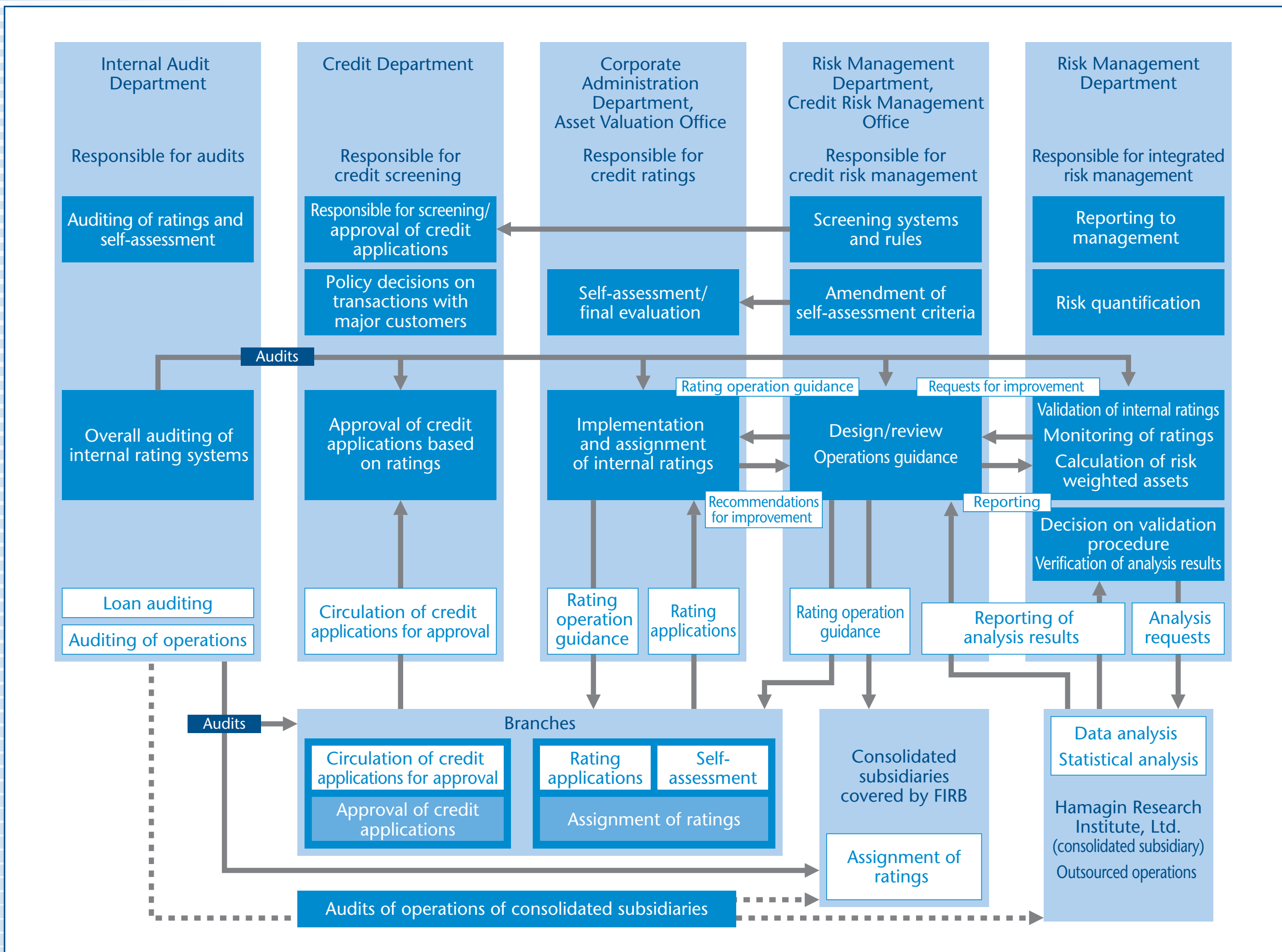
The basic policy of the Bank of Yokohama, as an institution that helps to maintain an orderly credit environment in its region, is to supply credit reliably regardless of business trends and changes in the economic environment with a forward-looking stance, while keeping its exposure to credit risk within 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, which is independent of the Credit Department (responsible for credit screening) and the Corporate Administration Department, Asset Valuation Office (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,	2010	2009	2008	2007	2006
	Millions of Yen				
ASSETS:					
Cash and due from banks	**¥ 731,175**	¥ 623,224	¥ 544,132	¥ 383,330	¥ 305,844
Call loans and bills purchased	**92,425**	72,076	232,611	204,354	19,900
Other debt purchased	**213,567**	246,295	290,984	317,603	304,277
Trading assets	**42,392**	59,916	51,480	82,437	28,386
Securities	**1,741,692**	1,348,507	1,408,100	1,670,276	1,363,469
Loans and bills discounted	**8,485,502**	8,961,222	8,518,650	8,115,015	8,125,307
Foreign exchange assets	**4,839**	7,257	3,595	4,399	5,324
Deferred tax assets	**61,155**	68,042	36,149	5,592	5,597
Customers' liabilities for acceptances and guarantees	**358,400**	400,362	426,264	441,010	394,032
Other	**347,569**	358,047	533,868	234,036	312,245
Allowance for possible loan losses	**(94,406)**	(110,413)	(56,317)	(55,876)	(62,194)
Total	**¥11,984,313**	¥12,034,535	¥11,989,520	¥11,402,180	¥10,802,190
LIABILITIES:					
Deposits	**¥10,477,685**	¥10,288,750	¥10,119,828	¥ 9,867,222	¥ 9,450,040
Call money and bills sold	**23,410**	127,764	202,779	132,391	293
Trading liabilities	**1,573**	1,426	1,954	2,669	5,124
Borrowed money	**99,758**	250,293	110,887	2,648	17,359
Foreign exchange liabilities	**85**	45	55	36	99
Bonds and notes	**64,300**	34,300	40,000	40,000	65,000
Other liabilities	**173,812**	194,063	314,838	125,580	115,037
Accrued bonuses to directors and corporate auditors	**9**		85	80	
Liability for employees' retirement benefits	**118**	91	73	53	88
Reserve for directors' and corporate auditors' retirement benefits			1,072		
Reserve for reimbursement of deposits	**934**	879	881		
Reserve for contingent losses	**594**	420	116		
Reserves under special law	**1**				
Deferred tax liabilities				6,446	7,478
Deferred tax liabilities for land revaluation surplus	**22,048**	22,048	22,333	22,363	22,736
Acceptances and guarantees	**358,400**	400,362	426,264	441,010	394,032
Total liabilities	**11,222,733**	11,320,448	11,241,171	10,640,503	10,077,290
MINORITY INTERESTS					44,557
EQUITY:					
Capital stock	**215,628**	215,628	215,597	215,481	215,179
Surplus, reserves and other	**496,979**	450,102	487,299	501,008	465,163
Minority interests	**48,972**	48,354	45,450	45,187	
Total equity	**761,580**	714,086	748,348	761,677	680,342
TOTAL	**¥11,984,313**	¥12,034,535	¥11,989,520	¥11,402,180	¥10,802,190

Consolidated Statements of Income

Years ended March 31,	2010	2009	2008	2007	2006
	Millions of Yen				
INCOME:					
Interest on loans and discounts	**¥ 172,673**	¥ 194,017	¥ 190,793	¥ 161,968	¥ 151,761
Other	**130,684**	147,930	131,982	103,715	99,219
Total income	**303,358**	341,947	322,776	265,684	250,980
EXPENSES:					
Interest on deposits	**13,214**	23,863	28,610	12,225	4,241
Other	**237,286**	307,914	179,830	141,348	139,590
Total expenses	**250,500**	331,777	208,441	153,574	143,832
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**52,857**	10,170	114,335	112,109	107,148
TOTAL INCOME TAXES	**20,238**	2,121	44,378	44,261	45,386
MINORITY INTERESTS IN NET INCOME	**(1,672)**	(703)	(1,686)	(1,558)	(909)
NET INCOME	**¥ 30,946**	¥ 7,344	¥ 68,270	¥ 66,289	¥ 60,852

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

Consolidated Financial Statements

Consolidated Balance Sheets

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
ASSETS:			
Cash and due from banks (Notes 3 and 27)	**¥ 731,175**	¥ 623,224	**$ 7,858,724**
Call loans and bills purchased	**92,425**	72,076	**993,396**
Other debt purchased (Note 27)	**213,567**	246,295	**2,295,435**
Trading assets (Notes 4 and 12)	**42,392**	59,916	**455,636**
Securities (Notes 5, 12 and 27)	**1,741,692**	1,348,507	**18,719,830**
Loans and bills discounted (Notes 6, 12 and 27)	**8,485,502**	8,961,222	**91,202,740**
Foreign exchange assets (Notes 6 and 7)	**4,839**	7,257	**52,010**
Lease receivables and investment assets (Note 26)	**57,225**	67,498	**615,068**
Other assets (Notes 8 and 12)	**138,403**	134,525	**1,487,567**
Premises and equipment (Note 9)	**130,158**	137,076	**1,398,953**
Intangible fixed assets (Note 10)	**21,781**	18,941	**234,107**
Deferred tax assets (Note 25)	**61,155**	68,042	**657,298**
Customers' liabilities for acceptances and guarantees (Note 11)	**358,400**	400,362	**3,852,116**
Allowance for possible loan losses	**(94,406)**	(110,413)	**(1,014,692)**
TOTAL	**¥11,984,313**	¥12,034,535	**$128,808,188**
LIABILITIES:			
Deposits (Notes 12, 13 and 27)	**¥10,477,685**	¥10,288,750	**$112,614,846**
Call money and bills sold (Note 12)	**23,410**	127,764	**251,615**
Trading liabilities (Note 4)	**1,573**	1,426	**16,910**
Borrowed money (Notes 12 and 14)	**99,758**	250,293	**1,072,216**
Foreign exchange liabilities (Note 7)	**85**	45	**917**
Bonds and notes (Note 15)	**64,300**	34,300	**691,101**
Other liabilities (Note 16)	**173,812**	194,063	**1,868,147**
Accrued bonuses to directors and corporate auditors	**9**		**97**
Liability for employees' retirement benefits (Note 17)	**118**	91	**1,268**
Reserve for reimbursement of deposits	**934**	879	**10,045**
Reserve for contingent losses	**594**	420	**6,392**
Reserves under special law	**1**		**19**
Deferred tax liabilities for land revaluation surplus	**22,048**	22,048	**236,980**
Acceptances and guarantees (Note 11)	**358,400**	400,362	**3,852,116**
Total liabilities	**11,222,733**	11,320,448	**120,622,669**
EQUITY (Notes 18 and 19):			
Capital stock—common stock—authorized, 3,000,000 thousand shares in 2010 and 2009; issued, 1,361,071 thousand shares in 2010 and 2009	**215,628**	215,628	**2,317,590**
Capital surplus	**177,244**	177,244	**1,905,035**
Stock acquisition rights	**192**	87	**2,066**
Retained earnings	**264,885**	247,545	**2,847,004**
Unrealized gain (loss) on available-for-sale securities	**23,855**	(5,517)	**256,402**
Deferred loss on derivatives under hedge accounting	**(32)**	(69)	**(350)**
Land revaluation surplus	**31,524**	31,524	**338,828**
Treasury stock—common stock—at cost,1,183 thousand shares in 2010 and 1,204 thousand shares in 2009	**(689)**	(712)	**(7,413)**
Total	**712,608**	665,731	**7,659,162**
Minority interests	**48,972**	48,354	**526,357**
Total equity	**761,580**	714,086	**8,185,519**
TOTAL	**¥11,984,313**	¥12,034,535	**$128,808,188**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
INCOME:			
Interest income:			
Interest on loans and discounts	**¥172,673**	¥194,017	**$1,855,909**
Interest and dividends on securities	**17,890**	16,263	**192,290**
Other interest income	**6,712**	13,818	**72,148**
Fees and commissions	**51,019**	47,586	**548,360**
Trading profits	**1,379**	1,169	**14,830**
Other operating income (Note 21)	**44,895**	54,110	**482,543**
Other income (Note 22)	**8,786**	14,981	**94,434**
Total income	**303,358**	341,947	**3,260,514**
EXPENSES:			
Interest expenses:			
Interest on deposits	**13,214**	23,863	**142,030**
Interest on borrowings and rediscounts	**2,364**	2,350	**25,409**
Other interest expenses	**2,320**	7,104	**24,937**
Fees and commissions	**10,419**	9,281	**111,986**
Trading losses	**72**	56	**777**
Other operating expenses (Note 23)	**36,431**	45,777	**391,568**
General and administrative expenses	**112,006**	111,378	**1,203,848**
Provision for possible loan losses	**35,241**	69,232	**378,777**
Other expenses (Note 24)	**38,431**	62,732	**413,067**
Total expenses	**250,500**	331,777	**2,692,399**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**52,857**	10,170	**568,115**
INCOME TAXES (Note 25):			
Current	**31,524**	21,586	**338,824**
Deferred	**(11,285)**	(19,464)	**(121,302)**
Total income taxes	**20,238**	2,121	**217,522**
MINORITY INTERESTS IN NET INCOME	**(1,672)**	(703)	**(17,975)**
NET INCOME	**¥ 30,946**	¥ 7,344	**$ 332,618**
	Yen		U.S. Dollars
PER SHARE INFORMATION (Notes 2.v and 20):			
Basic net income per share	**¥ 22.75**	¥ 5.38	**$ 0.24**
Diluted net income per share	**22.75**	5.38	**0.24**
Dividend on common stock	**10.00**	10.00	**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, 2010 and 2009

	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 Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 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
Net income					30,946					30,946		30,946
Cash dividends, ¥10.00 per share for common stock					(13,598)					(13,598)		(13,598)
Purchase of treasury stock	(72)								(32)	(32)		(32)
Disposal of treasury stock	93				(8)				55	46		46
Net change in the year				104		29,372	37			29,514	617	30,132
BALANCE, MARCH 31, 2010	**1,359,887**	**¥215,628**	**¥177,244**	**¥192**	**¥264,885**	**¥23,855**	**¥(32)**	**¥31,524**	**¥ (689)**	**¥712,608**	**¥48,972**	**¥761,580**

	Thousands of U.S. Dollars (Note 1)										
	Capital Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2009	$2,317,590	$1,905,035	$ 938	$2,660,639	$(59,298)	$(749)	$338,828	$(7,652)	$7,155,331	$519,721	$7,675,052
Net income				332,618					332,618		332,618
Cash dividends, $0.11 per share for common stock				(146,162)					(146,162)		(146,162)
Purchase of treasury stock								(353)	(353)		(353)
Disposal of treasury stock				(91)				592	501		501
Net change in the year			1,128		315,700	399			317,227	6,636	323,863
BALANCE, MARCH 31, 2010	**$2,317,590**	**$1,905,035**	**$2,066**	**$2,847,004**	**$256,402**	**$(350)**	**$338,828**	**$(7,413)**	**$7,659,162**	**$526,357**	**$8,185,519**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 52,857**	¥ 10,170	**$ 568,115**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation	**11,172**	15,845	**120,079**
Amortization of goodwill	**648**	535	**6,965**
(Decrease) increase in allowance for possible loan losses	**(16,007)**	54,100	**(172,045)**
Increase (decrease) in accrued bonuses to directors and corporate auditors	**9**	(85)	**97**
Increase in liability for employees' retirement benefits	**26**	17	**283**
Decrease in reserve for directors' and corporate auditors' retirement benefits		(1,072)	
Increase (decrease) in reserve for reimbursement of deposits	**54**	(1)	**590**
Increase in reserve for contingent losses	**174**	303	**1,874**
Interest income	**(197,277)**	(224,099)	**(2,120,347)**
Interest expenses	**17,898**	33,318	**192,376**
(Gains) losses on sales, write-downs and redemption of securities—net	**(355)**	27,979	**(3,824)**
Foreign exchange losses—net	**871**	627	**9,371**
Losses on disposal of fixed assets—net	**3,045**	1,357	**32,737**
Net decrease (increase) in trading assets	**17,524**	(8,436)	**188,355**
Net increase (decrease) in trading liabilities	**146**	(528)	**1,575**
Net decrease (increase) in loans	**480,054**	(442,571)	**5,159,654**
Net increase in deposits	**188,934**	176,169	**2,030,683**
Net (decrease) increase in other borrowings	**(160,534)**	76,405	**(1,725,436)**
Net (increase) decrease in due from banks	**(46,098)**	41,953	**(495,466)**
Net decrease in call loans and others	**12,028**	202,777	**129,286**
Net decrease in call money and others	**(104,354)**	(75,015)	**(1,121,604)**
Net decrease (increase) in foreign exchange (assets)	**2,418**	(3,662)	**25,996**
Net increase (decrease) in foreign exchange (liabilities)	**39**	(9)	**425**
Net decrease in lease receivables and investment assets	**9,649**	5,783	**103,712**
Interest and dividends received	**200,439**	226,224	**2,154,338**
Interest paid	**(18,829)**	(32,687)	**(202,382)**
Other—net	**(39,545)**	80,392	**(425,042)**
Subtotal	**414,992**	165,792	**4,460,365**
Income tax paid	**(12,849)**	(48,809)	**(138,106)**
Net cash provided by operating activities—(Forward)	**¥ 402,142**	¥ 116,983	**$ 4,322,259**

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2010	2009	**2010**
Net cash provided by operating activities—(Forward)	**¥ 402,142**	¥ 116,983	**$ 4,322,259**
INVESTING ACTIVITIES:			
Purchases of securities	**(740,905)**	(975,951)	**(7,963,298)**
Proceeds from sales of securities	**156,449**	553,547	**1,681,525**
Proceeds from maturities of securities	**229,016**	416,939	**2,461,486**
Expenditures for premises and equipment	**(6,430)**	(12,749)	**(69,117)**
Expenditures for intangible fixed assets	**(9,974)**	(5,629)	**(107,206)**
Proceeds from sales of premises and equipment	**6,606**	370	**71,011**
Payment for purchase of stock of consolidated subsidiary		(6,744)	
Other—net	**(247)**	(109)	**(2,666)**
Net cash used in investing activities	**(365,485)**	(30,328)	**(3,928,265)**
FINANCING ACTIVITIES:			
Increase in subordinated loans	**10,000**	63,000	**107,481**
Proceeds from subordinated bonds and convertible bonds	**30,000**	34,300	**322,442**
Repayments of subordinated bonds and convertible bonds		(40,000)	
Issuance of common stock		62	
Dividends paid	**(13,598)**	(15,704)	**(146,162)**
Dividends paid to minority interests stockholders	**(1,207)**	(1,207)	**(12,973)**
Purchase of treasury stock	**(32)**	(6,391)	**(353)**
Proceeds from sales of treasury stock	**46**	362	**501**
Net cash provided by financing activities	**25,207**	34,421	**270,936**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(11)**	(31)	**(127)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**61,853**	121,044	**664,803**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**332,711**	211,666	**3,576,007**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥ 394,564**	¥ 332,711	**$ 4,240,810**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

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 the 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 2009 financial statements to conform to the classifications used in 2010.

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 ¥93.04 to U.S.$1, the rate of exchange at March 31, 2010. 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, 2010 and 2009 was 11.

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, 10 in 2010 and 11 in 2009 have a fiscal year ending on March 31, which is the same as the fiscal year of the Bank. One consolidated subsidiary with balance sheet dates of January 24 and July 24 was consolidated based on the tentative financial statements as of and for the period ended March 31.

The consolidated financial statements do not include the accounts of 4 subsidiaries in 2010 and 2009, 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" (for the purpose of capturing 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.

Profits 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. Securities whose fair values cannot be reliably determined 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 a 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 5 to 7 years and of 5 years for the years ended March 31, 2010 and 2009, respectively.

f. **Long-Lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances 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 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 ¥37,983 million ($408,246 thousand) and ¥35,335 million as of March 31, 2010 and 2009, 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 an 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 the 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, 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 in the possible bankruptcy category, 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 the 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, 2010 and 2009, the deducted amounts were ¥133,331 million ($1,433,060 thousand) and ¥95,026 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 obligations 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 Reimbursement of Deposits**—Reserve for reimbursement of deposits which were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

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

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

o. **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, stock options are presented as stock acquisition rights 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.

p. **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 were deemed to transfer ownership of 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 notes 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 were deemed to transfer ownership of 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 notes to the lessor's financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables, and all finance leases that are not deemed to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

The Group applied the revised accounting standard effective April 1, 2008.

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

q. 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.

r. Translation of Foreign Currencies—Assets and liabilities denominated in foreign currencies and accounts of overseas branches 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.

s. 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, or (b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on the 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 hedges 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 currency swaps and funding swaps used for the purpose of currency exchange.

t. 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.

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

v. 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.

w. New Accounting Pronouncements

Business Combinations—In December 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 companies to account for such business combinations by the purchase method and the pooling of interests method of accounting is no longer allowed.

(2) The current accounting standard accounts for research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) acquired by the business combination is capitalized as 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 companies to unify accounting policies within the consolidation group. However, the current guidance allows companies to apply the equity method for the financial statements of its foreign associated companies which have been prepared in accordance with generally accepted accounting principles in their respective jurisdictions without unification of accounting policies.

In March 2008, the ASBJ issued ASBJ Statement No. 16, "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 the determine the 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 equity; (3) expensing capitalized development costs of R&D; (4) cancellation of fair value model accounting for property, plant and equipment and investment properties and incorporation of 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 fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

Asset Retirement Obligations—In March 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.

Accounting Changes and Error Corrections—In December 2009, ASBJ issued ASBJ Statement No. 24 "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24 "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies
When a new accounting policy is applied with a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentation

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

Segment Information Disclosures—In March 2008, the ASBJ revised ASBJ Statement No. 17 "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20 "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statements of cash flows and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2010 and 2009 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Cash and due from banks	**¥ 731,175**	¥ 623,224	**$ 7,858,724**
Interest-bearing deposits included in due from banks (other than deposits with the Bank of Japan)	**(336,610)**	(290,512)	**(3,617,914)**
Cash and cash equivalents	**¥ 394,564**	¥ 332,711	**$ 4,240,810**

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Trading assets:			
Trading securities	**¥40,961**	¥58,585	**$440,258**
Trading-related financial derivatives	**1,430**	1,331	**15,378**
Total	**¥42,392**	¥59,916	**$455,636**
Trading liabilities—Trading-related financial derivatives	**¥ 1,573**	¥ 1,426	**$ 16,910**

5. SECURITIES

Securities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Japanese national government bonds	**¥ 736,654**	¥ 520,622	**$ 7,917,608**
Japanese local government bonds	**293,544**	183,010	**3,155,040**
Japanese corporate bonds	**500,767**	444,775	**5,382,278**
Japanese corporate stocks	**154,487**	141,558	**1,660,438**
Other securities	**56,239**	58,540	**604,466**
Total	**¥1,741,692**	¥1,348,507	**$18,719,830**

The carrying amounts and aggregate fair value of securities as of March 31, 2010 and 2009 were as follows:

	Millions of Yen							
	2010				2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:								
Available-for-sale:								
Equity securities	**¥ 117,576**	**¥33,429**	**¥10,382**	**¥ 140,622**	¥131,039	¥16,558	¥18,551	¥129,047
Debt securities	**1,342,310**	**18,789**	**2,028**	**1,359,071**	804,879	8,252	6,012	807,118
Other securities	**252,620**	**1,200**	**2,940**	**250,880**	221,788	673	10,528	211,933
Held-to-maturity	**172,258**	**4,117**	**112**	**176,262**	126,037	2,464	16	128,485

	Thousands of U.S. Dollars			
	2010			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 1,263,721**	**$359,298**	**$111,596**	**$ 1,511,423**
Debt securities	**14,427,244**	**201,948**	**21,805**	**14,607,387**
Other securities	**2,715,180**	**12,902**	**31,599**	**2,696,483**
Held-to-maturity	**1,851,446**	**44,251**	**1,213**	**1,894,484**

Available-for-sale securities and held-to-maturity securities whose fair value is not readily determinable as of March 31, 2009 were as follows. Similar information for 2010 is disclosed in Note 27.

March 31, 2009	Carrying Amount Millions of Yen
Available-for-sale	¥278,551
Held-to-maturity	21,243
Total	¥299,795

Information on available-for-sale securities and held-to-maturity securities which were sold during the years ended March 31, 2010 and 2009 was as follows:

	Millions of Yen			Thousands of U.S. Dollars		
March 31, 2010	Proceeds	Realized Gains	Realized Losses	Proceeds	Realized Gains	Realized Losses
Available-for-sale:						
Equity securities	**¥17,014**	**¥3,991**	**¥ 397**	**$ 182,873**	**$42,906**	**$ 4,268**
Debt securities	**136,503**	**985**	**576**	**1,467,148**	**10,594**	**6,192**
Other securities	**7,840**	**143**	**75**	**84,274**	**1,540**	**814**
Held-to-maturity	**120**			**1,294**	**4**	
Total	**¥161,479**	**¥5,121**	**¥1,048**	**$1,735,589**	**$55,044**	**$11,274**

	Millions of Yen		
March 31, 2009	Proceeds	Realized Gains	Realized Losses
Available-for-sale	¥409,735	¥10,751	¥6,216
Held-to-maturity	70		
Total	¥409,805	¥10,751	¥6,216

Transfers of held-to-maturity debt securities to available-for-sale securities due to deterioration of issuers' credit worthiness amounted to ¥606 million ($6,513 thousand) and ¥749 million for the years ended March 31, 2010 and 2009, respectively.

The impairment losses on available-for-sale securities for the years ended March 31, 2010 and 2009 were ¥310 million ($3,341 thousand) and ¥30,779 million, respectively.

Securities also include corporate stocks in unconsolidated and associated companies and investments in unconsolidated subsidiaries which totaled ¥458 million ($4,925 thousand) and ¥653 million as of March 31, 2010 and 2009, respectively.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Bills discounted	**¥ 34,784**	¥ 54,565	**$ 373,869**
Loans on bills	**326,473**	472,486	**3,508,962**
Loans on deeds	**7,180,878**	7,255,762	**77,180,550**
Overdrafts	**943,365**	1,178,406	**10,139,359**
Total	**¥8,485,502**	¥8,961,222	**$91,202,740**

"Past due loans" include loans classified as "possible bankruptcy" and "virtual bankruptcy" under the Bank's self-assessment guidelines. Interest receivables on loans in these categories are not accrued as accruals for accounting purposes. The loans and bills discounted include "loans to borrowers in bankruptcy" totaling ¥41,521 million ($446,280 thousand) and ¥104,566 million as of March 31, 2010 and 2009, respectively, as well as "past due loans" totaling ¥161,311 million ($1,733,787 thousand) and ¥156,057 million as of March 31, 2010 and 2009, 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, 2010 and 2009 were ¥7,625 million ($81,965 thousand) and ¥8,535 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" and "accruing loans contractually past due for three months or more." The outstanding balances of "restructured loans" as of March 31, 2010 and 2009 were ¥29,021 million ($311,922 thousand) and ¥24,985 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 customer applications for loans as long as there is no violation of any condition in the contracts. As of March 31, 2010 and 2009, the amounts of unused commitments were ¥1,827,405 million ($19,641,073 thousand) and ¥1,742,304 million, respectively. As of March 31, 2010 and 2009, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,168,829 million ($12,562,656 thousand) and ¥1,139,686 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 customer applications for loans or decrease the contract limits for certain reason (e.g., changes in financial situation, deterioration in customers' creditworthiness). At the inception of the 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 the contracts and/or require additional collateral and guarantees.

Discounting bills are treated as secured lending transactions. As of March 31, 2010 and 2009, 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 ¥35,582 million ($382,447 thousand) and ¥55,032 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Assets			
Foreign exchange bills bought	**¥ 798**	¥ 466	**$ 8,578**
Foreign exchange bills receivable	**2,676**	2,922	**28,762**
Due from foreign correspondent accounts	**1,364**	3,868	**14,670**
Total	**¥4,839**	¥7,257	**$52,010**
Liabilities			
Foreign exchange bills sold	**¥ 64**	¥ 12	**$ 691**
Foreign exchange bills payable	**21**	19	**226**
Due to foreign correspondent accounts		13	
Total	**¥ 85**	¥ 45	**$ 917**

8. OTHER ASSETS

Other assets as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Accrued income	**¥ 15,814**	¥ 16,706	**$ 169,974**
Prepaid expenses	**29,378**	31,194	**315,764**
Financial derivatives	**46,157**	44,235	**496,105**
Other	**47,052**	42,389	**505,724**
Total	**¥138,403**	¥134,525	**$1,487,567**

Other assets included security deposits amounting to ¥6,037 million ($64,889 thousand) and ¥6,144 million as of March 31, 2010 and 2009, respectively.

9. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Buildings	**¥ 40,927**	¥ 41,325	**$ 439,888**
Land	**80,026**	80,026	**860,132**
Construction in progress	**1,056**	896	**11,353**
Other	**8,148**	14,827	**87,580**
Total	**¥130,158**	¥137,076	**$1,398,953**

The accumulated depreciation of premises and equipment as of March 31, 2010 and 2009 amounted to ¥154,912 million ($1,665,013 thousand) and ¥162,056 million, respectively.

10. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Software	**¥19,355**	¥15,855	**$208,030**
Goodwill	**1,807**	2,457	**19,430**
Other	**618**	629	**6,647**
Total	**¥21,781**	¥18,941	**$234,107**

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, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Assets pledged as collateral:			
Securities	**¥981,807**	¥723,844	**$10,552,536**
Loans and bills discounted	**49,239**	64,902	**529,225**
Trading assets		41,987	
Relevant liabilities to above assets:			
Deposits	**35,316**	30,573	**379,586**
Call money and bills sold		26,500	
Borrowed money		155,247	

Additionally, securities amounting to ¥122,198 million ($1,313,393 thousand) and ¥120,069 million as of March 31, 2010 and 2009, respectively, and other assets amounting to ¥5,171 million ($55,583 thousand) and ¥1,585 million as of March 31, 2010 and 2009, 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, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Current deposits	**¥ 404,795**	¥ 399,991	**$ 4,350,774**
Ordinary deposits	**6,090,357**	5,838,009	**65,459,562**
Savings deposits	**239,072**	249,602	**2,569,566**
Deposits at notice	**72,085**	75,378	**774,784**
Time deposits	**3,411,015**	3,432,848	**36,661,822**
Negotiable certificates of deposit	**48,750**	130,520	**523,968**
Other deposits	**211,607**	162,399	**2,274,370**
Total	**¥10,477,685**	¥10,288,750	**$112,614,846**

14. BORROWED MONEY

As of March 31, 2010 and 2009, the weighted average annual interest rates applicable to borrowed money were 2.1% and 0.9%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated debt totaling ¥73,000 million ($784,609 thousand) and ¥63,000 million as of March 31, 2010 and 2009, respectively.

Annual maturities of borrowed money as of March 31, 2010, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2011	¥16,369	$ 175,942
2012	5,121	55,049
2013	3,112	33,452
2014	1,430	15,374
2015	724	7,790
2016 and thereafter	73,000	784,609
Total	¥99,758	$1,072,216

15. BONDS AND NOTES

Bonds and notes as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due December 2018, 2.56% interest until December 2013	**¥11,400**	¥11,400	**$122,528**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due December 2018, 2.20% interest until June 2010	**8,900**	8,900	**95,658**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2019, 2.48% interest until February 2014	**5,700**	5,700	**61,264**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2019, 2.17% interest until August 2010	**8,300**	8,300	**89,209**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due July 2019, 1.82% interest until July 2014	**20,000**		**214,961**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due July 2019, 1.61% interest until July 2010	**10,000**		**107,481**
Total	**¥64,300**	¥34,300	**$691,101**

Annual maturities of bonds and notes as of March 31, 2010 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016 and thereafter	¥64,300	$691,101

16. OTHER LIABILITIES

Other liabilities as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Domestic exchange settlement account credit (see below)		¥ 2,391	
Accrued expenses	**¥ 16,745**	17,967	**$ 179,982**
Unearned income	**30,944**	31,681	**332,594**
Accrued income taxes	**20,706**	1,638	**222,553**
Financial derivatives	**38,475**	46,188	**413,540**
Other	**66,940**	94,195	**719,478**
Total	**¥173,812**	¥194,063	**$1,868,147**

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

Under most circumstances, employees terminating their employment are 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 involuntary, the employee is entitled to greater payments than in the case of voluntary termination.

The liability for employees' retirement benefits as of March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Projected benefit obligation	**¥(73,359)**	¥(73,650)	**$(788,468)**
Fair value of plan assets	**64,906**	57,695	**697,623**
Unfunded projected benefit obligation	**(8,452)**	(15,955)	**(90,845)**
Unrecognized actuarial loss	**35,314**	44,555	**379,559**
Net liability recognized	**26,861**	28,600	**288,714**
Prepaid pension cost	**26,979**	28,691	**289,982**
Liability for employees' retirement benefits	**¥ (118)**	¥ (91)	**$ (1,268)**

The components of net periodic retirement benefit costs for the years ended March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Service cost	**¥ 1,239**	¥ 1,151	**$ 13,326**
Interest cost	**1,469**	1,466	**15,790**
Expected return on plan assets	**(1,774)**	(2,094)	**(19,068)**
Amortization of prior service cost		(153)	
Recognized actuarial loss	**4,368**	3,466	**46,952**
Other retirement costs (non-actuarial basis cost)	**433**	393	**4,660**
Net periodic retirement benefit costs	**¥ 5,736**	¥ 4,230	**$ 61,660**

Assumptions used for the years ended March 31, 2010 and 2009 were set forth as follows:

	2010	2009
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
Recognition period of actuarial gain/loss	**15 years**	15 years

18. EQUITY

Japanese banks are 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 a Board of Directors, (2) having independent auditors, (3) having a 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 certain limitations 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 provide 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 the aggregate amount of the 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. STOCK OPTIONS

The Bank's stock option plans grant 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 expense was ¥121 million ($1,308 thousand) and ¥87 million for the fiscal years ended March 31, 2010 and 2009, respectively.

The stock options outstanding as of March 31, 2010 are as follows:

Stock Option	Persons Granted	Number of Options Granted (Shares)	Date of Grant	Exercise Price	Exercise Period
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
2010 Stock Option	8 directors 10 executive officers	277,200	July 8, 2009	1	From July 9, 2009 to July 8, 2039

The stock option activity is as follows:

Year Ended March 31, 2009	2001 Stock Option	2002 Stock Option	2003 Stock Option	2004 Stock Option	2005 Stock Option	2006 Stock Option	2009 Stock Option	2010 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	520,000	745,000	1,069,000	767,000	1,974,000	4,306,000		
Vested							134,900	
Exercised	(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	

Year Ended March 31, 2010	2001 Stock Option	2002 Stock Option	2003 Stock Option	2004 Stock Option	2005 Stock Option	2006 Stock Option	2009 Stock Option	2010 Stock Option
Non-vested (shares):								
March 31, 2009—outstanding							**43,900**	
Granted								**277,200**
Canceled							**(2,200)**	
Vested							**(41,700)**	**(208,800)**
March 31, 2010—outstanding								**68,400**
Vested (shares):								
March 31, 2009—outstanding	**503,000**	**684,000**	**1,036,000**	**680,000**	**1,968,000**	**4,288,000**	**134,900**	
Vested							**41,700**	**208,800**
Exercised	**(3,000)**			**(50,000)**			**(26,000)**	
Canceled								
March 31, 2010—outstanding	**500,000**	**684,000**	**1,036,000**	**630,000**	**1,968,000**	**4,288,000**	**150,600**	**208,800**
Exercise price	**¥498**	**¥502**	**¥520**	**¥437**	**¥624**	**¥648**	**¥1**	**¥1**
	$5.35	**$5.40**	**$5.59**	**$4.70**	**$6.71**	**$6.96**	**$0.01**	**$0.01**
Average stock price at exercise	**¥492**			**¥490**			**¥493**	
	$5.29			**$5.27**			**$5.30**	
Fair value price at grant date							**¥647**	**¥454**
							$6.95	**$4.88**

The Assumptions Used to Measure Fair Value of 2010 Stock Option

Estimate method:	Black-Scholes option pricing model
Volatility of stock price:	40.407%
Estimated remaining outstanding period:	Five years and one month
Estimated dividend:	¥10.00 per share
Interest rate with risk free:	0.702%

20. PER SHARE INFORMATION

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2010 and 2009 was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2010	Net Income	Weighted-Average Shares	EPS	
Basic EPS—Net income available to common stockholders	**¥30,946**	**1,359,890**	**¥22.75**	**$0.24**
Effect of dilutive warrants		**387**		
Diluted EPS—Net income for computation	**¥30,946**	**1,360,277**	**¥22.75**	**$0.24**
Year Ended March 31, 2009				
Basic EPS—Net income available to common stockholders	¥ 7,344	1,364,140	¥ 5.38	
Effect of dilutive warrants		561		
Diluted EPS—Net income for computation	¥ 7,344	1,364,701	¥ 5.38	

21. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gain on foreign exchange transactions—net	**¥ 2,113**	¥ 1,737	**$ 22,721**
Gain on sales and redemption of bonds and other securities	**987**	1,194	**10,609**
Gain on derivatives	**3,062**	8,300	**32,914**
Lease receipts	**27,458**	29,212	**295,130**
Other	**11,273**	13,665	**121,169**
Total	**¥44,895**	¥54,110	**$482,543**

22. OTHER INCOME

Other income for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gain on sales of stock and other securities	**¥4,134**	¥ 9,557	**$44,435**
Gain on sales of fixed assets		140	
Recovery of claims previously charged-off	**2,122**	3,078	**22,811**
Other	**2,529**	2,206	**27,188**
Total	**¥8,786**	¥14,981	**$94,434**

23. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Losses on sales and redemption of bonds and other securities	**¥ 3,574**	¥ 7,029	**$ 38,420**
Losses on write-downs of bonds and other securities	**125**	1,914	**1,345**
Lease costs	**24,100**	25,370	**259,031**
Other	**8,631**	11,462	**92,772**
Total	**¥36,431**	¥45,777	**$391,568**

24. OTHER EXPENSES

Other expenses for the years ended March 31, 2010 and 2009 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Loss on sales of stocks and other securities	**¥ 397**	¥ 132	**$ 4,268**
Loss on write-down of stocks and other securities	**668**	29,653	**7,187**
Loss on disposal of fixed assets	**3,045**	1,497	**32,737**
Direct charge-off of loans	**28,365**	27,201	**304,874**
Other	**5,954**	4,247	**64,001**
Total	**¥38,431**	¥62,732	**$413,067**

25. 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, 2010 and 2009.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Deferred tax assets:			
Allowance for possible loan losses	**¥70,840**	¥64,687	**$761,403**
Write-down of securities	**3,972**	4,092	**42,702**
Net unrealized loss on available-for-sale securities	**36**	4,024	**389**
Other	**17,211**	14,117	**184,991**
Less valuation allowance	**(5,882)**	(6,042)	**(63,221)**
Total deferred tax assets	**86,179**	80,879	**926,264**
Deferred tax liabilities:			
Gain on contribution of the employees’ retirement benefit trust	**14,198**	6,978	**152,608**
Net unrealized gain on available-for-sale securities	**6,978**	38	**75,003**
Other	**3,847**	5,820	**41,355**
Total deferred tax liabilities	**25,024**	12,837	**268,966**
Net deferred tax assets	**¥61,155**	¥68,042	**$657,298**

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 years ended March 31, 2010 and 2009 was as follows:

	2010	2009
Normal effective statutory tax rate	40.6 %	40.6 %
Permanently tax-exempt income	(0.9)	(6.2)
Special deduction from corporation taxes	(0.8)	(0.9)
Change in valuation allowance	(0.3)	(13.7)
Other—net	(0.3)	1.0
Actual effective tax rate	38.3 %	20.8 %

26. LEASES

a. Lessee

The Group leases certain equipment and other assets.

Lease payments under finance leases for the years ended March 31, 2010 and 2009 amounted to ¥9 million ($103 thousand) and ¥9 million, respectively.

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee whose lease inception was before March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Group applied the ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense and other information 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		Thousands of U.S. Dollars
	2010	2009	2010
	Equipment	Equipment	Equipment
Acquisition cost	¥53	¥54	$576
Accumulated depreciation	34	25	367
Net leased property	¥19	¥29	$209

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Due within one year	¥ 5	¥ 9	$ 64
Due after one year	6	12	66
Total	¥12	¥21	$130

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	2010
Depreciation expense	¥9	¥9	$101
Interest expense			6
Total	¥9	¥9	$107

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, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥ 91**	¥ 94	**$ 979**
Due after one year	**158**	251	**1,704**
Total	**¥249**	¥346	**$2,683**

b. Lessor

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

The net investments in leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Gross lease receivables	**¥57,059**	¥69,009	**$613,283**
Unguaranteed residual values	**7,323**	8,199	**78,710**
Unearned interest income	**(7,555)**	(9,842)	**(81,203)**
Investments in leases, current	**¥56,827**	¥67,366	**$610,790**

Maturities of lease receivables for finance leases that are deemed 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
2011	¥154	$1,662
2012	116	1,253
2013	49	534
2014	36	392
2015	24	266
2016 and thereafter	38	418
Total	¥421	$4,525

Maturities of investment in leases for finance leases that are not deemed 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
2011	¥20,489	$220,224
2012	15,121	162,523
2013	10,268	110,366
2014	6,289	67,599
2015	3,063	32,924
2016 and thereafter	1,827	19,647
Total	¥57,059	$613,283

The minimum rental commitments under noncancelable operating leases as of March 31, 2010 and 2009 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
Due within one year	**¥ 160**	¥ 23	**$ 1,728**
Due after one year	**871**	97	**9,366**
Total	**¥1,032**	¥120	**$11,904**

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and issued ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010 with early adoption permitted from the beginning of the fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and the new guidance effective March 31, 2010.

(1) Group Policies for Financial Instruments

The Group engages in banking as its mainstay business, as well as leasing, credit guarantee, venture capital and other financial service businesses. Since the Group positions its core business services exclusively for local small- and medium-sized enterprises and individuals, it is a fundamental policy of the Group to aim to minimize any adverse effects of economic fluctuations and the changing market environment, and to provide financial services reliably. Under this policy, the Group endeavors to maintain sound management by continuously identifying, assessing, monitoring and controlling the various risks inherent in financial instruments that correspond to the strategic goals of the Bank, including medium-term management plans and operational management policies. The Group also strives to secure stable revenues, commensurate with the risks, by appropriately allocating management resources.

(2) Nature and Extent of Risks Arising from Financial Instruments

The financial assets of the Bank, which mainly consist of business loans to small- and medium-sized enterprises and personal housing loans, are exposed to customer credit risk. Securities mainly consist of debt securities, equity securities and investment trusts, and are accounted for as trading securities, held-to-maturity securities and available-for-sale securities. These securities are exposed to issuers' credit risk and the risk of market price fluctuations.

The financial liabilities of the Bank are mainly personal deposits, which consist of liquidity deposits and term deposits. These deposits are exposed to liquidity risk, such as losses generated by unexpected withdrawals.

There are certain mismatches in interest rates and contract periods between financial assets such as loans and financial liabilities such as deposits, which are exposed to market risks from changes in variable interest rates. However, a part of this risk is mitigated by using interest-rate swap derivatives.

The Bank uses swaps, 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 derivative 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, loan and bills discounted 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, derivative transactions are subject to a variety of risks, including market, credit and liquidity risks. Among those risks, the Bank emphasizes establishing a risk management structure to understand and manage market risk and credit risk.

Certain consolidated subsidiaries hold lease receivables and installment receivables. These financial instruments are exposed to market risks from changes in variable interest rates and credit risk.

(3) Risk Management for Financial Instruments

(a) Credit risk management

Under the consensus that credit risk is the risk with the most influence on the Bank's financial stability, the Bank has established a "Credit Policy" to realize one of its management philosophies, "We facilitate stable supply of funds as a mainstay of the credit order," and takes every initiative to optimize its credit portfolio management and credit control of individual accounts.

In addition, the Credit Risk Management Office in the Risk Management Department ("RMD"), which is responsible for credit risk control, has been established as a section independent of the Credit Department, which assesses the credit of individual accounts. The RMD has developed an "Internal Credit Rating System" and a "Self-Assessment System" to categorize the credibility of debtors and individual loan projects from an independent point of view and conducts appropriate credit risk control and proper amortization and/or determines the allowance for possible loan losses.

Under its Internal Credit Rating System, the Bank uses data of past credit default experiences, collateral and guarantees sorted by credit rating to statistically quantify the aggregate credit risk volume of the entire credit portfolio. Such data and the quantified credit risk are then used to assess the debtor's financial health and profitability, including comparison of management strength and adjustment of appropriate lending rates.

The Bank also monitors the portfolio from various aspects to strictly control the following credit concentration risks:

- Debtor concentration risk could generate large losses due to too much credit concentrated on specific debtors or debtor groups. In order to control such risk, an aggregate credit limit and action plans for major debtors with a certain amount of credit, which is determined based on their management strength and profitability, are decided directly by the Board of Directors.
- Industry concentration risk could generate large losses due to too much credit concentrated on specific industries that could be significantly affected by changes in their respective surrounding economic conditions. In order to control such risk, the Bank uses credit limits established exclusively for specific industries and an alarm-point system.
- Use-of-loans concentration risk could generate large losses due to too much credit concentrated on specific use of loaned funds that could be significantly affected by changes in financing practices and the social environment. To identify increases in such risk, periodical investigations are performed.

Aiming at enhancing the effectiveness of these credit portfolio management measures, the Credit Portfolio Committee (Executive Committees consist of directors) meets periodically. In this Committee, credit breakdowns by region, amount, credit rating, industry and product, as well as risks against returns, are analyzed from a company-wide point of view. The Committee also discusses and decides material matters for advancing the credit risk control systems through measures including verification of effectiveness of the Internal Credit Rating System.

To properly backup these credit risk control systems, an accumulation of large quantities of data is necessary. While the Bank continuously takes initiatives to expand and enrich its internal databases, it uses the "Credit Risk Information Total Service (CRITS)" and the "Credit Risk Assessment System (Credit Gauge)," which are provided by the Regional Banks Association of Japan as shared systems, to complement its own databases.

These shared systems are fully equipped with major functions such as financial scoring models for enterprises, credit control databases and credit risk quantification systems. They also provide extensive statistical data on nationwide credit conditions and credit risks collected from 64 regional banks. By using these shared systems, the Bank is capable of carrying out calculations according to the Monte Carlo simulation method (200 thousand times) in a short time, and thereby achieving detailed quantification of credit risk.

In order to assess the credibility of individual accounts, the Bank performs strict examinations in conformity with the five principles of "publicity," "safety," "profitability," "growth" and "liquidity," as stipulated in the Credit Policy.

During credit examinations, not only the credit risk relating to the traditional loan business, but also the credit risk of counterparties of derivatives and other market transactions are examined. Final decisions are made on the aggregate credit limit for entire on- and off-balance transactions and/or domestic and overseas transactions by customer group.

Regarding the individual credit of major debtors, the Investment and Loan Committee (one of the executive committees in which directors participate) analyzes and examines their credibility, and decides the extension of credit. This treatment is also aimed at enhancing the Bank's corporate governance.

If the debtor enterprises' performance deteriorates after the credit extension, the Management Support Office proactively assists in their rehabilitation. For effective rehabilitation support, human resources with rich knowledge and experience are indispensable. Based on this understanding, the Bank has established a Business Solution Advisor Certification System to nurture human resources capable of rehabilitation support and strengthened its structure for helping customers enhance their management systems.

(b) Market risk management (foreign exchange risk and interest risk)

It is a fundamental policy of the Bank to enter into market transactions that appropriately meet customers' needs, which have been increasingly diversified due to the development of financial engineering (such as the emergence of various derivative transactions), as well as in transactions that enhance the profitability of the Bank.

It is also its fundamental policy to perform market risk management that corresponds to the above-mentioned market transactions. Specifically, the Bank controls interest rate risk, foreign exchange risk and price fluctuation risk in its ALM processes.

To control market risks effectively, the ALM Committee (Executive Committees consist 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 the position limits (the maximum holding amounts) by operation and the warning points (the level of loss amounts at which to start reviewing countermeasure policies). The market risk operation sections enter into market transactions flexibly and efficiently in conformity with these risk limit rules.

The Bank has established reciprocal control mechanisms in its market operations by separating its organization into front office (Financial Market Department), middle office (RMD) and back office (Operations Planning and Administration Department). The middle office is responsible for market risk management, measures risks and returns relating to market transactions, and monitors front office and back office. The middle office provides daily reports to management concerning market risk exposure and the profit-and-loss situation.

The Bank currently utilizes various effective measurement methods suitable to operational features and investment policies, in addition to VaR (Value-at-Risk, the historical simulation method) and BPV (Basis Point Value), to quantify market risk.

(c) Liquidity risk management

The basic structure of assets and liabilities of a bank is to procure funds as deposits with relatively short maturities and to invest them in loans and debt securities with long maturities.

Therefore, managing liquidity risk to facilitate a stable settlement system should be recognized as a top-priority issue for a bank. Should the Bank's liquidity fall short, it would not affect only the Bank but also the whole financial system and the whole regional economy significantly, and would clearly show the emergence of systemic risk. Based on this understanding, the Bank closely stipulates in its internal regulations, such as the Basic Regulations of Liquidity Risk Management, the methods of liquidity risk management to be used in day-to-day operations, as well as appropriate countermeasures to be taken in case of concern and/or critical situations regarding liquidity risk.

In order to facilitate stable funding management on a daily basis and maintain preparation for urgent cash out-flows, the ALM Committee semiannually sets guidelines for fund reserves that require maintenance of highly liquid assets above a certain level stipulated in the guidelines. The RMD monitors the level of fund reserves daily against the guidelines in a strict manner.

In addition, the status of investment and procurement of funds are examined together with the prospects of the interest rate and foreign exchange markets and with current circumstances regarding risks, not only by the ALM Committee but also by Market Risk Expert Committees held in relevant sections every week. This is done in order to reflect changes in the market environment in the liquidity risk management.

In cases where obvious signs of liquidity risk can be discerned, such as in the case of significant changes in the market environment and/or the Bank's status of fund investment and procurement, the Liquidity Risk Emergency Committee will be called upon immediately to, with participation of relevant sections, compile and organize information and make prompt decisions on necessary countermeasures.

(4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Cash and due from banks	¥ 731,175	¥ 731,175	
(2) Other debt purchased	213,567	213,567	
(3) Securities:			
Held-to-maturity securities	172,258	176,262	¥ 4,004
Available-for-sale securities	1,554,671	1,554,671	
(4) Loans and bills discounted	8,485,502		
Allowance for possible loan losses*1	(91,095)		
Net	8,394,406	8,469,481	75,074
Total assets	¥11,066,079	¥11,145,158	¥79,078
(1) Deposits, excluding negotiable certificates of deposit	¥10,428,935	¥10,437,756	¥ 8,820
Total liabilities	¥10,428,935	¥10,437,756	¥ 8,820
Derivative instruments*2:			
Hedge accounting is not applied	¥ 6,637	¥ 6,637	
Hedge accounting is applied	901	901	
Total derivative instruments	¥ 7,539	¥ 7,539	

	Thousands of U.S. Dollars		
March 31, 2010	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Cash and due from banks	$ 7,858,724	$ 7,858,724	
(2) Other debt purchased	2,295,435	2,295,435	
(3) Securities:			
Held-to-maturity securities	1,851,446	1,894,484	$ 43,038
Available-for-sale securities	16,709,711	16,709,711	
(4) Loans and bills discounted	91,202,740		
Allowance for possible loan losses*1	(979,106)		
Net	90,223,634	91,030,539	806,905
Total assets	$118,938,950	$119,788,893	$849,943
(1) Deposits, excluding negotiable certificates of deposit	$112,090,878	$112,185,685	$ 94,807
Total liabilities	$112,090,878	$112,185,685	$ 94,807
Derivative instruments*2:			
Hedge accounting is not applied	$ 71,344	$ 71,344	
Hedge accounting is applied	9,688	9,688	
Total derivative instruments	$ 81,032	$ 81,032	

*1 Allowances for possible loan losses relevant to loans and bills discounted have been deducted.
*2 Derivative instruments include derivative transactions both in trading assets and liabilities, and other assets and liabilities. Derivative instruments are presented as net of assets and liabilities associated with derivative transactions.

Assets

(1) Cash and Due from Banks

The carrying amounts of due from banks with no maturities approximate fair values because they have no maturities. For due from banks with maturities, the carrying amounts approximate fair values because they have short maturities of one year or less.

(2) Other Debt Purchased

The fair values of beneficiary rights of trust in other debt purchased are measured at the quoted price obtained from financial institutions.

(3) Securities

The fair values of marketable equity securities are measured at the quoted market price of the stock exchange for equity instruments. Fair values of bonds are measured at the market price or the quoted price obtained from financial institutions. Fair values of investment trusts are measured at the quoted price.

The fair values of private placements with floating interest rates approximate their book values as long as customers' credit risks have not changed significantly after issuance because the market rates are promptly reflected in the floating interest rates. The fair values of private placements with fixed interest rates are determined by discounting future cash flows at the rate that consists of the risk free rate and the credit risk premium that corresponds to the internal credit rating.

For the fair value of floating rate government bonds, after consideration of the 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 values of these bonds were determined based on the value reasonably estimated. As a result, securities and unrealized gains on available-for-sale securities were higher by ¥9,487 million ($101,976 thousand) and ¥5,633 million ($60,553 thousand), respectively, and deferred tax assets were lower by and ¥3,853 million ($41,423 thousand), than they would have been if value based on market prices.

The value reasonably estimated of floating rate government bonds is calculated by discounting future cash flows estimated based on factors, including implied forward rates, by the discount rate determined based on government bond spot rates. Major variables in the measurement methodology were the yield of government bonds and volatility of swap options.

(4) Loans and Bills Discounted

The carrying amounts of loans and bills discounted with floating interest rates approximate fair value as long as customers' credit risks have not changed significantly after lending because the market rates are promptly reflected in the floating interest rates.

The fair values of loans and bills discounted with fixed interest rates are determined by discounting the future cash flows at the rates that consist of the risk free rate and the credit risk premium that corresponds to the internal credit rating. The future cash flows of certain loans and bills discounted are grouped by product and by remaining duration in accordance with internal rules of credit risk classification. The carrying amounts of loans and bills discounted with maturity less than one year approximate fair value because of their short maturities.

For loans to obligors "legal bankruptcy," "virtual bankruptcy" and "possible bankruptcy," a reserve is provided based on the discounted cash flow method or based on amounts expected to be collected through the disposal of collateral or execution of guarantees. The carrying value net of the reserve as of the consolidated balance sheet date is a reasonable estimate of the fair values of those loans.

The carrying amounts of loans and bills discounted that do not have fixed maturities due to loan characteristics, such as limited loan amounts within the value of pledged assets, approximate fair value due to their expected repayment periods and interest rate conditions.

Liabilities

(1) Deposits, Excluding Negotiable Certificates of Deposit

The fair values of demand deposits are recognized as the payment at the date of the consolidated balance sheet. The fair values of time deposit are determined by discounting the contractual cash flows grouped by product and by the remaining duration at the rates that would be applied for similar new contracts. The carrying amounts of the deposits with maturities less than one year approximate fair value because of their short term maturities.

Derivatives

The fair values of derivative instruments are measured at the market price or determined using the discounted cash flow method or option pricing model.

(b) Financial instruments whose fair value cannot be reliably determined

	Millions of Yen	Thousands of U.S. Dollars
March 31, 2010	Carrying Amount	
Equity securities without readily available market price*1 *3	**¥14,115**	**$151,716**
Investments in partnerships*2 *3	**188**	**2,031**
Total	**¥14,304**	**$153,747**

*1 Equity securities without readily available market price are out of the scope of the fair value disclosure because their fair values cannot be readily determined.
*2 Investments in partnerships, the assets of which comprise equity securities without readily available market price, are out of the scope of the fair value disclosure because the fair value of those investments cannot be readily determined.
*3 During this year, impairment losses on equity securities without readily available market price of ¥379 million ($4,043 thousand) and on investments in partnerships of ¥103 million ($1,109 thousand) were recognized, respectively.

(5) Maturity Analysis for Financial Assets and Liabilities with Contractual Maturities

	Millions of Yen					
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 5 Years through 10 Years	Due after 10 Years
Due from banks	**¥ 602,755**					
Other debt purchased	**17,663**					**¥ 196,390**
Securities:						
Held-to-maturity securities	**7,964**	**¥ 41,992**	**¥ 67,503**	**¥ 24,777**	**¥ 19,830**	**10,000**
Available-for-sale securities with contractual maturities	**198,664**	**332,707**	**507,284**	**68,487**	**161,662**	**124,477**
Loans and bills discounted	**2,328,931**	**1,435,364**	**957,547**	**519,640**	**617,109**	**2,309,142**
Total	**¥3,155,979**	**¥1,810,063**	**¥1,532,334**	**¥612,904**	**¥798,601**	**¥2,640,011**

	Thousands of U.S. Dollars					
March 31, 2010	Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 5 Years through 10 Years	Due after 10 Years
Due from banks	**$ 6,478,456**					
Other debt purchased	**189,853**					**$ 2,110,822**
Securities:						
Held-to-maturity securities	**85,603**	**$ 451,338**	**$ 725,527**	**$ 266,310**	**$ 213,134**	**107,481**
Available-for-sale securities with contractual maturities	**2,135,255**	**3,575,957**	**5,452,329**	**736,105**	**1,737,554**	**1,337,896**
Loans and bills discounted	**25,031,510**	**15,427,387**	**10,291,779**	**5,585,126**	**6,632,738**	**24,818,812**
Total	**$33,920,677**	**$19,454,682**	**$16,469,635**	**$6,587,541**	**$8,583,426**	**$28,375,011**

Note: Loans and bills discounted whose cash flow cannot be estimated such as "legal bankruptcy," "virtual bankruptcy" and "possible bankruptcy" loans amounting to ¥202,833 million ($2,180,068 thousand) and loans and bills discounted with no contractual maturities amounting to ¥114,934 million ($1,235,230 thousand) are not included.

March 31, 2010	Millions of Yen Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 5 Years through 10 Years
Deposits, excluding negotiable certificates of deposit	**¥9,665,483**	**¥577,008**	**¥175,401**	**¥4,710**	**¥6,331**

March 31, 2010	Thousands of U.S. Dollars Due in 1 Year or Less	Due after 1 Year through 3 Years	Due after 3 Years through 5 Years	Due after 5 Years through 7 Years	Due after 5 Years through 10 Years
Deposits, excluding negotiable certificates of deposit	**$103,885,253**	**$6,201,720**	**$1,885,225**	**$50,632**	**$68,047**

Note: The cash flow of demanded deposits is included in "Due in 1 year or less."

28. DERIVATIVE INFORMATION

As noted in Note 27, the Group applied ASBJ Statement No. 10 "Accounting Standard for Financial Instruments" and ASBJ Guidance No. 19 "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." The accounting standard and the guidance are applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010; therefore, the required information is disclosed only for 2010.

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2010

The Bank had the following derivative contracts, that were not quoted on listed exchanges, outstanding as of March 31, 2010:

March 31, 2010	Millions of Yen Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Interest rate contracts:				
Interest rate swaps:				
Receive fixed and pay floating	**¥1,774,883**	**¥1,479,327**	**¥ 28,360**	**¥ 28,360**
Receive floating and pay fixed	**1,772,100**	**1,404,297**	**(23,812)**	**(23,812)**
Caps and others written	**57,668**	**34,355**	**(77)**	**1,300**
Caps and others purchased	**31,110**	**16,310**	**41**	**41**
Foreign exchange:				
Currency swaps	**266,407**	**235,349**	**1,855**	**1,855**
Forward exchange contracts written	**25,750**		**(357)**	**(357)**
Forward exchange contracts purchased	**30,671**		**438**	**438**
Options written	**70,457**	**42,537**	**(3,711)**	**540**
Options purchased	**68,054**	**41,898**	**3,900**	**839**

March 31, 2010	Thousands of U.S. Dollars Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Interest rate contracts:				
Interest rate swaps:				
Receive fixed and pay floating	**$19,076,561**	**$15,899,911**	**$ 304,817**	**$ 304,817**
Receive floating and pay fixed	**19,046,651**	**15,093,482**	**(255,943)**	**(255,943)**
Caps and others written	**619,830**	**369,255**	**(831)**	**13,983**
Caps and others purchased	**334,372**	**175,301**	**444**	**444**
Foreign exchange:				
Currency swaps	**2,863,370**	**2,529,557**	**19,948**	**19,948**
Forward exchange contracts written	**276,763**		**(3,838)**	**(3,838)**
Forward exchange contracts purchased	**329,664**		**4,714**	**4,714**
Options written	**757,278**	**457,193**	**(39,893)**	**5,805**
Options purchased	**731,453**	**450,326**	**41,926**	**9,022**

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2010

The Bank had the following derivative contracts, that were not quoted on listed exchanges, outstanding as of March 31, 2010:

March 31, 2010	Hedged Item	Millions of Yen Contract Amount	 Contract Amount Due after One Year	 Fair Value
Interest rate contracts—Interest rate swaps—receive floating and pay fixed	Loans and bills discounted	**¥ 697**	**¥697**	**¥ (7)**
Foreign exchange—Currency swaps	Deposits denominated in foreign currencies	**390,807**		**908**

March 31, 2010	Hedged Item	Thousands of U.S. Dollars Contract Amount	 Contract Amount Due after One Year	 Fair Value
Interest rate contracts—Interest rate swaps—receive floating and pay fixed	Loans and bills discounted	**$ 7,500**	**$7,500**	**$ (82)**
Foreign exchange—Currency swaps	Deposits denominated in foreign currencies	**4,200,426**		**9,770**

The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 27 is included in that of hedged items (i.e. loan and bills discounted).

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2009. Derivative transactions which qualify for hedge accounting are excluded from the information below.

	Millions of Yen 2009 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
Receive floating and pay fixed	1,981,356	(19,518)	(19,518)
Caps and others written	62,564	(114)	1,628
Caps and others purchased	18,654	37	37
Foreign exchange:			
Currency swaps	305,284	2,098	2,098
Forward exchange contracts written	169,599	(8,295)	(8,295)
Forward exchange contracts purchased	173,337	8,353	8,353
Options written	45,288	(3,571)	(185)
Options purchased	45,864	3,586	883

29. 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 years ended March 31, 2010 and 2009 was as follows:

	Millions of Yen				
	2010				
	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	¥ 255,131	¥38,037	¥ 8,066		¥ 301,235
Intersegment income	1,096	205	6,765	¥ (8,066)	
Total	256,227	38,242	14,831	(8,066)	301,235
Ordinary expenses	201,861	38,483	15,166	(8,058)	247,453
Ordinary profit	¥ 54,366	¥ (240)	¥ (334)	¥ (8)	53,782
Other income and expenses—net					(924)
Income before income taxes and minority interests					¥ 52,857
Assets, depreciation and capital expenditures:					
Assets	¥11,679,397	¥99,678	¥317,098	¥(111,860)	¥11,984,313
Depreciation	10,254	555	361		11,172
Capital expenditures	14,850	1,256	298		16,405

	Thousands of U.S. Dollars				
	2010				
	Banking	Leasing	Other	Eliminations/ Corporate	Consolidated
Ordinary income:					
Outside customers	$ 2,742,169	$ 408,831	$ 86,703		$ 3,237,703
Intersegment income	11,783	2,206	72,713	$ (86,702)	
Total	2,753,952	411,037	159,416	(86,702)	3,237,703
Ordinary expenses	2,169,622	413,625	163,010	(86,610)	2,659,647
Ordinary profit	$ 584,330	$ (2,588)	$ (3,594)	$ (92)	578,056
Other income and expenses—net					(9,941)
Income before income taxes and minority interests					$ 568,115
Assets, depreciation and capital expenditures:					
Assets	$125,530,924	$1,071,352	$3,408,196	$(1,202,284)	$128,808,188
Depreciation	110,219	5,971	3,889		120,079
Capital expenditures	159,615	13,504	3,204		176,373

	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

Note: 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.

b. Segment Information by Geographic Area

Ordinary income and total assets as of and for the years ended March 31, 2010 and 2009 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, 2010 and 2009. Accordingly, the presentation of ordinary income from international operations is not required under the related regulations for these fiscal years.

30. SUBSEQUENT EVENT

On May 14, 2010, the Board of Directors resolved the following appropriation of retained earnings:

Appropriation of Retained Earnings as of March 31, 2010

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends—Common stock (¥5.00—$0.05 per share)	¥6,799	$73,081

Deloitte.

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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, 2010 and 2009, 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, 2010 and 2009, 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 LLC

June 16, 2010

Member of
Deloitte Touche Tohmatsu

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets

The Bank of Yokohama, Ltd.
March 31, 2010 and 2009—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
ASSETS:			
Cash and due from banks	**¥ 728,373**	¥ 620,552	**$ 7,828,604**
Call loans and bills purchased	**92,425**	72,076	**993,396**
Other debt purchased	**206,039**	237,228	**2,214,531**
Trading assets	**42,392**	59,916	**455,636**
Securities	**1,750,458**	1,357,930	**18,814,045**
Loans and bills discounted	**8,525,715**	9,008,333	**91,634,953**
Foreign exchange assets	**4,839**	7,257	**52,010**
Other assets	**119,144**	112,485	**1,280,577**
Premises and equipment	**130,890**	138,825	**1,406,825**
Intangible fixed assets	**18,533**	15,096	**199,204**
Deferred tax assets	**50,285**	58,410	**540,471**
Customers' liabilities for acceptances and guarantees	**91,326**	101,899	**981,588**
Allowance for possible loan losses	**(78,599)**	(96,681)	**(844,788)**
TOTAL	**¥11,681,828**	¥11,693,332	**$125,557,052**
LIABILITIES:			
Deposits	**¥10,518,073**	¥10,327,052	**$113,048,944**
Call money and bills sold	**23,410**	127,764	**251,615**
Trading liabilities	**1,573**	1,426	**16,910**
Borrowed money	**114,619**	259,853	**1,231,942**
Foreign exchange liabilities	**85**	45	**917**
Bonds and notes	**64,300**	34,300	**691,101**
Other liabilities	**132,557**	152,046	**1,424,733**
Reserve for directors' and corporate auditors' retirement benefits	**9**		**97**
Reserve for reimbursement of deposits	**934**	879	**10,045**
Reserve for contingent losses	**594**	420	**6,392**
Deferred tax liabilities for land revaluation surplus	**22,048**	22,048	**236,980**
Acceptances and guarantees	**91,326**	101,899	**981,588**
Total liabilities	**10,969,533**	11,027,737	**117,901,264**
EQUITY:			
Capital stock—common stock—authorized, 3,000,000 thousand shares in 2010 and 2009; issued, 1,361,071 thousand shares in 2010 and 2009	**215,628**	215,628	**2,317,590**
Capital surplus	**177,244**	177,244	**1,905,035**
Stock acquisition rights	**192**	87	**2,066**
Retained earnings:			
Legal reserve	**38,384**	38,384	**412,556**
Unappropriated	**226,141**	208,749	**2,430,587**
Unrealized gain (loss) on available-for-sale securities	**23,901**	(5,241)	**256,889**
Deferred loss on derivatives under hedge accounting	**(32)**	(69)	**(350)**
Land revaluation surplus	**31,524**	31,524	**338,828**
Treasury stock—common stock—at cost, 1,183 thousand shares in 2010 and 1,204 thousand shares in 2009	**(689)**	(712)	**(7,413)**
Total equity	**712,294**	665,595	**7,655,788**
TOTAL	**¥11,681,828**	¥11,693,332	**$125,557,052**

Non-Consolidated Statements of Income

The Bank of Yokohama, Ltd.
Years Ended March 31, 2010 and 2009—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2010	2009	**2010**
INCOME:			
Interest income:			
Interest on loans and discounts	**¥172,677**	¥194,200	**$1,855,948**
Interest and dividends on securities	**17,865**	16,181	**192,024**
Other interest income	**6,590**	13,665	**70,831**
Fees and commissions	**44,921**	43,969	**482,819**
Trading profits	**515**	1,028	**5,544**
Other operating income	**6,665**	11,790	**71,645**
Other income	**8,122**	14,002	**87,302**
Total income	**257,359**	294,838	**2,766,113**
EXPENSES:			
Interest expenses:			
Interest on deposits	**13,265**	23,936	**142,575**
Interest on borrowings and rediscounts	**3,263**	3,158	**35,078**
Other interest expenses	**2,320**	7,104	**24,937**
Fees and commissions	**14,679**	13,120	**157,773**
Trading losses	**72**	56	**777**
Other operating expenses	**3,676**	8,896	**39,512**
General and administrative expenses	**104,578**	106,721	**1,124,019**
Provision for possible loan losses	**30,904**	63,912	**332,167**
Other expenses	**33,491**	57,567	**359,969**
Total expenses	**206,251**	284,473	**2,216,807**
INCOME BEFORE INCOME TAXES	**51,107**	10,365	**549,306**
INCOME TAXES:			
Current	**29,869**	19,533	**321,040**
Deferred	**(9,762)**	(17,821)	**(104,924)**
Total income taxes	**20,107**	1,711	**216,116**
NET INCOME	**¥ 31,000**	¥ 8,653	**$ 333,190**
	Yen		U.S. Dollars
PER SHARE INFORMATION:			
Basic net income per share	**¥ 22.79**	¥ 6.34	**$ 0.25**
Diluted net income per share	**22.78**	6.34	**0.24**

Non-Consolidated Statements of Changes in Equity

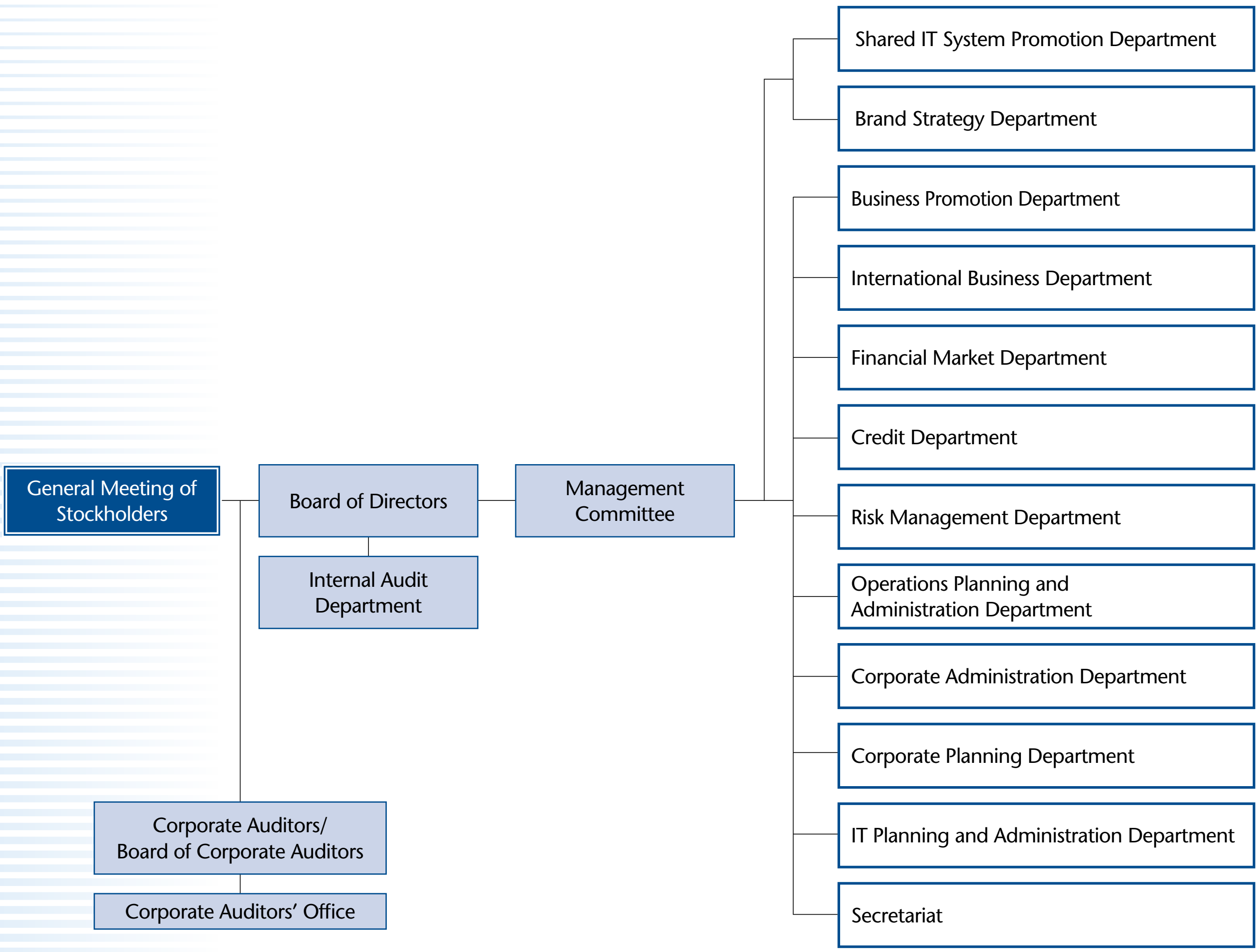
The Bank of Yokohama, Ltd.
Years Ended March 31, 2010 and 2009—Unaudited

	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	Unappropri-ated	Unrealized Gain (Loss) on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, APRIL 1, 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)
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
Net income						31,000					31,000
Cash dividends, ¥10.00 per share for common stock						(13,598)					(13,598)
Purchase of treasury stock	(72)									(32)	(32)
Disposal of treasury stock	93					(8)				55	46
Net change in the year				104			29,142	37			29,284
BALANCE, MARCH 31, 2010	**1,359,887**	**¥215,628**	**¥177,244**	**¥192**	**¥38,384**	**¥226,141**	**¥23,901**	**¥(32)**	**¥31,524**	**¥ (689)**	**¥712,294**

	Thousands of U.S. Dollars									
		Capital Surplus		Retained Earnings						
	Capital Stock	Additional Paid-in Capital	Stock Acquisition Rights	Legal Reserve	Unappropri-ated	Unrealized Gain on Available-for-sale Securities	Deferred Loss on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2009	$2,317,590	$1,905,035	$ 938	$412,556	$2,243,650	$ (56,335)	$ (749)	$338,828	$ (7,652)	$7,153,861
Net income					333,190					333,190
Cash dividends, $0.11 per share for common stock					(146,162)					(146,162)
Purchase of treasury stock									(353)	(353)
Disposal of treasury stock					(91)				592	501
Net change in the year			1,128			313,224	399			314,751
BALANCE, MARCH 31, 2010	**$2,317,590**	**$1,905,035**	**$2,066**	**$412,556**	**$2,430,587**	**$256,889**	**$ (350)**	**$338,828**	**$ (7,413)**	**$7,655,788**

Organization

(As of June 30, 2010)



▶▶ International Network (As of May 31, 2010)

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CHIEF REPRESENTATIVE
Noboru Yahata

Directors, Executive Officers and Corporate Auditors

(As of June 22, 2010)

PRESIDENT
Tadashi Ogawa

REPRESENTATIVE DIRECTORS
Chiyuki Okubo
Masaki Itoh

DIRECTOR AND MANAGING EXECUTIVE OFFICERS
Toshio Aoi
Seiichi Yoneda
Kiyoshi Kikuchi

DIRECTOR AND EXECUTIVE OFFICER
Atsushi Mochizuki

OUTSIDE DIRECTORS
Shoji Hanawa
Harumi Sakamoto

MANAGING EXECUTIVE OFFICERS
Hideya Shimoyama
Takashi Noguchi

EXECUTIVE OFFICERS
Shunji Komatsu
Katsunori Amano
Kengo Takano
Yoshiyuki Hiranuma
Shinya Yamada
Shizumi Maesako
Susumu Koshida
Yasuhiro Shibuya

CORPORATE AUDITORS
Ryuichi Kaneko
Shinichi Mori

OUTSIDE CORPORATE AUDITORS
Toru Hara
Masahiro Hoshino
Atsushi Shimizu

▶▶ Corporate Data (As of March 31, 2010)

DATE OF ESTABLISHMENT
December 16, 1920

NUMBER OF BRANCHES AND OFFICES
613
Domestic: 609
(195 branches, 9 sub-branches, 405 ATM locations)
Overseas: 1 Branch, 3 Representative offices

NUMBER OF EMPLOYEES
4,625

AUTHORIZED STOCKS
3,000,000 thousand

OUTSTANDING STOCKS
1,361,071 thousand

PAID-IN CAPITAL
¥215,628 million

CAPITAL ADEQUACY RATIO (Consolidated)
12.20%

NUMBER OF STOCKHOLDERS
32,143
(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)	97,116	7.13
The Master Trust Bank of Japan, Ltd. (Trustee Account)	63,389	4.65
State Street Bank and Trust Company	39,048	2.86
Meiji Yasuda 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
Japan Trustee Services Bank, Ltd. (Trustee Account 9)	26,045	1.91
The Dai-ichi Mutual life Insurance Company	21,994	1.61
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	19,401	1.42
Tokio Marine & Nichido Fire Insurance Co, Ltd.	14,901	1.09

Classification of Stockholders by Area (Common Stocks)

	Number of stockholders	Number of stocks held (thousand)	%
Kanagawa	18,080	223,429	16.45
Tokyo	3,837	673,358	49.60
Osaka	610	14,739	1.08
Other areas	9,144	41,465	3.05
Overseas	472	404,430	29.79
Total	32,143	1,357,421	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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