Bank of Yokohama

Annual Report 2014

Year Ended March 31, 2014

横浜銀行

Bank of Yokohama

Profile

The Bank of Yokohama, Ltd. 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 ¥13.8 trillion and deposits of ¥11.8 trillion as of March 31, 2014. In April 2013, the Bank of Yokohama launched a new medium-term management plan, "Tackle for the Dream." We are working under this plan to become an attractive financial institution for customers, shareholders, employees, and communities by enhancing and deepening the "solid business foundation" and, by maintaining and reinforcing the "strong management foundation" for the realization of the Long-Term Vision.

Consolidated Basis

Total Deposits:
¥11,829.2 billion

Loans and Bills Discounted:
¥9,453.5 billion

Net Income:
¥60.6 billion

OHR (non-consolidated)
47.6%
Ratio of expenses to gross operating income

Capital Ratio:
13.37%
(International standards)

Credit Rating:
A1 (Moody's)
A (S&P)

Contents

Potential of Kanagawa Prefecture

Population
(Oct. 2013)

9.07 million

(2nd/47 Prefectures)
(Tokyo, Kanagawa, Osaka)

Manufacturing Output
(2012)

¥17.5 trillion

(2nd)
(Aichi, Kanagawa, Osaka)

Number of Businesses
(Feb. 2013)

314 thousand

(4th)
(Tokyo, Osaka, Aichi, Kanagawa)

Retail Sales
(2011)

¥7.3 trillion

(3rd)
(Tokyo, Osaka, Kanagawa)

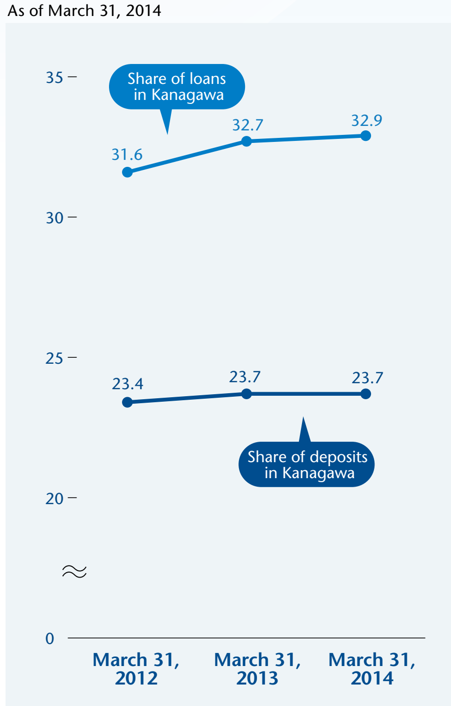
Gross Prefectural Product
(FY10)

¥29.8 trillion

(4th)
(Tokyo, Osaka, Aichi, Kanagawa)

(Note) Sources:
- Population and # of Businesses: Ministry of Internal Affairs and Communications
- Gross Prefectural Product & Consumption Expenditure of Households: Each Prefecture
- Manufacturing Output: Ministry of Economy, Trade and Industry

Market Shares in Kanagawa Prefecture
As of March 31, 2014



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

Q. A year has passed since the launch of the new Medium-Term Management Plan. How is it progressing?

A. The Bank of Yokohama started the Medium-Term Management Plan “Tackle for the Dream” (April 2013-March 2016) in April 2013, establishing the three management targets of “Aiming to become a bank that customers would be willing to select, by helping them with solutions that can assist customers’ problem solving,” “Aiming for future growth by, in particular, increasing business opportunities with local customers and activating transactions with them” and “Aiming to become a well-balanced bank in terms of soundness, profitability and growth potential,” and has worked on a variety of policies to achieve these targets. As a result in fiscal year 2013, the first year of the Medium-Term Management Plan, we successfully maintained the target level for six of the seven target indicators with only ‘the number of main individual customers’ falling short of the target.

Target indicators for FY2015		Results in FY2013
Number of Main Individual Customers*	Around 2.5 million	2.3 million
Fee and Commission Income Ratio (consolidated)	Around 22%	22.9 %
Net Income ROE (consolidated)	Around 7%	7.1 %
Net Income RORA (consolidated)	Around 0.8%	0.91%
Common Equity Tier 1 Ratio (consolidated)	Around 11%	11.97%
OHR (non-consolidated)	Late 40’s%	47.6 %
Credit Cost Ratio (non-consolidated)	Around 0.15%	0.13%

* “The number of main individual customers” means the number of customers who mainly use the Bank’s services (defined by the Bank).

Q. Please tell us the financial results for FY2013, which is the first fiscal year of the Medium-Term Management Plan.

A. Looking at the FY2013 financial results, gross operating income, which shows the income from the core operations of the bank, came to ¥203.1 billion, up ¥0.8 billion from the previous fiscal year and the first such increase in five years. In a low interest rate environment, interest income from domestic operations declined. However fees and commissions increased due to the fact that sales of non-deposit products reached an all-time high due in part to the rise of share prices, and the provision of our various services increased in business opportunities with customers. Furthermore, market operations income increased due to our construction of an efficient portfolio through a shift to diversified investment and other strategies, so the overall income of the Bank grew.

Net income reached ¥58.7 billion, an increase of ¥5.4 billion compared to the previous fiscal year, due to the improvement in gains or losses on stocks and other securities, the decline in credit costs, and other factors. Furthermore, regarding the dividends from the surplus, consolidated net income came to ¥60.6 billion, a ¥5.3 billion increase from the previous fiscal year, exceeding the performance-linked level of ¥55 billion stipulated in our shareholder return policy, so the Bank decided to pay out special dividends of one yen per share, which combined with the ordinary dividends (Stable Dividend) of ¥11 per share results in total annual dividends of ¥12 per share.

Regarding loans and deposits, we worked hard on consulting with our customers and increasing business opportunities and as a result the average balance of domestic loans increased to ¥9,382.9 billion, 2.04% up from the previous fiscal year, and the average balance of domestic deposits continued to grow strongly to ¥11,295.4 billion, up 4.17% compared to the previous fiscal year.

Q. What are your thoughts regarding Kanagawa Prefecture, the base of operations for The Bank of Yokohama?

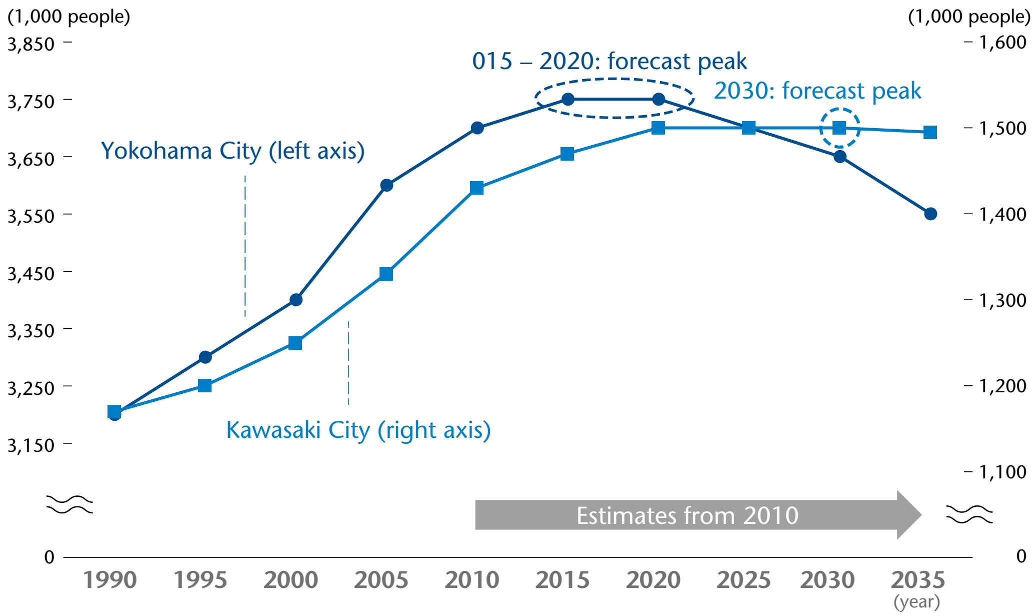
A. The population of Kanagawa Prefecture is expected to continue increasing in coming years, and it is a region with an extremely high growth potential. For example, indicators showing economic scale place Kanagawa in the top ranks nationwide.

The potential of Kanagawa Preference

1. Total population (October 2013)
   9,079,000 people (**2nd** of 47 prefectures) (Tokyo, Kanagawa, Osaka)
2. Total production in the prefecture (FY2010)
   29.8 trillion yen (**4th**) (Tokyo, Osaka, Aichi, Kanagawa)
3. Number of academic, development, and research institutions (2009)
   559 (**2nd**) (Tokyo, Kanagawa, Osaka)
4. Business start-up rate (2009 – 2012)
   3.40% (**3rd**) (Tokyo, Okinawa, Kanagawa)

Tatsumaro Terazawa
Representative Director, President

Estimated Future Populations of Yokohama City and Kawasaki City



In May 2014 all of Kanagawa Prefecture was officially designated one of the National Strategic Special Zones, which are a key policy under Abenomics.

Moreover, the enhancement and expansion of transportation infrastructure is planned in the coming years, including further work on the Ken-O Expressway, the Shin-Tomei Expressway, the Linear Chuo Shinkansen (Maglev Bullet Train) Line and other projects, and the region expects to be able to attract more international conferences and foreign tourists, etc., activities which produce strong economic ripple effects, as we approach the Tokyo Olympics scheduled for 2020.

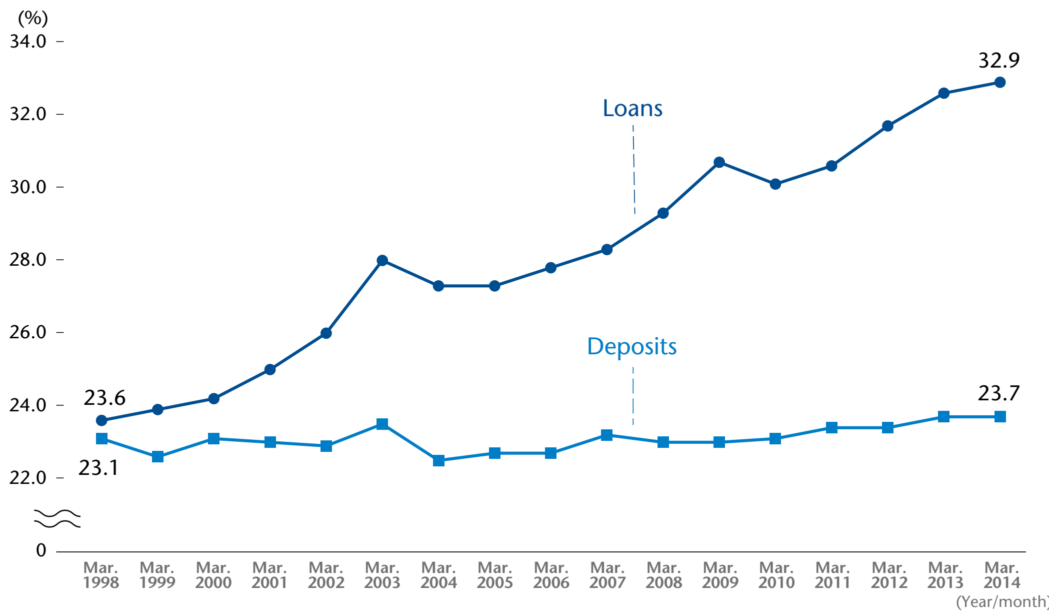
Q. What areas will you focus your energies on, regarding the loans of the Bank of Yokohama in Kanagawa Prefecture, which has top class potential amongst all the prefectures of Japan?

A. Our market share of the loans in Kanagawa Prefecture has grown, primarily in the area of loans to individuals, and as a result our market share had steadily grown to 32.9% by the end of March 2014. As a bank strongly rooted in the local region, we will focus our energies on achieving the target for the number of main individual customers set out in the Medium-Term Management Plan, by working hard to ensure that we are chosen by the customers in Kanagawa Prefecture.

Since April 2014 we have further subdivided our marketing blocks and increased the number of heads of the Block Business Headquarters, thereby building closer business connections to our customers. Through this, we will further respond to the needs of our customers more appropriately than we could before and provide our customers with optimal solutions.

To achieve these goals, we are pooling the strengths of The Bank of Yokohama Group and external institutions with the aim of being a bank that supports our corporate customers in the areas of business succession, mergers and acquisitions, and business matching, and in growth sectors such as the environment, health and long-term care, agriculture, etc., while helping and providing specific solutions for our individual customers so that they can solve the problems they face such as inheritance and property management utilizing investment trusts, etc.

Market Share in Kanagawa Prefecture (Loans and Deposits)



(Note) Market share above does not include Japan Post, Credit Unions and JA. (Bank estimates)

Q. Finally I would like to ask you to give a message to all of your shareholders.

A. I am deeply grateful to all of you for your loyal patronage and your kind support for The Bank of Yokohama.

The management vision of the Bank of Yokohama is to aim "to become an attractive financial institution for customers, shareholders, employees, and communities" and in order to realize this vision the Bank will enhance and deepen the "solid business foundation" and maintain and reinforce the "strong management foundation."

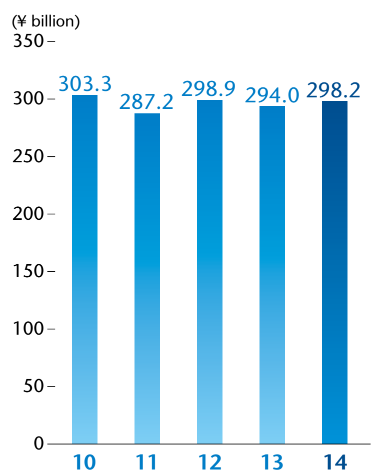
In order for The Bank of Yokohama to continue to be a financial institution that is attractive for all of its shareholders, all of our executives and other employees will work together to improve the corporate value of the Bank and make the utmost effort to meet all of your expectations. We look forward to your continuing understanding and support in the future.

Financial Highlights (Consolidated)

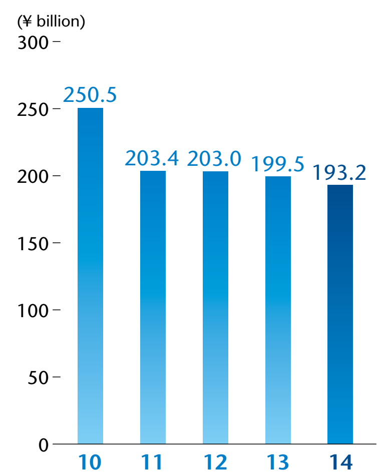
Years ended March 31	Millions of Yen* 2014	Millions of Yen* 2013	Thousands of U.S. Dollars** 2014
At year-end:			
Total assets	¥13,832,063	¥13,468,743	$134,396,267
Cash and due from banks	1,423,159	923,218	13,827,818
Deposits	11,829,221	11,450,207	114,936,084
Loans and bills discounted	9,453,564	9,343,974	91,853,524
Securities	2,044,741	2,219,630	19,867,289
Total equity	921,506	895,664	8,953,623
Capital stock	215,618	215,628	2,095,109
For the year:			
Total income	¥ 298,228	¥ 294,010	$ 2,897,673
Total expenses	193,264	199,519	1,877,817
Net income	60,690	55,342	589,690

* Yen amounts have been rounded down to millions of yen.
** U.S. dollar amounts are translated, for reference only, at the rate of ¥102.92=$1 effective on March 31, 2014.

Total Income
Years ended March 31



Total Expenses
Years ended March 31



Initiatives for our Shareholders

In light of our full complement of owned capital as well as the market trends and performance outlook, we took agile action to repurchase our own shares. The repurchase of own shares consequently totaled ¥15 billion. Note that we adopted a resolution to retire 18 million of our own common shares under the provisions of Article 178 of the Companies Act at the board of directors' meeting held on January 29, 2014 and implemented that retirement on February 28, 2014. Regarding dividends, our consolidated net income for the fiscal year under review was above ¥55.0 billion; therefore in accordance with our Shareholder Return Policy we decided to pay a special dividend of ¥1 per share as a performance-based part. Consequently the total annual dividend including the ordinary (stable) dividend of ¥11 per share was ¥12 per share.

Going forward we will continue to proactively return profits to shareholders in accordance with our Shareholder Return Policy, for example by agilely considering the repurchase of our own shares when necessary.

Dividend Record

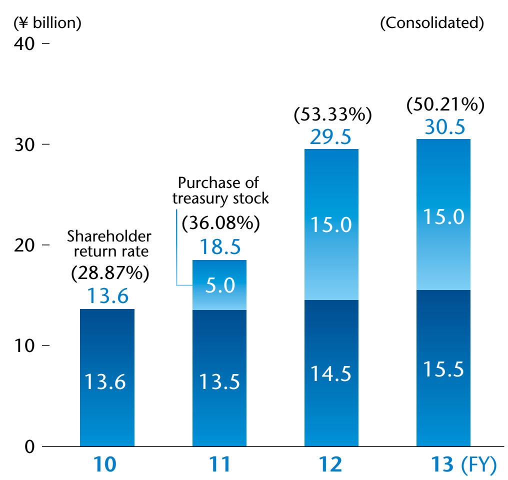
	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013	**March 31, 2014**	**March 31, 2015 (Forecast)**
Annual dividend per share	¥10.00	¥10.00	¥10.00	¥11.00	**¥12.00**	**¥11.00**
Interim dividend per share	¥ 5.50	¥ 5.00	¥ 5.00	¥ 5.00	**¥ 5.50**	**¥ 5.50**
Term-end dividend per share	¥ 5.00	¥ 5.00	¥ 5.00	¥ 6.00	**¥ 6.50**	**¥ 5.50**
Payout ratio*	43.86%	29.92%	27.41%	27.21%	**26.34%**	**23.1%****

* Payout Ratio is calculated as; Total Dividends Paid divided by Net Income (Non-consolidated).
** Payout Ratio for FY2015 (Forecast) is calculated on condition that the Bank achieves its officially forecasted Net Income for FY2015 (Non-consolidated) and pays Dividends.

Shareholder Return Policy for the term of the Medium-Term Management Plan

Ordinary Dividends	¥11 per share per annum is to be paid out stably regardless of business results.
Flexible Share Buyback	We will flexibly repurchase own shares on market condition and our performance.
Special Dividends	Special dividends will be paid out, in cases where Net Income (consolidated) exceeds ¥55 billion.

Shareholder Returns



*Figures in the chart have rounded to the nearest unit.

Supporting Corporate Customers

The Bank of Yokohama is continually working to meet the changing financial needs of its customers. We also make optimal use of wide-ranging information sources and the capabilities of the Bank of Yokohama Group to provide advice and solutions to customers' challenges in such areas as mergers and acquisitions and business inheritance.

In addition, our Shanghai Branch provides financial services to customers with business operations in China and helps companies in the region expand overseas.

Meeting a Wide Range of Financing Needs

In order to best serve the financing needs of our customers who seek increasingly diverse financing approaches, we handle non-recourse loans, PFIs, etc., and deal with ABLs that do not depend on real estate collateral or personal guarantees.

With the growing use of syndicated loans and private placement bonds in financing, we are continuously seeking new and more responsive ways to serve our customers.

Efforts for Developing Infrastructures of Regional Economies

We place particular focus on enlisting the entire Bank of Yokohama Group in efforts to fund corporations in growth industries such as health care, long-term nursing care, environment, and energy.

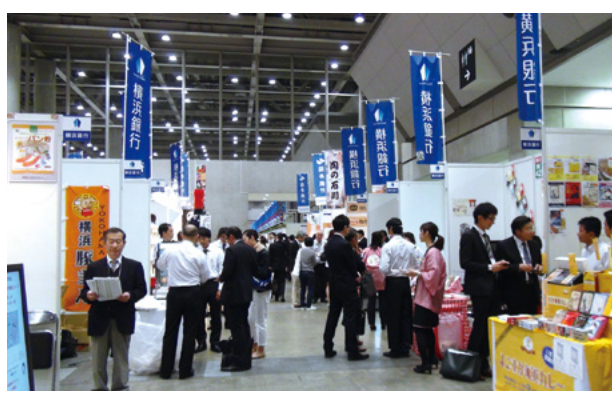
In addition to the fund we established in July 2010, called the Growth Sector Strategy Fund, we established the Support Fund for Growth in August 2011, in cooperation with our group company, Yokohama Capital, to reinforce our financial support capabilities for corporate customers.

In June 2013, we launched our Hamagin Environmental Rating and Financing program designed to help facilitate financing for companies pursuing environmentally-sound business practices, and in October 2013, we initiated our first financing scheme involving the program.

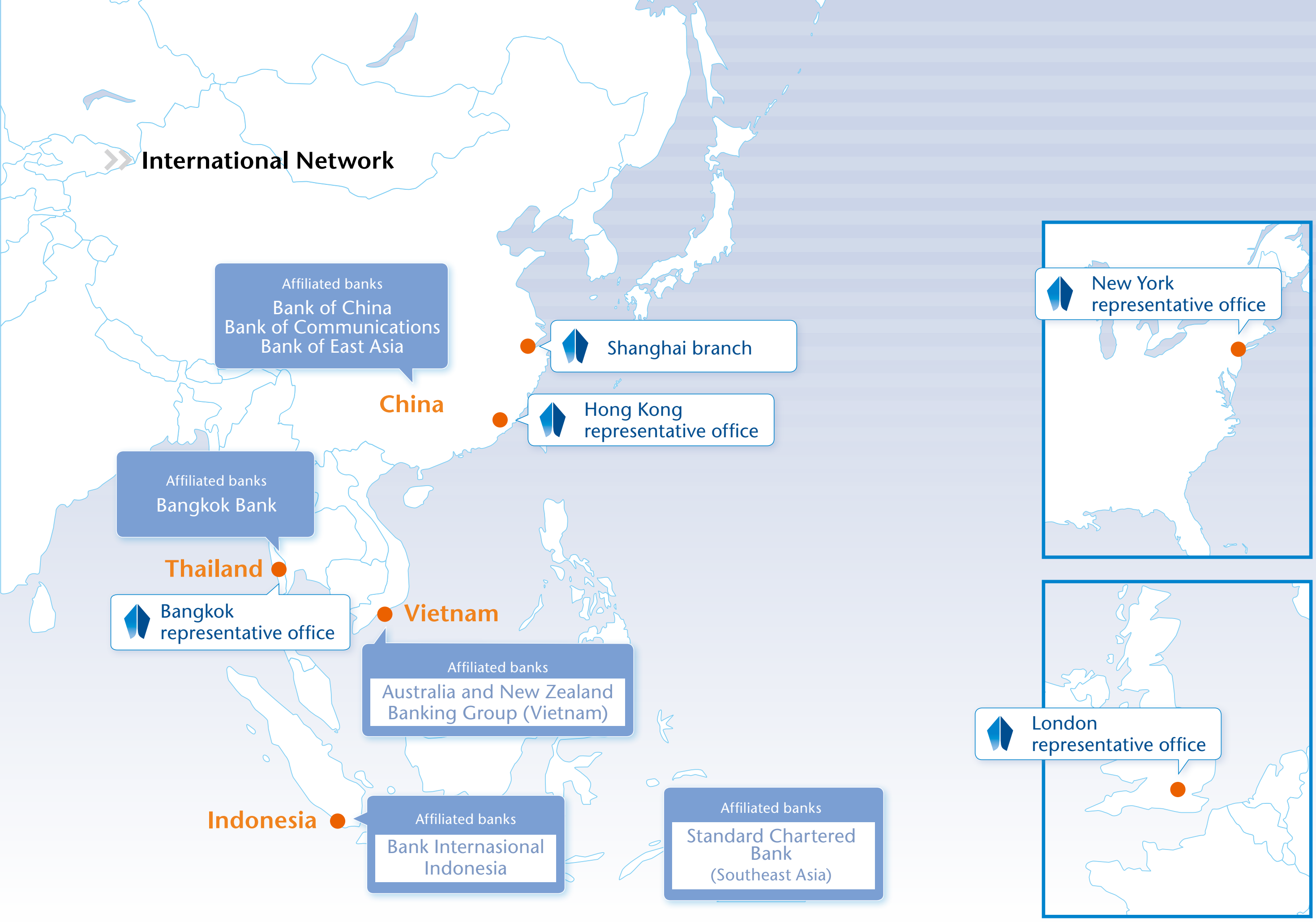
Business Support through Our Network

We offer our customers solutions-based support involving value-added information delivered through our extensive networks in Kanagawa Prefecture and southwestern Tokyo.

In the M&A services realm we are also leveraging the Group's diverse range of intelligence and capabilities to strengthen our solutions-based consulting business so that we can better assist companies with their needs in terms of expansion, restructuring and business succession. Moreover, to supply our customers with new opportunities for sales channel expansion, we have provided business matching services while also planning and hosting business forums. In October 2013, 38 regional banks from across Japan participated in a forum we sponsored on "Regional Bank Food Selection". We have also been frequently organizing seminars to supplement general business information sharing.



International Network



Business Loan Centers

Our Business Loan Centers assist a wide range of small- and medium-sized enterprises, especially by arranging credit guarantees through Credit Guarantee Corporations and providing finance using public support systems, such as policy finance schemes operated by local governments.

Currently there are 10 Business Loan Centers through which customers can obtain fine-tuned support to meet their financing needs.

Support for Global Business

The Bank of Yokohama has been providing financial services through our Shanghai branch to customers developing business in China, where prospects for economic growth remain strong. On April 30, 2014 we began handling RMB-denominated transactions.

In Asia, we are affiliated with foreign banks such as the Bank of East Asia, Bangkok Bank, Bank Internasional Indonesia and Standard Chartered Bank for provision of local financial services through optimal cooperation.

In partnership with the Kanagawa Prefectural Government, the entire Bank of Yokohama Group, including Hamagin Research Institute, works to support overseas expansion by enterprises within Kanagawa prefecture.

In addition, we assist customers engaged in overseas trade and investment together with Nippon Export and Investment Insurance (NEXI) and the Japan Bank for International Cooperation (JBIC).

Personal Banking Services

We have been working to expand our branch and ATM network as part of our efforts to enhance the convenience of our banking services. We are also improving our ability to provide products and services that match customers' needs by expanding our product line-up and strengthening our consulting capabilities.

Strong Business Network

The Bank of Yokohama maintains an extensive network of branches, particularly in Kanagawa Prefecture and southwestern Tokyo, numbering 204 staffed locations in Japan as of March 31, 2014.

In addition, as of March 31, 2014, we operate 405 unstaffed locations, with ATMs conveniently available at all 70 stations of the Odakyu Line, as well as at major stations along the Sagami Railway, Keihin Kyuko, JR and other railway lines.

Moreover, we share reciprocal ATM access with the JR East Group's View Card and Aeon Bank, and our alliances with Seven Bank, Lawson ATM Networks and E-net enable access to convenience store ATMs.

ATM Pay-Easy Service

The Pay-Easy bill payment service is available at all Bank of Yokohama ATMs, except those in convenience stores. Through the service, customers can pay taxes, fees and other charges using either a Bank of Yokohama cash card or cash, even if they are not registered for Internet banking or mobile banking. There are no charges for using the service, which is even available on holidays and outside of normal banking hours.

Since April 2013, we have been accepting payments of Yokohama municipal taxes through this service.

"Hamagin My Direct"

Customers can use personal computers, smartphones and other types of mobile phones to easily carry out banking transactions wherever they are, including balance inquiries and cash transfers, as well as transactions involving term accounts, investment trusts, foreign currency deposits, Japanese government bonds for retail investors and card loans. In addition, Hamagin My Direct enables customers to make partial advance repayments on mortgages, switch over to the My Smart Passbook online bank account service and gain access to various types of notifications.

We are continually upgrading our online user interface and otherwise making the system more user-friendly in response to customer feedback, while working to provide greater user convenience by offering discounted fees and adding new types of accounts and applications that can be processed via the Bank of Yokohama website. Meanwhile, we have been taking steps to heighten security by introducing one-time passwords and email notification passwords.

Housing Loans

We help our customers arrange housing loans in line with their life plans and needs in terms of building and purchasing homes and transferring mortgages from other financial institutions.

Our customers are able to seek consultation and apply for loans through our 26 housing loan centers where specialized staffs are permanently staffed, with most of the locations open even on Sundays. We have also established direct housing loan centers that enable customers to seek consultation over the phone, and apply for preliminary loan application review online.

We also have professional life consultants on hand who help our customers review various forms of insurance policies as they begin paying off their mortgage loans (by appointment only).

Consumer Loans

We offer unsecured loans designated for specific purposes, such as in the form of car loans, student loans and home-improvement loans. We also offer loans that can be used for a broader range of needs, such as loans to cover general living expenses and other personal loans. Customers may apply for either type of loan by postal mail, facsimile, personal computer or smartphone, and will be notified of loan approval results within three business days of application.

In September 2013, we increased loan ceilings and extended lending periods for car loans and other such lending schemes, and made changes to our product offerings to better address diverse needs of our customers. Moreover, in October 2013, we initiated the Bank of Yokohama Card Loan program which provides customers with same-day notification of loan approval results, without the need for them to visit the bank throughout the loan application and contract finalization process.

Investment Products

To meet the asset management needs of our customers, we offer a wide range of products such as investment trusts and life insurance. As of March 31, 2014, we handled 104 investment trust products, 28 of which are sold exclusively through online and telephone banking.

In September 2013, we began marketing the inflation-linked Japanese government bonds funds which mainly targets investment in inflation-indexed Japanese government bonds (JGBi), to provide customers with an effective means of protecting their assets value from inflation as the government implements measures to end deflation, backed in part by Abenomics policy. In January 2014, we also began accepting applications for investment trusts taking advantage of accounts for Japan's tax-free program for small investments, the Nippon Individual Savings Account (NISA).

We offer life insurance at most of our branches, with 49 different products that include single-premium and level-premium individual annuity insurance and whole-life insurance, as well as protection-type of life insurance (available at selected branches only) such as term insurance and health insurance coverage.

Education Savings

We provide financial services that provide support for ensuring education of today's children, the next generation of leaders. In June 2013, we began offering savings plans that are exempt from gift tax when a monetary contribution is paid or deposited for the purpose of covering education costs, in accordance with education savings provisions established through tax reforms of fiscal 2013.

Strengthening the Business Alliance with Yamada Escrow and Trust

In December 2013, the Bank of Yokohama launched testamentary trust services upon strengthening its business alliance with Yamada Escrow and Trust. Yamada Escrow and Trust is a trust company and is part of the Yamada Group which is led by the Yamada Synthetic Office, one of Japan's largest judicial scrivener offices. The addition of the testamentary trust services to our inheritance coordination services, which the Bank began handling upon forming the alliance with Yamada Escrow and Trust in November 2012, has enabled us to establish a framework through which we can precisely meet a range of customer needs in this area of business.

As a bank with strong regional ties, we facilitate regional financing efforts and build stronger alliances with local governments, while otherwise engaging in various activities that benefit our local communities, such as through initiatives to address environmental issues and help provide educational support for local children.

Environmental Initiatives

Helping customers and communities with environmental conservation campaigns through our financial products and services

We aim to help realize the goal of achieving a safe and secure low-carbon society through increased use of solar energy. Accordingly, we offer Hamagin Solar Loan financing to encourage more homeowners to install solar panels on their homes. Moreover, with our Hamagin My Direct online banking service, we have been working to reduce use of paper resources by providing electronic delivery of reports related to investment trusts conventionally mailed in envelopes or in postcard format.

Promotion of energy conservation and recycling within the Group

The Bank of Yokohama engages in the Group's efforts to promote energy conservation and recycling by taking part in the Challenge 25 Campaign, which is a national movement for prevention of global warming. Our participation in the campaign includes initiatives for saving electricity, reducing water consumption, and instituting "cool-biz" and "warm-biz" programs.

Quantitative Results of Our Environmental Initiatives

Customers can use personal computers, smartphones and other types of mobile phones to easily carry out banking transactions wherever they are, including balance inquiries and cash transfers, as well as transactions involving term accounts, investment trusts, foreign currency deposits, Japanese government bonds for retail investors and card loans. In addition, Hamagin My Direct enables customers to make partial advance repayments on mortgages, switch over to the My Smart Passbook online bank account service and gain access to various types of notifications.

We are continually upgrading our online user interface and otherwise making the system ords and email notification passwords.

In July 2013, the Hamagin My Direct service was fully revamped, and we began offering additional service content in March 2014 as we continue our efforts to improve the service.

Environmental Initiatives

Description	Target	Units	FY2011	FY2012	FY2013
Total crude-oil equivalent energy consumption*1	Group	KL	12,061	12,408	12,310
Total energy consumption*1	Group	GJ	467,489	480,921	477,143
Greenhouse gas emissions (Carbon dioxide emissions)*2	Group*3	t-CO_2	10,347	10,589	11,520
Power consumption	Group	1,000 KWh	41,790	42,833	42,645
Gasoline consumption*5	Group	KL	66.5	58.7	63.6
Paper purchased	Group*4	t	152.8	150.7	136.0
Of paper purchased, amount of eco-friendly paper	Group*4	t	96.4	109.4	91.0
Waste generated	Group*4	t	493.2	455.7	473.3
Of waste generated, amount for final disposal	Group*4	t	79.0	72.3	73.6
Of waste generated, amount for recycling	Group*4	t	414.2	383.3	399.7

Notes: 1. The objective is to reduce per-unit energy consumption by an average of 1% per year.
2. The objective is to reduce per-unit emissions by 3% over 3 years to achieve the goal of reducing per-unit energy consumption.
3. Measures to combat global warming have been established at the Bank of Yokohama Group headquarter building and the administrative centers.
4. Measures to combat global warming have been established at the Bank of Yokohama Group headquarters building, the Tokyo Building, and the administrative centers
5. Figures for gasoline consumption are for consumption of regular and high-octane gasoline grades.

Initiatives for Children

We aim to nurture the growth of children as tomorrow's leaders, while helping to foster more vitality in our communities and facilitating their development. To such ends, we provide children with opportunities to gain experiences and convey their ideas to others, with an emphasis in three key areas: 1. culture and the arts, with the aim of developing rich sensibilities; 2. sports, with the aim of developing physical strength and mental well-being, and; 3. economic and financial education, with the aim of stimulating an interest in economics and finance by providing hands-on work experience at banks so that children can gain an understanding of economic mechanisms and the role of the banking system.

Class headed by a visiting lecturer

Classical music concert for preschool-aged children

Investing in Human Resources

Improving Employee Engagement

One of our basic strategies under the "Tackle for the Dream" Medium-Term Management Plan is to improve productivity by operating efficiently. We regard improving employee engagement—which we define as motivation and willingness to work with the team—as an important element in hiring and career design policies, and continue to invest aggressively in human resources. As well as raising standards of professionalism among our staff, we foster a unified enterprise culture capable of deepening individual motivation and generating a sense of cooperative team membership. This, we believe, will improve individual long-term performance and the Bank's organizational productivity.

Human Resource Development

In October 2010, we established a new head office organization, the Financial Business School, to coordinate all aspects of education and training. We also reviewed and strengthened our education and training system. Specific steps included a review of job rotation systems for younger employees, the introduction of new training programs to enhance the special skills of mid-level employees, and the expansion of training programs to strengthen the management skills of executives. We also appointed full-time professional instructors in this field to ensure systematic high-quality education and training.

We will continue to develop human resources with advanced skills through in-house and external training systems, including dispatch of employees on overseas MBA programs, and through secondments to sections of the head office.

Enhancement of Motivation

To further strengthen our support for career design for individual employees, we have increased course selection opportunities to help them expand the range of career pathway options and flexibly respond to any change in their task preference after joining the Bank. We have also strengthened support for skills development to motivate ambitious employees and provide them with new educational opportunities. We will strengthen our initiatives to support further human resource development for those with ability, enthusiasm and aptitude.

Further measures to secure and effectively deploy a diverse and highly motivated workforce include the reemployment of former employees who left the Bank for various reasons, such as marriage or childbirth, and the offer of formal, full-time jobs to part-time workers and others. In these ways, we are continually working to make effective use of the human resources of the Bank of Yokohama Group.

Work-Life Balance Measures

The Bank is implementing a range of initiatives to help employees achieve a healthy work-life balance. Our program has four pillars: support for continuing employment, enhanced use of non-working hours, career development support, and support for health management. We also have a wide range of measures for workers with child-raising and care responsibilities. These include leave and short-hours working arrangements that go beyond the legal requirements, establishment of support programs for those returning to work after taking childcare leave, and a program to encourage employees to return home early on Wednesdays.

In May 2008 and May 2013, the Bank was officially recognized by the Kanagawa Labour Bureau as an entity that has successfully met the requirements laid down in the Act on Advancement of Measures to Support Raising Next-Generation Children, including the achievement of targets set under a “General Employer Action Plan” required by the legislation.

Expanding Opportunities for Female Employees

In the interests of diversity, the Bank remains committed to encouraging women’s promotion to executive-level management. Under our program to encourage promotion to executive positions, 17 female employees had been promoted to General Manager as of March 31, 2014. We are actively preparing for the promotion of more female employees to executive roles. We will also develop career design support policies for women, including career development classes.

In recognition of our measures to date, the Bank received the “Minister’s Award for Equal Employment and Work and Family Harmonization” from Minister of Health, Labour.

Work-Life Balance Measures

Support for continuing employment	Expansion of Non-Working Hours	Career Development Support	Health Management Support
Long-term parental leave system	Support for work-life balance through staggered working hours	Support for work-life balance through staggered working hours	Regular health and dental checkups
Long-term family care leave system	Permanent adoption of “Refreshing Wednesday” program	Permanent adoption of “Refreshing Wednesday” program	Comprehensive checkups at medical facilities, gastrointestinal examinations
Childbirth leave for fathers	Establishment of prohibited times for overtime work	Establishment of prohibited times for overtime work	Health management center
Work-life balance working hours system	Refresh month	Refresh month	Mental health advice center
Work-life balance leave system	Refresh leave	Refresh leave	Telephone-based health counseling
Unmarried name utilization system	Work-life balance program	Work-life balance program	Mental health (self-care) support system
Programs for employees on parental leave	Welfare facilities, contracted facilities	Welfare facilities, contracted facilities	
Home nursing			
Half-day leave			
Childbirth/childcare advice service			
Family care leave			
Support program for reently into the workforce			

Governance System

CORPORATE GOVERNANCE

Basic Approach

In accordance with the Bank of Yokohama's recognition of corporate governance as a critical management issue, the Board of Directors and Audit and Supervisory Board supervise and monitor 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. 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 is a company with auditors.

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 either the Audit and Supervisory Board and the Audit and Supervisory Board members. The main organizations involved in management decision-making, implementation and oversight are as follows.

A. Board of Directors

The Board of Directors consists of ten directors, including two outside directors. Of the ten directors, one was a woman and nine mens (as of June 30, 2014). Meetings of the Board of Directors are normally held monthly.

B. Auditors, Audit and Supervisory Board Members

The Audit and Supervisory Board consists of five corporate auditors (all male), including three outside corporate auditors (as of August 31, 2014). Individual auditors attend important management meetings, including meetings of the Board of Directors, in accordance with audit policies and plans determined by Audit and Supervisory Board. The auditors also audit the directors' business performance by monitoring the status of Bank operations, financial position and other means. The Bank has established the Audit and Supervisory Board Members Office and staffed it with full-time employees to assist the Audit and Supervisory Board members, including the outside members, and to ensure the smooth functioning of the Audit and Supervisory Board. The Audit and Supervisory Board normally meets monthly.

C. Management Conference

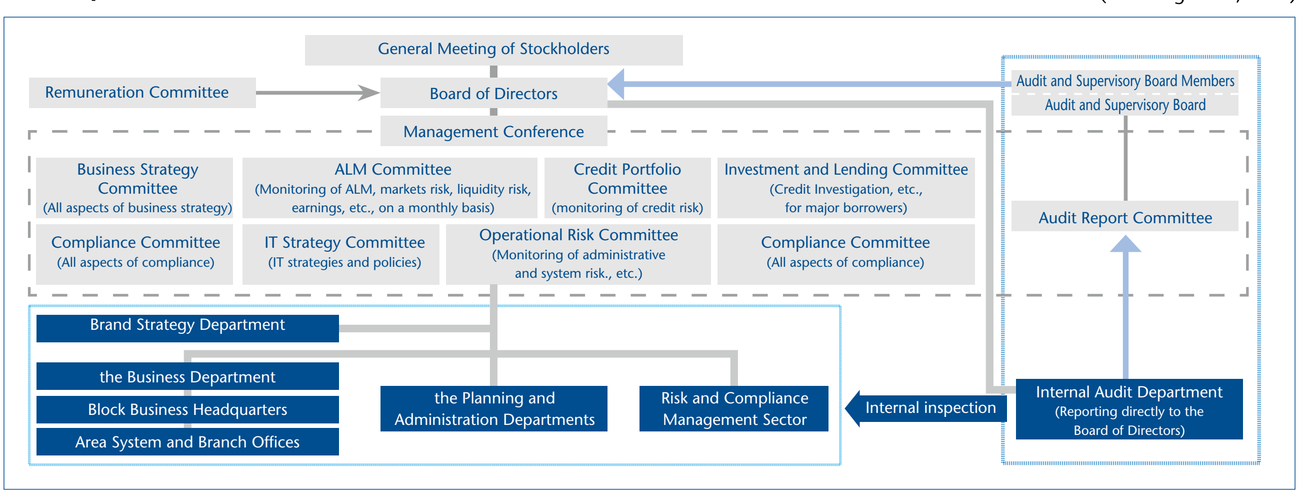
The membership of the Management Committee includes representative directors and directors. It deliberates on agenda items for meetings of the Board of Directors and makes decisions on important management matters as stipulated in the Bank's internal regulations. Meetings of the Management Committee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

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

(As of August 31, 2014)



Improvement of Internal Control Systems

The Bank develops and administers the following internal control systems to ensure compliance with laws and regulations, and with our Articles of Incorporation. These systems are continually assessed, and when necessary, steps are taken to improve their effectiveness.

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 Audit and Supervisory Board members 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 Audit and Supervisory Board or individual corporate auditors, and a framework covering other reports to the Audit and Supervisory Board.

I. Other frameworks to ensure that audits by the Audit and Supervisory Board Members are to be performed effectively.

(As of August 31, 2014)

COMPLIANCE

Compliance Measures

Through the Compliance Conference and Compliance Committee, the Bank evaluates basic compliance policies and measures aimed at forestalling legal violations, as laid down as in the basic Compliance Regulations of the Bank covering basic compliance items. We are working to further strengthen management's proactive involvement in fostering and monitoring compliance, and to ensure a comprehensive management framework, with guidance provided at the branch level, to further strengthen our commitment to compliance.

In consideration of the importance of our public mission and social responsibilities as a financial institution rooted in the local community and dedicated to contributing to the sound development of the local economy and community, the Bank will continue to ensure thorough compliance on the basis of systematic compliance frameworks.

Compilation of Compliance Program

Every fiscal year, the Board of Directors of the Bank compiles a Compliance Program of specific action plans for improving compliance. This forms the basis for actual compliance implementation. In the Compliance Program for fiscal 2014, major policies are fostering a corporate culture of full compliance, forestalling abuse of financial services by criminal and other undesirable elements, and more rigorously ensuring the propriety of transactions with customers as well as stricter management of customer information. Particular focuses have been placed on areas such as practical guidance and training to thoroughly familiarize employees with compliance, forestalling incidents and scandalous events through cross-checking and strengthening management of customer information including when such as entrusted to outside business partners.

Compliance Manual

To ensure that a comprehensive framework is in place for legal, regulatory and all other compliance, we have compiled a Compliance Manual. Approved by the Board of Directors, it is intended for distribution among all employees to ensure that its contents are fully understood throughout the Bank.

The Compliance Manual brings together the Bank's Ethics Charter and Code of Conduct for all employees. It also explains all the laws and regulations that employees must comply with and indicates specific responses in the event of discovery of illegal behavior.

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. Additionally, compliance assistants at each department of the head office and compliance managers deployed to individual bank branches ensure objective compliance monitoring in bank operations, and report to the Compliance Officer on the status of compliance.

The Compliance Conference and Compliance Committee hold regular meetings, for deliberation on matters such as preventing recurrence of specific compliance failures, and take decisions regarding major compliance matters affecting the entire bank.

We have also established a compliance hotline, enabling early detection of violations and taking of remedial measures, and have in place under the Compliance Office mechanisms enabling direct contact and face-to-face consultation regarding compliance issues raised by employees.

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.

Based on these core principles, we have compiled a Compliance Manual and other protocols to prevent the Bank from being adversely affected by antisocial elements, and have organized training and awareness sessions for all employees. In further measures to prevent transactions with antisocial forces and ensure severance of all contact with them, we have designated the Compliance Office of the Risk Management Department as our response coordination unit, and cooperate in this area with the police and other official organizations, and with lawyers.

Measures to Strengthen Customer Protection

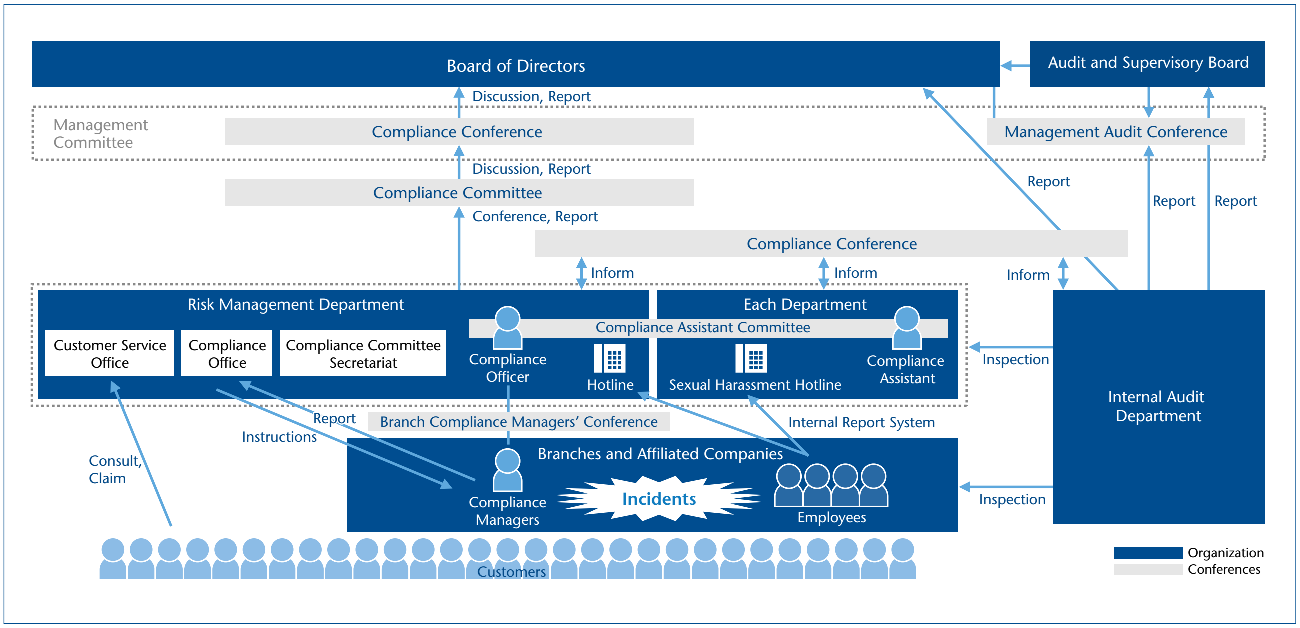
In an effort to strengthen customer protection and other control systems, the Compliance Office of the Risk Management Department has oversight, planning and management functions related to customer protection and other controls.

We have also established within the Risk Management Department a Customer Services Office, for accommodating customer comments and complaints. The Bank is also positioning itself to work within the Alternative Dispute Resolution (ADR) system for handling disputes involving customers. Under ADR, disputes are resolved through a third party organization. To this end, the Bank has signed a basic procedural agreement with the Japanese Bankers Association, a designated dispute resolution organization under the Banking Act of Japan.

Continuous measures are also being taken by the Compliance Office under the Risk Management Department to improve the standard of customer briefing and support, through collection of data from consultations, expressions of opinion, requests and complaints, with analysis of trends they reveal. This is in addition to measures to forestall financial crime and deal appropriately with it when it occurs.

In measures to protect personal information, the Bank has issued a Declaration on the Protection of Personal Information based on Japanese law and other standards. This declaration, and the purposes for which customers' personal information will be used, are clearly stated on our website and elsewhere. In addition, we ensure that all employees are thoroughly familiarized with the appropriate way of handling customers' private information, based on procedures and regulations.

Compliance Structure



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. After the Great East Japan Earthquake, highly effective risk management is required to maintain financial system. 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 controlled." 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 a 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:

- Our risk management systems are designed to minimize the effects of economic fluctuations and market changes. As a major element of the financial system of our region, our basic mission is to provide financial services reliably and continuously.
- 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 III framework, the Bank assessed its credit risk using the "Foundation Internal Ratings Based approach (FIRB)" and operational risk using the "Standardized Approach."

Integrated Risk Management

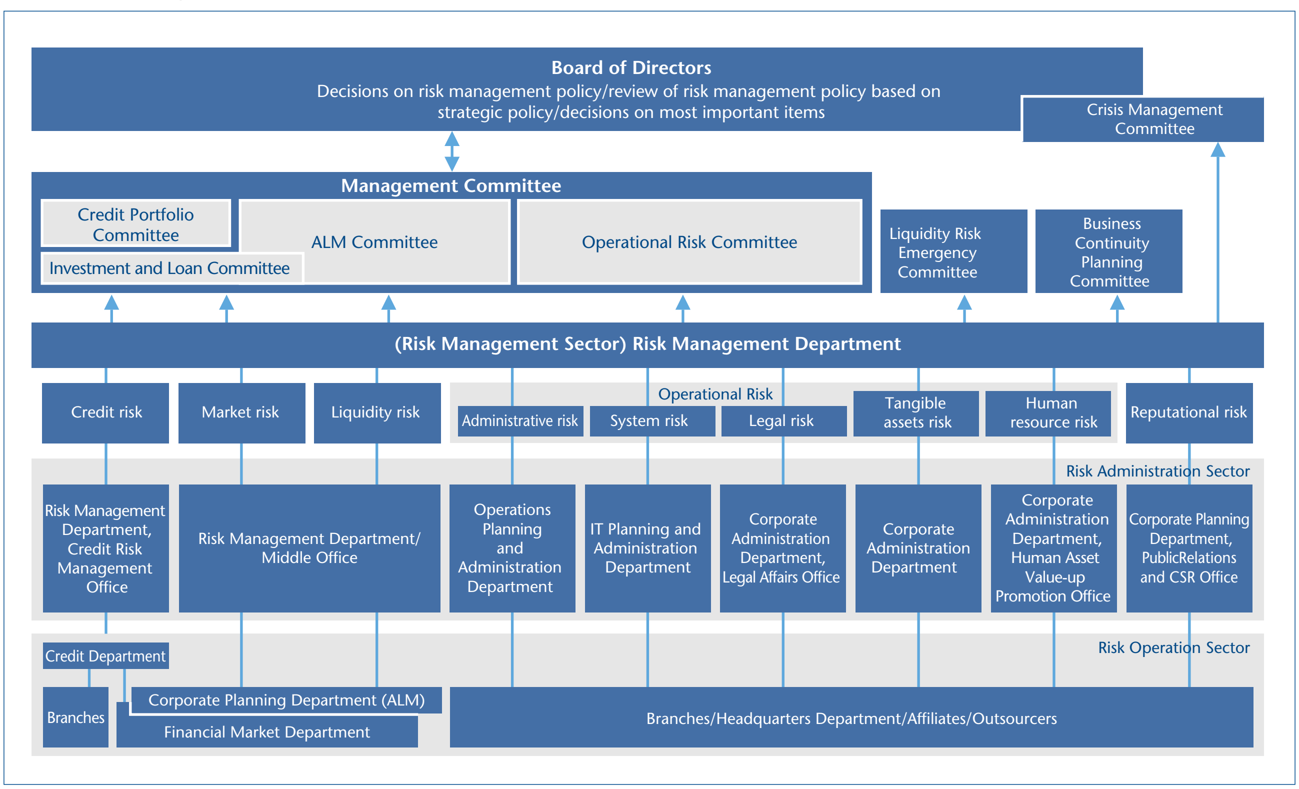
One of the Bank's basic policies of risk management is to "manage risks in an integrated manner as much as possible." To accomplish this goal, the Bank formulates "Integrated Risk Management Regulations" and seeks to understand each risk quantitatively in an integrated manner while conducting its business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

Method of Risk Management

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

- Certain risks can be quantified, understood and thereby managed. After quantifying such risks by means of risk analysis using VaR (Value at Risk), BPV (Basis Point Value), gap analysis and simulations, the Bank controls those risks in keeping with Risk Management Structure 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. When conducting stress tests, we facilitate risk communication through the use of forward-looking scenarios that anticipate disaster, economic recession and changes in the environment.
- 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



Management's Discussion and Analysis

Economic environment

During fiscal 2013, the Japanese economy picked up recovery momentum, due partly to the effects of the Bank of Japan's radical monetary easing and fiscal flexibility policies. As a result, corporate earnings began to improve from the beginning of the fiscal year mainly on the weakness of the yen and improvement in stock prices. Signs also emerged of increased personal spending. Internal demand, supported by steady housing investment, and stoked by public investment, also showed strong growth. However, the head of steam began to dissipate from the summer on, as the weakening of the yen and an increase in energy imports resulted in a negative trade balance and a lower GDP growth rate. However, at the beginning of 2014, a surge in demand ahead of an increase in the consumption tax helped put personal spending on a stronger footing.

In Kanagawa Prefecture, the overall trend during the year was one of the recovery, despite lapses in momentum from the summer onward.

In Japan's financial sector, short-term interest rates stabilized at very low levels in response to the Bank of Japan's qualitative and quantitative easing policies, and there were signs of broadening fluctuation in long-term interest rates at the beginning of fiscal 2013. However, interest rates overall remained low at around 0.6% from the middle of the year.

Overview of the Financial Statement

As a result of our steady implementation of the measures contained in the Medium Term Management Plan, gross operating income (an indicator of earnings from our main banking business) increased for the first time in five years, up by ¥0.8 billion from the previous fiscal year to ¥203.1 billion. In the context of the low interest rate environment, interest income from domestic operations decreased from the previous fiscal year but we proactively worked on fees and commissions businesses including sales of investment-type products and the composition of syndicated loans so fees and commissions increased. In addition income from market operations increased as we built efficient portfolios, for example by shifting to foreign bonds and investment trusts. As a result, although expenses increased by ¥0.4 billion from the previous fiscal year, net business profit increased ¥0.5 billion year-on-year to ¥106.3 billion. Furthermore, we continued to maintain the OHR (ratio of expenses to gross operating income), an indicator of business management efficiency, at 47.66%, the outstandingly low level compared to other Japanese banks.

Our net income reached ¥58.7 billion, up ¥5.4 billion from the previous fiscal year, thanks to a decline in credit-related expenses as well as an improvement in stock-related profit and loss. Our consolidated net income increased by ¥5.3 billion from the previous fiscal year to ¥60.6 billion and our consolidated ROE (return on equity) improved to 7.12%, higher than the target level in the Medium Term Management Plan. Our common equity Tier 1 ratio based on the Basel III standards, the new capital adequacy regulations introduced in March 2013, is higher than the regulated level at 11.97%; therefore we have a stable management foundation.

(Deposits)

As a result of measures to expand comprehensive transactions, deposits increased by ¥379.0 billion from the previous fiscal year to ¥11,829.2 billion. Of this total, time deposits fell ¥8.9 billion to ¥3,283.9 billion.

(Loans and bills discounted, securities, total assets)

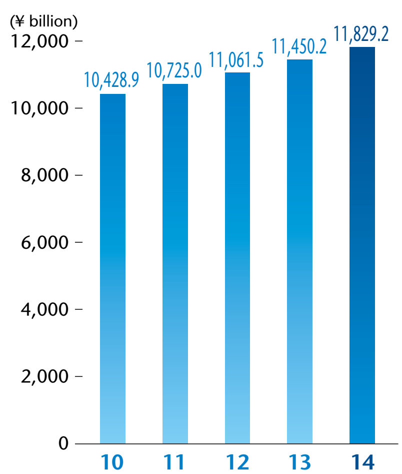
As a result of measures to expand business chiefly with individual customers, loans and bills discounted increased year on year by ¥109.6 billion to ¥9,453.5 billion. Securities fell ¥174.9 billion to ¥2,044.7 billion. Total assets increased ¥363.3 billion to ¥13,832.0 billion from the previous year-end.

(Earnings)

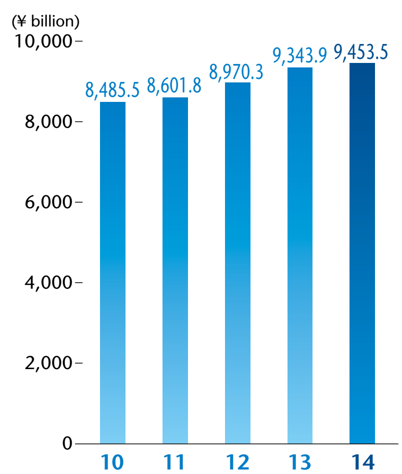
Turning to earnings, total income increased ¥0.4 billion from the previous fiscal year to ¥294.4 billion, on an increase in fees and commissions from record-breaking sales of investment products driven by rising stock markets. Moreover, total expenses fell ¥6.6 billion from the previous fiscal year to ¥192.2 billion due to a decline in interest expenses.

As a result of the foregoing, income before income taxes and minority interests increased by ¥7.1 billion from the previous fiscal year to ¥102.2 billion, and net income increased ¥5.3 billion to ¥60.6 billion. The capital ratio on consolidated basis (Basel III international standards) was 13.37% at the end of the period under review.

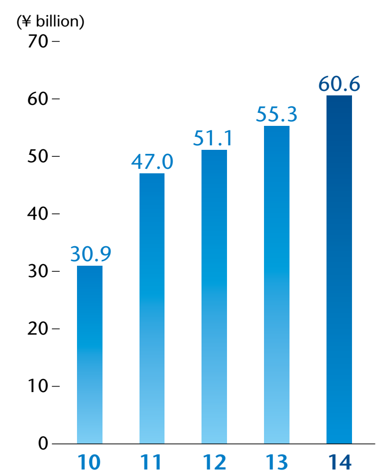
Deposits
Years ended March 31



Loans and bills discounted
Years ended March 31



Net Income
Years ended March 31



Claims

Non-performing Loans Ratio Holds Steady (Non-Consolidated)

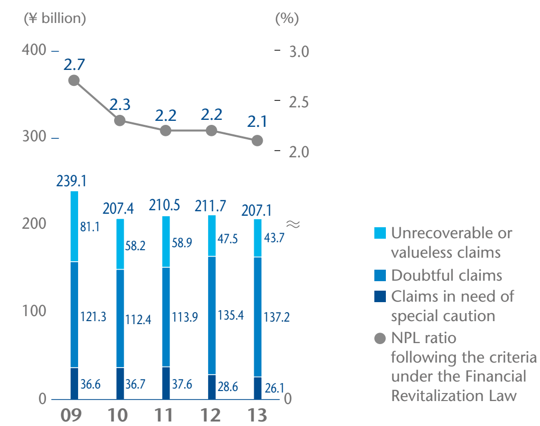
Non-performing loans (NPL, under the Financial Revitalization Law) decreased by ¥4.6 billion to ¥207.1 billion from the previous term. The NPL ratio dropped by 0.1% from the previous term to 2.1%.

Coverage of Credit Information (As of March 31, 2014) (¥ billion)

		Unrecoverable or valueless claims	Doubtful claims	Subtotal	In need of special caution (borrower category)	Total
Outstanding claims	(A)	43.7	137.2	181.0	29.0	210.0
Sum covered by collateral, etc.	(B)	25.6	97.9	123.5	14.2	137.8
Sum of possible uncollectible loans	(C=A-B)	18.0	39.3	57.4	14.7	72.1
Specific allowance for possible loan losses	(D)	18.0	24.8	42.9	5.6	48.6
Allowance coverage ratio	(D/C)x100	100.0	63.2	74.8	38.5	67.3
Total coverage ratio	(B+D)/Ax100	100.0	89.4	92.0	68.6	88.7

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.

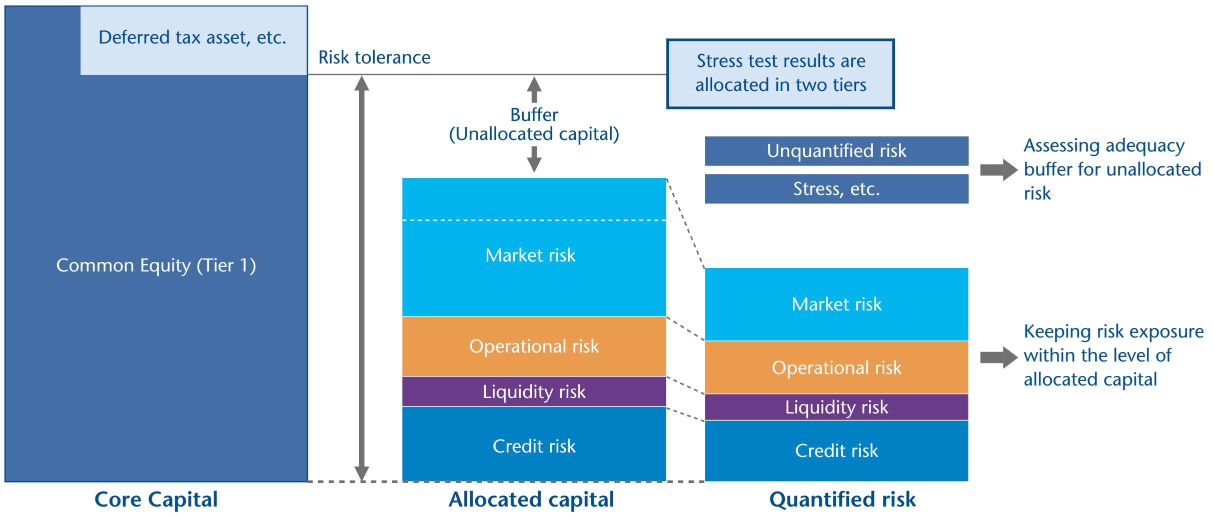
The Bank assesses its capital adequacy from the perspective of whether or not its capital buffer (unallocated capital) is sufficient, taking into account stress test results and risks that have been excluded from quantification because of quantification model limitations and other factors. The results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

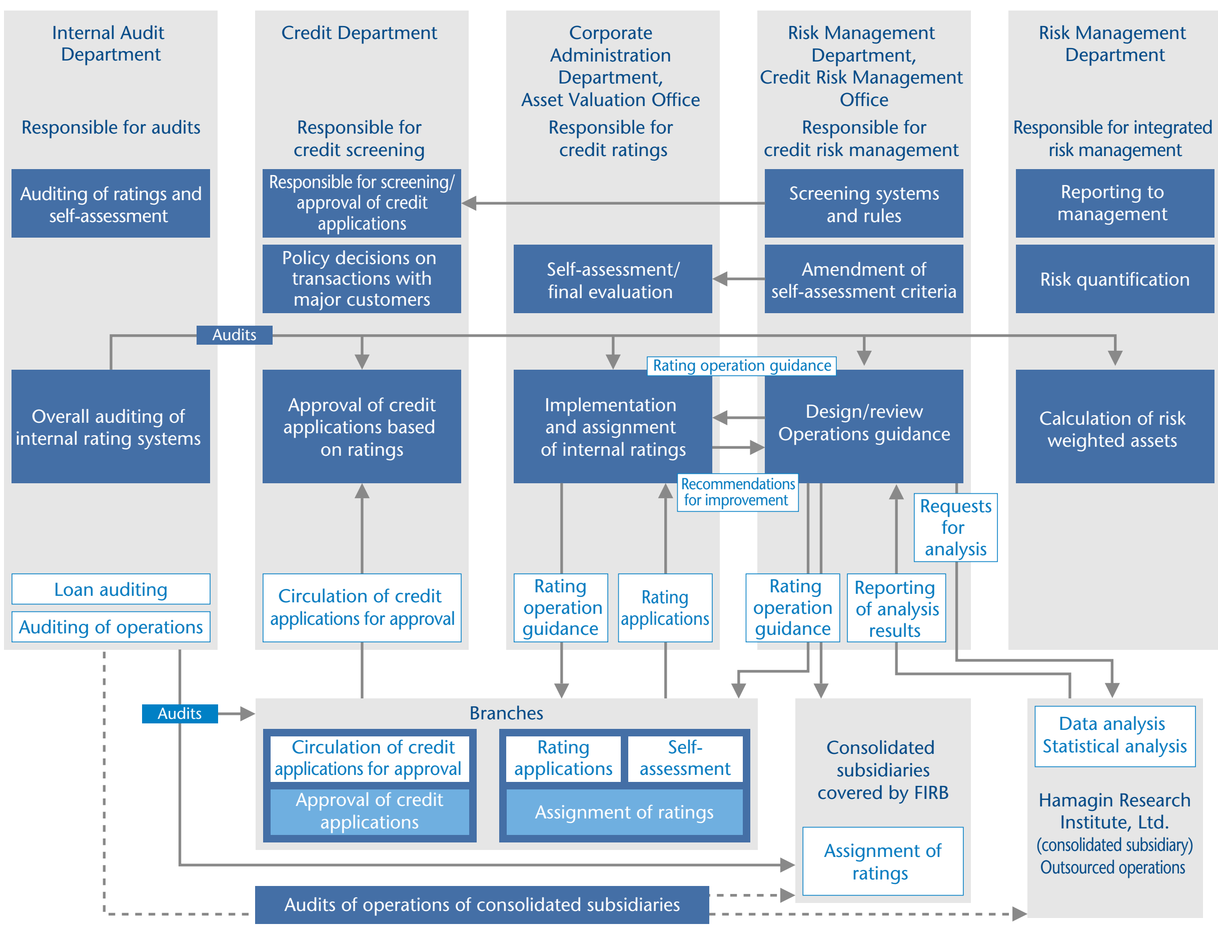
The Credit Risk Management Office, which is independent of the Credit Department (responsible for credit screening) and the Corporate Administration Department, Asset Valuation Office (responsible for credit ratings), has developed internal rating and self-assessment systems to analyze the credit risk 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 Integrated Risk Quantification Assessment



*A stress test is performed based on a future possible stress test scenario (a scenario that assumes a rise in interest rates in the case of a cutback in credit expansion by the Bank of Japan) and using those test results credit is allocated in two tiers.

Organizational Structure for Internal Rating Systems



Five-Year Summary of Consolidated Financial Statements

Consolidated Balance Sheets

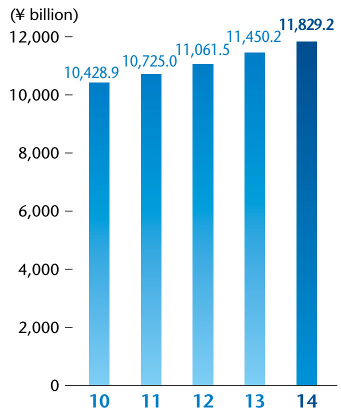
As of March 31,	2014	2013	2012	2011	2010
	Millions of Yen				
ASSETS:					
Cash and due from banks	¥ 1,423,159	¥ 923,218	¥ 811,600	¥ 857,677	¥ 731,175
Call loans and bills bought	283,210	250,527	108,820	143,395	92,425
Monetary claims bought	125,896	140,652	164,256	188,390	213,567
Trading assets	10,045	34,932	24,256	100,368	42,392
Securities	2,044,741	2,219,630	2,113,975	1,994,647	1,741,692
Loans and bills discounted	9,453,564	9,343,974	8,970,301	8,601,882	8,485,502
Foreign exchanges	5,101	5,742	5,214	3,948	4,839
Deferred tax assets	16,021	16,723	34,562	49,940	61,155
Customers' liabilities for acceptances and guarantees	222,377	256,681	293,484	331,805	358,400
Other	320,022	345,525	352,884	336,821	347,569
Allowance for loan losses	(72,076)	(68,866)	(77,226)	(88,352)	(94,406)
Total	¥13,832,063	¥13,468,743	¥12,802,131	¥12,520,526	¥11,984,313
LIABILITIES:					
Deposits	¥11,829,221	¥11,450,207	¥11,061,581	¥10,725,087	¥10,428,935
Negotiable certificates of deposit	49,610	32,490	27,460	96,900	48,750
Call money and bills sold	182,178	207,707	40,689	36,908	23,410
Payables under securities lending transactions	91,591	5,100			
Trading liabilities	702	1,046	1,286	1,460	1,573
Borrowed money	301,184	300,618	304,226	282,939	99,758
Foreign exchanges	59	77	51	28	85
Bonds payable	30,000	64,300	64,300	64,300	64,300
Other liabilities	181,668	233,021	154,594	170,312	173,812
Provision for directors' bonuses	64	64	66	40	9
Provision for retirement benefits		203	171	143	118
Net defined benefit liability	216				
Provision for reimbursement of deposits	1,572	1,537	1,029	898	934
Provision for contingent losses	748	691	1,096	700	594
Reserves under special laws	8	5	3	2	1
Deferred tax liabilities	46				
Deferred tax liabilities for land revaluation	19,305	19,323	19,323	22,048	22,048
Acceptances and guarantees	222,377	256,681	293,484	331,805	358,400
Total liabilities	12,910,556	12,573,078	11,969,365	11,733,577	11,222,733
EQUITY:					
Capital stock	215,628	215,628	215,628	215,628	215,628
Surplus, reserves and other	647,827	624,056	563,530	520,180	496,979
Minority interests	58,050	55,979	53,606	51,139	48,972
Total equity	921,506	895,664	832,765	786,948	761,580
TOTAL	¥13,832,063	¥13,468,743	¥12,802,131	¥12,520,526	¥11,984,313

Consolidated Statements of Income

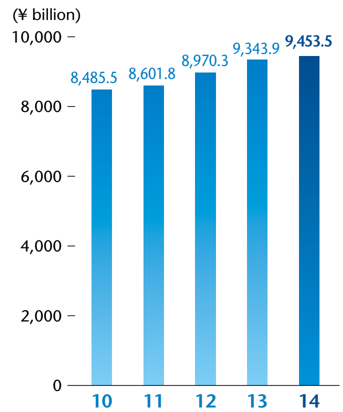
Years ended March 31,	2014	2013	2012	2011	2010
	Millions of Yen				
INCOME:					
Interest on loans and bills discounted	¥138,583	¥146,526	¥151,930	¥157,937	¥172,263
Other	159,645	147,483	147,004	129,300	131,095
Total income	298,228	294,010	298,934	287,238	303,358
EXPENSES:					
Interest on deposits	4,862	5,556	6,125	8,155	12,864
Other	188,402	193,962	196,877	195,295	237,636
Total expenses	193,264	199,519	203,003	203,450	250,500
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	104,963	94,490	95,931	83,787	52,857
TOTAL INCOME TAXES	40,471	35,712	41,139	33,323	20,238
MINORITY INTERESTS IN NET INCOME	(3,801)	(3,436)	(3,601)	(3,375)	(1,672)
NET INCOME	¥ 60,690	¥ 55,342	¥ 51,190	¥ 47,089	¥ 30,946

Yen amounts have been rounded down to millions of yen.

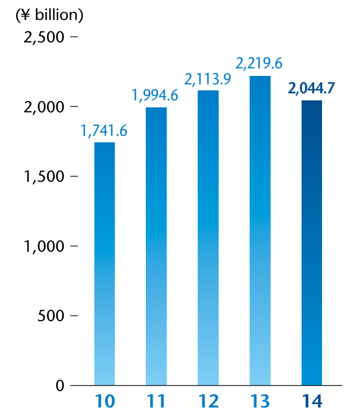
Deposits
As of March 31



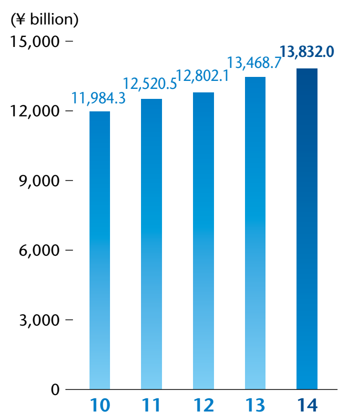
Loans and Bills Discounted
As of March 31



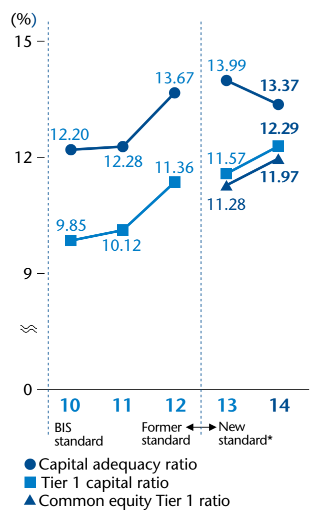
Securities
As of March 31



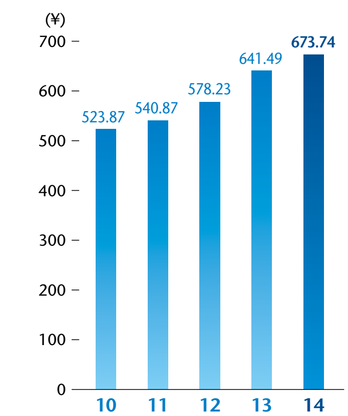
Total Assets
As of March 31



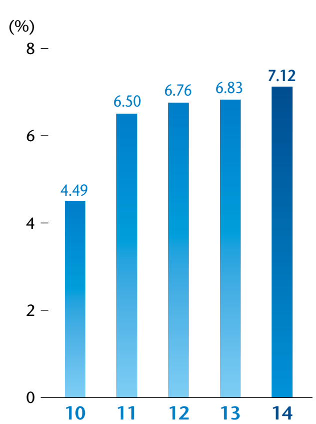
Capital Adequacy Ratio
As of March 31



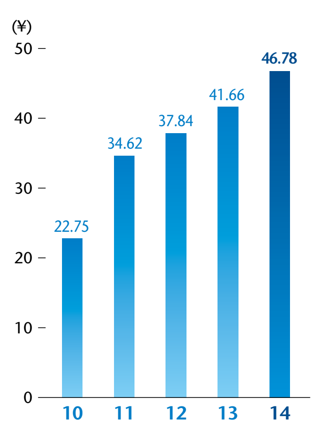
Net Assets Per Share
As of March 31



ROE
Years ended March 31



Net Income Per Share
Years ended March 31



* The ratio has been calculated in accordance with the notification of revision to Capital Adequacy Ratio (FSA Notification No. 28, 2012, hereinafter referred to as "New Standard") since the end of March, 2013.

Consolidated Financial Statements

Consolidated Balance Sheet

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	**2014**
ASSETS:			
Cash and due from banks (Notes 3 and 27)	**¥ 1,423,159**	¥ 923,218	**$ 13,827,818**
Call loans and bills bought (Note 27)	**283,210**	250,527	**2,751,752**
Monetary claims bought (Note 27)	**125,896**	140,652	**1,223,250**
Trading assets (Note 4)	**10,045**	34,932	**97,608**
Securities (Notes 5, 12, and 27)	**2,044,741**	2,219,630	**19,867,289**
Loans and bills discounted (Notes 6, 12, and 27)	**9,453,564**	9,343,974	**91,853,524**
Foreign exchanges (Notes 6 and 7)	**5,101**	5,742	**49,567**
Lease receivables and investment assets (Note 26)	**66,628**	61,914	**647,381**
Other assets (Notes 8 and 12)	**101,872**	145,253	**989,820**
Property, plant and equipment (Note 9)	**123,877**	125,435	**1,203,629**
Intangible assets (Note 10)	**11,523**	12,922	**111,965**
Net defined benefit asset (Note 17)	**16,120**		**156,635**
Deferred tax assets (Note 25)	**16,021**	16,723	**155,665**
Customers' liabilities for acceptances and guarantees (Note 11)	**222,377**	256,681	**2,160,680**
Allowance for loan losses	**(72,076)**	(68,866)	**(700,316)**
TOTAL	**¥13,832,063**	¥13,468,743	**$134,396,267**
LIABILITIES:			
Deposits (Notes 12, 13, and 27)	**¥11,829,221**	¥11,450,207	**$114,936,084**
Negotiable certificates of deposit	**49,610**	32,490	**482,025**
Call money and bills sold (Notes 12 and 27)	**182,178**	207,707	**1,770,099**
Payables under securities lending transactions (Note 12)	**91,591**	5,100	**889,926**
Trading liabilities (Note 4)	**702**	1,046	**6,826**
Borrowed money (Notes 12, 14, and 27)	**301,184**	300,618	**2,926,392**
Foreign exchanges (Note 7)	**59**	77	**578**
Bonds payable (Note 15)	**30,000**	64,300	**291,489**
Other liabilities (Note 16)	**181,668**	233,021	**1,765,148**
Provision for directors' bonuses	**64**	64	**630**
Provision for retirement benefits (Note 17)		203	
Net defined benefit liability (Note 17)	**216**		**2,099**
Provision for reimbursement of deposits	**1,572**	1,537	**15,281**
Provision for contingent losses	**748**	691	**7,274**
Reserves under special laws	**8**	5	**83**
Deferred tax liabilities (Note 25)	**46**		**451**
Deferred tax liabilities for land revaluation	**19,305**	19,323	**187,579**
Acceptances and guarantees (Note 11)	**222,377**	256,681	**2,160,680**
Total liabilities	**12,910,556**	12,573,078	**125,442,644**
EQUITY (Notes 18 and 19):			
Capital stock — common stock — authorized, 3,000,000 thousand shares in 2014 and 2013; issued, 1,292,071 thousand shares in 2014 and 1,310,071 thousand shares in 2013	**215,628**	215,628	**2,095,109**
Capital surplus	**177,244**	177,244	**1,722,157**
Subscription rights to shares	**265**	309	**2,584**
Retained earnings	**393,957**	358,033	**3,827,800**
Treasury shares — common stock — at cost, 10,880 thousand shares in 2014 and 1,607 thousand shares in 2013	**(5,585)**	(625)	**(54,271)**
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	**56,190**	54,863	**545,965**
Deferred gains or losses on hedges	**7**	(19)	**77**
Revaluation reserve for land	**34,216**	34,249	**332,460**
Remeasurements of defined benefit plans	**(8,469)**		**(82,296)**
Total	**863,456**	839,684	**8,389,585**
Minority interests	**58,050**	55,979	**564,038**
Total equity	**921,506**	895,664	**8,953,623**
TOTAL	**¥13,832,063**	¥13,468,743	**$134,396,267**

See notes to consolidated financial statements.

Consolidated Statement of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	**2014**
INCOME:			
Interest income:			
Interest on loans and bills discounted	**¥138,583**	¥146,526	**$1,346,516**
Interest and dividends on securities	**24,330**	21,771	**236,401**
Interest on call loans and bills bought	**986**	926	**9,581**
Interest on due from banks	**1,424**	1,116	**13,836**
Other interest income	**2,636**	2,766	**25,612**
Fees and commissions	**62,740**	56,095	**609,600**
Trading income	**1,513**	2,044	**14,706**
Other operating income (Note 21)	**53,349**	56,962	**518,359**
Other income (Note 22)	**12,665**	5,800	**123,062**
Total income	**298,228**	294,010	**2,897,673**
EXPENSES:			
Interest expenses:			
Interest on deposits	**4,862**	5,556	**47,241**
Interest on negotiable certificates of deposit	**62**	53	**604**
Interest on call money and bills sold	**489**	390	**4,756**
Interest on payables under securities lending transactions	**135**	28	**1,315**
Interest on borrowed money	**985**	2,212	**9,574**
Interest on bonds payable	**1,085**	1,248	**10,550**
Other interest expenses	**992**	876	**9,647**
Fees and commissions	**11,225**	11,518	**109,068**
Trading expenses	**5**	8	**51**
Other operating expenses (Note 23)	**41,693**	43,630	**405,109**
General and administrative expenses	**110,250**	109,510	**1,071,225**
Provision of allowance for loan losses	**11,641**	12,904	**113,116**
Other expenses (Note 24)	**9,835**	11,579	**95,561**
Total expenses	**193,264**	199,519	**1,877,817**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**104,963**	94,490	**1,019,856**
INCOME TAXES (Note 25):			
Current	**35,820**	35,603	**348,039**
Deferred	**4,651**	109	**45,194**
Total income taxes	**40,471**	35,712	**393,233**
INCOME BEFORE MINORITY INTERESTS	**64,492**	58,778	**626,623**
MINORITY INTERESTS IN NET INCOME	**(3,801)**	(3,436)	**(36,933)**
NET INCOME	**¥ 60,690**	¥ 55,342	**$ 589,690**

	Yen		U.S. Dollars
PER SHARE INFORMATION (Notes 2.u and 20):			
Basic net income per share	**¥46.78**	¥41.66	**$0.45**
Diluted net income per share	**46.76**	41.64	**0.45**
Dividend on common stock	**12.00**	11.00	**0.12**

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	**2014**
INCOME BEFORE MINORITY INTERESTS	**¥64,492**	¥58,778	**$626,623**
OTHER COMPREHENSIVE INCOME (Note 29):			
Valuation difference on available-for-sale securities	**1,845**	33,660	**17,931**
Deferred gains or losses on hedges	**26**	(7)	**262**
Total other comprehensive income	**1,872**	33,652	**18,193**
COMPREHENSIVE INCOME	**¥66,364**	¥92,431	**$644,816**
Comprehensive income attributable to owners of the parent	**¥62,044**	¥88,851	**$602,843**
Comprehensive income attributable to minority interests	**4,319**	3,579	**41,973**

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2014

	Thousands	Millions of Yen											
							Accumulated Other Comprehensive Income						
	Outstanding Number of Shares of Common Stock	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Shares	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2012	1,346,975	¥215,628	¥177,244	¥285	¥336,007	¥ (5,591)	¥21,347	¥(11)	¥34,249		¥779,159	¥53,606	¥832,765
Net income					55,342						55,342		55,342
Cash dividends, ¥10.00 per share of common stock					(13,400)						(13,400)		(13,400)
Purchases of treasury shares	(38,660)					(15,015)					(15,015)		(15,015)
Disposals of treasury shares	148		9			56					65		65
Retirements of treasury shares			(9)		(19,916)	19,925							
Net change in the year				24			33,516	(7)			33,533	2,372	35,906
BALANCE, MARCH 31, 2013	1,308,463	215,628	177,244	309	358,033	(625)	54,863	(19)	34,249		839,684	55,979	895,664
Net income					60,690						60,690		60,690
Cash dividends, ¥11.50 per share of common stock					(15,001)						(15,001)		(15,001)
Purchases of treasury shares	(27,908)					(15,034)					(15,034)		(15,034)
Disposals of treasury shares	636				(13)	288					275		275
Retirements of treasury shares					(9,785)	9,785							
Reversal of revaluation reserve for land					32						32		32
Net change in the year				(43)			1,326	26	(32)	¥(8,469)	(7,192)	2,071	(5,120)
BALANCE, MARCH 31, 2014	**1,281,190**	**¥215,628**	**¥177,244**	**¥265**	**¥393,957**	**¥ (5,585)**	**¥56,190**	**¥ 7**	**¥34,216**	**¥(8,469)**	**¥863,456**	**¥58,050**	**¥921,506**

	Thousands of U.S. Dollars (Note 1)											
						Accumulated Other Comprehensive Income						
	Capital Stock	Capital Surplus	Subscription Rights to Shares	Retained Earnings	Treasury Shares	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Remeasurements of Defined Benefit Plans	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2013	$2,095,109	$1,722,157	$3,006	$3,478,752	$ (6,075)	$533,073	$(185)	$332,778		$8,158,615	$543,912	$8,702,527
Net income				589,690						589,690		589,690
Cash dividends, $0.11 per share of common stock				(145,754)						(145,754)		(145,754)
Purchases of treasury shares					(146,075)					(146,075)		(146,075)
Disposals of treasury shares				(127)	2,800					2,673		2,673
Retirements of treasury shares				(95,079)	95,079							
Reversal of revaluation reserve for land				318						318		318
Net change in the year			(422)			12,892	262	(318)	$(82,296)	(69,882)	20,126	(49,756)
BALANCE, MARCH 31, 2014	**$2,095,109**	**$1,722,157**	**$2,584**	**$3,827,800**	**$ (54,271)**	**$545,965**	**$ 77**	**$332,460**	**$(82,296)**	**$8,389,585**	**$564,038**	**$8,953,623**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2014

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2014	2013	**2014**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 104,963**	¥ 94,490	**$ 1,019,856**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation	**8,901**	9,533	**86,490**
Impairment losses		117	
Amortization of goodwill	**413**	612	**4,015**
Increase (decrease) in allowance for loan losses	**3,210**	(8,360)	**31,191**
Increase (decrease) in provision for directors' bonuses		(2)	**2**
Increase (decrease) in provision for retirement benefits		31	
Decrease (increase) in net defined benefit asset	**(2,127)**		**(20,671)**
Increase (decrease) in net defined benefit liability	**39**		**383**
Increase (decrease) in provision for reimbursement of deposits	**35**	507	**344**
Increase (decrease) in provision for contingent losses	**57**	(404)	**554**
Interest income	**(167,959)**	(173,107)	**(1,631,946)**
Interest expenses	**8,613**	10,367	**83,687**
Loss (gain) related to securities	**5,229**	10,966	**50,813**
Foreign exchange losses (gains)	**(8,569)**	(4,855)	**(83,261)**
Loss (gain) on disposals of non-current assets	**457**	469	**4,446**
Net decrease (increase) in trading assets	**24,886**	(10,676)	**241,808**
Net increase (decrease) in trading liabilities	**(344)**	(239)	**(3,345)**
Net decrease (increase) in loans and bills discounted	**(109,562)**	(373,632)	**(1,064,538)**
Net increase (decrease) in deposits	**379,013**	388,626	**3,682,607**
Net increase (decrease) in negotiable certificates of deposit	**17,120**	5,030	**166,343**
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	**65,565**	4,352	**637,053**
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)	**47,316**	188,392	**459,737**
Net decrease (increase) in call loans and others	**(19,245)**	(119,181)	**(186,995)**
Net increase (decrease) in call money and others	**(25,528)**	167,017	**(248,045)**
Net increase (decrease) in payables under securities lending transactions	**86,490**	5,100	**840,365**
Net decrease (increase) in foreign exchanges — assets	**641**	(528)	**6,234**
Net increase (decrease) in foreign exchanges — liabilities	**(18)**	26	**(180)**
Net decrease (increase) in lease receivables and investment assets	**(4,906)**	(4,262)	**(47,674)**
Interest and dividends received	**179,691**	181,151	**1,745,929**
Interest paid	**(9,807)**	(11,510)	**(95,295)**
Other, net	**9,872**	31,010	**95,921**
Subtotal	**594,448**	391,044	**5,775,828**
Income tax paid	**(39,041)**	(34,592)	**(379,341)**
Net cash provided by (used in) operating activities	**555,406**	356,451	**5,396,487**
INVESTING ACTIVITIES:			
Purchases of securities	**(2,221,579)**	(4,538,054)	**(21,585,501)**
Proceeds from sales of securities	**1,889,316**	4,092,682	**18,357,135**
Proceeds from redemption of securities	**461,192**	434,709	**4,481,079**
Purchases of property, plant and equipment	**(3,586)**	(4,396)	**(34,851)**
Proceeds from sales of property, plant and equipment	**495**	187	**4,819**
Purchases of intangible assets	**(3,246)**	(3,239)	**(31,547)**
Other, net	**(170)**	(950)	**(1,656)**
Net cash provided by (used in) investing activities	**122,421**	(19,060)	**1,189,478**
FINANCING ACTIVITIES:			
Decrease in subordinated borrowings	**(65,000)**	(8,000)	**(631,559)**
Payments for redemption of subordinated bonds	**(34,300)**		**(333,269)**
Cash dividends paid	**(15,001)**	(13,400)	**(145,754)**
Cash dividends paid to minority stockholders	**(1,446)**	(1,207)	**(14,050)**
Purchases of treasury shares	**(15,034)**	(15,015)	**(146,075)**
Proceeds from sales of treasury shares	**162**	10	**1,578**
Net cash provided by (used in) financing activities	**(130,618)**	(37,612)	**(1,269,129)**
EFFECT OF EXCHANGE RATE CHANGE ON CASH AND CASH EQUIVALENTS	**47**	56	**466**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**547,256**	299,834	**5,317,302**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**720,772**	420,937	**7,003,235**
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 3)	**¥1,268,029**	¥ 720,772	**$12,320,537**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Year Ended March 31, 2014

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Bank of Yokohama, Ltd. (the "Bank") and its 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 regulations, in accordance with the Enforcement Regulation for the Banking Act, and in accordance 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.

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 ¥102.92 to U.S. $1, the rate of exchange at March 31, 2014. 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, 2014 and 2013, was 11.

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

Of the consolidated subsidiaries, 10 in 2014 and 2013 have fiscal years 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 year ending March 31.

The consolidated financial statements do not include the accounts of three subsidiaries in 2014, and four subsidiaries in 2013, because the total assets, total income, net income, retained earnings, and accumulated other comprehensive income of these entities would not have had a material effect on the consolidated financial statements.

Investments in the unconsolidated subsidiaries are 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 have been 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 the 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 bought 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 income" or "Trading expenses" 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 a positive intent and ability to hold to maturity, are reported at amortized cost computed using the straight-line method and (2) available-for-sale securities are reported 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 method.

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

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

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

Depreciation of leased property and equipment owned by consolidated subsidiaries is calculated by 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.

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 is 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. Revaluation Reserve for Land — 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 revaluation reserve for land represents unrealized appreciation of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement 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 revaluation reserve for land account and related deferred tax liabilities.

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥40,311 million ($391,677 thousand) and ¥40,636 million as of March 31, 2014 and 2013, respectively.

h. Allowance for loan losses — The Bank provides an allowance for loan losses, which is determined based on management's judgment and an assessment of future losses based on bank's 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, the 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, which is independent from the operating divisions, 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 in the 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 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 whose loans are classified as "possible bankruptcy" or "restructured loans" over a certain amount, 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 (the "DCF method"). Also, for claims for which allowance has been provided based on the DCF method in previous fiscal years, an allowance is provided based on the DCF method.

For collateralized or guaranteed claims to borrowers who are in the "virtual bankruptcy" or "legal bankruptcy" category, the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible directly from those claims. As of March 31, 2014 and 2013, the deducted amounts were ¥64,046 million ($622,296 thousand) and ¥76,860 million, respectively.

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

i. Provision for directors' bonuses — Provision for directors' bonuses are provided in the amount of the estimated bonuses that are attributable to each fiscal year.

j. Provision for reimbursement of deposits — Provision for reimbursement of deposits that were derecognized as liabilities under certain conditions is provided for possible losses on future claims of withdrawal based on historical reimbursement experience.

k. Provision for contingent losses — The Bank provides a provision for contingent losses not covered by other provisions in an amount deemed necessary based on estimated losses in the future.

l. Reserve under special laws — Reserve under special laws is provided for contingent liabilities from brokering of security transactions in accordance with Section 1 of Article 46-5 of the Japanese Financial Instruments and Exchange Act.

m. Retirement and Pension Plans — The Bank and its consolidated domestic subsidiaries have lump-sum retirement benefit plans and contributory-funded defined benefit pension plans covering substantially all of its employees. The Bank and its consolidated domestic subsidiaries account for the net defined benefit asset or net defined benefit liability based on projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a straight-line basis. Actuarial gains and losses are amortized on a straight-line basis over 15 years within the average remaining service period.

Consolidated subsidiaries estimated net defined benefit liability and retirement benefit costs using the simplified method by recording the retirement benefit obligations amount that would be payable if the eligible employees terminated the employment.

In May 2012, the Accounting Standard Board of Japan ("ASBJ") issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (net defined benefit liability) or asset (net defined benefit asset).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Bank applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014. As a result, "net defined benefit asset" of ¥16,120 million ($156,635 thousand), and "net defined benefit liability" of ¥216 million ($2,099 thousand) were recorded as of March 31, 2014. In addition, deferred tax assets increased by ¥4,682 million ($45,493 thousand) and accumulated other comprehensive income decreased by ¥8,469 million ($82,296 thousand).

n. Stock Options — In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options," and related guidance. That new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense 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 subscription rights to shares 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.

o. 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. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

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 was 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 be recognized as lease receivables and all finance leases that are not deemed to transfer ownership of the leased property to the lessee be recognized as lease investment assets.

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

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

p. Income Taxes — The provision for income taxes is computed based on the pretax income included in the consolidated statement 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 income tax rates to the temporary differences.

q. Translation of Foreign Currencies — Assets and liabilities denominated in foreign currencies and accounts of overseas branches held by the Bank are 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 their respective year-end exchange rates.

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

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

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

u. 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 statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year.

v. New Accounting Pronouncements

Accounting Standard for Retirement Benefits—On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) *Treatment in the balance sheet*—Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (net defined benefit liability) or asset (net defined benefit asset).

(b) *Treatment in the statement of income and the statement of comprehensive income*—The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) *Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases*—The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Bank applied the revised accounting standard for (a) and (b) above effective March 31, 2014, and expects to apply (c) above from April 1, 2014. As a result of application of (c) on April 1, 2014, retained earnings of ¥2,097 million ($20,383 thousand) will decrease.

Accounting Standards for Business Combinations and Consolidated Financial Statements—On September 13, 2013, the ASBJ issued revised ASBJ Statement No. 21, "Accounting Standard for Business Combinations," revised ASBJ Guidance No. 10, "Guidance on Accounting Standards for Business Combinations and Business Divestitures," and revised ASBJ Statement No. 22, "Accounting Standard for Consolidated Financial Statements."

Major accounting changes are as follows:

Transactions with noncontrolling interest—A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of minority interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Under the current accounting standard, any difference between the fair value of the consideration received or paid and the amount by which the minority interest is adjusted is accounted for as an adjustment of goodwill or as profit or loss in the consolidated statement of income. Under the revised accounting standard, such difference shall be accounted for as capital surplus as long as the parent retains control over its subsidiary.

Presentation of the consolidated balance sheet—In the consolidated balance sheet, "minority interest" under the current accounting standard will be changed to "noncontrolling interest" under the revised accounting standard.

Presentation of the consolidated statement of income—In the consolidated statement of income, "income before minority interest" under the current accounting standard will be changed to "net income" under the revised accounting standard, and "net income" under the current accounting standard will be changed to "net income attributable to owners of the parent" under the revised accounting standard.

Provisional accounting treatments for a business combination—If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Under the current accounting standard guidance, the impact of adjustments to provisional amounts recorded in a business combination on profit or loss is recognized as profit or loss in the year in which the measurement is completed. Under the revised accounting standard guidance, during the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date.

Acquisition-related costs—Acquisition-related costs are costs, such as advisory fees or professional fees, which an acquirer incurs to effect a business combination. Under the current accounting standard, the acquirer accounts for acquisition-related costs by including them in the acquisition costs of the investment. Under the revised accounting standard, acquisition-related costs shall be accounted for as expenses in the periods in which the costs are incurred.

The above accounting standards and guidance for "transactions with noncontrolling interest," "acquisition-related costs" and "presentation changes in the consolidated financial statements" are effective for the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted from the beginning of annual periods beginning on or after April 1, 2014, except for the presentation changes in the consolidated financial statements. In case of earlier application, all accounting standards and guidance above, except for the presentation changes, should be applied simultaneously. Either retrospective or prospective application of the revised accounting standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs" is permitted. In retrospective application of the revised standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs," accumulated effects of retrospective adjustments for all "transactions with noncontrolling interest" and "acquisition-related costs" which occurred in the past shall be reflected as adjustments to the beginning balance of capital surplus and retained earnings for the year of the first-time application.

In prospective application, the new standards and guidance for "transactions with noncontrolling interest" and "acquisition-related costs" shall be applied prospectively from the beginning of the year of the first-time application. The changes in presentation shall be applied to all periods presented in financial statements containing the first-time application of the revised standards and guidance.

The revised standards and guidance for "provisional accounting treatments for a business combination" are effective for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2015. Earlier application is permitted for a business combination which will occur on or after the beginning of annual periods beginning on or after April 1, 2014.

The Bank expects to apply the revised accounting standards and guidance from the beginning of the annual period beginning on April 1, 2015, and is in the process of measuring the effects of applying the revised accounting standards and guidance in future applicable periods.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" in the consolidated statement of cash flows and "Cash and due from banks" in the consolidated balance sheet as of March 31, 2014 and 2013, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Cash and due from banks	**¥1,423,159**	¥923,218	**$13,827,818**
Interest-bearing deposits included in due from banks (other than due from the Bank of Japan)	**(155,129)**	(202,445)	**(1,507,281)**
Cash and cash equivalents	**¥1,268,029**	¥720,772	**$12,320,537**

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Trading assets:			
Trading securities	**¥ 9,320**	¥33,911	**$90,563**
Trading-related financial derivatives	**725**	1,021	**7,045**
Total	**¥10,045**	¥34,932	**$97,608**
Trading liabilities—trading-related financial derivatives	**¥ 702**	¥ 1,046	**$ 6,826**

5. SECURITIES

Securities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Japanese national government bonds	**¥ 546,762**	¥ 873,289	**$ 5,312,498**
Japanese local government bonds	**257,622**	231,826	**2,503,129**
Japanese corporate bonds	**781,231**	746,402	**7,590,667**
Japanese corporate stocks	**177,281**	177,814	**1,722,517**
Other securities	**281,844**	190,297	**2,738,478**
Total	**¥2,044,741**	¥2,219,630	**$19,867,289**

The carrying amounts and aggregate fair value of securities as of March 31, 2014 and 2013, were as follows:

	Millions of Yen			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 101,021**	**¥69,551**	**¥2,084**	**¥ 168,489**
Debt securities	**1,315,179**	**9,387**	**239**	**1,324,327**
Other securities	**374,993**	**11,374**	**2,235**	**384,132**
Held-to-maturity	**261,288**	**10,751**	**2**	**272,037**

	Millions of Yen			
March 31, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 112,265	¥61,496	¥5,225	¥ 168,535
Debt securities	1,541,170	16,076	185	1,557,061
Other securities	296,817	11,263	261	307,819
Held-to-maturity	294,457	12,984	1	307,440

	Thousands of U.S. Dollars			
March 31, 2014	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$ 981,556**	**$675,787**	**$ 20,251**	**$ 1,637,092**
Debt securities	**12,778,656**	**91,209**	**2,325**	**12,867,540**
Other securities	**3,643,539**	**110,521**	**21,719**	**3,732,341**
Held-to-maturity	**2,538,754**	**104,466**	**29**	**2,643,191**

Information on available-for-sale securities and held-to-maturity securities, which were sold during the years ended March 31, 2014 and 2013, was as follows:

	Millions of Yen		
March 31, 2014	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**¥ 13,826**	**¥2,812**	**¥ 824**
Debt securities	**1,820,039**	**2,525**	**8,866**
Other securities	**42,276**	**897**	**359**
Total	**¥1,876,141**	**¥6,235**	**¥10,050**

	Millions of Yen		
March 31, 2013	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	¥ 611	¥ 197	¥ 77
Debt securities	4,079,056	4,051	12,862
Other securities	4,334	166	1
Total	¥4,084,002	¥4,416	¥12,941

	Thousands of U.S. Dollars		
March 31, 2014	Proceeds	Realized Gains	Realized Losses
Available-for-sale:			
Equity securities	**$ 134,340**	**$27,323**	**$ 8,008**
Debt securities	**17,684,021**	**24,540**	**86,147**
Other securities	**410,767**	**8,721**	**3,497**
Total	**$18,229,128**	**$60,584**	**$97,652**

Impairment losses on securities whose fair value can be reliably determined, other than trading securities for the years ended March 31, 2014 and 2013, were ¥7 million ($77 thousand) and ¥248 million, respectively.

Securities also include corporate stocks in unconsolidated and associated companies and investments in unconsolidated subsidiaries, which totaled ¥1,022 million ($9,930 thousand) and ¥680 million as of March 31, 2014 and 2013, respectively.

The amount of guarantee obligations for privately-placed bonds (Paragraph 3 of Article 2 of the Financial Instruments and Exchange Act) included in securities as of March 31, 2014 and 2013 was ¥91,287 million ($886,971 thousand) and ¥104,086 million, respectively.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Bills discounted	**¥ 35,133**	¥ 39,664	**$ 341,364**
Loans on bills	**281,600**	302,570	**2,736,107**
Loans on deeds	**8,333,574**	8,166,557	**80,971,384**
Overdrafts	**803,256**	835,182	**7,804,669**
Total	**¥9,453,564**	¥9,343,974	**$91,853,524**

"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 ¥4,638 million ($45,065 thousand) and ¥5,279 million as of March 31, 2014 and 2013, respectively, as well as "past due loans" totaling ¥178,322 million ($1,732,628 thousand) and ¥179,280 million as of March 31, 2014 and 2013, 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, 2014 and 2013, were ¥3,694 million ($35,896 thousand) and ¥4,532 million, respectively.

"Restructured loans" are loans for which 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, 2014 and 2013, were ¥22,458 million ($218,209 thousand) and ¥24,130 million, respectively.

The allowance for 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, 2014 and 2013, the amounts of unused commitments were ¥1,818,484 million ($17,668,909 thousand) and ¥1,772,116 million, respectively. As of March 31, 2014 and 2013, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,223,705 million ($11,889,873 thousand) and ¥1,103,152 million, respectively.

As 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 reasons (e.g., changes in financial situation and 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, 2014 and 2013, the Bank has the right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought, and their total face value was ¥35,686 million ($346,743 thousand) and ¥40,173 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchanges as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Assets			
Foreign exchange bills bought	**¥ 553**	¥ 508	**$ 5,379**
Foreign exchange bills receivable	**2,806**	3,581	**27,269**
Due from foreign correspondent accounts	**1,741**	1,652	**16,919**
Total	**¥5,101**	¥5,742	**$49,567**
Liabilities			
Foreign exchange bills sold	**¥ 23**	¥ 2	**$ 233**
Foreign exchange bills payable	**35**	75	**345**
Total	**¥ 59**	¥ 77	**$ 578**

8. OTHER ASSETS

Other assets as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Accrued income	**¥ 11,757**	¥ 17,316	**$114,238**
Prepaid expenses	**1,742**	24,224	**16,927**
Derivatives other than for trading—assets	**42,389**	48,972	**411,868**
Cash collateral paid for financial instruments	**2,514**	3,120	**24,435**
Security deposits	**5,478**	5,493	**53,231**
Receivables for securities transactions	**2,955**	16,409	**28,717**
Other	**35,034**	29,715	**340,404**
Total	**¥101,872**	¥145,253	**$989,820**

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Buildings, net	**¥ 37,026**	¥ 38,485	**$ 359,762**
Land	**80,306**	80,387	**780,283**
Construction in progress	**1,516**	736	**14,737**
Other	**5,027**	5,825	**48,847**
Total	**¥123,877**	¥125,435	**$1,203,629**

The accumulated depreciation of property, plant and equipment as of March 31, 2014 and 2013, amounted to ¥165,789 million ($1,610,855 thousand) and ¥164,802 million, respectively.

10. INTANGIBLE ASSETS

Intangible assets as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Software	**¥10,340**	¥11,522	**$100,475**
Goodwill	**751**	917	**7,305**
Other	**430**	482	**4,185**
Total	**¥11,523**	¥12,922	**$111,965**

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, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Assets pledged as collateral:			
Securities	**¥845,626**	¥1,193,217	**$8,216,345**
Loans and bills discounted	**4,293**	20,772	**41,712**
Relevant liabilities to above assets:			
Deposits	**¥ 26,024**	¥ 27,684	**$ 252,858**
Call money and bills sold	**50,800**	50,200	**493,587**
Payables under securities lending transactions	**91,591**	5,100	**889,926**
Borrowed money	**276,828**	212,940	**2,689,744**

Additionally, securities amounting to ¥110,505 million ($1,073,703 thousand) and ¥135,452 million as of March 31, 2014 and 2013, respectively, and other assets amounting to ¥21 million ($211 thousand) and ¥21 million as of March 31, 2014 and 2013, 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, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Current deposits	**¥ 432,659**	¥ 419,000	**$ 4,203,840**
Ordinary deposits	**7,601,402**	7,237,337	**73,857,385**
Savings deposits	**219,877**	222,998	**2,136,391**
Deposits at notice	**86,735**	83,088	**842,747**
Time deposits	**3,283,950**	3,292,891	**31,907,798**
Other deposits	**204,596**	194,891	**1,987,923**
Total	**¥11,829,221**	¥11,450,207	**$114,936,084**

14. BORROWED MONEY

As of March 31, 2014 and 2013, the weighted-average annual interest rates applicable to borrowed money were 0.14% and 0.61%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated borrowings totaling ¥65,000 million as of March 31, 2013.

Annual maturities of borrowed money as of March 31, 2014, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2015	¥230,699	$2,241,546
2016	2,954	28,711
2017	64,359	625,337
2018	1,216	11,815
2019	1,028	9,995
2020 and thereafter	925	8,988
Total	¥301,184	$2,926,392

15. BONDS PAYABLE

Bonds payable as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due December 2018		¥11,400	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due December 2018		8,900	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2019		5,700	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2019		8,300	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due July 2019, 1.82% interest	**¥20,000**	20,000	**$194,326**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due July 2019, 1.15% interest	**10,000**	10,000	**97,163**
Total	**¥30,000**	¥64,300	**$291,489**

Annual maturities of bonds payable as of March 31, 2014, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2020 and thereafter	**¥30,000**	**$291,489**

16. OTHER LIABILITIES

Other liabilities as of March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Accrued expenses	**¥ 10,382**	¥ 11,619	**$ 100,876**
Unearned revenue	**33,874**	32,725	**329,136**
Income taxes payable	**18,183**	21,426	**176,675**
Derivatives other than for trading—liabilities	**39,253**	59,855	**381,400**
Payables for securities transactions	**3,798**	60,954	**36,904**
Other	**76,176**	46,440	**740,157**
Total	**¥181,668**	¥233,021	**$1,765,148**

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 that have not been settled.

17. RETIREMENT AND PENSION PLANS

The Bank has defined benefit corporate pension plans for its employees including a cash balance plan, lump-sum payment plans, and defined contribution pension plans. The plans are based on the point system. In addition, it is possible for the Bank to pay additional retirement benefits.

The Bank contributes to a retirement benefit trust through lump-sum payment plans and defined benefit corporate pension plans.

Consolidated subsidiaries have lump-sum payment plans, and three consolidated subsidiaries have defined contribution pension plans.

Consolidated subsidiaries estimated their net defined benefit liability and retirement benefit costs using the simplified method.

Year Ended March 31, 2014

(1) Defined benefit plans

(a) The changes in defined benefit obligation for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	**¥78,648**	**$764,167**
Current service cost	**1,615**	**15,698**
Interest cost	**1,097**	**10,668**
Actuarial losses	**40**	**394**
Benefits paid	**(4,370)**	**(42,463)**
Others	**90**	**882**
Balance at end of year	**¥77,122**	**$749,346**

In the above schedule, the amount of retirement benefit plans is calculated by applying the simplified method for consolidated subsidiaries.

(b) The changes in plan assets for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Balance at beginning of year	**¥77,057**	**$748,717**
Expected return on plan assets	**1,715**	**16,667**
Actuarial losses	**6,457**	**62,742**
Contributions from the employer	**7,194**	**69,907**
Contribution of securities to retirement benefit trust	**4,871**	**47,334**
Benefits paid	**(4,360)**	**(42,367)**
Others	**90**	**882**
Balance at end of year	**¥93,027**	**$903,882**

(c) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets

	Millions of Yen	Thousands of U.S. Dollars
Funded defined benefit obligation	**¥ 76,906**	**$ 747,247**
Plan assets	**(93,027)**	**(903,882)**
	(16,120)	**(156,635)**
Unfunded defined benefit obligation	**216**	**2,099**
Net liability (asset) arising from defined benefit obligation	**¥(15,904)**	**$(154,536)**
Net defined benefit liability	**¥ 216**	**$ 2,099**
Net defined benefit asset	**(16,120)**	**(156,635)**
Net liability (asset) arising from defined benefit obligation	**¥(15,904)**	**$(154,536)**

In the above schedule, the amount of retirement benefit plans is calculated by applying the simplified method for consolidated subsidiaries.

(d) The components of net periodic benefit costs for the year ended March 31, 2014, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current service cost	**¥1,615**	**$15,698**
Interest cost	**1,097**	**10,668**
Expected return on plan assets	**(1,715)**	**(16,667)**
Recognized actuarial losses	**4,118**	**40,016**
Others	**90**	**875**
Net periodic benefit costs	**¥5,206**	**$50,590**

(e) Accumulated other comprehensive income on defined retirement benefit plans (before adjusting for tax effects) as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Unrecognized actuarial losses	**¥13,152**	**$127,790**
Total	**¥13,152**	**$127,790**

(f) Plan assets

i) Components of plan assets

Plan assets consisted of the following:

Domestic equity investments	**36%**
[Of which, domestic equity investment which were contributed to retirement benefit trusts]	**[24]**
Overseas equity investments	**12**
Domestic debt investments	**33**
Overseas debt investments	**15**
Others	**4**
Total*	**100%**

* In "Total," retirement benefit trusts for lump-sum payment plans and defined benefit corporate pension plans are included as 25%.

ii) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined by considering the portfolio of plan assets, past performance, investment policy, market trends, and other factors.

(g) Assumptions used for the year ended March 31, 2014, were set forth as follows:

Discount rate	**1.4%**
Expected rate of return on plan assets	**2.5%**

(2) Defined contribution plans

The required amount contributed to defined contribution plans by the Bank and its consolidated subsidiaries for the year ended March 31, 2014, was ¥303 million ($2,949 thousand).

Year Ended March 31, 2013

The provision for retirement benefits as of March 31, 2013, consisted of the following:

	Millions of Yen
Projected benefit obligation	¥(78,648)
Fair value of plan assets	77,057
Unfunded projected benefit obligation	(1,590)
Unrecognized actuarial loss	23,687
Net liability recognized	22,097
Prepaid pension cost	22,300
Provision for retirement benefits	¥ (203)

The components of net periodic retirement benefit costs for the year ended March 31, 2013, were as follows:

	Millions of Yen
Service cost	¥1,417
Interest cost	1,455
Expected return on plan assets	(2,007)
Recognized actuarial loss	4,349
Other retirement costs (non-actuarial-basis cost)	468
Net periodic retirement benefit costs	¥5,683

Assumptions used for the year ended March 31, 2013, were set forth as follows:

Discount rate	1.4%
Expected rate of return on plan assets	3.5%
Recognition period of actuarial gain/loss	15 years

18. EQUITY

Japanese banks are subject to the Companies Act of Japan (the "Companies Act") and the Banking Act. 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 including (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, 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 (noncash 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 Act provide certain limitations on the amounts available for dividends or the purchase of treasury shares.

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

The Banking Act 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 retained earnings may be reversed without limitation. The Companies Act also provides that capital stock, legal retained earnings 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 Shares and Treasury Subscription Rights to Shares

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

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 ¥69 million ($674 thousand) and ¥70 million for the fiscal years ended March 31, 2014 and 2013, respectively.

The stock options outstanding as of March 31, 2014, are as follows:

Stock Option	Persons Granted	Number of Options Granted (Shares)	Date of Grant	Exercise Price	Exercise Period
2005 Stock Option	8 directors and 280 employees	2,186,000	July 6, 2004	¥624	From June 26, 2006 to June 25, 2014
2006 Stock Option	7 directors and 455 employees	4,379,000	July 7, 2005	648	From June 29, 2007 to June 28, 2015
2009 Stock Option	7 directors and 11 executive officers	178,800	July 9, 2008	1	From July 10, 2008 to July 9, 2038
2010 Stock Option	8 directors and 10 executive officers	277,200	July 8, 2009	1	From July 9, 2009 to July 8, 2039
2011 Stock Option	7 directors and 10 executive officers	322,800	July 7, 2010	1	From July 8, 2010 to July 7, 2040
2012 Stock Option	8 directors and 11 executive officers	189,800	July 6, 2011	1	From July 7, 2011 to July 6, 2041
2013 Stock Option	8 directors and 12 executive officers	218,400	July 5, 2012	1	From July 6, 2012 to July 5, 2042
2014 Stock Option	8 directors and 12 executive officers	145,400	July 4, 2013	1	From July 5, 2013 to July 4, 2043

The stock option activity is as follows:

Year Ended March 31, 2013	2004 Stock Option	2005 Stock Option	2006 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
Non-vested (shares):									
March 31, 2012—outstanding							47,100		
Granted								218,400	
Canceled							(1,500)	(4,400)	
Vested							(45,600)	(164,300)	
March 31, 2013—outstanding								49,700	
Vested (shares):									
March 31, 2012—outstanding	620,000	1,968,000	4,288,000	88,500	180,600	254,700	142,700		
Vested							45,600	164,300	
Exercised	(41,000)			(19,300)	(29,000)	(37,400)	(18,700)		
Canceled									
March 31, 2013—outstanding	579,000	1,968,000	4,288,000	69,200	151,600	217,300	169,600	164,300	

Year Ended March 31, 2014	2004 Stock Option	2005 Stock Option	2006 Stock Option	2009 Stock Option	2010 Stock Option	2011 Stock Option	2012 Stock Option	2013 Stock Option	2014 Stock Option
Non-vested (shares):									
March 31, 2013—outstanding								**49,700**	
Granted									**145,400**
Canceled									**(2,800)**
Vested								**(49,700)**	**(109,400)**
March 31, 2014—outstanding									**33,200**
Vested (shares):									
March 31, 2013—outstanding	**579,000**	**1,968,000**	**4,288,000**	**69,200**	**151,600**	**217,300**	**169,600**	**164,300**	
Vested								**49,700**	**109,400**
Exercised	**(367,000)**			**(41,100)**	**(61,500)**	**(76,800)**	**(43,500)**	**(43,000)**	
Canceled	**(212,000)**								
March 31, 2014—outstanding		**1,968,000**	**4,288,000**	**28,100**	**90,100**	**140,500**	**126,100**	**171,000**	**109,400**
Exercise price	**¥437**	**¥624**	**¥648**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**	**¥ 1**
	$4.25	**$6.06**	**$6.30**	**$0.01**	**$0.01**	**$0.01**	**$0.01**	**$0.01**	**$0.01**
Average stock price at exercise	**¥545**			**¥479**	**¥479**	**¥479**	**¥488**	**¥484**	
	$5.30			**$4.65**	**$4.65**	**$4.65**	**$4.74**	**$4.70**	
Fair value price at grant date				**¥647**	**¥454**	**¥368**	**¥367**	**¥326**	**¥486**
				$6.29	**$4.41**	**$3.58**	**$3.57**	**$3.17**	**$4.72**

The Assumptions Used to Measure Fair Value of 2014 Stock Option

Estimate method:	Black Scholes option-pricing model
Volatility of stock price:	38.057%
Estimated remaining outstanding period:	Five years and one month
Estimated dividend:	¥11.00 per share
Risk free interest rate:	0.318%

20. PER SHARE INFORMATION

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2014 and 2013, was as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2014	Net Income	Weighted-Average Shares	EPS	
Basic EPS — Net income available to common stockholders	**¥60,690**	**1,297,187**	**¥46.78**	**$0.45**
Effect of dilutive warrants		**692**		
Diluted EPS — Net income for computation	**¥60,690**	**1,297,880**	**¥46.76**	**$0.45**
Year Ended March 31, 2013				
Basic EPS — Net income available to common stockholders	¥55,342	1,328,207	¥41.66	
Effect of dilutive warrants		751		
Diluted EPS — Net income for computation	¥55,342	1,328,959	¥41.64	

21. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Gain on foreign exchange transactions — net	**¥ 1,417**	¥ 1,550	**$ 13,770**
Gain on sales and redemption of bonds and other securities	**3,452**	4,218	**33,543**
Gain on derivatives	**12,504**	16,244	**121,493**
Lease receipts	**25,546**	25,119	**248,220**
Other	**10,429**	9,829	**101,333**
Total	**¥53,349**	¥56,962	**$518,359**

22. OTHER INCOME

Other income for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Gain on sales of stock and other securities	**¥ 2,812**	¥ 197	**$ 27,323**
Recovery of claims previously charged-off	**2,651**	2,506	**25,765**
Gain on contribution of securities to retirement benefit trust	**3,223**		**31,323**
Gain on disposals of non-current assets	**552**		**5,373**
Other	**3,425**	3,096	**33,278**
Total	**¥12,665**	¥5,800	**$123,062**

23. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Losses on sales and redemption of bonds and other securities	**¥10,583**	¥13,658	**$102,829**
Losses on write-downs of bonds and other securities	**25**	40	**252**
Lease costs	**23,081**	22,438	**224,268**
Other	**8,003**	7,493	**77,760**
Total	**¥41,693**	¥43,630	**$405,109**

24. OTHER EXPENSES

Other expenses for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Losses on sales of stocks and other securities	**¥ 824**	¥ 77	**$ 8,008**
Losses on write-downs of stocks and other securities	**60**	1,607	**591**
Loss on disposals of non-current assets	**1,010**	469	**9,819**
Impairment loss		117	
Direct charge-off of loans	**4,447**	7,228	**43,209**
Other	**3,492**	2,080	**33,934**
Total	**¥9,835**	¥11,579	**$95,561**

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 rates of approximately 38% for the years ended March 31, 2014 and 2013.

The tax effects of significant temporary differences which resulted in deferred tax assets and liabilities as of March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Deferred tax assets:			
Allowance for loan losses	**¥35,266**	¥36,874	**$342,658**
Provision for retirement benefits		5,537	
Net defined benefit liability	**5,753**		**55,902**
Write-downs of securities	**2,968**	3,504	**28,840**
Other	**17,224**	12,866	**167,355**
Less valuation allowance	**(4,821)**	(4,689)	**(46,845)**
Total deferred tax assets	**56,390**	54,093	**547,910**
Deferred tax liabilities:			
Net unrealized gain on available-for-sale securities	**28,781**	28,035	**279,651**
Gain on contribution of the employees’ retirement benefit trust	**7,263**	6,115	**70,574**
Other	**4,371**	3,218	**42,471**
Total deferred tax liabilities	**40,416**	37,370	**392,696**
Net deferred tax assets	**¥15,974**	¥16,723	**$155,214**

A reconciliation between the normal effective statutory tax rates for the year ended March 31, 2014 and 2013, and the actual effective tax rates reflected in the accompanying consolidated statement of income is not required under Japanese accounting standards due to immaterial differences.

26. LEASES

Lessor

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

The net lease investment assets are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Gross lease receivables	**¥64,884**	¥62,478	**$630,440**
Unguaranteed residual values	**5,094**	4,808	**49,497**
Unearned interest income	**(6,493)**	(6,709)	**(63,096)**
Lease investment assets	**¥63,485**	¥60,577	**$616,841**

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
2015	¥ 547	$ 5,319
2016	464	4,511
2017	428	4,163
2018	378	3,677
2019	306	2,979
2020 and thereafter	1,288	12,517
Total	¥3,413	$33,166

Maturities of lease investment assets 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
2015	¥19,751	$191,908
2016	15,897	154,463
2017	11,515	111,888
2018	8,030	78,024
2019	4,565	44,359
2020 and thereafter	5,125	49,798
Total	¥64,884	$630,440

The minimum rental commitments under noncancelable operating leases as of March 31, 2014 and 2013, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Due within one year	**¥211**	¥237	**$2,057**
Due after one year	**426**	617	**4,148**
Total	**¥638**	¥854	**$6,205**

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) Group Policies for Financial Instruments

The Group engages in banking as its mainstay business, as well as leasing, securities, conducting survey research and other information services, venture capital, and other financial service businesses. As the Group positions its core business services exclusively for local small- and medium-sized businesses 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 loans to small- and medium-sized businesses 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 fixed 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 that it is capable of controlling based on its 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 interest rate swaps, currency swaps, and forward exchange contracts that are utilized to control the risks from loan and bills discounted, foreign currency monetary claims, and debt. The Bank reviews the effectiveness of hedging activities using the methods permitted under the accounting standards.

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 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 loan losses.

Under its Internal Credit Rating System, the Bank uses data of past credit default experience, collateral, and guarantees sorted by credit rating to statistically quantify the aggregate credit risk volume for 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 in 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 in 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 in 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, periodic investigations are performed.

Aiming at enhancing the effectiveness of these credit portfolio management measures, the Credit Portfolio Committee (Executive Committees consist of directors, etc.) 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 the 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 carries out calculations according to the Monte Carlo simulation method in a short time and, thereby, achieves a 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 (Executive Committees consist of directors, etc.) analyzes and examines their credibility and decides on 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 (Asset Liability Management) processes.

To control market risks effectively, the ALM Committee (Executive Committees consist of directors, etc.) 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 upper limits of the risk that the Bank can hold) and the warning points (the level of loss amounts to start reviewing operating policies). Furthermore, to strengthen symptom managements and to detect rapid changes in market structure as early as possible, management and each department develops new perspectives and communicate across the organization to a greater extent than in prior years. 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) functions. The middle office is responsible for market risk management, measuring risks and returns relating to market transactions, and monitoring the front office and back office. In addition to sharing recognition and exchanging views on economic trends and market trends in 'Market Opinion Exchange Meeting" that consisted of directors, the middle office provides daily reports to management concerning market risk exposure and the profit and loss situation. For management purposes, the Bank also separates the market operations into trading operations and banking operations.

The Bank's trading operations include profit-generating trading transactions that take advantage of short-term fluctuations and differences in value among markets in indices, such as interest rates, foreign exchange rates, and market quotations of financial instruments. The trading operations also deal with transactions for the purpose of mitigating possible losses incurred from the above-mentioned transactions. The financial instruments that are allowed to be dealt with in the trading operations include Japanese government bonds ("JGBs"), JGB futures, interest rate swaps, and interest rate futures. Operations other than trading operations are defined as banking operations. The trading operations are carried out in a rigid manner in compliance with the Bank's internal rules on definition of trading transactions, authorities for fair value calculation, and its methods.

The Bank currently utilizes various effective measurement methods suitable for operational features and investment policies, in addition to VaR (Value-at-Risk) and BPV (Basis Point Value), to quantify market risk. To quantify market risk that cannot be captured by VaR, stress tests are regularly carried out.

The Bank performs quantitative analysis on market risks relating to all financial instruments in principle, using mainly VaR. In calculating VaR, the Bank uses the historical simulation method (confidence interval: 99.9%, observation period: 1,250 days). As for holding periods, the Bank has set 10 days for financial instruments for trading purposes and periods considered appropriate (primarily from one month to one year, based on the position settlement periods and other factors) for financial instruments for nontrading purposes (those for banking operations).

The aggregate amount of the market risks (estimated loss amount) of the Bank's trading business was ¥24 million ($233 thousand) and ¥44 million as of March 31, 2014 and 2013, respectively. The aggregate amount of the market risks of the banking business, excluding market risks of unlisted equity securities and other financial instruments whose fair value cannot be reliably determined, stood at ¥106,356 million ($1,033,385 thousand) and ¥117,595 million as of March 31, 2014 and 2013, respectively. It should be noted that the aggregate amounts of market risks represent a simple sum of amounts of each market risk categorized by risk type. It should also be noted that the interest risks on loans and deposits are calculated by defining core deposits as liquid deposits that have had no movement, incoming or outgoing, to/from the Bank for a considerable period of time and by categorizing these using maturity periods of up to five years with an average of less than 2.5 years.

The Bank carries out back testing to compare VaR calculated based on the models with hypothetical profit and loss, which are assumed to have been incurred when the portfolio was fixed as it was at the point of the risk amount measurement. The outcome of the tests is reported to the ALM Committee quarterly. According to the result of back testing conducted, it is believed that the measurement model the Bank uses is adequate to capture market risks. It should be noted that VaR measures the amount of market risk at certain probability levels statistically calculated based on historical market fluctuations, and therefore, there may be cases where market risks cannot be captured in such situations where market conditions are changing dramatically beyond what was experienced historically.

(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 only affect 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 outflows, the ALM Committee semiannually sets limits for fund reserves that require maintenance of highly liquid assets above a certain level stipulated in the guidelines. The middle office (RMD) monitors the level of fund reserves daily against the limits in a strict manner.

In addition, the status of investments 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 liquidity risk management, through the monitoring of a variety of data to be considered to affect the liquidity risk of the Bank.

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 investments and procurement, the Liquidity Risk Emergency Committee will be called upon immediately to, with the participation of relevant sections, compile and organize information and make prompt decisions on necessary countermeasures.

(4) Supplementary Explanation on Fair Value of Financial Instruments

The fair values of financial instruments are based on their market prices and, in cases where market prices are not readily available, reasonably calculated prices. Such prices have been calculated using certain assumptions and these prices may differ if calculated based on different assumptions.

(5) 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, 2014	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Cash and due from banks	**¥ 1,423,159**	**¥ 1,423,159**	
(2) Call loans and bills bought	**283,210**	**283,210**	
(3) Monetary claims bought	**125,896**	**125,896**	
(4) Securities:			
Held-to-maturity securities	**261,288**	**272,037**	**¥10,748**
Available-for-sale securities	**1,773,572**	**1,773,572**	
(5) Loans and bills discounted	**9,453,564**		
Allowance for loan losses*1	**(71,177)**		
Net	**9,382,386**	**9,448,570**	**66,183**
Total assets	**¥13,249,513**	**¥13,326,446**	**¥76,932**
(1) Deposits	**¥11,829,221**	**¥11,831,090**	**¥ 1,868**
(2) Call money and bills sold	**182,178**	**182,178**	
(3) Borrowed money	**301,184**	**301,021**	**(163)**
Total liabilities	**¥12,312,584**	**¥12,314,290**	**¥ 1,705**
Derivative instruments*2:			
Hedge accounting is not applied	**¥ 8,188**	**¥ 8,188**	
Hedge accounting is applied	**(5,030)**	**(5,030)**	
Total derivative instruments	**¥ 3,158**	**¥ 3,158**	

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Cash and due from banks	¥ 923,218	¥ 923,218	
(2) Call loans and bills bought	250,527	250,527	
(3) Monetary claims bought	140,652	140,652	
(4) Securities:			
Held-to-maturity securities	294,457	307,440	¥12,982
Available-for-sale securities	1,915,101	1,915,101	
(5) Loans and bills discounted	9,343,974		
Allowance for loan losses*1	(67,967)		
Net	9,276,006	9,353,967	77,960
Total assets	¥12,799,964	¥12,890,908	¥90,943
(1) Deposits	¥11,450,207	¥11,453,145	¥ 2,937
(2) Call money and bills sold	207,707	207,707	
(3) Borrowed money	300,618	301,359	740
Total liabilities	¥11,958,534	¥11,962,212	¥ 3,678
Derivative instruments*2:			
Hedge accounting is not applied	¥ 8,151	¥ 8,151	
Hedge accounting is applied	(19,059)	(19,059)	
Total derivative instruments	¥ (10,908)	¥ (10,908)	

March 31, 2014	Thousands of U.S. Dollars Carrying Amount	Fair Value	Unrealized Gain/Loss
(1) Cash and due from banks	$ 13,827,818	$ 13,827,818	
(2) Call loans and bills bought	2,751,752	2,751,752	
(3) Monetary claims bought	1,223,250	1,223,250	
(4) Securities:			
Held-to-maturity securities	2,538,754	2,643,191	$104,437
Available-for-sale securities	17,232,532	17,232,532	
(5) Loans and bills discounted	91,853,524		
Allowance for loan losses*1	(691,583)		
Net	91,161,941	91,805,002	643,061
Total assets	$128,736,047	$129,483,545	$747,498
(1) Deposits	$114,936,084	$114,954,241	$ 18,157
(2) Call money and bills sold	1,770,099	1,770,099	
(3) Borrowed money	2,926,392	2,924,806	(1,586)
Total liabilities	$119,632,575	$119,649,146	$ 16,571
Derivative instruments*2:			
Hedge accounting is not applied	$ 79,560	$ 79,560	
Hedge accounting is applied	(48,873)	(48,873)	
Total derivative instruments	$ 30,687	$ 30,687	

*1 Allowances for 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 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. For due from banks with maturities, the carrying amounts approximate fair values because they have short maturities of one year or less.

(2) Call Loans and Bills Bought

The carrying amounts of call loans and bills bought approximate fair values because they have short maturities of one year or less.

(3) Monetary Claims Bought

The fair values of beneficiary rights of trust in monetary claims bought are measured at the quoted price obtained from financial institutions.

(4) 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 reference statistical price of the Japan Securities Dealers Association 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.

(5) 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 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 customers' "legal bankruptcy," "virtual bankruptcy," and "possible bankruptcy," an allowance for credit losses is provided based on the DCF 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

The fair values of demand deposits are recognized as payment at the date of the consolidated balance sheet. The fair values of time deposits 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.

(2) Call Money and Bills Sold

The carrying amounts of call money and bills sold approximate fair values because they have short maturities of one year or less.

(3) Borrowed Money

The carrying amount of borrowed money with floating interest rates approximates fair value because the market rates are promptly reflected in the floating interest rate and the credit risks of the Bank and its consolidated subsidiaries have not changed significantly after borrowing. The fair value of borrowed money with fixed interest rates is determined by discounting future cash flows at the rate that would be applied for similar new contracts. The carrying amount of borrowed money with maturity of less than one year approximates fair value because of its short maturity period.

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) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Equity securities without readily available market price*1*3	**¥8,794**	¥9,281	**$85,453**
Investments in partnerships*2*3	**63**	109	**620**
Total	**¥8,858**	¥9,390	**$86,073**

*1 Equity securities without readily available market price are out of the scope of the fair value disclosure because their fair values cannot be reliably determined.

*2 Investments in partnerships, the assets of which comprise equity securities without a readily available market price, are out of the scope of the fair value disclosure.

*3 During the year ended March 31, 2014, impairment losses on equity securities without a readily available market price of ¥60 million ($591 thousand) and on investments in partnerships of ¥1 million ($14 thousand) were recognized. During the year ended March 31, 2013, impairment losses on equity securities without readily available market price of ¥1,365 million and on investments in partnerships of ¥6 million were recognized.

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

March 31, 2014	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 7 Years through 10 Years	Due after 10 Years
Due from banks	**¥1,288,165**					
Call loans and bills bought	**283,210**					
Monetary claims bought	**22,519**					**¥ 102,966**
Securities:						
Held-to-maturity securities	**35,557**	**¥ 27,317**	**¥ 23,577**	**¥ 67,491**	**¥ 97,557**	**10,000**
Available-for-sale securities with contractual maturities	**383,740**	**538,552**	**408,396**	**95,417**	**23,614**	**140,228**
Loans and bills discounted	**2,171,370**	**1,654,439**	**1,185,128**	**670,532**	**735,171**	**2,766,889**
Total	**¥4,184,565**	**¥2,220,308**	**¥1,617,102**	**¥833,441**	**¥856,342**	**¥3,020,084**

March 31, 2013	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 7 Years through 10 Years	Due after 10 Years
Due from banks	¥ 806,995					
Call loans and bills bought	250,527					
Monetary claims bought	22,337					¥ 117,835
Securities:						
Held-to-maturity securities	36,086	¥ 57,335	¥ 19,087	¥ 25,512	¥ 146,566	10,000
Available-for-sale securities with contractual maturities	319,687	647,122	271,865	194,239	167,762	110,846
Loans and bills discounted	2,312,053	1,603,206	1,129,339	665,598	727,215	2,633,620
Total	¥3,747,687	¥2,307,664	¥1,420,291	¥885,349	¥1,041,543	¥2,872,302

March 31, 2014	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 7 Years through 10 Years	Due after 10 Years
Due from banks	**$12,516,184**					
Call loans and bills bought	**2,751,752**					
Monetary claims bought	**218,809**					**$ 1,000,451**
Securities:						
Held-to-maturity securities	**345,489**	**$ 265,424**	**$ 229,081**	**$ 655,762**	**$ 947,892**	**97,163**
Available-for-sale securities with contractual maturities	**3,728,533**	**5,232,727**	**3,968,096**	**927,106**	**229,441**	**1,362,498**
Loans and bills discounted	**21,097,658**	**16,075,001**	**11,515,050**	**6,515,083**	**7,143,130**	**26,883,886**
Total	**$40,658,425**	**$21,573,152**	**$15,712,227**	**$8,097,951**	**$8,320,463**	**$29,343,998**

Note: As of March 31, 2014, loans and bills discounted whose cash flow cannot be estimated, such as “legal bankruptcy,” “virtual bankruptcy,” and “possible bankruptcy” loans, amounting to ¥182,960 million ($1,777,693 thousand) and loans and bills discounted with no contractual maturities amounting to ¥87,072 million ($846,023 thousand) are not included.
As of March 31, 2013, loans and bills discounted whose cash flow cannot be estimated, such as “legal bankruptcy,” “virtual bankruptcy,” and “possible bankruptcy” loans, amounting to ¥184,560 million and loans and bills discounted with no contractual maturities amounting to ¥88,379 million are not included.

March 31, 2014	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 7 Years through 10 Years
Deposits	**¥11,076,440**	**¥504,476**	**¥235,922**	**¥4,929**	**¥7,452**
Call money and bills sold	**182,178**				
Borrowed money	**230,699**	**67,314**	**2,244**	**400**	**525**
Total	**¥11,489,318**	**¥571,791**	**¥238,167**	**¥5,329**	**¥7,977**

March 31, 2013	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 7 Years through 10 Years
Deposits	¥10,683,123	¥541,266	¥212,972	¥ 5,824	¥ 7,020
Call money and bills sold	207,707				
Borrowed money	229,639	4,484	1,494	45,000	20,000
Total	¥11,120,471	¥545,751	¥214,466	¥50,824	¥27,020

March 31, 2014	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 7 Years through 10 Years
Deposits	**$107,621,845**	**$4,901,636**	**$2,292,292**	**$47,898**	**$72,413**
Call money and bills sold	**1,770,099**				
Borrowed money	**2,241,546**	**654,048**	**21,810**	**3,887**	**5,101**
Total	**$111,633,490**	**$5,555,684**	**$2,314,102**	**$51,785**	**$77,514**

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

28. DERIVATIVE INFORMATION

Derivative Transactions to Which Hedge Accounting Is Not Applied at March 31, 2014 and 2013

The Bank is derivative contracts which were quoted on listed exchanges, outstanding as of March 31, 2014 and 2013,were as follows:

March 31, 2014	Millions of Yen Contract Amount	 Contract Amount Due after One Year	 Fair Value	 Unrealized Gain/Loss
Bond contracts — Futures written	**¥579**			

March 31, 2013	Millions of Yen Contract Amount	 Contract Amount Due after One Year	 Fair Value	 Unrealized Gain/Loss
Bond contracts — Futures written	¥22,399		¥(1)	¥(1)

March 31, 2014	Thousands of U.S. Dollars Contract Amount	 Contract Amount Due after One Year	 Fair Value	 Unrealized Gain/Loss
Bond contracts — Futures written	**$5,628**		**$7**	**$7**

The Bank is derivative contracts which were not quoted on listed exchanges, outstanding as of March 31, 2014 and 2013, were as follows:

	Millions of Yen			
March 31, 2014	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Interest rate contracts:				
Interest rate swaps:				
Receive fixed and pay floating	**¥1,923,809**	**¥1,590,427**	**¥36,235**	**¥36,235**
Receive floating and pay fixed	**1,923,077**	**1,461,887**	**(29,096)**	**(29,096)**
Receive floating and pay floating	**693,620**	**613,630**	**387**	**387**
Caps and others written	**34,425**	**21,609**	**(63)**	**542**
Caps and others purchased	**22,700**	**13,900**	**48**	**48**
Foreign exchange:				
Currency swaps	**71,057**	**45,897**	**290**	**290**
Forward exchange contracts — written	**119,732**		**(565)**	**(565)**
Forward exchange contracts — purchased	**123,564**		**944**	**944**
Options written	**28,106**	**19,353**	**(1,253)**	**758**
Options purchased	**28,209**	**19,353**	**1,260**	**(431)**

	Millions of Yen			
March 31, 2013	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Interest rate contracts:				
Interest rate swaps:				
Receive fixed and pay floating	¥2,028,952	¥1,703,655	¥43,762	¥43,762
Receive floating and pay fixed	1,984,770	1,576,392	(35,995)	(35,995)
Receive floating and pay floating	546,640	468,650	(252)	(252)
Caps and others written	41,716	22,203	(63)	554
Caps and others purchased	29,100	10,700	48	48
Foreign exchange:				
Currency swaps	106,687	80,189	507	507
Forward exchange contracts — written	19,302		(599)	(599)
Forward exchange contracts — purchased	19,041		737	737
Options written	25,878	17,469	(1,418)	666
Options purchased	26,046	17,469	1,425	(243)

	Thousands of U.S. Dollars			
March 31, 2014	Contract Amount	Contract Amount Due after One Year	Fair Value	Unrealized Gain/Loss
Interest rate contracts:				
Interest rate swaps:				
Receive fixed and pay floating	**$18,692,285**	**$15,453,047**	**$352,073**	**$352,073**
Receive floating and pay fixed	**18,685,168**	**14,204,115**	**(282,709)**	**(282,709)**
Receive floating and pay floating	**6,739,409**	**5,962,204**	**3,764**	**3,764**
Caps and others written	**334,488**	**209,965**	**(617)**	**5,275**
Caps and others purchased	**220,560**	**135,056**	**474**	**474**
Foreign exchange:				
Currency swaps	**690,418**	**445,950**	**2,823**	**2,823**
Forward exchange contracts — written	**1,163,352**		**(5,490)**	**(5,490)**
Forward exchange contracts — purchased	**1,200,587**		**9,172**	**9,172**
Options written	**273,087**	**188,047**	**(12,183)**	**7,372**
Options purchased	**274,093**	**188,047**	**12,246**	**(4,193)**

Derivative Transactions to Which Hedge Accounting Is Applied at March 31, 2014 and 2013

The Bank is derivative contracts which were not quoted on listed exchanges, outstanding as of March 31, 2014 and 2013, were as follows:

		Millions of Yen		
March 31, 2014	Hedged Item	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, etc.	**¥ 6,572**	**¥6,443**	**¥ (2)**
Foreign exchange — Currency swaps	Deposits denominated in foreign currencies, due from banks denominated in foreign currencies, etc.	**500,507**		**(5,027)**

		Millions of Yen		
March 31, 2013	Hedged Item	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	¥ 6,400	¥6,400	¥ (5)
Foreign exchange — Currency swaps	Deposits denominated in foreign currencies, due from banks denominated in foreign currencies, etc.	470,851		(19,053)

		Thousands of U.S. Dollars		
March 31, 2014	Hedged Item	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, etc.	**$ 63,859**	**$62,609**	**$ (20)**
Foreign exchange — Currency swaps	Deposits denominated in foreign currencies, due from banks denominated in foreign currencies, etc.	**4,863,073**		**(48,853)**

The above interest rate swaps that 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 the hedged items (i.e., loan and bills discounted).

29. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2014 and 2013, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
Valuation difference on available-for-sale securities:			
Gains arising during the year	**¥3,918**	¥43,973	**$38,070**
Reclassification adjustments to profit or loss	**(1,326)**	7,421	**(12,889)**
Amount before income tax effect	**2,591**	51,394	**25,181**
Income tax effect	**(746)**	(17,734)	**(7,250)**
Total	**¥1,845**	¥33,660	**$17,931**
Deferred gain or losses on hedges:			
Gains arising during the year	**¥ (886)**	¥ (803)	**$ (8,611)**
Reclassification adjustments to profit or loss	**928**	792	**9,018**
Amount before income tax effect	**41**	(11)	**407**
Income tax effect	**(14)**	4	**(145)**
Total	**¥ 26**	¥ (7)	**$ 262**
Total other comprehensive income	**¥1,872**	¥33,652	**$18,193**

30. SEGMENT INFORMATION

Under the ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," 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.

The Group engages in banking as its mainstay business, as well as leasing, securities, and other financial services businesses. The Group Strategic Conference established by the Bank helps each Group company set its own management goals and conducts periodic reviews of progress as part of its thorough supervision of the management of the Group. Segment information for businesses other than the banking operations of each Group company is not disclosed due to their immateriality.

31. SUBSEQUENT EVENT

(1) On May 12, 2014, the Board of Directors resolved the following appropriation of retained earnings:

Appropriation of Retained Earnings as of March 31, 2014

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends — Common stock (¥6.50 — $0.06 per share)	**¥8,327**	**$80,915**

(2) On May 12, 2014, the Board of Directors resolved the following purchases of treasury shares:

On May 12, 2014, the Board of Directors resolved to purchase its own shares as defined under Article 459, Section 1 of the Companies Act.

(1) Type of shares to be purchased	Common stock
(2) Total number of shares to be purchased	24,000,000 shares (upper limit)
(3) Total amount of shares to be purchased	¥10 billion (upper limit)
(4) Schedule of purchases of stock	From May 16, 2014 to June 23, 2014

The Bank purchased its own shares based on the resolution at the Board of Directors' meeting mentioned above.

(1) Type of shares purchased	Common stock
(2) Total number of shares purchased	17,844,000 shares
(3) Total amount of shares purchased	¥9,999,550,000
(4) Term of purchases of stock	From May 16, 2014 to June 13, 2014

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated balance sheet of The Bank of Yokohama, Ltd. and its consolidated subsidiaries as of March 31, 2014, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 its consolidated subsidiaries as of March 31, 2014, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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

Deloitte Touche Tohmatsu LLC

June 16, 2014

Member of
Deloitte Touche Tohmatsu Limited

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheet

The Bank of Yokohama, Ltd.
March 31, 2014 — Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
ASSETS:			
Cash and due from banks	**¥ 1,419,339**	¥ 919,886	**$ 13,790,707**
Call loans	**283,210**	250,527	**2,751,752**
Monetary claims bought	**117,537**	131,220	**1,142,031**
Trading assets	**10,045**	34,932	**97,608**
Securities	**2,050,240**	2,226,982	**19,920,715**
Loans and bills discounted	**9,505,178**	9,389,852	**92,355,019**
Foreign exchanges	**5,101**	5,742	**49,567**
Other assets	**75,791**	101,885	**736,407**
Property, plant and equipment	**125,072**	126,129	**1,215,240**
Intangible assets	**9,860**	11,102	**95,806**
Prepaid pension costs	**29,272**	22,300	**284,425**
Deferred tax assets	**4,003**	7,671	**38,900**
Customers' liabilities for acceptances and guarantees	**57,147**	67,045	**555,265**
Allowance for loan losses	**(61,151)**	(56,490)	**(594,168)**
TOTAL	**¥13,630,650**	¥13,238,790	**$132,439,274**
LIABILITIES:			
Deposits	**¥11,868,337**	¥11,484,992	**$115,316,147**
Negotiable certificates of deposit	**69,610**	52,490	**676,351**
Call money	**182,178**	207,707	**1,770,099**
Payables under securities lending transactions	**91,591**	5,100	**889,926**
Trading liabilities	**702**	1,046	**6,826**
Borrowed money	**318,840**	319,529	**3,097,944**
Foreign exchanges	**59**	77	**578**
Bonds payable	**30,000**	64,300	**291,489**
Other liabilities	**127,597**	181,536	**1,239,774**
Provision for directors' bonuses	**64**	64	**630**
Provision for reimbursement of deposits	**1,572**	1,537	**15,281**
Provision for contingent losses	**748**	691	**7,274**
Deferred tax liabilities for land revaluation	**19,305**	19,323	**187,579**
Acceptances and guarantees	**57,147**	67,045	**555,265**
Total liabilities	**12,767,757**	12,405,444	**124,055,163**
EQUITY:			
Capital stock — common stock — authorized, 3,000,000 thousand shares in 2014 and 2013; issued, 1,292,071 thousand shares in 2014 and 1,310,071 thousand shares in 2013	**215,628**	215,628	**2,095,109**
Capital surplus	**177,244**	177,244	**1,722,157**
Subscription rights to shares	**265**	309	**2,584**
Retained earnings:			
Legal retained earnings	**38,384**	38,384	**372,952**
Other retained earnings	**347,572**	313,593	**3,377,111**
Valuation difference on available-for-sale securities	**55,158**	54,580	**535,932**
Deferred gains or losses on hedges	**7**	(19)	**77**
Revaluation reserve for land	**34,216**	34,249	**332,460**
Treasury shares — common stock — at cost, 10,880 thousand shares in 2014 and 1,607 thousand shares in 2013	**(5,585)**	(625)	**(54,271)**
Total equity	**862,892**	833,346	**8,384,111**
TOTAL	**¥13,630,650**	¥13,238,790	**$132,439,274**

Non-Consolidated Statement of Income

The Bank of Yokohama, Ltd.
Year Ended March 31, 2014 — Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2014	2013	**2014**
INCOME:			
Interest income:			
Interest on loans and bills discounted	**¥138,684**	¥146,598	**$1,347,494**
Interest and dividends on securities	**24,596**	21,681	**238,990**
Interest on call loans	**986**	926	**9,581**
Interest on due from banks	**1,424**	1,116	**13,836**
Other interest income	**2,525**	2,677	**24,541**
Fees and commissions	**51,735**	47,805	**502,674**
Trading income	**181**	369	**1,762**
Other operating income	**17,382**	22,008	**168,891**
Other income	**11,908**	5,018	**115,704**
Total income	**249,423**	248,202	**2,423,473**
EXPENSES:			
Interest expenses:			
Interest on deposits	**4,868**	5,561	**47,301**
Interest on negotiable certificates of deposit	**69**	61	**675**
Interest on call money	**489**	390	**4,756**
Interest on payables under securities lending transactions	**135**	28	**1,315**
Interest on borrowed money	**2,076**	3,303	**20,177**
Interest on bonds payable	**1,085**	1,248	**10,550**
Other interest expenses	**992**	876	**9,647**
Fees and commissions	**14,003**	15,667	**136,059**
Trading expenses	**5**	8	**51**
Other operating expenses	**10,602**	13,691	**103,020**
General and administrative expenses	**101,188**	101,116	**983,173**
Provision of allowance for loan losses	**11,469**	11,786	**111,445**
Other expenses	**7,302**	8,643	**70,950**
Total expenses	**154,289**	162,385	**1,499,119**
INCOME BEFORE INCOME TAXES	**95,134**	85,817	**924,354**
INCOME TAXES:			
Current	**32,809**	32,128	**318,782**
Deferred	**3,579**	347	**34,783**
Total income taxes	**36,388**	32,476	**353,565**
NET INCOME	**¥ 58,745**	¥ 53,341	**$ 570,789**

	Yen		U.S. Dollars
PER SHARE INFORMATION:			
Basic net income per share	**¥45.28**	¥40.16	**$0.44**
Diluted net income per share	**45.26**	40.13	**0.44**

Non-Consolidated Statement of Changes in Equity

The Bank of Yokohama, Ltd.
Year Ended March 31, 2014 — Unaudited

	Thousands	Millions of Yen										
			Capital Surplus			Retained Earnings						
	Outstanding Number of Shares of Common Stock	Capital Stock	Additional Paid-in Capital	Other Capital Surplus	Subscription Rights to Shares	Legal Retained Earnings	Other Retained Earnings	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Treasury Shares	Total Equity
BALANCE, APRIL 1, 2012	1,346,975	¥215,628	¥177,244		¥285	¥38,384	¥293,569	¥21,296	¥(11)	¥34,249	¥ (5,591)	¥775,054
Net income							53,341					53,341
Cash dividends, ¥10.00 per share of common stock							(13,400)					(13,400)
Purchases of treasury shares	(38,660)										(15,015)	(15,015)
Disposals of treasury shares	148			¥9							56	65
Retirements of treasury shares				(9)			(19,916)				19,925	
Net change in the year					24			33,284	(7)			33,301
BALANCE, MARCH 31, 2013	1,308,463	215,628	177,244		309	38,384	313,593	54,580	(19)	34,249	(625)	833,346
Net income							58,745					58,745
Cash dividends, ¥11.50 per share of common stock							(15,001)					(15,001)
Purchases of treasury shares	(27,908)										(15,034)	(15,034)
Disposals of treasury shares	636						(13)				288	275
Retirements of treasury shares							(9,785)				9,785	
Reversal of revaluation reserve for land							32					32
Net change in the year					(43)			577	26	(32)		528
BALANCE, MARCH 31, 2014	**1,281,190**	**¥215,628**	**¥177,244**		**¥265**	**¥38,384**	**¥347,572**	**¥55,158**	**¥ 7**	**¥34,216**	**¥ (5,585)**	**¥862,892**

	Thousands of U.S. Dollars										
		Capital Surplus			Retained Earnings						
	Capital Stock	Additional Paid-in Capital	Other Capital Surplus	Subscription Rights to Shares	Legal Retained Earnings	Other Retained Earnings	Valuation Difference on Available-for-sale Securities	Deferred Gains or Losses on Hedges	Revaluation Reserve for Land	Treasury Shares	Total Equity
BALANCE, MARCH 31, 2013	$2,095,109	$1,722,157		$3,006	$372,952	$3,046,964	$530,323	$(185)	$332,778	$ (6,075)	$8,097,029
Net income						570,789					570,789
Cash dividends, $0.11 per share of common stock						(145,754)					(145,754)
Purchases of treasury shares										(146,075)	(146,075)
Disposals of treasury shares						(127)				2,800	2,673
Retirements of treasury shares						(95,079)				95,079	
Reversal of revaluation reserve for land						318					318
Net change in the year				(422)			5,609	262	(318)		5,131
BALANCE, MARCH 31, 2014	**$2,095,109**	**$1,722,157**		**$2,584**	**$372,952**	**$3,377,111**	**$535,932**	**$ 77**	**$332,460**	**$ (54,271)**	**$8,384,111**

Corporate Information

CORPORATE DATA

(As of March 31, 2014)

Company Name
The Bank of Yokohama, Ltd.

Head Office
1-1, Minatomirai 3-chome, Nishi-ku,
Yokohama, Kanagawa 220-8611, Japan
Tel: +81 (45) 225-1111
Fax: +81 (45) 225-1160

Date of Establishment
December 16, 1920

Paid-in Capital
¥215,628 million

Number of Employees
4,612

Number of Branches and Offices (As of August 31, 2014)
614
Domestic: 609 (196 branches, 8 sub-branches, 405 ATM locations)
Overseas: 1 Branch, 4 Representative offices

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

INTERNATIONAL NETWORK

(As of August 31, 2014)

Japan

Head Office:
1-1, Minatomirai 3-chome,
Nishi-ku, Yokohama,
Kanagawa 220-8611, Japan
Tel: +81 (45) 225-1111
Fax: +81 (45) 225-1160

Tokyo Office:
8-2, Nihonbashi 2-chome,
Chuo-ku, Tokyo 103-0027, Japan
Tel: +81 (3) 3272-4171

Asia

Shanghai Branch:
17F, Shanghai World Financial Center,
100 Century Avenue, Pudong New Area,
Shanghai 200120,
People's Republic of China
Tel: +86 (21) 6877-6800
Fax: +86 (21) 6877-6680

GENERAL MANAGER
Takashi Kato

Hong Kong Representative Office:
Suite 2109, Tower 6, The Gateway,
Harbour City, 9 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong,
S.A.R., People's Republic of China
Tel: +852-2523-6041
Fax: +852-2845-9022

CHIEF REPRESENTATIVE
Kazuhiro Sueyoshi

Bangkok Representative Office:
No. 57 Park Ventures Ecoplex, Unit1005,
10th Floor, Wireless Road, Lumpini,
Patumwan Bangkok 10330, Thailand
Tel: +66 2254-7251
Fax: +66 2254-7255

CHIEF REPRESENTATIVE
Tomonori Okayama

North America

New York Representative Office:
780 Third Avenue., 32nd Floor,
New York, NY 10017, U.S.A.
Tel: +1 (212) 750-0022
Fax: +1 (212) 750-8008

CHIEF REPRESENTATIVE
Kazuya Miyashita

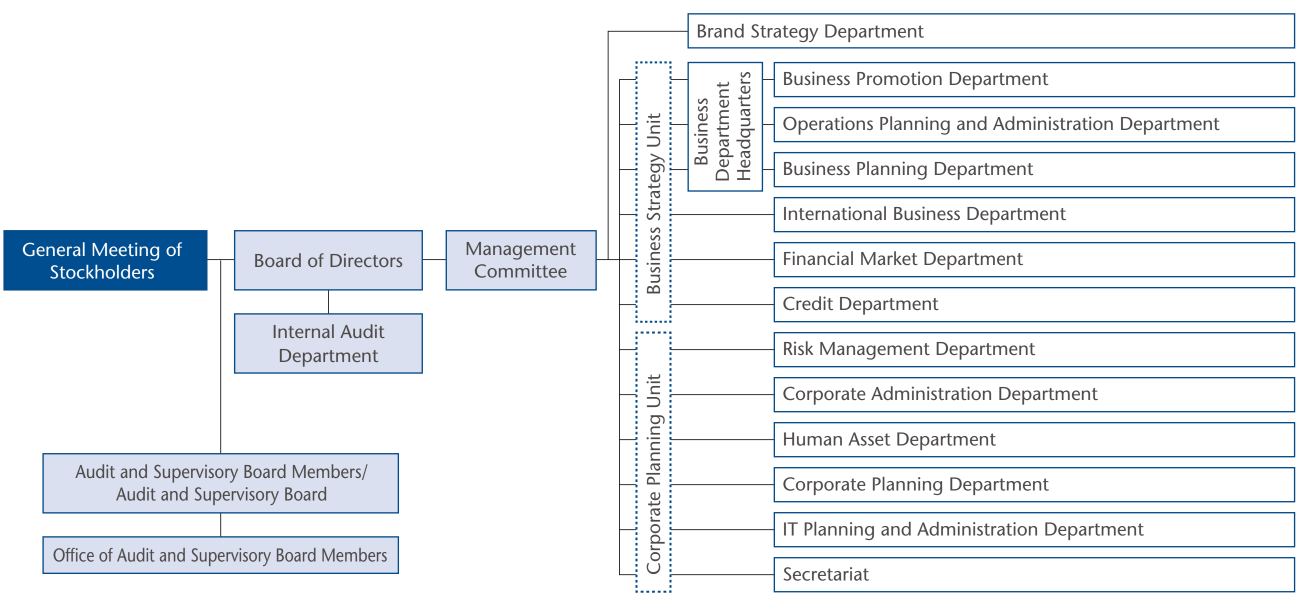
Europe

London Representative Office:
40 Basinghall Street,
London EC2V 5DE, U.K.
Tel: +44 (20) 7628-9973
Fax: +44 (20) 7638-1886

CHIEF REPRESENTATIVE
Daisuke Tabata

ORGANIZATION

(As of August 31, 2014)



DIRECTORS, EXECUTIVE OFFICERS AND AUDIT & SUPERVISORY BOARD MEMBERS

(As of June 19, 2014)

Representative Director, President
Tatsumaro Terazawa

Representative Director, Deputy President
Chiyuki Okubo

Representative Director, Managing Executive Officer
Kengo Takano

Director and Managing Executive Officers
Atsushi Mochizuki
Susumu Koshida
Yasuyoshi Oya

Director and Executive Officers
Kenichi Kawamura
Yasuhiro Shibuya

Outside Directors
Harumi Sakamoto
Minoru Morio

Managing Executive Officers
Shizumi Maesako
Yoshiyuki Hiranuma
Shinya Yamada

Executive Officers
Yasutaka Nozawa
Hironobu Onishi
Tomonori Ito
Yoshiyuki Oishi
Mitsukazu Kudo
Mitsuhiro Hara
Kazuhiro Okada
Haruo Ezu
Hidekatsu Kosakai
Takayoshi Miyoshi
Kenjiro Kanzawa
Manabu Ishikawa

Full-time Audit & Supervisory Board Members
Katsunori Amano
Osamu Ishida

Outside Full-time Audit & Supervisory Board Members
Michio Ayuse

Outside Audit & Supervisory Board Members
Atsushi Shimizu
Rikuro Oikawa

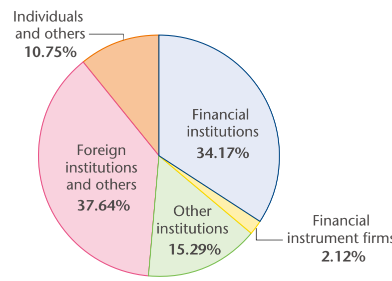
INVESTOR INFORMATION

(As of March 31, 2014)

Authorized Stocks	3,000,000 thousand
Outstanding Stocks	1,292,071 thousand shares
Total Capital Ratio (Consolidated)	13.37%
Stock Listing	First Section of the Tokyo Stock Exchange
Ticker code	8332
Unit of trading	1,000 shares

INFORMATION ON COMMON STOCK

(As of March 31, 2014)



MAJOR STOCKHOLDERS (Common stock)

(As of March 31, 2014)

	Number of stock held (thousand)	Percentage of stock held (%)
The Master Trust Bank of Japan, Ltd. (Trustee Account)	48,333	3.74
Japan Trustee Services Bank, Ltd. (Trustee Account)	46,869	3.62
Meiji Yasuda Life Insurance Company	36,494	2.82
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	2.82
Northern Trust Co. (AVFC) Re Silchester International Investors International Value Equity Trust	31,880	2.46
Nippon Life Insurance Company	25,374	1.96
Northern Trust Co. (AVFC) Account Non Treaty	24,262	1.87
Northern Trust Co. AVFC RE U.S. Tax Exempted Pension Funds	24,201	1.87
The Dai-ichi Life Insurance Company, Limited	21,994	1.70

Group Companies

(As of August 31, 2014)

Name	Main Business
Hamagin Tokai Tokyo Securities Co., Ltd.	Securities services
Hamagin Research Institute, Ltd.	Consulting business, conducting surveys researches, and other information services
Hamagin Finance Co., Ltd.	Leasing and factoring services
Yokohama Capital Co., Ltd.	Investment in, and Financing to, small and medium-sized enterprises
Yokohama Guarantee Co., Ltd.	Residential-loan-guarantee services
Yokohama Staff Service Co., Ltd.	Free-Changing employment placement business and management of real estate
Yokohama Operation Service Co., Ltd.	Cash dispenser control center
Hamagin Mortgage Service Co., Ltd.	Real estate appraisal services
Hamagin Business Operations Center Co., Ltd.	Back office services
BANKCARD Service Japan Co., Ltd.	Creditcard services
Yokohama Preferred Capital Cayman Limited	Investment and loan services

The Bank of Yokohama, Ltd.

1-1, Minatomirai 3-chome, Nishi-ku, Yokohama, Kanagawa 220-8611, Japan
Internet URL Address: http://www.boy.co.jp/

Printed in Japan