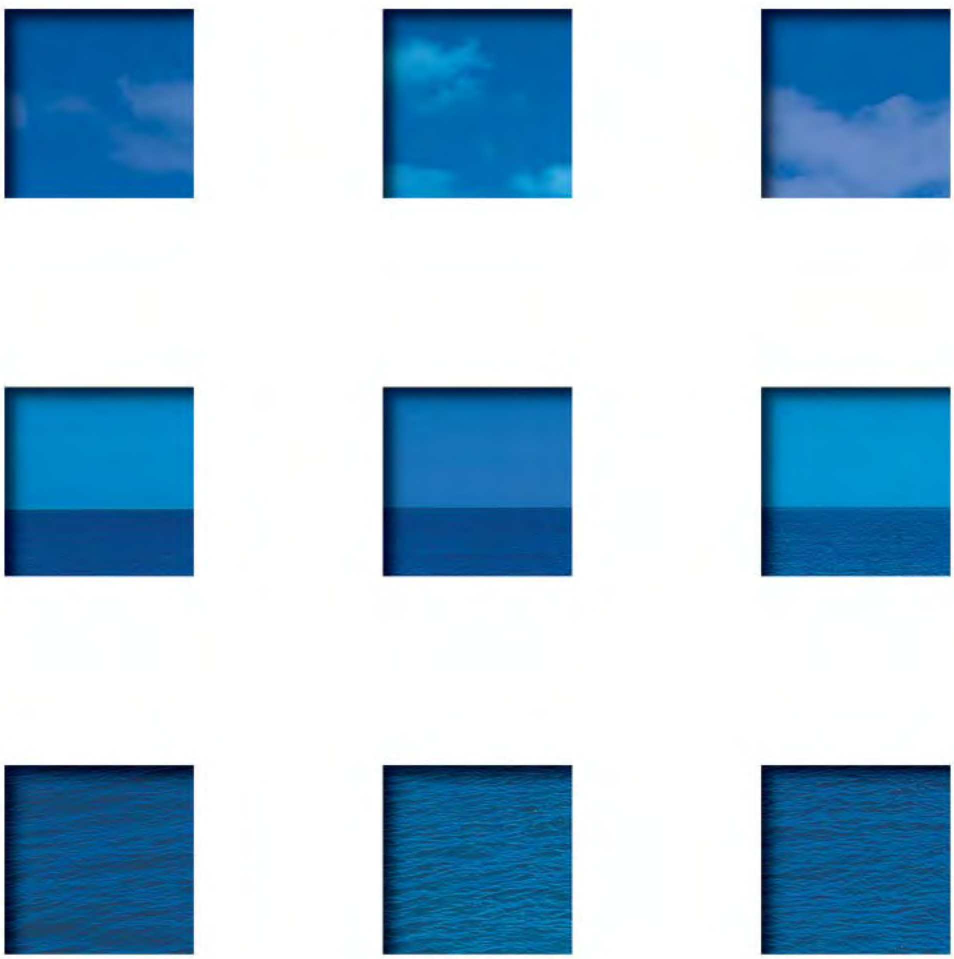
BANK OF YOKOHAMA

ANNUAL REPORT 2007

Year Ended March 31, 2007



横浜銀行

Profile

The Bank of Yokohama, Ltd. (the Bank), was founded in 1920 to serve the needs of individuals and companies in Kanagawa Prefecture and southwestern Tokyo. With its main business focusing on its home region, the Bank has since grown to become one of Japan's leading regional banks, with consolidated total assets of ¥11,402.1 billion and deposits of ¥9,867.2 billion as of March 31, 2007. We have taken initial steps toward the realization of our long-term vision for the Bank of Yokohama as a financial institution that will meet the expectations of customers, shareholders, employees and local communities. That vision is defined in "New Horizon," the new medium-term management plan that we launched in April 2007.

Our Business Area

Based in one of Japan's important industrial areas, the Bank of Yokohama serves a business territory consisting of Kanagawa Prefecture and southwestern Tokyo. Kanagawa is among Japan's leading regions in terms of its economic indicators, including gross prefectural product and retail sales. The region offers many business development advantages including access to abundant information resources, and the availability of excellent road and rail networks and international ports. Another positive factor is the efforts made by local governments to promote industrial development. The result is a fertile environment for business establishment and creation.

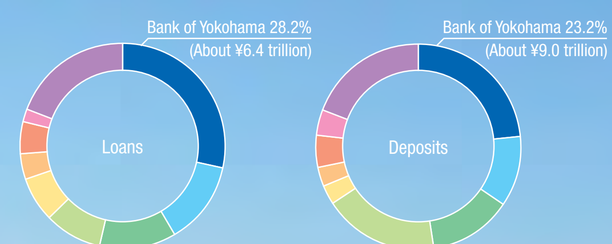
Located within easy commuting distance of central Tokyo, Kanagawa is also a popular residential area. Housing construction activity is buoyant, and population continues to pour into the region.

Potential of Kanagawa Prefecture

Population (Oct-06)	8.79 million (2nd/47 Prefectures) (Tokyo, Kanagawa, Osaka)
Number of Businesses (Jun-04)	285 thousand (4th) (Tokyo, Osaka, Aichi, Kanagawa)
Gross Prefectural Product (FY04)	¥30.8 trillion (4th) (Tokyo, Osaka, Aichi, Kanagawa)
Manufacturing Output (2005)	¥19.4 trillion (2nd) (Aichi, Kanagawa)
Retail Sales (2004)	¥8.5 trillion (3rd) (Tokyo, Osaka, Kanagawa)

(Note) Source
· Population & Number of Businesses: Ministry of Public Management, Home Affairs, Posts and Telecommunications
· Gross Prefectural Product: Each Prefecture
· Manufacturing Output, Retail Sales: Ministry of Economy, Trade and Industry

Market Share in Kanagawa Prefecture (%)



	Loans	Deposits
Banking Group A	13%	11%
Banking Group B	12%	13%
Banking Group C	9%	18%
Banking Group D	7%	3%
Regional Banks	4%	3%
The 2nd Regional Banks	5%	5%
Trust Banks	2%	4%
Co-op Banks	19%	19%

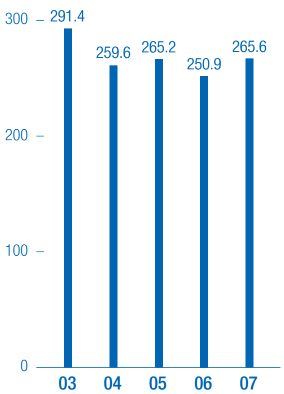
Consolidated Financial Highlights

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

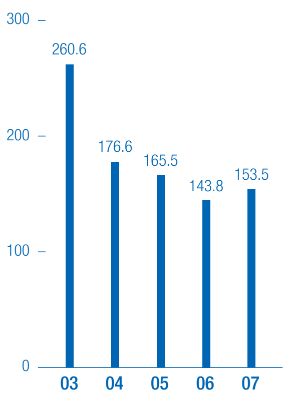
Years ended March 31	Millions of Yen* 2007	Millions of Yen* 2006	Thousands of U.S. Dollars** 2007
At Year-end:			
Total assets	**¥11,402,180**	¥10,802,190	**$96,563,180**
Cash and due from banks	**383,330**	305,844	**3,246,363**
Deposits	**9,867,222**	9,450,040	**83,563,872**
Loans and bills discounted	**8,115,015**	8,125,307	**68,724,728**
Securities	**1,670,276**	1,363,469	**14,145,293**
Total equity	**761,677**	680,342	**6,450,519**
Capital stock	**215,481**	215,179	**1,824,877**
For the Year:			
Total income	**¥ 265,684**	¥ 250,980	**$ 2,250,034**
Total expenses	**153,574**	143,832	**1,300,600**
Net income	**66,289**	60,852	**561,393**

* Yen amounts have been rounded down to millions of yen.
** U.S. dollar amounts are translated, for reference only, at the rate of ¥118.08=$1 effective on March 31, 2007.

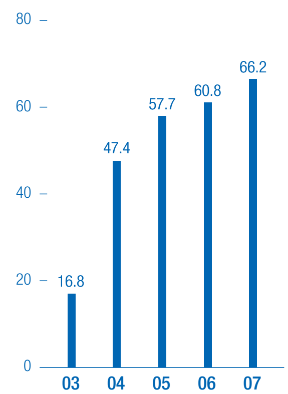
Total Income
Years ended March 31
(¥ billion)



Total Expenses
Years ended March 31
(¥ billion)



Net Income
Years ended March 31
(¥ billion)



The "Three-Ships Spirit"

MANAGEMENT PHILOSOPHY

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

>>> We aim to become a bank that is trusted. We will do this by fully recognizing our traditional role in ensuring a stable supply of funds, and in providing the kind of financial services demanded by the community by conducting our business in as thorough a manner as possible.

>>> In each area of our market, we aim to become a community bank deeply rooted in its locality, with each branch working to be the "best bank," growing through contribution to the community and in concert with it.

>>> We aim to be a bank that serves all the community, and is a great place to work, by developing and training dynamic talents and fostering energetic culture.

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A Message from the President

In the year ended March 2007, the Japanese economy continued to follow a gradual recovery path led by the corporate sector. With the overseas economies in strong condition, exports maintained a steady increase, and a strong performance by the corporate sector rippled out to the household sector through increased employment, resulting in generally firm trends in consumer spending.

The economy of our home market, Kanagawa Prefecture, also remained on a gradual recovery track. The increase in corporate profits and the efforts by the local governments to attract business investment helped to maintain an upward momentum in capital expenditure, and consumer spending remained solid.

The business environment surrounding the financial sector is currently undergoing big changes, such as further deregulation, a shift from savings to investments the increased use of cashless transactions, and a growing focus on corporate social responsibilities (CSR).

In response to these changes in our business environment, we have defined our long-term vision of the Bank (what we aim to become over the next ten years) as “To become an attractive financial institution for customers, shareholders, employees and local communities”, with a view to overcoming escalating competition across the sectors. As the first step toward realizing this long-term vision, we launched our new medium-term management plan, called “New Horizon,” in April 2007.

The new medium-term management plan covers the three-year period from April 2007 to March 2010. There are three basic themes: development of functions by utilizing alliances, proactive investment in human assets, and establishment of the Bank of Yokohama Brand.

With regard to the first theme, development of functions by utilizing alliances, our aim is to enhance our ability to provide products and services that appropriately respond to customer needs. We will achieve this by actively forming alliances or partnerships with other financial institutions or business corporations, where necessary.

We have already formed alliances with the Mitsubishi UFJ Trust and Banking Corporation and Sumitomo Trust and Banking in the area of inheritance-related services, with the Bank of East Asia, Ltd., the biggest local bank in Hong Kong, in the area of supporting our customers for their overseas businesses, and with the Aozora Bank, Ltd. in the area of investment banking. We have also formed alliances with business corporations, such as railway companies and convenience store chains, in such areas as ATM network development and credit card services.

Secondly, by proactively investing in human assets, we plan to expand our work force of personnel with advanced consulting skills and specialist knowledge. This will strengthen our ability to provide high-added-value services that reflect our customers' needs and viewpoints.

During the three-year period covered by the new plan, we will expand our work force by over 500 while enhancing the educational programs and internal and external training schemes, through which we will develop human resources that can win the trust of our customers.

Finally, with regards to establishment of the Bank of Yokohama Brand, we will heighten the brand image of the Bank of Yokohama by clearly conveying to all stakeholders, including customers, shareholders, employees and local communities, what we aim to become and the values we wish to provide. This will enable us to become a bank that customers will continue to prefer in the medium- to long-term.

We have just taken our first step to a new future. Our strong relationships with our customers are a valuable asset, which we wish to strengthen further, and all of our officers and employees are determined to work persistently to establish the Bank of Yokohama as an attractive financial institution for our customers, shareholders and local communities.

We look forward to your continuing support in the future.

August 2007

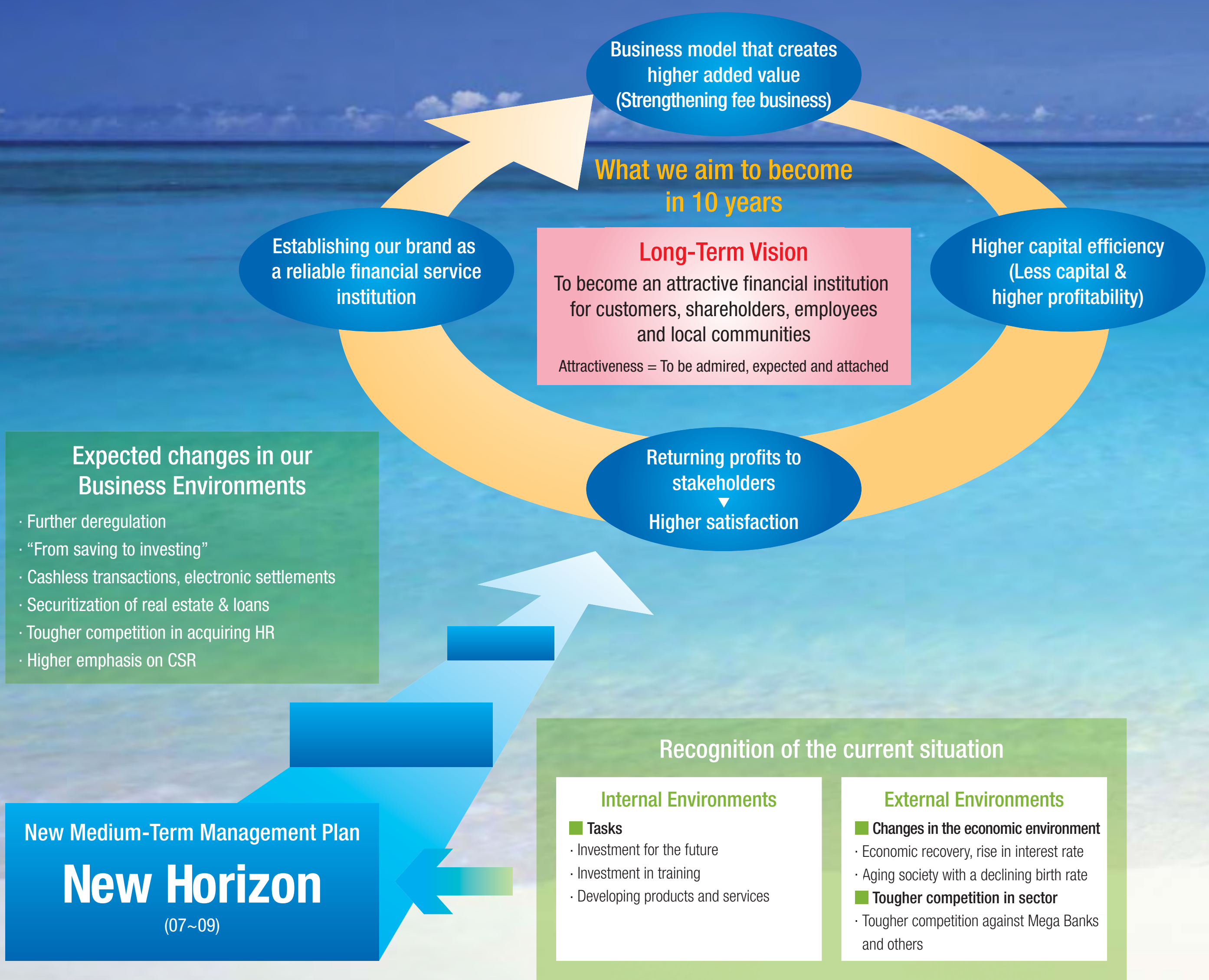
T. Ogawa

Tadashi Ogawa
President

Medium-Term Management Plan "New Horizon"

Background for Launching the New Medium-Term Management Plan

- We wish to become indispensable to all stakeholders in order to overcome fierce competition across all sectors, while considering and flexibly adapting to the economic and social transformations that lie ahead.
- We have created a new slogan, "To become an Attractive Financial Institution for customers, shareholders, employees and local communities," that expresses succinctly what we aim to become within 10 years. With this new Long-Term Vision, we aim to become a financial service institution that is perceived as admirable, dependable and in touch. We will make every effort to establish a brand as a financial service institution that satisfies all stakeholders with its reliability.
- As the first step toward this vision, we have launched the New Medium-Term Business Plan, "New Horizon."



Outline of the New Management Plan

- We will make every effort to deliver unconventional "new attractiveness" (new products and new services) to the customers of our region by refocusing on them as a regional bank that is franchised in Kanagawa Prefecture and Southwestern Tokyo.
- In order to do this, we will steadily prepare the ground for becoming an attractive financial institution by placing the greatest emphasis on the following three main themes: "Developing functions by utilizing alliances," "Proactively investing in human assets," and "Establishing the "Yokohama Brand" in this new management plan.

Name: New Horizon — First Step towards the New "Future"

Term: 3 Years (April 2007–March 2010)

Positioned as: First three years toward the realization of our Long-Term Vision

Main themes:

1	Developing functions by utilizing alliances	Goal	We will develop the functions to provide products and services that respond more appropriately than ever to customers' needs. We will proactively utilize alliances with other financial institutions and cooperation with regional banks as appropriate.
2	Proactively investing in Human Assets	Goal	We will proactively invest in human assets. This includes giving our employees training that enables them to provide enhanced added value, as seen from the customers' standpoints.
3	Establishing the "Yokohama Brand"	Goal	We will heighten our brand image by clearly conveying to stakeholders what we aim to be and the values we wish to provide, in order for us to become a bank that is chosen in the medium to long term.

Target Figures

Profitability	FY2006 (Results)	FY2009 (Target)
Gross Operating Income (non-consolidated)	¥211.7 billion	¥270.0 billion (Increase of 27% in three years)
Earnings Per Share (consolidated)	¥47.41per share	Increase of 30% in three years

Market Share in Kanagawa (Market share does not include Japan Post, Credit Association and JA)		FY2009 (Target)
Loans (non-consolidated)	28.2%	30% or more
Deposits (non-consolidated)	23.2%	23% or more, and 50% increase in non-deposit products outstanding

Manifesto

- We have introduced this manifesto to clearly define our management objectives.
- We will do the following to become an Attractive Financial Institution for customers, shareholders, employees and communities.

- Proactively invest in improving customer satisfaction
- Proactively invest in human assets
- Proactively return to shareholders
- Proactively engage ourselves in CSR activities in local communities

Initiatives for Individual Customers

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

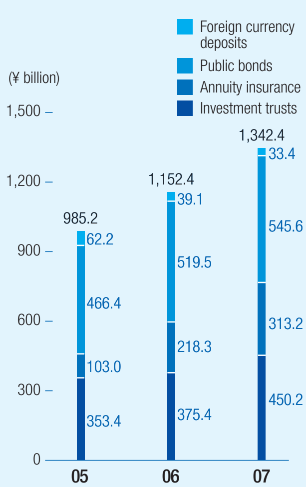
Strengthening Consultation-Based Marketing

We are expanding and strengthening our ability to advise customers on the selection of financial products to meet their needs. In January 2007, we opened the Yokohama Premium Lounge, the first branch specializing in consultation services. It is located in the Yokohama branch of the Sogo Department Store.

Specialized Branches

The Bank is establishing branches that specialize in services for individual customers. With floor areas of 100-150 square meters and between six and eight staff, these branches are dedicated to selling non-deposit products, such as mutual funds and annuity insurance.

Non-deposit Products for Individual Customers
As of March 31



ATM Network

As of March 31, 2007, the Bank had 377 unmanned branches in railway stations and other convenient locations. We are also expanding our network of partner ATMs. Since May 2007, our customers have been able to use "View Altte" ATM corners in stations under a reciprocal agreement with East Japan Railway Company. ATMs in convenience stores are now accessible under our agreement with Seven Bank, Ltd., and since May 2007 the network has been further expanded under reciprocal agreements with E-Net Co., Ltd. and Lawson ATM Networks, Inc.

Housing Loans

The Bank offers housing loans to meet a variety of customer needs, including the construction or purchase of a residence, or the refinancing of a loan from another financial institution. Specialist staff are available every day, including Sundays, to provide advice or accept applications in our Housing Loan Centers. Customers can also apply for preliminary loan screening by contacting our Direct Housing Loan Center by telephone or via the Internet.

Investment Trusts

We have expanded our range of investment trusts to meet the investment needs of our customers. As of March 31, 2007, we offered 63 funds covering 50 types of products through our 193 branches in Japan. There has been steady growth in the balance of these funds, especially stock funds. Our product line-up includes retirement planning funds to meet the investment needs of baby-boomers, as well as funds specializing in investment in companies working to prevent global warming. There has been steady growth in sales of seven investment trusts that are sold exclusively through direct channels, such as Internet banking and telephone banking.

Personal Annuity Insurance

We regularly review the product line-up of our personal annuity insurance and introduce new products to meet the diverse investment needs of our customers. As of March 31, 2007, we offered three fixed annuity insurance products, including one foreign currency-denominated product, and eight variable annuity insurance products.

Introduction of Inheritance-Related Services

In February 2007 we began to provide inheritance-related services for individual customers, including testamentary trust and estate settlement services. These services are provided in partnership with the Mitsubishi UFJ Trust and Banking Corporation and The Sumitomo Trust & Banking Co., Ltd., for which we act as a trust agency.

Securities Broking Service Now Available at 40 Branches

In this area of business we mainly handle foreign bonds. Our aim is to provide a timely response to the diverse investment needs of our customers. As of March 31, 2007, the service was available at 40 branches, including our main branch, under an alliance with Nikko Cordial Securities Inc.

Yokohama Bank Card

The Yokohama Bank Card combines the functions of a cash card, an international credit card, an overseas cash card and a loan card.

"Hamagin My Points" Program

Through this program, customers can earn points based on their transactions with the Bank each month. Every year the accumulated points are converted into cash and credited automatically to the customer's account. Depending on the level of their transactions each month, members are also eligible for discounted charges for remittances and ATM transactions. No registration or annual membership fees are required for this program.

Card Loans for Consumers

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

Ensuring Peace of Mind for Customers

The Bank has established effective security measures to ensure that financial transactions with the Bank are secure. We have created an office within Corporate Administration Department to manage our continuing efforts to strengthen these security measures. The Bank will continue to take all necessary steps to protect its customers and prevent the occurrence of security-related problems.

Initiatives for Corporate Customers

The Bank offers a variety of services to meet the wide-ranging financing needs of its corporate customers. We are also developing sophisticated advisory services based on the capabilities of our group companies. These include advice in areas requiring specialist knowledge, such as M&A and business succession. Another area in which we are enhancing our capabilities is support for overseas expansion by local businesses. Our approach includes working in partnership with foreign banks.

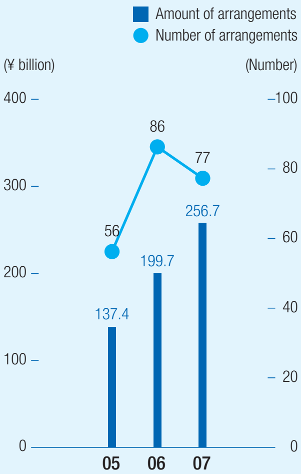
Solutions for Diversifying Financing Needs

The financing needs of businesses are becoming increasingly diverse. Many of our corporate clients are involved in development projects in Kanagawa Prefecture, and we are enhancing our capacity to meet customer needs by handling related transactions, such as non-recourse loans using real estate liquidation schemes, and PFI schemes. We also handle asset-backed loans (ABLs).

Syndicated Loans and Private Placement Bonds

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

Syndicated Loans
Years ended March 31



New Branches in Southwestern Tokyo

Southwestern Tokyo borders Kanagawa Prefecture, and we are working to broaden our coverage of our main markets by expanding our branch network there, as well as within Kanagawa. In addition to our existing Shinagawa Branch, Omori Branch and Gotanda Station Branch, we opened the Tamachi Branch in May 2006 and the Ebisu Branch in November 2006. These branches are rooted in their local areas, and are characterized as specialized in corporate transactions.

Business Loan Centers

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

Venture Capital Business

Our role in this segment is to facilitate the supply of funds to venture businesses, investment through the ¥20 billion “Yume Fund”, which covers a variety of government loan schemes for newly established businesses. We also provide investment through “Yume Fund Investment Partnerships”. As of March 31, 2007, there have been 1,040 cases, and Yume Fund loans totaled ¥8.6 billion. Investment through the Yume Fund Investment Partnerships is mainly targeted toward venture businesses that have strong links to Kanagawa Prefecture. By March 31, 2007, we had invested in a cumulative total of 88 companies, of which 11 had implemented IPOs.

Collaboration on Venture Business Lending and Investment

The Bank arranges loans secured by intellectual property in collaboration with the Development Bank of Japan. By March 2007, we had arranged four co-financing deals.

Supporting Management Solutions —M&A, Business Succession, etc.

The Bank works with two of its group companies, Yokohama Capital Co., Ltd. and Hamagin Research Institute, Ltd., to provide solutions for a variety of customer needs, including M&A and business succession. Our solutions and advisory services are backed by the resources of the entire group.

A New Alliance in the Investment Banking Business

In May 2007, the Bank formed a business alliance with Aozora Bank, Ltd. in the area of investment banking, including securitization, asset liquidation and other asset financing services, and advisory services relating to financial and capital strategies, including M&A. A “Yokohama Desk”, permanently manned by the Bank’s staff, has been established within Aozora Bank There are also plans for employee training initiatives to help the Bank’s personnel acquire knowledge and skills. Aozora Bank will also establish a human resource development program, and trainees will be sent to Aozora Bank.

Support for Overseas Expansion

The Asia Business Promotion Office is a specialist unit providing support to customers who have already established overseas business operations and who are considering overseas expansion in the future. The effectiveness of our support for the overseas activities of our customers has been further enhanced by our alliance with Bangkok Bank Public Company Limited the biggest commercial bank in Thailand. In March 2007 we also formed an alliance with The Bank of East Asia, Ltd., the largest independent local bank in Hong Kong.

Profit Distribution Policy and Information for Shareholders

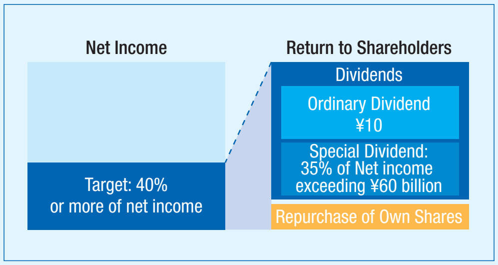
Dividend Policy

1. Basic Policy on Dividends

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

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

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



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

In the year ended March 31, 2007, the Bank repurchased approximately ¥12 billion worth of its own shares (common stock) from the market. The Bank will continue to proactively return profits to shareholders. Under its new medium-term management plan, "New Horizon," which covers the period from April 2007 to March 2010, the Bank is planning to return at least 40% of the net income to shareholders each year, by means of dividend payments and repurchasing of its own shares.

Financial Market Activities

Our financial market activities have three aims. First, we use a variety of financial markets, including money markets, foreign exchange markets, bond markets and derivatives markets, to meet the increasingly diverse needs of our customers. Second, we use financial markets to strengthen our earnings from investment products. Third, we use markets to appropriately manage interest rate risk, price fluctuation risk, exchange rate risk and liquidity risk as part of our ALM (asset and liability management) activities.

Offering Derivatives, etc.

We offer various types of derivatives, including interest rate caps and currency options, to help our customers to appropriately manage various risk factors, including interest rate risk and foreign exchange risk. We also handle municipal bonds and mini public placement bonds to meet the market financing needs of municipalities, such as Kanagawa Prefecture, Yokohama City and Kawasaki City.

For those who have wide-ranging financial investment needs, we help to meet those needs by offering a variety of investment products, including municipal bonds and deposits combined with derivatives. Every day we provide our customers with the latest market information, including foreign exchange rates and market data, via our website.

Expanding Earnings through Investment Products

One of the ways in which the Bank of Yokohama seeks to increase its earnings is through investment in corporate bonds, securitized products and foreign bonds. This activity is flexibly linked to changes in the Bank's investment and procurement structure.

Working in Partnership with Local Communities

The Bank supports local communities by facilitating regional finance and undertaking social contribution activities. As a regionally based bank, we recognize the importance of strong ties with local communities.

Support for the Development of Amenable Community Environments

The Bank contributes financial, human and management resources to regional development projects in its business area, especially in Kanagawa Prefecture. Currently we are actively involved in a number of major projects, including the "Yokohama Minato Mirai 21 (MM21)" Project, and the "Keihin Waterfront Area Redevelopment" Project.

Support for Cultural Promotion and Human Resource Development

Established in 1988, the Hamagin Foundation for the Promotion of Industry and Culture supports human resource development activities for employees in local small and medium-sized companies. It also plays an active role in industrial and cultural promotion initiatives targeted toward local communities.

Involvement in Welfare Activities

The Bank assists with the management of the Yokohama YMCA Supporting Committee and the Kanagawa Chapter of the Japan Committee for UNICEF to support voluntary activities in collaboration with businesses in our region, and we use UNICEF goods.

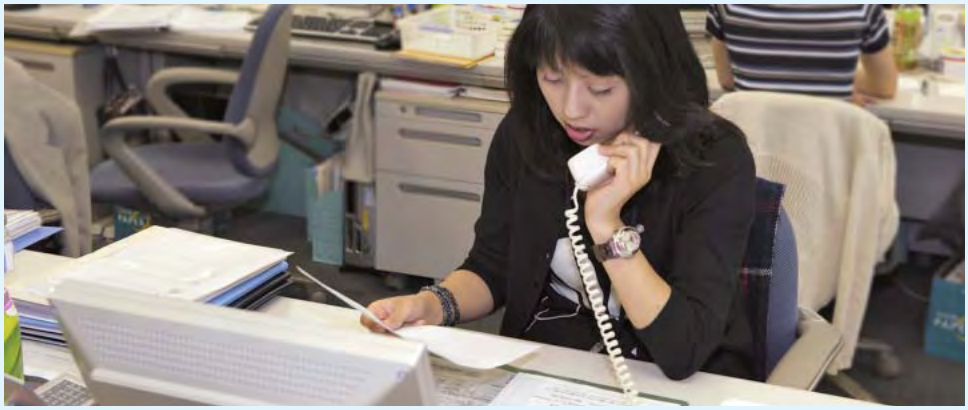
Expanding Our Community Involvement

Our branches contribute to community development in partnership with local residents by participating in local events and providing work experience opportunities. In addition, the Bank is the main sponsor for a youth baseball tournament and the "Dream of Harmony" concert, which have become regular events during the Yokohama Port Opening Festival. Through initiatives such as these, we are strengthening our involvement in local communities as a "Bank deeply rooted in the region."

Endowment of Chairs in Local Universities

As part of our contribution to regional communities, we have endowed chairs at Yokohama City University and Kanagawa University. Executives and employees from the Bank's group companies use their experience and knowledge of banking as the basis for courses and lectures on practical issues, such as financial systems and monetary policy and bank management.

Proactively Investing in Human Assets



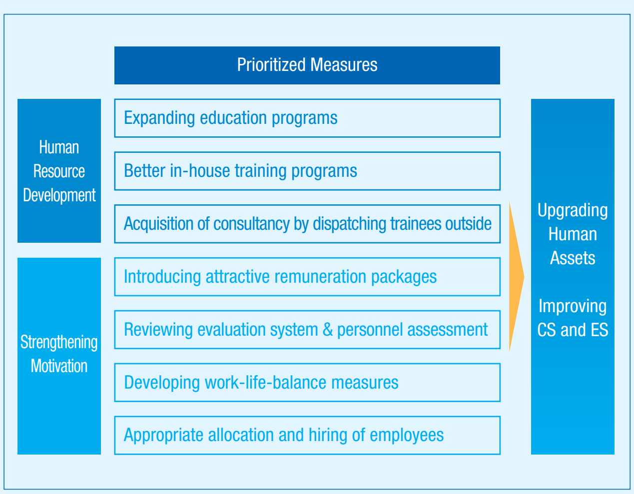
"Proactively investing in human assets" is one of the core themes of our new medium-term management plan, known as the "New Horizon". We intend to invest aggressively in training and other aspects of human resource development to enhance our ability to provide added value to our customers.

Specifically, over the next three years we will invest over ¥15 billion in this area, with particular emphasis on human resource development and motivation programs. Our aim is to enhance the value of our human resources, including their consultation abilities and expert knowledge, and to train personnel who will feel a sense of pride as Bank of Yokohama employees, and who will be able to earn the trust of our customers.

Human Resource Development

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

Under this policy, we will increase our work force by at least 500 people over the next three years to create an organization capable of responding quickly and flexibly to continuing diversification of financial sectors or businesses. We will also expand the education programs and in-house and external training programs for the purpose of improving the specialist knowledge and consulting skills of our employees.



Strengthening Motivation

The basic philosophy behind our existing human resource management systems is to offer remuneration packages that are fine-tuned to reflect the difficulty and scope of tasks and the level of responsibility and specialization. We have decided to take this approach a step further, and in October 2006 we reviewed our course-based personnel systems to create a competitive structure.

Governance System

Status of Corporate Governance

Basic Approach

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

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

Progress of Implementation of Corporate Governance

As the highest internal authority, the Board of Directors promotes strict enforcement of internal regulations under the Bank's structure that assures an appropriate delegation of authority to facilitate quick decision making.

The Board of Directors makes decisions on critical business items, policies and the execution of duties. In addition, at Board of Directors meetings, directors report regularly on the status of compliance, risk management and audit results for their areas of supervision.

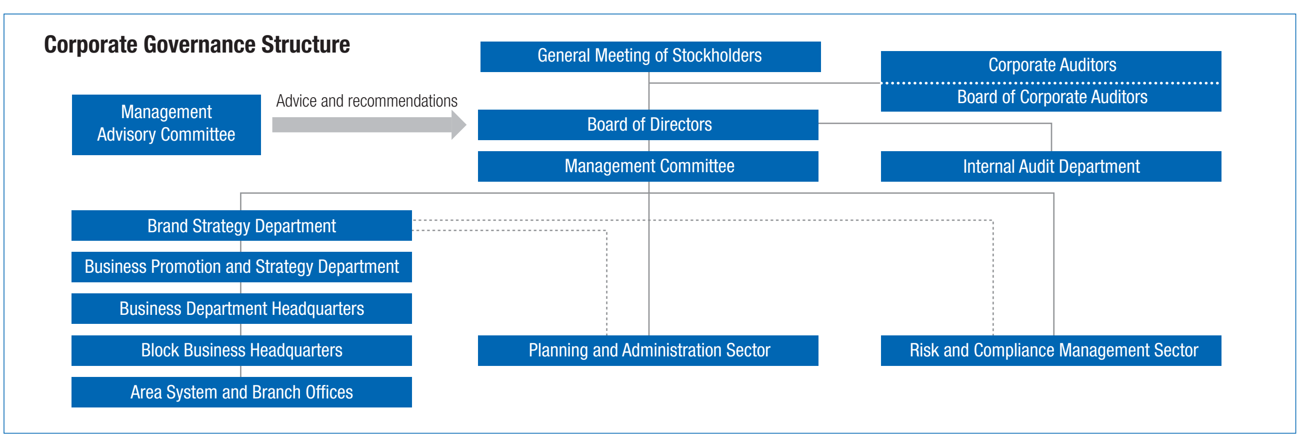
The Bank is structured under the "company with auditors" system. The corporate auditors attend important meetings, including Board of Directors meetings, and audit the performance of directors' duties by examining business operations, the state of assets and other information. These audits are carried out in accordance with audit policies and plans formulated by the Board of Corporate Auditors.

The activities of the Management Committee, which consists of representative directors and directors, include deliberations on agendas to be submitted to the Board of Directors, and making decisions on important management matters as stipulated in the Bank's internal rules.

The Management Advisory Committee, which consists mainly of outside experts, advises the Board of Directors. It offers objective advice and recommendations based on wide-ranging perspectives from outside of the Bank of Yokohama organization. This advice covers all aspects of management, including matters pertaining management strategies and the appointment and remuneration of officers. The Board of Directors takes these recommendations and advice into account when making decisions.

Improvement of Internal Control Systems

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



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

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

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

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

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

(As of the end of June 2007)

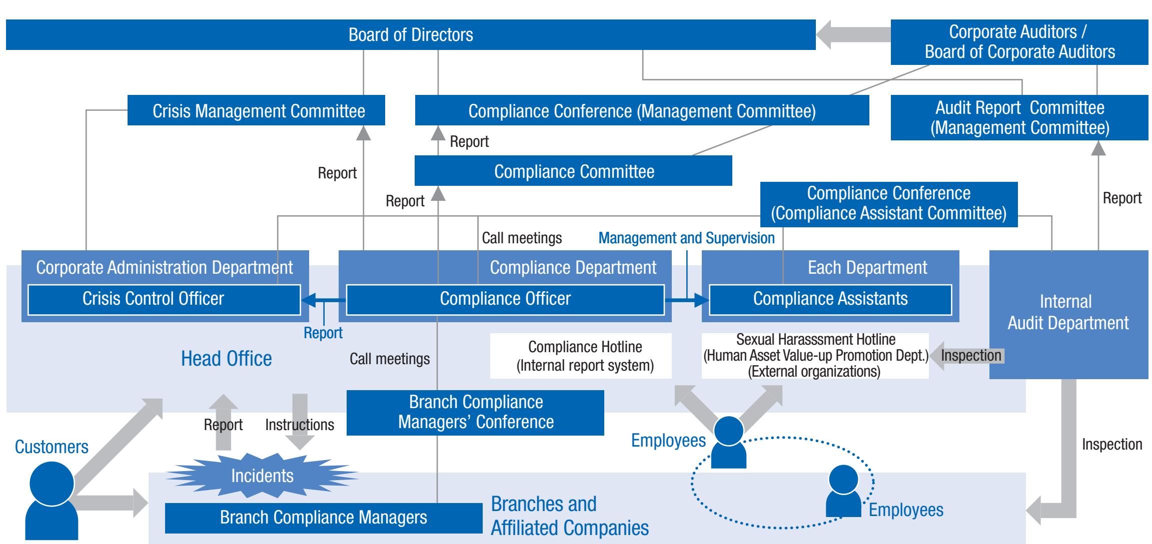
Approach to Compliance

The Bank is continually improving its compliance regulations and organizational structures. These include the “Compliance Committee” and Compliance Conference, which are forums for deliberations on basic compliance policies, stringent measures to prevent regulatory violations, and other compliance-related matters. Management is actively involved in compliance activities, and we are working to further enhance our systems in this area by strengthening compliance checks, developing control systems and providing extensive guidance to branches.

Basic Compliance Policy

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

Compliance Structure



Compliance Framework

The Bank set up the Compliance Department with overall responsibility for compliance with laws and ordinances. The general manager of the Compliance Department is directly appointed by the Board of Directors to oversee all compliance operations. The general manager in turn appoints the Compliance Officer, who is independent from the marketing sections. The Compliance Committee was established as an organization to deliberate on important compliance-related matters. In addition, the Compliance Conference, which is convened by the President, was established for the purpose of making compliance-related decisions for the entire Bank.

Approach to Customer Protection and Other Control Systems

In an effort to strengthen customer protection and other control systems, the Compliance Department has oversight, planning and management functions related to customer protection and other controls. The Customer Services Office, which operates within the Compliance Department, serves as a framework for accommodating customer comments and complaints. The Bank has also created an implementation framework that can improve the quality of a wide range of measures through problem resolution, data acquisition and trend analysis.

Protection of Personal Information

In accordance with the Personal Information Protection Law and industry guidelines, the Bank has clarified the purposes of its use of customers' personal information.

Risk Management

Approach to Risk Management

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

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

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

Basic Policies on Risk Management

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

· The Bank continually identifies, assesses, monitors and controls the various risks inherent in its operations, products, services and systems corresponding to our strategic goals, including medium-term management plans and operational management policies. In this way, the Bank is able to secure stable income commensurate with risk by maintaining sound management and appropriately allocating our management resources.

· The Bank has established specific risk management policies according to our strategic goals, and the Bank takes appropriate steps to ensure that all within our organization are aware of these policies. Risk management policies are reviewed annually or as required when there are changes in our strategic goals or the external environment.

· Various risks confronted by the Bank are distinguished and controlled as much as possible in an integrated manner because they are either cross-organizational, ranging across various operations, or are closely related to one another.

· The Bank distinguishes and controls risks on a comprehensive and consolidated basis in principle.

· Under the Basel II capital adequacy standard, which was introduced at the end of March 2007, the Bank have established a credit risk management structure based on internal ratings and enhanced our operational risk management systems. Credit risk is assessed by using "the Foundation Internal Ratings Based approach (FIRB)" and operational risk by using the "Standardized Approach".

Integrated Risk Management

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

Method of Risk Management

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

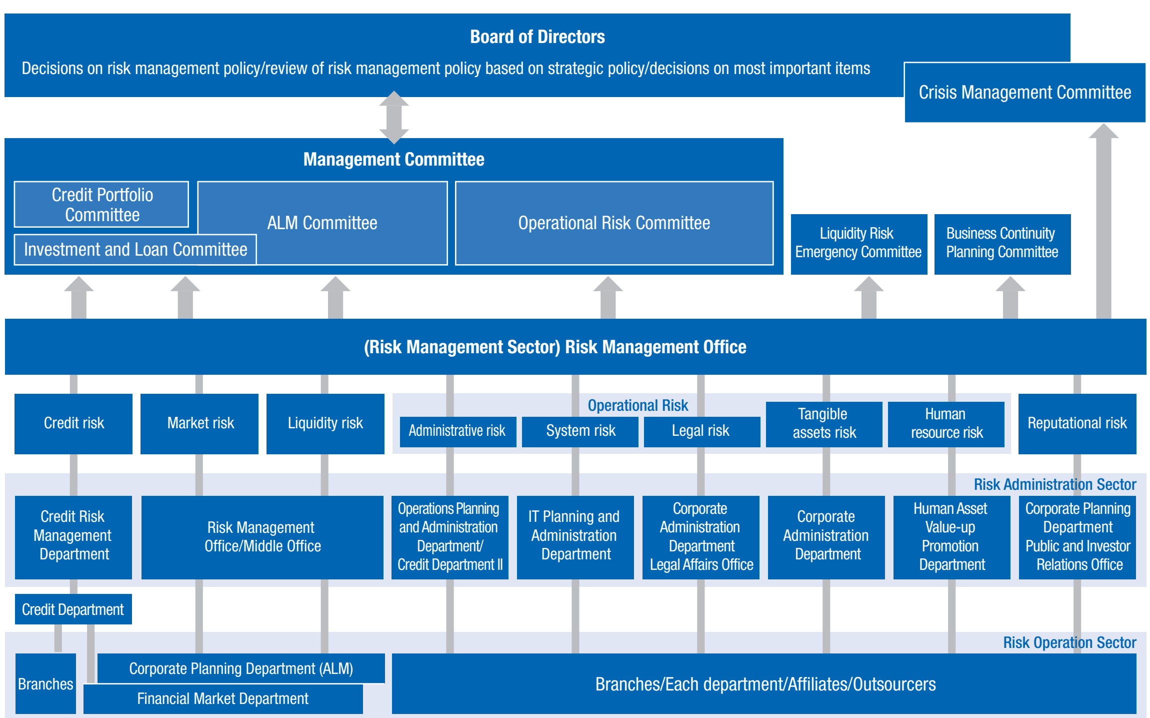
· Certain risks can be quantified, understood and thereby managed. After quantifying such risks by means of risk analysis using VaR (Value at Risk), BPV (basis point value), gap analysis and simulations, the Bank controls those risks in keeping with the expected returns and management strengths.

· Applying back testing and stress tests, the Bank checks its quantification techniques and the validity and effectiveness of its management methods to ensure the effectiveness of risk management while also working to refine its quantification techniques and make them more precise.

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

· When products and/or services are developed, provided, and/or modified, the Bank clarifies and defines methods of controlling the risks and a framework to report to management after identifying and evaluating any newly ensuing risks.

Risk Management Structure



· When certain business operations are being outsourced, the Bank conducts appropriate risk management from the standpoints of protecting customers and ensuring sound management.

· The Bank stipulates regulations to manage a wide range of risks in order to ensure the maintenance of risk management systems and their effectiveness.

Approaches to Maintaining a Sound Financial Standing

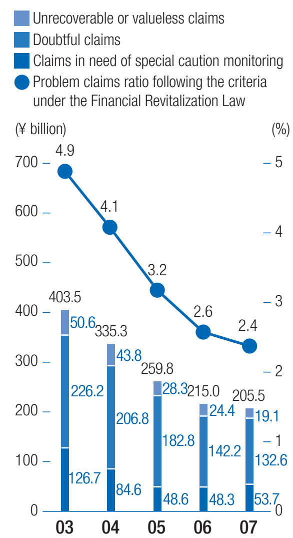
The Problem Claims Ratio Declined to 2.4% (Non-Consolidated)

In the term under review, as a result of improvements in borrower categories and progress in debt collection, through removal of bad assets from the balance sheet and support for business improvement, Problem Claims (following the criteria set out in the Financial Revitalization Law) declined ¥9.5 billion compared with the previous term-end to ¥205.5 billion. The Problem Claims ratio declined 0.2 points, to 2.4%.

Problem Claims as a Percentage of Total Claims

(in accordance with the Financial Revitalization Law)(Non-Consolidated)

As of March 31



Coverage of Credit Information **(As of March 31, 2007)**

(¥ billion, %)

		Unrecoverable or valueless claims	Doubtful claims	Subtotal	In need of special caution (borrower category)	Total
Outstanding claims	(A)	19.1	132.6	151.7	112.0	263.8
Sum covered by collateral, etc.	(B)	17.4	78.0	95.4	29.2	124.6
Sum of possible uncollectible loans	(C=A-B)	1.6	54.6	56.3	82.8	139.1
Specific allowance for possible loan losses	(D)	1.6	28.7	30.4	5.4	35.9
Allowance coverage ratio	(D/C)	100.00	52.63	54.06	6.59	25.80
Total coverage ratio	(B+D) /A	100.00	80.49	82.95	30.95	60.87

Capital Adequacy

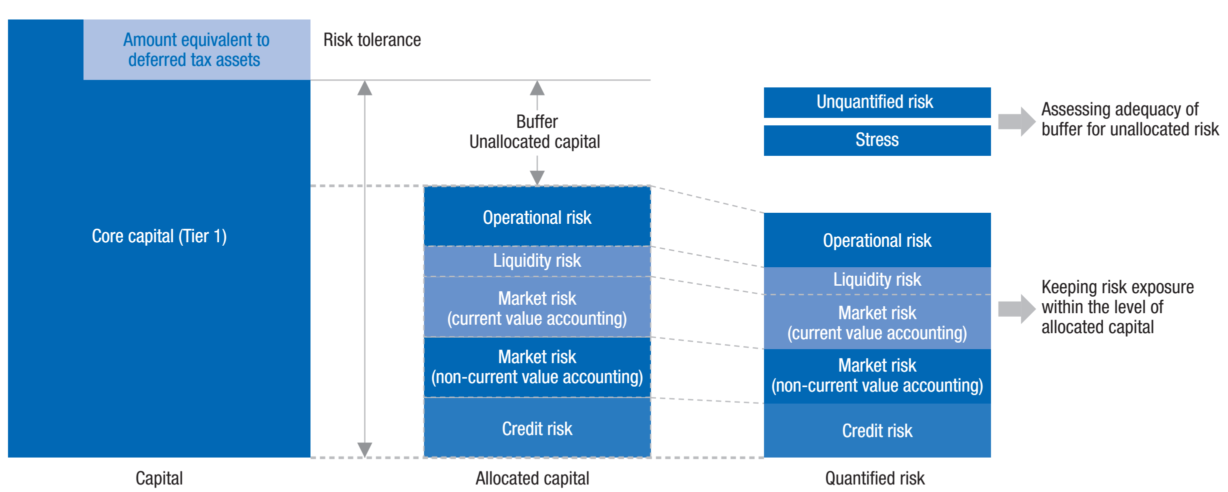
1. Overview of Capital Adequacy Assessment Method

The Bank of Yokohama assesses its capital adequacy by comparing its risk tolerance (real capital), calculated by deducting an amount equivalent to deferred tax assets from its core capital (Tier1), with its total risk exposure. Risk is managed to ensure that it does not exceed the Bank's 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.

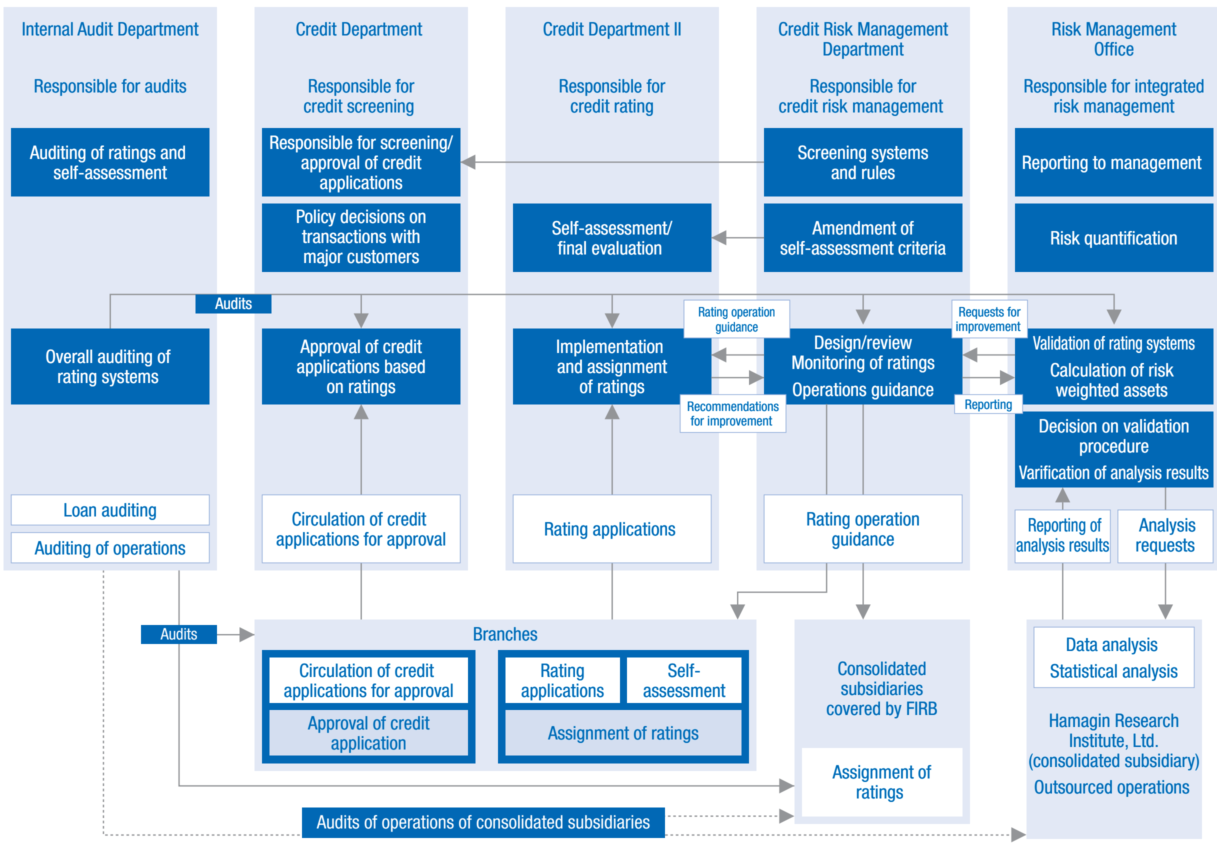
2. Overview of Credit Risk Management Policies and Procedures

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.

Overview of Capital Adequacy Assessment Method



Organizational Structure for Internal Rating Systems



The Credit Risk Management Department, which is independent of the Credit Department (responsible for credit screening) and Credit Department II (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 Office, responsible for integrated risk management, maintains the effectiveness and objectivity of internal rating systems by validating them and by monitoring credit portfolios.

3. The Internal Ratings-Based Approach

(1) Type of Internal Ratings-Based Approach Used

The Bank applies the foundation internal ratings-based approach (FIRB) to its core banking assets and the assets of three consolidated subsidiaries: Yokohama Guarantee Co., Ltd., Yokohama Capital Co., Ltd. and Hamagin Mortgage Co., Ltd. The criteria for applying FIRB are (1) business units mainly involved in credit activities, (2) business units closely involved in the credit activities of financial institutions using FIRB, (3) business units responsible for the risk management across the entire group, and (4) business units in which the risk-weighted assets may be understated by the standardized approach.

(2) Overview of Internal Rating Systems

The rating systems used by the Bank of Yokohama consist of specialized lending ratings, obligator ratings, facility ratings and pool ratings. Internal ratings and the parameters (estimated values) used for the calculation of capital ratios are also used for credit screening, credit risk quantification, and capital allocations. The internal rating systems used for the Bank's various exposure categories are described below. Obligator ratings are used to ensure that the appropriate amounts are written off and provided for reserves. Therefore, they must be compatible with the obligator categories used for self-assessment.

Internal Rating Systems

Credit Category		Asset Categories Under Basel II	Internal Rating Systems
Business (Note 1)	Corporate exposures	Specialized lending	Specialized lending ratings
		Corporate exposures	Obligator ratings Facility ratings
		Sovereign exposures	
		Bank exposures	
	Retail exposures	Other retail exposures (business)	Pool ratings
Non-business		Residential mortgage exposures	
		Qualifying revolving retail exposures	
		Other retail exposures (non-business)	
Equities		Equity exposures (Note 2)	Obligator ratings

Note 1: This includes apartment loans and large free loans (income-generating properties).
2: PD/LGD approach is applied to these exposures. Equities acquired since October 1, 2004 fall into this category.

Outline of Internal Rating Systems

Self-Assessment Systems	Internal Rating Systems						
	Corporate exposures					Retail exposures	
Obligator categories	Specialized lending ratings	Obligator ratings		Facility ratings		Pool ratings	
						Business	Non-business
Normal	A	1	Low	1	Low	Pool categories are established according to product, obligator risk characteristics, transaction risk characteristics (type of collateral, loan period, etc.), delinquency of exposure and other factors.	
		2		2			
		3		3	Loss given default		
	B	4		4			
		5	Probability of default	5			
	C	6		6	High		
		7					
		8					
Need attention	D	9	High				
Special attention	E	10					
In danger of bankruptcy	F	11					
Bankrupt	G	12					
De facto bankrupt	H						

Five-year Summary of Consolidated Financial Statements

Consolidated Balance Sheets

As of March 31,	Millions of Yen 2007	2006	2005	2004	2003
ASSETS:					
Cash and due from banks	**¥ 383,330**	¥ 305,844	¥ 566,483	¥ 556,767	¥ 493,925
Call loans and bills purchased	**204,354**	19,900	86,959	28,002	19,436
Other debt purchased	**317,603**	304,277	200,976	149,257	62,341
Trading assets	**82,437**	28,386	50,925	121,130	72,529
Securities	**1,670,276**	1,363,469	1,432,580	1,298,771	1,492,241
Loans and bills discounted	**8,115,015**	8,125,307	7,790,062	7,946,846	7,833,029
Foreign exchange assets	**4,399**	5,324	6,261	8,080	7,582
Deferred tax assets	**5,592**	5,597	48,787	73,686	139,518
Customers' liabilities for acceptances and guarantees	**441,010**	394,032	349,167	307,039	303,666
Other	**234,036**	312,245	232,774	254,966	339,577
Allowance for possible loan losses	**(55,876)**	(62,194)	(74,850)	(84,297)	(91,051)
Total	**¥ 11,402,180**	¥ 10,802,190	¥ 10,690,128	¥ 10,660,252	¥ 10,672,796
LIABILITIES:					
Deposits	**¥ 9,867,222**	¥ 9,450,040	¥ 9,296,939	¥ 9,174,001	¥ 9,433,594
Call money and bills sold	**132,391**	293	168,186	908	276
Trading liabilities	**2,669**	5,124	2,165	2,617	4,167
Borrowed money	**2,648**	17,359	33,439	114,004	221,987
Foreign exchange liabilities	**36**	99	60	105	151
Bonds and notes	**40,000**	65,000	86,000	85,999	45,999
Convertible bonds				53,176	60,000
Other liabilities	**125,580**	115,037	130,878	339,829	113,721
Accrued bonuses to directors and corporate auditors	**80**				
Liability for employees' retirement benefits	**53**	88	74	62	68
Reserve for possible losses on collateralized real estate loans sold					1,815
Deferred tax liabilities	**6,446**	7,478			
Deferred tax liabilities for land revaluation surplus	**22,363**	22,736	22,773	23,011	22,536
Negative goodwill				49	1,450
Acceptances and guarantees	**441,010**	394,032	349,167	307,039	303,666
Total liabilities	**10,640,503**	10,077,290	10,089,684	10,100,805	10,209,435
MINORITY INTERESTS		44,557	3,557	4,520	6,135
EQUITY:					
Capital stock	**215,481**	215,179	214,862	188,223	184,803
Surplus, reserves and other	**501,008**	465,163	382,024	366,703	272,422
Minority interests	**45,187**				
Total equity	**761,677**	680,342	596,886	554,926	457,225
Total	**¥ 11,402,180**	¥ 10,802,190	¥ 10,690,128	¥ 10,660,252	¥ 10,672,796

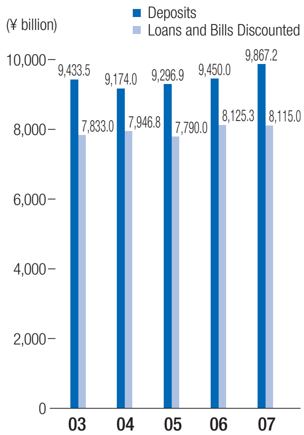
Consolidated Statements of Income

Years ended March 31,	Millions of Yen 2007	2006	2005	2004	2003
INCOME:					
Interest on loans and discounts	**¥ 161,968**	¥ 151,761	¥ 155,389	¥ 159,933	¥ 157,135
Other	**103,715**	99,219	109,900	99,740	134,353
Total income	**265,684**	250,980	265,289	259,674	291,488
EXPENSES:					
Interest on deposits	**12,225**	4,241	2,386	2,600	4,183
Other	**141,348**	139,590	163,128	174,032	256,422
Total expenses	**153,574**	143,832	165,514	176,633	260,605
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**112,109**	107,148	99,775	83,040	30,883
TOTAL INCOME TAXES	**44,261**	45,386	41,699	34,794	13,478
MINORITY INTERESTS IN NET INCOME	**(1,558)**	(909)	(368)	(800)	(508)
NET INCOME	**¥ 66,289**	¥ 60,852	¥ 57,706	¥ 47,445	¥ 16,896

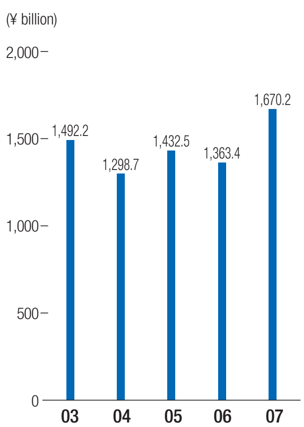
* *Yen amounts have been rounded down to millions of yen.

Financial Review (Consolidated)

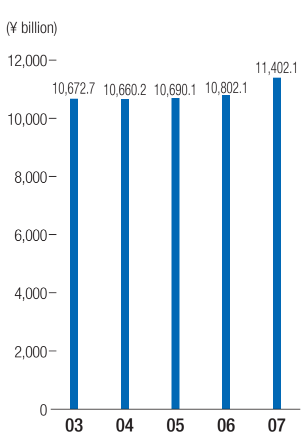
Deposits, Loans and Bills Discounted
As of March 31



Securities
As of March 31



Total Assets
As of March 31



In April 2005, we launched a three-year medium-term management plan designed to build strong customer support and drive the continuing evolution of the Bank of Yokohama as the best regional bank. Under this plan, named "Go Forward!", we concentrated our business resources in the regional area in which the Bank maintains a strong position, and our entire organization worked to strengthen our corporate fundamentals and business performance. In fiscal 2006 (April 1, 2006–March 31, 2007), these efforts were reflected in the achievement of our targets one year ahead of schedule. We now aim to build on this success under our next medium-term management plan, dubbed "New Horizon."

Deposits and Loans

Deposits

Individual deposits increased by ¥215.6 billion, or 3.0%, year on year to ¥7,325.8 billion. This growth, which occurred mainly within Kanagawa Prefecture, resulted from our efforts to expand customer interfaces. Total deposits increased by ¥417.2 billion, or 4.4%, to ¥9,867.2 billion.

Loans and Bills Discounted

We strove to increase our lending to small and medium enterprises and individuals. However, there was a substantial decrease in public sector lending, and outstanding of loans and bills discounted as of March 31, 2007 were ¥10.3 billion, or 0.1%, below the previous year's level at ¥8,115.0 billion.

Securities

Securities increased by ¥306.8 billion during the fiscal year under review, and the balance as of March 31, 2007, was 22.5% higher year on year at ¥1,670.2 billion. This total includes government bonds worth ¥770.1 billion, a year-on-year increase of ¥231.8 billion.

Financial Position

Total Assets

Total assets increased by ¥600.0 billion to ¥11,402.1 billion in the current fiscal year, due to increased lending and other factors.

Total equity was ¥761.6 billion as of March 31, 2007. The capital adequacy ratio calculated under the new Basel II standard was 11.19%. The Tier1 ratio reached 10.72%, reflecting the steady accumulation of income. In calculating its capital adequacy ratio under Basel II, the Bank of Yokohama assessed credit risk using the foundation internal ratings based approach (FIRB) and operational risk using the standardized approach.

Income and Profit

Total income increased by ¥14.7 billion, or 5.8%, year on year to ¥265.6 billion. This growth reflects a dramatic rise in revenues from the management of funds, especially interest on loans, and in proceeds from sales of shares, etc.

Fund procurement expenses, especially interest paid on deposits, was also substantially higher, and total expenses increased by ¥9.7 billion, or 6.7%, year on year to ¥153.5 billion.

Income before income taxes and minority interests amounted to ¥112.1 billion in the current fiscal year. This is ¥5.0 billion, or 4.6%, higher than the result for the previous fiscal year. Net income increased by ¥5.4 billion, or 8.8%, to a new record of ¥66.2 billion. Net income per share was ¥4.23 higher at ¥47.41.

Cash Flows

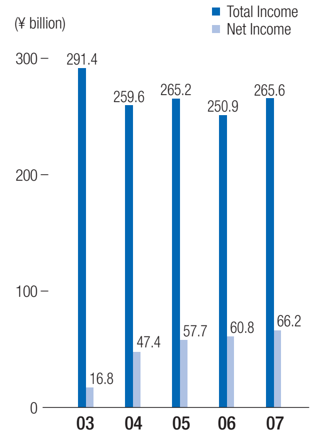
Net cash from operating activities amounted to ¥286.0 billion, compared with net cash used of ¥329.5 billion in the previous fiscal year. Reasons for this result include a dramatic increase in deposits.

Net cash used for investment activities amounted to ¥270.5 billion, compared with net cash provided of ¥55.6 billion in the previous fiscal year. Uses for these funds included the acquisition of securities.

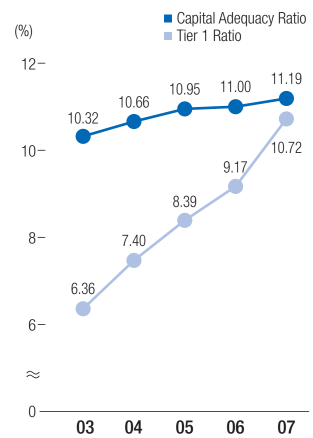
Net cash used for financing activities amounted to ¥67.1 billion, up from ¥13.5 billion in the previous fiscal year. This reflects the redemption of subordinated bonds, the repayment of subordinated loans, and other factors.

As a result of these changes, cash and cash equivalents as of March 31, 2007 amounted to ¥204.6 billion, a year-on-year decline of ¥51.8 billion.

Total Income and Net Income
Years ended March 31



Capital Adequacy Ratio
As of March 31



Consolidated Financial Statements

Consolidated Balance Sheets

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
ASSETS:			
Cash and due from banks (Note 3)	**¥ 383,330**	¥ 305,844	**$ 3,246,363**
Call loans and bills purchased	**204,354**	19,900	**1,730,644**
Other debt purchased	**317,603**	304,277	**2,689,731**
Trading assets (Note 4)	**82,437**	28,386	**698,146**
Securities (Notes 5 and 12)	**1,670,276**	1,363,469	**14,145,293**
Loans and bills discounted (Notes 6 and 12)	**8,115,015**	8,125,307	**68,724,728**
Foreign exchange assets (Notes 6 and 7)	**4,399**	5,324	**37,263**
Other assets (Notes 8 and 12)	**87,671**	167,932	**742,471**
Premises and equipment (Note 9)	**132,125**	132,328	**1,118,950**
Intangible fixed assets (Note 10)	**14,239**	11,984	**120,593**
Deferred tax assets (Note 24)	**5,592**	5,597	**47,363**
Customers' liabilities for acceptances and guarantees (Note 11)	**441,010**	394,032	**3,734,844**
Allowance for possible loan losses	**(55,876)**	(62,194)	**(473,209)**
TOTAL	**¥ 11,402,180**	¥ 10,802,190	**$ 96,563,180**
LIABILITIES:			
Deposits (Notes 12 and 13)	**¥ 9,867,222**	¥ 9,450,040	**$ 83,563,872**
Call money and bills sold	**132,391**	293	**1,121,198**
Trading liabilities (Note 4)	**2,669**	5,124	**22,611**
Borrowed money (Note 14)	**2,648**	17,359	**22,428**
Foreign exchange liabilities (Note 7)	**36**	99	**307**
Bonds and notes (Note 15)	**40,000**	65,000	**338,754**
Other liabilities (Note 16)	**125,580**	115,037	**1,063,523**
Accrued bonuses to directors and corporate auditors	**80**		**682**
Liability for employees' retirement benefits (Note 17)	**53**	88	**455**
Deferred tax liabilities (Note 24)	**6,446**	7,478	**54,590**
Deferred tax liabilities for land revaluation surplus	**22,363**	22,736	**189,397**
Acceptances and guarantees (Note 11)	**441,010**	394,032	**3,734,844**
Total liabilities	**10,640,503**	10,077,290	**90,112,661**
MINORITY INTERESTS		44,557	
EQUITY (Notes 18 and 29):			
Capital stock —common stock—authorized, 3,000,000 thousand shares in 2007 and 2,584,000 thousand shares in 2006; issued, 1,392,506 thousand shares in 2007 and 1,405,303 thousand shares in 2006	**215,481**	215,179	**1,824,877**
Capital surplus	**177,097**	176,798	**1,499,809**
Retained earnings	**226,678**	189,923	**1,919,703**
Unrealized gain on available-for-sale securities	**65,457**	66,396	**554,347**
Deferred gain on derivatives under hedge accounting	**8**		**73**
Land revaluation surplus	**31,972**	32,516	**270,766**
Treasury stock—common stock—at cost, 230 thousand shares in 2007 and 522 thousand shares in 2006	**(205)**	(471)	**(1,740)**
Total	**716,489**	680,342	**6,067,835**
Minority interests	**45,187**		**382,684**
Total equity	**761,677**	680,342	**6,450,519**
TOTAL	**¥ 11,402,180**	¥ 10,802,190	**$ 96,563,180**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
INCOME:			
Interest income:			
Interest on loans and discounts	¥161,968	¥151,761	$1,371,686
Interest and dividends on securities	14,464	16,024	122,495
Other interest income	7,684	5,538	65,076
Fees and commissions	51,793	51,398	438,631
Trading profits	884	385	7,491
Other operating income (Note 20)	12,487	15,257	105,758
Other income (Note 21)	16,400	10,615	138,897
Total income	265,684	250,980	2,250,034
EXPENSES:			
Interest expenses:			
Interest on deposits	12,225	4,241	103,539
Interest on borrowings and rediscounts	852	647	7,217
Other interest expenses	3,969	1,976	33,613
Fees and commissions	8,683	7,672	73,536
Trading losses	36		312
Other operating expenses (Note 22)	2,689	9,709	22,779
General and administrative expenses	94,587	90,791	801,044
Provision for possible loan losses	5,084	2,947	43,063
Other expenses (Notes 9 and 23)	25,445	25,845	215,497
Total expenses	153,574	143,832	1,300,600
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	112,109	107,148	949,434
INCOME TAXES (Note 24):			
Current	39,686	22,246	336,101
Deferred	4,574	23,140	38,741
Total income taxes	44,261	45,386	374,842
MINORITY INTERESTS IN NET INCOME	(1,558)	(909)	(13,199)
NET INCOME	¥ 66,289	¥ 60,852	$ 561,393

	Yen		U.S. Dollars
	2007	2006	2007
PER SHARE INFORMATION (Notes 2.s and 19):			
Basic net income per share	¥ 47.41	¥ 43.18	$ 0.40
Diluted net income per share	47.28	43.08	0.40
Dividend on common stock	10.00	9.00	0.08

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Capital Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2005	1,411,122	¥214,862	¥176,482	¥170,107	¥26,202		¥32,048	¥ (22,815)	¥596,886		¥596,886
Net income				60,852					60,852		60,852
Cash dividends, ¥8.50 per share for common stock				(11,994)					(11,994)		(11,994)
Bonuses to directors and corporate auditors				(49)					(49)		(49)
Reversal of land revaluation surplus				(467)			467				
Retirement of treasury stock (16,000,000 shares of common stock and 30,000,000 shares of first series preferred stock)				(28,525)				28,525			
Net increase in treasury stock (7,668,783 shares of common stock)	(7,668)							(6,181)	(6,181)		(6,181)
Exercise of warrants	1,326	316	316						632		632
Net increase in unrealized gain on available-for-sale securities					40,194				40,194		40,194
BALANCE, MARCH 31, 2006	1,404,780	215,179	176,798	189,923	66,396		32,516	(471)	680,342		680,342
Reclassified balance as of March 31, 2006 (Note 2.l)										¥44,557	44,557
Net income				66,289					66,289		66,289
Cash dividends, ¥9.00 per share for common stock				(12,643)					(12,643)		(12,643)
Cash dividends, ¥3.50 per share for common stock				(4,895)					(4,895)		(4,895)
Bonuses to directors and corporate auditors				(48)					(48)		(48)
Reversal of land revaluation surplus				544			(544)				
Purchase of treasury stock	(13,720)							(12,240)	(12,240)		(12,240)
Disposal of treasury stock	13							12	12		12
Retirement of treasury stock (14,000,000 shares of common stock)			(3)	(12,491)				12,494			
Exercise of warrants	1,203	302	302						604		604
Net change in the year					(939)	¥8			(931)	630	(301)
BALANCE, MARCH 31, 2007	**1,392,275**	**¥215,481**	**¥177,097**	**¥226,678**	**¥65,457**	**¥8**	**¥31,972**	**¥ (205)**	**¥716,489**	**¥45,187**	**¥761,677**

	Thousands of U.S. Dollars (Note 1)									
	Capital Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2006	$1,822,316	$1,497,279	$1,608,430	$562,305		$275,373	$ (3,994)	$5,761,709		$5,761,709
Reclassified balance as of March 31, 2006 (Note 2.l)									$377,349	377,349
Net income			561,393					561,393		561,393
Cash dividends, $0.08 per share for common stock			(107,072)					(107,072)		(107,072)
Cash dividends, $0.03 per share for common stock			(41,456)					(41,456)		(41,456)
Bonuses to directors and corporate auditors			(414)					(414)		(414)
Reversal of land revaluation surplus			4,607			(4,607)				
Purchase of treasury stock							(103,661)	(103,661)		(103,661)
Disposal of treasury stock		(1)					103	102		102
Retirement of treasury stock (14,000,000 shares of common stock)		(27)	(105,785)				105,812			
Exercise of warrants	2,561	2,558						5,119		5,119
Net change in the year				(7,958)	$73			(7,885)	5,335	(2,550)
BALANCE, MARCH 31, 2007	**$1,824,877**	**$1,499,809**	**$1,919,703**	**$554,347**	**$73**	**$270,766**	**$ (1,740)**	**$6,067,835**	**$382,684**	**$6,450,519**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	2007
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 112,109	¥ 107,148	$ 949,434
Adjustments to reconcile income before income taxes and minority interests to net cash provided by (used in) operating activities:			
Depreciation	9,322	8,745	78,952
Loss on impairment of long-lived assets	24	105	211
Amortization of goodwill	234	234	1,988
Equity in earnings of associated companies	(578)	(548)	(4,899)
Decrease in allowance for possible loan losses	(6,318)	(12,618)	(53,507)
Increase in accrued bonuses to directors and corporate auditors	80		682
(Decrease) increase in liability for employees' retirement benefits	(34)	14	(295)
Interest income	(184,117)	(173,324)	(1,559,257)
Interest expenses	17,047	6,865	144,369
(Gains) losses on sales, write-down and redemption of securities—net	(9,161)	7,098	(77,585)
Foreign exchange gains—net	(403)	(3,404)	(3,420)
Losses on disposal of fixed assets—net	1,412	398	11,959
Net (increase) decrease in trading assets	(54,050)	22,538	(457,744)
Net (decrease) increase in trading liabilities	(2,454)	2,958	(20,786)
Net decrease (increase) in loans	10,291	(335,244)	87,154
Net increase in deposits	417,181	153,101	3,533,042
Net decrease in other borrowings	(2,711)	(1,079)	(22,959)
Net increase in due from banks	(129,190)	(26,858)	(1,094,095)
Net increase in call loans and others	(197,592)	(39,958)	(1,673,378)
Net increase (decrease) in call money and others	132,097	(167,892)	1,118,712
Net decrease in foreign exchange (assets)	924	937	7,829
Net (decrease) increase in foreign exchange (liabilities)	(62)	39	(533)
Interest and dividends received	180,644	175,141	1,529,850
Interest paid	(13,532)	(7,448)	(114,603)
Other—net	31,298	(27,959)	265,062
Subtotal	312,461	(311,010)	2,646,183
Income tax paid	(26,420)	(18,579)	(223,748)
Net cash provided by (used in) operating activities—(Forward)	¥ 286,041	¥ (329,590)	$ 2,422,435

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
Net cash provided by (used in) operating activities—(Forward)	**¥ 286,041**	¥ (329,590)	**$ 2,422,435**
INVESTING ACTIVITIES:			
Purchases of securities	**(1,267,945)**	(1,140,998)	**(10,738,024)**
Proceeds from sales of securities	**502,264**	504,857	**4,253,596**
Proceeds from maturities of securities	**508,630**	694,997	**4,307,505**
Expenditures for premises and equipment	**(6,634)**	(4,864)	**(56,187)**
Expenditures for intangible fixed assets	**(6,926)**		**(58,656)**
Proceeds from sales of premises and equipment		1,684	
Other—net	**18**		**160**
Net cash (used in) provided by investing activities	**(270,592)**	55,675	**(2,291,606)**
FINANCING ACTIVITIES:			
Repayments of subordinated loans	**(12,000)**	(15,000)	**(101,626)**
Repayments of subordinated bonds and convertible bonds	**(25,000)**	(21,000)	**(211,721)**
Issuance of common stock	**604**	632	**5,119**
Issuance of subsidiary's securities to minority interests stockholders		40,000	
Dividends paid	**(17,538)**	(11,994)	**(148,528)**
Dividends paid to minority interests stockholders	**(1,001)**	(5)	**(8,482)**
Purchase of treasury stock	**(12,240)**	(6,189)	**(103,661)**
Proceeds from sales of treasury stock	**12**	8	**102**
Net cash used in financing activities	**(67,163)**	(13,547)	**(568,797)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**10**	(34)	**91**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(51,704)**	(287,497)	**(437,877)**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**256,402**	543,900	**2,171,428**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥ 204,697**	¥ 256,402	**$ 1,733,551**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2007 and 2006

1. BASIS OF PRESENTATION

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

On December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The consolidated statement of stockholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under Japanese GAAP and has been renamed "the consolidated statement of changes in equity" in the current fiscal year.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2006 financial statements to conform to the classifications used in 2007.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. As permitted by the Securities and Exchange Law of Japan, 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 ¥118.08 to U.S.$1, the rate of exchange at March 31, 2007. 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, 2007 and 2006 was 10 and 11, respectively. Yokohama Finance Cayman, Ltd., a previously consolidated subsidiary, was liquidated during fiscal year 2007.

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

Of the consolidated subsidiaries, 9 in 2007 and 2006 have a fiscal year ending on March 31, which is the same as the fiscal year of the Bank.

One consolidated subsidiary in 2007 and two in 2006 have a fiscal year ending on December 31, which differs from the Bank's fiscal year. The consolidated financial statements include the financial statements of these subsidiaries for their respective fiscal years after making appropriate adjustments for significant transactions during the periods from their respective year-ends to the date of the consolidated financial statements.

The consolidated financial statements do not include the accounts of five subsidiaries in 2007 and one subsidiary in 2006 , because the total assets, total income, net income and retained earnings of these entities would not have had a material effect on the consolidated financial statements.

The investment in one associated company was accounted for by the equity method. Investments in the unconsolidated subsidiaries and the remaining associated company were stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

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

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

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

c. Securities—Securities are classified and accounted for, depending on management's intent, as follows:

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

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

d. Premises and Equipment—Premises and equipment are stated at cost less accumulated depreciation.

Depreciation of premises and equipment owned by the Bank is computed by the declining-balance method while the straight-line method is applied to buildings acquired after April 1, 1998.

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

Depreciation of premises and equipment owned by consolidated subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

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

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

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

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

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥40,525 million ($343,202 thousand) and ¥42,335 million as of March 31, 2007 and 2006, respectively.

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

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

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

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

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

For collateralized or guaranteed claims to borrowers who are in "virtual bankruptcy" or "legal bankruptcy," the amount exceeding the estimated value of collateral or guarantees has been deducted as deemed uncollectible, directly from those claims. As of March 31, 2007 and 2006, the deducted amounts were ¥88,372 million ($748,413 thousand) and ¥85,297 million, respectively.

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

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

Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general stockholders meeting. The ASBJ issued ASBJ Practical Issues Task Force ("PITF") No. 13, "Accounting Treatment for Bonuses to Directors and Corporate Auditors," which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but still permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer allowed to be directly charged to retained earnings. This accounting standard is effective for fiscal years ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year end to which such bonuses are attributable.

The Bank adopted the new accounting standard for bonuses to directors and corporate auditors from the year ended March 31, 2007. The effect of adoption of this accounting standard was to decrease income before income taxes and minority interests for the year ended March 31, 2007 by ¥80 million ($682 thousand).

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

l. Presentation of Equity—On December 9, 2005, the ASBJ published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of equity. Such items include minority interests and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006. The consolidated balance sheet as of March 31, 2007 is presented in line with this new accounting standard.

m. Leases—All leases of the Bank and the consolidated domestic subsidiaries are accounted for as operating leases. Under the Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's consolidated financial statements.

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

o. Translation of Foreign Currencies—The financial statements of foreign consolidated subsidiary are translated into Japanese yen at exchange rates as of the balance sheet date, except for equity which is translated at the historical exchange rate.

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

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

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

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

Prior to April 1, 2003, the Bank applied a "macro-hedge" accounting which was permitted for Japanese banks pursuant to the transitional treatment of the JICPA Industry Audit Committee Report No. 24, for such interest rate derivatives. Macro-hedge accounting permitted interest rate swaps which qualify for hedge accounting and meet specific matching criteria not to be remeasured at market value but for the differential paid or received under the swap agreements to be recognized and included in interest expenses or income.

Deferred hedge gains or losses recorded at March 31, 2003, under the macro-hedge are amortized as income or expenses over remaining maturities of up to 5 years of the respective hedging instruments. The unamortized balances of deferred hedge gains and losses under macro-hedge, before deduction of tax benefit, were ¥0 million ($5 thousand) and ¥26 million ($221 thousand), respectively, for the year ended March 31, 2007 and ¥106 million and ¥421 million, respectively, for the year ended March 31, 2006.

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

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

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

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

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

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

t. New Accounting Pronouncements

Lease Accounting—On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The new task force prescribes: (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. CASH AND CASH EQUIVALENTS

The reconciliation of "Cash and cash equivalents" and "Cash and due from banks" in the consolidated balance sheets as of March 31, 2007 and 2006, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Cash and due from banks	**¥ 383,330**	¥ 305,844	**$ 3,246,363**
Interest-bearing deposits included in due from banks (other than deposits with the Bank of Japan)	**(178,632)**	(49,442)	**(1,512,812)**
Cash and cash equivalents	**¥ 204,697**	¥ 256,402	**$ 1,733,551**

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Trading assets:			
Trading securities	**¥ 79,818**	¥ 23,295	**$ 675,973**
Trading-related financial derivatives	**2,618**	5,091	**22,173**
Total	**¥ 82,437**	¥ 28,386	**$ 698,146**
Trading liabilities—Trading-related financial derivatives	**¥ 2,669**	¥ 5,124	**$ 22,611**

5. SECURITIES

Securities as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Japanese national government bonds	**¥ 770,116**	¥ 538,374	**$ 6,521,990**
Japanese local government bonds	**68,488**	79,127	**580,021**
Japanese corporate bonds	**458,712**	376,115	**3,884,764**
Japanese corporate stocks	**280,874**	293,269	**2,378,678**
Other securities	**92,083**	76,582	**779,840**
Total	**¥1,670,276**	¥1,363,469	**$ 14,145,293**

The carrying amounts and aggregate fair value of securities as of March 31, 2007 and 2006, were as follows:

	Millions of Yen							
	2007				2006			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:								
Available-for-sale:								
Equity securities	**¥154,650**	**¥115,987**	**¥4,577**	**¥266,061**	¥152,065	¥127,327	¥3,969	¥275,422
Debt securities	**972,687**	**423**	**5,878**	**967,231**	701,700	186	8,787	693,099
Other securities	**333,650**	**1,828**	**2,880**	**332,598**	321,866	1,487	4,521	318,832
Held-to-maturity	**71,333**	**81**	**417**	**70,998**	59,939	28	1,138	58,829

	Thousands of U.S. Dollars			
	2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$1,309,712**	**$982,282**	**$38,764**	**$2,253,230**
Debt securities	**8,237,527**	**3,584**	**49,784**	**8,191,327**
Other securities	**2,825,632**	**15,485**	**24,392**	**2,816,725**
Held-to-maturity	**604,112**	**694**	**3,535**	**601,271**

Principal items of securities whose fair values were not readily determinable as of March 31, 2007 and 2006, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Available-for-sale	**¥ 258,516**	¥ 203,521	**$ 2,189,332**
Held-to-maturity	**79,834**	104,639	**676,102**

Proceeds from sales by early redemption of held-to-maturity debt securities for the years ended March 31, 2007 and 2006 were ¥587 million ($4,971 thousand) and ¥399 million, respectively. Net realized gains on these sales, computed on the amortized cost basis, were ¥3 million ($30 thousand) and ¥0 million for the years ended March 31, 2007 and 2006, respectively. Transfer of held-to-maturity debt securities to available-for-sale securities due to deterioration of issuers' creditworthiness amounted to ¥600 million ($5,081 thousand) and ¥50 million for the years ended March 31, 2007 and 2006, respectively.

Proceeds from sales of available-for-sale securities and gross realized gains and losses on these sales, computed on the moving average cost basis for the years ended March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Proceeds from sales of available-for-sale securities	**¥ 331,913**	¥ 544,783	**$ 2,810,918**
Gross realized gains	**10,083**	3,036	**85,397**
Gross realized losses	**2,094**	5,704	**17,738**

The carrying values of debt securities with specific maturities by contractual maturities for securities classified as available-for-sale and held-to-maturity as of March 31, 2007, were as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	2007				2007			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Bonds	**¥487,198**	**¥568,643**	**¥142,426**	**¥ 99,049**	**$4,126,001**	**$4,815,752**	**$1,206,187**	**$ 838,835**
Other	**24,227**	**29,835**	**685**	**346,909**	**205,176**	**252,672**	**5,806**	**2,937,918**
Total	**¥511,425**	**¥598,479**	**¥143,112**	**¥445,959**	**$4,331,177**	**$5,068,424**	**$1,211,993**	**$3,776,753**

Securities also include corporate stocks in unconsolidated subsidiaries and associated companies, which totaled ¥2,708 million ($22,942 thousand) and ¥2,157 million as of March 31, 2007 and 2006, respectively, and investments in unconsolidated subsidiaries, which totaled ¥1,043 million ($8,837 thousand) as of March 31, 2007.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Bills discounted	**¥ 78,106**	¥ 72,138	**$ 661,472**
Loans on bills	**542,961**	534,615	**4,598,254**
Loans on deeds	**6,341,693**	6,416,766	**53,706,753**
Overdrafts	**1,152,254**	1,101,786	**9,758,249**
Total	**¥8,115,015**	¥8,125,307	**$ 68,724,728**

"Past due loans" include loans classified as "possible bankruptcy" and "virtual bankruptcy" under the Bank's self-assessment guidelines. Accrued interest receivables for these categories are not recognized as accruals for accounting purposes. The loans and bills discounted include "loans to borrowers in bankruptcy" totaling ¥5,755 million ($48,744 thousand) and ¥3,625 million as of March 31, 2007 and 2006, respectively, as well as "past due loans" totaling ¥143,098 million ($1,211,877 thousand) and ¥158,544 million as of March 31, 2007 and 2006, 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, 2007 and 2006, were ¥5,877 million ($49,775 thousand) and ¥4,377 million, respectively.

"Restructured loans" are loans where the Bank and its subsidiaries have restructured lending conditions, such as by a reduction of the original interest rate, forbearance of interest payments, principal repayments or renunciation of claims to support the borrowers' reorganization, but exclude "loans to borrowers in bankruptcy," "past due loans" or "accruing loans contractually past due for three months or more." The outstanding balances of "restructured loans" as of March 31, 2007 and 2006, were ¥48,418 million ($410,051 thousand) and ¥44,809 million, respectively.

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

Contracts of overdraft facilities and loan commitment limits are contracts under which the Bank lends to customers up to the prescribed limits in response to customers' application for loans as long as there is no violation of any condition in the contracts. As of March 31, 2007 and 2006, the amounts of unused commitments were ¥1,826,435 million ($15,467,781 thousand) and ¥1,788,740 million, respectively. As of March 31, 2007 and 2006, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,260,156 million ($10,672,061 thousand) and ¥1,254,159 million, respectively.

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

Discounting bills are treated as secured lending transactions. As of March 31, 2007 and 2006, the Bank has right by contract or custom to sell or repledge bills discounted and foreign exchange bills bought and their total face value was ¥79,046 million ($669,433 thousand) and ¥73,429 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Assets			
Foreign exchange bills bought	**¥ 940**	¥ 1,291	**$ 7,961**
Foreign exchange bills receivable	**2,297**	2,507	**19,455**
Due from foreign correspondent accounts	**1,162**	1,525	**9,847**
Total	**¥ 4,399**	¥ 5,324	**$ 37,263**
Liabilities			
Foreign exchange bills sold	**¥ 23**	¥ 58	**$ 201**
Foreign exchange bills payable	**10**	29	**92**
Due to foreign correspondent accounts	**1**	10	**14**
Total	**¥ 36**	¥ 99	**$ 307**

8. OTHER ASSETS

Other assets as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Accrued income	**¥ 17,187**	¥ 12,688	**$ 145,554**
Prepaid expenses	**30,147**	29,923	**255,318**
Financial derivatives	**19,271**	20,919	**163,204**
Deferred hedge losses		301	
Other	**21,064**	104,099	**178,395**
Total	**¥ 87,671**	¥ 167,932	**$ 742,471**

Other assets included security deposits amounting to ¥6,111 million ($51,759 thousand) and ¥6,408 million as of March 31, 2007 and 2006, respectively.

9. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Buildings	**¥ 40,491**	¥ 41,367	**$ 342,916**
Land	**80,564**	81,470	**682,290**
Construction in progress	**839**	228	**7,106**
Other	**10,230**	9,263	**86,638**
Total	**¥ 132,125**	¥ 132,328	**$1,118,950**

The accumulated depreciation of premises and equipment as of March 31, 2007 and 2006 amounted to ¥102,403 million ($867,237 thousand) and ¥103,406 million, respectively.

The Group reviewed its long-lived assets for impairment as of the years ended March 31, 2007 and 2006 and, as a result, recognized losses of ¥24 million ($211 thousand) and ¥105 million, respectively, as other expense for certain unused premises due to a decline in its net selling price at disposition. The carrying amount of the premises was written down to the recoverable amount. The recoverable amount of the premises was measured at its net selling price evaluated by a real-estate appraisal.

10. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Software	**¥ 12,997**	¥ 10,499	**$ 110,073**
Goodwill	**587**	822	**4,974**
Other	**654**	663	**5,546**
Total	**¥ 14,239**	¥ 11,984	**$ 120,593**

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, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Assets pledged as collateral:			
Securities	**¥744,344**	¥467,356	**$6,303,727**
Loans and bills discounted		353,958	
Relevant liabilities to above assets—Deposits	**37,621**	43,312	**318,610**

Additionally, securities amounting to ¥118,796 million ($1,006,070 thousand) and ¥121,436 million as of March 31, 2007 and 2006, respectively, and other assets amounting to ¥2 million ($17 thousand) as of March 31, 2007 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, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Current deposits	**¥ 431,954**	¥ 416,332	**$ 3,658,153**
Ordinary deposits	**5,792,804**	5,419,737	**49,058,303**
Savings deposits	**274,514**	289,366	**2,324,817**
Deposits at notice	**66,176**	65,329	**560,435**
Time deposits	**3,097,321**	3,020,777	**26,230,707**
Negotiable certificates of deposit	**69,894**	41,661	**591,922**
Other deposits	**134,556**	196,834	**1,139,535**
Total	**¥9,867,222**	¥9,450,040	**$ 83,563,872**

14. BORROWED MONEY

As of March 31, 2007 and 2006, the weighted average annual interest rates applicable to borrowed money were 1.8% and 2.0%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. In addition, as of March 31, 2007 and 2006, borrowed money included subordinated debt totaling ¥2,000 million ($16,938 thousand) and ¥14,000 million, respectively.

Annual maturities of borrowed money as of March 31, 2007, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2008	¥ 43	$ 367
2009	84	717
2010	133	1,131
2011	166	1,412
2012	220	1,863
2013 and thereafter	2,000	16,938
Total	¥ 2,648	$ 22,428

15. BONDS AND NOTES

Bonds and notes as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due May 2011, 1.53% interest until May 2006		¥ 10,000	
Unsecured floating subordinated bonds, payable in Japanese yen, due May 2011, interest of 1.08% in 2006		5,000	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due June 2011, 1.5% interest until June 2006		5,000	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due September 2011, 1.55% interest until September 2006		5,000	
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due August 2013, 1.23% interest until August 2008	**¥ 20,000**	20,000	**$ 169,377**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2014, 1.35% interest until February 2009	**20,000**	20,000	**169,377**
Total	**¥ 40,000**	¥ 65,000	**$ 338,754**

Annual maturities of bonds and notes as of March 31, 2007, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2013 and thereafter	¥ 40,000	$ 338,754

16. OTHER LIABILITIES

Other liabilities as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Domestic exchange settlement account credit (see below)	**¥ 1,761**	¥ 2,393	**$ 14,918**
Accrued expenses	**10,340**	7,067	**87,569**
Unearned income	**26,028**	27,452	**220,434**
Accrued income taxes	**29,253**	15,836	**247,743**
Financial derivatives	**16,086**	17,973	**136,236**
Other	**42,110**	44,313	**356,623**
Total	**¥125,580**	¥115,037	**$1,063,523**

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

17. EMPLOYEES' RETIREMENT BENEFITS

Under the unfunded lump-sum retirement benefit plans, the employees of the Bank and its domestic consolidated subsidiaries terminating their employment are, under most circumstances, entitled to lump-sum payments determined by reference to basic rates of pay at the time of termination, length of service and conditions under which the termination occurs.

In addition, under the pension plan of the Bank, employees terminating their employment after more than 15 years of participation are entitled to pension benefits.

The Bank's contributory funded defined benefit pension plan, which is established under the Japanese Welfare Pension Insurance Law, covers a substitutional portion of the governmental pension program managed by the Bank on behalf of the government and a corporate portion established at the discretion of the Bank. According to the enactment of the Defined Benefit Pension Plan Law in April 2002, the Bank applied for an exemption from obligation to pay benefits for future employee services related to the substitutional portion which would result in the transfer of the pension obligations and related assets to the government by another subsequent application. The Bank obtained an approval of exemption from future obligation by the Ministry of Health, Labour and Welfare on March 1, 2003.

As a result of this exemption, the Bank recognized a gain on exemption from future pension obligations of the governmental program in accordance with a transitional measurement of the accounting standard for employees' retirement benefits for the year ended March 31, 2003. In the prior year, the Bank applied for transfer of substitutional portion of past pension obligations to the government and obtained approval by the Ministry of Health, Labour and Welfare on September 1, 2004, and actual transfer of the pension obligations and related assets to the government took place in March 2005.

The Bank implemented a cash balance pension plan and pension point system in July 2003 by which the former qualified defined benefit pensions plan and the severance lump-sum payment plan were revised. In connection with this change, prior service cost was recorded as a reduction of projected benefit obligations for the year ended March 31, 2004.

On October 1, 2006, the Bank revised a part of its pension point system as the result of the change in the wages system.

The liability for employees' retirement benefits as of March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Projected benefit obligation	**¥ (73,882)**	¥ (74,417)	**$ (625,703)**
Fair value of plan assets	**78,993**	79,248	**668,979**
Unfunded projected benefit obligation	**5,110**	4,831	**43,276**
Unrecognized prior service cost	**(459)**		**(3,892)**
Unrecognized actuarial loss	**24,030**	23,624	**203,514**
Net liability recognized	**28,681**	28,456	**242,898**
Prepaid pension cost	**28,735**	28,545	**243,353**
Liability for employees' retirement benefits	**¥ (53)**	¥ (88)	**$ (455)**

The components of net periodic retirement benefit costs for the years ended March 31, 2007 and 2006, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Service cost	**¥ 1,130**	¥ 1,164	**$ 9,573**
Interest cost	**1,480**	1,458	**12,540**
Expected return on plan assets	**(2,206)**	(1,871)	**(18,688)**
Amortization of prior service cost	**(153)**	(766)	**(1,297)**
Recognized actuarial loss	**2,408**	3,194	**20,396**
Other retirement costs (non-actuarial basis cost)	**419**	416	**3,550**
Net periodic retirements benefit costs	**¥ 3,078**	¥ 3,594	**$ 26,074**

Assumptions used for the years ended March 31, 2007 and 2006, were set forth as follows:

	2007	2006
Discount rate	**2.00%**	2.00%
Expected rate of return on plan assets	**3.50%**	3.50%
Amortization period of prior service cost	**2 years**	2 years
Recognition period of actuarial gain/loss	**15 years**	15 years

18. EQUITY

On and after May 1, 2006, Japanese banks are subject to a new corporate law of Japan (the "Corporate Law") and the Banking Law. The Corporate Law reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

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

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

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

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

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

c. Treasury Stock and Treasury Stock Acquisition Rights

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

19. PER SHARE INFORMATION

Reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2007 and 2006, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2007	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common stockholders	**¥ 66,289**	**1,398,187**	**¥ 47.41**	**$ 0.40**
Effect of dilutive warrants		**3,747**		
Diluted EPS—Net income for computation	**¥ 66,289**	**1,401,934**	**¥ 47.28**	**$ 0.40**
Year Ended March 31, 2006				
Basic EPS—Net income available to common stockholders	¥ 60,804	1,408,079	¥ 43.18	
Effect of dilutive warrants		3,149		
Diluted EPS—Net income for computation	¥ 60,804	1,411,229	¥ 43.08	

20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Gain on foreign exchange transactions—net	**¥ 1,502**	¥ 1,565	**$ 12,724**
Gain on sales and redemption of bonds and other securities	**1,853**	1,517	**15,694**
Gain on derivatives	**3,273**	6,544	**27,727**
Other	**5,858**	5,630	**49,613**
Total	**¥ 12,487**	¥ 15,257	**$ 105,758**

21. OTHER INCOME

Other income for the years ended March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Gain on sales of stocks and other securities	**¥ 8,234**	¥ 1,536	**$ 69,733**
Gain on sales of fixed assets	**164**	54	**1,394**
Recovery of claims previously charged-off	**4,735**	4,882	**40,102**
Other	**3,267**	4,141	**27,668**
Total	**¥ 16,400**	¥ 10,615	**$ 138,897**

22. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Losses on sales and redemption of bonds and other securities	**¥ 2,018**	¥ 8,845	**$ 17,098**
Losses on write-down of bonds and other securities	**134**	138	**1,136**
Other	**536**	725	**4,545**
Total	**¥ 2,689**	¥ 9,709	**$ 22,779**

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2007 and 2006, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Loss on sales of stocks and other securities	**¥ 75**	¥ 342	**$ 640**
Loss on write-down of stocks and other securities	**738**	825	**6,255**
Loss on disposal of fixed assets	**1,576**	452	**13,353**
Loss on impairment of long-lived assets	**24**	105	**211**
Direct charge-off of loans	**19,777**	20,394	**167,492**
Other	**3,252**	3,725	**27,546**
Total	**¥ 25,445**	¥ 25,845	**$ 215,497**

24. INCOME TAXES

The Bank and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.6% for the years ended March 31, 2007 and 2006.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities as of March 31, 2007 and 2006, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Deferred tax assets:			
Allowance for possible loan losses	**¥ 37,975**	¥ 43,737	**$ 321,604**
Write-down of securities	**5,463**	5,426	**46,271**
Other	**14,240**	12,554	**120,602**
Less valuation allowance	**(7,900)**	(7,620)	**(66,907)**
Total deferred tax assets	**49,779**	54,098	**421,570**
Deferred tax liabilities:			
Gain on contribution of the employees' retirement benefit trust	**7,433**	7,433	**62,955**
Net unrealized gain on available-for-sale securities	**39,417**	45,397	**333,823**
Others	**3,780**	3,148	**32,019**
Total deferred tax liabilities	**50,632**	55,979	**428,797**
Net deferred tax liabilities	**¥ 853**	¥ 1,880	**$ 7,227**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2007 and 2006 and the actual effective tax rate reflected in the accompanying consolidated statements of income is not required under Japanese accounting standards due to immaterial differences.

25. LEASES

The Bank and its consolidated subsidiaries lease certain equipment and other assets.

Lease payments under finance leases for the years ended March 31, 2007 and 2006, amounted to ¥59 million ($508 thousand) and ¥74 million, respectively.

Pro forma information of leased property such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense and interest expense of finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis for the years ended March 31, 2007 and 2006, was as follows:

	Millions of Yen			Thousands of U.S. Dollars		
	2007			2007		
	Equipment	Other Assets	Total	Equipment	Other Assets	Total
Acquisition cost	**¥ 312**	**¥ 45**	**¥ 357**	**$ 2,645**	**$ 381**	**$ 3,026**
Accumulated depreciation	**156**	**30**	**187**	**1,329**	**259**	**1,588**
Net leased property	**¥ 155**	**¥ 14**	**¥ 169**	**$ 1,316**	**$ 122**	**$ 1,438**

	Millions of Yen		
	2006		
	Equipment	Other Assets	Total
Acquisition cost	¥ 296	¥ 76	¥ 372
Accumulated depreciation	184	52	237
Net leased property	¥ 111	¥ 23	¥ 135

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	**¥ 57**	¥ 47	**$ 487**
Due after one year	**112**	88	**956**
Total	**¥ 170**	¥ 135	**$ 1,443**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Depreciation expense	**¥ 52**	¥ 65	**$ 446**
Interest expense	**7**	8	**62**
Total	**¥ 59**	¥ 74	**$ 508**

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

The minimum rental commitments under noncancelable operating leases as of March 31, 2007 and 2006, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	**¥ 22**	¥ 21	**$ 192**
Due after one year	**20**	48	**173**
Total	**¥ 43**	¥ 69	**$ 365**

26. SEGMENT INFORMATION

a. Business Segment Information

The Group is engaged in the business of banking and other related activities such as credit guarantee, venture capital and other. Ordinary income, ordinary profit and total assets as of and for the years ended March 31, 2007 and 2006 were primarily concentrated in the business of banking. Accordingly, the presentation of segment information by business segment is not required under the related regulations for these fiscal years.

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

b. Segment Information by Geographic Area

Ordinary income and total assets as of and for the years ended March 31, 2007 and 2006 were primarily concentrated in Japan. Accordingly, the presentation of segment information by geographic area is not required under the related regulations for these fiscal years.

c. Ordinary Income from International Operations

Ordinary income arising from international operations both in and outside Japan was minor in relation to the total ordinary income for the years ended March 31, 2007 and 2006. Accordingly, the presentation of ordinary income from international operations is not required under the related regulations for these fiscal years.

27. DERIVATIVE INFORMATION

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

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

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

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

The Bank plays a crucial role in the maintenance of the financial system in its region, and its fundamental policy on risk management is to maintain its ability to provide financial services reliability. Specifically, the Bank has established market risk management regulations that require the detection and identification of various types of risk from a comprehensive and organization-wide perspective, as well as the implementation of risk control procedures. The risks include interest rate risk, exchange rate risk and price fluctuation risk.

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

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

The Bank had the following derivatives contracts that were quoted on listed exchanges, outstanding as of March 31, 2007 and 2006:

	Millions of Yen			Thousands of U.S. Dollars		
	2007			2007		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Bond contracts—Futures written	**¥8,585**			**$72,709**	**$(1)**	**$(1)**

	Millions of Yen		
	2006		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts—Futures written	¥2,489	¥1	¥1
Bond contracts—Futures:			
Written	12,665	(2)	(2)
Purchased	4,012	(8)	(8)

The Bank had the following derivatives contracts that were not quoted on listed exchanges, outstanding as of March 31, 2007 and 2006:

	Millions of Yen			Thousands of U.S. Dollars		
	2007			2007		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts:						
Interest rate swaps:						
Receive fixed and pay floating	**¥2,421,378**	**¥ (860)**	**¥ (967)**	**$20,506,250**	**$ (7,291)**	**$ (8,197)**
Receive floating and pay fixed	**2,493,727**	**3,815**	**4,236**	**21,118,967**	**32,310**	**35,878**
Receive floating and pay floating	**100**	**1**	**1**	**847**	**10**	**10**
Caps and others written	**101,036**	**(500)**	**1,599**	**855,659**	**(4,235)**	**13,549**
Caps and others purchased	**5,500**	**19**	**19**	**46,579**	**163**	**163**
Foreign exchange:						
Currency swaps	**293,070**	**1,382**	**1,382**	**2,481,964**	**11,712**	**11,712**
Forward exchange contracts written	**194,023**	**(971)**	**(971)**	**1,643,155**	**(8,229)**	**(8,229)**
Forward exchange contracts purchased	**183,723**	**927**	**927**	**1,555,927**	**7,856**	**7,856**
Options written	**25,707**	**(590)**	**518**	**217,712**	**(5,002)**	**4,390**
Options purchased	**26,685**	**592**	**(270)**	**225,999**	**5,017**	**(2,294)**

	Millions of Yen		
	2006		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts:			
Interest rate swaps:			
Receive fixed and pay floating	¥2,049,135	¥(14,508)	¥(15,546)
Receive floating and pay fixed	1,891,662	18,474	20,023
Receive floating and pay floating	100	1	1
Caps and others written	117,363	(1,034)	1,170
Caps and others purchased	4,520	21	21
Foreign exchange:			
Currency swaps	383,895	820	820
Forward exchange contracts written	43,323	(234)	(234)
Forward exchange contracts purchased	43,675	218	218
Options written	20,764	(299)	238
Options purchased	19,568	299	(127)

Notes: 1. Derivatives which qualify for hedge accounting are excluded in the above table.
2. The difference between fair value (loss) and valuation gain (loss) in interest rate swaps as of March 31, 2007 and 2006 is the unamortized balance of deferred gains or losses attributable to macro-hedge accounting.

28. STOCK OPTIONS

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

The stock options outstanding as of March 31, 2007 were as follows:

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

The stock option activity is as follows:

For the Year Ended March 31, 2007	2000 Stock Option	2001 Stock Option	2002 Stock Option	2003 Stock Option	2004 Stock Option	2005 Stock Option	2006 Stock Option
Non-vested (shares):							
March 31, 2006—outstanding							
Granted							
Canceled							
Vested							
March 31, 2007—outstanding							
Vested (shares):							
March 31, 2006—outstanding	68,000	879,000	1,192,000	1,253,000	1,083,000	2,186,000	4,379,000
Vested							
Exercised	(43,000)	(290,000)	(346,000)	(137,000)	(226,000)	(161,000)	
Canceled							
March 31, 2007—outstanding	25,000	589,000	846,000	1,116,000	857,000	2,025,000	4,379,000
Exercise price	¥369 $3.13	¥498 $4.22	¥502 $4.25	¥520 $4.40	¥437 $3.70	¥624 $5.28	¥648 $5.49
Average stock price at exercise	¥866 $7.33	¥930 $7.88	¥939 $7.95	¥928 $7.86	¥925 $7.83	¥926 $7.84	

29. SUBSEQUENT EVENT

On May 18, 2007, the Board of Directors resolved the following appropriations of retained earnings:

Appropriations of Retained Earnings as of March 31, 2007

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends—Common stock (¥6.50—$0.06 per share)	¥9,049	$76,641

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated balance sheets of The Bank of Yokohama, Ltd. (the "Bank") and consolidated subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Bank of Yokohama, Ltd. and consolidated subsidiaries as of March 31, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

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

Deloitte Touche Tohmatsu

June 27, 2007

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

The Bank of Yokohama, Ltd.
March 31, 2007 and 2006—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
ASSETS:			
Cash and due from banks	**¥ 383,329**	¥ 305,842	**$ 3,246,356**
Call loans and bills purchased	**204,354**	19,900	**1,730,644**
Other debt purchased	**317,603**	304,277	**2,689,731**
Trading assets	**82,437**	28,386	**698,146**
Securities	**1,668,026**	1,362,042	**14,126,244**
Loans and bills discounted	**8,114,450**	8,124,729	**68,719,937**
Foreign exchange assets	**4,399**	5,324	**37,263**
Other assets	**87,146**	167,525	**738,033**
Premises and equipment	**135,117**	135,336	**1,144,291**
Intangible fixed assets	**13,391**	11,028	**113,409**
Customers' liabilities for acceptances and guarantees	**117,086**	126,502	**991,590**
Allowance for possible loan losses	**(47,392)**	(54,686)	**(401,362)**
TOTAL	**¥ 11,079,951**	¥ 10,536,209	**$ 93,834,282**
LIABILITIES:			
Deposits	**¥ 9,896,922**	¥ 9,477,264	**$ 83,815,400**
Call money and bills sold	**132,391**	293	**1,121,198**
Trading liabilities	**2,669**	5,124	**22,611**
Borrowed money	**43,648**	58,359	**369,650**
Foreign exchange liabilities	**36**	99	**307**
Bonds and notes	**40,000**	65,000	**338,754**
Other liabilities	**102,173**	92,807	**865,288**
Accrued bonuses to directors and corporate auditors	**80**		**682**
Deferred tax liabilities	**6,427**	7,478	**54,432**
Deferred tax liabilities for land revaluation surplus	**22,363**	22,736	**189,397**
Acceptances and guarantees	**117,086**	126,502	**991,590**
Total liabilities	**10,363,799**	9,855,664	**87,769,309**
EQUITY:			
Capital stock—common stock—authorized, 3,000,000 thousand shares in 2007 and 2,584,000 thousand shares in 2006; issued, 1,392,506 thousand shares in 2007 and 1,405,303 thousand shares in 2006	**215,481**	215,179	**1,824,877**
Capital surplus:			
Additional paid-in capital	**177,097**	176,795	**1,499,809**
Other capital surplus		3	
Retained earnings:			
Legal reserve	**38,383**	38,383	**325,068**
Unappropriated	**188,374**	152,108	**1,595,315**
Unrealized gain on available-for-sale securities	**65,039**	66,030	**550,805**
Deferred gain on derivatives under hedge accounting	**8**		**73**
Land revaluation surplus	**31,972**	32,516	**270,766**
Treasury stock—common stock—at cost, 230 thousand shares in 2007 and 522 thousand shares in 2006	**(205)**	(471)	**(1,740)**
Total equity	**716,152**	680,544	**6,064,973**
TOTAL	**¥ 11,079,951**	¥ 10,536,209	**$ 93,834,282**

Non-consolidated Statements of Income

The Bank of Yokohama, Ltd.
Years Ended March 31, 2007 and 2006—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
INCOME:			
Interest income:			
Interest on loans and discounts	¥161,915	¥151,610	$1,371,238
Interest and dividends on securities	14,427	15,981	122,183
Other interest income	7,684	5,538	65,078
Fees and commissions	48,841	48,447	413,630
Trading profits	884	385	7,491
Other operating income	10,744	13,742	90,995
Other income	14,541	8,281	123,147
Total income	259,039	243,987	2,193,762
EXPENSES:			
Interest expenses:			
Interest on deposits	12,245	4,243	103,709
Interest on borrowings and rediscounts	2,065	662	17,494
Other interest expenses	3,969	1,969	33,613
Fees and commissions	12,286	11,128	104,050
Trading losses	36		312
Other operating expenses	2,133	8,924	18,067
General and administrative expenses	92,742	89,068	785,420
Provision for possible loan losses	3,185	1,869	26,975
Other expenses	21,436	21,716	181,544
Total expenses	150,101	139,583	1,271,184
INCOME BEFORE INCOME TAXES	108,938	104,404	922,578
INCOME TAXES:			
Current	38,482	21,578	325,902
Deferred	4,654	22,570	39,420
Total income taxes	43,137	44,149	365,322
NET INCOME	¥ 65,800	¥ 60,255	$ 557,256

	Yen		U.S. Dollars
	2007	2006	2007
PER SHARE INFORMATION:			
Basic net income per share	¥ 47.06	¥ 42.75	$ 0.40
Diluted net income per share	46.93	42.66	0.40

Non-consolidated Statements of Changes in Equity

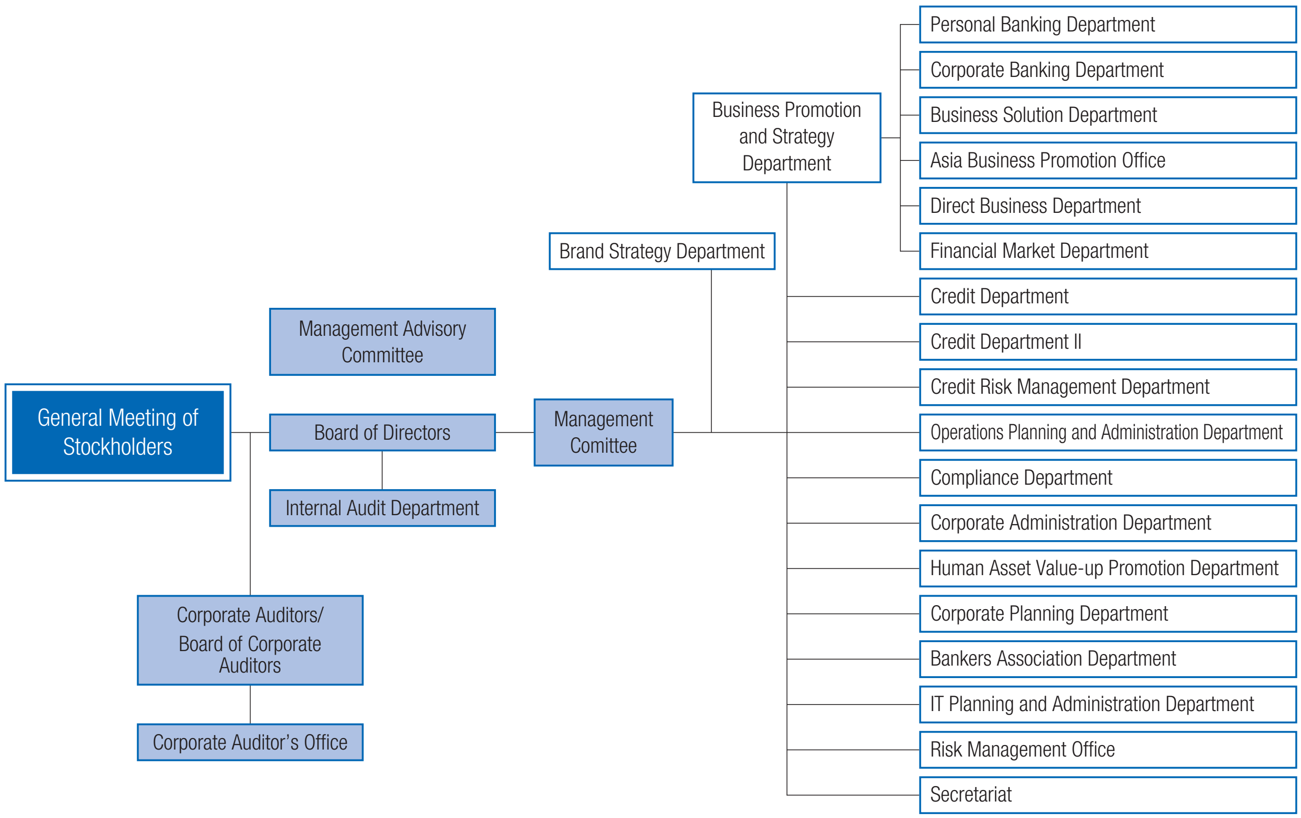
The Bank of Yokohama, Ltd.
Years Ended March 31, 2007 and 2006—Unaudited

	Thousands	Millions of Yen									
	Outstanding Number of Shares of Common Stock	Capital Stock	Capital Surplus: Additional Paid-in Capital	Capital Surplus: Other Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, APRIL 1, 2005	1,411,122	¥214,862	¥ 176,479	¥ 2	¥37,364	¥133,909	¥26,024		¥32,048	¥ (22,815)	¥597,875
Net income						60,255					60,255
Cash dividends, ¥8.50 per share for common stock						(11,994)					(11,994)
Bonuses to directors and corporate auditors						(49)					(49)
Transfer to legal reserve					1,018	(1,018)					
Reversal of land revaluation surplus						(467)			467		
Retirement of treasury stock (16,000,000 shares of common stock and 30,000,000 shares of first series preferred stock)						(28,525)				28,525	
Net increase in treasury stock (7,668,783 shares of common stock)	(7,668)									(6,181)	(6,181)
Exercise of warrants	1,326	316	316								632
Net increase in unrealized gain on available-for-sale securities							40,005				40,005
BALANCE, MARCH 31, 2006	1,404,780	215,179	176,795	3	38,383	152,108	66,030		32,516	(471)	680,544
Net income						65,800					65,800
Cash dividends, ¥9.00 per share for common stock						(12,643)					(12,643)
Cash dividends, ¥3.50 per share for common stock						(4,895)					(4,895)
Bonuses to directors and corporate auditors						(48)					(48)
Transfer to legal reserve											
Reversal of land revaluation surplus						544			(544)		
Purchase of treasury stock	(13,720)									(12,240)	(12,240)
Disposal of treasury stock	13									12	12
Retirement of treasury stock (14,000,000 shares of common stock)				(3)		(12,491)				12,494	
Exercise of warrants	1,203	302	302								604
Net change in the year							(991)	¥ 8			(982)
BALANCE, MARCH 31, 2007	**1,392,275**	**¥215,481**	**¥177,097**		**¥38,383**	**¥188,374**	**¥65,039**	**¥ 8**	**¥31,972**	**¥(205)**	**¥716,152**

	Thousands of U.S. Dollars									
	Capital Stock	Capital Surplus: Additional Paid-in Capital	Capital Surplus: Other Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Gain on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2006	$1,822,316	$1,497,251	$ 28	$325,063	$1,288,184	$559,199		$275,373	$ (3,994)	$5,763,420
Net income					557,256					557,256
Cash dividends, $0.08 per share for common stock					(107,072)					(107,072)
Cash dividends, $0.03 per share for common stock					(41,456)					(41,456)
Bonuses to directors and corporate auditors					(414)					(414)
Transfer to legal reserve				5	(5)					
Reversal of land revaluation surplus					4,607			(4,607)		
Purchase of treasury stock									(103,661)	(103,661)
Disposal of treasury stock			(1)						103	102
Retirement of treasury stock (14,000,000 shares of common stock)			(27)		(105,785)				105,812	
Exercise of warrants	2,561	2,558								5,119
Net change in the year						(8,394)	$73			(8,321)
BALANCE, MARCH 31, 2007	**$1,824,877**	**$1,499,809**		**$325,068**	**$1,595,315**	**$550,805**	**$73**	**$270,766**	**$ (1,740)**	**$6,064,973**

Organization

As of July 31, 2007



International Network

As of June 30, 2007

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Chief Representative
Takeshi Watanabe

Directors, Executive Officers and Corporate Auditors

As of June 27, 2007

CHAIRMAN
Sadaaki Hirasawa

PRESIDENT
Tadashi Ogawa

DEPUTY PRESIDENT (REPRESENTATIVE DIRECTOR)
Hiroshi Hayakawa

Management Section

REPRESENTATIVE DIRECTOR
(HEAD OF ADMINISTRATION)
Tetsunobu Ikeda

DIRECTOR AND EXECUTIVE OFFICER
Masaki Itoh

DIRECTOR
Yoshio Ota

EXECUTIVE OFFICER
Seiichi Yoneda

Marketing Section

REPRESENTATIVE DIRECTOR
(HEAD OF BUSINESS PROMOTION)
Chiyuki Okubo

DIRECTOR AND MANAGING
EXECUTIVE OFFICER
Toshiyuki Mimura

EXECUTIVE OFFICERS
Ryuichi Kaneko
Masayuki Ishii
Takashi Yoshikawa
Hideya Shimoyama
Toshio Aoi
Takashi Noguchi
Takashi Matsuda
Kenji Yamada
Syunji Komatsu
Kiyoshi Kikuchi

Corporate Auditors

Kazutaka Tsumura
Shinichi Mori
Shinsuke Kobayashi
Masahiro Hoshino

Corporate Data

As of March 31, 2007

DATE OF ESTABLISHMENT
December 16, 1920

NUMBER OF BRANCHES AND OFFICES
202
Domestic: 198
Overseas: 4

NUMBER OF EMPLOYEES
4,044

AUTHORIZED STOCKS
3,000,000 thousand

OUTSTANDING STOCKS
1,392,506 thousand

PAID-IN CAPITAL
¥215,481 million

CAPITAL ADEQUACY RATIO (Consolidated)
11.19%

NUMBER OF STOCKHOLDERS
28,687
(Incomplete stock units are not included)

STOCK LISTING
First Section of the Tokyo
Stock Exchange

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Major Stockholders (Common Stocks)	Number of stocks held (thousand)	Voting rights (%)
Japan Trustee Services Bank, Ltd.(Trustee Account)	70,907	5.09
The Master Trust Bank of Japan, Ltd.(Trustee Account)	60,074	4.31
State Street Bank and Trust Company	52,483	3.76
Meiji Yasuda Life Insurance Company	36,494	2.62
The Dai-ichi Mutual life Insurance Company	36,494	2.62
Trust & Custody Services Bank,Ltd.(Meiji Yasuda Life Insurance Company Retirement Benefit trust Account re-entrusted by Mizuho trust and banking Co., Led.)	36,494	2.62
State Street Bank and Trust Company 505103	35,886	2.57
Nippon Life Insurance Company	26,710	1.91
Japan Trustee Services Bank, Ltd.(Trustee Account 4)	21,320	1.53
The Chase Manhattan Bank,N.A. London SL Omnibus Account	15,761	1.13

Classification of Stockholders by Area (Common Stocks)	Number of stockholders	Number of stocks held (thousand)	%
Kanagawa	16,318	220,542	15.89
Tokyo	3,617	633,036	45.63
Osaka	594	12,882	0.92
Other areas	7,622	34,672	2.49
Overseas	536	485,928	35.03
Total	28,687	1,387,060	100.00

Internet Website

The Bank of Yokohama on the Internet

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

URL: http://www.boy.co.jp/e/index.htm

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