Bank of Yokohama

Annual Report 2008

Year Ended March 31, 2008

横浜銀行

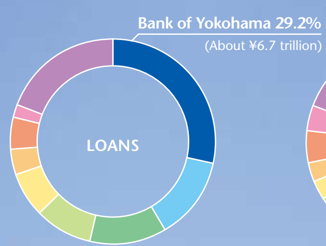
PROFILE

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 ¥11,989.5 billion and deposits of ¥10,119.8 billion as of March 31, 2008. We have taken initial steps toward the realization of our long-term vision for the Bank of Yokohama as a financial institution that will meet the expectations of customers, shareholders, employees and local communities. That vision is defined in "New Horizon," the medium-term management plan that we launched in April 2007.

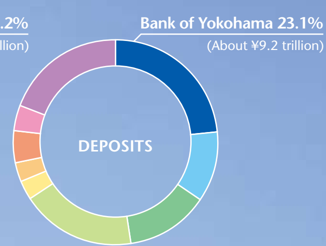
The Potential of Our Business Territory

Our business territory encompasses Kanagawa Prefecture and southwestern Tokyo. Factors contributing to the excellent growth potential of this area include strong housing demand and purchasing power in Kanagawa Prefecture, which has one of the highest population growth rates among all of Japan's prefectures. Kanagawa's economic strength is also reflected in its indicators, such as gross prefectural product and retail sales, which are among the highest in Japan. Evidence of the high value that the business sector places on the region's economic potential can be found in the numerous major commercial facilities, factories, research institutes and distribution centers established in the region in recent years, and in the many investment projects that are planned for the future.

Market Share in Kanagawa Prefecture (As of March 31, 2008)



Banking Group A	13%
Banking Group B	12%
Banking Group C	8%
Banking Group D	7%
Regional Banks	4%
The 2nd Regional Banks	5%
Trust Banks	2%
Co-op Banks	19%



Banking Group A	11%
Banking Group B	14%
Banking Group C	18%
Banking Group D	3%
Regional Banks	3%
The 2nd Regional Banks	5%
Trust Banks	4%
Co-op Banks	19%

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

Potential of Kanagawa Prefecture

Population (Oct.2007)	8.88 million (2nd/47 Prefectures) (Tokyo, Kanagawa, Osaka)
Number of Businesses (Oct.2006)	282 thousand (4th) (Tokyo, Osaka, Aichi, Kanagawa)
Gross Prefectural Product (FY05)	¥31.2 trillion (4th) (Tokyo, Osaka, Aichi, Kanagawa)
Manufacturing Output (2006)	¥20.1 trillion (2nd) (Aichi, Kanagawa, Shizuoka)
Retail Sales (2007)	¥8.6 trillion (3rd) (Tokyo, Osaka, Kanagawa)

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

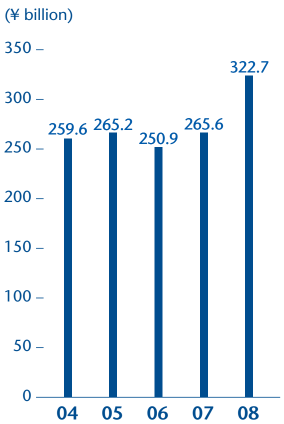
CONSOLIDATED FINANCIAL HIGHLIGHTS

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries

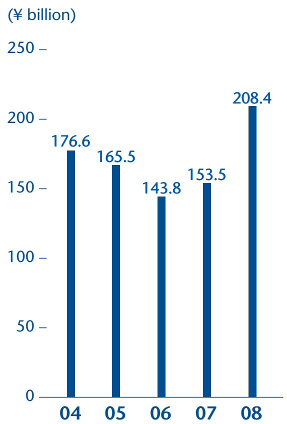
Years ended March 31	Millions of Yen* 2008	2007	Thousands of U.S. Dollars** 2008
At year-end:			
Total assets	**¥11,989,520**	¥11,402,180	**$119,667,832**
Cash and due from banks	**544,132**	383,330	**5,431,004**
Deposits	**10,119,828**	9,867,222	**101,006,372**
Loans and bills discounted	**8,518,650**	8,115,015	**85,024,957**
Securities	**1,408,100**	1,670,276	**14,054,306**
Total equity	**748,348**	761,677	**7,469,291**
Capital stock	**215,597**	215,481	**2,151,885**
For the year:			
Total income	**¥ 322,776**	¥ 265,684	**$ 3,221,641**
Total expenses	**208,441**	153,574	**2,080,458**
Net income	**68,270**	66,289	**681,409**

* Yen amounts have been rounded down to millions of yen.
** U.S. dollar amounts are translated, for reference only, at the rate of ¥100.19=$1 effective on March 31, 2008.

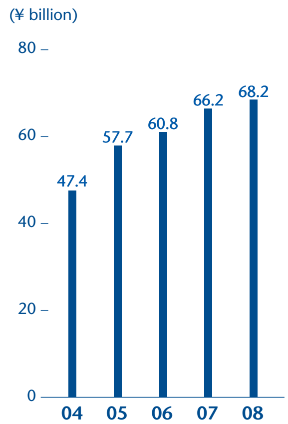
Total Income
Years ended March 31



Total Expenses
Years ended March 31



Net Income
Years ended March 31



The "Three-Ships Spirit"

MANAGEMENT PHILOSOPHY

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

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

CONTENTS

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

A MESSAGE FROM THE PRESIDENT

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

We are experiencing continued uncertainty in the world economy in the wake of the U.S. subprime loan crisis that emerged last summer. Japan's economic environment has also changed substantially over a very short period of time, and there is concern about the impact of rising raw material prices, currency fluctuations and other factors.

Operating under this environment, the Bank is about to reach the halfway point in its medium-term management plan, "New Horizon." We have been implementing a range of measures based on the three main themes of this plan, which are: development of functions by utilizing alliances, proactive investment in human assets, and establishment of the Bank of Yokohama Brand.

Our aim in developing functions by utilizing alliances is to further enhance the convenience of our customers and to proactively use alliances or partnerships with other regional banks and other business corporations in order to improve service quality. We are not only expanding our business operations and networks, but also co-developing new products and jointly establishing workshops focusing on specific business areas.

Proactive investment in human assets is extremely important for the Bank to continue growing over the medium to long term. We have developed and expanded our educational programs and internal and external trainee programs as a part of human asset development measures designed to strengthen the expertise and consulting skills of our personnel.

Under our Brand Strategy, which encompasses a range of specific initiatives aimed at establishing the Bank of Yokohama Brand, we have implemented such measures as branch renewal and changing various items. We have also taken steps to raise awareness of the new brand among our employees and officers by sending senior executives to our branches and explaining the concept of the strategy, an initiative that we call the "brand caravan," and by encouraging our employees and officers to act their expected roles in their respective position.

In addition to these measures, we have also clarified our basic philosophy in relation to corporate social responsibility (CSR) activities. Our CSR initiatives are now broadly categorized into "corporate leadership activities," which include environment-friendly initiatives, "community-based volunteer activities" that are voluntary activities by our employees, and "Self-Planning Programs" under the theme of "children."

In the financial sector, occurrences such as over-the-counter insurance sales by banks being deregulated have brought us a wide range of business opportunities. However, deregulation has also brought us changes that have led to escalating competition, including the establishment of the Japan Post Bank, and the entry of other businesses into the banking industry.

Our long-term vision for the next ten years calls for the evolution of the Bank into an attractive financial institution for customers, shareholders, employees and communities. All of our officers and employees are determined to do their utmost toward the realization of this vision by responding appropriately to customer needs while adapting flexibly to changes in the environment surrounding us.

We look forward to your continuing support in the future.

September 2008

Tadashi Ogawa President

MEDIUM-TERM MANAGEMENT PLAN

OUTLINE OF THE 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

Under our new slogan, within 10 years we aim "To become an Attractive Financial Institution for customers, shareholders, employees and local communities."

MAIN THEMES:

1. DEVELOPING FUNCTIONS BY UTILIZING ALLIANCES
2. PROACTIVELY INVESTING IN HUMAN ASSETS
3. ESTABLISHING THE "YOKOHAMA BRAND"

TARGET FIGURES:

PROFITABILITY	FY2009 (TARGET)
Gross Operating Income (non-consolidated)	¥270.0 billion
Earnings Per Share (consolidated)	Increase of 30% in three years

MARKET SHARE IN KANAGAWA (Market share does not include Japan Post, Credit Cooperatives and Japan Agricultural Cooperatives)	FY2009 (TARGET)
Loans (non-consolidated)	30% or more
Deposits (non-consolidated)	23% or more, and 50% increase in non-deposit products outstanding

This plan is based on an interest rate scenario that includes three 0.25% increases in the unsecured overnight call rate.

MANIFESTO:

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

1 DEVELOPING FUNCTIONS BY UTILIZING ALLIANCES

Alliances with Regional Banks (As of May 30, 2008)

- We are strengthening our alliances with other regional banks.
- By sharing management resources, we are able to enhance customer convenience and improve operating efficiency.

Research Alliances with Regional Banks

- **Regional Finance Marketing Workshop**
  Established in October 2007 with a membership consisting of 20 regional banks, this organization conducts joint research into marketing strategies specifically designed for regional banking. Its long-term goal is the development of marketing techniques and new products and services that match the characteristics of regional banks.

- **Regional Leasing Business Workshop**
  This group was established in February 2008. Its membership consists of 23 regional banks and 23 leasing companies. Its aims include the development and sharing of leasing expertise, and the development of human resources with specialized knowledge and practical experience.

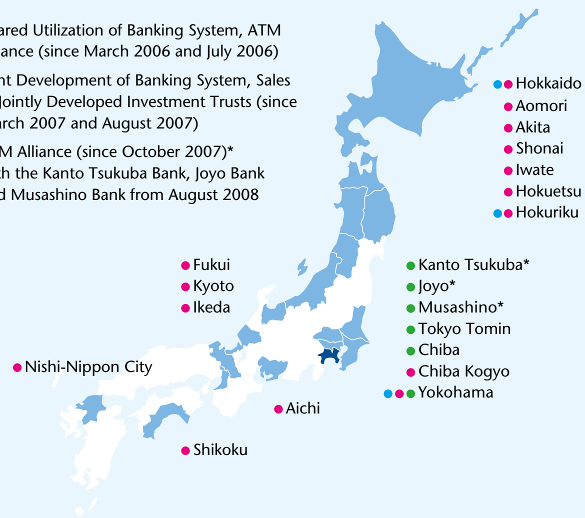
- **Housing Loan Workshop**
  A total of 56 regional banks participate in this group, which was formed in May 2008. Its purpose is to provide regional markets with high-added-value products that reflect customer needs, through the joint development and promotion of housing loan products.

Alliances with other Businesses

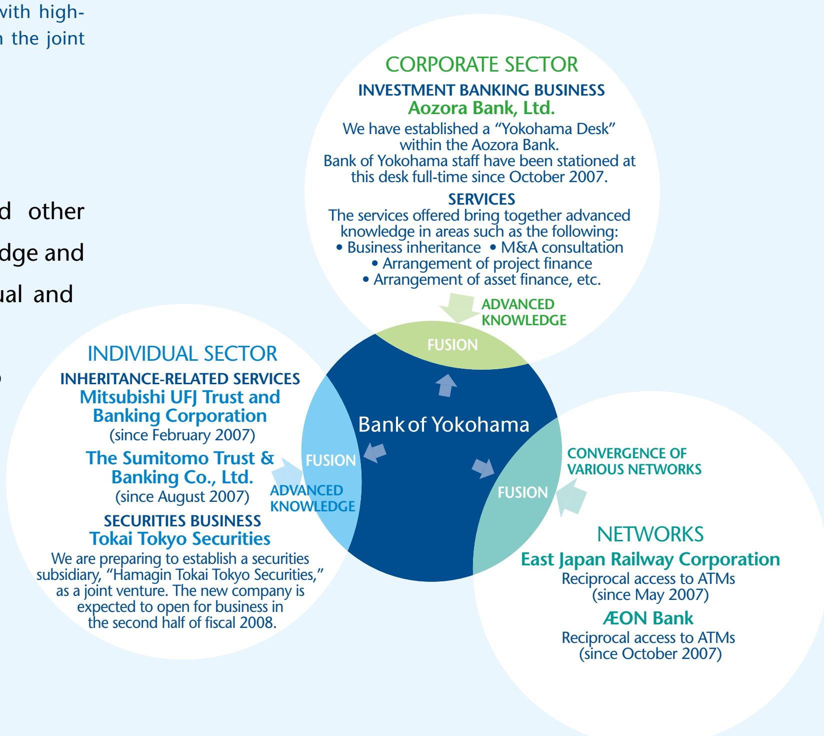
- We collaborate with financial institutions and other organizations that offer opportunities for knowledge and network complementation in both the individual and corporate sectors.
- In the individual sector, we are preparing to establish "Hamagin Tokai Tokyo Securities" as a joint venture with Tokai Tokyo Securities. This move will enhance our ability to meet the expanding investment needs of our customers.

Main Partnerships and Partners

- Shared Utilization of Banking System, ATM Alliance (since March 2006 and July 2006)
- Joint Development of Banking System, Sales of Jointly Developed Investment Trusts (since March 2007 and August 2007)
- ATM Alliance (since October 2007)* with the Kanto Tsukuba Bank, Joyo Bank and Musashino Bank from August 2008



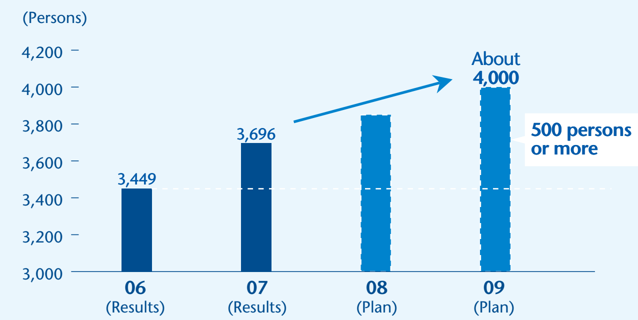
Alliances with other Businesses



2 PROACTIVELY INVESTING IN HUMAN ASSETS

- We are actively recruiting personnel. Our aim is to increase our active work force to 4,000 persons by the end of fiscal 2009.
- In addition to this quantitative expansion of our work force, we have also intensified our human resource development efforts. The improvement of consulting skills is a particular priority.

Work Force Planning and Progress



3 ESTABLISHING THE "YOKOHAMA BRAND"

- The development of the "Yokohama brand" is one of the key themes under our medium-term management plan, "New Horizon". We began to implement a strategy for this purpose in October 2007.
- In addition to branch refurbishment and the redesign of various items, our brand reinforcement efforts are also focusing on customer satisfaction (CS) factors, such as consulting skills and customer relations etiquette.

Bank of Yokohama

Brand Symbol

Afresh
あなたに、あたらしく。

Brand Slogan
Afresh, Anata ni Atarashiku
[Afresh, Something new for you]


Cash cards sporting new designs


The consultation room in October 2007 at the Myorenji branch


These uniforms were adopted on July 1, 2008

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, the refurbishment of existing branches under our brand strategy, 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.

Specialized Branches

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

ATM Network

As of March 31, 2008, we had 396 unmanned branches in railway stations and other convenient locations. Our network of partner ATMs also continues to expand. In October 2007, we reached agreement with the Chiba Bank and the Tokyo Tomin Bank on preferential ATM usage charges. In August 2008, a similar service will be introduced in collaboration with the Kanto Tsukuba Bank, Joyo Bank and Musashino Bank.

Housing Loans

The Bank offers an extensive range of housing loan products to meet a variety of customer needs and life plans, including the construction or purchase of a residence, and the refinancing of a loan from other financial institution.

In May 2008, the Housing Loan Workshop was established with the participation of 56 regional banks, including the Bank of Yokohama. Its purpose is to provide regional customers with access to high-added-value, low-cost loan products, such as loans designed specifically for female borrowers.

In May 2008, we began to offer income insurance for new housing loan customers. We also provide comprehensive consulting services, including insurance cover reviews, in collaboration with the "life counselor" service offered by Sompo Japan Himawari Life Insurance. Advice is also available from specialist staff stationed in our 30 Housing Loan Centers (as of March 31, 2008), which are open seven days a week for consultation and applications. In addition, customers can apply for preliminary loan screening by contacting our Direct Housing Loan Center by telephone or via the Internet. There is also a toll-free advice line for existing loan customers.

Investment Trusts

We have expanded our range of investment trusts to meet the investment needs of our customers. As of May 30, 2008, we offered 53 funds covering 48 types of products through our 196 branches in Japan. There has been steady growth in the balance of these funds, especially stock funds. Our product line-up includes retirement planning funds to meet the investment needs of baby-boomers, as well as funds specializing in investment in companies working to prevent global warming. There has been steady growth in sales of 17 investment trusts that are sold exclusively through direct channels, such as Internet banking and telephone banking.

Personal Annuity Insurance

We regularly review our line-up of personal annuity insurance products and introduce new products to meet the wide-ranging post-retirement investment needs of our customers. As of May 30, 2008, we offered two fixed annuity insurance products, including one foreign currency-denominated product, and eight variable annuity insurance products. There has been sustained growth in the asset balances of these products, especially the variable annuity products.

Inheritance-Related Service

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

Securities Broking Services

We offer a broking service, mainly for foreign bonds, under an alliance with Nikko Cordial Securities Inc. Our aim is to provide a timely response to the diverse investment needs of our customers. As of March 31, 2008, the service was available at 40 branches, including our main branch.

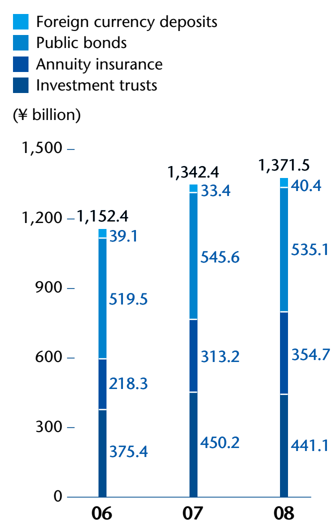
Yokohama Bank Card

This versatile card combines the functions of a cash card, an international credit card and a loan card. To prevent fraudulent access using counterfeit cards, the Bank also offers IC cards that combine bank card and cash card functions with biometric authentication technology.

Card Loans for Consumers

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

Balance of Non-deposit Products for Individuals (Non-Consolidated)
As of March 31



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 and other activities in Kanagawa Prefecture. We are enhancing our capacity to meet the needs of these customers by handling related transactions, such as non-recourse loans using real estate liquidation schemes, and PFI schemes. We offer various financing methods to meet the needs of customers. For example, we can arrange asset-backed loans (ABLs), which allow borrowers to procure finance without excessive reliance on collateral real estate or personal guarantees.

Syndicated Loans and Private Placement Bonds

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

Business Loan Centers

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

Venture Capital Business

In this segment, we facilitate the supply of funds to new businesses through the "Yume Fund," which covers a variety of government loan schemes for newly established businesses. We also channel investment to new businesses through "Yume Fund Investment Partnerships." As of March 31, 2008, the balance of Yume Fund investments stood at ¥9.0 billion, and funds had been supplied in 1,104 cases. Investment through Yume Fund Partnerships is channeled mainly into venture businesses with strong ties to Kanagawa Prefecture. By March 31, 2008, we had invested in a cumulative total of 97 companies, of which 12 had implemented IPOs.

We also arrange loans secured by intellectual property in collaboration with the Development Bank of Japan. By March 2008, we had arranged four co-financing deals.

Enhanced Business Support

In February 2008, the Bank began to handle M&A services at the parent company level, as well as through its group companies. This change will strengthen our ability to meet customer needs in such areas as business expansion and succession by making optimal use of the information resources and capabilities of the Bank of Yokohama Group to support solutions-based consultation and marketing.

Support for Overseas Expansion

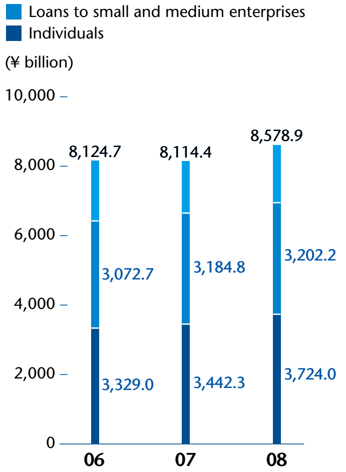
We created the Asia Business Promotion Office to assist customers who have already established overseas business operations or are considering this step in the future. This specialist unit can provide a variety of support, including the proposal of solutions to the various problems that can arise during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

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

Investment Banking

Through our business alliance with Aozora Bank, Ltd., we offer a range of investment banking services, including securitization, asset liquidation and other asset financing services, and advisory services relating to financial and capital strategies, including M&A. To meet the needs of our customers, we have established a "Yokohama Desk," permanently manned by the Bank's staff, within the Aozora Bank.

Balance of Loans (Non-Consolidated)
As of March 31



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

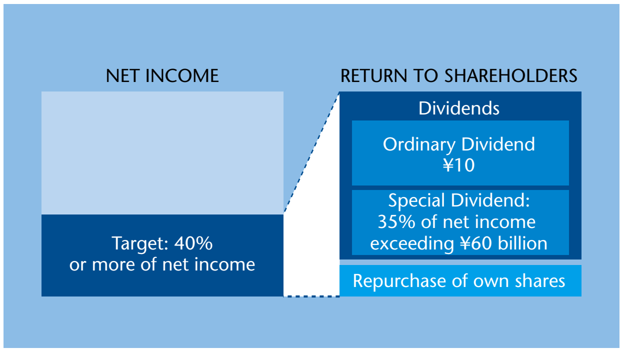
The Ordinary Dividend is paid irrespective of business performance. From the year ending March 31, 2008, the Bank will pay an ordinary dividend of ¥10 per share, based on the improvement in its profitability, and on its policy of emphasizing improvement in shareholder value.

(2) Special Dividend

The Special Dividend is paid in any year in which the Bank's net income exceeds ¥60 billion. 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, 2008, the Bank repurchased approximately ¥17.9 billion worth of its own shares (common stock) from the market. The Bank will continue to proactively return profits to shareholders. Under its medium-term management plan, "New Horizon," which covers the period from April 2007 to March 2010, the Bank is planning to return at least 40% of the net income to shareholders each year, by means of dividend payments and repurchasing of its own shares.



FINANCIAL MARKET ACTIVITIES

We actively use financial markets, including money markets, foreign exchange markets, bond markets and derivatives markets, both to meet the increasingly diverse needs of our customers, and also for diversified investment on our own account. We also use financial markets as part of our asset and liability management (ALM) to appropriately manage interest rate risk, price fluctuation risk, exchange rate risk and liquidity risk.

New Products and Services to Meet Customer Needs

We help our customers to hedge various risk factors by offering a wide range of derivatives, including interest rate and currency products. Applications for foreign exchange contracts are now accepted through our Internet-based "Hamagin FX Direct service." We further assist our customers by providing daily updates on market information and foreign exchange rates on our website.

A Proactive Approach to Diversified Investment

While adapting to changes in the Bank's investment and funding structure, we carry out diversified investment into corporate bonds, foreign bonds, securitized products and investment trusts to reinforce earnings through careful balancing of returns and risks.

PROACTIVELY INVESTING IN HUMAN ASSETS

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

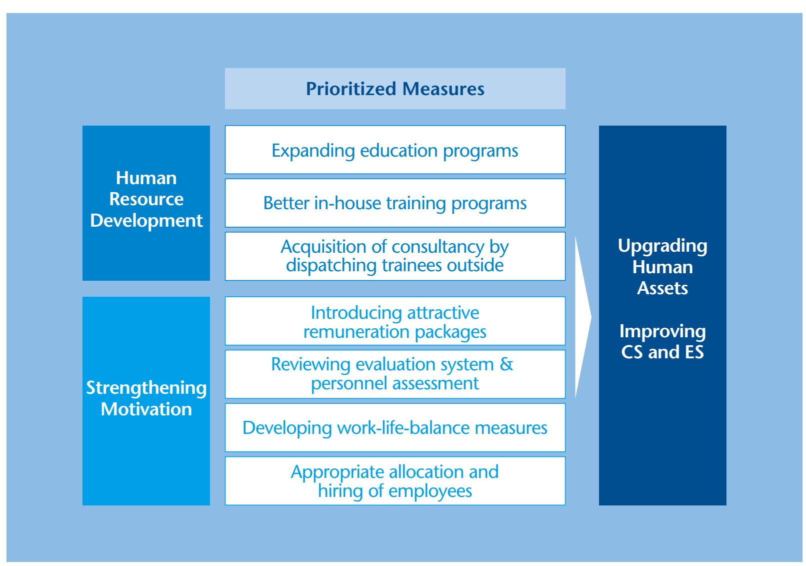
Specifically, over the next three years we will invest over ¥15 billion in this area, with particular emphasis on human resource development and motivation programs. Our aim is to enhance the value of our human resources, including their consultation abilities and expert knowledge, and to train personnel 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.

In fiscal 2007, we expanded our training programs for new recruits and younger employees. We also introduced training in management consulting and other areas for middle-ranked employees. In addition, we sought applications from employees wishing to undertake MBA studies overseas.



WORKING IN PARTNERSHIP WITH LOCAL COMMUNITIES

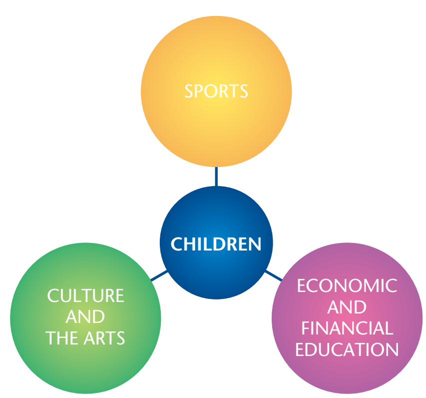
The Bank supports local communities by facilitating regional finance and undertaking social contribution activities. As a regionally based bank, we recognize the importance of strong ties with local communities.

1. YOKOHAMA YMCA INTERNATIONAL Charity Run
2. Bank of Yokohama little league training session
3. Press conference on the naming of the HAMAGIN SPACE SCIENCE CENTER
4. Community concert by local musicians
5. Finance education activities

Our CSR Philosophy

We have a clearly defined philosophy on corporate social responsibility (CSR). This philosophy is reflected in our wide-ranging involvement in initiatives to support local communities. Our CSR activities can be broadly categorized into corporate leadership activities, community-based volunteer activities, and Self-Planning Programs. Activities in the third category focus on "children," specifically educational initiatives for future generations. Our goal is to contribute to enhanced regional growth and prosperity through these initiatives.

Self-Planning Programs focus on three main areas: sports, culture and the arts, and economic and financial education. Sporting programs are designed to contribute to the sound mental and physical development of children, while cultural and artistic programs focus on the development of enhanced aesthetic sensibilities. The aim of economic and financial education programs is to foster interest in economics and finance by building a better understanding of economic mechanisms and the role of banks through bank work. In all three categories, participants are given opportunities to enjoy first-hand experiences and report on what they have achieved.



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 supervise and monitor the execution of the duties of directors while placing great emphasis on compliance with the Corporation Law and other laws and ordinances.

The Bank has introduced an executive officer system, within which executive officers appointed by the Board of Directors are responsible for the operation of their departments, 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 Policies

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

A. Board of Directors

The Board of Directors consists of nine members, including two outside directors (as of June 30, 2008). It makes decisions on important matters pertaining to the Bank's management, including policies and the execution of operations. Directors regularly report to the Board of Directors on compliance, risk management, audit results and other matters.

B. Auditors, Board of Corporate Auditors

The Bank is structured under the "company with auditors" system. Its five-member Board of Auditors includes three outside auditors, of whom two are part-time auditors (as of June 30, 2008). Each auditor attends important management meetings, including meetings of the Board of Directors, in accordance with audit policies and plans determined by the Board of Auditors. The auditors also perform their duties by monitoring the Bank's operations, financial position, and the performance of directors' duties.

C. Management Conference

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

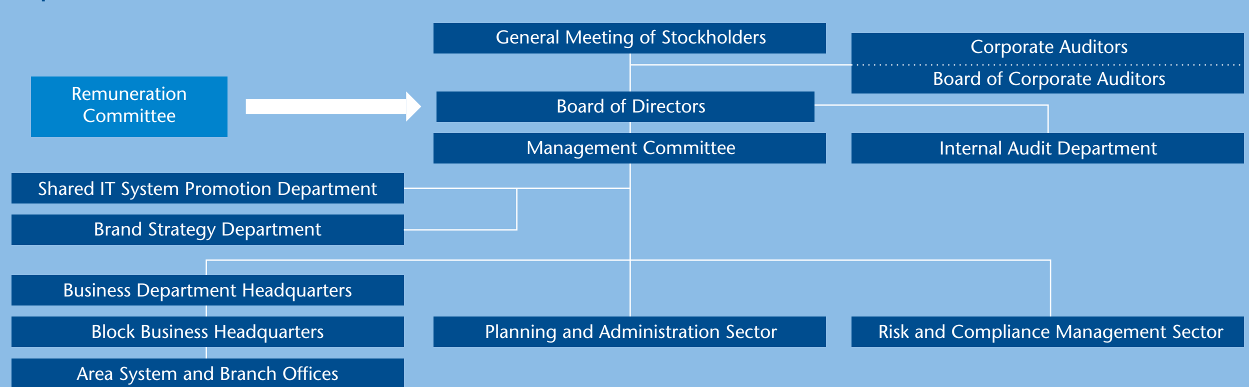
D. Remuneration Committee

The Remuneration Committee was established on July 1, 2008. Its task is to deliberate on directors' remuneration and related matters.

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.

Corporate Governance Structure



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

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

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

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

E. Systems to ensure the accuracy of financial statements

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

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

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

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

(As of the end of June 2008)

Compliance

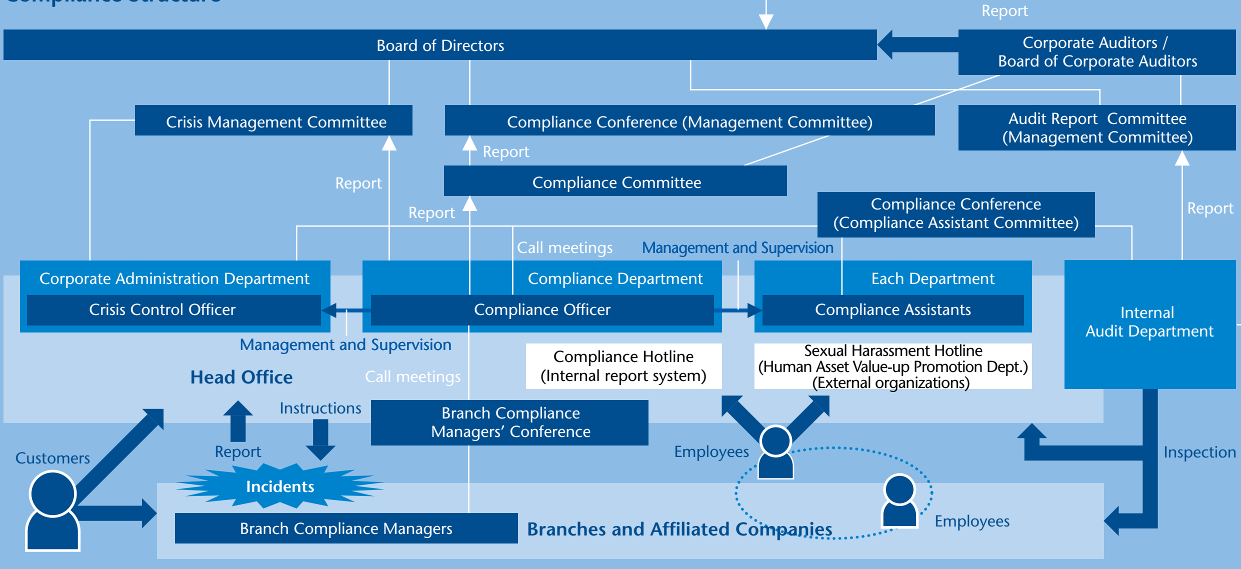
Approach to Compliance

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

Basic Compliance Policy

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

Compliance 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.

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.

Protection of Personal Information

In accordance with the Personal Information Protection Law, industry guidelines and other requirements, the Bank clearly states the purposes for which customers' personal information will be used. This information is available on its website, in posters displayed in branches, and in brochures.

Risk Management

Approach to Risk Management

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

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

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

Basic Policies on Risk Management

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

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

- Under the Basel II capital adequacy standard, which was introduced at the end of March 2007, the Bank has established a credit risk management structure based on internal ratings and enhanced its 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."

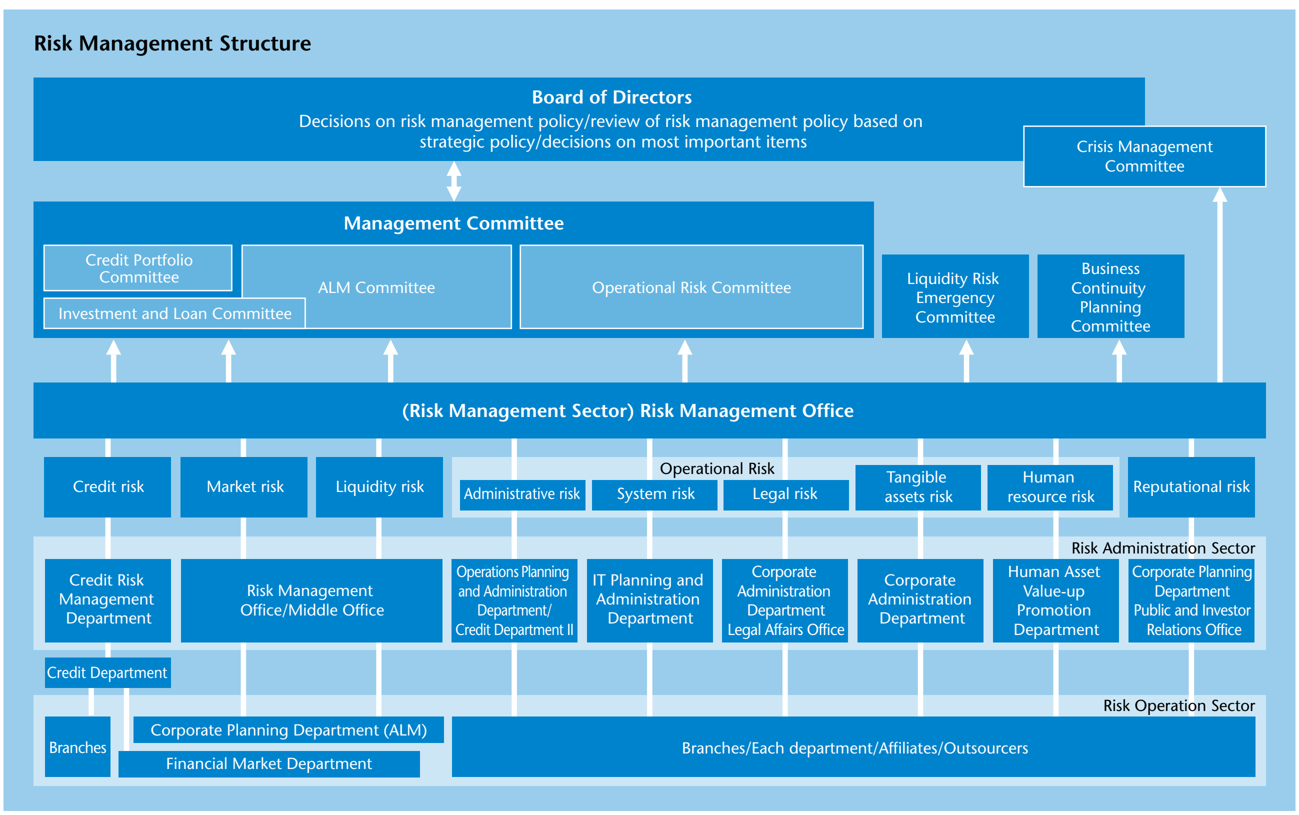
Integrated Risk Management

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.

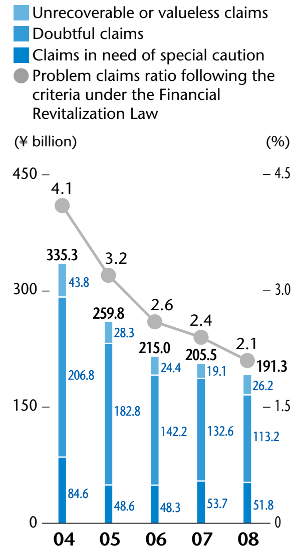


Approaches to Maintaining a Sound Financial Standing

The Problem Claims Ratio Declined to 2.1% (Non-Consolidated)

In the term under review, as a result of improvements in borrower categories and progress in debt collection, through removal of bad assets from the balance sheet and support for business improvement, problem claims (following the criteria set out in the Financial Revitalization Law) declined ¥14.2 billion compared with the previous term-end to ¥191.3 billion. The problem claims ratio declined 0.3 points, to 2.1 %.

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



Coverage of Credit Information (As of March 31, 2008)

(¥ billion, %)

		Unrecoverable or valueless claims	Doubtful claims	Subtotal	In need of special caution (borrower category)	Total
Outstanding claims	(A)	26.2	113.2	139.4	103.9	243.3
Sum covered by collateral, etc.	(B)	21.4	71.2	92.6	27.9	120.6
Sum of possible uncollectible loans	(C=A-B)	4.7	42.0	46.7	75.9	122.7
Specific allowance for possible loan losses	(D)	4.7	18.9	23.6	5.6	29.3
Allowance coverage ratio	(D/C)	100.00	45.01	50.56	7.43	23.88
Total coverage ratio	(B+D) /A	100.00	79.58	83.41	32.36	61.62

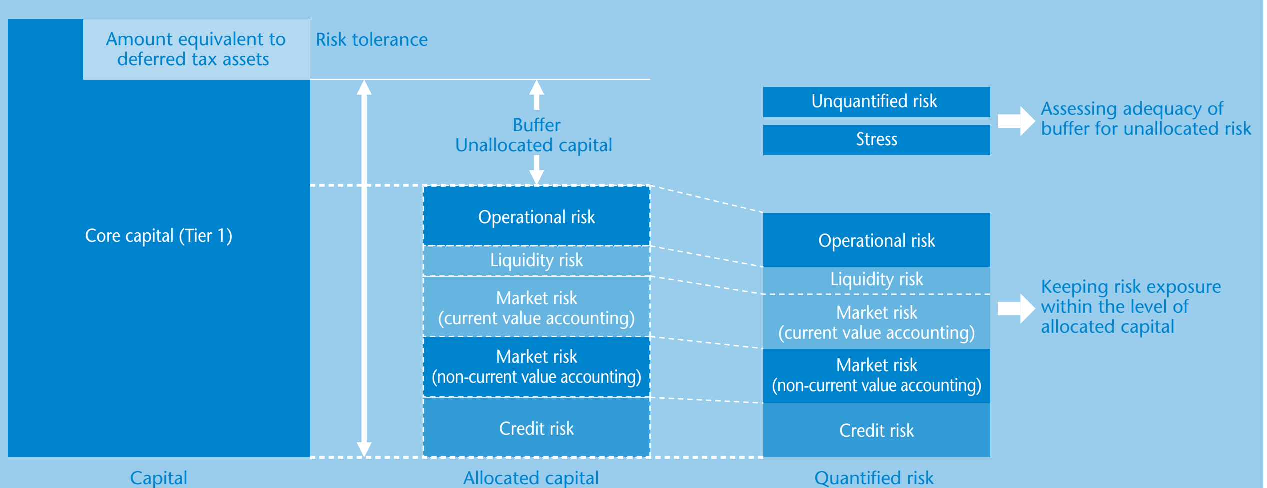
1. Overview of Capital Adequacy Assessment Method

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

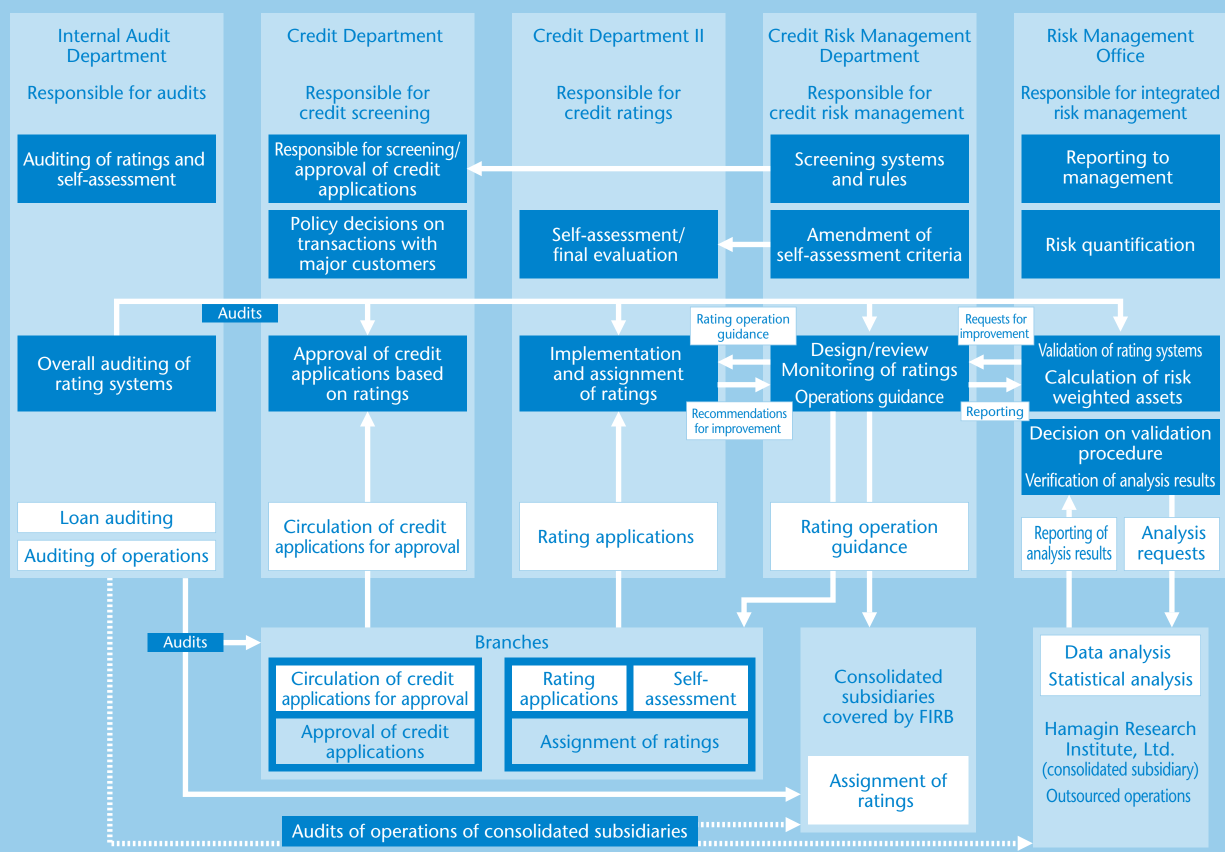
To assess capital adequacy based on total risk exposure, risk tolerance is calculated by deducting deferred tax assets from core (Tier 1) capital, and the result is compared with total risk exposure. In this way, risk is managed to ensure that it does not exceed the Bank's financial capacity.

Specifically, expected risk exposure is calculated on the basis of business plans for each segment, and capital is allocated within the scope of real capital according to the level of risk in each category, including credit risk, market risk, liquidity risk and operational risk. To monitor the effect of sudden environmental changes and economic cycles on the overall portfolio, the Bank analyzes the potential impact, including the degree of capital impairment, by periodically conducting stress tests based on common scenarios that reflect the possibility of serious deterioration in relation to each type of risk. The Bank assesses its capital adequacy 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 limitations in the quantification model and other factors. The results are used to formulate capital strategies and risk management policies.

Overview of Capital Adequacy Assessment Method



Organizational Structure for Internal Rating Systems



2. Overview of Credit Risk Management Policies and Procedures

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

The Credit Risk Management 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.

FIVE-YEAR SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

As of March 31,	2008	2007	2006	2005	2004
	Millions of Yen				
ASSETS:					
Cash and due from banks	**¥ 544,132**	¥ 383,330	¥ 305,844	¥ 566,483	¥ 556,767
Call loans and bills purchased	**232,611**	204,354	19,900	86,959	28,002
Other debt purchased	**290,984**	317,603	304,277	200,976	149,257
Trading assets	**51,480**	82,437	28,386	50,925	121,130
Securities	**1,408,100**	1,670,276	1,363,469	1,432,580	1,298,771
Loans and bills discounted	**8,518,650**	8,115,015	8,125,307	7,790,062	7,946,846
Foreign exchange assets	**3,595**	4,399	5,324	6,261	8,080
Deferred tax assets	**36,149**	5,592	5,597	48,787	73,686
Customers' liabilities for acceptances and guarantees	**426,264**	441,010	394,032	349,167	307,039
Other	**533,868**	234,036	312,245	232,774	254,966
Allowance for possible loan losses	**(56,317)**	(55,876)	(62,194)	(74,850)	(84,297)
Total	**¥11,989,520**	¥ 11,402,180	¥ 10,802,190	¥ 10,690,128	¥ 10,660,252
LIABILITIES:					
Deposits	**¥10,119,828**	¥ 9,867,222	9,450,040	9,296,939	9,174,001
Call money and bills sold	**202,779**	132,391	293	168,186	908
Trading liabilities	**1,954**	2,669	5,124	2,165	2,617
Borrowed money	**110,887**	2,648	17,359	33,439	114,004
Foreign exchange liabilities	**55**	36	99	60	105
Bonds and notes	**40,000**	40,000	65,000	86,000	85,999
Convertible bonds					53,176
Other liabilities	**314,838**	125,580	115,037	130,878	339,829
Accrued bonuses to directors and corporate auditors	**85**	80			
Liability for employees' retirement benefits	**73**	53	88	74	62
Reserve for directors' and corporate auditors' retirement benefits	**1,072**				
Reserve for reimbursement of deposits	**881**				
Reserve for contingent losses	**116**				
Deferred tax liabilities		6,446	7,478		
Deferred tax liabilities for land revaluation surplus	**22,333**	22,363	22,736	22,773	23,011
Negative goodwill					49
Acceptances and guarantees	**426,264**	441,010	394,032	349,167	307,039
Total liabilities	**11,241,171**	10,640,503	10,077,290	10,089,684	10,100,805
MINORITY INTERESTS			44,557	3,557	4,520
EQUITY:					
Capital stock	**215,597**	215,481	215,179	214,862	188,223
Surplus, reserves and other	**487,299**	501,008	465,163	382,024	366,703
Minority interests	**45,450**	45,187			
Total equity	**748,348**	761,677	680,342	596,886	554,926
TOTAL	**¥11,989,520**	¥ 11,402,180	¥ 10,802,190	¥ 10,690,128	¥ 10,660,252

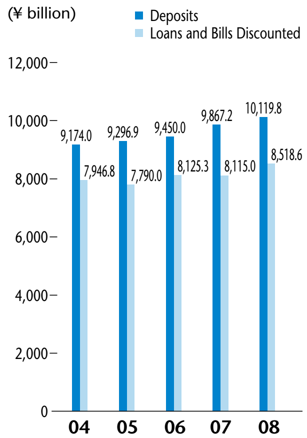
Consolidated Statements of Income

Years ended March 31,	2008	2007	2006	2005	2004
	Millions of Yen				
INCOME:					
Interest on loans and discounts	**¥ 190,793**	¥ 161,968	¥ 151,761	¥ 155,389	¥ 159,933
Other	**131,982**	103,715	99,219	109,900	99,740
Total income	**322,776**	265,684	250,980	265,289	259,674
EXPENSES:					
Interest on deposits	**28,610**	12,225	4,241	2,386	2,600
Other	**179,830**	141,348	139,590	163,128	174,032
Total expenses	**208,441**	153,574	143,832	165,514	176,633
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**114,335**	112,109	107,148	99,775	83,040
TOTAL INCOME TAXES	**44,378**	44,261	45,386	41,699	34,794
MINORITY INTERESTS IN NET INCOME	**(1,686)**	(1,558)	(909)	(368)	(800)
NET INCOME	**¥ 68,270**	¥ 66,289	¥ 60,852	¥ 57,706	¥ 47,445

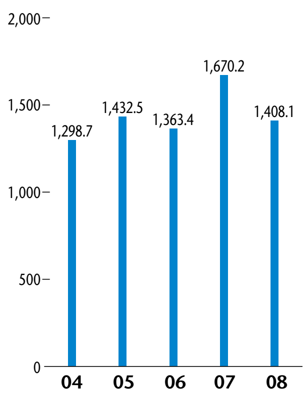
* *Yen amounts have been rounded down to millions of yen.

▶▶ Financial Review (Consolidated)

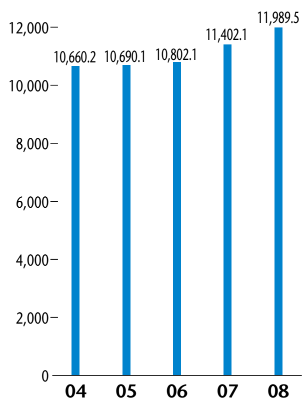
Deposits, Loans and Bills Discounted
As of March 31
(¥ billion)



Securities
As of March 31
(¥ billion)



Total Assets
As of March 31
(¥ billion)



Since April 2007, we have been implementing various measures designed to achieve the goals set down in the "New Horizon" medium-term management plan. This plan has three main themes. First, we will use alliances to expand our capabilities so that we can better meet our customers' needs. Second, we will expand our investment in human resource development, specifically the training of employees with sophisticated consultation skills. Third, we will work on developing a strong brand for the Bank of Yokohama to become a bank that is chosen. In October 2007 we initiated a new brand strategy for this purpose, including the adoption of a new brand logo and slogan, and the refurbishment of branches.

By prioritizing our allocation of management resources under these three main themes, we aim first of all to ensure our survival and success in the face of escalating competition from new market players in various industry segments. In the longer term, we are determined to enhance the attractiveness of the Bank of Yokohama to our customers, to our shareholders, to our employees, and to regional communities.

Deposits and Loans

Deposits

Deposits increased by ¥252.6 billion year on year to ¥10,119.8 billion at the end of the consolidated accounting period. This growth reflects our efforts to attract more deposits through various strategies, including the promotion of integrated transactions. This total includes ¥3,294.3 billion in time deposits, a year-on-year increase of ¥197.0 billion. Efforts to expand customer interfaces and improve customer convenience resulted in a ¥233.2 billion increase in non-consolidated individual deposits, which reached ¥7,559.0 billion. Most of this growth occurred in Kanagawa Prefecture.

Loans and Bills Discounted

We focused primarily on regional retail banking, and our efforts to expand business with both individuals and small and medium enterprises resulted in a ¥403.6 billion increase during the current consolidated accounting period. The total at the end of the period was ¥8,518.6 billion. At the non-consolidated level, lending to small and medium enterprises increased by ¥17.4 billion, and there was a ¥281.7 billion increase in loans to individuals, especially housing-related loans.

Securities

The balance of securities as of March 31, 2008 was ¥1,408.1 billion, a year-on-year reduction of ¥262.1 billion. This change resulted mainly from a ¥176.3 billion reduction in Japanese national government bonds.

Financial Position

Assets and Equity, etc.

Total assets increased by ¥587.4 billion to ¥11,989.5 billion as of March 31, 2008. Total equity, including minority interests, declined by ¥13.3 billion to a year-end total of ¥748.3 billion. The capital adequacy ratio as of March 31, 2008 was 10.80%. Risk assets were higher because of a more aggressive approach to investment, especially lending, and we also implemented an ¥17.9 billion share buy-back program. However, we maintained adequate capital adequacy, with a Tier 1 ratio of 10.39%, and a consolidated ratio of 10.80% based on the Japanese standard.

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

Income and Profit

In addition to a substantial increase in revenues from the management of funds, especially interest on loans, the results also include lease revenues from Hamagin Finance Co., Ltd., which became a consolidated subsidiary in the current consolidated accounting period. These and other factors helped to lift total income by ¥57.1 billion year on year to ¥322.7 billion. Total expenses were ¥54.9 billion higher at ¥208.4 billion. Reasons for the higher figure include an increase in the cost of funds, especially interest on deposits.

Income before income tax and minority interests in the current consolidated accounting period amounted to ¥114.3 billion, a year-on-year increase of ¥2.2 billion. Net income increased by ¥2.0 billion to a new record of ¥68.2 billion. Net income per share rose by ¥2.11 to ¥49.52.

Cash Flows

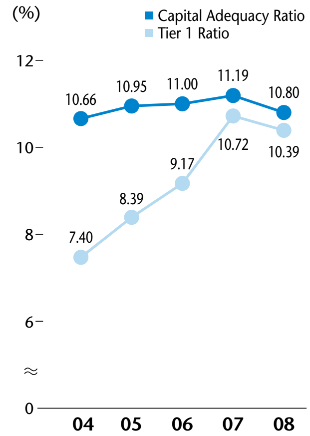
Net cash used for operating activities amounted to ¥97.9 billion, compared with net cash provided of ¥286.0 billion in the previous consolidated accounting period. This resulted from a substantial increase in lending.

Net cash provided by investment activities amounted to ¥141.9 billion, compared with net cash used of ¥270.5 billion in the previous consolidated accounting period. This total includes proceeds from sales and redemptions of securities.

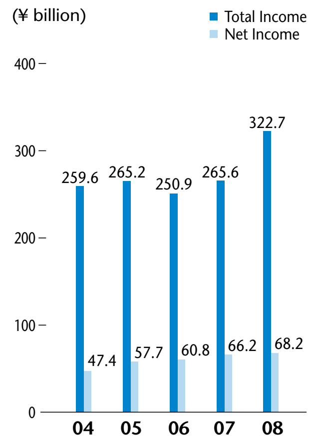
Net cash used for financing activities amounted to ¥36.9 billion, compared with ¥67.1 billion in the previous consolidated accounting period. This includes expenditure on dividends and a share buy-back program.

Cash and cash equivalents as of March 31, 2008 amounted to ¥211.6 billion, a year-on-year increase of ¥6.9 billion.

Capital Adequacy Ratio
As of March 31



Total Income and Net Income
Years ended March 31



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheets

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
ASSETS:			
Cash and due from banks (Note 3)	**¥ 544,132**	¥ 383,330	**$ 5,431,004**
Call loans and bills purchased	**232,611**	204,354	**2,321,702**
Other debt purchased	**290,984**	317,603	**2,904,332**
Trading assets (Note 4)	**51,480**	82,437	**513,830**
Securities (Notes 5 and 12)	**1,408,100**	1,670,276	**14,054,306**
Loans and bills discounted (Notes 6 and 12)	**8,518,650**	8,115,015	**85,024,957**
Foreign exchange assets (Notes 6 and 7)	**3,595**	4,399	**35,884**
Other assets (Notes 8 and 12)	**307,868**	87,671	**3,072,844**
Premises and equipment (Note 9)	**202,713**	132,125	**2,023,293**
Intangible fixed assets (Note 10)	**23,285**	14,239	**232,418**
Deferred tax assets (Note 24)	**36,149**	5,592	**360,806**
Customers' liabilities for acceptances and guarantees (Note 11)	**426,264**	441,010	**4,254,558**
Allowance for possible loan losses	**(56,317)**	(55,876)	**(562,102)**
TOTAL	**¥11,989,520**	¥11,402,180	**$119,667,832**
LIABILITIES:			
Deposits (Notes 12 and 13)	**¥10,119,828**	¥ 9,867,222	**$101,006,372**
Call money and bills sold (Note 12)	**202,779**	132,391	**2,023,949**
Trading liabilities (Note 4)	**1,954**	2,669	**19,512**
Borrowed money (Notes 12 and 14)	**110,887**	2,648	**1,106,774**
Foreign exchange liabilities (Note 7)	**55**	36	**553**
Bonds and notes (Note 15)	**40,000**	40,000	**399,242**
Other liabilities (Note 16)	**314,838**	125,580	**3,142,416**
Accrued bonuses to directors and corporate auditors	**85**	80	**850**
Liability for employees' retirement benefits (Note 17)	**73**	53	**738**
Reserve for directors' and corporate auditors' retirement benefits	**1,072**		**10,703**
Reserve for reimbursement of deposits	**881**		**8,798**
Reserve for contingent losses	**116**		**1,165**
Deferred tax liabilities (Note 24)		6,446	
Deferred tax liabilities for land revaluation surplus	**22,333**	22,363	**222,911**
Acceptances and guarantees (Note 11)	**426,264**	441,010	**4,254,558**
Total liabilities	**11,241,171**	10,640,503	**112,198,541**
EQUITY (Notes 18 and 29):			
Capital stock—common stock—authorized, 3,000,000 thousand shares in 2008 and 2007; issued, 1,370,947 thousand shares in 2008 and 1,392,506 thousand shares in 2007	**215,597**	215,481	**2,151,885**
Capital surplus	**177,213**	177,097	**1,768,772**
Retained earnings	**261,520**	226,678	**2,610,244**
Unrealized gain on available-for-sale securities	**17,384**	65,457	**173,516**
Deferred gain (loss) on derivatives under hedge accounting	**(39)**	8	**(399)**
Land revaluation surplus	**31,927**	31,972	**318,669**
Treasury stock—common stock—at cost, 883 thousand shares in 2008 and 230 thousand shares in 2007	**(705)**	(205)	**(7,044)**
Total	**702,897**	716,489	**7,015,643**
Minority interests	**45,450**	45,187	**453,648**
Total equity	**748,348**	761,677	**7,469,291**
TOTAL	**¥11,989,520**	¥11,402,180	**$119,667,832**

See notes to consolidated financial statements.

Consolidated Statements of Income

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
INCOME:			
Interest income:			
Interest on loans and discounts	**¥190,793**	¥161,968	**$1,904,315**
Interest and dividends on securities	**17,376**	14,464	**173,438**
Other interest income	**16,249**	7,684	**162,190**
Fees and commissions	**50,961**	51,793	**508,651**
Trading profits	**981**	884	**9,793**
Other operating income (Note 20)	**31,153**	12,487	**310,946**
Other income (Note 21)	**15,259**	16,400	**152,308**
Total income	**322,776**	265,684	**3,221,641**
EXPENSES:			
Interest expenses:			
Interest on deposits	**28,610**	12,225	**285,560**
Interest on borrowings and rediscounts	**1,830**	852	**18,274**
Other interest expenses	**9,496**	3,969	**94,784**
Fees and commissions	**9,740**	8,683	**97,218**
Trading losses	**24**	36	**243**
Other operating expenses (Note 22)	**22,904**	2,689	**228,612**
General and administrative expenses	**102,498**	94,587	**1,023,045**
Provision for possible loan losses	**6,124**	5,084	**61,133**
Other expenses (Note 23)	**27,210**	25,445	**271,589**
Total expenses	**208,441**	153,574	**2,080,458**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**114,335**	112,109	**1,141,183**
INCOME TAXES (Note 24):			
Current	**50,020**	39,686	**499,260**
Deferred	**(5,642)**	4,574	**(56,318)**
Total income taxes	**44,378**	44,261	**442,942**
MINORITY INTERESTS IN NET INCOME	**(1,686)**	(1,558)	**(16,832)**
NET INCOME	**¥ 68,270**	¥ 66,289	**$ 681,409**
	Yen		U.S. Dollars
PER SHARE INFORMATION (Notes 2.v and 19):			
Basic net income per share	**¥ 49.52**	¥ 47.41	**$ 0.49**
Diluted net income per share	**49.43**	47.28	**0.49**
Dividend on common stock	**11.50**	10.00	**0.11**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	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 (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2006	1,404,780	¥ 215,179	¥ 176,798	¥ 189,923	¥ 66,396		¥ 32,516	¥ (471)	¥ 680,342		¥ 680,342
Reclassified balance as of April 1, 2006 (Note 2.o)										¥ 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)
Bonus 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
Net income				68,270					68,270		68,270
Cash dividends, ¥11.50 per share for common stock				(15,899)					(15,899)		(15,899)
Reversal of land revaluation surplus				44			(44)				
Purchase of treasury stock	(22,680)							(18,095)	(18,095)		(18,095)
Disposal of treasury stock	27			(1)				23	21		21
Retirement of treasury stock (22,000,000 shares of common stock)				(17,572)				17,572			
Exercise of warrants	441	115	115						231		231
Net change in the year					(48,072)	(48)			(48,121)	263	(47,857)
BALANCE, MARCH 31, 2008	**1,370,063**	**¥215,597**	**¥177,213**	**¥261,520**	**¥17,384**	**¥(39)**	**¥31,927**	**¥ (705)**	**¥702,897**	**¥45,450**	**¥748,348**

	Thousands of U.S. Dollars (Note 1)									
	Capital Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2007	$2,150,729	$1,767,616	$2,262,486	$ 653,331	$ 86	$319,114	$ (2,051)	$7,151,311	$451,017	$7,602,328
Net income			681,409					681,409		681,409
Cash dividends, $0.11 per share for common stock			(158,689)					(158,689)		(158,689)
Reversal of land revaluation surplus			445			(445)				
Purchase of treasury stock							(180,616)	(180,616)		(180,616)
Disposal of treasury stock			(15)				231	216		216
Retirement of treasury stock (22,000,000 shares of common stock)			(175,392)				175,392			
Exercise of warrants	1,156	1,156						2,312		2,312
Net change in the year				(479,815)	(485)			(480,300)	2,631	(477,669)
BALANCE, MARCH 31, 2008	**$2,151,885**	**$1,768,772**	**$2,610,244**	**$173,516**	**$ (399)**	**$318,669**	**$ (7,044)**	**$7,015,643**	**$453,648**	**$7,469,291**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 114,335**	¥ 112,109	**$1,141,183**
Adjustments to reconcile income before income taxes and minority interests to net cash (used in) provided by operating activities:			
Depreciation	**23,956**	9,322	**239,115**
Loss on impairment of long-lived assets		24	
Amortization of goodwill	**226**	234	**2,259**
Equity in earnings of associated companies	**(215)**	(578)	**(2,153)**
Decrease in allowance for possible loan losses	**(616)**	(6,318)	**(6,152)**
Increase in accrued bonuses to directors and corporate auditors	**4**	80	**47**
Increase (decrease) in liability for employees' retirement benefits	**1**	(34)	**18**
Increase in reserve for directors' and corporate auditors' retirement benefits	**1,072**		**10,703**
Increase in reserve for reimbursement of deposits	**881**		**8,798**
Increase in reserve for contingent losses	**116**		**1,165**
Interest income	**(224,419)**	(184,117)	**(2,239,943)**
Interest expenses	**39,937**	17,047	**398,618**
Gains on sales, write-down and redemption of securities—net	**(2,689)**	(9,161)	**(26,847)**
Foreign exchange losses (gains)—net	**5,243**	(403)	**52,340**
Losses on disposal of fixed assets—net	**309**	1,412	**3,084**
Net decrease (increase) in trading assets	**30,956**	(54,050)	**308,978**
Net decrease in trading liabilities	**(714)**	(2,454)	**(7,136)**
Net (increase) decrease in loans	**(469,216)**	10,291	**(4,683,266)**
Net increase in deposits	**254,247**	417,181	**2,537,655**
Net increase (decrease) in other borrowings	**74,421**	(2,711)	**742,808**
Net increase in due from banks	**(150,494)**	(129,190)	**(1,502,095)**
Net decrease (increase) in call loans and others	**16,205**	(197,592)	**161,751**
Net increase in call money and others	**70,388**	132,097	**702,549**
Net decrease in foreign exchange (assets)	**804**	924	**8,033**
Net increase (decrease) in foreign exchange (liabilities)	**19**	(62)	**192**
Interest and dividends received	**227,916**	180,644	**2,274,847**
Interest paid	**(36,319)**	(13,532)	**(362,506)**
Other—net	**(24,022)**	31,298	**(239,773)**
Subtotal	**(47,663)**	312,461	**(475,728)**
Income tax paid	**(50,323)**	(26,420)	**(502,280)**
Net cash (used in) provided by operating activities—(Forward)	**¥ (97,986)**	¥ 286,041	**$ (978,008)**

Consolidated Statements of Cash Flows

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2008	2007	**2008**
Net cash (used in) provided by operating activities—(Forward)	**¥ (97,986)**	¥ 286,041	**$ (978,008)**
INVESTING ACTIVITIES:			
Purchases of securities	**(1,037,725)**	(1,267,945)	**(10,357,574)**
Proceeds from sales of securities	**543,606**	502,264	**5,425,759**
Proceeds from maturities of securities	**671,241**	508,630	**6,699,686**
Expenditures for premises and equipment	**(19,885)**	(6,634)	**(198,479)**
Expenditures for intangible fixed assets	**(8,663)**	(6,926)	**(86,473)**
Proceeds from sales of premises and equipment	**1,487**		**14,845**
Payment for purchase of stocks of consolidated subsidiary	**(8,149)**		**(81,341)**
Other—net	**41**	18	**415**
Net cash provided by (used in) investing activities	**141,953**	(270,592)	**1,416,838**
FINANCING ACTIVITIES:			
Repayments of subordinated loans	**(2,000)**	(12,000)	**(19,962)**
Repayments of subordinated bonds and convertible bonds		(25,000)	
Issuance of common stock	**231**	604	**2,312**
Dividends paid	**(15,899)**	(17,538)	**(158,689)**
Dividends paid to minority interests stockholders	**(1,212)**	(1,001)	**(12,100)**
Purchase of treasury stock	**(18,095)**	(12,240)	**(180,616)**
Proceeds from sales of treasury stock	**21**	12	**216**
Net cash used in financing activities	**(36,953)**	(67,163)	**(368,839)**
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	**(43)**	10	**(433)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,969**	(51,704)	**69,558**
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**204,697**	256,402	**2,043,095**
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 3)	**¥ 211,666**	¥ 204,697	**$ 2,112,653**

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

The Bank of Yokohama, Ltd. and Consolidated Subsidiaries
Years Ended March 31, 2008 and 2007

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements of The Bank of Yokohama, Ltd. (the "Bank") and consolidated subsidiaries (the "Group") have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law (formerly, 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.

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 2007 financial statements to conform to the classifications used in 2008.

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

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Bank is incorporated and operates. As permitted by the Japanese Financial Instruments and Exchange 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 ¥100.19 to U.S.$1, the rate of exchange at March 31, 2008. 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, 2008 and 2007 was 9 and 10, respectively. Hamagin Finance Co., Ltd. ("HFC"), which was an associated company accounted for by the equity method in 2007, was a consolidated subsidiary in 2008 because the Bank and its subsidiary purchased stock of HFC. Hamagin Mortgage Co., Ltd. ("HMC") and Hamagin General Management Co., Ltd. ("HGMC"), which were previously consolidated until 2007, were not consolidated subsidiaries in 2008 because HMC was merged with the Bank and HGMC was liquidated.

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 2008 and 2007 have a fiscal year ending on March 31, which is the same as the fiscal year of the Bank.

One consolidated subsidiary in 2007 has 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 2008 and 2007, 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 in 2007 was accounted for by the equity method. Investments in the unconsolidated subsidiaries were stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

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

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

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

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

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

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

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

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

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

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

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

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

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

The carrying amount of the land after the above one-time revaluation exceeded the market value by ¥36,235 million ($361,664 thousand) and ¥40,525 million as of March 31, 2008 and 2007, 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, 2008 and 2007, the deducted amounts were ¥81,369 million ($812,151 thousand) and ¥88,372 million, respectively.

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

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

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

l. Reserve for Directors' and Corporate Auditors' Retirement Benefits—Prior to April 1, 2007, retirement benefits to directors and corporate auditors were expensed when paid.

Effective April 1, 2007, retirement benefits to directors and corporate auditors are provided at the amount that would be required if all directors and corporate auditors retired at the balance sheet date in accordance with a Report of the Auditing and Assurance Practice Committee, "An Auditing Treatment for Retirement Benefits to Directors and Corporate Auditors," which was published by the Japanese Institute of Certified Public Accountants ("JICPA") on April 13, 2007 and is effective for fiscal years beginning on or after April 1, 2007. The effect of this change was to increase general and administrative expenses by ¥359 million ($3,583 thousand) and other expenses by ¥713 million ($7,119 thousand), and to decrease income before income taxes and minority interests by ¥1,072 million ($10,703 thousand) for the year ended March 31, 2008.

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

Formerly, deposits which had been derecognized as liabilities were expensed when they were actually reimbursed. However, from the fiscal year ended March 31, 2008, such reserve is provided in the estimated amount as described above in accordance with the "Treatment for Auditing of Reserve under Special Taxation Measures Law, Reserve under Special Laws and Reserve for Retirement Benefits to Directors and Corporate Auditors" (the JICPA Audit and Assurance Practice Committee Report No. 42) of April 13, 2007. As a result, income before income taxes and minority interests decreased by ¥881 million ($8,798 thousand) as compared with the former method.

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

o. Presentation of Equity—On December 9, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for presentation of equity. Under this accounting standard, certain items which were previously presented as liabilities or assets, as the case may be, 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 was effective for fiscal years ending on or after May 1, 2006. The balances of such items as of March 31, 2006 were reclassified as separate components of equity as of April 1, 2006 in the consolidated statement of changes in equity.

p. 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. All other leases of the Bank and the consolidated domestic subsidiaries are accounted for as operating leases.

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

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

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

s. Derivatives and Hedging Activities—Derivative financial instruments are classified and accounted for as follows: (a) all derivatives except those entered into for hedging purposes will be recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the statements of income, 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 JICPA Industry Audit Committee Report No. 24, for interest rate derivatives to manage interest rate risk from various financial assets and liabilities as a whole. Under these rules, the effectiveness of a fair value hedge is assessed by an identified group of hedge deposits, loans and similar instruments and by a corresponding group of hedging instruments such as interest rate swaps in the same maturity category. Also, under these rules, the effectiveness of cash flow hedge is assessed based on the correlation between a base interest rate index of the hedged cash flow and that of the hedging instrument.

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

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

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

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

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

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

w. New Accounting Pronouncements

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. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Lessee

Under the 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 recognizing lease assets and lease obligations in the balance sheet.

Lessor

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 lessor's financial statements. The revised accounting standard requires that all finance leases that deem to transfer ownership of the leased property to the lessee shall be recognized as lease receivables, and all finance leases that deem not to transfer ownership of the leased property to the lessee shall be recognized as investments in lease.

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 its foreign subsidiaries which have been 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 Practical Issues Task Force No. 18, "Practical Solution on Unification of

Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The new standard 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, 2008 and 2007, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Cash and due from banks	**¥ 544,132**	¥ 383,330	**$ 5,431,004**
Interest-bearing deposits included in due from banks (other than deposits with the Bank of Japan)	**(332,465)**	(178,632)	**(3,318,351)**
Cash and cash equivalents	**¥ 211,666**	¥ 204,697	**$ 2,112,653**

4. TRADING ASSETS AND LIABILITIES

Trading assets and liabilities as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Trading assets:			
Trading securities	**¥ 49,603**	¥ 79,818	**$ 495,092**
Trading-related financial derivatives	**1,877**	2,618	**18,738**
Total	**¥ 51,480**	¥ 82,437	**$ 513,830**
Trading liabilities—Trading-related financial derivatives	**¥ 1,954**	¥ 2,669	**$ 19,512**

5. SECURITIES

Securities as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Japanese national government bonds	**¥ 593,833**	¥ 770,116	**$ 5,927,072**
Japanese local government bonds	**77,777**	68,488	**776,297**
Japanese corporate bonds	**465,939**	458,712	**4,650,563**
Japanese corporate stocks	**204,490**	280,874	**2,041,029**
Other securities	**66,059**	92,083	**659,345**
Total	**¥ 1,408,100**	¥ 1,670,276	**$14,054,306**

The carrying amounts and aggregate fair value of securities as of March 31, 2008 and 2007, were as follows:

	Millions of Yen							
	2008				2007			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:								
Available-for-sale:								
Equity securities	**¥155,656**	**¥52,306**	**¥16,299**	**¥191,664**	¥154,650	¥115,987	¥4,577	¥266,061
Debt securities	**804,755**	**1,377**	**6,173**	**799,958**	972,687	423	5,878	967,231
Other securities	**266,122**	**626**	**5,629**	**261,118**	333,650	1,828	2,880	332,598
Held-to-maturity	**81,749**	**2,183**	**10**	**83,922**	71,333	81	417	70,998

	Thousands of U.S. Dollars			
	2008			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	**$1,553,610**	**$522,078**	**$162,681**	**$1,913,007**
Debt securities	**8,032,291**	**13,746**	**61,622**	**7,984,415**
Other securities	**2,656,178**	**6,249**	**56,190**	**2,606,237**
Held-to-maturity	**815,947**	**21,791**	**102**	**837,636**

Principal items of securities whose fair values were not readily determinable as of March 31, 2008 and 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Available-for-sale	**¥289,110**	¥258,516	**$2,885,619**
Held-to-maturity	**50,599**	79,834	**505,039**

Proceeds from sales by early redemption of held-to-maturity debt securities for the years ended March 31, 2008 and 2007 were ¥1,220 million ($12,177 thousand) and ¥587 million, respectively. Net realized gains on these sales, computed on the amortized cost basis, were ¥0 million ($4 thousand) and ¥3 million for the years ended March 31, 2008 and 2007, respectively. Transfer of held-to-maturity debt securities to available for-sale-securities due to deterioration of issuers' credit worthiness amounted to ¥635 million ($6,338 thousand) and ¥600 million for the years ended March 31, 2008 and 2007, 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, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Proceeds from sales of available-for-sale securities	**¥692,645**	¥331,913	**$6,913,316**
Gross realized gains	**11,004**	10,083	**109,833**
Gross realized losses	**2,151**	2,094	**21,479**

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, 2008, were as follows:

	Millions of Yen				Thousands of U.S. Dollars			
	2008				**2008**			
	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	**¥306,940**	**¥310,368**	**¥333,554**	**¥186,686**	**$3,063,585**	**$3,097,802**	**$3,329,221**	**$1,863,324**
Other	**1,408**	**17,319**	**1,082**	**313,668**	**14,058**	**172,863**	**10,803**	**3,130,740**
Total	**¥308,349**	**¥327,687**	**¥334,636**	**¥500,355**	**$3,077,643**	**$3,270,665**	**$3,340,024**	**$4,994,064**

Securities also include corporate stocks in unconsolidated subsidiaries and associated companies, which totaled ¥2,708 million as of March 31, 2007 and investments in unconsolidated subsidiaries, which totaled ¥848 million ($8,469 thousand) and ¥1,043 million as of March 31, 2008 and 2007, respectively.

6. LOANS AND BILLS DISCOUNTED

Loans and bills discounted as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Bills discounted	**¥ 74,942**	¥ 78,106	**$ 748,003**
Loans on bills	**536,934**	542,961	**5,359,161**
Loans on deeds	**6,779,346**	6,341,693	**67,664,897**
Overdrafts	**1,127,427**	1,152,254	**11,252,896**
Total	**¥ 8,518,650**	¥ 8,115,015	**$85,024,957**

"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 ¥8,613 million ($85,976 thousand) and ¥5,755 million as of March 31, 2008 and 2007, respectively, as well as "past due loans" totaling ¥133,715 million ($1,334,616 thousand) and ¥143,098 million as of March 31, 2008 and 2007, 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, 2008 and 2007, were ¥5,540 million ($55,304 thousand) and ¥5,877 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, 2008 and 2007, were ¥46,313 million ($462,255 thousand) and ¥48,418 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, 2008 and 2007, the amounts of unused commitments were ¥1,925,454 million ($19,218,035 thousand) and ¥1,826,435 million, respectively. As of March 31, 2008 and 2007, the amounts of unused commitments whose remaining contract terms were within one year were ¥1,294,658 million ($12,922,029 thousand) and ¥1,260,156 million, respectively.

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

Discounting bills are treated as secured lending transactions. As of March 31, 2008 and 2007, 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 ¥75,686 million ($755,427 thousand) and ¥79,046 million, respectively.

7. FOREIGN EXCHANGES

Foreign exchange assets and liabilities as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Assets			
Foreign exchange bills bought	**¥ 743**	¥ 940	**$ 7,425**
Foreign exchange bills receivable	**1,615**	2,297	**16,124**
Due from foreign correspondent accounts	**1,235**	1,162	**12,335**
Total	**¥3,595**	¥4,399	**$35,884**
Liabilities			
Foreign exchange bills sold	**¥ 18**	¥ 23	**$ 180**
Foreign exchange bills payable	**29**	10	**293**
Due to foreign correspondent accounts	**8**	1	**80**
Total	**¥ 55**	¥ 36	**$ 553**

8. OTHER ASSETS

Other assets as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Accrued income	**¥ 17,701**	¥17,187	**$ 176,679**
Prepaid expenses	**31,158**	30,147	**310,992**
Financial derivatives	**69,475**	19,271	**693,433**
Receivables for securities transactions	**144,534**	444	**1,442,601**
Other	**44,999**	20,620	**449,139**
Total	**¥307,868**	¥87,671	**$3,072,844**

Other assets included security deposits amounting to ¥6,115 million ($61,041 thousand) and ¥6,111 million as of March 31, 2008 and 2007, respectively.

9. PREMISES AND EQUIPMENT

Premises and equipment as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Buildings	**¥ 41,068**	¥ 40,491	**$ 409,904**
Land	**80,633**	80,564	**804,808**
Construction in progress	**705**	839	**7,044**
Other	**80,305**	10,230	**801,537**
Total	**¥202,713**	¥132,125	**$2,023,293**

The accumulated depreciation of premises and equipment as of March 31, 2008 and 2007 amounted to ¥217,338 million ($2,169,267 thousand) and ¥102,403 million, respectively.

10. INTANGIBLE FIXED ASSETS

Intangible fixed assets as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Software	**¥ 15,569**	¥ 12,997	**$ 155,403**
Goodwill	**399**	587	**3,991**
Other	**7,316**	654	**73,024**
Total	**¥ 23,285**	¥ 14,239	**$ 232,418**

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, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Assets pledged as collateral:			
Securities	**¥426,059**	¥ 744,344	**$ 4,252,517**
Loans and bills discounted	**2,838**		**28,326**
Relevant liabilities to above assets:			
Deposits	**46,344**	37,621	**462,566**
Call money and bills sold	**46,100**		**460,126**
Borrowed money	**76,400**		**762,551**

Additionally, securities amounting to ¥121,530 million ($1,212,996 thousand) and ¥118,796 million as of March 31, 2008 and 2007, respectively, and other assets amounting to ¥552 million ($5,513 thousand) and ¥2 million as of March 31, 2008 and 2007, respectively, were pledged as collateral for transactions such as exchange settlement transactions or as substitute securities for initial margin on futures transactions and others.

13. DEPOSITS

Deposits as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current deposits	**¥ 392,724**	¥ 431,954	**$ 3,919,799**
Ordinary deposits	**5,728,341**	5,792,804	**57,174,781**
Savings deposits	**265,028**	274,514	**2,645,255**
Deposits at notice	**69,183**	66,176	**690,527**
Time deposits	**3,294,349**	3,097,321	**32,881,020**
Negotiable certificates of deposit	**155,456**	69,894	**1,551,620**
Other deposits	**214,744**	134,556	**2,143,370**
Total	**¥10,119,828**	¥ 9,867,222	**$101,006,372**

14. BORROWED MONEY

As of March 31, 2008 and 2007, the weighted average annual interest rates applicable to borrowed money were 0.7% and 1.8%, respectively.

Borrowed money includes borrowings from the Bank of Japan and other financial institutions. In addition, borrowed money included subordinated debt totaling ¥2,000 million as of March 31, 2007.

Annual maturities of borrowed money as of March 31, 2008, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2009	¥ 93,822	$ 936,444
2010	7,473	74,593
2011	5,151	51,419
2012	3,230	32,242
2013	1,209	12,076
Total	¥ 110,887	$ 1,106,774

15. BONDS AND NOTES

Bonds and notes as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due August 2013, 1.23% interest until August 2008	**¥ 20,000**	¥ 20,000	**$ 199,621**
Unsecured fixed and floating subordinated bonds, payable in Japanese yen, due February 2014, 1.35% interest until February 2009	**20,000**	20,000	**199,621**
Total	**¥ 40,000**	¥ 40,000	**$ 399,242**

Annual maturities of bonds and notes as of March 31, 2008, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014 and thereafter	¥40,000	$399,242

16. OTHER LIABILITIES

Other liabilities as of March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Domestic exchange settlement account credit (see below)	**¥ 2,200**	¥ 1,761	**$ 21,966**
Accrued expenses	**15,247**	10,340	**152,190**
Unearned income	**31,228**	26,028	**311,692**
Accrued income taxes	**29,177**	29,253	**291,224**
Financial derivatives	**52,951**	16,086	**528,509**
Payables for securities transactions	**146,636**	1,537	**1,463,581**
Other	**37,396**	40,572	**373,254**
Total	**¥ 314,838**	¥ 125,580	**$ 3,142,416**

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, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Projected benefit obligation	**¥ (73,509)**	¥ (73,882)	**$ (733,697)**
Fair value of plan assets	**68,276**	78,993	**681,474**
Unfunded projected benefit obligation	**(5,232)**	5,110	**(52,223)**
Unrecognized prior service cost	**(153)**	(459)	**(1,529)**
Unrecognized actuarial loss	**34,494**	24,030	**344,292**
Net liability recognized	**29,109**	28,681	**290,540**
Prepaid pension cost	**29,183**	28,735	**291,278**
Liability for employees' retirement benefits	**¥ (73)**	¥ (53)	**$ (738)**

The components of net periodic retirement benefit costs for the years ended March 31, 2008 and 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Service cost	**¥ 1,144**	¥ 1,130	**$ 11,419**
Interest cost	**1,474**	1,480	**14,721**
Expected return on plan assets	**(2,274)**	(2,206)	**(22,703)**
Amortization of prior service cost	**(306)**	(153)	**(3,058)**
Recognized actuarial loss	**2,595**	2,408	**25,910**
Other retirement costs (non-actuarial basis cost)	**479**	419	**4,786**
Net periodic retirements benefit costs	**¥ 3,113**	¥ 3,078	**$ 31,075**

Assumptions used for the years ended March 31, 2008 and 2007, were set forth as follows:

	2008	2007
Discount rate	**2.00%**	2.00%
Expected rate of return on plan assets	**3.50%**	3.50%
Amortization period of prior service cost	**2 years**	2 years
Recognition period of actuarial gain/loss	**15 years**	15 years

18. EQUITY

Since May 1, 2006, Japanese banks have been subject to the Corporate Law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan and the Banking Law. The significant provisions 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, 2008 and 2007, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
Year Ended March 31, 2008	Net Income	Weighted-average Shares	EPS	
Basic EPS—Net income available to common stockholders	**¥68,270**	**1,378,573**	**¥49.52**	**$0.49**
Effect of dilutive warrants		**2,504**		
Diluted EPS—Net income for computation	**¥68,270**	**1,381,077**	**¥49.43**	**$0.49**
Year Ended March 31, 2007				
Basic EPS—Net income available to common stockholders	¥ 66,289	1,398,187	¥47.41	
Effect of dilutive warrants		3,747		
Diluted EPS—Net income for computation	¥ 66,289	1,401,934	¥47.28	

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20. OTHER OPERATING INCOME

Other operating income for the years ended March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Gain on foreign exchange transactions—net	**¥ 2,143**	¥ 1,502	**$ 21,394**
Gain on sales and redemption of bonds and other securities	**3,990**	1,853	**39,831**
Gain on derivatives	**2,449**	3,273	**24,445**
Lease receipt	**14,323**		**142,967**
Other	**8,246**	5,858	**82,309**
Total	**¥31,153**	¥12,487	**$310,946**

21. OTHER INCOME

Other income for the years ended March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Gain on sales of stocks and other securities	**¥ 7,013**	¥ 8,234	**$ 70,006**
Gain on sales of fixed assets	**353**	164	**3,532**
Recovery of claims previously charged-off	**4,472**	4,735	**44,639**
Other	**3,419**	3,267	**34,131**
Total	**¥15,259**	¥16,400	**$152,308**

22. OTHER OPERATING EXPENSES

Other operating expenses for the years ended March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Losses on sales and redemption of bonds and other securities	**¥ 4,263**	¥ 2,018	**$ 42,550**
Losses on write-down of bonds and other securities	**144**	134	**1,440**
Lease costs	**12,801**		**127,768**
Other	**5,696**	536	**56,854**
Total	**¥22,904**	¥ 2,689	**$228,612**

23. OTHER EXPENSES

Other expenses for the years ended March 31, 2008 and 2007, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Loss on sales of stocks and other securities	**¥ 126**	¥ 75	**$ 1,260**
Loss on write-down of stocks and other securities	**3,781**	738	**37,740**
Loss on disposal of fixed assets	**662**	1,576	**6,617**
Loss on impairment of long-lived assets		24	
Direct charge-off of loans	**17,647**	19,777	**176,143**
Other	**4,992**	3,252	**49,829**
Total	**¥ 27,210**	¥25,445	**$ 271,589**

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, 2008 and 2007.

The tax effects of significant temporary differences and loss carryforwards which result in deferred tax assets and liabilities as of March 31, 2008 and 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Deferred tax assets:			
Allowance for possible loan losses	**¥42,931**	¥37,975	**$428,503**
Write-down of securities	**5,914**	5,463	**59,037**
Net unrealized gain on available-for-sale securities	**143**		**1,429**
Other	**15,495**	14,240	**154,659**
Less valuation allowance	**(7,438)**	(7,900)	**(74,242)**
Total deferred tax assets	**57,046**	49,779	**569,386**
Deferred tax liabilities:			
Gain on contribution of the employees' retirement benefit trust	**7,433**	7,433	**74,197**
Net unrealized gain on available-for-sale securities	**8,926**	39,417	**89,094**
Other	**4,537**	3,780	**45,289**
Total deferred tax liabilities	**20,897**	50,632	**208,580**
Net deferred tax assets (liabilities)	**¥36,149**	¥ (853)	**$360,806**

A reconciliation between the normal effective statutory tax rate for the years ended March 31, 2008 and 2007 and the actual effective tax rate reflected in the accompanying consolidated statements of income is not required under Japanese accounting standards due to immaterial differences.

25. LEASES

a. Lessee

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

Lease payments under finance leases for the years ended March 31, 2008 and 2007, amounted to ¥39 million ($393 thousand) and ¥59 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, 2008 and 2007, was as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2008	**2008**
	Equipment	Equipment
Acquisition cost	**¥62**	**$620**
Accumulated depreciation	**19**	**192**
Net leased property	**¥42**	**$428**

	Millions of Yen		
	2007		
	Equipment	Other Assets	Total
Acquisition cost	¥312	¥45	¥357
Accumulated depreciation	156	30	187
Net leased property	¥155	¥14	¥169

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Due within one year	**¥10**	¥ 57	**$108**
Due after one year	**23**	112	**235**
Total	**¥34**	¥170	**$343**

Depreciation expense and interest expense under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Depreciation expense	**¥35**	¥52	**$351**
Interest expense	**4**	7	**46**
Total	**¥39**	¥59	**$397**

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, 2008 and 2007, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Due within one year	**¥ 38**	¥22	**$ 381**
Due after one year	**83**	20	**832**
Total	**¥121**	¥43	**$1,213**

b. Lessor

A consolidated subsidiary, which was a subsidiary in 2008, leases certain equipment and other assets to various customers.

Lease receipts under finance leases for the year ended March 31, 2008 were ¥13,741 million ($137,152 thousand).

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

	Millions of Yen			Thousands of U.S. Dollars		
	2008			**2008**		
	Equipment	Other Assets	Total	Equipment	Other Assets	Total
Acquisition cost	**¥125,141**	**¥13,824**	**¥138,966**	**$1,249,045**	**$137,982**	**$1,387,027**
Accumulated depreciation	**57,689**	**7,165**	**64,854**	**575,798**	**71,517**	**647,315**
Net leased property	**¥ 67,452**	**¥ 6,659**	**¥ 74,111**	**$ 673,247**	**$ 66,465**	**$ 739,712**

Rights under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
	2008	**2008**
Due within one year	**¥23,757**	**$237,129**
Due after one year	**54,412**	**543,091**
Total	**¥78,170**	**$780,220**

Depreciation expense and interest income under finance leases:

	Millions of Yen	Thousands of U.S. Dollars
	2008	**2008**
Depreciation expense	**¥12,209**	**$121,868**
Interest income	**1,425**	**14,224**
Total	**¥13,635**	**$136,092**

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

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, 2008 and 2007 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, 2008 and 2007 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, 2008 and 2007. Accordingly, the presentation of ordinary income from international operations is not required under the related regulations for these fiscal years.

27. DERIVATIVE INFORMATION

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

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

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

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

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

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

The Bank has established reciprocal control mechanisms in its market operations by separating its organization into front office (Financial Market Department), middle office (Corporate Administration Department ("CAD")) and back office (Operations Planning and Administration Department) functions. The CAD 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 is 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, 2008 and 2007:

	Millions of Yen			Thousands of U.S. Dollars		
	2008			**2008**		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Interest rate contracts—Futures purchased	**¥2,447**			**$24,430**	**$ 2**	**$ 2**
Bond contracts—Futures written	**5,863**	**¥(38)**	**¥(38)**	**58,522**	**(384)**	**(384)**

	Millions of Yen		
	2007		
	Contract or Notional Amount	Fair Value (Loss)	Valuation Gain (Loss)
Bond contracts—Futures written	¥8,585		

The Bank had the following derivatives contracts that were not quoted on listed exchanges, outstanding as of March 31, 2008 and 2007:

	Millions of Yen			Thousands of U.S. Dollars		
	2008			**2008**		
	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	**¥2,393,126**	**¥ 17,558**	**¥ 17,557**	**$23,885,883**	**$ 175,248**	**$ 175,242**
Receive floating and pay fixed	**2,448,881**	**(13,343)**	**(13,317)**	**24,442,379**	**(133,181)**	**(132,921)**
Receive floating and pay floating	**100**			**998**	**5**	**5**
Caps and others written	**71,648**	**(183)**	**1,742**	**715,128**	**(1,831)**	**17,393**
Caps and others purchased	**9,854**	**(5)**	**(5)**	**98,353**	**(57)**	**(57)**
Foreign exchange:						
Currency swaps	**328,087**	**2,285**	**2,285**	**3,274,655**	**22,810**	**22,810**
Forward exchange contracts written	**342,795**	**16,992**	**16,992**	**3,421,451**	**169,603**	**169,603**
Forward exchange contracts purchased	**341,745**	**(17,073)**	**(17,073)**	**3,410,927**	**(170,412)**	**(170,412)**
Options written	**49,968**	**(2,754)**	**282**	**498,734**	**(27,493)**	**2,819**
Options purchased	**50,504**	**2,777**	**453**	**504,088**	**27,719**	**4,528**
Bond contracts—Over-the-counter options written	**200,000**	**(6,335)**	**(2,641)**	**1,996,207**	**(63,230)**	**(26,364)**

	Millions of Yen		
	2007		
	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)
Receive floating and pay fixed	2,493,727	3,815	4,236
Receive floating and pay floating	100	1	1
Caps and others written	101,036	(500)	1,599
Caps and others purchased	5,500	19	19
Foreign exchange:			
Currency swaps	293,070	1,382	1,382
Forward exchange contracts written	194,023	(971)	(971)
Forward exchange contracts purchased	183,723	927	927
Options written	25,707	(590)	518
Options purchased	26,685	592	(270)

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

2. The difference between fair value (loss) and valuation gain (loss) in interest rate swaps as of March 31, 2008 and 2007 is the unamortized balance of deferred gains or losses attributable to macro-hedge accounting.

CONSOLIDATED FINANCIAL STATEMENTS

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, 2008 are as follows:

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

The stock option activity is as follows:

For the Year Ended March 31, 2008	2000 Stock Option	2001 Stock Option	2002 Stock Option	2003 Stock Option	2004 Stock Option	2005 Stock Option	2006 Stock Option
Non-vested (shares):							
March 31, 2007—outstanding							
Granted							
Canceled							
Vested							
March 31, 2008—outstanding							
Vested (shares):							
March 31, 2007—outstanding	25,000	589,000	846,000	1,116,000	857,000	2,025,000	4,379,000
Vested							
Exercised	(10,000)	(69,000)	(101,000)	(47,000)	(90,000)	(51,000)	(73,000)
Canceled							
March 31, 2008—outstanding	15,000	520,000	745,000	1,069,000	767,000	1,974,000	4,306,000
Exercise price	¥ 369 $ 3.68	¥ 498 $ 4.97	¥ 502 $ 5.01	¥ 520 $ 5.19	¥ 437 $ 4.36	¥ 624 $ 6.23	¥ 648 $6.47
Average stock price at exercise	¥ 670 $ 6.69	¥ 810 $ 8.08	¥ 770 $ 7.69	¥ 811 $ 8.09	¥ 851 $ 8.49	¥ 809 $ 8.07	¥ 815 $ 8.13

29. SUBSEQUENT EVENT

On May 15, 2008, the Board of Directors resolved the following appropriations of retained earnings:

Appropriations of Retained Earnings as of March 31, 2008

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends—Common stock (¥6.50—$0.06 per share)	¥8,905	$88,885

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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, 2008 and 2007, 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, 2008 and 2007, 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 24, 2008

Member of
Deloitte Touche Tohmatsu

Non-consolidated Balance Sheets

The Bank of Yokohama, Ltd.
March 31, 2008 and 2007—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
ASSETS:			
Cash and due from banks	**¥ 542,674**	¥ 383,329	**$ 5,416,456**
Call loans and bills purchased	**232,611**	204,354	**2,321,702**
Other debt purchased	**276,850**	317,603	**2,763,253**
Trading assets	**51,480**	82,437	**513,830**
Securities	**1,410,983**	1,668,026	**14,083,080**
Loans and bills discounted	**8,578,995**	8,114,450	**85,627,264**
Foreign exchange assets	**3,595**	4,399	**35,884**
Other assets	**284,572**	87,146	**2,840,330**
Premises and equipment	**136,727**	135,117	**1,364,681**
Intangible fixed assets	**15,709**	13,391	**156,795**
Deferred tax assets	**28,292**		**282,391**
Customers' liabilities for acceptances and guarantees	**108,522**	117,086	**1,083,172**
Allowance for possible loan losses	**(45,339)**	(47,392)	**(452,533)**
TOTAL	**¥11,625,677**	¥11,079,951	**$116,036,305**
LIABILITIES:			
Deposits	**¥10,152,350**	¥ 9,896,922	**$101,330,975**
Call money and bills sold	**202,779**	132,391	**2,023,949**
Trading liabilities	**1,954**	2,669	**19,512**
Borrowed money	**118,025**	43,648	**1,178,014**
Foreign exchange liabilities	**55**	36	**553**
Bonds and notes	**40,000**	40,000	**399,242**
Other liabilities	**276,254**	102,173	**2,757,308**
Accrued bonuses to directors and corporate auditors	**85**	80	**850**
Reserve for directors' and corporate auditors' retirement benefits	**1,072**		**10,703**
Reserve for reimbursement of deposits	**881**		**8,798**
Reserve for contingent losses	**116**		**1,165**
Deferred tax liabilities		6,427	
Deferred tax liabilities for land revaluation surplus	**22,333**	22,363	**222,911**
Acceptances and guarantees	**108,522**	117,086	**1,083,172**
Total liabilities	**10,924,432**	10,363,799	**109,037,152**
EQUITY:			
Capital stock—common stock—authorized, 3,000,000 thousand shares in 2008 and 2007; issued, 1,370,947 thousand shares in 2008 and 1,392,506 thousand shares in 2007	**215,597**	215,481	**2,151,885**
Capital surplus	**177,213**	177,097	**1,768,772**
Retained earnings:			
Legal reserve	**38,384**	38,383	**383,113**
Unappropriated	**221,414**	188,374	**2,209,949**
Unrealized gain on available-for-sale securities	**17,453**	65,039	**174,208**
Deferred gain (loss) on derivatives under hedge accounting	**(39)**	8	**(399)**
Land revaluation surplus	**31,927**	31,972	**318,669**
Treasury stock—common stock—at cost, 883 thousand shares in 2008 and 230 thousand shares in 2007	**(705)**	(205)	**(7,044)**
Total equity	**701,245**	716,152	**6,999,153**
TOTAL	**¥11,625,677**	¥11,079,951	**$116,036,305**

Non-consolidated Statements of Income

The Bank of Yokohama, Ltd.
Years Ended March 31, 2008 and 2007—Unaudited

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
INCOME:			
Interest income:			
Interest on loans and discounts	**¥190,974**	¥161,915	**$1,906,124**
Interest and dividends on securities	**17,309**	14,427	**172,770**
Other interest income	**16,171**	7,684	**161,409**
Fees and commissions	**47,956**	48,841	**478,657**
Trading profits	**981**	884	**9,793**
Other operating income	**9,432**	10,744	**94,148**
Other income	**13,250**	14,541	**132,256**
Total income	**296,077**	259,039	**2,955,157**
EXPENSES:			
Interest expenses:			
Interest on deposits	**28,665**	12,245	**286,109**
Interest on borrowings and rediscounts	**2,851**	2,065	**28,465**
Other interest expenses	**9,496**	3,969	**94,784**
Fees and commissions	**13,279**	12,286	**132,540**
Trading losses	**24**	36	**243**
Other operating expenses	**4,364**	2,133	**43,565**
General and administrative expenses	**100,048**	92,742	**998,585**
Provision for possible loan losses	**3,520**	3,185	**35,135**
Other expenses	**23,293**	21,436	**232,490**
Total expenses	**185,543**	150,101	**1,851,916**
INCOME BEFORE INCOME TAXES	**110,533**	108,938	**1,103,241**
INCOME TAXES:			
Current	**48,440**	38,482	**483,491**
Deferred	**(4,375)**	4,654	**(43,676)**
Total income taxes	**44,065**	43,137	**439,815**
NET INCOME	**¥ 66,468**	¥ 65,800	**$ 663,426**
	Yen		U.S. Dollars
PER SHARE INFORMATION:			
Basic net income per share	**¥ 48.21**	¥ 47.06	**$ 0.48**
Diluted net income per share	**48.12**	46.93	**0.48**

NON-CONSOLIDATED FINANCIAL STATEMENTS

Non-consolidated Statements of Changes in Equity

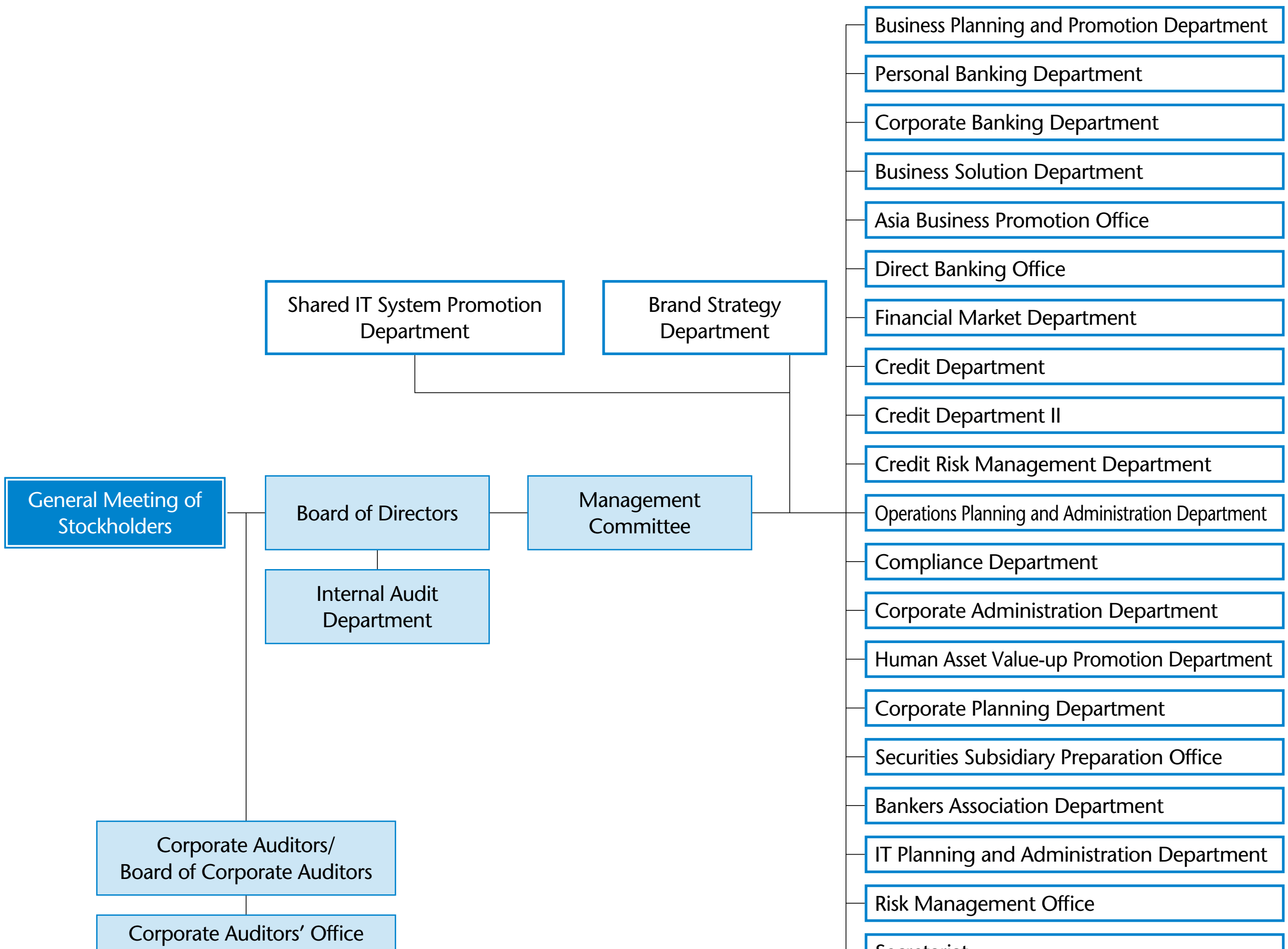
The Bank of Yokohama, Ltd.
Years Ended March 31, 2008 and 2007—Unaudited

	Thousands	Millions of Yen									
			Capital Surplus		Retained Earnings						
	Outstanding Number of Shares of Common Stock	Capital Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, APRIL 1, 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)
Bonus 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
Net income						66,468					66,468
Cash dividends, ¥11.50 per share for common stock						(15,899)					(15,899)
Transfer to legal reserve											
Reversal of land revaluation surplus						44			(44)		
Purchase of treasury stock	(22,680)									(18,095)	(18,095)
Disposal of treasury stock	27					(1)				23	21
Retirement of treasury stock (22,000,000 shares of common stock)						(17,572)				17,572	
Exercise of warrants	441	115	115								231
Net change in the year							(47,585)	(48)			(47,633)
BALANCE, MARCH 31, 2008	**1,370,063**	**¥215,597**	**¥177,213**		**¥38,384**	**¥221,414**	**¥17,453**	**¥(39)**	**¥31,927**	**¥ (705)**	**¥701,245**

	Thousands of U.S. Dollars									
		Capital Surplus		Retained Earnings						
	Capital Stock	Additional Paid-in Capital	Other Capital Surplus	Legal Reserve	Unappropriated	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Treasury Stock	Total Equity
BALANCE, MARCH 31, 2007	$2,150,729	$1,767,616		$ 383,111	$1,880,176	$ 649,158	$ 86	$ 319,114	$ (2,051)	$7,147,939
Net income					663,426					663,426
Cash dividends, $0.11 per share for common stock					(158,689)					(158,689)
Transfer to legal reserve				2	(2)					
Reversal of land revaluation surplus					445			(445)		
Purchase of treasury stock									(180,616)	(180,616)
Disposal of treasury stock					(15)				231	216
Retirement of treasury stock (22,000,000 shares of common stock)					(175,392)				175,392	
Exercise of warrants	1,156	1,156								2,312
Net change in the year						(474,950)	(485)			(475,435)
BALANCE, MARCH 31, 2008	**$2,151,885**	**$1,768,772**		**$383,113**	**$2,209,949**	**$174,208**	**$(399)**	**$318,669**	**$ (7,044)**	**$6,999,153**

ORGANIZATION

(As of June 30, 2008)



▶▶ International Network (As of August 1, 2008)

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CHIEF REPRESENTATIVE
Takeshi Watanabe

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE AUDITORS

(As of June 24, 2008)

PRESIDENT
Tadashi Ogawa

DEPUTY PRESIDENT
(REPRESENTATIVE DIRECTOR)
Hiroshi Hayakawa

Management Section

REPRESENTATIVE DIRECTOR
(HEAD OF ADMINISTRATION)
Masaki Itoh

DIRECTOR AND
EXECUTIVE OFFICERS
Takashi Yoshikawa
Seiichi Yoneda

OUTSIDE DIRECTORS
Shoji Hanawa
Harumi Sakamoto

EXECUTIVE OFFICERS
Kenji Yamada
Atsushi Mochizuki

Marketing Section

REPRESENTATIVE DIRECTOR
(HEAD OF BUSINESS PROMOTION)
Chiyuki Okubo

DIRECTOR AND MANAGING
EXECUTIVE OFFICER
Toshiyuki Mimura

MANAGING EXECUTIVE OFFICERS
Ryuichi Kaneko
Masayuki Ishii
Toshio Aoi

EXECUTIVE OFFICERS
Hideya Shimoyama
Takashi Noguchi
Takashi Matsuda
Shunji Komatsu
Kiyoshi Kikuchi
Katsunori Amano

Corporate Auditors

CORPORATE AUDITORS
Kazutaka Tsumura
Shinichi Mori

OUTSIDE CORPORATE AUDITORS
Shinsuke Kobayashi
Masahiro Hoshino
Atsushi Shimizu

▶▶ Corporate Data (As of March 31, 2008)

DATE OF ESTABLISHMENT
December 16, 1920

NUMBER OF BRANCHES AND OFFICES
205
Domestic: 201
Overseas: 4

NUMBER OF EMPLOYEES
4,281

AUTHORIZED STOCKS
3,000,000 thousand

OUTSTANDING STOCKS
1,370,947 thousand

PAID-IN CAPITAL
¥215,597 million

CAPITAL ADEQUACY RATIO (Consolidated)
10.80%

NUMBER OF STOCKHOLDERS
30,569
(Incomplete stock units are not included)

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First Section of the Tokyo Stock Exchange

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Major Stockholders (Common Stocks)

	Number of stocks held (thousand)	Voting rights (%)
State Street Bank and Trust Company	98,298	7.17
Japan Trustee Services Bank, Ltd. (Trustee Account)	82,187	5.99
The Master Trust Bank of Japan, Ltd. (Trustee Account)	65,624	4.78
Meiji Yasuda Life Insurance Company	36,494	2.66
The Dai-ichi Mutual Life Insurance Company	36,494	2.66
Trust & Custody Services Bank, Ltd. (Meiji Yasuda Life Insurance Company Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.)	36,494	2.66
Nippon Life Insurance Company	26,709	1.94
State Street Bank and Trust Company 505103	22,494	1.64
Trust & Custody Services Bank, Ltd. (Securities Investment Trustee Account)	17,577	1.28
Tokio Marine & Nichido Fire Insurance Co., Ltd.	14,901	1.08

Classification of Stockholders by Area (Common Stocks)

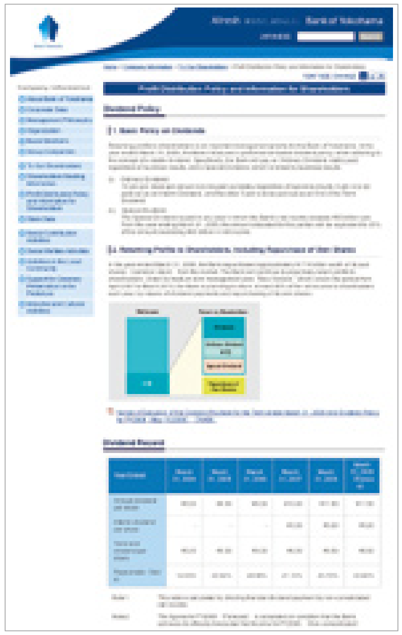
	Number of stockholders	Number of stocks held (thousand)	%
Kanagawa	17,274	223,290	16.35
Tokyo	3,775	651,520	47.70
Osaka	614	12,796	0.93
Other areas	8,401	37,548	2.74
Overseas	505	440,533	32.25
Total	30,569	1,365,687	100.00

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.

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



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