



Bank of Yokohama

Information Meeting

~ Interim Financial Results for FY09 ~

November 24, 2009

The Bank of Yokohama, Ltd.



Table of Contents

1. Operating Performance

- ◆ Gross Operating Income 3
- ◆ Factor Analysis 4
- ◆ Expenses & OHR 5
- ◆ Core Net Business Profits 6
- ◆ Problem Claims 7~10
- ◆ Securities Portfolio 11
- ◆ Equity Portfolio 12
- ◆ Net Income 13
- ◆ Tier 1 Capital 14

2. Business Performance

- ◆ Loans 16
- ◆ Deposits 17
- ◆ Market Share 18
- ◆ Loan & Deposit Yield 19
- ◆ Non-Deposit Products 20
- ◆ Transition of Loans Guaranteed by
Credit Guarantee Corporation 21

3. Management & Business Strategies

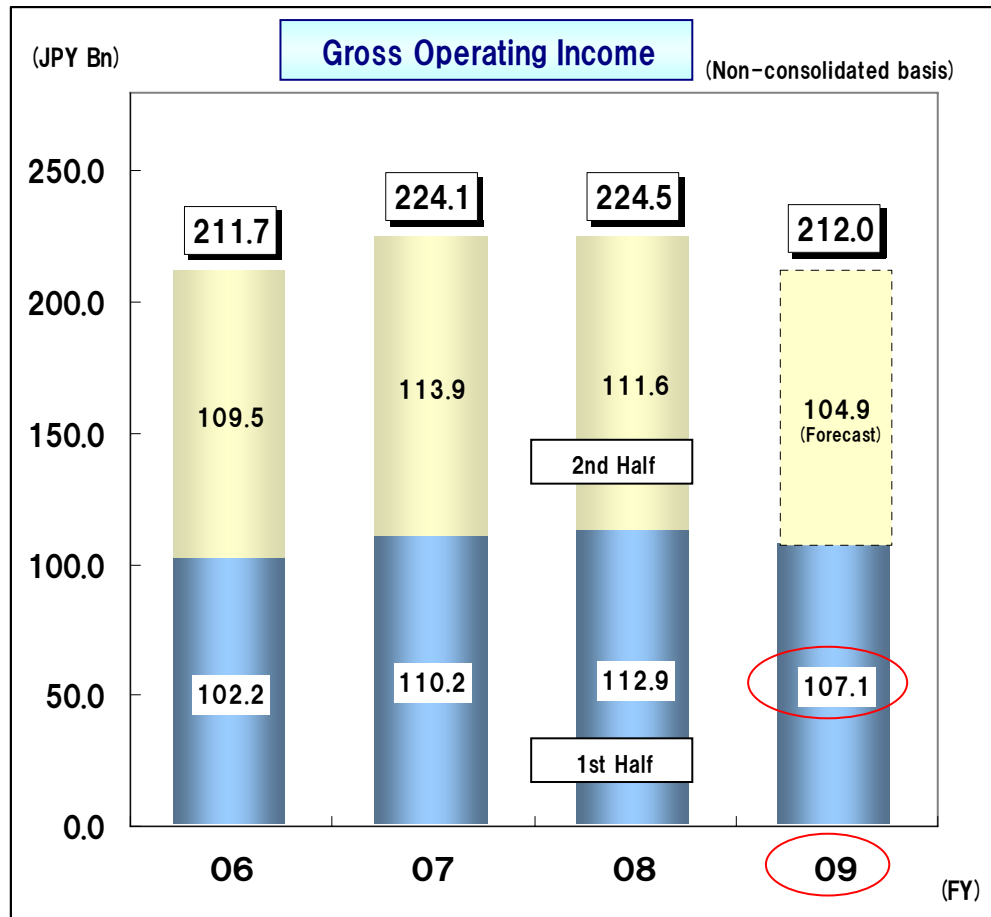
- ◆ Branch Network Strategy 23
- ◆ Securities Business Strategy 24
- ◆ Asia Strategy 25

1. Operating Performance

1. Operating Performance

(1) Gross Operating Income

- FY09 1st Half: Gross Operating Income decreased by **JPY5.8Bn (-5.1%)** to **JPY107.1Bn**.
- “Core Base” Income (Domestic Interest Income + Fees & Commissions) decreased by **3.9Bn (-3.5%)** to **JPY105.5Bn**.
- FY09 Forecast: **JPY212.0Bn** (down **JPY12.5Bn, -5.5%** from FY08).



Comparison from FY08-1H

(JPY Bn)

	FY08 1st (actual)	FY09 1st (actual)	change
Gross Operating Income	112.9	107.1	-5.8
Domestic GOI	110.7	105.8	-4.9
Interest Income ^①	92.8	90.6	-2.2 A
Fees & Commissions ^②	16.5	14.8	-1.7 B
Trading Profits	0.4	0.3	-0.1
Other Operating Income	0.9	-0.0	-0.9
GOI from Int'l Operations	2.1	1.2	-0.9
Core Base GOI^{①+②}	109.4	105.5	-3.9

Factors behind the change:

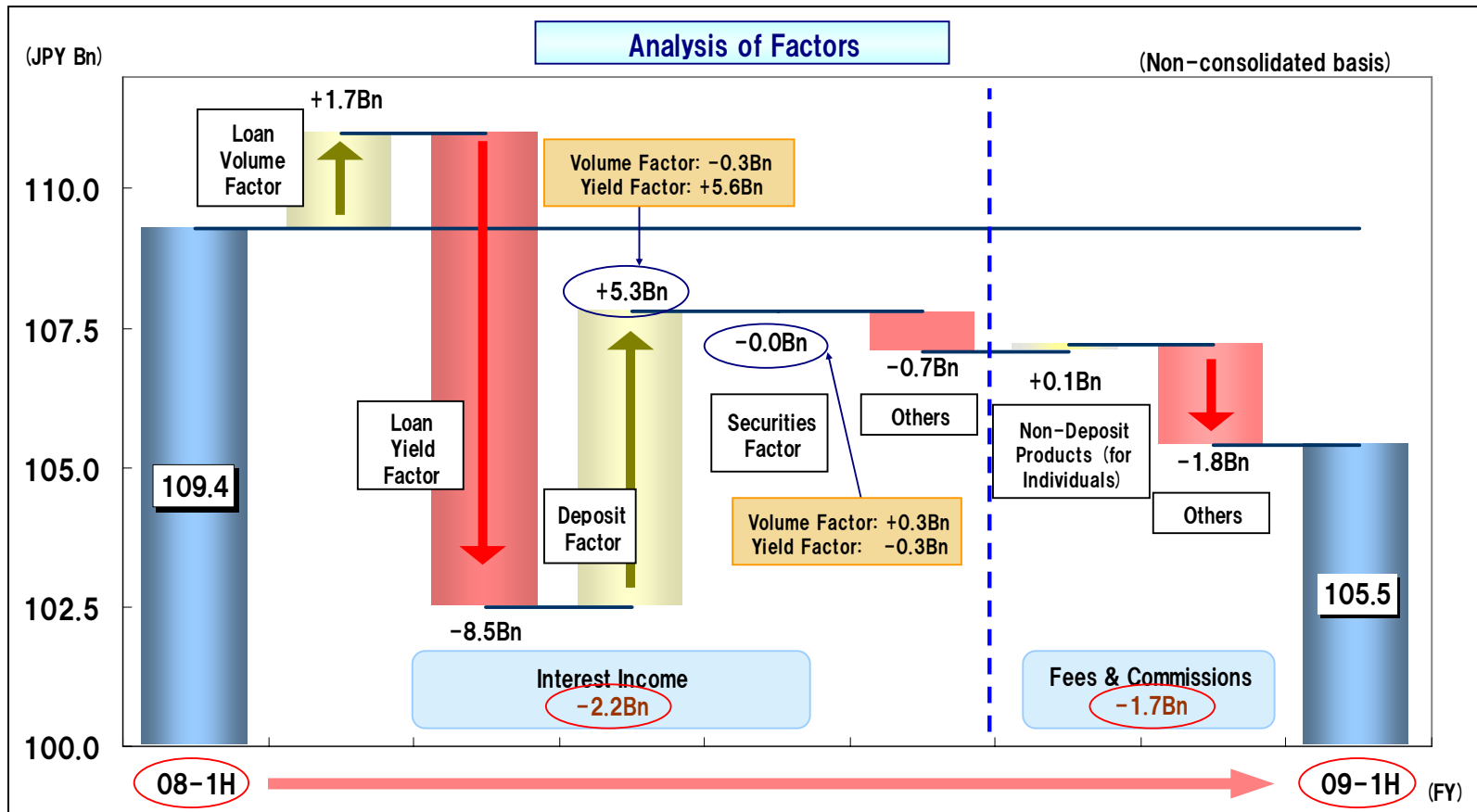
A Decrease in Loan Yield

B Increase in Housing Loan Insurance related cost etc.

1. Operating Performance

(2) Factor Analysis

- While Loan Volume Factor increased by **JPY1.7Bn** due to increase in loan volume, Interest Income declined by **JPY2.2Bn** from FY08-1H, mainly due to decline in Loan Yield Factor by **JPY8.5Bn** attributed to two BOJ rate cuts implemented last year.
- Fees and commissions income declined by **JPY1.7Bn** from FY08-1H, mainly due to hike in Insurance Premiums and other expenses related to Housing Loans, which showed a steady growth.
- FY09 Forecast: Core Base Income **JPY208.3Bn** (down **JPY9.9Bn**)



1. Operating Performance

(3) Expenses & OHR

- FY09 1st Half: Expenses were **JPY49.7Bn** (**-JPY1.7Bn, -3.3%**). OHR was **46.4%**.
- Expenses declined, mostly in non-personnel items (**-JPY1.4Bn, -4.8%**), due to selective investments in critically needed areas and thorough cost-cutting efforts.
- FY09 Forecast: **JPY99.5Bn** (**-JPY3.6Bn, -3.4%**). OHR will remain within **mid-40%** range.

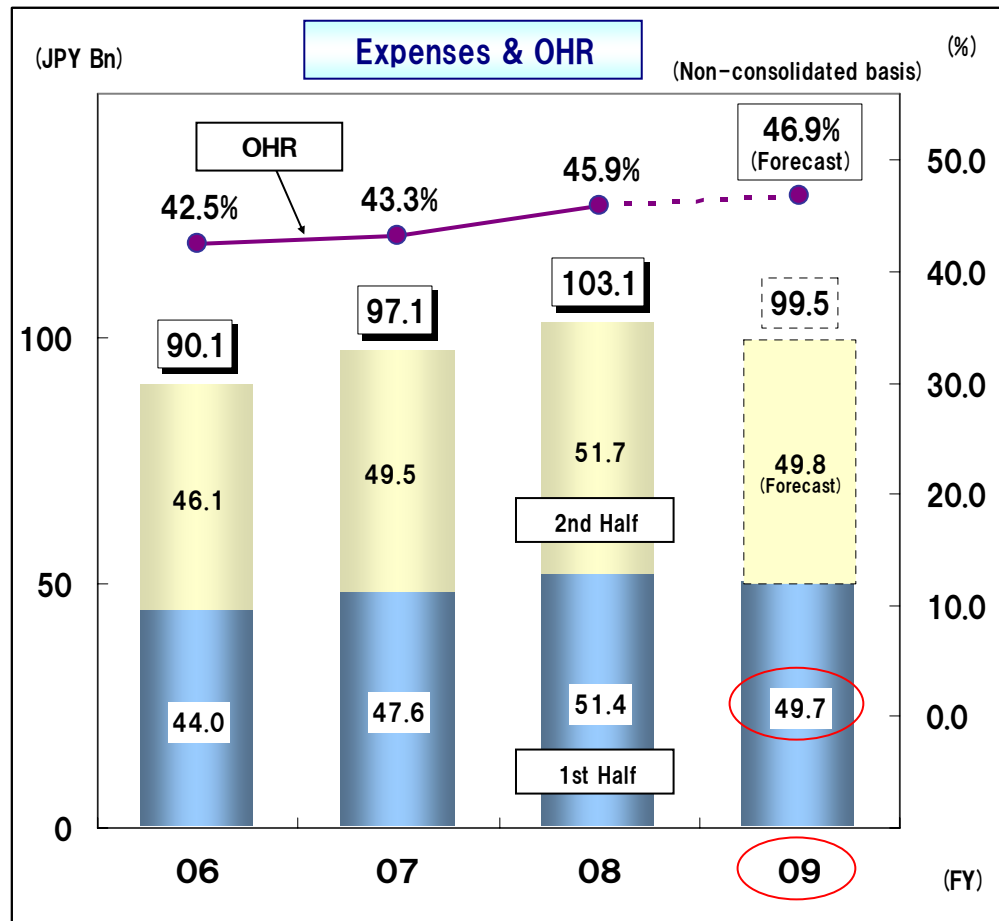
Comparison from FY08-1H

	(JPY Bn)		
	FY08 1st (actual)	FY09 1st (actual)	change
Expenses	51.4	49.7	△ 1.7
Personnel	19.4	19.2	△ 0.2
Non-Personnel	28.6	27.2	△ 1.4
Tax	3.3	3.2	△ 0.1
OHR(%)	45.5	46.4	+0.9

Factors behind the change:

Non-Personnel items: **-JPY1.4Bn**

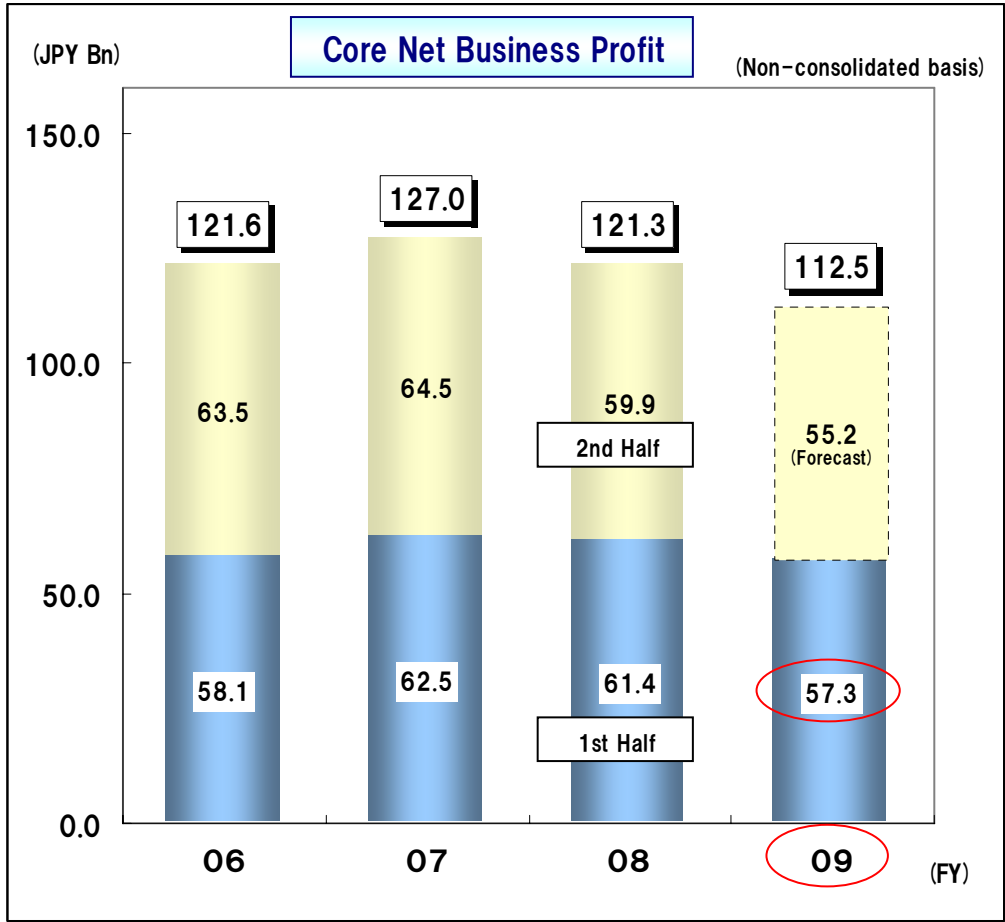
(Decrease in depreciation cost etc.)



1. Operating Performance

(4) Core Net Business Profits

- FY09 1st Half: Core Net Business Profits decreased by **JPY4.1Bn (-6.6%)** from FY08-1H to **JPY57.3Bn**.
- FY09 Forecast: **Down JPY8.8Bn (-7.2%)** from FY08 to **JPY112.5Bn**.



Comparison from FY08-1H

	(JPY Bn)		
	FY08 1st (actual)	FY09 1st (actual)	change
Core Net Business Profit (Non-consolidated]	61.4	57.3	-4.1
ROE(Core Net Business Profit)	17.68%	16.87%	-0.81%
ROA(Core Net Business Profit)	1.08%	1.00%	-0.08%

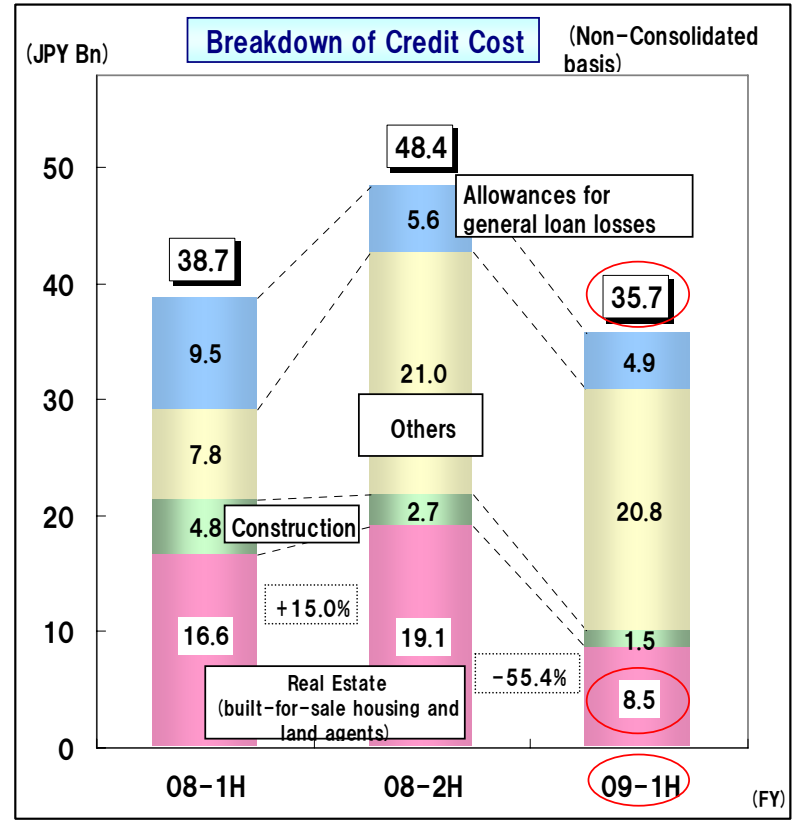
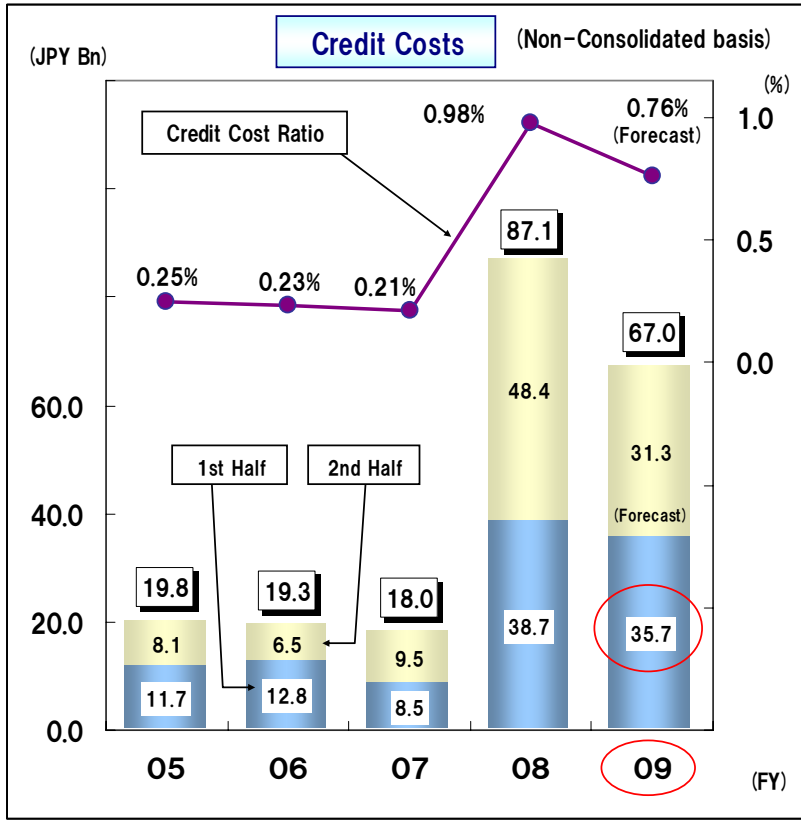
Factors behind the change:
Increase in Gross Operating Income -5.8Bn
Decrease in Expenses +1.7Bn

(Note) ROE = (Core Net Business Profit) ÷ Net Asset (Average, excluding subscription rights to share)
 ROA = (Core Net Business Profit) ÷ Total Assets (Average, excluding customers' liabilities for acceptances & guarantees)

1. Operating Performance

(5) Problem Claims ~ Transition and Breakdown of Credit Cost

- FY09 1st Half: Credit Costs (non-consolidated basis) decreased by **JPY3.0Bn (-7.8%)** from FY08-1H to **JPY35.7Bn**.
- Real Estate (built-for-sale housing and land agents), which was the main factor in FY08, decreased to **JPY8.5Bn (-55.4%)** FY09-1H, from **JPY19.1Bn** FY08-2H.
- FY09 Forecast (non-consolidated): **JPY67.0Bn (-23.0%)**.

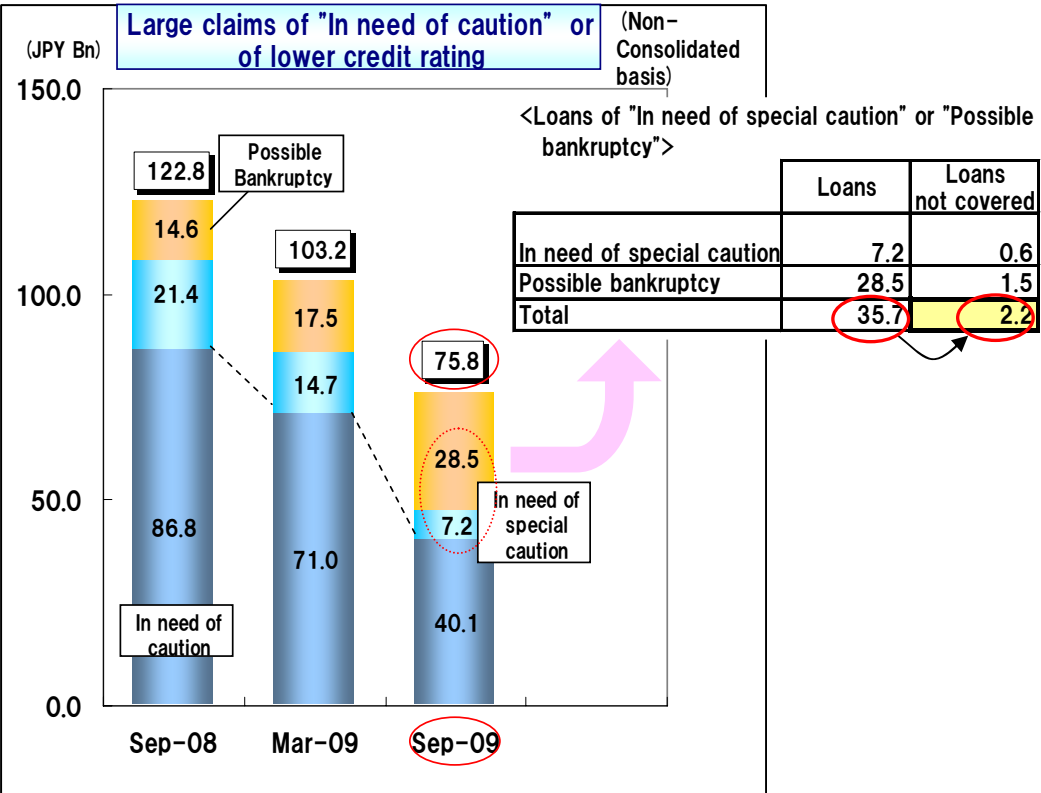
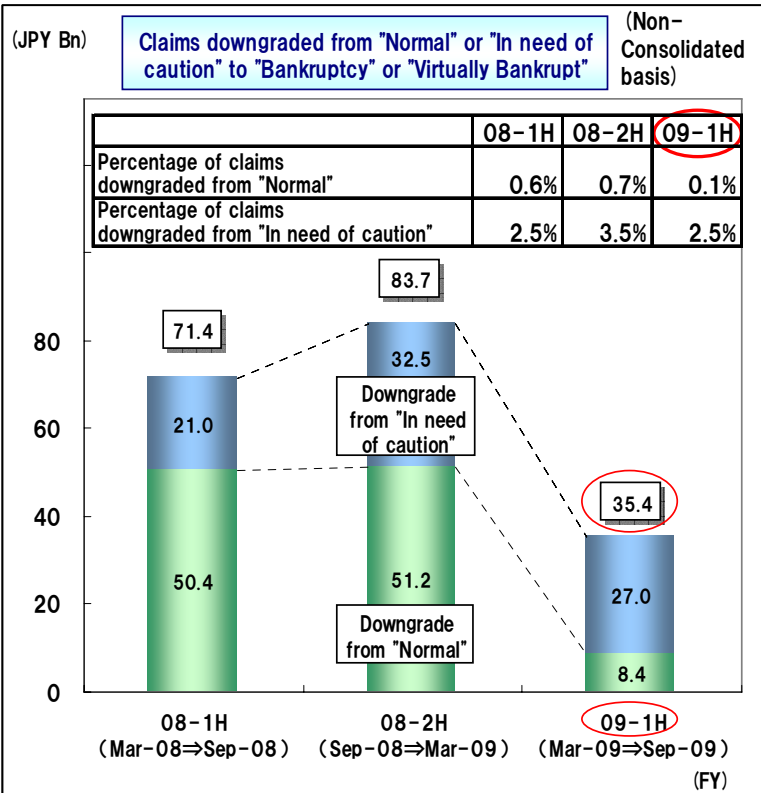


(note1) Credit Costs = Disposal of Problem Claims + Transfer to Allowance for general loan losses
 (note2) Credit cost ratio = Credit cost ÷ Average balances of loans

1. Operating Performance

(5) Problem Claims ~ Loans downgraded to "Bankruptcy" etc. / Large Claims of "In need of caution" or of lower credit rating

- Loans to borrowers downgraded from "Normal" or "In need of caution" to "Legal bankruptcy" or "Virtually bankruptcy" sharply declined in both amount and ratio in FY09-1H after a hike in FY08-2H.
 - Balance of loans for large claims having a "In need of caution" or a lower rating also fell, and will have a limited impact on credit costs because more than 90% of claims classified as an "In need of special caution" or worse NPL category are covered by collateral or guarantees or otherwise already provided allowances.
- (note1) Large claims of "In need of caution" or of lower credit rating : those categorized as problem claims and claims in need of caution other than in need of special caution with more than JPY5.0Bn in loans, excluding "Legal bankruptcy" and "Virtual bankruptcy" which is covered 100% by collateral or guarantees or otherwise already provided allowances.



(note2) "Amount of Transition": Loan amount of borrowers (at the start of each FY) whose credit rating changed to "Legal Bankruptcy" or "Virtually Bankrupt" at the end of each FY.
 "Percentage of transition" = Amount of transition ÷ Total loan amount of each credit rating

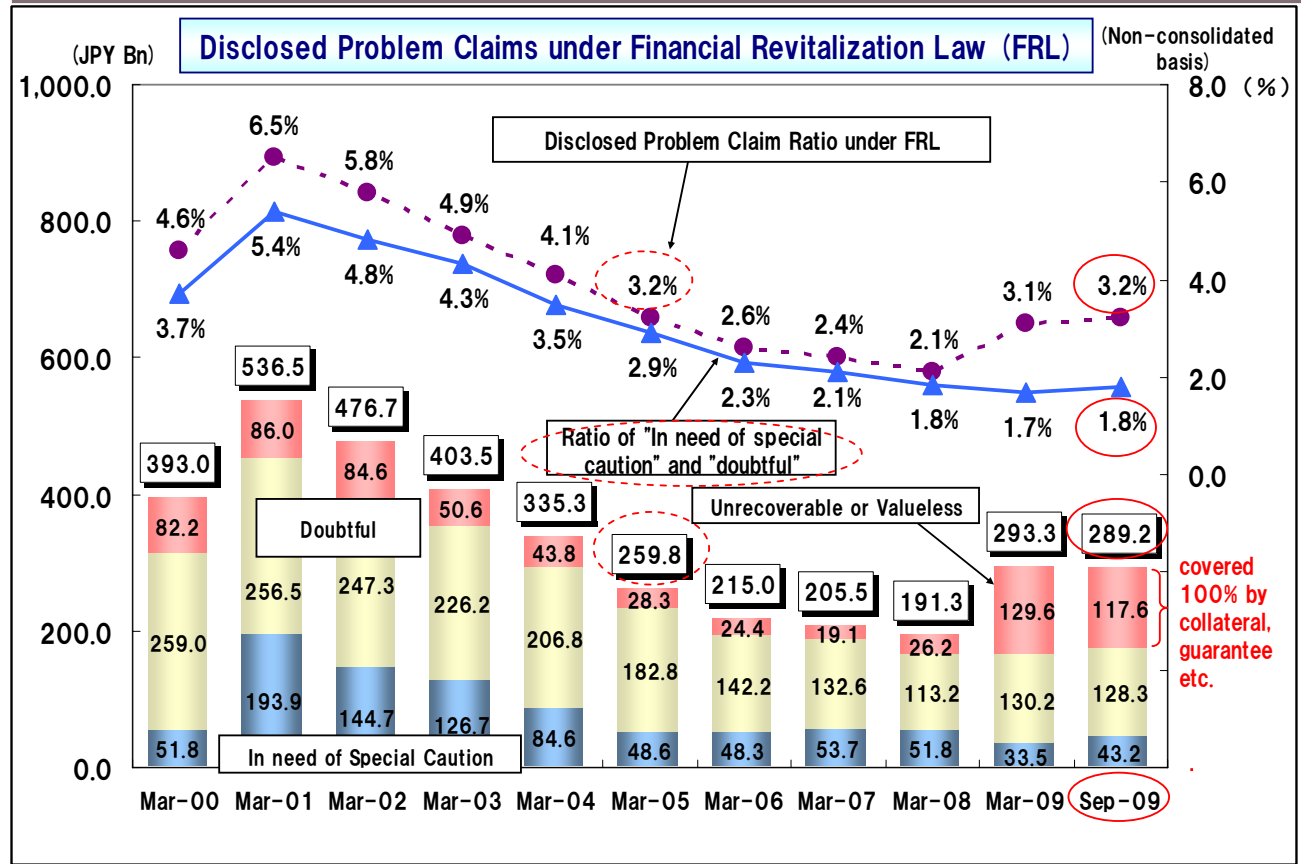
(note3) In need of special caution: covered about 91% by collateral, guarantee etc.
 "Possible bankruptcy": covered about 94% by collateral, guarantee etc.

1. Operating Performance

(5) Problem Claims ~ Disclosed Problem Claims under FRL

- Problem claims declined by **JPY4.1bn** from the end of Mar-09, to **JPY289.2bn** as of the end of Sep-09, as certain troubled borrowers recovered in credit classification via the Bank's supports as well as off-balancing transactions.
- While the problem claim ratio still remained at the **3%** level, ratio of claims categorized as "In need of special caution" or "Doubtful" which are likely to cause a credit cost increase, fell to **1.8%**, the lowest for these 10 years.

<Note> Unrecoverable or valueless claims are fully covered by collateral or guarantees or provided allowances.



	(JPY Bn)	
	Mar-09 (actual)	Sep-09 (actual)
Disclosed Problem Claims	293.3	
Manufacturing	20.4	
Construction	18.4	
Wholesale and Retail	29.4	
Real Estate	138.9	
Services	28.9	
Others	57.1	

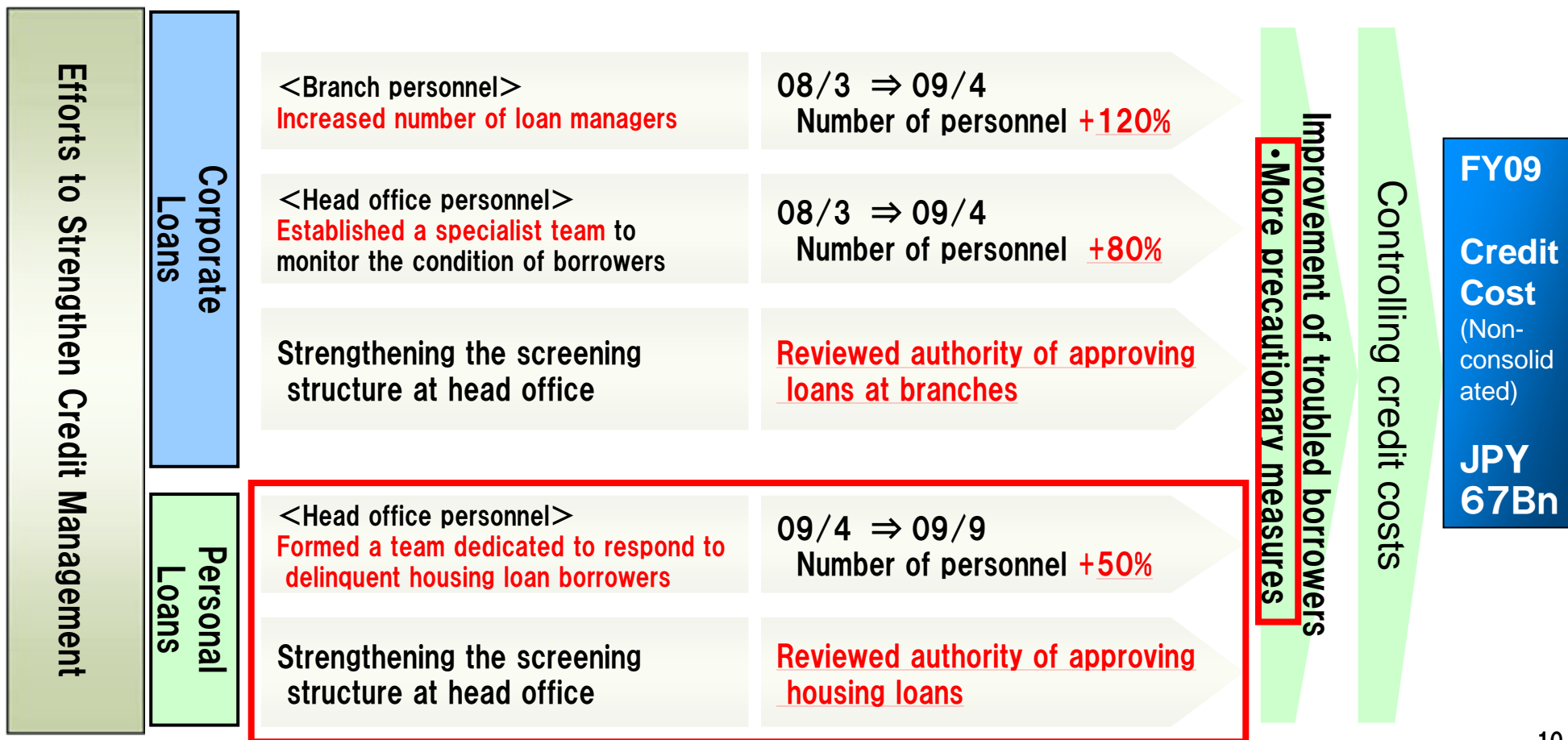
	(JPY Bn)	
	Mar-09 (actual)	Sep-09 (actual)
Disclosed Problem Claims		289.2
Manufacturing		20.3
Construction		12.6
Wholesale and Retail		41.4
Real Estate and Goods Rental and Leasing		131.6
Other Services		31.5
Others		51.6

(note) The representation of certain industry sectors has changed from the 1st quarter in line with the November 2007 revision of the Japan Standard Industrial Classification.

1. Operating Performance

(5) Problem Claims ~ Efforts to Strengthen Credit Management

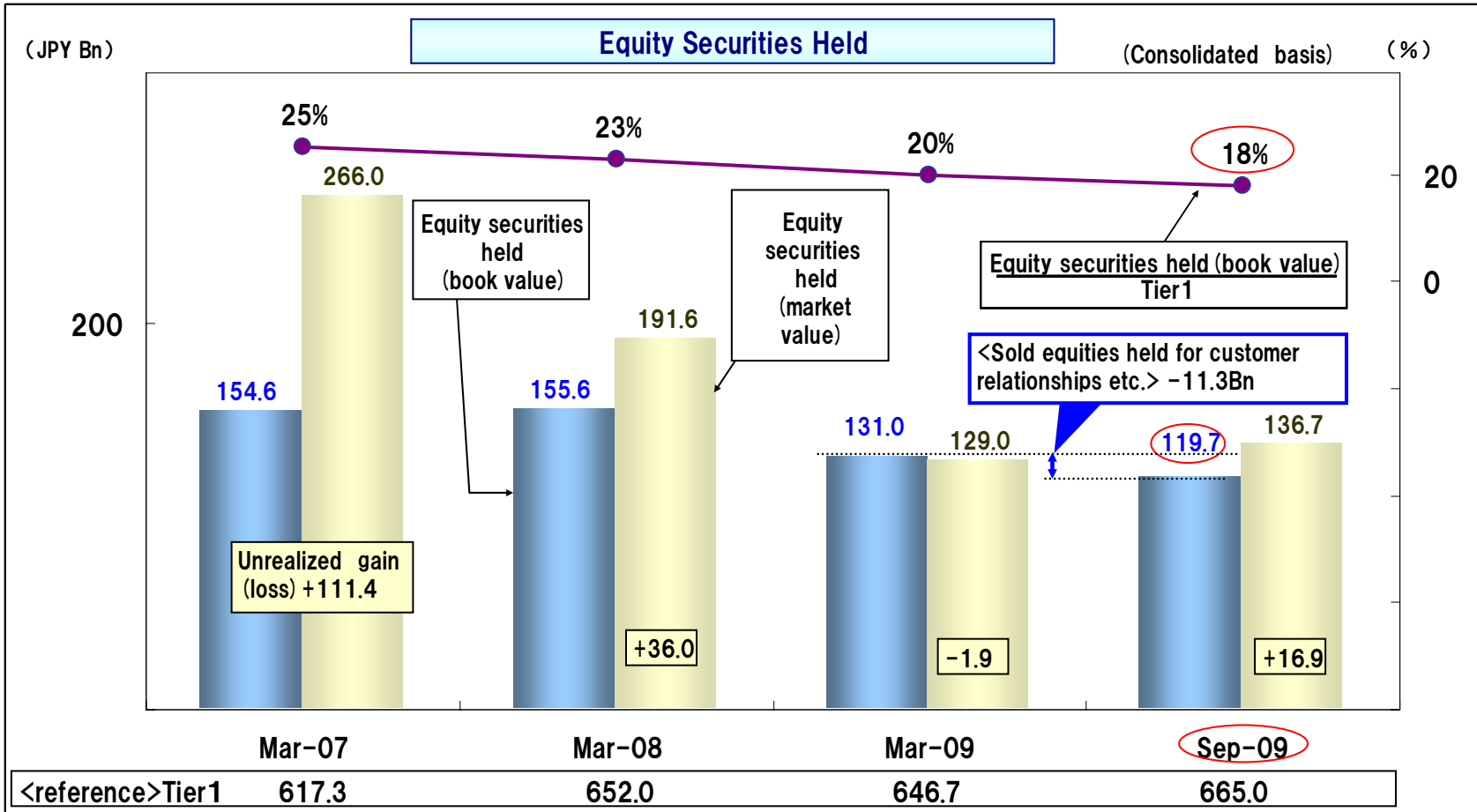
- Credit risk control on personal loans strengthened mainly for housing loans in addition to the conventional ones mostly on corporate borrowers.
- Credit cost control tightened by apprehension of borrowers' financial situation and precautionary measures through building close relationships with them.



1. Operating Performance

(7) Equity Portfolio

- Ratio of stocks held to Tier 1 capital reduced to 18% by selling JPY11.1bn-worth of equities out of those held for customer relationships in FY09-1H.
- While reducing stock price volatility risk by selling equity, unrealized gain recovered from negative territory to JPY16.9Bn in Sep-FY09.

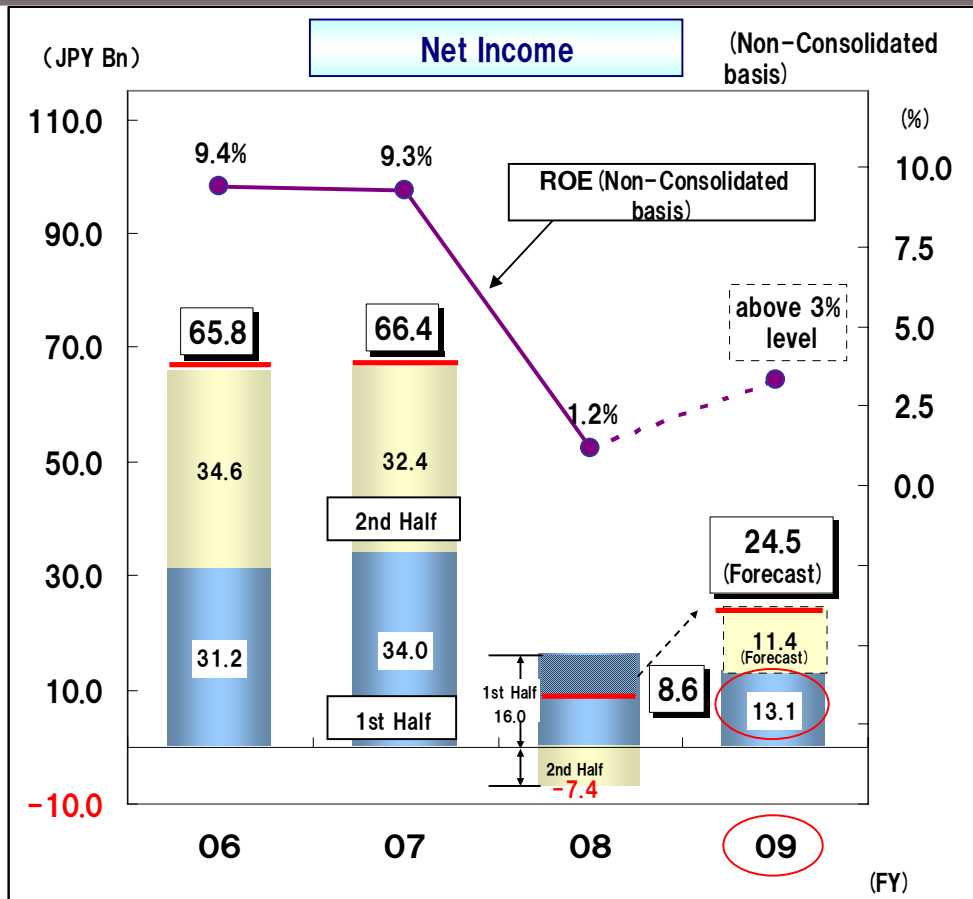


(Note) Equity Securities: Securities with market value

1. Operating Performance

(8) Net Income

- FY09 1st Half: Net Income (non-consolidated basis) decreased to **JPY13.1Bn** (-JPY2.9Bn, -17.7% from FY08-1H).
- Reached **JPY2.6Bn** above the H1 forecast due to credit costs reduced by **JPY3.0Bn** from a year ago and capital gains of **JPY3.6Bn** on sale of equities held for customer relationships.
- FY09 Forecast: **JPY24.5Bn** (JPY2.5Bn above initial forecast, +JPY15.9Bn, +183.1% from FY08).



Comparison from FY08

	(JPY Bn)		
	FY08 1st (actual)	FY09 1st (actual)	change
Net Income (Non-Consolidated)	16.0	13.1	-2.9
ROE (Net Income base, non-consolidated)	4.61%	3.87%	-0.74%

Initial Forecast Non-consolidated net income: JPY10.5Bn
Difference from initial forecast: **+JPY2.6Bn**

Factors behind the change:

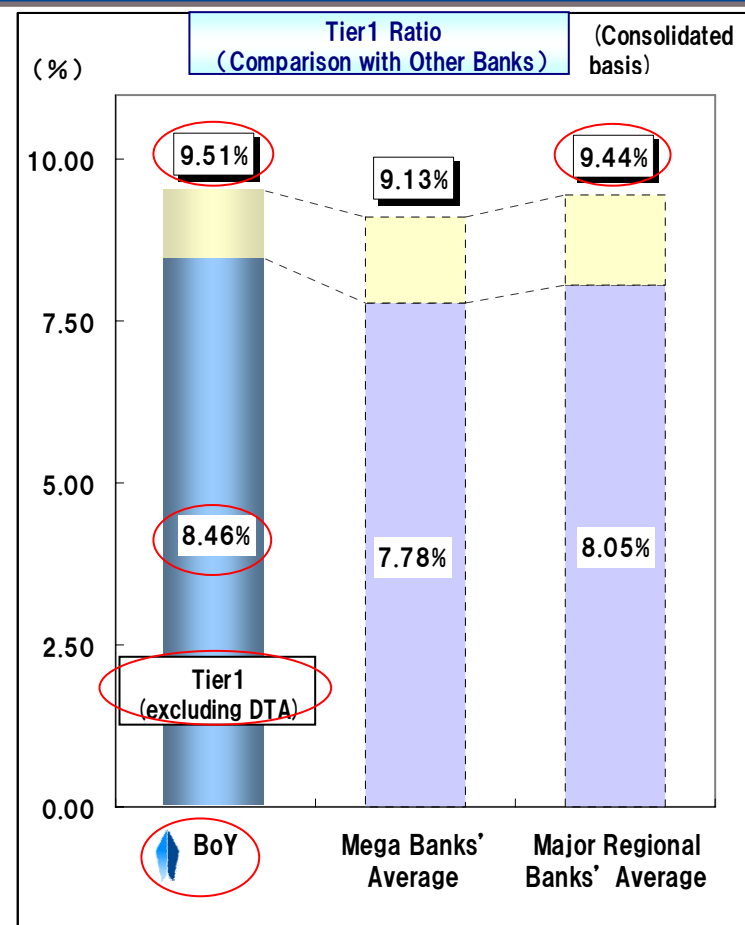
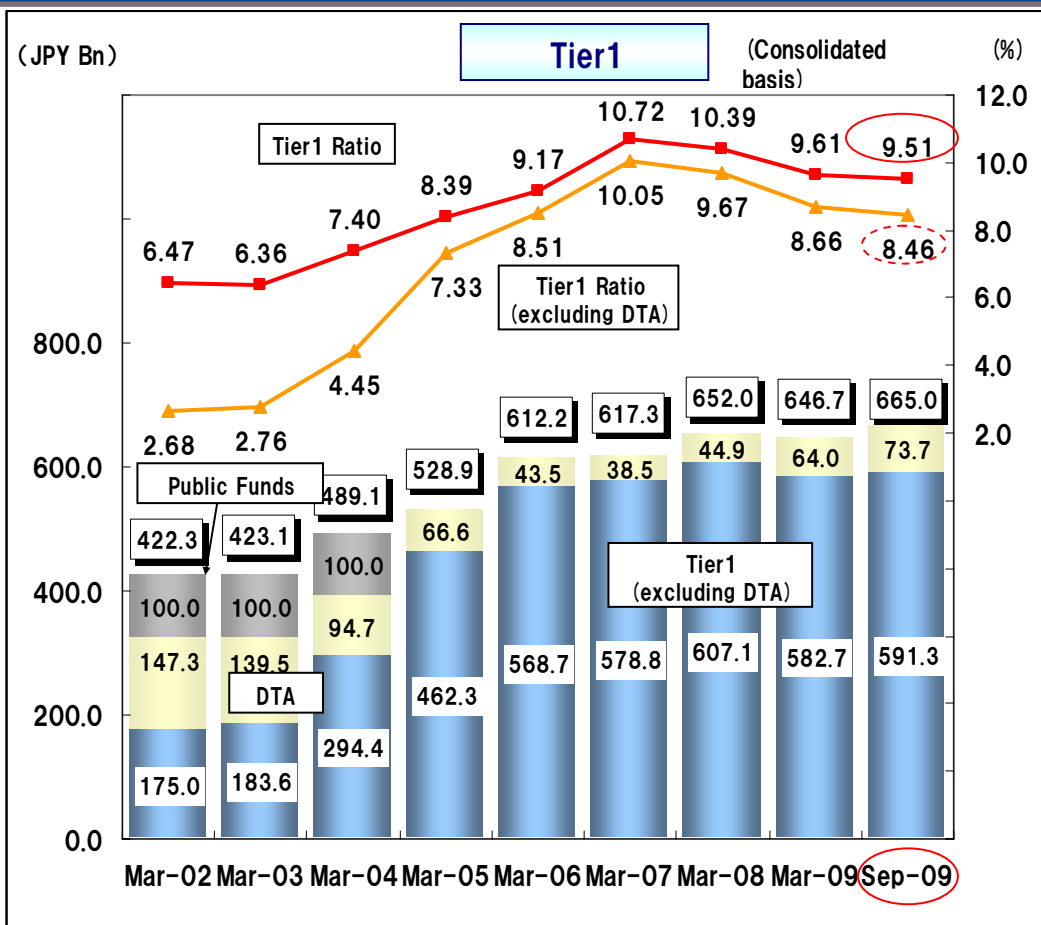
- Decrease in Core Net Business Profit: -JPY4.1Bn
- Decrease in Credit Cost: +JPY3.0Bn
- Decrease in Stock related loss etc.: -JPY1.9Bn
- Decrease in Extraordinary income: -JPY1.3Bn
- Decrease in Income tax etc.: +JPY2.1Bn

(Note) ROE = Core Net Business Profit ÷ Net Asset (Average, excluding subscription rights to share)

1. Operating Performance

(9) Tier 1 Capital

- FY09 1st Half: Tier1 Ratio was **9.51%** maintaining sufficient level.
- Surpassed an average of the mega banks in Tier 1 capital adequacy **as well as in capital quality measured by Tier 1 ratio (excluding DTA)**.



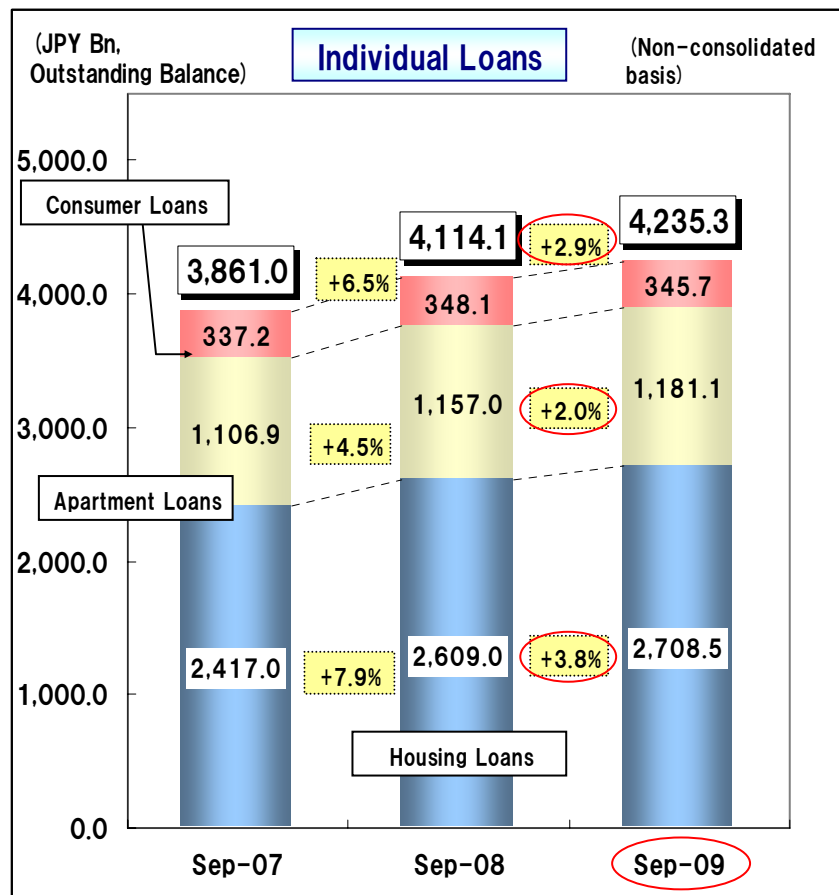
(Note) Mega Banks: Mitsubishi UFJ FG, Sumitomo Mitsui FG, Mizuho FG
Major Regional Banks: 10 largest regional banks in terms of Deposits, excluding BoY

2. Business Performance

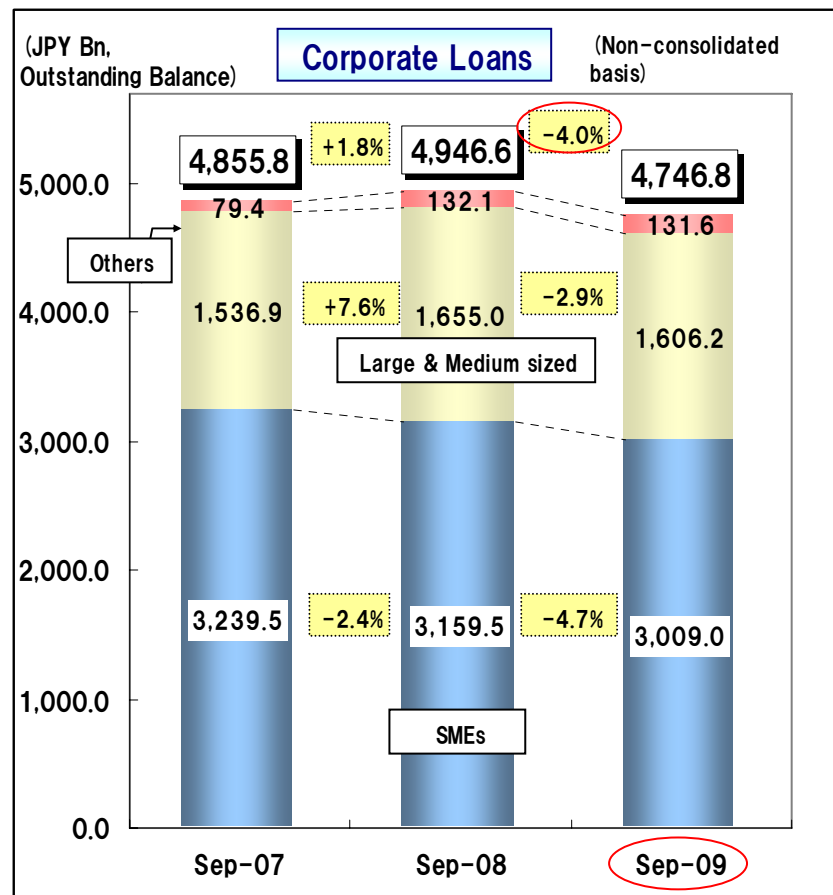
2. Business Performance

(1) Individual Loans & Corporate Loans

- Individual Loans: Housing Loans grew by 3.8%, Apartment Loans grew by 2.0%. Total growth is 2.9% from Sep-08.
- Corporate Loans: Corporate Loans declined by 4.0% in total, due mainly to decline in Loans to SMEs. This was due to a drop in loans to real estate and construction sectors.



(Note) Housing loan includes a portion that has been securitized.
 (Sep-07: JPY269.1Bn, Sep-08: JPY269.9Bn, Sep-09: JPY244.6Bn)

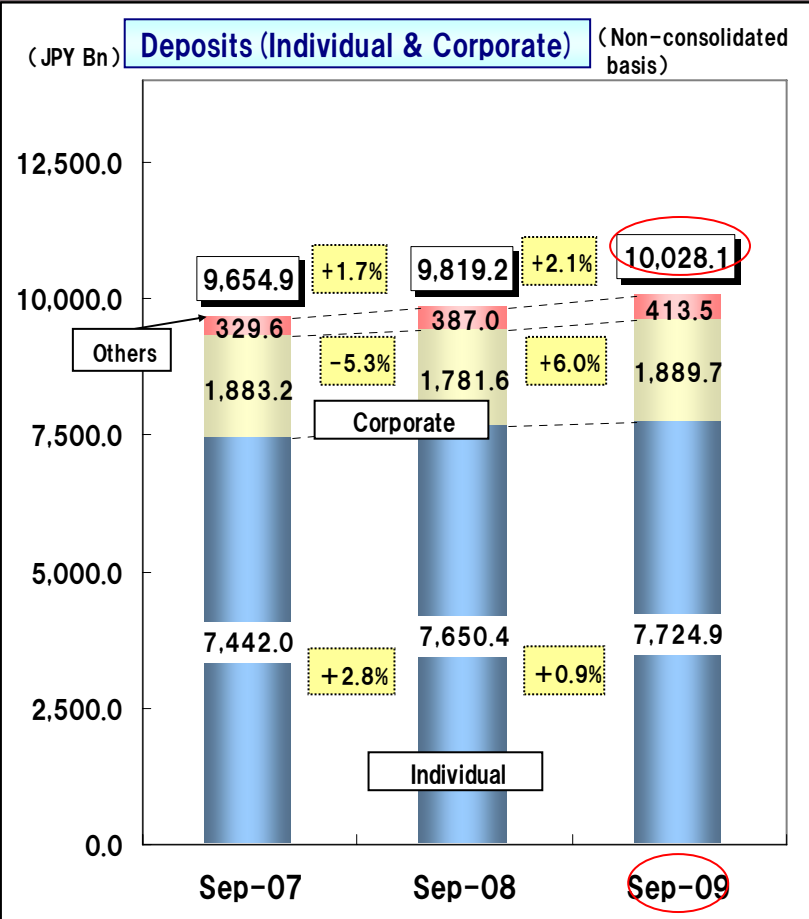
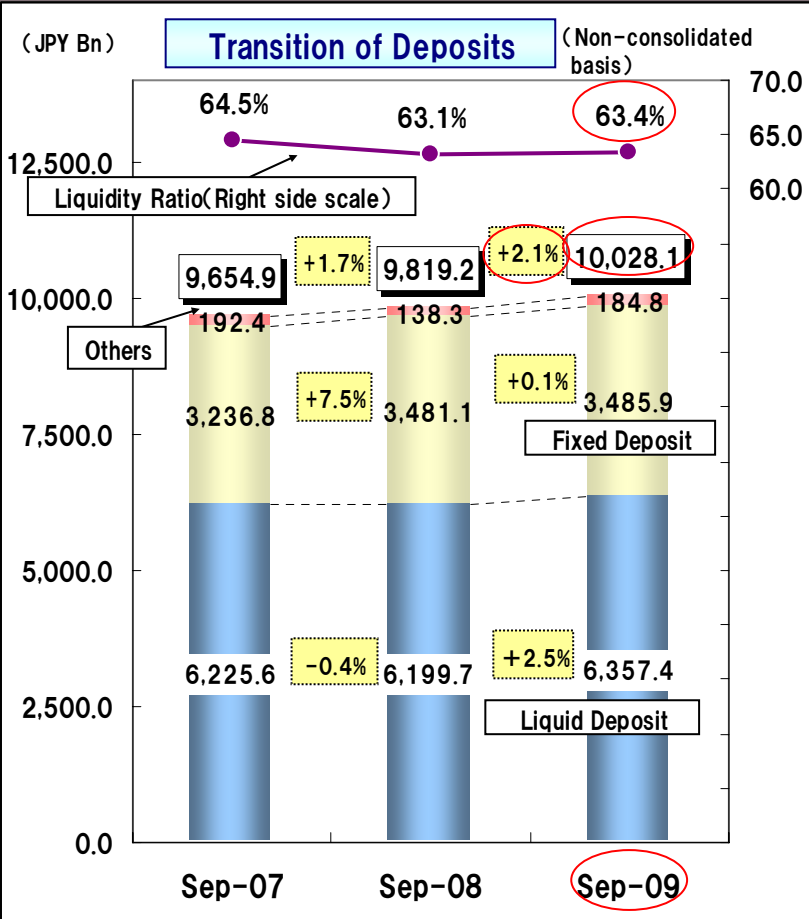


(Note) "Others" include loans to public and public related sectors.

2. Business Performance

(2) Deposits

- Sep-09: Deposits grew by **+2.1%** from Sep-08, maintaining a sustained increase and kept the level above JPY10TN.
- Liquidity ratio is **63.4%**, maintaining the highest level among regional banks (Average **51%**).
- Deposits for Corporate customers grew by **+6.0%** from Sep-08 due to increase of customer's cash reserve, and led the total increase.



(Note1) Liquid Deposit = current, ordinary, saving, and other deposits.

(Note2) Fixed Deposit = time deposit etc.

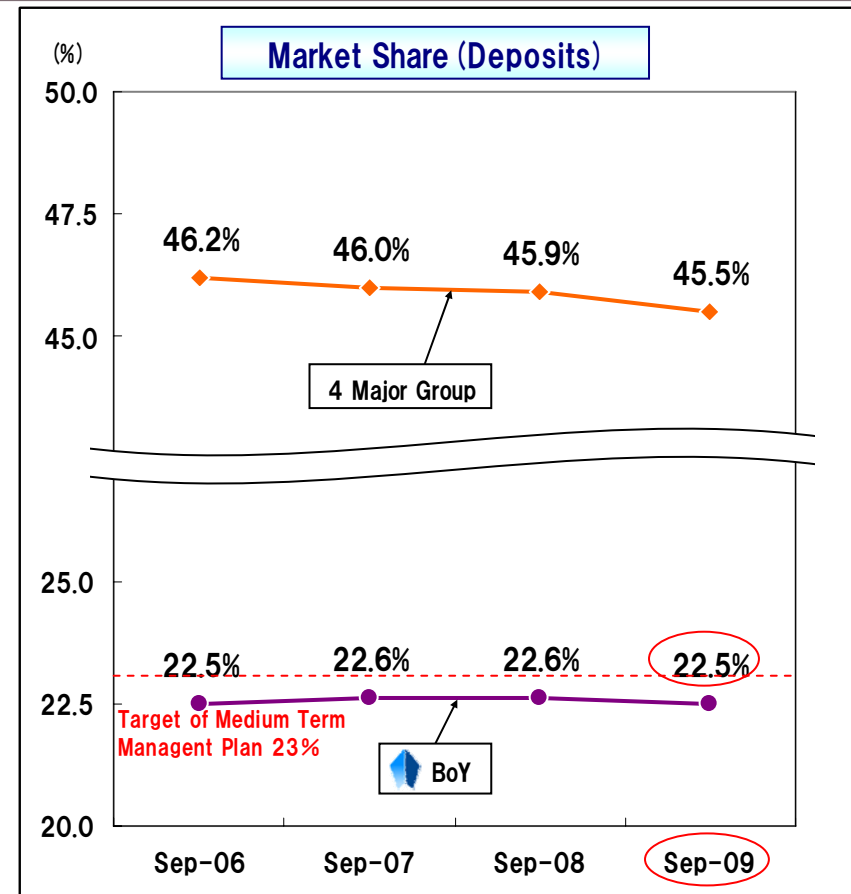
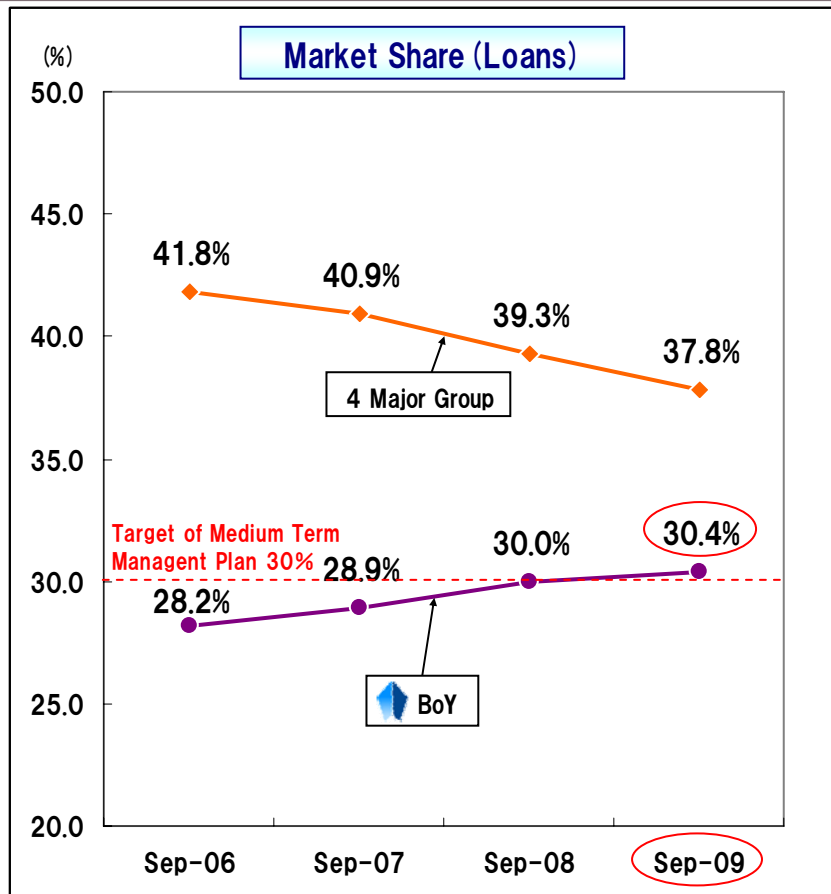
(Note3) Others = miscellaneous and other deposits.

(note) Others = Local Public + Financial Institutions

2. Business Performance

(3) Market Share in Kanagawa Prefecture

- Sep-09: Market share of loans was **30.4%** (grew by **0.4%** from Sep-08), and the share of deposits was **22.5%** (declined **0.1%** from Sep-08).
- Market share of loans is surpassing the target level (Target for Loans: **higher than 30%**) stated in our Medium Term Management Plan, while 4 Major Group are lowering Market Share.



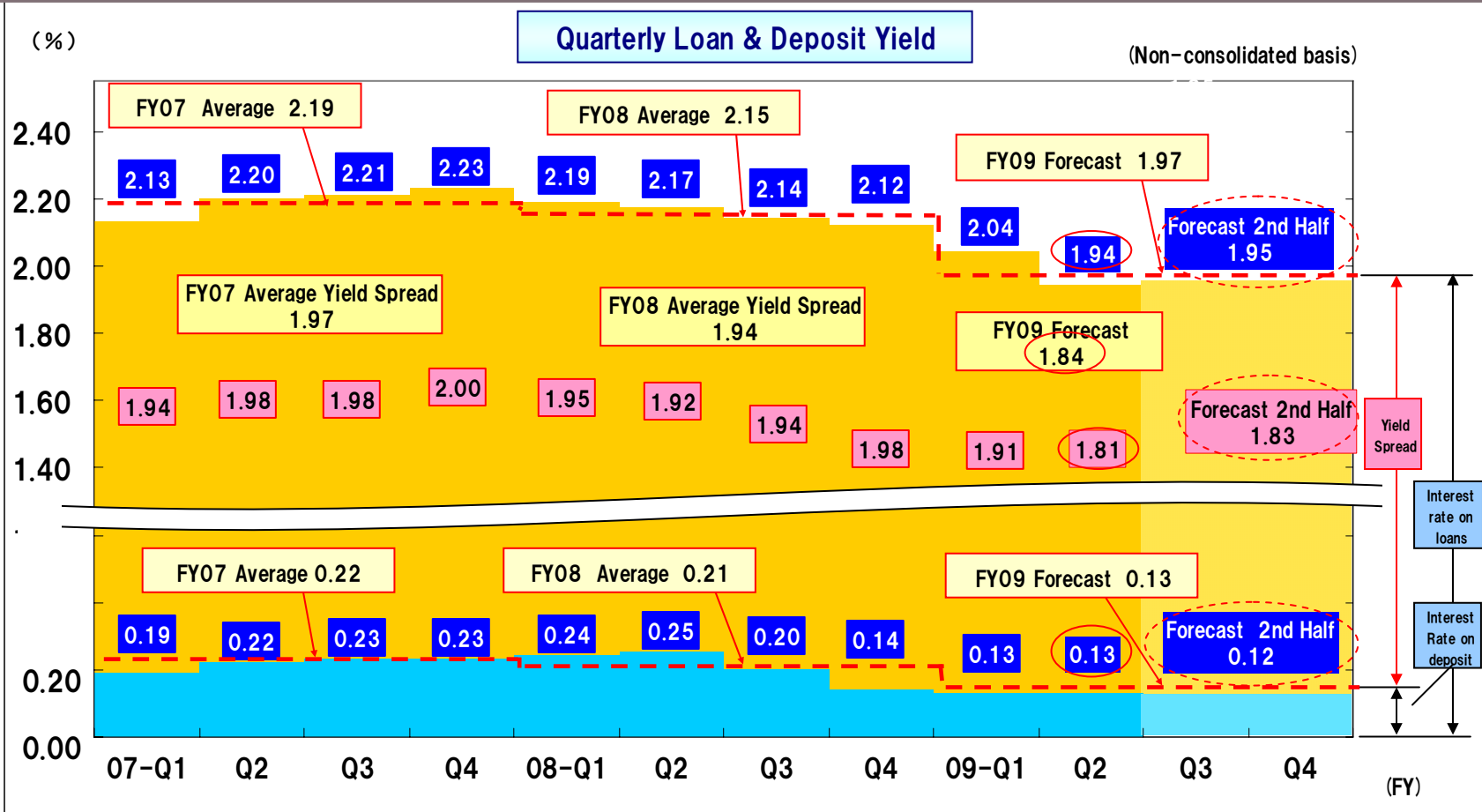
(Note1) Market share above does not include Japan Post, Credit Unions & JA. (Bank estimates)

(Note2) 4 Major Group: Mitsubishi UFJ FG, Sumitomo Mitsui FG, Mizuho FG, Resona HD

2. Business Performance

(4) Loan & Deposit Yield (Domestic Operations)

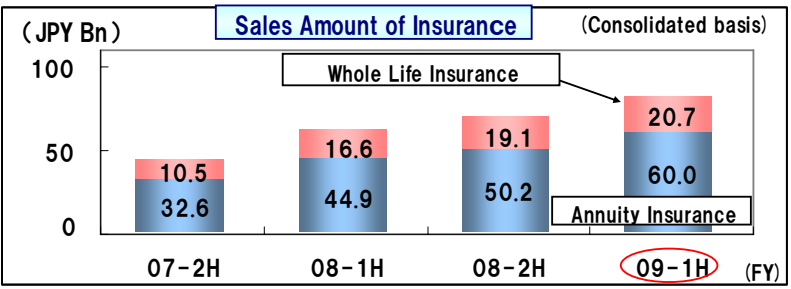
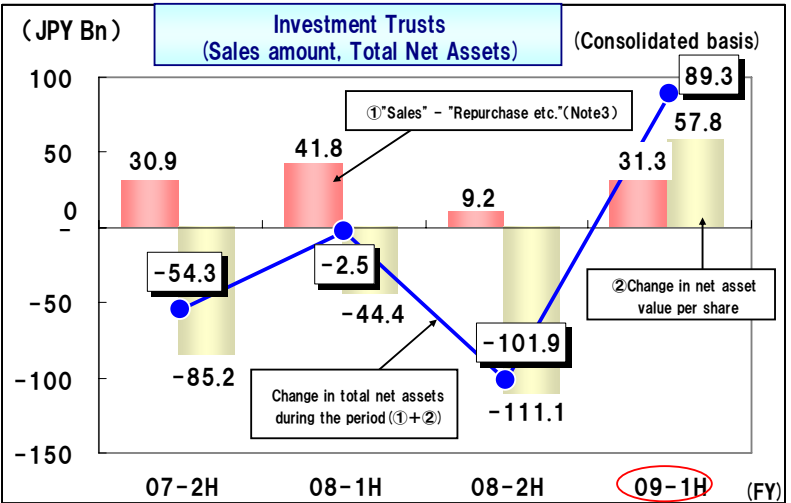
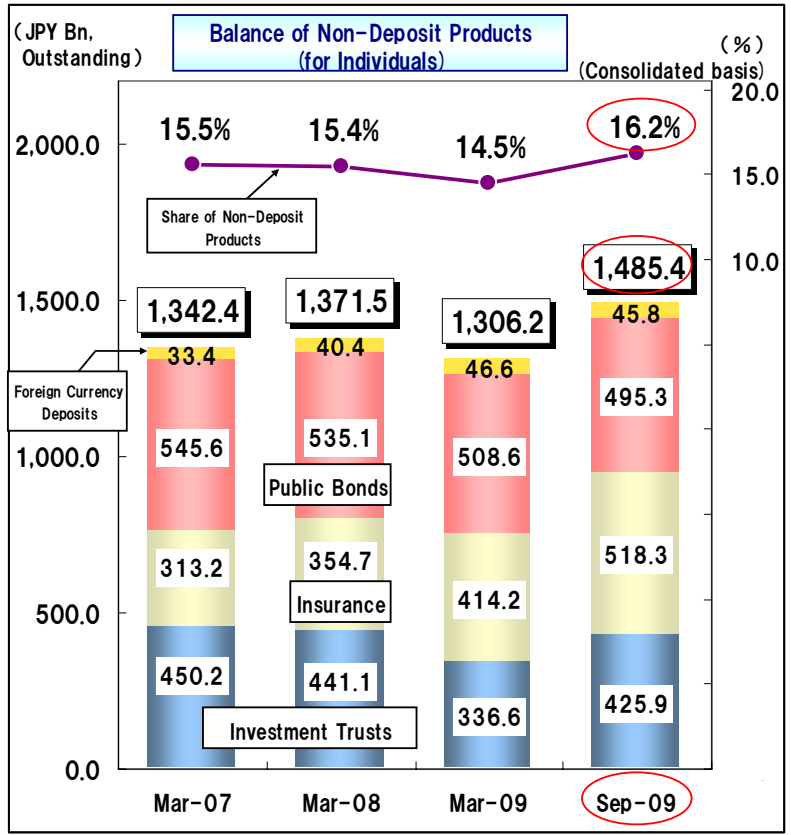
- FY09-Q2: As a result of two BOJ rate cuts (Oct-08 and Dec-08, each cutting 20bp), Loan Yield declined to 1.94%, Deposit Yield declined to 0.13%, and Yield spread shrunk to 1.81%.
- FY09 2nd Half: Loan Yield is expected to 1.95% by continuing efforts to increase margin according to risks, Deposit Yield is expected to 0.12% by a fall in fixed rate Deposits, thereby Yield spread will be 1.83%.
- FY09 Forecast: Yield spread is expected to 1.84%.



2. Business Performance

(5) Non-Deposit Products

- Balance of Investment trusts increased by **JPY89.3Bn** from Mar-09, due mainly to increase in Net sales amount (Note3) (**JPY31.3Bn**) and net asset value per share (**JPY57.8Bn**)
- Net sales amount of Investment Trusts in FY09-1H was **+240%** from FY08-2H (JPY9.2Bn)
- Balance of Insurance products in Sep-09 was JPY518.3Bn, increased **JPY104.1Bn** from Mar-09 (increased JPY59.5Bn in FY08).



(Note1) Share of Non-Deposit Products = Outstanding balance of Non-Deposit Products ÷ (outstanding balance of individual deposits + outstanding balance of Non-Deposit Products)

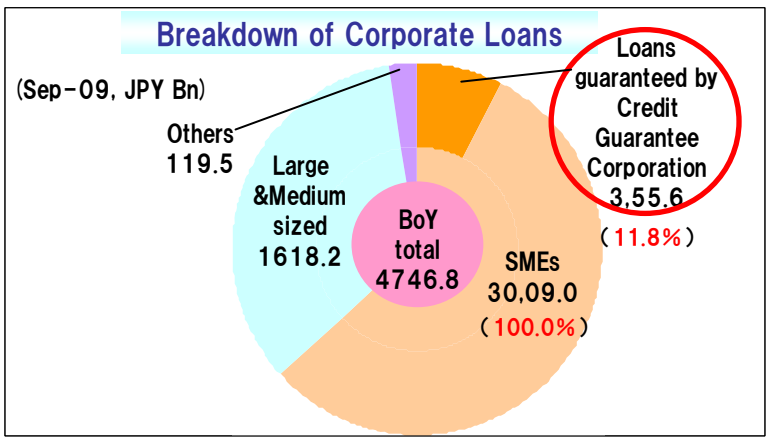
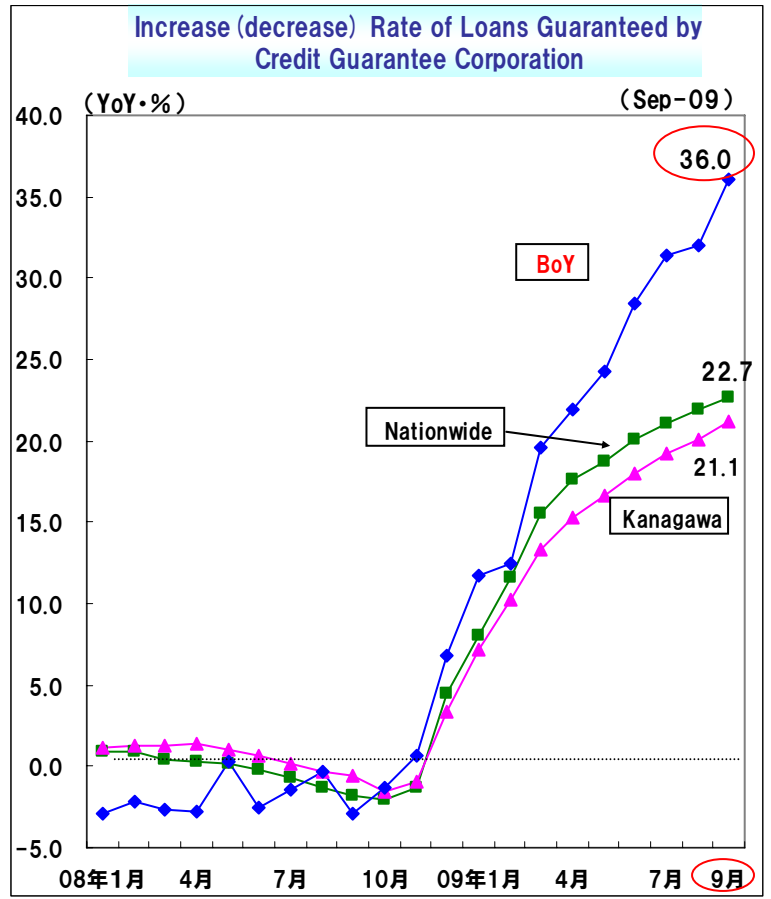
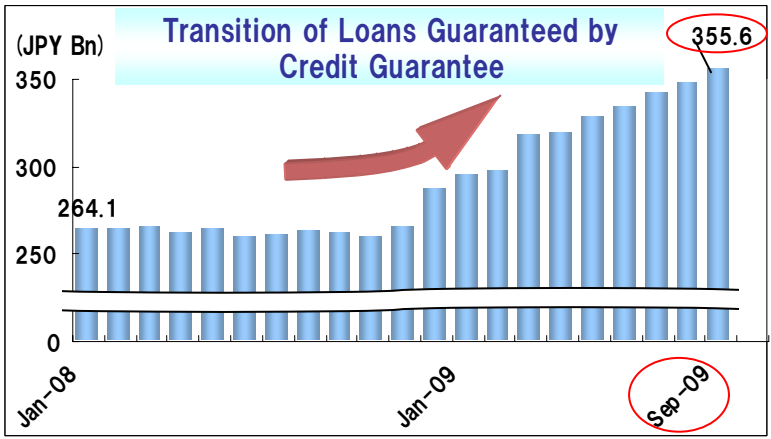
(Note2) Insurance = annuity insurance + whole life insurance

(note3) Net sales amount: Sales - Repurchase etc. (Repurchase, Redemption etc.)

2. Business Performance

(6) Transition of Loans Guaranteed by Credit Guarantee Corporation

- Loans under the guarantees extended by Credit Guarantee Corporations (“CGCs”) rose steadily as the Bank has positively responded to SME demands since the Emergency Guarantee Program (note) was inaugurated in Aug 2008.
 - CGC-guaranteed loans accounted for **11.8%** of SME loans at the Bank as of the end of Sep 2009.
 - In growth rate of CGC-guaranteed loans (**+36.0% from FY08**), the Bank surpassed both national average and Kanagawa prefectural average.
- (note) Established to assist SMEs facing financial difficulties due to economic slowdown by providing a full guarantee other than an 80%, conventional one for general purposes

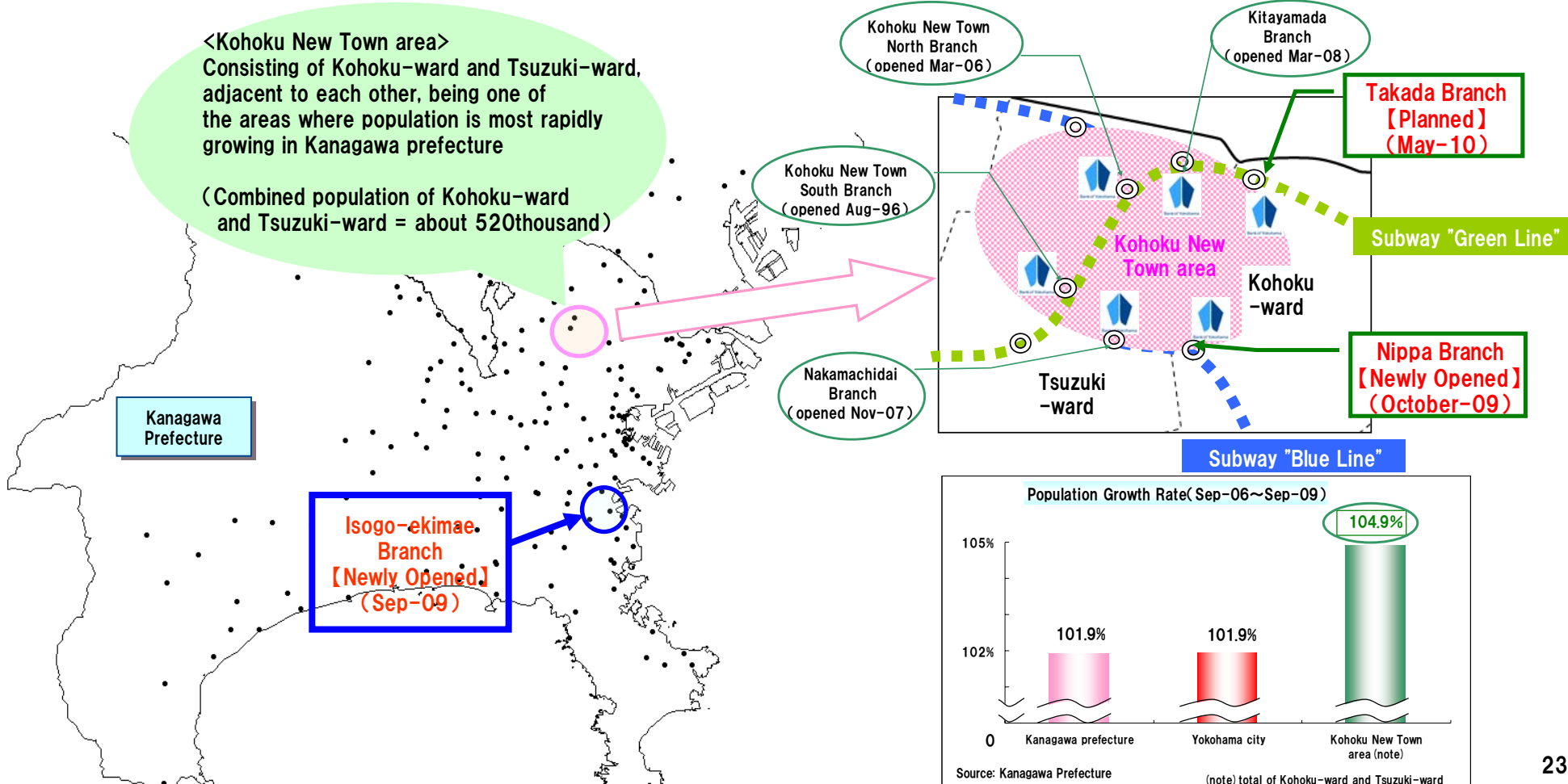


3. Management & Business Strategies

3. Management & Business Strategies

(1) Branch Network Strategy – Newly Opened Branches

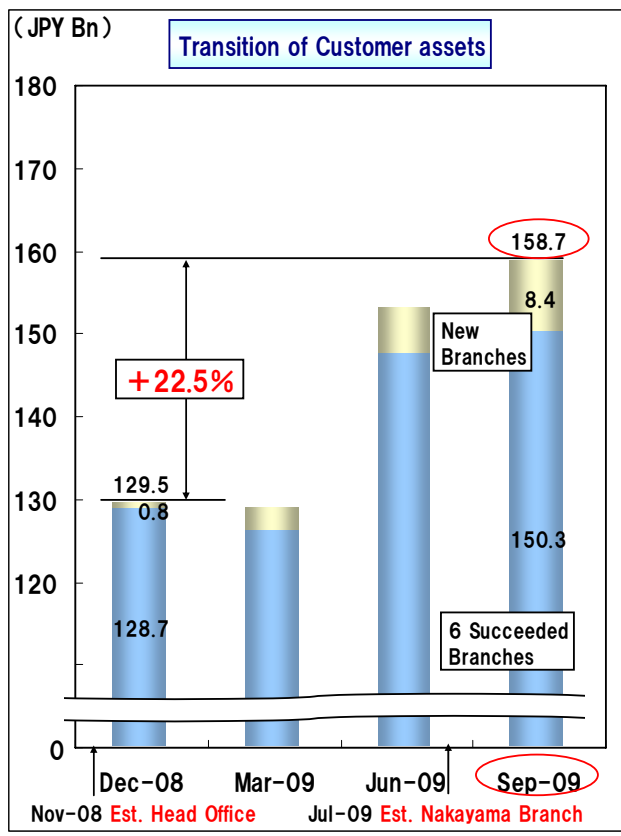
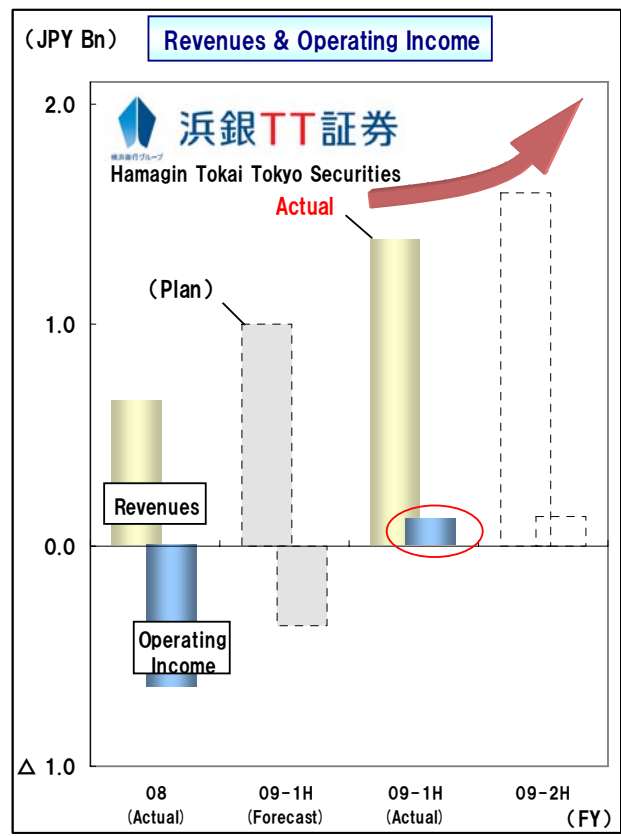
- We are strategically opening new Mini-Branches at areas where population growth is remarkable within Kanagawa prefecture.
- In particular, we have opened "Isogo-ekimae Branch" in September 2009 at a zone close to downtown Yokohama, and "Nippa Branch" in October 2009 at Kohoku-Ward, one of the areas where the population is most rapidly growing in Kanagawa prefecture. In addition we are planning to open "Takada Branch" in May 2010 at Kohoku-Ward.



3. Management & Business Strategies

(2) Securities Business Strategy – Securities Subsidiary

- To provide high quality securities services to our customer, and to further expand customer assets and profit we have jointly established "Hamagin Tokai Tokyo Securities" (HTTS, consolidated subsidiary of BoY) with Tokai Tokyo Securities in Nov-08.
- **FY09 1st Half: Marked a profit** in both Operating Income and Net Income (initially expected negative earnings). Customer assets in Sep-09 was **JPY158.7Bn (+JPY29.2Bn,+22.5%** from Dec-08 [shortly after establishment]).
- Opened joint branches in **Nakayama in Jul-09** and **Odawara in Oct-09**. We will continue expanding business area of HTTS.



(JPY Bn)

	Dec-08	Sep-09	Change	
6 Succeeded Branches	128.7	150.3	+21.5	+16.7%
Newly Established Branches (note)	0.8	8.4	7.6	+972.6%
Total	129.5	158.7	29.2	+22.5%

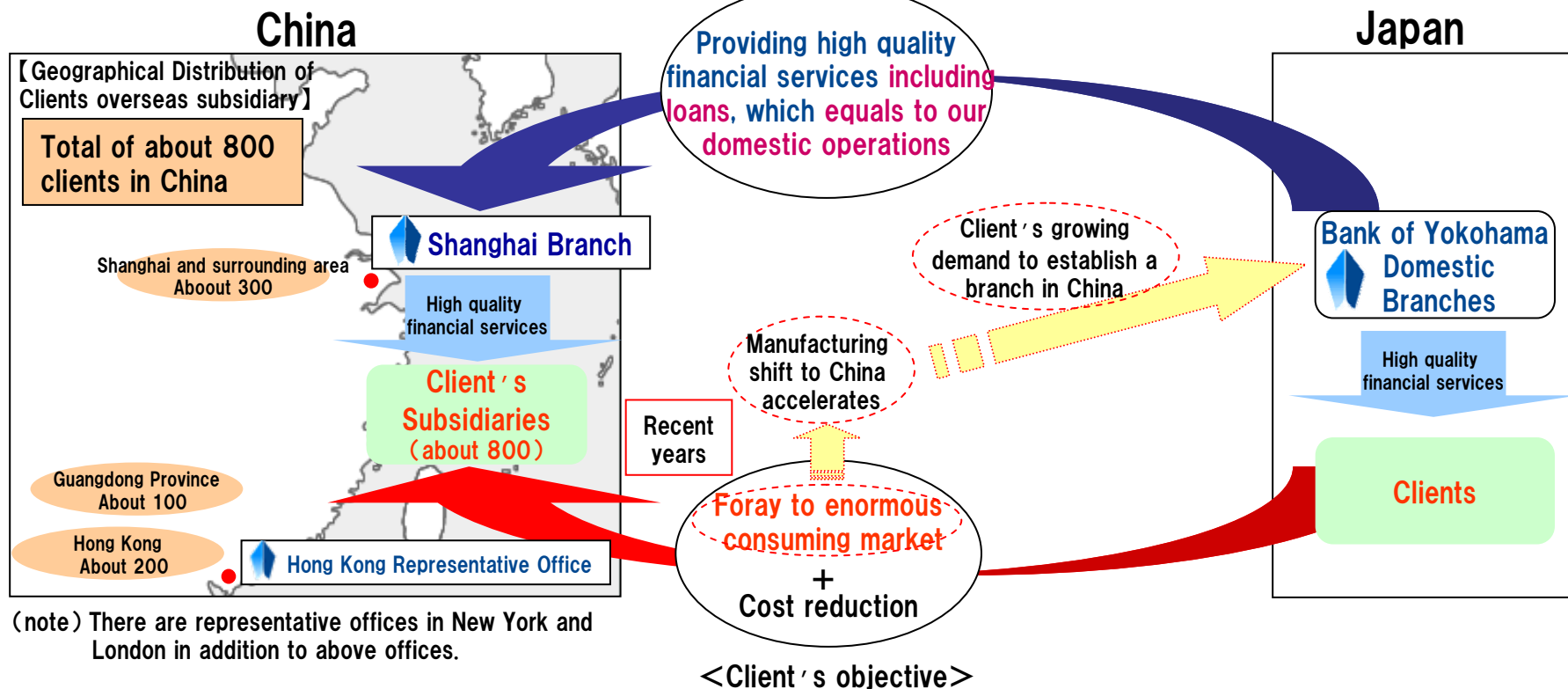
(note) Established HTTS in **Nov-08** succeeding 6 branches in Kanagawa from Tokai Tokyo Securities and **newly opening Head Office**. **Newly opened Nakayama Branch** in Jul-09 as the first joint branches.

3. Management & Business Strategy

(3) Asia Strategy – Shanghai Branch

- To provide high quality financial services **including loans**, which **equals to our domestic operations**, to our valuable corporate client which have entered China, we have established Shanghai Branch in Nov-09 (5th Japanese bank to establish Shanghai Branch).
- Serving **about 800 corporate clients** which have entered china, we are planning to increase loans to about **JPY10Bn** as of the end of Dec-10 as the branch's first year.

Clients operating in China and the Bank's supporting scheme





Bank of Yokohama

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