



Bank of Yokohama

Information Meeting

~ Financial Results for FY2007 ~

May 23, 2008

The Bank of Yokohama, Ltd.



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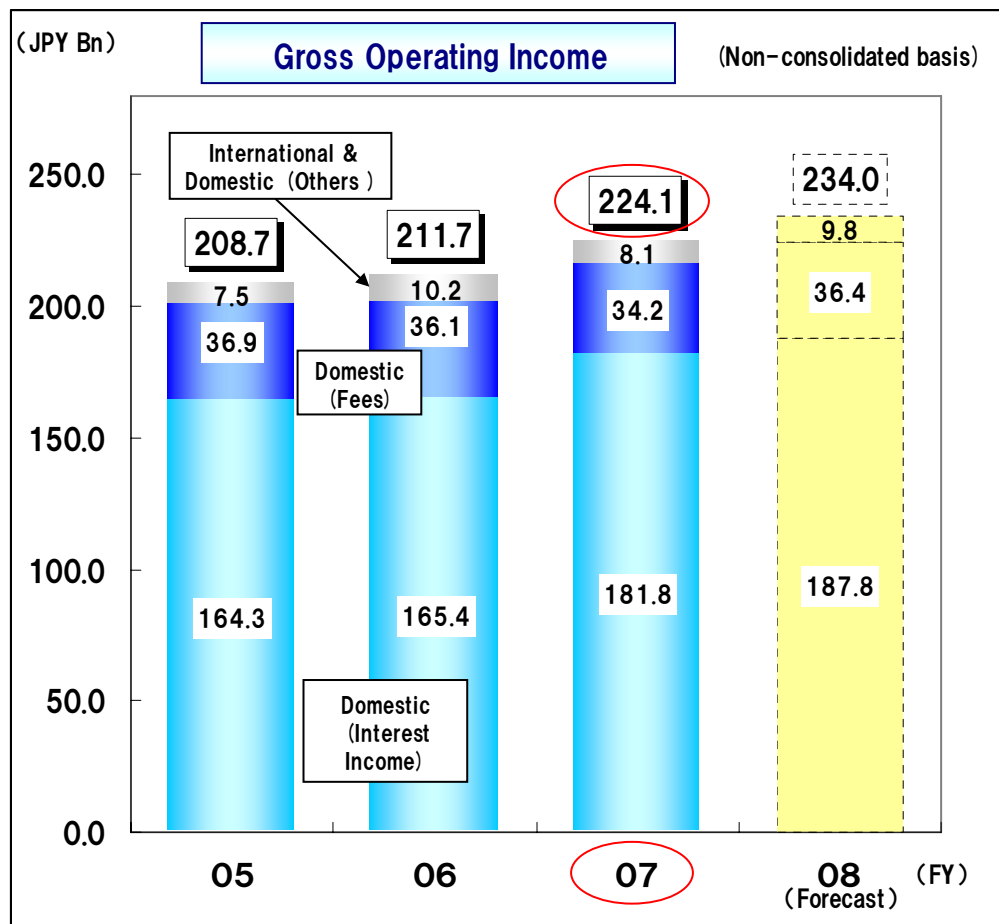
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1. Operating Performance

1. Operating Performance

(1) Gross Operating Income

- FY07: Gross Operating Income increased by **JPY12.4Bn (+5.8%)** to **JPY224.1Bn** from FY06.
- “Core Base” Income (Domestic Interest Income + Fees & Commissions) increased by **14.6Bn (+7.2%)** to **JPY216.1Bn**.
- FY08 Forecast: **JPY234.0Bn (+JPY9.9Bn, +4.4% from FY07)**.



Comparison from FY06

(JPY Bn)

	FY06 (actual)	FY07 (actual)	change
Gross Operating Income	211.7	224.1	+12.4
Domestic GOI	208.2	218.9	+10.7
Interest Income ^①	165.4	181.8	+16.4
Fees & Commissions ^②	36.1	34.2	-1.9
Trading Profits	0.8	0.9	+0.1
Other Operating Income	5.7	1.8	-3.9
GOI from Int'l Operations	3.5	5.2	+1.7
Core Base GOI^{①+②}	201.5	216.1	+14.6

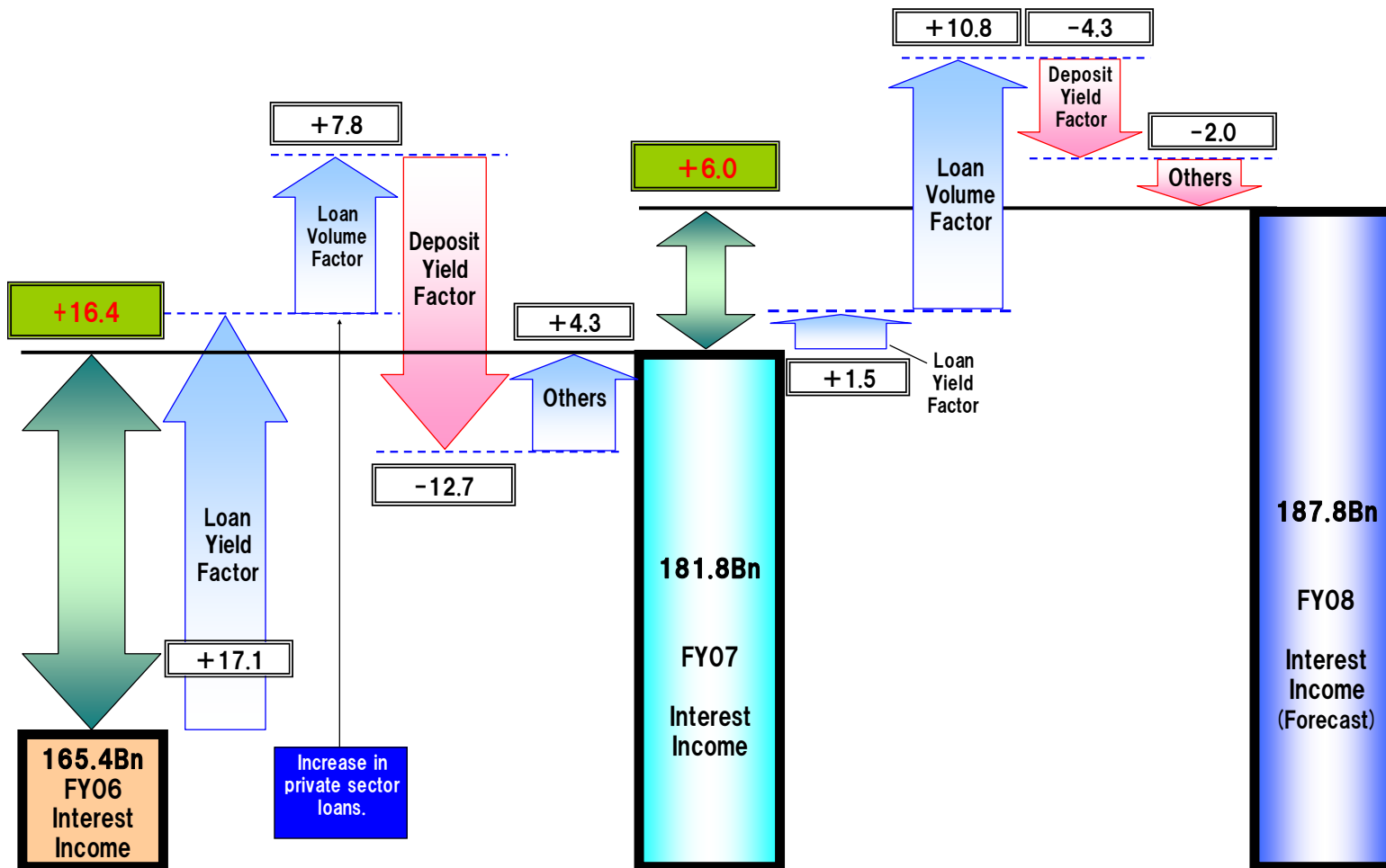
Factors behind the change:

- A Increase in interest income +JPY16.4Bn
⇒ By improvement in interest margin reflecting BOJ Rate Hikes & Increase in loan volume
- B Decrease in Fee Income: -JPY1.9Bn
⇒ Decrease in Syndicated loans + Increase in Fee expense

1. Operating Performance

(2) Analysis of Factors influencing Interest Income

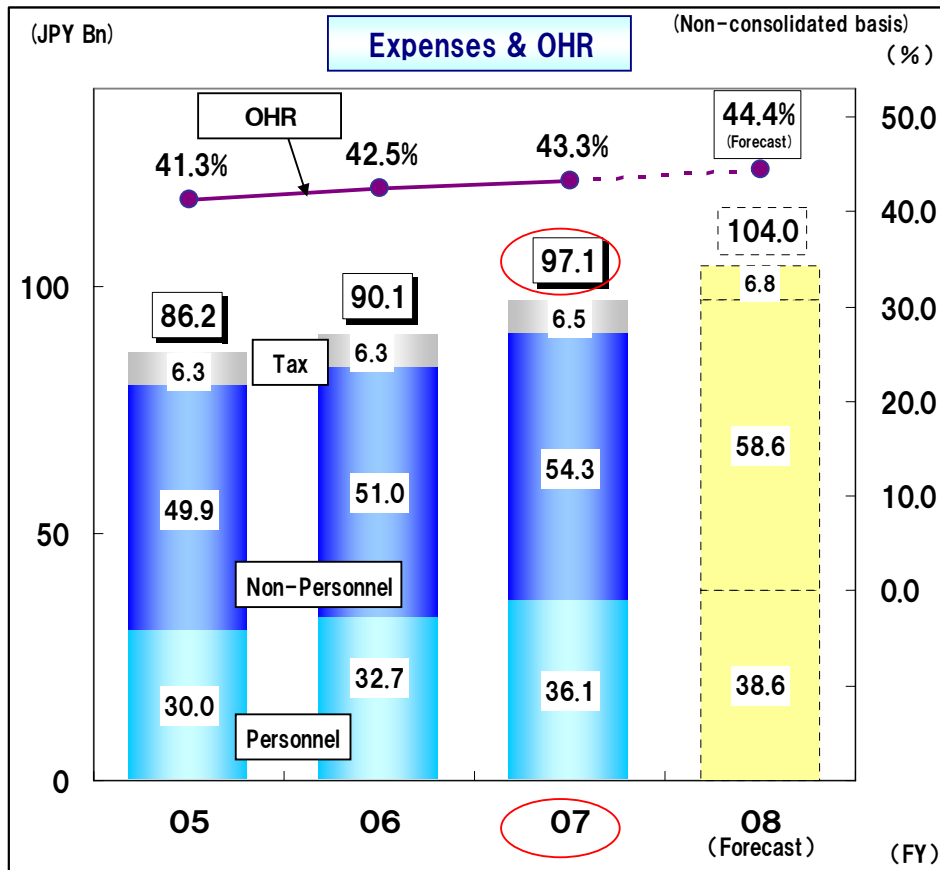
- FY07: Interest Income increased by **JPY16.4Bn**, reflecting the effects of the two BOJ rate hikes.
- FY08: Expected to increase by **JPY6.0Bn**, due mainly to expected increase in loan volume.



1. Operating Performance

(3) Expenses & OHR

- FY07: Expenses were **JPY97.1Bn** (+JPY7.0Bn, +7.7%). OHR was **43.3%**.
- FY08 Forecast: **JPY104.0Bn** (+JPY6.9Bn, +7.1%).
- Both Personnel & Non-Personnel investments are to increase as the Management Plan progresses, but OHR will remain between 40% and 45%.



Comparison from FY06

	(JPY Bn)		
	FY06 (Actual)	FY07 (Actual)	change
Expenses	90.1	97.1	+7.0
Personnel	32.7	36.1	+3.4 A
Non-Personnel	51.0	54.3	+3.3 B
Tax	6.3	6.5	+0.2
Adjusted OHR(%)	42.5	43.3	+0.8

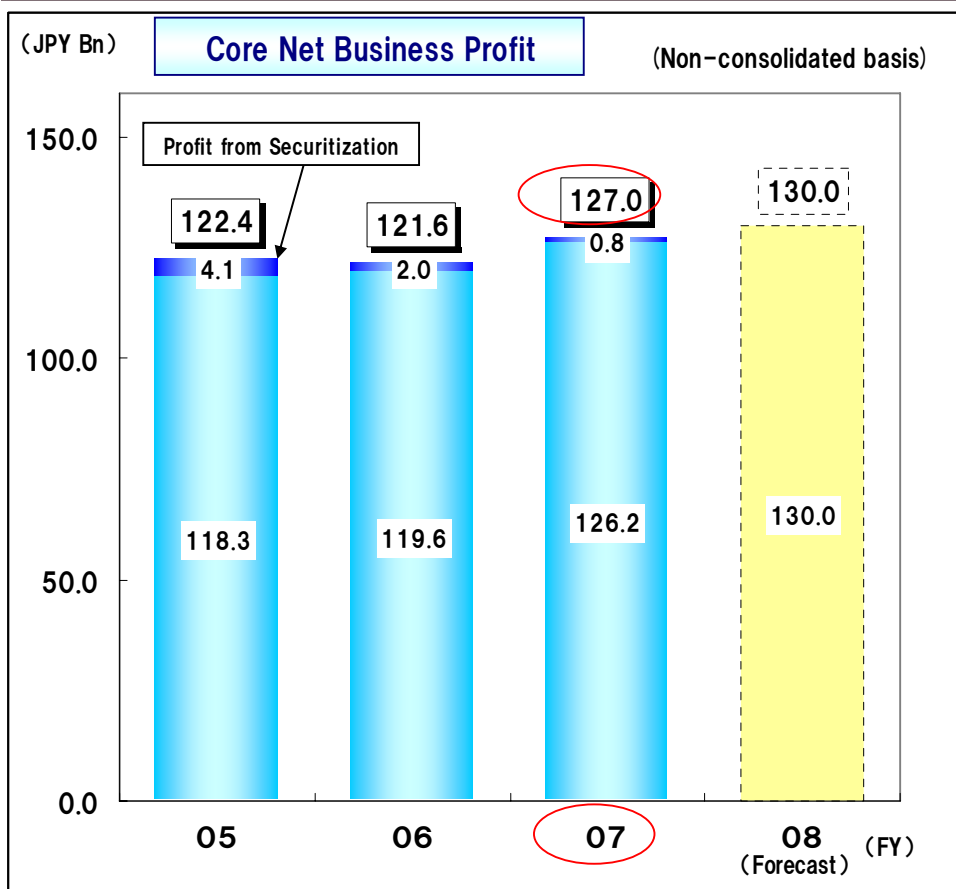
Factors behind the change:

A Increase in the # of personnel etc.
 B Increase in investments in newly opening branches & IT related investments, and Brand Strategies etc.

1. Operating Performance

(4) Core Net Business Profit

- FY07: Core Net Business Profit increased by **JPY5.4Bn (+4.4%)** to **JPY127.0Bn**.
- FY08 Forecast: **+JPY3.0Bn (+2.3%)** to **JPY130.0Bn**.



Comparison from FY06

	(JPY Bn)		
	FY06 (actual)	FY07 (actual)	change
Core Net Business Profit	121.6	127.0	+5.4
ROE(Core Net Business Profit)	17.4%	17.9%	+0.5%
ROA(Core Net Business Profit)	1.1%	1.1%	±0.0%

Factors behind the change:

Increase in Gross Operating Income +JPY12.4Bn
Increase in Expenses - JPY7.0Bn

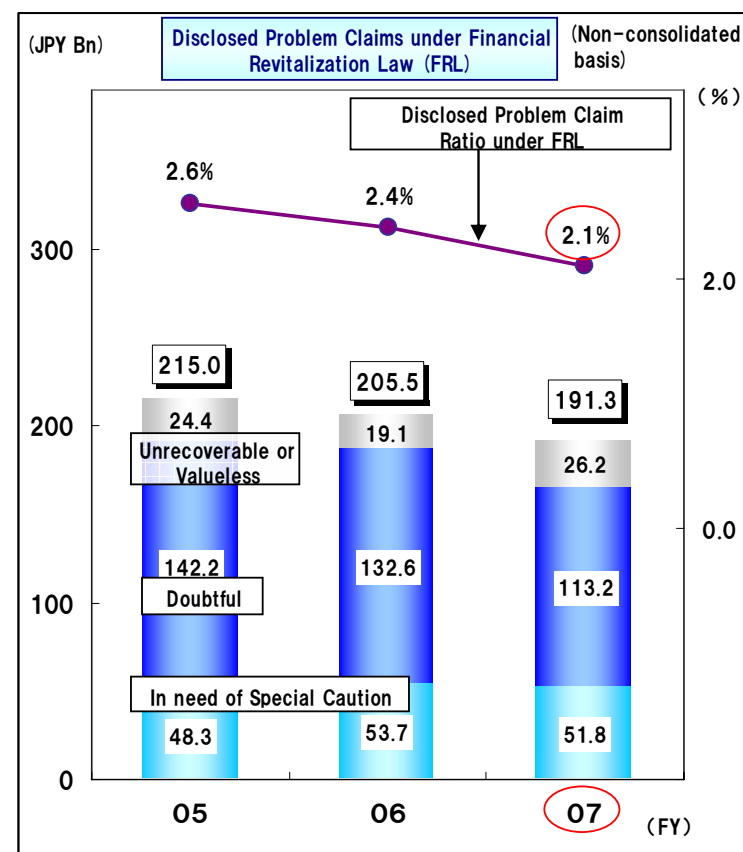
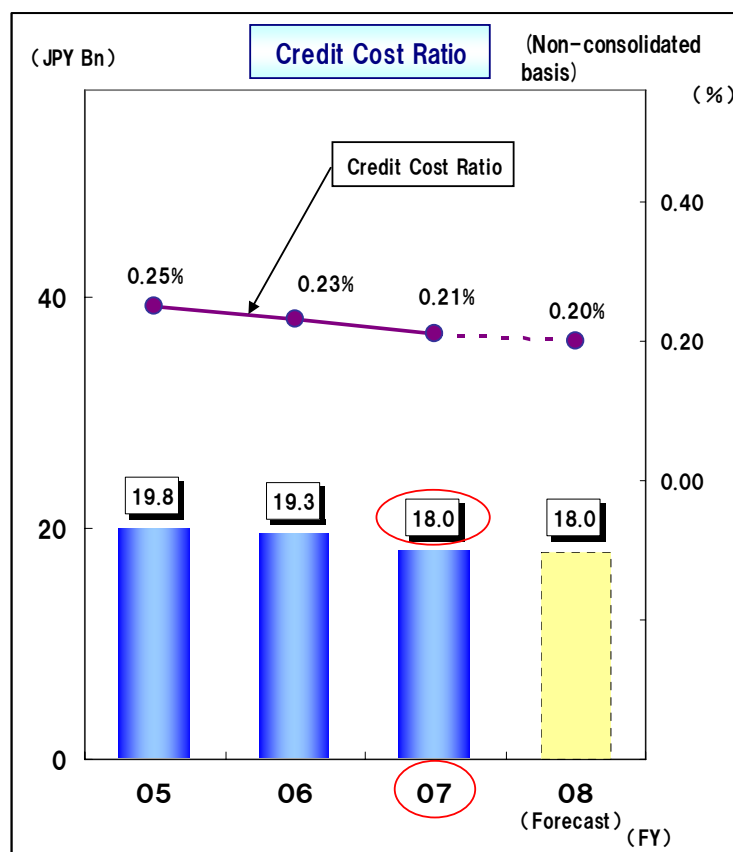
(Note) ROE = Core Net Business Profit ÷ Net Asset(Average, excluding minority interests)

ROA = Core Net Business Profit ÷ Total Assets (Average, excluding, excluding customers' liabilities for acceptances & guarantees)

1. Operating Performance

(5) Credit Costs & Problem Claims Ratio

- FY07: Credit Costs decreased by **JPY1.3Bn (-6.7%)** to **JPY18.0Bn**.
- FY08 Forecast: Expected to be **JPY18.0Bn ($\pm 0.0%$ from FY07)**, Credit Cost Ratio is expected to be **0.20%**.
- FY07: Problem Claims Ratio decreased to **2.1%**.



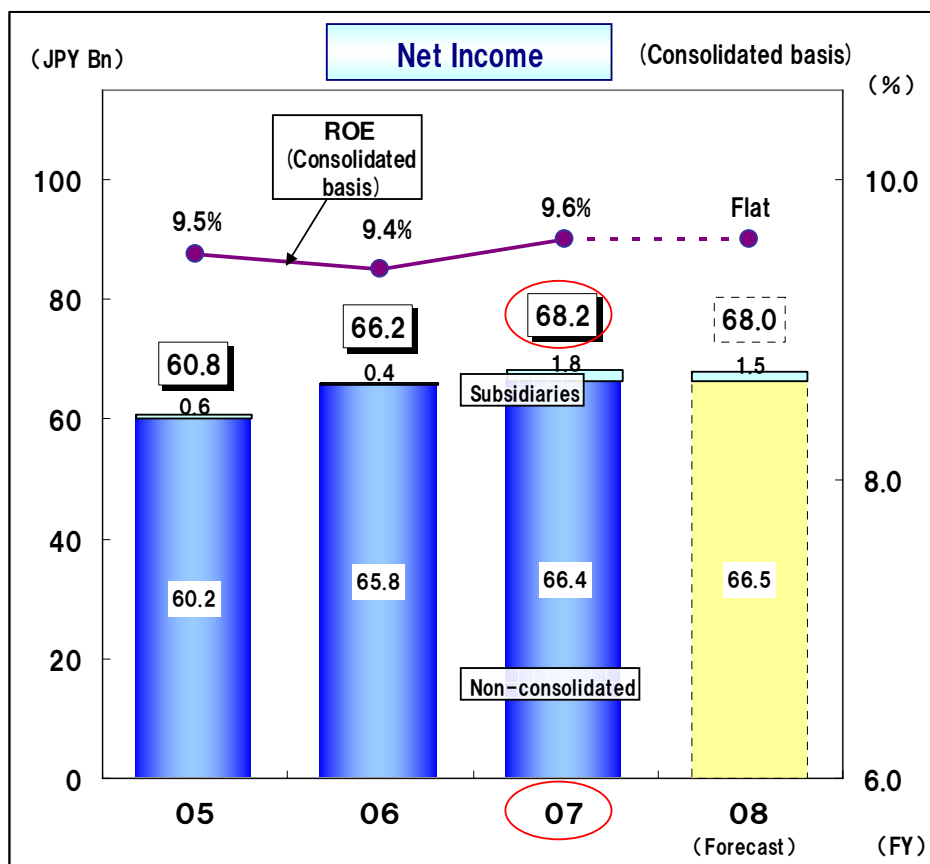
(Note1) Credit Costs = Disposal of bad debts + Transfer to Allowance for possible loan losses

(Note2) Credit Cost Ratio = Credit Costs \div Average loan balance

1. Operating Performance

(6) Net Income

- FY07: Net Income (consolidated) was **JPY68.2Bn** (+JPY2.0Bn, +2.9% from FY06).
- FY08 Forecast: **JPY68.0Bn**, -JPY0.2Bn (-0.2%) from FY07.
- FY08: ROE is expected to be **mid-9%**.



Comparison from FY06

	(JPY Bn)		
	06 (Actual)	07 (Actual)	change
Net Income(consolidated)	66.2	68.2	+2.0
Net Income(Non-Consolidated)	65.8	66.4	+0.6
Net Income(Subsidiaries)	0.4	1.8	+1.4
ROE (Net Income base, consolidated)	9.4%	9.6%	+0.2%

Factors behind the change:

<Non-consolidated>

Increase in Core Net Business Profit: +JPY5.4Bn

Decrease in Credit Cost: +JPY1.3Bn

Decrease in Stock related gain etc.: -JPY3.6Bn

<Subsidiaries>

Improvement in profitability

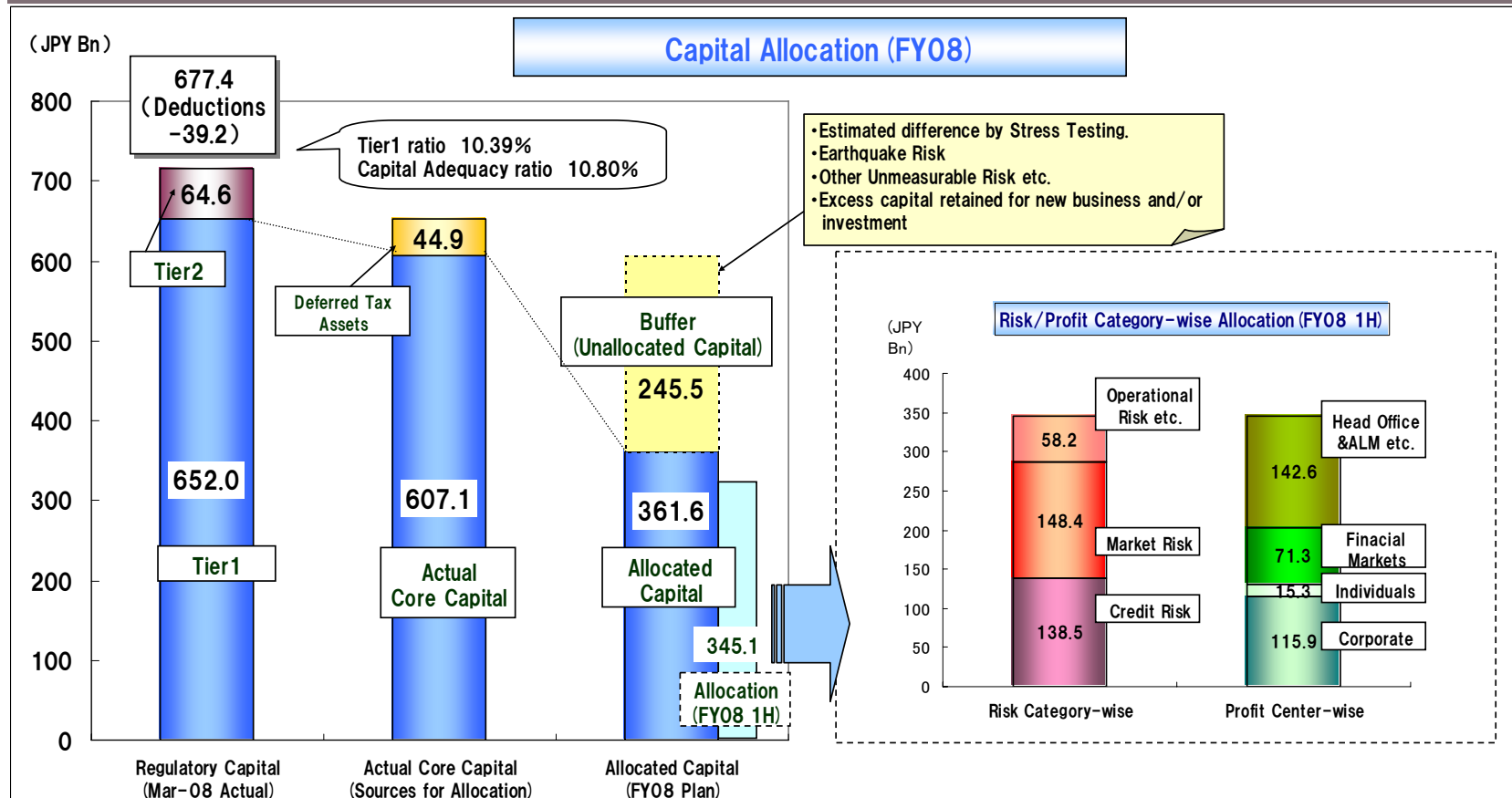
of Consolidated Subsidiaries etc. ; +JPY1.4Bn

(Note) ROE = Core Net Business Profit ÷ Net Asset(Average, excluding minority interests)

1. Operating Performance

(7) Capital Allocation

- Mar-08 (consolidated) : Tier1 Ratio was **10.39%**, Capital Adequacy Ratio was **10.80%**.
- Strictly managing risk & return by allocating capital according to both Risk Category-wise and Profit Center-wise, securing considerable amount of “buffer” reflecting stress tests.



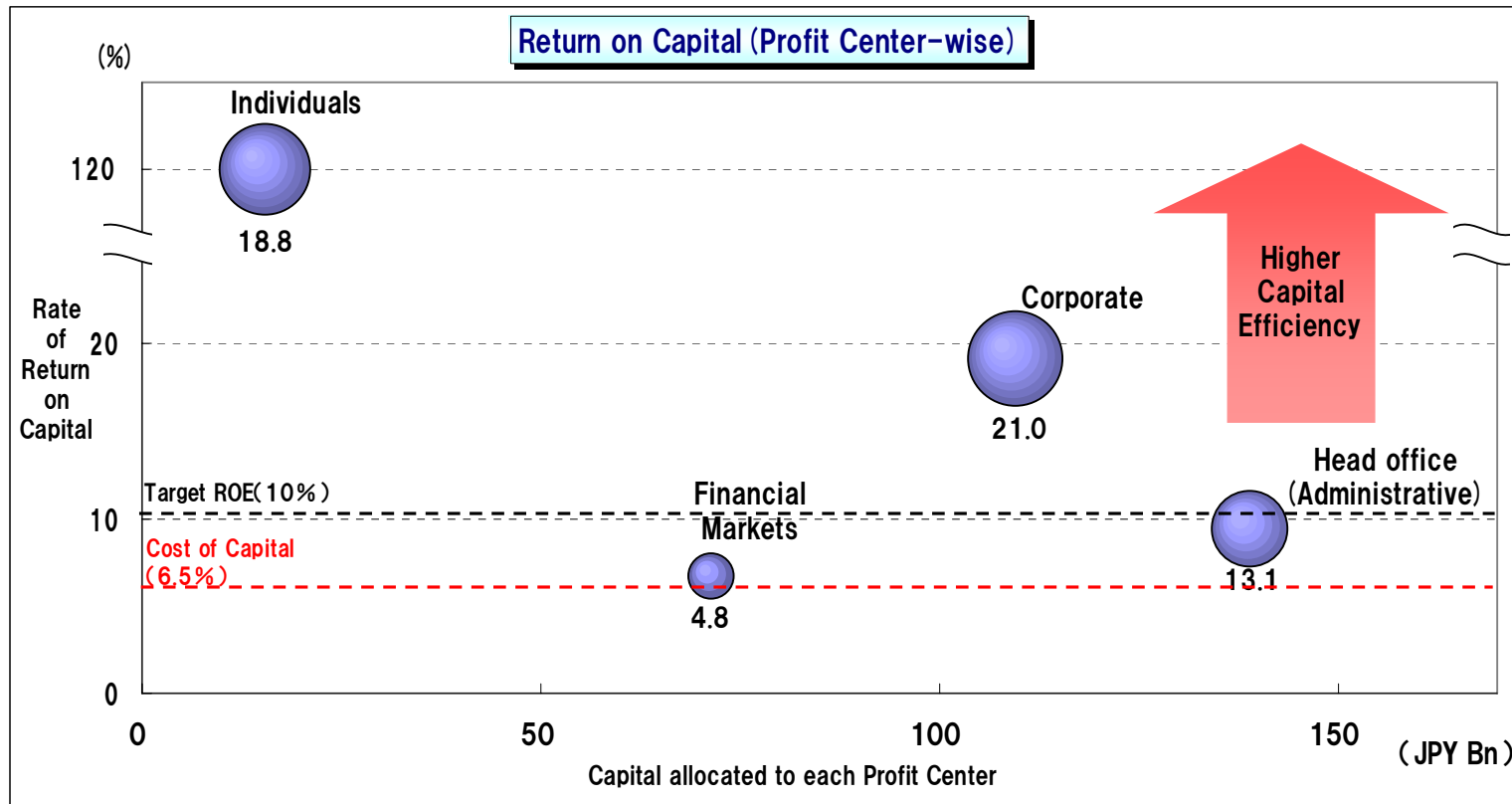
(Note 1) Market Risk: Interest rate fluctuating risk related to Loans, Deposits, securities held to maturity, and securities price fluctuating risk.

(Note 2) Operational Risk etc.: Operational risk, Liquidity risk and other risks.

1. Operating Performance

(8) Return on Capital (Profit Center-wise)

- The average return on capital allocated to all the profit centers (asset business only) was **16%**, outperforming target ROE and cost of capital.
- Return on capital in Individual and Corporate Sectors indicates higher profitability, and we will continue to maximize profits by investing our management resources in both sectors.



(Note1) Figures under each bubble: Profit Center-wise after-tax profits in JPY Bn, twice the forecasted figures for FY08 1st Half.

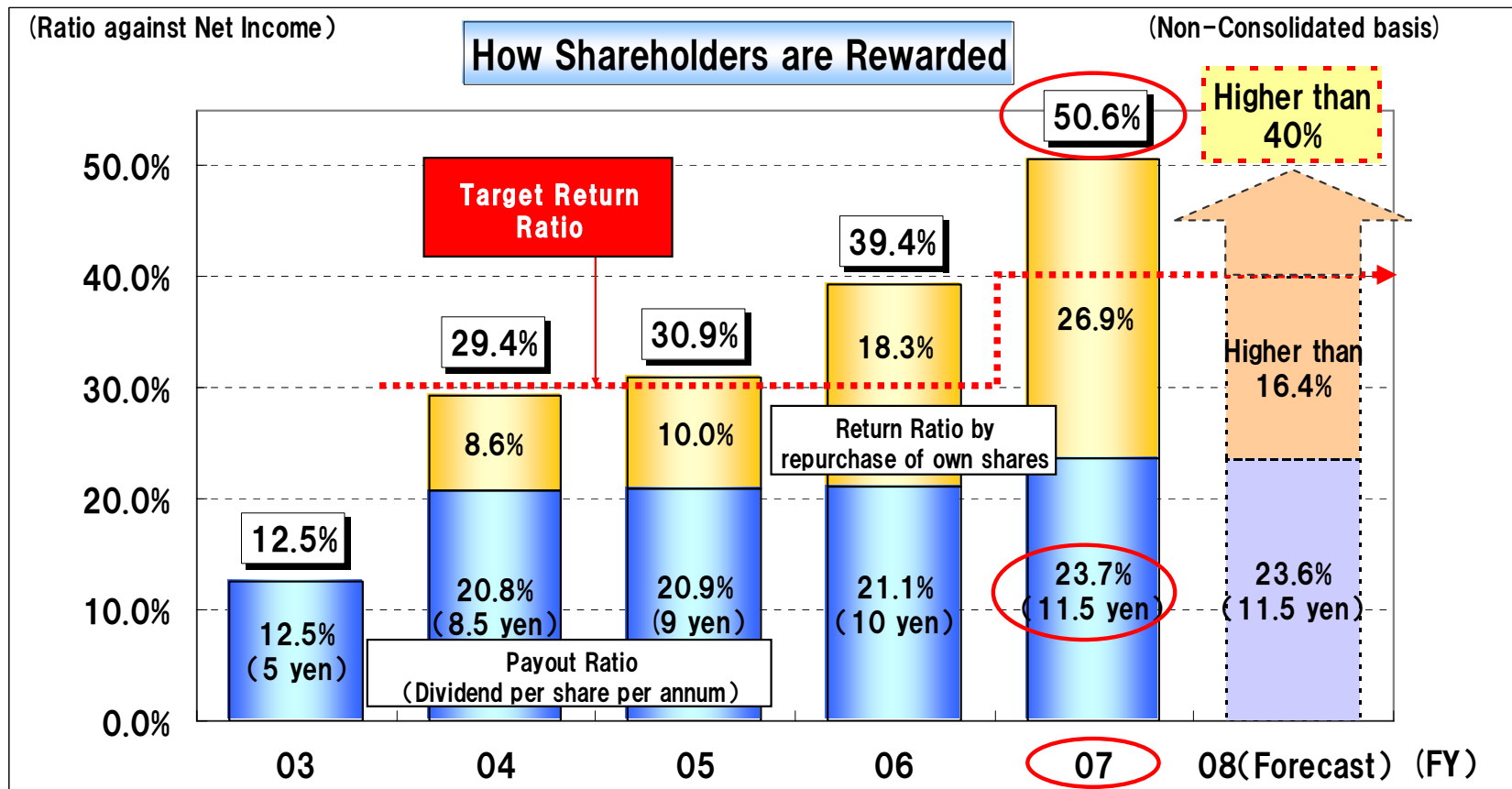
(Note2) Profit Center-wise profits = Credit Cost Adjusted Income × (1 - 40% [tax])

(Note3) Cost of Capital = JGB (10Y) Yield (1.5%) + Risk premium (5.0%)

1. Operating Performance

(9) Shareholder Return

- Payout Ratio: Rose to **23.7%** in FY07 with dividend increased by JPY1.5 per share.
- Shareholder Return Ratio: Was **50.6%** in FY07, achieving the target ratio of **40% or higher**.



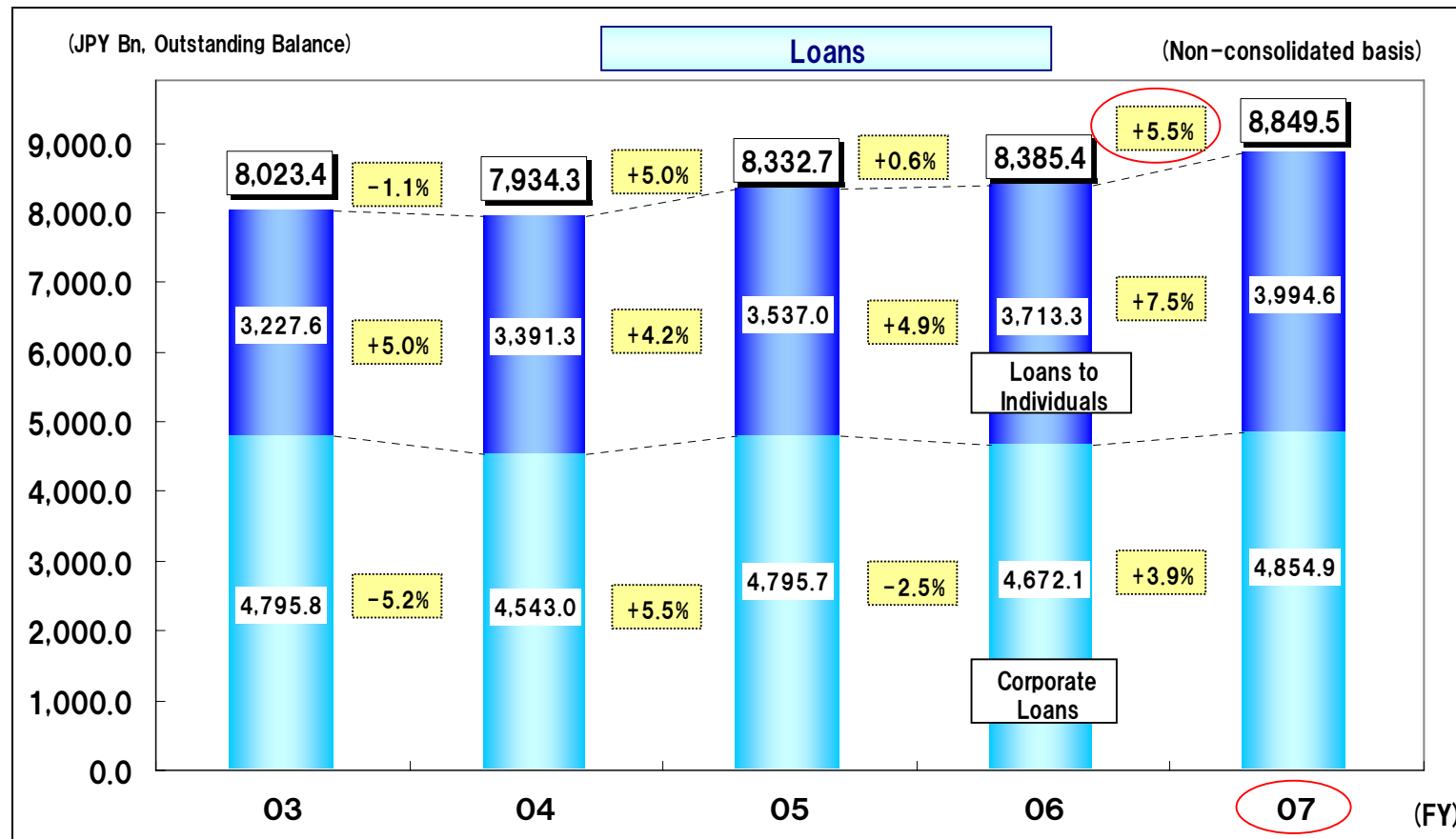
(Note) FY08 Forecast figures are calculated on condition Net Income meet the officially forecasted Net Income for FY08.

2. Business Performance

2. Business Performance

(1) Total loans outstanding

- FY07: Total loans outstanding grew by **5.5%** (+JPY464.1Bn) from FY06.
- Especially, loans to individuals grew by **7.5%** from FY06, leading the high growth in total loans.



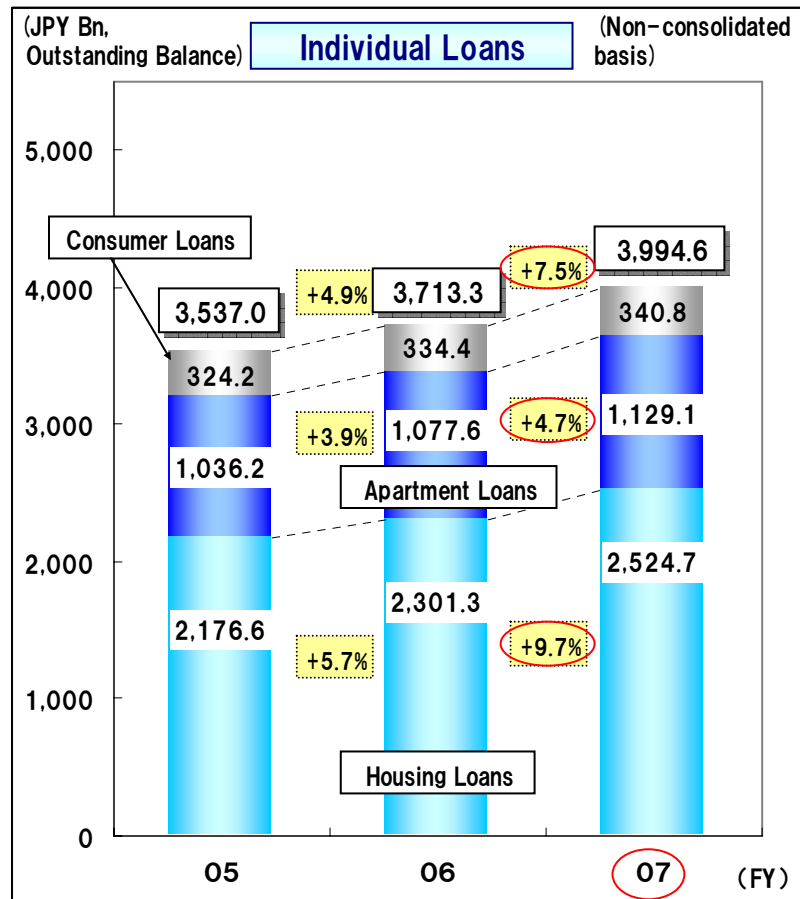
(Note 1) Corporate Loans include loans to public and public related sectors.

(Note 2) Individual Loans include a portion that has been securitized.

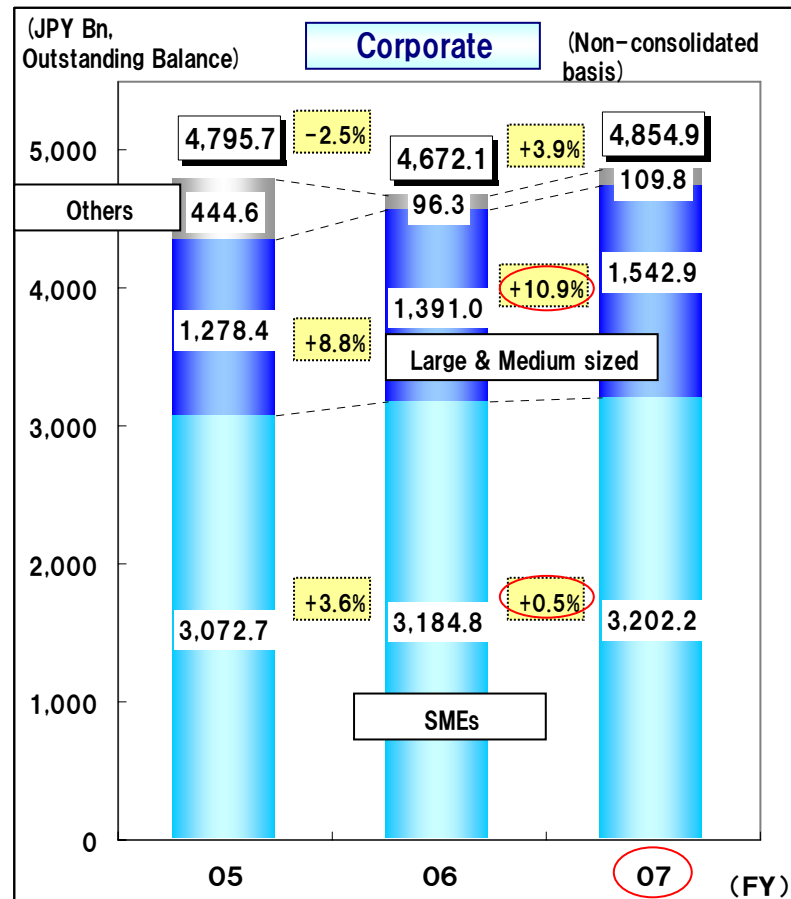
2. Business Performance

(2) Individual Loans & Corporate Loans

- Individual Loans: Housing Loans grew by **9.7%**, Apartment Loans by **4.7%** from FY06.
- Corporate Loans: Maintaining upward trend, despite a mediocre increase in SME Loans.



(Note) Housing loan includes a portion that has been securitized.
(FY05: JPY208.0Bn, FY06: JPY271.0Bn, FY07: JPY270.6Bn)

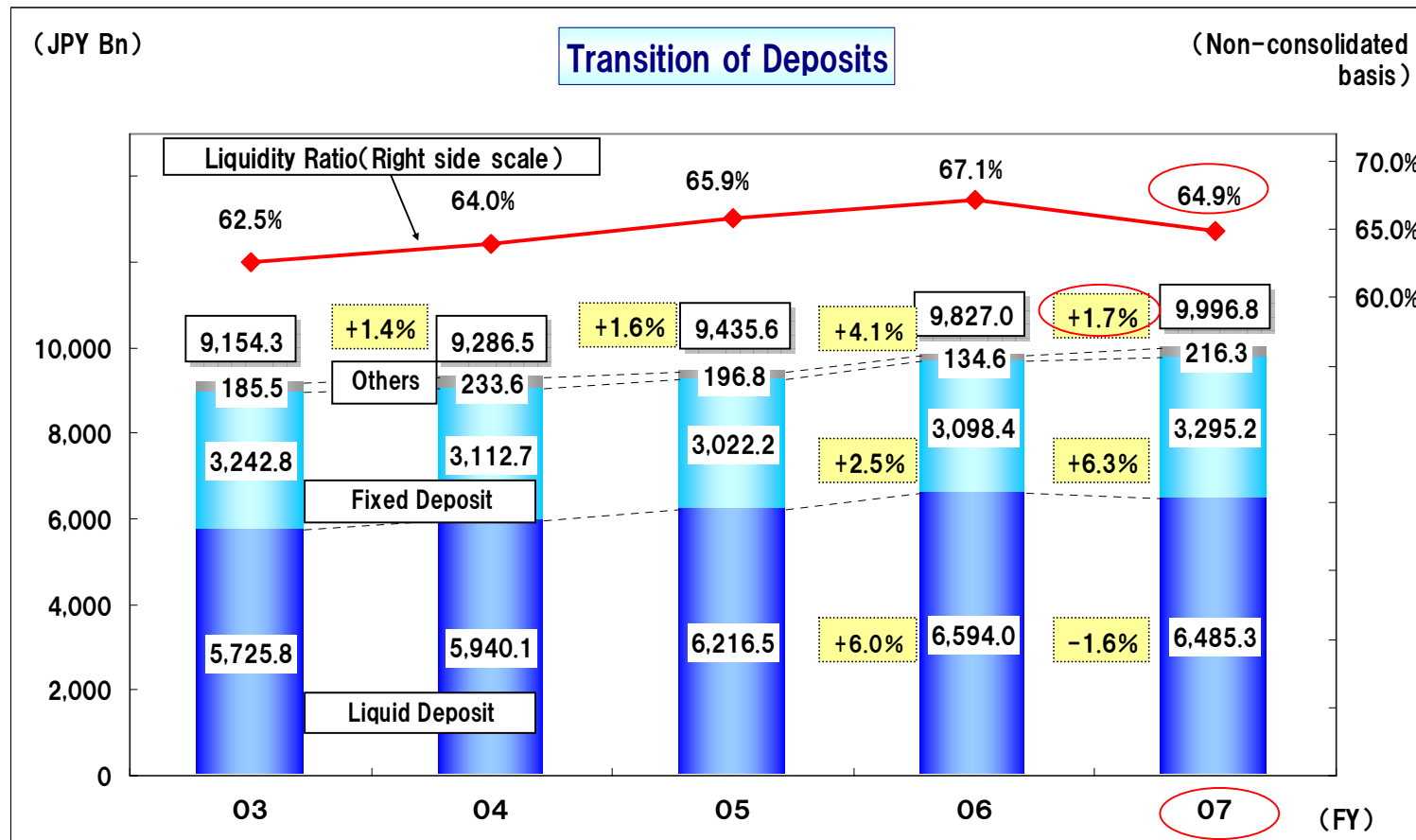


(Note) "Others" include loans to public and public related sectors.

2. Business Performance

(3) Deposits

- FY07: Deposits increased by **1.7%** from FY06, maintaining upward momentum.
- Liquidity Ratio was **64.9%**, maintaining the top among Japanese regional banks. (Average 53%)

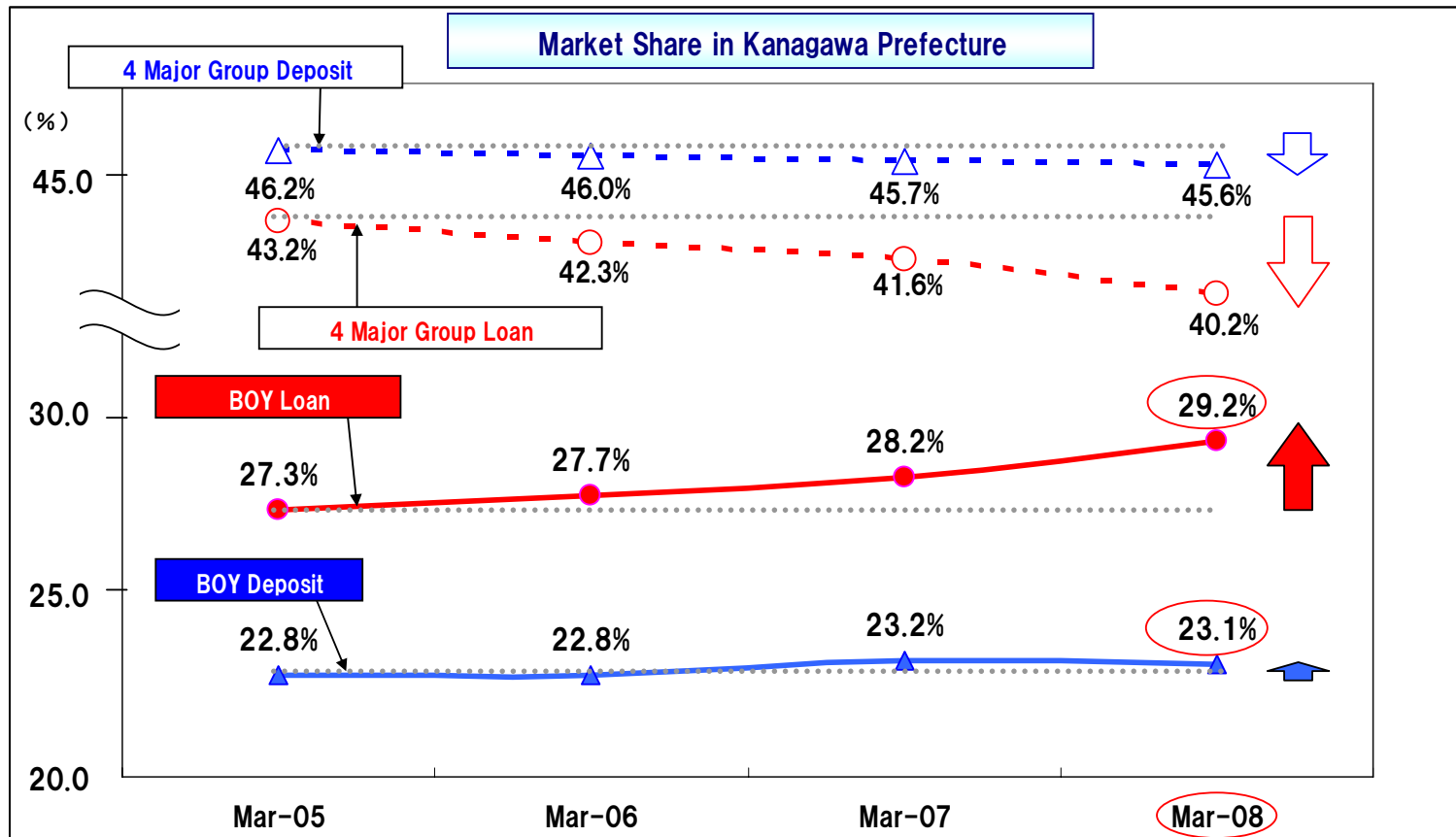


(Note1) Liquid Deposit = current, ordinary, saving, and other deposits. (Note2) Fixed Deposit = time deposit etc.
 (Note3) Others = miscellaneous and other deposits.

2. Business Performance

(4) Market Share in Kanagawa Prefecture

- Mar-08: Market share of loans was **29.2%** (+1.0% from Mar-07), and deposit **23.1%** (-0.1% from Mar-07).
- While 4 major Groups lose their loan market share, we steadily increased our share.

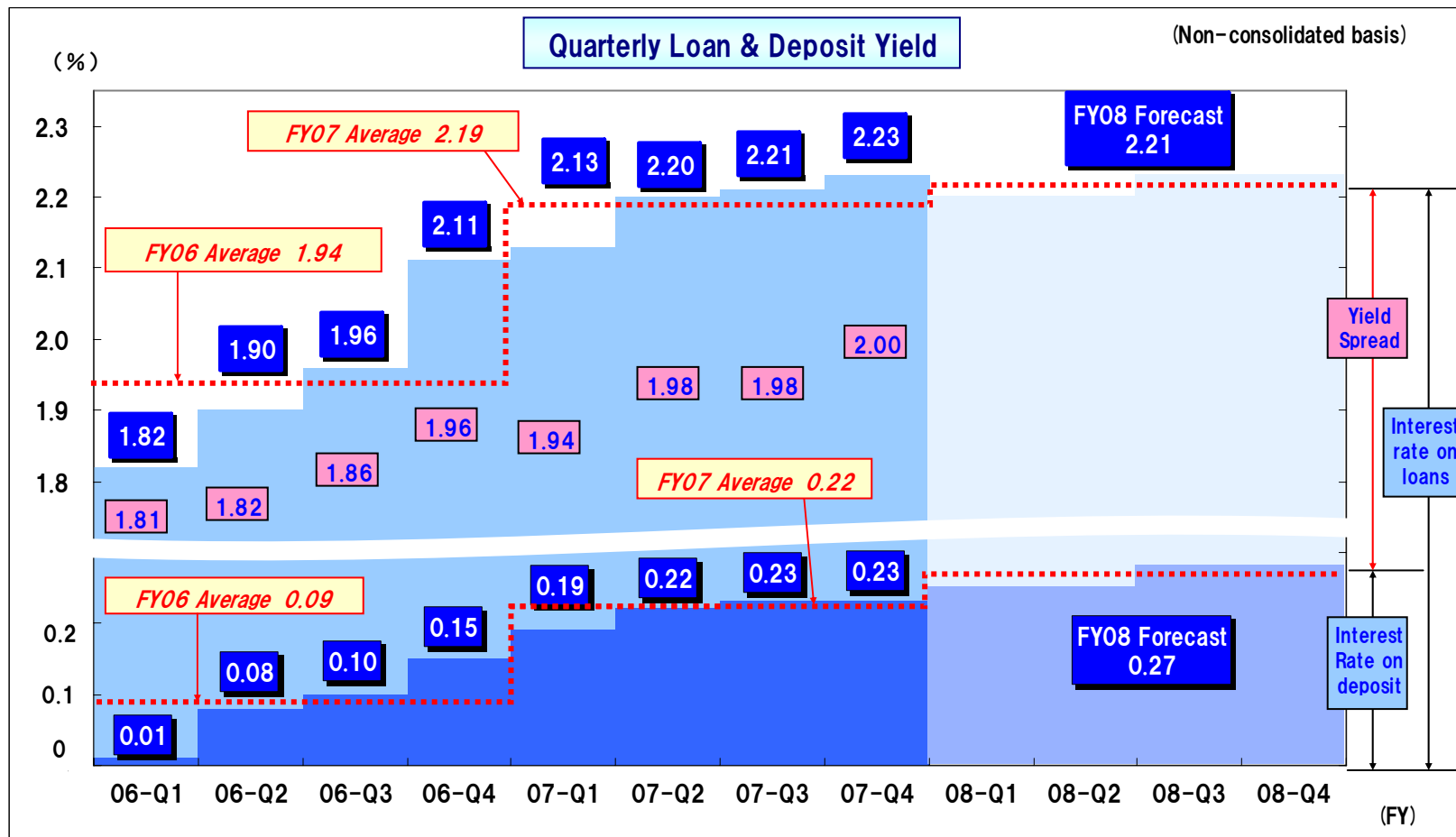


(Note) Market share above does not include Japan Post, Credit Unions & JA. (Bank estimates)

2. Business Performance

(5) Loan & Deposit Yield (Domestic Operations)

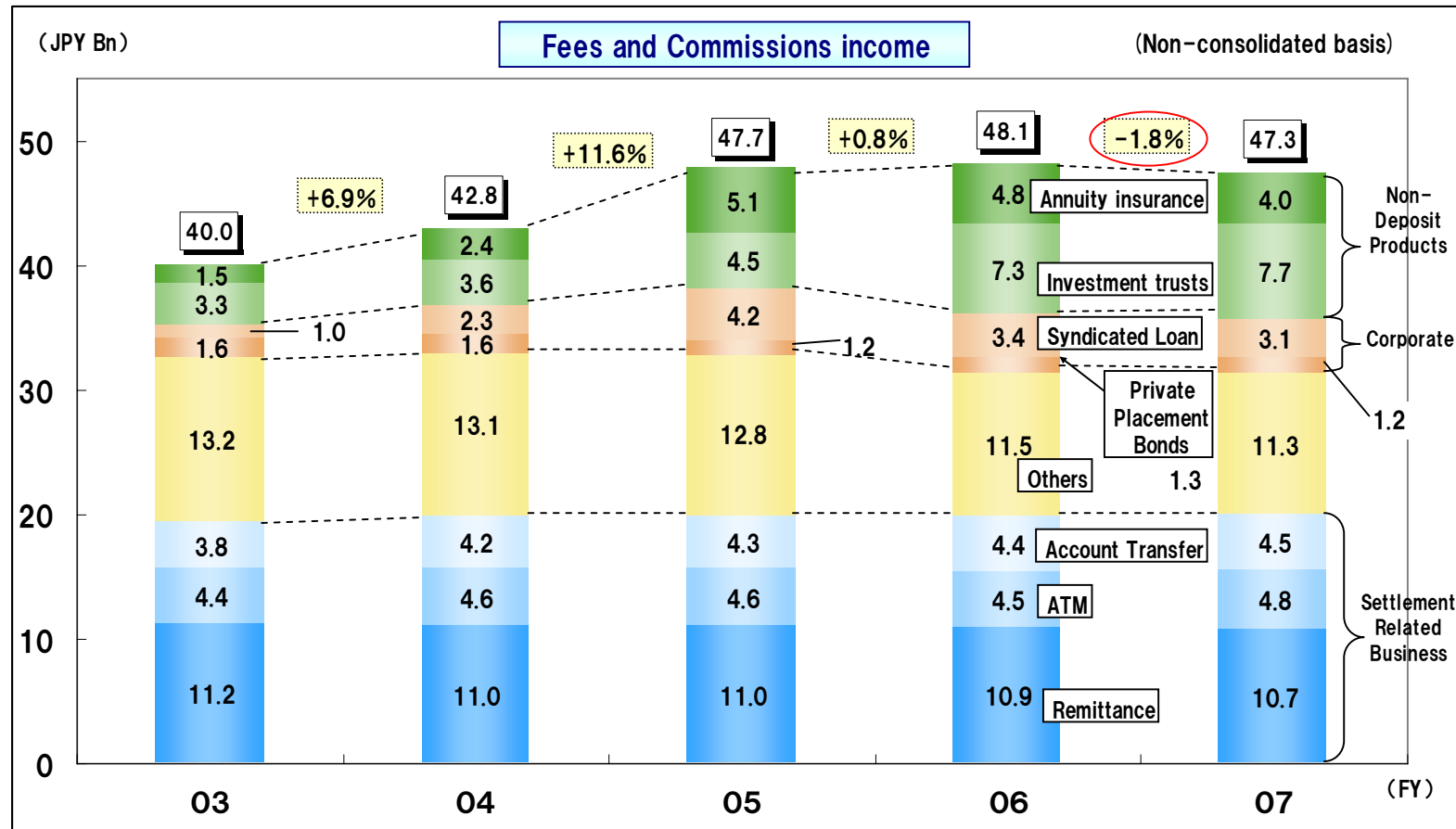
- FY07: Loan Yield rose to **2.19%**, and the Yield Spread widened to **1.97%**.
- FY08 Forecast: Loan Yield is expected to increase to **2.21%**, leading the Spread to **1.94%**, a slight decrease from FY07.



2. Business Performance

(6) Fees & Commissions Income (Domestic Operations)

- FY07: Fees & Commissions Income decreased by **JPY0.8Bn (-1.8%)** from FY06.
- Among which, Non-Deposit Product related income increased by **JPY0.4Bn(+5.0%** from FY06), in the midst of aggravating environment.

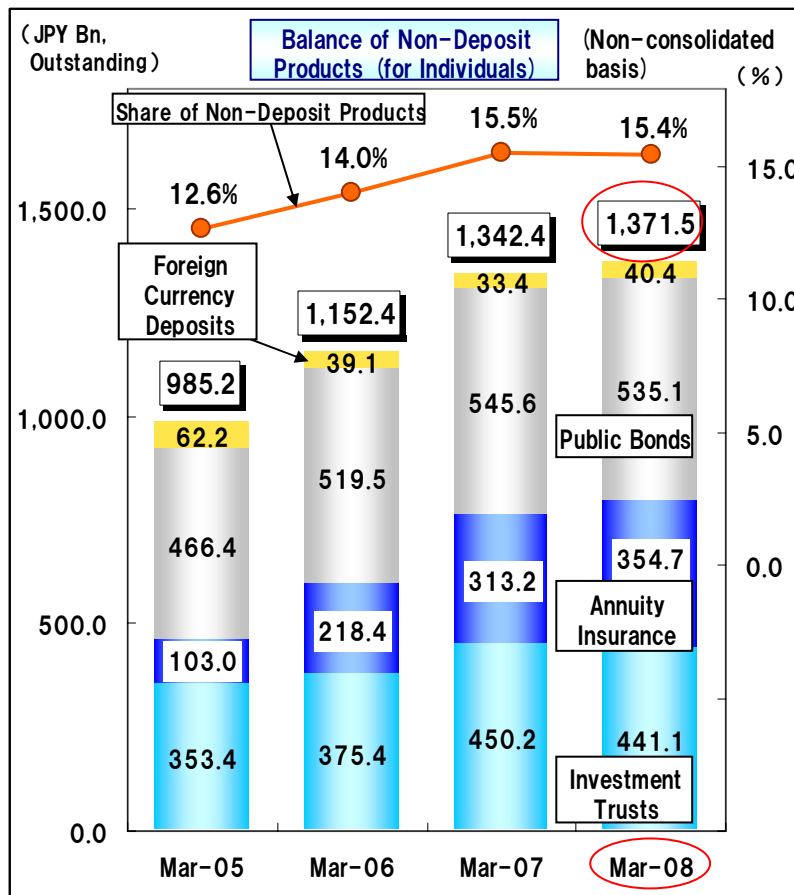


(Note) Fees & Commissions income represents gross income before subtracting Fees & Commissions expenses.

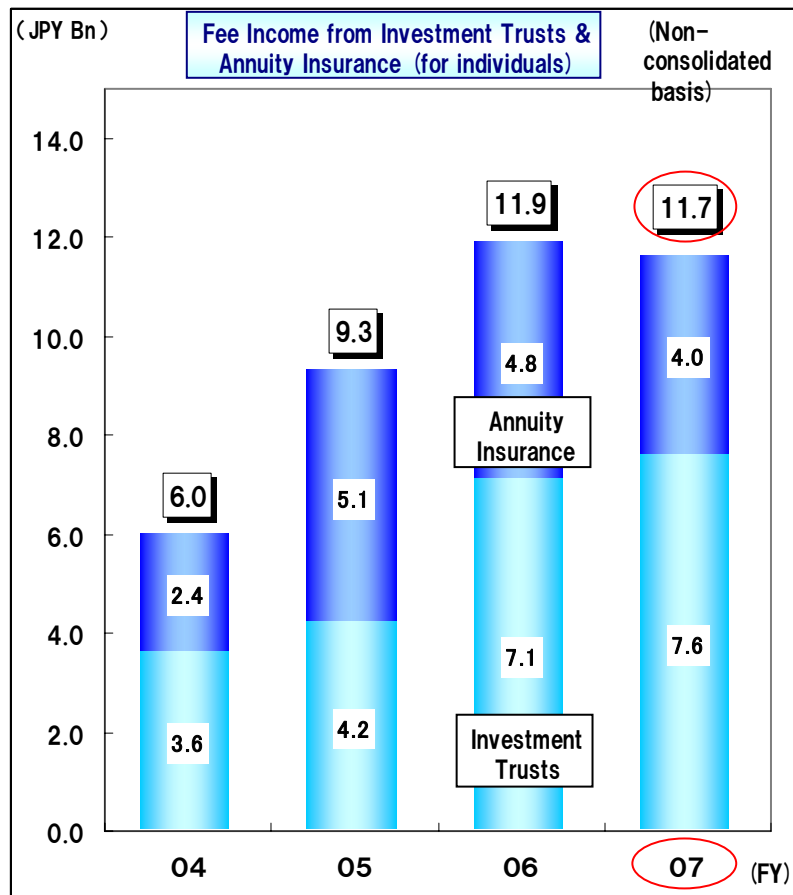
2. Business Performance

(7) Non-Deposit Products

- FY07: The growth in Non-Deposit Products slowed down, due to aftermath of US sub-prime loan issues.
- Fee income from Investment Trusts & Annuity Insurance for individuals was **JPY11.7Bn**, maintaining a previous term level.



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

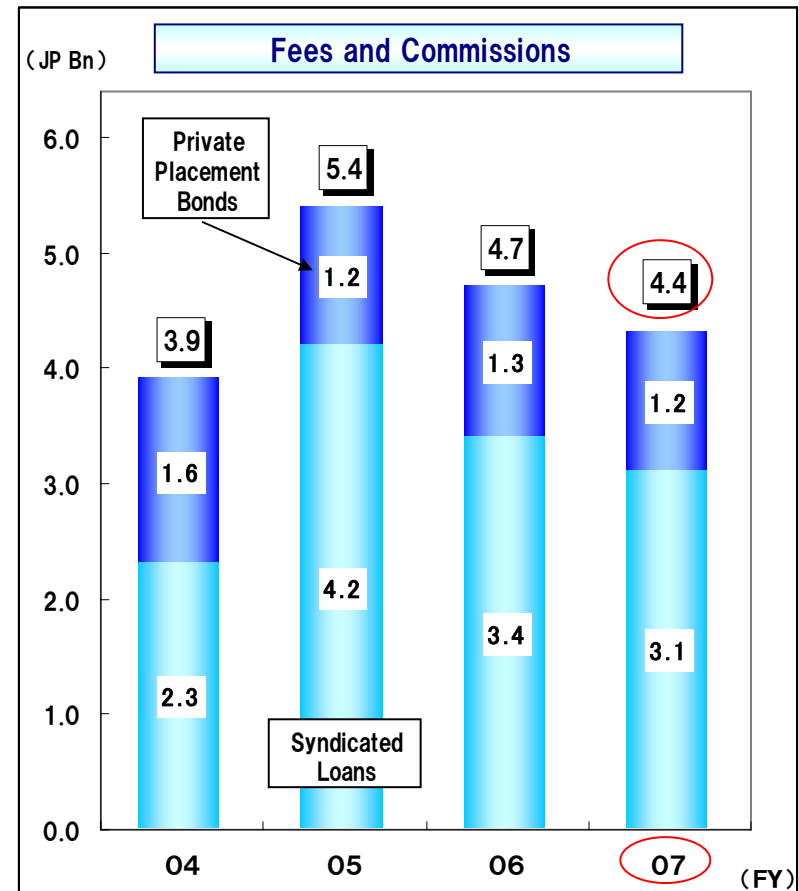
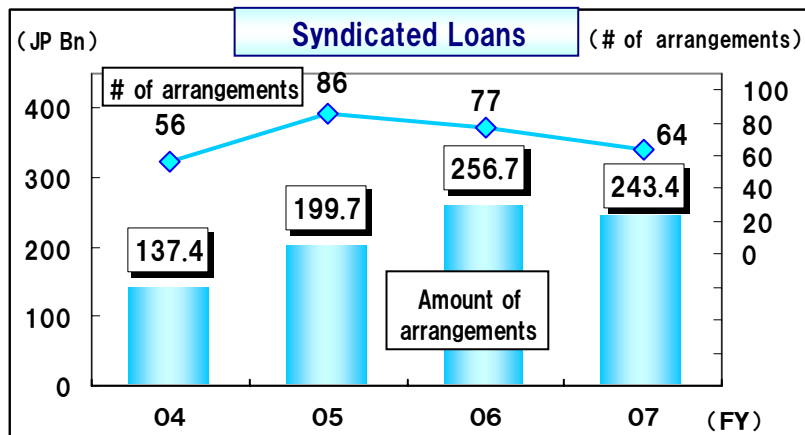
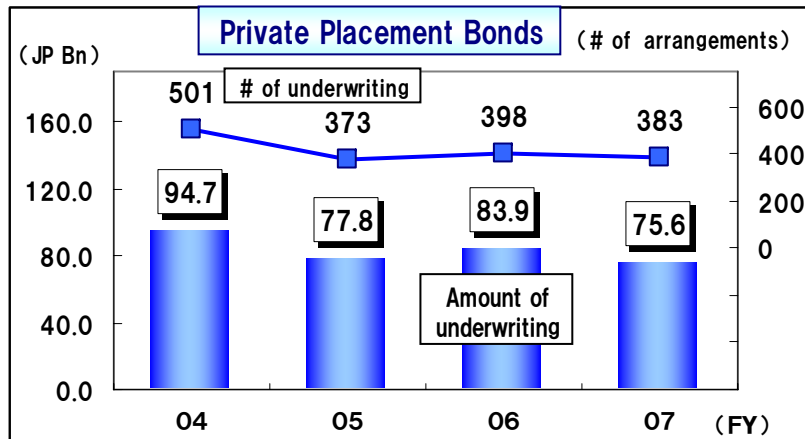


(Note) Fee incomes are calculated on internal managerial basis.

2. Business Performance

(8) Private Placement Bonds & Syndicated Loans

- FY07: Both the amount & the number of underwritings of Private Placement Bonds and Syndicated Loans slightly decreased compared from FY06.
- Fees & commissions from the above two also decreased slightly from FY06.

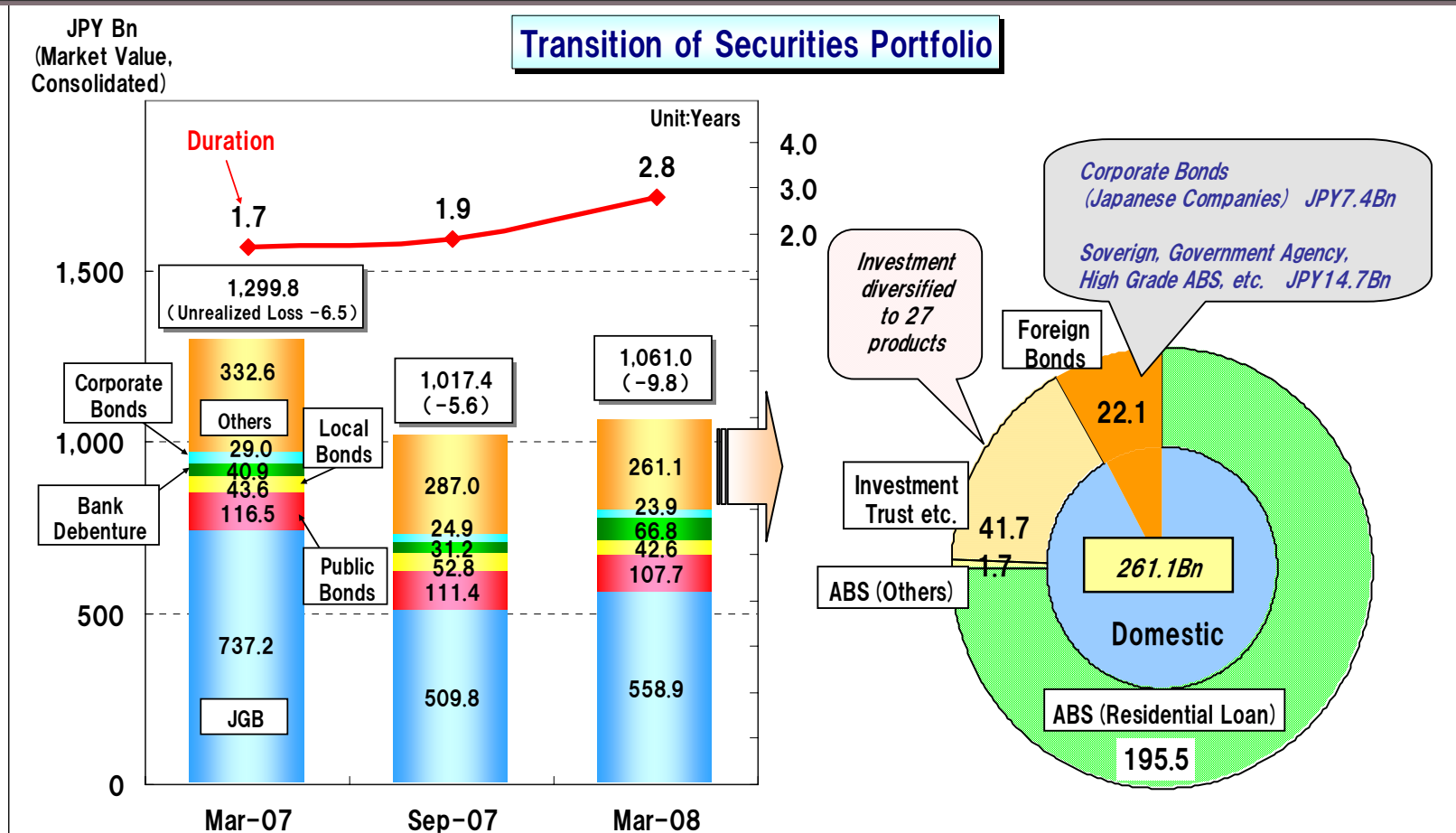


(Note) Fees & Commissions from Syndicated Loans include Commitment Line Fees etc..

2. Business Performance

(9) Securities Portfolio

- Established a flexible and optimal securities portfolio, while carefully monitoring economic and financial situations.
- No US Sub-Prime housing loan related assets contained within our portfolio.



(Note 1) The balance and the unrealized losses covers only available for sale securities with market value, but does not cover stocks.

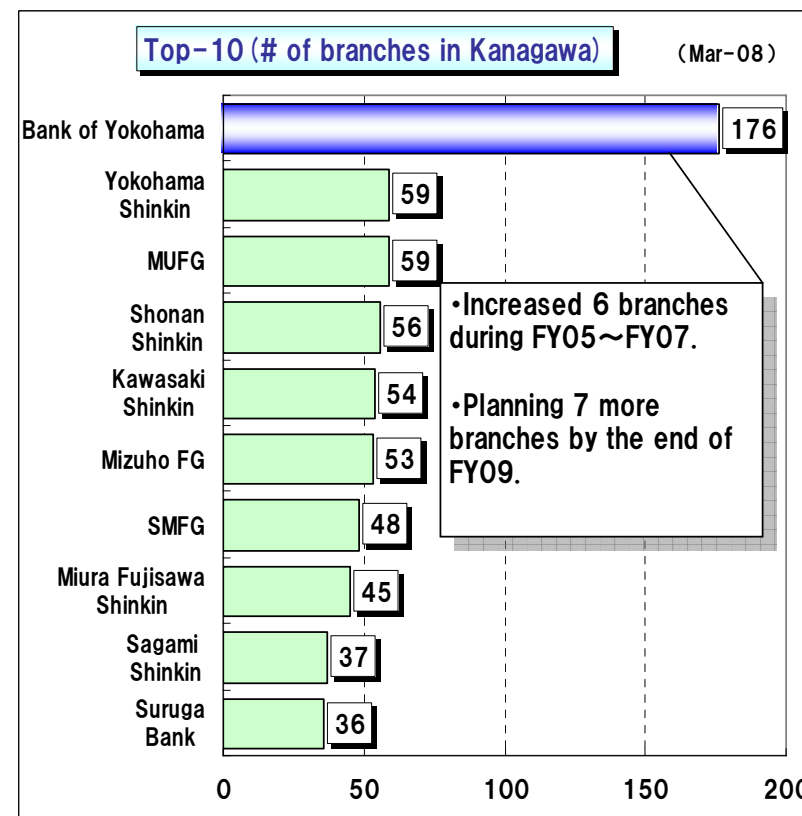
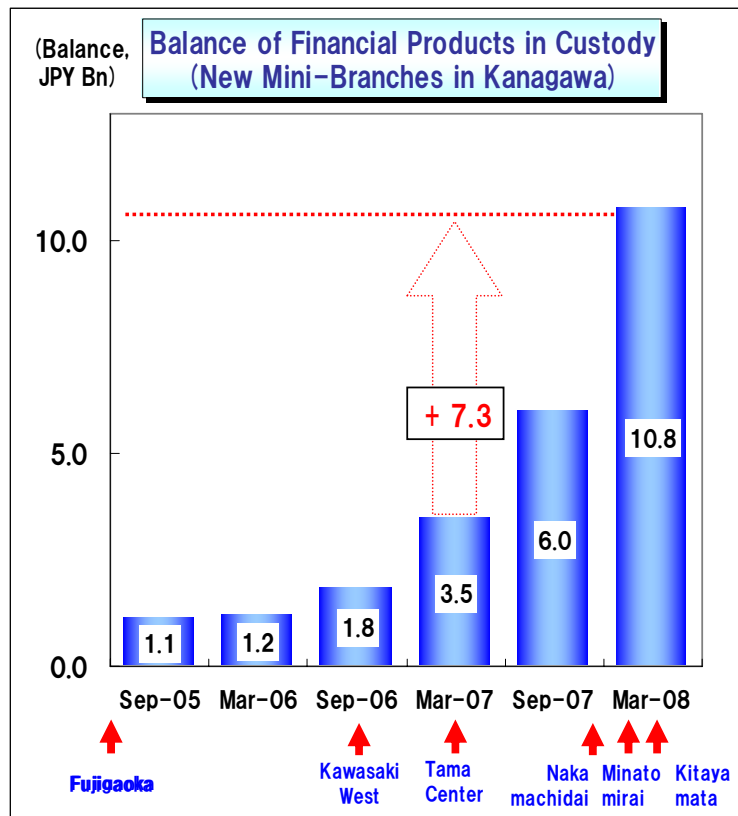
(Note 2) The duration does not contain ones of foreign bonds and investment trusts.

3. Management & Business Strategies

3. Management & Business Strategies

(1) Branch Network Strategy Part 1 Kanagawa Prefecture

- FY07: Opened 3 new branches specialized in individuals in Kohoku New Town and Yokohama Minatomirai Area where the population growth is remarkable within the Yokohama City.
- Further strengthening our customer base within the prefecture by acquiring transactions with new residents, fully exploiting our dominant branch network along with our new Brand Strategy.

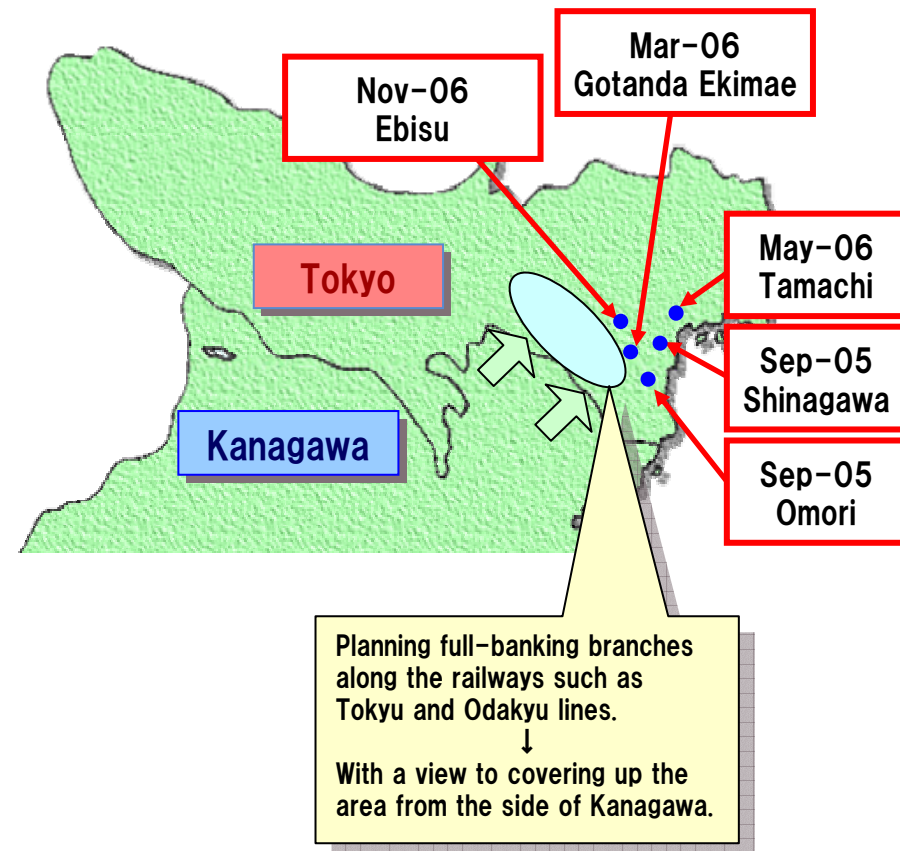
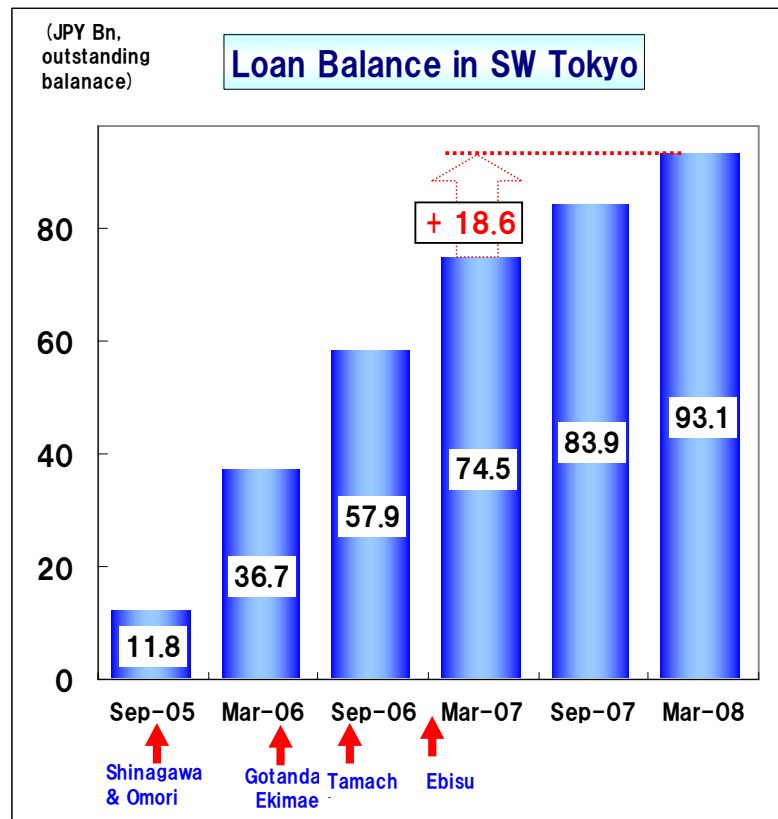


(Note) Financial Products in custody = deposits + non-deposit products. (Note) # of manned branches. Bank estimates.

3. Management & Business Strategy

(1) Branch Network Strategy Part 2 Southwestern Tokyo

- Loan balance in SW Tokyo, where we have started establishing new branches in FY05, increased by JPY**18.6**Bn (from Mar-07).
- We will plan to open new full-banking branches targeting at individual customers as well, in addition to the 5 existing branches specialized in corporate loans, in the future.



3. Management & Business Strategies

(2) Main themes of the Plan ① Alliance – Regional Banks

- Further strengthening cooperative relations with non-competing regional banks in our market.
- Enhancing customer convenience and operational efficiency by mutually complementing management resources.

	Agreement or Beginning	Yokohama	Hokkaido	77	Toho	Gunma	Joyo	Kanto Tsukuba	Chiba	Musashino	Tokyo Tomin	Yamanashi Chuo	Shizuoka	82	Hokuriku	Kyoto	Chugoku	Sanin Godo	Iyo	Nishi Nippon City	10 Regional Banks(Note6)	
Shared Utilization of Banking System	Mar-06	●	●												●							
ATM Alliance	Jul-06~																					
Joint Development of Banking System(Note1)	Mar-07	●	●												●	●					●	●
Sales of jointly developed Investment Trusts	Oct-07~																					
ATM Alliance(Note2)	Oct-07~ Mar-08~	●					●	●	●	●	●											
Regional Financial Marketing Workshop(Note3)	Oct-07~	●	●	●		●	●				●				●	●	●		●	●		
Regional Leasing Business Workshop(Note4)	Feb-08~	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●

※Housing Loan Workshop is referred to in the next page.

(Note1) Co-development with Regional Bank Integrated Services Center by NTT Data corp.

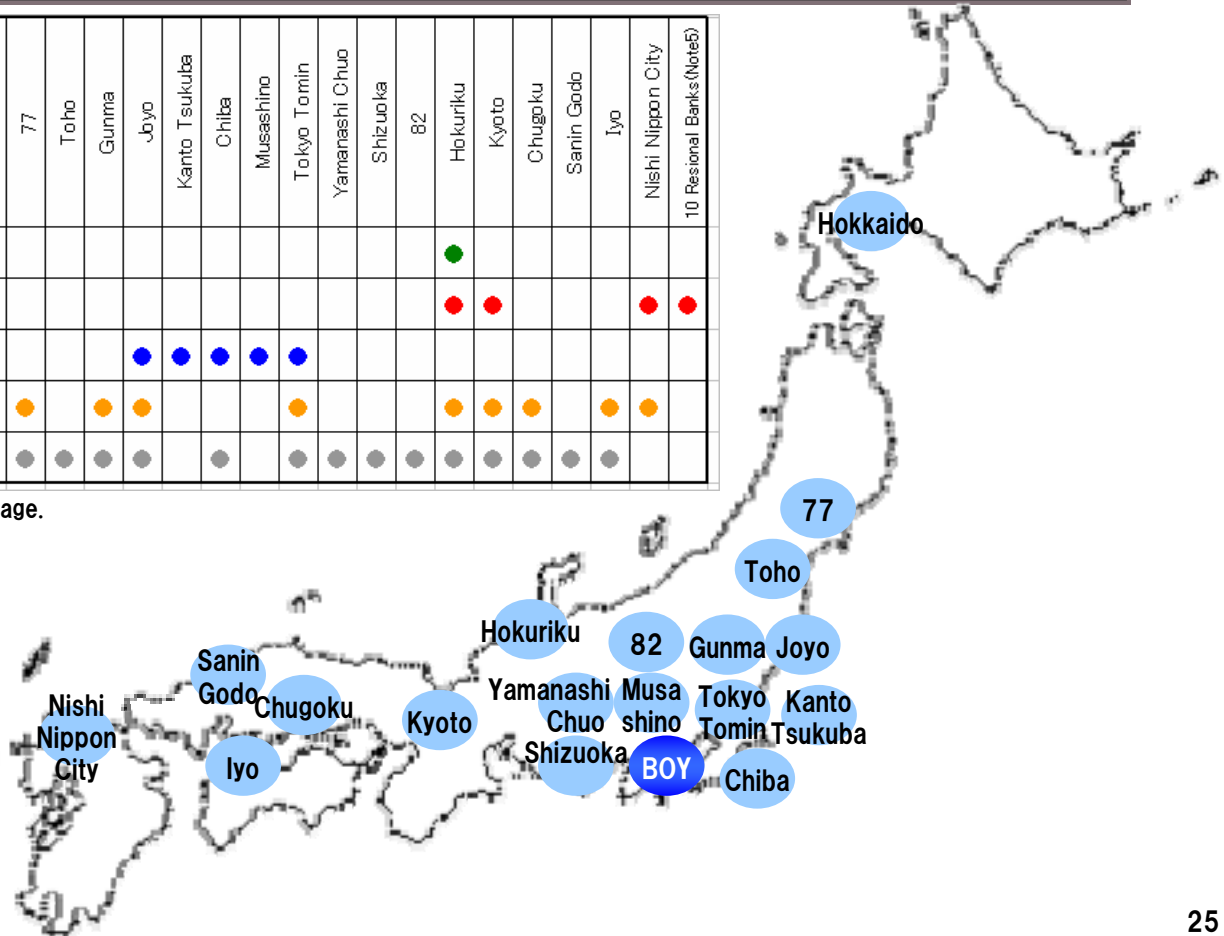
(Note2) Joyo, Kanto Tsukuba and Musashino Bank joined the existing 3 banks in Mar-08.

(Note3) Co-research on marketing strategy specialized in regional financing.

(Note4) Liaise with member banks to bolster Leasing Business.

(Note5) Formed alliance with 10 member banks of Regional Bank Integrated Services Center.

(Note6) Participating banks are as of May. 22, 2008.



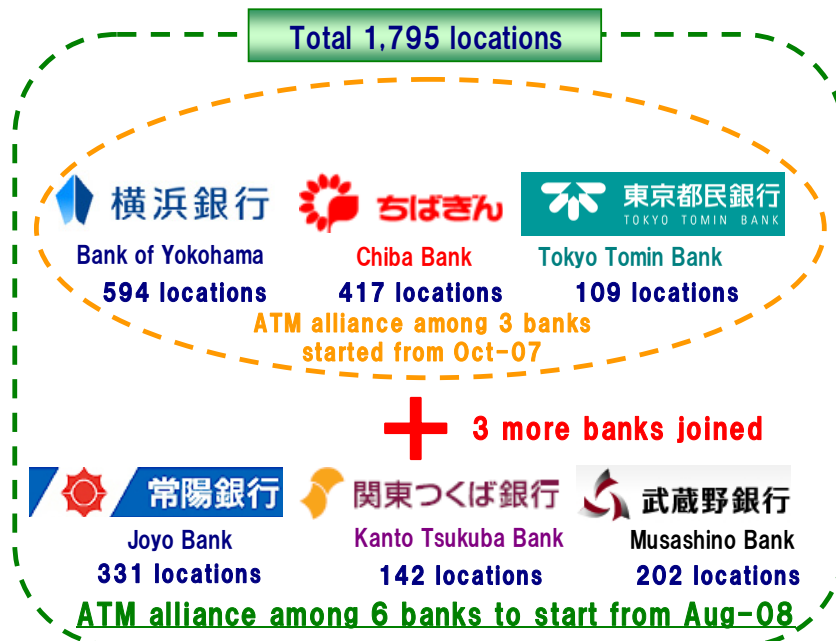
3. Management & Business Strategies

(2) Main themes of the Plan ① Alliance – Regional Banks (Sector-wise)

- We will strengthen the functions, with low cost, in loan and deposit by utilizing alliances with regional banks.
- We will develop high value added products in the Housing Loan Workshop, in order for us to compete against the Japan Post Bank.

Deposit

ATM Alliance with 6 Regional Banks in Kanto



Become able to withdraw and remit money using the ATMs of the 6 banks under the same condition

(Note) The # of locations is as of Mar-08.

Loan

Co-development of housing loan products



(Note1) Housekeeping service, child care service, discount price at leisure & sports facilities.

3. Management & Business Strategy

(2) Main themes of the Plan ① Alliance – Other Businesses

- Forming alliance with financial institutions that complement one another in the area of expertise and customer access in both Individual & Corporate Sectors.
- We are now in the process of jointly establishing a securities subsidiary with Tokai Tokyo Securities in individual sector. We will enhance our capability as a group, as investing needs by customers develop.

Individual Sector

○Securities Business



Hamagin Tokai Tokyo Securities

Scheduled to begin operations in FY08 2nd Half (Note)

(Note) On condition that approvals from the related authorities are obtained.

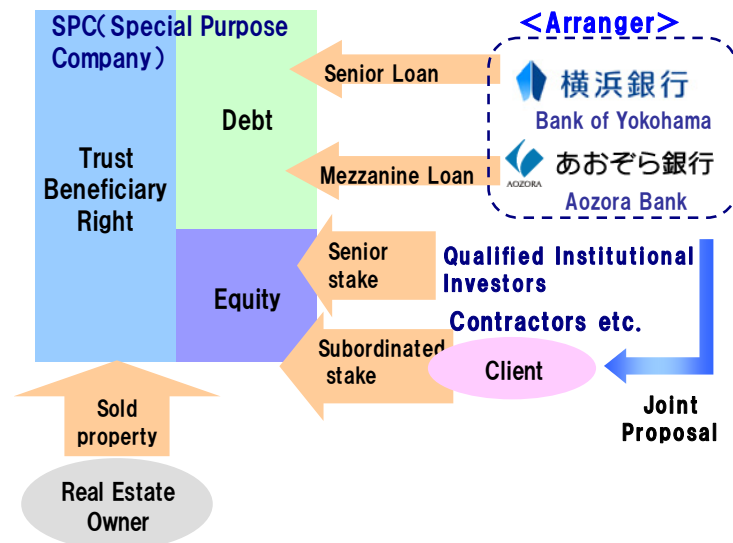
- Retail securities house focusing on Kanagawa
- Integration of our **rich customer base** and **brokerage expertise** of Tokai Tokyo Securities
- Aiming at further expanding customer base and maximizing profits by strengthening consulting sales

Corporate Sector

○Investment Banking Business

- Formed business alliance with Aozora Bank in Oct-07
- Enabling us to handle schemes we traditionally could not tackle by ourselves.

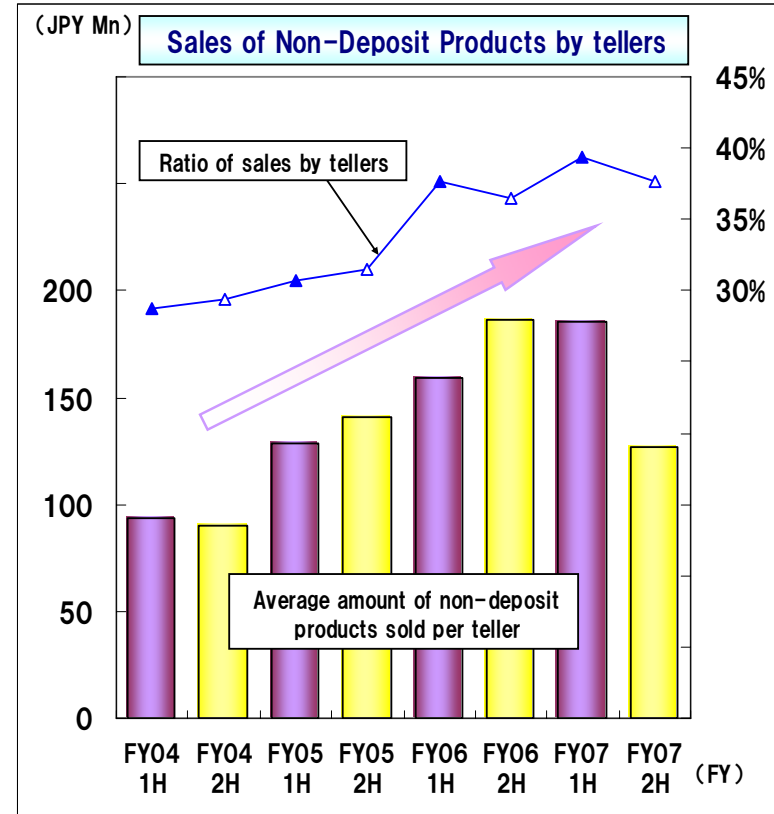
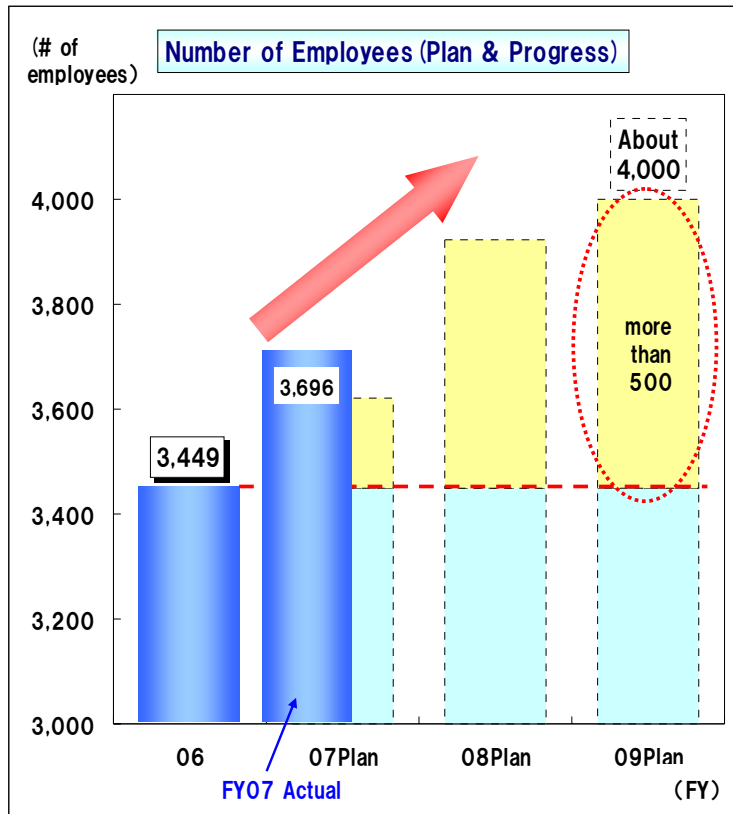
<The first successful scheme (Real Estate non-recourse loan)>



3. Management & Business Strategies

(2) Main themes of the Plan ② Investing in Human Assets

- Proactive recruitment to establish 4,000 Employees Regime (in-house) by FY09. (New employees hired in FY07: 425).
- In addition to increasing the number of employees, we will enhance human resource development, especially in improving consulting skills of our employees.



(Note) Non-Deposit Products (= Investment Trusts + Annuity Insurance) that low-counter tellers sell.

3. Management & Business Strategies

(2) Main themes of the Plan ③ Brand Strategy

- We have launched a new Brand Strategy towards establishing the “Yokohama Brand”, being one of the main themes in our Medium Term Management Plan, “New Horizon” from Oct. 2007,
- We are steadily implementing various measures for Brand Strategy, such as introducing designs based on our Brand in branches, CD card and passbook.

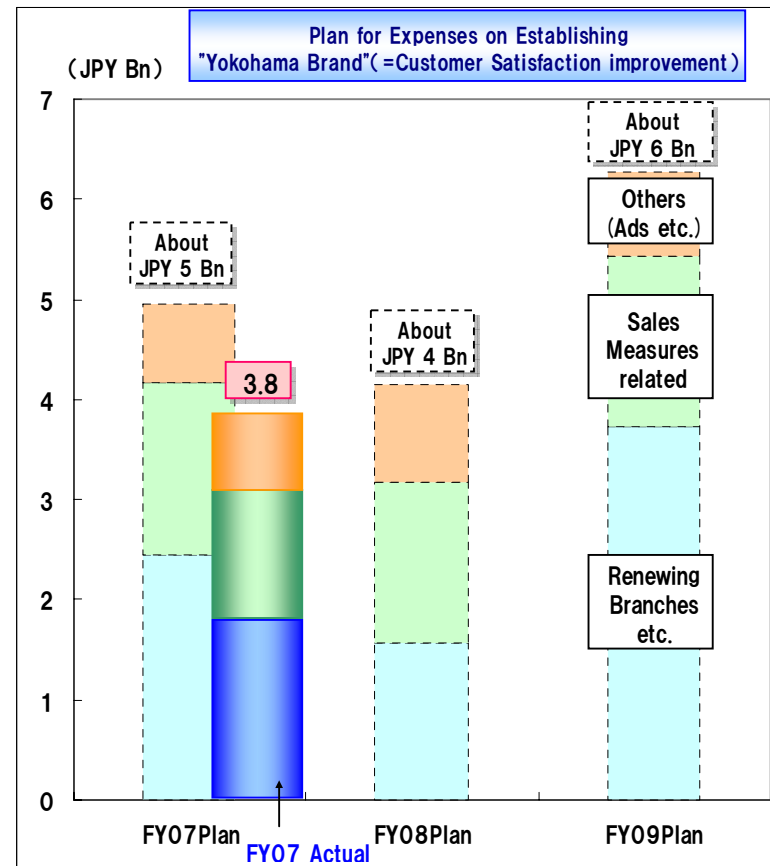
Measures for Brand Strategy



Newly Opened Branch (Minato mirai Branch)



Renewal of CD card & passbook



Afresh あなたに、あたらしく。



Bank of Yokohama

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