



Bank of Yokohama

# ***Investor Presentation***

***~ Financial Results for 1st Quarter of FY15 ~***

**August, 2015**

The Bank of Yokohama, Ltd.

# 1. Summary of FY15-1Q Income Statement

- FY15 -1Q Net income (Non-consolidated basis): Increased by **JPY3.5 bn (Up 22.7%)** from FY14-1Q, reaching a historic-high at **JPY18.9 bn**
- FY15 -1Q Profit attributable to owners of parent <sup>(Note)</sup>: Increased by **JPY3.4 bn (Up 22.2%)** from FY14-1Q, reaching a historic-high at **JPY18.7 bn**

〈Non-consolidated basis〉

(JPY bn)

	FY14-1Q	FY15-1Q	Change from FY14-1Q		FY15 Forecast (Announced on May 12th)
<b>Gross Operating Income</b>	<b>50.4</b>	<b>52.7</b>	<b>+2.3</b>	<b>+4.5%</b>	<b>207.0</b>
Interest income from domestic operations	38.0	38.9	+0.9	-	146.4
Fees & commissions from domestic operations	10.2	11.9	+1.7	-	49.9
Trading income from domestic operations	0.0	0.0	0.0	-	0.4
Other ordinary income from domestic operations	1.0	0.4	- 0.6	-	5.4
Gross operating income from international operations	0.9	1.3	+0.4	-	4.7
<b>Expenses</b> (-)	<b>25.0</b>	<b>24.4</b>	<b>- 0.6</b>	<b>-2.4%</b>	<b>102.0</b>
(Reference) OHR(%)	49.7%	46.3%	-3.4%	-	49.2%
<b>Core net business profit</b>	<b>25.3</b>	<b>28.2</b>	<b>+2.9</b>	<b>+11.4%</b>	<b>105.0</b>
Provision of allowance for general loan losses (-)	0.0	0.0	0.0	-	-
<b>Net business profit</b>	<b>25.4</b>	<b>28.2</b>	<b>+2.8</b>	<b>+11.0%</b>	<b>-</b>
<b>Non-recurring gains (losses)</b>	<b>- 2.2</b>	<b>- 1.0</b>	<b>+1.2</b>	<b>+45.4%</b>	<b>-</b>
of which, disposal of bad debts (-)	1.5	0.5	- 1.0	-	-
of which, gains or losses on stocks & other securities	0.0	0.1	+0.1	-	-
<b>Ordinary profit</b>	<b>23.1</b>	<b>27.2</b>	<b>+4.1</b>	<b>+17.7%</b>	<b>102.5</b>
<b>Net income</b>	<b>15.4</b>	<b>18.9</b>	<b>+3.5</b>	<b>+22.7%</b>	<b>69.0</b>
<b>Credit costs</b> (-)	<b>1.4</b>	<b>0.5</b>	<b>- 0.9</b>	<b>-64.2%</b>	<b>0.0</b>

〈Consolidated basis〉

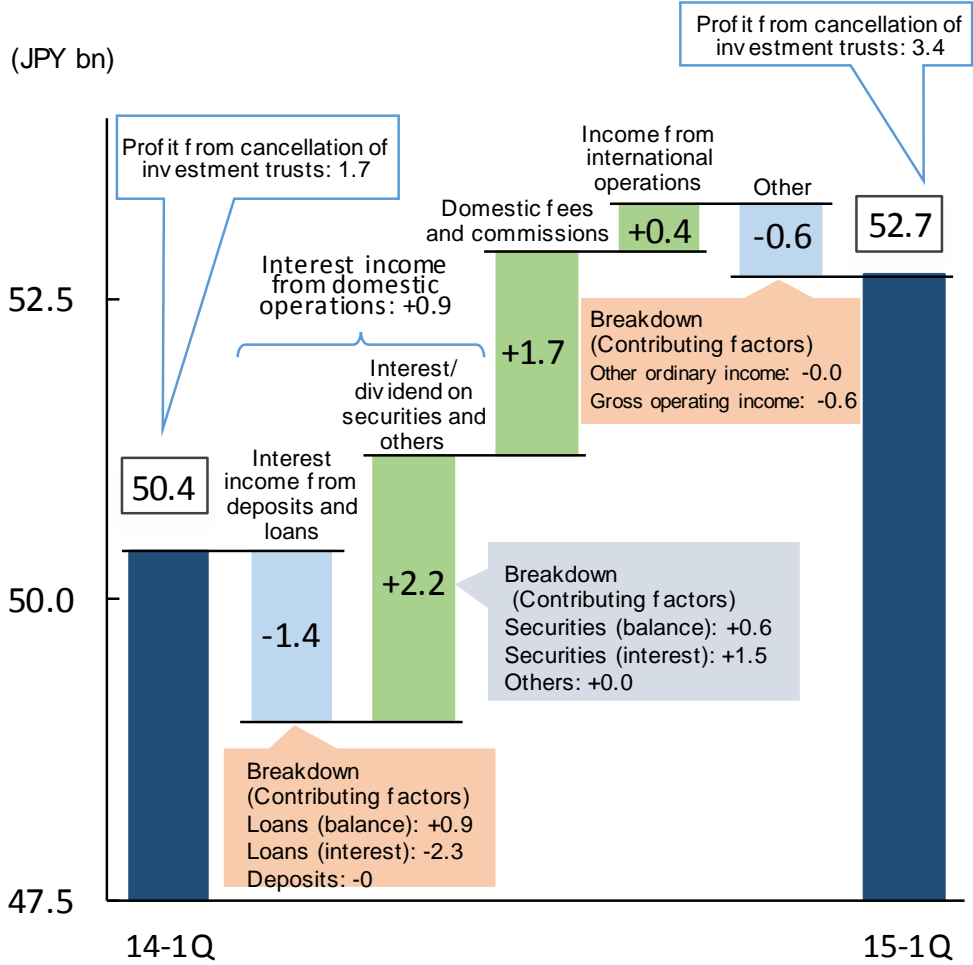
<b>Ordinary profit</b>	<b>24.7</b>	<b>28.4</b>	<b>+3.7</b>	<b>+14.9%</b>	<b>111.0</b>
<b>Profit attributable to owners of parent</b>	<b>15.3</b>	<b>18.7</b>	<b>+3.4</b>	<b>+22.2%</b>	<b>72.0</b>

(Note) "Profit attributable to owners of parent" represents prior "Net income (Consolidated basis)" in accordance with the revision of accounting standards.

# 2. Gross Operating Income & Expenses

- FY15-1Q Gross Operating Income: Increased by **JPY2.3 bn (Up 4.5%)** to **JPY52.7 bn** from FY14-1Q  
 Profit from cancellation of Investment trusts: **JPY3.4 bn (Up JPY1.7 bn)**
- FY15-1Q Expenses: Decreased by **JPY0.6 bn (Down 2.5%)** from FY14-1Q; OHR of FY15-1Q resulted in **46.3% (Down 3.4% points)**

## Breakdown of Gross Operating Income



## Breakdown of Expenses

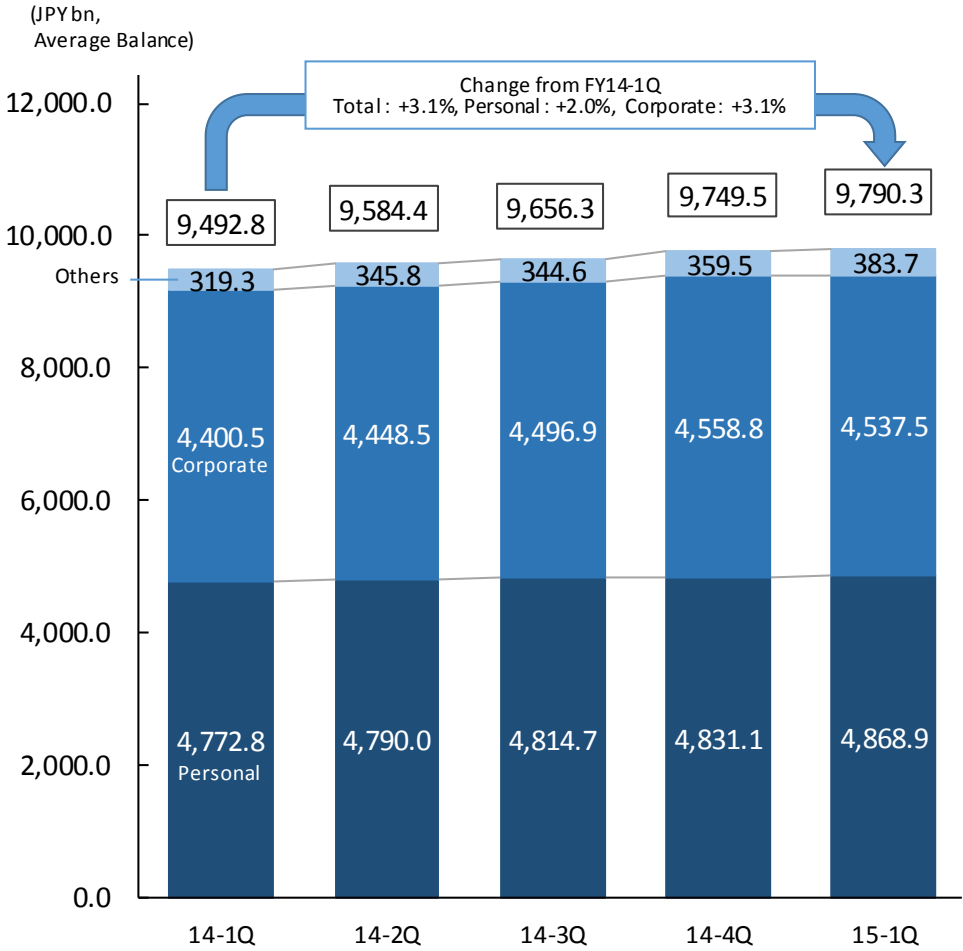
(JPY bn)

	FY15-1Q	Change from FY14-1Q	Factors
Personnel	11.0	+ 0.1	•Salary: +1
Non-Personnel	11.6	- 0.9	•Deposit insurance: -11
Taxes	1.7	+ 0.2	•Size-based corporate taxes:
<b>Total</b>	<b>24.4</b>	<b>- 0.6</b>	

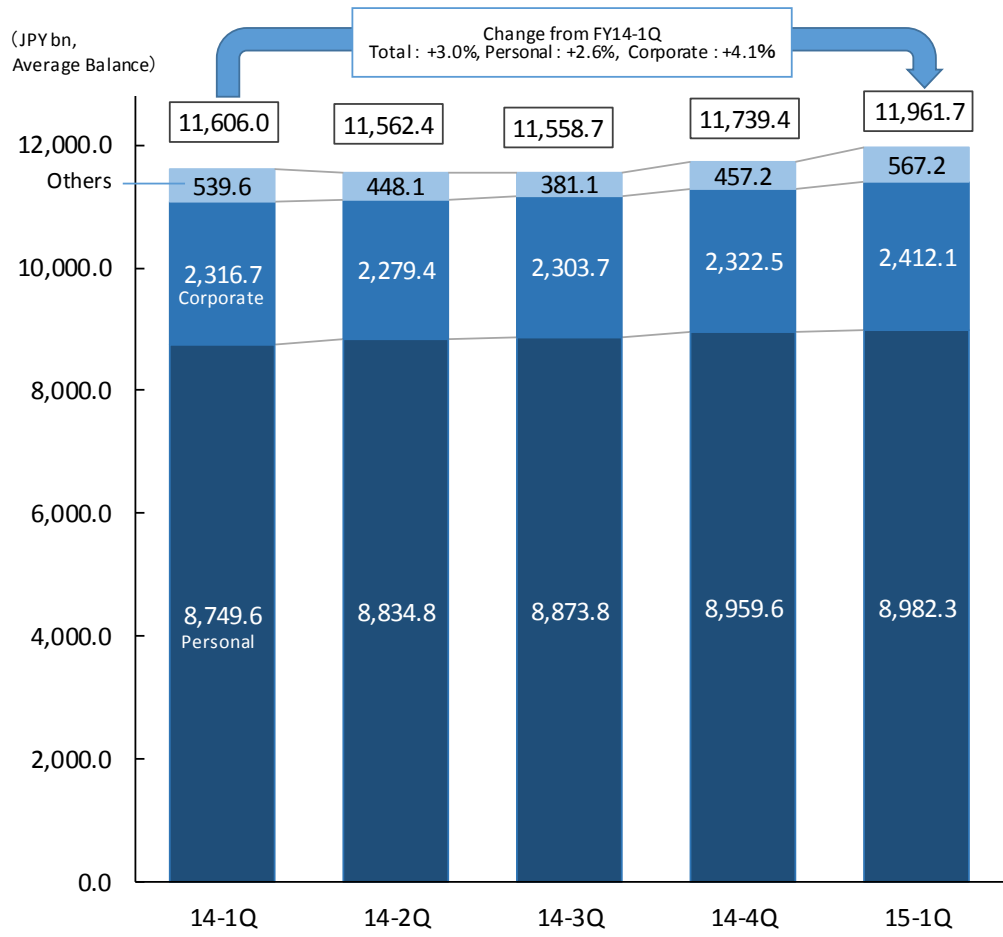
# 3. Loans & Deposits

- FY15-1Q average balance of loans: Increased by 3.1% from FY14-1Q – Personal Up 2.0%; Corporate Up 3.1%
- FY15-1Q average balance of deposits: Increased by 3.0% from FY14-1Q – Personal Up 2.6%; Corporate Up 4.1%

## Total Average Balance of Loans



## Total Average Balance of Deposits



(Note 1) Domestic branches

(Note 2) Others = Local Public + Public related sectors

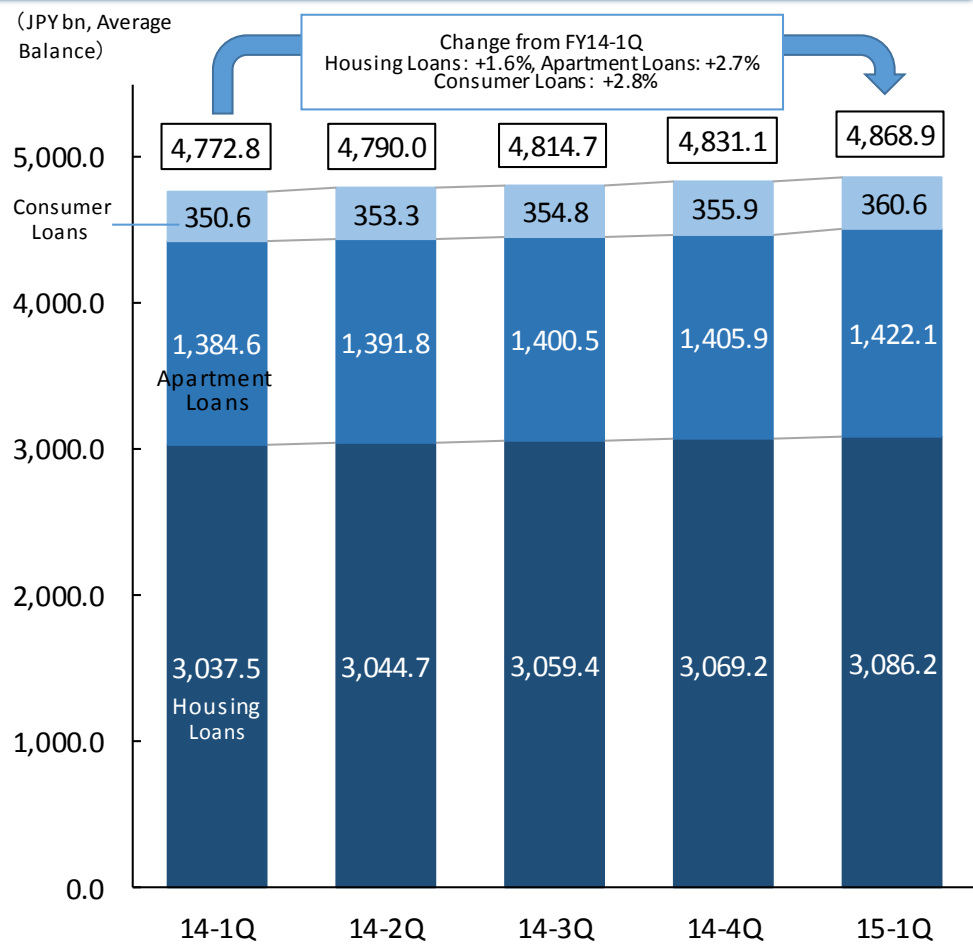
(Note 1) Domestic branches

(Note 2) Others = Local Public + Financial Institutions

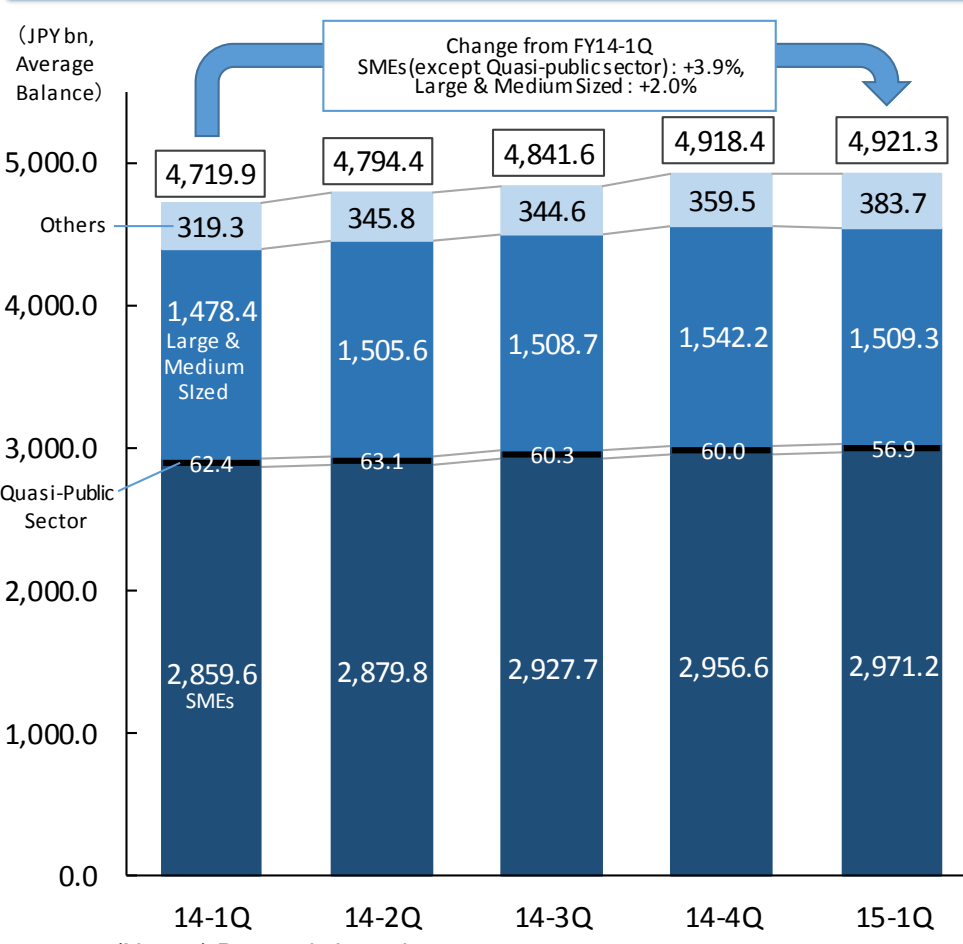
# 4. Personal and Corporate & Other Loans

- Change of FY15-1Q Personal loans from FY14-1Q: Housing loans **Up 1.6%**; Apartment Loans **Up 2.7%**; Consumer Loans **Up 2.8%**
- Change of FY15-1Q Corporate loans from FY14-1Q: SMEs except for quasi-public sector companies **Up 3.9%**; Large & Medium sized **Up 2.0%**

## Personal Loans



## Corporate & Other Loans



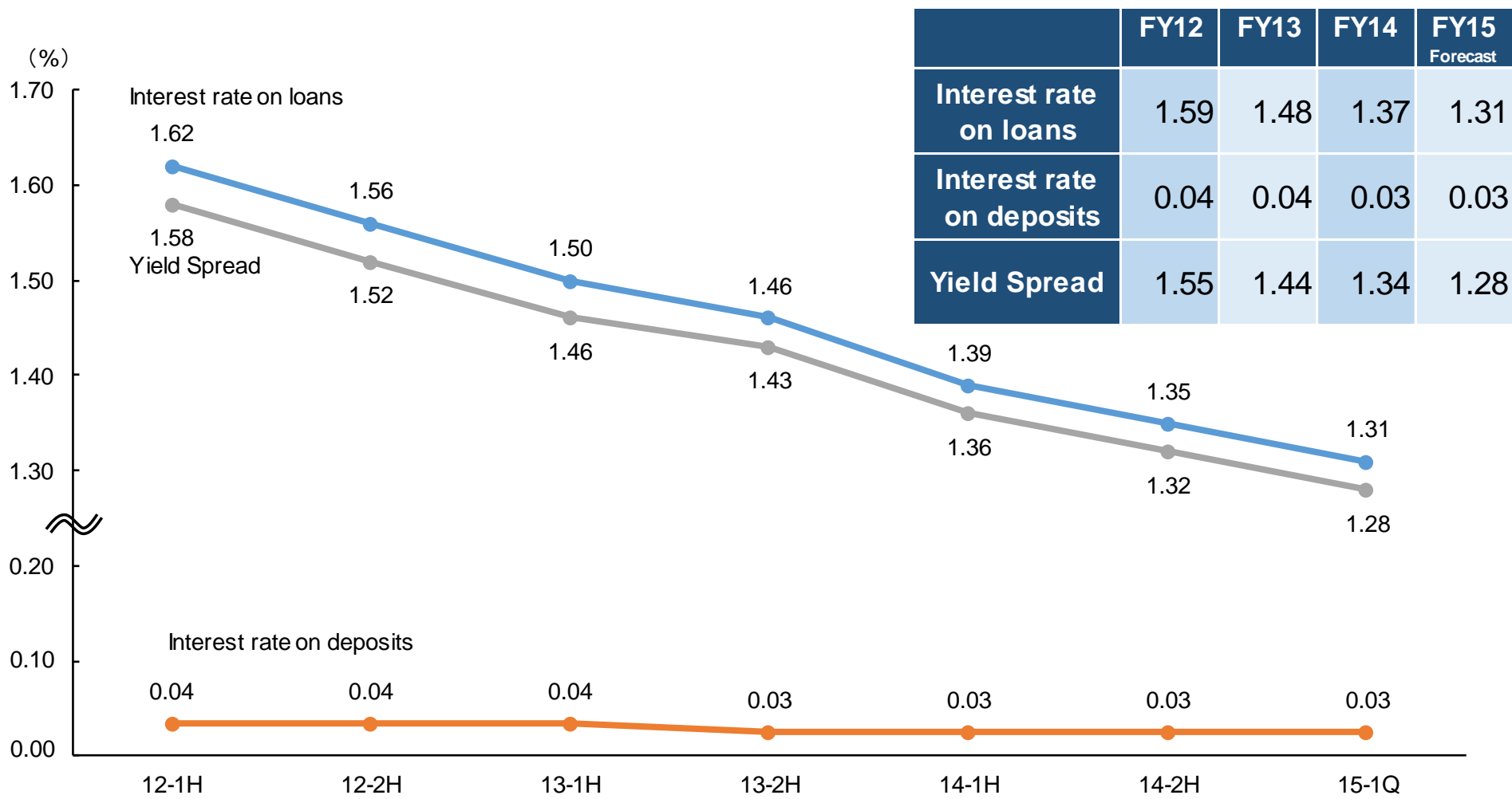
(Note) "Apartment Loans" are the loans to the landowners who build leasing properties.

(Note 1) Domestic branches  
 (Note 2) Others = Local Public + Public related sectors  
 (Note 3) SMEs do not include quasi-public sector companies

# 5. Deposits & Loans Yield – Domestic Operations

■ FY15-1Q interest rate on loans: **1.31%**; Yield spread between loans and deposits: **1.28%**

## Deposits & Loans Yield



(Note 1) 11-1H to 14-2H: Semi-annual  
 (Note 2) 15-1Q: For the three months ended

## 6. Securities Portfolio

- The balance of securities as of Jun-15: Increased by **JPY125.9 bn** from Mar-15
- The balance of JGB as of Jun-15 increased due to the flexible investment operations, thereby extending the domestic bonds duration.
- The balance of the diversified investments as of Jun-15 increased by **JPY17.4 bn** to **598.5 bn** on efforts to promote diversified investments such as domestic investment trusts and also stabilize realized gains on the market division.

### The Balance of Securities

(JPY bn)

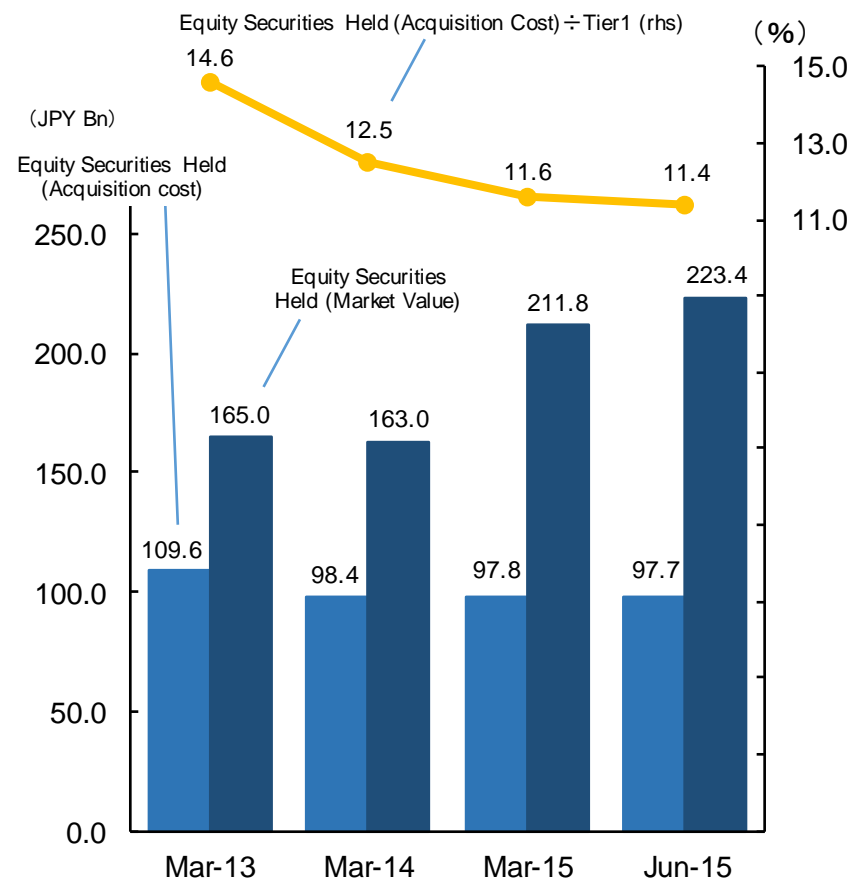
	Mar-14	Mar-15	Jun-15	Unrealized gains (losses)		
				Change from Mar-15	Change from Mar-15	Change from Mar-15
<b>Total</b>	<b>2,050.2</b>	<b>2,461.8</b>	<b>2,587.7</b>	<b>+ 125.9</b>	<b>171.9</b>	<b>+ 5.0</b>
Bonds	1,581.4	1,648.5	1,745.4	+ 96.9	17.5	- 0.3
Government bonds	543.2	700.1	839.2	+ 139.1	5.6	+ 0.1
Local bonds	256.9	258.8	245.3	- 13.5	2.0	0.0
Corporate bonds	781.2	689.5	660.8	- 28.7	9.8	- 0.4
Government guaranteed bonds	453.0	375.1	358.5	- 16.6	-	-
Bank bonds	90.5	124.9	46.5	- 78.4	-	-
Industrial bonds	76.9	33.0	27.1	- 5.9	-	-
Equity securities	186.0	232.1	243.8	+ 11.7	125.7	+ 11.7
Diversified Investments	282.8	581.1	598.5	+ 17.4	28.6	- 6.4
Domestic Investment trusts	123.5	303.5	321.9	+ 18.4	-	-
Foreign bonds	152.1	275.5	274.4	- 1.1	-	-
Foreign equity securities	1.0	1.0	1.0	0.0	-	-
Others	6.0	0.9	1.1	+ 0.2	-	-

### 【Duration】

	Mar-14	Mar-15	Jun-15
Domestic Bonds	2.2	2.8	3.0
Foreign Bonds	2.3	2.6	2.6

(Note 1) The duration above is that of "Available-for-Sales."  
 (Note 2) Domestic bonds duration of June 2015 was affected by Buy-Write operations.

### Equity Securities Held for Customer Relationships



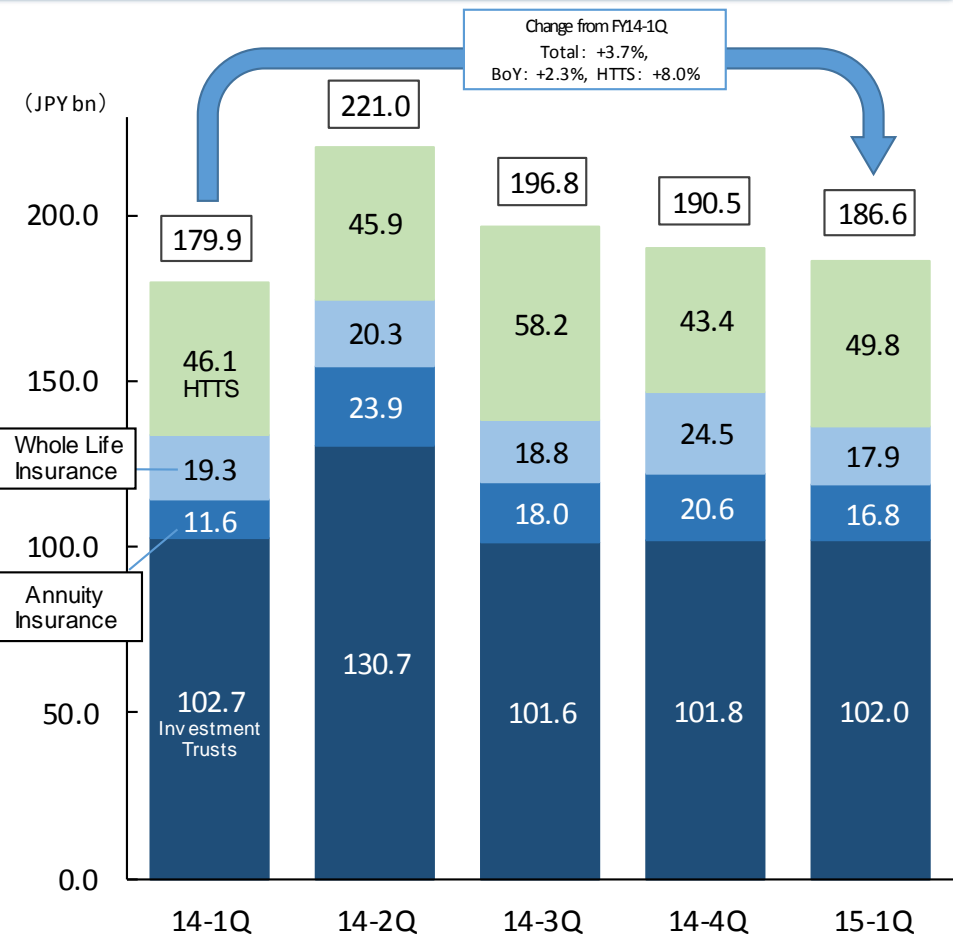
【ref】Tier1	746.9	783.2	836.9	850.0
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(bn)

# 7. Investment Products for individuals (Bank + Hamagin Tokai Tokyo Securities ("HTTS" as follows))

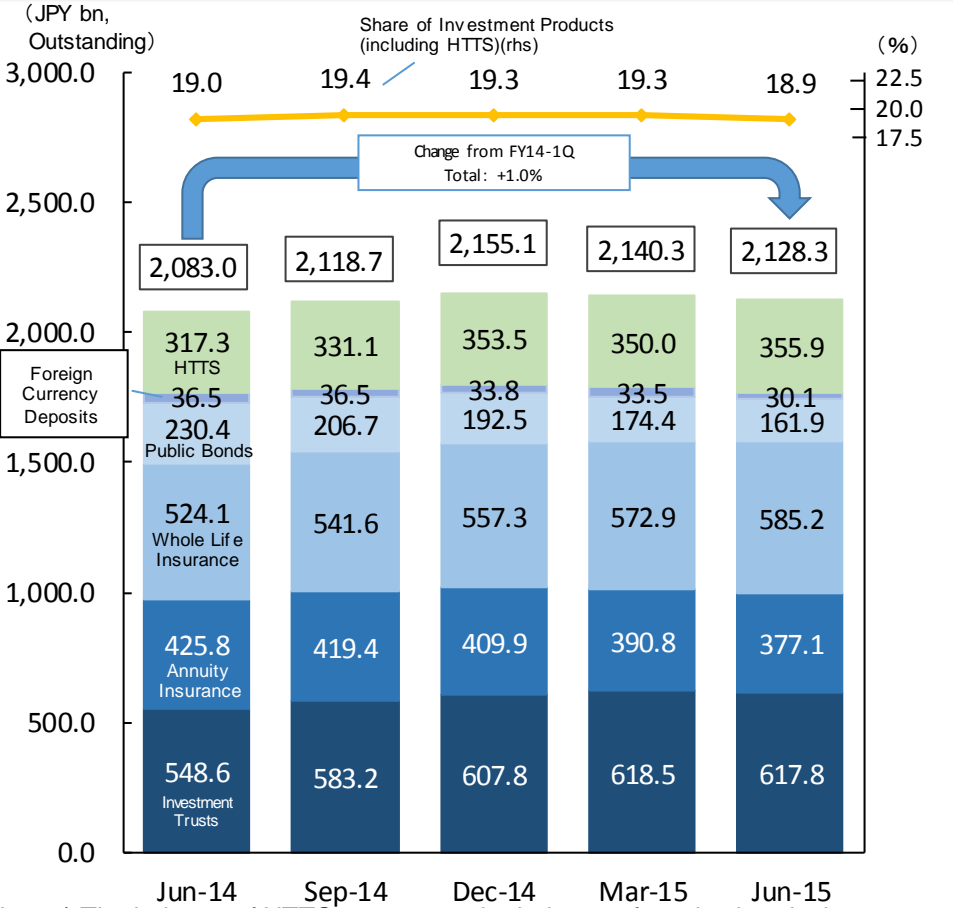
- Sales amount of investment trusts and insurance products of FY15-1Q: Increased by **JPY6.7 bn (Up 3.7%)** to **JPY186.6 bn** from FY14-1Q
- The balance of Investment products for individuals as of Jun-15: Increased by **JPY45.3 bn (Up 2.1%)** to **JPY2,128.3 bn** from Jun-14

**Sales Amount of Investment Products for Individuals**



(Note) The results of HTTS are sales results of bonds, investment trusts, foreign bonds, and structured bonds.

**Balance of Investment Products for Individuals**



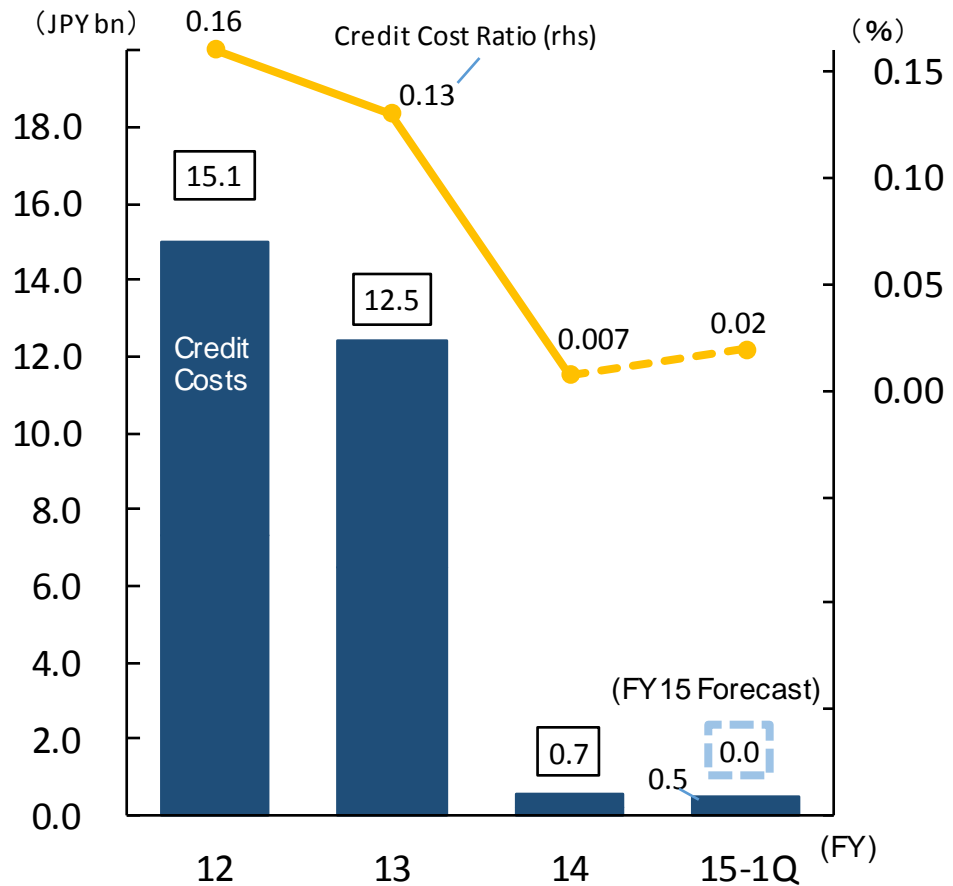
(Note 1) The balance of HTTS represents the balance of stocks, bonds, investment trusts, annuity insurance, foreign bonds, and structured bonds.  
 (Note 2) Share of investment products = Outstanding balance of investment products including HTTS ÷ (outstanding balance of personal deposits + outstanding balance of investment products including HTTS)



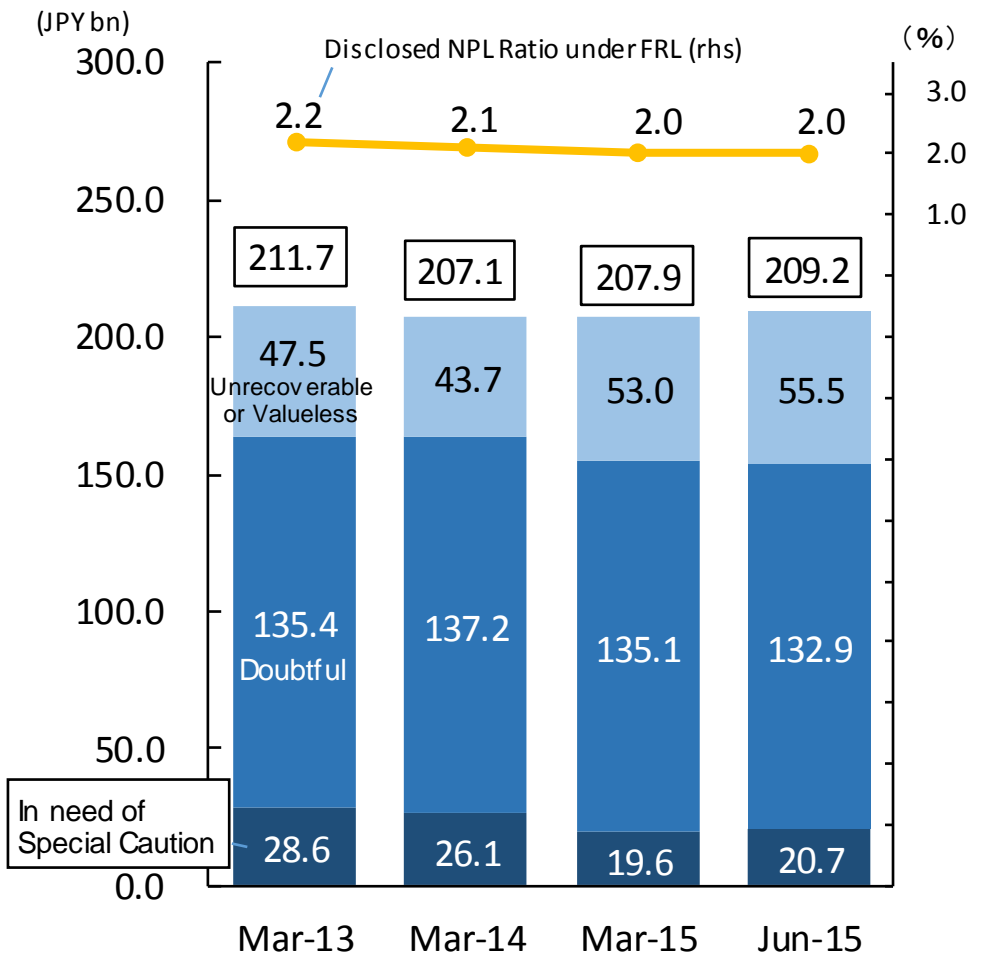
# 8. Credit Costs & Balance of FRL disclosed claims

- FY15-1Q Credit Costs: Amounted to **JPY0.5 bn** (Decreased by **JPY0.9 bn** from FY14-1Q)
- Non-Performing Loans (NPL) Ratio under Financial Revitalization Law (FRL) of Jun-15: **2.0%** remaining low and stable

### Credit Costs



### Disclosed NPLs under FRL

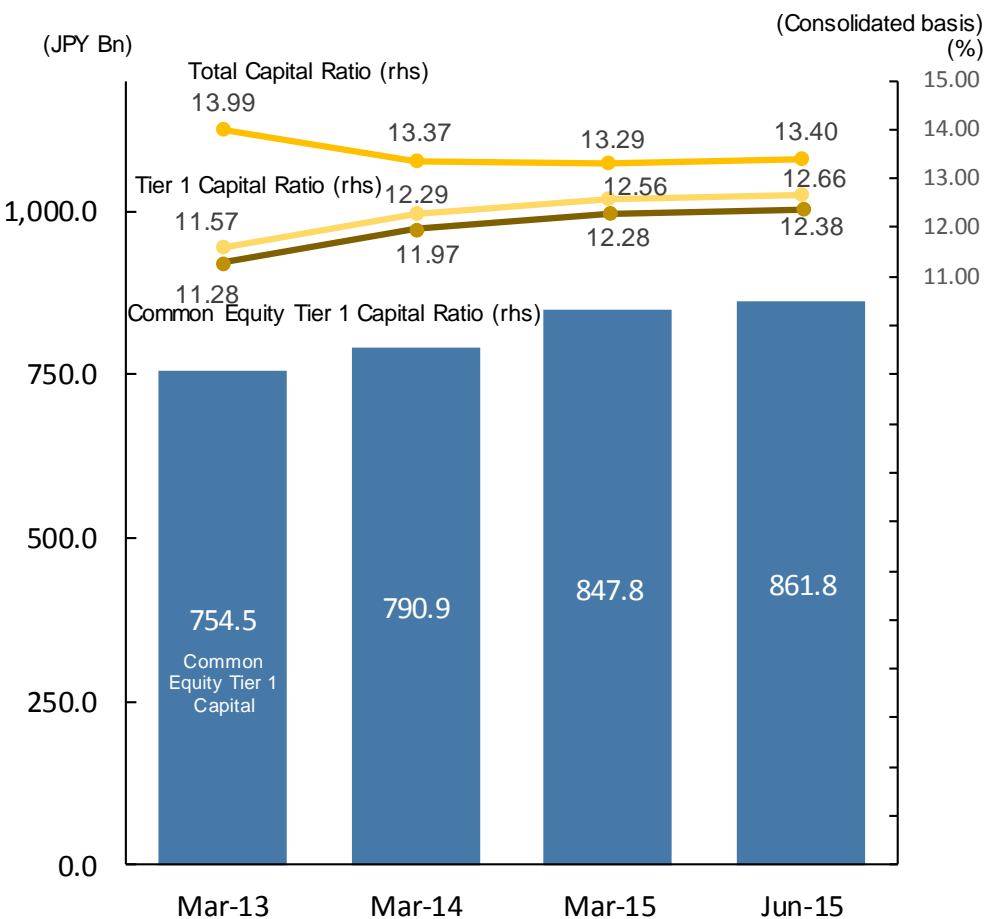


(Note 1) Credit cost ratio = Credit costs ÷ Average balance of loans  
 (Note 2) Credit cost ratio for FY15-1Q is an annualized figure.

# 9. Capital Adequacy & Shareholder Return

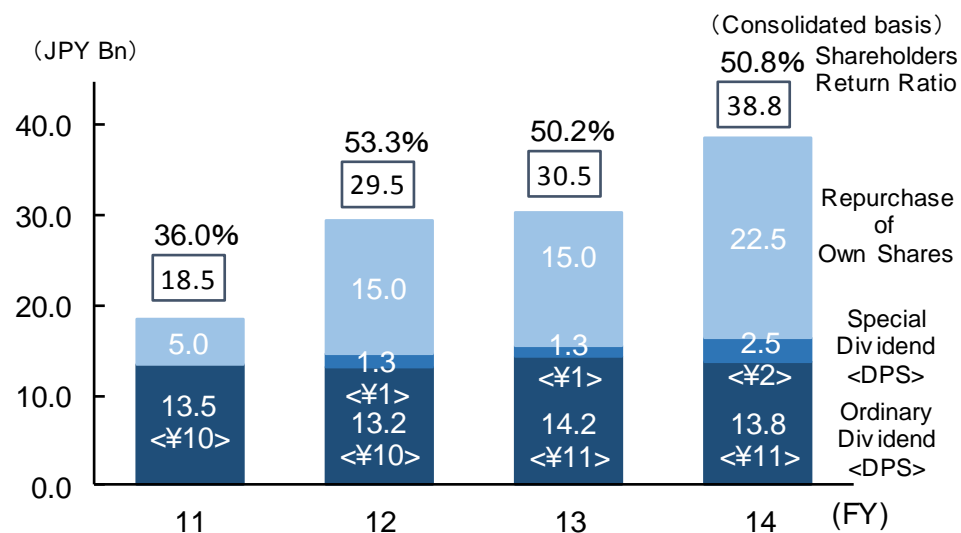
- Common Equity Tier 1 capital ratio (Consolidated): Continually maintained at the sufficient level, **12.38%** as of Jun-15.
- Share Buyback: Acquired own shares of **JPY7.5 bn** in Apr-15.

## Common Equity Tier 1 Capital



(Note) Transition basis. Common Equity Tier 1 capital ratio on the full adoption basis (Jun-15) is 13.21%.

## Shareholder Return



(Note) DPS: Dividends Per Share

### Shareholder Return Policy for the term of the medium term management plan

Ordinary Dividend	11 yen per share per annum is to be paid out stably regardless of business results.
Flexible Share Buyback	We will flexibly acquire own shares on market condition and our performance.
Special Dividend	Special dividends will be paid out, in cases where Profit attributable to owners of parent exceeds 55 billion yen.

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