

Information Meeting

~Financial Results for FY2006~

The Bank of Yokohama, Ltd.

May 25, 2007



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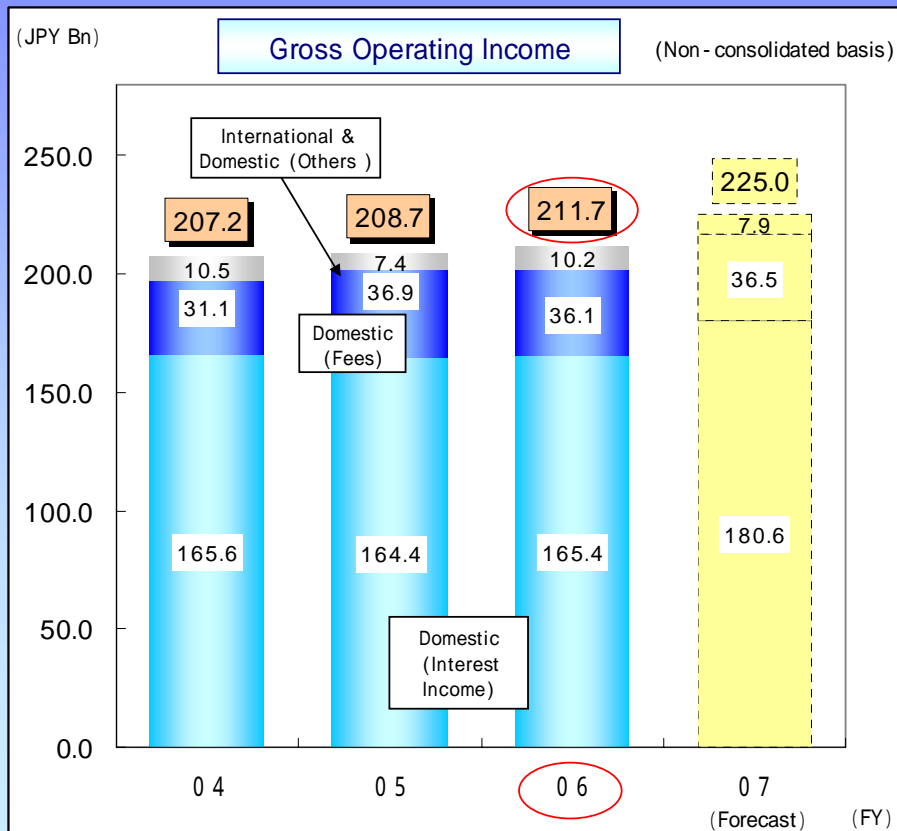
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1 . Operating Performance

1. Operating Performance

(1) Gross Operating Income

- FY06: Gross Operating Income increased by **JPY3.0Bn (+1.4%)** to **JPY211.7Bn** from FY05.
- FY07 Forecast: Up **JPY13.3Bn (+6.2%)** to **JPY225.0Bn** from FY05, due to increase in Interest Income.



Comparison from FY05

	FY05 (Actual)	FY06 (Actual)	change
Gross Operating Income	208.7	211.7	3.0
Domestic GOI	204.9	208.2	3.3
Interest Income	164.4	165.4	1.0
Fees & Commissions	36.9	36.1	-0.8
Trading Profits	0.2	0.8	0.6
Other Operating Income	3.4	5.7	2.3
GOI from Int'l Operations	3.8	3.5	-0.3
Core Base GOI	201.3	201.5	0.2

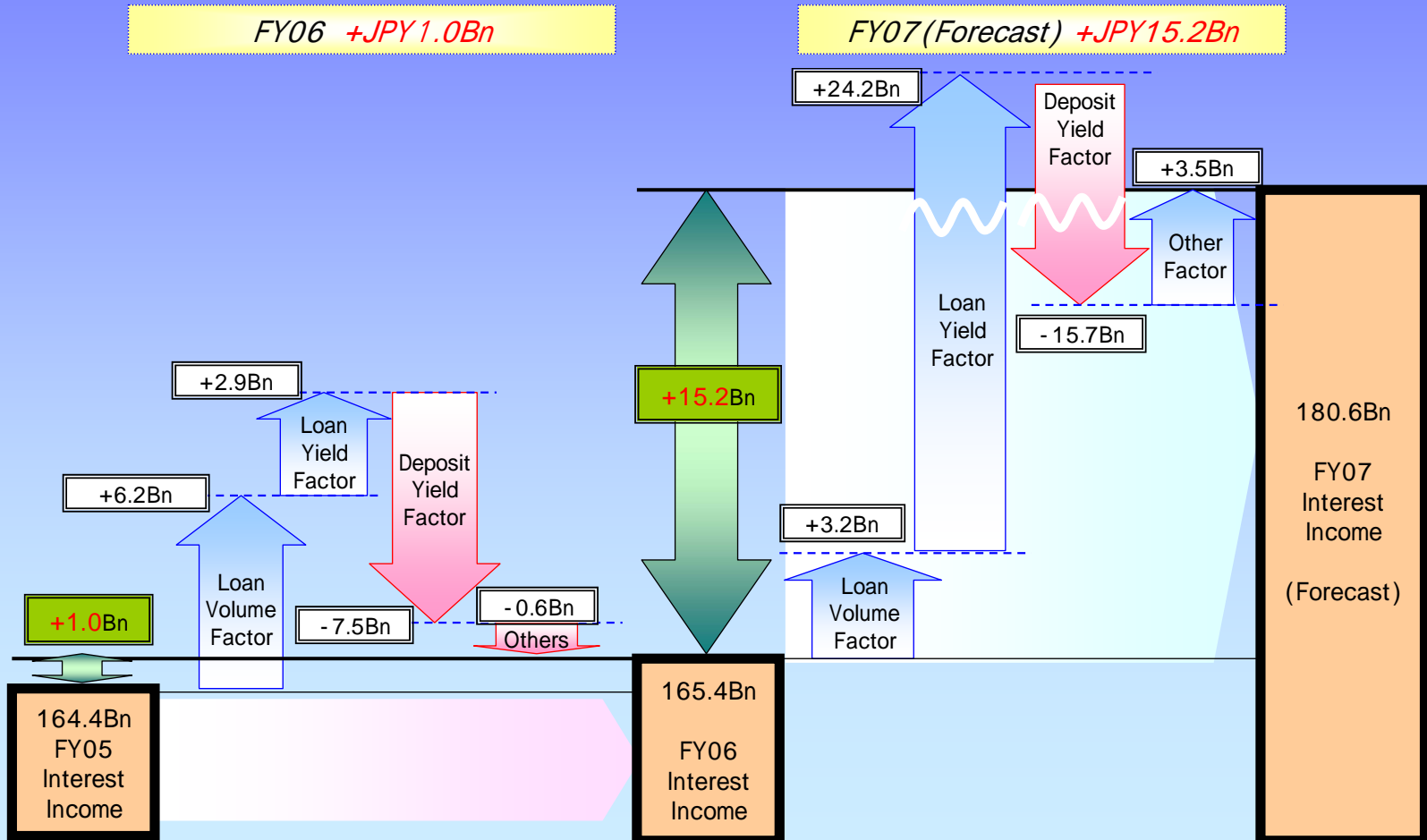
Factors behind the change;

- A Increase in the interest income +JPY1.0Bn
 By increase in the average loan balance: +JPY6.2Bn
 By shrinking interest margin: -JPY4.6Bn
- B Increase in Non-Deposit Products: +JPY2.9Bn
 Decrease in syndicated loans: -JPY0.8Bn

1. Operating Performance

(2) Analysis of Factors influencing Gross Operating Income

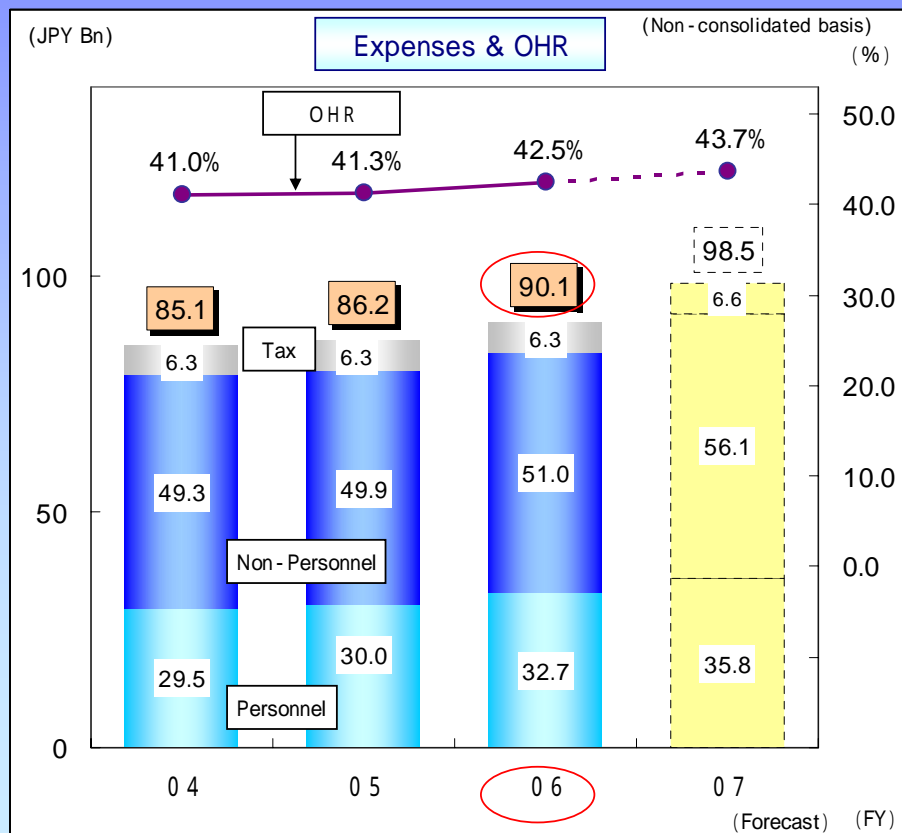
- In FY06, BOJ hiked policy rate twice (+0.25% apiece). Rise in the deposit rate preceded due to the time lag in the effect of rate rise.
- In FY07, BOJ rate hike is expected once (+0.25%). Interest income is expected to grow dramatically due to the effects of rate rises including the ones in FY06 fully contributing to the income.



1. Operating Performance

(3) Expenses & OHR

- FY06: **JPY90.1Bn** (+JPY3.8Bn or +4.5% from FY05). OHR was **42.5%**.
- FY07 Forecast: **JPY98.5Bn** (+JPY8.4Bn or +9.3% from FY06).
- Sales-related investments & expenses are on the upward trend with a view to improving the “Top Line” Income. OHR may jump temporarily during the 3 years of the new management plan, but will eventually be around 41% in the final year of the plan.



Comparison from FY05

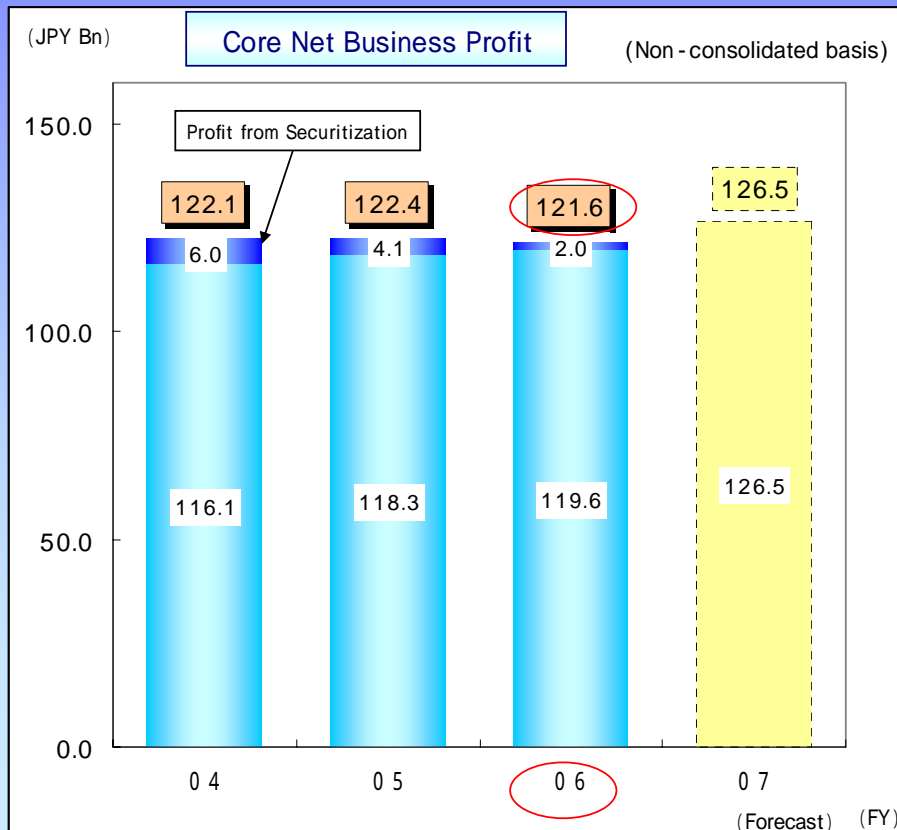
	(JPY Bn)		
	FY05 (Actual)	FY06 (Actual)	change
Expenses	86.2	90.1	3.9
Personnel	30.0	32.7	2.7 A
Non-Personnel	49.9	51.0	1.1 B
Tax	6.3	6.3	0.0
OHR (%)	41.3	42.5	+1.2

Factors behind the change;
A Increase in the number of personnel etc.
B Increase in investments in newly opening branches & IT - related investments etc.

1. Operating Performance

(4) Core Net Business Profit

- FY06: Decreased by **-JPY0.8Bn (-0.6%)** from FY05 to **JPY121.6Bn.** (Excluding securitization factors: **+JPY1.3Bn or +1.0%**)
- FY07 Forecast: **JPY126.5Bn (+JPY4.9Bn or +4.0%)** from FY06.



Comparison from FY05

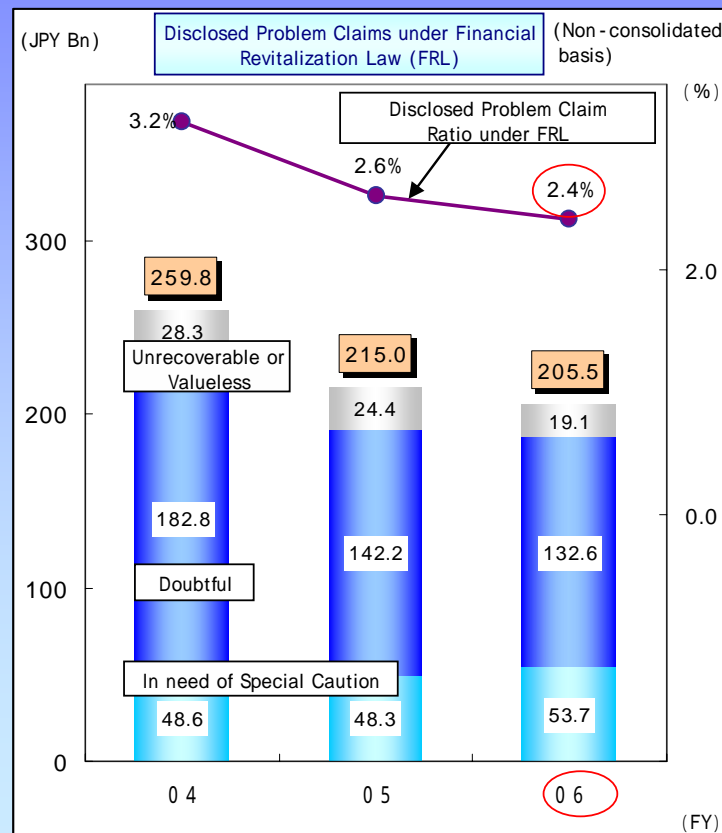
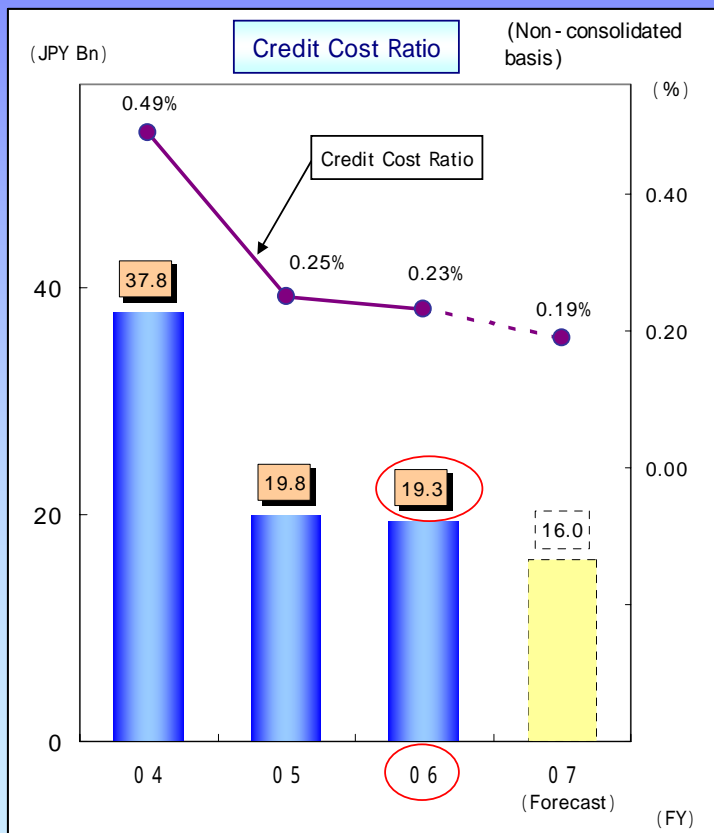
	(JPY Bn)		
	FY05 (Actual)	FY06 (Actual)	change
Core Net Business Profit	122.4	121.6	-0.8
Profit from securitization	4.1	2.0	-2.1
Core Net Business Profit (excluding)	118.3	119.6	1.3

Factors behind the change;
Increase in Gross Operating Income: +JPY3.0Bn
Increase in Expenses: -JPY3.9Bn

1. Operating Performance

(5) Credit Costs & Problem Claims Ratio

- FY06: Credit Costs decreased by **JPY0.5Bn (-2.5%)** to **JPY19.3Bn** from FY05.
- FY07 Forecast: **JPY16.0Bn (-JPY3.3Bn from FY05)**, Credit Cost Ratio is expected to be under **0.2%**.
- FY06: Problem Claims Ratio decreased to **2.4%**.



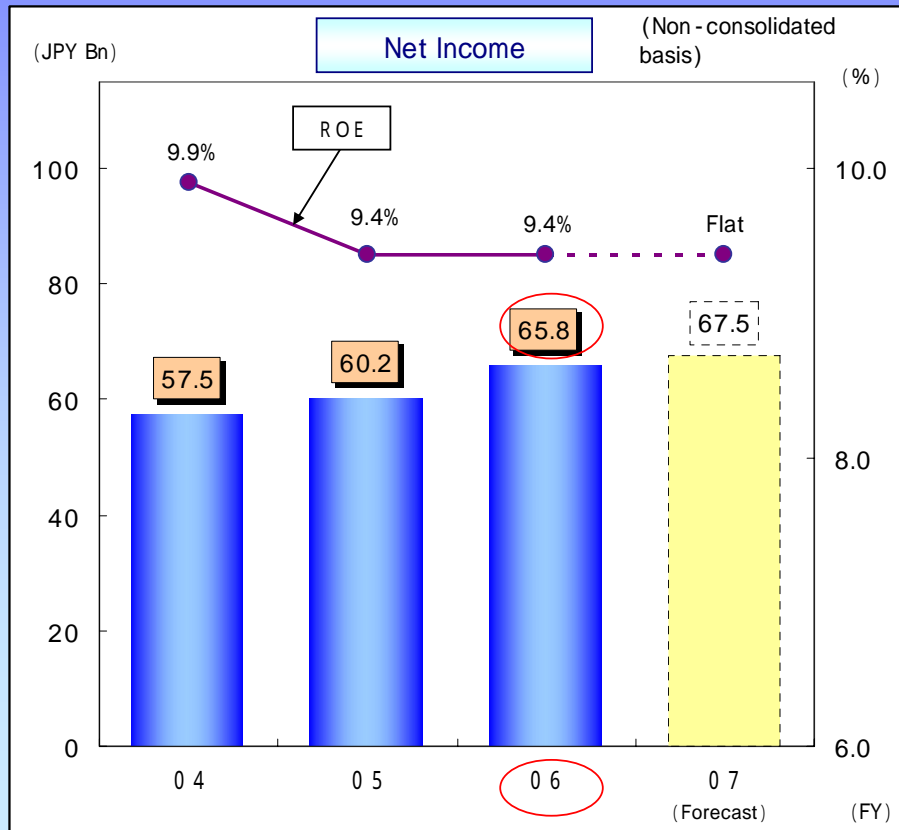
(Note1) Credit Costs = Disposal of bad debts + Transfer to Allowance for possible loan losses - Reversal of Allowance for possible loan losses

(Note2) Credit Cost Ratio = Credit Costs ÷ Average loan balance

1. Operating Performance

(6) Net Income

- FY06: Net Income increased to **JPY65.8Bn** (+JPY5.6Bn or +9.2%).
- FY07 Forecast: **JPY67.5Bn**, +JPY1.7Bn(+2.5%) from FY06.
- FY07 Forecast: ROE is expected to flat. (Mid-Term target for ROE is higher than 10%.)

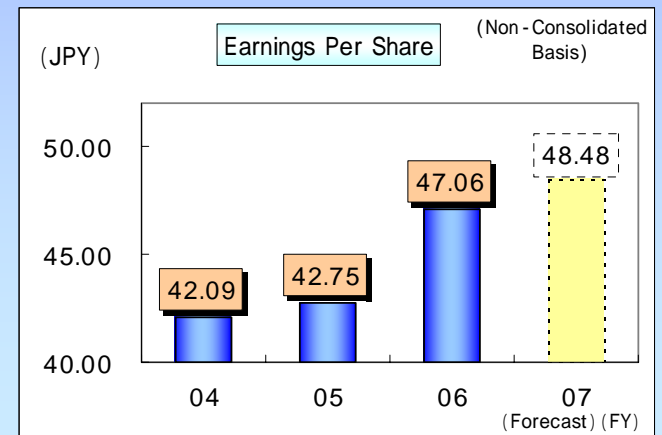


Comparison from FY05

	FY05 (Actual)	FY06 (Actual)	change
Net Income	60.2	65.8	5.6

Factors behind the change:

Decrease in Net Business Profit: -JPY0.8Bn
 Decrease in Credit Costs: +JPY0.5Bn
 Increase in gains from the sale of securities etc.: +JPY5.9

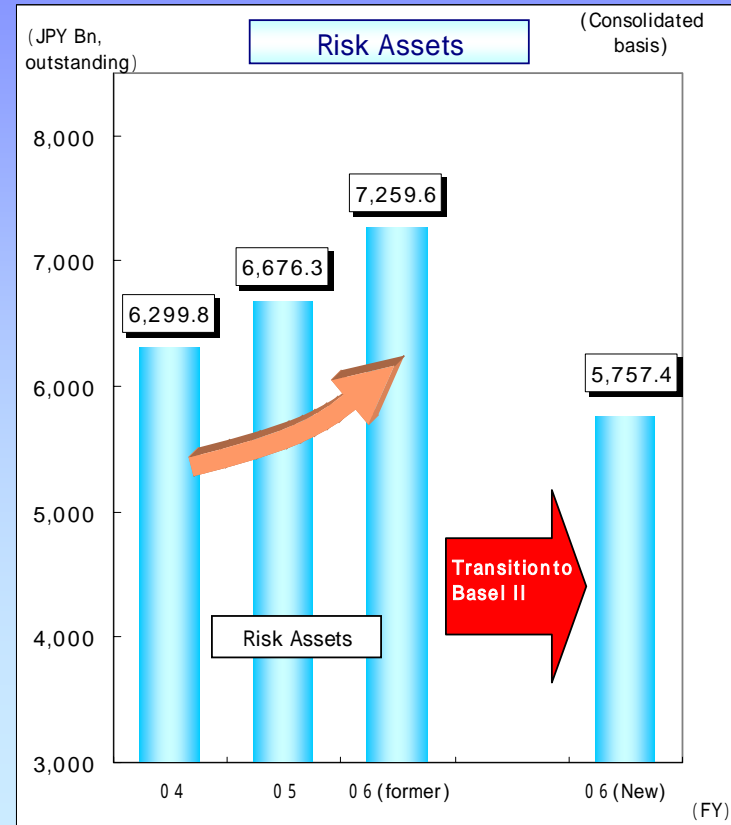
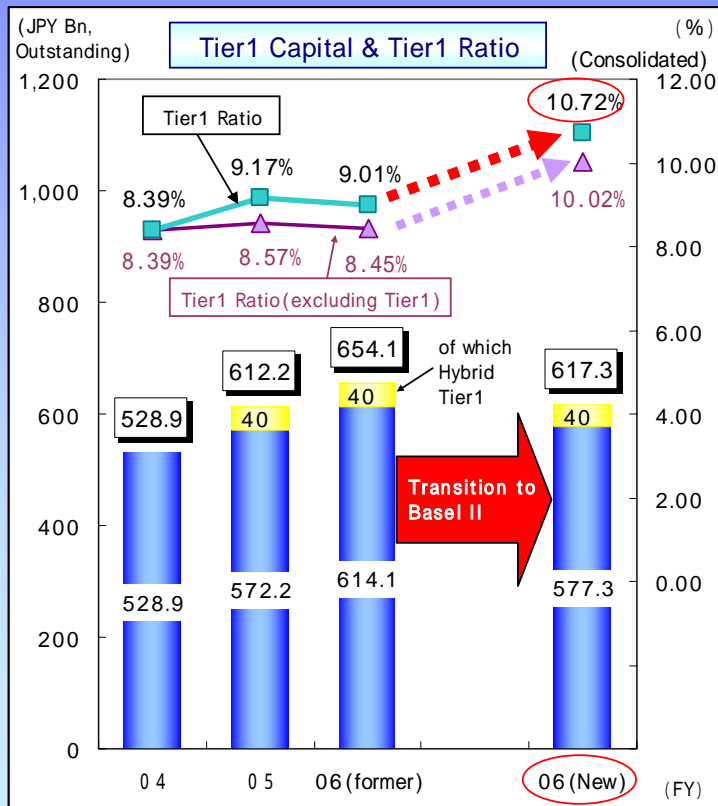


(Note) ROE = Net Income ÷ Average balance of capital for the two ending periods.

1. Operating Performance

(7) Tier1 Ratio & Risk Assets

- FY06(ex-standard): Risk Assets increased by +8.7% from FY05 due to aggressive lending. Tier1 Ratio was flat.
- Upon the transition to Basel II, we have chosen the FIRB approach. Consequently, Tier1 Ratio increased by 1.71%.
- We will continue to maximize profits by increasing Risk Assets, and will maintain Tier1 Ratio at current level.

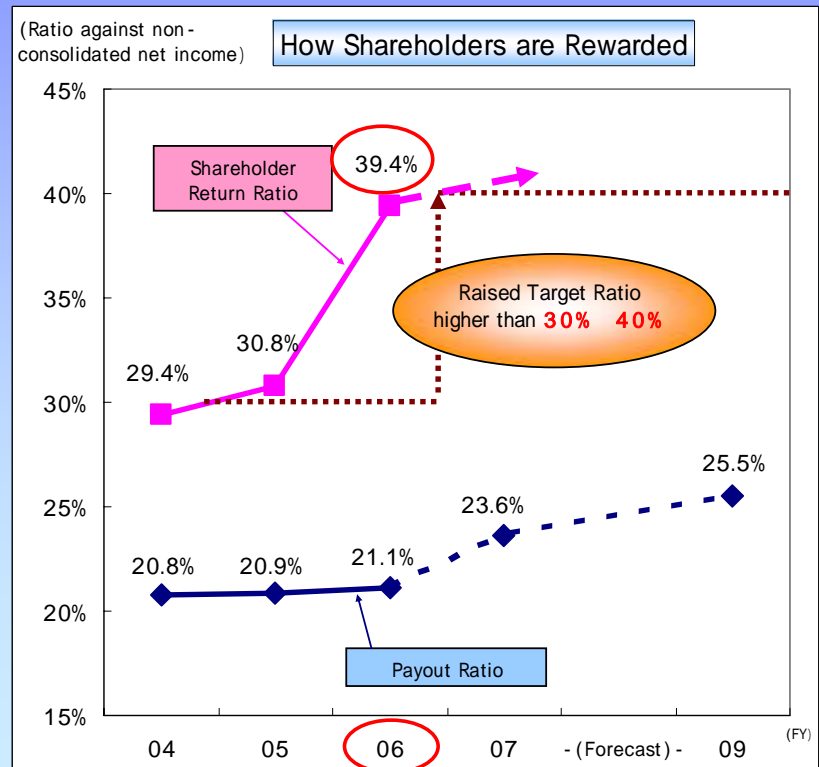
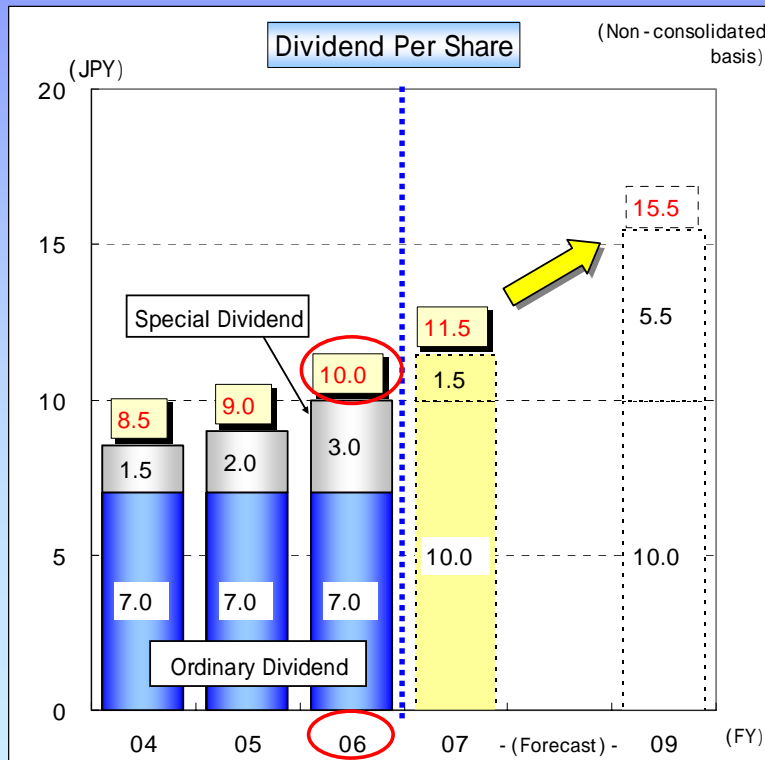


(Note) FIRB stands for Foundation Internal Ratings Based.

1. Operating Performance

(8) Our Policy on Return to Shareholders

- FY06: Annual dividend per share is **10 yen** (up **1 yen** from FY05), Shareholder Return Ratio increased to **39.4%** (**+8.6%** from FY05).
- From FY07: Modified the way dividends are calculated, and increased Payout Ratio.
 - Ordinary Dividend (stably paid): **7 yen** (Net Income not exceeding **JPY50.0Bn**) **10 yen** (Net Income not exceeding **JPY60.0Bn**)
 - Special Dividend (linked to business results): **30%** of the amount exceeding **JPY50.0Bn** in Net Income **35%** of the amount exceeding **JPY60.0Bn** in Net Income
- We have also raised the bar for Target Return Ratio from higher than 30% to **higher than 40%**.

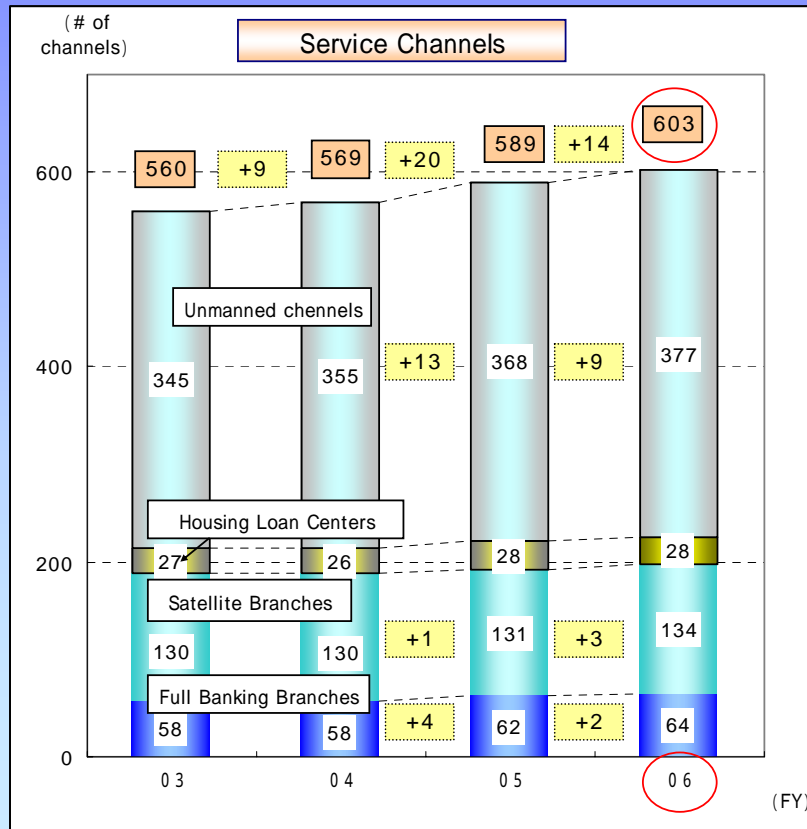


*2 . Business Strategies
& Results*

2. Business Strategies & Results

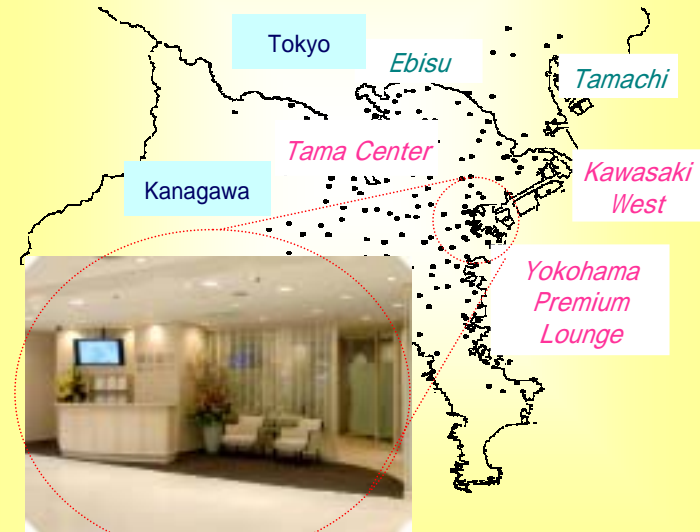
(1) Expanding Service Channels ~ Branches

- In Kanagawa Prefecture and Southwestern Tokyo, we will continue to expand Service Channels in response to characteristics of local areas.
- Developed a new type of Satellite Branch ~ Newly opened in Jan-07, “Yokohama Premium Lounge”, fully dedicated to consulting services for high net worth customers.



Newly Opened Branches (FY06)

- 2 new branches in SW Tokyo (Total 5)
- 3 new satellite branches (“Yokohama Premium Lounge” being new type)



2. Business Strategies & Results

(2) Expanding Service Channels ~ ATMs

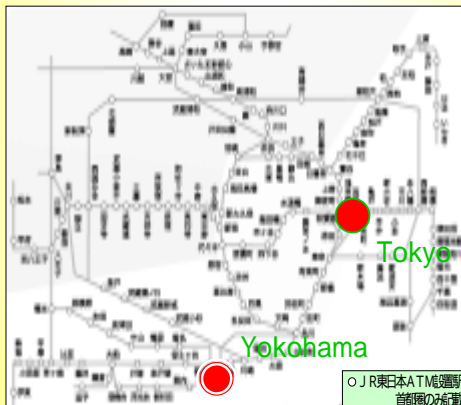
- Began mutual usage of ATMs with JR East. (from May - 07)
- In addition to the existing alliance with Seven Bank, we have established alliances with E-net and Lawson ATM Networks. (from May - 07)

1. JR East

- Started withdrawal & balance inquiry services at the "View Altte", ATMs located in stations on JR East Lines.



As of Apr. 24, 2007



2. Convenience Store ATMs

- With ATMs located in the following convenience stores, 24 - hour services of withdrawal, deposit and balance inquiry are available.

22,362 ATMs nationwide
(2,163 within Kanagawa)



11,807 nationwide
(895 within Kanagawa)



3,891 nationwide
(468 within Kanagawa)



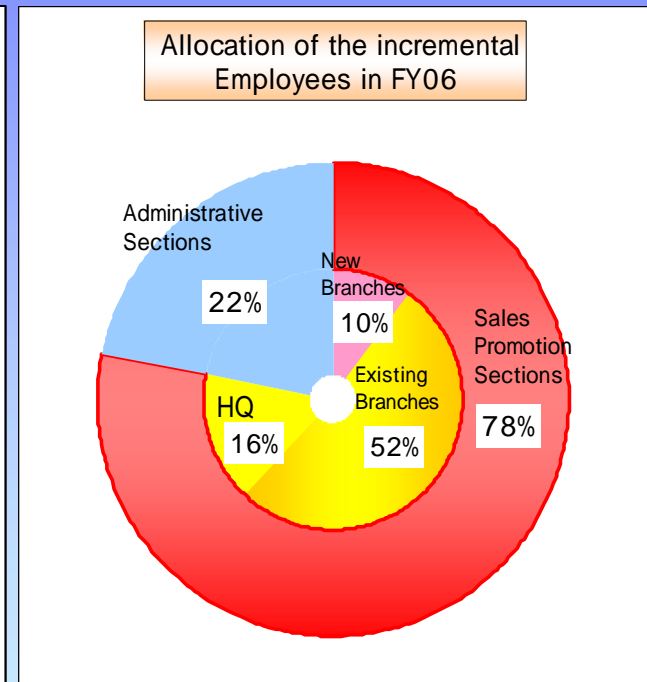
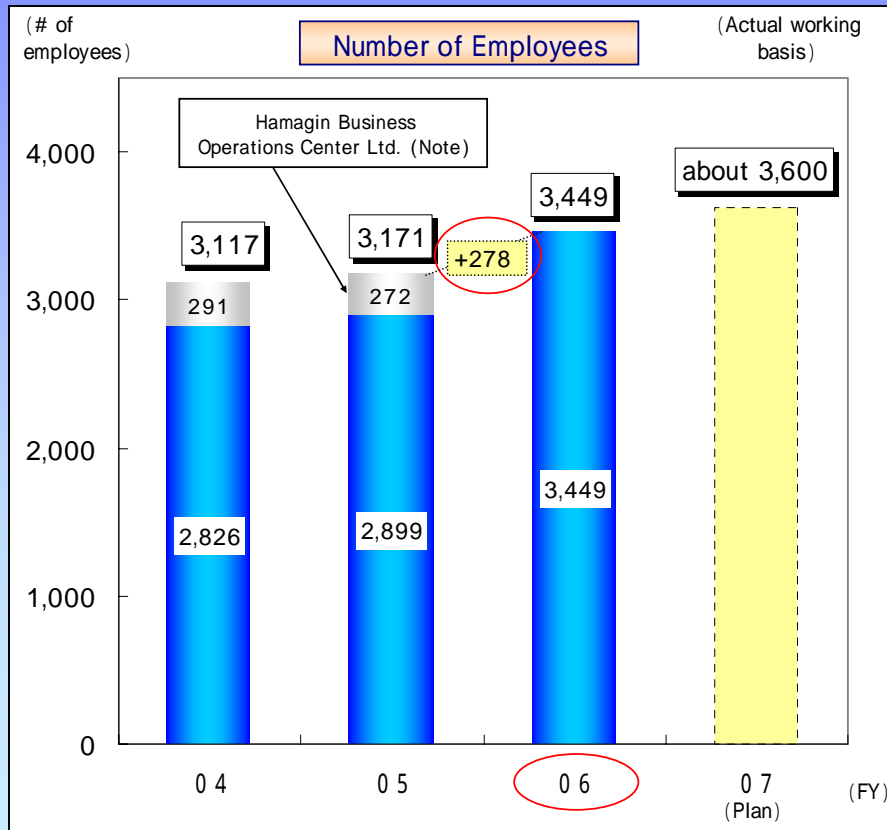
6,664 nationwide
(800 within Kanagawa)

As of Nov. 15, 2006

2. Business Strategies & Results

(3) Allocation of Employees

- FY06: Net **278** employees increased through aggressive hiring. In addition to allocating employees to newly opening branches, we have increased the number of sales-related staffs at the HQ and branches.
- FY07: Continuing to hire aggressively. Further strengthening sales forces.



(Note) In oct-06, the Bank accepted dispatched employees from Hamagin Business Operations Center Ltd. for the realization of strategic and flexible human asset strategies.

2. Business Strategies & Results

(4) Strategies for Individual Sector

- Product Strategies: Developing products & services by utilizing alliances.
- Sales Strategies: Strengthening sales operations via sophistication of marketing.

Product Strategies

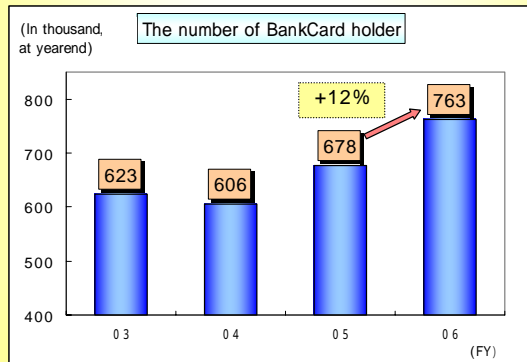
1. Inheritance-related Business

- (1) Mitsubishi UFJ Trust & Banking (Feb-07 ~)
- (2) The Sumitomo Trust & Banking (planning from Jul-07)

Services; Testamentary Trust, Estate Settlement, Estate Succession Planning

2. Bankcard

- (1) JR East (planning from 2nd Half of FY07)
- Issuance of Card equipped with E-Money function
 - (2) Odakyu Line & Tokyu Card
 - Alliances in "Point Service"



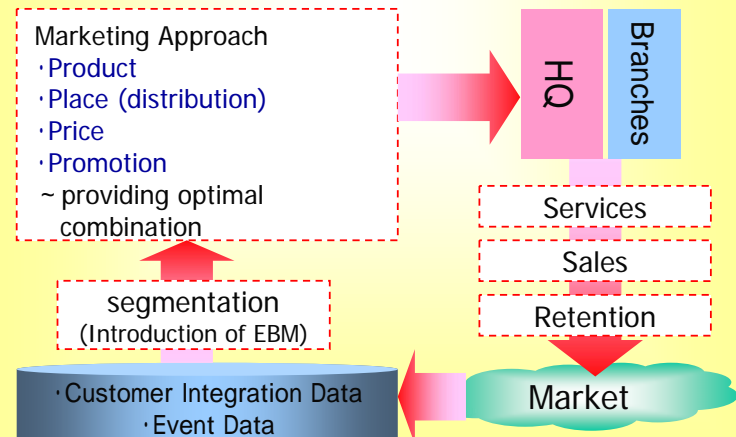
Sales Strategies

1. Marketing Strategies

Utilization of advanced database will lead to sophisticated marketing, and stronger sales operations & better CS.

- (1) Sophistication of CRM System
- (2) First Japanese bank to introduce genuine "EBM (Event Based Marketing)" (From FY07)

(Note) EBM is an advanced marketing method, in which customers' needs can be grasped through changes in transaction information (events).



2. Business Strategies & Results

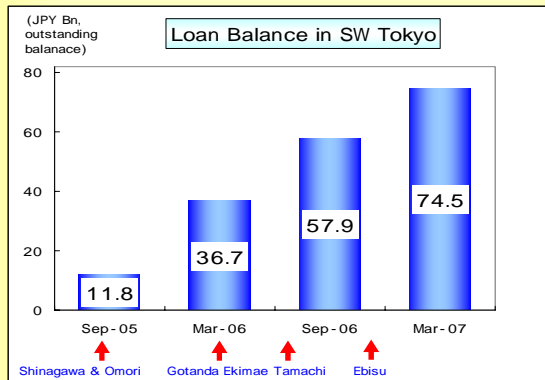
(5) Strategies for Corporate & Others

- Gradually developing products & services by utilizing alliances.
- Proactively contributing to the development of local communities. Streamlining businesses & systems by shared utilization of banking systems with regional banks.

Corporate Strategies

1. Domestic

(1) Strengthening business in Southwestern Tokyo



(2) Developing investment banking type of business

2. Overseas

- (1) Formed alliance with **The Bank of East Asia (Hong Kong)** (From Mar-07)
- (2) Held "**Joint Trade Fair in Shanghai**" with regional banks (First time in Jul-06, Second time to be held in Jun-07)
- (3) Co-held "Seminars for Clients" with **Hokuhoku FG** (Held in Dec-06 in Shanghai)
- (4) Developing "Yokohama Asia Club" (Established Shanghai, South China Division)

Regional contribution & CSR

1. Comprehensive Basic Agreement with Yokohama City Univ. (from Jan-07)
2. Endowment of chairs (Kanagawa Univ. & Yokohama City Univ.)
3. Co-sponsoring Yokohama citizen concerts (Jun-07)
4. Launched SRI Fund (Anti-global warming related stock fund) (from Sep-06)

Systems & Back office task

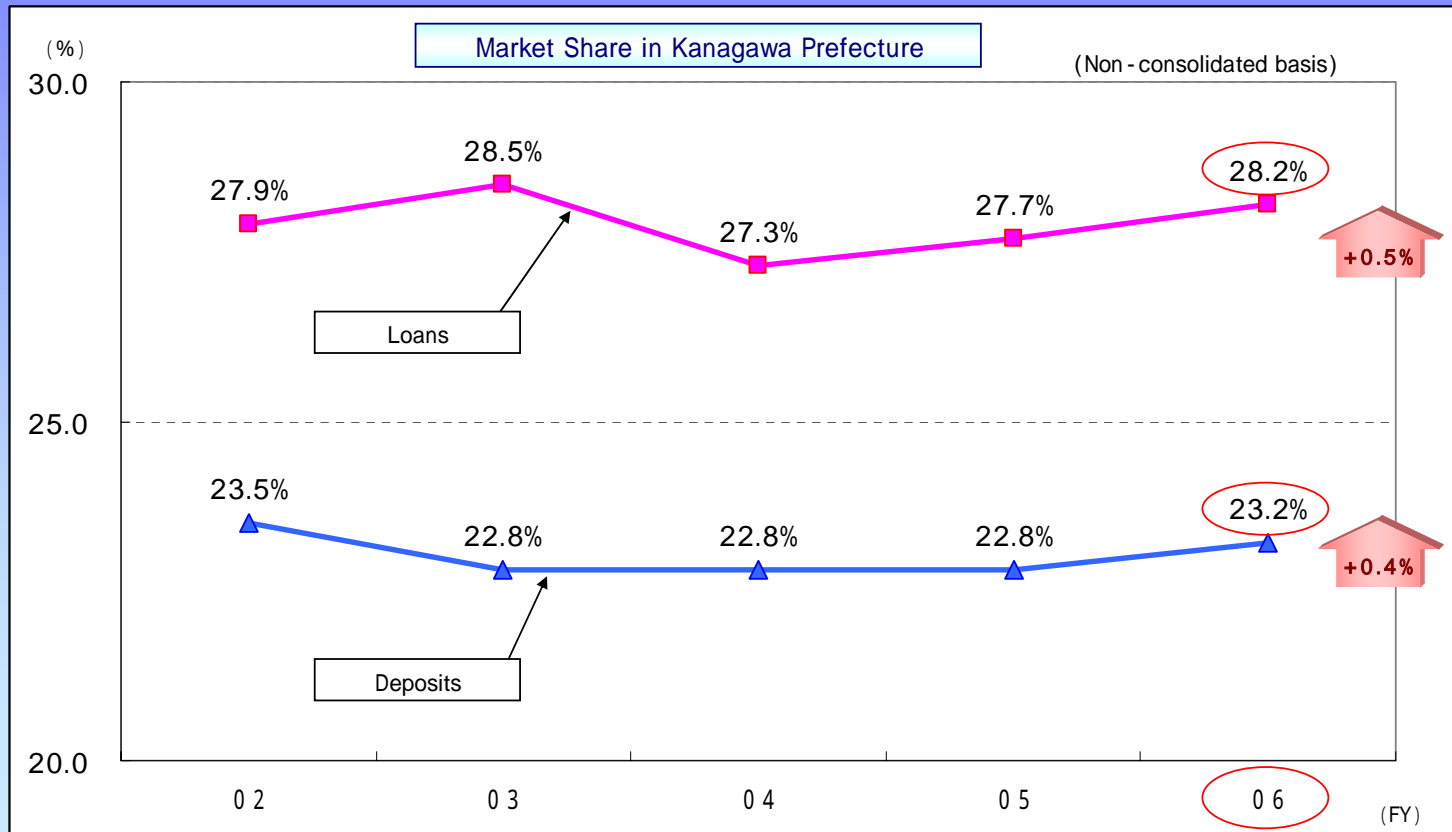
1. Shared Utilization of banking system among 3 banks (BOY, Hokuriku & Hokkaido) (expected to start from Jan-10)
2. Conclusion of basic agreement for joint development with BeSTA (note). Pursuing cost merit of the 14 participating banks.

(note) Regional Bank Integrated Services operated by NTT Data

2. Business Strategies & Results

(6) Market Share in Kanagawa Prefecture

- FY06: Market share of loans increased to **28.2%**, deposits to **23.2%**.
- Despite tougher competition, market share of loans increased by **+0.5%**, deposits by **+0.4%** from FY05.

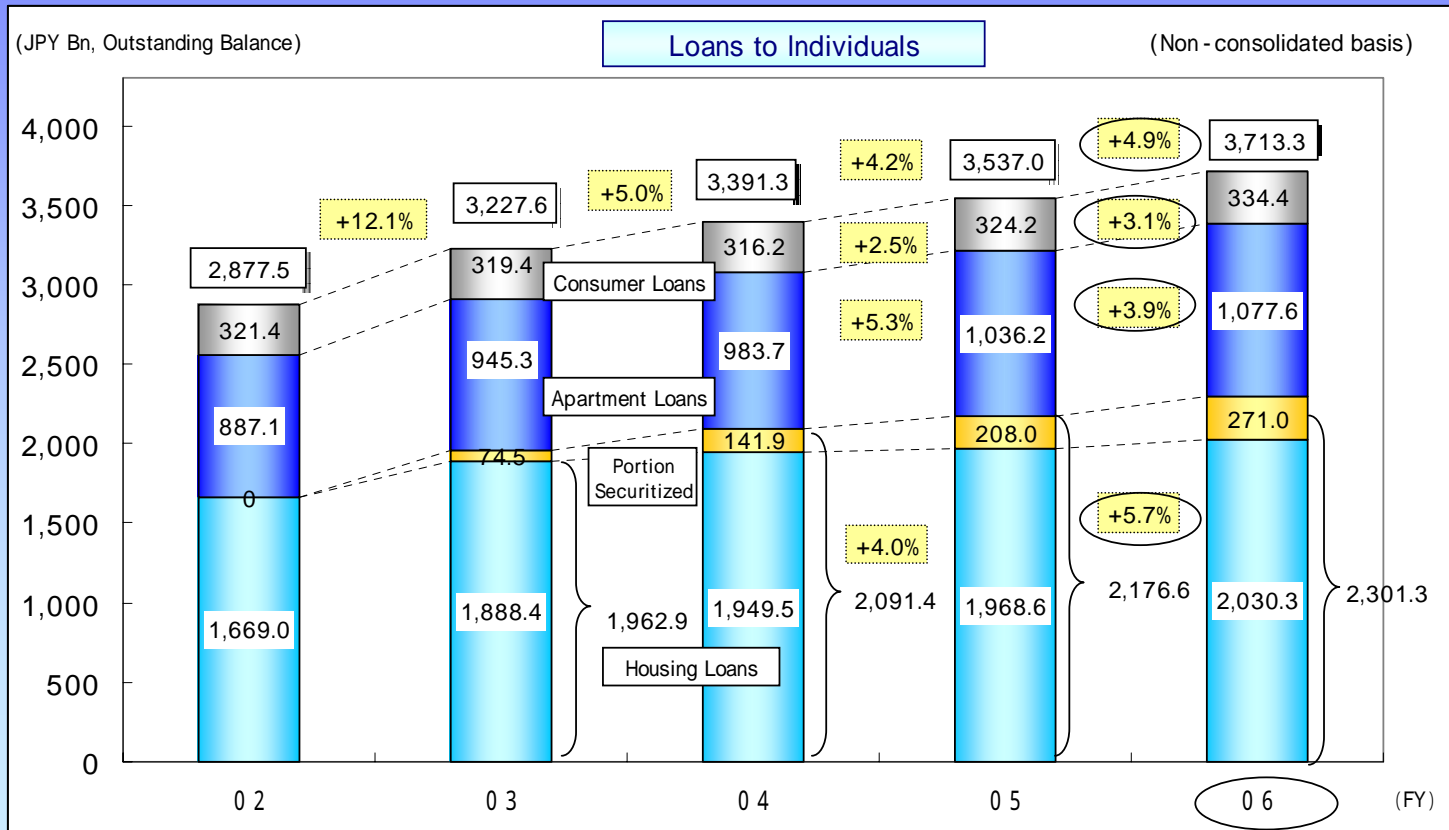


(Note) Market share above does not include Japan Post, Credit Unions & JA. (Bank estimates)

2. Business Strategies & Results

(7) Loans to individuals

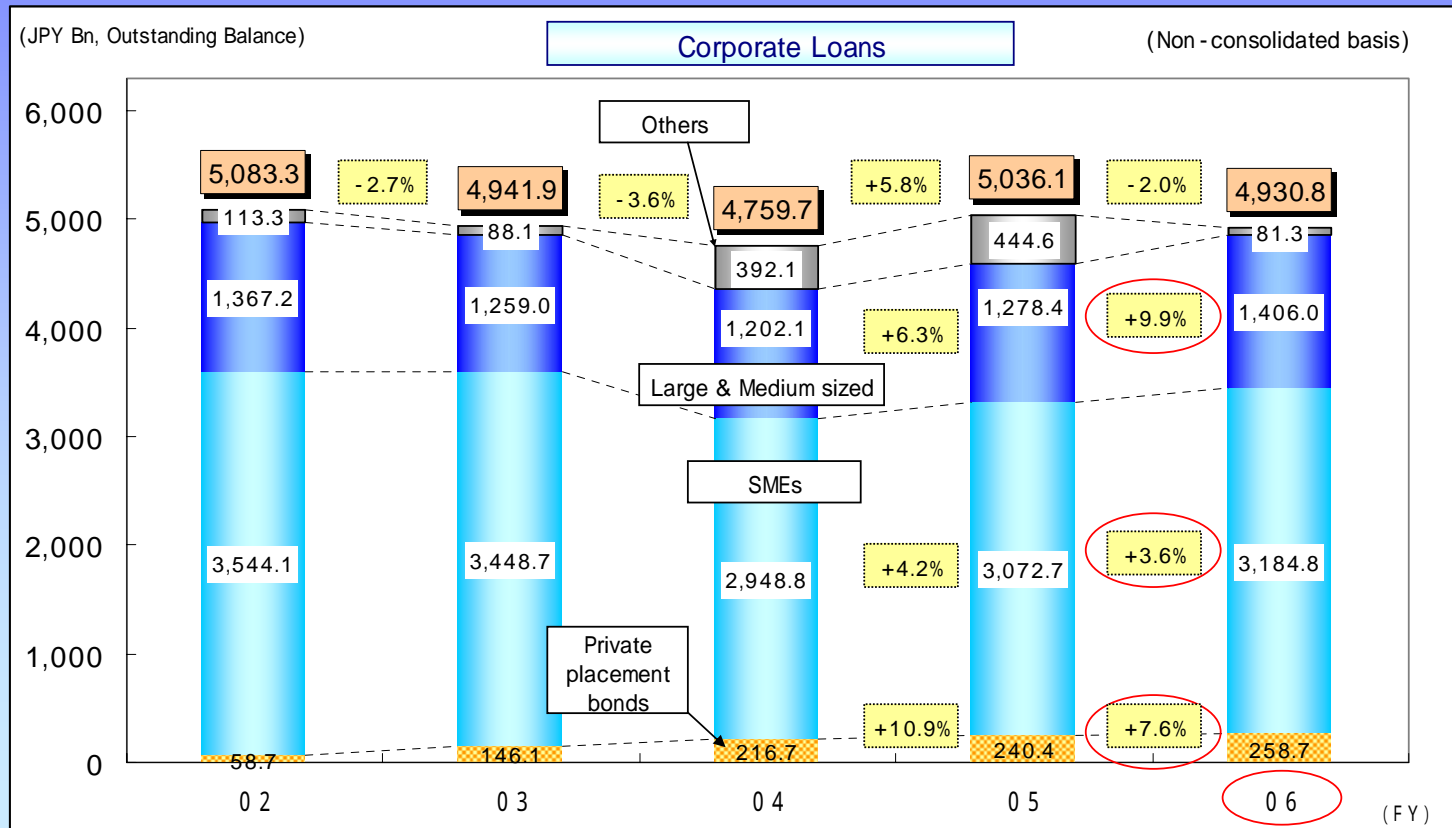
- FY06: Loan growth maintained upward momentum (+4.9% from FY05), despite tougher competition.
- Continue to focus on residential loans (Housing Loans & Apartment Loans).



2. Business Strategies & Results

(8) Loans to Corporate Customers

- FY05: SME loans maintained upward momentum, up **+3.6%** from FY05 (+JPY112.1Bn from FY05)
- Although loans to corporations as a whole decreased by **-2.0%** (-JPY105.3Bn) due to special factor (loans to public related sector decreased by JPY363.3Bn from FY05), loans to purely private corporations kept upward trend.

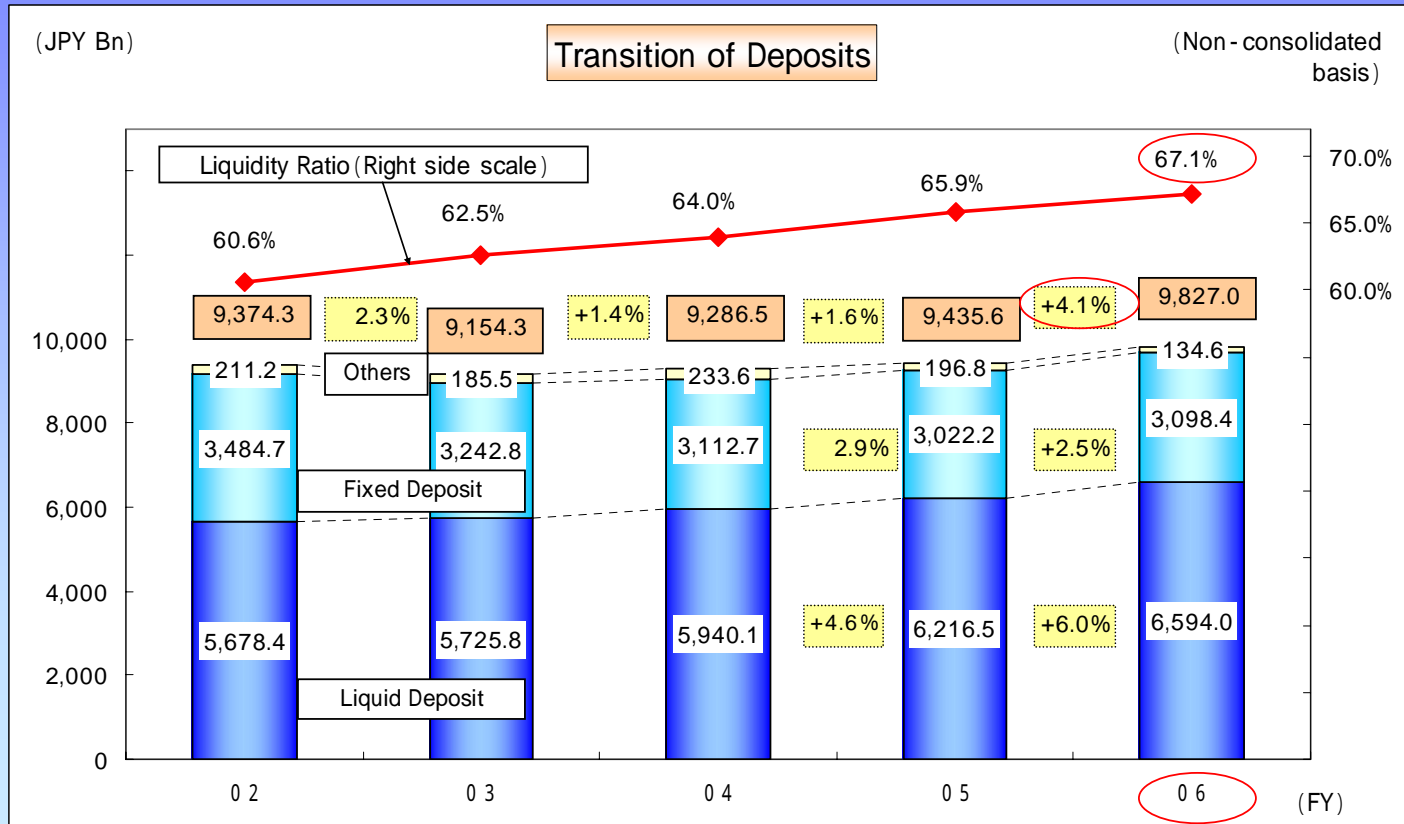


(Note) "Others" include loans to public sectors and Deposit Insurance Corporation of Japan etc.

2. Business Strategies & Results

(9) Deposits

- FY06: Total deposit grew **+4.1%** from FY05, maintaining upwards trend.
- Liquidity Ratio is on steady growth to **67.1%**. (Regional banks average being around 54%)



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

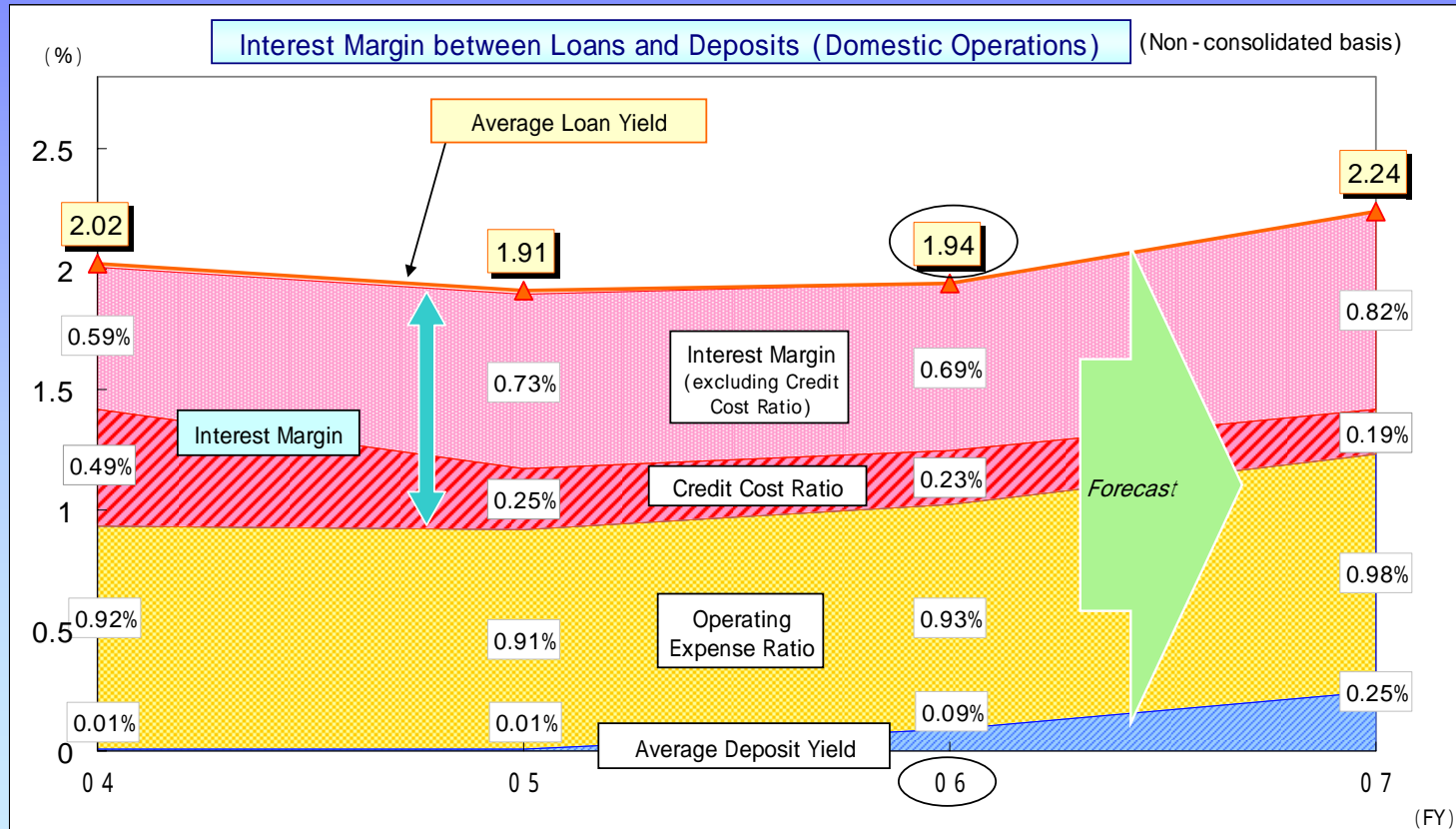
(Note2) Fixed Deposit = time deposits & etc.

(Note3) Others = those other than above.

2. Business Strategies & Results

(10) Interest Margin

- FY06: Since the rise in the deposit rate preceded the rise in the lending rate as a result of BOJ rate hike, interest margin (excluding credit cost ratio) slightly shrank to **0.69%**.
- FY07: The interest margin is expected to widen to over **0.8%** due to mitigation in the time lag factor.



(Note1) Amount Outstanding = Average balance of Deposits and Loans in domestic operations.

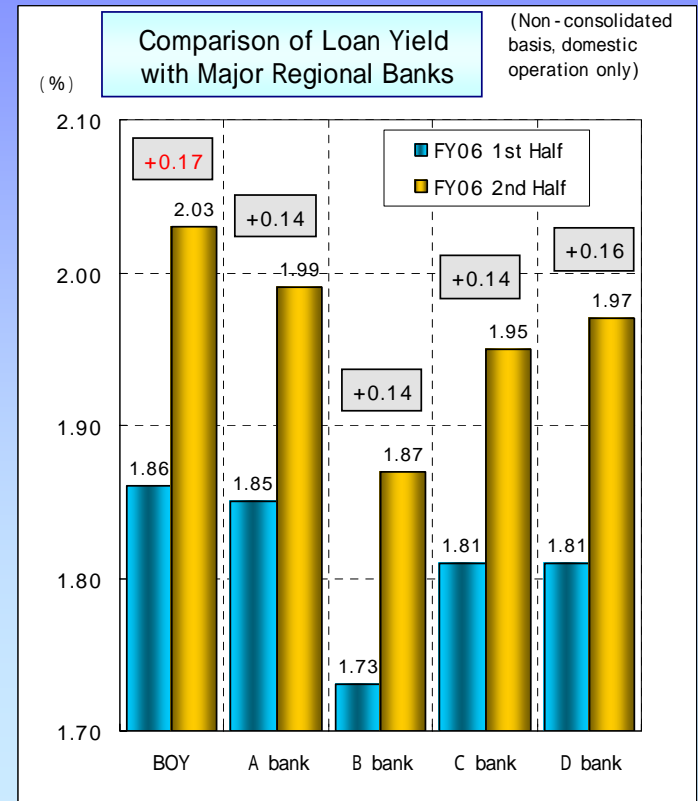
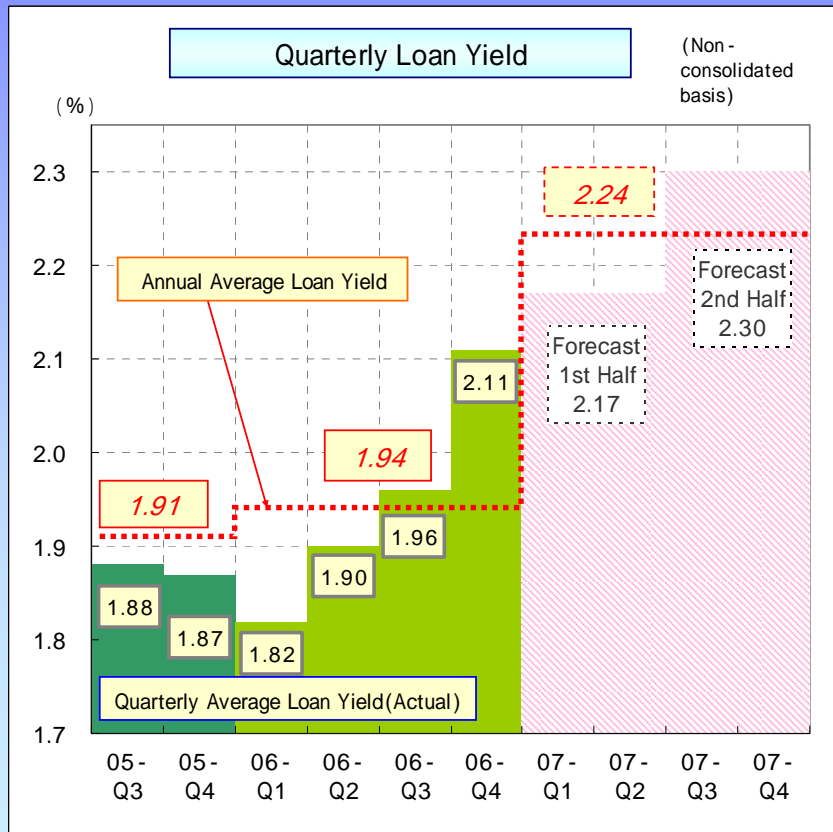
(Note2) Operating Expense Ratio = Expenses excluding extraordinary items ÷ Average balance of Deposits.

(Note3) Credit Cost Ratio = Credit Costs ÷ Average balance for loans.

2. Business Strategies & Results

(11) Loan Yield

- FY06: Loan yield hit the bottom in Q1 and turned around to climb, due to the BOJ rate hike in Jul-06. The loan yield grew to **2.11%** in Q4 after the residential loan yield has been raised.
- FY07: The 2nd rate hike (Feb-07) and the 3rd hike (expected sometime in FY07) will result in higher loan yield.
- We have managed to increase the loan yield higher than other major regional banks.



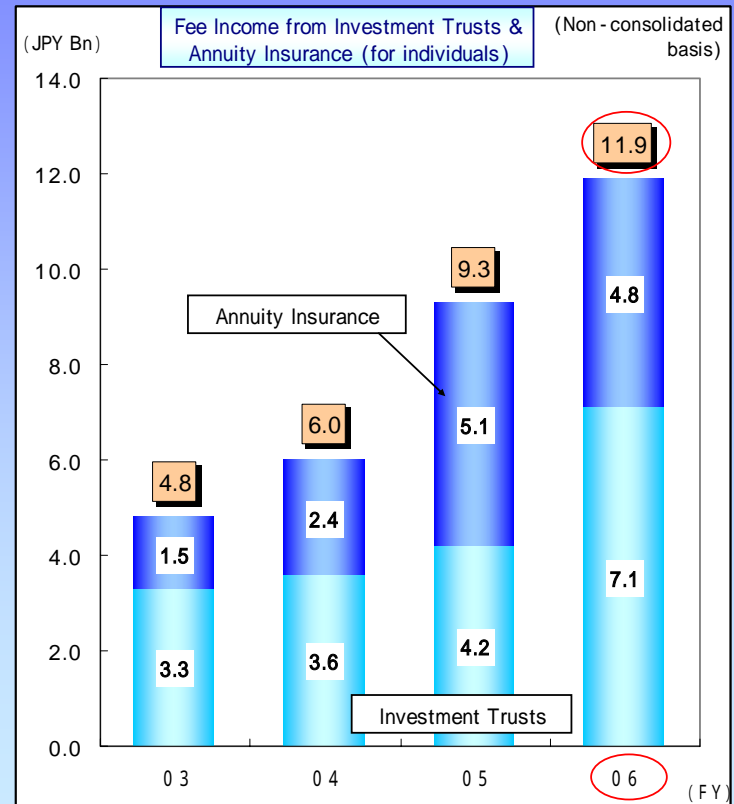
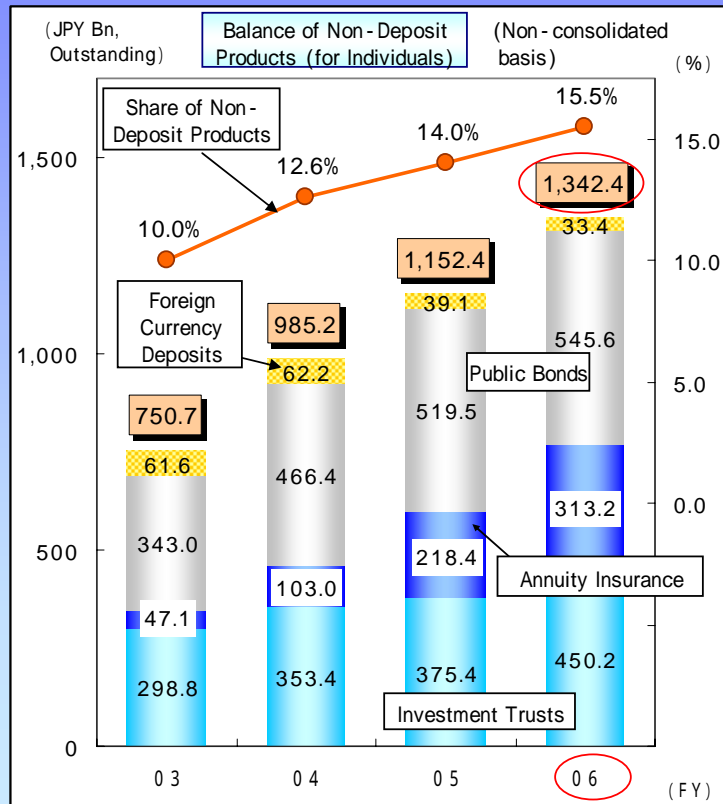
(Note1) 5 largest regional banks in terms of Loans.

(Note2) FY06 2nd Half Loan Yields of other banks are calculated by BOY, based on their financial statements & releases.

2. Business Strategies & Results

(12) Non-Deposit Products

- FY06: Non-Deposit Products steadily increased, surpassing, **JPY1.3Tn** plateau. Share of Non-Deposit Products rose to **15.5%**.
- Profits from the sale of Investment Trusts & Annuity Insurance for individuals increased to **JPY11.9Bn**.

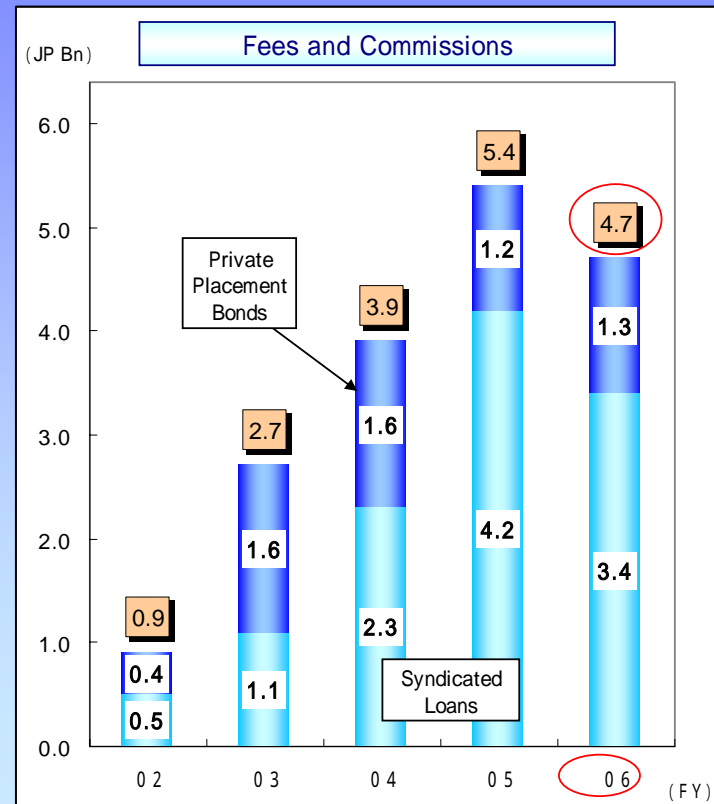
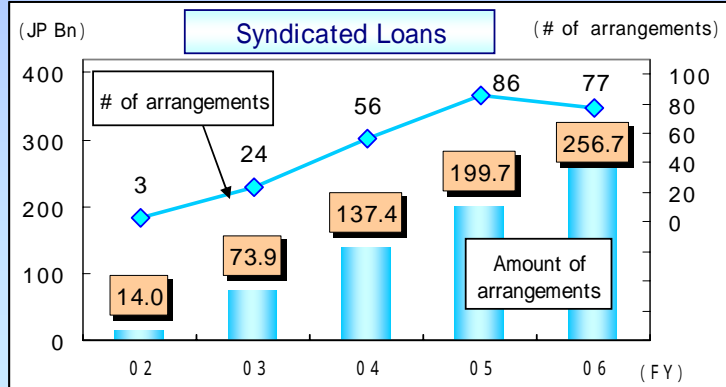
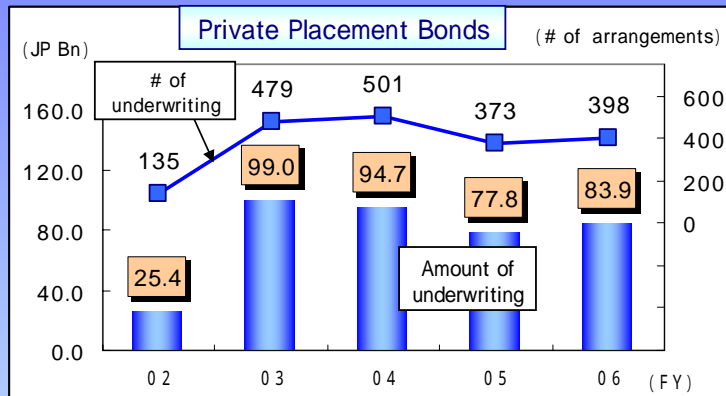


(Note) Share of Non-Deposit Products = Outstanding balance of Non-Deposit Products ÷ (outstanding balance of individual deposits + outstanding balance of Non-Deposit Products)

2. Business Strategies & Results

(13) Private Placement Bonds & Syndicated Loans

- FY06: Amount of underwritings & fees in private placement bonds slightly increased.
- FY06: Though the amount of syndicated loans arranged steadily increased, fees & commissions from them decreased due to the number of arrangement etc.



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

3 . New Mid-term Management Plan

3 . New Mid - term Management Plan

(1) Outline of the Plan & Target Figures

- In April 07, we have launched the new medium term management plan “**New Horizon**”.
- We will intensively focus on the following 3 main themes; **Developing functions**, **Investing in Human Assets**, **Establishing “Yokohama Brand”**, positioned as the first 3 years for the realization of Long Term Vision.

3 Main Themes



Positioned as the first 3 years for the realization of Long Term Vision

Long Term Vision: To become an attractive financial institution for Customers, Shareholders, Employees, and communities.

Target Figures

Profitability

Items	FY06 Actual	FY09 Target
Gross Operating Income (Non-consolidated)	JPY211.7Bn	JPY270Bn (+27% in 3 years)
E P S (Consolidated)	47.5 yen	30% increase in 3 years

Market Share in Kanagawa (excluding Japan Post, Credit Union & JA)

Items	FY06 Actual	FY09 Target
Loan (Non-consolidated)	28.2%	Higher than 30%
Deposit (Non-consolidated)	23.2%	Higher than 23% & more than 50% increase in Non-deposit products

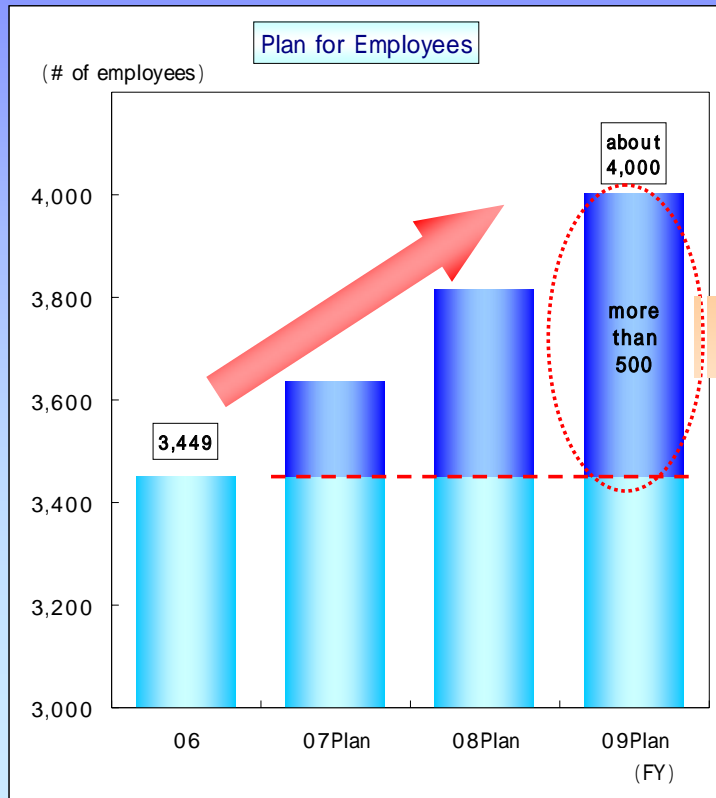
Manifesto

- We will invest more than JPY15Bn in CS improvement over the next 3 years.
- We will invest more than JPY15Bn in Human Assets over the next 3 years.
- The average shareholder return ratio over the next 3 years to be higher than 40%.
- We will allot the total of more than JPY0.5Bn for CSR over the next 3 years.

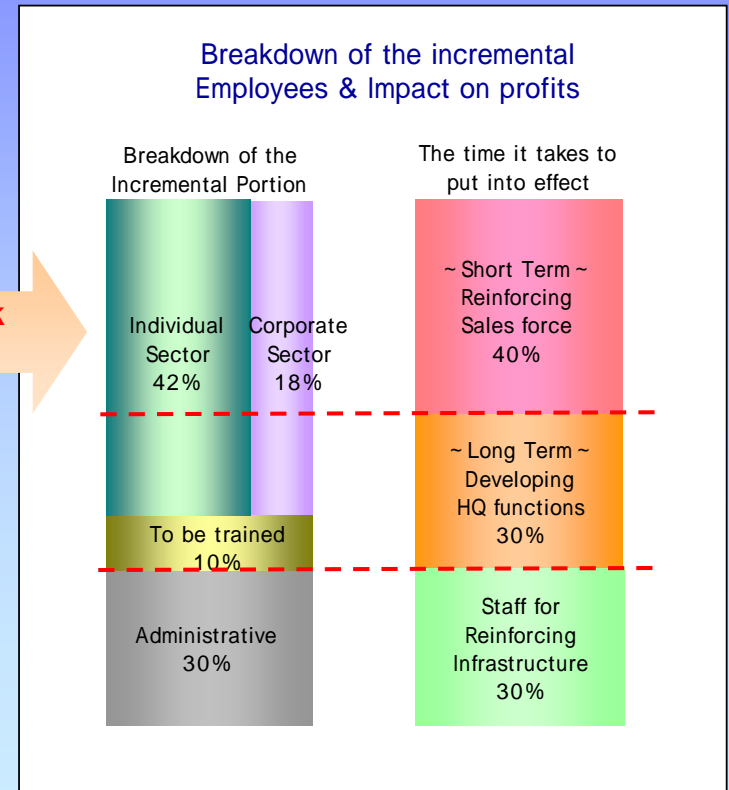
3 . New Mid - term Management Plan

(2) Allocation of Employees

- In order to respond to the diversified financial needs, we are planning to increase the number of actual personnel by more than **500** during the span to establish 4,000 Employees Regime by FY09.
- Although the incremental portion will be allocated mainly to Sales Promotion Sector, we will aim at strengthening marketing forces towards future growth by increasing not only in sales channels but also in sales planning in Headquarters, supporting staffs and trainees.



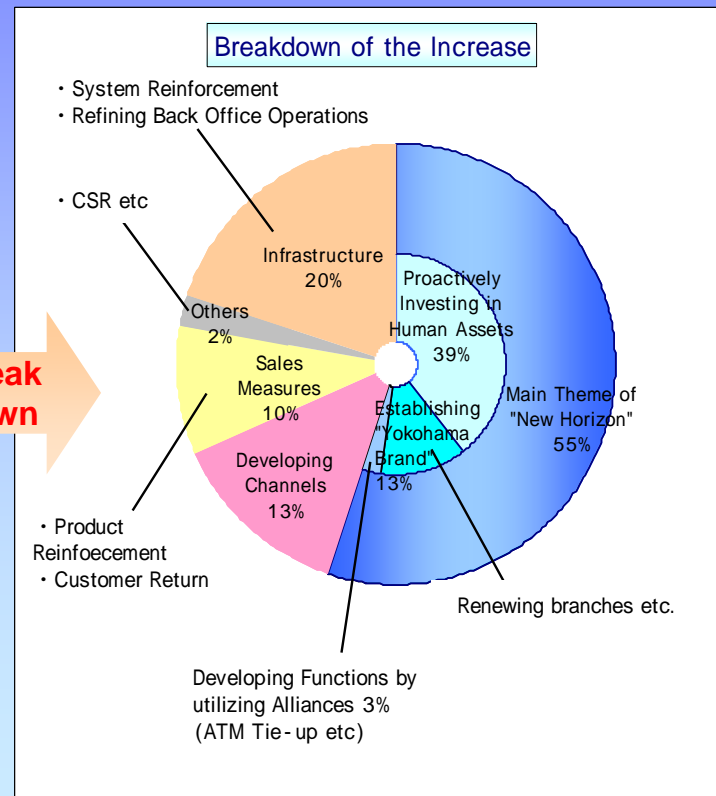
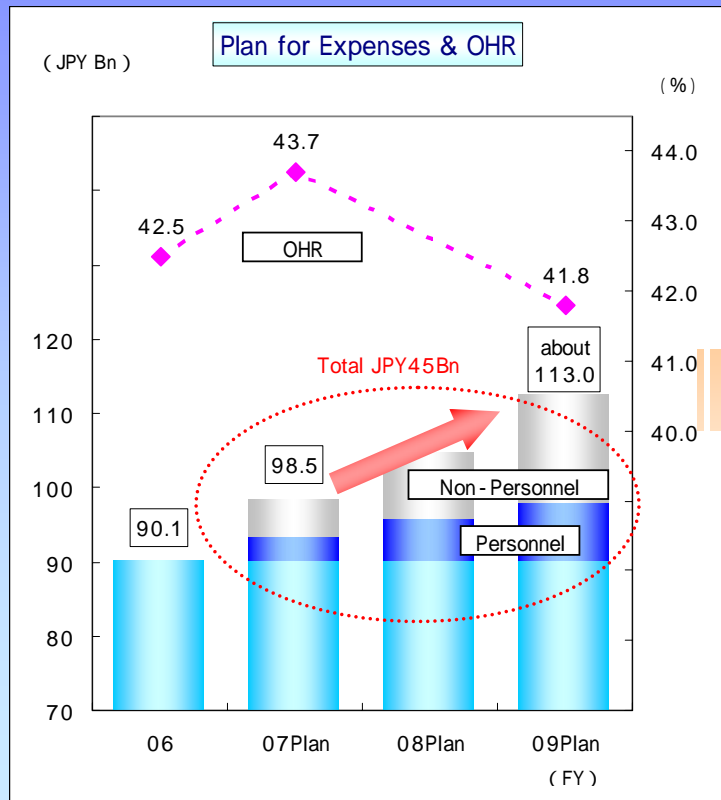
Break down



3 . New Mid - term Management Plan

(3) Allocation of Expenses

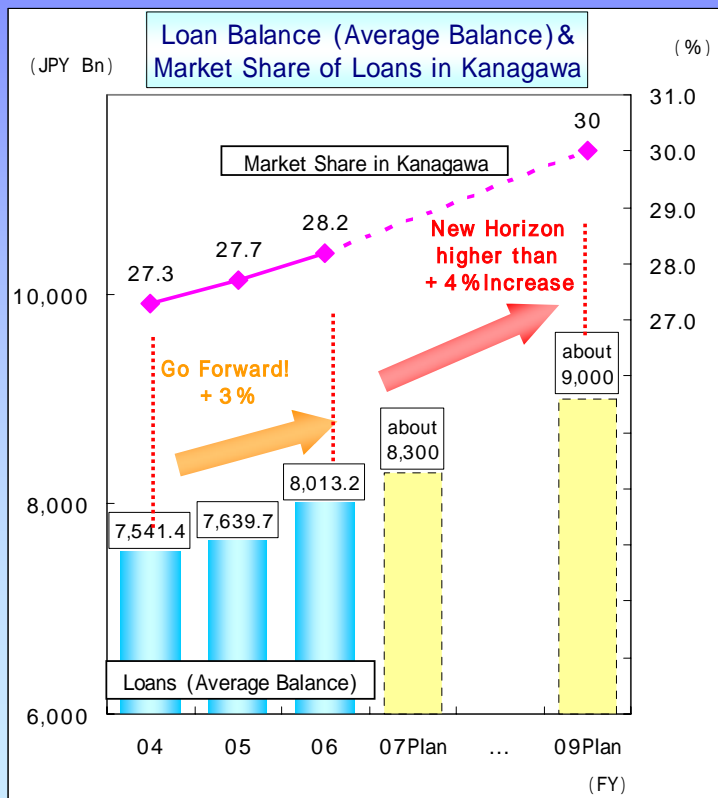
- In order to implement the Main Themes in the New Management Plan, we will spend additional **JPY45Bn** in the next 3 years. (The 50% of the incremental portion will be allocated to the implementation of the Main Themes.)
- Despite the huge increase in Expenses, we will maintain our OHR to be around **41%** in FY09, one of the most efficient levels among Japanese banks.



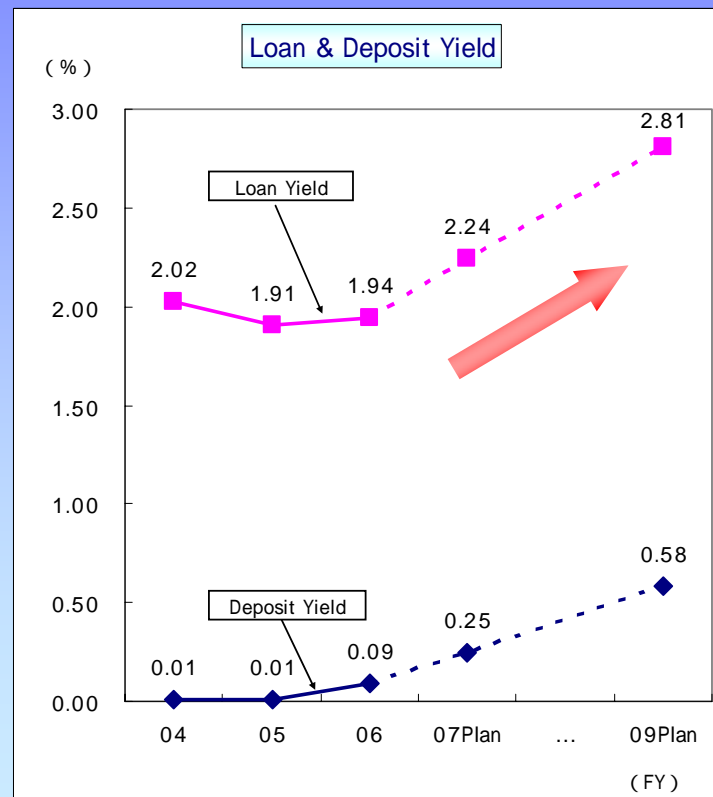
3 . New Mid - term Management Plan

(4) Loan Balance & Yields

- We will increase the loan balance by more than **+4%** on annualized average basis for the next 3 years, thereby aiming at raising market share of loans to **30%**.
- Loan yield is expected to increase by **0.87%** (**0.38%** improvement in margin) in FY09 by thoroughly setting adequate loan yields in return for the risk & cost, amidst the expectation for higher market interest rates.



Loan growth is calculated on annualized average basis.
Loans excluding special loans to Government & DIC of Japan.

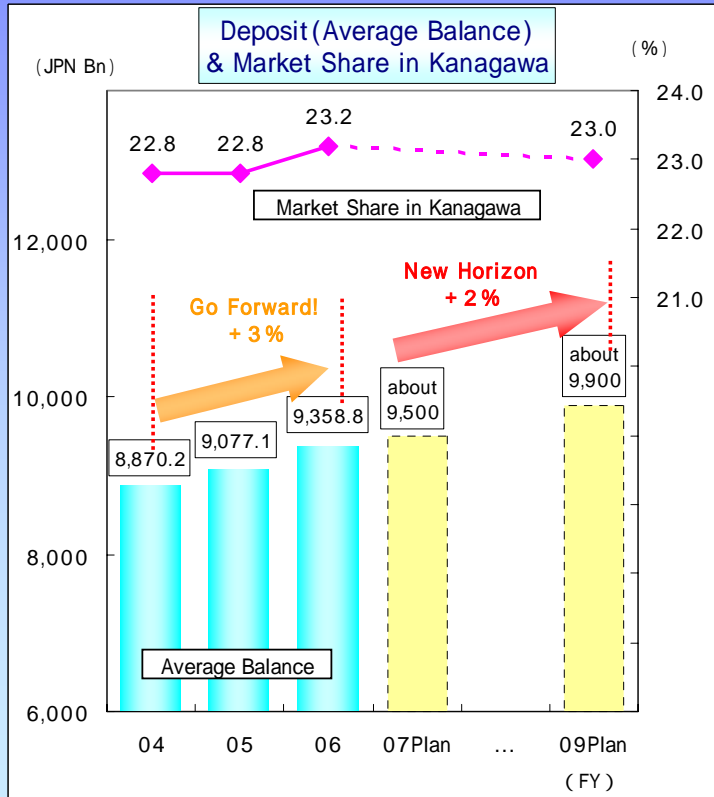


[Interest Rate Scenario] O/N Call is expected to be raised by 25bp 3 times during the span.

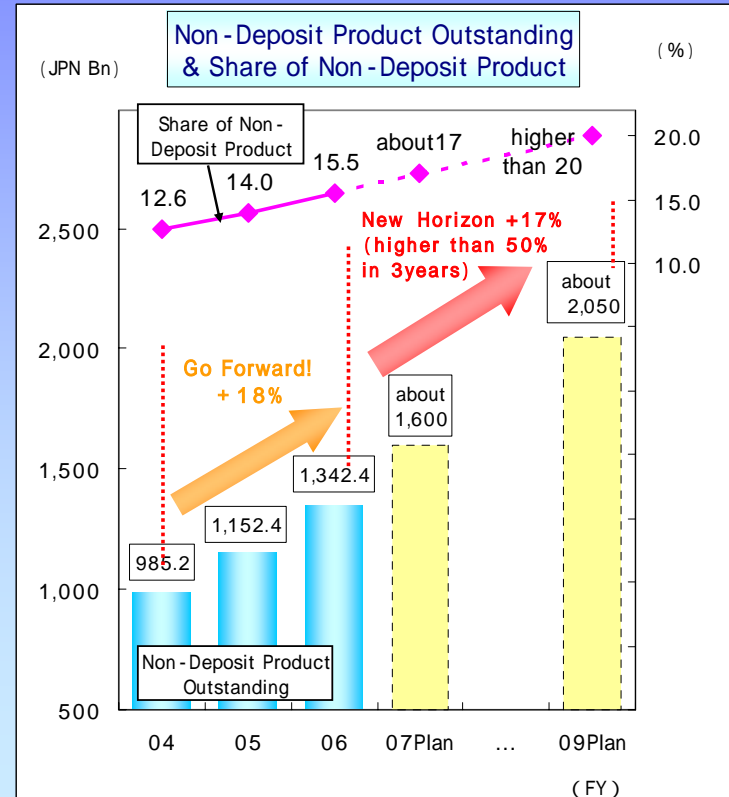
3 . New Mid - term Management Plan

(5) Deposit & Non-Deposit Products

- We will increase the deposit balance by more than +2% on annualized average basis for the next 3 years and maintain the market share of deposit, and will aim at 50% increase in the balance of Non-Deposit Products over the next 3 years.



Deposit growth is calculated on annualized average basis.

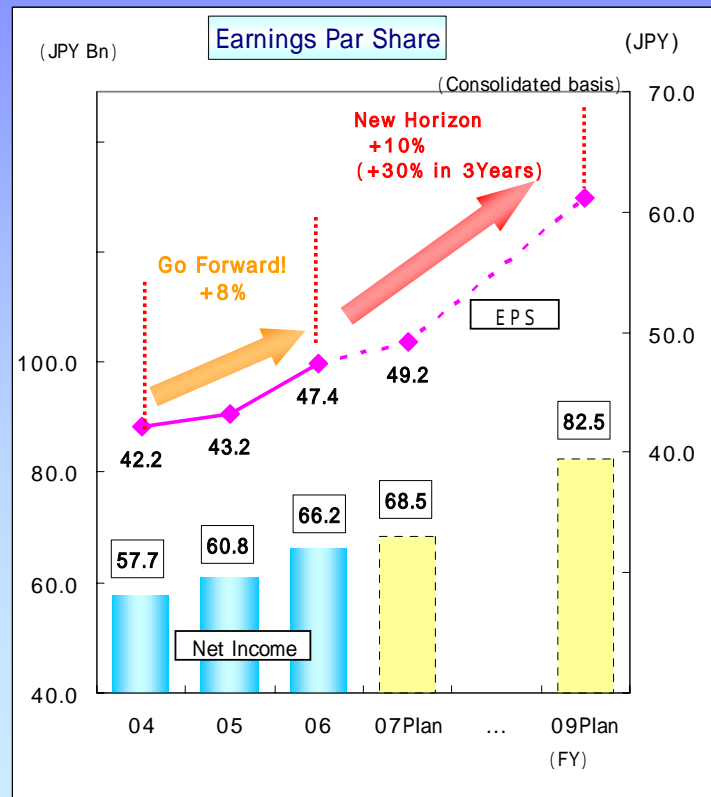
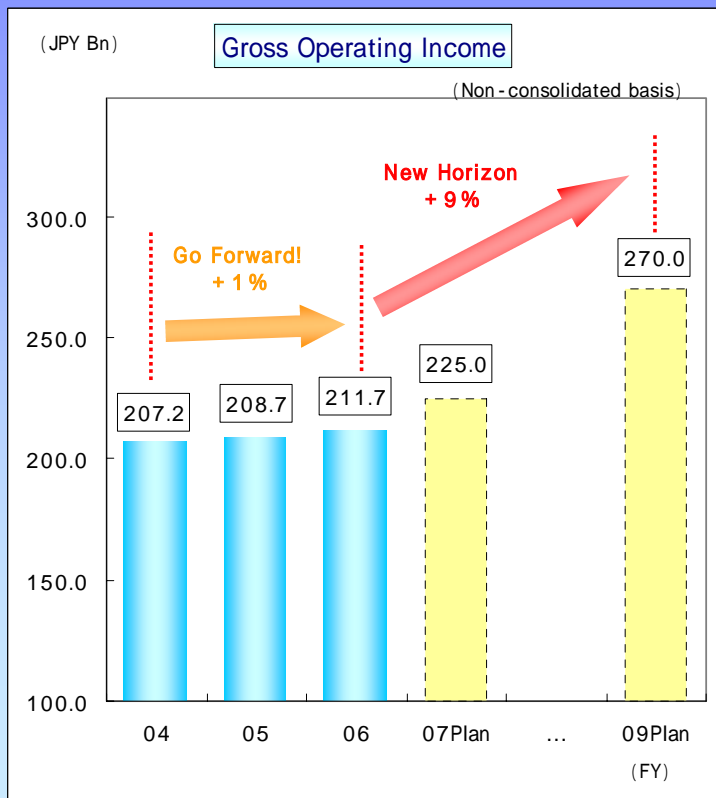


Non-Deposit Product growth is calculated on annualized average basis.

3 . New Mid - term Management Plan

(6) Gross Operating Income & EPS

- FY09 Target: Gross Operating Income to be **JPY270Bn** .(+27% increase in the next 3 years)
- FY09 Target: Net Income(consolidated basis) to be **JPY82.5Bn**. Along with repurchasing own shares, EPS is expected to increase by **+30%** compared with FY06.



GOI growth is calculated on annualized average basis.[Interest Rate Scenario] O/N Call is expected to be raised by 25bp 3 times during the span.

EPS growth is calculated on annualized average basis.

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