



Bank of Yokohama

Information Meeting

~ Financial Results for FY14 ~

May 18, 2015

The Bank of Yokohama, Ltd.

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Highlights

The standards of number comparison in this document are based on previous fiscal year or the end of the previous fiscal year.

Increase/up : “+”

Decrease/down : “-”

Highlights for FY14

Gross operating income keeps increasing by corresponding to the changes of financial environment

- Gross operating income increased to JPY204.4 Bn (+JPY1.3 Bn) for two consecutive years, with the decrease in domestic interest income on loans and deposits offset by increased fees & commissions income and others
- Domestic fees and commissions recorded a historic high of JPY42.2 Bn (+JPY4.9 Bn) due to increased sales of investment products sales centered around “Core & Satellite investment strategies”
- Restrained realized gains from the market division to JPY25.3 Bn (-JPY0.5 Bn); the ratio of the gains to gross operating income also dropped to 12.3% (-0.4% point); however, the unrealized gains increased significantly on the back of diversified investment

Average Loan Balance growing steadily due mainly to the increase in apartment loans and SME loans

- The average loan balance increased 2.5%: apartment loans (+3.2%), SME loans (+2.9%), loans in foreign currencies for the customers who operate their business centering around Asia (+51.2%), and unsecured customer loans (+22.3%)
- Posted a historic-high amount loaned for capital expenditure of JPY408.6 Bn (+18.6%) since global recessions in 2008-2009 by focusing mainly on the SMEs' needs of capital expenditures

OHR resulted in high 40's percent, the lowest level among Japanese banks

- Despite the increase in expenses by JPY3.6 Bn due to the personnel increase aimed at strengthening sales capabilities and the infrastructure improvement aimed at enhancement of convenience and security, OHR remained at 49.1%, the level targeted in the Medium-term Management Plan

Net income at record high and proactive shareholder return in place

- Net income (consolidated) hit a record high of JPY76.3 Bn (+JPY15.7 Bn) mainly due to decreased credit costs (-JPY10.6 Bn) and gain on bargain purchase (+JPY9.1 Bn)
- ROE (consolidated) rose to 8.3% (+1.2% points) and ROE (excluding the gain on bargain purchase) resulted in 7.3% (+0.2% point), higher than the levels targeted in the Medium-term Management Plan
- Shareholder return was 50.8%, having exceeded 50% for three consecutive years, with the dividend payment of JPY13 per share including JPY2 per share as special dividend (increasing JPY1 per year for three consecutive years) and the share buyback of JPY22.5 Bn (+JPY7.5 Bn)

Implementations in FY15 for further growth

Strengthen sales of investment products, in view of recent trends in financial markets, by focusing business management resources on addressing asset investment needs of retail customers

- Increase the number of staff in charge of the retail sales by nearly 100 (approx. +25%) and provide customers with advice on portfolio building centered around “Core & Satellite Investment Strategies” to further strengthen investment product sales
- Launch Sky Ocean Asset Management Co., Ltd. in April 2015 to offer products in order to respond to diversified needs of customers’ asset management

Build a solid organizational structure that can respond adequately to diversified and complicated customer needs regarding inheritance, business succession and effective utilization of assets in view of tax reform

- Further increase financial consultants (dedicated staff) and expand alliance with external experts to enhance consulting capabilities for high-net-worth individuals
- In Kanagawa, each branch general manager holds special seminars for high-net-worth individuals and enhances door-to-door sales with customers in order to evocate potential needs and pioneer new customers
- In Tokyo, strengthen organizational structure for transactions with high-net-worth individuals, including the owners of enterprises and affluent individuals, by newly establishing “Tokyo Business Promotion Office for High-net-worth Individuals”

Strengthen Corporate Solution Sales to address the issues of customers/regional economies with respect to growth industries (medical/nursing businesses and regional development), overseas business expansion and regional revitalization

- Offer more comprehensive financial services, leveraging our assessment abilities, by increasing the number of dedicated staff specialized in medical/nursing or regional development and constructing our capabilities to promote the improvement in corporate values noticing growth potential of our corporate customers
- Promote our regional revitalization initiatives by strengthening alliances with REVIC or regional governments and establishing “Project Team for Promotion of Regional Revitalization”
- Enhance our support to our customers’ overseas business expansion by forming business alliances with Bank for Investment and Development of Vietnam (BIDV) in October 2014, Metropolitan Bank and Trust Company (Philippines) in April 2015 and State Bank of India (India) in May 2015 (scheduled)

Working towards the business integration with The Higashi-Nippon Bank scheduled for April 2016, the banks hosted joint seminars and commenced business collaboration with The Bank of Yokohama’s group companies

1. Business Results

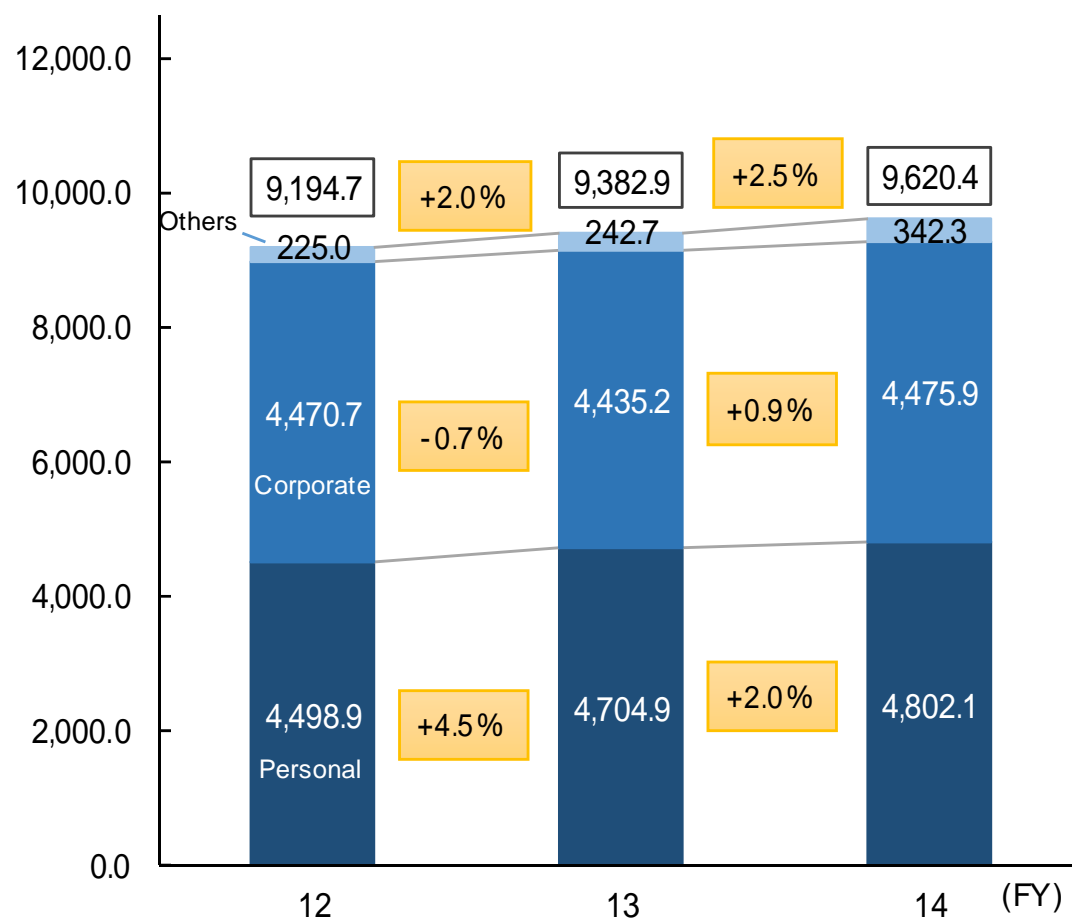
1. Business Results

(1) Loans & Deposits in FY14

- The average loan balance **increased 2.5% to JPY9,620.4 Bn** due primarily to increases in apartment loans and SME loans: Personal **+2.0%**; Corporate **+0.9%**
- The average deposit balance **increased 2.8% to JPY11,616.0 Bn** due to the increase in liquid deposits: Personal **+2.9%**; Corporate **+4.3%**

Total loans

(JPY Bn,
Average Balance)

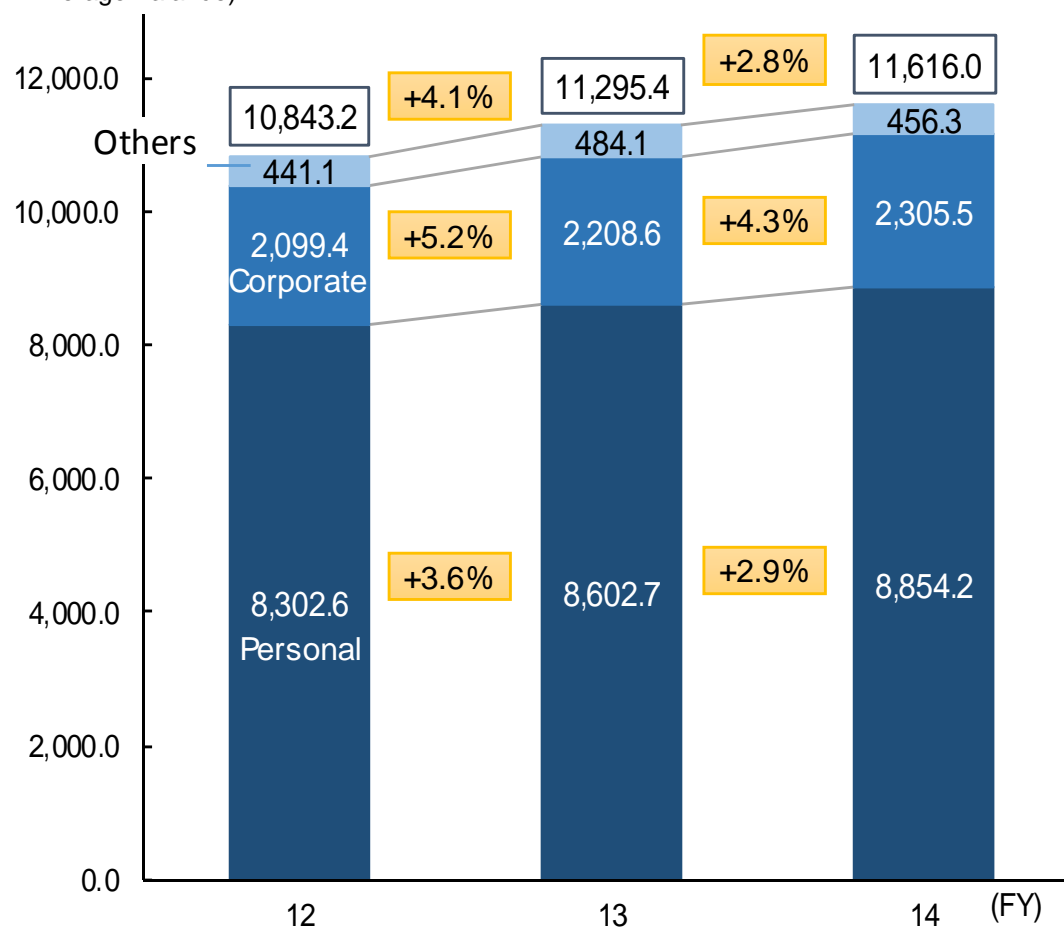


(Note 1) Domestic branches

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

Total deposits

(JPY Bn,
Average Balance)



(Note 1) Domestic branches

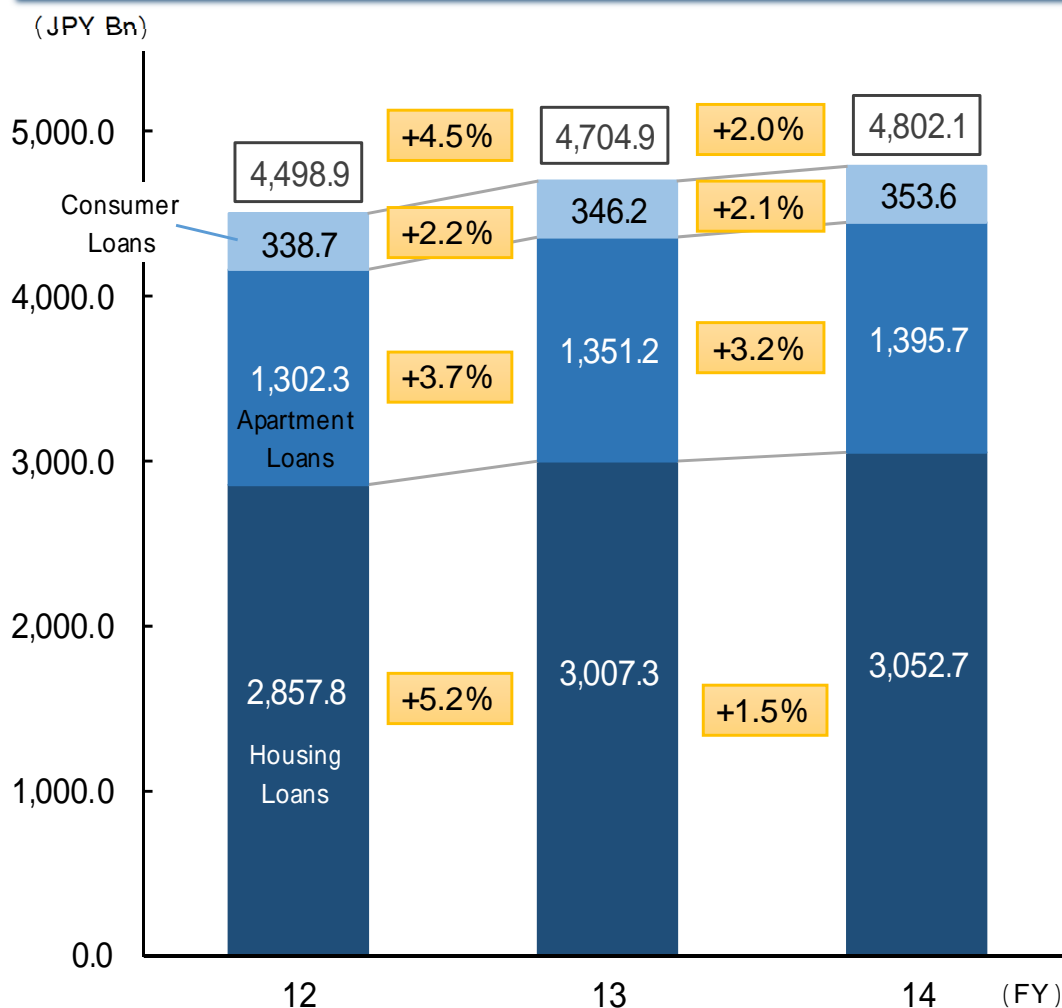
(Note 2) Others = Local Public + Financial Institutions

1. Business Results

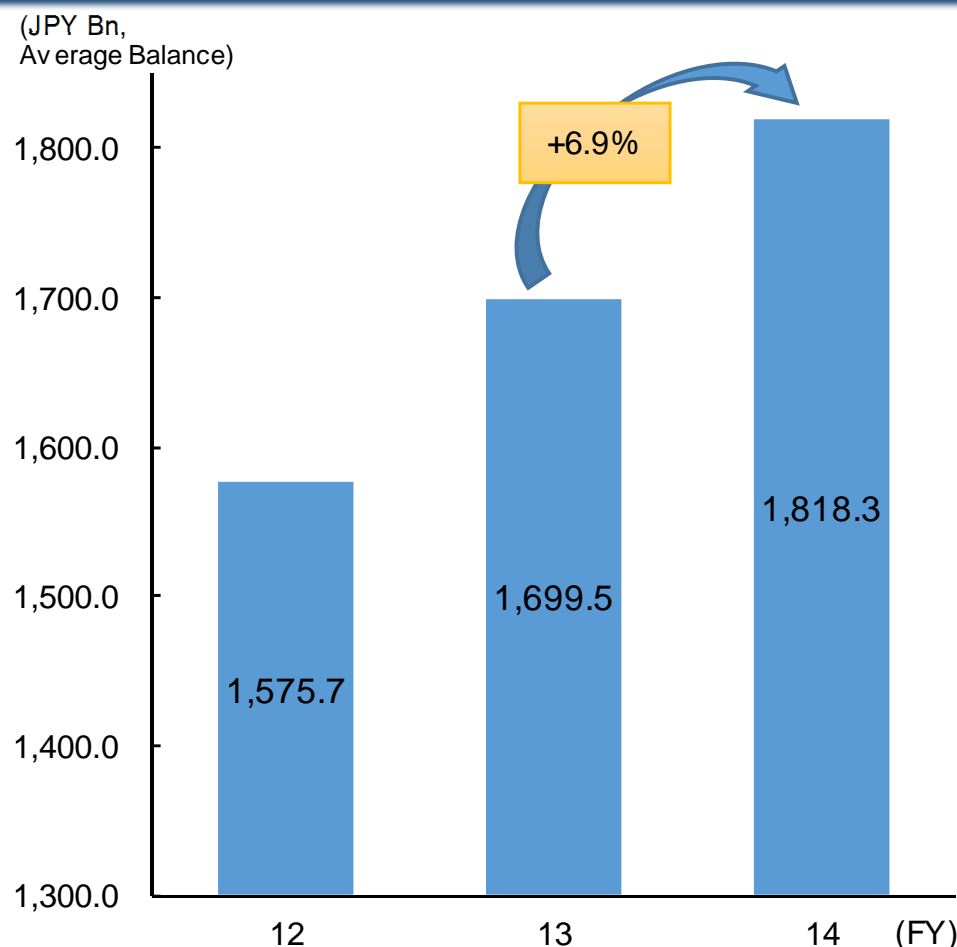
(2) Personal Loans in FY14 - Housing Loans, Apartment Loans (Loans for High-Net-Worth Individuals^(Note))

- The average balance of personal loans increased 2.0% to JPY4,802.1 Bn due primarily to increased apartment loans (+3.2%)
- The average balance of housing loans increased 1.5% to JPY3,052.7 Bn due primarily to the focus on profitability and quality
- The average balance of loans to high-net-worth individuals increased 6.9% to JPY1,818.3 Bn owing to the enhanced capability to respond to customer needs in relation to inheritance, business succession and effective utilization of assets with increased financial consultants

Personal loans



Average balance of loans to high-net-worth individuals



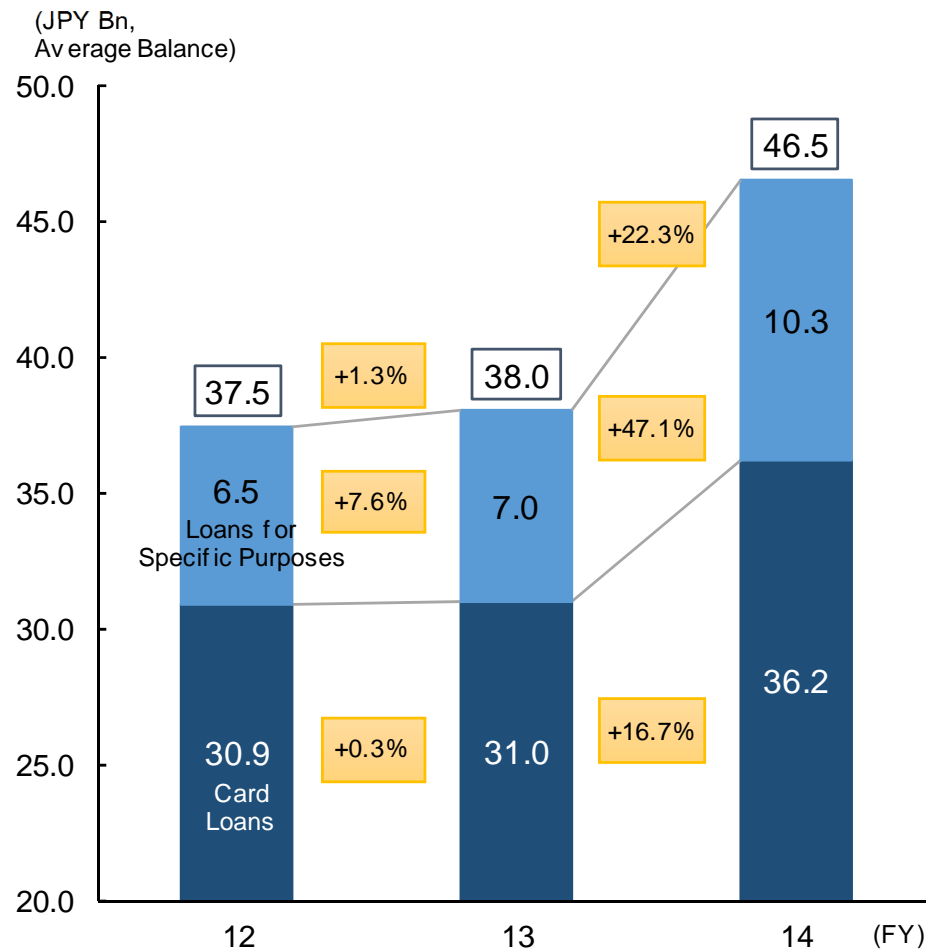
(Note) Loans to high net worth individuals = Apartment loans + Large "free" loans + Loans to asset management companies

1. Business Results

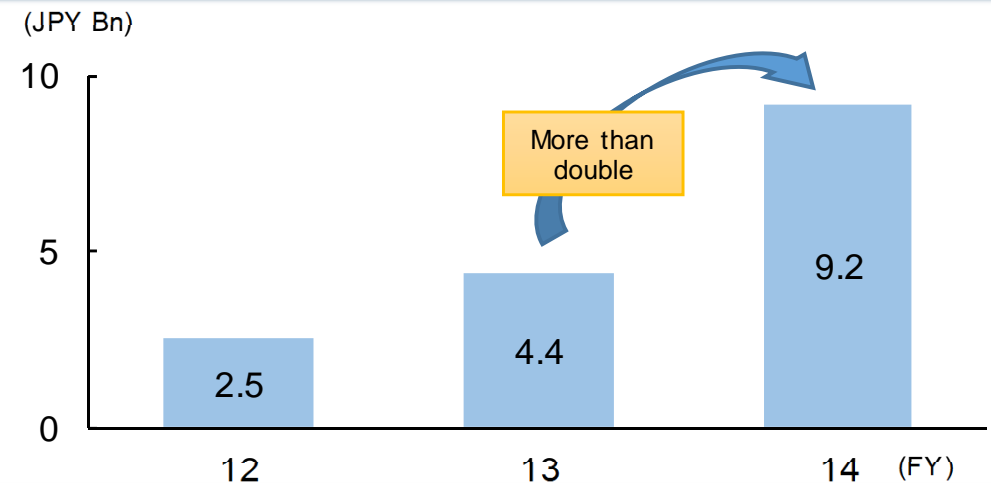
(2) Personal Loans in FY14 ~ Unsecured Consumer Loans

- The average balance of unsecured consumer loans increased **22.3%** to **JPY46.5 Bn** due to huge increase in loans for specific purposes (+47.1%) and card loans (+16.7%)
- The amount loaned for specific purposes increased to **JPY9.2 Bn** - more than doubled from FY13 mainly due to the introduction of Internet-limited interest rates
- The number of contracts for card loans increased **10.6%** to **354 thousand people** owing to the product improvement of Yokohama Bank Card Loans

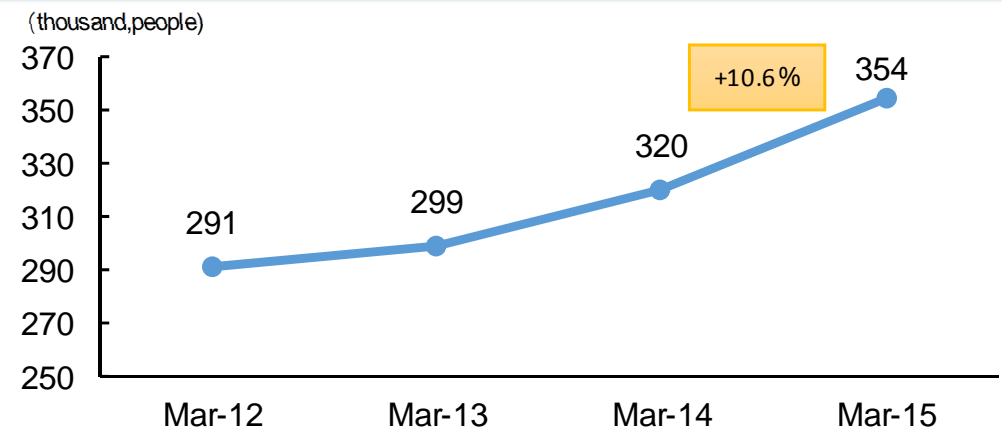
Unsecured consumer loans



Amount loaned for specific purposes



The number of contracts for card loans



(Note) Loans for Specific Purposes: Consumer Loans that specify the loan purpose, such as auto loans, educational loans, and others.

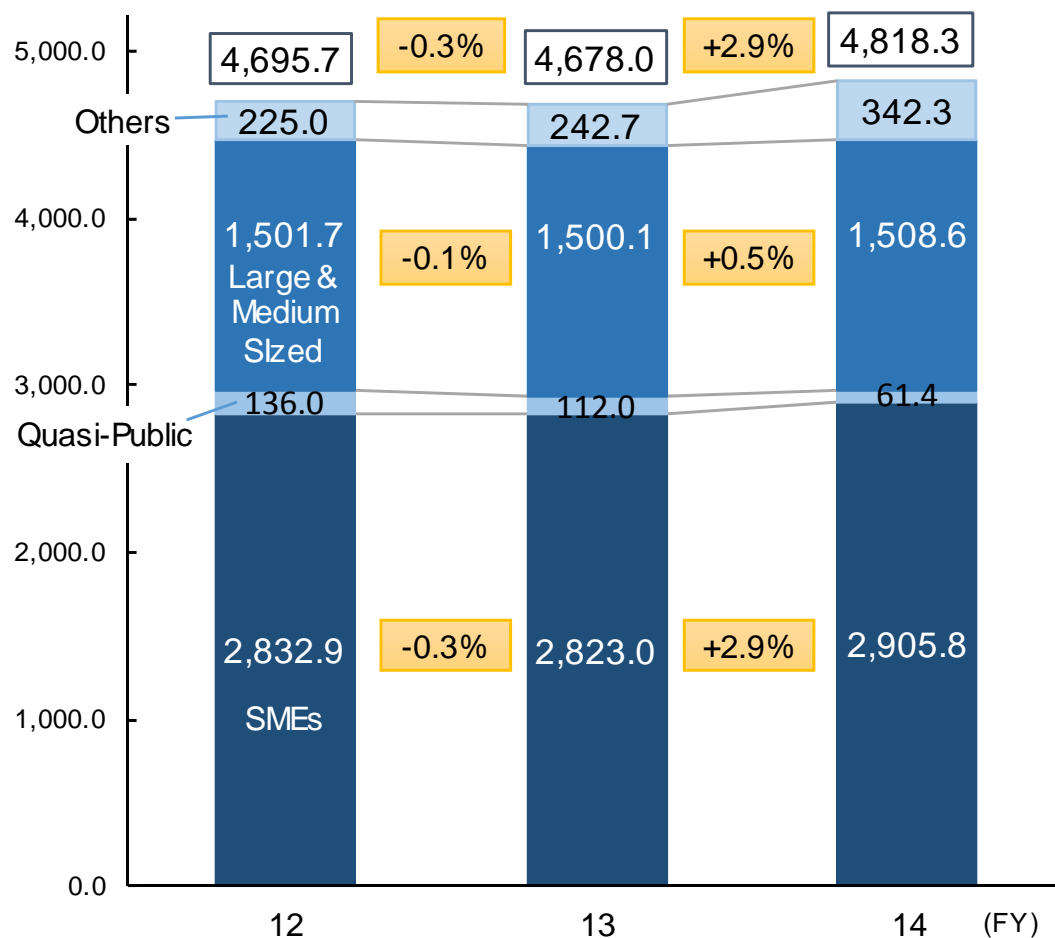
1. Business Results

(3) Corporate and Other Loans in FY14

- The average balance of corporate and other loans increased **2.9%** to **JPY4,818.3 Bn** due primarily to the increase in SME loans
- The amount loaned for capital expenditures increased **18.6%** to **JPY408.6 Bn** on enhanced efforts to respond to funding needs of SMEs
- The balance of loans for capital expenditures increased **9.7%** to **JPY1,488.7 Bn** due to increases in loans for real estate leasing, medical, and manufacturing industries

Corporate & other loans

(JPY Bn,
Average Balance)

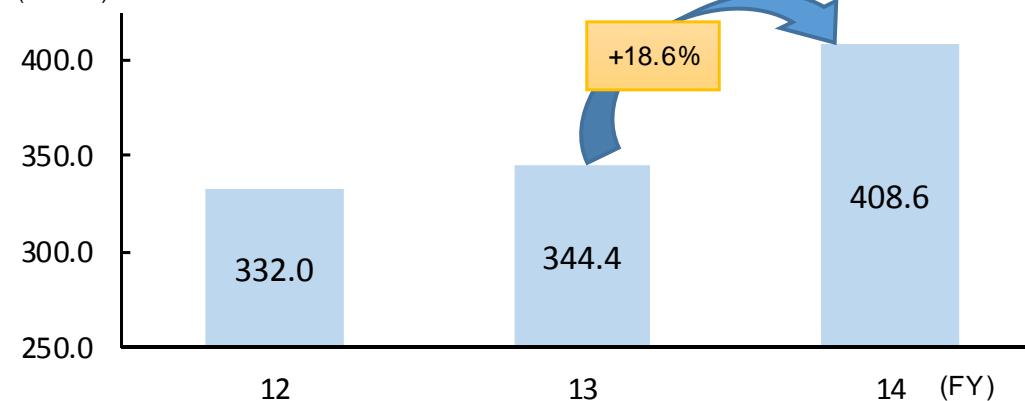


(Note1) Domestic branches

(Note2) Others = local Public + Public related sectors

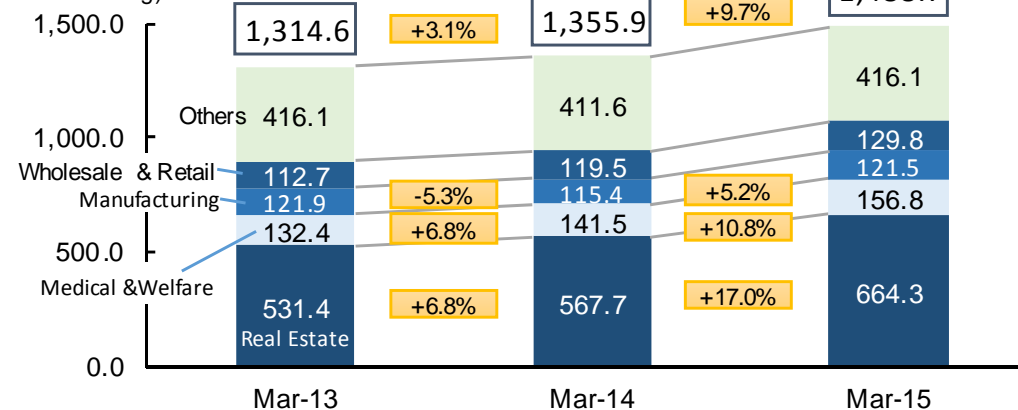
Amount loaned for capital expenditures

(JPY Bn)



Balance of loans for capital expenditures

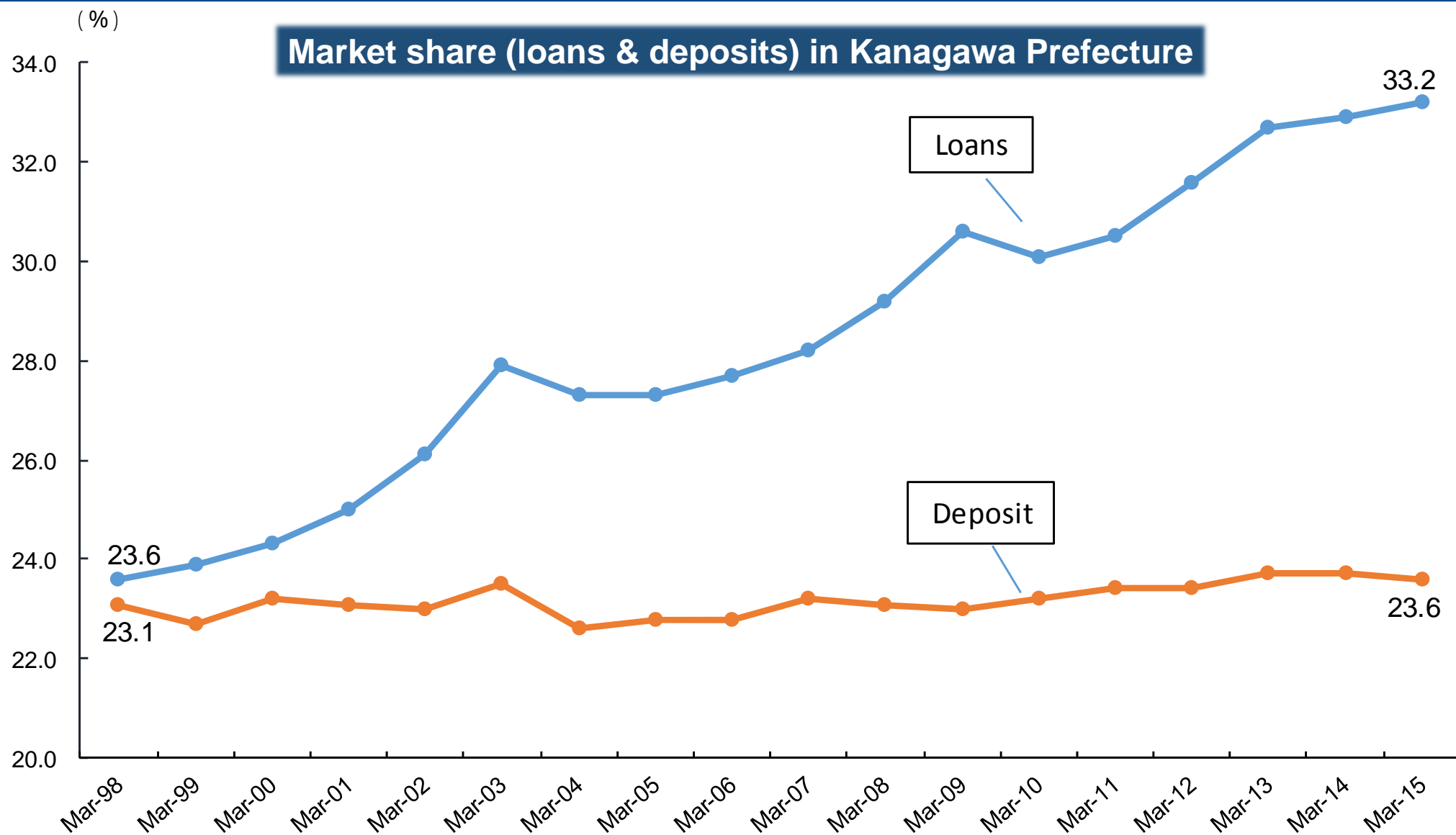
(JPY Bn,
Outstanding)



1. Business Results

(4) Market Share in Kanagawa Prefecture

- Market share of loans as the end of March 2015 increased 0.3% point to 33.2% mainly due to the increase in SME's and personal loans. Market share of deposits remained relatively unchanged 23.6% (-0.1% point)



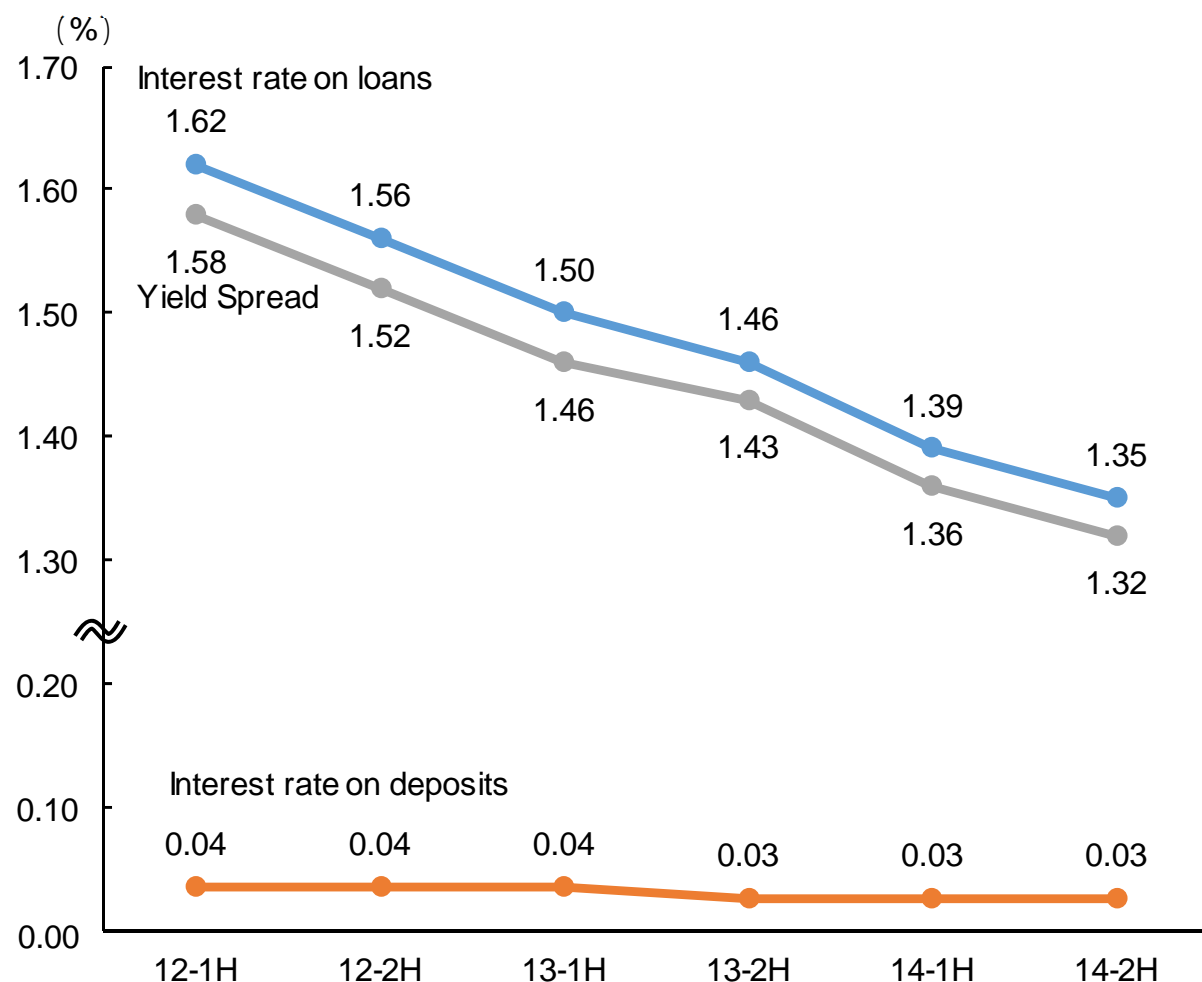
(Note) Market share above does not include Japan Post, Credit Unions, & JA. (Bank estimates)

1. Business Results

(5) Loan & Deposit Yield – Domestic Operations

- Loan yield deteriorated to **1.37%** (-11bp) since market interest rates lowered as the Bank of Japan accelerated Quantitative and Qualitative Monetary Easing
- Lending RORA significantly improved to **0.37%** (+8bp)

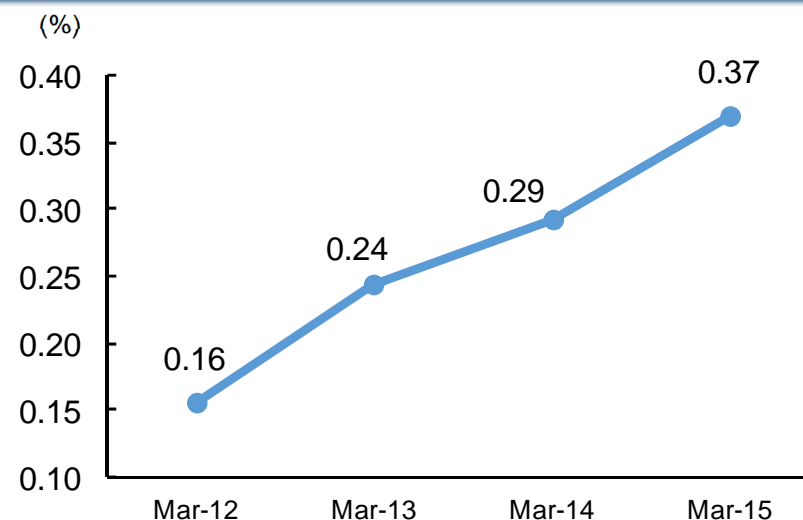
Loan & deposit yield - semiannual



Loan & deposit yield - FY

	FY12	FY13	FY14	FY15 Forecast
Interest rate on loans	1.59	1.48	1.37	1.31
Interest rate on deposits	0.04	0.04	0.03	0.03
Yield Spread	1.55	1.44	1.34	1.28

Lending RORA



(Note) Lending RORA = $(\text{Gross Lending Income} - \text{Expense} - \text{Average losses}) \div \text{Risk Assets}^{11}$

1. Business Results

(6) Fees & Commissions in FY14 – Domestic Operations

- Domestic fees & commission income increased **JPY4.9 Bn (+13.1%)** to **JPY42.2 Bn** mainly due to increases in the sales of investment products and the volumes of syndicated loans / business matching
- Consolidated fees & commissions income ratio recorded **24.7% (+1.8% point)**, which far exceeds the target of the Medium-term Management Plan

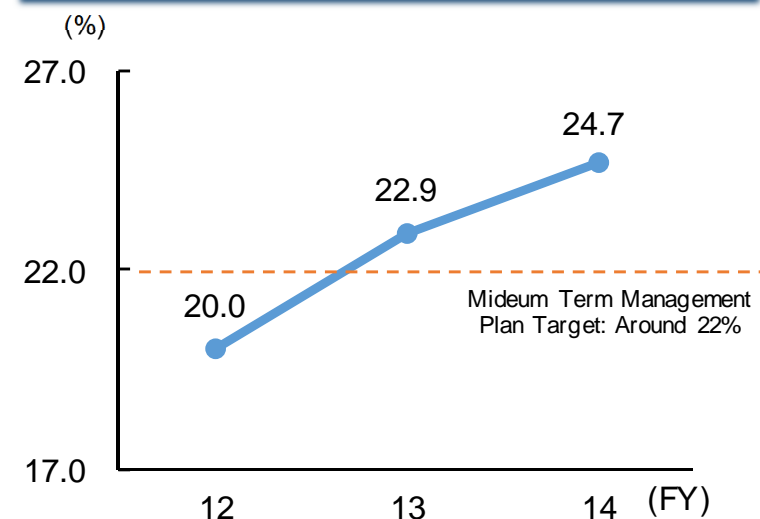
	FY12	FY13	FY14	(JPY Bn)	
				Change from FY13	
Fees and commissions (domestic operations)	31.7	37.3	42.2	+ 4.9	+ 13.1%
Investment products	13.9	16.2	20.4	+ 4.2	+ 25.9%
Investment trusts	9.7	11.7	12.8	+ 1.1	+ 9.4%
Annuity Insurance	4.2	4.5	7.5	+ 3.0	+ 66.6%
Corporate lending-related	3.2	3.5	3.8	+ 0.3	+ 8.5%
Syndicated loan-related	2.7	2.9	3.4	+ 0.5	+ 17.2%
Private placement bond-related	0.5	0.5	0.4	- 0.1	- 20.0%
Settlement-related business	13.9	14.4	14.4	0.0	0.0%
Remittance	7.8	8.0	8.1	+ 0.1	+ 1.2%
Account transfer	4.5	4.5	4.5	0.0	0.0%
Electronic Banking service	1.5	1.7	1.7	0.0	0.0%
ATM-related	2.0	2.0	2.0	0.0	0.0%
Bank card-related	1.4	1.5	1.6	+ 0.1	+ 6.6%
Business matching, M&A	0.1	0.2	0.3	+ 0.1	+ 50.0%
Other	-3.0	-0.7	-0.5	+ 0.2	+ 28.5%

(Note) Remittance, ATM-related, and other fees are presented as net of related costs.

Factors for changes in fees & commissions

- Sales of Investment products: +JPY4.2 Bn
- Syndicated loan-related: +JPY0.5 Bn
- Business matching, M&A: +JPY0.1 Bn

Fees & commissions income ratio (Consolidated)^(Note)



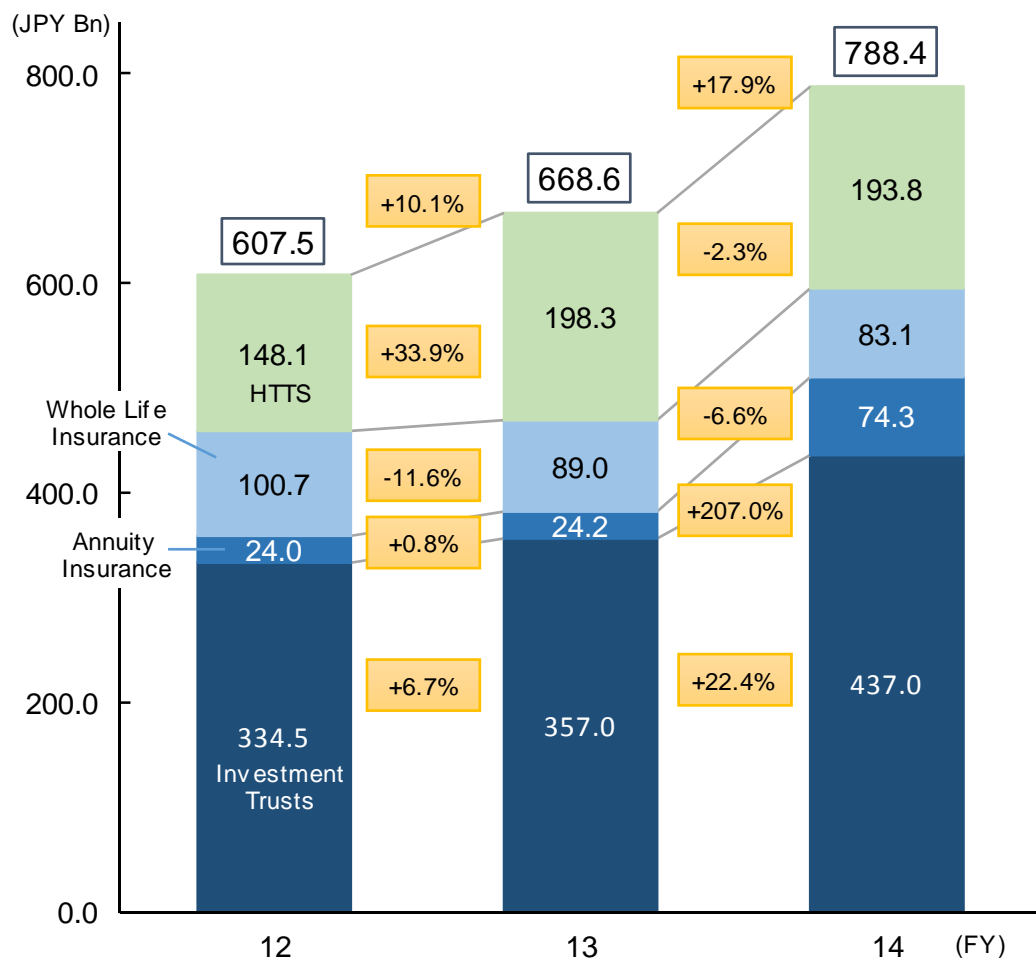
(Note) Fees & Commissions Income Ratio (consolidated) = Fees & Commissions ÷ Gross Operating Income

1. Business Results

(7) Investment Products in FY14 (Bank + Hamagin Tokai Tokyo Securities (“HTTS” as follows))

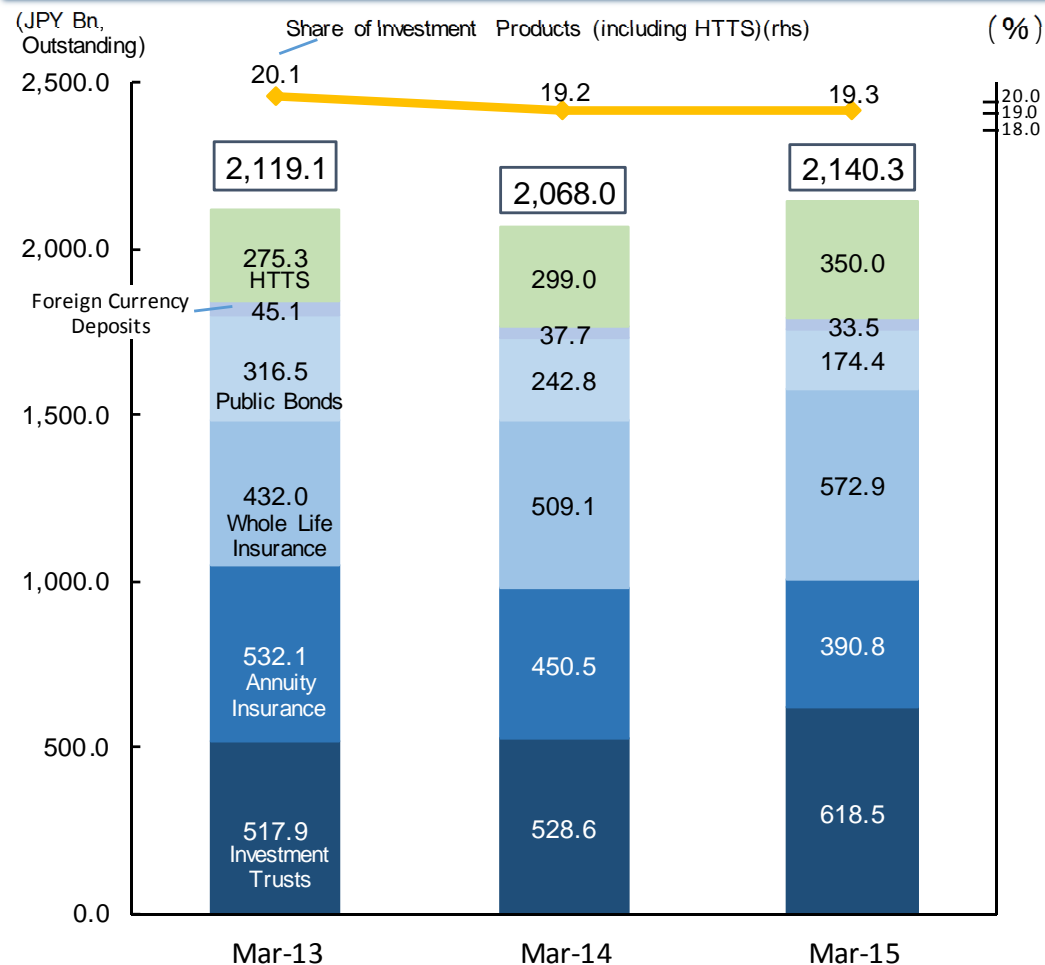
- Sales amount of investment products to individuals increased **17.9%** to **JPY788.4 Bn** hitting the historical high due to increased sales of investment trusts and annuity insurance
- The balance of investment products to individuals increased by **3.4%** to **JPY2,140.3 Bn** due to increases in the balance of investment trusts, whole life insurance, and HTTS.

Sales amount of investment products for individuals



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

Balance of investment products for individuals



(Note1) The Balance of HTTS represents the balance of stocks, bonds, investment trusts, annuity insurance, foreign bonds, and structured bonds.

(Note2) Share of Investment Products = Outstanding Balance of investment products including HTTS ÷ 13 (Outstanding balance of deposits + Outstanding balance of investment products including HTTS)

1. Business Results

(8) Securities Portfolio at the end of FY14

- The balance of the diversified investments as of Mar-15 increased to **JPY581.1 Bn (+ JPY298.3 Bn)** on efforts to promote diversified investments such as domestic investment trusts and foreign bonds and also stabilize realized gains on the market division; unrealized gains from diversified investment 4-fold from the previous year to **JPY35.0 Bn**
- The balance of equity securities held for customer relationships based on acquisition cost decreased by **JPY0.6 Bn to JPY97.8 Bn**. Lending RORA of equity securities held for customer relationships regarding the top 30 companies based on market value resulted in **0.782%, +0.36% points** vs average Lending RORA of normal claims

The balance of securities

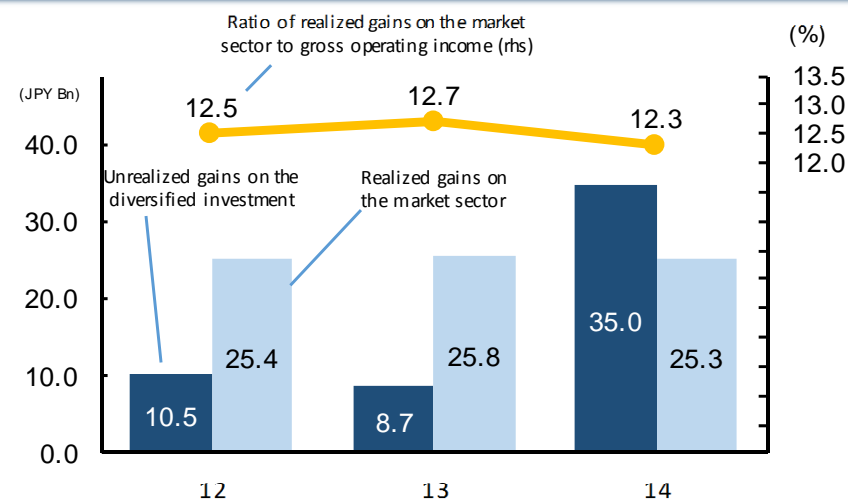
	(JPY Bn)					
	Mar-13	Mar-14	Mar-15	Change from Mar-14	Unrealized gains (losses)	Change from Mar-14
Total	2,226.9	2,050.2	2,461.8	+ 411.6	166.9	+ 73.7
Bonds	1,848.3	1,581.4	1,648.5	+ 67.1	17.8	- 2.0
Government bonds	870.7	543.2	700.1	+ 156.9	5.5	- 1.1
Local bonds	231.1	256.9	258.8	+ 1.9	2.0	- 0.9
Corporate bonds	746.3	781.2	689.5	- 91.7	10.2	0.0
Government guaranteed bonds	433.1	453.0	375.1	- 77.9		
Bank bonds	51.2	90.5	124.9	+ 34.4		
Industrial bonds	100.1	76.9	33.0	- 43.9		
Equity securities	187.4	186.0	232.1	+ 46.1	114.0	+ 49.4
Diversified Investment	191.2	282.8	581.1	+ 298.3	35.0	+ 26.3
Domestic Investment trusts	90.9	123.5	303.5	+ 180.0		
Foreign bonds	92.4	152.1	275.5	+ 123.4		
Foreign equity securities	1.0	1.0	1.0	0.0		
Others	6.7	6.0	0.9	- 5.1		

< Duration (years) >

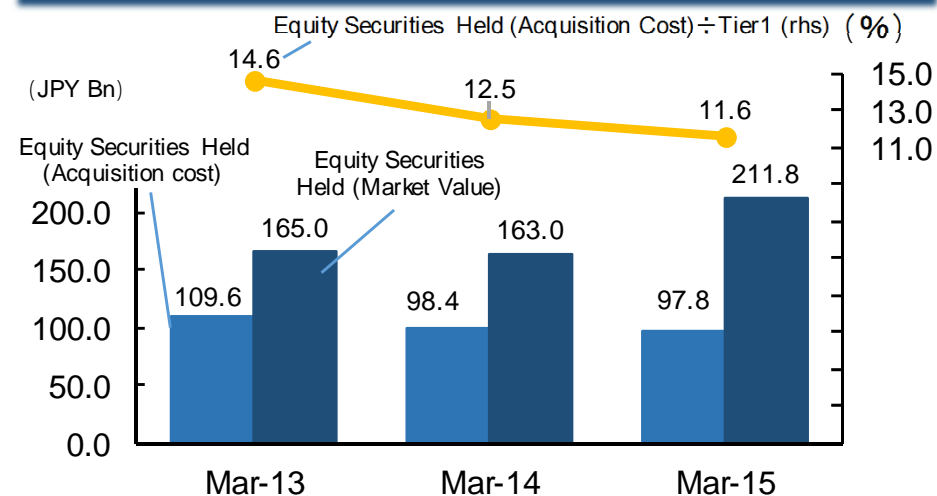
	Mar - 13	Mar - 14	Mar - 15
Domestic Bonds	2.8	2.2	2.8
Foreign Bonds	2.9	2.3	2.6

(Note) The duration above is that of "Available for Sales."

Realized/Unrealized gains on the market sector



Equity securities held for customer relationships



2. Financial Summary

2. Financial Summary

(1) Operation Results in FY14

- Gross operating income (Non-consolidated) increased **JPY1.3 Bn (+0.6%)** to **JPY204.4 Bn** owing to the increase in domestic fees & commissions income and gross operating income from international operations
- Net income (Non-consolidated) increased **JPY8.8 Bn (+14.9%)** to **JPY67.5 Bn**, hitting a historic high, due to the significant decrease in credit costs (**-JPY11.8 Bn**)
- Net income (Consolidated) increased **JPY15.7 Bn (+25.7%)**, hitting a historic high at **JPY76.3 Bn**, due to the gain on bargain purchase of **+JPY9.1 Bn**

Non-consolidated basis

(JPY Bn)

	FY13	FY14	Change from FY13		FY15 Forecast (Announced on May 12th)	Change from FY14
Gross Operating Income	203.1	204.4	1.3	0.6%	207.0	2.6
Interest income from domestic operations	157.3	155.0	- 2.3	-	146.4	- 8.6
Fees & commissions from domestic operations	37.3	42.2	4.9	-	49.9	7.7
Trading income	0.1	0.3	0.2	-	0.4	0.1
Other ordinary income from domestic operations	5.6	3.2	- 2.4	-	5.4	2.2
Gross operating income from international operations	2.6	3.4	0.8	-	4.7	1.3
Expenses (-)	96.8	100.4	3.6	3.7%	102.0	1.6
(Reference) OHR (%)	47.6%	49.1%	1.5%	-	49.2%	0.1%
Core net business profit	106.3	104.0	- 2.3	- 2.1%	105.0	1.0
Provision of allowance for general loan losses (-)	0.7	-2.7	- 3.4	-	-	-
Net business profit	105.5	106.7	1.2	1.1%	-	-
Non-recurring gains (losses)	-13.2	-4.7	8.5	-	-	-
of which, disposal of bad debts (-)	11.7	3.4	- 8.3	-	-	-
of which, gains or losses on stocks & other securities	1.9	1.5	- 0.4	-	-	-
Ordinary profit	92.3	102.0	9.7	10.4%	102.5	0.5
Net income	58.7	67.5	8.8	14.9%	69.0	1.5
Credit costs (-)	12.5	0.7	- 11.8	- 93.9%	0.0	- 0.7

Consolidated basis

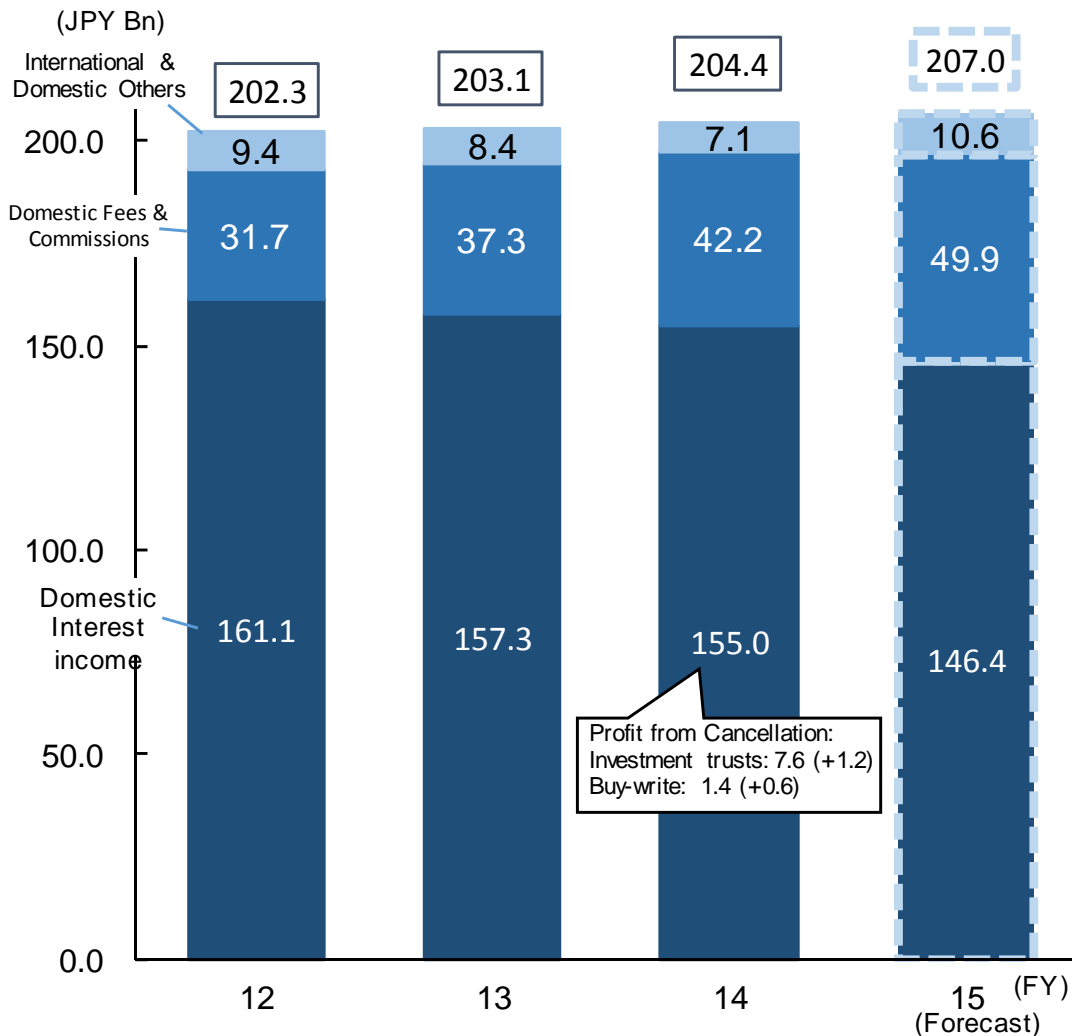
Ordinary profit	102.2	108.0	5.8	5.7%	111.0	3.0
Net income	60.6	76.3	15.7	25.7%	72.0	- 4.3

2. Financial Summary

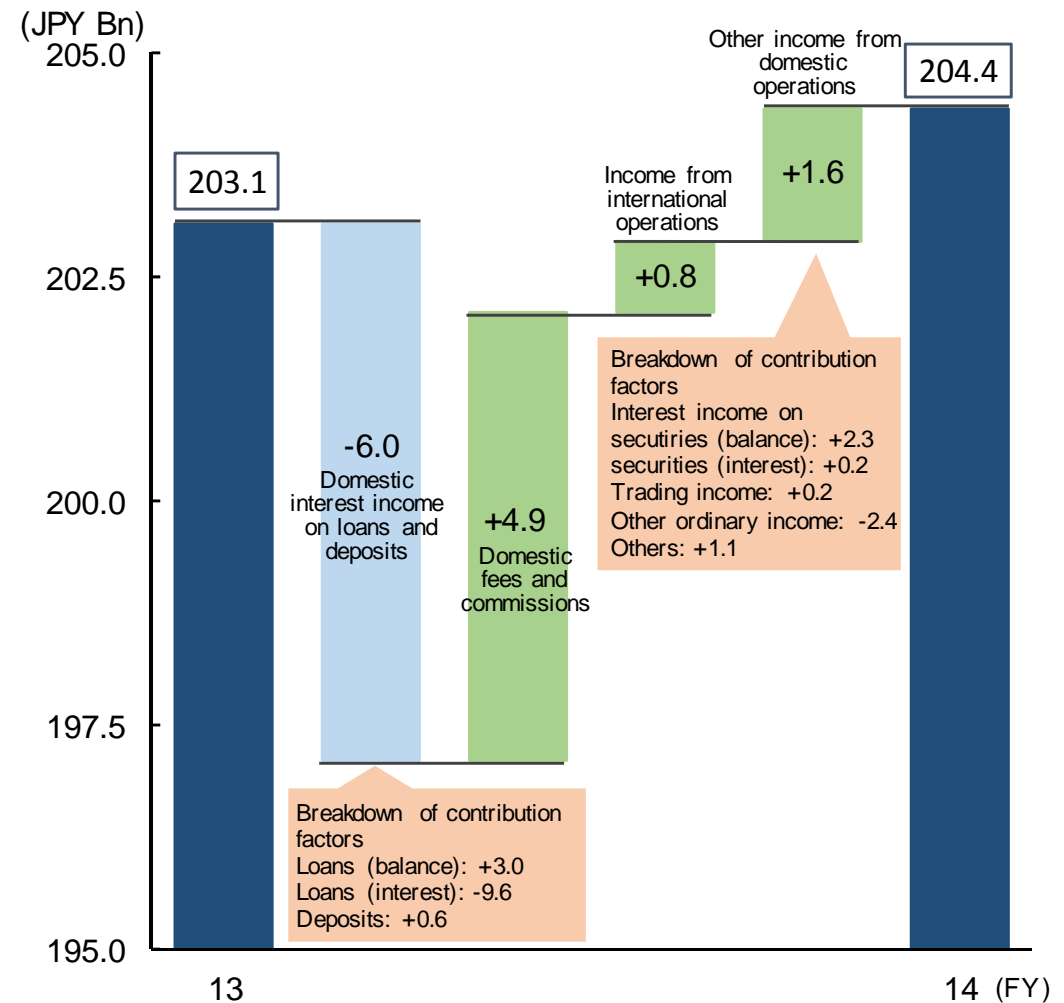
(2) Gross Operating Income in FY14

- Gross operating income (Non-consolidated) increased **JPY1.3 Bn** to **JPY204.4 Bn** as domestic fees & commissions compensated the decrease in interest income on loans and deposits associated with the deterioration of interest rate
- Gross operating income for FY15 (forecast) is projected to increase **JPY2.6 Bn** to **JPY207.0 Bn** on the back of continued focus on domestic fees & commissions

Gross operating income



Breakdown of gross operating income

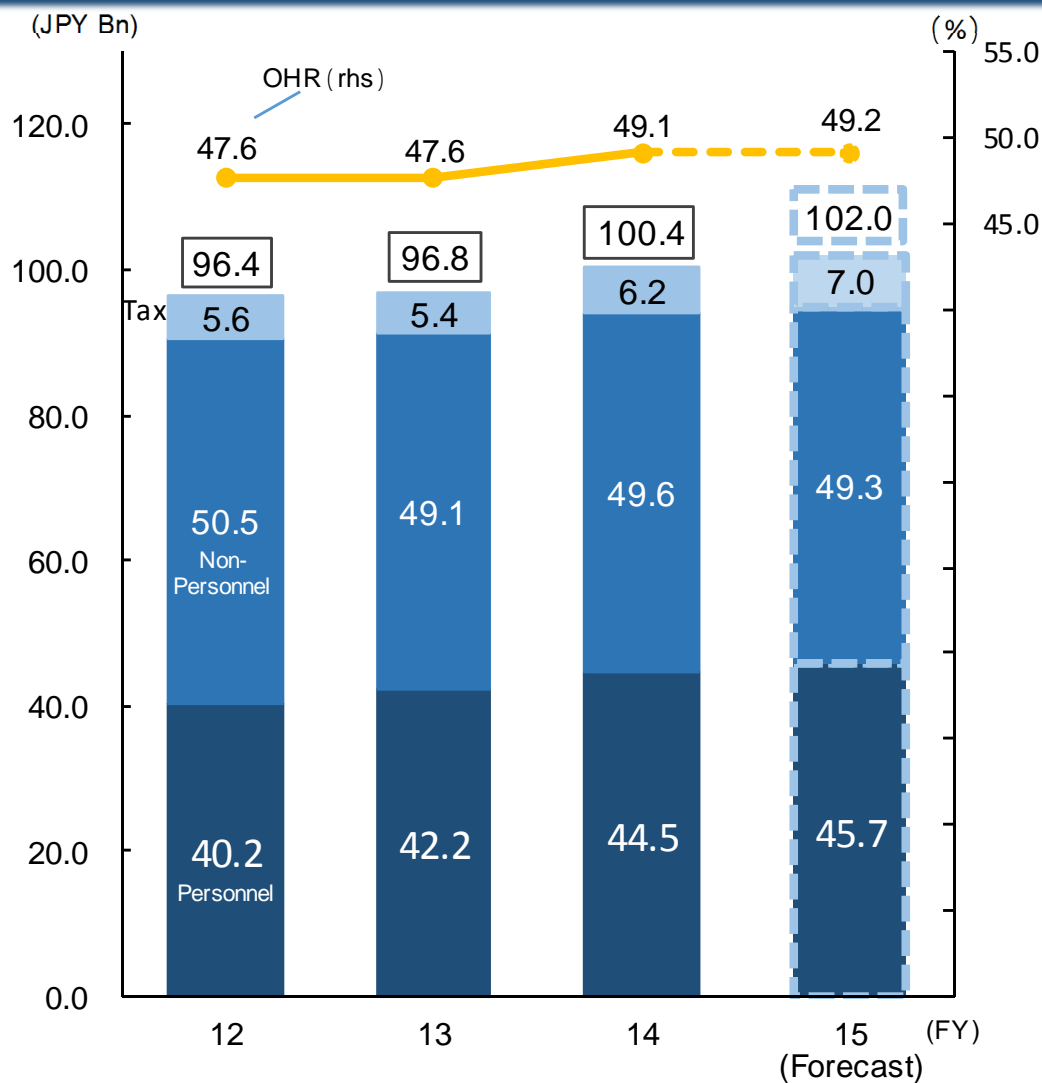


2. Financial Summary

(3) Expenses & OHR in FY14

- Expenses increased **JPY3.6 Bn (+3.7%)** to **JPY100.4 Bn** due to the increase in staff for the enhancement of sales capability, maintenance infrastructure for improving convenience and security, and the consumption tax rate hike
- Expenses for FY15 (forecast) are projected to increase **JPY1.6 Bn** to **JPY102.0 Bn**. OHR is estimated at **49.2%**

Expenses & OHR



Breakdown of expenses

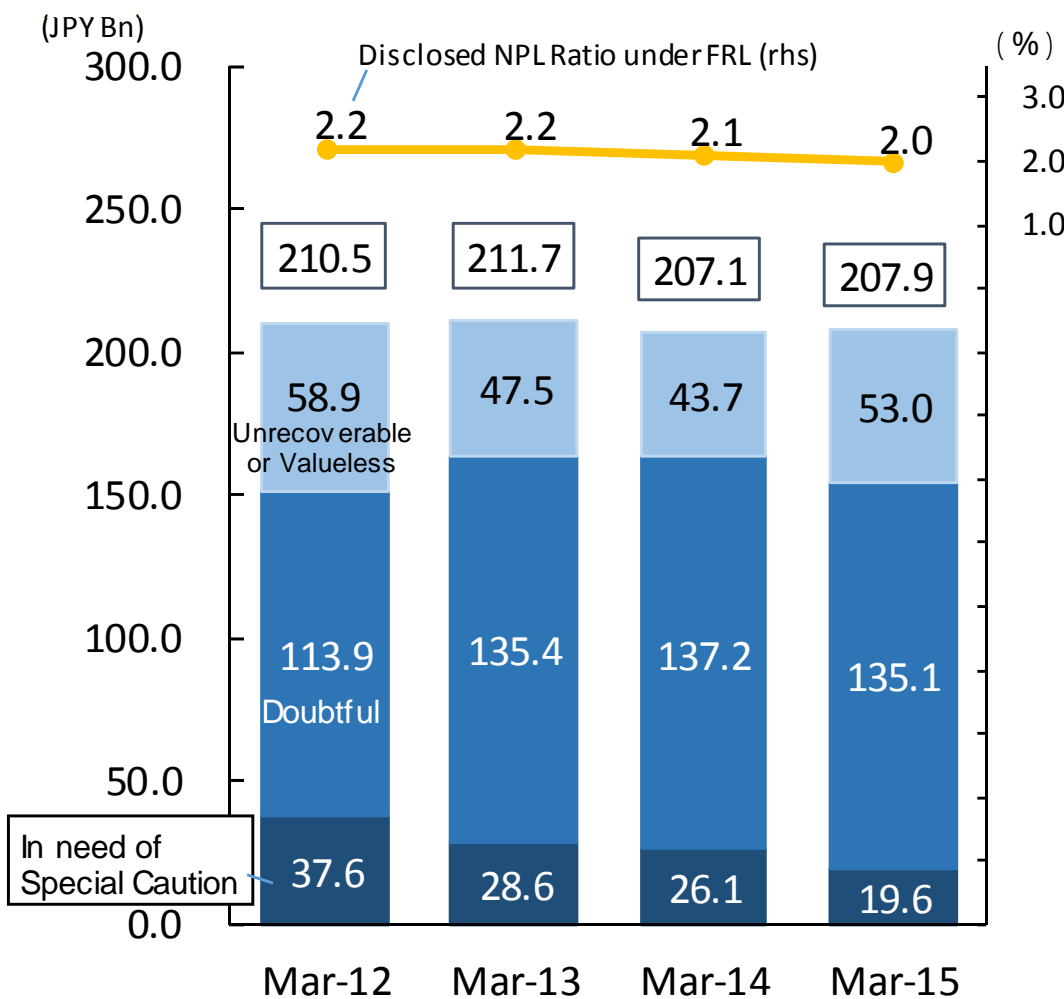
	FY14			Factors
		Change from FY13		
Personnel	44.5	+ 2.3	+ 5.4%	<ul style="list-style-type: none"> Increase in staff for the enhancement of sales capability Increase in bonuses Transfer dispatched staff to regular employment
Non-Personnel	49.6	+ 0.5	+ 1.0%	<ul style="list-style-type: none"> Maintenance of infrastructure for improving convenience and security Increase in deposit insurance
Tax	6.2	+ 0.8	+ 14.8%	<ul style="list-style-type: none"> The consumption tax rate hike
Total	100.4	+ 3.6	+ 3.7%	

2. Financial Summary

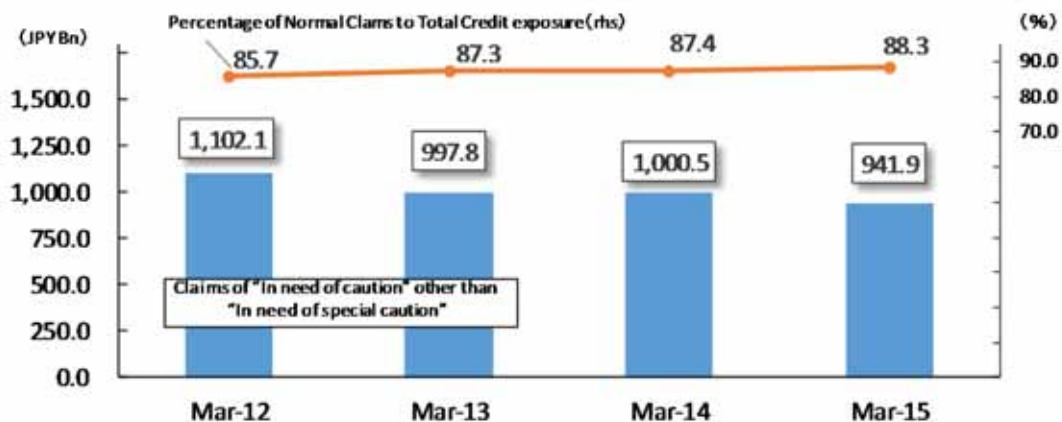
(4) Financial Claims at the end of FY14

- The balance of non-performing loan (NPL) reached **JPY207.9 Bn (+JPY0.8 Bn)** due to the category review of existing claims for preventive purposes
- The balance of claims of “in need of caution” customers other than “in need of special caution” reached **JPY941.9 Bn (-58.6 Bn)** due to the increase in loans shifted to normal category as a result of the improved operating performance
- The balance of claims to actual and prospective borrowers with a highly feasible and drastic restructuring plan decreased **JPY19.8 Bn to JPY100.7 Bn** as significant loans shifted to normal claims as a result of improved operating performance

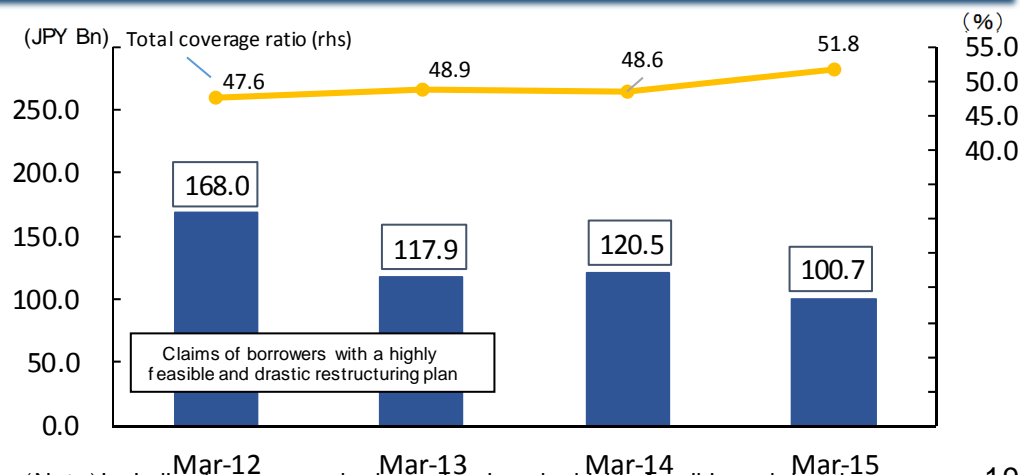
Disclosed NPLs under Financial Revitalization Law (FRL)



Claims of “in need of caution” customers other than “in need of special caution”



Borrowers with a highly feasible and drastic restructuring plan



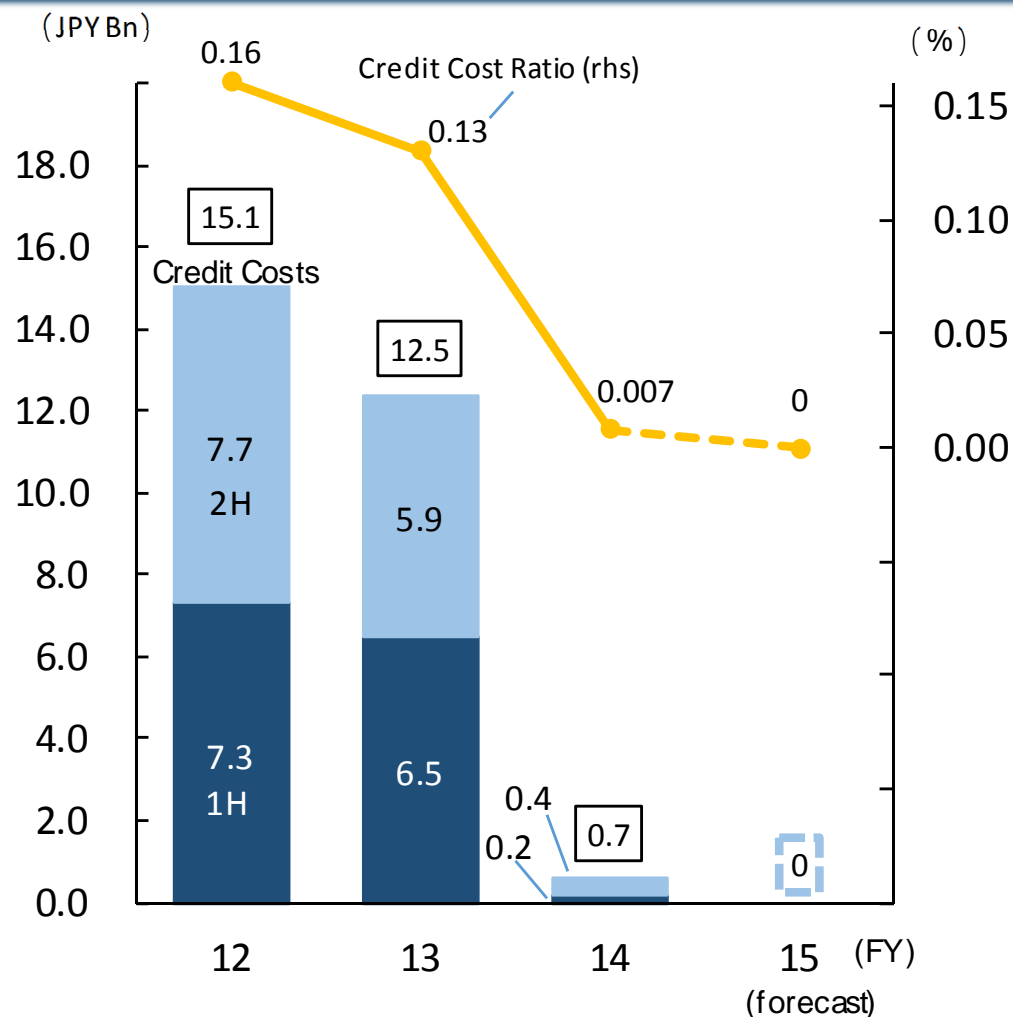
(Note) Including borrowers who have developed a highly feasible and drastic restructuring plan.

2. Financial Summary

(5) Credit Costs in FY14

- Credit costs decreased **JPY11.8 Bn** to **JPY0.7 Bn** due to decreased occurrences of new defaults and increased debt collection on the back of rising land prices and other factors
- The allowance ratio for borrowers “possible bankruptcy” decreased **5.1%** to **58.1%** due to decreased default rates during the subject period

Credit costs

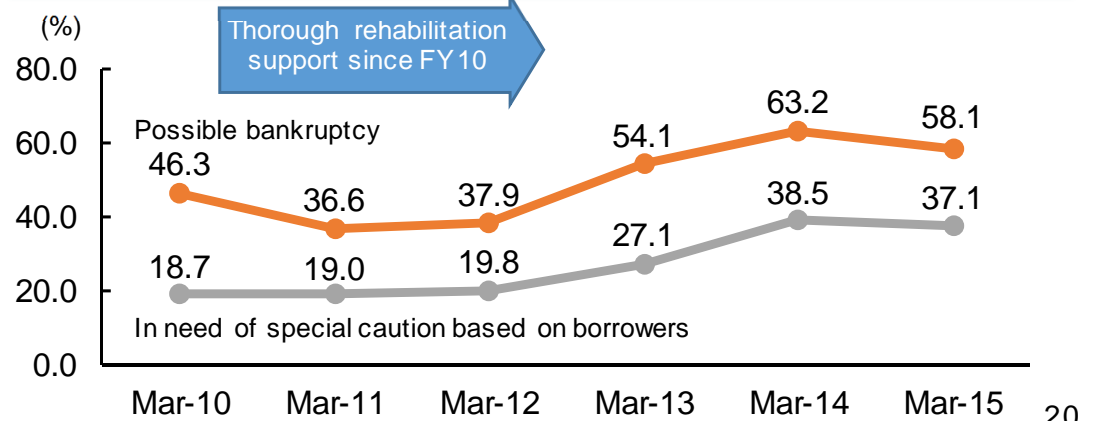


(Note) Credit cost ratio = Credit costs ÷ Average balance of loans

Breakdown of credit costs

	(JPY Bn)			
	FY12	FY13	FY14	Change from FY13
Effect of change in collateral	2.5	1.9	2.1	+ 0.2
Effect of change in borrower's category	19.7	12.0	11.2	- 0.8
Effect of debt-collection or reversal of allowance	- 4.5	- 4.2	- 5.4	- 1.2
Provision of allowance for general loan losses	- 6.4	0.7	- 2.7	- 3.4
Others	5.2	3.6	- 2.7	- 6.3
Recoveries of written-off claims	- 1.4	- 1.5	- 1.7	- 0.2
Total	15.1	12.5	0.7	- 11.8

Allowance ratio for loan losses

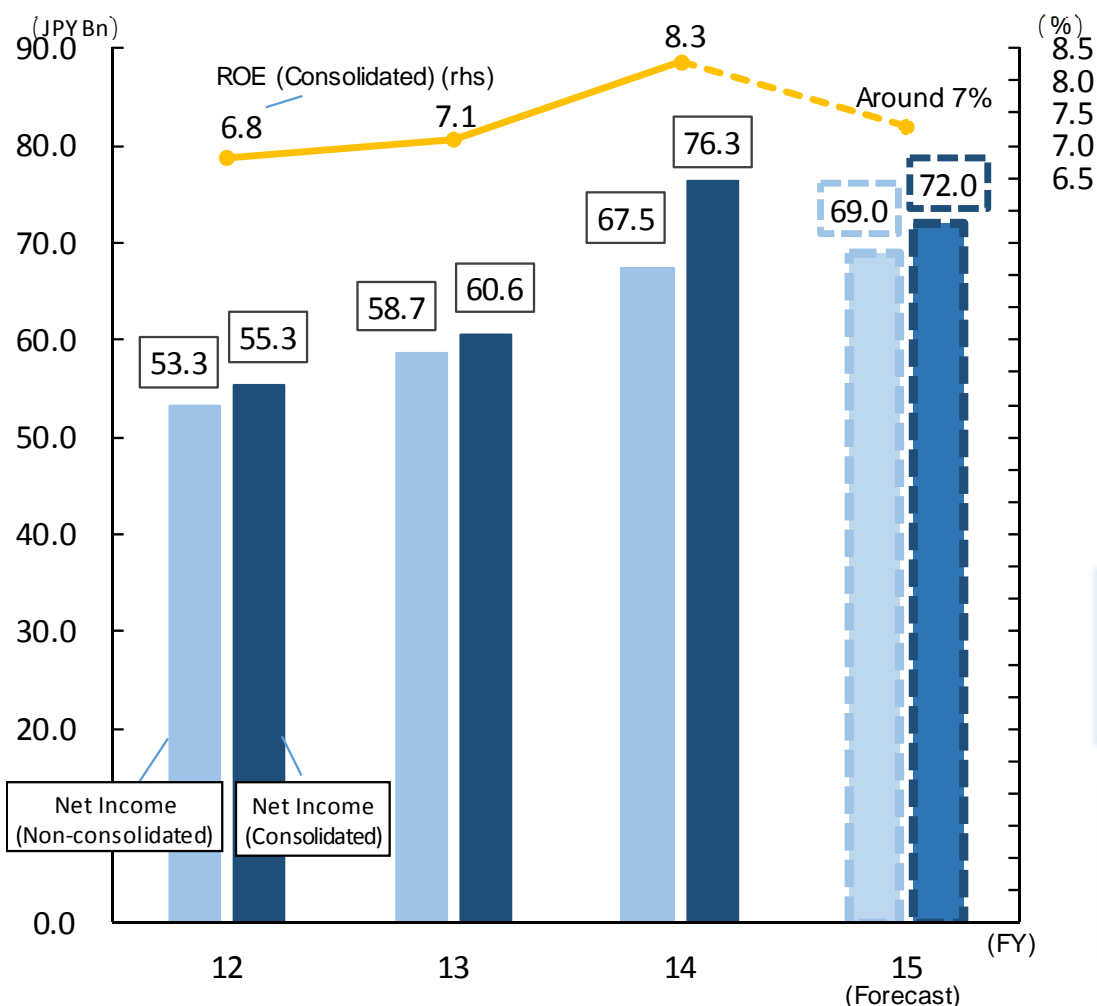


2. Financial Summary

(6) Net Income in FY14

- Net income (Non-consolidated) increased **JPY8.8 Bn (+14.9%)** to **JPY67.5 Bn**, hitting a record high, due to the decrease in credit costs (-11.8 Bn), etc.
- Net income (Consolidated) increased **JPY15.7 Bn (+25.7%)** to **JPY76.3 Bn**, also hitting a record high, due to the gain on bargain purchase as a result of capital allocation at subsidiaries
- ROE (Consolidated) increased to **8.3%** (+1.2% point). ROE excluding the gain on bargain purchase reached **7.3%**

Net income



Change from FY13

		(JPY Bn)		
		FY13	FY14	Change from FY13
Non-consolidated	Net Income	58.7	67.5	+ 8.8
	ROE	6.9%	7.4%	+ 0.5%
Consolidated	Net Income	60.6	76.3	+ 15.7
	ROE	7.1%	8.3%	+ 1.2%
	RORA	0.91%	1.10%	+ 0.19%

Factors behind the change from FY13 to FY14 (Non-consolidated)

Credit costs (-): - JPY11.8 Bn
 Abolition of special restoration surtax and others (-): - JPY1.9 Bn
 The change of corporate tax (-): +JPY1.5 Bn

Factors behind the change from FY13 to FY14 (Consolidated)

Credit costs (-): - JPY10.6 Bn
 The Gain on bargain purchase : +JPY9.1 Bn

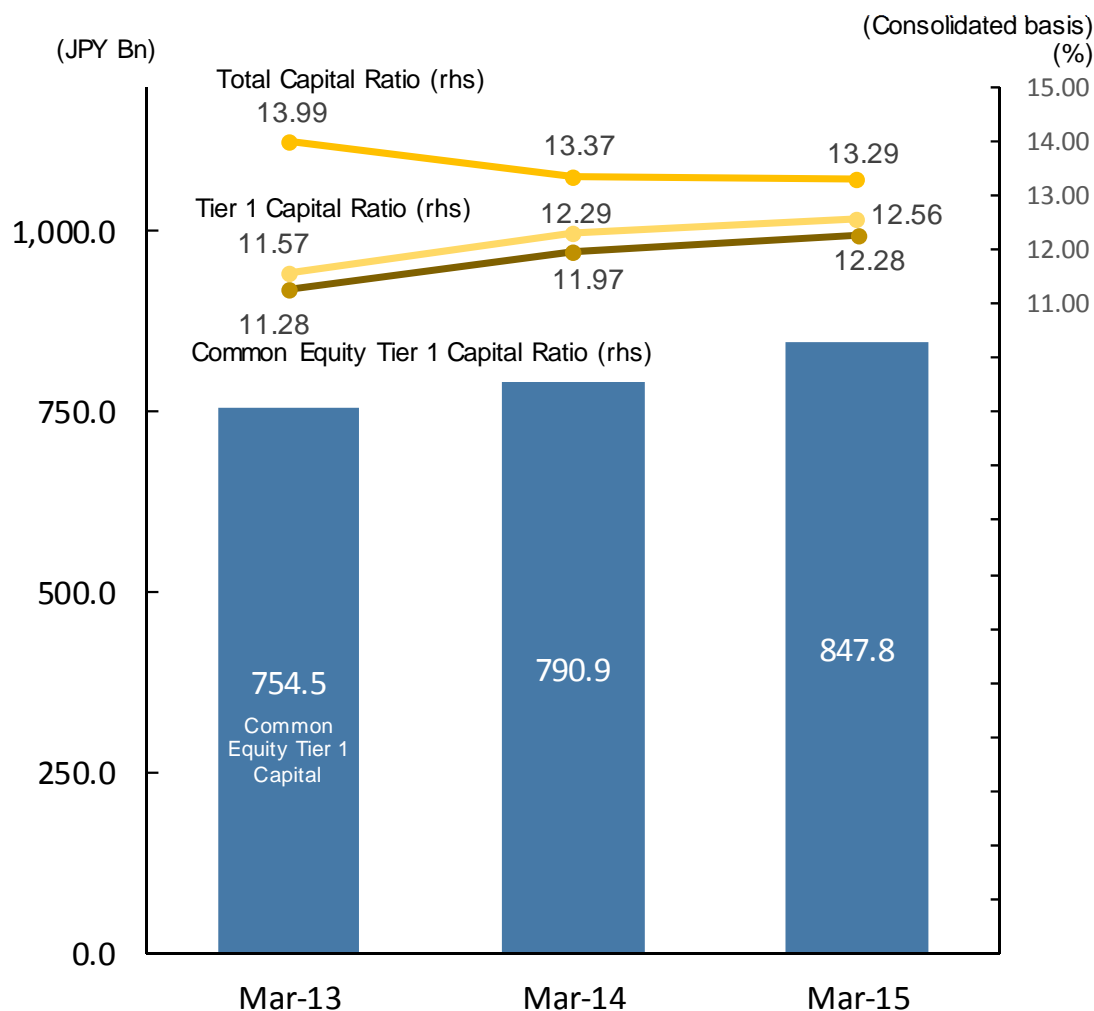
(Note) ROE (Consolidated) = Net Income ÷ Net Assets (Average, excluding subscription rights to share and minority interests)

2. Financial Summary

(7) Capital Adequacy & Shareholder Return

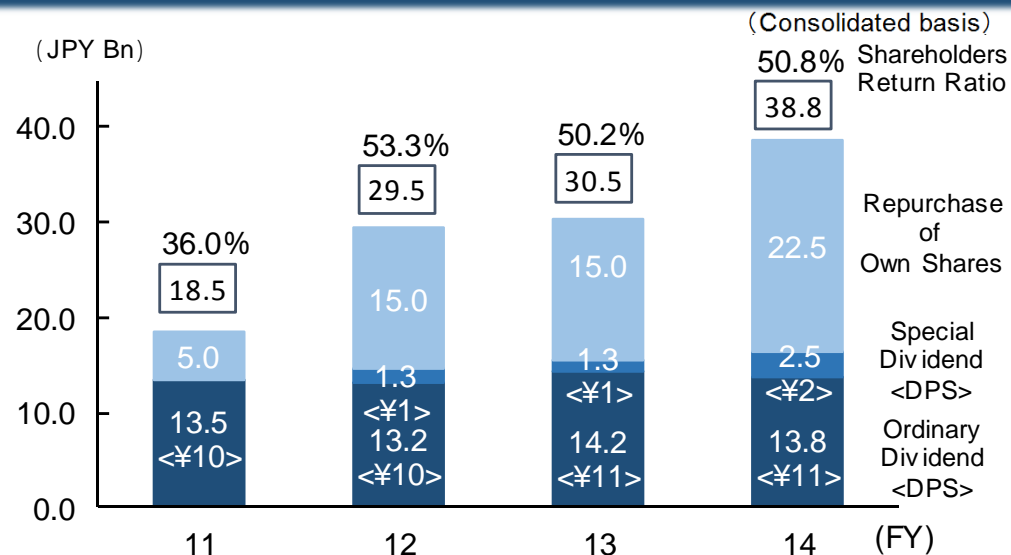
- Common Equity Tier 1 capital ratio (consolidated) remained at **12.28%**, a level, better than the target in Medium-term Management Plan
- Shareholder return ratio was **50.8%**, having exceeded 50% for three consecutive years, with the dividend payment of **JPY13 per share** including special dividend of **JPY2 per share** (increasing **JPY1 per year** for three consecutive years) and the share buyback of **JPY22.5 Bn (+JPY7.5 Bn)**.

Common Equity Tier 1 Capital



(Note) Transition basis. Common Equity Tier 1 capital ratio on the full implementation basis as of Mar-15 is 13.08%.

Shareholder Return



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 repurchase own shares on market condition and our performance.
Special Dividend	Special dividends will be paid out, in cases where Net Income (Consolidated) exceeds 55 billion yen.

2. Financial Summary

(8) Progress on the Medium-term Management Plan

- 6 out of 7 items achieved the targets for the Medium-term Management Plan except for the number of main individual customers
- Aim to develop customer contacts and transactions by enhancing sales opportunities by branch general managers, increasing staff in charge of investment product sales and financial consultants

		(JPY Bn)				
		1st Year	2nd Year		3rd Year	
		FY13 Actual	FY14 Plan	FY14 Forecast (announced on Feb 4)	FY14 Actual	FY15 Plan
Non-consolidated basis	Gross Operating Income	203.1	206.0	206.0	204.4	213.0
	Of which, Domestic Fees and Commissions	37.3	40.9	43.5	42.2	37.0
	- Expenses	96.8	102.0	102.0	100.4	104.0
	Core Net Business Profit	106.3	104.0	104.0	104.0	109.0
	- Credit Costs	12.5	8.0	2.0	0.7	14.0
	Ordinary Profit	92.3	94.0	100.0	102.0	92.0
	Net Income	58.7	61.0	63.0	67.5	59.0
	OHR (Note1)	47.6%	49.5%	49.5%	49.1%	High 40s%
Credit Costs Ratio (Note1)	0.13%	0.08%	-	0.007%	Around 0.15%	
Consolidated basis	Gross Operating Income	224.0	226.0	-	223.5	230.0
	Of which, Fees and Commissions	51.5	55.0	-	55.3	51.0
	Ordinary Profit	102.2	102.0	110.0	108.0	100.0
	Net Income	60.6	63.0	75.0	76.3	61.0
	Fees and Commissions Income Ratio (Note1)	22.9%	Around 24%	Around 25%	24.7%	Around 22%
	Net Income ROE (Note1)	7.1%	Around 7%	-	8.3%	Around 7%
	Net Income RORA (Note1)	0.91%	Around 0.8%	-	1.10%	Around 0.8%
	Common Equity Tier 1 Capital Ratio (Note1)	11.97%	Around 11%	-	12.28%	Around 11%
Number of Main Individual Customers (Note2)	2.30 million	Around 2.40 million	-	2.35 million	Around 2.50 million	

(Note 1) medium-term management plan target item

(Note 2) "Number of main individual customers" means the number of customers who mainly use the Bank's services (defined by the Bank)

3. Growth Strategy

3. Growth Strategy

(1) Increase sales of investment products

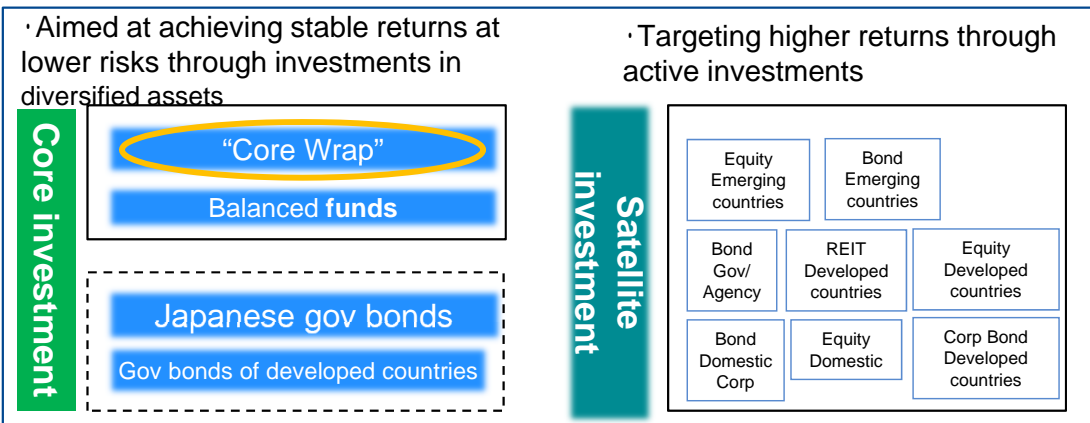
- Strengthen the sales capability in investment products, in view of recent trends in financial markets, by focusing business resources mainly on addressing investment needs of retail customers
- Launch Sky Ocean Asset Management Co., Ltd. in April 2015 to offer products responding to the diversified needs of customers

Strengthen retail sales

- Increase the number of staff in charge of the retail sales by nearly 100 (approx. +25%)
- Leverage “Core & satellite investment strategies”

Summary of core & satellite investment strategies

- Strategies that combine “core” investments, being aimed at achieving stable returns and “satellite” investment, pursues higher returns in rising markets
- Provide investment advises to customers based on overall assessments of their portfolio

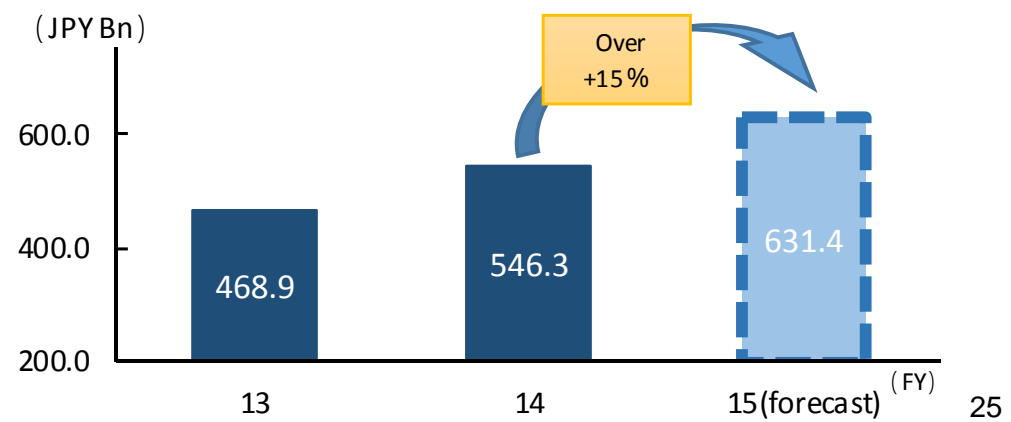


Asset management company

- Launched the company in April 2015 and “Sky Ocean Core Wrap” in May 2015, as its first fund

Name	 Sky Ocean Asset Management
Business	Asset Management (investment trust management)
Paid in Capital	JPY300mn
Representative Directors	Tetsunobu Ikeda (Representative Director, President) Toshiyuki Kambe (Representative Director, Vice President)

Investment products sales estimates (excluding MMF)



3. Growth Strategy

(2) Strengthen retail solution sales

- Further increase financial consultants and expand alliances with external experts to enhance consulting capabilities for high-net-worth individuals
- Adequately address diversified and complicated needs of high-net-worth individuals regarding inheritance, business succession and effective utilization of assets, we evocate potential needs of funding and increase loans and trust management services by enhancing consulting capabilities of branch staff

Business alliance with external experts

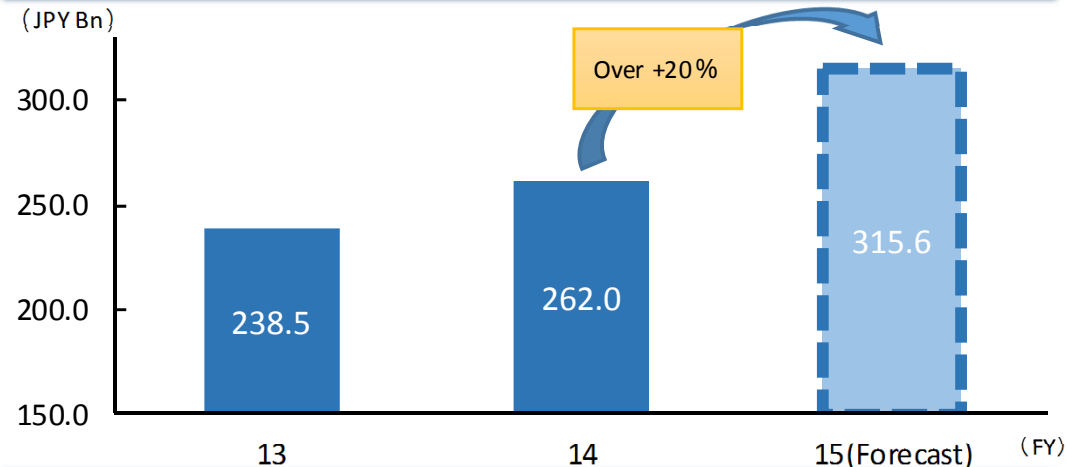
Inheritance, business succession

Hamagin Research Institute Ltd.
Tact Consulting
Yamada & Partners Certified Public Tax Accountants' Co.
Hongo Tsuji Tax & Consulting
ASAHI Tax Corporation
Landmark Licensed Tax Accountant's Co.
Asahi Chuo General Office, Corporation of Tax Accountants

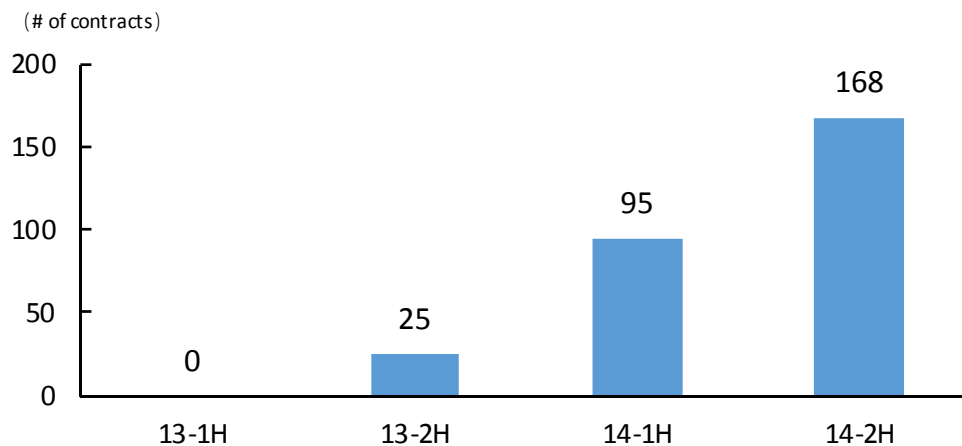
Effective utilization of real estates

Tokyu Corporation
Nippon Tochi-Tatemono Hanbai Co., Ltd.
Nomura Real Estate Co., Ltd.
Yasuda Real Estate Co., Ltd.

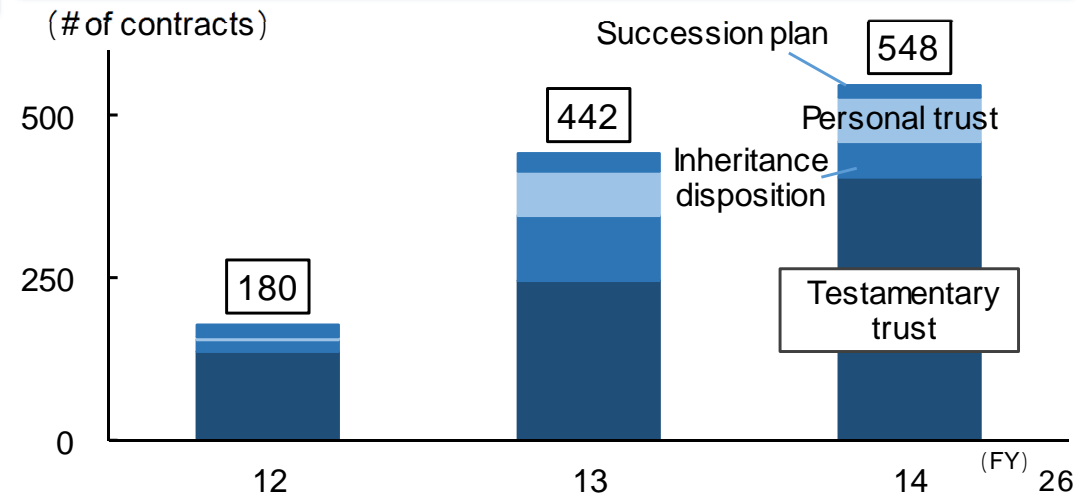
The amount loaned for high-net-worth individuals (estimates)



The number of consulting contracts



The number of transactions related with inheritance / business succession



3. Growth Strategy

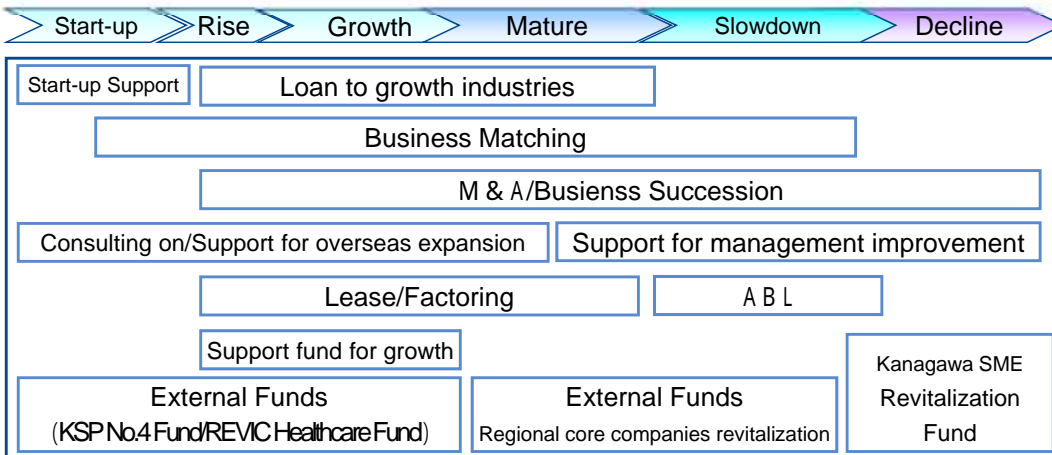
(3) Strengthen corporate solution sales

- Offer more comprehensive financial services, leveraging our assessment abilities, by increasing the number of dedicated staff specialized in medical/nursing or regional development and constructing our capabilities to promote the improvement in corporate values noticing feasibility of our corporate customers
- Build a collaborative scheme for the development and promotion of comprehensive strategies on a regional level by establishing a “Project Team for Promotion of Regional Revitalization” and enhancing industry/government/academia/finance/labor collaborations to further improve the productivity, efficiency and employment quality of regional corporations

Support improvement in corporate values

- Assess our customers' businesses and growth potential
- Provide consulting services especially to core companies and growth companies in each region
- Enhance the sources of funding by investing in “Regional Healthcare Industry Support Fund” and “Revitalization Fund for Regional Core Companies”

Financial services based on growth stage



Regional revitalization

- Establish “Project Team for Promotion of Regional Revitalization”
- Build e collaborative for the development and promotion of comprehensive strategies on a regional level by enhancing industry/government/academia/finance/labor collaborations
- Devote our resources and expertise as a financial institution to support expanding overseas business of SMEs, improving the productivity of service industries and developing medical/nursing (healthcare) industries
- Further improve productivity, efficiency and employment quality in regional corporations

Specific measures

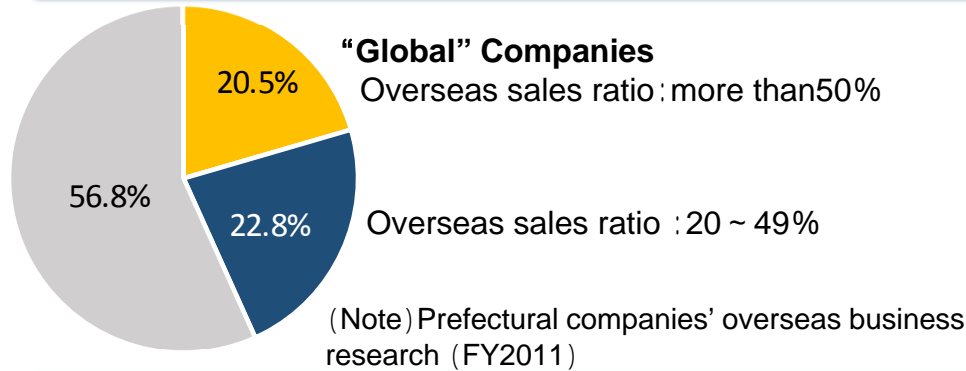
- Held a joint study meeting with Yokohama City, seminars targeting local government entities, and joint workshops with Toyo University and Hamagin Research Institute on such topics
- As of today (May 14, 2015), we have decided to participate in the general strategy promotion committees of local government entities, such as Kanagawa prefecture, Yokosuka City and other three cities. In addition, we plan to participate in the same committees in 11 local government entities

3. Growth Strategy

(3) Strengthen corporate solution sales

- Enhance our support to customers on overseas business expansion in Asia by forming business alliances with Metropolitan Bank and Trust Company (Philippines) in April 2015 and State Bank of India (India) scheduled in May 2015
- Credit balance to overseas entities increased **58.4%** to **JPY138.5 Bn** due primarily to increased loans for Asia

Overseas sales ratio of SMEs in Kanagawa



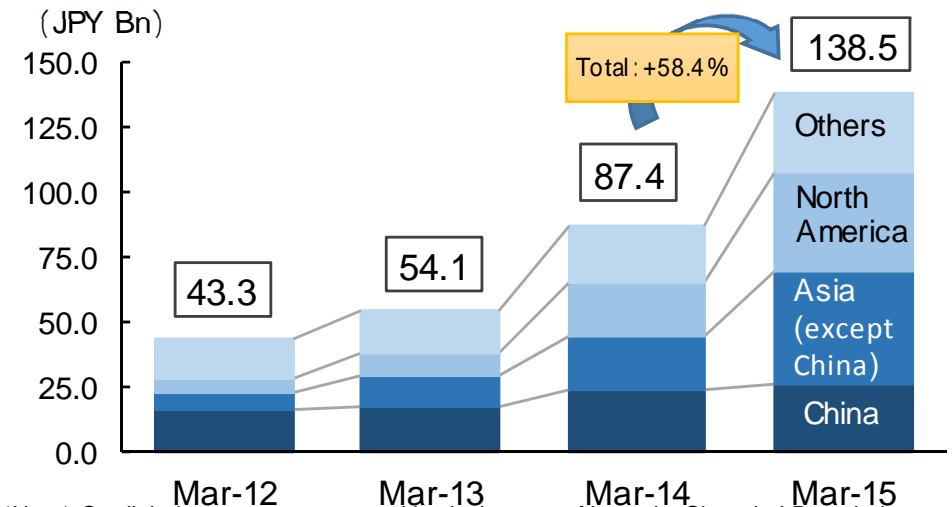
Support in Asia

Country	Business partners	The number of companies
China	Bank of China · Bank of Communications	Approx. 2,200
Thailand	Bangkok Bank	Approx. 400
Indonesia	Bank International Indonesia	Approx. 180
Vietnam	Bank for Investment and Development of Vietnam Australia and New Zealand Banking Group	Approx. 130
Philippines	Metropolitan Bank and Trust Company	Approx. 110
India	State Bank of India	Approx. 90

Apr-15 new alliance

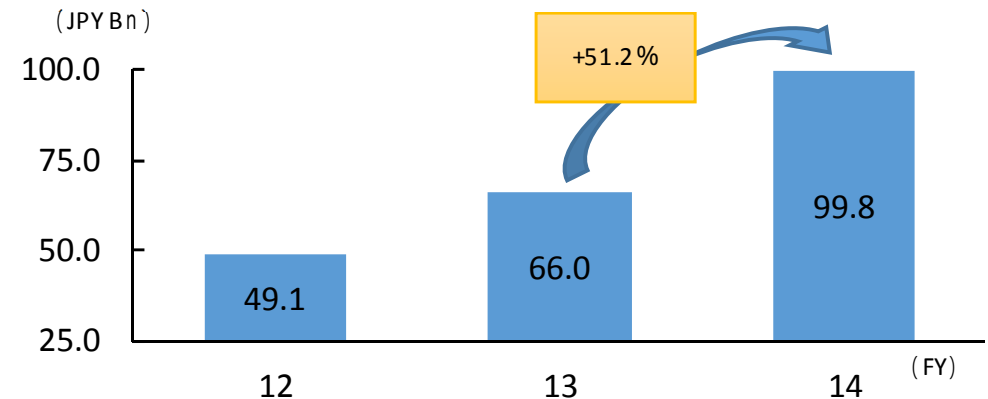
May-15 scheduled new alliance

Credit balance to overseas entities



(Note) Credit balance to overseas entities is the sum of loans by Shanghai Branch, loans to non-residents, parent-subsidiary loans, money invested and standby LC

The average balance of loans in foreign currency



(Note) Domestic branches

3. Growth Strategy

(4) Business integration with The Higashi-Nippon Bank, Limited

- Working towards the business integration with The Higashi-Nippon Bank scheduled for April 2016, the banks commenced collaborations such as ATM collaboration and business collaboration with The Bank of Yokohama's group companies in order to provide high-quality financial services.
- With respect to earnings synergies following the business integration, the banks are considering streamlining sales infrastructure through, for example, opening new branches and leveraging shared branches in order to increase loans to high net worth individuals and small- and medium-sized enterprises as well as increasing sales of investment products.
- With respect to operational synergies following the business integration, the banks are considering measures such as integrating market divisions and administration centers, integrating and reallocating branches and integrating main IT systems.

Vision for the new financial group

- The new group will aim to contribute to creating a vibrant future as a trusted financial group and to enhance its corporate value together with the growth of the region by providing the best financial services to its customers through collaboration that leverages the strengths and uniqueness of each group company.

Schedule

Friday, November 14, 2014	Execution of the Basic Agreement Concerning Consideration of a Business Integration
September 2015 (scheduled)	Execution of a definitive agreement concerning the business integration pursuant to resolutions adopted at the board of directors' meetings of both banks
December 2015 (scheduled)	Extraordinary shareholders' meetings of both banks
April 2016 (scheduled)	Establishment of the Holding Company (effective date) and listing

Collaborations already implemented

- December 2014: Formation of a syndicated loan
- January 2015: Holding various joint study sessions
- March 2015: Commencement of ATM collaboration
- March 2015: Commencement of business collaboration between The Higashi-Nippon Bank and The Bank of Yokohama's three group companies (Hamagin Finance, Hamagin Research Institute and Yokohama Capital)
- March 2015: Hosting joint tax seminars for customers

Synergies under consideration

Earnings synergies

- Strengthen consulting services for high net worth individuals, sales of investment products and sales of solution services for small- and medium- sized enterprises in Tokyo
- Enhance services responsive to globalization, such as overseas expansion support
- Open new branches in growing regions

Operational synergies

- Integrate market divisions
- Introduce system for efficient operational processing
- Integrate administration centers
- Integrate or reallocate branches or transform branches to shared branches
- Integrate IT systems

← Shift personnel to sales

The Bank of Yokohama, Ltd. and The Higashi-Nippon Bank, Limited, or one of them, may file a registration statement on Form F-4 (“Form F-4”) with the U.S. Securities and Exchange Commission (the “SEC”) in connection with the possible business combination (or integration) between the two companies, if it is consummated. The Form F-4 (if filed) will contain a prospectus and other documents. If a Form F-4 is filed and declared effective, the prospectus contained in the Form F-4 will be mailed to U.S. shareholders of The Bank of Yokohama, Ltd. and The Higashi-Nippon Bank, Limited, or one of them, prior to the shareholders’ meeting(s) at which such business combination (or integration) will be voted upon. The Form F-4 and prospectus (if the Form F-4 is filed) will contain important information about the two companies, such business combination (or integration) and related matters. U.S. shareholders to whom the prospectus is distributed are urged to read the Form F-4, the prospectus and other documents that may be filed with the SEC in connection with such business combination (or integration) carefully before they make any decision at the respective shareholders’ meeting with respect to such business combination (or integration). Any documents filed with the SEC in connection with such business combination (or integration) will be made available when filed, free of charge, on the SEC’s web site at www.sec.gov. In addition, upon request, the documents can be distributed for free of charge. To make a request, please refer to the following contact information.

The Bank of Yokohama, Ltd.

Corporate Planning Department, Public Relations Office

Tel: 045-225-1141

The Higashi-Nippon Bank, Limited

Corporate Planning Department, Public Relations Office

Tel: 03-3273-4073



Bank of Yokohama

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