



Bank of Yokohama

Investor Presentation

~ Financial Results for 3rd Quarter of FY14~

February, 2015

The Bank of Yokohama, Ltd.

1. Summary of FY14 (1-3Q) Income Statement

- FY14 (1-3Q) Net income (Non-consolidated basis): Increased by **JPY7.0 Bn (Up 15.6%)** from FY13 (1-3Q) reaching a historic-high at **JPY52.1 Bn**
- FY14 (1-3Q) Net income (Consolidated basis): Increased by **JPY7.8 Bn (Up 16.9%)** from FY13 (1-3Q) reaching a historic-high at **JPY53.9 Bn**

〈Non-consolidated basis〉

(JPY Bn)

	FY13-3Q	FY14-3Q	Change from FY13-3Q		FY14 Forecast (Announced on Feb 4th)
Gross Operating Income	150.8	154.5	+ 3.7	+2.4%	206.0
of which, interest income from domestic operations	118.5	117.6	- 0.9	-	152.8
of which, fees & commissions from domestic operations	25.9	29.7	+ 3.8	-	43.5
of which, trading income from domestic operations	0.0	0.3	+ 0.3	-	0.4
of which, other ordinary income from domestic operations	4.2	3.7	- 0.5	-	5.6
of which, gross operating income from international operations	1.9	3.0	+ 1.1	-	3.6
Expenses (-)	73.1	75.7	+ 2.6	+3.5%	102.0
(Reference) OHR (%)	48.5%	49.0%	+0.5%	-	49.5%
Core net business profit	77.6	78.8	+ 1.2	+1.5%	104.0
Provision of allowance for general loan losses (-)	0.3	- 3.5	- 3.8	-	-
Net business profit	77.2	82.3	+ 5.1	+6.5%	-
Non-recurring gains (losses)	- 8.7	- 4.8	+ 3.9	-	-
of which, disposal of bad debts (-)	6.6	3.4	- 3.2	-	-
of which, gains or losses on stocks & other securities	1.1	0.0	- 1.1	-	-
Ordinary profit	68.5	77.4	+ 8.9	+12.9%	100.0
Net income	45.1	52.1	+ 7.0	+15.6%	63.0
Credit costs (-)	7.0	0.0	- 7.0	-	2.0

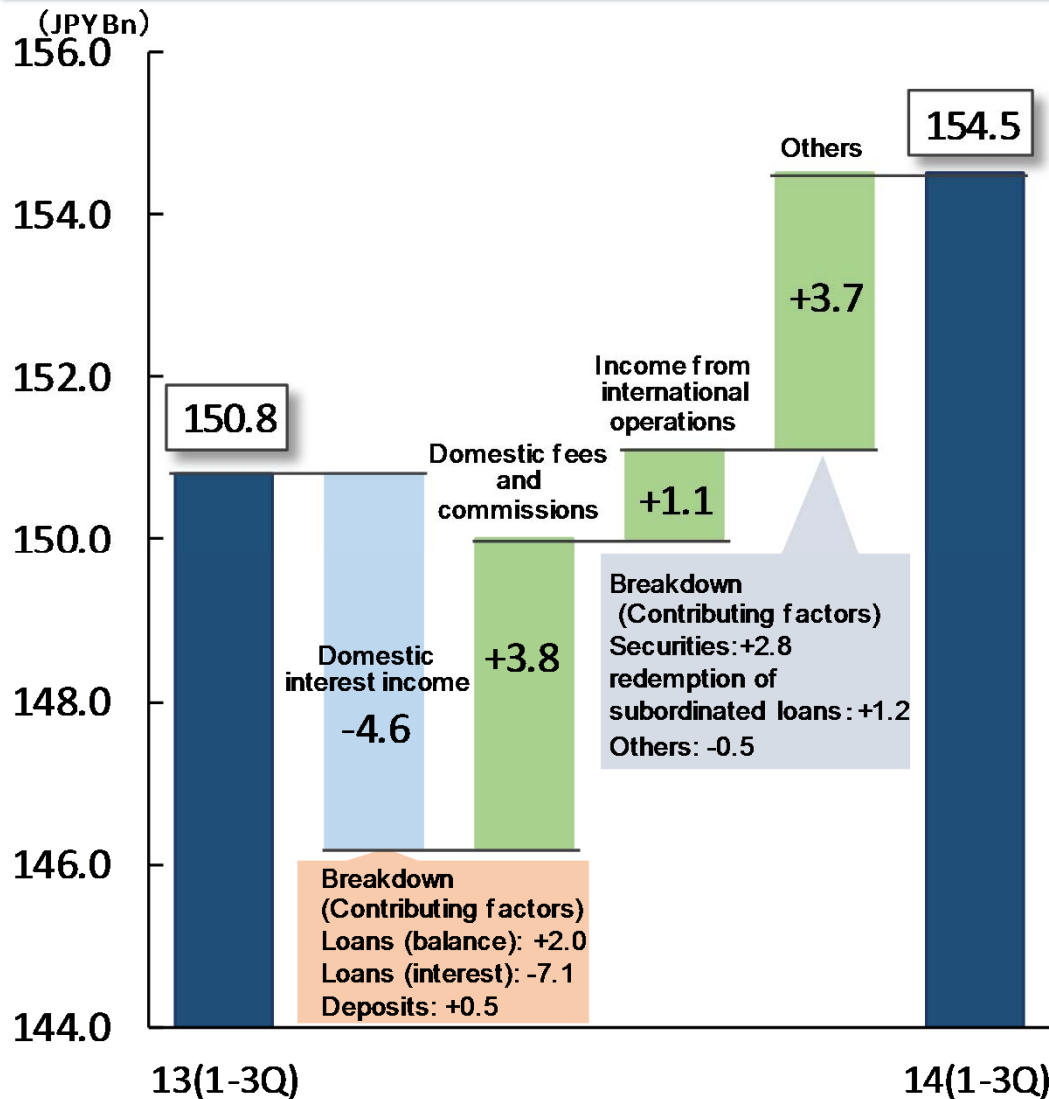
〈Consolidated basis〉

Ordinary profit	74.6	85.0	+ 10.4	+14.0%	110.0
Net income	46.1	53.9	+ 7.8	+16.9%	75.0

2. Gross Operating Income & Expenses

- FY14 (1-3Q) Gross Operating Income: Increased by **JPY3.7 Bn** (Up 2.4%) to **JPY154.5 Bn** from FY13(1-3Q) of which, Investment trusts: **JPY7.4 Bn** (Up **JPY1.7 Bn**), Buy-write: **JPY1.5 Bn** (Up **JPY1.1 Bn**)
- FY14 (1-3Q) Expenses: Increased by **JPY2.6 Bn** (Up 3.5%) from FY13 (1-3Q); OHR of FY14 (1-3Q) was **49.0%**

Breakdown of Gross Operating Income



Breakdown of Expenses

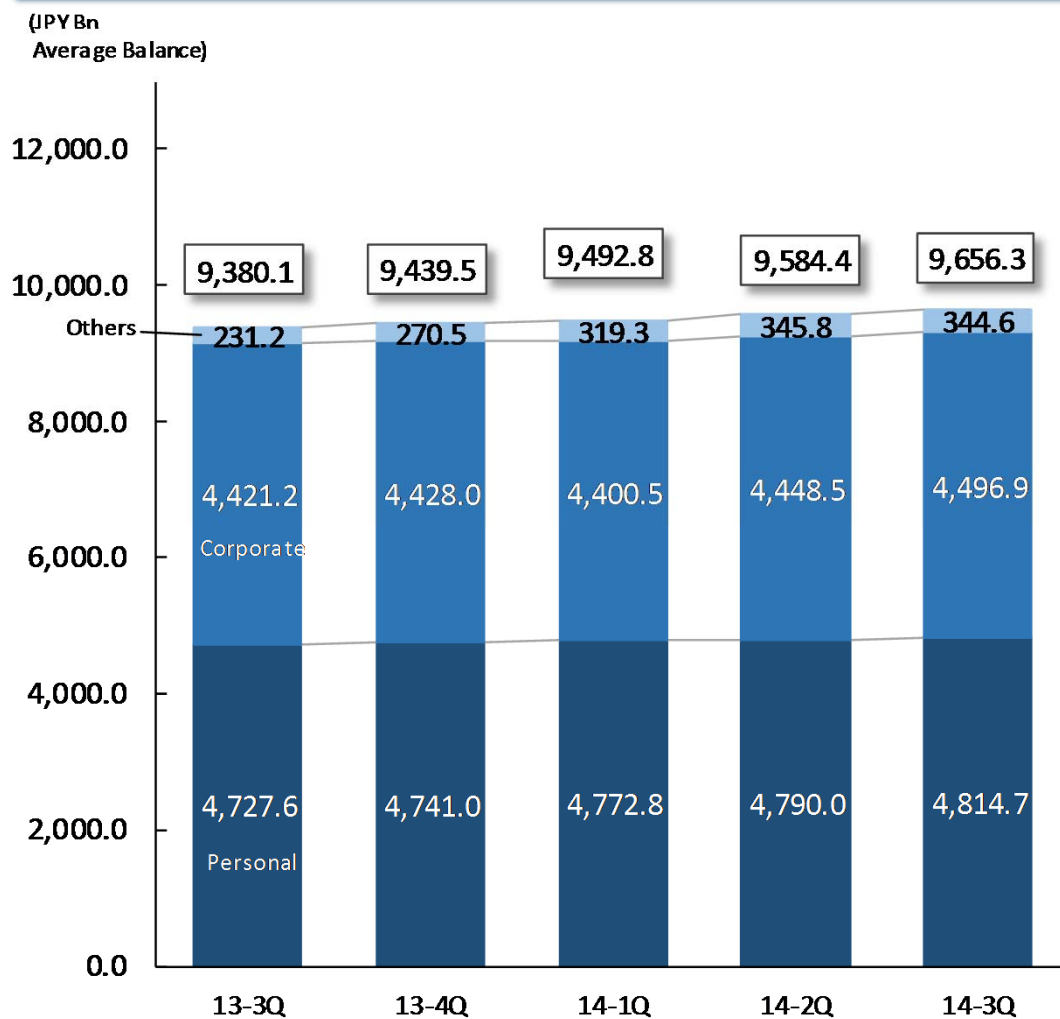
(JPY Bn)

	FY14 (1-3Q)	Change from FY13(1-3Q)	Factors
Personnel	33.2	+ 2.1	<ul style="list-style-type: none"> ▪ Increase in bonuses & social insurance premium +0.8 ▪ Transfer dispatched staff to regular employment +1.0
Non-Personnel	37.8	- 0.1	<ul style="list-style-type: none"> ▪ Transfer dispatched staff to regular employment -1.0 ▪ Insurance premium +0.2
Taxes	4.6	+ 0.6	<ul style="list-style-type: none"> ▪ The consumption tax rate hike +0.5
Total	75.7	+ 2.6	

3. Loans & Deposits

- FY14-3Q average balance of loans: Increased by 2.9% from FY13-3Q – Personal Up 1.8%; Corporate Up 1.7%
- FY14-3Q average balance of deposits: Increased by 2.4% from FY13-3Q – Personal Up 2.7%; Corporate Up 3.6%

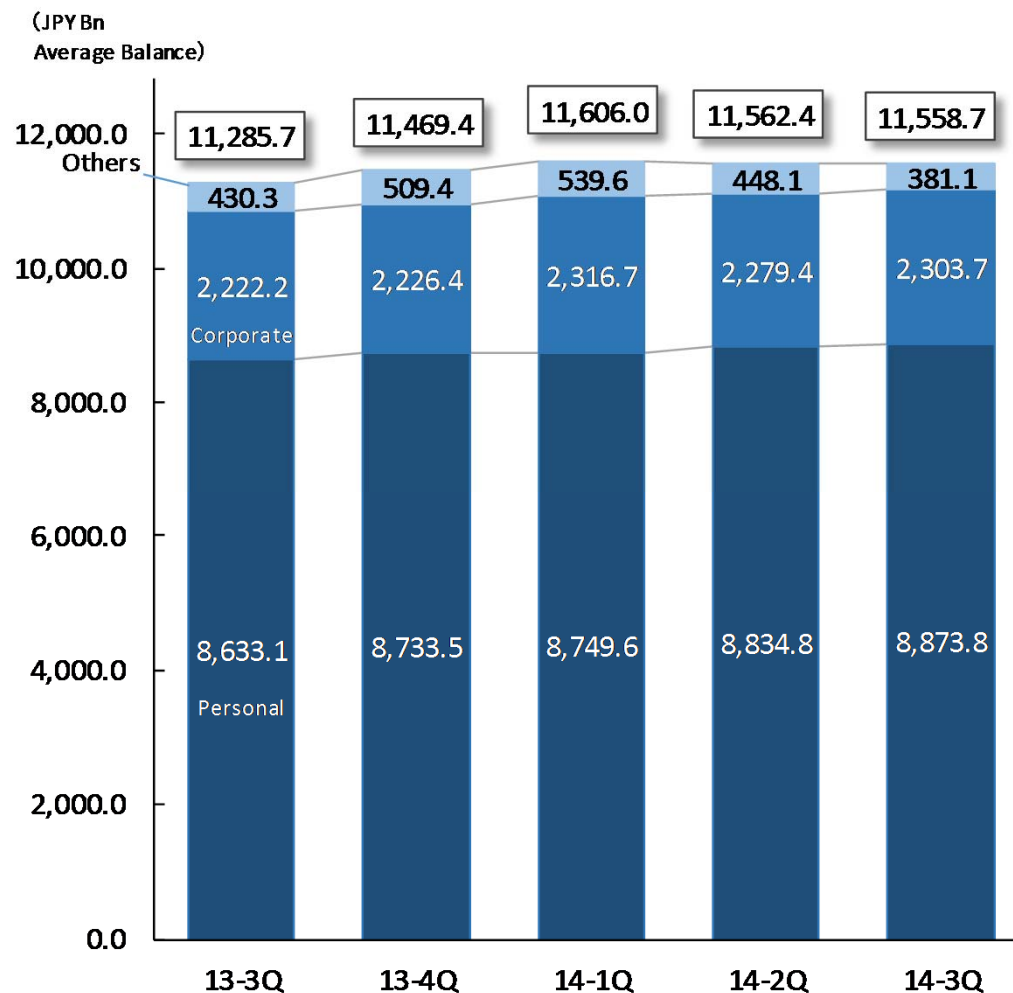
Total Average Balance of Loans



(Note 1) Domestic branches

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

Total Average Balance of Deposits



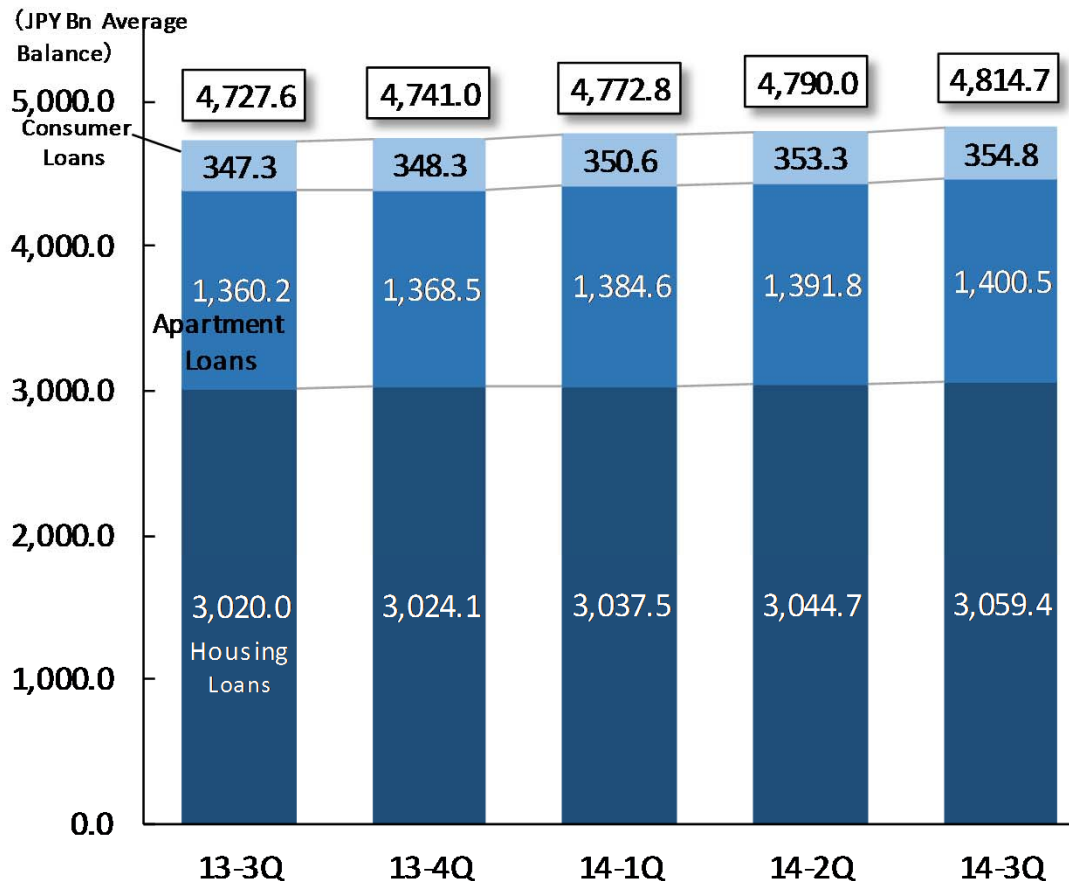
(Note 1) Domestic branches

(Note 2) Others = Local Public + Financial Institutions

4. Personal and Corporate & Other Loans

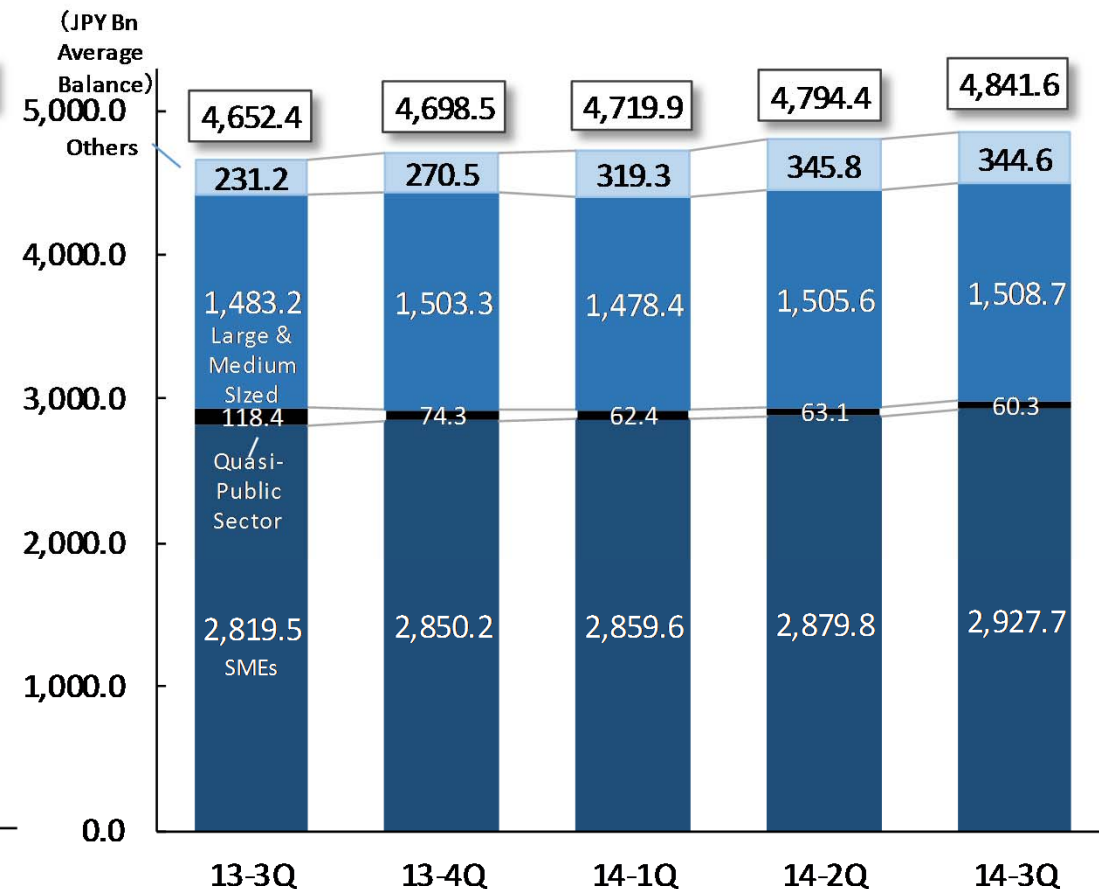
- Change of FY14-3Q Personal loans from FY13-3Q: Housing loans **Up 1.3%**; Apartment Loans **Up 2.9%**; Consumer Loans **Up 2.1%**
- Change of FY14-3Q Corporate loans from FY13-3Q: SMEs except for quasi-public sector companies increased by **JPY108.2 Bn (Up 3.8%)** from FY13-3Q with the increase in the total corporate loans.

Personal Loans



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

Corporate & Other Loans



(Note 1) Domestic branches

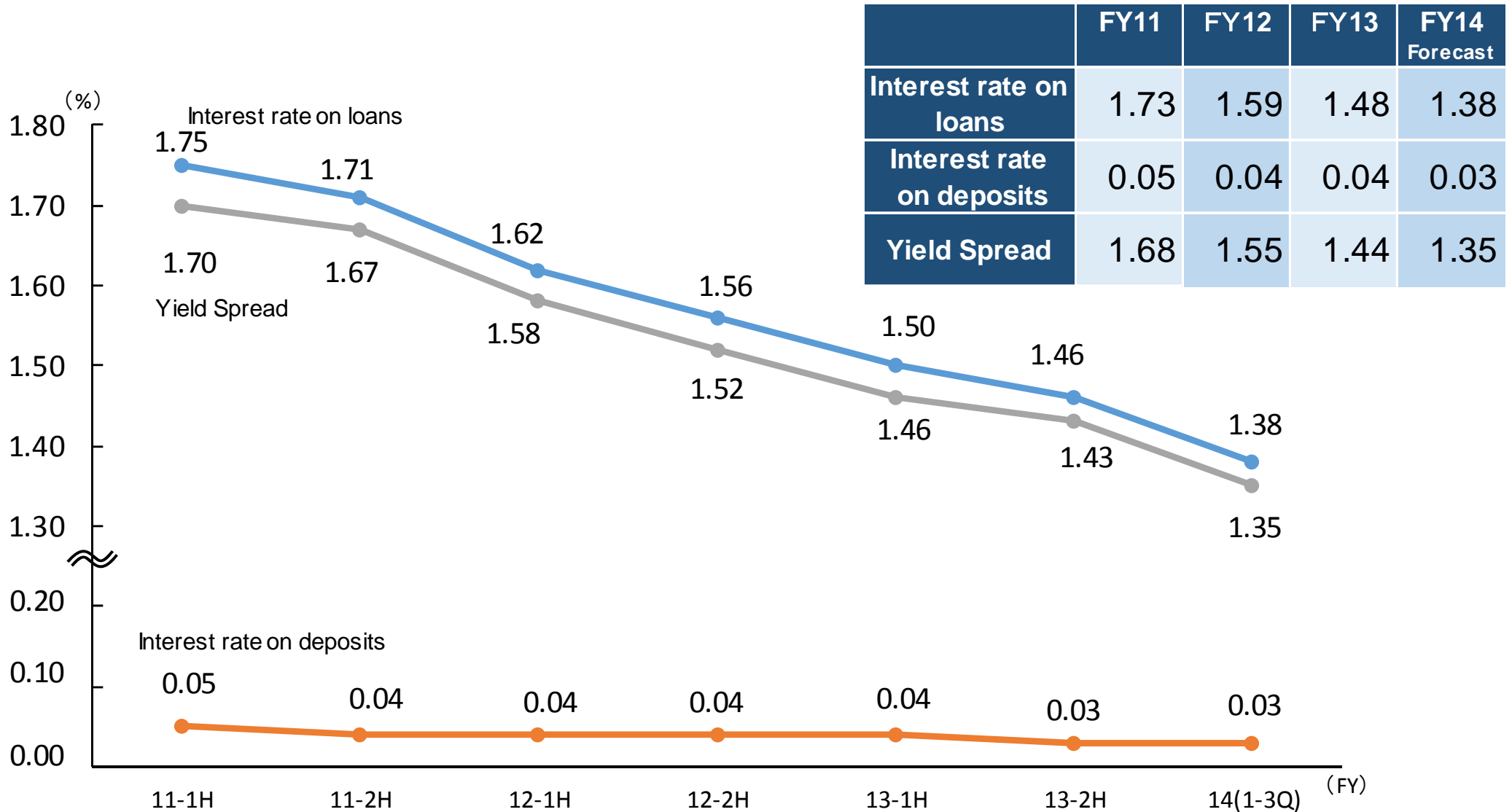
(Note 2) Others = Local Public + Public related sectors

(Note 3) SMEs do not include quasi-public sector companies

5. Deposits & Loans Yield – Domestic Operations

FY14 (1-3Q) interest rate on loans: **1.38%**; Yield spread between loans and deposits: **1.35%**

Deposits & Loans Yield



(Note 1) 11-1H to 13-2H: Semi-annual

(Note 2) 14(1-3Q): For the nine months ended

6. Securities Portfolio

- The balance of securities as of Dec-14: Increased by **JPY351.0 Bn** from Mar-14
- The balance of JGB as of Dec-14 increased due to the flexible investment operations, thereby extending the domestic bonds duration.
- The balance of others as of Dec-14: Increased by **JPY195.6 Bn** resulting from further promotion of diversified investment into domestic investment trusts and foreign bonds. The component ratio increased from **8.5%** of Mar-13 to **19.9%** of Dec-14.

Total of Held-to-Maturities & Available-for-Sales

		(JPY Bn)					
		Mar-13	Mar-14	Dec-14	Change from Mar-14	Unrealized gains(losses)	Change from Mar-14
Total		2,226.9	2,050.2	2,401.2	+ 351.0	140.8	+ 47.6
Bonds		1,848.3	1,581.4	1,708.0	+ 126.6	23.5	+ 3.7
Government bonds		870.7	543.2	738.1	+ 194.9	7.7	+ 1.1
Local bonds		231.1	256.9	263.4	+ 6.5	3.0	+ 0.1
Corporate bonds		746.3	781.2	706.4	- 74.8	12.7	+ 2.5
Government guaranteed bonds		433.1	453.0	385.0	- 68.0		
Bank bonds		51.2	90.5	122.4	+ 31.9		
Industrial bonds		100.1	76.9	36.7	- 40.2		
Equity securities		187.4	186.0	214.7	+ 28.7	93.2	+ 28.6
Others		191.2	282.8	478.4	+ 195.6	23.9	+ 15.2
Domestic investment trusts		90.9	123.5	230.7	+ 107.2		
Foreign bonds		92.4	152.1	245.6	+ 93.5		
Foreign equity securities		1.0	1.0	1.0	0.0		
Others		6.7	6.0	1.0	- 5.0		

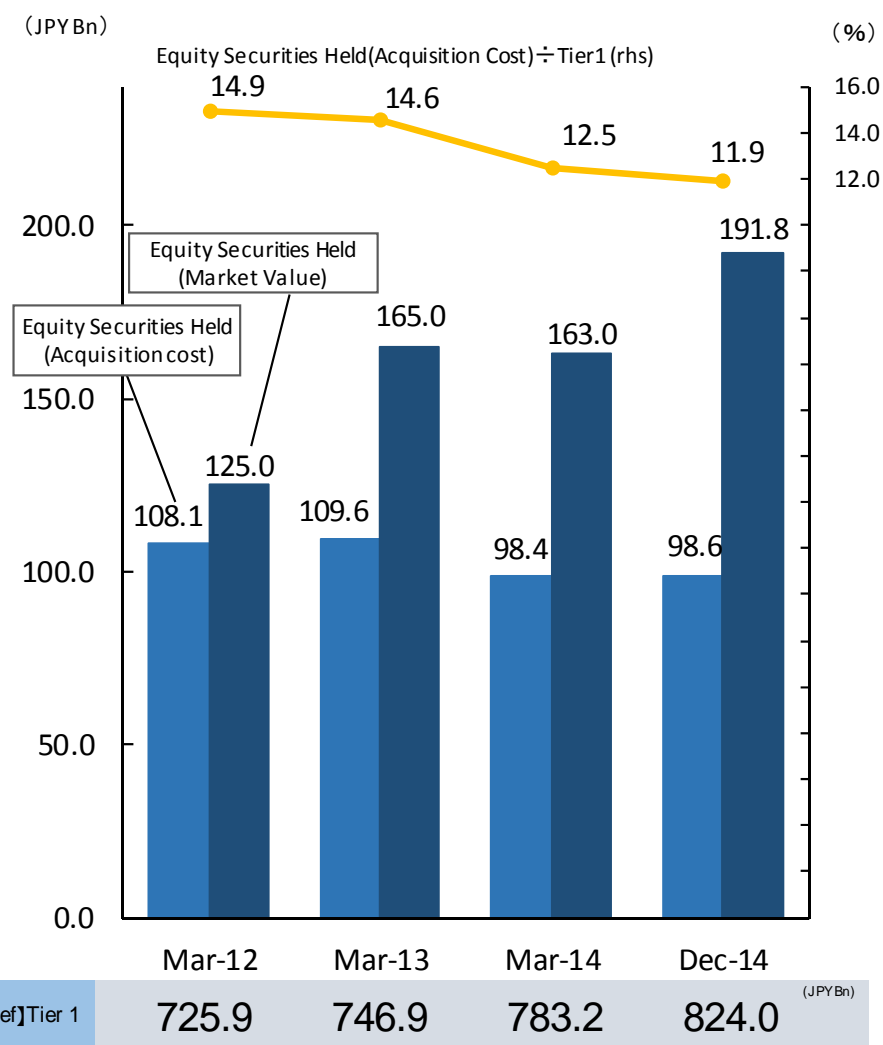
(Duration)

	Mar-13	Mar-14	Dec-14
Domestic Bonds	2.8	2.2	3.2
Foreign Bonds	2.9	2.3	2.3

(Note 1) The duration above is that of "Available-for-Sales."

(Note 2) Domestic bonds duration of December 2014 was affected by Buy-Write operations.

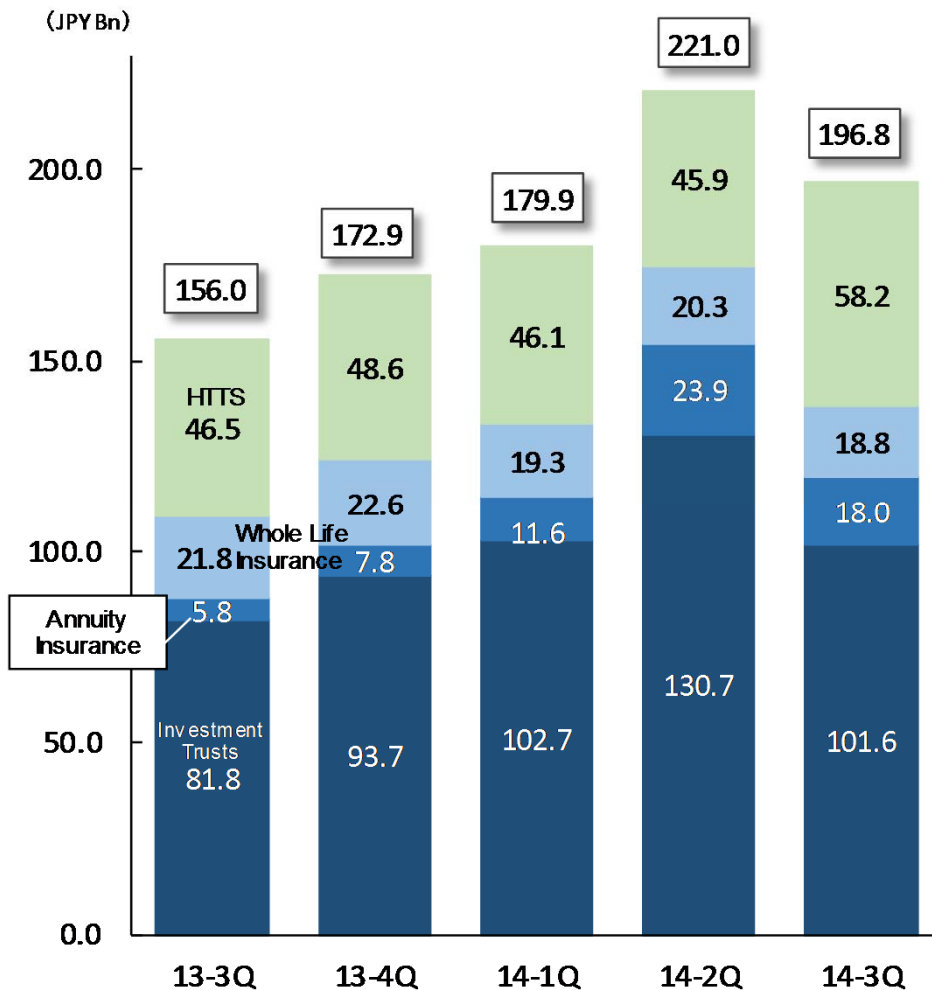
Equity Securities Held for Customer Relationships



7. Investment Products for individuals (Bank + Hamagin Tokai Tokyo Securities (“HTTS” ’ as follows))

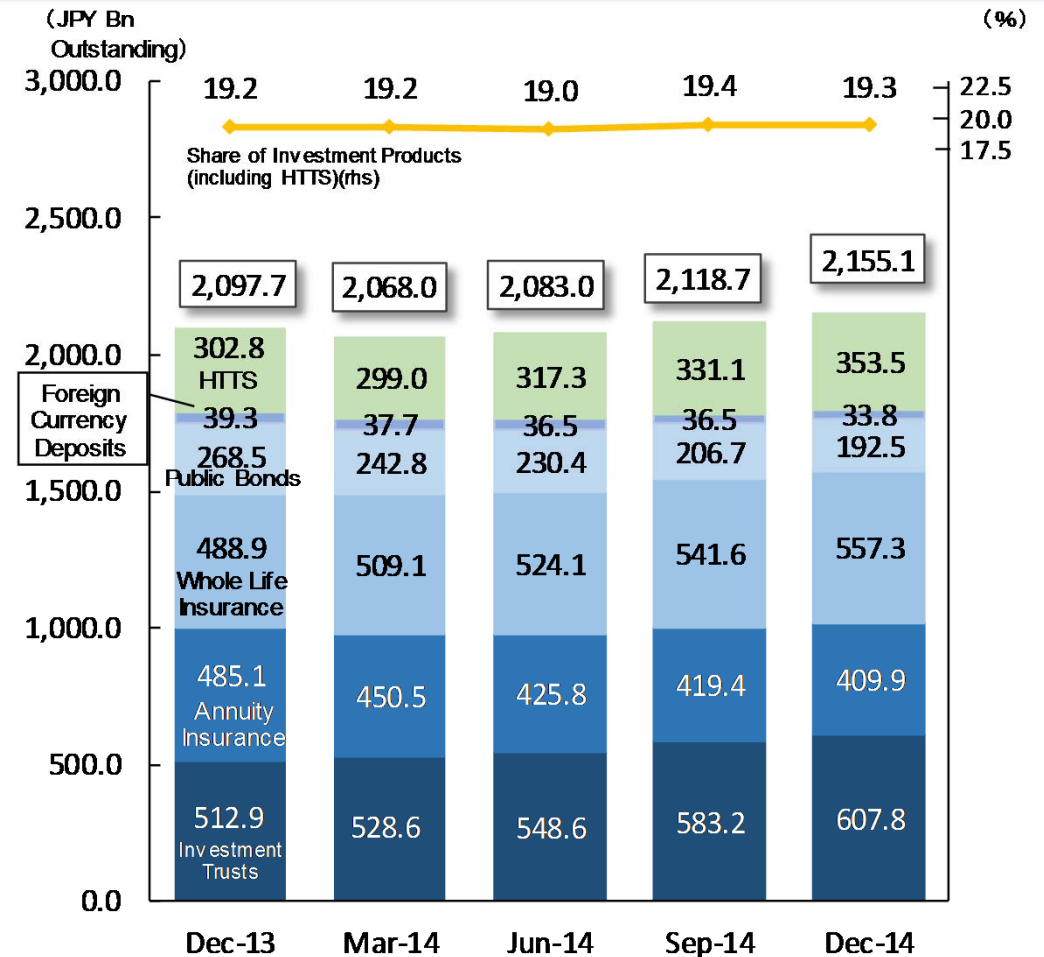
- Sales amount of investment trusts and insurance products of FY14-3Q: Increased by **JPY40.8 Bn (Up 26.1%)** from FY13-3Q
- The balance of Investment products for individuals as of Dec-14: Increased by **JPY57.4 Bn (Up 2.7%)** from Dec-13

Sales Amount of Investment Trusts & Insurance



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

Balance of Investment Products (for Individuals)



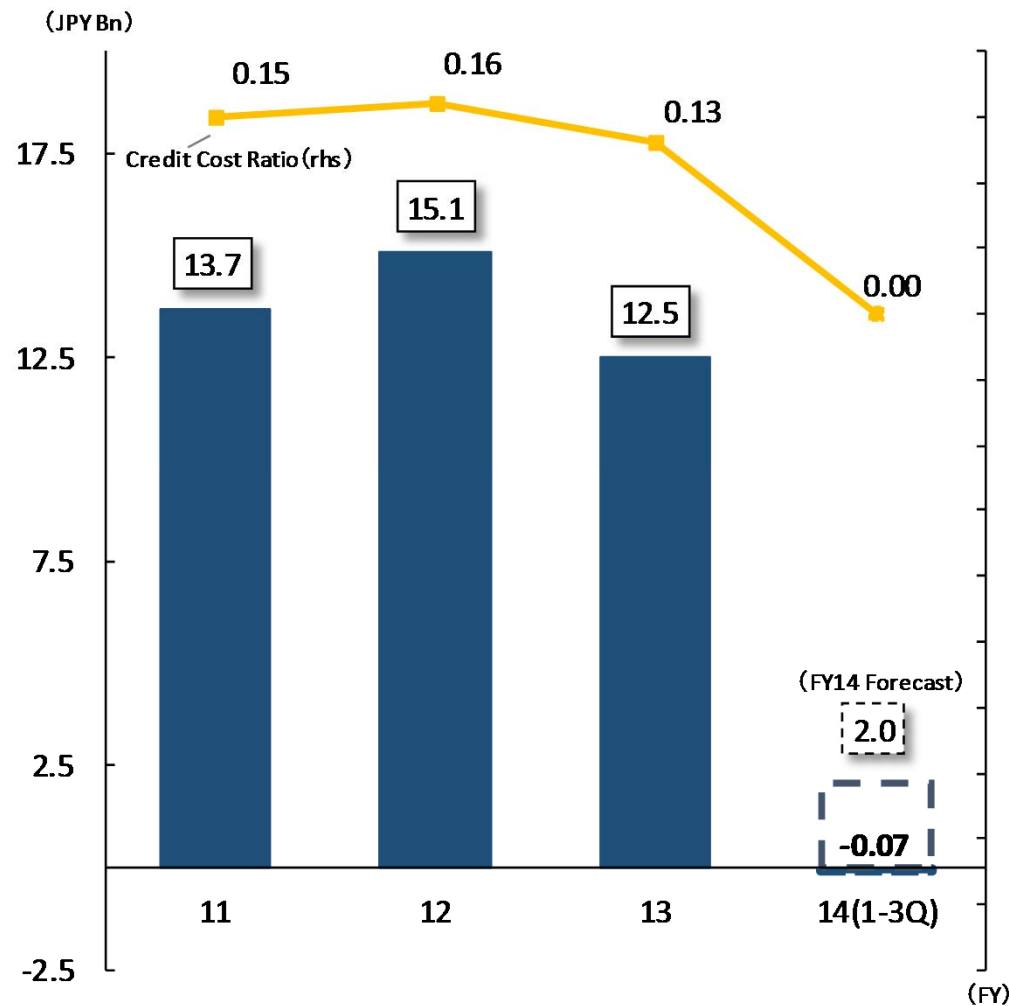
(Note 1) The balance of HTTS represents the balance of stocks, bonds, investment trusts, annuity insurance, foreign bonds, and structured bonds.

(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)

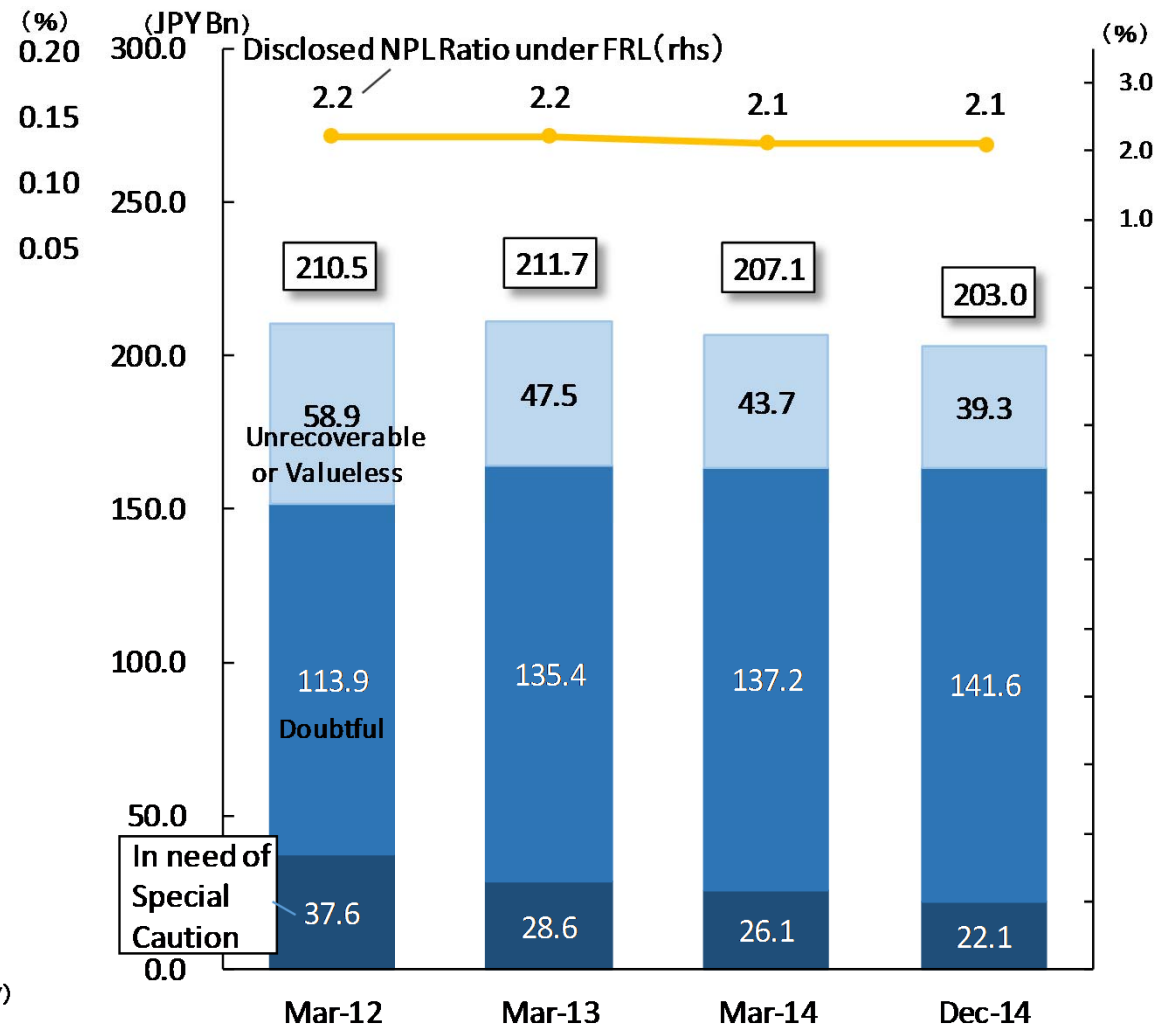
8. Credit Costs & Balance of FRL disclosed claims

- FY14-3Q Credit Costs: Amounted to **negative JPY0.7 Bn** (Decreased by **JPY7.0 Bn** from FY13-3Q)
- Non-Performing Loans (NPL) Ratio under Financial Revitalization Law (FRL) of Dec-14: Decreased to **2.0%** (Down **0.1% point**), remaining low and stable

Credit Costs



Disclosed NPLs under FRL



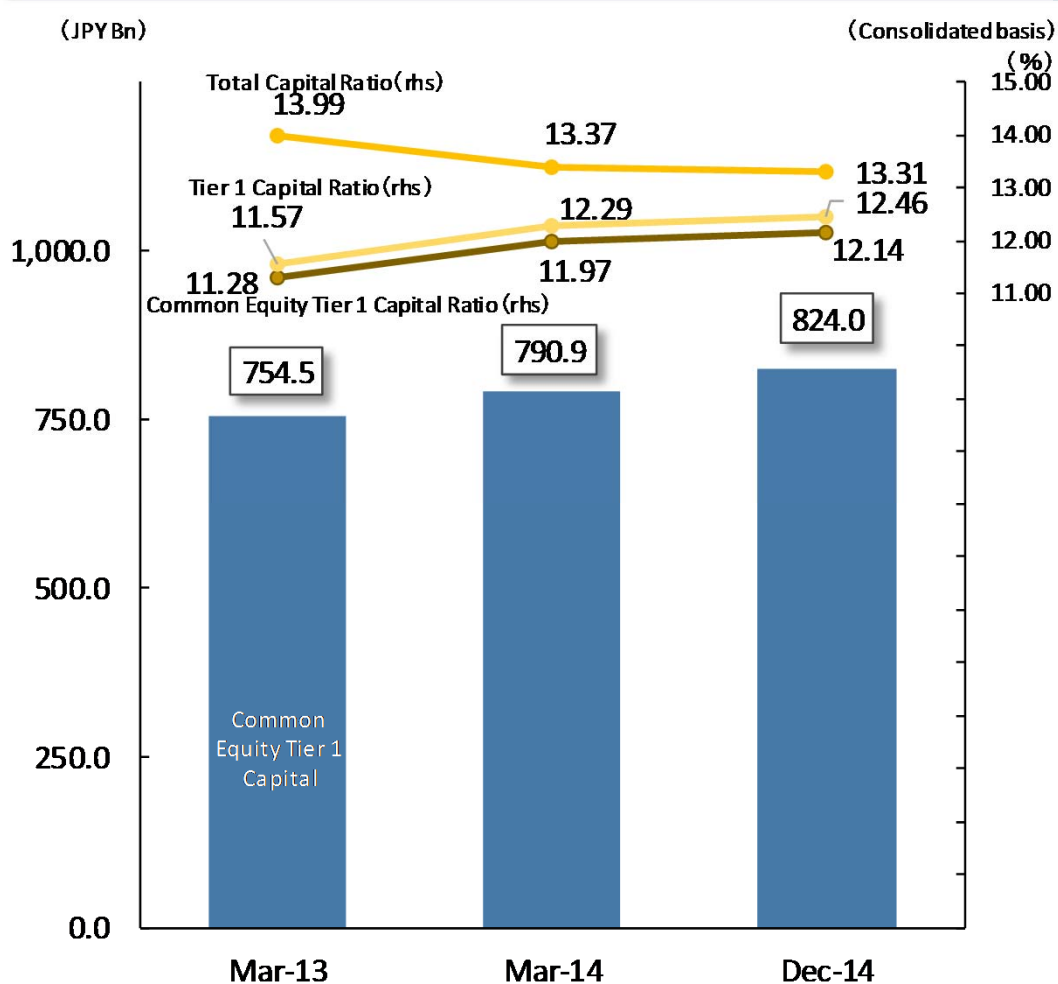
(Note 1) Credit cost ratio = Credit costs ÷ Average balance of loans

(Note 2) Credit cost ratio for FY14(1-3Q) is an annualized figure.

9. Capital Adequacy & Shareholder Return

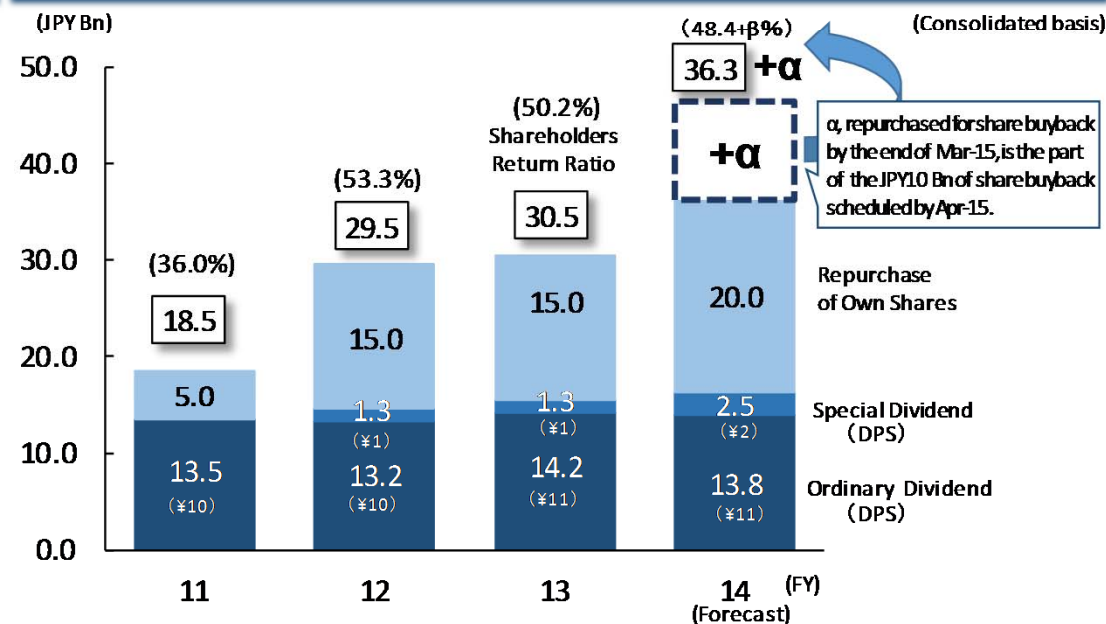
- Common Equity Tier 1 capital ratio (Consolidated): Continually maintained at the sufficient level, 12.14% as of Dec-14.
- Share Buyback: Repurchased own shares of JPY20.0 Bn. (In addition, decided to repurchase own shares of JPY10.0 Bn in Feb-15.)
- Dividend: Special dividend of JPY2 per share in addition to ordinary dividend of JPY11.

Common Equity Tier 1 Capital



(Note) Transition basis. Common Equity Tier 1 capital ratio on the full adoption basis (Dec-14) is 12.80%.

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 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.

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