



Bank of Yokohama

Information Meeting

~ Interim Financial Results for FY2008 ~

November 25, 2008

The Bank of Yokohama, Ltd.



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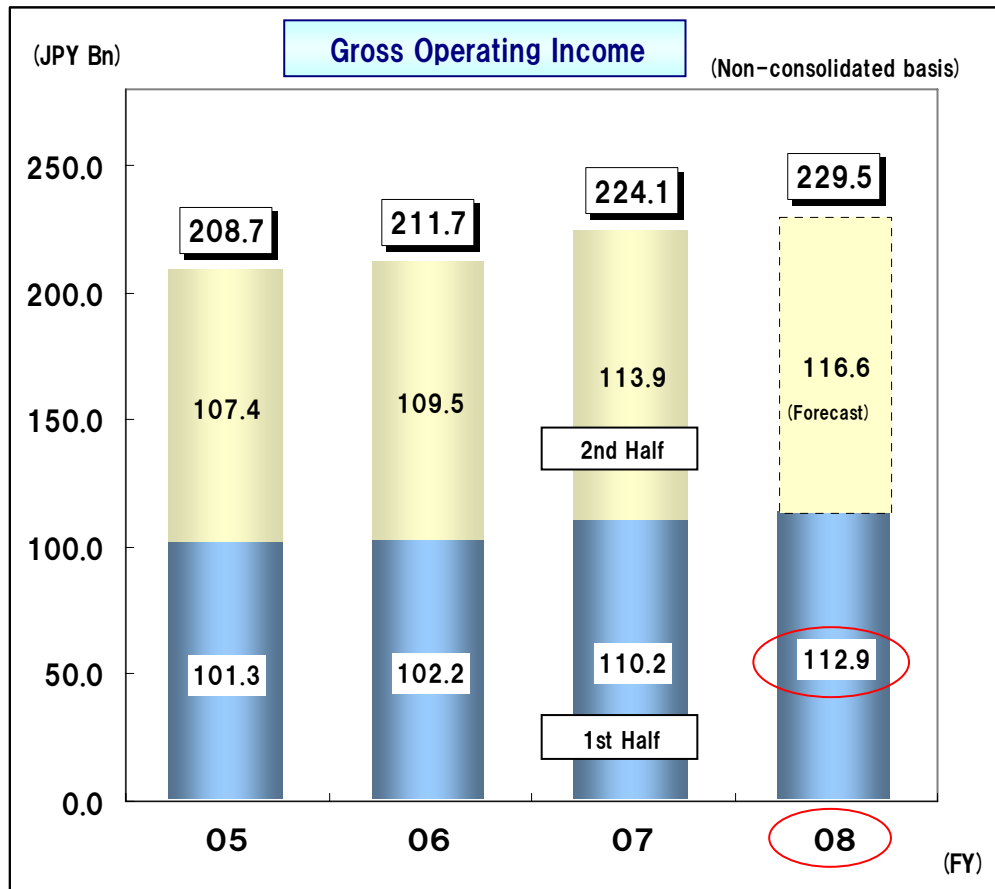
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1. Operating Performance

1. Operating Performance

(1) Gross Operating Income

- FY08 1st Half: Gross Operating Income increased by **JPY2.7Bn (+2.4%)** to **JPY112.9Bn** from FY07 1st Half.
- “Core Base” Income (Domestic interest Income + Fees & Commissions) increased by **JPY3.3Bn (+3.1%)** to **JPY109.4Bn** from FY07 1st Half.
- FY08 Forecast: **JPY229.5Bn** (up **JPY5.4Bn, +2.4%** from FY07).



Comparison from FY07 1st Half

(JPY Bn)

	FY07 1st (actual)	FY08 1st (actual)	change
Gross Operating Income	110.2	112.9	+2.7
Domestic GOI	108.2	110.7	+2.5
Interest Income①	87.9	92.8	+4.9 A
Fees & Commissions②	18.1	16.5	-1.6 B
Trading Profits	0.5	0.4	-0.1
Other Operating Income	1.5	0.9	-0.6
GOI from Int'l Operations	2.0	2.1	+0.1
Core Base GOI①+②	106.1	109.4	+3.3

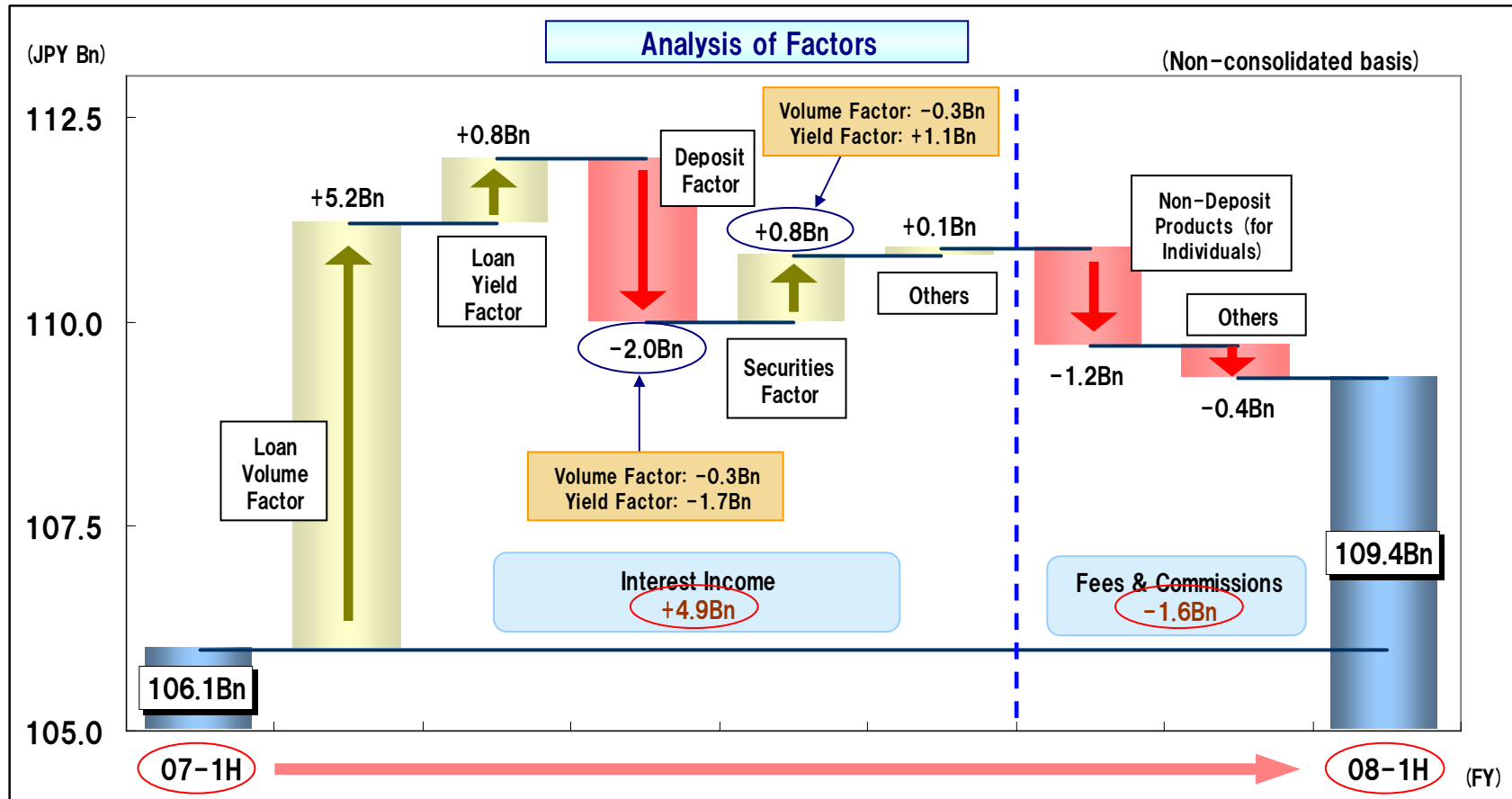
Factors behind the change:

- A Increase in loan volume (mainly loans to individuals)
- B Decrease in the sales of Investment Trusts

1. Operating Performance

(2) Factor Analysis

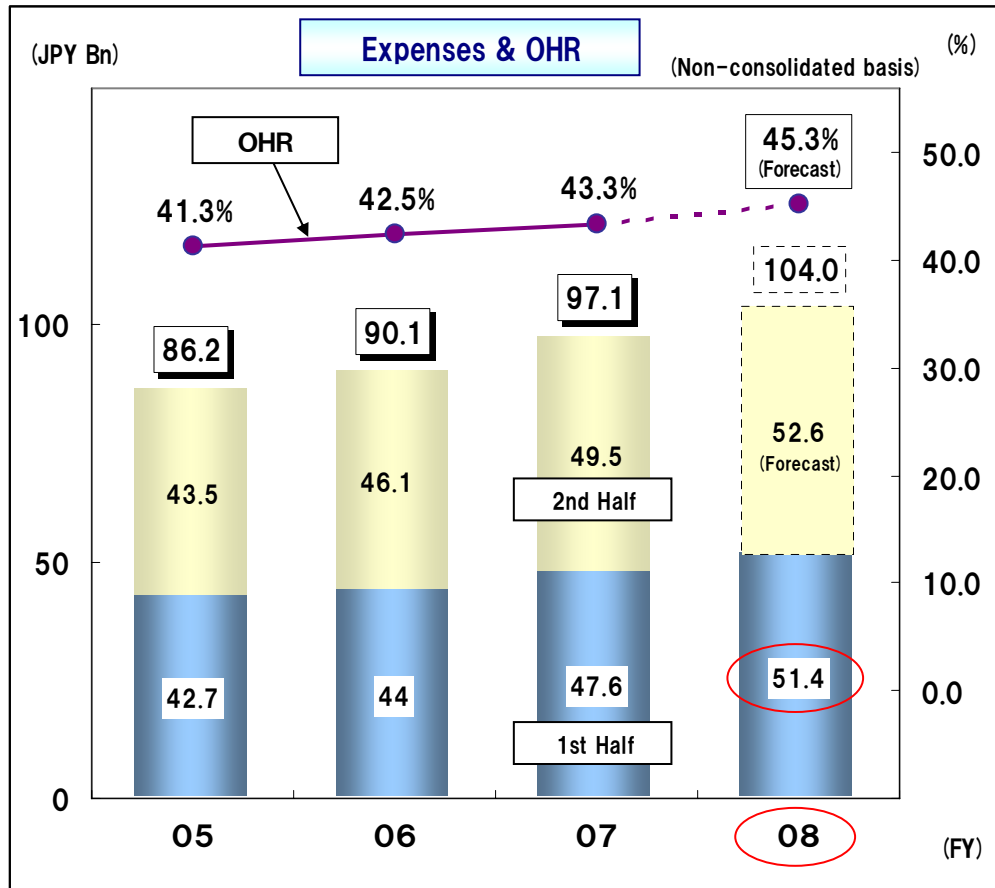
- Interest Income increased by **JPY4.9Bn**, from FY07 1st Half, due mainly to increase in loan volume.
- Fees and commissions income declined by **JPY1.6Bn**, from FY07 1st Half, due to a drop in Non-Deposit Products amid the deteriorated market environment.



1. Operating Performance

(3) Expenses & OHR

- FY08 1st Half: Expenses were **JPY51.4Bn** (+JPY3.8Bn, +7.9% from FY07 1st Half). OHR was **45.5%**.
- FY08 Forecast: **JPY104.0Bn** (+JPY6.9Bn or +7.1% from FY07).
- Both Personnel & Non-Personnel investments are to increase as the Mid-Term Management Plan progresses, but OHR will remain within **mid-40% range**.



Comparison from FY07 1st Half

	(JPY Bn)		
	FY07 1st (actual)	FY08 1st (actual)	change
Expenses	47.6	51.4	+3.8
Personnel	17.9	19.4	+1.5 A
Non-Personnel	26.4	28.6	+2.2 B
Tax	3.2	3.3	+0.1
OHR (%)	43.2	45.5	+2.3

Factors behind the change:

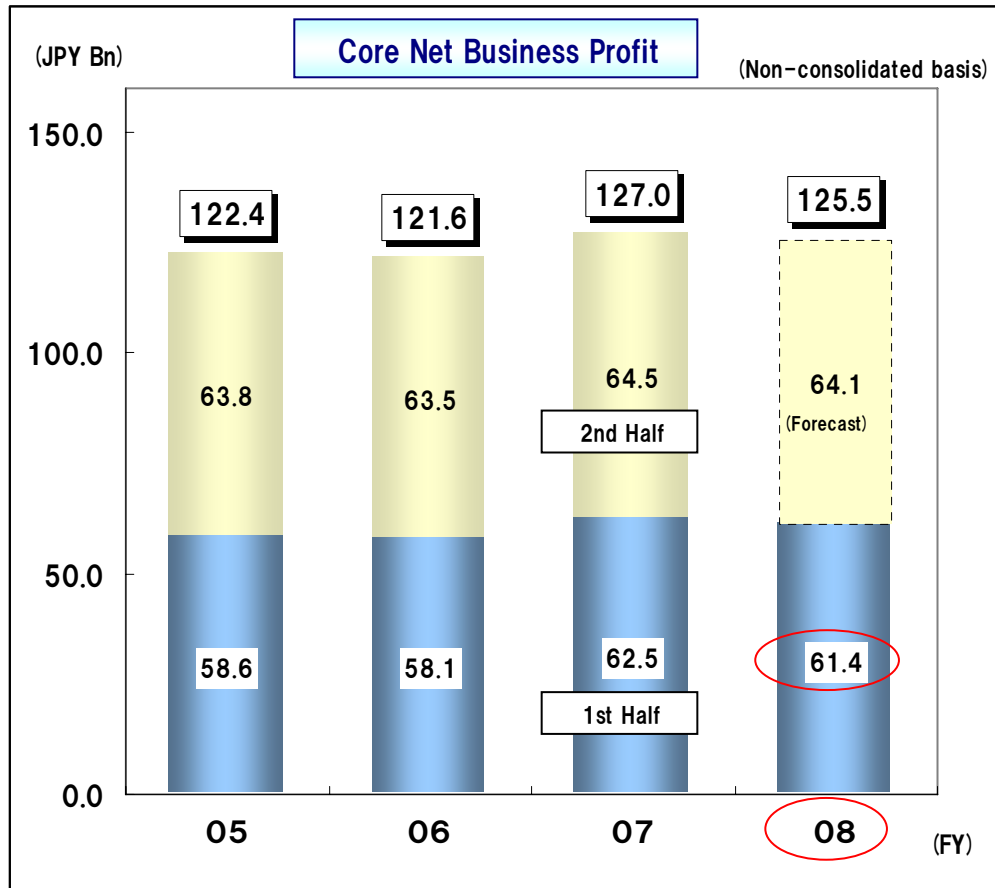
A Increase in the # of personnel etc.

B Increase in IT related investments, and Brand Strategies etc executed after FY07.

1. Operating Performance

(4) Core Net Business Profits

- FY08 1st Half: Core Net Business Profit decreased by **JPY1.1Bn (-1.7%)** from FY07 1st Half to **JPY61.4Bn**.
- FY08 Forecast: **Down JPY1.5Bn (-1.1%)** from FY07 to **JPY125.5Bn**.



Comparison from FY07 1st Half

	(JPY Bn)		
	FY07 1st (actual)	FY08 1st (actual)	change
Core Net Business Profit (Non-consolidated)	62.5	61.4	-1.1
ROE(Core Net Business Profit)	17.52%	17.68%	+0.16%
ROA(Core Net Business Profit)	1.14%	1.08%	-0.06%

Core Net Business Profit (consolidated)	64.4	62.5	-1.9
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Factors behind the change:

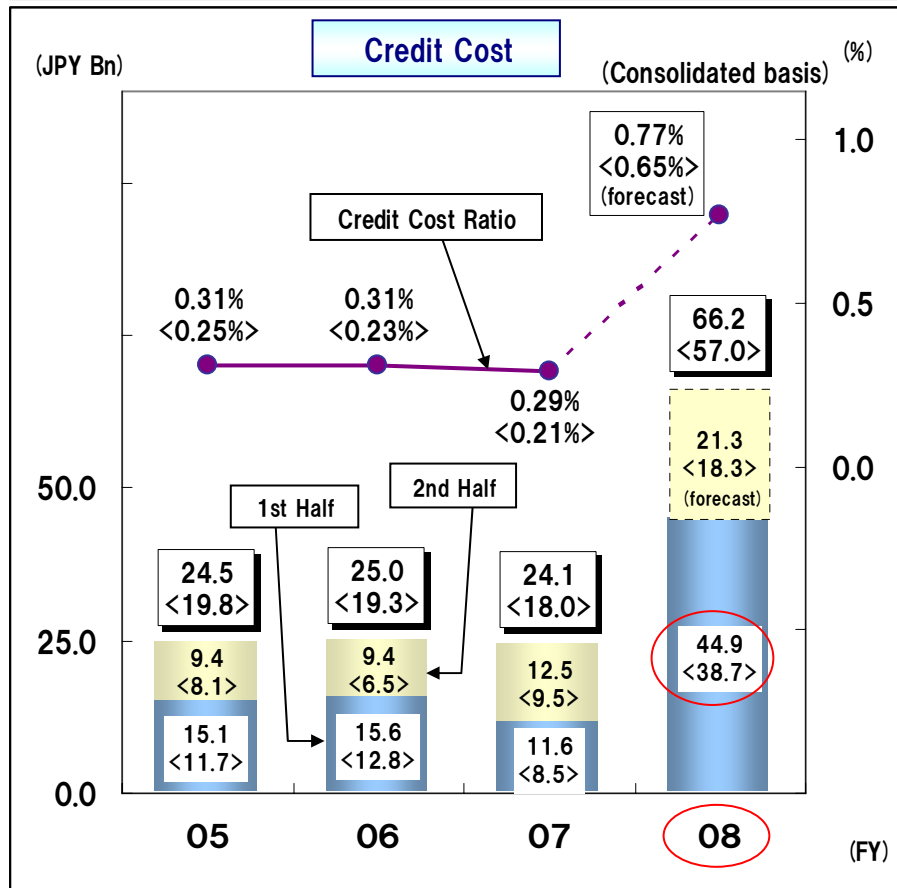
Increase in Gross Operating Income +JPY2.7Bn
Increase in Expenses - JPY3.8Bn

(Note) ROE = ((Core Net Business Profit) × 2) ÷ Net Asset (Average, excluding subscription rights to share)
 ROA = ((Core Net Business Profit) × 2) ÷ Total Assets (Average, excluding customers' liabilities for acceptances & guarantees)

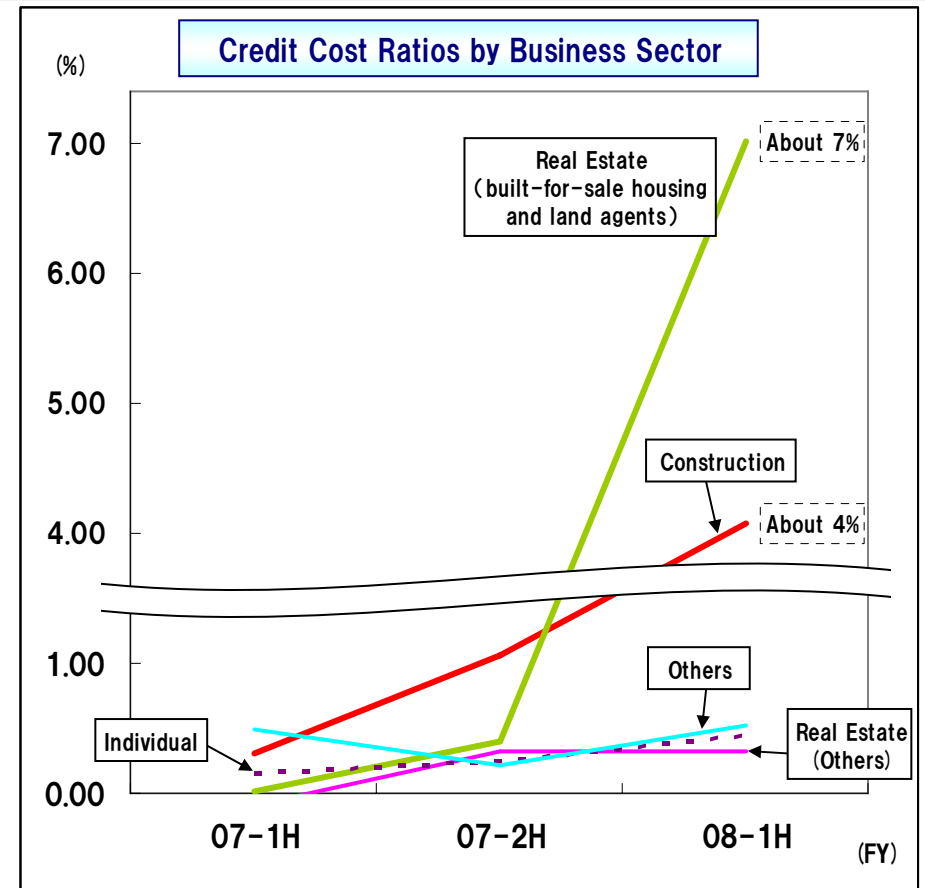
1. Operating Performance

(5) Problem Claims ~ (PART 1) Credit Cost

- FY08 1st Half: Credit Costs (consolidated basis) increased by **JPY33.3Bn (+287.0%)** from FY07 1st Half to **JPY44.9Bn**.
- FY08 2nd Half Forecast: **JPY21.3Bn (-52.5%)** from FY08 1st Half.
- Credit cost ratios by business sector saw sharp rises in built-for-sale housing and land agents (real estate) and construction companies. Other sectors and individual customers remained unchanged.



(Note1) Figures in angle brackets represent the values on a non-consolidated basis.
 (Note2) Credit Costs = Disposal of bad debts + Transfer to Allowance for possible loan losses
 (Note3) Credit cost ratio = Credit cost ÷ Average balances of loan and lease
 ※Average balances of loan and lease (consolidated basis): ((balances (beginning of period) + balances (end of period)) ÷ 2)

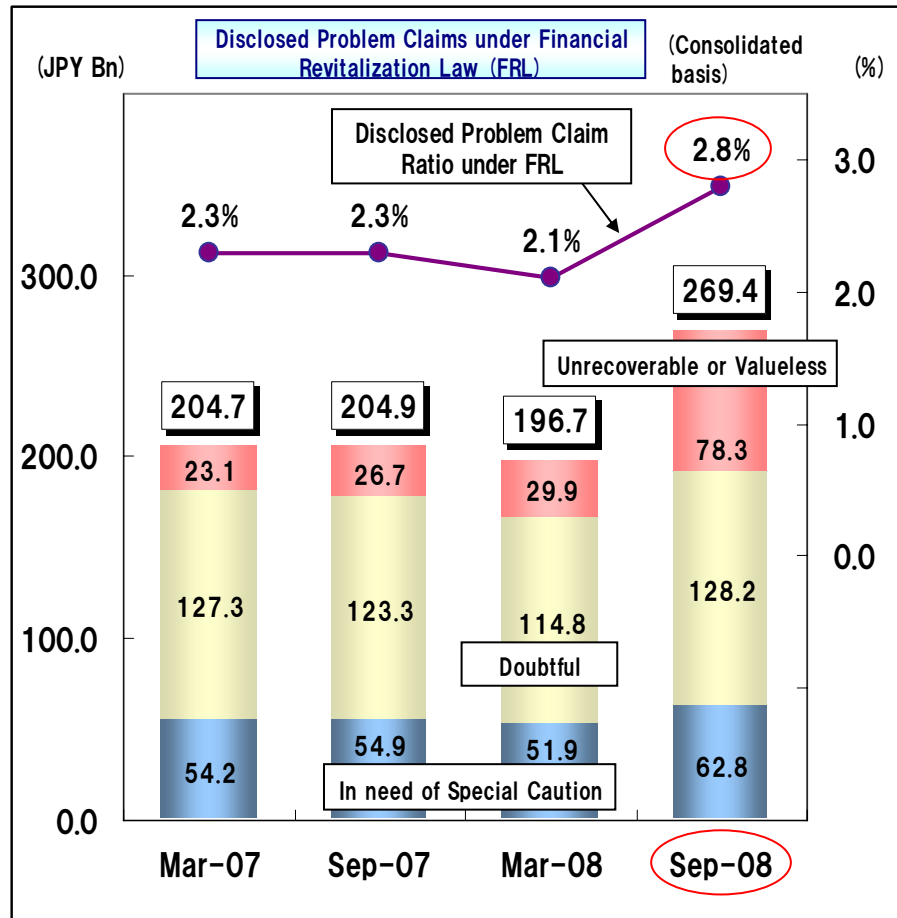


(Note1) Credit cost ratio is annualized by multiplying credit cost for six months by 2.
 (Note2) Allowances for possible loan losses are distributed proportionally to the loans outstanding.
 (Note3) Loans to individuals include credit cost incurred by the Group guaranty companies.

1. Operating Performance

(5) Problem Claims ~ (PART 2) Disclosed Problem Claim under FRL

- Sep-08: Problem Claims (consolidated basis) increased by **JPY72.7Bn(+36.9%)** from the end of Mar-08 to **JPY269.4Bn**. Problem Claims Ratio rose to **2.8%**.
- Problem claims by business sector increased remarkably in Real Estate and Construction sector.



Comparison from Mar-08

(JPY Bn)

	Mar-08 (actual)	Sep-08 (actual)	change
Disclosed Problem Claims (consolidated)	196.7	269.4	+72.7
Disclosed Problem Claims (Non-Consolidated)	191.3	263.7	+72.4
Manufacturing	22.7	19.7	-3.0
Construction	14.2	21.6	+7.4
Wholesale and Retail	21.7	25.5	+3.8
Real Estate	47.0	99.1	+52.1
Services	34.9	40.1	+5.2
Others(Individuals)	50.4	57.4	+7.0
Disclosed Problem Claims (Subsidiaries)	5.4	5.7	+0.3

1. Operating Performance

(5) Problem Claims ~ (PART 3) Loans to Real Estate Sector

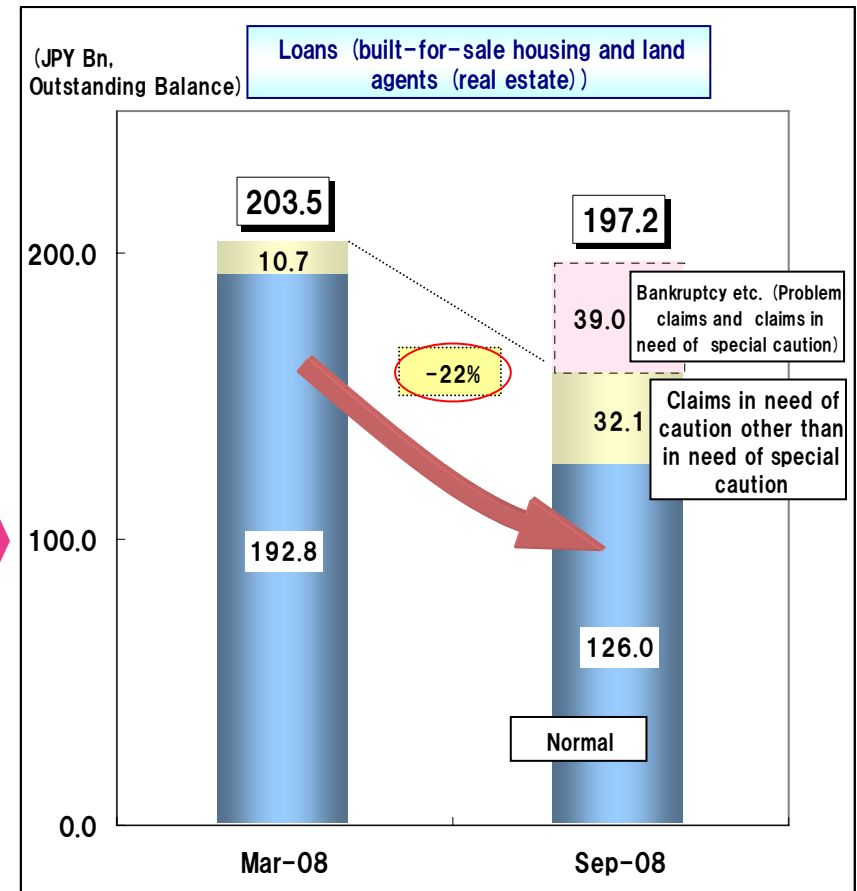
- Built-for-sale housing and land agents account for over 60% of all claims to the bankrupt companies in FY08 1st Half .
- A remarkable portion of such bankruptcy consists of “large-scale customers with rapid growth of sales.”
- “Normal” & “Claims in need of caution other than in need of special caution” as of Sep-08 reduced by 22% from Mar-08 due to new bankruptcies and application of stricter classification of debtors.

Breakdown of loans to real estate sector (Sep-08)

(JPY Bn)

	Loans	Out of which, loans more than JPY1Bn	
		volume	# of bankrupt companies / # of borrowers
Lease and maintenance business of real property	381.5	150.3	0/66
Real estate dealing business	491.9	348.2	9/101
Real estate agency business	22.1	5.5	0/3
Built-for-sale housing and land agency business	469.7	342.7	9/98
Out of which, companies with sales growth of 1.5 times in the past 5 years	—	197.2	9/60
Others	58.7	40.6	0/11
Prefectural Housing Corporations	176.9	171.0	0/11
Total	1,109.0	710.4	9/189

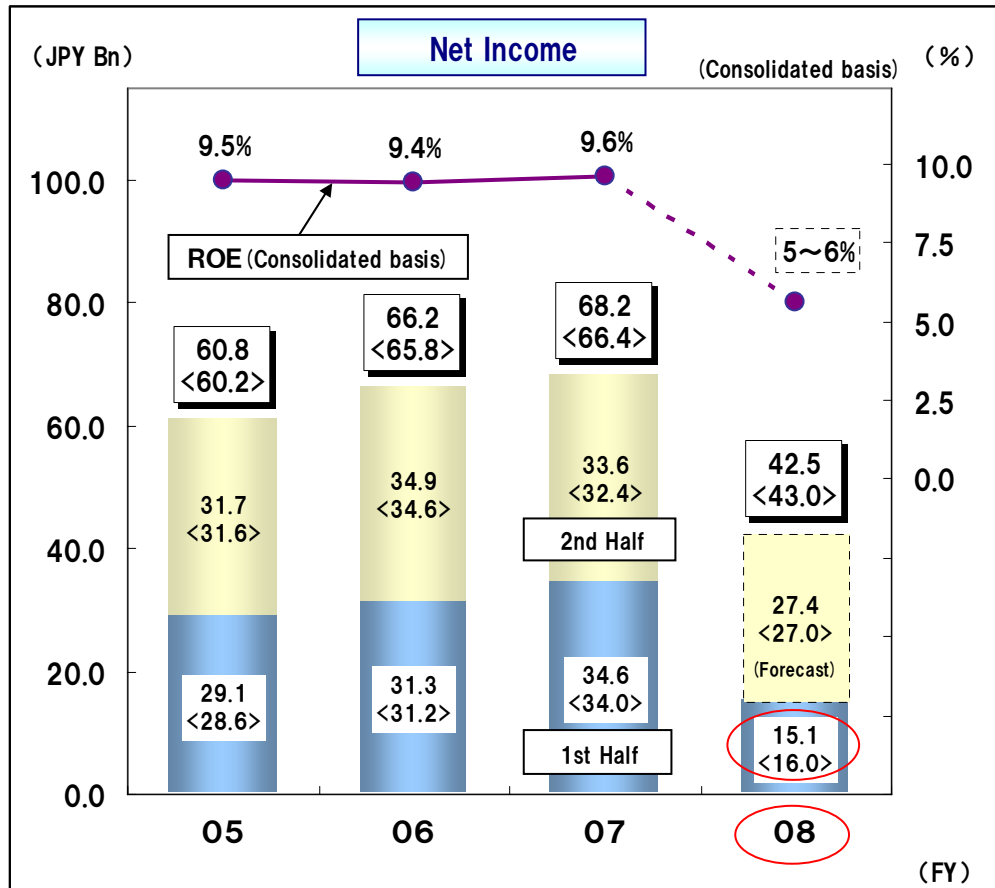
(Note) “# of bankrupt companies” refers to companies that collapsed in the 1st half of FY08.



1. Operating Performance

(6) Net Income

- FY08 1st Half: Interim Net Income (consolidated basis) decreased to **JPY15.1Bn** (-JPY19.5Bn, -56.3% from FY07 1st Half).
- FY08 Forecast: **Down JPY25.7Bn to JPY42.5Bn** (-37.6% from FY07).
- FY08 Forecast: ROE (consolidated basis) decreased to **5% level**.



Comparison from FY07 1st Half

	(JPY Bn)		
	FY07 1st (actual)	FY08 1st (actual)	change
Net Income(consolidated)	34.6	15.1	-19.5
Net Income(Non-Consolidated)	34.0	16.0	-18.0
Net Income(Subsidiaries)	0.6	-0.9	-1.5
ROE (Net Income base, consolidated)	9.7%	4.3%	-5.4%

Factors behind the change:

- Decrease in Core Net Business Profit: -JPY1.8Bn
- Increase in Credit Cost: -JPY33.3Bn
- Increase in Stock related gain etc.: +JPY1.7Bn

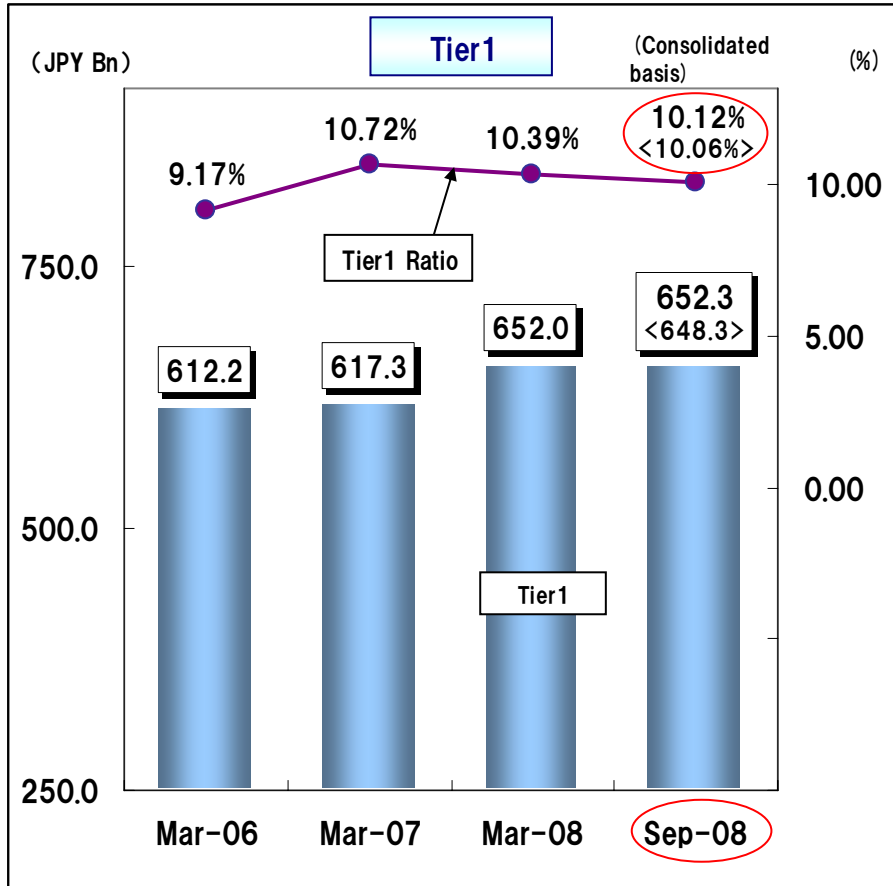
(Note1) Figures in angle brackets represent the values on a non-consolidated basis.

(Note2) ROE = Core Net Business Profit ÷ Net Asset(Average, excluding subscription rights to share)

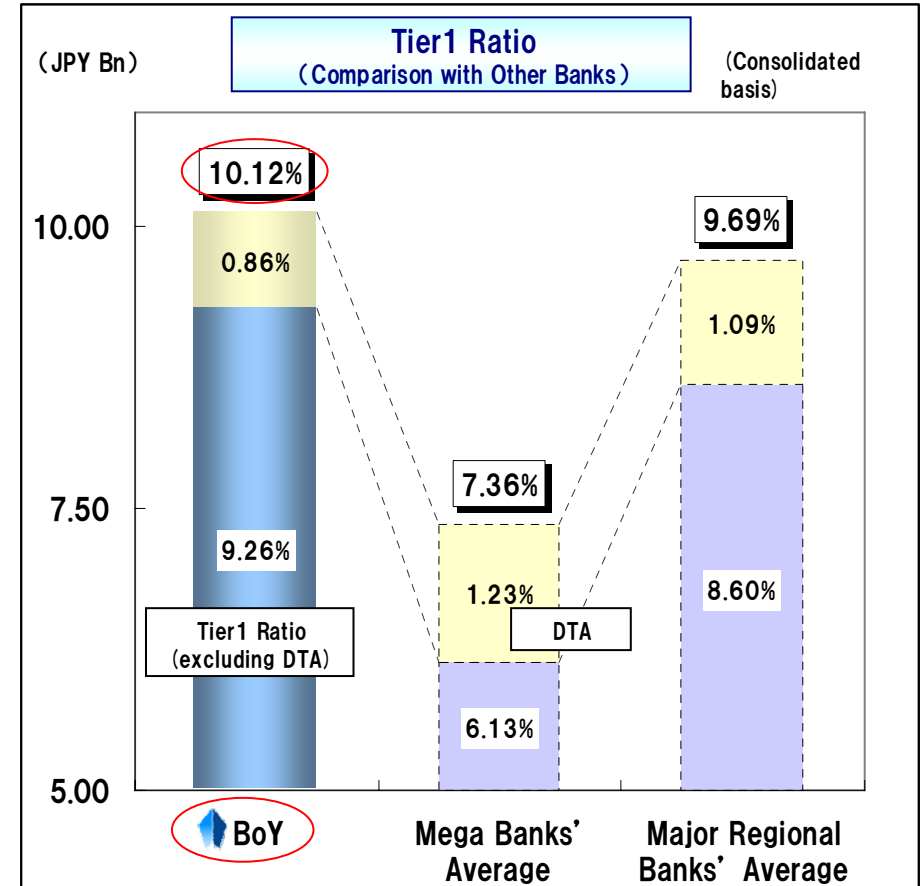
1. Operating Performance

(7) Tier 1 Capital

- FY08 1st Half (consolidated basis): Tier1 Ratio was **10.12%** maintaining sufficient level of over 10%.
- In terms of stability, we established a position superior to the averages of the mega-banks and the major regional banks.



(Note) Figures in angle brackets represent the values before application of the new evaluation standards for floating rate government bonds.

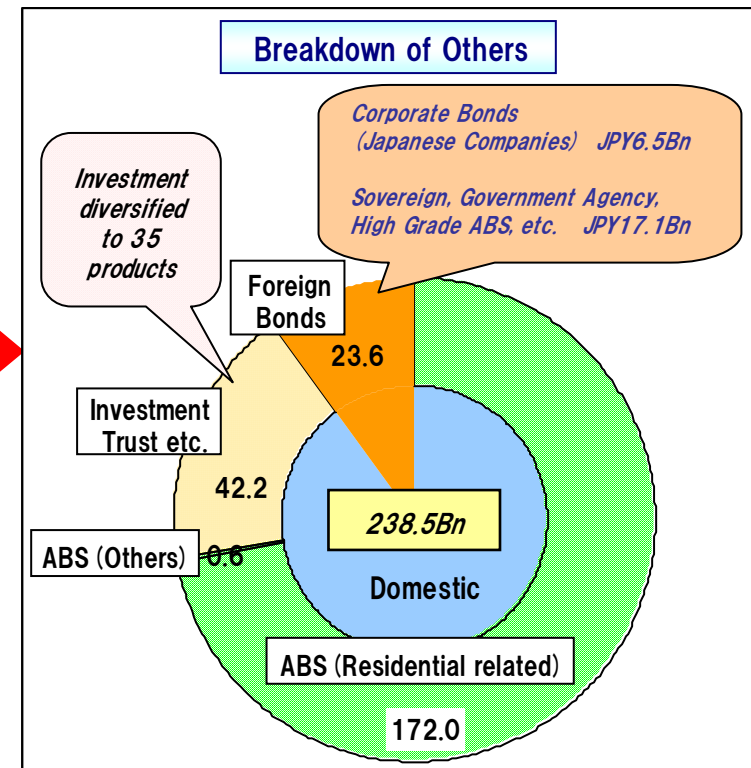
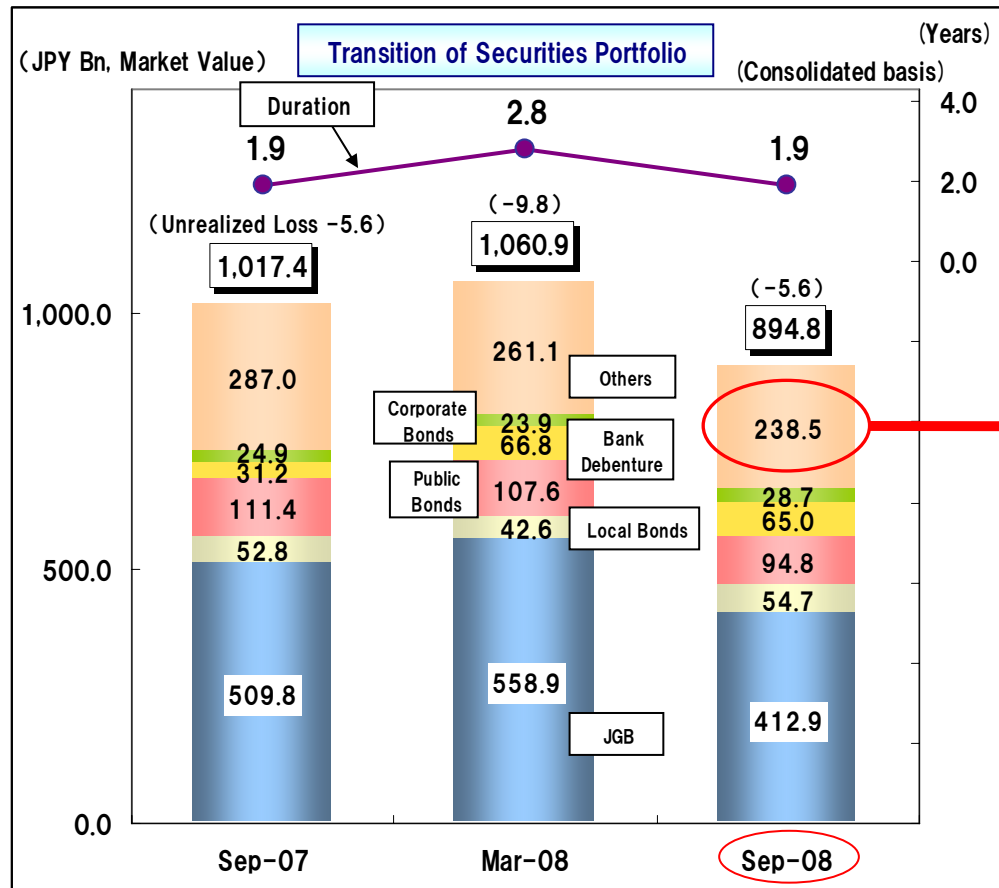


(Note) Mega Banks: Mitsubishi UFJ FG, Sumitomo Mitsui FG, Mizuho FG
Major Regional Banks: 10 largest regional banks in terms of Deposits, excluding BoY

1. Operating Performance

(8) Securities Portfolio

- Established a sound securities portfolio not subject to impacts from interest rate risk and credit risk.
- No assets in the portfolio were involved in the U.S. sub-prime housing loan or Lehman Brothers-related issues etc.



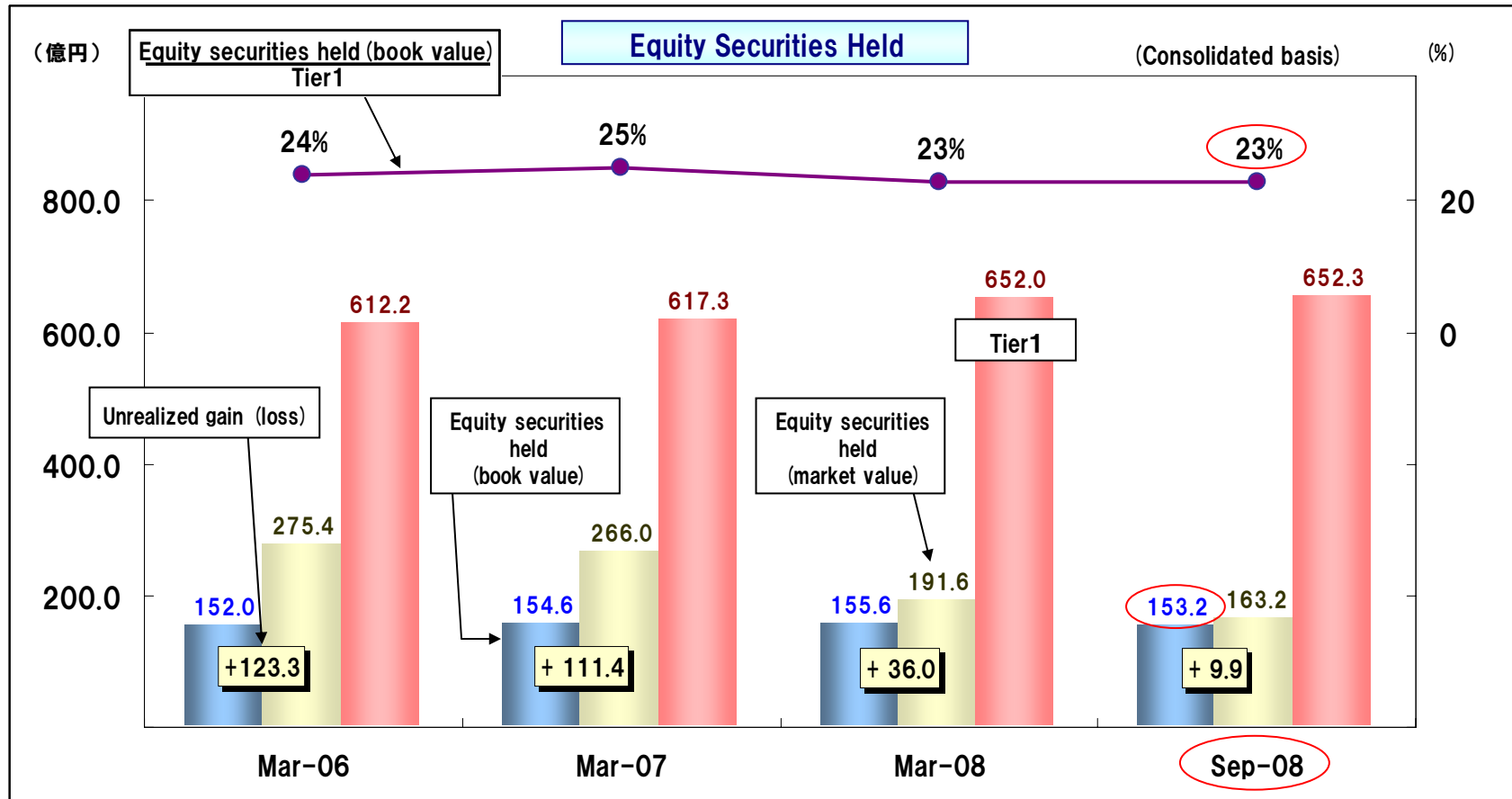
(Note 1) The balance and the unrealized losses covers only available for sale securities with market value, but does not cover stocks.

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

1. Operating Performance

(9) Equity Portfolio

- Equity securities held amounted to a moderate level of approximately **JPY150Bn**.
- Percentage of equity securities held under Assets (Tier1) was as low as **23%**, with a limited price fluctuation risk.

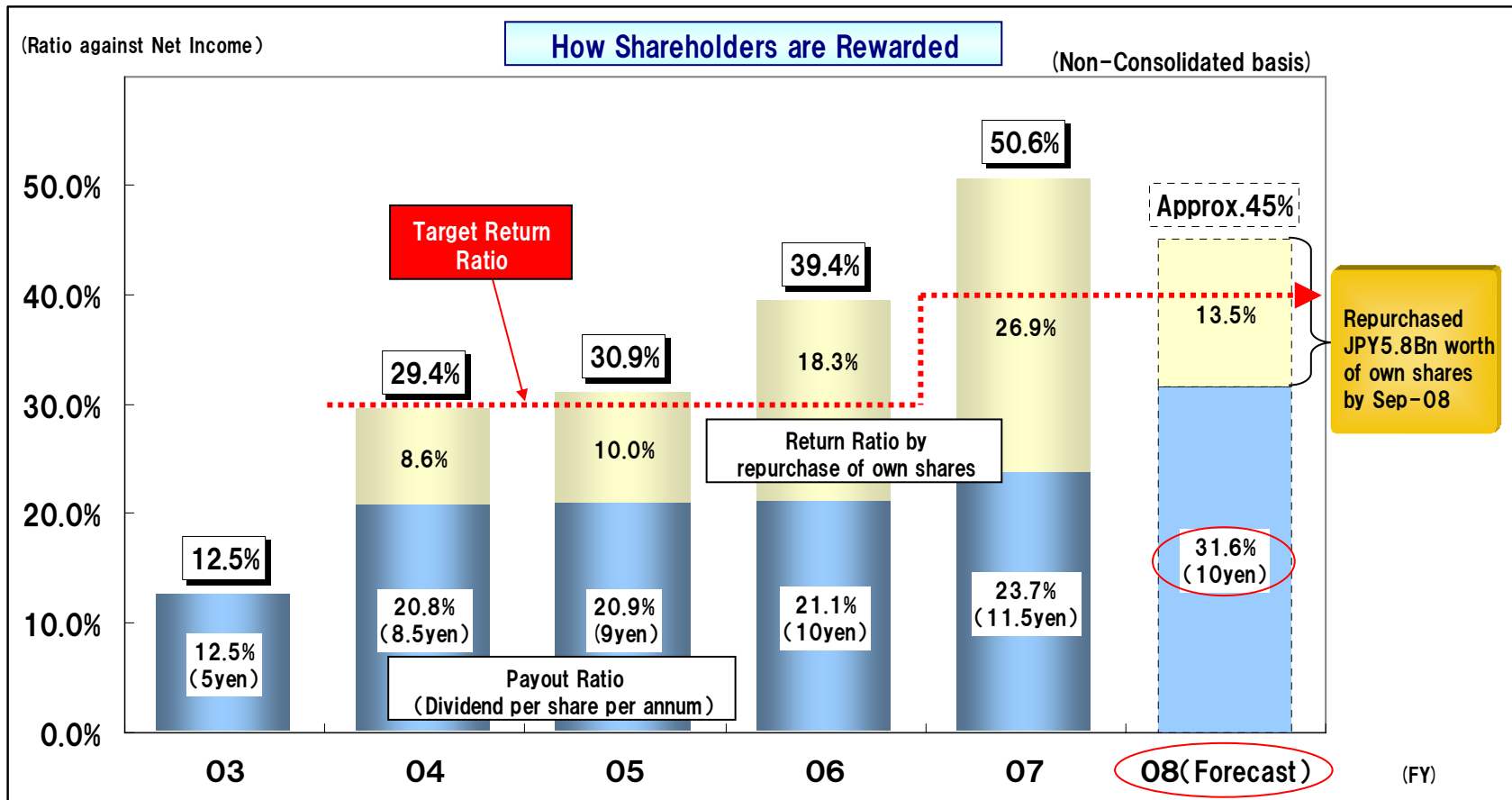


(Note) Equity Securities: Securities with market value

1. Operating Performance

(10) Shareholder Return

- The way dividends are calculated : The way dividends are calculated: ① Ordinary Dividend (stably paid) ⇒ 10 yen per share
② Special Dividend (linked to business results) ⇒ 35% of the amount exceeding JPY60.0Bn in Net Income
→ Annual dividend for FY08 is anticipated to be JPY10, in accordance with the formula above.
- Repurchase of own shares : We repurchased shares JPY5.8Bn for FY08-1st Half. Achieving shareholder return ratio of **over 40%** in FY08.



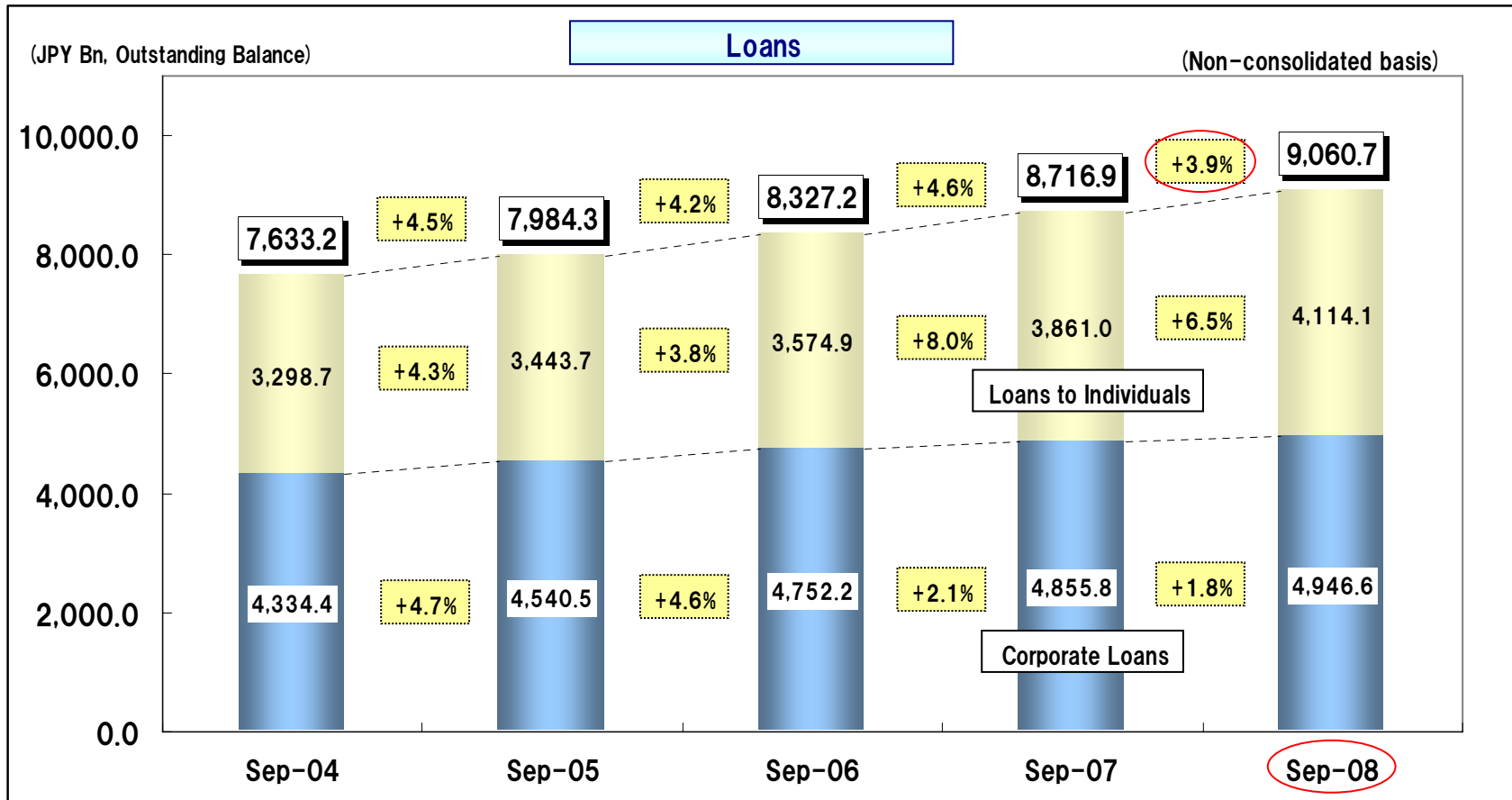
(Note) FY08 Forecast figures are calculated on condition Net Income meet the officially forecasted Net Income for FY08.

2. Business Performance

2. Business Performance

(1) Total loans

- Sep-08: Total loans outstanding grew by **+3.9%**(+JPY343.9Bn) from Sep-07.
- Especially, loans to individuals grew by **6.5%** from Sep-07, leading the high growth in total loans.



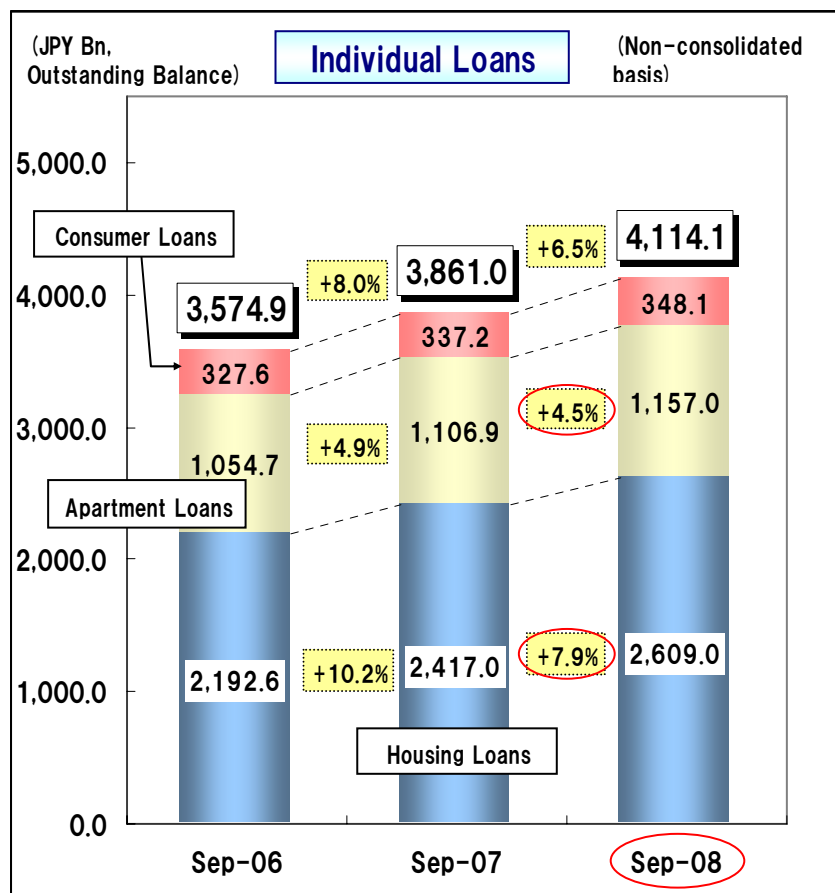
(Note 1) Corporate Loans include loans to public and public related sectors.

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

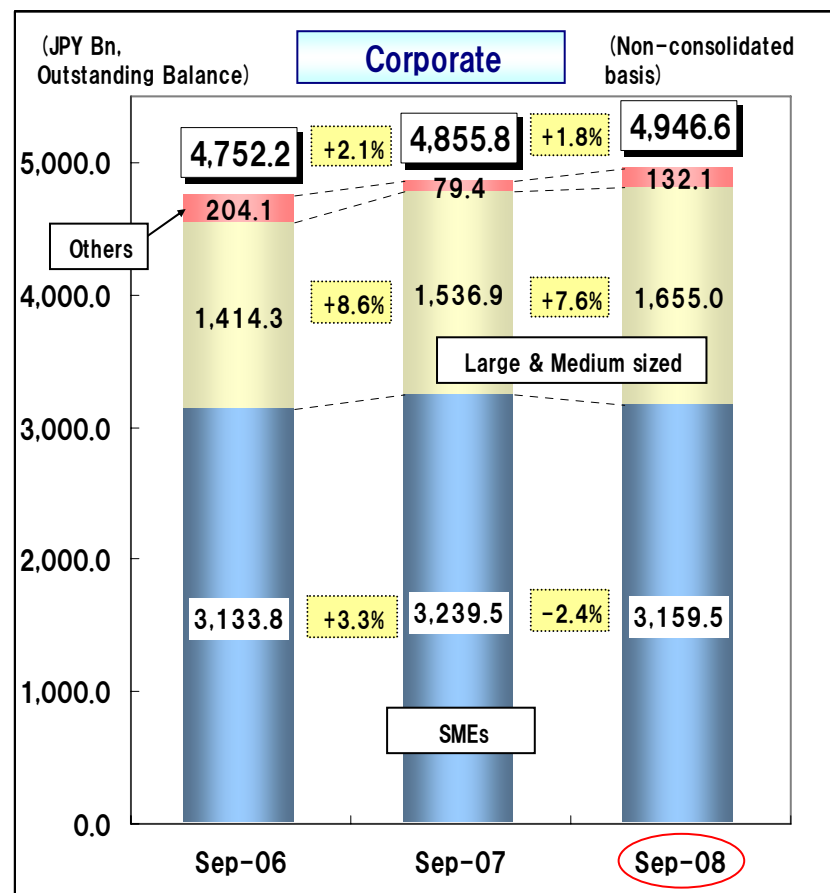
2. Business Performance

(2) Individual Loans & Corporate Loans

- Individual Loans: Housing Loans grew by **7.9%**, Apartment Loans grew by **4.5%** from Sep-07.
- Corporate loans: Total amount maintained on an upward trend despite a decrease in loans for SMEs due mainly to a decline in loans to real estate sector.



(Note) Housing loan includes a portion that has been securitized.
 (Sep-06: JPY194.0Bn, Sep-07: JPY269.1Bn, Sep-08: JPY269.9Bn)

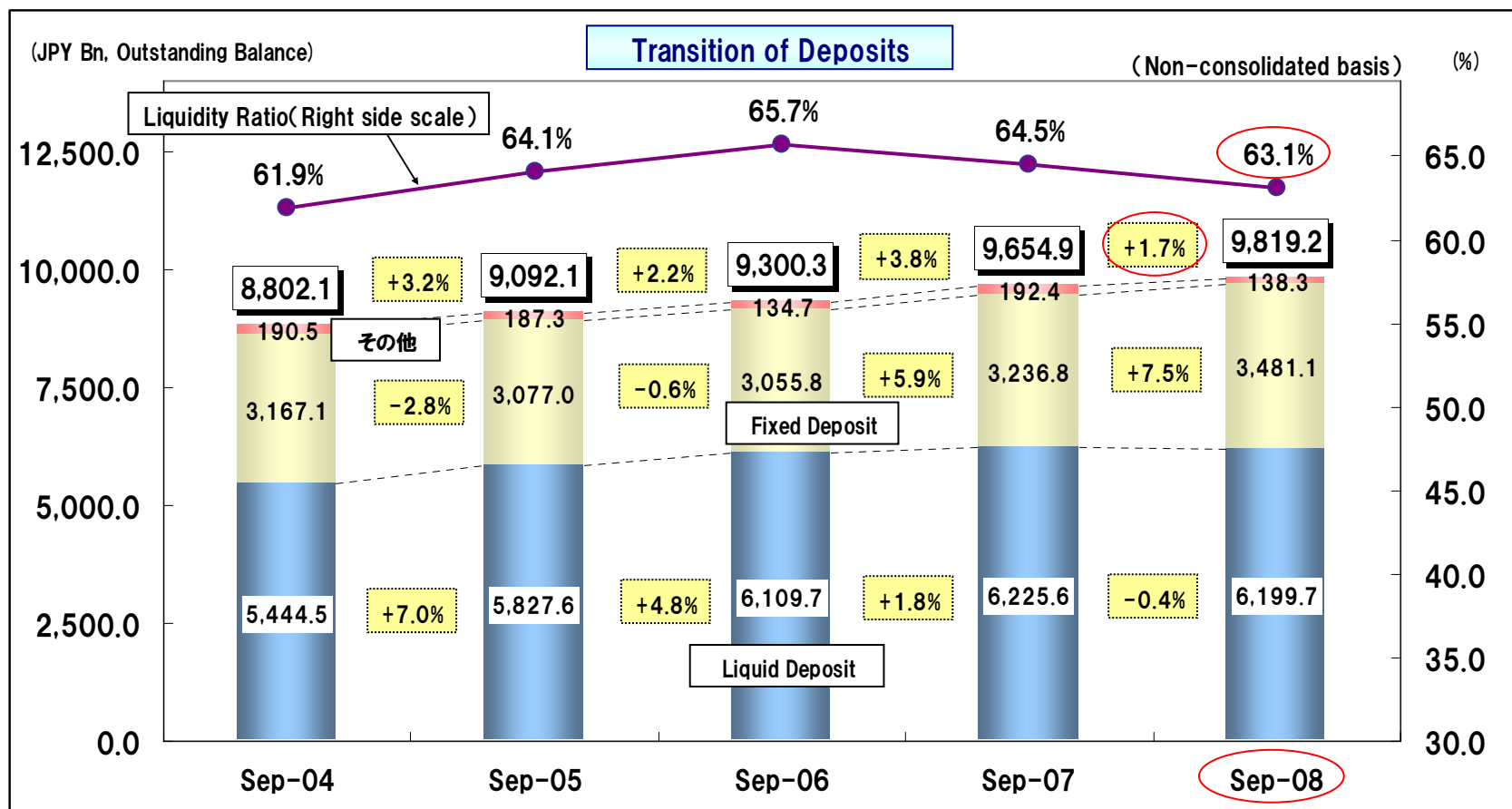


(Note) "Others" include loans to public and public related sectors.

2. Business Performance

(3) Deposits

- Sep-08: Deposits grew by **+1.7%** from Sep-07, maintaining an upward trend.
- Liquidity ratio is **63.1%**, maintaining the highest level among regional banks. (Average **52%**)



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

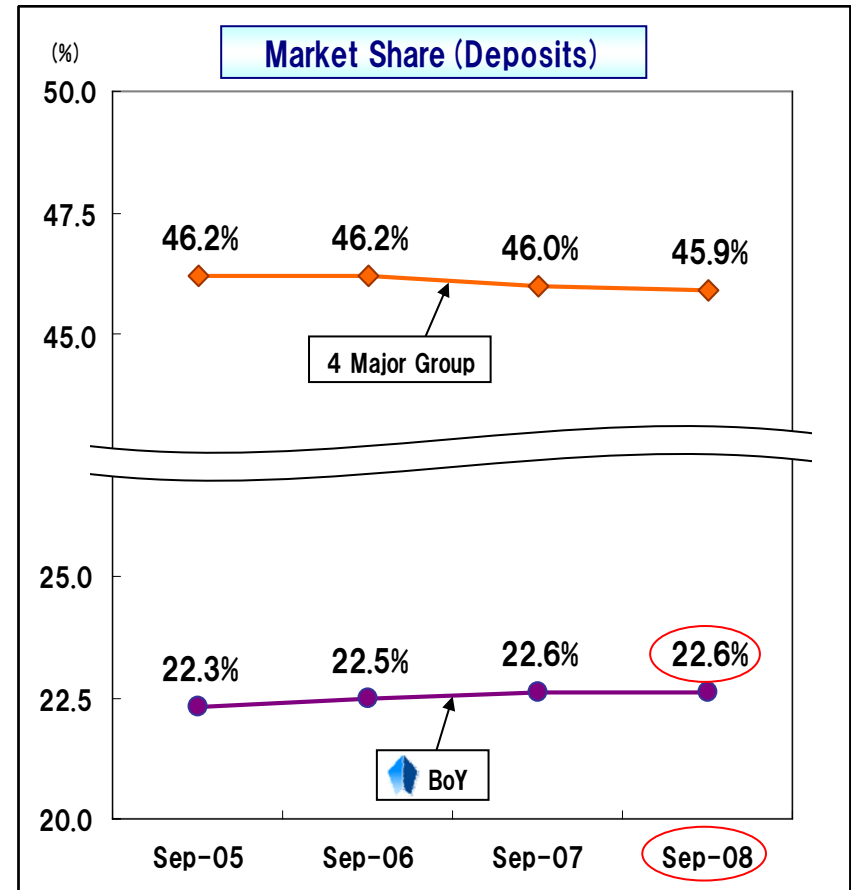
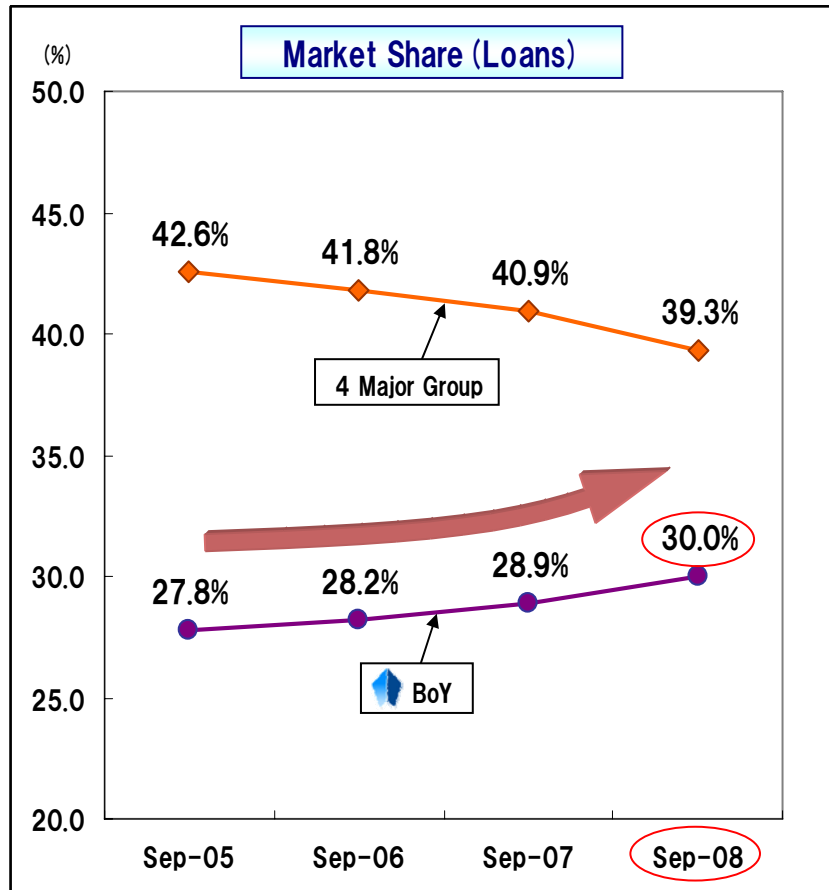
(Note2) Fixed Deposit = time deposit etc.

(Note3) Others = miscellaneous and other deposits.

2. Business Performance

(4) Market Share in Kanagawa Prefecture

- Sep-08: Market share of loans was **30.0%** (+1.1% from Sep-07), and deposit **22.6%** ($\pm 0.0%$ from Sep-07).
- In particular, while the 4 major Groups lost their loan market share, we steadily expanded ours, achieving the goal (market share of 30% and over) set in the Mid-Term Management plan.



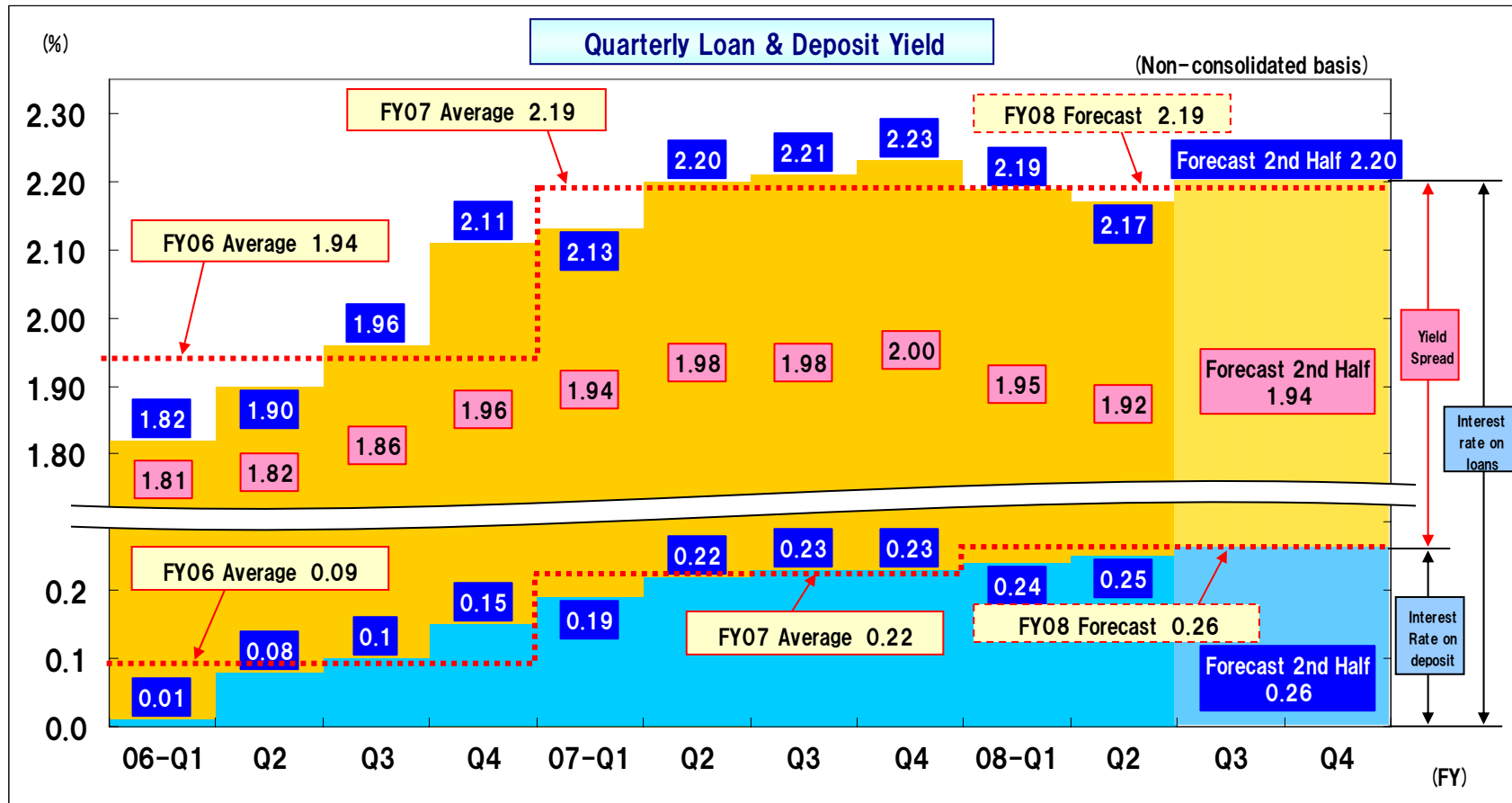
(Note1) Market share above does not include Japan Post, Credit Unions & JA. (Bank estimates)

(Note2) 4 Major Group: Mitsubishi UFJ FG, Sumitomo Mitsui FG, Mizuho FG, Risona HD

2. Business Performance

(5) Loan & Deposit Yield (Domestic Operations)

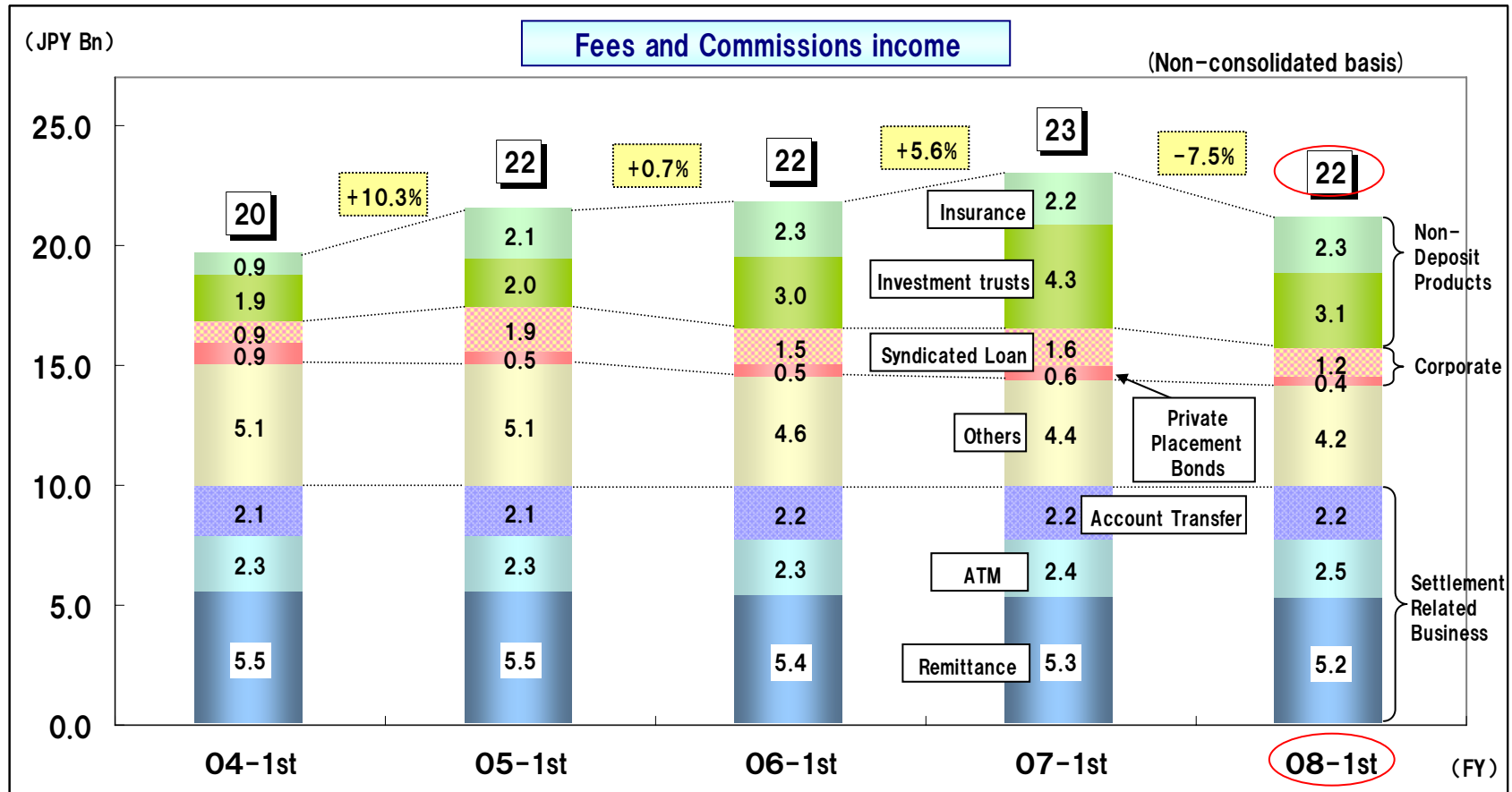
- FY08 1st Half : Loan yield declined to **2.17%** in FY08-Q2, and Yield spread shrunk to **1.92%**.
- FY07 2nd Half Forecast: Yield Spread is expected to widen to **1.94%**,



2. Business Performance

(6) Fees & Commissions Income (Domestic Operations)

- FY08 1st Half: Fees & Commissions Income decreased by **JPY1.8Bn (-7.5%)** from FY07 1st Half.
- The main negative factor is a decrease in sales of Investment Trusts due to deterioration of the market environment.

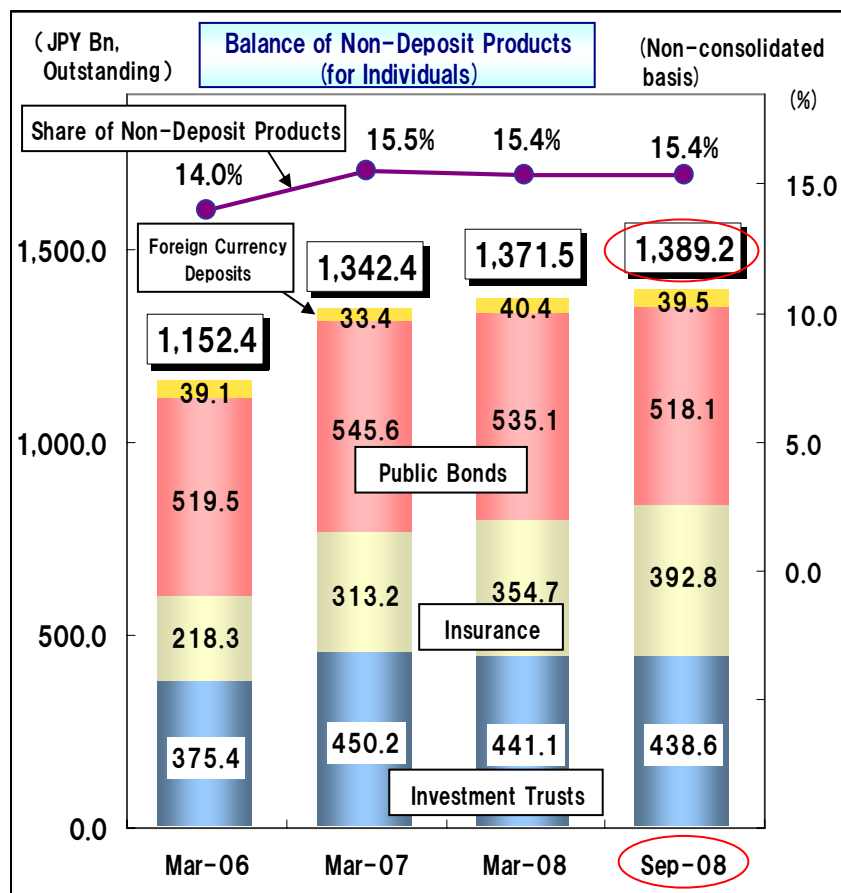


(Note) Fees & Commissions income represents gross income before subtracting Fees & Commissions expenses.

2. Business Performance

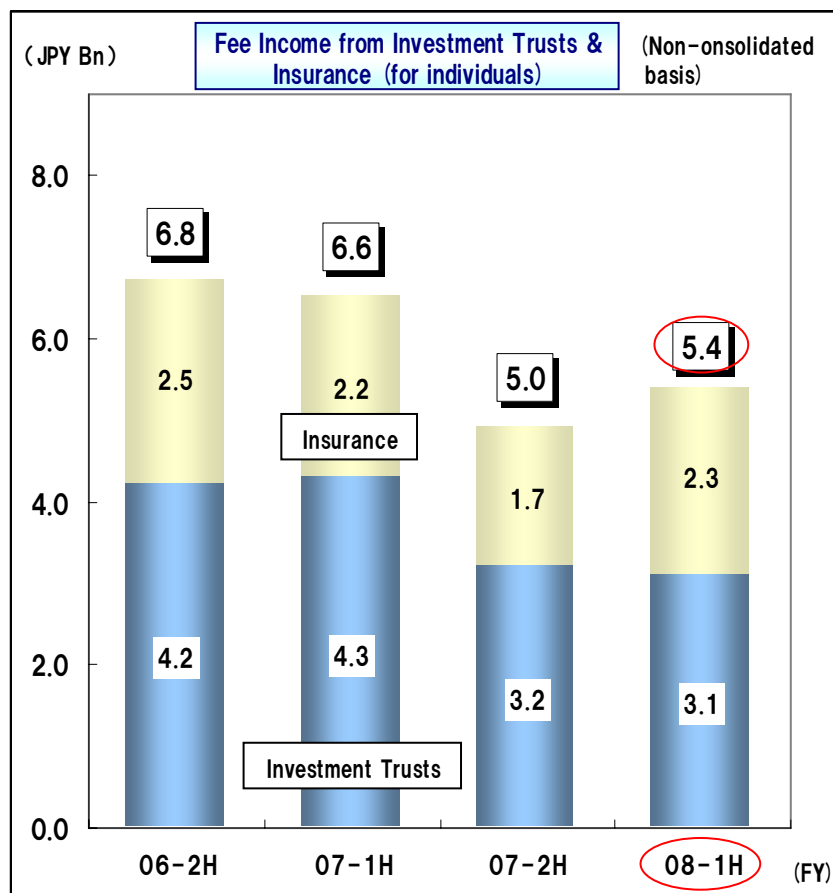
(7) Non-Deposit Products

- FY08 1st Half: While the balance of Investment Trusts decreased amid the sluggish market conditions, the total balance increased due to a rise in Insurance.
- Fee income from Investment Trusts and Insurance for individuals increased to **JPY5.4Bn** compared with FY07 2nd Half, which is attributable to a growth in sales of Insurance products.



(Note1) Share of Non-Deposit Products = Outstanding balance of Non-Deposit Products ÷ (Outstanding balance of individual deposits + outstanding balance of Non-Deposit Products)

(Note2) Insurance = annuity insurance + whole life insurance



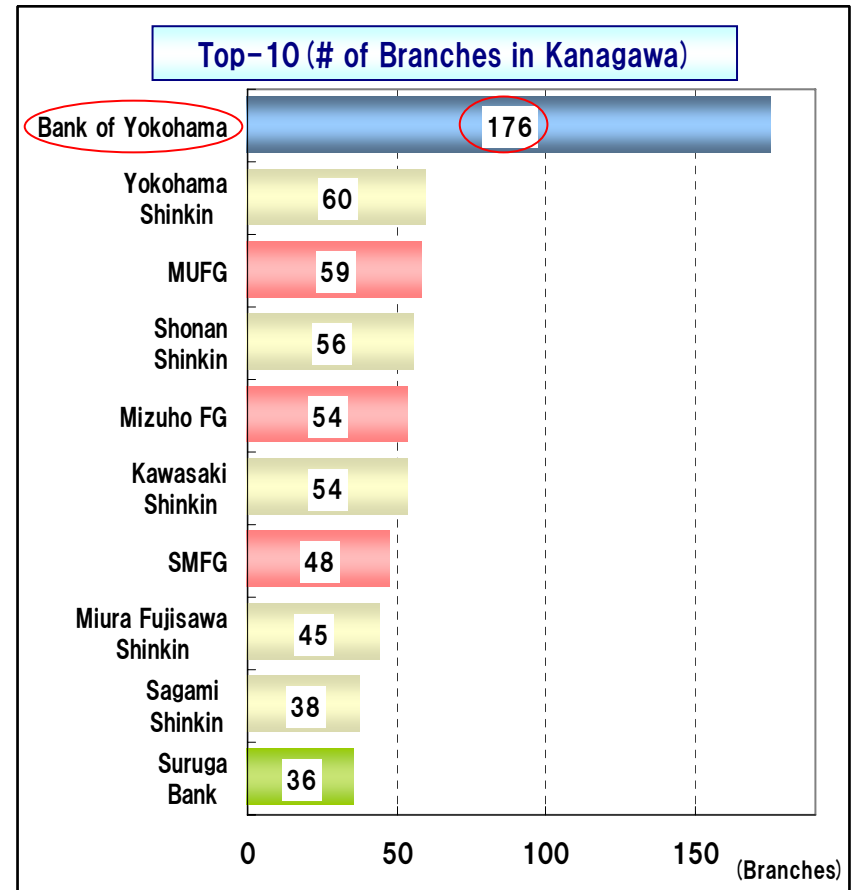
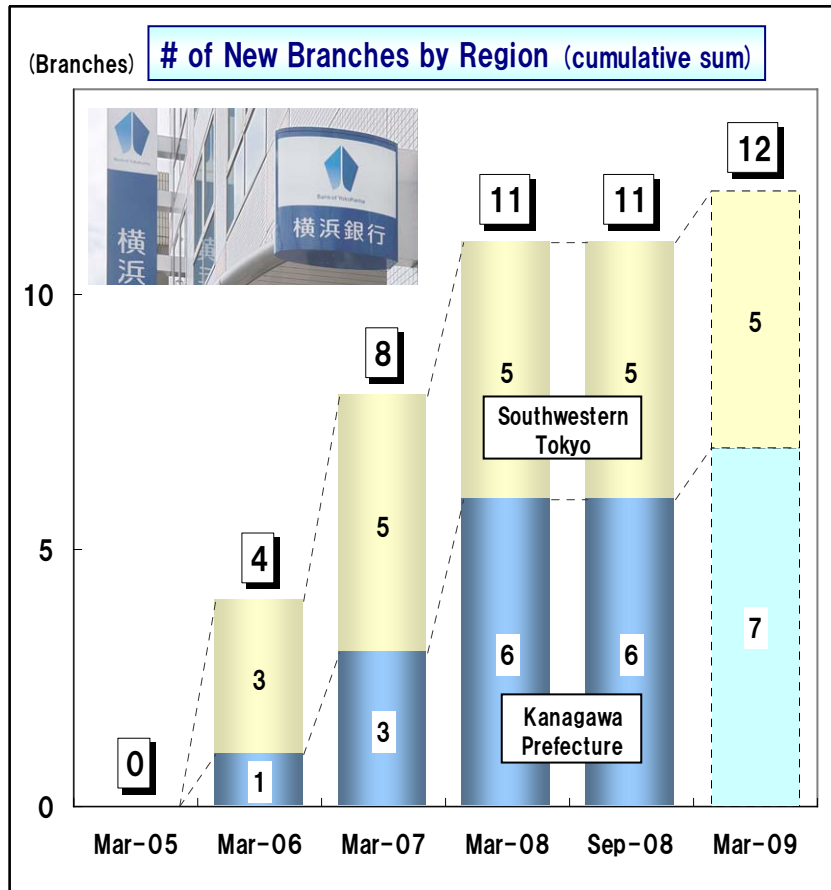
(Note) Fee incomes are calculated on internal managerial basis.

3. Management & Business Strategies

3. Management & Business Strategies

(1) Branch Network Strategy

- New branches have been opened in Kanagawa Prefecture and the Southwestern Tokyo since FY05. In December 2008, a new branch targeting individuals will open in Kanagawa.
- 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) # of manned branches (Sep-08). Bank estimates.

3. Management & Business Strategies

(2) Alliance –(PART 1) 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.

(Note)# of “Allied banks/Participating banks” includes us.(as of Nov 25, 2008)

Shared Utilization of Banking System

- Agreed in Mar-06
- Plan to start in Jan-10
- Allied banks: **3**

ATM Alliance

- ① Since Jul-06, ② Since Mar-07, Oct-07
- Reduction of cross-use ATM fees to zero
- Allied banks: ① **3**, ② **6**

Regional Financial Marketing Workshop

- Since Oct-07
- Co-research on marketing strategy specialized in regional financing.
- Participating banks: **20**



Strategic Council on Regional Bank Cards

- Since FY08 2nd Half <plan>
- Co-operative actions for strategic planning toward enhancement of credit card business
- Participating banks: **10**

Regional Leasing Business Workshop

- Since Feb-08
- Development and sharing of leasing expertise
- Participating banks: **26**

Housing Loan Workshop

- Since May-08
- Co-develop housing loan products. Co-promotion and so on.
- Participating banks: **57**

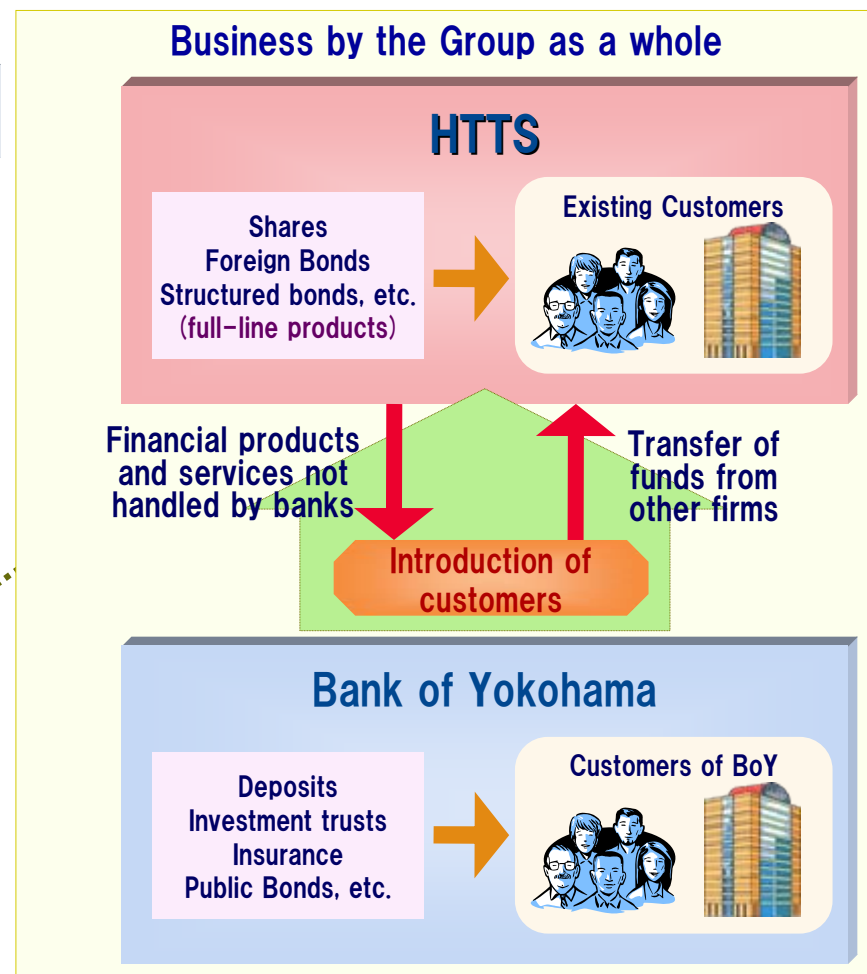
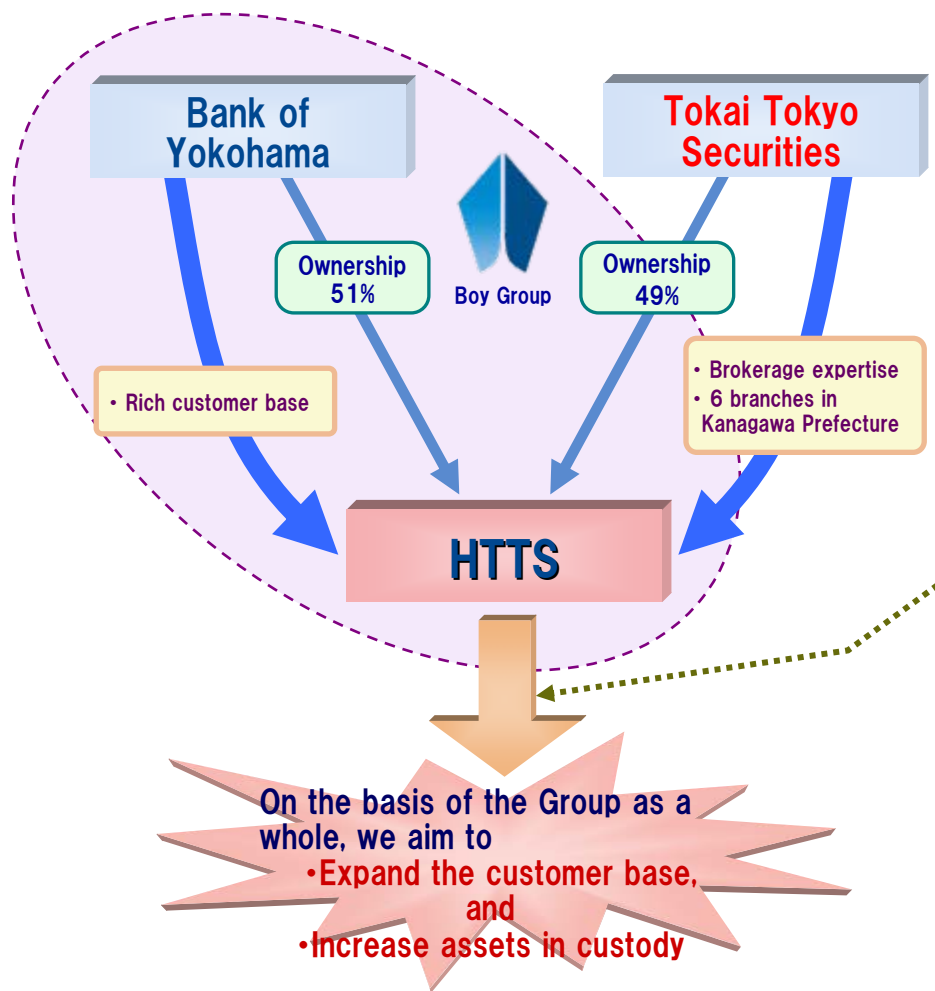
Association of Regional Financing Research and Consultation

- Since Nov-08
- Development and sharing of think tank expertise
- Participating banks: **21**

3. Management & Business Strategies

(2) Alliance –(PART 2) Establishment of Securities Subsidiary①

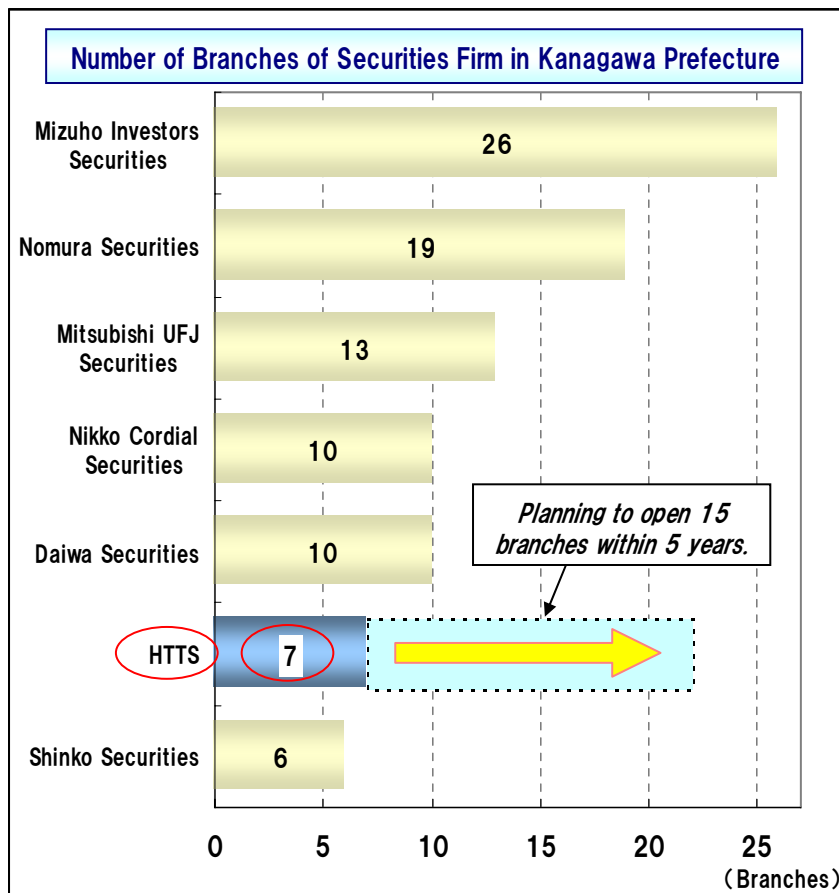
- We have jointly established a securities subsidiary “Hamagin Tokai Tokyo Securities” (HTTS) with Tokai Tokyo Securities. The company started business in Nov-08 at 7 locations comprised of the newly established Head Office Sales Department and 6 branches succeeded from Tokai Tokyo Securities in Kanagawa Prefecture.
- By maximizing the benefits of partnership with BOY, we will meet diversifying customer needs with a variety of financial products and services.



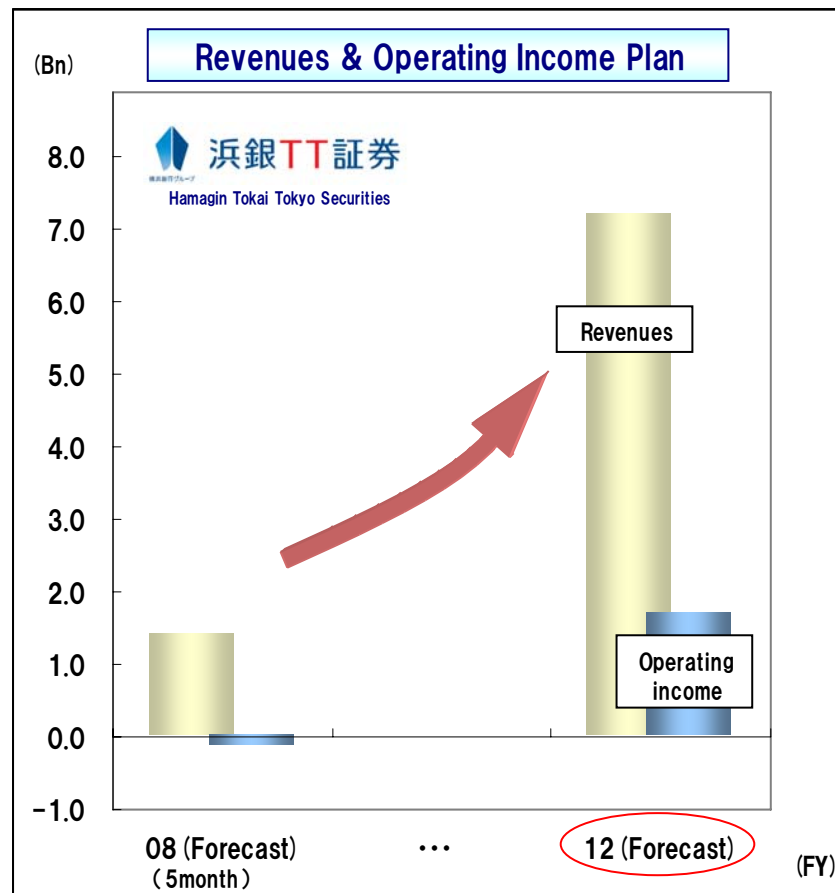
3. Management & Business Strategies

(2) Alliance –(PART 3) Establishment of Securities Subsidiary②

- 15 branches are planned to open within 5 years. Building a branch network that rivals major securities firm in scale, we are aiming to maximize customer asset as a group.
- We aim to achieve a surplus in operating income in 2 to 3 years from the start of business, as well as profit of JPY1.5Bn to JPY2.0Bn by the end of the 5th year of operation.



(Note) Number of branches are as of November 4, 2008



3. Management & Business Strategies

(3) Group Strategy

- We will reinforce our Group business in order to build a system which enables us to offer a wide variety of financial services in the retail market in Kanagawa Prefecture and the Southwestern Tokyo.
- Each business segment will be reinforced by making the Group companies our subsidiaries or through workshops with regional banks.

Reinforcement of Group Management



Boy Group

Securities business

(Hamagin Tokai Tokyo Securities Co.,Ltd.)

Established a subsidiary jointly with Tokai Tokyo Securities(Nov-08)

Leasing business

(Hamagin Finance Co.,Ltd.)

Elevated shareholding ratio <40%→100%>(Jul-07)

Creditcard business

(BANKCARD Service Japan Co.,Ltd.)

Make the company a subsidiary through acquisition of shares(FY08 2nd Half~<plan>)

mainly

Individual Sector



Bank of Yokohama

Consulting ,conducting surveys and researching business, (Hamagin Research Institute,Ltd.)

Cooperate in the areas of management consulting, economic research and marketing business

Venture Capital business

(Yokohama Capital Co.,Ltd.)

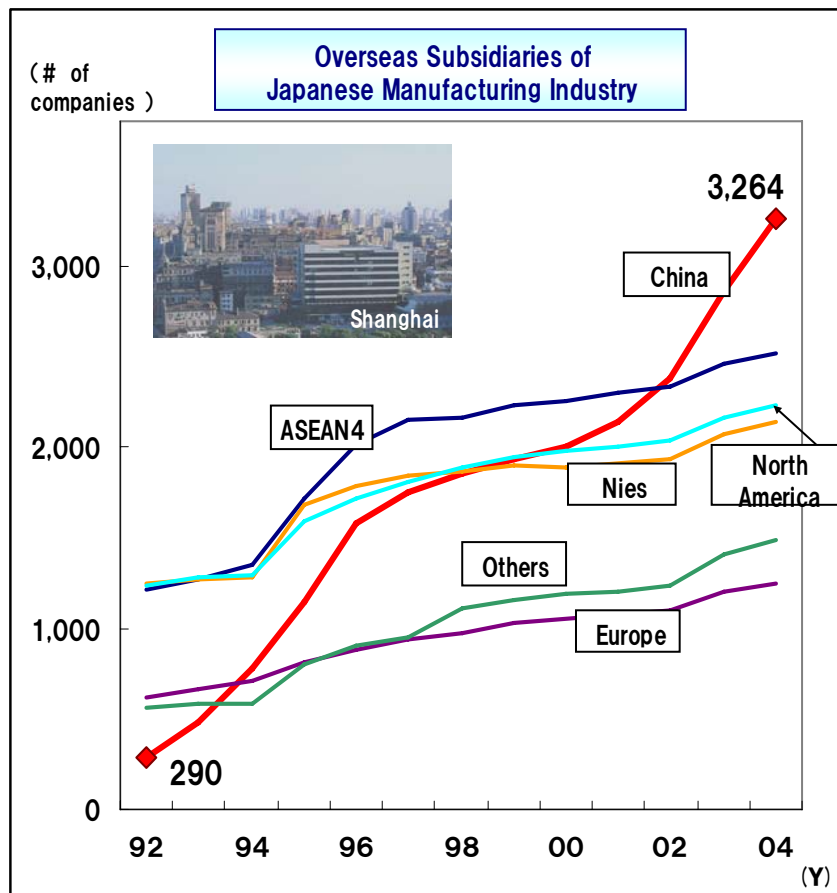
Cooperate in the areas of venture capital and M&A businesses

Corporate Sector

3. Management & Business Strategies

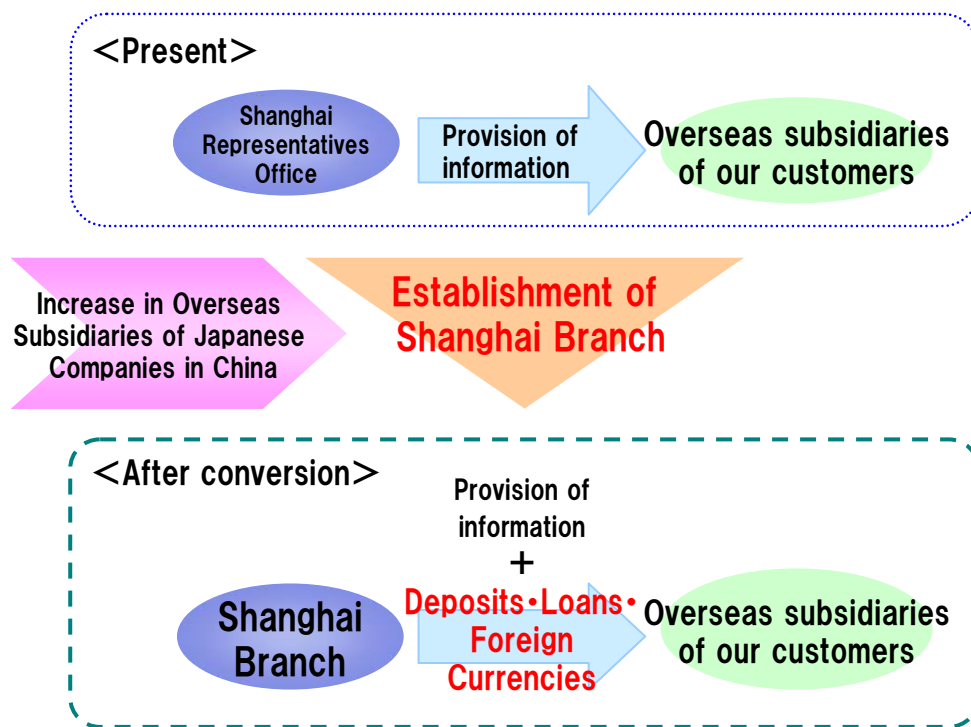
(4) International Strategy

- Overseas expansion of Japanese companies in China (especially around Shanghai) are increasing, and financial needs of our customer is expanding accordingly.
- In response to these needs, we are planning to establish Shanghai Branch, and have acquired approval for preparation of establishment in August-08. We are aiming to open the branch during FY09.



(Note) Source: Toyo Keizai "List of companies expanding overseas"
 ASEAN4: Thailand, Indonesia, Malaysia, Philippines

Purpose of establishment of a branch



After the conversion we can offer loans and other products to more than 600 companies which own overseas subsidiaries in China.



Bank of Yokohama

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