



Bank of Yokohama

Information Meeting

~ Interim Financial Results for FY14~

November 17, 2014

The Bank of Yokohama, Ltd.

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3. Strategies for Growth

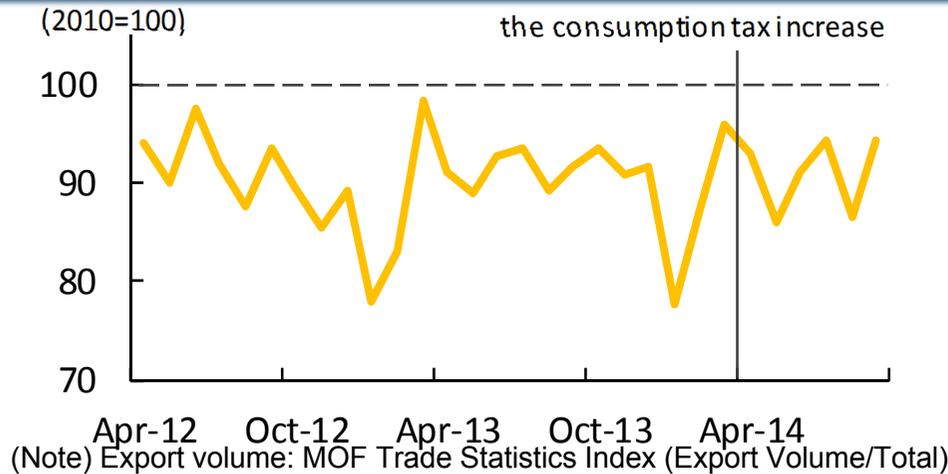
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Outline

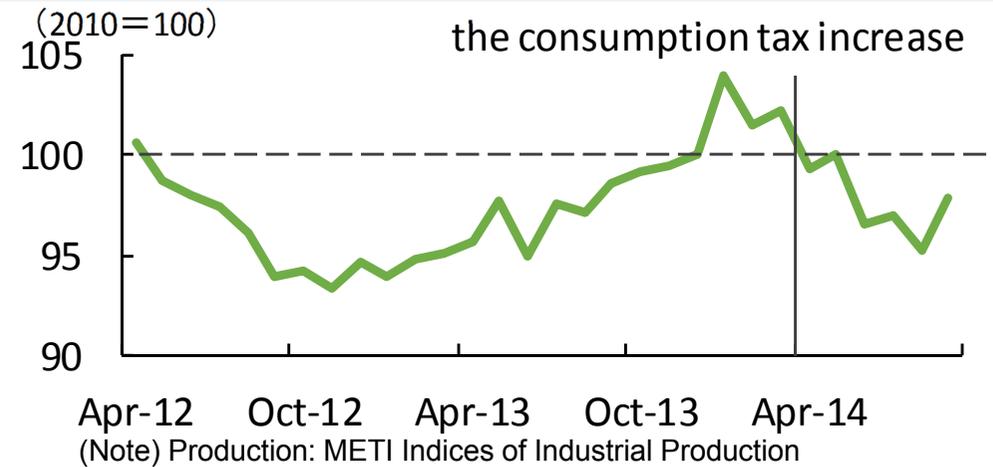
External Environment

- Under the real economy, the last-minute surge in demand before the consumption tax rate hike resulted in the negative drop with respect to durable consumer goods. Industrial productions decreased due to the increase in inventories under unfavorable weather conditions and the stagnant export volume.
- Under the BOJ's Quantitative and Qualitative Monetary Easing, short-term interest rates continued to fall in the financial market. Additionally, the newly issued 10-year JGB yield fell to record low levels. The current level of interest rates are significantly below the level of Medium term Management Plan.

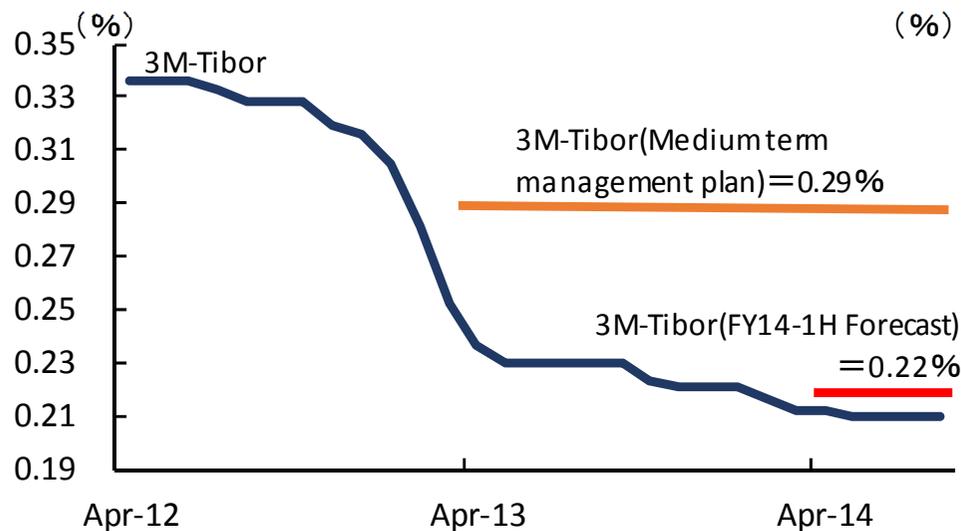
Export volume remained weak



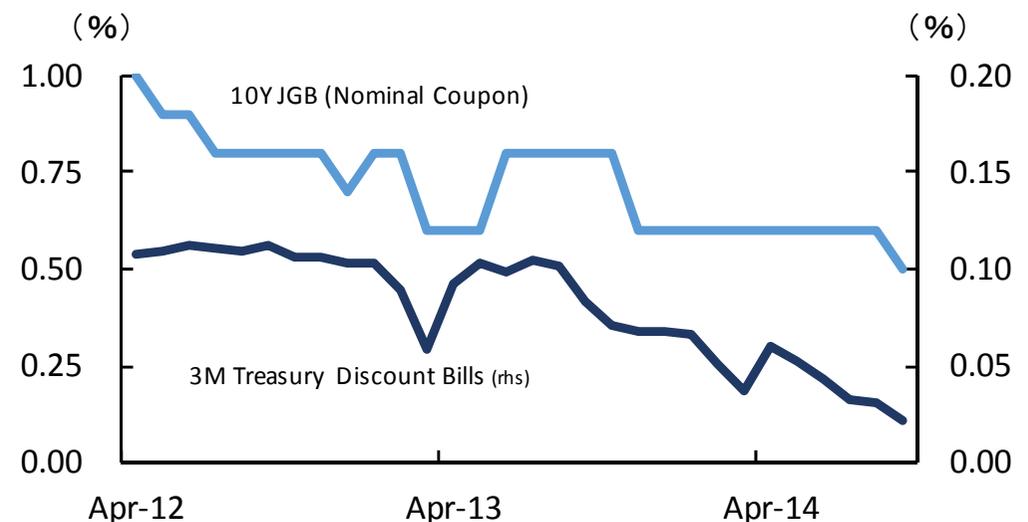
Industrial productions decreased



Market interest rate underlying a downward trend



Decline in long- and short-term interest rates



Highlights in FY14-1H

Under the external environment that continues to be unfavorable to the banking business, we delivered results through the following measures.

(1) Steady implementation of the basic strategies set forth in the Medium Term Management Plan

- Gross operating income increased JPY0.1 Bn as the decrease in domestic interest income on loans and deposits was offset by the increase in domestic fees & commissions income and others. (JPY102.6 Bn of FY13-1H → JPY102.7 Bn of FY14-1H)
- Amount loaned for capital investment increased by JPY38.7Bn through the development of opportunities for lending to growth industries. (Amount Loaned: JPY147.2 Bn of FY13-1H → JPY185.9 Bn of FY14-1H)
- Boosting the number of main individual customers (2.30 million customers of Sep-13 → 2.34 million customers of Sep-14)
- Domestic fees & commissions income increased by JPY2.3Bn soaring to historic high levels mainly due to the sales of investment products. (JPY18.7 Bn of FY13-1H → JPY21.0 Bn of FY14-1H)
- Secured the investment income ^(Note) by constructing a portfolio adapted to the financial environment. (JPY13.2 Bn of FY13-1H → JPY13.0 Bn of FY14-1H) (Note) The investment income refers to financial profit and loss of the market department (management accounting basis)

(2) Maintained low-cost management

- FY14-1H: Expenses increased by JPY1.8Bn to JPY50.6 Bn mainly due to the increase in personnel expenses and consumption tax. OHR was 49.2% staying with the lowest level among Japanese banks.

(3) Strengthen the implementation of new growth strategies

- Strengthened growth support to medical and nursing industries through investment in the “Regional Health Care Industry Support Fund.”
- Consideration of strengthening our capability to support our customers’ overseas business through the business alliance with the Bank for Investment and Development of Vietnam. (Signed on October 8, 2014)
- MOU regarding strengthening asset management service and investment product sales for individuals through the business alliance with Sumitomo Mitsui Trust Bank. (Signed on August 27, 2014)
- Consideration of a basic agreement concerning consideration of a business integration with The Higashi-Nippon Bank, Limited to boost the extra growth in Tokyo Metropolitan area. (Signed on November 14, 2014)

(4) Maintained stable business foundation and achieved aggressive shareholder return

- We posted a historic-high net income (consolidated) of JPY35.0Bn. (+12.9% from FY13-1H)
- Common Equity Tier 1 ratio (consolidated) as of the end of Sep-14 continually maintained at a sufficient level of 12.09%.
- We repurchased own shares of JPY10Bn in May-June. (In addition, decided to repurchase own shares of JPY10 Bn in November 2014.)

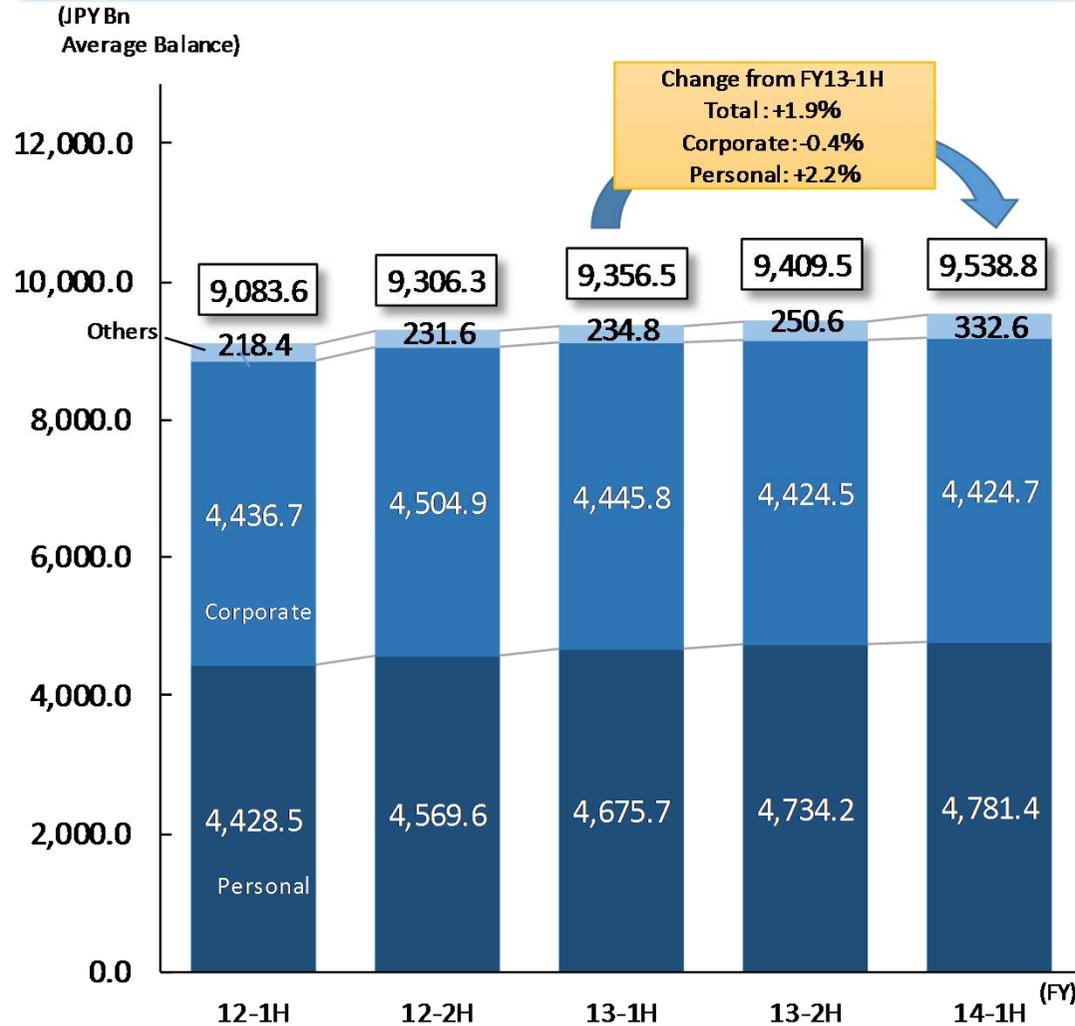
1. Business Results

1. Business Results

(1) Loans & Deposits

- FY14-1H: The average loan balance **increased by 1.9%** with the increase in personal loans (Up 2.2%) as a driver.
- FY14-1H: The average personal deposit balance **increased by 3.1%** and the average corporate deposit balance **increased by 4.7%**. As a result, the average deposit balance **increased by 3.2%**.

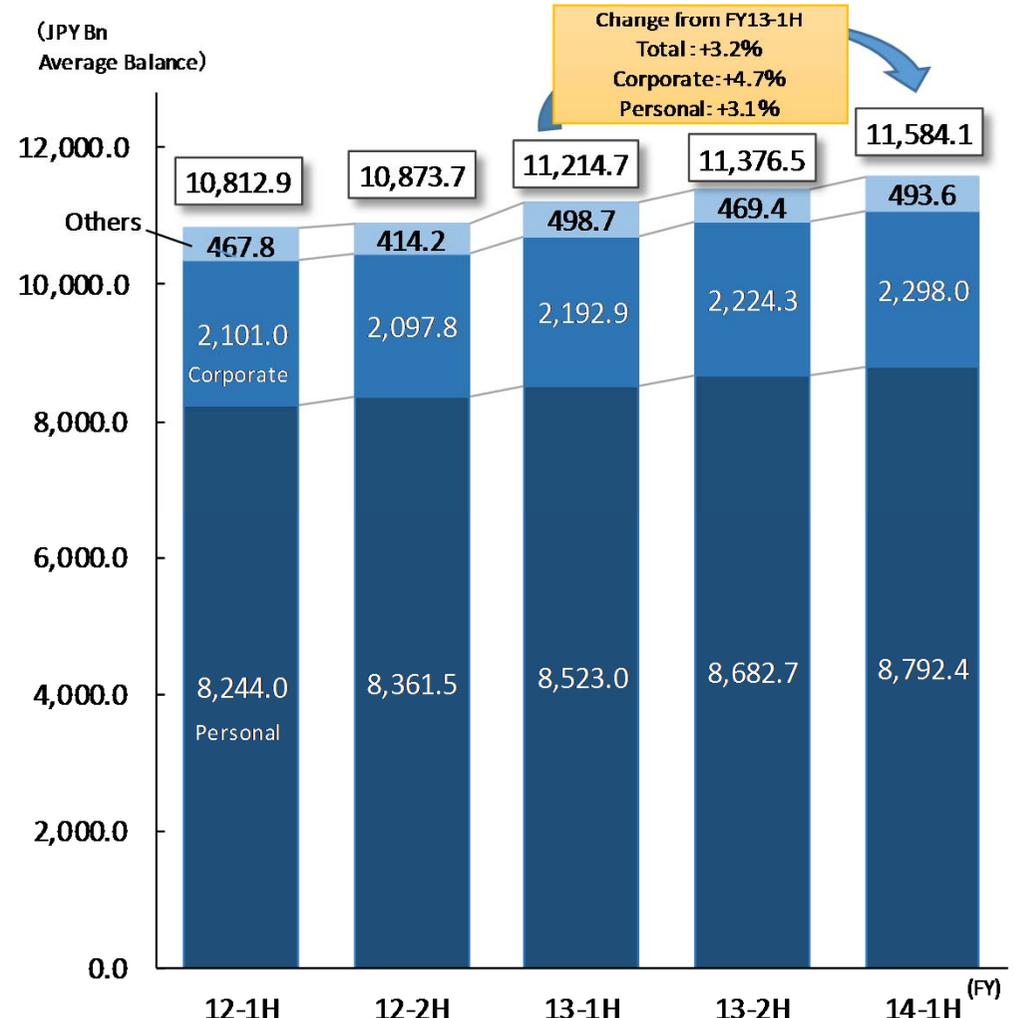
Total Loans



(Note 1) Domestic branches

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

Total Deposits



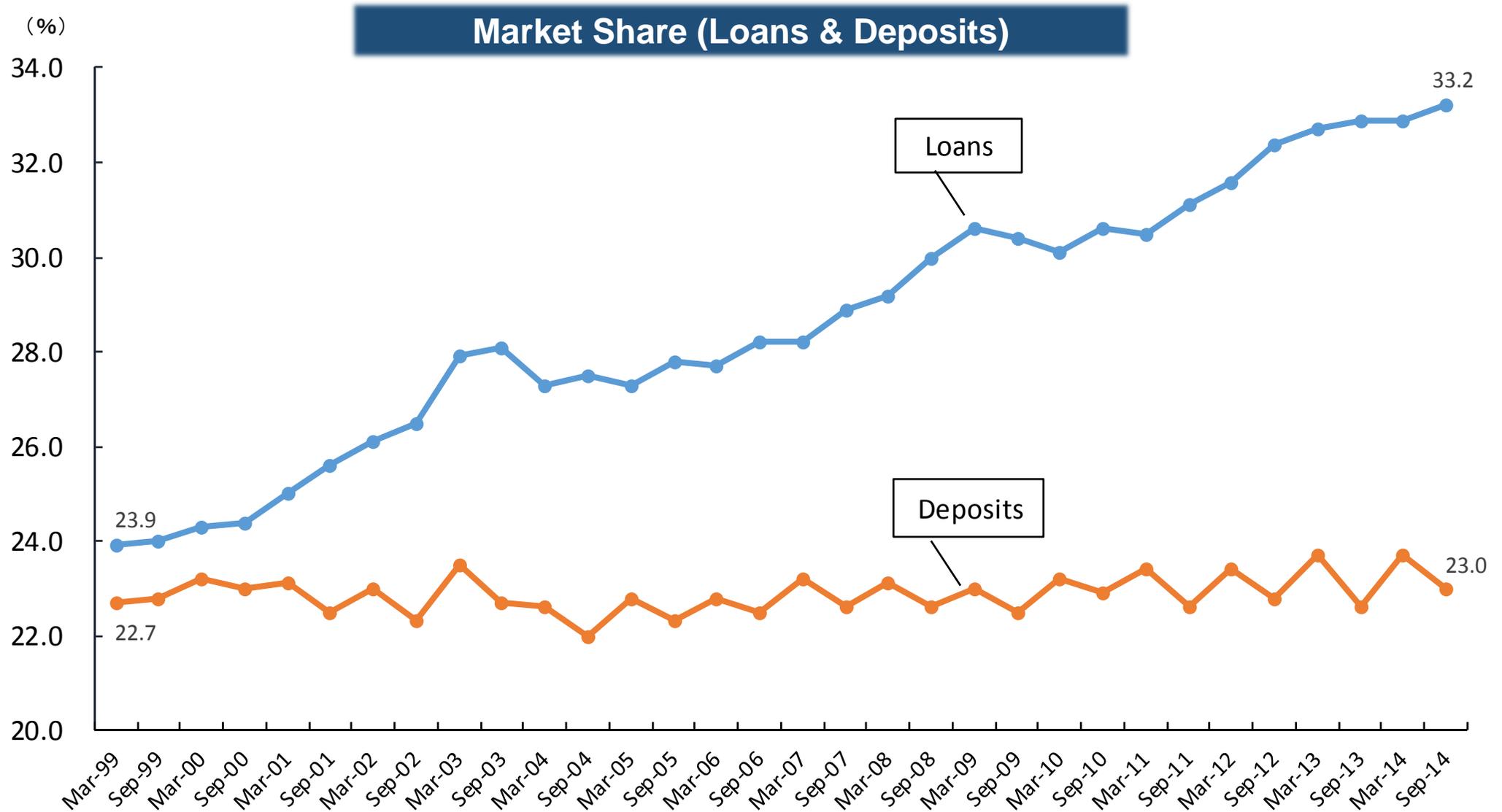
(Note 1) Domestic branches

(Note 2) Others = Local Public + Financial Institutions

1. Business Results

(2) Market Share in Kanagawa Prefecture

- Sep-14: Market share of loans **increased to 33.2%** mainly due to the increase in SME's and personal loans. Market share of deposits nearly **maintained 23.0%**.



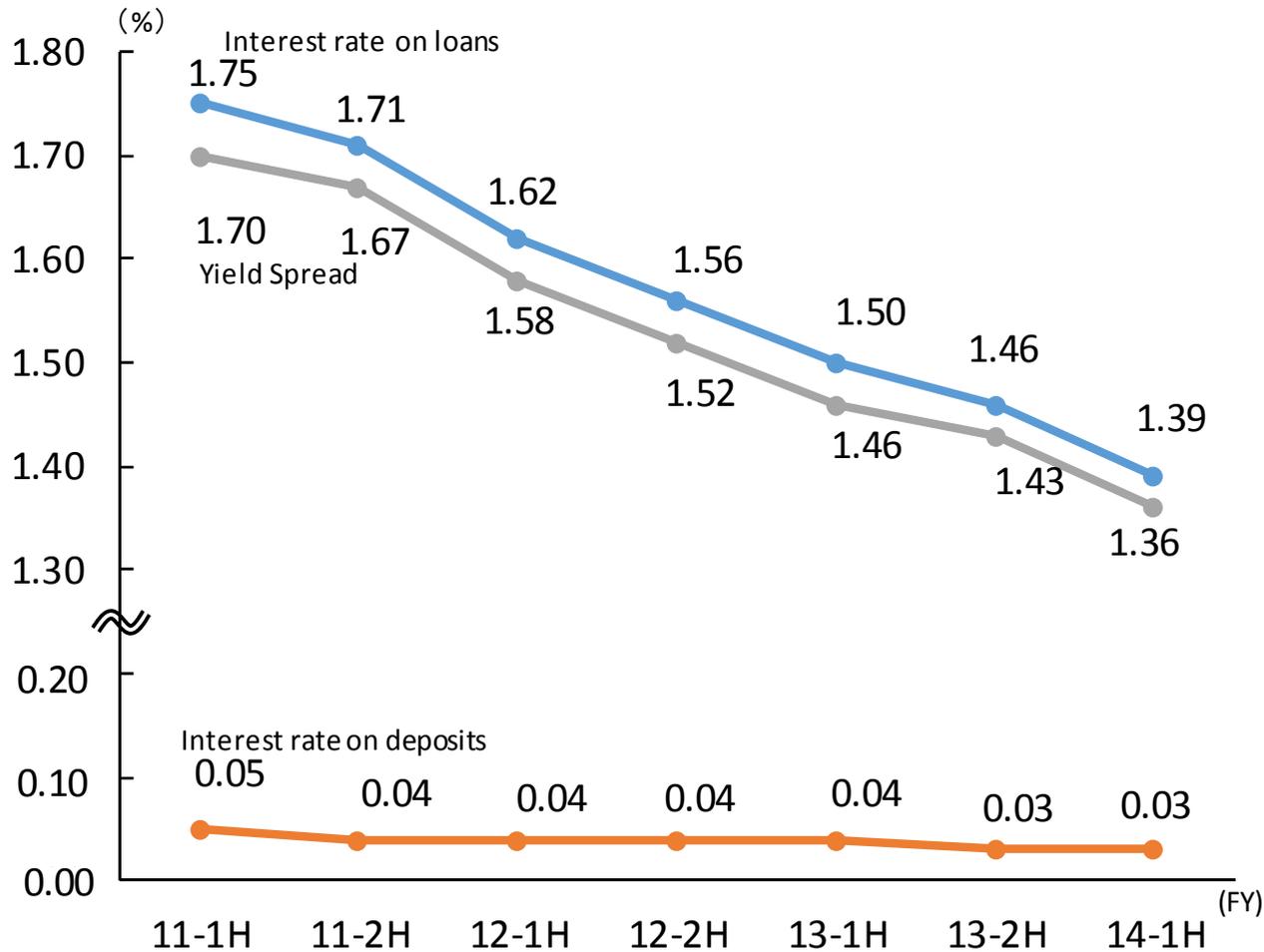
(Note) Market share above does not include Japan Post, Credit Unions, & JA. (Bank estimates)

1. Business Results

(3) Loan & Deposit Yield – Domestic Operations

- FY14-1H: Loan yield deteriorated as market interest rates remained at low levels, whereas lending RORA improved resulting from the business operation that focused on RORA.

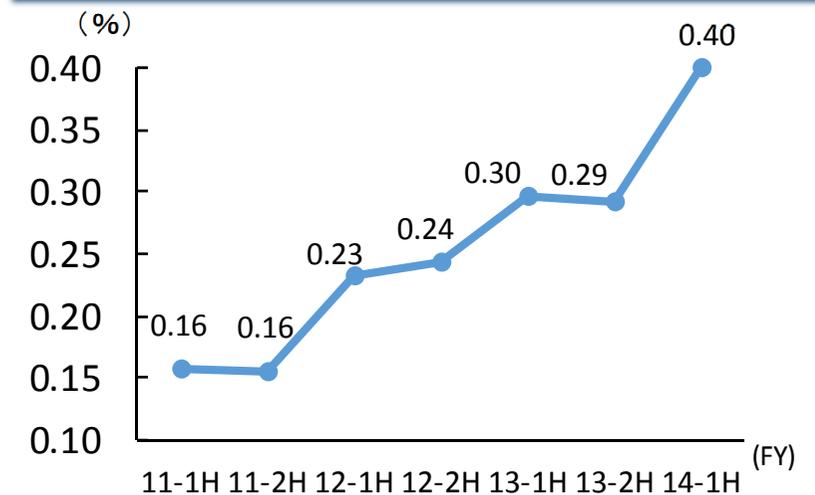
Loan & Deposit Yield - Semiannually



Loan & Deposit Yield - FY

	FY11	FY12	FY13	FY14 Forecast
Interest rate on loans	1.73	1.59	1.48	1.38
Interest rate on deposits	0.05	0.04	0.04	0.03
Yield Spread	1.68	1.55	1.44	1.35

Lending RORA



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

1. Business Results

(4) Fees & Commissions – Domestic Operations

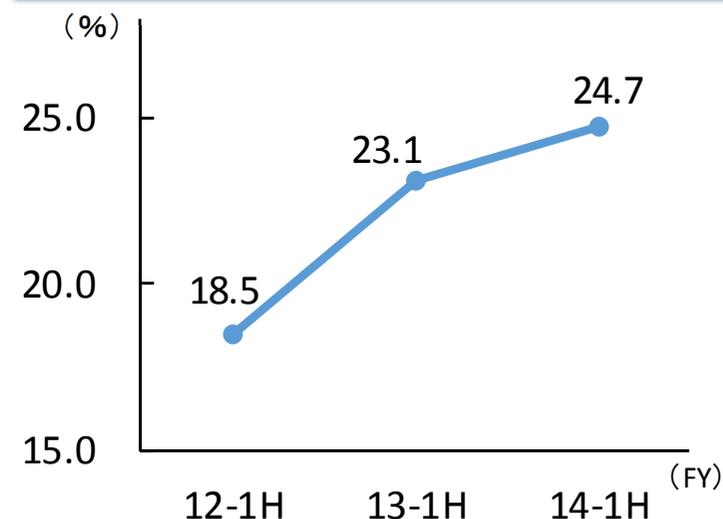
- FY14-1H: Domestic fees & commissions income **increased by JPY2.3 Bn (Up 12.3%)** mainly due to the historic-high sales of investment products in addition to the increase in the business volume of syndicated loans, business matching, M&A, and others.

	(JPY Bn)				
	12-1H	13-1H	14-1H	Change from FY13-1H	
Fees and commissions (Domestic operations)	14.5	18.7	21.0	+ 2.3	+ 12.3%
Investment products	6.2	8.1	10.2	+ 2.1	+ 25.9%
Investment trusts	3.6	5.9	6.6	+ 0.7	+ 10.3%
Annuity Insurance	2.5	2.1	3.6	+ 1.5	+ 67.6%
Corporate lending-related	1.4	1.4	1.6	+ 0.2	+ 15.9%
Syndicated loan-related	1.1	1.1	1.4	+ 0.3	+ 25.1%
Private placement bond-related	0.2	0.2	0.2	0.0	- 24.9%
Settlement-related business	6.8	7.2	7.1	- 0.1	- 0.2%
Remittance	3.8	4.0	4.0	0.0	+ 0.6%
Account transfer	2.2	2.3	2.2	- 0.1	- 1.9%
Electronic Banking service	0.7	0.8	0.8	0.0	+ 1.0%
ATM-related	1.0	1.0	1.0	0.0	+ 0.3%
Bank card-related	0.6	0.7	0.8	+ 0.1	+ 6.6%
Business matching, M&A	0.0	0.0	0.2	+ 0.2	+ 190.5%
Other	-1.7	0.0	0.0	0.0	- 212.5%

Factors for changes in fees & commissions

- Sales of Investment products: Up JPY2.1 Bn
- Syndicated loan-related: Up JPY0.3 Bn
- Business matching, M&A: Up JPY0.2 Bn

Fees & Commissions Income Ratio (Consolidated)^(Note)



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

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

1. Business Results

(5) Securities Portfolio

- The balance of securities portfolio as of Sep-14 increased to JPY2,239.5 Bn (Up JPY187.9 Bn from Sep-13).
- The balance of others increased by JPY165.1 Bn resulting from further promotion of diversified investment into domestic investment trusts and foreign bonds. The component ratio increased from 11.3% of Sep-13 to 17.7% of Sep-14.
- Government bonds increased to JPY 683.4 Bn (Up JPY16.5 Bn from Sep-13) with the increase in short- to medium-term government bonds in stead of long-term government bonds.

The Balance of Securities

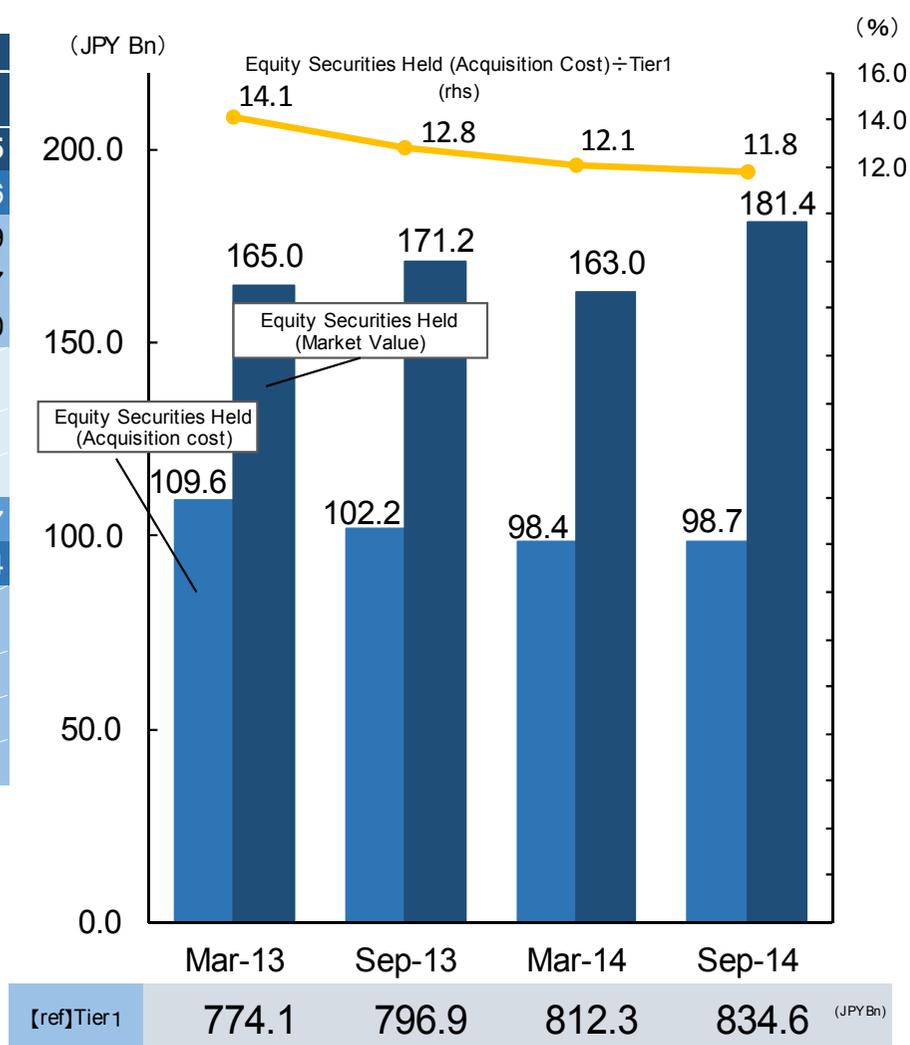
	Mar-13	Sep-13	Mar-14	Sep-14	(JPY Bn)		
					Change from Sep-13	Unrealized gains (losses)	Change from Sep-13
Total	2,226.9	2,051.6	2,050.2	2,239.5	+ 187.9	117.7	+ 17.5
Bonds	1,848.3	1,625.0	1,581.4	1,637.9	+ 12.9	19.1	- 1.6
Government bonds	870.7	666.9	543.2	683.4	+ 16.5	5.6	- 1.9
Local bonds	231.1	222.7	256.9	261.4	+ 38.7	2.6	- 0.7
Corporate bonds	746.3	735.3	781.2	693.1	- 42.2	10.8	+ 1.0
Government guaranteed bonds	433.1	429.3	453.0	388.0	- 41.3		
Bank bonds	51.2	57.5	90.5	97.6	+ 40.1		
Industrial bonds	100.1	84.3	76.9	45.8	- 38.5		
Equity securities	187.4	194.1	186.0	203.9	+ 9.8	82.7	+ 13.7
Others	191.2	232.4	282.8	397.5	+ 165.1	15.8	+ 5.4
Domestic Investment trusts	90.9	108.1	123.5	197.9	+ 89.8		
Foreign bonds	92.4	116.5	152.1	197.5	+ 81.0		
Foreign equity securities	1.0	1.0	1.0	1.0	0.0		
Others	6.7	6.7	6.0	1.0	- 5.7		

<Duration (years)>

	Mar-13	Sep-13	Mar-14	Sep-14
Domestic Bonds	2.8	2.0	2.2	2.5
Foreign Bonds	2.9	2.6	2.3	2.3

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

Equity Securities Held for Customer Relationships

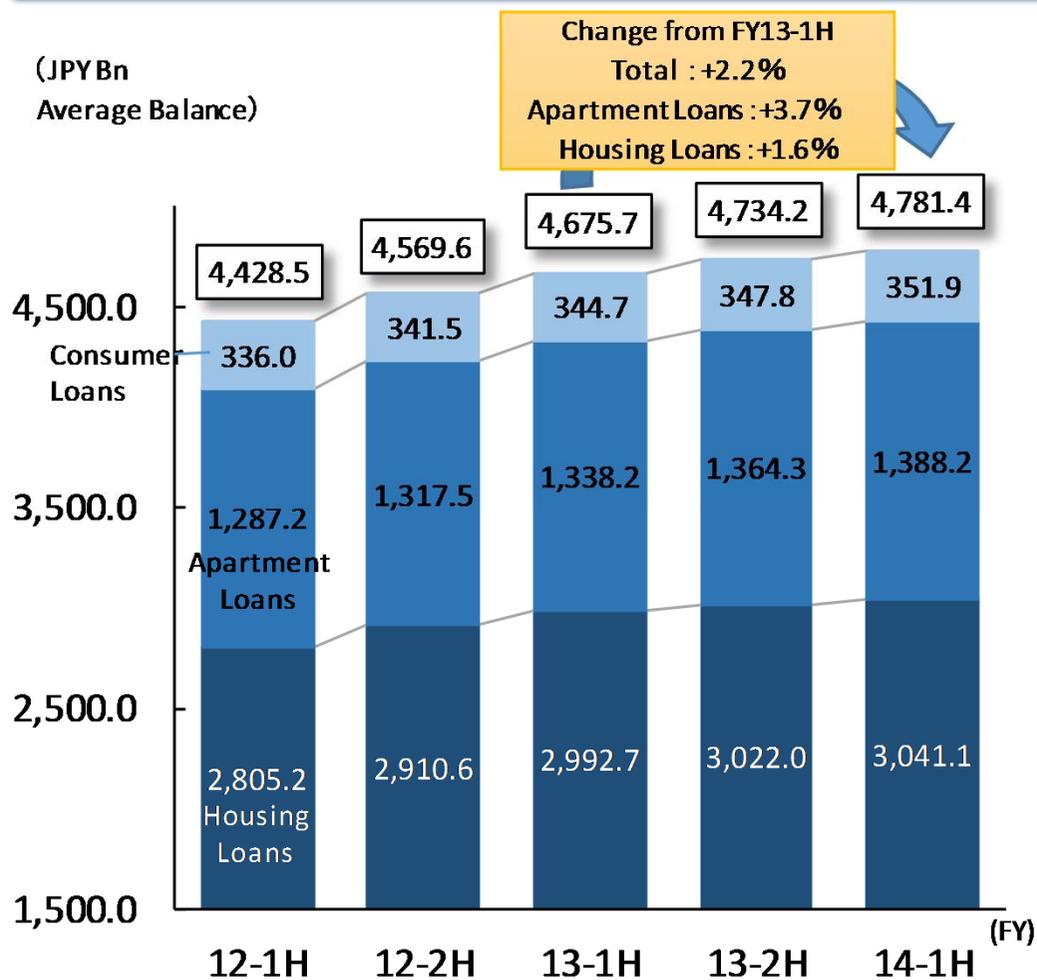


1. Business Results

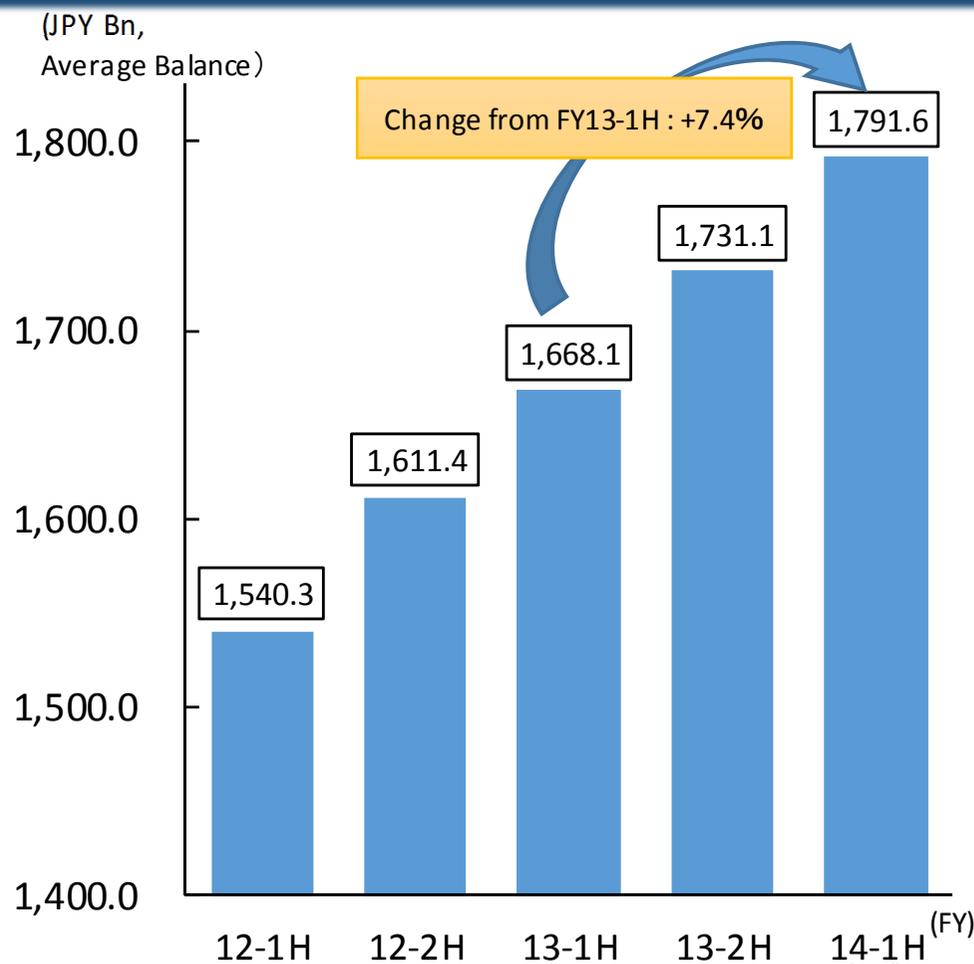
(6) Personal Loans - Housing Loans, Apartment Loans (Loans for High-Net-Worth Individuals^(Note))

- FY14-1H: The average balance of personal loans **increased by 2.2%**. Growth in apartment loans were conspicuous.
- FY14-1H: The average balance of housing loans **increased by 1.6%** as we focused on profitability.
- FY14-1H: The average balance of loans to high-net-worth individuals **increased by 7.4%** by tapping demand for funds to build apartments driven mainly by the inheritance tax reform and land value appreciation.

Personal Loans



Average Balance of Loans to High-Net-Worth Individuals



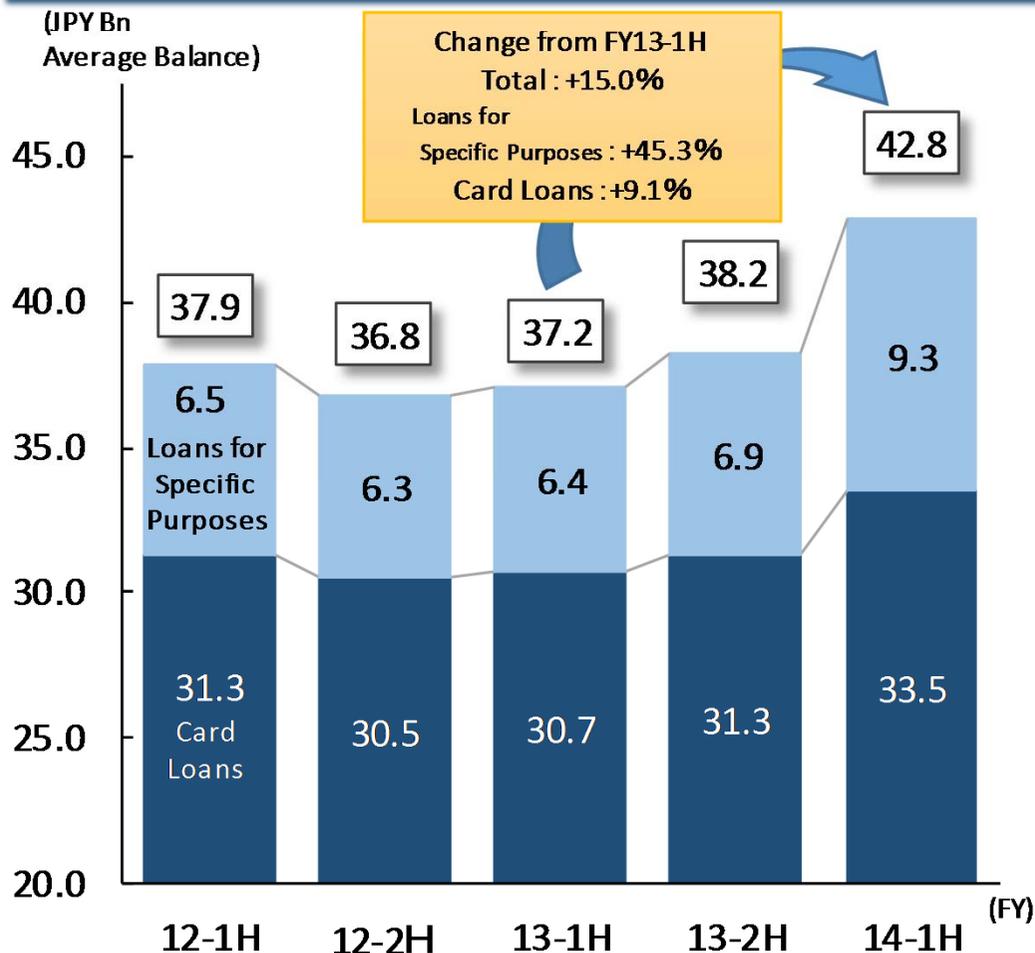
(Note) Loans to high net worth individuals = Apartment loans + Large "free" loans + Loans to asset management companies

1. Business Results

(6) Personal Loans ~ Unsecured Consumer Loans

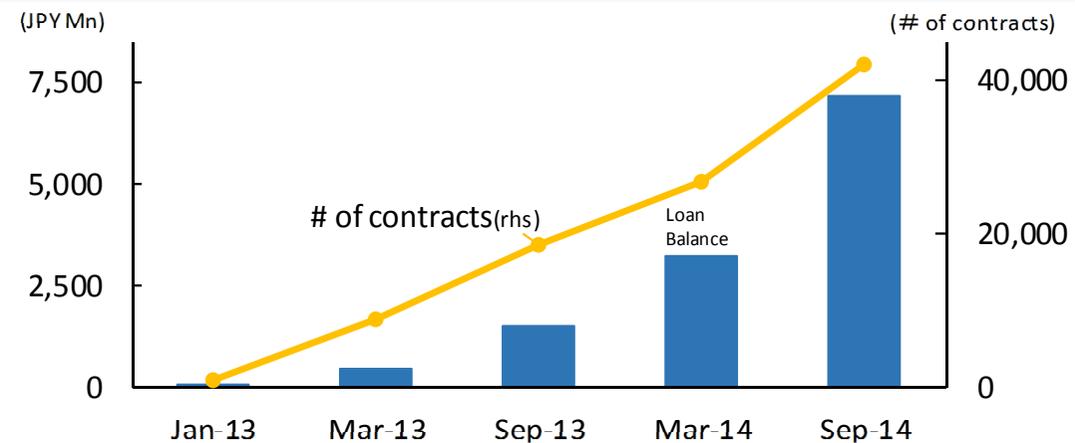
- FY14-1H: The average balance of unsecured consumer loans **increased by 15.0%** as a result of the improvement of product features and aggressive promotional campaigns.
- The number of contracts for card loans (ATM Card Loans & Yokohama Bank Card Loans) has steadily increased since their launch in 2013 to **exceed 40,000**.
- FY14-1H: The amount loaned for specific-purpose loans was more than **three times** the year-earlier amount mainly due to the increase in auto loans and educational loans.

Unsecured Consumer Loans

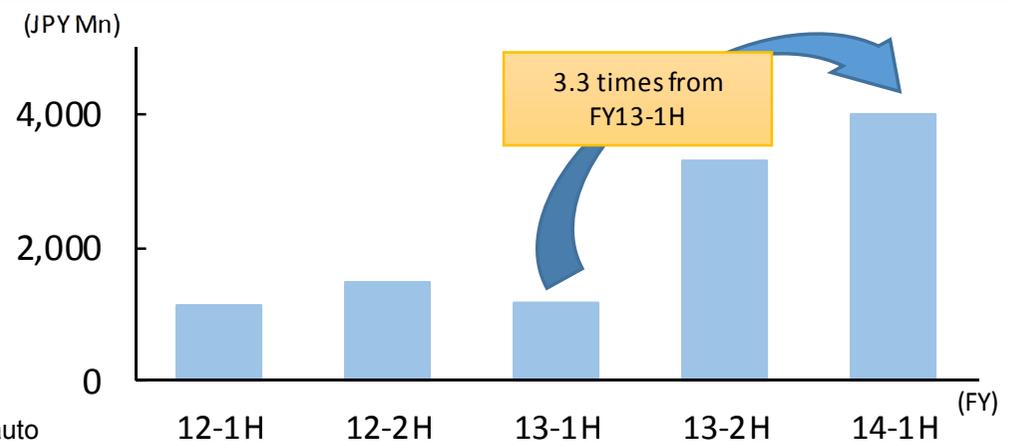


(Note) Loans for Specific Purposes: Consumer Loans that specify the loan purpose, such as auto loans, educational loans, and others.

ATM Card Loans & Yokohama Bank Card Loans



Amount Loaned for Specific Purposes

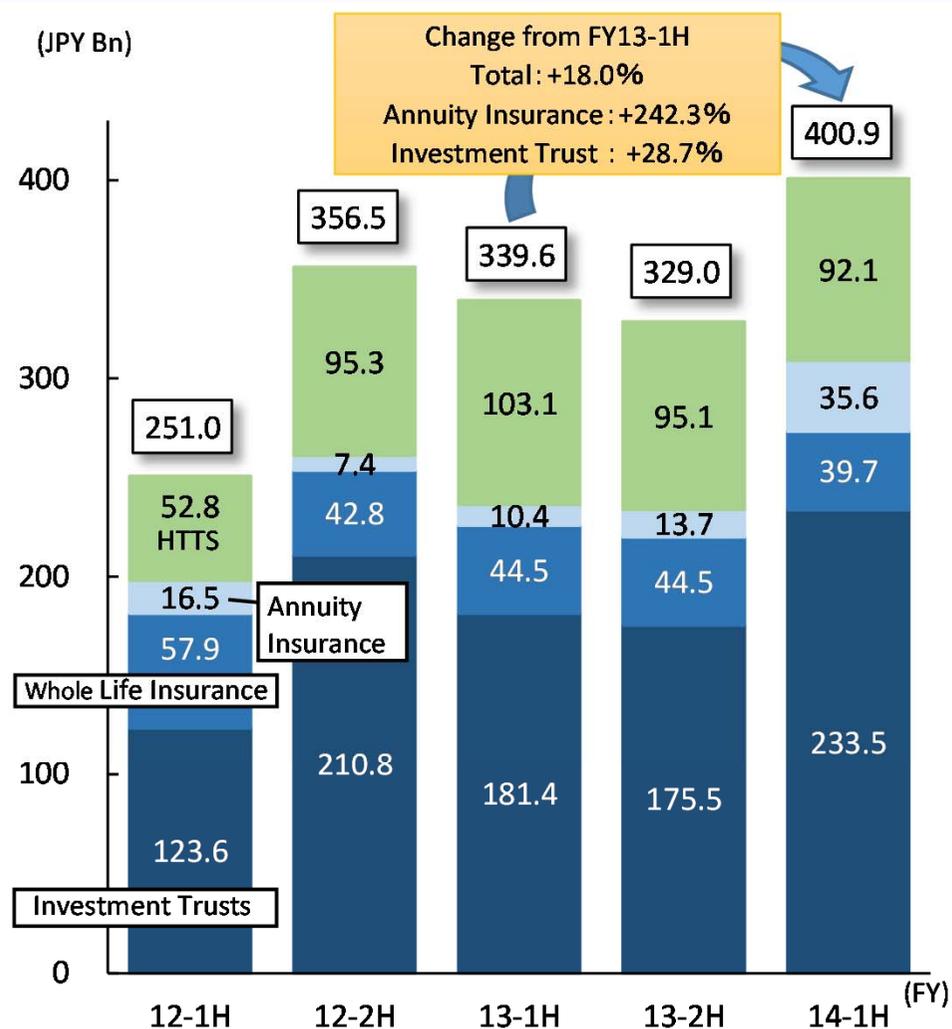


1. Business Results

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

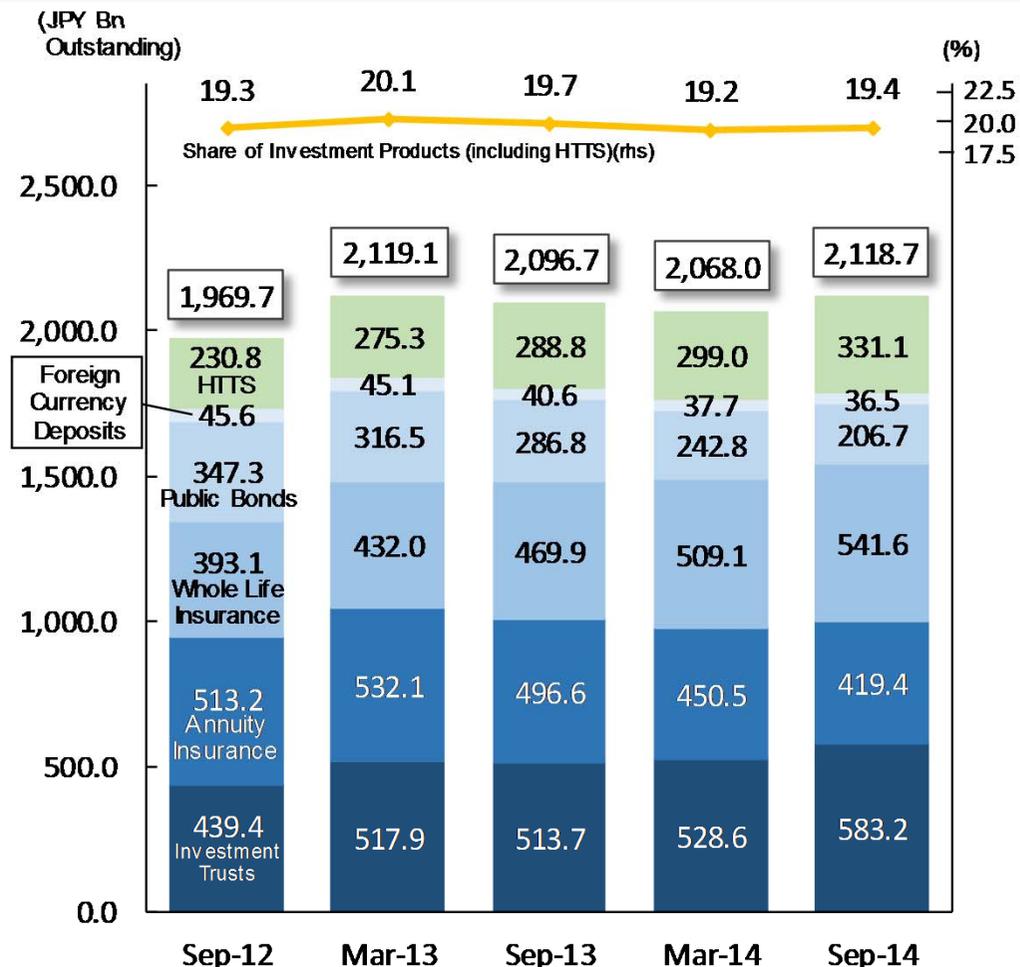
- FY14-1H: The sales amount of the investment trust and insurance products increased by JPY61.3 Bn (Up 18.0%) to JPY400.9 Bn hitting the historical best.
- As of Sep-14, the balance of investment products increased by JPY22.0 Bn (Up 1.0%) to JPY2,118.7 Bn.

Sales Amount of Investment Trusts & Insurance



(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.

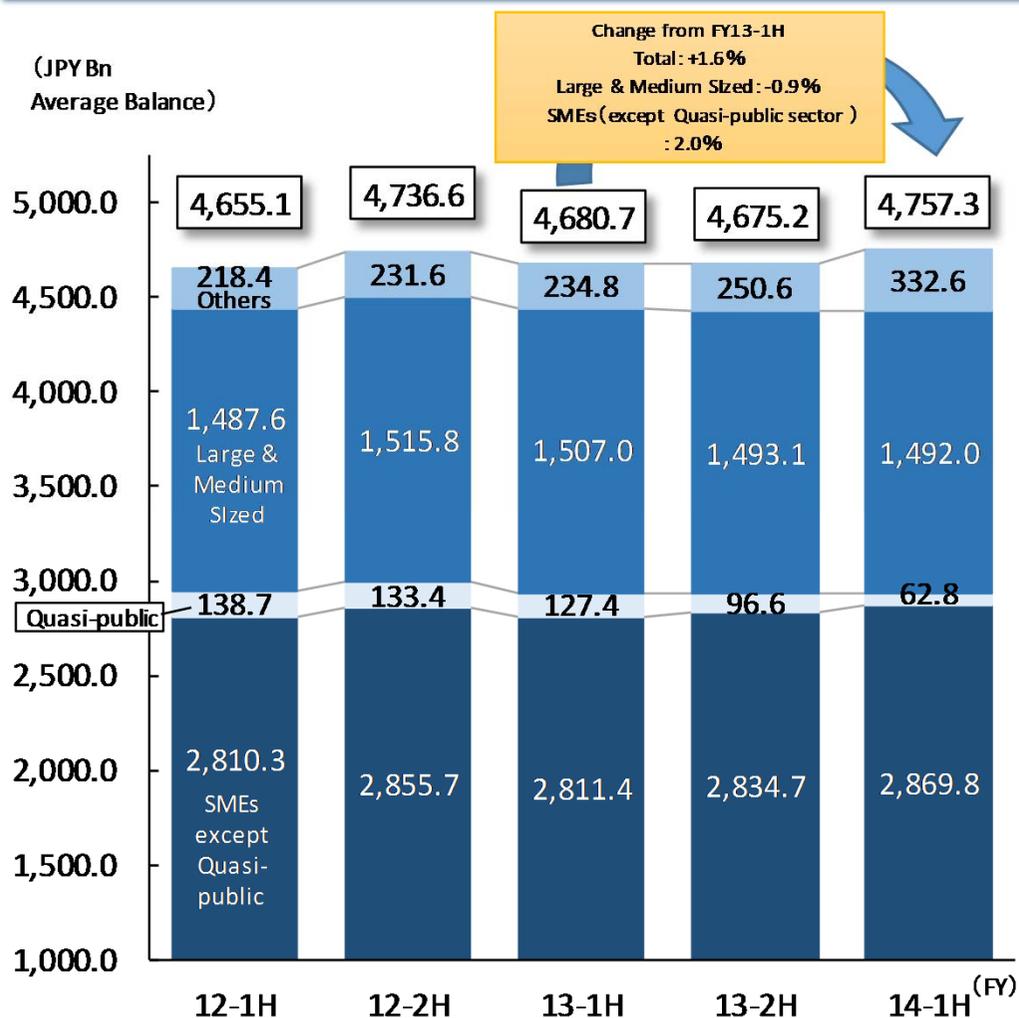
(Note2) Share of Investment Products = Outstanding Balance of investment products including HTTS ÷ (Outstanding balance of deposits + Outstanding balance of investment products including HTTS) 13

1. Business Results

(8) Corporate and Other Loans

- FY14-1H: The average balance of corporate and other loans **increased by 1.6%**. In particular, the balance of SMEs except Quasi-public **increased by 2.0%**.
- FY14-1H: The amount loaned to growth industries **increased by 72.8%** particularly in the “Environment” and “Asia” sectors.
- FY14-1H: The amount loaned for capital investment **increased by 25.9%** particularly in the “Expansion” and “New business” areas.

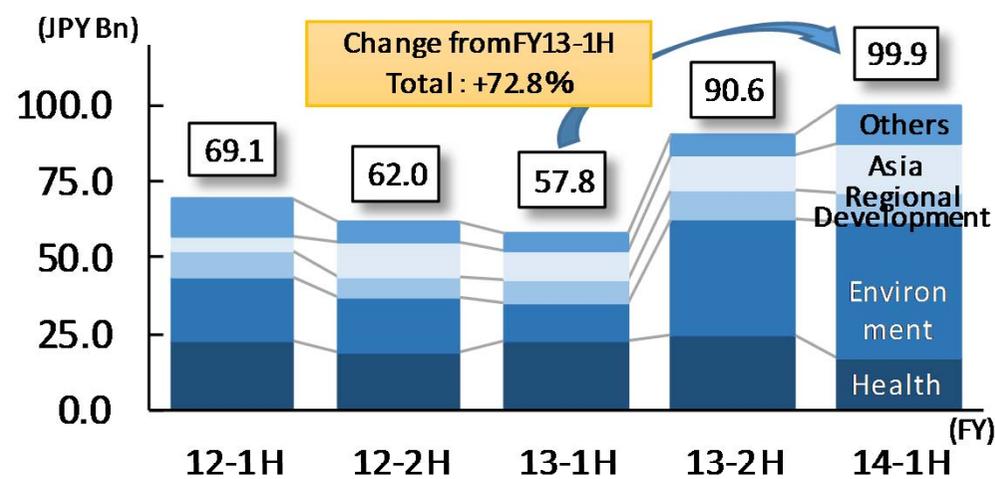
Corporate & Other Loans



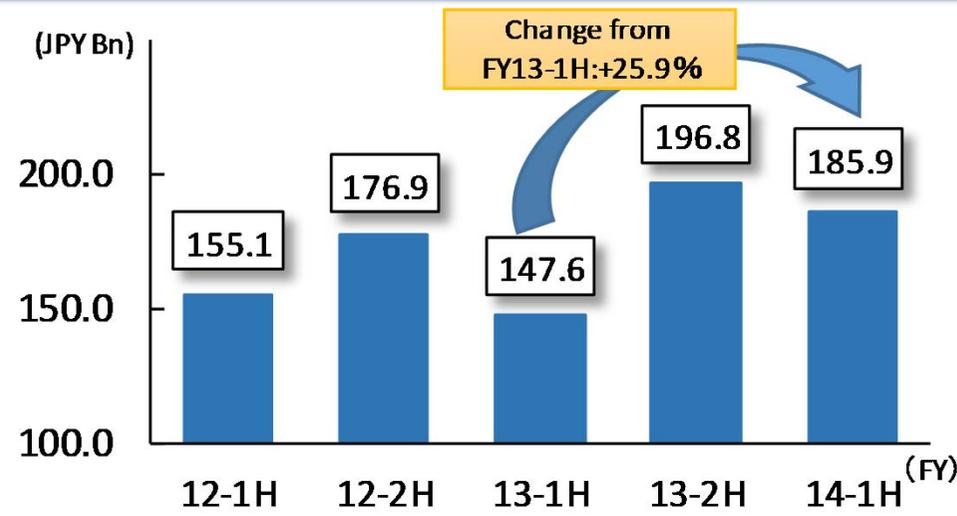
(Note1) Domestic branches

(Note2) Others = local Public + Public related sectors

Amount loaned to Growth Industries



Amount loaned for Capital Investment



2. Financial Summary

2. Financial Summary

(1) Operation Results

- FY14-1H: Gross operating income (Non-consolidated) increased by JPY0.1 Bn (Up 0.1%) to JPY102.7 Bn owing to the increase in domestic fees & commissions income.
- FY14-1H: Net income (Non-consolidated) increased by JPY2.7 Bn (Up 8.8%) to JPY33.3 Bn due to a significant decrease in credit costs.
- FY14-1H: Net income (Consolidated) increased by JPY4.0 Bn (Up 12.9%) reaching a historic-high at JPY35.0 Bn as income in subsidiaries increased.

〈Non-consolidated basis〉

(JPY Bn)

	FY13-1H	FY14-1H	Change from FY13-1H		FY14 Forecast (Announced on Nov 10th)	Change from FY13
Gross Operating Income	102.6	102.7	+ 0.1	+0.1%	206.0	+ 2.9
of which, interest income from domestic operations	79.1	77.3	- 1.8	-	152.8	- 4.5
of which, fees & commissions from domestic operations	18.7	21.0	+ 2.3	-	43.5	+ 6.2
of which, other ordinary income from domestic operations	3.2	2.2	- 1.0	-	5.6	+ 0.0
of which, gross operating income from international operations	1.3	1.8	+ 0.5	-	3.6	+ 1.0
Expenses (-)	48.8	50.6	+ 1.8	+3.6%	102.0	+ 5.2
(Reference) OHR(%)	47.6%	49.2%	+1.6%	-	49.5%	+2.2%
Core net business profit	53.7	52.1	- 1.6	-3.0%	104.0	- 2.3
Provision of allowance for general loan losses (-)	0.4	- 3.3	- 3.7	-	-	-
Net business profit	53.3	55.4	+ 2.1	+3.9%	-	-
Non-recurring gains (losses)	- 7.6	- 4.3	+ 3.3	-	-	-
of which, disposal of bad debts (-)	6.1	3.6	- 2.5	-	-	-
of which, gains or losses on stocks & other securities	0.8	0.0	- 0.8	-	-	-
Ordinary profit	45.6	51.0	+ 5.4	+11.8%	100.0	+ 7.7
Net income	30.6	33.3	+ 2.7	+8.8%	63.0	+ 4.3
Credit costs (-)	6.5	0.2	- 6.3	-96.0%	2.0	- 10.5

〈Consolidated basis〉

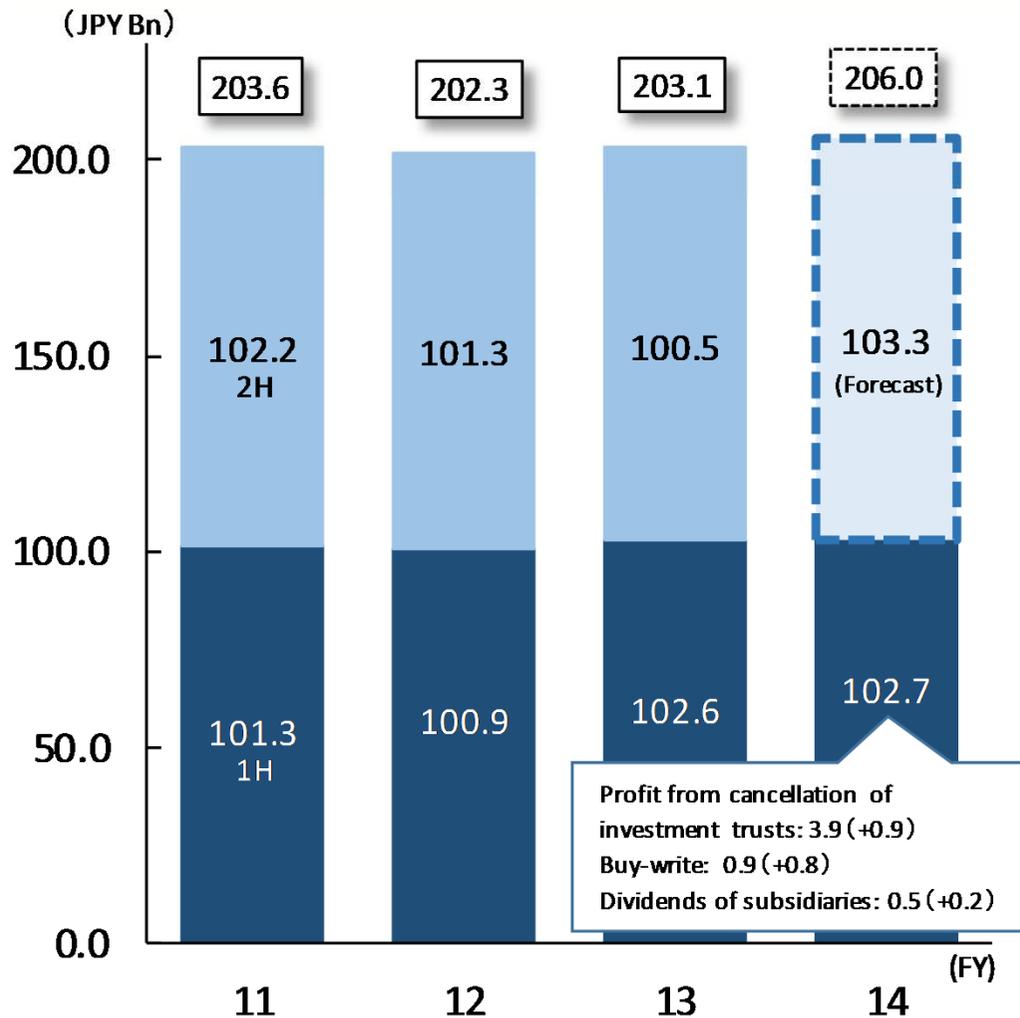
Ordinary profit	49.5	57.0	+ 7.5	+15.1%	110.0	+ 7.8
Net income	31.0	35.0	+ 4.0	+12.9%	66.0	+ 5.4

2. Financial Summary

(2) Gross Operating Income

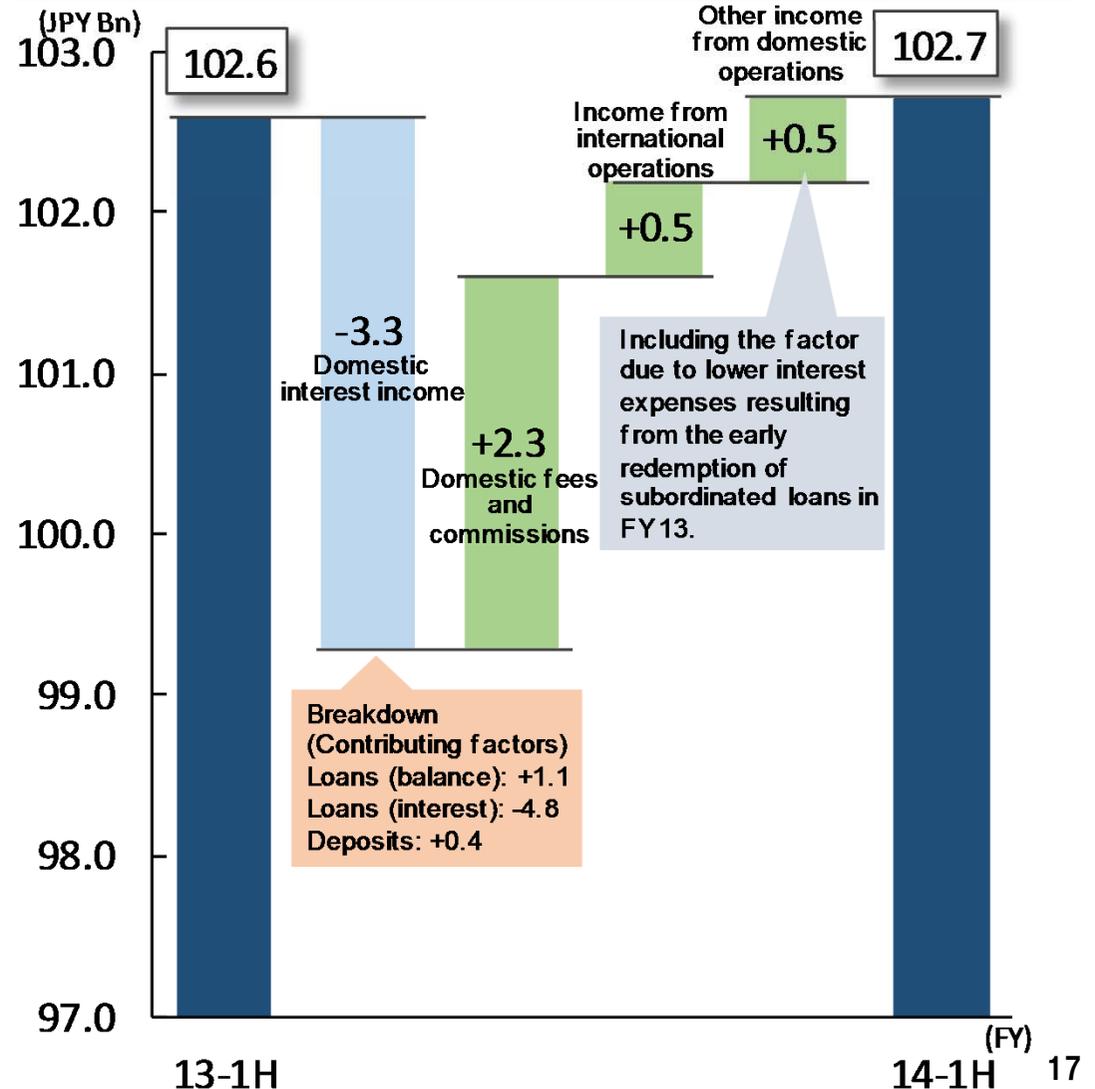
- FY14-1H: Gross operating income (Non-consolidated) **increased by JPY0.1 Bn (Up 0.1%) to JPY102.7 Bn.**
- Since the increase in domestic fees & commissions and others compensated the decrease in domestic interest income on loans and deposits resulting from the decline in loan yield, gross operating income continued growth.

Gross Operating Income



(Note) Figures in parenthesis () are changes from FY13-1H.

Breakdown of Gross Operating Income

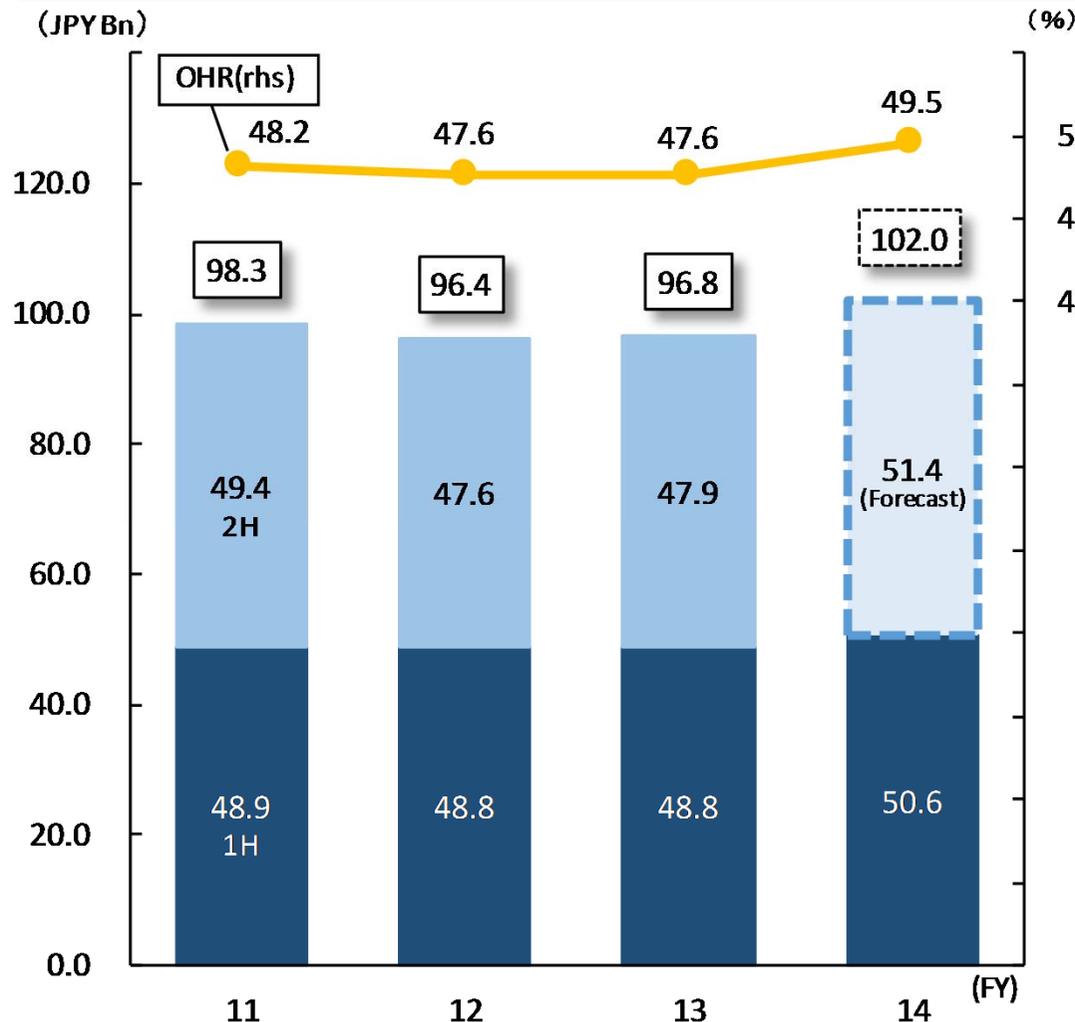


2. Financial Summary

(3) Expenses & OHR

- FY14-1H: Expenses **increased by JPY1.8 Bn (Up 3.6%)** due to the increase in personnel expenses and the impact of the consumption tax rate hike.
- Expenses for FY14 are projected to **increase by JPY5.2 Bn to JPY102.0 Bn** (OHR is projected to be at **49.5%**).

Expenses & OHR



(Note) Cost forecast in FY14 includes with a decline in deposit insurance premium (about JPY1.6 Bn).

Breakdown of Expenses

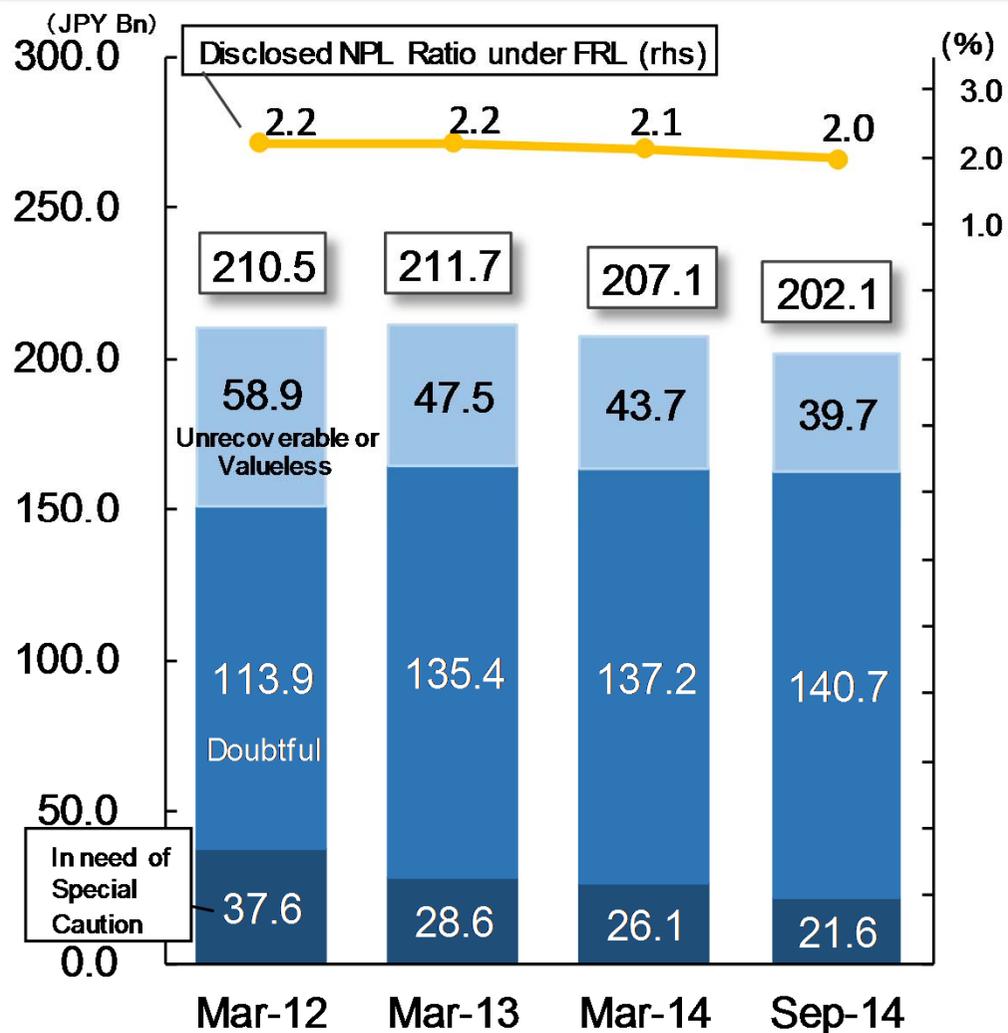
	14-1H	Change from FY13-1H	Factors	(JPY Bn)
Personnel	22.1	+ 1.9	<ul style="list-style-type: none"> ▪ Increase in bonuses & social insurance premium +0.5 ▪ Transfer dispatched staff to regular employment +1.0 	45
Non-Personnel	25.3	- 0.5	<ul style="list-style-type: none"> ▪ Transfer dispatched staff to regular employment -1.1 ▪ Increase in deposit insurance premium +0.2 	40
Tax	3.1	+ 0.4	<ul style="list-style-type: none"> ▪ The consumption tax rate hike +0.4 	
Total	50.6	+ 1.8		

2. Financial Summary

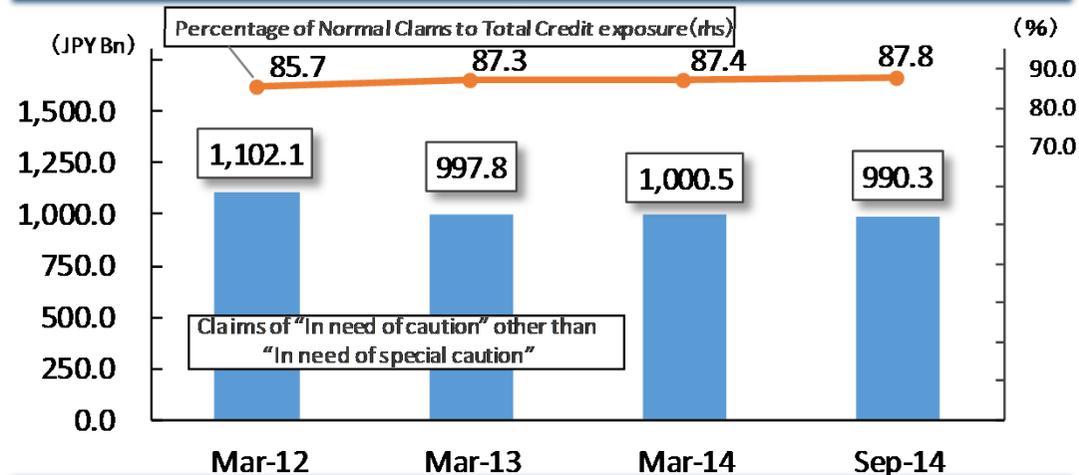
(4) Financial Claims

- Non-performing loan (NPL) ratio as of Sep-14 **decreased to 2.0%**, the lowest figure since the introduction of the Financial Revitalization Law (in 1998) as we pushed forward with management improvement support and execution of collateral.
- Percentage of normal claims to total credits as of Sep-14 **rose to 87.8%** with the increase in loans for normal borrowers and migration of existing claims to a higher category due to business improvement.
- The balance of claims to actual and prospective borrowers with a highly feasible and drastic restructuring plan as of Sep-14 slightly increased as we strengthened the development of management improvement plan.

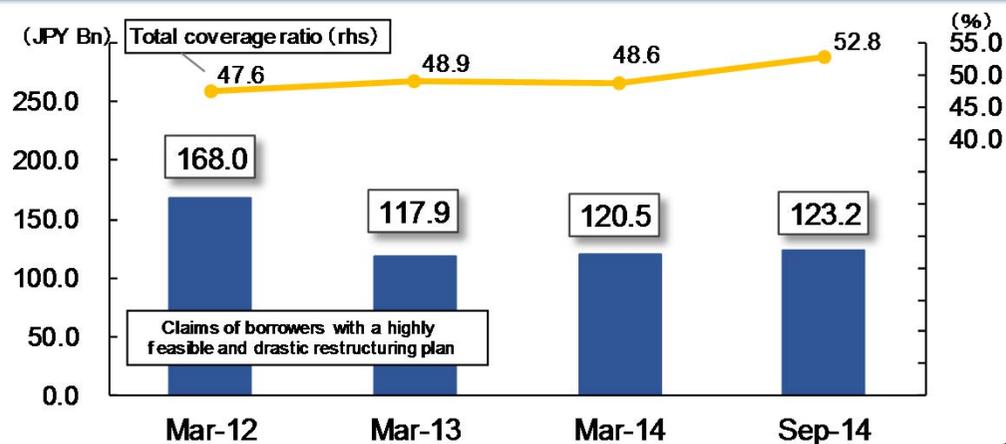
Disclosed NPLs under Financial Revitalization Law (FRL)



Claims of "in need of caution" customers other than "in need of special caution"



Borrowers with a highly feasible and drastic restructuring plan



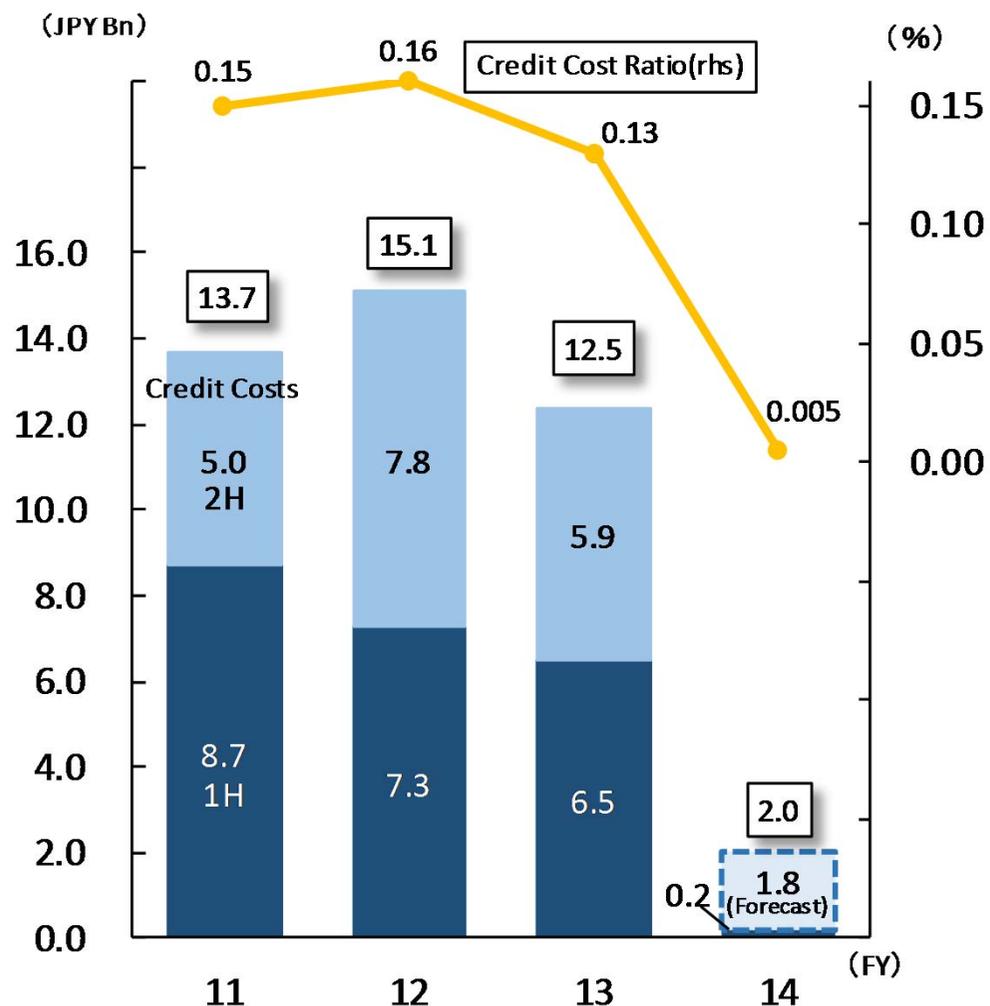
(Note) Including borrowers who have developed a highly feasible and drastic restructuring plan.

2. Financial Summary

(5) Credit Costs

- FY14-1H: Credit costs **decreased by JPY6.3 Bn** to **JPY0.2 Bn** owing to the higher amount collected due to land price appreciation and the lower allowance ratio for allowance for general loan losses.
- The loan loss ratio for “possible bankruptcy” claims increased to 64.5% as the scope of claims subject to the DCF method expanded. The ratio is expected to peak out going forward.

Credit Costs

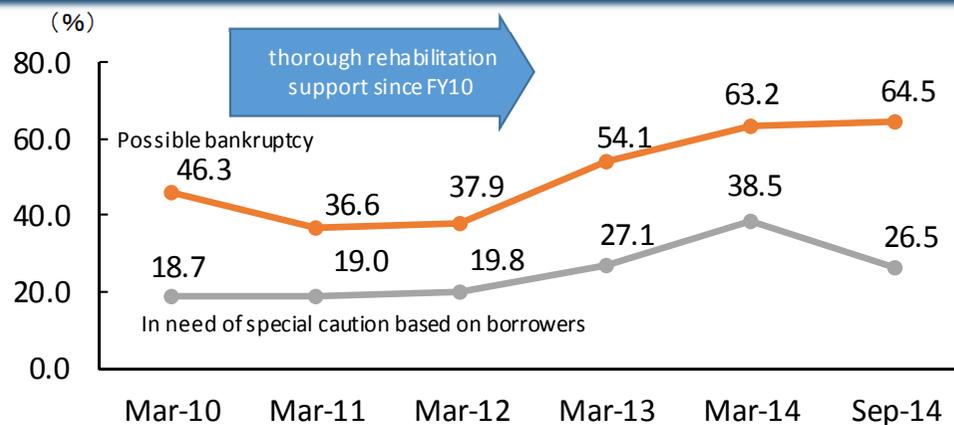


(Note 1) Credit cost ratio = Credit costs ÷ Average balance of loans
 (Note 2) Credit cost ratio for FY14 is an annualized figure based on 1H actual.

Breakdown of Credit Costs

	(JPY Bn)			
	FY12 -1H	FY13 -1H	FY14 -1H	Change from FY13-1H
Effect of change in collateral	1.2	1.4	1.3	- 0.1
Effect of change in borrower's category	10.7	5.7	6.8	+ 1.1
Effect of debt-collection or reversal of allowance	- 1.8	- 1.4	- 3.3	- 1.9
Provision of allowance for general loan losses	- 3.3	0.4	- 3.3	- 3.7
Others	1.6	1.1	- 0.6	- 1.7
Recoveries of written-off claims	- 1.0	- 0.6	- 0.5	+ 0.1
Total	7.3	6.5	0.2	- 6.3

Ratio for Loan Losses

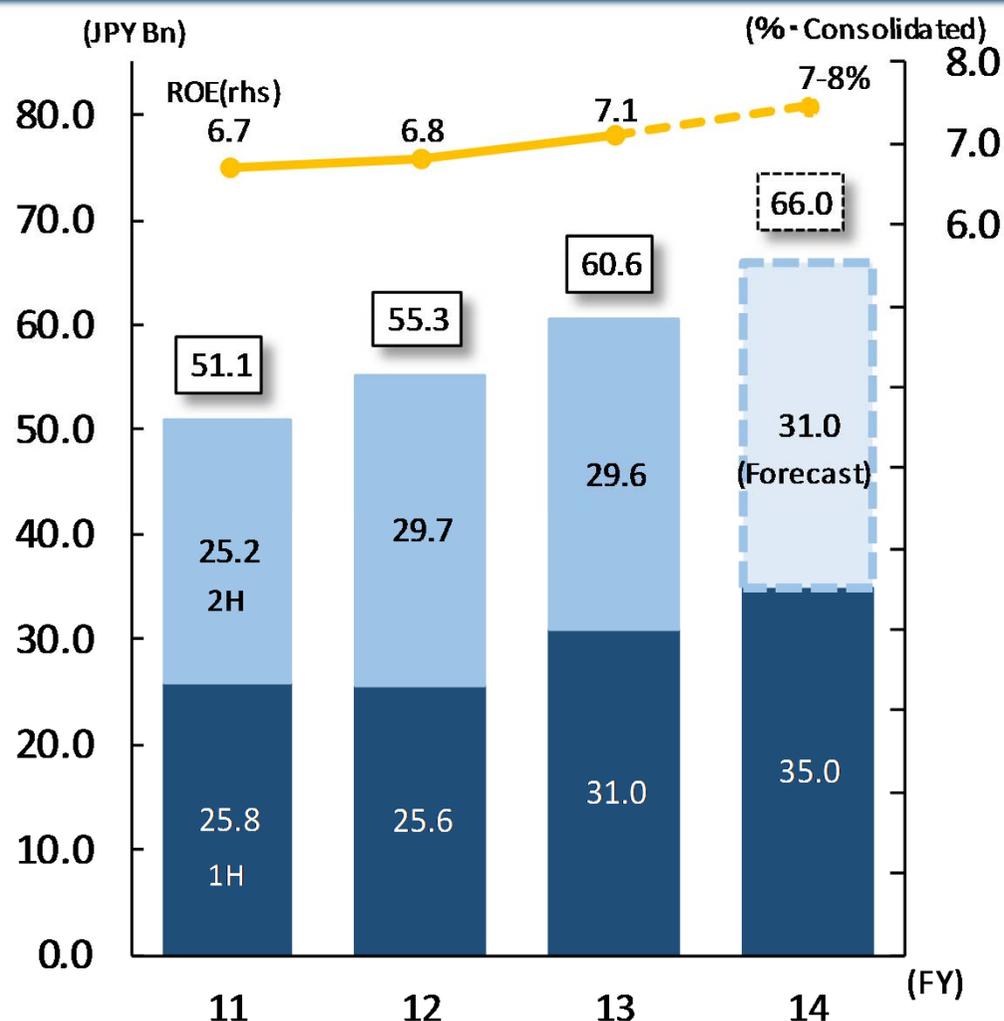


2. Financial Summary

(6) Net Income

- FY14-1H: Net income (Non-consolidated) **increased by JPY 2.7 Bn (Up 8.8%) to JPY33.3 Bn** due to the increase in gross operating income and the decrease in credit costs.
- FY14-1H: Net income (Consolidated) **increased by JPY4.0 Bn (Up 12.9%)** reaching a historic-high at **JPY35.0 Bn** as income in subsidiaries increased.
- ROE (Consolidated) **increased to 7.9% (Up 0.7%)**.

Net Income



Change from FY13-1H

		(JPY Bn)		
		FY13-1H	FY14-1H	Change from FY13-1H
Non-consolidated	Net Income	30.6	33.3	+2.7
	ROE	7.2%	7.6%	+0.4%
Consolidated	Net Income	31.0	35.0	+4.0
	ROE	7.2%	7.9%	+0.7%
	RORA	0.95%	1.04%	+0.09%

Factors behind the change from FY13-1H to FY14-1H:

Credit costs (-): - JPY6.3 Bn

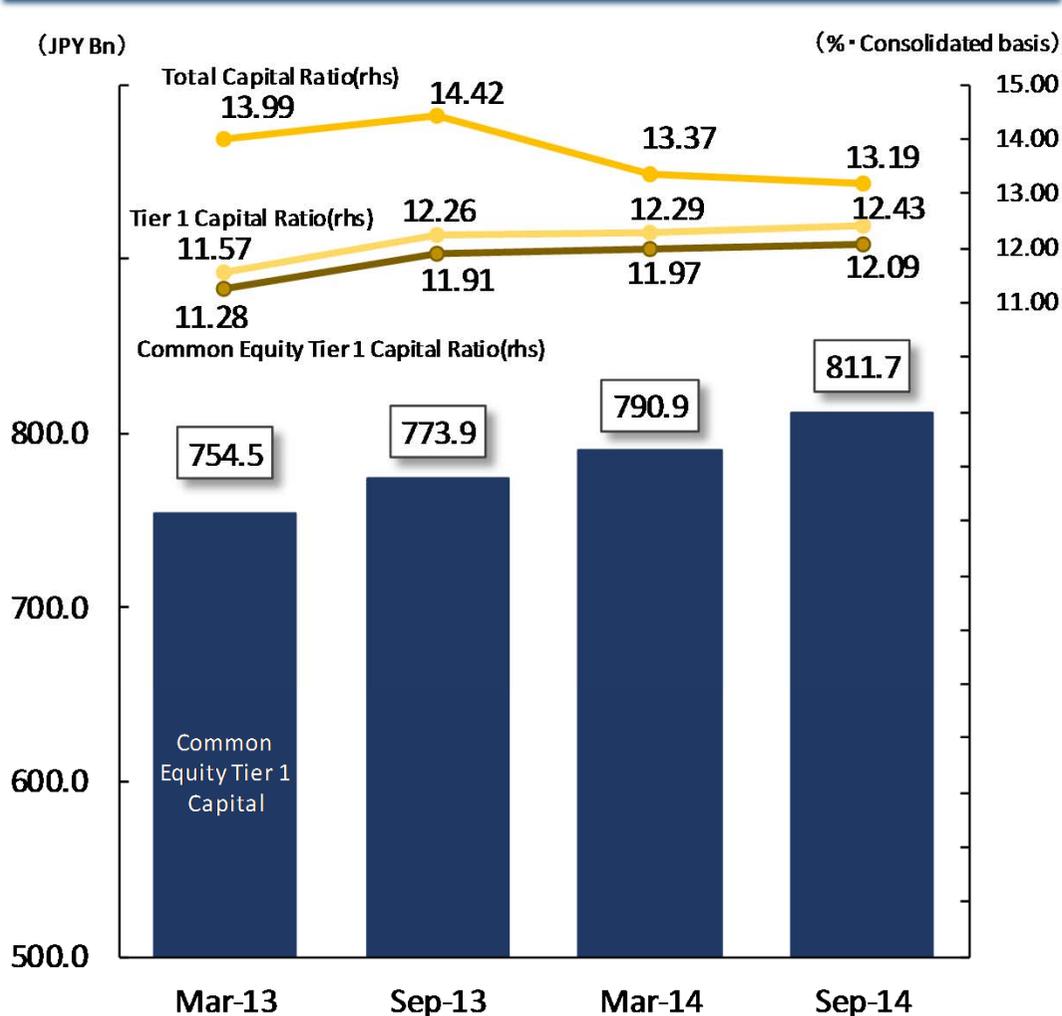
Abolition of special restoration surtax and others (-): - JPY0.8 Bn

2. Financial Summary

(7) Capital Adequacy & Shareholder Return

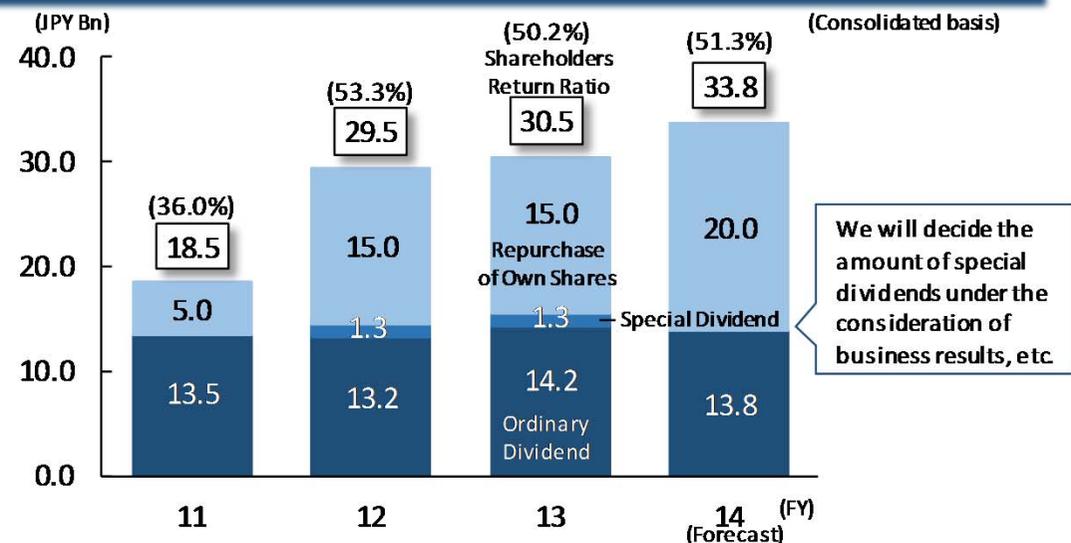
- Common Equity Tier 1 capital ratio (consolidated) continually maintained at the sufficient level, **12.09%** as of Sep-14.
- We repurchased own shared of **JPY10 Bn** in May-June. (In addition, decided to repurchase own shared of JPY10 Bn in November.)
- Consideration of aggressive shareholder return based on the shareholder return policy.

Common Equity Tier 1 Capital



(Note) Transition basis. Common Equity Tier 1 capital ratio on the full implementation basis as of Sep-14 is 12.64%.

Shareholder Return



We will decide the amount of special dividends under the consideration of business results, etc.

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

- Target levels are maintained for 6 out of 7 objectives in the Medium Term Management Plan except for the number of main individual customers.
- Regarding the number of main individual customers (increased by 40,000 from the end of FY13), we aim to expand customer contacts by reorganizing the regional sales headquarters at the beginning of FY14.

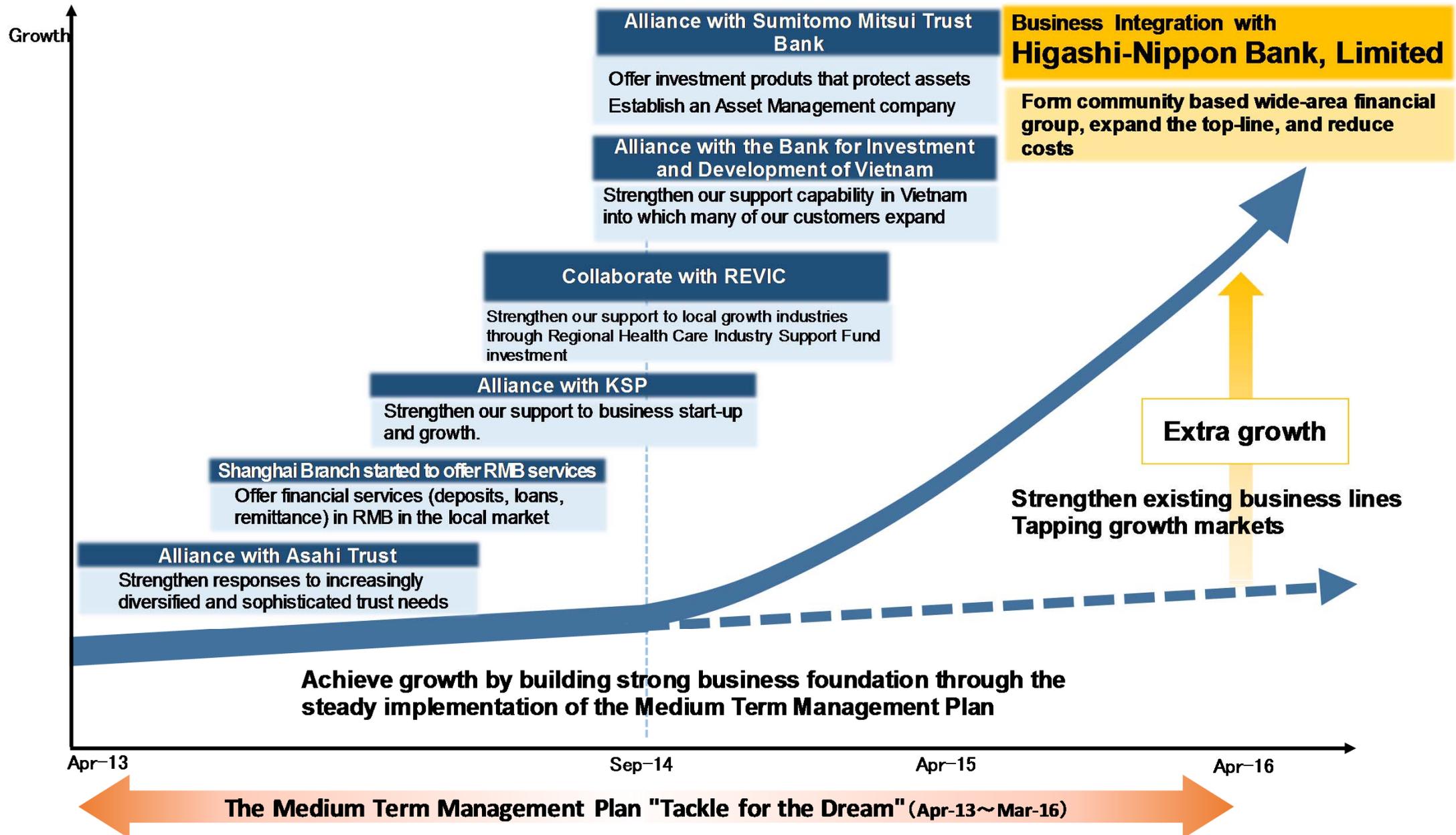
(JPY Bn)

	1st Year	2nd Year		3rd Year		
	FY13 Actual	FY14 Plan	FY13 Forecast (announced on Nov 10)	FY14-1H Actual	FY15 Plan	
Non-consolidated basis	Gross Operating Income	203.1	206.0	206.0	102.7	213.0
	Of which, Domestic Fees and Commissions	37.3	40.9	43.5	21.0	37.0
	- Expenses	96.8	102.0	102.0	50.6	104.0
	Core Net Business Profit	106.3	104.0	104.0	52.1	109.0
	- Credit Costs	12.5	8.0	2.0	0.2	14.0
	Ordinary Profit	92.3	94.0	100.0	51.0	92.0
	Net Income	58.7	61.0	63.0	33.3	59.0
	OHR (Note1)	47.6%	49.5%	49.5%	49.2%	High 40's%
Credit Costs Ratio (Note1)	0.13%	0.08%	-	0.005%	Around 0.15%	
Consolidated basis	Gross Operating Income	224.0	226.0	-	112.2	230.0
	Of which, Fees and Commissions	51.5	55.0	-	27.7	51.0
	Ordinary Profit	102.2	102.0	110.0	57.0	100.0
	Net Income	60.6	63.0	66.0	35.0	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%	-	7.9%	Around 7%
	Net Income RORA (Note1)	0.91%	Around 0.8%	-	1.04%	Around 0.8%
	Common Equity Tier 1 Capital Ratio (Note1)	11.97%	Around 11%	-	12.09%	Around 11%
Number of Main Individual Customers (Note)	2.30 million	Around 2.40 million	-	2.34 million	Around 2.50 million	

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

3. Strategies for Growth

3. Strategy for Growth Enhancement of Business Alliance & Integration



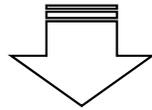
3. Strategy for Growth – Enhancement of Business Alliance

Responses to the needs for trust-related services

Purpose

- In order to respond to the needs regarding “succession of customers’ assets” in an aging society, we strengthen the trust-related services offered in coordination with highly specialized external organizations.

Demand for inheritance/trust-related services is increasing in our aging society



Strengthen alliances with external trust companies

- ✓ Provide customized consultation that complies with the needs regarding “succession of customers’ needs” through the alliance with trust companies that have a large team of lawyers and tax accountants.
- ✓ A study group was formed by 25^(Note) regional banks to share know-how
- ✓ Strengthened business alliance relationship through capital contribution

(Note) # of participants as of end of Oct, 2014

Asahi Trust Co., Ltd.

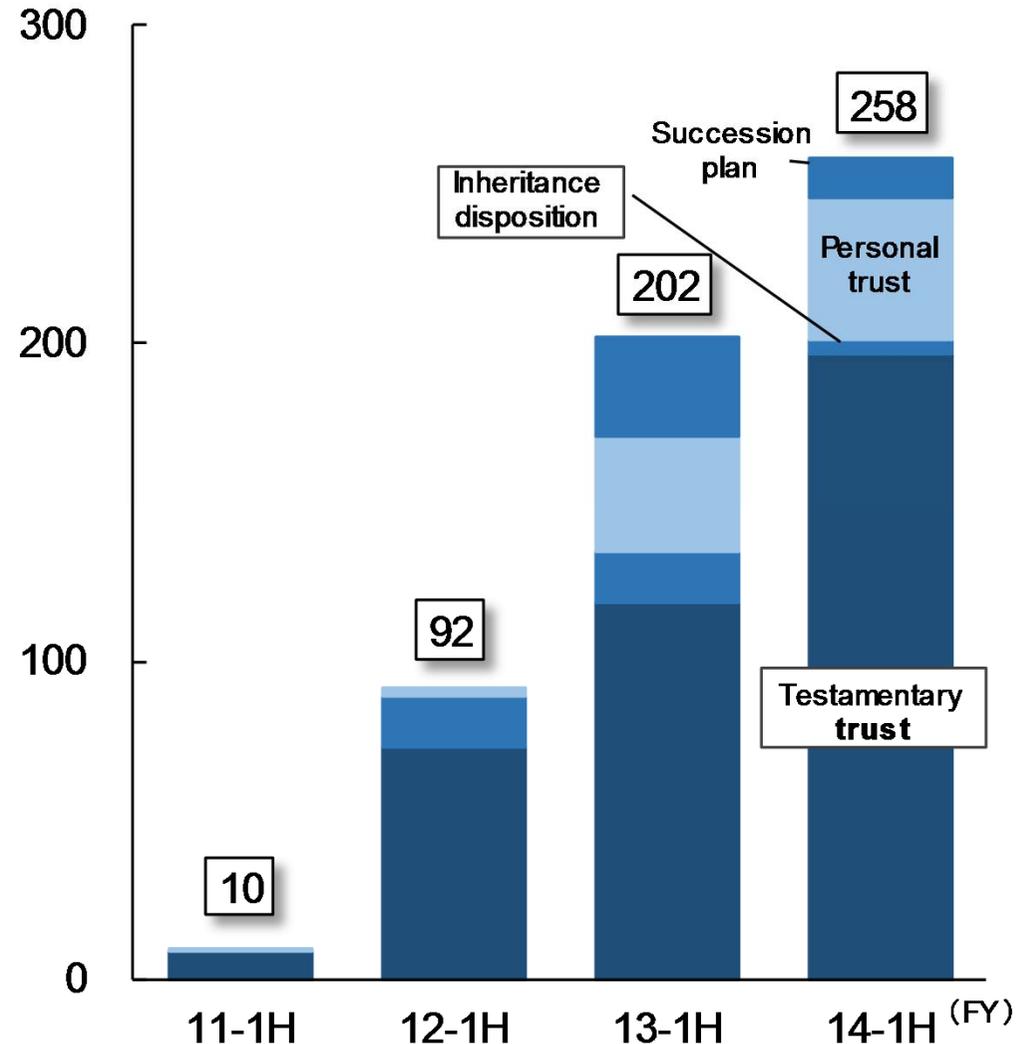
Personal trust, testamentary trust, inheritance disposition services, asset inheritance planning

Yamada Escrow and Trust Co., Ltd.

Testamentary trust, inheritance disposition services

Inheritance/ Trust-Related Services

(# of contracts)



3. Strategy for Growth - Enhancement of Business Alliance problem solving and customer growth

Purpose

- In order to support growing companies in Kanagawa Prefecture, ranked 2nd highest in starting-business-rate in Japan, we provide problem solving of our corporate customers, specifically in the medical and nursing industries.

The collaboration with the Regional Economy Vitalization Corporation of Japan (REVIC)

- ✓ Provide support to the growth of medical/nursing businesses and other related businesses through the investment in the Regional Health Care Industry Support Fund

(Note) Regional Economy Vitalization Corporation of Japan (REVIC): Public-Private investment fund that supports SME's business rehabilitations and vitalizes regional economy

Borrowing long-term funds in foreign currency from Japan Bank for International Cooperation

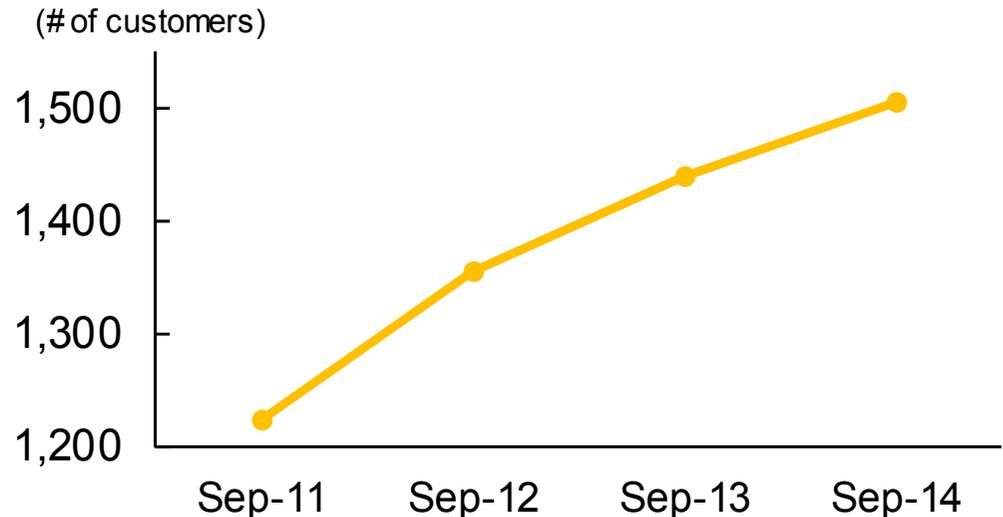
- ✓ Support fund raising for overseas M&As, etc.
- ✓ Support fund raising in foreign currencies

Alliance with KSP Inc.

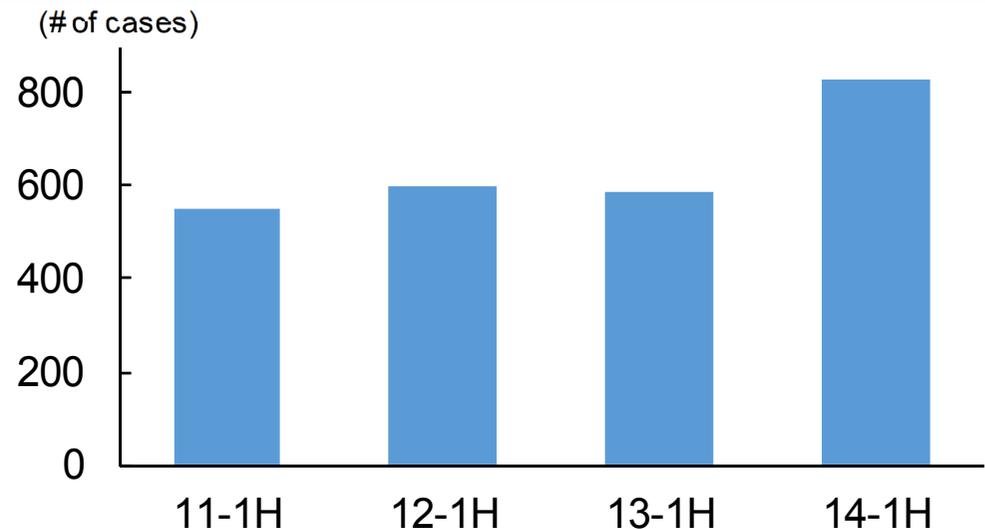
- ✓ Entrepreneurship development and support to business start-up
- ✓ Coordination in the areas of M&A services to support new business entrance and business matching services to support distribution channel expansion

(Note) Kanagawa Science Park (KSP): Japan's first urban science park where a number of sophisticated companies and research institutions are highly concentrated

Number of loans to medical/nursing businesses



Number of business matching meetings arranged

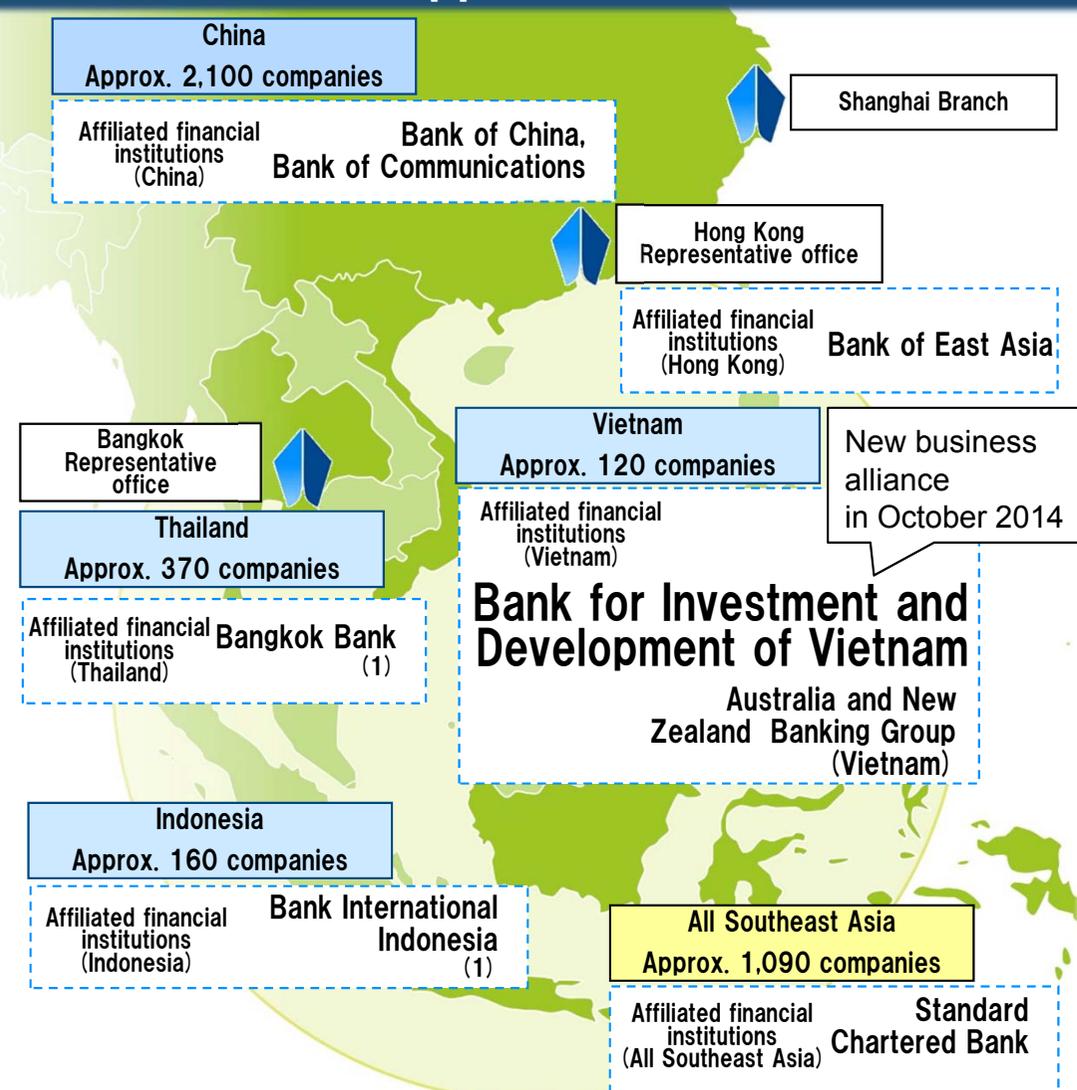


3. Strategy for Growth - Further support to overseas business of our customers

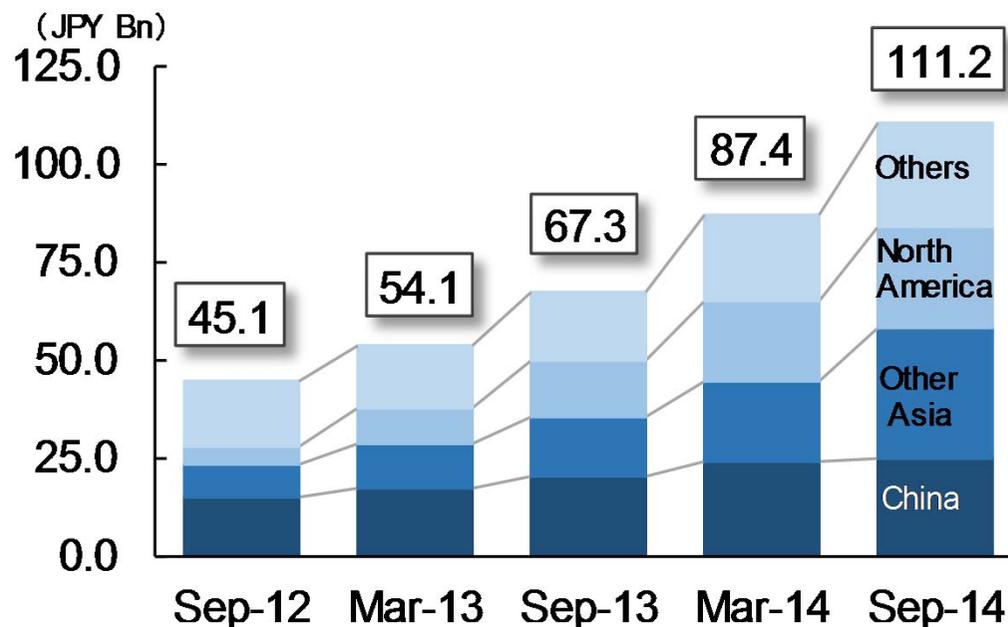
Purpose

- Strengthen alliances with local financial institutions particularly in Southeast Asia to support customers who expand their businesses overseas in response to economic globalization.

Support in Asia



Credit balance to Overseas entities



Expansion of business support in overseas

- 2009 Shanghai Branch opened
- 2012 Bangkok Representative Office opened
- 2014 Shanghai Branch started to offer RMB services
- 2014 Business alliance with the Bank for Investment and Development of Vietnam

(Note 1) Figures in parenthesis () are the number of employees temporarily transferred from the Bank of Yokohama.

(Note 2) The number of companies represents the number of our customers doing business in respective countries.

The figure for China is based on the number of locations as authorized by each province.

3. Strategy for Growth - Alliance with Sumitomo Mitsui Trust Bank

Purpose

- In order to support customers' asset formation and respond to the needs of financial asset protection we entered into an alliance with Sumitomo Mitsui Trust Bank, thereby we decided to establish an Asset Management company

Improvement of sales methods

- ✓ Leveraging the know-how of Sumitomo Mitsui Trust Bank, we will introduce new sales methods centered around "core & satellite investment strategies" and share the proposal stories within the whole bank.
- ✓ We focus on balance expansion using sales methods that are not affected by the direction of the market.

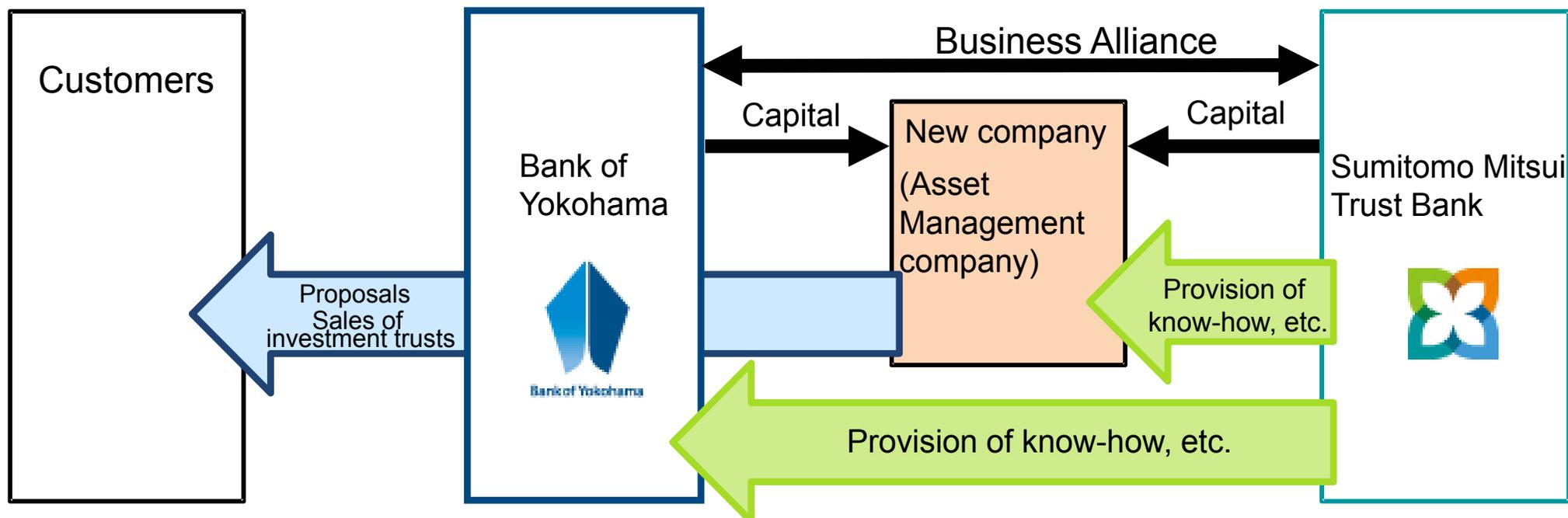
Launch a Core Investment Product

- ✓ In order to respond to the needs to "protect financial assets," we will launch a core investment product aimed at achieving stable growth.

Establishment of an Asset Management company

- ✓ Secure trust fee (management fee) as a new revenue source
- ✓ Accumulation of investment management know-how for investment trusts
- ✓ Provision for providing our original investment products

(Note) Core & satellite investment strategies: Strategies that combine "core" investment, which is aimed at achieving stable returns, and "satellite" investment, which pursues higher returns in rising markets.



3. Strategy for Growth - Business integration with The Higashi-Nippon Bank, Limited (“HNB”)

Principle

- To boost earnings capacity and improve corporate value by enhancing the complementary relationship of the two banks in the Metropolitan area and establishing a collaborative relationship based on the strengths and uniqueness of both banks.

Effect of Business Integration

- Through integration of the “know-how” held by the Bank of Yokohama, Ltd. (“BOY”), such as services to corporate customers, including business matching, M&A and support for overseas expansion, inheritance and trust related services, as well as consulting services for asset utilization and management to meet the various needs of individuals, and HNB’s “management infrastructure,” such as its customer base and branch network focused in Tokyo, the two banks will seek to expand their corporate transactions and the foundation of their retail business.
- The group will enhance its financial intermediation capacity.
- The two banks intend to strategically establish new branches in regions where each bank has a strong presence, such as central Tokyo, particularly along the Yamanote Line, for HNB and Tokyo’s Jonan, Josai and Tama areas for BOY.
- The two banks intend to promote the development of infrastructure, including streamlining their headquarters organizations, converting branches to satellite branches, consolidating overlapping branches, sharing various administration centers and integrating IT systems. At the same time, they aim to streamline operations, reduce costs and improve capital efficiency by sharing BOY’s know-how of low-cost operation, which is one of our strengths.

Outline of the Holding Company

Method of Integration	Establishment of a bank holding company through a joint share transfer
Location of Head Office	Tokyo
Shares	To be listed on the Tokyo Stock Exchange

(as of the end of September 2014)

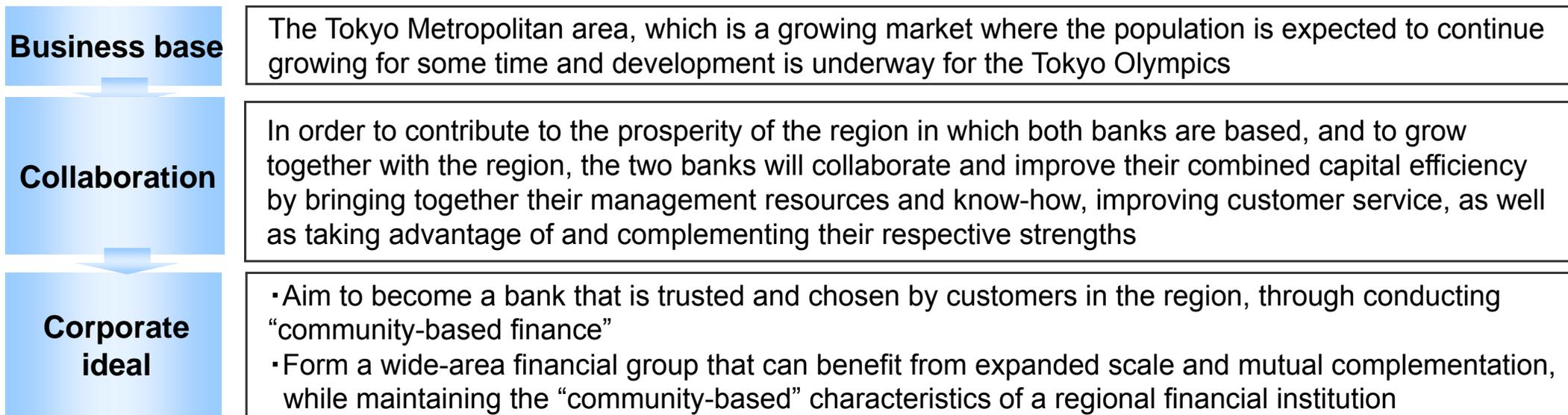
	BOY	HNB	Total
Deposits	11,571.3 billion yen	1,823.1 billion yen	13,394.4 billion yen
Loans and bills discounted (in Tokyo)	9,676.3 billion yen (2,002.2 billion yen)	1,510.6 billion yen (1,147.7 billion yen)	11,186.9 billion yen (3,149.9 billion yen)
Number of branches (in Tokyo)	205 branches (20 branches)	80 branches (47 branches)	285 branches (67 branches)

(*) Number of branches include manned sub-branches.

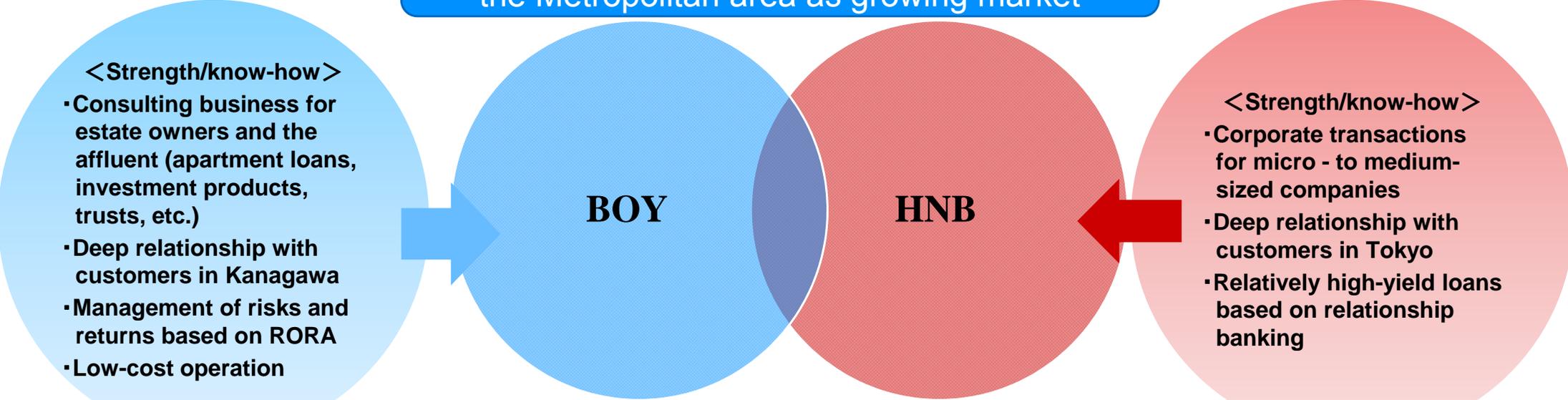
Schedule

Friday, Nov. 14, 2014	Execution of the Basic Agreement Concerning Consideration of a Business Integration
Sept. 2015 (scheduled)	Execution of a definitive agreement concerning the business integration, pursuant resolutions adopted at the respective board of directors' meetings of BOY and HNB
Dec. 2015 (scheduled)	Extraordinary shareholders' meetings of BOY and HNB
Apr. 2016 (scheduled)	Establishment of the Holding Company

3. Strategy for Growth - Business integration with The Higashi-Nippon Bank, Limited

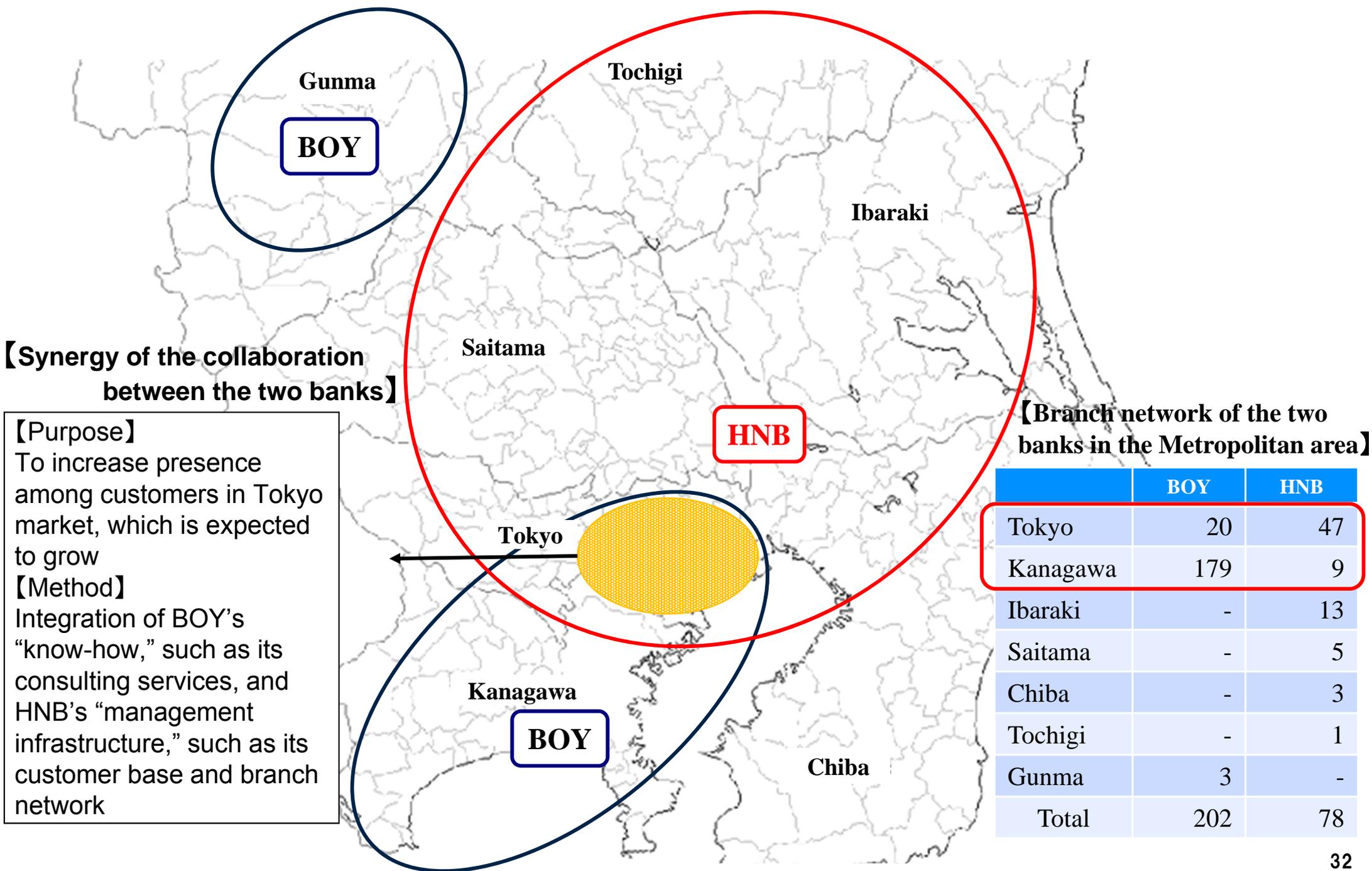


Wide-area financial group based in the Metropolitan area as growing market



Employ the synergy effects (top line expansion and cost reduction) from sharing management resources and know-how

3. Strategy for Growth - Business integration with The Higashi-Nippon Bank, Limited



Afresh あなたに、あたらしく。



Bank of Yokohama

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