

March 8, 2006

To Whom It May Concern:

Company Name: The Bank of Yokohama, Ltd.
Representative: President Tadashi Ogawa
(Code No. 8332: Listed on the 1st Section of the Tokyo Stock Exchange)

RE: Establishment of a Subsidiary for Issuance of “Non-dilutive” Preferred Securities

We hereby announce that the Bank of Yokohama, Ltd. (“Bank”) held a meeting of its Board of Directors on March 8, 2006 and resolved to establish a wholly owned subsidiary in the Cayman Islands named “Yokohama Preferred Capital Cayman Limited” for issuance of preferred securities (“Non-dilutive Preferred Securities.”)

The summary terms of the Non-dilutive Preferred Securities are as described below and the specific terms and conditions of the issue will be determined at a later date. The issuance of the Non-dilutive Preferred Securities is expected to increase our Tier I capital under the BIS capital adequacy requirements.

Issuer	Yokohama Preferred Capital Cayman Limited (an offshore special purpose company to be newly established under the laws of the Cayman Islands whose voting rights to be wholly held by the Bank)
Type of security	Japanese Yen denominated non-cumulative perpetual preferred securities (no right to convert into Issuer’s common stock is granted)
Issue Amount	40 billion Japanese yen (planned)
Dividend Rate	To be determined
Use of proceeds	All proceeds are to be used to strengthen the Bank’s capital base.
Liquidation preferences	As to rights upon liquidation, the Non-dilutive Preferred Securities will rank junior to the subordinated creditors and general creditors of the Bank, senior to the common shares, and effectively pari passu with the preferred shares.
Method of offering	Private placement (Nikko Citigroup Limited and Nomura Securities Co., Ltd. will underwrite all of the Non-dilutive Preferred Securities at issue price and offer them to qualified institutional investors.)

(Note) The issuance is subject to notification and approvals based on applicable laws and regulations becoming effective.

This notice with regard to the establishment of a subsidiary for the issuance of Non-dilutive Preferred Securities is published in order to publicly announce specific facts relating to the establishment, and does not constitute a solicitation of investment, solicitation of sale or purchase of any type of securities, in or outside of Japan. The Non-dilutive Preferred Securities have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States, absent registration or an applicable exemption from registration requirements.