

March 16, 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: Notice concerning issuance of “Non-dilutive” Preferred Securities**

The Bank of Yokohama, Ltd. (“Bank”) hereby announces that its wholly owned subsidiary named “Yokohama Preferred Capital Cayman Limited” has decided the following with regards to the issuance of preferred securities (“Non-dilutive Preferred Securities.”)

Issuer	Yokohama Preferred Capital Cayman Limited (an offshore special purpose company established under the laws of the Cayman Islands whose voting rights are 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
Dividend Rate	Dividend rate 3.01% per annum (Fixed rate until July 2016) Floating rate after July 2016
Issue Price	10 million Japanese yen per preferred security
Issue Date	March 28, 2006
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 <i>pari passu</i> 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.)

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.