

May 18, 2007

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 of Execution of the Dividend Payment for the Term ended March 31, 2007**

**And Revision of the Dividend Policy**

The Bank has adopted a resolution, at the Board of Directors' Meeting held as of this day (May 18, 2007), to execute the payment of the dividend out of its retained earning as of the record date, March 31, 2007 (End of the Term Dividend for the Term ended March 31, 2007), and to revise its current Dividend Policy beginning from FY2007, and we hereby inform you as follows;

1. Dividend Payment for the Term ended March 31, 2007

	Resolved	Latest Forecast (November 20, 2006)
Record Date	March 31, 2007	March 31, 2007
Dividend Per Share	6.50 yen per share	6.50 yen per share
Total Amount of Dividend to be paid	9,049 million yen	-
Effective Date (Date of Payment)	June 4, 2007	-
Source of Dividend	Retained Earning	-

Consequently, the dividend payments for the FY2006 are as follows;

	Interim	End of the Term	Annual
Ordinary Dividends	3.50 yen	3.50 yen	7 yen
Special Dividends	-	3 yen	3 yen
Annual Dividends	3.50 yen	6.50 yen	10 yen

(Reference) The Bank's Dividend Policy until the Term ended March 31, 2007

From the Term ended March 31, 2005, the Bank has introduced the "Performance-based dividend policy" where annual dividend is determined based on the combination of a portion stably paid and a portion linked to its performance.

Ordinary Dividends (portion stably paid) : To be paid out 7 yen per share per annum, regardless of business results

Special Dividends (portion linked to performance) : To be paid out at around 30% of the amount exceeding 50 billion yen in net income

## 2. Dividend Policy beginning from FY2007

The Bank continues to adopt its current performance-based dividend policy introduced in May 2005, where the sum of Ordinary Dividends that are stably paid regardless of business results and Special Dividends that are linked to business results are paid out as Annual Dividends. However, in order to increase the payout ratio and thereby enhance shareholders' value, the Bank will make changes in the way Annual Dividends are calculated, we hereby inform you as follows;

### (1) Contents of the changes made in the calculation

	Before	After
Ordinary Dividends	<u>7</u> yen (fixed regardless of business results) per share per annum is to be paid out	<u>10</u> yen (fixed regardless of business results) per share per annum is to be paid out
Special Dividends	Around <u>30</u> % of the amount exceeding <u>50</u> billion yen in Net Income is to be paid out	Around <u>35</u> % of the amount exceeding <u>60</u> billion yen in Net Income is to be paid out

(Note) Figures underlined are the changes made.

### (2) The forecast for dividends per share per annum for the FY2007 is as follows;

	Interim	End of the Term	Annual
Ordinary Dividends	5 yen	5 yen	10 yen
Special Dividends	-	1.50 yen	1.50 yen
Annual Dividends	5 yen	6.50 yen	11.50 yen

### (3) Payout Ratio and the level of Shareholder Return Ratio

	FY2006 (Actual)	FY2007 (Forecast)
Payout Ratio (A)	21.1%	23.4%
Shareholder Return Ratio by repurchasing own shares (B)	18.2%	Higher than 16.6%
Shareholder Return Ratio (A+B)	39.4%	Higher than 40%

(Note 1) Payout Ratio is calculated as;

Total Dividends Paid divided by Net Income. (Non-consolidated)

(Note 2) Shareholder Return Ratio by repurchasing own shares is calculated as; Total amount of own shares repurchased from the market divided by Net Income. (Non-consolidated)

(Note 3) Shareholder Return Ratio is calculated as; The sum of the total dividends paid and the total amount of own shares repurchased divided by Net Income. (Non-consolidated)  
The original target Shareholder Return Ratio for the FY2006 was higher than 30%.