

June 22, 2010

To All Parties Concerned:

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 Allocation of Stock Options (Stock Acquisition Rights)

The Bank of Yokohama, Ltd. (the “Bank”) has adopted a resolution, at the meeting of its board of directors (the “Board of Directors”) held this day (June 22, 2010), concerning the determination of the subscription requirements of the stock acquisition rights issued as stock options and the solicitation of subscribers of the said rights. We hereby notify you as follows.

I. Reasons for the Need to Solicit Subscribers of Stock Acquisition Rights

The Bank shall solicit subscribers of stock acquisition rights in order to have Directors and Executive Officers of the Bank share with Shareholders all the advantages and risks involved in share price fluctuations and further heighten their motivation and morale with respect to increasing the corporate value and share price in the medium to long term.

II. Outline of Issuance of Stock Acquisition Rights

1. Name of Stock Acquisition Rights for Subscription: The Bank of Yokohama, Ltd. 7th Stock Acquisition Rights

2. Total Number of Stock Acquisition Rights for Subscription: 3,228 rights

The aforementioned total is the projected allocation number and, in the event no subscription is made or other case where the total number of stock acquisition rights for subscription to be allotted is reduced, the total number of stock acquisition rights for subscription to be allotted shall be the total number of stock acquisition rights for subscription to be issued.

3. Type , Description and Number of Underlying Shares

The type of shares underlying the stock acquisition rights for subscription shall be common shares of the Bank (standard shares of the Bank with no rights limitations, 1,000 shares in one unit of shares)and the number of

shares underlying each offered stock acquisition right for subscription (“number of underlying shares”) shall be 100 shares.

However, subsequent to the date of the allocation of stock acquisition rights for subscription stipulated in 13 below (“allocation date”), the Bank shall adjust the number of underlying shares based on the following formula in the event the common shares of the Bank are split (including gratis stock allotments of common shares; hereinafter the same applies to stock split) or consolidated.

$$\begin{aligned} & \text{Number of underlying shares after adjustment} = \\ & \text{Number of underlying shares prior to adjustment} \times \text{Ratio of share split or consolidation} \end{aligned}$$

The number of underlying shares after adjustment shall be applied on or after the day following the record date of the stock split, in the event of a split, or on or after the effective date, in the event of a stock consolidation. However, if assigning the record date for the stock split on the day prior to the date of the conclusion of the corresponding General Meeting of Shareholders in the event a stock split is effectuated subject to the approval by the General Meeting of Shareholders of a proposal for the decrease in surplus funds and increase of capital or reserves, the number of underlying shares after adjustment is applied retroactively to the day following the said record date on or after the day following the date of the conclusion of the corresponding General Meeting of Shareholders.

In addition to the above, subsequent to the allocation date, in the event the adjustment of the number of underlying shares is deemed appropriate, the Bank may do so within a reasonable scope.

Any fractions of 1 share resulting from the above adjustment shall be rounded off.

When adjusting the number of underlying shares, all necessary particulars shall be notified to each holder of stock acquisition rights for subscription (“Stock Acquisition Rights Holder”) whose name appears in the stock acquisition rights registry or publicized. However, in the event the said notice or publication can not be made by the day prior to the date of the said application, a notice or publication shall be made immediately following same.

4. Value of Property Contributed Upon Exercise of Stock Acquisition Rights for Subscription

The value of the property contributed upon the exercise of each stock acquisition right for subscription shall be 1 yen per share, which the subscribers are entitled to have delivered upon the exercise of each corresponding stock acquisition right for subscription and the amount to be paid in shall be 1 yen multiplied by the number of underlying shares.

5. Exercisable Period of Stock Acquisition Rights for Subscription

From July 8, 2010 to July 7, 2040

6. Matters Regarding Capital and Capital Reserves to Be Increased When Shares Are Issued upon Exercise of

Stock Acquisition Rights for Subscription

- (i) The amount of capital to be increased will be one-half of the maximum amount of increases of the capital, etc. to be calculated in accordance with Article 17, Paragraph 1 of the Corporate Accounting Rules. Any fractional amount of less than 1 yen resulting from such calculation will be rounded up.
- (ii) The amount of capital reserves to be increased shall be the maximum amount of increases of the capital, etc. mentioned in (i) above, after the subtraction of the amount of capital to be increased mentioned in (i) above.

7. Restriction on Acquisition of Stock Acquisition Rights for Subscription by Transfer

The acquisition of stock acquisition rights for subscription by transfer requires approval by resolution of the Board of Directors of the Bank.

8. Conditions for Acquisition of Stock Acquisition Rights for Subscription

In the event items (i), (ii), (iii), (iv) or (v) described below are resolved by the General Meeting of Shareholders of the Bank (if a resolution of the General Meeting of Shareholders is unnecessary, then in the event of a resolution of the Board of Directors or a decision by the Representative Executive Officers), the Bank may acquire stock acquisition rights for subscription without contribution on a date determined separately by the Board of Directors.

- (i) Proposed agenda for approval of a merger agreement under which the Bank would be extinguished
- (ii) Proposed agenda for approval of a corporate divestiture agreement or plan under which the Bank would be the spin-off company
- (iii) Proposed agenda for approval of a stock exchange agreement or stock transfer plan under which the Bank would become a wholly-owned subsidiary of another company
- (iv) Proposed agenda for approval of an amendment to the Articles of Incorporation to create a provision to the effect that, as a feature of all shares issued by the Bank, the approval of the Bank is required to acquire such shares by transfer.
- (v) Proposed agenda for approval of an amendment to the Articles of Incorporation to create a provision to the effect that, as a feature of all shares to be issued upon the exercise of stock acquisition rights for subscription the approval of the Bank is required to acquire such shares by transfer, or the Bank shall be able to acquire all shares of the said type by resolution of the General Meeting of Shareholders

9. Decision-Making Policy on Extinguishment of Stock Acquisition Rights for Subscription and Delivery of Stock Acquisition Rights of the Reorganizing Company in the Event of a Reorganization

In the event of a merger (only where the Bank is extinguished by the merger), absorption-type or incorporation-type company split (only where the Bank is split off in either case), stock exchange or stock transfer (only where the Bank becomes a wholly-owned subsidiary of another company) (the said cases hereinafter collectively referred to as the “Reorganization”), the Bank shall deliver, according to the conditions stated below,

stock acquisition rights of the company stipulated in sub-items (a) to (e) of Item 8 of Paragraph 1 of Article 236 of the Company Law (hereinafter, the “Reorganizing Company”) to those holders of stock acquisition rights for subscription of the Bank that remain unexercised at the time immediately prior to the day on which the Reorganization takes effect (in the case of absorption-type merger, the day on which the absorption-type merger takes effect; in the case of incorporation-type merger, the day on which the company is incorporated by incorporation-type merger; in the case of absorption-type company split, the day on which the absorption-type company split takes effect; in the case of stock exchange, the day on which the stock exchange takes effect; and in the case of stock transfer, the day on which the wholly owning parent company is incorporated by stock transfer. However, it is provided that such delivery of stock acquisition rights of the Reorganizing Company is set forth in an agreement for an absorption-type merger, an agreement for incorporation-type merger, an agreement for absorption-type company split, a plan for incorporation-type company split, an agreement for stock exchange or a plan for stock transfer.

(i) Number of stock acquisition rights of the Reorganizing Company to be delivered

The same number of stock acquisition rights as those held by the rights holder shall be delivered respectively.

(ii) Type of shares to be issued upon exercise of stock acquisition rights

Common stock of the Reorganizing Company

(iii) Number of shares of the Reorganizing Company to be issued upon exercise of stock acquisition rights

To be determined in the similar manner as described in 3 above taking into consideration requirements of the Reorganization.

(iv) Value of property to be contributed upon exercise of stock acquisition rights

The value of the property to be contributed upon the exercise of each stock acquisition right is calculated by multiplying the amount to be paid in after Reorganization provided below by the number of shares of the Reorganizing Company underlying each stock acquisition right that is determined as per 9 (iii) above. The amount to be paid in after Reorganization shall be 1 yen per share of the Reorganizing Company, which the subscribers are entitled to have delivered upon the exercise of each stock acquisition right to be issued.

(v) Exercisable period of stock acquisition rights

Stock acquisition rights may be exercised during the period from either the first day of the exercisable period of stock acquisition rights for subscription stated in 5 above or the effective date of the Reorganization, whichever is later, until the last day of the exercisable period of stock acquisition rights for subscription stated the same.

(vi) Matters regarding capital and capital reserves to be increased when shares are issued upon exercise of stock acquisition rights

To be determined in the similar manner as described in 6 above.

(vii) Restriction on acquisition of stock acquisition rights by transfer

The acquisition of stock acquisition rights by transfer requires approval by resolution of the Board of

Directors of the Reorganizing Company.

(viii) Conditions for the acquisition of stock acquisition rights

To be determined in the similar manner as described in 8 above.

(ix) Other requirements for exercise of stock acquisition rights

To be determined in the similar manner as described in 11 above.

10. Concerning Fractions of 1 Share Arising from Exercise of Stock Acquisition Rights for Subscription

In the event the shares to be delivered upon the exercise of stock acquisition rights for subscription to the holders of such stock acquisition rights include fractions of 1 share, such fractions shall be truncated.

11. Other Requirements for Exercise of Stock Acquisition Rights for Subscription

(i) Stock acquisition rights holders may exercise their stock acquisition rights for subscription within the period iterated in 5 above and within 10 days of the day following the date on which the holders' position as Director (including executives serving on committees in a "company with committees" system), Corporate Auditor and Executive Officer of the Bank is forfeited (hereinafter, the "Rights Exercise Start Date").

(ii) Regardless of the provisions in 11 (i) above, the stock acquisition rights holders may, in the event of (a) or (b) below (however, pertaining to (b), excluding cases where stock acquisition rights of the Reorganizing Company are delivered to the stock acquisition rights holders as per 9 above), the stock acquisition rights for subscription may be exercised within the period prescribed therein, respectively.

(a) In the event the stock acquisition rights holder does not reach the Rights Exercise Start Date by July 7, 2039

From July 8, 2039 to July 7, 2040

(b) In the event of the approval by the General Meeting of Shareholders of the Bank of a proposed agenda for approval of a merger agreement under which the Bank would be extinguished or a proposed agenda for approval of a stock exchange agreement or stock transfer plan under which the Bank would become a wholly-owned subsidiary of another company (if a resolution of the General Meeting of Shareholders is unnecessary, then in the event of a resolution of the Board of Directors or a decision by the Representative Executive Officer)

One month from the day following said approval date

(iii) In the event a stock acquisition rights holder abandons his or her stock acquisition rights for subscription, the said holder may not exercise the said rights.

12. Calculation Method of the Amount to Be Paid In

The amount to be paid in for each stock acquisition right for subscription shall be the amount obtained from multiplying the option price per share determined as per the formula and the basic values given in (ii) to (vii) below by the number of underlying shares.

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma \sqrt{T})$$

...where $d = \{\ln(S/X) + (r - q + \sigma^2/2)T\} \div \sigma \sqrt{T}$

- (i) Option price per share (C)
- (ii) Stock value (S) : Closing price in normal trading of the common shares of the Bank at the Tokyo Stock Exchange on July 7, 2010 (in the event of no closing price on the said date, the settlement price on the following trading day is applied)
- (iii) Exercise price (X) : 1 yen
- (iv) Expected remaining period (T) : 5 years, 0 months
- (v) Volatility (σ) : Rate of share price fluctuation calculated based on the closing price in normal trading of the common shares of the Bank on each trading day over 5 years and 0 months (July 7, 2005 to July 7, 2010)
- (vi) Risk free interest rate (r) : Rate of interest on JGBs for the number of years to maturity corresponding to the expected remaining period
- (vii) Dividend yield (q) : Dividend per share (actual dividend over the previous 12 months (September 2009 and March 2010 dividends) \div the stock value stipulated in (ii) above
- (viii) Cumulative distribution function for standard normal distribution (N (.))

* The amount calculated as per the above formula is the fair value of the stock acquisition rights for subscription and does not correspond to discounted issues

* The Bank shall pay relevant individuals a monetary remuneration in an amount equivalent to the total amount to be paid in for the stock acquisition rights to offset any rights of claim for remunerations against obligations for the amount to be paid in for stock acquisition rights.

13. Allotment Date of Stock Acquisition Rights for Subscription

July 7, 2010

14. Deadline for Cash Payment in Exchange for Stock Acquisition Rights for Subscription

July 7, 2010

15. Individuals to Be Allotted Stock Acquisition Rights, their Number and the Number of Stock Acquisition Rights to be Allotted

1,582 rights shall be allotted to seven (7) Directors and 1,646 rights to ten (10) Executive Officers of the Bank.