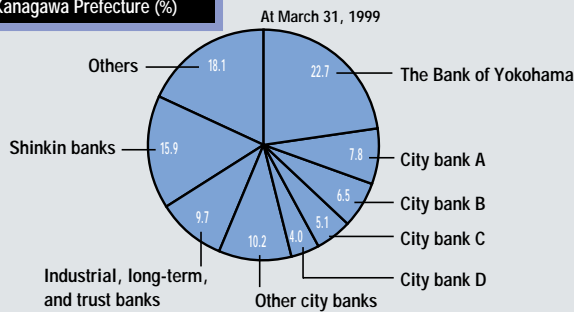
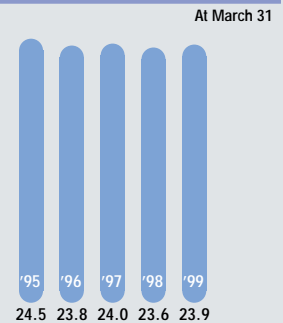


Providing Comprehensive Financial Support in our Home Market

The Bank's Share of the Market for Deposits in Kanagawa Prefecture (%)



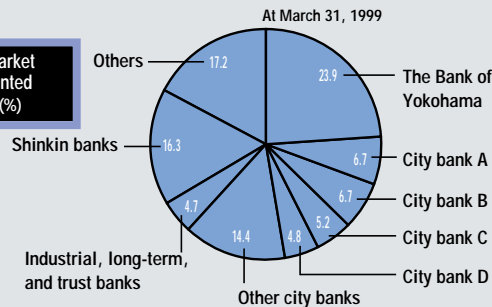
The Bank's Share of the Market for Loans and Bills Discounted in Kanagawa Prefecture (%)



The Bank's Share of the Market for Deposits in Kanagawa Prefecture (%)



The Bank's Share of the Market for Loans and Bills Discounted in Kanagawa Prefecture (%)



The Bank's business priority is to meet the changing financial needs of customers in its home market of Kanagawa Prefecture and southwest Tokyo. Individuals and small and medium-sized companies in particular are key market segments. Our commitment to the regional community is evidenced by our more than 20% share of the market for deposits in Kanagawa Prefecture and the number of our customers, which is approximately 6.4 million, among a population of 8.3 million people in Kanagawa Prefecture. These statistics are representative of a truly regional financial institution.

As such, the Bank has a comprehensive branch network centered on its home market. At the end of fiscal 1998, this network comprised 186 domestic branches as well as 318 automated banking centers. The Bank maintains the largest banking service

network of any financial institution in Kanagawa Prefecture.

BASIC STRATEGY OF INNOVATION 21

In fiscal 1999, the Bank will continue to aggressively implement the retail banking strategies set out in INNOVATION 21—a four-year business plan initiated in April 1997—while taking measures to create a management structure capable of supporting efficient and profitable banking operations well into the 21st century.

In fiscal 1998, the Bank incurred credit costs of ¥213.5 billion to dispose of its problem loans in accordance with the guidelines set out in the Financial Reconstruction Law. This loan cleanup was

complemented by the reallocation of management resources to Kanagawa Prefecture and southwest Tokyo for the purpose of bolstering retail operations there. Also, the Bank improved its cost-efficiency by withdrawing from unprofitable businesses and implementing rationalization measures, again with an emphasis on raising the cost-competitiveness of the financial services provided in its home market.

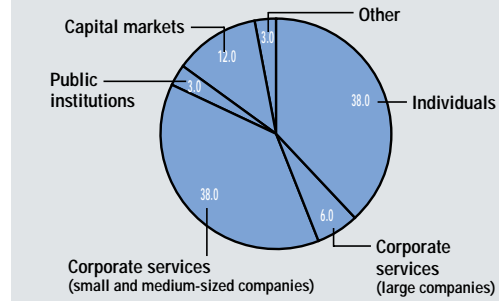
STRENGTHENING THE RETAIL SALES FORCE

The convenience and quality of retail banking services, including consulting services for individuals and small and medium-sized companies—markets that account for the majority of the Bank's operating revenue—will be further enhanced through a variety of market-oriented measures in fiscal 1999.

To gain closer proximity to its customer base, the Bank has designated 27 operating areas in its home market and refined the services and expertise at individual branches in each area according to the given area's market for financial services. In each operating area we have established core operational offices at which lending and business promotion functions are concentrated. These offices are staffed by employees with specialized knowledge pertaining to services for specific market segments, thus improving the overall quality of consulting. This personnel placement policy also helps the Bank to gain a better understanding of market trends for individual and corporate customers. To raise the quality of services in the area of private banking, the Bank has increased the number of financial advisors in all areas and set up investment advisory desks at four branches. The Bank aims to strengthen its business with high-wealth customers through sales of investment trust products, foreign currency accounts, and other financial instruments that offer diversified investment opportunities.

Breakdown of Gross Operating Profit by Business Category (%)

At March 31, 1999



In fiscal 1999, further measures will be taken to strengthen the sales network for such products.

As a result of restructuring efforts, the Bank has created a highly efficient operating network broadly divided between full banking service branches, which number around 50, and branches providing over-the-counter administrative services and account management services. At the same time, the Bank has diversified its service distribution channels by promoting automated banking centers as well as telephone, mail, Internet, and other direct banking services. By increasing the number of customer interface points, the Bank has effectively responded to customers' demands for more convenient and cost-competitive services.

NEW SERVICES TO PROMOTE REGIONAL DEVELOPMENT

In April 1999, the Bank began offering its Pioneer Loan, which targets companies requiring additional operating capital and investment funds for entry into new business fields or technical improvement with the aim of further business expansion. Also, to support venture companies, the Bank is now in the process of establishing a ¥5 billion venture capital fund, called Kanagawa Dream. The Bank will manage the fund jointly with regional universities and public organizations with a view to providing not only start-up funds but also various ongoing support to the long-term growth of local venture companies.