

3rd Medium-Term Business Plan for the 21st Century

Our Vision:

Becoming a partner in prosperity for our community

Main Theme

Enhancing enterprise value through more
Period of the plan: April 2007-

Basic strategy

Focus on the 3 Cs (**Consolidation**, **Credit risk** and **Cost control**), commit to
Consolidation: Upgrade products and services, and take a realistic yet bold approach to risk;
Cost control: Greater efficiency; **CSR**: Step up environmental protection and community

Marketing strategy

Focus on asset quality, and develop the three brand-building

Providing expertise and care

Being strong in Asia

Nature of businesses

Business fields in which we will strengthen relations with customers so as to respond more accurately to their needs

Business fields in which we will broaden our scope of operations so as to enhance customer convenience

Marketing activities

Provide solutions

Provide greater convenience in transactions

Policies

Create a solutions business

(Corporate customers)
Support new business setups (*Nonohana* program)
Strengthen support for corporate rehabilitations
Get involved in investment banking
Asia business support
Strengthen measures for setting loan interest rates at the right levels

(Individual customers)
Strengthen our private-banking activities
Promote our assets-under-custody business

Consolidate customer base with better products and systems

(Corporate customers)
More effective measures for small account-holders

(Individual customers)
Efficiently promote mortgage loans and strengthen credit management
Strengthen marketing of unsecured loans
Strengthen our card strategies
Upgrade settlement functions for small account-holders

Systems

“Hard” measures: Build a more effective and efficient network of marketing channels

Strategic entry into growth markets
Establishment of specialized branches
Revamp branches to match them better with particular regional needs
Expand direct marketing channels

“Soft” measures: Create a marketing system that addresses specific customer segments in line with market trends

Expand our area marketing structure
Efficient promotion of loans to individuals
Strengthen over-the-counter marketing

Personnel needed

Build up staff teams capable of marketing solutions

Shift focus to human resources

Efficiently deploy personnel able to make the right business decisions quickly

Develop products and services

Provide products and services that meet market needs
Provide a broader range of solutions

Develop more products and services geared to CSR needs
Respond to diversifying business opportunities

Nurturing and harnessing human resources

Personnel needed

Professionals with knowledge of the latest banking practice

Optimize deployment of personnel
Develop capabilities of female employees
Nurture expert talent

Strengthen training and operational guidance
Harness the knowledge and experience of veteran employees

Risk management capabilities

FIRB approach,
integrated risk management

Advanced system infrastructure

New branch operating system,
new backbone computer system,
new office building

Expand delivery channels

Bigger branch network/Hello
Support direct marketing channels

Our

sophisticated risk management

March 2010 (3 years)

CSR

Credit risk: More sophisticated credit risk management; initiatives, and put in place corporate governance structures

strategies

Being highly CSR-conscious

Securities Strategy

Manage portfolios with efficient use of capital

Seek returns duly balanced against risk

Risk control for equity investments
with specific policy purposes

Business Environment

Addressing rising market interest rates, the spread of electronic money, and the larger number of baby-boomer retirees amid a rising dependency ratio (fewer births, more retirees)
(Systemic change) Addressing enactment of the Financial Products Exchange Law (J-SOX) and Basel II, and amendment of the FSA's financial inspection procedures
(Competitive environment) Privatization of Japan Post, allowing ordinary companies to enter the banking business, and expansion of online banking

**Reform the merit-based
compensation system**

**Create a personnel system that gives
free rein to employees' potential**

Strengthen internal control systems

Internal processes

More sophisticated management of operations (respond appropriately to Basel II capital adequacy requirements)
Optimize deployment of risk capital, manage operations based on credit rating
Better customer service
More effective capital policies

Strengthen BCP (Business Continuity Plan) initiatives
Compile a CSR charter
Make more effective use of IT systems

Develop a more sophisticated approach to internal controls and disclosure management, strengthen compliance
Reform administrative processes
Pursue efficiency and leverage Group companies

Stronger capital ratio

Achieve capital ratio well ahead
of regulatory minimum

CSR-oriented management with the environment as its centerpiece

Winning community approval for our
environmental and CSR record

Growth potential of markets in Shiga Prefecture

The rate of population increase in Shiga
Prefecture is one of the highest in Japan.

Strengths