

Fiscal 2006 Highlights

Final Results of our Relationship Banking Action Program

We have devised a relationship banking action program with the following three priority objectives in fiscal 2005 and 2006: 1) smoother corporate rehabilitation procedures and financing for smaller enterprises; 2) strengthened product marketing capability; and 3) enhanced convenience for customers in our community. At the same time we have set numerical targets in nine areas and taken initiatives to achieve these goals, including increasing the capital ratio to 11% or higher on a consolidated basis and reducing carbon dioxide emissions by 6% (compared with the level of base year 1990) to help combat global warming.

1. Smoother Corporate Rehabilitation Procedures and Financing for Smaller Enterprises

Strengthen our support functions for startups and new business entry by established businesses

As part of our wide-ranging initiatives to support our *Nonohana* new business program, we held ten “Saturday Entrepreneur Seminars,” a joint initiative with partners in industry, academia, local government and finance, to link up “seeds” (fruits of research) with corporate needs. We also took steps to upgrade our new business support network Shigagin *Nonohana* Support Group, which uses a regionally-focused format which is unique in Japan. During the period between April 2006 and March 2007, we were able to provide business-matchmaking information in 74 cases. Likewise our Shigagin New Business Support Loan Facility, which offers uncollateralized finance up to ¥30 million, provided finance totaling ¥240 million in nine transactions.

Strengthen our Management Consultation and Support Functions (Initiatives for diversification of fund procurement methods)

We offer business loans called Entrepreneurial Power, Entrepreneurial Power Plus, and Super Agricultural Power to support smaller businesses which require no collateral or guarantors with rapid appraisal using our automatic “scoring model” creditworthiness assessment. Loans totaled ¥8,948 million in 1,724 cases as of March 31, 2007.



(Initiatives for corporate rehabilitation)

During the term under review, we helped 49 customers improve their borrower category, after the customers in question were given management reform guidance by the corporate management support office of our Credit Supervision Department (established in October 2003).

2. More Convenient Services for Local Customers

Initiatives for CSR

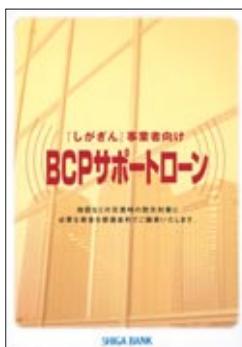
As a financial institution based near Japan’s largest lake, Lake Biwa, sound environmental management is the Bank’s priority, and we ensure rigorous adherence to CSR principles and promotion of environment preservation management on a Groupwide basis. As part of these

efforts, we laid down the Shigagin Principles for Lake Biwa in December 2005 and launched the Shigagin Principles for Lake Biwa Support Fund (PLB Fund) financing facility for corporate clients that have demonstrated particular environmental concern. Since the start of the program, we have provided a cumulative total of ¥4.1 billion via the PLB Fund to 312 entities among 1,010 applicants.

In August 2005, we began offering the Eco and Earthquake Resistance Mortgage Loan, offering preferential interest rates of a maximum of 1.2 percentage points lower than our ordinary loan rates for financing construction of ecologically sound and earthquake-proof housing. A total of 2,102 loans, totaling ¥45.3 billion, have been made since the launch of the product, reflecting our customers' high level of consciousness concerning environment preservation.

In addition, the cumulative total of our Shigagin Eco-Plus Time Deposit program reached to 738,163 deposits (totaling ¥604.2 billion) since the launch of the product in April 2003. In June 2006, we donated ¥1 million to two elementary schools in Shiga Prefecture for the purpose of creating "School Biotopes" with the contributed capital of this program.

In August 2006, we started offering BCP Support Loan for companies that proactively take measures against natural disasters including earthquakes and typhoons. This loan provides lower interest rates than our ordinary loan rates, urging our customers to draft up business continuity plans (BCPs). Since the launch of the product, loans totaled ¥111 million for three cases.



Numerical Targets and Results

Basic Targets in the Medium-Term Business Plan

Targets for March 31, 2007

(Actual values achieved as of March 31, 2007 are in brackets)

ROE (non-consolidated)	5% or higher	[3.38%]
OHR (non-consolidated)	60% or lower	[68.49%]
Capital ratio (consolidated)	11% or higher	[12.20%]
Tier I ratio (consolidated)	8% or higher	[9.60%]
Non-performing loan ratio under the Financial Reconstruction Law (non-consolidated)	2-3% ¹	[2.41%]
CSR	6% reduction in carbon dioxide ²	[9.94%]

Notes: 1. Because we have already reached our target of under 4% as of March 31, 2005 for our non-performing loan ratio in the 2nd Medium-Term Business Plan for the 21st Century, we have set a new target of under 3% as of March 31, 2007 in our relationship banking action program to further strengthen asset soundness.

2. Complies with Japan's target under the Kyoto Protocol for reduction of CO₂ emissions.

Targets in our Expertise and Care and Strong in Asia Campaigns Targets for March 31, 2007

(Actual values achieved as of March 31, 2007 are in brackets)

Number of cases handled by our solution provision section ...over	1,600	[2,488]
Number of attendees (customers planning to offshore operations in East Asia) at our Advance into Asia seminars	over 1,800	[2,245]

Targets under our highly CSR – conscious Campaign

Eco and Earthquake Resistance Mortgage Loan	over 1,800	[2,102]
Shigagin Eco-Plus Time Deposits, total number of deposits ... over	665,000	[738,163]