

Internal Control System

Internal control system status

In accordance with Corporation Law and the Regulations for Enforcement of the Corporation Law, the fundamental policy of our internal control structure was discussed and determined by the Board of Directors. As detailed below, the Bank has a system to ensure appropriate practices in the execution of its daily business. The Bank has also appointed a person to head the General Planning Department dedicated to overseeing maintenance, operation and evaluation of internal control over financial reports in accordance with the Financial Product Transaction Law, which will come into force in April 2008.

Fundamental Policy of the Internal Control System Structure

<Fundamental Policy>

The Bank sees the appropriate execution of its social responsibilities as an essential role in its overall management approach and in order to ensure that the Bank is using the most appropriate work practices when carrying out its business, the following (Internal Control System) structure has been put in place. Moreover, in order for the Bank to flexibly change its operational system in line with changes in the business environment, the Bank will review following systems as needed.

(Systems to ensure the most appropriate work practices)

1. A system to ensure that the Bank's Directors are executing their duties in accordance with the law as well as the Bank's Articles of

Incorporation. A system to ensure that Bank employees are executing their duties in accordance with the law as well as the Bank's Articles of Incorporation.

2. A system to store and maintain information related to the Directors and the execution of their duties.
3. A system to ensure that regulations related to risk management are being followed.
4. A system to ensure that the Directors execute their duties in an effective manner.
5. A system to ensure that the Shiga Bank Group, consisting of the parent Bank and its subsidiary companies use the most appropriate work practices in the execution of their business.
6. In the event that the Bank's statutory auditors request the appointment of employees of the Bank to assist their tasks, said employees shall be treated pursuant to stipulations in Article 100, Paragraph 3, Item i of the Regulations for Enforcement of the Corporation Law. Independence of such employees from the Directors shall also be assured.
7. A system to facilitate reporting to the statutory auditors by the Bank's Directors and employees, an auxiliary system for reports to the statutory auditors, and a system to ensure the effective execution of any audit carried out by the statutory auditors.