

To Our Shareholders

The Bank will celebrate its 75th anniversary in October 2008. We would like to warmly thank all our stakeholders for their support for so many years.

Since March 2007, the Bank has been required to implement the advanced Foundation Internal Ratings Based (FIRB) approach to risk management, which is in line with the new Basel II BIS capital adequacy requirements. As a member of the top group of Japanese regional banks, Shiga Bank has been authorized to adopt these advanced risk management standards. This enabled the Bank to embark on its 3rd Medium-Term Business Plan for the 21st Century, as of April 2007. Enhancement of enterprise value through more sophisticated risk management is the primary goal of the new plan for the three-year period ending March 31, 2010.

We view the adoption of the FIRB approach as new stage in our efforts to upgrade management — and as an important achievement in our accountability campaign mounted over a more than ten-year period. Shiga Bank sees the FIRB standards as a communication tool to utilize in further strengthening relationships with trading partners built on the basis of mutual trust. We intend to move forward together with customers to raise corporate value for all parties in our transactions.

In addition, with competition among financial institutions intensifying even more, the Bank must give added meaning to its existence by refining its unique management system. To do this we will energetically work to further develop the three brand-building strategies we



Yoshio Daido,
President

Koichi Takata,
Chairman

follow. These are to operate as a bank that: (1) provides expertise and customer care; (2) is strong in Asia; and (3) is highly conscious of its corporate social responsibilities (CSR).

August 2008

Koichi Takata, *Chairman*

Yoshio Daido, *President*