

Message from the President

We wish to sincerely thank everyone for extending ongoing patronage and support.

As we mark the 75th anniversary of the Bank's founding, we have adopted "Starting Point" as a key concept to employ at this important juncture in the Bank's history. This reaffirms that we are once again at a starting point as a regional bank. From this point on, operations will be firmly based on the multifaceted effort we have made over the past ten years and more to modernize our management. We feel that the Bank is now poised to make a great leap forward.

Three viewpoints are embodied in this concept of a new starting point. The first is that it is a starting point for bank employees. Each and every employee in the Shiga Bank Group is expected to reaffirm his or her commitment to our principles, apply the strictest of standards to their own performance on a lofty stage, and to work with a renewed determination to establish an image of bank employees that earns the trust of customers.

The second is that this is a starting point for Shiga Bank itself. The saying "Protect your own castle by your own efforts" applies to the Bank's original management system, which is based on the principle of accountability. This system is guided by three brand-building strategies, operating as a bank that:

(1) provides expertise and customer care; (2) is strong in Asia; and (3) is highly conscious of CSR. We will work as partners in prosperity as we pursue these strategies and deepen our relationships with customers and the community.

The third viewpoint is that this is a starting point for the Bank as a global citizen. The world can no longer wait to take action in response to the grave problem of global warming. With "Environmental Management" and "Environmental Finance" as our watchwords, we intend to take positive steps toward solutions by providing expertise and customer care as we face the dual challenges of environmental protection and economic development.

(1) As a member of society

Shiga Bank formally issued its CSR charter in April 2007. The new management concept developed in this document is becoming a partner in prosperity in every way for our community, our employees and for the global environment. By bringing its full corporate strength into play to show a sound and enterprising determination to realize the goals of its CSR charter, Shiga Bank Group is sincerely committed to co-existence and partnership in prosperity.

(2) An Aggressive IT Strategy

Information technology (IT) plays an important role in



the Bank's various business strategies. In the drive to modernize our management systems, IT was not simply used to raise efficiency in administrative work. Business practices were upgraded and IT was applied to speed up decision-making. We position IT as a powerful support tool, and have pioneered IT strategy in our sector.

Specifically, this approach has enabled the Bank to aggressively develop original systems: its Intranet, its Branch Operation Support System, and Data Base Marketing System (DBM), which all went into operation in 1999; Telephone Banking, launched in 2000; Finance Support System, launched in 2001; and its New International Business System started in 2005.

Along with this, in December 2006, implementing the current Business Continuity Plan, Shiga Bank completed its new office building equipped with powerful earthquake-resistance functions. Then, in January 2008, we put a new backbone computer system into operation, the first new system in 20 years, which enabled us to make the long-awaited move to system operations 24-hours-a-day, 365-days-a-year.

In the future, we will make even greater use of IT infrastructure to deliver high-quality products and services to customers and to further upgrade business operations.

(3) Carrying out a staged-expansion branch strategy

A local bank is a bank with a defined area of operations. Shiga Bank, of course operates in Shiga Prefecture. In pre-war times it operated in Kyoto and Osaka. Then shortly after the war, it established branches in Tokyo, Nagoya, Ogaki, and Ueno in Mie Prefecture, rapidly becoming a regional bank that would win and maintain the loyal support of people in a wide range of districts.

In a period when prefectural systems and consolidation of regional banks are widely discussed, Shiga Bank is focusing its full strength on "relationship banking" as a key element in its 3rd Medium-Term Business Plan for the 21st Century.

We are energetically pursuing a program of being a bank that is truly useful, with services tailored to meet the business needs of small- to medium-size companies. A pillar of our Medium-Term Business

Plan is accelerating our reallocation of management resources to growth areas and to ensure that quality improves along with quantitative expansion. Along with this, we are putting more energy into what we see as our main task — to enhance enterprise value through more sophisticated risk management.

A series of concrete steps have been taken. These include establishing new departments and new types of branches to offer specialized services to respond to specific characteristics of particular markets. Last year the Bank set up an Osaka-Kita Corporate Marketing Department (in the Umeda Branch). This year, the Uji Branch was created in February, and the Mie Corporate Marketing Department was set up in the Tsuchiyama Branch.

These moves have enabled the Bank to strengthen a marketing base, which is centered in Shiga Prefecture and extends from the western Kyoto and Osaka area to the eastern part of the Tokai district. In this staged-expansion strategy, links between contiguous areas are expanded until meshes are created covering entire business areas. As a regional bank with a long history of serving a wide area, Shiga Bank is setting its sights on making better use of its strengths to position itself as the core bank in a unified economic zone extending from Osaka to the Tokai district — to serve as the key facility ensuring flows of information and capital.

