

# 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