

Enhancing enterprise value through more sophisticated risk management

The Bank began implementing its 3rd Medium-Term Business Plan for the 21st Century in April 2007. We have now entered the second year of this three-year plan.

With its main theme of enhancing enterprise value through more sophisticated risk management, the new plan is intended as the culmination of our efforts to date to establish an original management model based on the principle of accountability, enabling us to realize our vision of becoming a partner in prosperity for the community we serve.

The “3 Cs” plus CSR

To build up enterprise value, we consider it important to pull together as a group to steadily grow earnings through an optimized risk return policy — in other words, generate more economic value — while building up social value through CSR activities.

Under the basic strategy of the current Medium-Term Business Plan, we have added CSR to our Group commitment to a new set of “3 Cs”: Consolidation (upgrade products and services, and take a realistic yet bold approach to risk assumption); Credit risk (more sophisticated credit risk management); and Cost control (greater efficiency).

Bolstering Relationship Banking

We are dividing our operations into relationship banking — using stronger ties with our

customers to better tailor our operations to their needs — and broadening our range of operations to enhance customer convenience. To further strengthen our solutions business in our relationship banking activities, we have broadened our portfolio of solutions and shifted more resources into this area.

At the same time, in efforts to broaden our scope of operations to enhance customer convenience, we are creating a more efficient operating structure capable of responding to customer needs better in terms of products and systems based on a new core computer system, scheduled to go into operation in January 2008.

Further strengthening personnel training

Personnel training is vital for accurately and swiftly tailoring our services and products to customer requirements as these become more diverse and sophisticated.

The areas we are focusing on in the current Medium-Term Business Plan are strengthening training, development of our female employees’ roles, harnessing the expertise and experience of veteran employees and fostering expert talent.

We plan to build a new training center in fiscal 2008 as a symbol of our commitment to employee education.

The new training facility will also symbolize our CSR commitments, as it uses an environment-friendly design featuring solar panels and rooftop and wall greening.

Optimizing management resources

To ensure a more efficient and effective marketing strategy, making maximum use of Foundation Internal Ratings-Based models for credit risk compatible with Basel II, we are reallocating management resources to growth markets such as the Konan area of Shiga Prefecture, the southern districts of Kyoto and Osaka area and Mie area.

We are also reviewing our branch strategy chiefly in Shiga Prefecture, looking at the possibility of a shift from full banking services at each branch to a more specialized system with branches focusing on specific roles such as asset management consultation.

Total commitment to the three brand-building strategies

We are proactively developing the three brand-building strategies — providing expertise and care, being strong in Asia and highly CSR-conscious — launched in the previous Medium-Term Business Plan.

The goal of the current Medium-Term Business Plan is to further increase gross business profit, based on expansion of the loan portfolio and of revenue from fees and commissions.

Performance indicators	March 31, 2010	Business results (March 31, 2008)
ROE (Consolidated)	5% or higher	1.45%
Capital Ratio (Consolidated)	Approximately 11%	11.16%
Tier I Ratio (Consolidated)	9% or higher	9.91%
Overhead Ratio (Non-consolidated)	60% or lower	73.71%
Carbon Dioxide Emissions	6% reduction	21.16%

* Beginning operations in the new office building led to a 1.58% increase in carbon dioxide emissions. However, the Bank's purchase of emission rights for 2,000 tons resulted in a carbon offset and a reduction of 21.16%.