

## To Our Shareholders

As a result of the unprecedented financial crisis that has unfolded since the autumn of 2008, the real economy has deteriorated sharply on a global scale. Despite following sound management practice, for fiscal 2008 Shiga Bank regrettably posted its first-ever red-ink figures. All members of the Shiga Bank Group are working together to realize an improvement in our business performance as soon as possible, and we are determined to do everything we can to regain the trust of our stakeholders.

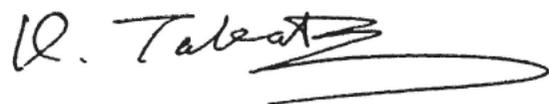
In April 2007 the Bank launched its 3rd Medium-Term Business Plan for the 21st Century, a three-year plan whose principal theme was to enhance enterprise value through more sophisticated risk management. As the current term (ending March 2010) is the final year under this plan, we intend to put the finishing touches to the “responsible management” system that we have worked to create over the past few years.

Specifically, we aim to build on our two main strengths of providing expertise and care, and being strong in Asia. In March 2007 the Bank was approved to implement the Foundation Internal Ratings Based (FIRB) approach to risk management stipulated in the new capital adequacy standards under Basel II. This new approach enables more accurate assessment of borrower creditworthiness, and we utilize this system to inform borrowers of the internal ratings they have been assigned. This allows them to obtain a more objective picture of their creditworthiness, and paves the way for the Bank and its borrowers to work together toward the goal of mutual prosperity.

Contributing to environmental preservation is a major issue today. In particular, we view the fight against global warming as a particularly urgent issue. At Shiga Bank we believe that there is still time to do something about this problem, and we are determined to leverage people’s healthy awareness of the critical situation faced by the human race by directing funds into protecting the global natural environment. For this reason, we are directing CSR activities at the Bank with a prime focus on the environment. Our environment-focused loan products are expected to be very effective, and we are concentrating efforts on combining measures to protect the environment, notably in the case of Lake Biwa, with measures to reenergize the local economy.

I look forward to receiving the continued support and encouragement of all our stakeholders.

August 2009



Koichi Takata, *Chairman*



Yoshio Daido, *President*