

Basic vision: Meeting the Challenge of the Next Stage – Greater Mutual

Strategy for strengthening the top line

Financial services that deliver Enhance customers' enterprise value ↔ Bolster

Three brand-building strategies
Providing expertise and customer care

Being strong in networks

Being

From "area-based marketing" to "area management"

Marketing Strategy

Strengthening profitability through closer ties with the local community
Activities with a focus on marketing channels

Corporate banking

Support customers with enhancement of enterprise value:

- Promoting and tapping new business currents *2
- Provide solution services (e.g. business matching)
- Support for new business currents model based on environmental and tourist sectors

➡ Volume expansion with quality improvement
Sustained of risk-based pricing

Banking for individuals

Improve services and convenience for customers through Shiga Bank networks

- Attract more deposits by individuals
- Promote mortgage loans
- Improve the liquidity ratio
- Improve asset management consulting
- Promote salary, pension and settlement accounts

More committed front-line employees

Strategy-based staffing

- Appropriate deployment of core personnel at each branch and strategic personnel

Branch strategy

Within Shiga Prefecture

- Defend and increase regional share

Outside Shiga Prefecture

- Implement the "seeding strategy" *3

Revamp role of branches within the marketing areas

Asia strategy

- Through alliances with overseas units, actively support customers with businesses in other Asian countries
- Create business flows with overseas market

Toward a more
effective FIRB approach

Strengthen portfolio management (marketable securities)

- CSR
- Promote environmental banking as a recipient of "Eco-First Enterprise" certification
 - Support environmental businesses
 - Introduce ISO26000 (Social Responsibility) standard

Productivity improvement

More transparent IT investments

- Comprehensive management of costs taking account of investment payback
- Effective use of IT systems
- Measures to adopt electronically recorded monetary claims

Streamline branch operations

- Have branches specialize in certain services, depending on market needs
- Rationalize the branch network

Upgrade Head Office functions

- Redeploy core personnel in each department (shift to personnel system that adapts flexibly to change)
- Develop skills of head office personnel

Low-cost and better quality administrative operations

- Complete Business Process Reengineering (BPR)
- Review operational flows for loan operations
- Outsource to Group companies

Business plan promotion committee

Business plan promotion team

Strategic personnel deployment review team

CSR charter (management principles)

Mutual prosperity with the regional community

*1 Meeting the Challenge of the Next Stage – Greater mutual prosperity through strengthened dialogue: By enhancing communication with our customers, we seek to develop greater mutual prosperity between Shiga Bank and our customers

*4 Communication Service: Proprietary internal rating disclosure service in which advice is given to customers on how to improve their financial position, based on disclosure to the customer of their credit rating

Prosperity Through Strengthened Dialogue *1

Strategy for managing credit risk

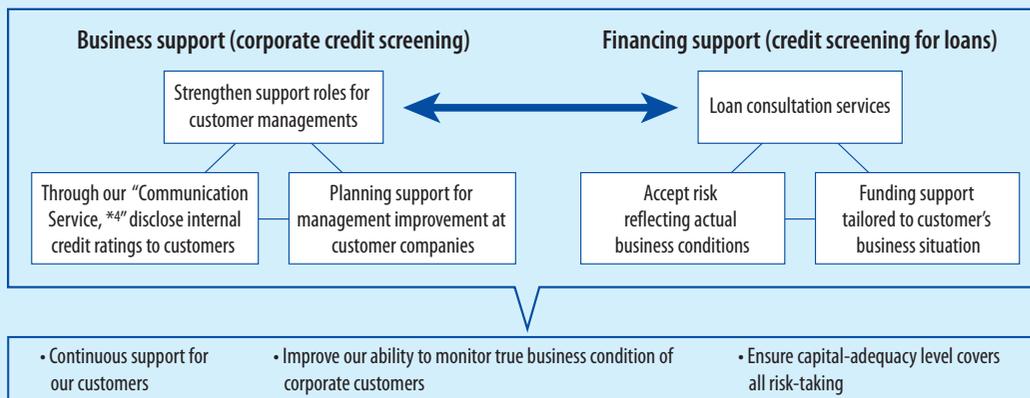
high added value
role of Shiga Bank in community

strong in Asia

Being highly CSR-conscious

that meets customer needs

Relationship banking: We grow with our customers



- Reduce CO₂ emissions
- Commit to protection of biodiversity (encourage adoption of PLB rating BD*5)

- Improve customer satisfaction**
- Service upgrades from the customer's perspective

Group strategies

- More efficient overall personnel deployment
- Strengthen Group alliances
- Develop new businesses on Groupwide basis

Personnel training

- Develop ability to make contributions to the local community
- Strengthen career support systems for female employees
- Strengthen training of subordinates and upgrade management skills
- Strengthen initial training of younger employees and develop skills of mid-level employees
- Place personnel where potential is realized
- Realize a better work-life balance

Meet International Financial Reporting Standards (IFRS)

Enhance IR

Cost management structure review team

IT system utilization reconfiguration team

Loan BPR promotion team

Mutual prosperity with all employees

Harmonious coexistence with the environment

Numerical Targets

- Tier 1 ratio (consolidated) **9.0% or higher**
- ROE (consolidated) **3.5% or higher**
- OHR (non-consolidated) **65% or lower**
- Emissions of CO₂ **25% cut** (from FY06)

Compliance commitment

A more advanced system of internal auditing

*2 Business currents: Generating new business activities among our customers

*3 Seeding strategy: Expanding business areas outside prefectural borders based on our existing offices and branches

*5 PLB rating BD: Interest-rate incentive based on rating customers' measures to protect biodiversity. The aim is to support biodiversity through financial services.