

Message from the President

1. Financial results for the fiscal year ended March 31, 2012

Fiscal 2011 was a turbulent year for the Japanese economy, particularly due to the serious impact on the economy of the Great East Japan Earthquake and the major floods in Thailand. In this context, the Bank actively worked on the 4th Medium-Term Business Plan "Meeting the Challenge of the Next Stage — Greater mutual prosperity through strengthened dialogue" (April 2010 to March 2013). As a result, average deposits balances (including negotiable certificates of deposit) during the period and the balance of loans and bills discounted during the period both increased from last year to ¥4,050.6 billion and ¥2,716.4 billion respectively, and our financial results improved, with ordinary income coming to ¥15.8 billion (an increase of ¥7.0 billion year on year) and net profits coming to ¥7.3 billion (an increase of ¥3.5 billion year on year).

A major factor behind these results is that the Bank aimed for mutual prosperity with regional communities and the regional economy and worked together with our customers who were endeavoring to achieve growth and management improvement of

their companies even in these tough economic conditions to fulfill the consulting functions required of a regional financial institution to the maximum extent, and as a result we were able to greatly cut credit costs, one of the management goals of the Bank. The operating environment cannot be viewed optimistically given factors such as the long-term appreciation of the yen and fears of electricity shortages, but we will continue to work to strengthen the management support systems of our customers going forward.

Meanwhile, we are aware that the continuing decline in gross profits caused by the prolonged low interest rates is a major challenge and we will continue working to improve it.

2. The year in which we complete the 4th Medium-Term Business Plan

The 4th Medium-Term Business Plan currently underway has reached its final fiscal year (fiscal 2012), the year of completion of the plan. Now that we have achieved some success in reducing credit costs we intend to switch from "defense" to "attack" and, under the motto "We grow with our customers," strengthen our initiatives

Challenge

大挑
道良
夫戰



Yoshio Daido
President

for “mutual prosperity” with regional communities to realize “the strengthening of profitability” and endeavor to achieve the goals in the 4th Medium-Term Business Plan.

Specifically, we will further strengthen our initiatives for the “three brand-building strategies — providing expertise and care—” of “being strong in Networks,” “being strong in Asia,” and “being highly CSR-conscious” and further push ahead with the basic vision of the plan, “Greater mutual prosperity through strengthened dialogue.”

“Being strong in Networks”

We actively leverage our network of branches and our solutions proposal capabilities, centered on business matching, to support our corporate clients’ efforts to expand their operational scale. We held the fifth Eco Business Matching Fair 2012 on July 11, 2012. The Bank holds the fair every year with the desire to “provide a forum for connecting customers working on environmental businesses and companies with an interest in environmental businesses in order to support the development of new businesses.”

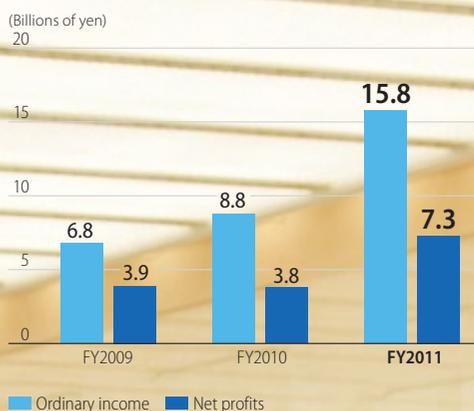
This time we added the new fields of “medical care, long-term care, and health” to the main theme of “the environment,” customers from many different industries presented exhibits, and lively business talks took place.

We also added the tourism field which is thriving due to the effect of the *Taiga* drama on television, and we are working for new growth by combining the manufacturing industry, our strength, with new growth fields in order to connect and promote the businesses of each of our customers and develop new businesses.

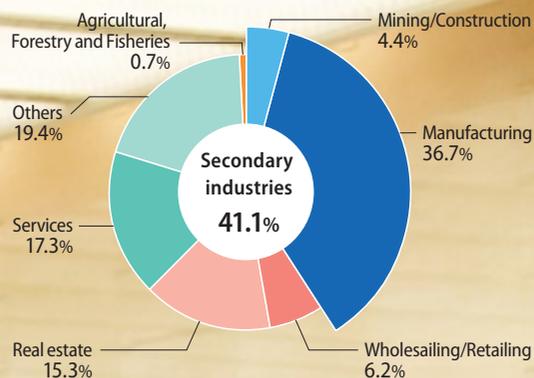


NEXT STAGE

■ Ordinary income and Net profits



■ Gross prefectural product and percentage distribution by industry (in nominal terms)



* Total for Mining, Construction, and Manufacturing industries
Source: Data on Prefectural Accounts in Shiga Prefecture for Fiscal 2009

“Being strong in Asia”

On February 9, 2012 we opened the Bangkok Representative Office, the first office opened by a Kinki regional bank in Southeast Asia. Approximately 6,000 Japanese companies have entered Thailand, and 158 of the Bank’s customers are operating there (as of the end of March 2012). We decided to open the new office in Thailand because that country has a stable society, the risks involved in doing business there are low, and further economic development is expected.

We have constructed a network centered on the Asia Desk at the Head Office linking the Hong Kong Branch which is the only overseas branch run by a regional bank in Kinki, the Shanghai Representative Office, and the newly-established Bangkok Representative Office, in order to support our customers’ efforts to develop their businesses in Asia.

Meanwhile, in March 2012 the Hong Kong Branch commenced the first Renminbi-denominated loans by a Japanese regional bank to the Chinese subsidiaries of Japanese companies for development of their businesses on mainland China. It is thought that the funds procurement methods of the Chinese subsidiaries of Japanese companies are becoming more diverse due to the expansion of the Renminbi market and deregulation on mainland China. The Bank will further strengthen its initiatives aimed at “being strong in Asia.”

“Being highly CSR-conscious”

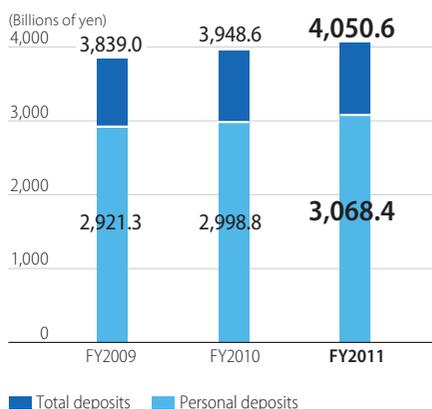
There continue to be fears of electricity shortages throughout the nation due to the nuclear accident caused by the Great East Japan Earthquake and we believe that responding to the social demand for power-saving initiatives is precisely what is meant by corporate social responsibility. In summer 2011 Kansai Electric Power Co., Inc. asked us to cut electric power consumption by 15% compared to the previous year. Thanks to the understanding and cooperation of our customers the Bank has implemented a variety of different measures to save power, including reducing lighting in the sales branches and other places, setting the air conditioning to 28



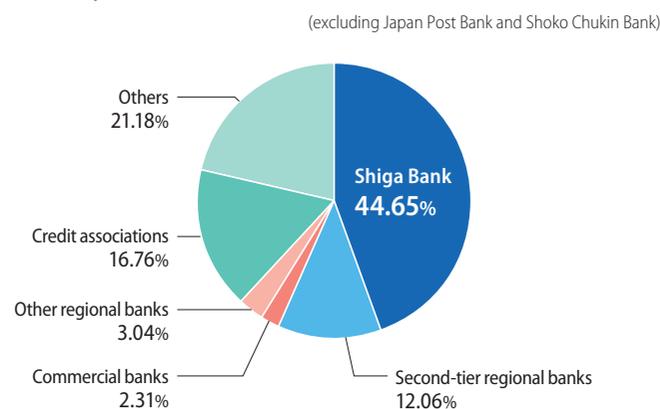
Bangkok Representative Office opening ceremony



Average deposits balances (including negotiable certificates of deposit) during the period



Deposit balances (share in Shiga Prefecture) (as of September 30, 2011)



degrees, reducing the amount of electricity consumed with office equipment, restricting the use of vending machines and elevators in our buildings, and other measures. As a result, we reduced power use at peak times by 15.8% compared to last year, more than the goal of 15%. In addition, we worked on power-saving throughout the year because power-saving leads to a reduction in greenhouse gases as well, so in fiscal 2011 we were able to reduce our electricity use by 9.6% compared to the previous fiscal year.

Together with power-saving, the problems of preventing global warming and preserving biodiversity also continue to be urgent problems which must be addressed without delay. The Bank is continuing to work on "being highly CSR-conscious" based on the three key concepts of "environment," "welfare," and "culture."

3. Approaching the 80th anniversary of the founding of the Bank

The Bank will celebrate the "80th anniversary of the founding of the bank" on October 1, 2013. On October 1, 1933 two major banks in the prefecture at the time, the 133rd National Bank (Hyakusanjusan Bank) and the Hachiman Bank merged to create The Shiga Bank. Since then we have won the trust of our customers, primarily in Shiga Prefecture and both our deposits and our loans and bills have

continued to increase strongly, building the bank up into the Shiga Bank of today.

In 1966 Shiga Bank adopted the motto: "Be tough on ourselves, kind to others and serve society." This motto carries on the "Sampo yoshi" philosophy, a management philosophy embraced by the merchants of the Omi region (the former name of Shiga), which means to bring happiness to three sides: being good for the seller, the buyer, and society. In April 2007 we instituted our management philosophy, the CSR Charter, on the basis of this motto, and we are promoting mutual prosperity with the regional community, all of the Bank's employees, and the global environment.

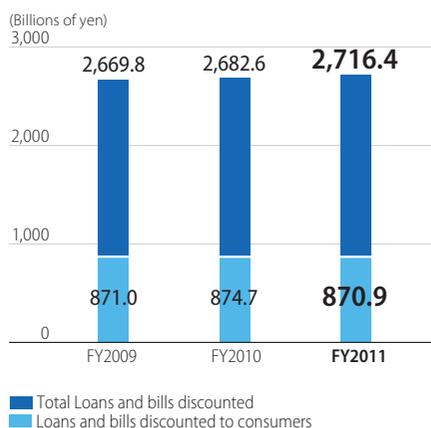
In fiscal 2012 I would like the entire bank to continue working based on this year's key word "challenge" and celebrate the "new stage" that is the 80th anniversary of the founding of the bank in order to realize the main theme of the current Medium-Term Business Plan: the "NEXT STAGE" or in other words "greater mutual prosperity."

Meeting the Challenge of the Next Stage

— Greater mutual prosperity through strengthened dialogue

NEXT STAGE

Average balance of loans and bills discounted during the period



Balances of loans and bills discounted (share in Shiga Prefecture) (as of September 30, 2011)

