

Progress of Initiatives for Improvement of Management at Small and Medium-Sized Enterprises and Regional Revitalization

In order to share the needs and business issues and aim to solve the issues of our customers, we offer support for the formulation of management improvement plans and management support by collaborating with external institutions.

The Bank is endeavoring to realize “mutual prosperity with regional communities” by strengthening its consulting functions through “providing expertise and care” and supporting the development of its customers.

1. Initiatives for Supporting Management at Small and Medium-Sized Enterprises

The SME Financial Facilitation Act expired on March 31, 2013, however, Shiga Bank’s mission to contribute to the facilitation of funding as a regional financial institution remains unchanged even after the expiration of the act. The Bank will actively perform its consulting function, which is based on “providing expertise and care,” and take sufficient time to provide support, proposing the best solution tailored to the needs and business lifecycle of the customer from the standpoint of the customer.

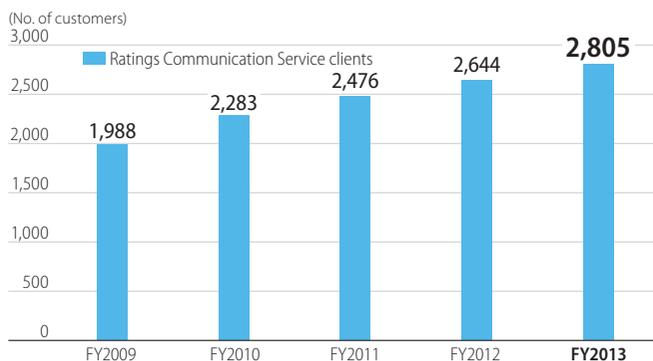
2. Progress on Establishment of Environment for Supporting Management at Small and Medium-Sized Enterprises

Ratings Communication Service

The Bank positions the “corporate credit ratings” as a rational communication tool that connects our customers to the Bank, and rationally decides the ratings through quantitative financial analysis based on the financial statements, qualitative evaluations using the Bank’s unique expertise in credit supervision, and comprehensive analyses of large amounts of information.

Using the “Ratings Communication Service,” the Bank shares with its clients their respective “strengths” and “weaknesses” which were discovered through the rating process. The service also aims to support the clients in building sustainable management infrastruc-

Rating Communication Service clients (cumulative total)



tures and increasing their corporate value, by working together with them to solve their problems and improve their financial condition. Specifically, after asking the customers about its management vision, we propose and provide support for improvement measures for the challenges and problems that the Bank perceives.

Backing up the corporate management of our customers

We offer extensive support to customers working to improve their management. The Company Management Support Office in the Credit Supervision Department is at the center of these activities. Qualified employees, including certified small and medium enterprise management consultants, comprise this Office. The Office members provide management support to our corporate customers by making active use of their expertise and collaborating with external experts, such as lawyers, certified public accountants, tax accountants and consulting companies.



3. Progress of Initiatives for Supporting Management at Small and Medium-Sized Enterprises

Support for Business Creation and Development of New Businesses, Support for Growth Stage

Strengthening of New Financing

Commencement of Agribusiness Loan Offering

The Bank concluded a debt guarantee agreement with Shiga Prefecture Agricultural Trust Fund Association and began offering an agribusiness loan guaranteed by the Association in May 2014. The Loan has enabled the Bank to offer more extensive support for agriculture-related financial needs.

■ Fund for Communicating Shiga's Appeal (crowdfunding)

The Fund for Communicating Shiga's Appeal, which invests in tourism businesses, supports businesses working to increase the appeal of Shiga's regional brand and develop new products and services utilizing local resources. The Bank is providing business matching services in partnership with Music Securities Inc., which has a track record in crowdfunding. The Bank invested in a fund that has the objective increasing the brand power of Kurokabe Corpora-



Biwa pearls

tion, the operator of Kurokabe Glass Shop (Nagahama City, Shiga Prefecture), and in a fund that has the objective of reviving the fresh-water pearl industry in which production volumes are dropping sharply.

■ Shigagin Growth Strategy Fund

The Bank invested in the Shigagin Growth Strategy Fund Investment Limited Partnership, with Shigagin Lease Capital Co., Ltd. and REVIC Capital Co., Ltd. as joint unlimited partners, in order to support customers seeking growth by making investments, and concluded a partnership agreement in April 2014. The Bank aims to improve the corporate value of the companies it invests in by making investments in venture enterprises as well as small and medium-sized enterprises and providing hands on support for growth.

Support for Business Creation and Development of New Businesses

■ Developing new businesses

To assist in the development of new businesses that realize new growth for our customers, we are providing in a wide range of activities including (i) offering the hints for the new business through Saturday School for Entrepreneurship, (ii) industry-academia-government cooperation through the new business support network Shigagin Nonohana Support Group, and (iii) equity investment through the Shigagin New Business Support Loan and the Shigagin Growth Strategy Fund which meet diverse funding needs.

■ Business Forum: Saturday School for Entrepreneurship

The "Saturday School for Entrepreneurship" supports a strong spirit of entrepreneurship through lectures by business executives currently active in each field and presentations about the latest trends in each field by experts, based on themes such as medical care and health, local resources and next generation infrastructure.

In May we started the "Saturday School for Entrepreneurship" business forum for fiscal year 2014, which is the fifteenth year. This fiscal year, we are continuing to add breakout sessions and introduce content for creating more practical business ideas. The school will be held on Saturdays, five times, until February 2015.

Performing our consulting function

■ Conclusion of agreement with Japan Science and Technology Agency

The Bank became the first regional bank to conclude an Agreement on Operational Partnership and Cooperation between Industry and Academia with the Japan Science and Technology Agency (JST).

The Bank will support the industry-academia partnership activities of our customers through its collaboration with JST, contributing to the development of regional industry.

Supporting development of sales channels

■ Business Matching

In order to support the creation of new "business flow" by matching the seeds and needs of our customers, we leverage the Bank's network of branches to introduce and propose as candidates companies that satisfy the demands of our customers, including corporations and sole proprietors.

■ Eco Business Matching Fair 2014

We held the "Eco Business Matching Fair 2014" on July 3, 2014 to provide a forum for business discussions focusing on environmental businesses. This year was the seventh time we have held the fair. 86 companies and organizations presented exhibits in sectors such as new energy, energy saving and recycling, with 1,660 visitors, and 705 business talks held.

We newly established "Shiga Prefecture Health Creation" Special Zone Corner to highlight Special Zone initiatives and support measures.

In addition, carried on from last year, we established the "Asian Market Expansion Support Corner" as part of our support for overseas business.



Our Services for Corporate Customers and Sole Proprietors

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Assisting customers develop environmental management

Initiatives to prevent global warming and to preserve biodiversity are essential for a company's sustainable development. Shiga Bank supports its customers to develop environmental business in order to achieve compatibility between their environmental and economic concerns.

Shiga Bank Principles for Lake Biwa (PLB)

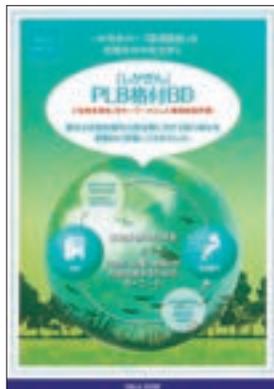
The Bank has established "the Shiga Bank Principles for Lake Biwa (PLB)" to protect Lake Biwa and the global environment, and is enlisting support for these principles.

Adoption of the PLB rating

As part of its initiatives for preserving the environment, the Bank rates customers who have agreed with the principles of the PLB and offers interest-rate incentives. It uses five grades (L1 through L5) for the ratings, which are based on its unique evaluation standards developed in accordance with "CSR Management Documents with an Environmental Focus."

PLB rating BD

The Bank has adopted its own unique biodiversity rating out of a desire to support the activities of our customers to preserve biodiversity. The rating uses set indicators to measure and evaluate the "biodiversity-friendliness" of customers that agree with the goal of the rating — "the inheritance of abundant biodiversity and the construction of a symbiotic society" — and wish to obtain a rating.



Principles for Lake Biwa support fund (PLB Fund)

When extending loans to customers who adopt initiatives to preserve the environment and biodiversity, the Bank examines the status of the initiatives and offers a discount up to a maximum of 0.6% per annum on annual interest rates on loans, in accordance with the applicable PLB rating and PLB rating BD.



As of the end of March 2014, a total of 1,475 loans of the fund worth ¥31.5 billion had been summed up.

*BD: biodiversity

PLB rating 80

The Bank established PLB rating 80 (for subsidized interest payments), a new environmental rating, and was selected as a financial institution to offer the Ministry of the Environment's Environmentally-Friendly Loan Interest Subsidy and Grant Program. Under the program, the Japan Environment Association selects financial institutions from among those with an environmental rating for global warming countermeasures, thus making it possible for customers to receive interest subsidies when undertaking capital expenditure on measures to counter global warming such as energy saving or reduction of utility costs.

Carbon Neutral Loan, Mirai-Yoshi (Bright future)

To preserve the environment and the ecological system of Lake Biwa, the Bank offers a "Carbon Neutral Loan, Mirai-Yoshi," which is designed to encourage customers to reduce emissions of greenhouse gas.

Under this initiative, the Bank estimates the reduction in greenhouse gas emissions achieved by its customers through their introduction of solar power generation systems and other environmentally friendly systems made possible by using the Bank's environmental preservation financial products. The Bank then converts the reduced emission amount into a monetary value based on emissions trading prices. This is then used as funds for the release program of *Nigorobuna* and *Wataka* fish, endangered indigenous species of Lake Biwa.



Nigorobuna fish



Wataka fish

Overseas Business Support

Our customers are entering overseas markets, particularly in South-east Asia, at an accelerating pace. The Bank believes that our customers' entry into overseas markets leads to further business development and thus revitalizes Japan's regional economy, so going forward we will continue to support the expansion of our customers' businesses overseas.

Asia Network



Banks and organizations which have agreed to be in business alliances and cooperate with Shiga Bank (in the order in which agreements were concluded)

(as of the end of June 2014)

Name of bank or organization	The alliance or cooperation was agreed on...
① Vietcombank (Hanoi, Vietnam)	December 2013
② Hong Kong Trade Development Council (Hong Kong)	September 2013
③ Metropolitan Bank and Trust Company (Manila, the Philippines)	July 2013
④ Thailand Board of Investment (Thailand)	June 2013
⑤ State Bank of India (India)	February 2013
⑥ Bank Negara Indonesia (Indonesia)	September 2012
⑦ Bangkok Bank (Thailand)	November 2008
⑧ Kasikorn Bank (Thailand)	November 2008
⑨ Bank of China (China)	June 2003
⑩ Industrial and Commercial Bank of China Limited (China)	November 2002

Short-Term Overseas Training Program to Train "Area International Services Promotion Leaders"

To strengthen our support for our customers' Asian business, we send trainees to the Hong Kong branch for three months.

After returning to their jobs, they are offering a menu of overseas solutions to customers at our offices.

Reinforcing the structure of the Bangkok Representative Office

In April 2013, the Bank increased the number of staff at the Bangkok Representative Office by two in order to strengthen the support structure for our customers expanding into Southeast Asia. With four members of staff composed of two employees posted from Japan and two local employees, the Bangkok Representative Office has been enabled to provide even more support on the ground.

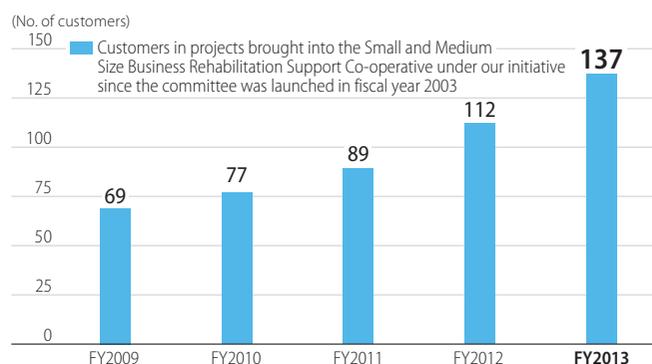
Support for management improvement, business revitalization and change in business activities

Initiative for fundamental business revitalization support

For customers that need fundamental management improvements, including reconstruction of their finances, we offer full-scale business revitalization support entailing financial support such as DDS (debt-debt swap).

For our business revitalization service, including financial support, we are strengthening our collaboration with the Small and Medium-sized Enterprise Revitalization Support Councils and other fair and neutral third-party institutions, and focusing all of our energies on the revitalization of the customers.

Cumulative total of customers brought into the Small and Medium Size Business Rehabilitation Support Co-operative



4. Progress of Initiatives on Regional Revitalization

Concluding Community-Based Partnership Agreement with Shiga Prefecture

The Bank concluded a Community-Based Partnership Agreement with Shiga Prefecture in March, 2014 as the first company in the financial industry. Under the agreement, we will cooperate with the prefecture in 11 items, including promoting industry in the prefecture and regional revitalization. Through the agreement, the Bank will further reinforce its relationship of mutual cooperation with Shiga Prefecture and strengthen initiatives on "further contributions to the regional economy."