

# Top Message

The Shiga Bank Group established the Purpose of “Making the region happy with ‘Sampo yoshi’ philosophy” in April last year, and has taken steps forward in this regard. Over the past year, with this purpose in mind, we have boldly ventured into uncharted territory, establishing a new company dedicated to solving social issues, investing aggressively in human capital, and fostering a culture of challenge and admiration. However, we will not stop here. Maintaining a spirit of enterprise and continuing to embrace new challenges is what defines and makes up the essence of Shiga Bank, a true successor to the spirit of the Omi Merchants. As a modern-day Omi Merchant, the Shiga Bank group will continue to create a “virtuous cycle of happiness brought to the region” in a manner befitting the Bank.

**Shinya Kubota** President and CEO (Representative Director)

## From Bank to Company: The Challenge of Being a Modern-day Omi Merchant

The world has reached a major turning point, marked by the emergence of a “world with interest rates,” rapid digitalization, and changes in work and life perspectives in the wake of the COVID-19 pandemic. Now is the time to seek new business opportunities, take action, and rise to the challenge. Recognizing that “maintaining the status quo poses the greatest risk,” the Shiga Bank Group has set out a vision of becoming a “Sustainability Design Company” that designs the future of our customers and regions, transcending the traditional concept of a “bank.” We are working to achieve this vision through our 8th Medium-Term Business Plan (hereinafter referred to as the “8th Mid-Term Plan”), which will run for five years starting in April 2024.

The management of the Shiga Bank Group originates from the merger of the 133rd National Bank (Hyakusanjusan Bank), which prided itself on “sound management,” and the Hachiman Bank, which emphasized a culture of “enterprise.” Since its founding in 1933, the Bank has solidified its business foundation

as a trusted regional bank through sound and prudent management, while expanding its business with a spirit of enterprise reminiscent of the merchants of Omi.

In the past, merchants from Omi carried products from Omi to various parts of the country and brought back products from those areas to Omi and the Kansai region, creating a virtuous cycle of trade known as “shokoku sanbutsu mawashi” (distributing products of provinces around the country) that fueled the economy. Following in the footsteps of the Omi merchants, we are also working to enhance our profitability through information gathering and analysis that transcends regional boundaries, and are committed to further revitalizing the local economy in the modern-day era. We will enhance the Group’s earning power while making an impact on society through the resolution of local issues, and use the results to make new investments in the region. That is what we believe to be a “virtuous cycle of happiness brought to the region.”

## Toward Further Enhancement of Corporate Value —Revision of Financial Indicators in the 8th Mid-Term Plan—

In the fiscal year ended March 31, 2025, the first year of the 8th Mid-Term Plan, consolidated net income reached a record high of 18.7 billion yen, driven by an increase in loans and higher net interest income due to rising interest rates, as well as strong progress in solution-oriented finance. Total deposits amounted to 5,847.3 billion yen, and total loans amounted to 4,563.2 billion yen, both of which remained stable.

We also achieved results in sustainability achievement indicators, such as the “number of people who autonomously challenged themselves to improve their skills and develop their careers.”

Furthermore, in May 2025, taking into account the impact of changes to monetary policy by the Bank

of Japan, the Shiga Bank Group raised our target for consolidated ROE, a financial indicator, from “5% or more” to “6% or more” with a view toward further growth of the Group (P. 14, 16). We have also made the decision to grant Shiga Bank shares to employees as an investment in human capital (P. 13). By engendering a sense of participation in management among each and every employee, we will cultivate an awareness of sustainably enhancing value. As employees themselves become shareholders, we will strive to enhance the corporate value of the Bank, aiming for a consolidated ROE of 6% or more.

**Focusing on  
what’s important  
and embracing  
new challenges**  
—Toward a future with purpose—



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As the capital policy of our 8th Mid-Term Plan, the basic policy of the Bank is to return profits to shareholders as much as possible, based on the “Sampo yoshi” spirit that balances soundness, growth investment, and shareholder return, with a target shareholder return ratio of 40%. As part of this, for the fiscal year ending March 31, 2026, we plan to pay an annual dividend of 130 yen per share based on consolidated net income of 20.0 billion yen, representing an increase of 40 yen per share (P. 13).

Requests from the Tokyo Stock Exchange and feedback from our shareholders have served to reaffirm the importance of enhancing corporate value. To realize this vision, we have adopted a capital policy based on the spirit of “Sampo yoshi.” We are striving to enhance both corporate and shareholder value by balancing soundness, growth investment, and shareholder return. As we enter the second year of the 8th Mid-Term Plan, the Shiga Bank Group will implement measures that will lead to further growth and the happiness of all stakeholders, including our employees, shareholders, and customers (local communities).



## Initiatives in the First Year of the 8th Mid-Term Plan

Under the 8th Mid-Term Plan, we have set forth three basic strategies: “Impact Design” to develop and revitalize regional communities by solving social issues; “Base for Growth” to strengthen the management foundation; and “Human First” to maximize human capital. We have been promoting various initiatives since the first year of the plan.

### <Impact Design (P. 33-44)>

In order to design the kind of community we want to create, we have begun sowing the seeds of new businesses aimed at solving the social issues faced by regional communities. We have established two new companies, Shigagin energy and Shigagin capital partners, to address the social issues of decarbonization and business succession, which have a significant impact on the regional economy, and the Shiga Bank Group is working as one to solve these issues. We have also launched the Future Design Group, a team dedicated to creating new businesses that will help to solve regional and social issues. Last year, the team held a series of meetings with over 300 companies spanning from Tokyo to Kyushu, including local companies, and worked to gather information from various industries and government agencies, including construction, trading companies, tourism, manufacturing, and real estate. The concept for the new business has been largely finalized, and this fiscal year we will seek to realize it by putting concrete measures into practice with a sense of urgency.

However, solving regional issues is not something we can achieve on our own. We believe that it is essential for local residents, businesses, local governments, universities, and other regional stakeholders to work

together and move forward side by side. In other words, “co-creation” in designing communities is precisely what we need. We have been taking part in various collaborative efforts, and only last year we concluded a partnership agreement with Koka City and other parties on the promotion of Shigaraki ware production, utilizing vacant houses and other properties. We also participated in the Nagahama Institute of Bio-Science and Technology’s Industry-Academia Collaboration and Human Resource Development Consortium. In April of this year, we signed a comprehensive partnership agreement with HEIWADO CO., LTD., a major local retailer. Both companies will collaborate closely and build a relationship of trust across a wide range of fields, effectively utilizing each other’s resources and capacities to help drive the revitalization of the regional economy and the development of local communities. Specifically, we are looking into jointly holding financial education seminars and planning initiatives to promote regional economic development by putting each other’s data to good use. As we mentioned at the press conference announcing this partnership, we hope to create new value by collaborating with companies in different industries but with similar customer bases.

In addition to regional and cross-industry partnerships, we are actively engaged in “co-creation” initiatives among financial institutions, such as the TSUBASA Alliance, the largest nationwide partnership involving the top 10 banks across Japan, as well as partnerships with neighboring banks, in order to make an impact that will lead to the realization of sustainable communities.

### Regional Collaboration (P. 34-36)

Leveraging our planning and development capabilities and extensive financial expertise to accurately identify and resolve a wide range of regional issues

#### Local governments and universities

**Shiga University**  
Joint research on data science

**Hino Town**  
Comprehensive Partnership Agreement on Co-Creation of Digital Public Services

**Koka City and Shigaraki Machizukuri Co., Ltd.**

**Nagahama Institute of Bio-Science and Technology**

#### Local companies

Comprehensive Partnership Agreement with **HEIWADO CO.,LTD.**

Agreement on Decarbonization to Contribute to the Improvement of Sustainability with **SCREEN Holdings Co., Ltd. and Shiga Prefecture**

**Shigagin new business support network “Nonohana Support Group”**

### Collaboration Within the Financial Industry (P. 51-52)

Collaboration in cost reduction measures and sharing of various knowledge



### <Base for Growth (P. 45-52)>

Before boldly taking on the challenge of making a positive impact on society, it is necessary to establish a solid foundation. We are therefore striving to secure stable earnings and diversify our revenue streams through the effective use of capital in order to strengthen our business foundation. Additionally, we are channeling our efforts into advancing our management infrastructure by implementing data-driven management, leveraging AI, promoting DX, and optimizing our stores and channels, thereby steadily building a foundation equipped to support sustainable growth.

In the area of revenue diversification, we have been working to expand investment and financing through the Finance Office established in June 2021. By pursuing new financing methods and refining our financing operations, we are aiming to strategically utilize the capital we hold and generate new revenue opportunities through calculated risk-taking.

In addition, with the aim of improving operational efficiency and productivity, we are putting the AI-powered “Copilot” to good use across all stores to streamline routine tasks such as document creation. In addition, one of our key initiatives has been to promote data-driven management as a means of improving the quality of management decisions through the combination of information volume and analytical capabilities. The Data Driven Project Team, newly established last year, supports rapid decision-making and strategy formulation based on data analysis across organizational boundaries, helping to reinforce the Bank’s management foundation.

With regard to the renewal of the next-generation accounting system, we are proceeding with BIPROGY Inc. as the main vendor candidate. Our policy is to introduce a highly sustainable system capable of flexibly and speedily realizing management strategies and supporting the provision of customer-oriented services. Through the in-house operation of accounting systems and the construction of information systems, we have honed our system planning and development capabilities. By combining these strengths with our diverse network of local companies, universities, and local governments, we are set to provide services that go beyond those of conventional finance.

### <Human First (P. 53-62)>

The Shiga Bank Group publishes a quarterly regional information magazine called “Kakehashi,” which features a management discussion between myself and one of the CEOs of our business partners as its main content in every issue. In the discussion, I always ask about

initiatives related to human capital management. In recent years, against the backdrop of a declining working population and intensifying competition for talented human resources, knowing how to nurture and utilize human capital has become a critical issue for the sustainable growth of companies. It is people who are the drivers of value creation, and in order to bring out their abilities to the fullest, it is necessary to increase their satisfaction with their work and to put in place measures that adequately meet the expectations of all employees, whether young or experienced, for a workplace environment where they can grow. One manager passionately stated, “My most important job is to create an environment where staff ultimately feel that they are glad to be working here.” At the 90th anniversary ceremony held two years ago, I promised the Group’s employees that I would make Shiga Bank a company where they could truly feel glad to be working, so I deeply agree with this sentiment. The most important thing a manager can do for their employees is to create an environment where each individual can work to their full potential and to provide them with the best platform to do so. With this in mind, we have adopted “Human First” as the basic strategy of the 8th Mid-Term Plan.

The 8th Mid-Term Plan is rolling out policies that really focus on human capital. In order to encourage the growth of each and every employee, we doubled the number of employees sent to external training programs last year to 39. In addition, we have launched a new “Sales Management School” for management-level employees to facilitate the growth of mid-level employees. Inviting experts to systematically teach management skills will ensure that sales know-how is not kept as tacit knowledge locked inside individuals, but will rather boost the sales capabilities of the entire organization.

In addition, we have started a program called “Nozokimil” in which young employees at sales offices primarily observe the work of headquarters staff and use what they learn to help them develop their own careers independently. The employees that take up this program every year number around 250, and applications for the human resources recruitment system have also increased 1.6-fold.

Additionally, as part of our efforts to utilize external human resources, we have established an alumni network which will offer opportunities for a diversity of talented individuals to showcase their abilities. We hope to put this system to good use not only to motivate people to return to work at our bank, but also to create a mechanism that allows them to work together as colleagues for the good of the community.

# Top Message

It has recently been pointed out that corporate culture can affect business performance. In order to prompt a shift from “bank” to “company,” it is essential to create an environment where everyone views challenges in a positive light. In our 8th Mid-Term Plan, we established the “Shigagin Human Award” with the aim of fostering a culture of challenge and admiration. The goal is to build a culture based on a cycle of identifying, admiring, and sharing good behavior based on the Bank’s motto that embodies the value (shared values and guidelines for action) of the Shiga Bank Group, which is “be tough on ourselves, kind to others and serve society.”

In the first awards, approximately 1,300 employees across the entire Group received messages of admiration, a quarter of which came from outside the

recipient’s department or branch.

I was deeply moved and proud to see the award-winning employees incorporate the Bank’s motto into their daily work and support others rather than focusing on their own achievements. Rather than being fixated on immediate results, we should act with the belief that our efforts will come to fruition in five or ten years, or even after we retire. This attitude truly epitomizes the motto that we have always held dear. My mission is to spread these values throughout the entire organization and foster a corporate culture where everyone can say, “I’m glad I work for the Shiga Bank Group.”

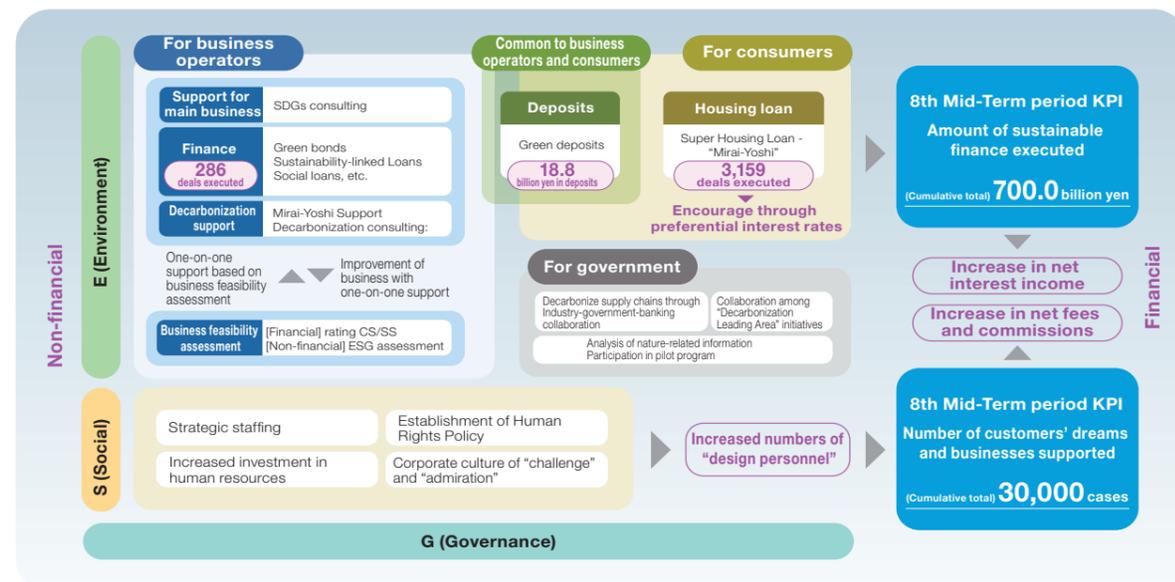
## Linking Non-financial to Financial

Seeing the strategic allocation and development of human capital as a key management issue, we have launched a cross-organizational “Value Creation Project Team” to look at various initiatives geared toward achieving the goals of the 8th Mid-Term Plan. As part of this strategy, we are discussing ways to allocate human capital to specific areas and putting them into practice. For example, we made strategic allocations to boost profitability by increasing personnel in the Finance Department and Direct Sales Office, with a focus on RORA and profit margins.

In addition, the Bank has traditionally linked sustainability to its business. In particular, we have been actively involved in environment-related initiatives since the 1990s, discussing and implementing ways to link these efforts to our business, including our products and services, rather than simply engaging in volunteer activities. The 8th Mid-Term Plan sets out “sustainability achievement indicators” that include investment and financing in the environmental field, and the achievement of these indicators will lead to economic value.

According to a survey of companies in the prefecture conducted in February this year by our group company, Shigagin Economic & Cultural Center, nearly 50% of companies are currently taking steps to decarbonize their operations, and when those that are planning and considering doing so are included, the figure rises to nearly 70%. We believe that sustainable finance will play a crucial role in achieving a carbon-neutral society and raising the sustainability of communities and society as a whole. In recent years, there has been a growing global awareness of nature, as evidenced by the TNFD (Taskforce on Nature-related Financial Disclosures). Including efforts to preserve biodiversity, we will continue to be a leader in sustainable finance among regional banks, connecting the “earning power” of our Group to the capacity of the region and society to create added value.

In order to further promote these ESG initiatives, we have decided to reflect ESG indicators in our officer compensation system starting in July (P. 78). We will take a sincere approach to environmental, social, and governance issues and work responsibly to create long-term corporate value.



## Emerging Challenges

In the first year of the 8th Mid-Term Plan, we believe that we made steady progress in strengthening the foundations for behavioral change. However, new challenges have emerged as the business environment shifts toward a “world with interest rates.”

The issue of population decline cannot be ignored, even in Shiga Prefecture where the decline is relatively slow. One day, population decline will also lead to a decrease in deposit amounts. In particular, in a “world with interest rates,” the importance of deposits is increasing, and there is a need to generate sticky deposits. To this end, it is essential to deepen connections with our customers and build long-term relationships. Therefore, we are working to enhance our human resource development and follow-up systems, and to strengthen our sales capabilities so that each and every employee can play a role in building a fan base for the Shiga Bank Group.

Furthermore, population decline will lead to a contraction of the regional economy, which is a structural issue for the regional economy as a whole. To tackle this issue, it is necessary to revitalize the flow of funds in the region and establish a framework for funds to circulate easily within the region. With regard to our long-term

strategy of “vision for regional communities,” we have set forth the specific goals of increasing the real gross domestic product and creating jobs in Shiga Prefecture as one way to achieve this vision, demonstrating our commitment to the regional economy.

Two major events will be held in my local area this year. The Osaka-Kansai Expo got underway this spring. With the theme of “Designing Future Society for Our Lives,” the exhibition showcases solutions to various social issues and cutting-edge technologies for the next generation. This fall, the Japan Games and National Sports Festival for People with a Disability will be held in Shiga Prefecture. Through these two events, the Shiga Bank Group will cooperate in the operation of the games as volunteers, promoting regional sports and culture and fostering a sense of inclusion. These two major events are expected to have a significant economic impact, and I would like to take this opportunity to instill in our Group the importance of “designing the future of regional communities” and an appreciation of diversity as our legacy. We are confident that the heightened awareness of each individual will serve as a driving force for the entire organization and cement the position of our Group.

## Focusing on What’s Important

There is a saying that “history does not repeat itself, but it often rhymes.” In the 20th century, influenza became a global pandemic, and protectionism spread as countries raised tariffs to protect their industries after the Great Depression. In the 21st century, following the COVID-19 pandemic, high tariff policies are again affecting global trade. This year, marking 80 years since the conclusion of World War II, the US president declared a “revolution of common sense” in his inaugural address. We are closely watching how the international economic order established during the postwar reconstruction process will change in the future, but this situation has also provided an opportunity to revisit what we consider to be “common sense.”

It is not difficult to understand that “common sense” varies depending on the person, country, region, and generation. It is difficult, however, to question one’s own “common sense.” For this reason, routine tasks, familiar work procedures, and sales methods derived from past successes tend to become entrenched as “common sense” in business. However, in order to reach for a future that is not merely an extension of the present, it is necessary to break free from what is taken for granted as “common sense,” and heighten our senses to “distrust common sense,” and constantly seek areas for improvement in order to bring about behavioral change. Then, in order to embrace new challenges, it is essential to gather a wide range of information, analyze it accurately, identify the essence of change, and take swift action. We will engage in constructive dialogue with our stakeholders, proactively take on board different opinions, and seek out new perspectives in order to evolve into a company that designs sustainable growth for the region.

In the first year of the 8th Mid-Term Plan, we sowed the seeds for each measure. Starting this fiscal year, we will nurture these seeds into large trees and have an impact on the creation of sustainable regional communities. Then, by continuing to take on the challenge of transforming from a “bank” to a “company,” we will embody our purpose (reason for existence), which is making the region happy with the “Sampo yoshi” philosophy. Thank you for your continued understanding and support. We hope to receive your continued patronage in the future.

