

2 The 8th Medium-Term Business Plan

Basic Strategy #2

Base for Growth

Strengthening management foundations resilient to change

Amid accelerating economic and social change, we are aiming to achieve sustainable growth as a company that is resilient to change and has the ability to connect to the business of the future.

In “Base for Growth,” we are working to build a strong and flexible management foundation. This strategy serves as a foundation (base) for responding effectively to changes in the external environment and accurately identifying future growth opportunities to generate profits. Its objective is to achieve both sustainable improvements in capital efficiency and the creation of diverse sources of revenue.

In fiscal year 2024, we further strengthened our overseas finance business by incorporating structured finance and global growth opportunities, in addition to upgrading our securities management. In addition, we are making steady progress in strengthening and upgrading our management foundation by promoting digital strategies both inside and outside the company as well as “data-driven projects.”

This strategy aims to enhance the competitiveness of the Shiga Bank Group from both defensive and offensive perspectives. Despite significant changes in the business environment, we will continue to manage our business with flexibility and swift execution, and strive to create sustainable corporate value that meets the expectations of the capital markets.

<Recognition of issues>

- Building a high-quality portfolio that generates sustainable returns
- Practicing data-driven management that enables flexible and strategic decision-making

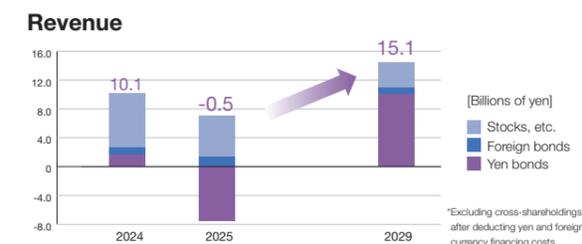
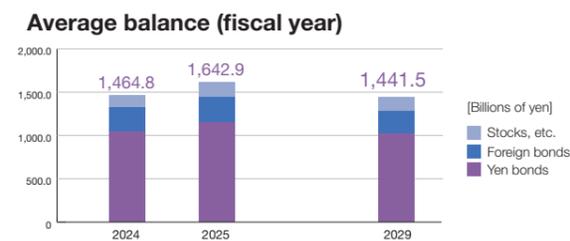
Securities investment strategy

We will manage our portfolio in response to changes in the external environment with a forward-looking approach, and aim to maximize total returns.

Vision

Growth strategy	<p>Continuous improvement of investment portfolio</p> <p>→ 1% profit margin* to the portfolio (current actual performance is approx. 0.7%)</p> <p>*Excluding cross-shareholdings, after deducting yen and foreign currency financing costs</p> <ul style="list-style-type: none"> • Stable earnings = shift in earnings structure from capital to carry • Responding to changes in monetary policy with interest rate forecasts that reflect economic cycles
2025 results	<ul style="list-style-type: none"> • Sold low-yield bonds, etc., and replaced them to improve the overall yield of the portfolio • Revision of final fiscal year balance plan based on current interest rate environment
Issues Risk factors	<ul style="list-style-type: none"> • Correlation between interest rates and risk assets such as stocks in the event of a sharp hike in interest rates • Risk-taking commensurate with management strength and risk control capabilities • Building effective operational and risk management systems

Balance and revenue plan Controlling income volatility Increase RORA



Finance strategy

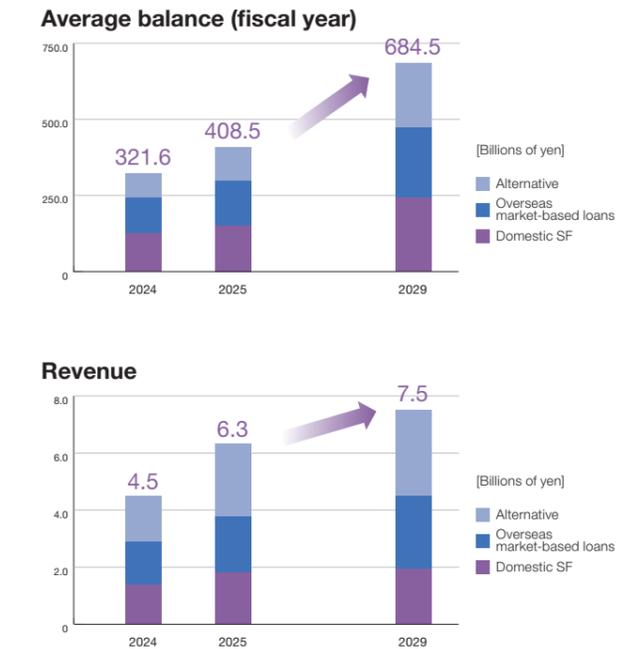
As a strategic department, the “Finance Office” has been established within the Financial Markets & International Dept. since June 2021.

We will contribute to the development of not only regional economy, but also the Japanese and global economy, shift to a sustainable earnings structure, and improve corporate value by taking on the challenge of new finance methods and enhancing finance for increasingly diversified and sophisticated companies and businesses.

Vision

Growth strategy	<p>Investment and financing with an awareness of RORA and risk diversification</p> <ul style="list-style-type: none"> • Highly profitable finance • Investing human resources and management resources in growth areas <p>Economic capital → Accumulation of high RORA assets Human capital → Taking on the challenge of new financing methods</p> <ul style="list-style-type: none"> • Risk mitigation through extensive diversification Strategic diversification, regional diversification, and time diversification • Investing in a wide range of fields and methods <p>Domestic SF*: Infrastructure, real estate, data centers, etc. Overseas market-based loans: Overseas corporate loans, overseas syndicated loans, etc. Alternative: Venture buyout funds, real estate, etc.</p> <p>*SF: Structured finance</p>
2025 results	<ul style="list-style-type: none"> • Steadily accumulated assets in each segment • Revenue increased significantly year on year due to buyout fund distributions.
Issues Risk factors	<ul style="list-style-type: none"> • Systematic consolidation of know-how and human resource development • Credit risk, structural risk, and other risk management • Sudden death, etc. → Manifestation of credit costs • Foreign currency funding environment

Balance and revenue plan Increase RORA



Securing stable earnings through diversified investments

We aim to secure stable earnings through a risk diversification strategy based on “strategic diversification,” “regional diversification,” and “time diversification.”

(Balances as of March 31, 2024)

Alternative investments <small>(Account balance as of March 31, 2025: 110.7 billion yen)</small>	Overseas market-based loans <small>(Average balance: 147.0 billion yen)</small>	Domestic structured finance <small>(Average balance: 150.8 billion yen)</small>
<ul style="list-style-type: none"> ● Buyout fund ● Venture fund ● Infrastructure fund ● Real estate private placement fund ● Private REITs ● Private debt ● Mezzanine fund ● Ship fund 	<ul style="list-style-type: none"> ● Corporate ● Financial institutions ● Overseas project finance ● Ship and aircraft ● Overseas real estate non-recourse loan <p>[Regions] North America, Asia, Europe Oceania, Middle East, etc.</p>	<ul style="list-style-type: none"> ● Renewable energy ● Real estate non-recourse loan ● LBO ● Ship ● Mezzanine ● PFI

TOPICS Establishment of the “Market Strategy Group” within the Financial Markets & International Dept.

On June 25, 2025, we established the Market Strategy Group within the Financial Markets & International Department to build a system equipped to consolidate the management of market operations (asset allocation strategy) and respond to changes in the external environment.

In a “world with interest rates,” we will aim to maximize profits with limited funds (deposits, etc.) by securing stable financing (deposits, market financing, etc.) and optimal investment (loans, securities, etc.).

DX strategy

Message from the Officer Responsible

As a “Sustainability Design Company,” we are committed to creating a sustainable future together with our customers and local communities. To achieve this, it is essential to adapt flexibly to social changes and strategically utilize digital technology.

Technological innovation and constantly diversifying lifestyles are causing societal needs to change daily. We are working to improve CX (customer experience) through personalized, convenient services that make good use of AI and data analysis. We are also channeling our efforts into DX support aimed at solving regional issues, contributing to the creation of sustainable communities.

Furthermore, we will work to improve productivity by simplifying procedures and improving operational efficiency through the digitization of operations, thereby creating an environment where employees can concentrate more on creative tasks.

Through these efforts, we will strongly promote the enhancement of corporate value and sustainable growth, driven by innovation and reliability.

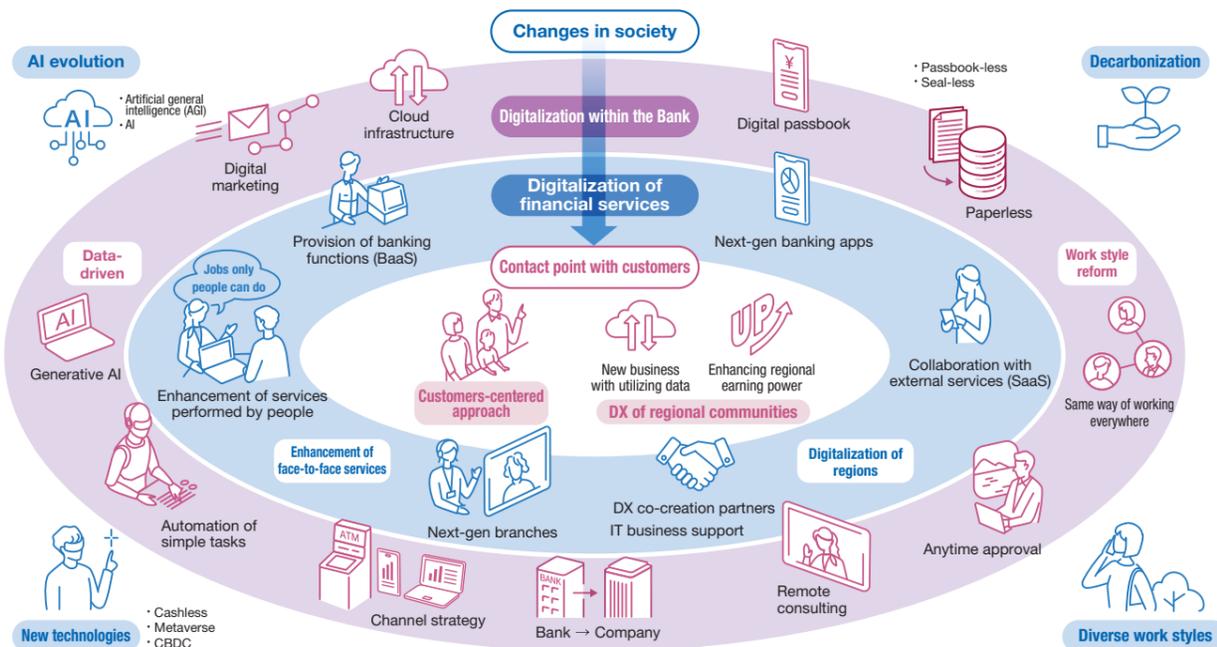


Nobuyuki Tanaka
Director and Managing Executive Officer

Digital Strategy Committee and digital strategy roadmap

The Digital Strategy Committee, chaired by the President, presents and discusses the digital strategy as a roadmap based on the current status of digitalization and the possibilities and constraints of digitalization in the medium- to long-term, and each department shares a common understanding of this roadmap to contribute to investment decisions for individual systemization projects and the realization of medium- to long-term digitalization strategies.

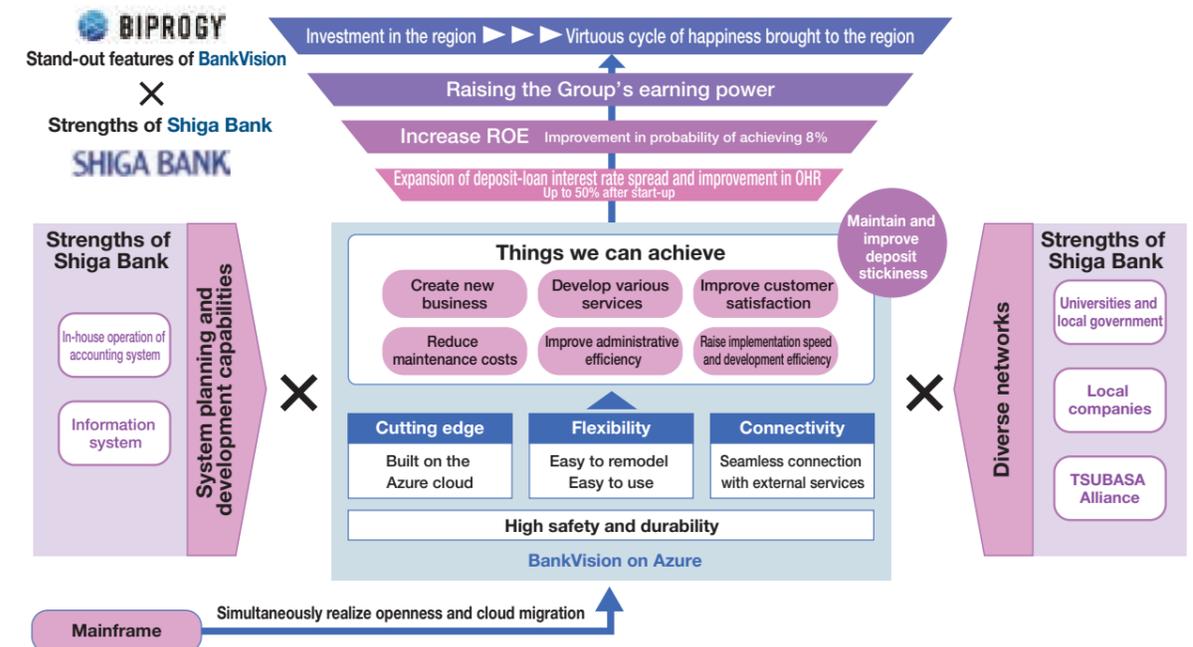
Digital strategy roadmap: Future image of the Bank (mid- to long-term)



IT business support – Paving the way to resolving customers’ issues from the viewpoint of digitalization–

We will actively provide know-how, etc. gained through internal digitization of the Bank, centering on “IT business support” to solve management issues of regions and customers from the viewpoint of digitalization, and promote digital transformation (DX) of regional communities in collaboration with a variety of external companies.

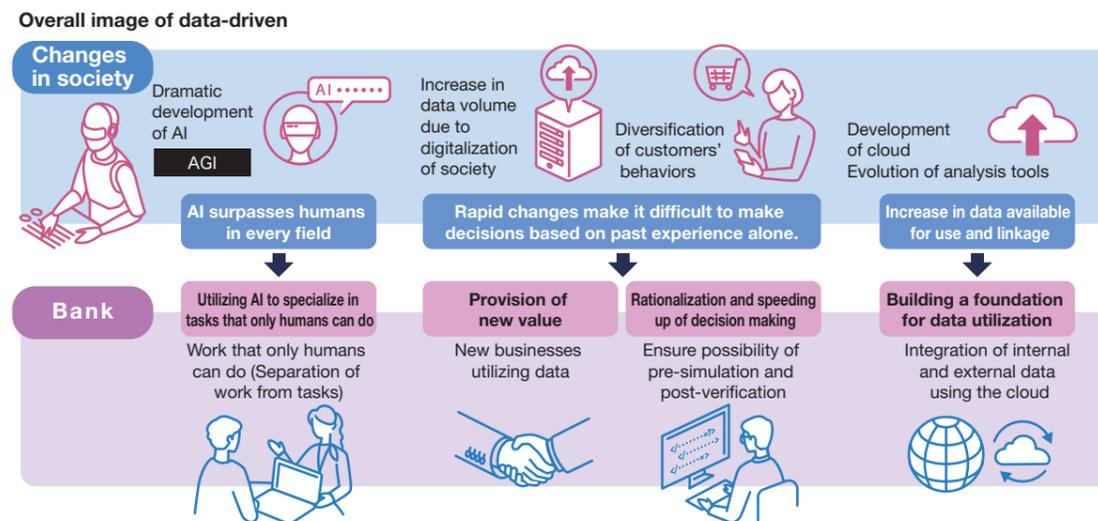
BIPROGY’s selection of BankVision



- The Bank is currently considering the introduction of BankVision, developed by BIPROGY Inc., as its next accounting system. In this era of VUCA, where social and business environments are changing at breakneck speed, it is important to have “advanced systems” that can flexibly and rapidly reflect management strategies, “IT human resources” who can utilize these systems to implement management strategies, and the capacity to connect with external services, collaborate with other companies, utilize AI, and introduce the latest technologies. Against this backdrop, we have defined the target system for the next-generation accounting system as a “highly sustainable system capable of flexibly and speedily realizing management strategies and supporting the provision of customer-oriented services.”
- BankVision, developed by BIPROGY Inc., which we have shortlisted, is a system that embodies the system model we are aiming for, enabling the simultaneous openness and migration to the cloud of our accounting system.
- Furthermore, Azure’s functionality and AI applications are expected to expand in the future, and by actively incorporating this expertise, we will be able to transform our internal operations and digitize all of our customer services. Furthermore, we can stand out from the crowd by developing IT human resources able to provide DX support in related fields both within and outside the bank, starting with the accounting systems that underpin our business.
- Through BankVision, we will enhance corporate value by taking our high-level system planning and development capabilities cultivated through the in-house operation of accounting systems and the building of information systems and combining it with our diverse network of TSUBASA Alliance, local companies, universities, and local governments. In the future, we will improve OHR (to the 50% level) and ROE (to 8%).
- We will also promote investment that contributes to solving customers’ issues and regional growth by enhancing corporate value, maximize the value we provide to the region, and create a “virtuous cycle of happiness brought to the region.”

Data-driven

Transformation through data-driven



The "Data Driven Project Team" was established in April 2024 to promote and support data-driven business operations across the organization, as these business operations need to build a data utilization infrastructure, introduce analytical tools, and foster a culture of using data.

In an environment where change is rapid and the future is difficult to predict, it is required to consider the direction of the project and the expansion of resources while minimizing risks with limited resources. We will actively work on the trials (PoC <Proof of Concept>), and bring them to Bank-wide efforts.

Through the proactive use of AI technology, such as generative AI, we will improve operational efficiency and productivity, and provide new added value by reallocating the generated hours for the benefit of customers and regions.

Participation in the Financial Data Application Challenge

As part of our efforts to foster a culture of data utilization and develop human resources, we are participating in the "Financial Data Application Challenge" (co-sponsored by the Association for the Promotion of Financial Data Application and the Financial Services Agency). In the "Financial Data Application Challenge," participants compete in accuracy in selected genres and themes, such as creating prediction models using machine learning and constructing RAG systems using generative AI.

To date, a total of 66 participants from our head office, branches, and group companies have taken part in the program, achieving excellent results in the regional financial institutions category: 1st place in the 1st competition (2023), 4th place in the 2nd (2024), and 2nd place in the 3rd (2025), marking three consecutive years of winning awards.

In an environment where digital technology is advancing at breakneck speed, we will promote data-driven business operations by leveraging new technologies such as AI.



Computer System Dept.
Computer System
Development Group Sub-
Assistant General Manager

Yusuke Kadoma

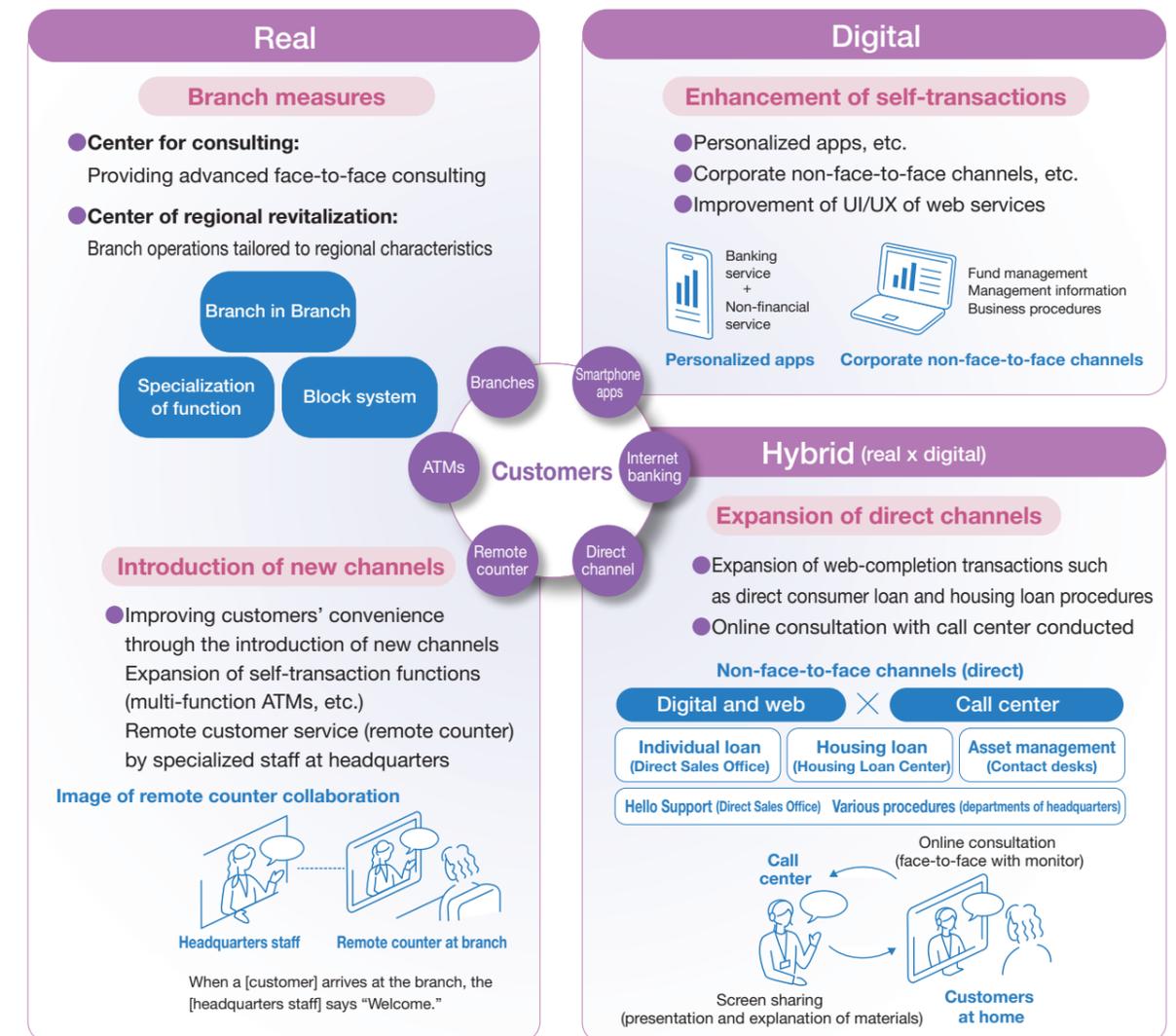
We were awarded second place in the regional financial institutions category at the 3rd Financial Data Application Challenge.

This challenge provided a great opportunity to experience firsthand the new technology of generative AI. It was a challenge to create a program that cleared the given theme, but through trial and error, while enjoying the process of creation at the same time, I was able to gain a deeper understanding of the technology and acquire new skills.

I will keep up with constantly evolving technology, apply it to my work, and create new value.

Channel strategy –Aiming to be “always Shigagin” and “everywhere Shigagin”–

Recently the number of customers visiting branches have continued to decrease due to factors such as population decline, wide-spread use of cashless payment, and advancement of smartphone apps. The balance between needs for face-to-face channels focused on branches and non-face-to-face channels such as online banking and apps has changed significantly. With the aim of becoming “always Shigagin” and “everywhere Shigagin,” we will provide a variety of channels to meet the diversifying values and lifestyles of customers and enhance and expand contact points with customers.



TOPICS Addition of web channel for customer appointment service

With the aim of improving customer convenience and the quality of communication with our customers, starting on April 22, 2025, we added a web channel to the methods available for using our customer appointment service.

Through the web channel, customers can now make appointments with the bank 24 hours a day, 365 days a year, from anywhere using their smartphones or computers.

In addition, understanding the requests of customers who make a prior appointment allows us to prepare various procedures and proposals in advance, leading to a higher quality service. Additionally, information such as block and headquarters schedules can be shared, enabling a mutual assistance system and a remote headquarters reception service.

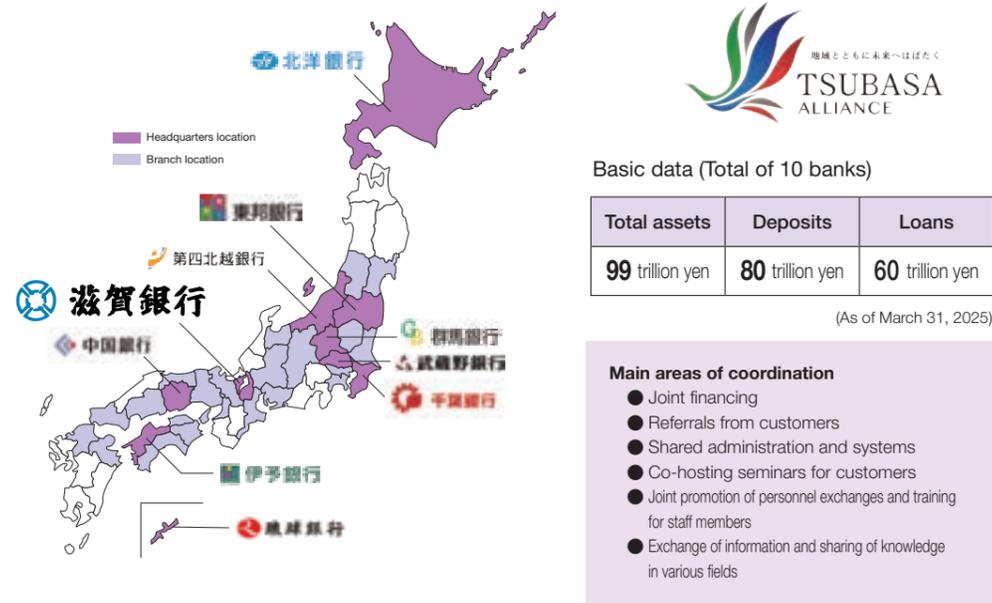
Coordination with other financial institutions

Wide-area collaboration of 10 top regional banks –TSUBASA Alliance–

The “TSUBASA Alliance” is Japan’s largest wide-area collaboration framework, involving 10 top banks in each region of Japan. While maintaining independence, the 10 participating banks will pool their expertise to promote collaboration not only in the systems area, but also in a wide range of other areas such as advanced risk management, human capital, sustainability initiatives, international business, and sales promotion.

Since joining in May 2019, the Bank has achieved significant benefits. These include top-line growth through participation in syndicated loans and other activities, cost reductions achieved through collaboration in non-competitive areas such as anti-money laundering measures, and the accumulation of intellectual capital through personnel exchanges and the sharing of specialized knowledge and expertise.

We will continue to strengthen the collaboration and share know-how and expertise to create new value that the Bank cannot achieve independently and contribute to the sustainable growth of the region.



Sponsorship of the 2025 Japan International Exposition (Osaka-Kansai Expo)

As the TSUBASA Alliance celebrates its 10th anniversary in 2025, all member banks of the TSUBASA Alliance have jointly agreed to sponsor the 2025 Japan International Exposition (“Osaka-Kansai Expo”).

This initiative is a collaboration with TSUBASA ALLIANCE Co., Ltd., a joint venture company, in which Theme Producer Kundo Koyama is participating as a Bronze Partner in the signature pavilion “EARTH MART” (theme: “Weaving Life”). This theme project (“EARTH MART”) expresses our commitment to sharing the potential of Japanese food culture and the evolution of food through technology, while addressing global environmental issues and hunger, with the aim of leading us toward a better future. Through participation in this theme project, we will further deepen collaboration with the TSUBASA Alliance towards our collective goal of regional regeneration and contribute to the sustainable development of the region.

“Start with TSUBASA! Asset Management Startup Seminar” to be held

On February 24, 2025, we co-hosted the “Start with TSUBASA! Asset Management Startup Seminar” with the aim of deepening our customers’ understanding of asset management, including NISA. In Part 1, participants learned about the often difficult subject of asset management together with popular comedian Yoshio Kojima. In Part 2, asset management professionals explained how to make the most of NISA during times of inflation. We will continue to provide information on asset management and other effective means to help our customers attain a financially comfortable lifestyle.

Holding of the “Bangkok TSUBASA Seminar & Networking Event 2025”

On February 24, 2025, we co-hosted the “Bangkok TSUBASA Seminar & Networking Event 2025” in Bangkok, Thailand. This event was held to provide customers doing business in Thailand with the latest business information in Thailand and to provide a platform for information exchange and networking among customers. This sixth event was the largest to date, with 93 companies and 112 participants from 10 banks. In addition to seminars and networking sessions, we invited Thai companies with a track record of collaboration with Japanese companies to participate in a panel discussion on the theme of “Success Stories and Challenges in Japan-Thailand Business Collaboration.” We will continue to leverage our overseas networks to support our customers’ business development.

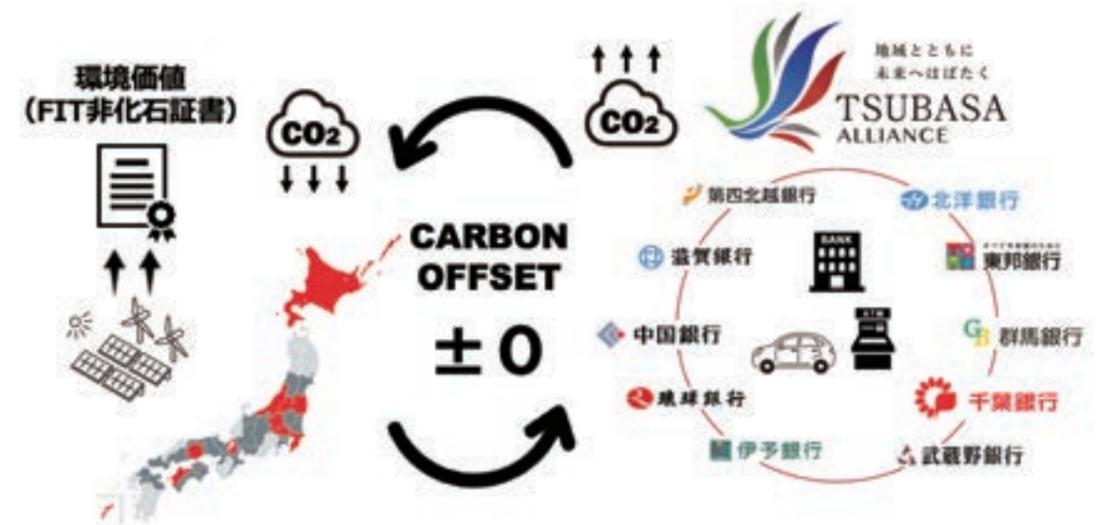
Joint purchase of “Non-Fossil Certificate”

Together with the TSUBASA Alliance member banks, we purchased a total of 5.00 million kWh of FIT Non-Fossil Certificates* generated in each bank’s business area. The Non-Fossil Certificates purchased will be used to offset CO₂ emissions from electricity consumption at each bank, contributing to a total reduction of approximately 2,100 tons (equivalent to the annual CO₂ emissions of around 5,000 ATMs) across a total of 10 banks.

This initiative was implemented as a collaborative measure among TSUBASA Alliance member banks with the aim of promoting local consumption of “environmental value” created in each bank’s business area, stimulating the renewable energy value trading market, and promoting the widespread use of FIT Non-Fossil Certificates.

We will continue to tackle environmental and social issues, including decarbonization (carbon neutrality) in the region, and help to realize a sustainable local community.

*A certificate that certifies the “environmental value” portion of electricity generated by non-fossil fuel power sources (solar, wind, biomass, etc., which do not use fossil fuels and are considered to not emit CO₂ during power generation) that are subject to the FIT system (Feed-in Tariff system for renewable energy). Certificates that can be used to reduce CO₂ emissions from electricity consumption.



Coordination with nearby financial institutions in non-competitive areas

Free affiliated ATM

Combined mail delivery

We are jointly using mail cars (vehicles for transporting mail and other items) with Bank of Kyoto and other companies.

Kyoto-Shiga Small and Medium-sized Enterprise Support Fund

Regional financial institutions and credit guarantee associations with head offices or major bases in Shiga Prefecture and Kyoto Prefecture have established a public-private partnership fund for the revitalization of small and medium-sized enterprises (P.39).