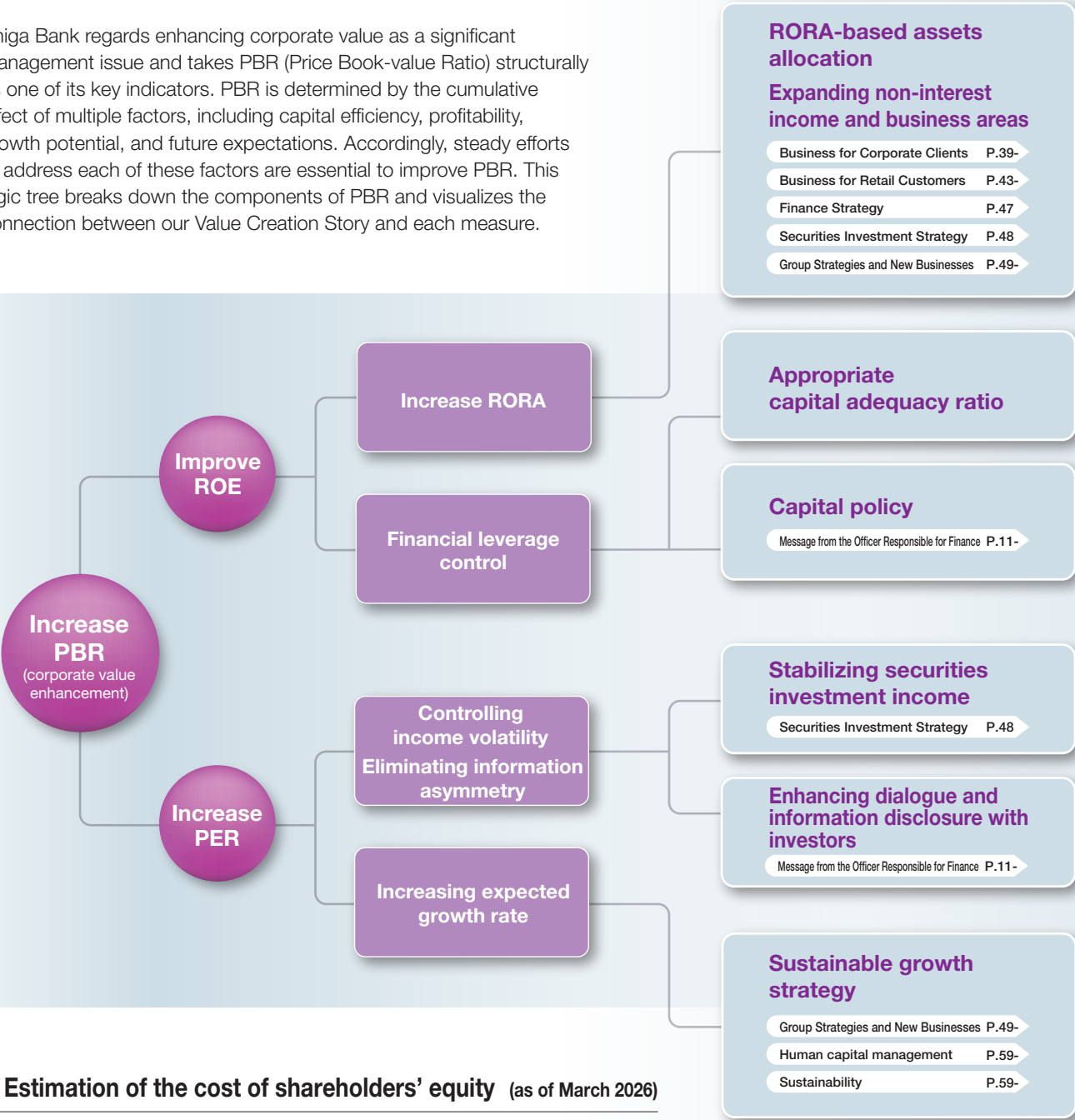


Challenge for Enhancing Value

PBR Logic Tree

Shiga Bank regards enhancing corporate value as a significant management issue and takes PBR (Price Book-value Ratio) structurally as one of its key indicators. PBR is determined by the cumulative effect of multiple factors, including capital efficiency, profitability, growth potential, and future expectations. Accordingly, steady efforts to address each of these factors are essential to improve PBR. This logic tree breaks down the components of PBR and visualizes the connection between our Value Creation Story and each measure.



Estimation of the cost of shareholders' equity (as of March 2026)

Recognized cost of capital is **7-8%**

*Calculated based on the CAPM (proprietary calculation using historical data) and earnings yield, etc.

Main Metrics	Plan/target	2026 results
8th Mid-Term period KPI Balance of investment and financing through new financing methods	465.0 billion yen (2026 milestones)	445.0 billion yen
8th Mid-Term period KPI Number of customers' dreams and businesses supported	12,000 cases (2026 milestones)	15,863 cases
Group company earnings	2.0 billion yen (2029)	1.0 billion yen
Consolidated CET1 ratio excluding comprehensive income	11% range (8th Mid-Term Plan period)	10.50 %
Change in the return policy this time Before the change: Shareholder return ratio After the change: Payout ratio	40 % benchmark (8th Mid-Term Plan period)	Shareholder return ratio 42.0 % (2026 results)
Reduction of cross-shareholdings (book value basis)	- 10 % or more (2029)	- 2.1 billion yen (-6.0%)
Investment portfolio enhancement	1% Profit margin (2029)	0.8 %
8th Mid-Term period KPI Amount of investment for human resources development	300 thousand yen per person (2029)	209 thousand yen per person
8th Mid-Term period KPI Amount of GHG emissions	Net zero (2029)	Achieved net zero (2026 results)
8th Mid-Term period KPI Amount of sustainable finance loans executed	259.0 billion yen (2026 milestones)	260.4 billion yen

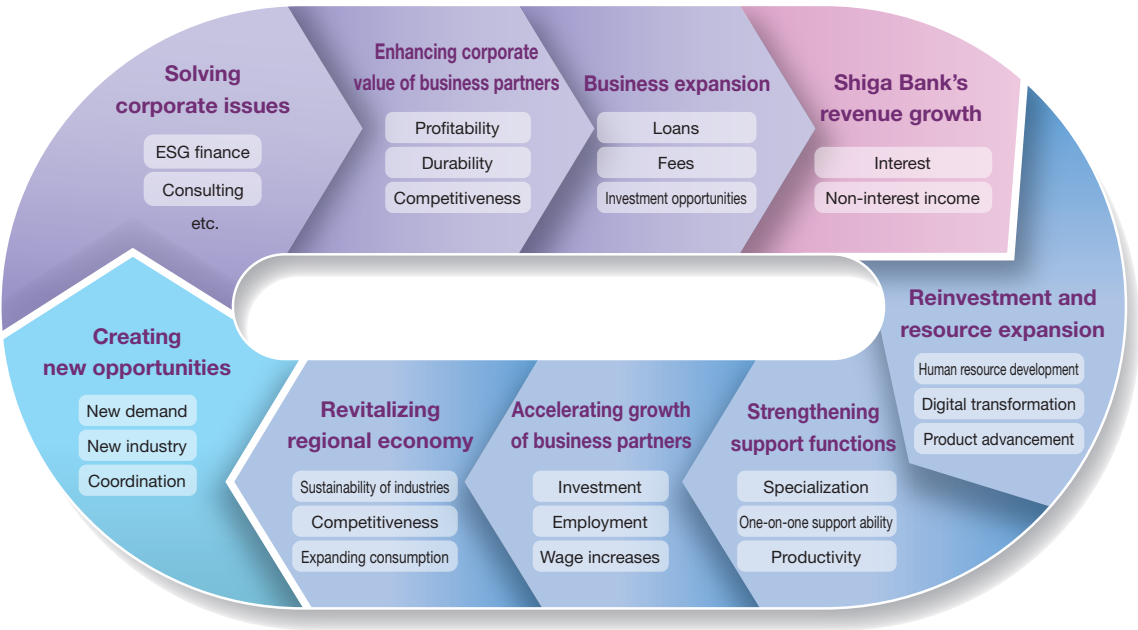
Business for Corporate Clients

Impact Design

As the sustainability of regional economies is being questioned due to population decline and changes in the industrial structure, the role of financial institutions is transforming significantly. Not only responding to corporate funding needs, but also enhancing business partners' earning power and realizing sustainable growth ultimately serve as the source of our own profitability and corporate value.

Through our strategies for corporate clients, Shiga Bank will enhance the corporate value of business partners and revitalize the regional economy, thereby sustainably increasing our own corporate value within this cycle.

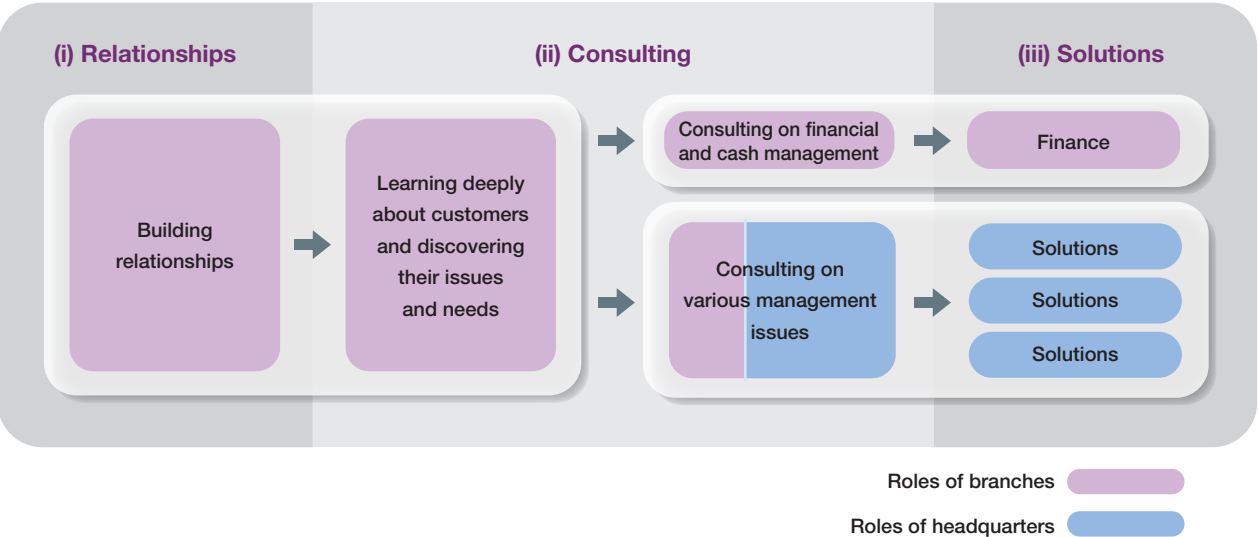
I Value Creation in Business for Corporate Clients



I Steps of one-on-one support

We provide one-on-one support through the following three steps to achieve sustainable growth for business partners.

Through three steps, (i) Relationships (relationship building), (ii) Consulting (consultation and deep dive), and (iii) Solutions (solving issues), we resolve management issues and financial concerns, and support business partners in improving their profitability and competitiveness.



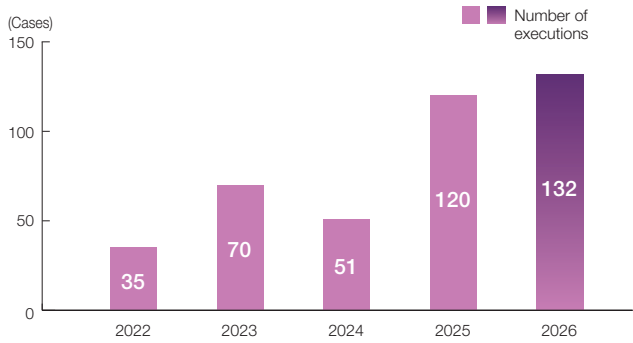
I Main efforts

Sustainable finance

Shiga Bank has identified environmental issues inherent to the region, including decarbonization, biodiversity conservation, and water preservation in Lake Biwa, as materiality. To achieve sustainable growth through resolving these issues, we are promoting sustainable finance as a priority area. For the fiscal year ended March 31, 2026, we achieved a record-high total of 132 transactions. We have established a comprehensive one-on-one support system that provides from visualizing CO₂ emissions and setting reduction targets to monitoring.

In addition, through the transition finance program launched in April 2025, we are accurately capturing the demand for transitioning to decarbonization in high-emission sectors and providing financial support for customers' medium- to long-term business transformations. Furthermore, in April 2026, we began offering the Shiga Try-Link Loan in collaboration with Shiga Prefecture. This product is Japan's first framework to set the three environmental elements, carbon neutrality, Nature Positive, and circular economy, as KPIs, with financing terms varying based on progress toward achieving them. It embodies a regionally integrated approach to solving issues through collaboration between government, financial institutions, and business operators. Through these initiatives, we will balance solving environmental and social issues and generating financial revenue. We will also contribute to improving the sustainability of the region as a whole, thereby leading to the sustainable enhancement of corporate value of Shiga Bank.

Trends in the number of sustainable finance executed



Press conference announcing the Shiga Try-Link Loan

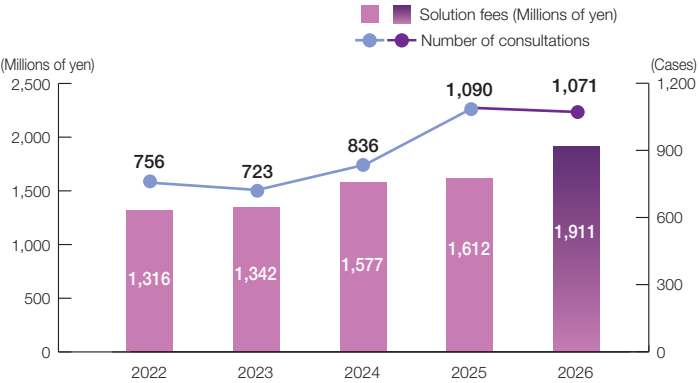


Management consulting

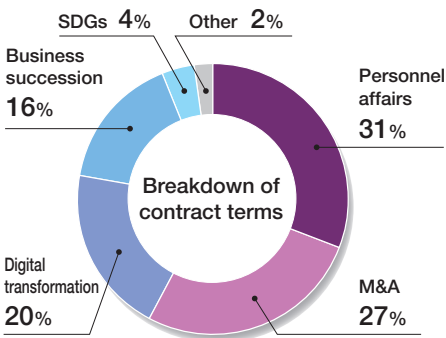
In response to increasingly complex management issues such as business succession, labor shortages, and adapting to digital transformation, we work closely with customers from the planning stage to develop solutions and provide long-term and continuous one-on-one support. In the area of business succession, we support a variety of approaches including succession within the family, to employees, and to third parties, and facilitate a smooth succession process by leveraging Shigagin Capital Partners, external specialists, and the Shiga Bank Core Business Support Investment LP. For M&A, we achieved optimal matchmaking by aggregating and centrally managing acquisition needs, resulting in record highs for both the number of contracts concluded and the amount of revenue generated in the fiscal year ended March 31, 2026.

In addition, we support the alignment of management and personnel strategies through the development of personnel systems and training programs for business partners, thereby improving organizational capabilities and promoting human resource development. In the field of digital transformation, we go beyond simply implementing IT tools, contributing to the enhancement of companies' competitiveness by getting involved from the early stages such as formulating digital strategies and renewing core systems. We will continue to combine a variety of solutions to help regional companies enhance their earning power and achieve sustainable growth.

Trends in the number of consultations and solution fees (cases, millions of yen)



Breakdown of contract terms (2026)



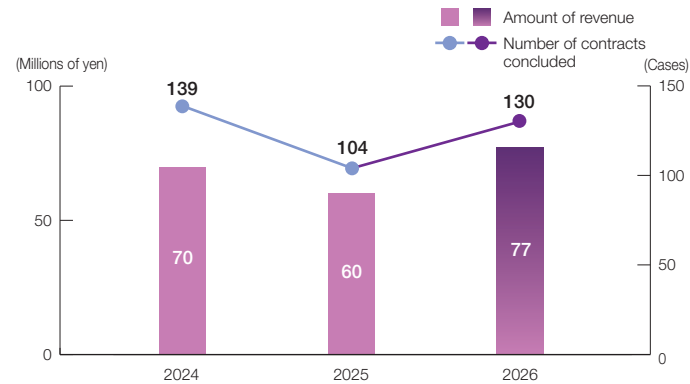
Business for Corporate Clients

Human resources solutions

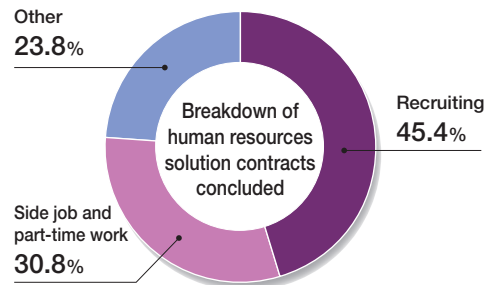
To achieve sustainable growth of regional companies, securing not only funds but also management human resources and human resources capable of solving management issues are essential. Through our day-to-day relationships, Shiga Bank has gained a deep understanding of management issues facing business partners from both quantitative and qualitative perspectives. As a solution, we offer not only recruiting services but also matchmaking for side jobs and part-time human resources. For local companies, human resource shortages in areas requiring advanced expertise, such as digital transformation advancement, marketing enhancement, and new business development, often become constraints on growth. To address these issues, we support companies in selecting the optimal solution, taking into account cost, hours, and specialization, by offering options for flexible human resource utilization such as side jobs and part-time work, in addition to recruiting full-time employees.

Additionally, we go beyond simply matching human resources. By providing consistent support from identifying issues and defining human resource requirements through follow-up after hiring, we help human resources realize their full potential and embed expertise within the organization. Through this approach, we enhance the management capabilities and sustainable growth of business partners, ultimately leading to the revitalization of the regional economy and the deepening of our customer base.

Trends in the number of contracts concluded and the amount of revenue for human resources solutions (cases, millions of yen)



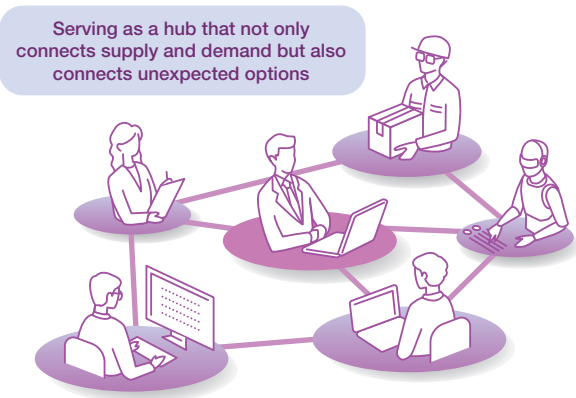
Breakdown of human resources solution contracts concluded (2026)



Business matching

Leveraging a hub function based on our credibility as a bank, Shiga Bank promotes matchmaking among business partners and between companies and services according to their needs, utilizing our extensive network and deep understanding of business partners. Beyond merely providing business opportunities, we gain a deep understanding of management issues and potential needs of business partners. This enables us to create options that do not yet exist in the region and combinations of companies and services that have not previously been connected, thereby identifying unmet needs and resolving them. This not only leads to new business opportunities and value creation but also contributes to the reevaluation of the strengths and resources held by business partners and the region, as well as the rediscovery of their appeal.

Furthermore, through collaboration and co-creation among companies, we generate a regional cycle of added value, contributing to the sustainable revitalization of the regional economy. The advancement of these hub functions not only deepens our relationships with business partners and strengthens our customer base but also contributes to the generation of non-interest revenue opportunities, serving as the foundation for the sustainable enhancement of corporate value.



Trends in received fees related to business matching (Millions of yen)



Total number of contracts concluded over the past three years 4,095 cases

Support for startups and entrepreneurs

We recognize that entrepreneurship and new business development in regions are important initiatives that help prevent young people from leaving rural areas by creating attractive employment opportunities, thereby contributing to maintaining and growing local resident population. Shiga Bank promotes support for startups and entrepreneurship, centered on the SHIGAGIN Co-creation Program. In this program, we are working to identify and nurture entrepreneurs through the Shigagin Entrepreneurship and Business Management School, where participants learn about business ideas and co-creation, and the Shigagin Nonohana Prize for Innovation, a business plan contest aimed at fostering innovation. In addition, we have been considering the potential for creating new businesses through co-creation, including the pilot implementation of a Corporate Co-creation Frame in fiscal year 2025 that connects the management issues of regional companies with the technologies and ideas of startups and students.

Furthermore, we combine the provision of proof-of-concept opportunities, leveraging our network of industry, academia, government, and banking, with the funding, and are working to establish a consistent support system that spans the entire process from idea creation to commercialization and growth.

Programs for the Shigagin Entrepreneurship and Business Management School (fiscal year 2025)

1st Session	Talk session with three mayors	Theme "Regional Issues and the Future" Speakers Mayor of Koka City, Mayor of Hino Town, Mayor of Moriyama City
2nd Session	Talk session with three universities	Theme "Challenges and the Future of Local x Student Entrepreneurship" Speakers Shiga University, Ritsumeikan University, Ryukoku University
3rd Session	Shigagin Nonohana Prize for Innovation 2025	Final selection meeting and award ceremony



Overseas business support

Shiga Bank positions overseas expansion not as a means of scale expansion, but rather as a means to serve a hub function that connects regional companies with global opportunities and circulates knowledge, capital, and growth opportunities within the region. We have established a support system centered on four countries overseas including Hong Kong Branch, the only one among regional banks in the Kansai region, as well as representative offices in Shanghai and Bangkok, with the addition of a representative office in India (Bengaluru) launched in October 2025, thereby strengthening our access to growth markets. We provide integrated support not limited to securing funding and production facilities but also developing markets, exploring partners, complying with laws and regulations, establishing operations, and managing local corporations. These efforts are carried out in collaboration with business partners.

Furthermore, through initiatives such as hosting the India business seminar in collaboration with Shiga Prefecture and JETRO, as well as a business cooperation agreement with JBIC, we are incorporating advanced insights including on-site monitoring information from overseas projects to enhance the quality of support. Going forward, we will support the sustainable growth of business partners by further enhancing and diversifying our support services utilizing various alliances (the TSUBASA Alliance, the Senshu Ikeda-Shiga Alliance).

Overseas support network



Hosted the India business seminar (co-hosted by Shiga Prefecture and JETRO)

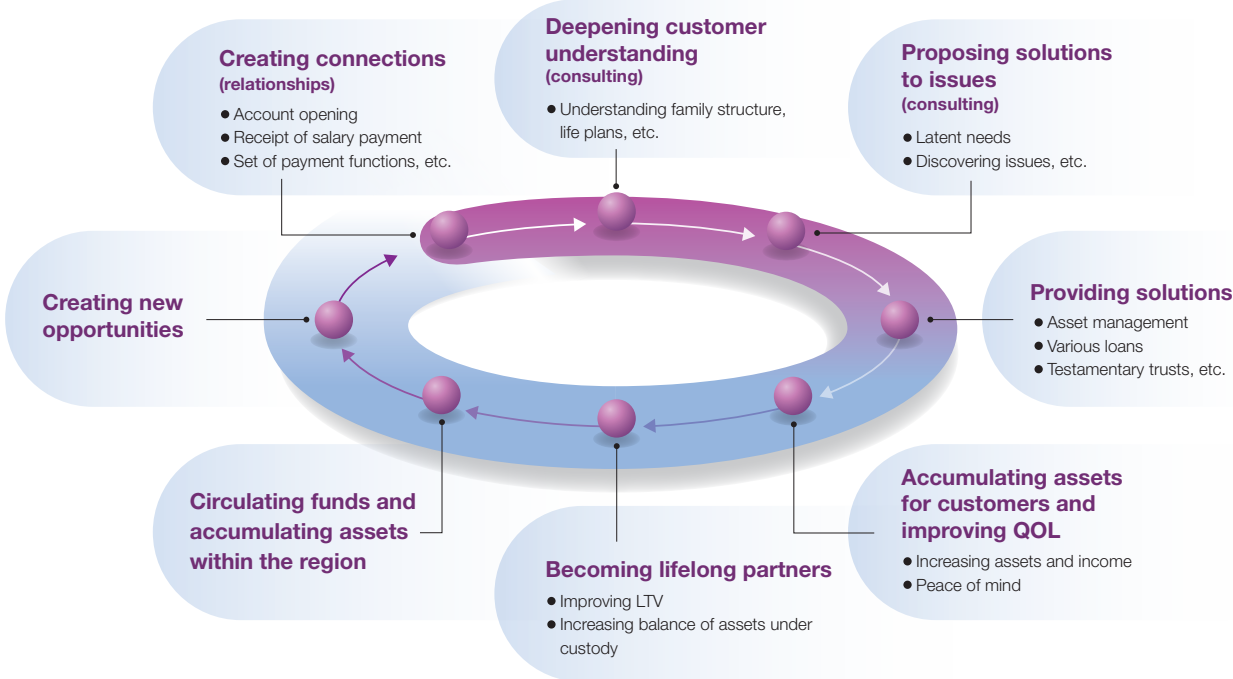


Business for Retail Customers



The environment surrounding individuals is undergoing significant changes, including a declining birthrate, an aging population, advancing needs for asset formation, and the difficulty of making choices due to information overload. Given these circumstances, Shiga Bank works closely with customers’ life events and values to present optimal options for a wide range of needs and issues, such as asset formation, housing, and inheritance. As a trusted partner, by providing support grounded in accurate information and expertise, we realize an environment where customers can make decisions with peace of mind even in uncertain times, thereby contributing to the creation of a foundation for a better life.

I Value Creation in Business for Retail Customers

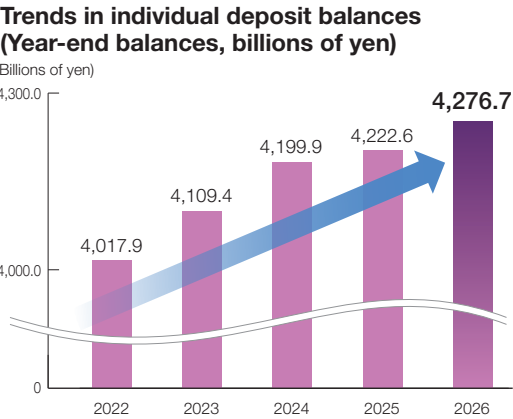


I Main efforts

Deposit strategy

As the importance of deposits is growing in a world with interest rates, developing products that offer added value of contributing to the region rather than depending on interest rate competition is leading to an increase in deposits.

On July 1, 2025 (Lake Biwa Day), we launched the Lake Biwa Blue Deposit program (a time deposit), under which the Shiga Bank contributes funds based on the deposit amount to support environmental preservation for Lake Biwa. Under this product, a fixed amount corresponding to the deposit amount is donated to support activities for water preservation, the environment, and ecosystems, representing an initiative to preserve Lake Biwa, a symbol of the region, for future generations. Recognized for the added value of contributing to the region, the offering ceiling was expanded from 30.0 billion yen to 60.0 billion yen, and the maximum amount was reached within the offering period. Through these initiatives, we have successfully strengthened a stable funding base and enhanced our brand value.



Lake Biwa Blue Deposit

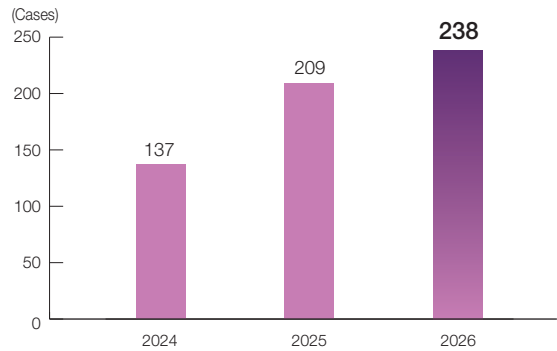


Asset succession and testamentary trusts

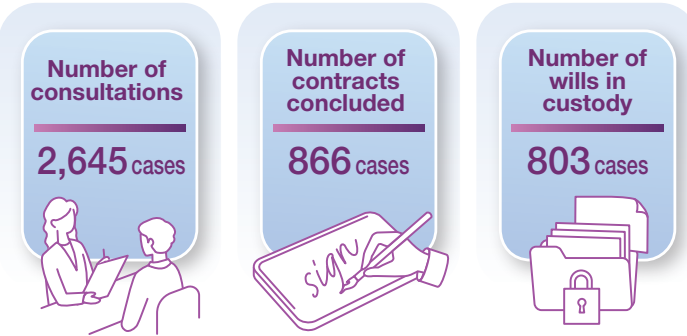
To support the transfer of quality assets to the next generation, Shiga Bank is actively engaged in asset succession consulting and testamentary trusts. In recent years, against the backdrop of rising real estate prices, concerns have grown regarding the increasing burden of inheritance taxes and the smooth asset succession. We work closely with each customer, collaborating with our network of specialists, and jointly design the optimal succession plan and provide support until it is fully implemented. The number of consultations for asset succession consulting has grown from 137 in the fiscal year ended March 31, 2024 to 238 in the fiscal year ended March 31, 2026. We have also steadily built a track record in testamentary trusts, with a cumulative total of 2,645 consultations, 866 contracts concluded, and 803 wills currently in custody.

Implementing smooth asset succession not only provides peace of mind for customers but also contributes to the smooth circulation of assets within the region. Through these efforts, we are contributing to realizing a sustainable regional society where value is passed on to the next generation.

Trends in the number of consultations for asset succession consulting



Cumulative results since the launch of the testamentary trust service (launched in April 2020)

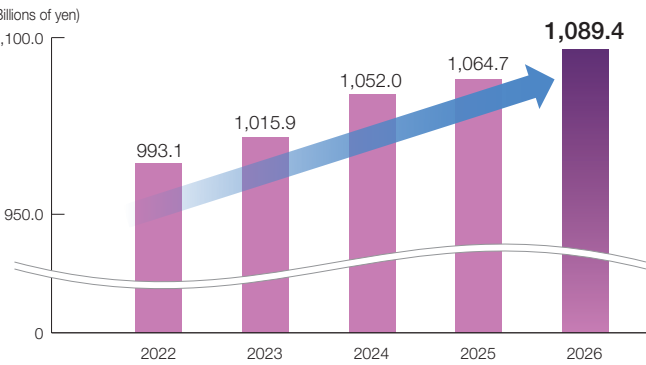


Housing loan

Shiga Prefecture features a rich natural environment, excellent access to the Keihanshin area, and abundant employment opportunities, including the highest proportion of manufacturing industry nationwide. Particularly among the child-rearing generation, the net inflow of people in their 30s continues to rise. Against such demographic trends, demand for financing related to home purchases has remained robust. To securely capture this medium- to long-term demand, Shiga Bank is implementing housing loan strategies that address environmental changes such as the diversification of customers’ work styles and rising real estate prices.

Specifically, we are expanding opportunities for customers to visit branches by utilizing branches open on holidays and enhancing our consultation systems, while also improving convenience by promoting online applications. In addition, we offer diverse product designs, such as loan terms of up to 40 years and preferential interest rates for energy-efficient homes, to provide options suited to customers’ life plans.

Trends in the balance of housing loans (Billions of yen)



We are also promoting the designation of salary receiving accounts in conjunction with the use of housing loans, aiming to make these accounts the primary account for transactions. As a result, we have maintained a high set rate of over 80% for new loans, which contributes to developing a long-term, stable deposit base. In the future, we will continue to stay close to customers’ life events by advancing product and channel strategies based on regional characteristics and customer needs, and we will strengthen a sustainable revenue base and enhance corporate value.

TOPICS. 3

Creating growth potential through “non-face-to-face” channels — Direct (non-face-to-face) consumer loans

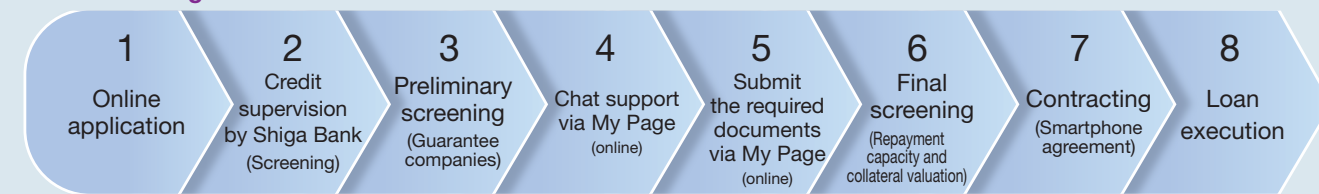
In the personal loan field, the branch-based business model has become structurally difficult to grow due to weakening demand caused by population decline, increasing demand for non-face-to-face services driven by the widespread adoption of smartphones, and intensifying low-cost competition from online and other institutions.

Based on these changes in the environment, Shiga Bank is prioritizing the promotion of direct consumer loans by leveraging our strengths, such as the customer service capabilities and screening expertise cultivated through the call center, as well as non-face-to-face contract schemes using smartphones. We are working to expand the customer base and enhance convenience regardless of sales areas, while meeting a wide range of needs through the provision of diverse products.

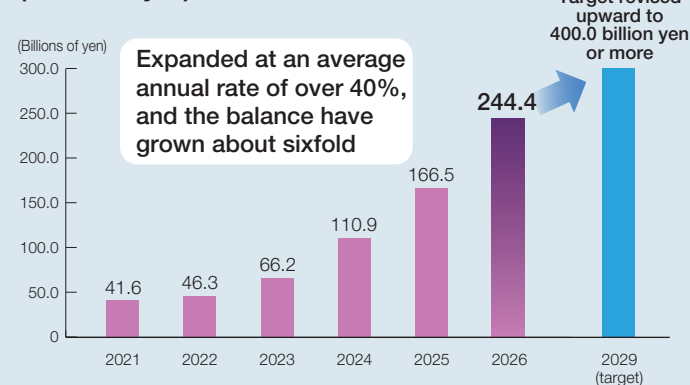
Furthermore, by utilizing guarantee companies to mitigate risk, we have established a highly profitable business model and position this field as a strategic area that supports our sustainable growth. We will continue to strive to enhance the value we provide by utilizing digital technology and deepening customer understanding.

Process to loan execution

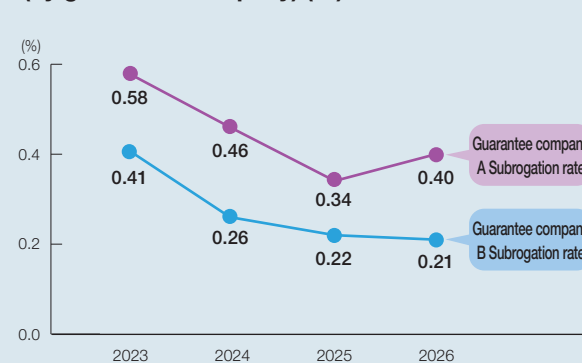
Completing everything from application to account opening and loan agreement by just using a smartphone without visiting a branch



Trends in the balance of direct consumer loans (billions of yen)



Trends in consumer loans subrogation rates (by guarantee company) (%)



VOICE

For over 20 years, Shiga Bank has been working to advance non-face-to-face channels, and offering a nationwide non-face-to-face loan service that integrates online applications with call center functions provided by a bank agency. By managing the process from planning to screening, contracting, execution, and post-loan support as an integrated system, we are able to quickly respond to customer needs and achieve services that balance convenience and security, as well as continuous improvement. As a result of these efforts, customer empathy for our products and repeat usage have steadily been increasing.

We will continue to refine our unique model which blends non-face-to-face and dialogue, and pursue sustainable growth and improvements in customer satisfaction.



Yukino Niimura
Direct Sales Office,
Business Promotion Dept.
Direct Planning Group

Real estate secured loans

We began offering real estate secured loans in November 2017 and expanded our operations nationwide in December 2020. These products have gained support particularly as a solution for salaried employees' asset formation needs, and our transaction volume has been steadily increasing. Additionally, we have been advancing product quality, such as by raising the maximum loan amount in June 2025 to meet diversifying customer needs.

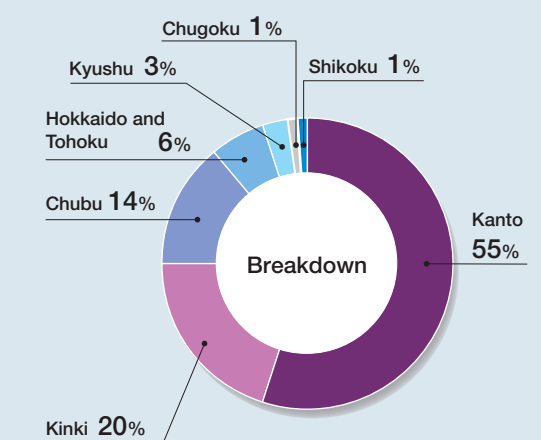
In providing services, non-face-to-face processes using smartphones from application to contracting are the standard. At the same time, we provide attentive support close to customers through one-on-one communication via phone and chat.

In terms of risk management, we have established a multi-layered screening system that combines the screening by Shiga Bank with collateral evaluations by guarantee companies and on-site inspections by licensed real estate appraisers. Through this system, we make precise credit decisions, and simultaneously build a stable portfolio and secure sustainable revenue.

Trends in the number of real estate secured loans executed and the amount involved (Millions of yen)



Percentage of real estate secured loans by region



Unsecured loans

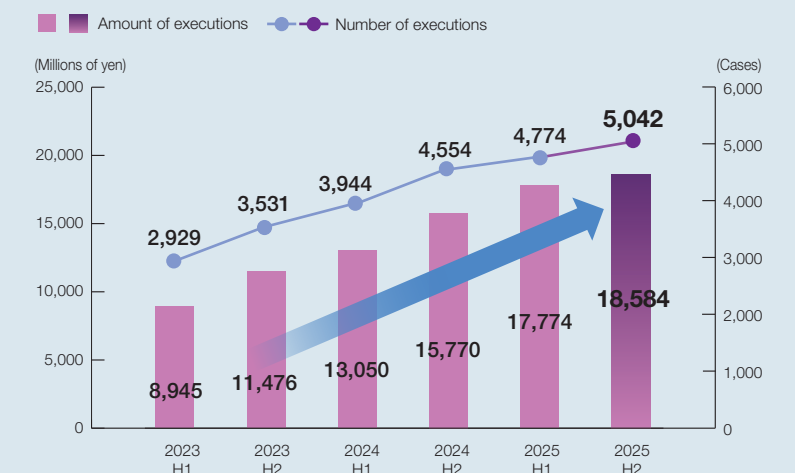
In the unsecured loan field, we have been promoting non-face-to-face services centered on online applications since 2015, and in 2022, we began offering these services nationwide. By expanding customer contact points through online promotions and making agile product revisions, we have succeeded in expanding business with customers nationwide, leading to the accumulation of quality assets.

In screening, we balance convenience and accuracy by utilizing our proprietary scoring system and JPKI (Japanese Public Key Infrastructure), etc.

Applications have expanded to be primarily online, addressing a diverse range of needs such as automobiles, home renovations, renewable energy equipment, and education funding.

This field plays an important role in meeting urgent funding needs while also creating contact points with new customers and expanding business and deepening business relationships.

Trends in the balance of unsecured loans (Millions of yen)



*Excluding card loans, certificate loans only

Finance Strategy

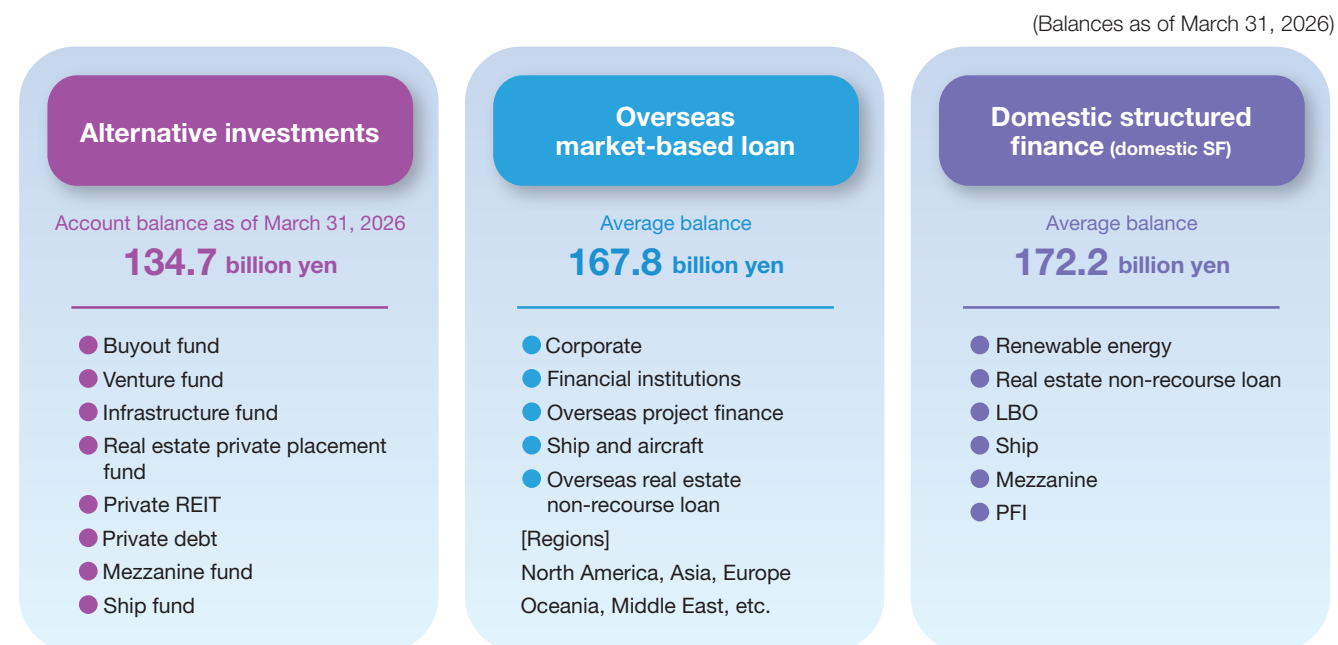


As a growth area aimed at improving capital efficiency and diversifying revenue sources, we are working to strengthen profitability by accumulating high RORA assets. By combining a variety of approaches such as structured finance, overseas market-based loans, and alternative investments, we aim to maximize returns after risk adjustment while prioritizing risk diversification.

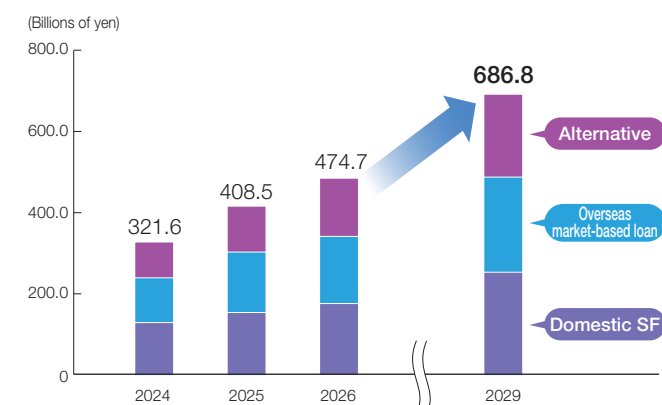
Additionally, to support these initiatives, we have established the “Finance Office” and the “Market Strategy Group” and have been progressively strengthening the organizational structure through measures such as expanding specialized human resources and advancing operational systems. As a result, since the outstanding balances in these three areas expanded in a well-balanced manner during the fiscal year ended March 31, 2026, and revenue is expected to reach the final-year target of 7.5 billion yen set in the Mid-Term Business Plan ahead of schedule, we have revised up the target to 8.0 billion yen. Through these initiatives, we are working to build a new revenue base that combines growth potential and profitability, in addition to the traditional revenue structure centered on loans.

Securing stable earnings through diversified investments

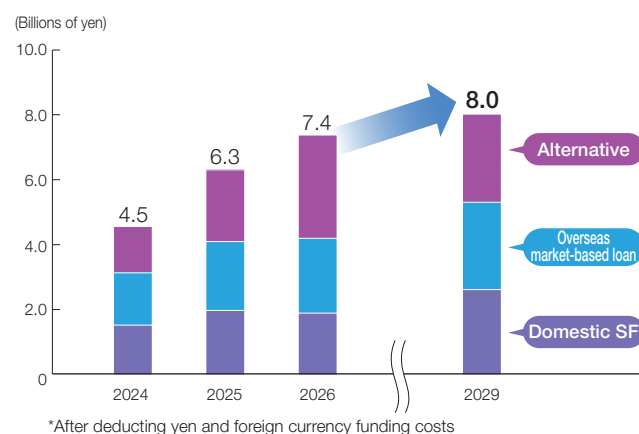
We aim to secure stable earnings through a risk diversification strategy based on strategic diversification, regional diversification, and time diversification.



Trends in the average balance and plan



Trends in the amount of revenue and plan



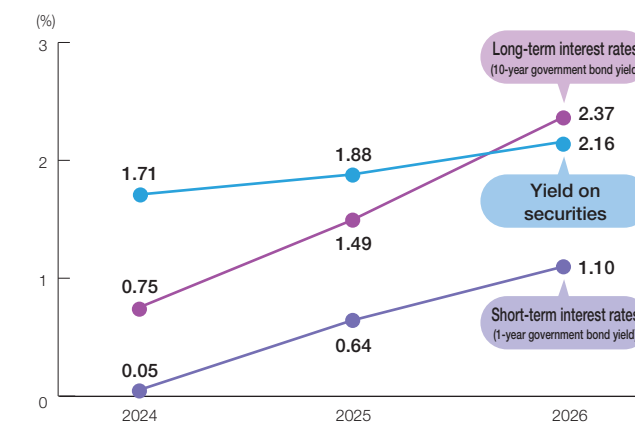
Securities Investment Strategy



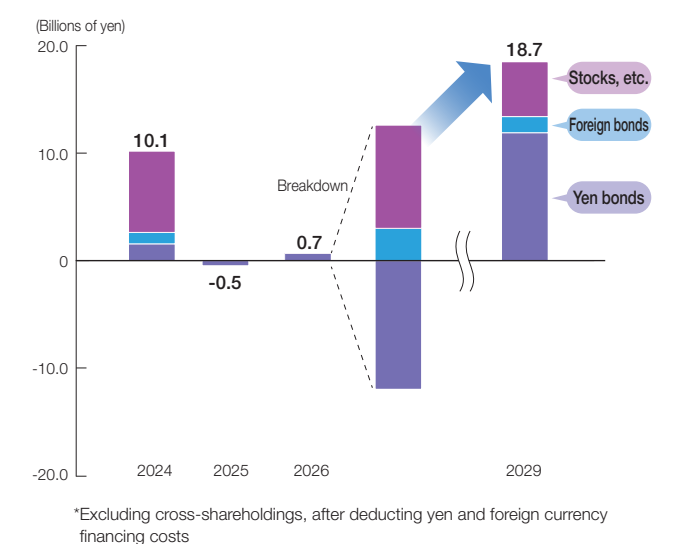
Securities investment serves the stability and resilience of the revenue base while also fulfilling an important function in enhancing profitability. Based on the current an economy with positive interest rates, we are proceeding with replacing low-yield assets and reviewing portfolio structure, shifting toward investments focused primarily on stable carry income.

For yen bonds, we are working to secure sustainable interest income and liquidity while mitigating the impact of interest rate fluctuations by building a ladder portfolio. The yield on securities for the fiscal year ended March 31, 2026 improved to 2.16% (up 0.28% from the previous fiscal year). We will continue to enhance the stability and durability of management through agile portfolio management that adapts to changes in the environment. At the same time, we will contribute to improving RORA through operations mindful of capital efficiency, with the aim of building a resilient and agile management foundation and optimizing the overall revenue portfolio.

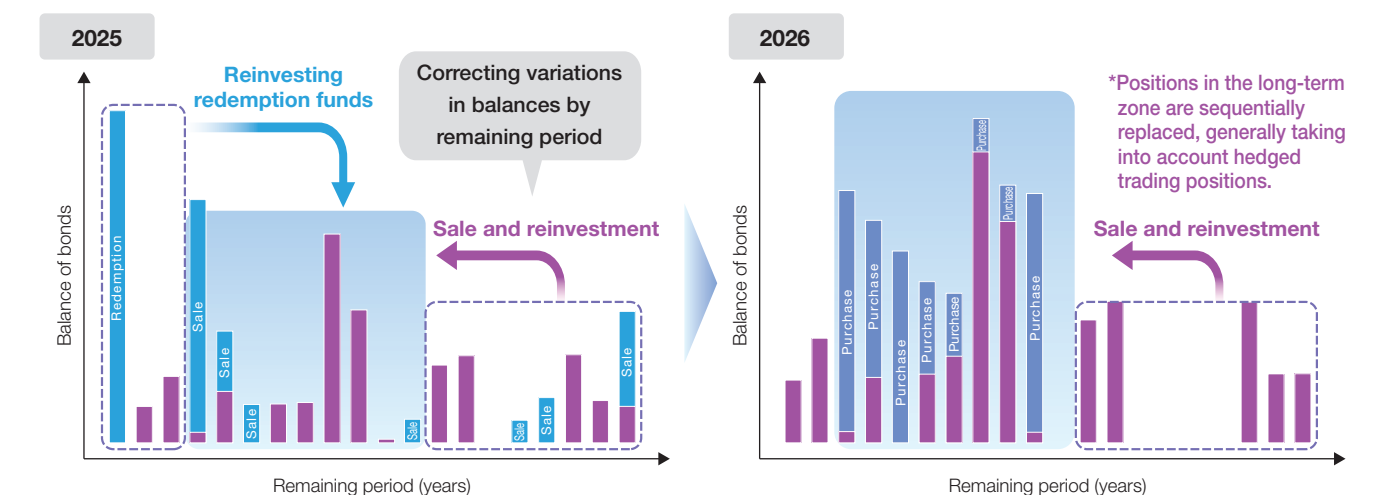
Trends in the yield on securities



Securities investment income



Progress on building the yen bond ladder portfolio



Group Strategies and New Businesses



Amid accelerating changes in regional and industrial structures, the Shiga Bank Group is not only evolving as a financial institution but is also taking on the challenge of “+X,” that is, creating value beyond the boundaries of a Bank, as a strategy to take our growth curve to the next level. Based on the trust and customer base we have cultivated through financial services, we are developing new business areas.

The new businesses introduced on this page, management support through equity participation, renewable energy business, and community development, are concrete examples of this practice.

While these initiatives are steadily progressing as growth drivers for the medium to long term, revenue generation is still a work in progress, and we recognize that scaling the business and establishing a revenue model are important management priorities. In the future, we will promote growth in each business while deepening collaboration amongst them to create a virtuous cycle of value creation, leading to the establishment of a sustainable revenue base.

Through these initiatives, we will contribute to solving social issues and enhancing the appeal of the region, leading to an increase in non-interest income and the establishment of a future revenue base.

Enhancing appeal and bridging to a better — Shigagin Capital Partners

Amid ongoing population decline and a shortage of successors, for regional companies to develop sustainably, they need partners who not only provide financial services but also envision the future from the same perspective as the companies and walk together with them. Through Shigagin Capital Partners, the Shiga Bank Group manages a business succession fund and works with investee companies to enhance corporate value through equity participation.

Specifically, we acquire shares in companies facing issues with business succession and seek to achieve growth and transformation from a medium to long term perspective. In doing so, we not only engage in dialogue with the management team but also become deeply involved in the operations. By sharing the company’s actual conditions, strengths, and issues, we work together with the current management team and employees to advance initiatives aimed at future growth. When addressing issues at each investee, we place importance on working not only with the management team but also with frontline employees, and tackling these issues as one team.

In addition, we are working to strengthen the company’s foundation from the perspectives of organization, systems, and corporate culture, including developing candidates for successors, establishing organizational structures and decision-making systems to support them, and fostering a corporate culture that makes employees want to take over the business and continue working here. Through these initiatives, we aim to further refine the appeal of these companies and help them evolve into even better organizations, while ensuring a smooth succession to the next generation of leaders and connecting them to the future as companies deeply rooted in the region. In addition, we have expanded the scale of the fund to 5.0 billion yen (the initial scale was 2.0 billion yen) and have established a system to support the growth and business succession of a greater number of regional companies.

Through these initiatives, we are not only enhancing the profitability and growth potential of investee companies but also contributing to maintaining and developing regional employment and industrial foundations. Furthermore, by sharing across the entire Group the insights and networks we have cultivated through walking together with investee companies, and by applying them to solve the diverse issues faced by regional companies, we will work to realize a bright future for the region while supporting the challenges and growth of regional companies.



Energy business driving the realization of a decarbonized society — Shigagin Energy

The Shiga Bank Group established Shigagin Energy to create new value that enhances regional sustainability. In addition to generating and supplying renewable energy, the company also provides consulting functions related to green transformation, promoting the delivery of added value that goes beyond the boundaries of financial services.

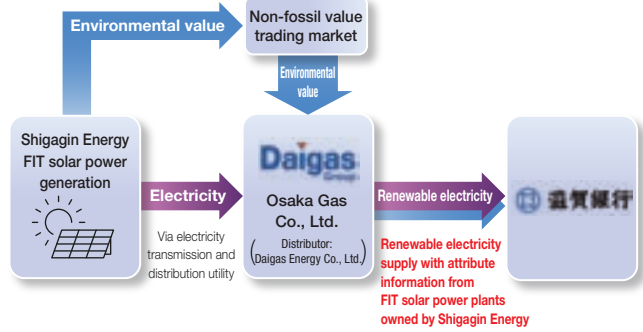
In the power generation business, we have been steadily expanding the acquisition and operation of solar power plants, and the current generation capacity has reached approximately 28 MW. We have established a foundation for the stable supply of clean energy in the region. Additionally, we are engaged in on-site and off-site PPA (power purchase agreement) and battery storage businesses. By providing integrated services from the introduction of renewable energy to supply-demand balancing and stable supply, we are promoting the decarbonization of the region from multiple perspectives.

Furthermore, on April 1, 2026, we established a self-generation and self-consumption model and created a system to circulate renewable energy and environmental value within the Group. This allows us to simultaneously achieve local production for local consumption of energy and reduction of environmental impact.

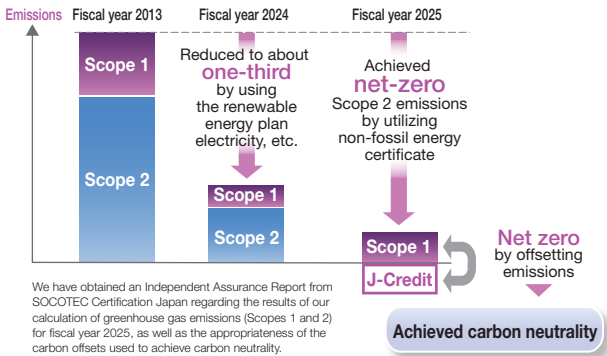
Against the backdrop of these initiatives, the Shiga Bank Group achieved carbon neutrality for greenhouse gas emissions (Scopes 1 and 2) in fiscal year 2025.

Going forward, through the expansion of the PPA model and the utilization of storage battery, we will extend local production for local consumption of energy to the entire region, while also striving to create new added value, such as a stable supply of renewable energy and the optimization of supply and demand.

Self-generation and self-consumption model of renewable electricity



Achieved carbon neutrality



Community development business to enhance the appeal of the region — Future Design Group

In April 2024, we established the Future Design Group within the General Planning Dept., and we are working to create new businesses that will connect to the sustainable growth of the region and society. Based on the issues identified through dialogue with over 300 companies and local governments, we aim to create value by leveraging regional financial capabilities by promoting businesses that utilize local resources from the planning stage.

As a specific initiative, we have begun feasibility studies, in collaboration with Kusatsu City, to create an innovation gathering hub that integrates industry, academia, government, and banking. Through this project, we aim to work with universities and private companies to form a space where startups and diverse players can gather, creating new businesses and fostering exchanges. As the lead company, Shiga Bank has been involved since the conceptual stage. By proactively participating in tasks such as setting themes, designing income and expenditure plans, and considering operational schemes, we are taking on the challenge of creating highly effective businesses that go beyond mere financial support.

Additionally, these initiatives are not limited to Kusatsu City, but are being expanded through communication with all cities and towns within the prefecture. By combining the rich regional resources of Shiga Prefecture including history, culture, nature, and cuisine, with extensive network and information held by Shiga Bank, we will connect inside and outside of the region to create new value and vitality.



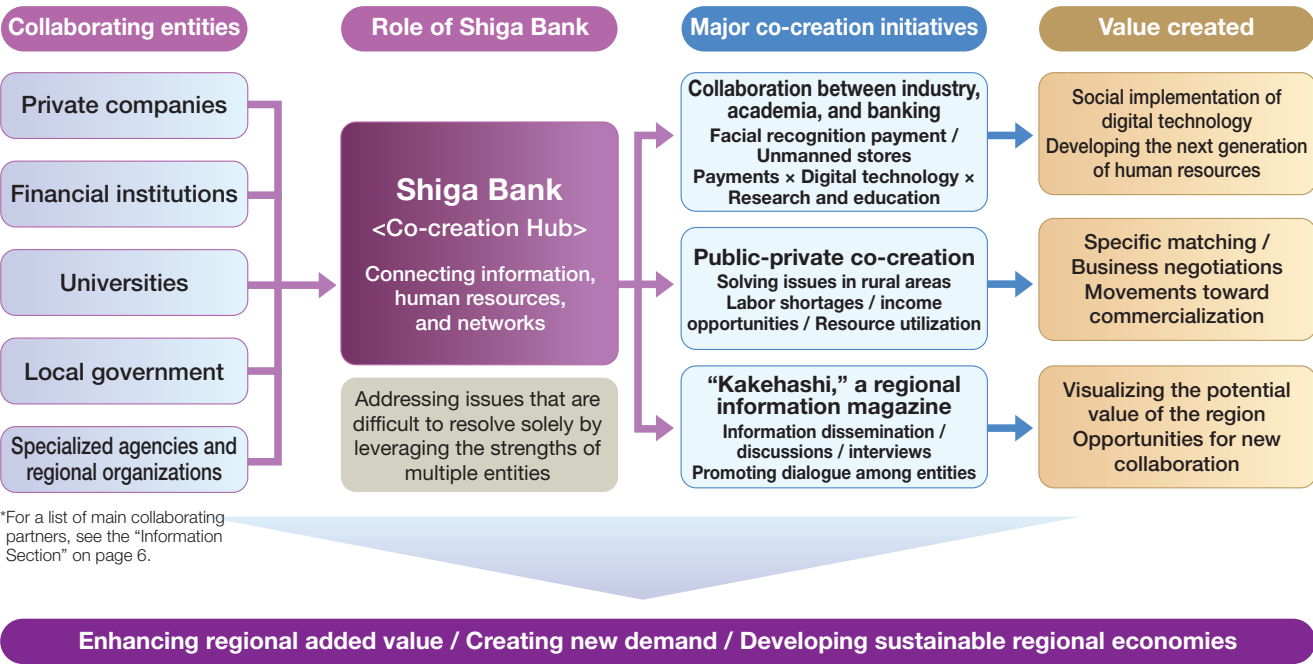
Regional Development and Revitalization Efforts



Regional issues that are difficult for Shiga Bank to resolve solely can be addressed through collaboration between organizations and groups that play diverse functions and roles to forge new paths to solutions. Based on this understanding, Shiga Bank serves as a hub that connects industry, academia, and government, as well as human resources, information, and networks, organically linking diverse regional entities. By combining different strengths, we create value that could not be achieved solely, leading to enhancing regional added value and generating new demand.

Co-creation Hub that realizes regional value creation

Connecting the strengths of diverse entities to move from solving regional issues to creating new demand



Solving issues in rural areas and building sustainable regions through public-private co-creation

Regional issues such as population decline and an aging population are not uniform. There is a gradation of their progression even within the region, and these issues are becoming apparent at a faster pace, particularly in rural areas. For the purpose of solving these issues, Shiga Bank is working together with Ridilover Inc., a subsidized business operator, to solve issues in rural areas within Shiga Prefecture by utilizing a public-private co-creation system, as part of the “2025 Value creation utilizing regional resource promotion project (Creation support type) Regional resource utilization and regional collaboration support project,” by the Ministry of Agriculture, Forestry and Fisheries.

This initiative aims to create effective solutions to issues faced by local governments such as labor shortages, declining income opportunities, and unused regional resources by linking them with the advanced technologies and services offered by private business operators.

The public-private co-creation briefing session, held as part of this initiative, was joined by approximately 100 participants, including government officials and private business operators. Discussions progressed toward identifying specific matchings between issues and solutions. As a result, movements toward commercialization are underway, including five business negotiations currently in progress.

Shiga Bank will continue to carefully grasp regional realities and contribute to enhancing the sustainability of the entire region including rural areas through initiatives to solve issues based on a high-resolution understanding.



Creating regional value through collaboration between industry, academia, and banking

Based on a comprehensive partnership agreement with Shiga University, we collaborated with CAC Corporation (“CAC”) at the university’s Hikone Campus to introduce an unmanned store utilizing facial recognition payments.

This initiative is a collaboration between industry, academia, and banking that combines the university’s educational and research functions, CAC’s cutting-edge digital technology, and the Shiga Bank Group’s settlement functions. In addition to improving convenience on campus, it is creating new value, such as the use of purchasing data for educational and research purposes.

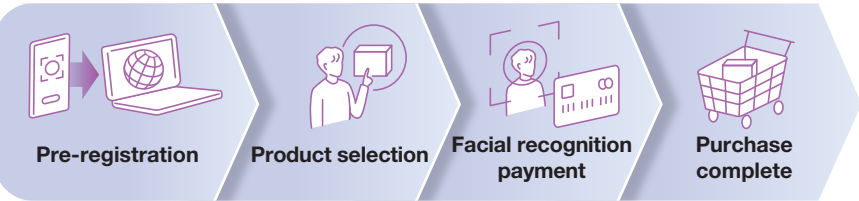
In addition, this initiative serves as a demonstration project that looks ahead to the future of financial services and branch functions.

Within this framework, Shiga Bank serves as a hub that connects the strengths of each entity, simultaneously promoting the social implementation of digital technology and the development of the next generation of human resources. In the future, we will continue to serve as a hub for diverse collaborations, aiming to enhance added value in the region and create new demand, while contributing to the sustainable development of regional economy.

Features of an unmanned store

- (i) **A new buying experience that allows you to shop smoothly without carrying anything, with cashless-only payments by facial recognition**
- (ii) **Improving convenience for students and faculty**
Purchases can be made at Shiga University Co-op store even outside business hours. Eliminating non-purchasable hours.
- (iii) **Returning data to education and research**
Returning purchase data and image recognition technology to university studies.

Process of purchasing through facial recognition payment



“Kakehashi,” a regional information platform connecting the economy and culture

Shiga Bank and its group subsidiary, The Shigagin Economic & Cultural Center, publish a quarterly regional information magazine “Kakehashi” four times a year as a medium for connecting regional information, people, and companies. This magazine provides a wide range of information, covering everything from the challenges by companies in the prefecture and the aspirations of business leaders, examples of collaboration with academic institutions and local governments, to regional culture and economic trends.

Through dialogues and interviews with the President and others, we share regional issues and visions for the future, and by facilitating discussions among diverse entities, we create opportunities for new collaborations and value creation.

The Shiga Bank serves as a “Kakehashi” connecting regional information, human resources, and networks. We strive to visualize the latent value of the region and establish a foundation that supports sustainable regional development through co-creation.



Digital Transformation Strategy



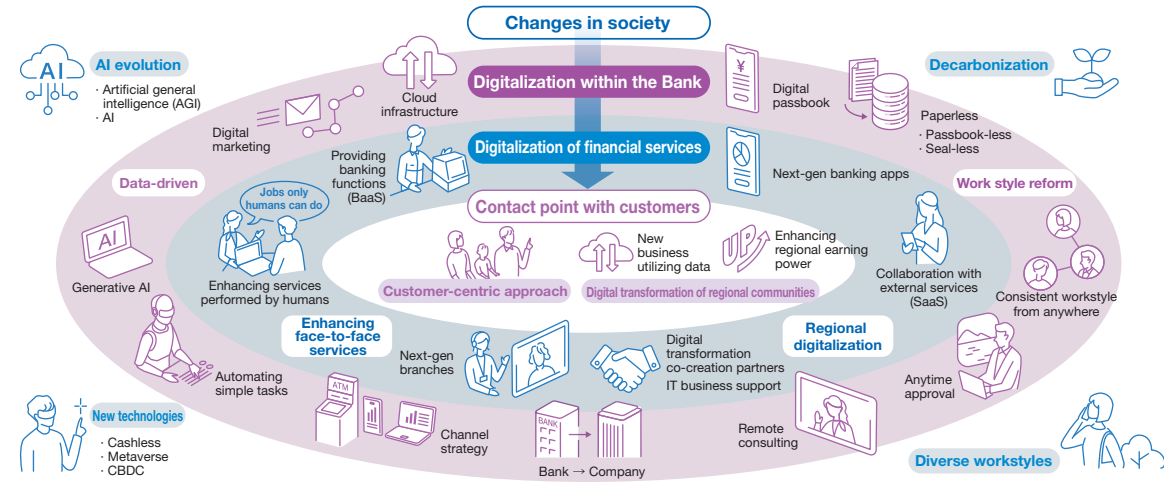
Turning AI and data utilization into the execution capability for value creation — digital transformation strategy and data-driven management underpinning value creation —

Under our vision of becoming a Sustainability Design Company, we are committed to creating a sustainable future together with our customers and local communities. This cannot be achieved simply by extending decision-making that relies on conventional experience and intuition, or operations that depend on individual expertise. As regional issues become increasingly complex and sophisticated, data-based decision-making and the on-the-ground implementation of digital technologies, including generative AI, are essential for grasping their essence and translating that understanding into appropriate measures.

To achieve this, the Bank is working to strengthen its implementation capabilities and develop its organizational foundation under its digital transformation strategy.

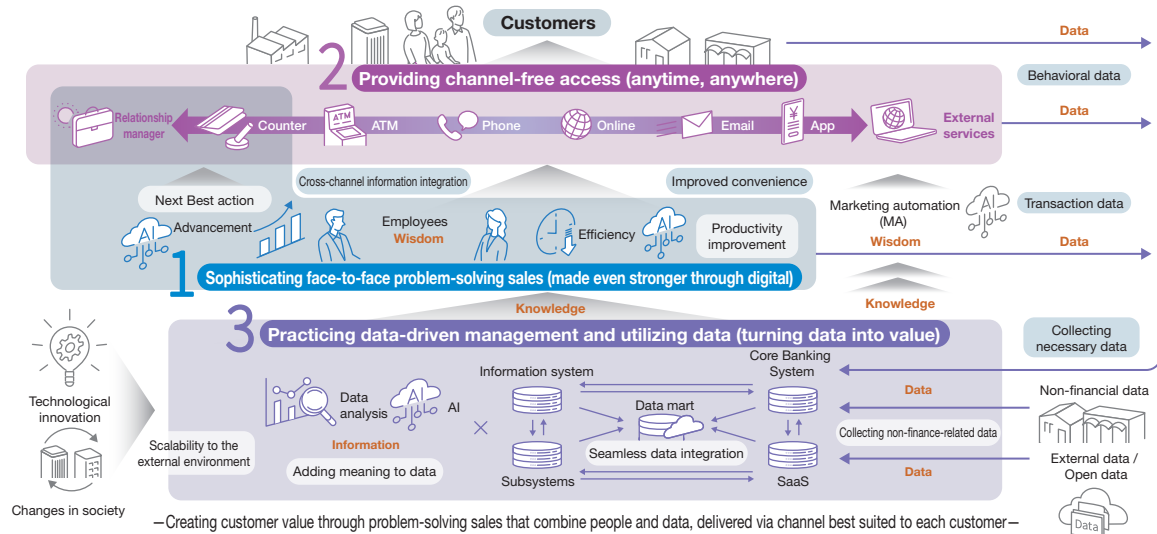
Digital Strategy Committee and digital strategy roadmap

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 making investment decisions for individual systemization projects and realizing medium- to long-term digitalization strategies.



Digital strategy concept and vision

The digital strategy concept visualizes the Bank's vision in the digital domain. By providing optimal contact points regardless of whether they are face-to-face or non-face-to-face, we will further deepen our understanding of customers and achieve both more sophisticated problem-solving sales and improved productivity.



From using generative AI to a future of co-working with AI

With a view to a future in which AI naturally blends into daily operations and works in harmony with people, we conducted a PoC (Proof of Concept) of an AI President as an initiative to gain new insights by combining our long-cultivated experience and values with AI's information-processing capabilities. The AI President is intended to help each employee naturally reflect concepts, such as our Purpose, in their decisions and actions.

In addition, for the Shigagin Ratings Communication Service, which analyzes industry trends and management issues of our business partners and engages in proposals and dialogue aimed at their growth, we have developed generative AI-powered prompts to support industry analysis and problem solving. Through this, we aim to improve the efficiency of materials preparation and enhance our proposal capabilities, thereby realizing high value-added sales activities that help resolve our customers' issues.

While all officers and employees of the Bank have access to general-purpose generative AI, the regular usage rate initially remained at around 25%. We therefore conducted literacy training to deepen understanding of generative AI, and the usage rate rose to 50%. We will continue our efforts to help employees envision greater harmony with AI in their daily work.

At the same time, we established the Basic Policy on the Use of AI (AI Policy), which serves as the foundation for AI utilization across the Shiga Bank Group. The Policy sets out the basic stance required of a financial institution, including the appropriate management of personal information, accountability for output results, ensuring human judgment, and consideration for fairness and transparency.

We aim to evolve from the stage of using generative AI to a stage of creating value together with it, building an organization in which every officer and employee can make full use of AI naturally.



The next-generation accounting system that builds the ability to execute strategy

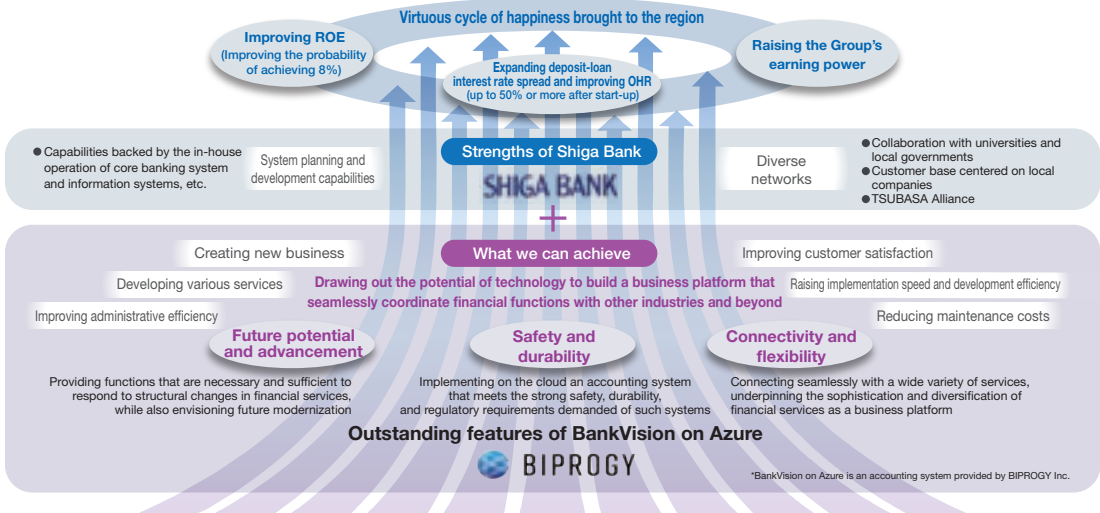
As the social and economic environment changes rapidly and unpredictably, the role required of financial institutions is also becoming more sophisticated and complex. What matters in such an era is the ability to accurately and swiftly implement the strategies we envision and translate them into tangible value for our customers.

To strengthen this ability to execute, the Bank has adopted BankVision, an open core banking system developed by BIPROGY Inc., and will proceed with building a highly flexible and scalable system infrastructure on the cloud (Microsoft Azure). By componentizing functions and organizing data into tables, we aim to achieve both ease of modification and high availability, thereby overcoming the difficulty of making changes inherent in conventional banking systems and establishing an infrastructure that can respond swiftly to changes in strategy and customer needs.

In addition, by enhancing connectivity with external services through Web APIs, we are establishing a framework that allows flexible collaboration with other companies and the incorporation of new services, thereby increasing the speed and flexibility of service development. Through this, by advancing data utilization and AI adoption, we aim to establish a system capable of swiftly providing optimal solutions to our customers' increasingly diverse and complex issues.

Furthermore, through this initiative, we expect to improve program development efficiency and reduce maintenance costs by curbing the bloating and complexity of the system, which will in turn lead to improved management efficiency, including an improvement in OHR, over the longer term.

The Bank positions the renewal of its core banking system not merely as an infrastructure update, but as the construction of a foundation that enhances its very capability to implement strategy. Through the advancement of this digital infrastructure, we will achieve both higher customer value and the creation of new revenue opportunities, providing value that goes beyond the boundaries of finance and thereby enhancing corporate value over the medium- to long-term.



TOPICS.4

Implementing Digital Schemes

Developing digital talent and enhancing practical capabilities — Winning an award for four consecutive years at the Financial Data Application Challenge

To make data-driven management truly effective, the Bank is continuously working to foster a culture of data utilization and to develop human resources. As part of these efforts, we have continuously participated in the Financial Data Application Challenge, hosted by the Association for the Promotion of Financial Data Application and others, since the first competition.

This initiative aims to discover and develop data talent in the financial industry. While it is initially focused on competing for the accuracy of machine learning models using historical data, in recent years, against the backdrop of the rapid advancement of generative AI, it has evolved into a theme centered on how to utilize generative AI in practical operations. The Bank views this shift in technological trends not merely as an opportunity to acquire knowledge, but as a chance to verify its potential application to practical work, and encourages employees to take on the challenge.

In this fourth competition, held under the theme “Preparing proposals using generative AI,” 15 employees from the headquarters and branches participated. As a result, our employees received the Grand Prize and the Special Award in the regional financial institutions category, demonstrating the concrete potential of generative AI to enhance banking operations.

Participation in such external contests is helping to accumulate experience in using data and AI, starting from practical business issues. Through this practice, the Bank aims for every officer and employee to become a driving force of business transformation. In other words, rather than limiting digital transformation to the mere introduction of technology, we will advance behavioral change among our employees and the sophistication of business processes together, thereby enhancing our capacity to create value.



Results in the Financial Data Application Challenge

Theme	Award details
1st Competition Capturing Early Signs of Changes in Household Finances —Predicting Housing Loan Delinquency—	Regional financial institutions category 1st place
2nd Competition Predicting Delinquency on Loans to Small — and Medium-sized Enterprises	Regional financial institutions category 4th place
3rd Competition Building a RAG System That Can Answer Questions Concerning Companies' Integrated Reports and Other Disclosures	Regional financial institutions category 2nd place
4th Competition Management Support Using Generative AI —Proposal Preparation Challenge—	Regional financial institutions category Grand Award Regional financial institutions category Special Award

COMMENT Comments from past award winners



The Financial Data Application Challenge is a valuable opportunity to hone my skills and broaden my perspective. At the time I won the award, machine learning was drawing attention, but in recent years, the advancement of generative AI has greatly expanded the possibilities for data utilization. I will continue to actively learn about ever-evolving technologies and, by leveraging the Bank's ties to the region and its expertise, pursue data utilization that only Shiga Bank can achieve, taking on the challenge of creating new value that leads to the happiness of the region.

1st Competition
1st place in the regional financial institutions category
Kazuma Tsuji



As AI and data-utilization possibilities expand, I myself have come to appreciate their usefulness by applying them in both my work and personal life.

Going forward, I hope not to keep this learning to myself, but to use AI and data to help solve customers' issues and deliver new value from the Bank to our customers, thereby also contributing to the development of the region.

4th Competition
Grand Award in the regional financial institutions category
Yusuke Kadoma

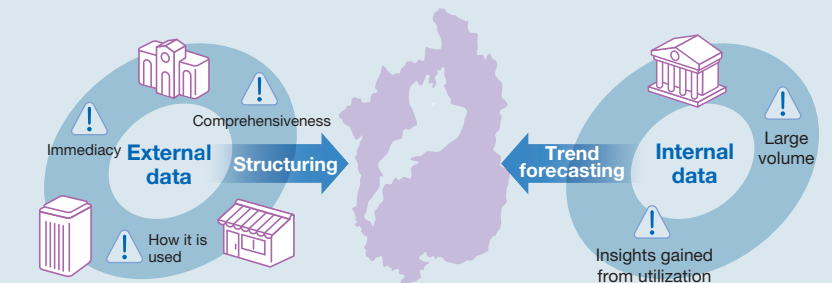
Capturing the regional economy through data and advancing value creation — Initiatives in Shiga Prefecture Economic Analysis

Positioning data-driven management practices as a pillar of the 8th Mid-Term Business Plan, we established Data Driven Project Team, a cross-departmental specialized organization in April 2024. We are bringing together the knowledge of data utilization accumulated across departments to date and strengthening our analytical framework in order to help resolve management and regional issues.

At the core of these initiatives is the Shiga Prefecture Economic Analysis. Its starting point lies in the question: “As a regional financial institution, are we truly grasping the actual economic conditions of Shiga Prefecture, our mother market, swiftly and quantitatively?” As the regional economy grows more complex due to demographic changes, diversification of industrial structure, and the geographic expansion of corporate activities, relying solely on conventional statistical information and experience-based understanding may not be sufficient to fully capture the actual state of the region and the early signs of change. Based on this recognition, we are working to re-examine the regional economy from multiple angles and in quantitative terms by combining open data with trends statistically identified from deposit and withdrawal data and other information held by the Bank.

Capturing the regional economy through structure and movement

Specifically, we have adopted an analytical approach that captures the regional economy not as static information, but from the two perspectives of industrial structure and economic trends.



Specific areas of analysis

(1) Visualizing industrial structure

We analyze the connections between industries and the flow of value added to clarify the structure of strengths, weaknesses, and ripple effects. By visualizing information that was previously grasped only as figures in terms of its interrelationships, we deepen our understanding of the region's overall structure.

The strength of Shiga Prefecture's industry lies in building an electrical machinery industry cluster

Value added and share of prefectural GDP

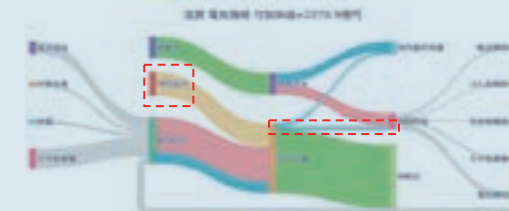
Top-ranked

Supply to downstream industries within the prefecture

13.6% (Ranked 1st among 4 prefectures)

Both the upstream and downstream sides of the supply chain are connected to industries within the prefecture, forming a cluster centered on the electrical machinery industry.

	Shiga Prefecture	Gifu Prefecture	Mie Prefecture	Tochigi Prefecture
Prefectural GDP	7,006.0 billion yen	8,225.2 billion yen	8,490.6 billion yen	9,596.2 billion yen
Electrical machinery GDP	227.09 billion yen	96.77 billion yen	118.62 billion yen	234.22 billion yen
Composition ratio	3.2%	1.39%	1.17%	2.4%



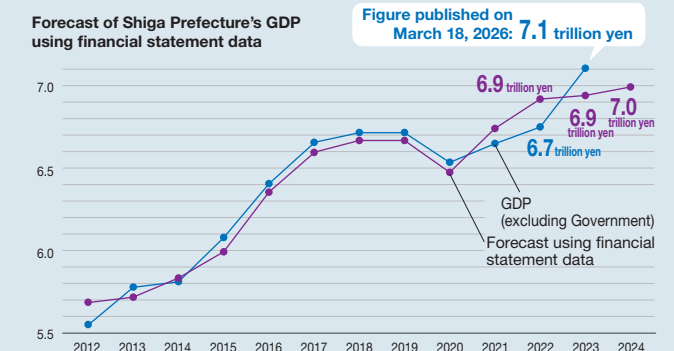
(2) Real-time monitoring of economic trends

Using data held by the Bank, we are working to develop forecasting models that capture the current movements of the regional economy in a timely manner. We aim to complement the time lag inherent in official statistics and provide information that contributes to faster decision-making.

Combining financial statement data enables highly accurate forecasts of Shiga Prefecture's GDP

We forecast Shiga Prefecture's GDP by 29 industries* using only financial statement data, and by summing these forecasts, we produced a forecast of Shiga Prefecture's GDP with a high degree of accuracy, with a margin of error of around 2%.

*Shiga Prefecture's GDP is originally the sum of 30 industries; however, one of them, Government, is excluded because financial statement data is not available.



Through these initiatives, we will capture, in high resolution, the actual conditions of the regional economy and the early signs of change that have previously been difficult to discern, thereby generating new insights. Furthermore, by returning the results of this analysis to the regional community rather than keeping them within the Bank, we will contribute to creating a virtuous cycle of happiness brought to the region.

Alliance Strategy



While maintaining its strategic independence, the Bank is advancing to sophisticating its services, expanding its customer base, and strengthening its capacity to respond to regional issues through collaboration with like-minded partners.

Alliances are initiatives to strengthen the value-creation foundation by bringing in the knowledge, functions, human resources, and information that the region needs, and circulating them within the region. Based on this foundation, we will realize the growth of our customers, the sustainable development of regional society, and the enhancement of the Shiga Bank Group's corporate value.

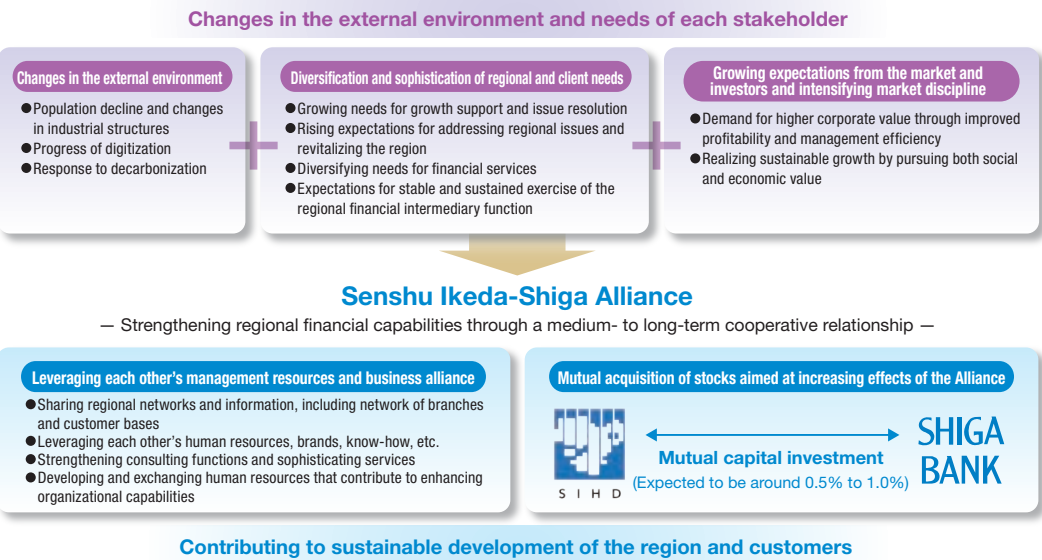
Senshu Ikeda-Shiga Alliance

The Senshu Ikeda-Shiga Alliance aims to clarify a medium- to long-term cooperative relationship through a capital and business alliance, further strengthening regional financial capabilities and contributing to regional society.

Senshu Ikeda Holdings' main business areas are Osaka and Hyogo Prefectures, while Shiga Bank's main business areas are Shiga and Kyoto Prefectures. In these adjacent business areas, the two companies will mutually make effective use of each other's management resources and strengths, including branch office networks, customer bases, human resources, and brands, to create even higher added value.



Background and purpose of the Alliance



Main fields of the Alliance



Strengthening regional financial capabilities through a medium- to long-term cooperative relationship



The branch networks of The Senshu Ikeda Bank, which operates mainly from Osaka to Hyogo Prefecture, and those of Shiga Bank, which operates mainly from Shiga to Kyoto Prefecture, have little overlap and are complementary to each other.

TSUBASA Alliance

To realize value creation that goes beyond the boundaries of a regional financial institution, the Bank participates in the TSUBASA Alliance, a wide-area collaboration framework involving the 10 top banks in each region of Japan. This Alliance is Japan's largest collaboration platform, enabling the provision of sophisticated and diverse financial services that would be difficult to achieve alone, as each member bank maintains its independence while pooling its expertise.

The 10 banks combined have total assets of approximately 100 trillion yen and a customer base of approximately 24 million retail customers and approximately 2.2 million corporate clients. Leveraging this scale, the Bank collaborates across a wide range of fields, including joint financing, business matching, and personnel exchanges. In addition, we are advancing to sophisticating and improving efficiency of our operations by promoting joint efforts and knowledge sharing in non-competitive areas, including anti-money laundering measures.

The Alliance marked its 10th anniversary in 2025, and, building on the collaborative foundation cultivated to date, we will evolve to create new value that goes beyond mere efficiency gains and functional complementarity. Through this Alliance, the Bank will provide higher added value by leveraging its network and expertise, leading to further growth in the sustainable development of the regional economy and the Shiga Bank Group's corporate value enhancement.



Main collaborative initiatives

Joint arrangement of financing

- Joint arrangement of real estate non-recourse loans, LBO loans, and foreign currency-denominated syndicated loans

Co-hosting seminars for customers

- Digital transformation seminar for medical institutions (July 2025)
- Shanghai TSUBASA Seminar & Networking Event 2025 (September 2025)
- iDeCo seminar (February 2026)
- Bangkok TSUBASA Seminar & Networking Event 2026 (February 2026)

Joint implementation of personnel exchanges and training for officers and employees

- Holding of the Management School for senior management (April 2025)
- Visit to Singapore by the presidents of all member banks (July 2025)
- Implementation of Cross-mentoring Program for female candidates for executive positions (from August 2025)
- Implementation of Group Training for Beginner-level Digital Talent (December 2025)

Other collaboration

- Joint hosting of walking and charity event (October 2025)
- Joint food drive by the 10 banks (February 2026)
- Exchange of information and sharing of knowledge in various fields through participation in approximately 50 subcommittees

10th anniversary of establishment

Walking campaign

To commemorate the 10th anniversary of the establishment of the TSUBASA Alliance, the 10 participating banks conducted a walking campaign aimed at charitable giving and promoting employee health, and made a donation to Musubie, a certified Nonprofit Corporation Nationwide Children's Cafeteria Support Center. In this campaign, each bank contributed 200 yen for every registered employee who achieved the target of 248,000 steps during the campaign period (a daily target of 8,000 steps), and a total of 782,800 yen was donated.

