

Message from the President



Yoshio Daido
President

Beginning of stirrings toward escape from deflation

The Japanese economy is escaping the sense of stagnation caused by the deflation following the so-called bubble economy burst and has started moving toward recovery. Household and corporate sentiment has improved as a result of the policies of the current administration, and positive signs are being observed, including a broadening trend of economic recovery, chiefly in domestic demand such as private consumption and capital expenditure.

Meanwhile, Japan faces many social challenges such as demographic change due to aging population combined with low birth rate, widening regional disparities and fiscal problems. Moreover, turning eyes over to overseas, there are various factors which do not permit an optimistic outlook, including the economic slowdown in emerging countries, chiefly China, and resource producing nations, and mounting uncertainty due to geopolitical risks, such as the situation in Ukraine. In addition, there is no time to waste in tackling environmental issues such as global warming.

Efforts are being required to address these domestic and overseas issues as well as to strike a balance between sustainable growth and environmental preservation.

The era of the regional community has arrived

I believe that the revitalization of regional communities is the key to solving the diverse challenges faced by today's society and achieving sustainable growth. The expansion of the Japanese economy used to be driven by the major metropolitan areas, principally Tokyo. However, the advent of an era in which sophisticated computer technology is increasingly used due to the progress in Information and Communication Technology (ICT) has facilitated the development of attractive businesses in regional areas. I sense that the era of the regional community has now arrived.

Japan has a large number of distinctive local communities. Each of these local communities has diverse local resources, and, with unique businesses that leverage local features and resources, small and medium-sized enterprises can also develop businesses that takes on the world. I believe now is the time for us to change our business model, in other words to focus our management resources on our core competencies and focus our efforts on generating innovative and creative businesses that incorporate a new sense of values to revitalize the regional communities.

Efforts to meet stakeholders' expectations of Shigagin

In April 2013, we started the 5th Medium-Term Business Plan with the aim of making further contributions to our regional community to meet the expectations of all of our stakeholders. In addition to further enhancing our existing Saturday School for Entrepreneurship and Shigagin Eco Business Matching Fair as well as various seminars, the Bank launched new initiatives, such as establishing the Shigagin Growth Strategy Fund to support the development of new businesses in growth sectors and handling Agribusiness Loans that aim to strengthen the framework of support for the agriculture sector. We also pursue initiatives aimed at secondary start-ups and new businesses through such means as actively providing new loans in sectors related to renewable energy, including solar power generation, and health care. In addition, the Bank proactively pursue initiatives centered on the Regional Promotion Office with an eye to public-private partnership, regional revitalization and regional development that include the conclusion of a Community-Based Partnership Agreement with Shiga Prefecture and a Memorandum on Support for Business Creation and New Business with Shiga Prefectural Federation of Societies of Commerce and Industry.

An increasing number of our customers state that they wish to sell outstanding products and services to rapidly-developing China and ASEAN countries and plan to expand overseas to bring in the "growth" of Asia. We utilize our overseas network linking the Hong Kong Branch which is the only overseas branch run by a regional bank in Kinki, the Shanghai Representative Office, the Bangkok Representative Office, and the Asia Desk at the Head Office to actively provide support for these customers.

Aiming for the realization of a sustainable society

In April 2014, the Intergovernmental Panel on Climate Change (IPCC) made the shocking announcement that global greenhouse gas emissions need to be slashed to nearly zero by the end of this century in order to successfully "limit the increase in temperature to two degrees Celsius," which is necessary to avoid dramatic change in the

earth's environment. We urgently need to strengthen efforts to strike a balance between economic growth and environmental preservation with the aim of realizing a low carbon, recycling society and coexistence with nature. Recently, the ethical way of thinking and acting appears to have become popular. The ethical way of thinking is an approach that has made CSR activities more profound, and it guides corporate conduct and consumption behavior to consider the environment, community and human rights based on an inherently human outlook on ethics and morals. As an approach in the spirit of the Omi merchant philosophy of Sanpo-yoshi (three-way benefit to self, business partners and society at large), it is a way of thinking that aspires for the creation of a sustainable society.

Without the revitalization of regional communities, the Japanese economy will not grow, and without harmonious coexistence with the earth's environment, there will be no economic growth. Now is the time to rally public wisdom.

Based on this awareness, Shiga Bank will strive to balance economic growth and regional revitalization with the preservation of the earth's environment and is committed to concentrating its efforts on the realization of a sustainable society.

