

Strengths of Shiga Bank

History of mutual prosperity

Passing down organizational culture beyond time and location

The Shiga Bank was born in 1933 through the merger of the 133rd National Bank (Hyakusanjusan Bank), which prided itself on “sound management,” and the Hachiman Bank, which emphasized a culture of “enterprise.” Tracing its roots back to 1879, it is a bank with 140 years of history. With the motto of mutual prosperity with customers, it was committed to solid management and gained deep trust from the region. Meanwhile, with the frontier spirit of merchants in the Omi region of central Japan, the Bank opened the Kyoto Branch in 1938, well ahead of other financial institutions. Branches were then opened successively in Osaka and Tokyo, making us one of the earliest “wide-area regional banks.”

The motto of “being tough on ourselves, kind to others and serving society,” a Code of Conduct for all employees, upholds the spirit of the “Sampo yoshi” management philosophy embraced by merchants in the Omi region, which means to bring happiness to three sides: the seller, the buyer, and society. Positioning this motto as the starting point for all of our CSR activities, in 2007, we compiled the CSR Charter (Management Principles) to ensure mutual prosperity with the regional communities, all employees and the environment.

The Bank’s organizational culture that aims to reconcile economic value and social value while resolving social issues has been handed down for 140 years to the Bank of today, serving as a guidepost for our operations.

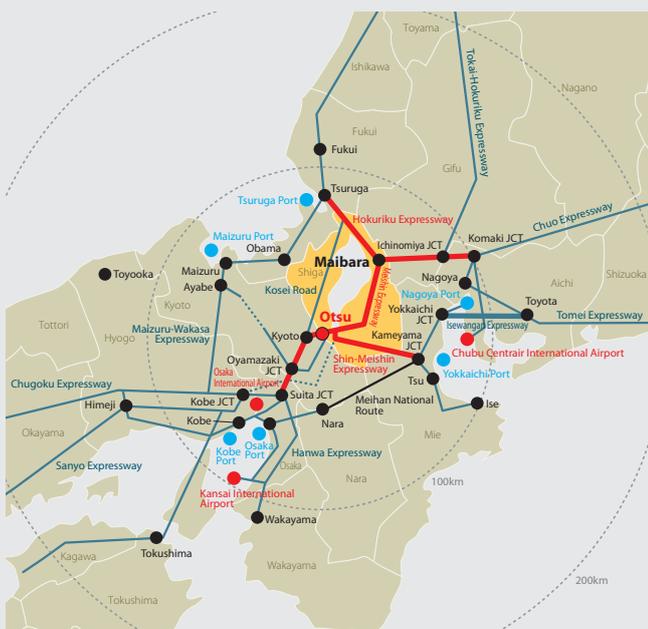
行是
自分にはきびしく
人には親切
社会につくす



Robust management foundation

Market superiority × Large share

Shiga Prefecture, in which the Bank primarily operates, is located at the center of Japan. Because of its geographical advantage linking the Kinki and Tokai regions along with the great convenience of excellent transport access, the area boasts a concentration of mother factories of many global companies, R&D centers, universities, and other academic institutions. Additionally, the population change rate of Shiga Prefecture ranks eighth in the nation (-0.01% in 2018), which means that it is an area where population decline is relatively moderate. Moreover, blessed with natural environments such as Lake Biwa and verdant mountains, and preserving various national treasures and important cultural assets in modern city streets, Shiga incorporates historical heritages, cultures, and a spirit that it has inherited from its predecessors. In a market with such great superiority, the Bank has obtained the overwhelming support of regional communities, with a share within Shiga Prefecture of 49.42% in loans and 45.17% in deposits.



Large market share (fiscal year ended March 31, 2019)

Share of loans made within the prefecture	49.42%
Share of deposits within the prefecture	45.17%

Characteristics of Shiga Prefecture

- Birthplace of merchants in the Omi region
- Important transportation hub that connects eastern and western Japan
- Prosperous economy centered on manufacturing industry
Ratio of secondary industry **45.2% (ranks No. 1 in Japan)**

Cabinet Office “Prefectural Accounts for Fiscal 2015”; compared to gross product in the prefecture

- Ranks **No. 5 in Japan** for birthrate
Ministry of Health, Labour and Welfare “Demographic Survey for Fiscal 2017”
Birth rate of 8.3 per population of 1,000
- Abundant national treasures and important cultural assets (as of July 2019)

The number of designations is 823, which ranks **No. 4 in Japan**

High risk management capabilities

Pioneering management attaching importance to risk control

We believe that the ultimate mission of the management of a bank is to “take on risk.” For us, this means risk assumed for the development of regional communities. As a Bank largely responsible for the development of regional communities, we must demonstrate financial intermediary functions for the sake of supporting each stage of customers from startup to growth and business rehabilitation, and sustainable development of the regional communities, without being affected by the financial environment and economic trends. With that recognition in mind, the Bank has been taking on measures to modernize its management based on rational thinking without undue reliance on personal intuition or experience, with the aim of enhancing its financial base and capital. Pioneering in introducing the “in-house corporate credit ratings system” and “pricing system,” we became the first regional bank to adopt the Internal Ratings Based-Approach in 2007. This was followed by the launch of the “Ratings Communication Service” and “Ratings Simulation Service” (see Page 66) based on the Bank’s own accumulated data so as to make

available its expertise as an FIRB bank for raising management standards at clients, not just for the risk management for the Bank. In this and other ways, the Bank is committed to resolving issues and supporting growth through “substantial dialogue” with customers.

We have also introduced a “risk appetite framework” (see Page 64) and use it for business strategies capable of coping with environmental changes, while improving business plan transparency and pursuing earnings opportunities.



Promotion of environmental management and SDGs

Resolving issues facing society through our main business

The Bank sees CSR as the role of the Bank as a corporate citizen in fostering sustainable growth of society. The Bank has been developing CSR activities based on the three key concepts of “environment,” “welfare,” and “culture.” Particularly, as a social mission of a bank which is headquartered by Lake Biwa, we position “environmental management,” which incorporates the environment in management, as the essence of bank management. Based on this, the Bank has been a pioneer among banks in implementing “environmental finance,” which contributes to the creation of a sustainable society through “finance,” the life blood of the economy. In 2017, the Bank made public the Shigagin SDGs Declaration, the first for a Japanese regional bank. The Bank has connected the Sustainable Development Goals (SDGs) proposed by the United Nations to our corporate behavior, worked to resolve social issues without undermining economic growth, and developed various activities to realize a sustainable society. In recognition of these initiatives, the Bank has enjoyed high evaluations from various fields, as represented by the special award at the 2nd Japan SDGs Award received in 2018 (see Page 37).



The award ceremony of the 2nd “Japan SDGs Award” (December 2018)