

Review of the 7th Medium-Term Business Plan

The vision of the 7th Medium-Term Business Plan (from April 2019 to March 2024) was “Sustainability Design Company” and, under the passionate desire to “plan and create sustainable development of the region and customers,” we have strived to solve social issues and increase corporate value by focusing on the five “Challenges to innovate the future.” Through each measure, we were able to strengthen our management foundation and profitability. We have not yet achieved ROE and OHR, our long-term benchmark challenges, and we believe that further changes and challenges are necessary to achieve sustainable growth and corporate value.

The progress in achieving Sustainable Development targets (“SD targets”), revenue targets, and long-term benchmark challenges of the 7th Medium-Term Business Plan is outlined below.

Vision	[Sustainability Design Company] —Realizing mutual prosperity based on the “Sampo yoshi” philosophy—
Main theme	Define a future and realize a dream —For the future of customers, regional communities and all employees—
Challenges to innovate the future	Main measures implemented during the Medium-Term Business Plan period
	Turning SDGs into business <ul style="list-style-type: none"> ● Established the “Sustainability Committee” and the “Sustainable Strategy Office” ● Signed the “Principles for Responsible Banking” ● Expanded SDGs consulting and ESG finance ● Implemented “ESG Assessment System” ● Established the “Sustainability Policy” and the “Investment and financing policies for realizing a sustainable society” ● Developed “Mirai-Yoshi Support,” a CO₂ emissions calculation and management service ● Launched the “Shigagin Super Housing Loan, Mirai-Yoshi”
	Increasing productivity of the regional communities <ul style="list-style-type: none"> ● Established the “Digital Strategy Group” and the “Digital Promotion Office” ● Supporting customers’ DX through the “IT business support” ● Coordination with the government, the Six Town DX Strategy Committee Advisor Agreement ● Promoting various types of cashless services
	Evolving into a problem-solution type financial information services provider <ul style="list-style-type: none"> ● Established the “Solution Sales Office” ● Enhanced consulting menu (decarbonization, human resources, trust business, etc.) ● Provided financial literacy education ● Developing “problem-solution type human resources”
	Shifting to sustainable earnings structure <ul style="list-style-type: none"> ● Established the “Finance Office” ● Implementing operational reforms ● Reallocated personnel through implementation of branch measures (consolidation of 25 locations) ● Strengthening of non-face-to-face channels
	Mindset-Work reforms (mindset reform and work style reform) <ul style="list-style-type: none"> ● Deployed tablet terminals ● Introduction of business casual wear ● Introduction of working from home system ● Introduction of side job program ● Established “Diversity Committee” ● Implemented the TSUBASA Diversity & Inclusion Declaration

Results of each benchmark challenge

	Targets and results		Explanation of results
SD targets	Investment and financing to promote Sustainable Development (new investment and financing)	Target: Cumulative total of 700.0 billion yen Result: Cumulative total of 898.9 billion yen	We successfully achieved the target by accumulating results through the sustainable finance and ESG new investment and financing initiatives, as well as through engaging in dialogue with customers through the Ratings Communication Service, ESG assessment system, etc.
	Support for value improvement of regional customers (number of requests for consultation per year)	Target: 2024: 2,000 cases Result: 2,070 cases	We achieved the target as a result of our efforts to practice the “goal-based support” based on a customer-oriented (= market-in) concept and aggressive proposals centering on a consulting menu that includes business succession and trust business.
	Support for asset formation of regional customers (balance of assets under custody)	Target: 2024 300.0 billion yen Result: 252.5 billion yen	Balance of assets under custody increased from the beginning of the 7th Medium-Term Business Plan as a result of proposing products in line with customers’ asset formation needs, such as the NISA, and striving to provide information that takes into account market trends. However, the target was not achieved.
	Reduction in greenhouse gas emissions (compared to levels in fiscal year 2013)	Target: 50% reduction Result: 58.90% reduction	We achieved the target as a result of steady efforts to reduce energy consumption through efficient business operations, switching to environmentally friendly vehicles, and consolidation of locations based on branch policies, as well as the introduction of electricity menus derived from renewable energy sources.
	Activities for promotion and improvement of SDGs and financial literacy; training of next-generation workforce (total number of participants for the past 5 years)	Target: Total of 15,000 persons Result: Total of 21,943 persons	In addition to an increase in the number of seminars and other opportunities utilizing online formats, the Bank’s 90th anniversary project to promote “SDGs and financial education” in each area led to an increase in the number of programs for the next generation, and the target was achieved.
	Revenue targets	Net income attributable to owners of parent company (consolidated)	Target: 10.0 billion yen or more Result: 15.9 billion yen
Income from services for customers (non-consolidated)		Target: 2024 3.0 billion yen Result: 4.8 billion yen	Although there was an expenditure for expenses related to the next-generation core system, net interest income, including interest on loans and discounts and interest and dividends on securities, and net fees and commissions increased and secured a higher level than the target, and thus the target was achieved.
Long-term benchmark challenges		ROE (consolidated)	Target: 5% or more Result: 3.42%
	OHR (non-consolidated)	Target: 65% or less Result: 82.76% <small>(Excluding costs related to the next-generation core system, the ratio would be 64.19%)</small>	We did not achieve the target due to the high level of expenses resulting from the recording of expenses related to the next-generation core system. Excluding costs related to the next-generation core system, the ratio would be 64.19%.

The 8th Medium-Term Business Plan Strategy

Long-term Strategy

The long-term strategy of the Bank which serves as a guidepost for its business plans is based on the "vision for regional communities."

- As a community-based regional financial institution, we believe that our development is predicated on the sustainability and sound prosperity of the regional community in which we operate. By presenting a vision of the regional communities where the Bank's Purpose "Making the region happy with 'Sampo yoshi' philosophy" is practiced, we will clarify the path toward the realization of the ideal and lead to concrete actions.
- Based on the vision of the regional communities and the image of what we should achieve, we identified issues through backcasting and formulated the 8th Medium-Term Business Plan.

Vision for regional communities

"A society where everyone can envision their own future and live happily"

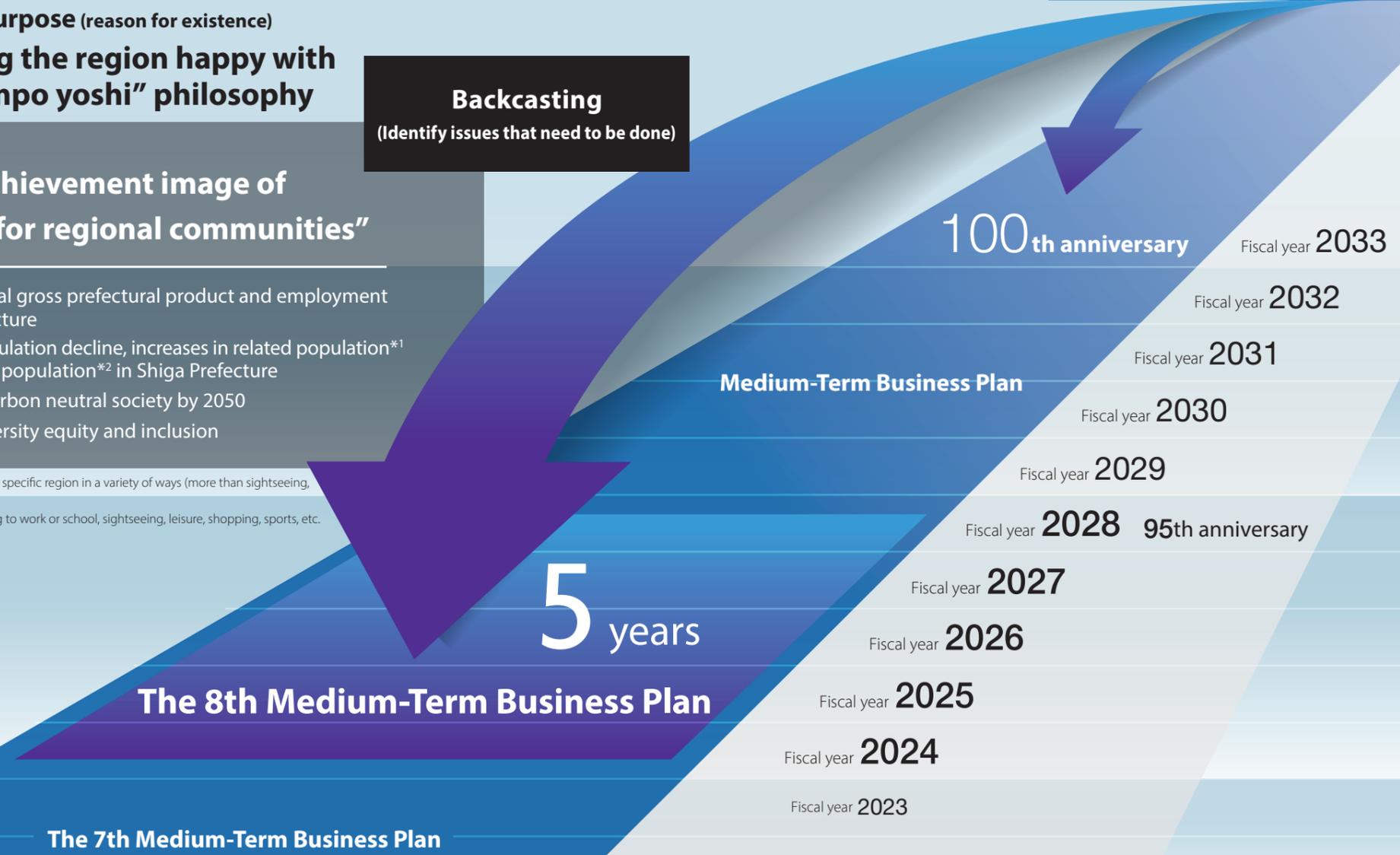
Purpose (reason for existence)
Making the region happy with "Sampo yoshi" philosophy

Backcasting
 (Identify issues that need to be done)

Achievement image of "Vision for regional communities"

- Increases in real gross prefectural product and employment in Shiga Prefecture
- Control of population decline, increases in related population*1 and exchange population*2 in Shiga Prefecture
- Achieving a carbon neutral society by 2050
- Achieving diversity equity and inclusion

*1 People who are continuously involved in a specific region in a variety of ways (more than sightseeing, less than immigration).
 *2 People who visit the region for commuting to work or school, sightseeing, leisure, shopping, sports, etc.

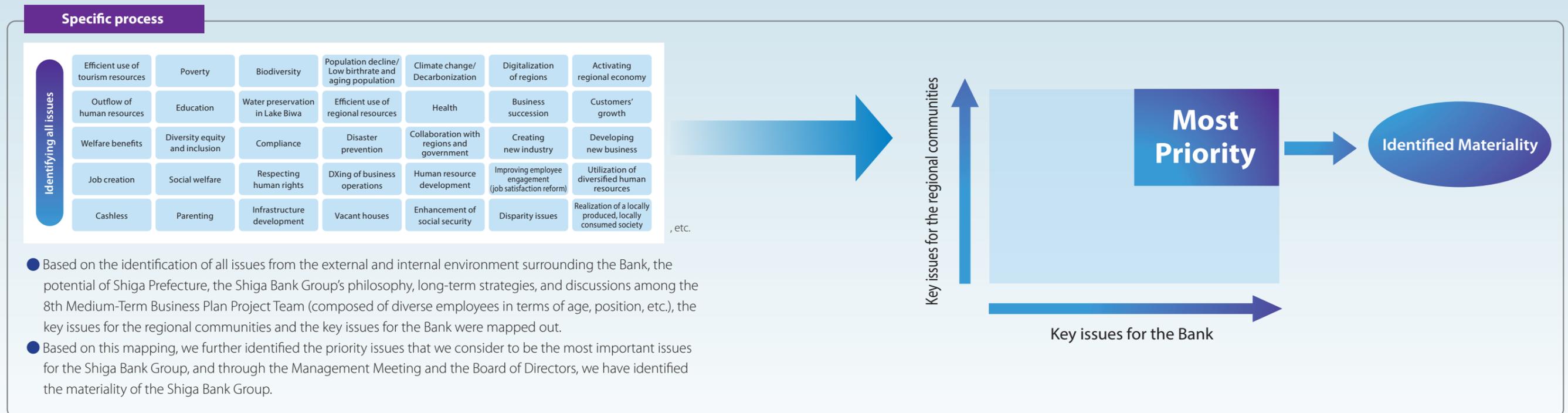
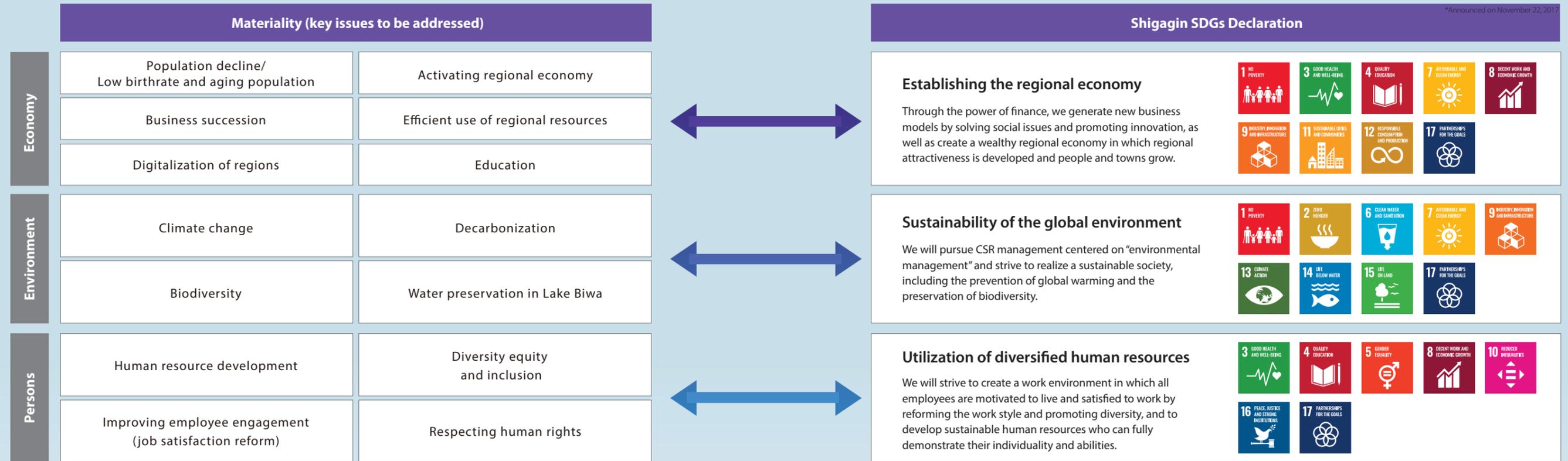


The 8th Medium-Term Business Plan

Materiality

Materiality (key issues to be addressed)

We will focus on fourteen issues of Materiality that are related to the three initiatives of the “Shigagin SDGs Declaration,” which are “Establishing the regional economy,” “Sustainability of the global environment,” and “Developing diverse human resources.”



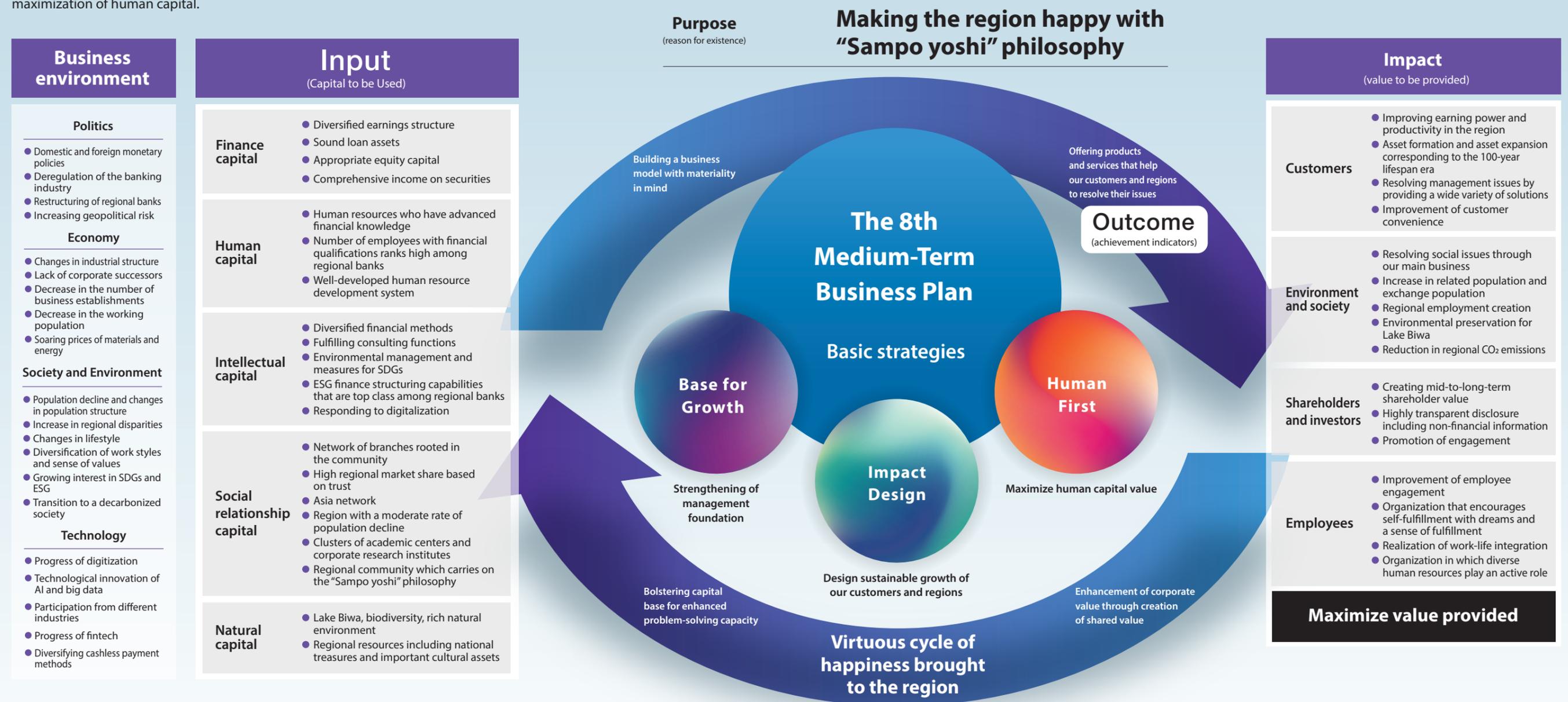
The 8th Medium-Term Business Plan

Value Creation Story

Value Creation Story

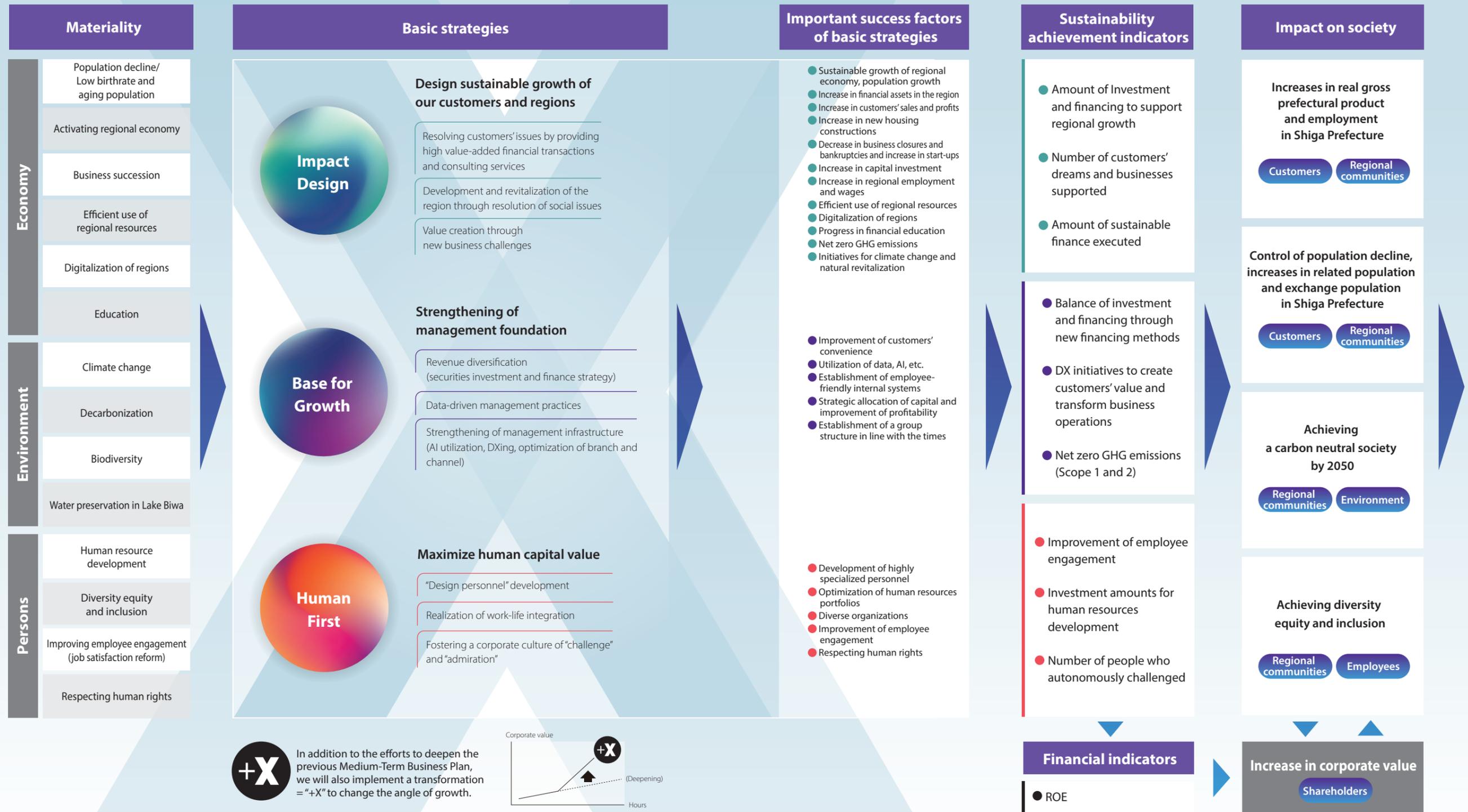
Utilizing a variety of capital inside and outside the Shiga Bank Group, we will make investments that contribute to solving customers' issues and to regional growth, thereby stimulating economic activity and expanding business opportunities. In this process, we will improve the earning power of the region and the Shiga Bank Group, and create a "virtuous circle of happiness brought to the region" that will lead to solutions to the following issues and investments. We will work on the 8th Medium-Term Business Plan as the engine of this process.

Under the 8th Medium-Term Business Plan, we will resolve the issues faced by our customers, regions, and society by focusing on three basic strategies, "Impact Design" to design sustainable growth for our customers and regions, "Base for Growth" to strengthen the management foundation for growth, and "Human First" to promote maximization of human capital.

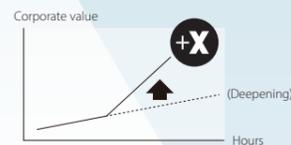


Concept of Achievement Indicators for the 8th Medium-Term Business Plan

- Aiming to create the kind of local community we want to realize, we have formulated three basic strategies based on our materiality (priority issues) and set important success factors for each. Taking into consideration the impact it will create on society, we have determined the indicators that the Shiga Bank Group should achieve.
- By striving to achieve indicators including ROE, which is a financial indicator, we will create an impact that will lead to the image of the local community we want to realize.



In addition to the efforts to deepen the previous Medium-Term Business Plan, we will also implement a transformation = "+X" to change the angle of growth.



Vision for regional communities

Long-term Strategy

Vision for regional communities
“A society where everyone can define their future and live happily”

Achievement Image

- Increases in real gross prefectural product and employment in Shiga Prefecture
- Control of population decline, increase in related population and exchange population in Shiga Prefecture*
- Achieving a carbon neutral society by 2050
- Achieving diversity equity and inclusion

Achievement Indicators for the 8th Medium-Term Business Plan

We have defined the indicators set forth in the 8th Medium-Term Business Plan. We will work to achieve the following indicators.

The 8th Medium-Term Business Plan						
Indicators		Definition of indicators		Achievement Indicators	Sustainability of society	Sustainability of the Bank
Sustainability achievement indicators	Impact Design	Amount of investment and financing to support regional growth	Amount of business capital investment funds, etc. executed Amount of housing loan executed Amount of investment in the region through funds, etc.	Cumulative total for the period 1,200.0 billion yen	Increase in GDP in the region Increase in employment Control of population decline Increases in related population and exchange population	Strengthening of the Bank's management foundation and revenue base in line with the growth of regional business partners
		Number of customers' dreams and businesses supported	Business succession consultation Inheritance consultation Risk management consultation Business support consultation Overseas solution consultation Ratings CS	Cumulative total of 30,000 cases for the period	Increase in GDP in the region Increase in employment Control of population decline Increases in related population and exchange population Reduction in GHG emissions	
		Amount of sustainable finance executed to increase the sustainability of region and society	SDGs private placement bond Sustainability Linked Loans Positive Impact Finance Green loans (bonds) Social loans Sustainable Assessment Loans Mirai-Yoshi series ESG-related new investments	Cumulative total of 700.0 billion yen for the period	Reduction of GHG emissions in the world, Japan, and the region	
	Base for Growth	Balance of investment and financing through new financing methods to improve earning power	Balance of investment and financing of the Finance Office (domestic structured finance, overseas market-based loans, alternative investments)	750.0 billion yen as of March 2029	Resolution of social issues, including support for business startups GDP increase through active investment in the region	Improvement of profitability through effective use of capital Strengthening of our capacity for active investment in the region
		DX initiatives to create customers' value and transform business operations of the Shiga Bank Group	Initiatives by the Digital Strategy Group Initiatives in data-driven projects (AI and data utilization, remote counter, AI screening, etc.)	Qualitative evaluation	Improvement of convenience More livable regions Control of population decline Increases in related population and exchange population	Strengthening of the management foundation in line with the increase in value provided to customers Improvement of sustainability through increased productivity Strengthening of contacts with customers (creation of hours)
		Reduction of GHG emissions to achieve a carbon neutral society (Scope 1 and 2)	Shiga Bank Group's GHG emissions * GHG = greenhouse gas	Achievement of Net Zero	Reduction in GHG emissions	Reduction of the Shiga Bank Group's GHG emissions Strengthening of ESG initiatives
	Human First	Improvement of employee engagement to maximize human capital (Percentage of positive responses)	"Percentage of positive responses regarding satisfaction with the Bank" according to the engagement survey	Sustainable improvement	Growing of impact creation in the region	Improvement of the Bank's earning power Enhancement of organizational capabilities Development and strengthening of "Design personnel" Improvement of employee satisfaction
		Amount of investment to develop human resources who can take on the challenges for the future of the region as key players in value creation	Investment amounts for human resources development	Double compared to fiscal year 2023 (300 thousand yen per person/year)		
		Number of people who autonomously challenged to improve their skills and develop their careers	Number of students dispatched to the Institute for Small Business Management and Technology Number of applicants to the human resources recruitment system Number of students attending GLOBIS Management School Number of participants dispatched for trainings by Regional Banks Association of Japan Number of mentors and mentees Number of participants in female career training Number of applicants for udemy, business contests, etc.	Cumulative total for the period 2,000 persons		
	Financial indicators	ROE	Consolidated ROE	5% or more as of March 2029	Increase in GDP in the region resulting from the Bank's active investment	Increase in corporate value Securing earnings that will lead to sustainable growth of the Bank Strengthening of our capacity for active investment in the region
Long-term benchmark challenges	ROE	Consolidated ROE	8% or more			

* Related population: People who are continuously involved in a specific region in a variety of ways (more than sightseeing, less than immigration).
 Exchange population: People who visit the region for commuting to work or school, sightseeing, leisure, shopping, sports, etc.