

The 8th Medium-Term Business Plan

Basic Strategy #1

Impact Design



Impact Design

Design sustainable growth of our customers and regions

Population decline, climate change, lack of successors, etc.

There are various issues surrounding our customers and regions.

We discover issues, plan solutions,

and link them to the achievement of the vision of

what we want the future to be.

That is how we design sustainable growth.

We will not be limited by the traditional framework of finance, but will work to create new value by solving customer problems by providing high-added-value financial transactions and consulting, developing and revitalizing local communities by solving social issues, and taking on new business challenges.

As a signatory bank of the Principles for Responsible Banking (P.79),

we will pursue our business activities in cooperation with our stakeholders

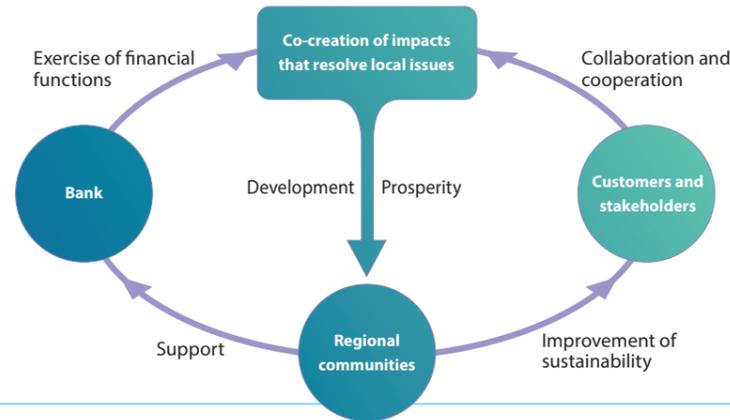
to reduce the negative impact of the environment on society and

increase the positive impact of the environment on society.

Toward sustainable regional communities

Population decline and changes in the population structure in local regions are steadily progressing, and are beginning to have a serious impact on the regional economy such as companies suffering from a chronic shortage of labor. Regional revitalization initiatives to create a society in which people can live, work, and raise children with peace of mind on their land by enhancing the earning power of the region for the sustainable development of the region have become the most important theme for regional financial institutions.

The Bank will create an impact toward a sustainable regional communities as a company that designs the region by utilizing our various networks developed through our close connections to the region.



Achievement image of the “vision for regional communities
 <a society where everyone can define their future and live happily>”

Increase in real gross prefectural product and employment in Shiga Prefecture

Control of population decline, increases in related population and exchange population in Shiga Prefecture

Achieving a carbon neutral society by 2050

Achieving diversity, equity and inclusion

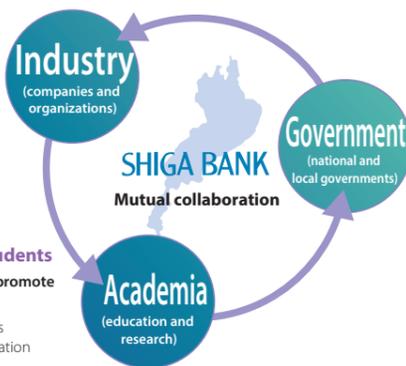
Designing regions for regional revitalization

—Mutual collaboration with industry, academia, and government for regional revitalization—

“What measures are needed to realize regional revitalization?” In order to answer this question, it is necessary to consider measures to create a future that is not an extension of the present, by imagining as concretely as possible a region in which regional revitalization has been realized. The Bank will strengthen its efforts to collaborate in regional revitalization based on the concept of “designing the region.”

Stimulation of business-to-business exchanges

Utilize the Bank’s wide-area network to achieve regional revitalization through cross-industry exchanges.



Strengthening of contact with students

Actively create contacts with students to promote entrepreneurship.

- Support for holding various student events
- Strengthening of collaboration with incubation facilities

Strengthening of local government collaboration

Consolidate and summarize regional issues and needs, and share information and collaborate with related parties. Gather information by visiting advanced cases in other prefectures to solve issues and provide know-how that will help to find solutions.

Initiatives to support new businesses that revitalize regions

Creating and growing new businesses in local regions will not only revitalize the regional economy, but also lead to preventing young people from leaving the region by creating attractive employment opportunities in the region, thereby maintaining and increasing the population of permanent residents. It is also expected to increase related population and exchange population. The Bank promotes various initiatives to support the growth of new businesses through mutual collaboration among industry, academia, and government, leading to the promotion of regional economies and the solution of social issues.

“Shigagin Entrepreneurship and Business Management School” and “Shigagin Nonohana Prize for Innovation”

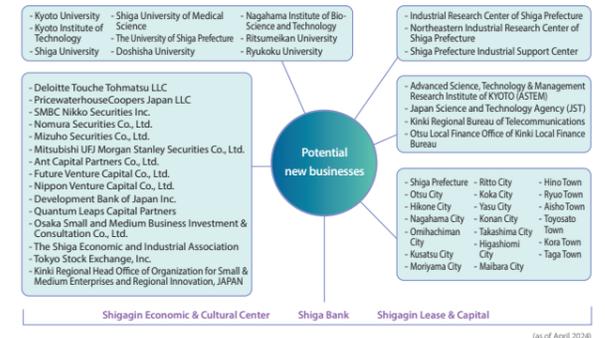
To further develop the efforts of “Saturday School for Entrepreneurship,” which has evolved over the past 20 years, “Shigagin Entrepreneurship and Business Management School” was launched in fiscal year 2023. We invite people who are pioneering and active in their times as lecturers to provide business tips for startups and relaunching businesses that lead to solutions to social issues.

In addition, with the support of 10 listed companies in Shiga Prefecture, “Shigagin Nonohana Prize for Innovation” that awards business ideas and new technologies that lead to solutions to social issues and innovation is implemented and supports the commercialization of such business ideas and technologies.



“Shigagin new business support network Nonohana Support Group”

It is an organization that supports new businesses through collaboration of industry, academia, government, and finance, and from fiscal year 2024, all cities and towns in the prefecture have been participating in this organization. We also focus on strengthening the bridge between industry and universities and creating business opportunities for industry-academia collaboration.



Shigagin Regional Revitalization SD Fund

The fund was established in fiscal year 2020 jointly with The Quantum Leaps Capital Partners and the Shigagin Lease & Capital Co., Ltd. to support new business pioneers (including venture companies) in growth fields and companies aiming to grow through innovative business models in existing fields.



VOICE

Our company fully endorses the objectives such as supporting business start-ups, business enterprises who are engaged in new business development, and developing industries originating from the region, and has been co-sponsoring the “Shigagin Nonohana Prize for Innovation” since its inception.

I myself have served as a judge for the final selection every year, and while I was moved by the enthusiasm that overflowed from each finalist’s presentation, I made comments from the standpoint of business plan judging, fair and just, and sometimes even dryly.

In presentations where time is limited, I have always said that, above all, I would like you to emphasize and explain more clearly the uniqueness of the technology, product/service to be commercialized and its superiority, such as the factors that differentiate it from its competitors.

Through this initiative, I expect that many successful cases that contribute to the realization of a sustainable society will be accumulated through the support of the Shiga Bank, which is actively expanding innovative services for the revitalization of the regional economy.



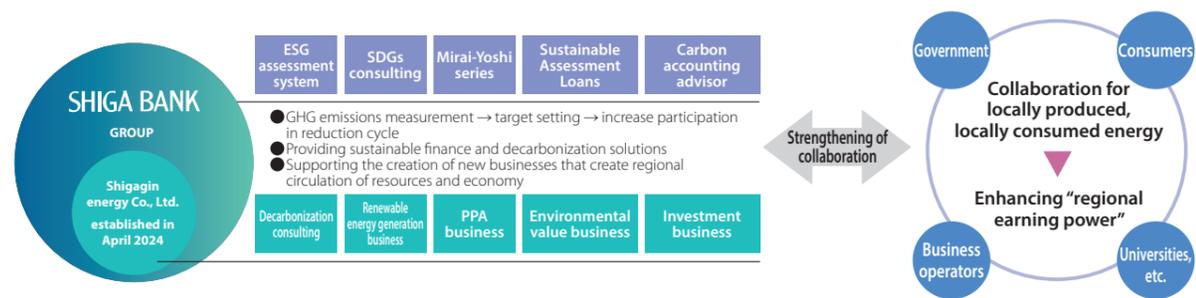
Takara Bio Inc.
 President & CEO
 Koichi Nakao

Creating business opportunities centered on decarbonization

The transition to a carbon neutral society by 2050 is a common challenge for all humankind, and initiatives to decarbonize are expanding into the entire supply chain, involving regional middle-ranking and small- and medium-sized enterprises as well. In addition, with the growing momentum toward finance-driven decarbonization in recent years, there is a growing social demand to focus on the influence of financial institutions, and regional financial institutions are beginning to recognize that contributing to regional decarbonization is one of the main objectives of their business activities.

Shiga Prefecture, where the Bank is headquartered, is one of the most dependent on secondary industries in Japan, and a delay in addressing decarbonization could lead to a decline in the regional economy. On the other hand, if we can drive decarbonization upfront and turn it into a strength, it can lead to further economic development. In addition, if energy costs, estimated at approximately 200 billion yen, can be prevented from flowing out of the prefecture and funds can be circulated in the region, a ripple effect can be expected that will enrich the entire region.

With this in mind, the Bank is developing a variety of businesses, by accelerating its decarbonization initiatives, to attract investment into the region, and to connect it to the regional earning power.



Roadmap image toward carbon neutrality



First energy business company established by a Kinki regional bank —Shigagin energy Co., Ltd.—

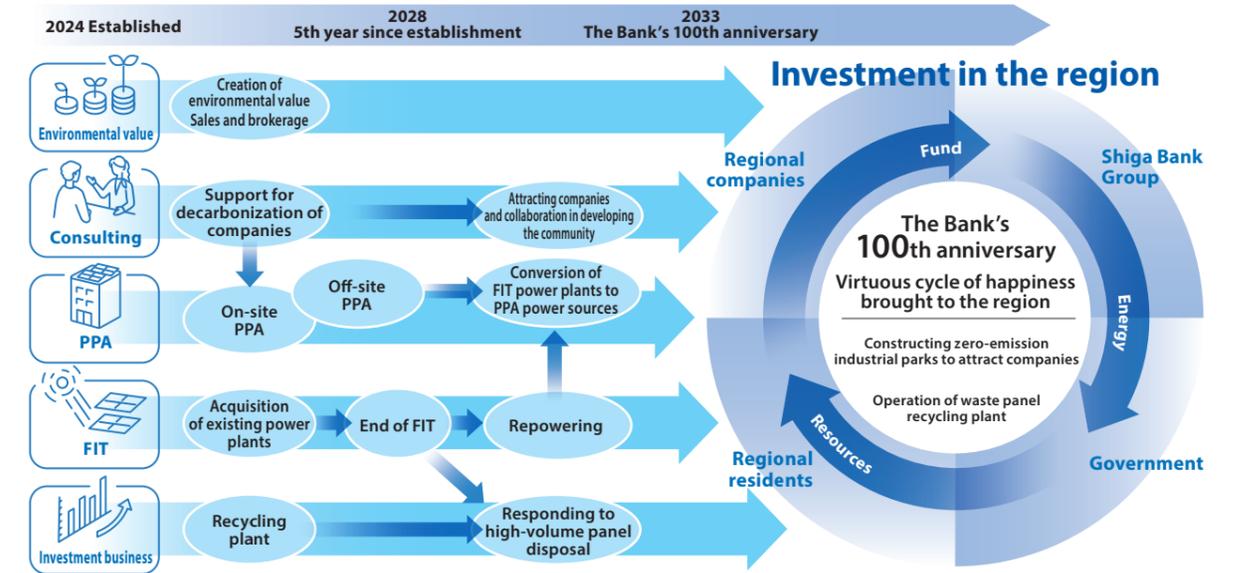
On April 1, 2024, the Bank established Shigagin energy Co., Ltd. ("hereinafter, Shigagin energy"), a wholly owned energy business company, as the first bank headquartered in the Kinki area.

Shigagin energy aims to solve regional issues from an energy perspective through GX (green transformation) initiatives and to create a virtuous cycle between the economy and the environment.

Specific activities will include decarbonization consulting for companies and the operation of solar power plants to expand the use of renewable energy and create systems for locally produced, locally consumed energy. In the future, we envision the creation of new regional industries that utilize renewable energy and the investment in new businesses that realize resource recycling.



Image of Shigagin energy's business development toward decarbonization



TOPICS

Acquired and launched operation of two existing FIT solar power plants

On April 25, 2024, Shigagin energy acquired and launched operation of two existing FIT solar power plants (total output: 3.05 MW) as its first project for the electricity sales business.

By quickly accumulating the know-how required to operate solar power plants and continuing stable power plant operations after the end of the FIT (Feed-in Tariff), we will contribute to building and maintaining the infrastructure necessary for a carbon neutral society.

The newly acquired power plants are expected to generate a total of approximately 4.20 million kWh per year, which is equivalent to the annual electricity consumption of approximately 1,000 ordinary households.

Name (Location)	Power generation output	Expected annual power generation
Shigagin energy Power Plant Konan, Koka City (Koka City, Shiga Prefecture)	1,350 kW	Approximately 4.20 million kWh (equivalent to 1,000 households)
Shigagin energy Power Plant Oyabu, Tajimi City (Tajimi City, Gifu Prefecture)	1,700 kW	

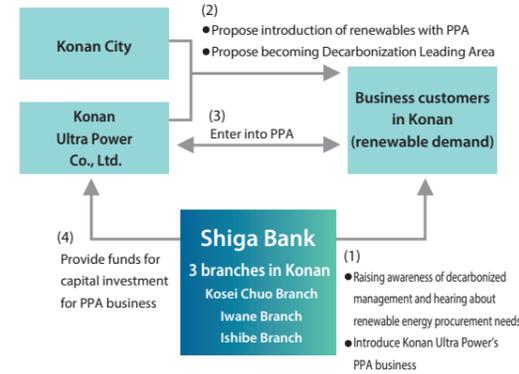
*Annual electricity consumption Calculated at 4,175 kWh/household (Ministry of the Environment, fiscal year 2021)

Establishment of a business model that strengthens collaboration with regional stakeholders

In order to promote regional decarbonization, it is important to collaborate with a variety of stakeholders, including regional residents, companies, and local governments, and to expand decarbonization into a region-wide initiative. Therefore, the Bank is working to establish a business model that promotes decarbonization in cooperation with each stakeholder.

Collaboration with local governments for "Decarbonization Leading Area" initiatives

In November 2022, Konan City was selected as the Ministry of the Environment's "Second Decarbonization Pioneer Region," and we are working with Konan City, Shiga Prefecture, and Konan Ultra Power Co., Ltd. to implement the "All-Konan Decarbonization Project: Casual Mutual Support Town Development." In this project, we are utilizing our know-how to raise awareness of decarbonization management for businesses located in Konan City, support them in developing plans, and provide financial support.



Industry-government-banking collaboration to decarbonize supply chains

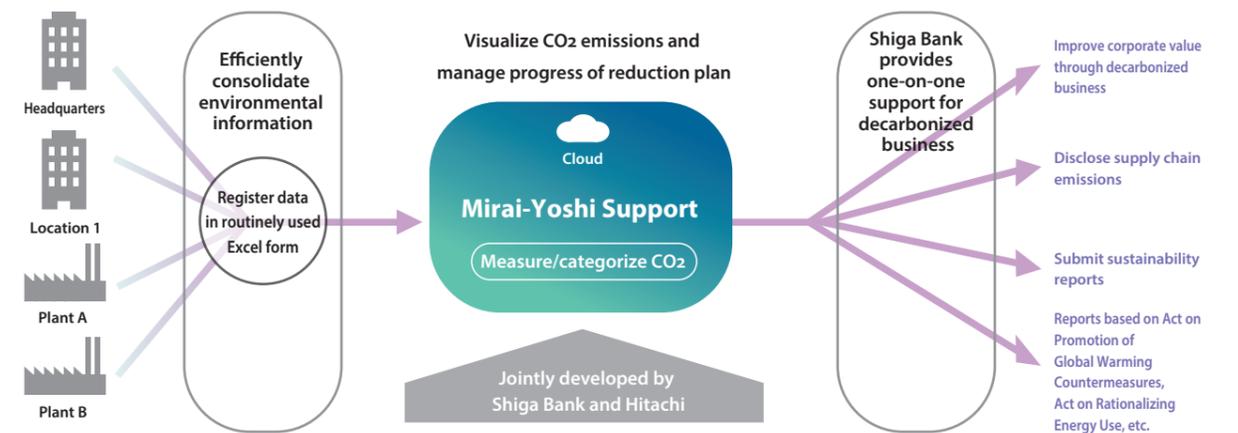
The Bank entered into the Agreement on Decarbonization to Contribute to the Improvement of Sustainability in June 2023 with SCREEN Holdings Co., Ltd. and Shiga Prefecture, and we are proceeding initiatives for decarbonization. Through the network of corporate partners in Shiga Prefecture owned by SCREEN Holdings Co., Ltd., we will promote decarbonization of the entire supply chain, leading to the realization of "Shiga CO₂ Net Zero" by 2050, set forth by Shiga Prefecture. The Bank supports decarbonization efforts integrated across the entire supply chain through means such as holding seminars for the corporate partners, supporting the use of subsidies for energy conservation diagnosis and equipment installation, and providing tools to calculate CO₂ emissions.



Support for decarbonization management with "Mirai-Yoshi Support," a CO₂ emissions management tool

In local regions, many companies must prioritize addressing urgent issues such as labor shortages, so they do not have the time to prepare for the introduction of a carbon levy or to explore business opportunities through decarbonization. In order to encourage such companies to take the first step toward decarbonization management, the Bank has jointly developed "Mirai-Yoshi Support," a simple and low-cost cloud service for visualizing CO₂ emissions, with Hitachi, Ltd., and the service has been provided since January 2023. It enables for the users to receive accompanying supports from the Bank from the point of "I don't know where to start," and to establish reduction targets, implement the plan, and monitor them.

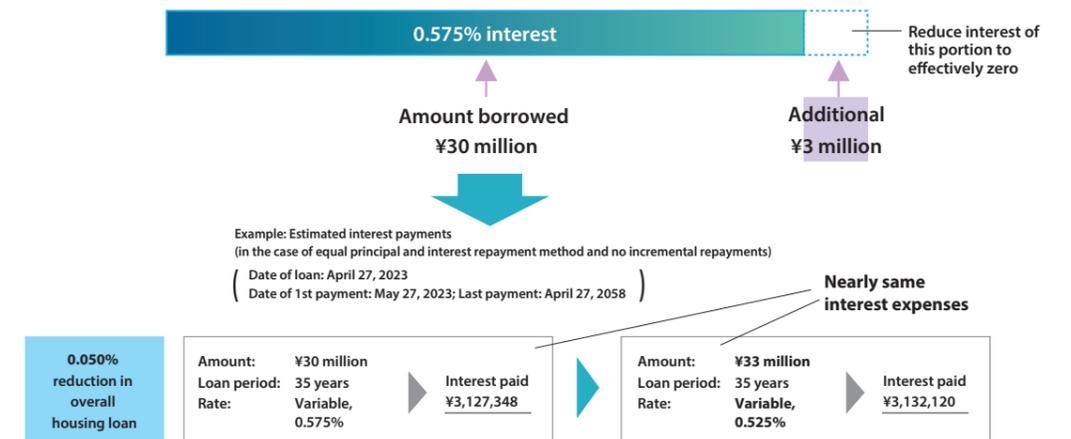
Outline of Mirai-Yoshi Support services



Collaboration with housing providers on region-wide decarbonization

Shigagin Super Housing Loan "Mirai-Yoshi," a loan product planned and designed based on the concept of reducing loan interest rates to virtually zero for the installation of solar panels, storage batteries, and home fuel cells, has been offered since April 2023. We are working to decarbonize the region with corporation of local housing providers in order to expand the smart decarbonized lifestyle in the region, where people can enjoy the financial benefits of reducing their soaring utility expenses, while keeping their interest burden low.

Outline of design based on product concept



TOPICS

Support for acquisition of “SBT for SMEs”

Many companies are moving toward the common target of humankind to “make the world carbon neutral by 2050.” Under such circumstances, an increasing number of companies are using SBT (Science Based Targets) as proof that they are setting GHG reduction targets that are consistent with the global decarbonization trend. Major manufacturers and others are encouraging their own suppliers to acquire SBT to decarbonize their entire supply chain. In addition, the number of companies actively acquiring SBT with the aim of gaining business opportunities by acquiring SBT is increasing every year.

The Bank’s branches and headquarters work together to support customers in acquiring “SBT for SMEs (a certification that specifies requirements for SMEs, which is separate from SBT for large companies),” and the Bank supported Sakae Industry Co., Ltd. (headquartered in Moriyama City, Shiga Prefecture) as the first company to acquire the certification in January 2024.

Sakae Industry Co., Ltd. is a comprehensive processing company that mainly handles precision sheet metal, can manufacturing, and machining, and has expanded overseas with its leading equipment group and solid technical capabilities that enable consistent and comprehensive processing. The company has strategically decided to acquire “SBT for SMEs” in light of the growing trend toward decarbonization throughout the supply chain in the semiconductor industry and in the field of automotive batteries where further market expansion is anticipated.

In order to acquire “SBT for SMEs,” a company must set reduction targets for greenhouse gas emissions that exceeds a certain standard. The Bank supported the company such as calculating emissions in accordance with international emission calculation standards, setting reduction targets, and developing reduction plans. In March 2024, the company also contracted a Sustainability Linked Loan (SLL) using the reduction targets of “SBT for SMEs,” and is utilizing this loan to raise awareness, etc., toward achieving its targets. The Bank will periodically monitor and support future initiatives.



VOICE

The words “SDGs” and “decarbonization” are now being heard everywhere, and I felt their importance growing as these topics became more common in conversations with business partners and banks. I thought that it would be necessary to incorporate such ideas into our company’s management, and when Shiga Bank approached us, we decided to try to obtain the “SBT for SMEs”. It was a high hurdle for our company alone, but they accompanied us as if they were a member of our staff, from planning to handling English applications, which was a great help. By introducing “Mirai-yoshi Support” (→P.46) for managing emissions, we were able to establish a system for working on it within the company, so from now on, we would like to further increase our corporate value by clearing our goals in a logical manner.



Sakae Industry Co., Ltd.
Representative Director and President
Shinichi Konoura

VOICE

Supporting Sakae Industry Co., Ltd. in acquiring “SBT for SMEs” was the first project the Bank was entrusted with, and was a good experience for me. In April of this year, I was transferred to the newly established Shigagin Energy Co., Ltd. (→P.43), where I concentrate on supporting customers’ decarbonization management. We will support you with a variety of solutions, such as free “energy conservation diagnosis” provided by local governments as a support measure, and support for utilizing the carbon neutral taxation in cooperation with a certified public accountant in the Bank. If you are interested in starting something, please feel free to contact us through our branches.



Shigagin Energy Co., Ltd.
Decarbonization Consulting
Naotaka Yamada

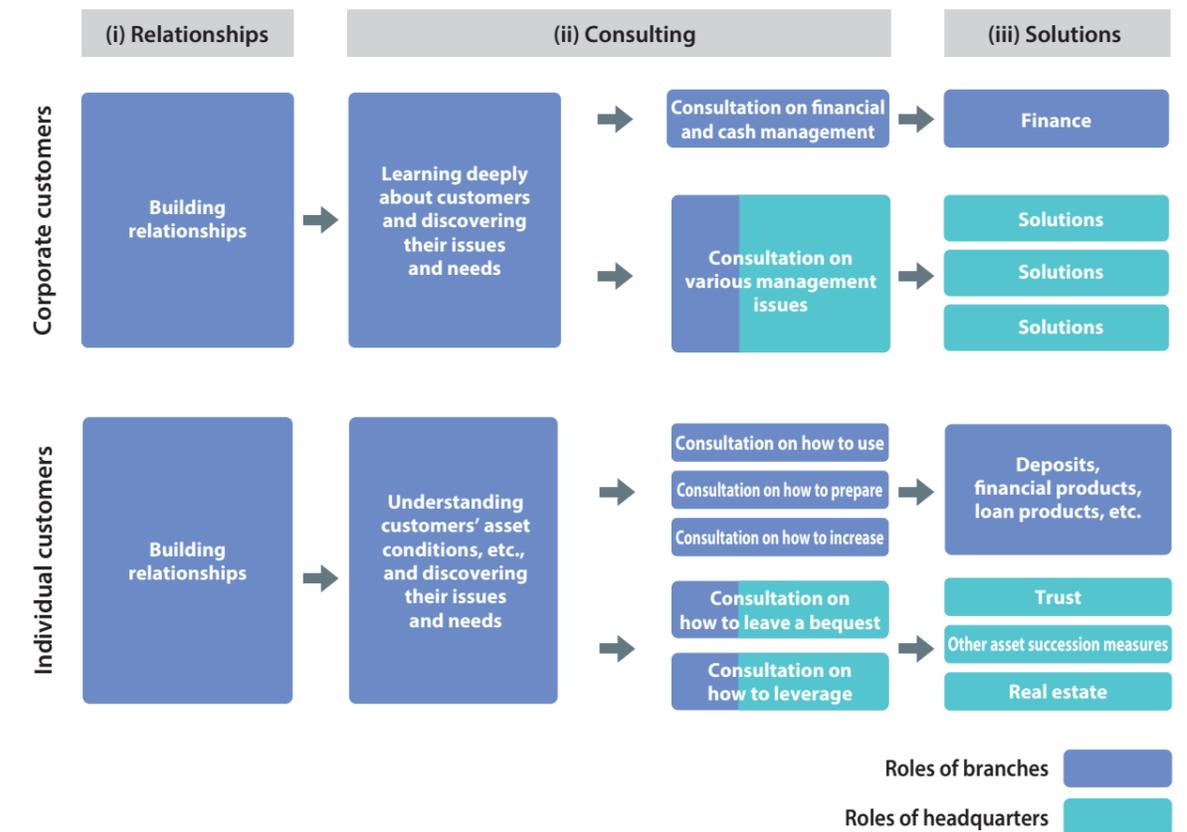
To support our customers’ dreams and businesses

We believe that the sustainability and growth of business operators and individuals are the most important factors for the sustainability and growth of the region. The Bank will work on one-on-one support of customers by providing a wide range of solution menus to solve issues to bridge the gap between the current situation and the future so that customers can realize their dreams and visions for the future.

“Strengthening relationships” with customers and practicing one-on-one support through “problem-solution type sales”

The Bank emphasizes three stages in realizing customers’ dreams and visions.

By strategically strengthening our approach to customers in accordance with the three stages of (i) relationships, (ii) consulting, and (iii) solutions, we aim to solve management issues and money-related problems, thereby increasing the corporate value and satisfaction of customers.



Initiatives for corporate customers and individual business customers

Strengthening the ability to delve deeper into management issues

Based on our belief that “solution proposals are only possible through relationships and consulting,” the Bank is working to strengthen relationships (relationship building), which form the foundation of transactions, and comprehensive consulting (consultation) skills.

In addition to systematization of know-how for relationship building in sales activities and development of a training system, we will focus on standardization of methods to discover a wide range of issues and needs of customers based on business feasibility assessments, support for branches by a specialized team within the Business Promotion Dept., increase in contact points with customers, and establishment of a system to provide continuous one-on-one support.

We will improve our skills to delve deep into business issues as reproducible skills, which will lead to providing financing and each solution to support customers’ dreams and businesses.

Strengthening finance to support growth of customers and regions

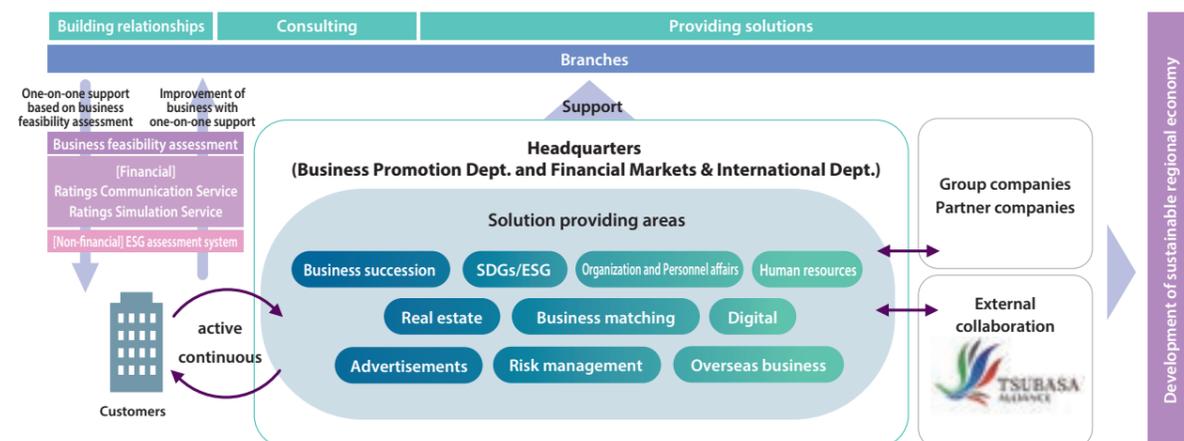
In our efforts to learn deeply about customers and respond to their issues and needs, finance plays an important role as one of the best solutions for customers. We will further strengthen high value-added financing based on business feasibility assessments, and practice timely responses through “problem-solution type sales,” which integrate solutions and financing, thereby supporting the growth of customers and regions.

Strengthening one-on-one type solutions

By leveraging group functions and deepening collaboration with partner companies, we will strengthen one-on-one type solutions to core management issues such as business succession. In addition, as management issues that require medium to long time to solve are increasing, we will work to strengthen active and continuous approaches to customers.

We will also strengthen problem solving capabilities by enhancing solutions functions to address core business issues such as customers’ sustainability strategies, personnel and human resource strategies, and DX strategies. In addition, the Bank will build a system to provide one-on-one support throughout the Bank by revitalizing communication between branches and headquarters, and by creating a framework to standardize the skills of solutions staff at headquarters.

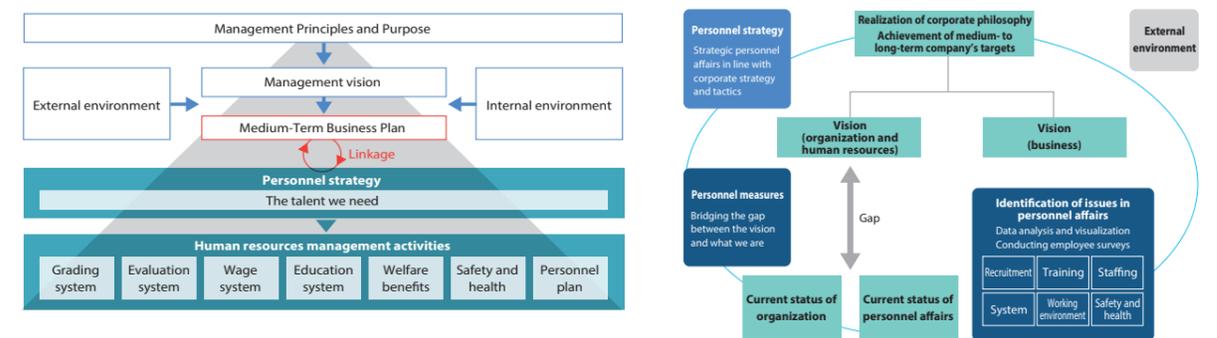
In order to broaden the range of measures to be developed in the future and increase their effectiveness, we will deepen external collaboration with the TSUBASA Alliance (P.61) and other organizations more than ever.



Initiatives to address issues of “persons”

Many business operators have various issues related to “human resources.”

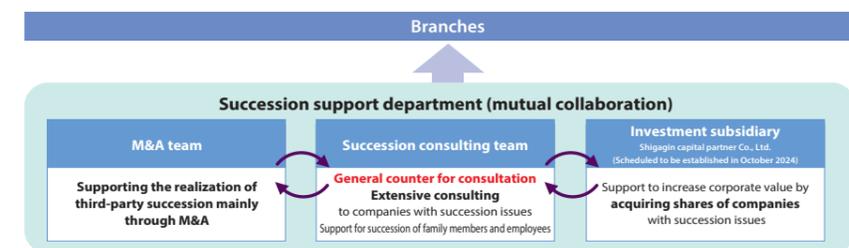
The shortage of human resources is becoming more serious due to the decrease in the working population and more strict regulations on overtime work. In addition to securing human resources, there has been an increase in consultations regarding the formulation of personnel strategies and revisions to personnel systems. In order for Shiga Bank Group to resolve customers’ management issues related to human resources, the Bank itself has obtained a license to operate in the fee-charging employment placement business, and provides a “human resources placement service” together with human resources recruitment companies, etc. In addition, because we live in an era in which it is difficult to foresee the future, it is necessary to draw the “desired future” that the company wants to realize, in line with Purpose and strengths. To this end, we are engaged in “personnel consulting,” in which we think together with customers about how their organizations and human resources should be, and propose plans suited to each company.



Initiatives to support business succession

As one of the social issues in the region, we focus on supporting business succession, which is one of the Bank’s materiality (P.31).

In April 2024, a specialized team for business succession consulting was established within the Business Promotion Dept. to maximize contact points with customers and engage in activities to encourage early action to resolve issues. In addition, with the establishment of a subsidiary specializing in investment scheduled in October 2024 (P.54), we will further improve expertise and strengthen functions in areas such as support for business successions.



Sustainable finance initiatives

Branches raise awareness of sustainability management through “ESG assessment system” and “Support in drafting SDGs declaration,” and promote customers’ sustainability initiatives through “SDGs consulting” in collaboration with the specialized ESG finance team at headquarters.

In addition, we are expanding offerings of sustainable finance as it is utilized as a “tool for customers’ sustainability management.” In addition to Sustainability Linked Loans (SLL), which were the first commercialized by a regional bank in 2020, we offer customers optimal proposals from a variety of financing methods that comply with international principles and our own products, such as Positive Impact Finance (PIF) and green loans/bonds, in order to support the enhancement of corporate value.

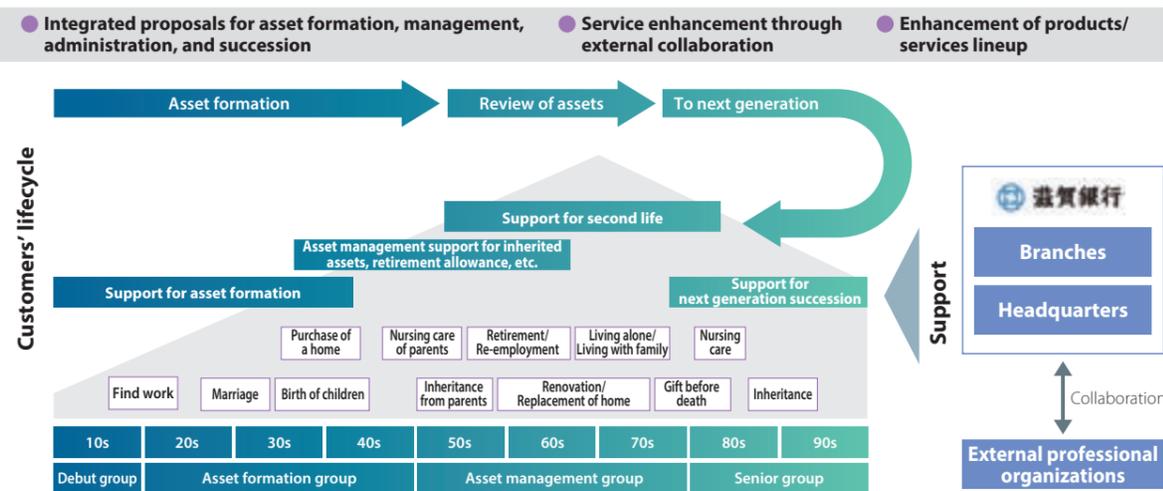
Initiatives for individual customers

We will achieve a high level of convenience that is tailored to the diversifying values and lifestyles of customers.

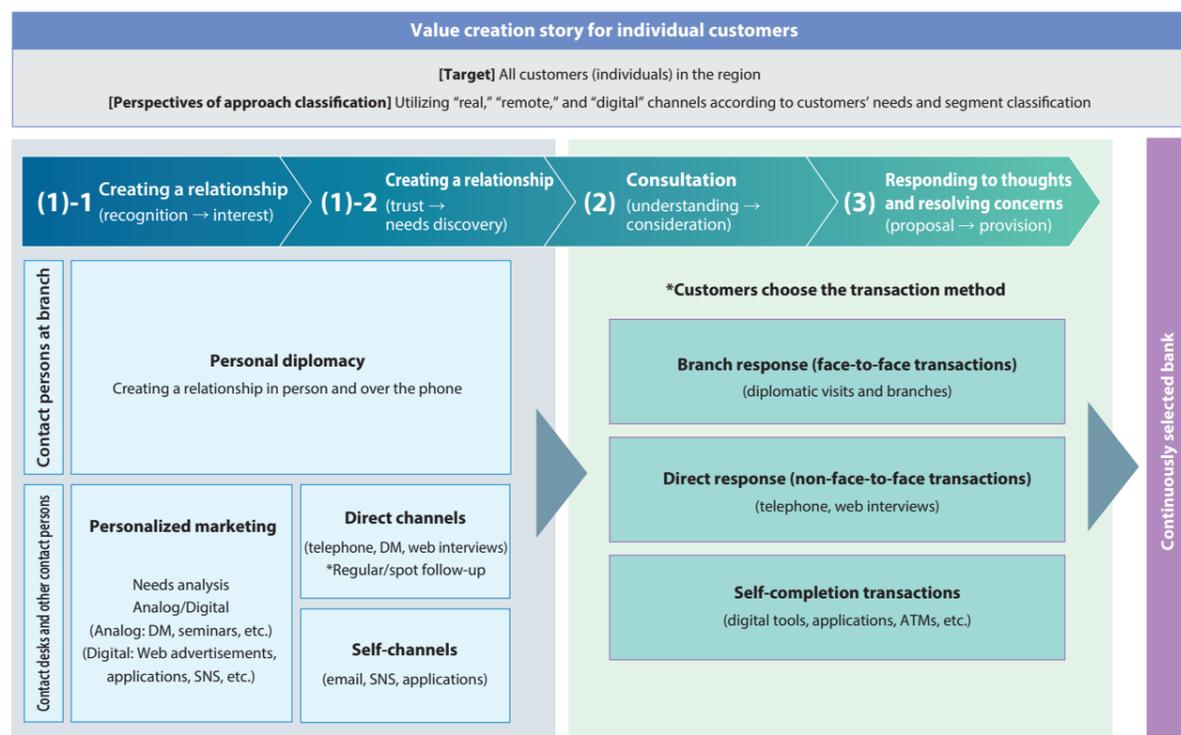
We practice goal-based support* to provide high added-value to all of customers.

*Share customers' dreams (goals) and support closely to realize them.

Goal-based support to realize customers' dreams



Enhancement of contact points with customers and CX (Customer Experience)



Valuable proposals that are tailored to customers' lifestyles

In addition to real consultations and proposals, digital tools and online interviews will provide a high level of convenience that is tailored to customers' lifestyles.

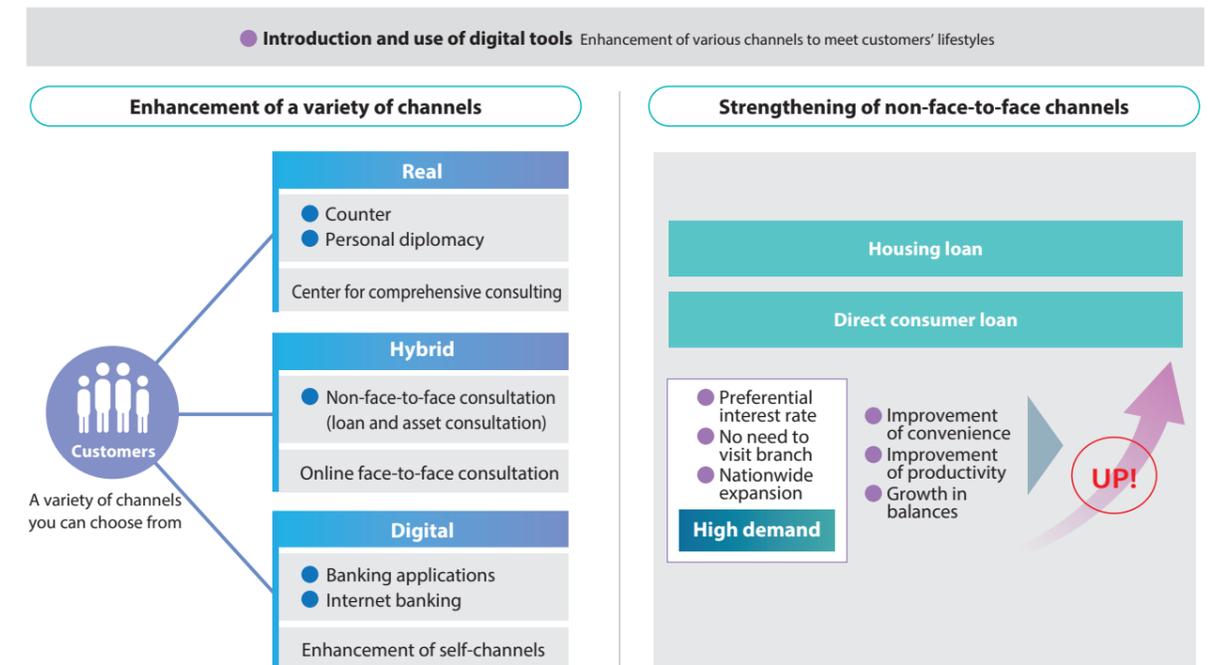
We provide comprehensive consulting services (asset management, asset succession, etc.) to wealthy individuals, corporate owners, etc. To cater to increasingly diversified and sophisticated customer needs, an SD Team, consisting of AFCs (area financial consultants), securities advisors, and insurance advisors, provides back-up support for the asset formation consulting services offered by branches.

Implementing data-driven personalized marketing

We use data to provide information and services suited to each individual customer and deliver product and service information tailored to each individual based on customer behavior information. (Combination of contact desk and digital tools)

We will also strive to strengthen contact points by using branches, direct channels, and self-channels.

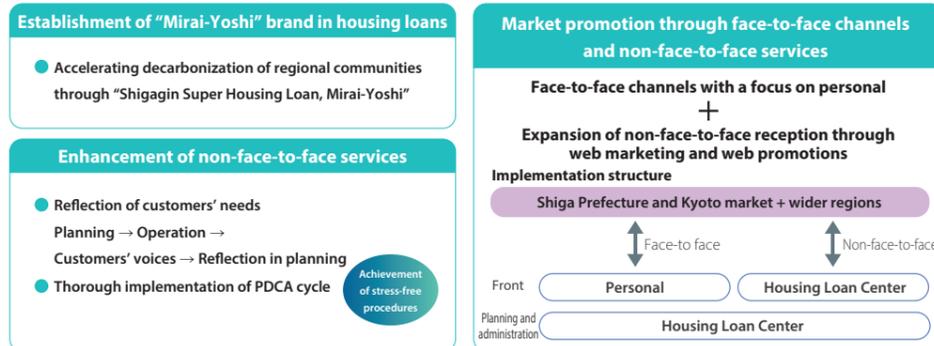
Expansion of banking services



We will expand non-face-to-face channels and introduce face-to-face support tools to sophisticate contact points with customers and improve CX. We will then enhance various channels for convenience, allowing customers to choose and use functions according to their convenience.

Initiatives for individual loans

Housing loan



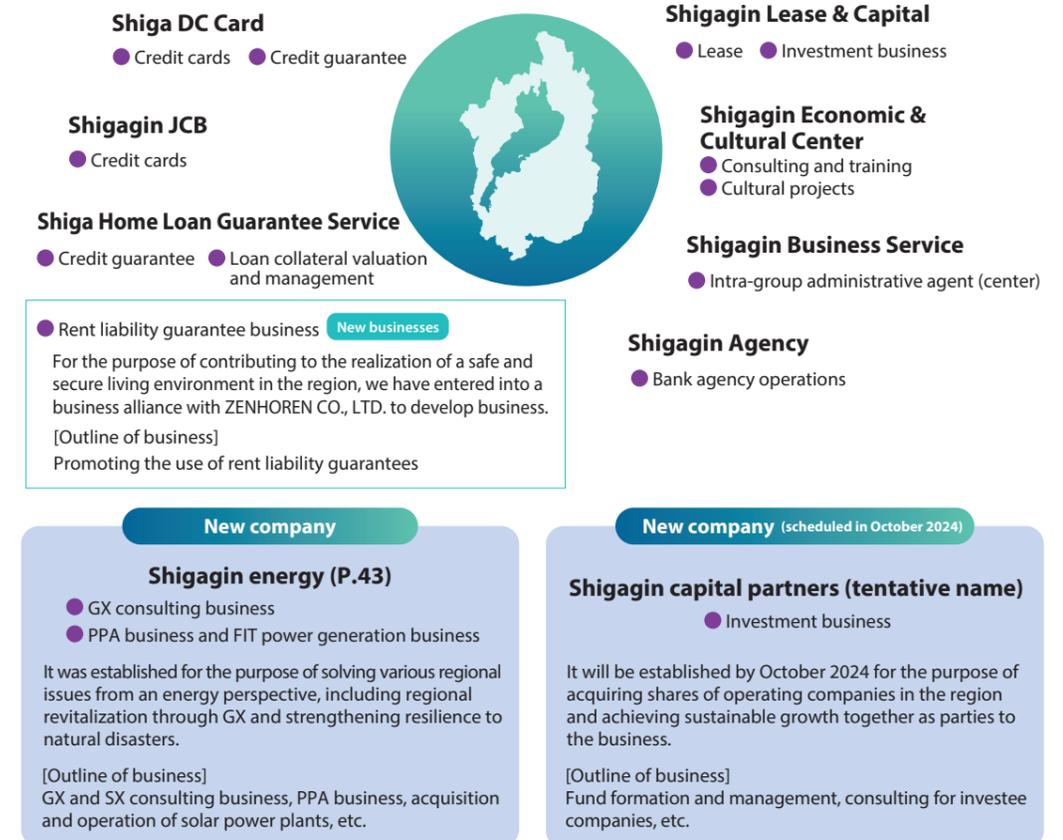
Direct consumer loan



The call center's professional staff will provide extensive support for the procedures by phone or other means, which is complete non-face-to-face.
We are revising products, improving convenience, and enhancing appeal to meet customers' needs.

Initiatives for group strategies and new businesses

We will contribute to the sustainable growth of customers and regional communities by creating new businesses that help to resolve regional and social issues, and by enhancing solution menu and providing optimal solutions through the collective efforts of the Shiga Bank Group.



TOPICS Newly established "Future Design Group"

The group was newly established in April 2024 to create new businesses that will help to resolve regional and social issues. We will foster a corporate culture to encourage employees to take on challenges and develop "Design personnel" with the aim of realizing the "vision for regional communities."

TOPICS Bequest donations through testamentary trusts

On March 21, 2024, the Bank concluded an "Agreement on Bequest Donations through Testamentary Trusts" with the Biwako Arts Foundation and on June 19, 2024, with Shiga Prefecture and eight cities and towns* in the prefecture. Together with the Shiga Prefecture Chapter of the Japanese Red Cross Society, with which the said agreement was concluded last year, the regional network has been enhanced. The Bank supports customers who wish to use their inherited assets for the revitalization of the regional economy, the development of regional medical care, the promotion of arts and culture, and the enhancement of education and welfare, by acting as a bridge to help them realize their wishes smoothly and puts into practice our Purpose, "Making the region happy with 'Sampo yoshi' philosophy."

*Eight cities and towns including Otsu City, Nagahama City, Moriyama City, Ritto City, Konan City, Maibara City, Toyosato Town, and Kora Town.

VOICE

In our trust services, such as testamentary trusts, testamentary substitute trusts, and inheritance management, we work closely with customers to help them realize their inheritance-related wishes.

In the process of testamentary trusts, we identify issues that need to be considered in advance based on customers' assets, verify whether the contents of the will are feasible with a view to executing it, and advise customers on how to clearly write messages to their families and those to whom they would like to express their gratitude.

In May 2024, the Bank published its original ending note, "Shigagin' Mirai-Yoshi Note."

We hope that this note will be used to make customers' and their families' lives Mirai-Yoshi, and to pass on their wishes to their loved ones.



Solution Sales Office, Business Promotion Dept. Trust Team, Retail Promotion Group
Rina Minakuchi