

Corporate Governance

Basic views on corporate governance

As a regional bank headquartered in Shiga Prefecture, the Bank has a motto which carries on “Sampo yoshi” philosophy, a traditional management philosophy embraced by the Omi Merchants, which means to bring happiness to three sides: being good for the seller, the buyer, and society. The Bank made the motto “Be tough on ourselves, kind to others and serve society” the starting point for activities, making effort to realize co-existence and co-prosperity with the regional communities, all employees, and the environment as in the Bank’s Management Principles. For the purposes of ensuring sustainable growth and improvement in corporate value for the Bank over the mid- and long-term, we will expand and constantly upgrade our corporate governance standards based on the following basic views.

- Respect shareholder rights and safeguard shareholder equality
- Cooperate appropriately with stakeholders
- Duly disclose information, including non-financial data, and ensure transparency and fairness of decision-making
- Create an environment for allowing appropriate levels of risk-taking by management team members
- Contribute to sustainable growth and the mid- and long-term improvement in corporate value, by prioritizing dialogue with shareholders

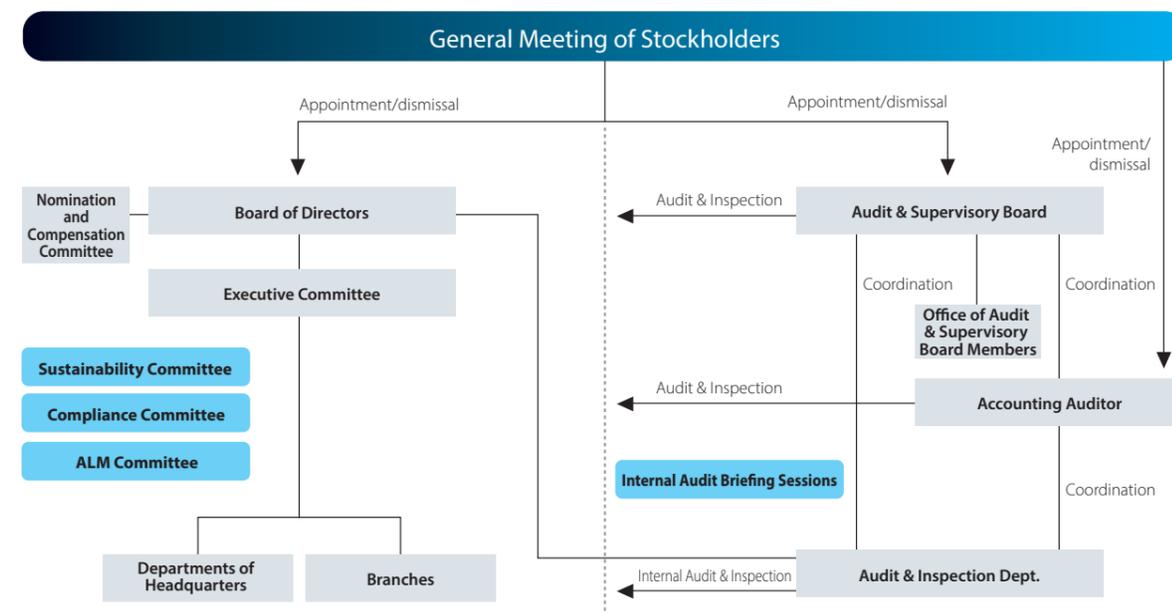
Overview of corporate governance system

The Bank has adopted the Audit & Supervisory Board system, under which the Board of Directors including Outside Directors supervise management and the Audit & Supervisory Board including Outside Audit & Supervisory Board Members checks the Board of Directors.

In terms of business operations, centered on the Executive Committee that is a decision-making body for business execution, the Compliance Committee and the ALM Committee have been established and the Audit & Supervisory Board Members monitor their operational status.

In addition, the “Nomination and Compensation Committee” has been established as an Independent advisory body to the Board of Directors.

Outline of corporate governance system



1. Board of Directors

The Board of Directors, with nine members, including three from outside the Bank, meets once a month in principle. At the meetings, decisions are made on important business matters to conduct business. Audit & Supervisory Board Members attend all such meetings to monitor the performance of Directors.

New matters of discussion were raised in December 2022, and since then essential and constructive ideas have been exchanged on important subjects such as management strategies and management issues.

Date of meeting	Main issues on the agenda	Attendance at meetings
2023 April 21	(Regular agenda items) - Matters concerning important personnel affairs - Matters concerning management policy and business plan - Matters concerning corporate accounting such as closing accounts - Matters concerning salaries and bonuses for employees (Agenda items of special note in the fiscal year) - Matters concerning the establishment of the Purposes and the Principles - Matters concerning the formulation of the 8th Medium-Term Business Plan - Matters concerning the establishment of subsidiaries - Matters concerning the Flexsus Project (Matters of discussion) - Branding - Appropriate equity capital - Strategic RAF - Shareholder return policy	Full attendance
May 12		
June 27		
July 28		
August 25		
September 28		
October 20		
November 10		
December 15		
2024 January 26		
February 22		
March 22		

2. Audit & Supervisory Board

The Audit & Supervisory Board, composed of four Audit & Supervisory Board Members including two from outside of the Bank, holds a meeting monthly in principle to resolve, discuss and report the important audit matters such as audit policies, audit plans, audit methods and division of audit duties.

Date of meeting	Main issues on the agenda	Attendance at meetings
2023 April 21	(Regular agenda items) - Matters concerning the development of audit plans by Audit & Supervisory Board Members - Key contents of at meetings such as the Executive Committee and Internal Audit Briefing Sessions - Status of execution of Accounting Auditor’s duties (including Key Audit Matters) - Matters concerning appointment or dismissal of Accounting Auditor - Matters concerning audit reports prepared by Audit & Supervisory Board Members - Matters concerning reports and recommendations provided by Audit & Supervisory Board Members to the President (Agenda items of special note in the fiscal year) - Matters concerning the Flexsus Project - Status of credit risk (credit costs) management - Status of management of the risk associated with diverse investment styles - Group governance, status of management of consolidated subsidiaries - Status of operating whistle-blowing system - Status of operating misconduct recurrence prevention measures	Full attendance
May 11		
June 27		
July 28		
August 25		
September 28		
October 20		
November 10		
December 15		
2024 January 26		
February 22		
March 22		

3. Nomination and Compensation Committee

The Nomination and Compensation Committee consists of the Chairman, President, and Outside Directors (the majority of the members are Outside Directors). It deliberates matters concerning nomination and compensation upon requests from the Board of Directors, and provides advice and recommendations to the Board of Directors.

Date of meeting	Main issues on the agenda	Attendance at meetings
April 20, 2023	(Matters concerning nomination) - Deliberation on candidates for Directors, Directors with specific titles, and Representative Director - Deliberation on candidates for Audit & Supervisory Board Members and Substitute Audit & Supervisory Board Member - Deliberation on positions at other companies concurrently held by Outside Directors - Deliberation on requirements for successors and an information sheet of skills of Directors - Deliberation on a plan for successors (management personnel) (Matters concerning compensation) - Deliberation on compensation for Directors	Full attendance
May 11		
June 26		
August 25		
October 20		
November 9		
2024 February 21		
March 21		

4. Executive Committee

The Executive Committee consists of the Chairman, President, Deputy President (currently vacant), Senior Managing Directors, and Managing Directors. It meets as necessary to make swift decisions about overall operations, including investment plans, new product development, business structural changes, and monitoring the risk environment, with Audit & Supervisory Board Members being in attendance. Important items related to the execution of business are submitted to the Board of Directors.

5. Internal Audit System

Seeking to conduct its business in a sound and appropriate manner, the Bank established the Audit & Inspection Department to undertake internal audits. The Department performs audits of the Bank's branches to ensure that their internal control systems are functioning properly, in accordance with annual internal audit plans approved each year by the Board of Directors. Audit results, findings, etc. are reported to the Board of Directors. In addition, the Audit & Supervisory Board requests reports from the Internal Audit Dept. and others as necessary.

Furthermore, the Internal Audit briefings are held as a rule once a month with the attendance of the management team including the President (Representative Director) and Audit & Supervisory Board Members of the Bank, and hold detailed discussions on reported audit results and on the status, problem points and issues of departments and branches subject to auditing. This ensures that risk is minimized, administrative duties are carried out reliably and business management is appropriate.

Information is exchanged and coordination is ensured among three types of auditing (Audit & Supervisory Board Members, the Accounting Auditor, and the Audit & Inspection Department). Coordination with Outside Directors and Outside Audit & Supervisory Board Members is also provided to share perception of risks.

As an initiative to ensure the effectiveness of internal audits, rules have been established to ensure a direct reporting line to Audit & Supervisory Board Members. Moreover, a checking function performed by Audit & Supervisory Board Members has been stipulated to further enhance independence of the Audit & Inspection Department. To maintain and enhance the quality of internal audits, in addition to continuous internal quality evaluations, the internal audit system receives external quality evaluations from third-party organizations every five years to improve the quality itself.

6. Sustainability Committee

Chaired by the President, the Sustainability Committee discusses ESG (environment, social, governance) priorities and addresses social challenges for Shiga Bank Group from the medium to long term perspective to design the program to enhance sustainability of our communities, customers and the Group.

7. Compliance Committee

The Compliance Committee chaired by a Senior Managing Director and including the Audit & Supervisory Board Members as counselors carefully deliberate on compliance with social norms, laws and regulations, and the Bank's internal rules for the purpose of contributing to execution of sincere and fair corporate activities in order to reduce the risks inherent in various issues, we are conducting comprehensive reviews from a higher perspective, without being bound by rules.

8. ALM Committee

The ALM Committee chaired by the President is aimed at responding to comprehensive asset liability management (ALM) and contributing to an increase in stable earnings through the improvement of risk management. Based on the concept of the Risk Appetite Framework, the Committee operates to maximize the use of capital and funds in terms of both soundness and efficiency.

9. Accounting Auditor

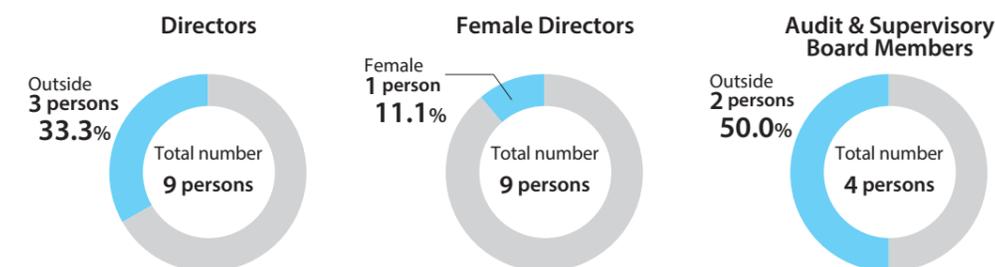
Deloitte Touche Tohmatsu LLC, with which the Bank concluded an audit agreement conducts audit as an accounting auditor.

Composition and skill matrix of the Board of Directors

Name	Expertise and Experience							
	Management Strategy	SDGs/ESG	Business Strategy	Market Operations	Risk Management	Financial Strategy/ Assets & Liabilities Management	HR & Diversity	DX & ICT Strategy
Directors	Shojiro Takahashi	●	●	●		●		●
	Shinya Kubota	●	●				●	●
	Katsuyoshi Horiuchi	●		●	●	●	●	
	Hidekazu Toda	●				●		●
	Yoshinori Endo		●	●	●			
	Nobuyuki Tanaka	●		●		●		
Outside Directors	Minako Takeuchi	●	●				●	●
	Rikiya Hattori	●		●		●	●	
	Sawaichiro Kamata	●			●	●		●

*This table does not show all of the skills possessed by each Board of Director.

Number of Officers and Ratio of Outside Officers



Independent Outside Officers

Name	Position	Reason for appointment	The rate of attendance at meetings of Board of Directors in fiscal year 2023
Minako Takeuchi	Outside Director	She has a wealth of experience and a wide range of insight into overall management as a company manager. The Bank expects that she will utilize her experience and insight to supervise the management of the Bank from the independent viewpoint, while contributing to the sustainable growth of the Bank and higher corporate value.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%)
Rikiya Hattori	Outside Director	He has a wealth of experience and a wide range of insight into finance and corporate management as a Deputy President and a Deputy Chairman at Sumitomo Mitsui Trust Bank, Limited. The Bank expects that he will utilize his experience and insight to supervise the management of the Bank from the independent viewpoint, while contributing to the sustainable growth of the Bank and higher corporate value.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%)
Sawaichiro Kamata	Outside Director	He has a wealth of experience and a wide range of insight into finance accumulated at the Bank of Japan and the Japan Securities Dealers Association. The Bank expects that he will utilize his experience and insight to supervise the management of the Bank from the independent viewpoint after his appointment, while contributing to the sustainable growth of the Bank and higher corporate value.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%)
Yasuhito Matsui	Outside Audit & Supervisory Board Member	The Bank expects that he will reflect in auditing the Bank his professional expertise and a wealth of experience as a lawyer involved in corporate legal affairs.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%)
Kazukiyo Onishi	Outside Audit & Supervisory Board Member	The Bank expects that he will reflect in auditing the Bank his high insight gained through experience as an auditor and other roles at private enterprises as well as involvement especially in public finance and tax administration at the Ministry of Finance.	12 out of 12 regular meetings of the Board of Directors (attendance ratio: 100%)

Evaluation of Effectiveness of the Bank's Board of Directors

The Board of Directors evaluates the effectiveness of the Board of Directors against the "Criteria for Evaluation of the Board of Directors" once a year

Criteria for Evaluation of the Board of Directors

- ① Frequency with which the Board of Directors holds meetings
- ② The number of agenda items and contents thereof
- ③ The quality and quantity of materials used for deliberation
- ④ Reserved time for deliberation
- ⑤ Appropriateness of the conduct of proceedings

A survey on the overall effectiveness of the Board of Directors for fiscal year 2023 was conducted through a questionnaire distributed to all the Directors and Audit & Supervisory Board Members, and based on the results, the Board of Directors evaluated the following.

From the results of the survey, the way of management of the Board of Directors and discussions that were held to improve sustainability were on the whole positively evaluated.

In addition, the Board of Directors worked to improve the effectiveness of the Board of Directors by holding multiple discussions,

including substantive and constructive discussions and exchanges of opinions utilizing "Discussion" on topics such as the establishment of the Purpose, the arrangement of Management Principles, and the formulation of the 8th Medium-Term Business Plan.

Consequently, it was confirmed that both decision-making and supervisory functions of the Board of Directors were properly fulfilled and the effectiveness of the Board of Directors remained largely in place. The Board of Directors shares the following challenge.

- To enhance discussions at the Board of Directors meetings on highly important topics such as business portfolio and human capital, and to work on improving corporate value over the medium to long term.
- To monitor progress on the initiatives of the Medium-Term Business Plan and enhance the effectiveness of the Business Plan.

Policies on executive compensation, etc.

The compensation of the Bank's officers is determined in accordance with the following policies and procedures.

1. Basic Policy

The Bank's executive compensation system is designed to function as an incentive to achieve sustainable enhancement of corporate value. Based on the recommendations of the Nomination and Remuneration Committee, the Bank's basic policy is to determine individual compensation at an appropriate level that takes into account individual responsibilities.

More specifically, Director compensation (excluding Outside Directors) comprises of "Fixed-amount compensation," basic remuneration; "Performance-linked compensation," which is linked to company's financial results; "Restricted stock compensation," non-monetary compensation.

Compensation for Outside Directors and Audit & Supervisory Board Members responsibilities of which are to supervise the management is composed of fixed-amount compensation only.

Fixed-amount compensation for Audit & Supervisory Board Members is determined based on the deliberation among the Members in reference to the actual payment.

The above basic policy has been prepared, referring to the Nomination and Compensation Committee and Outside Audit & Supervisory Board Members, and then determined at the Board of Directors meeting.

2. Determination policy

(1) Fixed-amount compensation (basic remuneration)

The fixed-amount compensation is paid according to the role and responsibility based on the position. The fixed-amount compensation for Directors is determined by a resolution of the Board of Directors based on actually paid amounts, performance metrics, and other factors.

(2) Performance-linked compensation (which is linked to company's financial results)

In order to increase incentives to improve business performance, this compensation is based on the actual net income attributable to owners of parent, and its allocation is determined by a resolution of the Board of Directors based on the position.

(3) Restricted stock compensation (non-monetary compensation, etc.)

This compensation is paid by allotting restricted stock based on the position in order to increase the incentive to improve corporate value and stock price over the medium to long term, and is determined by a resolution of the Board of Directors.

3. Details of performance metrics for performance-linked compensation, etc. and policy for determining the calculation method of the amount of performance-linked compensation, etc.

The Bank has adopted performance-linked compensation as part of executive compensation.

The metric used to determine performance-linked compensation is "net income attributable to owners of parent" because it is a performance indicator that represents the final result of the Shiga Bank Group's business performance.

The amount of performance-linked compensation is within 0.45% of net income attributable to owners of parent (maximum 75.00 million yen), and its allocation is determined by a resolution of the Board of Directors based on the position.

4. Details of non-monetary compensation, etc. and policy for determining the amount or number of non-monetary compensation, etc. or its calculation method

The Bank has adopted restricted stock compensation as part of executive compensation.

This is an allotment of restricted stock in order to share with shareholders the benefits and risks of stock price fluctuations from the period of their office, and to further increase their willingness to contribute to medium to long term improvements in corporate value and stock price appreciation.

The number of allotments is determined by a resolution of the Board of Directors based on the position.

5. Policy for determining the percentage of each type of compensation, etc.

The percentages of compensation, etc. by executive category are as follows.

Executive category	Fixed-amount compensation (basic remuneration)	Performance-linked compensation (which is linked to company's financial results)	Restricted stock compensation (non-monetary compensation, etc.)	Total	Number of eligible executives
Directors (excluding Outside Directors)	60-95%	0-25%	5-15%	100%	6 persons
Outside Director	100%	---	---	100%	3 persons
Audit & Supervisory Board Members	100%	---	---	100%	4 persons

Note: Fixed-amount compensation and performance-linked compensation are monetary compensation, while restricted stock compensation is non-monetary compensation.

6. Total amount of compensation, etc. by executive category, total amount of compensation, etc. by type of compensation, and number of eligible executives

For the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

Executive category	Number of persons	Total amount of compensation, etc. (Millions of yen)	Fixed-amount compensation (basic remuneration)	Performance-linked compensation (which is linked to company's financial results)	Restricted stock compensation (non-monetary compensation, etc.)
Directors (excluding Outside Directors)	7	171	133	18	19
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	43	43	---	---
Outside executive (Outside Director and Outside Audit & Supervisory Board Member)	5	32	32	---	---

7. Policy for determining the timing or conditions for payment of compensation, etc.

- Fixed-amount compensation (basic remuneration)

It is paid as a fixed monthly monetary compensation.

- Performance-linked compensation (which is linked to company's financial results)

It is paid as monetary compensation once a year after the Annual General Meeting of Stockholders.

- Restricted stock compensation (non-monetary compensation, etc.)

The Board of Directors resolves to issue the stock at a meeting in June of each year and allocates and grants the restricted stock on a certain date in the following month.

Roundtable Discussion

O	utside	D	irectors
R	oundtable	D	iscussion

Aiming to create a virtuous cycle of happiness brought to the region through Purpose-driven management.

Outside Directors Minako Takeuchi, Rikiya Hattori, and Sawaichiro Kamata, and Chairperson Shojiro Takahashi (Chairperson of the Board of Directors) exchanged opinions on the evaluation of the newly established purpose. The following is the 8th Mid-Term Business Plan (hereinafter the 8th Med-Term Plan), as well as efforts to improve the effectiveness of the Board of Directors and enhance corporate value.



Chairman Shojiro Takahashi	Outside Director Rikiya Hattori	Outside Director Minako Takeuchi	Outside Director Sawaichiro Kamata
---	--	---	---

Initiatives to improve the effectiveness of the Board of Directors

Takahashi: Thank you for your always valuable input and advice to the Board of Directors. First of all, let me ask you again, from what perspective you are working to improve the effectiveness of the Board of Directors, and if you have any requests, please let me know.

Takeuchi: I would like to try as much as possible to throw out points and viewpoints that can stimulate discussion. For example, if there are issues rooted in the organizational culture, etc., which may be latent in the topic of discussion, I would like to tie the issue to that and post it in a way that will activate the discussion.

Hattori: I have served as an Outside Director of the Bank since June 2020, and each year I believe the issues have been resolved, so that I feel the Board itself has been brushed up. In particular, the previous fiscal year was the period for formulating the Mid-Term Plan, which allowed us to consider medium- to long-term strategies. I have also confirmed the discussions at Management Meetings through the meeting minutes.

Although the Bank has strengths and advantages developed over its 90-year history, in turbulent times, the existing strengths may be no longer necessarily strengths, and I emphasize the viewpoint of what kind of growth strategy the Bank will draw up in the future. I think the Bank's culture has some good points and some points that need to be changed, and I would like to take a scalpel to those points.

Kamata: The Bank spends half a day the day before a meeting of the Board of Directors explaining the agenda in advance, which is very good because the participants can gain a better understanding of the agenda there and can immediately start discussing it the next day. In addition to the agenda and reports, a time of "Discussion" was established last year to discuss important management issues, and we were able to discuss important items such as the Purpose and the 8th Mid-Term Plan many times. I feel that the effectiveness is increasing. I believe that discussions will be deepened if people other than the officer in charge also actively express their opinions.

There are three things I am aware of as an Outside Director. The first is that I try to finish technical questions the day before and offer my opinions and evaluations on the day of the meeting. The second is to provide new perspectives. Third, I try to approach discussions with the stance that

corporate governance and Tokyo Stock Exchange requirements should be addressed as squarely as possible.

Hattori: During Chairman Takahashi's term as President, the Managing Executive Officer began to sit on the Board of Directors, which is a good thing. It is also important from the perspective of training board members for the next era.

The 8th Medium-Term Business Plan

Takahashi: In the previous fiscal year, you all were involved in the process of formulating the 8th Mid-Term Plan. We have established a new Purpose and will create a virtuous cycle of happiness brought to the region with three basic strategies, "Impact Design," "Base for Growth," and "Human First." What is your evaluation of this 8th Mid-Term Plan?

Takeuchi: Purpose was established to return the Bank to its roots, and Principles were reorganized. I appreciate the fact that the Bank did not completely change everything, but rather kept what was important and optimized it. If new ideas appear, we will just be exhausted by the excessive feeling of having more and more of them. I think it is very good that the vision of "Sustainability Design Company" was continued from the previous Mid-Term Plan, as it shows that our vision is higher than before.

Kamata: I said that the Purpose is to show the significance of the Bank's existence in society and that it should be something that is unique to Shiga Bank. I also believe that the key word is "Sustainability Design Company," and in order to achieve this vision, each and every employee must be aware that the target is to change from a Bank to a Company.

I have taken the stance that there is nothing wrong with the Bank's soundness indicators, that it should be able to take on more risk, and that it should be more profitable and capital efficient. In this regard, I liked the idea of strategic risk-taking through the RAF (Risk Appetite Framework). We first set the level we were aiming for and the vision, then determined the amount of risk we needed to be willing to take to achieve them, and discussed what measures would be necessary to take those risks along the way. As a result, the concept of using new businesses and subsidiaries as +X (transformation), a discontinuous measure rather than an extension of conventional measures, to increase earnings by the entire Group became clear. A new "Future Design Group" has also been established to work on the creation of new businesses, which I think is very significant and appreciated.



Hattori: I appreciate that the contents of the Purpose and 8th Mid-Term Plan were generally able to include the contents that investors are looking for. Strictly speaking, I believe that we need to be clearer about how we are changing from a Bank to a Company and what we are doing with the change, and to make it permeate the Group's employees. In the future, I hope that this plan will be brushed up through the PDCA cycle, and that the emphasis will shift to building a system that can respond to changes flexibly. On the other hand, the Bank has introduced a number of advanced initiatives, such as environmental management and risk management through RAF, and I think this culture is excellent.

Corporate culture of "challenge" and "praise"

Takahashi: Next, I would like to ask you about the corporate culture that the Bank aims to achieve as indicated in the "Human First" section of the 8th Mid-Term Plan.

Takeuchi: It's about fostering a corporate culture of "challenge" and "praise." It's very important, but I think the hurdles are high. If someone tries and fails, they need to accept it, turn the failure into a learning experience, watch over them, "give it a try", and manage it until it leads to success. Careful support is necessary, and it won't work unless you understand and tackle it to that extent. First of all, you need to create a culture that develops people. Developing people requires skill, so that's the big challenge.

Kamata: What I feel is that the Bank has an inherent culture of challenge, as represented by environmental management and the RAF. However, I think we need to be aware of the question of whether this is sufficient compared to the

standards the current times demand. With the deregulation of banks, there should be business opportunities beyond conventional banking operations. The need for challenge is growing, and I believe that the culture of "challenge" and "praise" is taking on more weight than before.

Hattori: Before the "challenge," it is important to know what the person wants to do and whether the person wants to do it this way. I have attended several meetings to formulate the Medium-Term Business Plan. One way to do is to hold more meetings where young people can express their opinions and create opportunities for discussion.

Kamata: I think curiosity is the root of the "spirit of taking on challenges." The Omi Merchants, the origins of our bank, were also particularly curious, and this was the driving force that allowed them to expand their business nationwide. I think that valuing curiosity will lead to challenges. The business contest held during the Mid-Term Plan formulation period was a good initiative. There was an awards ceremony at the 90th anniversary ceremony, and I think that praising and evaluating people who take on challenges in such places will increase their motivation to take on challenges.

Takahashi: In the 8th Mid-Term Plan, in order to firmly implement the PDCA cycle, we have established a "Value Creation Project Team" consisting of the planning staff of the headquarters and the Future Design Group to make it function. I would like to create a culture that firmly admires the challenges of the Group's employees.



Aiming to increase corporate value

Takahashi: Finally, please tell us what the Shiga Bank Group should do in the future to improve its corporate value and PBR (price book value ratio).

Kamata: We have discussed capital efficiency and stock price at the Board of Directors meetings, published a logic tree in the 8th Mid-Term Plan, and are now able to speak to investors in a common language. In addition, although the Bank is a leader among regional banks in the environmental field, I feel that this reality is not fully communicated to the market and investors. I think strategic IR should be implemented. It is important to be aware that enhanced disclosure, including investor relations, will reduce uncertainty and, in turn, lower the cost of capital. (P.20) And, regarding RORA (a measure of profit as a percentage of risk-weighted assets), it is a question of whether we can really manage our business in a way that is truly well organized in terms of profitability by division, taking into account risk. I believe that is the challenge.

Hattori: For example, if we consider a 40% dividend payout ratio as a start, the company will become worthy of what it offers. It is necessary to backcast backwards from the goal to be aimed for and for everyone to think concretely.

Takeuchi: It is important for the Bank to pursue PBR improvement by taking a firm approach to corporate governance and thinking carefully about how capital efficiency can be improved. Together with all stakeholders, we must come to the conclusion that it is truly a good thing that Shiga Bank exists, and we must ensure that this conclusion permeates the entire Group, so that each and every officer and employee is able to act on it with a clear sense of purpose.

Takahashi: In the spirit of the "Sampo yoshi" of the Omi Merchants, the Bank will manage its operations in a balanced manner to ensure soundness, shareholder returns, and investment in growth to generate future earnings. I believe that the most important thing is for customers to feel confidence in the Bank as a bank with which they can do business with peace of mind.

Hattori: While regional banks are required to have a certain level of capital adequacy from the viewpoint of soundness in their management, it is not easy to improve capital efficiency. Rather than reducing capital, it is important to increase earnings and dividends to enhance corporate value and shareholder value.

Takahashi: Thank you for your many valuable comments today. I would like to continue efforts to improve the effectiveness of the Board of Directors.



List of Directors, Audit & Supervisory Board Members and Executive Officers

(As of June 26, 2024)

Directors

Chairman **Shojiro Takahashi**

April 1979 Joined the Bank
 June 2006 General Manager of Business Promotion Dept.
 June 2008 Director and General Manager of Business Promotion Dept.
 June 2009 Director and General Manager of Kyoto Branch
 June 2011 Managing Director
 June 2014 Senior Managing Director
 June 2015 Deputy President
 April 2016 President
 June 2023 Chairman (current position)



Representative Director and President **Shinya Kubota**

April 1986 Joined the Bank
 June 2015 General Manager of General Planning Dept.
 June 2017 Director and General Manager of General Planning Dept.
 June 2018 Managing Director
 June 2020 Senior Managing Director
 June 2023 President (current position)



Senior Managing Director **Katsuyoshi Horiuchi**

April 1987 Joined the Bank
 June 2014 General Manager of Risk Supervisory Dept.
 June 2017 Executive Officer and General Manager of Business Promotion Dept.
 June 2019 Director and General Manager of Kyoto Branch
 June 2021 Managing Director and General Manager of Financial Markets & International Dept.
 February 2022 Managing Director
 June 2024 Senior Managing Director (current position)



Managing Director **Hidekazu Toda**

April 1990 Joined the Bank
 June 2020 Executive Officer and General Manager of Administration Dept.
 June 2021 Managing Executive Officer and General Manager of Administration Dept.
 June 2023 Managing Director (current position)



Managing Director **Yoshinori Endo**

April 1991 Joined the Bank
 June 2019 General Manager of General Affairs Dept.
 June 2020 Executive Officer and General Manager of General Affairs Dept.
 June 2021 Managing Executive Officer and General Manager of Kyoto Branch
 June 2023 Managing Director (current position)



Managing Director **Nobuyuki Tanaka**

April 1990 Joined the Bank
 June 2019 Executive Officer and General Manager of Osaka Branch
 June 2020 Executive Officer and General Manager of Credit Supervision Dept.
 June 2021 Managing Executive Officer and General Manager of Credit Supervision Dept.
 June 2022 Managing Executive Officer and General Manager of Audit & Inspection Dept.
 June 2024 Managing Director (current position)



Outside Director **Minako Takeuchi**

April 1983 Joined NEC Corporation
 December 2002 Retired from NEC Corporation
 January 2003 Joined Stanton Chase International
 June 2013 Retired from Stanton Chase International
 August 2013 Representative Director, TM Future Corporation (current position)
 June 2019 Outside Director, the Bank (current position)
 June 2020 Outside Director, Nihon M&A Center Inc. (currently Nihon M&A Center Holdings Inc.) (current position)
 June 2022 Outside Director, Mitsubishi Steel Mfg. Co., Ltd. (current position)



Outside Director **Rikiya Hattori**

April 1978 Joined Sumitomo Trust & Banking Co. Ltd. (currently Sumitomo Mitsui Trust Bank, Limited)
 April 2012 Director, Senior Managing Executive Officer, Sumitomo Mitsui Trust Bank, Limited
 April 2013 Deputy President Executive Officer, Sumitomo Mitsui Trust Holdings, Inc.
 June 2015 Deputy President, Sumitomo Mitsui Trust Bank, Limited
 April 2017 Director, Sumitomo Mitsui Trust Holdings, Inc. Deputy Chairman, Sumitomo Mitsui Trust Bank, Limited
 June 2017 Retired as Director, Sumitomo Mitsui Trust Holdings, Inc.
 April 2018 Executive Advisor, Sumitomo Mitsui Trust Bank, Limited
 Chairman, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
 June 2018 Corporate Auditor, Sumitomo Densetsu Co., Ltd.
 March 2020 Retired as Executive Advisor, Sumitomo Mitsui Trust Bank, Limited
 June 2020 Outside Director, the Bank (current position)
 February 2021 Retired as Chairman, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.
 June 2021 Retired as Outside Auditor, Sumitomo Densetsu Co., Ltd.
 June 2021 Outside Director, Sumitomo Densetsu Co., Ltd. (current position)



Outside Director **Sawaichiro Kamata**

April 1984 Joined Bank of Japan
 July 2012 General Manager of Kyoto Branch, Bank of Japan
 June 2015 Retired from Bank of Japan
 July 2015 Senior Advisor of Policy Making Headquarters, Japan Securities Dealers Association
 July 2017 Joint General Manager of Administration Headquarters (Chief Information Officer and Chief Risk Officer), Japan Securities Dealers Association
 June 2021 Retired from Japan Securities Dealers Association
 June 2021 Outside Director, the Bank (current position)



Audit & Supervisory Board Members

Full-time Audit & Supervisory Board Member **Hideki Sugie**

April 1985 Joined the Bank
 June 2012 Secretarial, Secretariat
 June 2016 Retired from the Bank
 June 2016 Managing Director, Biwako Broadcasting Co., Ltd.
 March 2022 Retired as Managing Director, Biwako Broadcasting Co., Ltd.
 April 2022 Deputy Director-General, the Bank
 June 2022 Full-time Audit & Supervisory Board Member (current position)



Full-time Audit & Supervisory Board Member **Akihisa Hida**

April 1991 Joined the Bank
 June 2019 General Manager of Business Promotion Dept.
 June 2020 Executive Officer and General Manager of General Planning Dept.
 June 2021 Managing Executive Officer and General Manager of General Planning Dept.
 June 2022 Senior Director and General Manager of Sustainable Strategy Office, General Planning Dept.
 June 2024 Full-time Audit & Supervisory Board Member (current position)



Outside Audit & Supervisory Board Member **Yasuhito Matsui**

April 2000 Registered as a Lawyer
 April 2000 Joined Karasuma Law Office
 January 2005 Registered as a Lawyer in New York State
 April 2005 Resigned from Karasuma Law Office
 May 2005 Joined Miyake & Partners
 May 2009 Appointed Partner, Miyake & Partners
 May 2012 Registered as a Patent Attorney
 June 2017 Outside Audit & Supervisory Board Member, the Bank (current position)
 January 2019 Retired from Miyake & Partners
 February 2019 Partner, Nishikibashi Partners LPC (current position)



Outside Audit & Supervisory Board Member **Kazukiyo Onishi**

April 1980 Joined the Ministry of Finance
 July 2014 Director-General of Yokohama Customs, Ministry of Finance
 July 2015 Retired from the Ministry of Finance
 October 2015 Advisor, Aioi Nissay Dowa Insurance Co., Ltd.
 June 2016 Retired as Advisor, Aioi Nissay Dowa Insurance Co., Ltd.
 June 2016 Audit & Supervisory Board Member, Takasago International Corporation
 June 2020 Retired as Audit & Supervisory Board Member, Takasago International Corporation
 June 2020 Outside Audit & Supervisory Board Member, the Bank (current position)



Executive Officers

Hiroyoshi Inoue

Managing Executive Officer
 General Manager of Audit & Inspection Dept.



Kazuaki Kataoka

Managing Executive Officer
 General Manager of Kyoto Branch



Isokazu Yamamoto

Managing Executive Officer
 General Manager of Head Office Business Department



Hidetoshi Oshima

Executive Officer
 General Manager of Tokyo Branch and Counselor for Financial Markets & International Dept.



Kengo Matsunaka

Executive Officer
 General Manager of Financial Markets & International Dept.



Takato Mokuzawa

Executive Officer
 General Manager of Risk Supervisory Dept.



Shunji Fukuchi

Executive Officers
 General Manager of Credit Supervision Dept.



Risk Management

Basic views

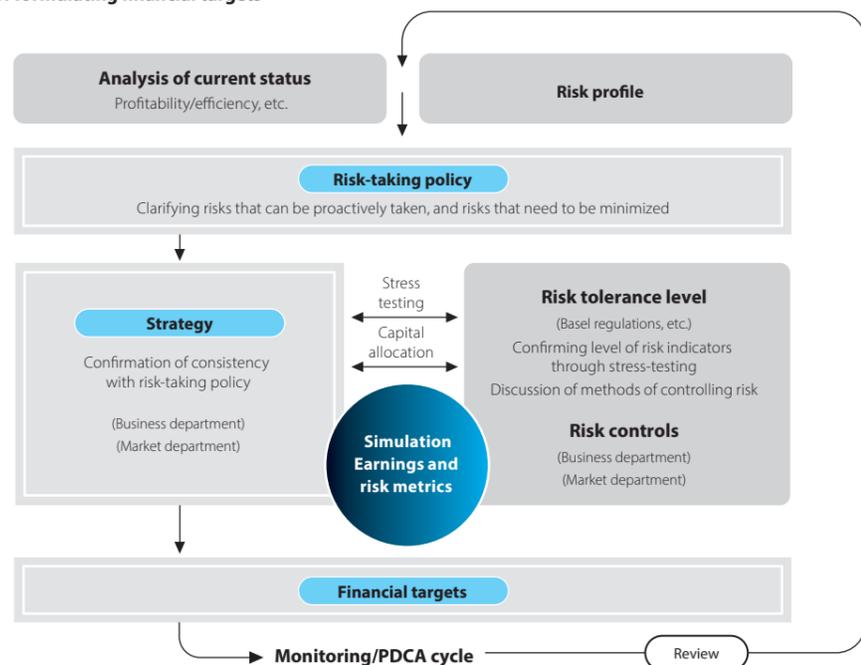
The Bank aims to increase corporate value by implementing various management strategies to create a virtuous cycle of happiness brought to the region, centering on the banking business. Based on the concept of the "Risk Appetite Framework," a framework that clarifies the types and levels of risk we are prepared to take on in order to achieve business strategies and financial targets, we operate to maximize the use of capital and funds in terms of both soundness and efficiency.

Risk Appetite Framework (RAF)

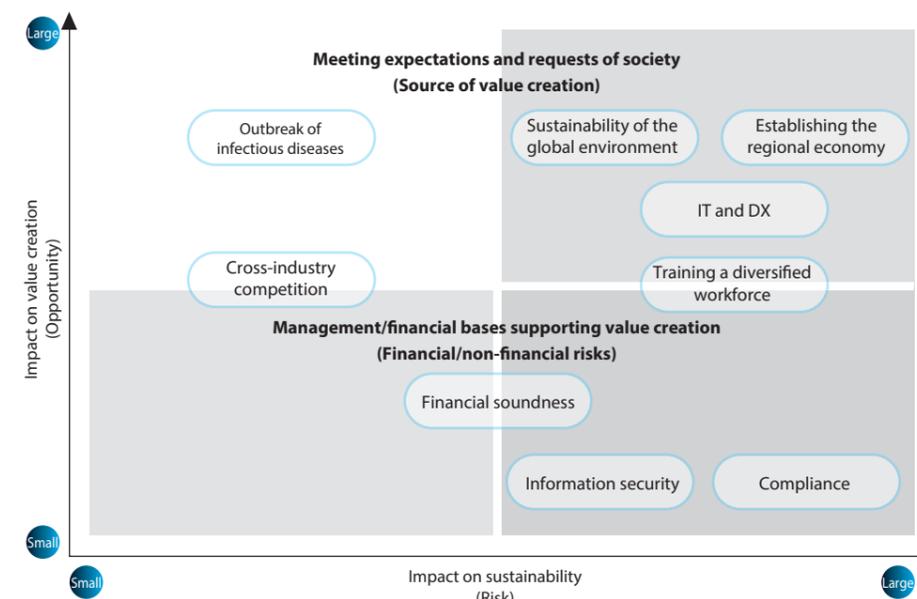
The "Risk Appetite Framework" refers to frameworks for business and risk management that enable clarification of risk by type and level that the Bank is prepared to take on, as well as sharing and monitoring of it for the purposes of accomplishing business strategy and financial targets.

Regarding the formulation of financial targets, the Bank identifies a risk-taking policy based on current-status analysis and risk profiling, and confirms the consistency of strategy in the sales and market departments. Then we carry out various simulations based on the strategy, and sets target earnings and risk benchmarks. In addition, we assume several highly probable scenarios in a "world with interest rates" from a forward-looking perspective and verify the effects of the scenarios on financial targets. After confirming through stress testing that the plan will remain reasonably sound under a certain amount of stress considering the economic cycle, we allocate capital accordingly and aim to control the balance among earnings, risk, and capital. The PDCA cycle effectively functions to achieve our strategies through proactive risk-taking and appropriate risk management in response to changes in the financial environment by monitoring the financial targets we have formulated.

Process of formulating financial targets



From a sustainability point of view, we also consider events such as demographic trends, digitalization, and other that may significantly affect corporate value over the medium- to long-term as "Risks and Opportunities," and the management team members discuss and share them. By so doing, we minimize risks by taking necessary measures in advance and confirm that how we proceed with our strategies and take risks is consistent with Purpose of the Bank.



Outline of Risk Management System

The Shiga Bank's Board of Directors have established Risk Management Rules, specified the types of risk that should be managed, and defined the roles and responsibilities of the sections responsible for those risks. At the same time, Risk Management Rules prescribe risk management methods.

Furthermore, "Risk Management Policies" integrated with the financial targets are instituted semiannually at the Board of Directors' meeting after clarifying "risk appetite" in light of the Bank's strategic goals and risk status. Since the management of risks such as those associated with compliance and anti-money laundering is becoming increasingly important, the Bank is strengthening its management system such as establishing a separate committee.

These statuses of risk and return are properly managed by having it reported to management through each Committee, the Executive Committee, and the Board of Directors.

Glossary

[Capital allocation]

The Bank uses VaR, etc. to quantify the various risks it faces. Amounts of capital corresponding to risk amounts (economic capital) are allocated for individual categories of risk and for individual departments and other units, within the scope of own capital. At Shiga Bank, business department and market department are subject to capital allocation measures.

[VaR (Value at risk)]

VaR uses a statistical technique to measure the losses that could potentially be incurred in a fixed period of time (for example one year). The Bank uses risk amounts measured with a confidence level of 99% and a holding period of one year in its internal management.

Comprehensive Risk Management

Comprehensive risk management means to appropriately manage risks by looking at various types of risk as a whole, and comparing them to capital adequacy which represents the strength of the financial institution.

Based on the above, the Bank's Risk Supervisory Dept. comprehensively identifies and manages all risks. Additionally, the Bank conducts its business operations so as to control risk within the scope of own capital with an integrative risk management system (the capital allocation system and internal capital adequacy assessment process) which measures and manages various types of risk using such integrated yardsticks as the (maximum) Value at Risk (VaR) formula.

Capital allocation system

The Bank allocates its own capital to risk generated by holding financial products such as loans, securities and deposits (credit risk, market risk, etc.) and risk generated from operational execution (operational risk, etc.) by business division and risk category.

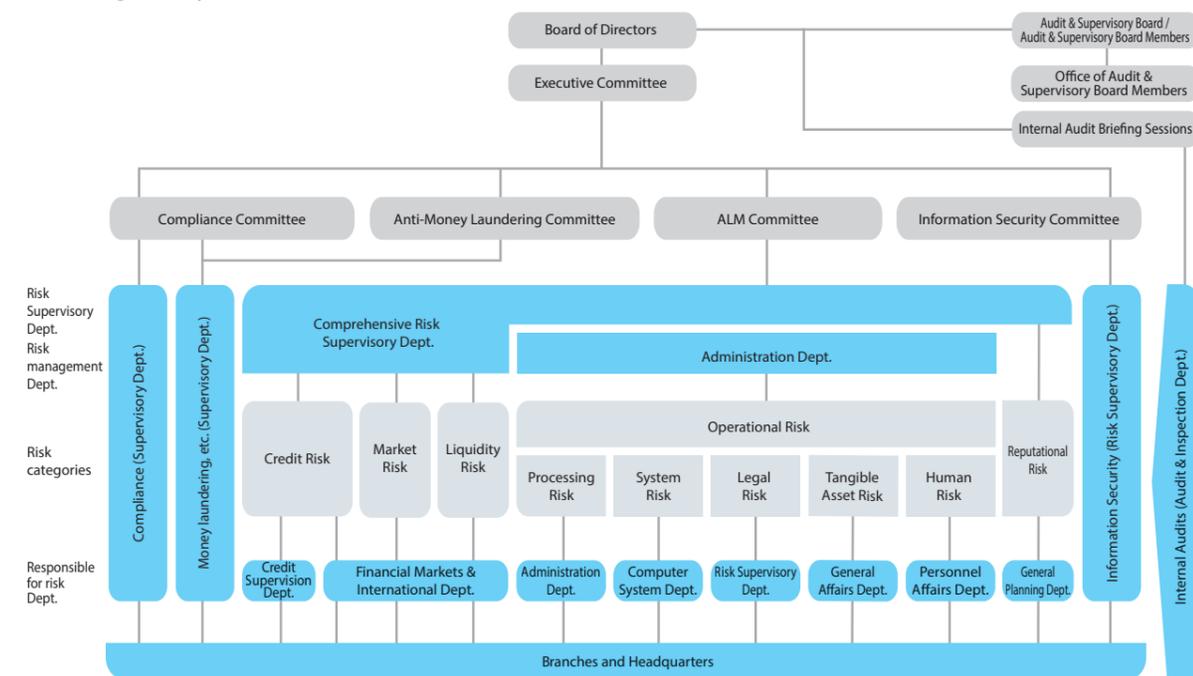
Specifically, the Bank controls risk by keeping it within the specified ratio to both regulatory capital (own capital needed to satisfy capital adequacy regulations) and economic capital (risk amounts calculated using VaR, etc.). In addition, the Bank has created a system that appropriately complements the capital allocation system by controlling price change risk in investments in securities by keeping it within a specified range.

Internal capital adequacy assessment process (stress test)

With the aim of practicing strategic risk management while grasping changes in the domestic and international environment, we conduct stress tests using forward-looking scenarios that take into account the economic cycle, and verify the "capital adequacy and feasibility of strategies" of multi-year financial plans.

In addition, to ensure business continuity even in the event of a financial crisis or other stress event, we use historical scenarios to check our management strength.

Risk Management System



Credit Risk Management System

Credit risk is the risk that the Bank will suffer losses due to the worsening financial conditions of clients, etc.

Recognizing credit risk as the most important risk to business management from the standpoint of its degree of impact, the Bank believes that establishing a management system for credit risk, which accounts for the majority of risk, and rationally controlling the risk are essential for "co-existence and co-prosperity" with regional communities. Based on this view, the Bank introduced its own "Corporate Credit Ratings System" and has endeavored to improve its credit risk management.

Outline of the Corporate Credit Rating System

The Bank implements financial analyses (quantitative evaluations) using statistical rating models based on the financial statements of the customers, and decides the corporate credit rating taking into account qualitative evaluations using the unique screening know-how, and the condition of the company. Based on this Corporate Credit Rating System, the Bank conducts "Shigagin Ratings Communication Service" which discloses the ratings of customers and "Shigagin Ratings Simulation Service" as rational communication tools that connect our customers to the Bank. A shared recognition is reached regarding issues and risks faced by a business customer, and the Bank provides proposals to strengthen the management foundation of customers for sustainable growth and support for compilation of plans for management improvement.

Outline of Credit Risk Management

Changes in the financial status of the customers are reflected as changes in the credit risk of the Bank through the credit rating system.

In recent years, linkage between the economy and the financial capital market has deepened on a worldwide scale. Using compilations of multiple economic scenarios on a global basis, the Bank predicts the extent of impact of such scenarios on the regional economy and on our business customers. Specifically, we forecast rates of sales growth or decline for individual business customers under these different economic scenarios, and possible changes in credit rating after a trial calculation of financial impact. This enables us to manage credit risk and capital ratio status for the whole Bank. Also, we control the credit portfolio appropriately to avoid excess credit concentration on large customers and specific sectors and are working to achieve a level of pricing (setting of loan rates) duly corresponding to credit risk to ensure an appropriate level of returns in relation to the risk.

For organizational aspects, the credit risk control unit independent of the business promotion and credit supervision units has designed a self-assessment system of credit ratings and conducted various verification to check the operations of the others and build a solid operation system.

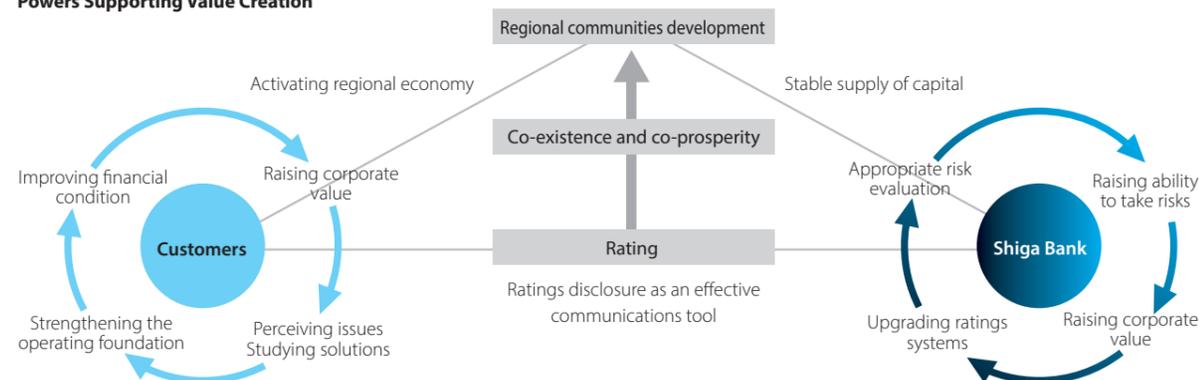
Significance and Purpose of the Corporate Credit Rating System

Based on its conviction to adhere to our "responsible management" system, and with the aim of sophisticating credit risk management, the Bank introduced its own corporate credit ratings system in December 1998 as a rational communication tool for the Bank and its customers to use together to raise corporate value.

Based on its belief that internal ratings system is ultimately a tool for pursuing co-existence and co-prosperity with the regional communities, the Bank recognizes that the building of a solid internal ratings system is essential for consistent implementation of the responsible management model.

From this viewpoint, the Bank, in adopting Basel II in March 2007, has selected the Foundation Internal Ratings Based Approach (FIRB). Under an environment where financial transactions are increasingly diversified and sophisticated, the Bank has proactively committed itself to a credit-based business and its own credit ratings system and wants to contribute on a broad basis to the further development of the regional communities, through its main business.

Powers Supporting Value Creation



Market Risk Management System

Market risk refers to the risk that the Bank will incur a loss because the value of the assets and liabilities it holds changes due to fluctuations in a variety of risk factors in the market, including interest rates, prices of securities and currency exchange rates.

The Bank strives to secure stable revenues by controlling market risks within a certain range.

Regarding market risk for overall banking operations, adjustments are made to financial targets every six months concerning all assets and liabilities including deposits, loans, and securities, and capital is allocated after consideration of the expected earnings and risk balance. The amount of interest rate risk is controlled based on the "Interest Rate Risk in the Banking Book" (IRRBB). Furthermore, in risk measurement the Bank takes into account the type, size, and characteristics of the positions held, and uses VaR and sensitivity (duration, BPV) and other factors for multiple management.

For the market risks arising from fluctuations in the prices of securities and other financial instruments, the Bank sets risk tolerance amounts and other limits so as to ensure that such risks do not have an effect on the operation of the regulated capital base. For items for which limits are set using risk amount measurement methods such as VaR, the Bank performs back-testing in order to verify that the risk amounts are being ascertained appropriately, and reports the results of the verifications to the ALM Committee.

As a general rule, the organizational system related to market risk management is divided into the market transaction sector (front office), business management sector (back office), and risk management sector (middle office), each of which checks the operations of the other. Furthermore, the internal audit department performs audits of the state of compliance with related laws, related regulations, the operational plan, and other requirements and reports the audit results to the Internal Audit Briefing Sessions and the Board of Directors.

Liquidity Risk Management System

Liquidity risk is the risk of losses arising due to the necessity of trading at significantly adverse prices compared with usual levels, due to upheaval in markets causing inability to secure sufficient funding and hindering fund-raising.

Liquidity risk is viewed as a fundamental risk faced by the Bank. We take measures to ensure accurate understanding of fundraising and stable fund procurement and investment, and have a basic policy in place for rigorous risk management that fully emphasizes market liquidity.

In managing the flows of funds, the fund-raising management department monitors fund-raising factors including the financial environment, balance of liquid assets, expected cash outflows, and events that are expected to have an impact on fund-raising on a daily basis, and acts as appropriate. In addition, the Risk supervisory division keeps track of day-to-day risk management by the fund-raising management department, and ensures appropriate management of liquidity risk through regular reporting to the ALM Committee regarding the status of fund-raising. For the liquidity ratio regulation which is the standard for judging soundness of the liquidity, the Bank takes appropriate action.

Operational Risk Management System

Operational risk refers to the risk that the Bank will incur a loss due to a work-related accident at the bank, a flaw in the systems of the Bank, or external factors such as disasters.

The Bank has formulated the Operational Risk Management Rules, divided operational risk into five kinds of risk: (i) processing risk, (ii) system risk, (iii) legal risk, (iv) tangible asset risk, and (v) human risk, and is carrying out integrated management of these risks in the Administration Dept.

In response to cyber-attacks, which are a growing concern in the digital society, we have created a cross-departmental team in the Bank (the Shigagin CSIRT*) and are also utilizing external expertise as we focus on adopting a stronger stance, taking an approach based on multilayered defense with countermeasures at entrance points, inside, and exit points.

*CSIRT: Computer Security Incident Response Team

Management systems for system risk and cybersecurity

The Bank has established management systems for system risk*1 and cybersecurity*2 to operate financial services safely and stably and protect customers' valuable assets from cyber-attacks, concerns over which are increasing in a digital society.

As for system risk, we work to prevent recurrence of any system failure which occurred by analyzing the cause(s) and using the result in improving the development and operation of the system. In addition, we conduct self-assessment of system risks to prevent system failures from occurring, whereby identifying latent risks in systems and taking measures against them. Through these measures, we strive to mitigate system risk.

As for cybersecurity, we have introduced measures such as separation of the business network from the Internet usage environment, next-generation antivirus software, and communication monitoring by external services. In addition, the Bank, with the cross-departmental team "Shigagin CSIRT" playing a central role, has been preparing for emergency by conducting drills to counter cyberattacks and continuously improving its contingency plan*3. We strive to improve literacy of officers and employees by conducting drills for targeted attack email and providing security education on a periodic basis.

Through these measures, we strive to realize digitalization in a safe and reliable manner.

*1 Risk that customers and/or the Bank suffers loss due to a system failure, etc.

*2 A state in which safety control measures for digital information and information systems (prevention of leakage, etc.) have been in place and a fact that the state is appropriately maintained and managed

*3 An emergency response plan. Predetermined procedures to cope with such events as disasters and accidents

Reputational Risk Management System

Reputational risk is the risk of unexpected tangible or intangible losses arising for damage to the Bank's good name due to rumors or slanders spreading in abnormal circumstances.

The Bank has formulated the "Reputational Risk Management Rules" and is committed to prior prevention of abnormal situations that could lead to reputational risk arising.

Enhancing Legal Compliance

Led by the Legal Affairs Office of the Risk Supervisory Dept., the Bank is building systems for maintaining compliance with laws and regulations and proper bank management, and is making efforts to foster employees with a heightened awareness of expectations placed by the public in banks, and with a strong sense of ethics.

Compliance system

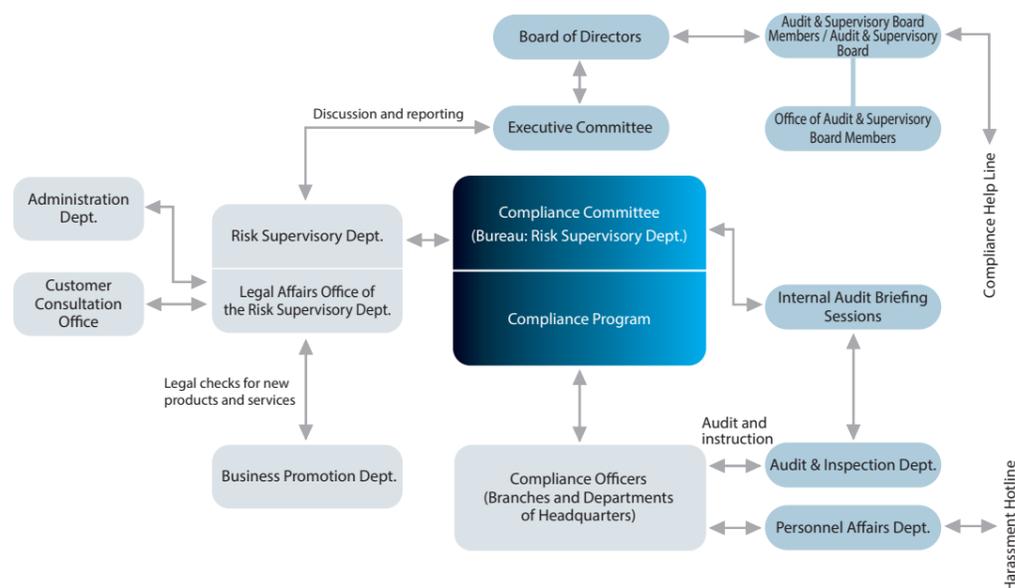
The Bank has stipulated the Code of Conduct based on the Management Principles. In order to comply with them and to thoroughly comply with laws and regulations, the Board of Directors formulates a Compliance Program every fiscal year, after deliberation by the Compliance Committee. In addition, we strive to raise the awareness of employees by conducting training at all departments, branches and affiliates, as well as implementing monitoring to prevent recurrence of misconduct. Moreover, the PDCA cycle is continuously implemented through monitoring of the implementation status of the above program by the Legal Affairs Office of the Risk supervisory Dept., and reporting to the Compliance Committee and the Board of Directors.

Each department and branch has its "Compliance Officer" in place who works to maintain and improve the compliance system in cooperation with the Legal Affairs Office of the Risk Supervisory Dept.

Whistle-blowing system for officers and employees established

In order to promote compliance management, we have established internal and external whistle-blowing hotlines (the Compliance Help Line and the Harassment Hotline) for all officers and employees of the Shiga Bank Group to contact when they have discovered a violation of laws, regulations, or rules in the workplace and cannot discuss their concerns with their superiors or colleagues. In addition, the Bank stipulates matters such as confidentiality of whistleblower information and prohibition of disadvantageous treatment of whistleblowers in its internal regulations, and thereby works to build and operate an effective whistle-blowing system.

Compliance system chart



Measures to prevent recurrence of misconduct

Initiatives to prevent recurrence

In response to the incident announced on September 22, 2022, in which a former employee of the Bank embezzled money from a customer, we have formulated and implemented measures to prevent recurrence from the perspective of the fraud triangle, "opportunities, incentive, and rationalizing."

Specifically, we have formulated rules or a mechanism by which "opportunities" for committing a fraud are not given by taking measures such as prohibiting, as a rule, personnel in charge of customers relations from delivering cash to customers and a superior of a customers relations person alone visiting or phoning the person's customer to check. However, it is difficult to completely prevent recurrence only with measures against the provision of opportunities. Since financial problems that the person in question was faced with created an "incentive" in this fraud case, we will foster a culture where each employee can discuss their personal troubles including financial worries ordinarily. We will strive to foster each employee's awareness of compliance and create an organizational culture that allows a proper checking function to be fulfilled to discourage our employee from "rationalizing" his or her inappropriate behavior.

Redefining compliance

As part of measures to prevent recurrence, we have redefined compliance within the Bank to mean "Compliance = Doing right duly," and have ensured that all employees are fully aware of this at compliance training programs, etc. We will continue to conduct various training programs so that each employee can make autonomous decisions to "do right duly" in various situations.

System for managing conflict of interest

As financial transactions become more sophisticated and the possibility of conflicts of interest between customers and financial institutions increases, we properly manage transactions that may involve conflicts of interest so as not to unfairly harm our customers' interests.

Going forward, we will continue to comply with laws and regulations and carry out our business in a manner that ensures that customer interests are not unfairly harmed in transactions that may involve conflicts of interest between customers and our bank or our affiliates, or between customers of our bank or our affiliates.

Personal information protection and management

While advanced information and communication technology represented by the Internet, social media, cloud services and FinTech has brought more convenient services, it has also been pointing to growing importance of appropriate protection and management of personal information.

We established the "Personal Information Protection Policy" and the "Basic Policy on Handling of Specific Personal Information, etc." as basic policies for appropriate and strict handling of personal information. (These policies are available in Japanese on the Bank's website.)

Based on these policies, we only use the personal information within the scope informed through our website in advance. In addition, to prevent leakage of information, we put various safety management measures in place for administrative procedures and system technologies, and will regularly review these measures for improvement.

Measures to eliminate anti-social forces

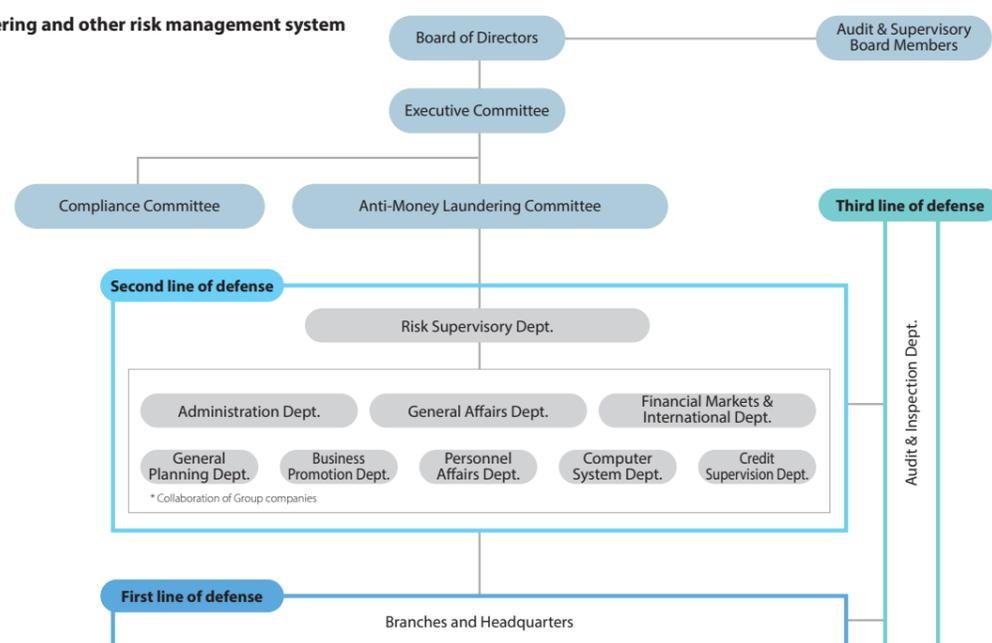
The Bank has taken active measures to eliminate anti-social forces, and has specified an “anti-social forces elimination clause” to the Ordinary Deposit Regulations. Also, the Bank has established the “Shiga Bank Anti-social Forces Elimination Regulations.”

Anti-money laundering measures

In recent years, initiatives to prevent anti-money laundering, terrorism financing, and proliferation financing and sanctions violations (hereinafter referred to as the “money laundering”) are becoming increasingly important. In addition to complying with legal requirements, financial institutions are required to take various measures to prevent money laundering, such as updating customer information to ensure that risks are appropriately reduced according to the risks identified and assessed by the financial institution.

In addition, the Bank is working with related authorities and industry associations to implement measures to respond to and effectively prevent increasingly complex and sophisticated money laundering, etc.

Money laundering and other risk management system



The Bank's main efforts

- July 2018: The “Project team for Anti-money Laundering and Financing of Terrorism” was launched to promote cross-organizational efforts.
- January 2019: The “Anti-Money Laundering Office” was established and installed as a specialized supervisory organization to strengthen money laundering and other risk management system in the Risk Supervisory Dept.
- April 2020: The Bank introduced the monitoring system for illegal transactions to prevent money laundering and other risk.
- October: The Bank introduced a system for evaluating and determining the degree of the risk of money laundering, etc. identified and assessed by the Bank, a filtering system for extracting information that meets specific conditions, and a workflow system for recording the status of responses to suspicious transactions and collected information.
- January 2021: The Bank began regularly updating customer information with the “Customer Information Confirmation Letter.”
- December: “The Anti-Money Laundering, Terrorist Financing and Proliferation Financing Policy” was revised and added anti-proliferation financing measures to the scope of the Policy.
- March 2022: We launched a banner advertisement displayed on our bank ATM screen asking customers for their cooperation in “Customer Information Confirmation.”
- February 2023: “The Anti-Money Laundering, Terrorist Financing and Proliferation Financing Policy” was revised to clearly state that it is the policy of the Shiga Bank Group.
- February: The Bank began training for all employees to retain knowledge about anti-money laundering operations and foster their awareness of such operations.
- April: The Bank established the “Anti-Money Laundering Committee” to make cross-organizational efforts undertaken for measures against money laundering permanent.
- September: Completed the first round of efforts to improve money laundering and other risk management system and update customer information.

In addition to enhancing various training programs and encouraging officers and employees to acquire related qualifications, the Bank is proceeding with measures one by one to reduce its money laundering and other risks based on risk evaluation report.

Continuous customer management system

The Bank is pursuing initiatives to update customer information to prevent unauthorized use and other forms of misuse of customers’ bank accounts by a third party. Through these efforts, the Bank strives to strengthen its management system for money laundering and other risks and allow customers to use the Bank’s products and services including bank accounts in a safe and reliable manner.

- Information on updating customers' information by sending the “Customer Information Confirmation Letter” by mail
- Update customer information at the Bank’s branches, etc.

Special fraud prevention system

In order to protect customers’ important deposits from “special fraud,” which has become a social problem, and to ensure that customers receive our services with peace of mind, we offer a variety of services. We are working on it.

The Bank's main efforts

- In the Bank’s branches and at ATM corners, employees call out to customers and pay attention to their facial expressions, behavior carefully.
- Posting of alerts on the Bank’s website
- Adoption of the “Cashier’s Check Plan”
- Restrictions on some ATM transfer functions
- Strengthening cooperation with police and related organizations (holding study sessions, distribution of fraud alert flyers, use of automated calls, etc.)
- Conducting internal training programs
- Conducting lectured at each branch

Stakeholder Engagement

The Shiga Bank strives to offer better value by recognizing various issues through engagement with stakeholders, including our customers, communities, shareholders, and the officers and employees, and pursuing initiatives to resolve such issues. We aim for sustainable development of the local community and enhancement of corporate value by sincerely listening to opinions from stakeholders and utilizing the opinions for better management.

We value transparent and speedy disclosure of information so that stakeholders can appropriately make decisions on dealings with the Shiga Bank Group and investment in the Bank's shares.

Communication with customers



We improve the quality of products and services by evaluating the opinions and requests from our customers via such channels as questionnaires or Customer Consultation Office.

Communication with communities



We contribute to a more vibrant region by solving social issues through engagement with local communities, responding to potential needs and promoting regional branding toward the achievement of a sustainable society.

Officers and employees in the Shiga Bank Group actively take part in regional volunteer activities to value relationships with local communities. In addition, in response to requests from schools in local communities, we provide education on SDGs and finance to help children to improve their SDGs and financial literacy.

Communication with employees



We respect human rights, support diverse work styles and put in place a career support system toward self-realization so that each and every officer and employee in the Shiga Bank Group can display their maximum capabilities feeling high job satisfaction. In addition, the Bank is seeking to enlarge communication opportunities in the Group including the management team, especially by setting up a place for the management team and employees to communicate interactively, such as through plans in its in-house journals.

Communication with shareholders and investors



In order to achieve sustainable growth and improve corporate value, the Bank strives to engage in constructive dialogue with shareholders and investors and to provide highly transparent disclosure of corporate and management information. The Bank holds information sessions for both institutional and individual investors, and for information sessions for institutional investors, it also uses online distribution to enhance information provision.

Communication with the global environment



We will strive to create a society where children who will lead the next generation can live with peace of mind by discussing how to cope with environmental issues such as climate change and crises to regional resources and ecosystems with external parties and conducting direct and indirect activities through volunteering and our main business. The Bank, which is headquartered next to Lake Biwa, conducts "Ikimonogatari" (Tales of Life) activities, environmental volunteering (P. 86), to protect biodiversity in Lake Biwa and help its employees to improve their environmental literacy.

Communication with government, educational institutions, NPOs/NGOs, etc.



Through partnerships with government (incl.local government) and experts, we link research seeds with regional needs and realize high-quality solutions. We are strengthening our collaboration with the Prefectures and municipalities to realize sustainable regional communities through decarbonization and digital initiatives.