



SHIGA BANK REPORT 2025

INTEGRATED REPORT

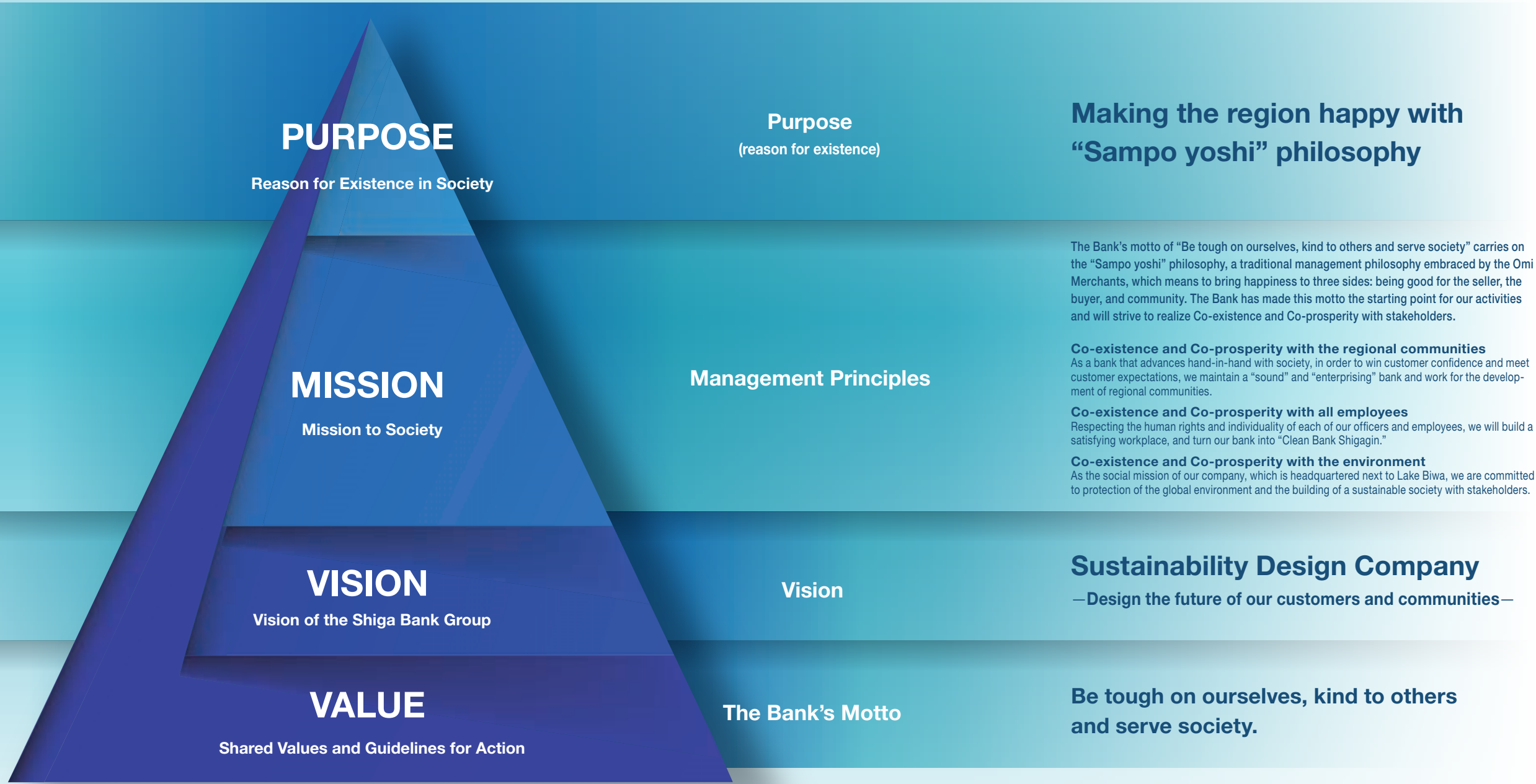
ANNUAL REPORT 2025 Year ended March 31, 2025

SHIGA BANK

Philosophy Principles

The Shiga Bank Group established the Purpose (reason for existence), “Making the region happy with ‘Sampo yoshi’ philosophy,” in order for all employees to continue moving forward as one toward our 100th anniversary in 2033 and beyond.

Based on a system of principles with Purpose at the core, the “Sampo yoshi” traditional management philosophy, embraced by the Omi Merchants, was upheld through our motto of “Be tough on ourselves, kind to others and serve society.” The Bank has made this motto the starting point for our activities and strives to increase corporate value by 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.



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Editorial Theme of Integrated Report 2025

“Integrated Report 2025” sets out to clearly convey how we will solve issues identified through backcasting based on our vision for regional communities that we wish to achieve in the medium to long term, using the Shiga Bank Group’s value creation philosophy as a foundation, and how we will link these solutions to the enhancement of corporate value through our management strategy and business model.

In addition to our efforts to enhance our financial and non-financial capital, we have compiled this document to help you understand our approach of a “virtuous cycle of happiness brought to the region” by linking each type of capital to co-create a positive impact on the region through the operations of the Shiga Bank Group.

The Shiga Bank Group is proactively engaging in dialogue with shareholders, investors, and other stakeholders through its integrated reports. We are striving to incorporate the feedback we receive from our stakeholders into the improvement of our management and to reflect it in future information disclosure and opportunities for dialogue.

In addition, employees are also important stakeholders, and we are working to raise awareness of corporate value among each and every employee through our integrated reports.

Shiga Bank's Disclosure Policy

- 1. Basic views**

Based on our social responsibility and public mission as a regional financial institution, we aim to ensure highly transparent disclosure. We shall ensure timely, due, continuous, fair and accurate disclosure of information to foster understanding and appropriate evaluation of Bank operations by all of our stakeholders, including our customers, shareholders, investors and regional communities.
- 2. Information to be disclosed**

The Bank will disclose management information in accordance with laws and regulations such as the Banking Act and the Financial Instruments and Exchange Act, as well as the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities established by the Tokyo Stock Exchange (hereinafter referred to as the “Timely Disclosure Rules”).

In addition, we will disclose information that is deemed useful to our stakeholders in a fair and timely manner to the greatest extent possible, even if the information does not fall under the category of material facts specified by laws and regulations or the Timely Disclosure Rules.
- 3. Methods of information disclosure**

Information required to be disclosed under laws and regulations as well as the Timely Disclosure Rules will be disclosed in a timely and appropriate manner in accordance with such rules and regulations, and will also be posted on the Bank's website.

For other voluntarily disclosed information, we will strive to disclose information that is fair and useful in an appropriate manner.
- 4. Information disclosure procedures and systems**

The Bank has established the “Rules on Management-related Information Disclosure” and has designated the General Planning Department as the department responsible for disclosure of management-related information in order to develop and enhance procedures and systems for timely and appropriate information disclosure.

In addition, to maintain the appropriateness of the information, we consult with audit firms and other experts as necessary, and periodically verify the appropriateness and effectiveness of the information.
- 5. Forward-looking statements**

The information on the Bank's website and in the Integrated Report contains statements regarding the financial position of and future forecasts concerning the Bank and other Group companies.

These forward-looking statements do not guarantee that future performance will be achieved as stated. They are affected by certain risks and uncertainties and may not necessarily be consistent with actual results due to changes in the business environment in the future.

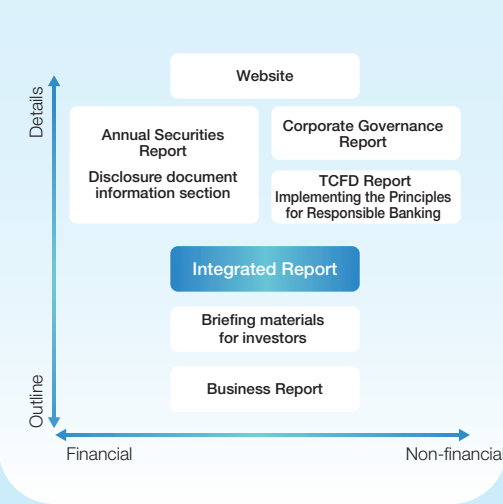
On the Publication of Integrated Report

This report is based on the “International Integrated Reporting Framework” presented by the International Financial Reporting Standards (IFRS) Foundation and the “Value Creation Guidance” issued by the Ministry of Economy, Trade and Industry (METI), and is an integrated compilation of the Bank’s and its community’s sustainable value creation framework by linking financial information to management philosophy, strategy, ESG information (environment, society, governance), and other non-financial information. This publication also serves as disclosure material (documents explaining the status of operations and assets) in accordance with Article 21 of the Banking Act. When using this document as a disclosure document, please refer to this document, the information section (available on the Bank’s website), and the “SHIGA BANK REPORT 2025 Financial Data and Basel III Pillar 3 Disclosure” (available on the same website). Management and others have confirmed that appropriate disclosures have been made in accordance with the Bank’s Disclosure Policy.

Cautionary Statement with Respect to Forward-Looking Statements

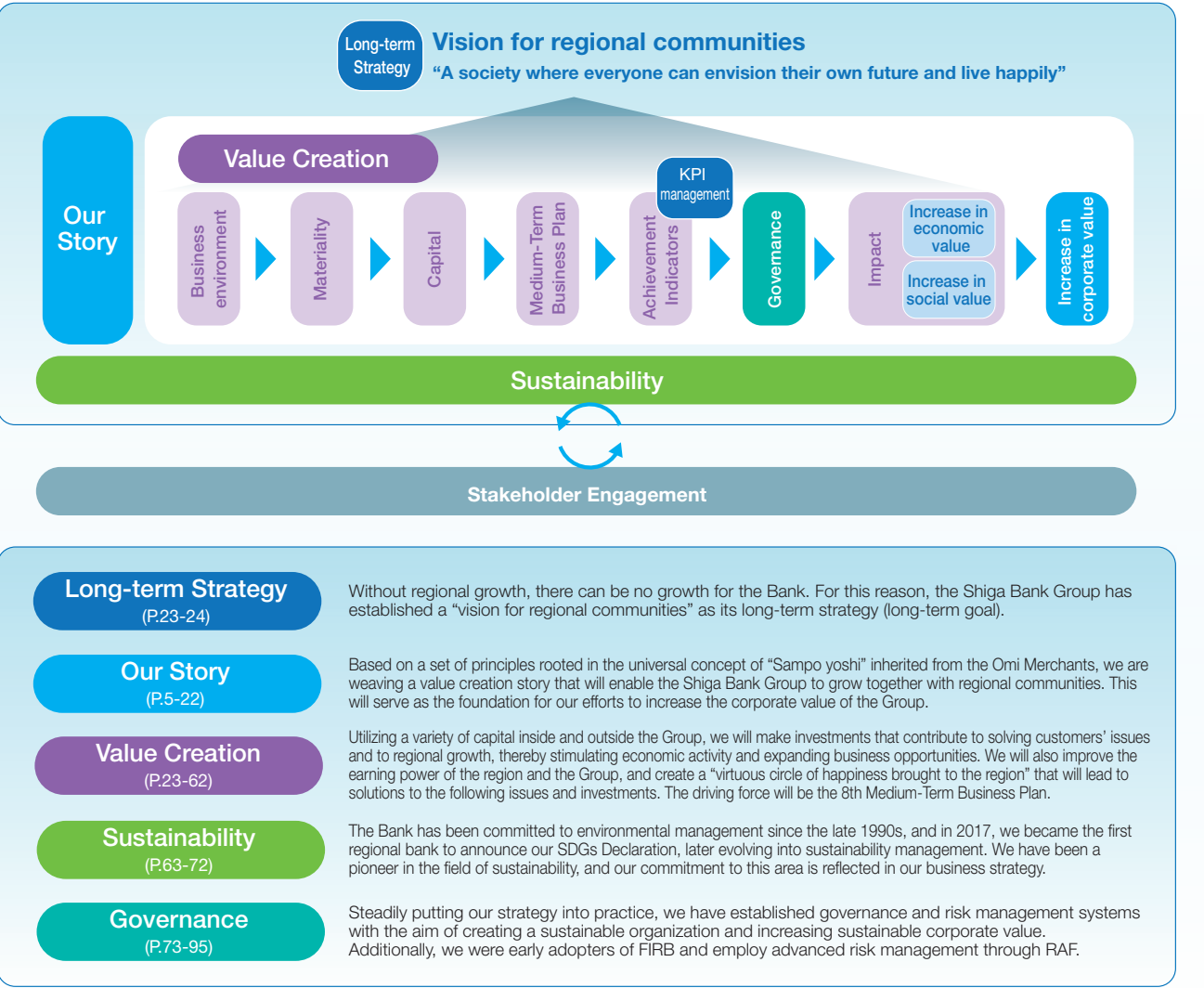
This material contains statements regarding future earnings forecasts and targets, etc. relating to the Bank. These statements are based on information available at the time of compilation of these materials and forecasts or certain conditions (assumptions) that could affect business performance. They are not guarantees of future performance of the Bank, and involve various risks and uncertainties.

Main disclosure media



Structure of Integrated Report 2025

This report is structured as shown in the diagram below in order to explain Shiga Bank’s value creation story. Throughout this report, we have structured and compiled a story that extensively conveys the principles, strategy, governance, and other elements essential to understanding the value creation story of our group, with sustainability serving as the core theme.



Noteworthy Contents in Integrated Report 2025

- P.5-10: Top Message**

This section will share the President’s message, focusing on a review of the first year of the 8th Medium-Term Business Plan, which was launched with the aim of realizing our purpose of “making the region happy with the ‘Sampo yoshi’ philosophy.”
- P.13-18: Approach to Capital Policy and Efforts to Enhance Corporate Value/Message from the Officer Responsible for Finance**

This section summarizes our approach to capital policy and specific efforts to enhance corporate value using a PBR logic tree in a TOPICS format, and provides details in a message from the officer responsible for finance.
- P.53-62: Human First**

This section outlines the initiatives implemented over the past year and future challenges related to “Human First,” one of the basic strategies of the 8th Medium-Term Business Plan. It also features comments from three employees who have put into practice a “culture of challenge and admiration.” The first Human Award is an award system that embodies the values of the Shiga Bank Group.
- P.79-82: Roundtable Discussion with Outside Directors**

A roundtable discussion was held with three Outside Directors. From an external perspective, we received a wide collection of opinions assessing the efforts of the Group and identifying issues to be addressed.

Top Message

The Shiga Bank Group established the Purpose of “Making the region happy with ‘Sampo yoshi’ philosophy” in April last year, and has taken steps forward in this regard. Over the past year, with this purpose in mind, we have boldly ventured into uncharted territory, establishing a new company dedicated to solving social issues, investing aggressively in human capital, and fostering a culture of challenge and admiration. However, we will not stop here. Maintaining a spirit of enterprise and continuing to embrace new challenges is what defines and makes up the essence of Shiga Bank, a true successor to the spirit of the Omi Merchants. As a modern-day Omi Merchant, the Shiga Bank group will continue to create a “virtuous cycle of happiness brought to the region” in a manner befitting the Bank.

Shinya Kubota President and CEO (Representative Director)

From Bank to Company: The Challenge of Being a Modern-day Omi Merchant

The world has reached a major turning point, marked by the emergence of a “world with interest rates,” rapid digitalization, and changes in work and life perspectives in the wake of the COVID-19 pandemic. Now is the time to seek new business opportunities, take action, and rise to the challenge. Recognizing that “maintaining the status quo poses the greatest risk,” the Shiga Bank Group has set out a vision of becoming a “Sustainability Design Company” that designs the future of our customers and regions, transcending the traditional concept of a “bank.” We are working to achieve this vision through our 8th Medium-Term Business Plan (hereinafter referred to as the “8th Mid-Term Plan”), which will run for five years starting in April 2024.

The management of the Shiga Bank Group originates from the merger of the 133rd National Bank (Hyakusanjusan Bank), which prided itself on “sound management,” and the Hachiman Bank, which emphasized a culture of “enterprise.” Since its founding in 1933, the Bank has solidified its business foundation

as a trusted regional bank through sound and prudent management, while expanding its business with a spirit of enterprise reminiscent of the merchants of Omi.

In the past, merchants from Omi carried products from Omi to various parts of the country and brought back products from those areas to Omi and the Kansai region, creating a virtuous cycle of trade known as “shokoku sanbutsu mawashi” (distributing products of provinces around the country) that fueled the economy. Following in the footsteps of the Omi merchants, we are also working to enhance our profitability through information gathering and analysis that transcends regional boundaries, and are committed to further revitalizing the local economy in the modern-day era. We will enhance the Group’s earning power while making an impact on society through the resolution of local issues, and use the results to make new investments in the region. That is what we believe to be a “virtuous cycle of happiness brought to the region.”

Toward Further Enhancement of Corporate Value —Revision of Financial Indicators in the 8th Mid-Term Plan—

In the fiscal year ended March 31, 2025, the first year of the 8th Mid-Term Plan, consolidated net income reached a record high of 18.7 billion yen, driven by an increase in loans and higher net interest income due to rising interest rates, as well as strong progress in solution-oriented finance. Total deposits amounted to 5,847.3 billion yen, and total loans amounted to 4,563.2 billion yen, both of which remained stable.

We also achieved results in sustainability achievement indicators, such as the “number of people who autonomously challenged themselves to improve their skills and develop their careers.”

Furthermore, in May 2025, taking into account the impact of changes to monetary policy by the Bank

of Japan, the Shiga Bank Group raised our target for consolidated ROE, a financial indicator, from “5% or more” to “6% or more” with a view toward further growth of the Group (P. 14, 16). We have also made the decision to grant Shiga Bank shares to employees as an investment in human capital (P. 13). By engendering a sense of participation in management among each and every employee, we will cultivate an awareness of sustainably enhancing value. As employees themselves become shareholders, we will strive to enhance the corporate value of the Bank, aiming for a consolidated ROE of 6% or more.

**Focusing on
what’s important
and embracing
new challenges**
—Toward a future with purpose—



Top Message

As the capital policy of our 8th Mid-Term Plan, the basic policy of the Bank is to return profits to shareholders as much as possible, based on the “Sampo yoshi” spirit that balances soundness, growth investment, and shareholder return, with a target shareholder return ratio of 40%. As part of this, for the fiscal year ending March 31, 2026, we plan to pay an annual dividend of 130 yen per share based on consolidated net income of 20.0 billion yen, representing an increase of 40 yen per share (P. 13).

Requests from the Tokyo Stock Exchange and feedback from our shareholders have served to reaffirm the importance of enhancing corporate value. To realize this vision, we have adopted a capital policy based on the spirit of “Sampo yoshi.” We are striving to enhance both corporate and shareholder value by balancing soundness, growth investment, and shareholder return. As we enter the second year of the 8th Mid-Term Plan, the Shiga Bank Group will implement measures that will lead to further growth and the happiness of all stakeholders, including our employees, shareholders, and customers (local communities).



Initiatives in the First Year of the 8th Mid-Term Plan

Under the 8th Mid-Term Plan, we have set forth three basic strategies: “Impact Design” to develop and revitalize regional communities by solving social issues; “Base for Growth” to strengthen the management foundation; and “Human First” to maximize human capital. We have been promoting various initiatives since the first year of the plan.

<Impact Design (P. 33-44)>

In order to design the kind of community we want to create, we have begun sowing the seeds of new businesses aimed at solving the social issues faced by regional communities. We have established two new companies, Shigagin energy and Shigagin capital partners, to address the social issues of decarbonization and business succession, which have a significant impact on the regional economy, and the Shiga Bank Group is working as one to solve these issues. We have also launched the Future Design Group, a team dedicated to creating new businesses that will help to solve regional and social issues. Last year, the team held a series of meetings with over 300 companies spanning from Tokyo to Kyushu, including local companies, and worked to gather information from various industries and government agencies, including construction, trading companies, tourism, manufacturing, and real estate. The concept for the new business has been largely finalized, and this fiscal year we will seek to realize it by putting concrete measures into practice with a sense of urgency.

However, solving regional issues is not something we can achieve on our own. We believe that it is essential for local residents, businesses, local governments, universities, and other regional stakeholders to work

together and move forward side by side. In other words, “co-creation” in designing communities is precisely what we need. We have been taking part in various collaborative efforts, and only last year we concluded a partnership agreement with Koka City and other parties on the promotion of Shigaraki ware production, utilizing vacant houses and other properties. We also participated in the Nagahama Institute of Bio-Science and Technology’s Industry-Academia Collaboration and Human Resource Development Consortium. In April of this year, we signed a comprehensive partnership agreement with HEIWADO CO., LTD., a major local retailer. Both companies will collaborate closely and build a relationship of trust across a wide range of fields, effectively utilizing each other’s resources and capacities to help drive the revitalization of the regional economy and the development of local communities. Specifically, we are looking into jointly holding financial education seminars and planning initiatives to promote regional economic development by putting each other’s data to good use. As we mentioned at the press conference announcing this partnership, we hope to create new value by collaborating with companies in different industries but with similar customer bases.

In addition to regional and cross-industry partnerships, we are actively engaged in “co-creation” initiatives among financial institutions, such as the TSUBASA Alliance, the largest nationwide partnership involving the top 10 banks across Japan, as well as partnerships with neighboring banks, in order to make an impact that will lead to the realization of sustainable communities.

Regional Collaboration (P. 34-36)

Leveraging our planning and development capabilities and extensive financial expertise to accurately identify and resolve a wide range of regional issues

Local governments and universities

Shiga University
Joint research on data science
Hino Town
Comprehensive Partnership Agreement on Co-Creation of Digital Public Services
Koka City and Shigaraki Machizukuri Co., Ltd.
Nagahama Institute of Bio-Science and Technology

Local companies

Comprehensive Partnership Agreement with HEIWADO CO.,LTD.
Agreement on Decarbonization to Contribute to the Improvement of Sustainability with SCREEN Holdings Co., Ltd. and Shiga Prefecture
Shigagin new business support network “Nonohana Support Group”
etc.

<Base for Growth (P. 45-52)>

Before boldly taking on the challenge of making a positive impact on society, it is necessary to establish a solid foundation. We are therefore striving to secure stable earnings and diversify our revenue streams through the effective use of capital in order to strengthen our business foundation. Additionally, we are channeling our efforts into advancing our management infrastructure by implementing data-driven management, leveraging AI, promoting DX, and optimizing our stores and channels, thereby steadily building a foundation equipped to support sustainable growth.

In the area of revenue diversification, we have been working to expand investment and financing through the Finance Office established in June 2021. By pursuing new financing methods and refining our financing operations, we are aiming to strategically utilize the capital we hold and generate new revenue opportunities through calculated risk-taking.

In addition, with the aim of improving operational efficiency and productivity, we are putting the AI-powered “Copilot” to good use across all stores to streamline routine tasks such as document creation. In addition, one of our key initiatives has been to promote data-driven management as a means of improving the quality of management decisions through the combination of information volume and analytical capabilities. The Data Driven Project Team, newly established last year, supports rapid decision-making and strategy formulation based on data analysis across organizational boundaries, helping to reinforce the Bank’s management foundation.

With regard to the renewal of the next-generation accounting system, we are proceeding with BIPROGY Inc. as the main vendor candidate. Our policy is to introduce a highly sustainable system capable of flexibly and speedily realizing management strategies and supporting the provision of customer-oriented services. Through the in-house operation of accounting systems and the construction of information systems, we have honed our system planning and development capabilities. By combining these strengths with our diverse network of local companies, universities, and local governments, we are set to provide services that go beyond those of conventional finance.

<Human First (P. 53-62)>

The Shiga Bank Group publishes a quarterly regional information magazine called “Kakehashi,” which features a management discussion between myself and one of the CEOs of our business partners as its main content in every issue. In the discussion, I always ask about

Collaboration Within the Financial Industry (P. 51-52)

Collaboration in cost reduction measures and sharing of various knowledge

TSUBASA Alliance

Free affiliated ATM

Combined mail delivery

Kyoto-Shiga Small and Medium-sized Enterprise Support Fund
etc.

initiatives related to human capital management. In recent years, against the backdrop of a declining working population and intensifying competition for talented human resources, knowing how to nurture and utilize human capital has become a critical issue for the sustainable growth of companies. It is people who are the drivers of value creation, and in order to bring out their abilities to the fullest, it is necessary to increase their satisfaction with their work and to put in place measures that adequately meet the expectations of all employees, whether young or experienced, for a workplace environment where they can grow. One manager passionately stated, “My most important job is to create an environment where staff ultimately feel that they are glad to be working here.” At the 90th anniversary ceremony held two years ago, I promised the Group’s employees that I would make Shiga Bank a company where they could truly feel glad to be working, so I deeply agree with this sentiment. The most important thing a manager can do for their employees is to create an environment where each individual can work to their full potential and to provide them with the best platform to do so. With this in mind, we have adopted “Human First” as the basic strategy of the 8th Mid-Term Plan.

The 8th Mid-Term Plan is rolling out policies that really focus on human capital. In order to encourage the growth of each and every employee, we doubled the number of employees sent to external training programs last year to 39. In addition, we have launched a new “Sales Management School” for management-level employees to facilitate the growth of mid-level employees. Inviting experts to systematically teach management skills will ensure that sales know-how is not kept as tacit knowledge locked inside individuals, but will rather boost the sales capabilities of the entire organization.

In addition, we have started a program called “Nozokimil” in which young employees at sales offices primarily observe the work of headquarters staff and use what they learn to help them develop their own careers independently. The employees that take up this program every year number around 250, and applications for the human resources recruitment system have also increased 1.6-fold.

Additionally, as part of our efforts to utilize external human resources, we have established an alumni network which will offer opportunities for a diversity of talented individuals to showcase their abilities. We hope to put this system to good use not only to motivate people to return to work at our bank, but also to create a mechanism that allows them to work together as colleagues for the good of the community.

Top Message

It has recently been pointed out that corporate culture can affect business performance. In order to prompt a shift from “bank” to “company,” it is essential to create an environment where everyone views challenges in a positive light. In our 8th Mid-Term Plan, we established the “Shigagin Human Award” with the aim of fostering a culture of challenge and admiration. The goal is to build a culture based on a cycle of identifying, admiring, and sharing good behavior based on the Bank’s motto that embodies the value (shared values and guidelines for action) of the Shiga Bank Group, which is “be tough on ourselves, kind to others and serve society.”

In the first awards, approximately 1,300 employees across the entire Group received messages of admiration, a quarter of which came from outside the

recipient’s department or branch.

I was deeply moved and proud to see the award-winning employees incorporate the Bank’s motto into their daily work and support others rather than focusing on their own achievements. Rather than being fixated on immediate results, we should act with the belief that our efforts will come to fruition in five or ten years, or even after we retire. This attitude truly epitomizes the motto that we have always held dear. My mission is to spread these values throughout the entire organization and foster a corporate culture where everyone can say, “I’m glad I work for the Shiga Bank Group.”

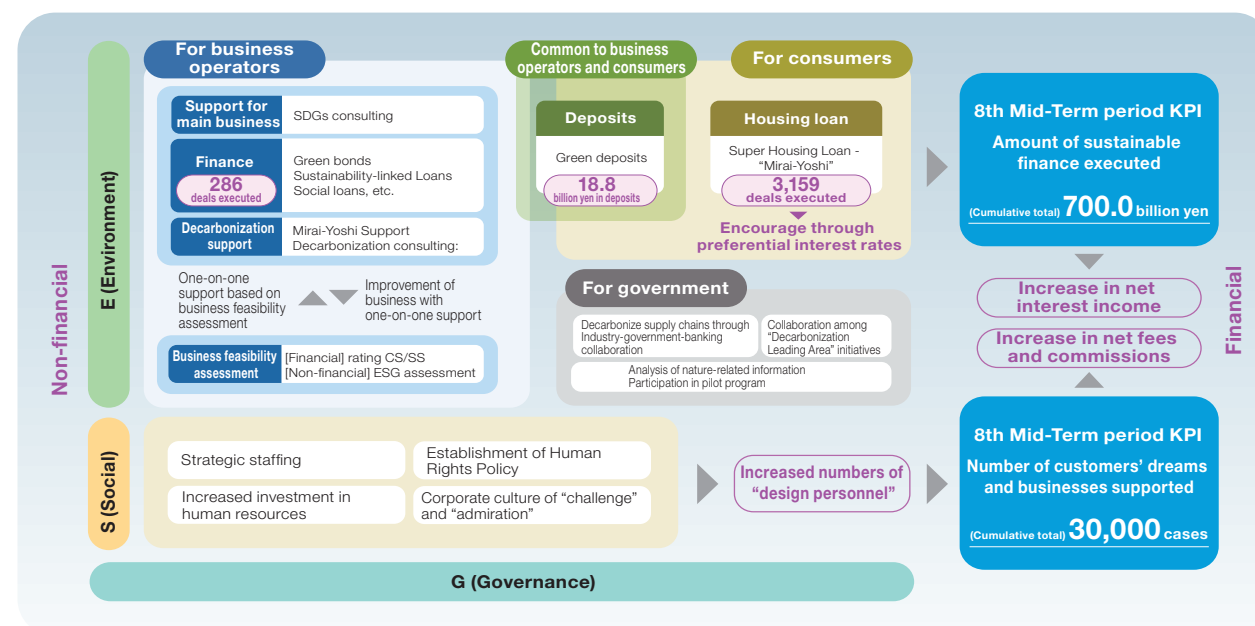
Linking Non-financial to Financial

Seeing the strategic allocation and development of human capital as a key management issue, we have launched a cross-organizational “Value Creation Project Team” to look at various initiatives geared toward achieving the goals of the 8th Mid-Term Plan. As part of this strategy, we are discussing ways to allocate human capital to specific areas and putting them into practice. For example, we made strategic allocations to boost profitability by increasing personnel in the Finance Department and Direct Sales Office, with a focus on RORA and profit margins.

In addition, the Bank has traditionally linked sustainability to its business. In particular, we have been actively involved in environment-related initiatives since the 1990s, discussing and implementing ways to link these efforts to our business, including our products and services, rather than simply engaging in volunteer activities. The 8th Mid-Term Plan sets out “sustainability achievement indicators” that include investment and financing in the environmental field, and the achievement of these indicators will lead to economic value.

According to a survey of companies in the prefecture conducted in February this year by our group company, Shigagin Economic & Cultural Center, nearly 50% of companies are currently taking steps to decarbonize their operations, and when those that are planning and considering doing so are included, the figure rises to nearly 70%. We believe that sustainable finance will play a crucial role in achieving a carbon-neutral society and raising the sustainability of communities and society as a whole. In recent years, there has been a growing global awareness of nature, as evidenced by the TNFD (Taskforce on Nature-related Financial Disclosures). Including efforts to preserve biodiversity, we will continue to be a leader in sustainable finance among regional banks, connecting the “earning power” of our Group to the capacity of the region and society to create added value.

In order to further promote these ESG initiatives, we have decided to reflect ESG indicators in our officer compensation system starting in July (P. 78). We will take a sincere approach to environmental, social, and governance issues and work responsibly to create long-term corporate value.



Emerging Challenges

In the first year of the 8th Mid-Term Plan, we believe that we made steady progress in strengthening the foundations for behavioral change. However, new challenges have emerged as the business environment shifts toward a “world with interest rates.”

The issue of population decline cannot be ignored, even in Shiga Prefecture where the decline is relatively slow. One day, population decline will also lead to a decrease in deposit amounts. In particular, in a “world with interest rates,” the importance of deposits is increasing, and there is a need to generate sticky deposits. To this end, it is essential to deepen connections with our customers and build long-term relationships. Therefore, we are working to enhance our human resource development and follow-up systems, and to strengthen our sales capabilities so that each and every employee can play a role in building a fan base for the Shiga Bank Group.

Furthermore, population decline will lead to a contraction of the regional economy, which is a structural issue for the regional economy as a whole. To tackle this issue, it is necessary to revitalize the flow of funds in the region and establish a framework for funds to circulate easily within the region. With regard to our long-term

strategy of “vision for regional communities,” we have set forth the specific goals of increasing the real gross domestic product and creating jobs in Shiga Prefecture as one way to achieve this vision, demonstrating our commitment to the regional economy.

Two major events will be held in my local area this year. The Osaka-Kansai Expo got underway this spring. With the theme of “Designing Future Society for Our Lives,” the exhibition showcases solutions to various social issues and cutting-edge technologies for the next generation. This fall, the Japan Games and National Sports Festival for People with a Disability will be held in Shiga Prefecture. Through these two events, the Shiga Bank Group will cooperate in the operation of the games as volunteers, promoting regional sports and culture and fostering a sense of inclusion. These two major events are expected to have a significant economic impact, and I would like to take this opportunity to instill in our Group the importance of “designing the future of regional communities” and an appreciation of diversity as our legacy. We are confident that the heightened awareness of each individual will serve as a driving force for the entire organization and cement the position of our Group.

Focusing on What’s Important

There is a saying that “history does not repeat itself, but it often rhymes.” In the 20th century, influenza became a global pandemic, and protectionism spread as countries raised tariffs to protect their industries after the Great Depression. In the 21st century, following the COVID-19 pandemic, high tariff policies are again affecting global trade. This year, marking 80 years since the conclusion of World War II, the US president declared a “revolution of common sense” in his inaugural address. We are closely watching how the international economic order established during the postwar reconstruction process will change in the future, but this situation has also provided an opportunity to revisit what we consider to be “common sense.”

It is not difficult to understand that “common sense” varies depending on the person, country, region, and generation. It is difficult, however, to question one’s own “common sense.” For this reason, routine tasks, familiar work procedures, and sales methods derived from past successes tend to become entrenched as “common sense” in business. However, in order to reach for a future that is not merely an extension of the present, it is necessary to break free from what is taken for granted as “common sense,” and heighten our senses to “distrust common sense,” and constantly seek areas for improvement in order to bring about behavioral change. Then, in order to embrace new challenges, it is essential to gather a wide range of information, analyze it accurately, identify the essence of change, and take swift action. We will engage in constructive dialogue with our stakeholders, proactively take on board different opinions, and seek out new perspectives in order to evolve into a company that designs sustainable growth for the region.

In the first year of the 8th Mid-Term Plan, we sowed the seeds for each measure. Starting this fiscal year, we will nurture these seeds into large trees and have an impact on the creation of sustainable regional communities. Then, by continuing to take on the challenge of transforming from a “bank” to a “company,” we will embody our purpose (reason for existence), which is making the region happy with the “Sampo yoshi” philosophy. Thank you for your continued understanding and support. We hope to receive your continued patronage in the future.



History

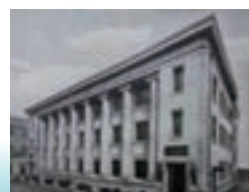
Steps Toward Enhancing the Corporate Value of the Shiga Bank Group

The Shiga Bank Group has long upheld the traditional spirit of the Omi Merchants, known as “Sampo yoshi” (bringing happiness to three sides: being good for the seller, the buyer, and society), and has walked hand in hand with its customers and regional communities in a spirit of coexistence and co-prosperity.

Holding dear the teachings of our predecessors, we shall continue to contribute to the happiness of the region founded on the belief that the growth of the Group is inextricably linked to the growth of the region and our customers.

1933 – Established a solid management foundation based on a spirit of “soundness” and “enterprise”

- **October 1933** Established the Shiga Bank, Ltd.
- **October 1938** Opened Kyoto Branch
- **March 1941** Opened Osaka Branch
- **July 1946** Opened Tokyo Branch
- **May 1951** Commenced foreign exchange business



since 1933

Spirit inherited from Omi Merchants

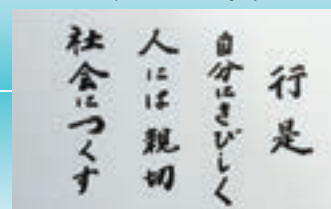
“Sampo yoshi,” (bringing happiness to three sides: being good for the seller, the buyer, and society) also known as a Japanese version of the SDGs. The Bank’s motto of “Be tough on ourselves, kind to others and serve society” carries on “Sampo yoshi” philosophy, a traditional management philosophy embraced by the Omi Merchants. Every member of the Shiga Bank Group deeply understands that the growth of the Group is inextricably linked to the growth of regions and our customers. We are also very proud of our roots in the Omi Merchants.

The Omi Merchants were known for their enterprising spirit and were involved in a wide range of businesses. Shouldering a trademark carrying pole, they expanded their businesses all over Japan and are considered one of Japan’s three great merchants along with the Osaka Merchants and Ise Merchants, and founded many influential companies.

With the frontier spirit of the Omi Merchants, the Shiga Bank Group opened the Kyoto Branch in 1938, five years after the Bank was established. Branches were then opened successively in Osaka and Tokyo, making us one of the first “wide-area regional banks.” Just as Omi Merchants conducted business in various regions and contributed to the economic revitalization of Shiga Prefecture, the home of their main offices, our Group is also taking advantage of its extensive network of stores to drive the revitalization of regional communities. This spirit has led to forward-looking “environmental management” and “sustainability management.”

1960 – Strengthened management systems that embody the Bank’s motto

- **January 1966** Announced the Bank’s motto
- **October 1977** Listed stocks on the Osaka Securities Exchange (the Second Section) and the Kyoto Stock Exchange
- **August 1984** Established the “Shigagin Welfare Fund,” a social welfare corporation
- **October 1987** Listed stocks on the Tokyo Stock Exchange (the First Section)
- **March 1988** Opened the New York Representative Office (promoted to New York Branch in 1991 and closed down in 1998)
- **July 1988** Completed the current Head Office building
- **May 1989** Opened Hong Kong Representative Office (promoted to Hong Kong Branch in September, 1993)
- **December 1998** Commenced “In-house corporate credit ratings system”



Source: Archival Museum, Faculty of Economics, Shiga University

1999 – Put into practice its forward-looking “environmental management”

- **October 1999** Established the “Environmental Policy”
- **March 2000** Acquired ISO 14001 certification
- **July 2000** Opened “Saturday School for Entrepreneurship” (currently “Shigagin Entrepreneurship and Business Management School”)
- **October 2001** Signed the UNEP Statement by Financial Institutions
- **April 2003** Established “Shigagin Nonohana Prize” (currently “Shigagin Nonohana Prize for Innovation”)
- **December 2003** Opened Shanghai Representative Office
- **April 2004** Established “CSR Committee” and “CSR Office”
- **March 2007** Basel II’s Foundation Internal Ratings Based-Approach (FIRB) was approved by the Financial Services Agency
- **August 2007** Commenced “Shigagin Ratings Communication Service (Ratings CS)”
- **July 2008** Became the first financial institution to be certified as an “Eco-First Enterprise”
- **August 2010** Established the “Policies for biodiversity Preservation”
- **February 2012** Opened Bangkok Representative Office

2017 – Incorporated SDGs into business, evolving to sustainability management

- **November 2017** Announced the Shigagin SDGs Declaration
- **July 2018** Announced support for TCFD Recommendations
- **May 2019** Joined “TSUBASA Alliance”
- **February 2020** Signed the Principles for Responsible Banking (PRB)
- **April 2020** The Bank itself started offering trust services Established “Diversity Promotion Committee”
- **October 2020** Established the Sustainability Policy Established the “Sustainable Strategy Office” and “Digital Promotion Office”
- **June 2021** Established “Solution Sales Office” and “Finance Office”
- **November 2021** Implemented “ESG Assessment System”
- **April 2022** Listed stocks on the Prime Market of the Tokyo Stock Exchange The Bank itself started offering human resources placement service
- **January 2023** Established the “Investment and Financing Policies for Realizing a Sustainable Society”
- **January 2024** Announced adoption of TNFD Recommendations (TNFD Adopter)
- **April 2024** Established our “Purpose” Established Shigagin energy Co., Ltd.
- **October 2024** Established Shigagin capital partners Co., Ltd.
- **March 2025** Established the “Human Rights Policy”



100th anniversary
2033

A society where everyone can define
their future and live happily

100th anniversary

Environmental awareness fostered by Lake Biwa –from environmental finance to sustainable finance–

Lake Biwa, the largest lake in Japan, has been called “Mother Lake,” “Cradle of Life,” “Mirror of the Environment,” and “an asset we hold in trust for the future,” and is deeply connected to various aspects of the local nature and human activities.

It is one of the world’s oldest lakes with a history of more than four million years and is reported to be home to over 1,700 species of aquatic plants and animals, around 60 of which are unique to the lake. It is a treasure trove of biodiversity registered under the Ramsar Convention and invaluable to humankind.

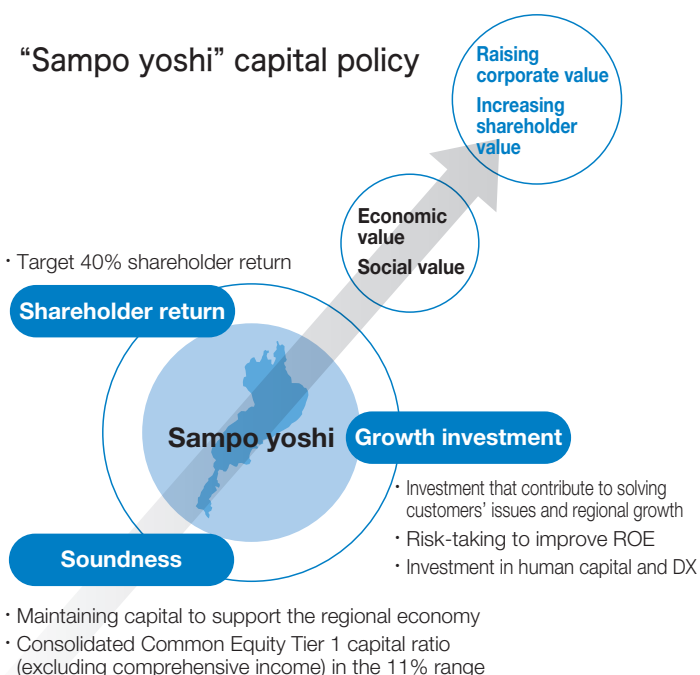
Headquartered next to Lake Biwa, which accounts for one-sixth of the total area of Shiga Prefecture, Shiga Bank has always been aware of its existence and appreciates the beauty and importance of a lifestyle that coexists with the environment.

Against this backdrop, the Bank has developed environmental finance products and services since early on, and in the late 1990s, we began the “Environmental Management” to address environmental issues through our core business. Our unique environmental rating system and environmental financing initiatives at that time have evolved into the ESG Assessment System launched in 2021 and various other sustainable finance products and services.



Approach to Capital Policy

We are striving to enhance both corporate and shareholder value by balancing soundness, shareholder return, and growth investment. As we strive to achieve a total shareholder return ratio of 40% for the total of dividends and share buyback, we are planning to increase dividends for the fiscal year ending March 31, 2026. In addition, in order to raise employee's consciousness of sharing in management, we will grant restricted stocks (RS) to employees.



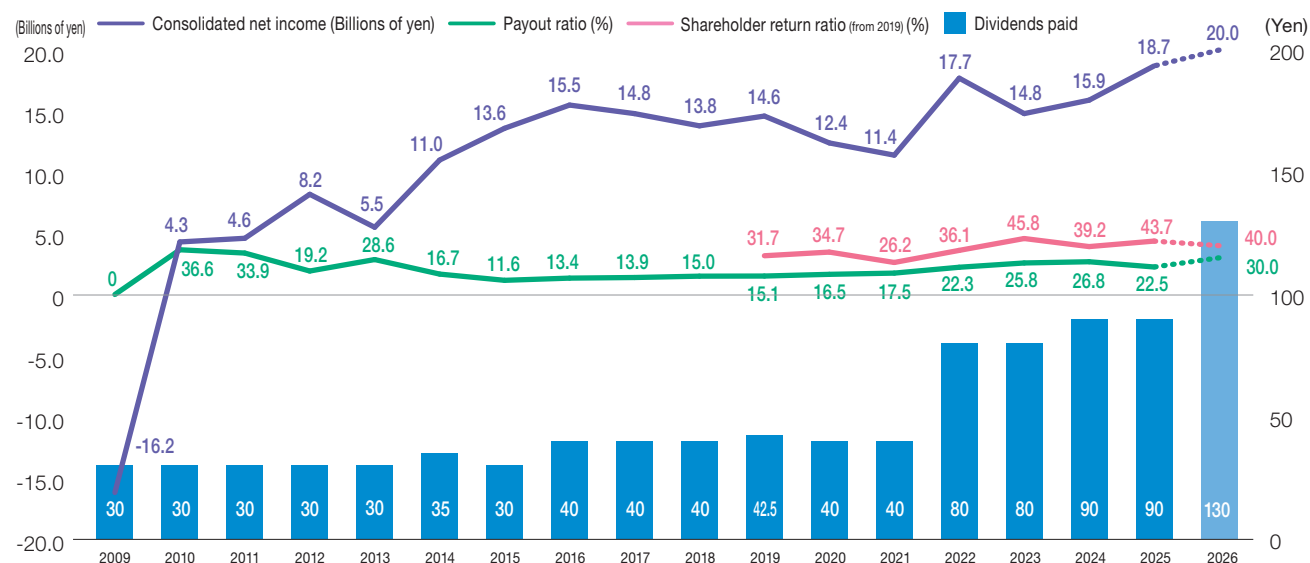
We are aiming for a shareholder return ratio of **40%** for the total of dividends and share buybacks.

Dividends for the fiscal year ended March 31, 2025
Ordinary dividend: 90 yen
(Payout ratio: 22.5%)

Forecast of the fiscal year ending March 31, 2026
Ordinary dividend: 130 yen (+ 40 yen)
(Payout ratio: 30.0%)

Execution of employee RS (P.57)

- Announced plans to implement an employee RS from treasury stock in May 2025.
- Restricted stocks granted to all employees who wish to receive them, at 100 shares per person.
- Implemented as an investment in human capital (growth investment).



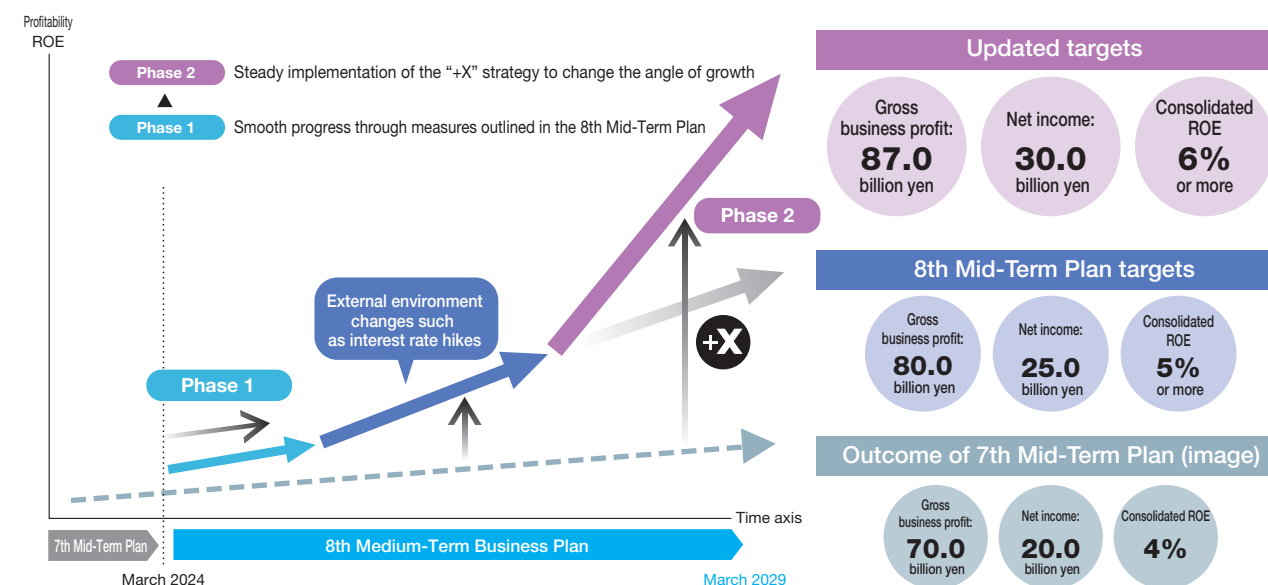
Efforts to Enhance Corporate Value

The 8th Medium-Term Business Plan, which started in April 2024, is steadily progressing toward its targets and the "+X Strategy" to change the angle of growth. In light of external changes such as rising interest rates, we have revised upward our target for ROE, a financial indicator.

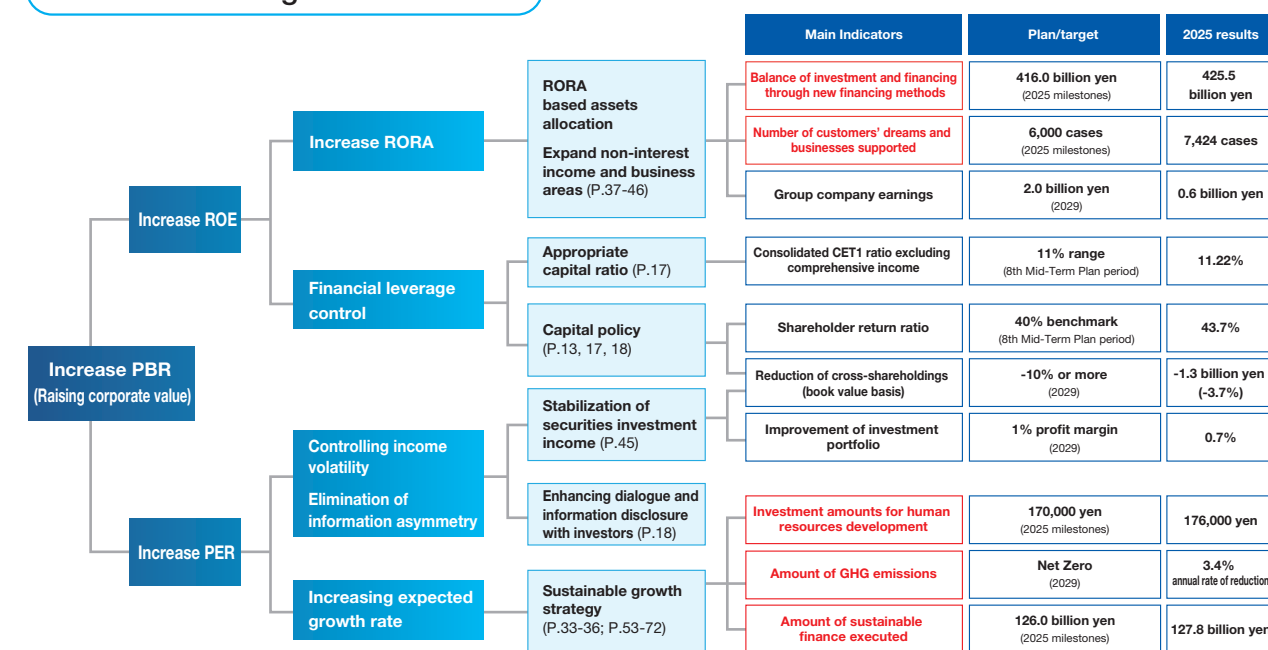
Based on the PBR logic tree, we are aiming to improve PBR (corporate value) by improving ROE and PER.

Review of financial indicators

Updating the 8th Mid-Term Plan targets in light of the implementation of the "+X" strategy and the effects of interest rate hikes



PBR logic tree



■ Estimation of cost of shareholders' equity

CAPM basis (TOPIX expected rate of return x β + risk-free rate)	Approx. 6%
Estimation based on the earnings yield	Approx. 7-9%

□ The 8th Medium-Term Business Plan KPI

Message from the Officer Responsible for Finance



We aim to continuously enhance corporate value through a capital policy that balances growth investment, shareholder returns, and financial soundness, based on the principle of “Sampo yoshi.”

Yoshinori Endo Director and Managing Executive Officer

Current business environment and outlook for fiscal year 2025

I am pleased to report on the financial position and operating results for the fiscal year ended March 31, 2025, the first year of the 8th Medium-Term Business Plan (“8th Mid-Term Plan”), as well as the outlook for fiscal year 2025.

The fiscal year ended March 31, 2025 saw increased revenue and profits.

With the advent of a “world of interest rates” and a major shift in the business environment, net interest income increased significantly. However, net other ordinary income decreased significantly due to the sale of low-yielding Japanese government bonds as part of a strategic bond portfolio replacement, resulting in a decrease in gross business profit.

In addition to a decrease in expenses, primarily system costs, the recording of settlement proceeds associated with the cancellation of a next-generation core system project was a positive factor for earnings. On the other hand, there were also negative factors such

as a decrease in non-recurring gains (losses) due to a decline in gains on sales of stocks and an increase in credit costs associated with the downgrading of major customers.

As a result, net income for the current fiscal year was 18.8 billion yen, achieving record profits.

For the fiscal year ending March 31, 2026, we are anticipating an increase in gross business profit due to an expansion in the spread between loans and deposit rates (including expenses), based on the expansion of deposit and loan transactions through deeper customer relationships and further strengthening of consulting services. While absorbing increased expenses related to growth investments in human capital, DX, systems, etc., we expect to see improvements in bond investment gains and a reduction in credit costs, which will contribute to increased earnings. As a result, we are aiming for net income of 20.0 billion yen, marking the second consecutive period of record profits.

Summary of results (non-consolidated) (Billions of yen)

	2024	2025	YoY
Gross business profit	61.8	58.2	(3.6)
Net interest income	56.1	64.1	7.9
Net fees and commissions	11.5	10.6	(0.8)
Net other ordinary income	(5.8)	(16.5)	(10.7)
Expenses (minus)	51.2	44.5	(6.6)
Actual net business profit	10.6	13.6	3.0
Net business profit	11.2	14.7	3.4
Non-recurring gains (losses)	11.8	3.9	(7.9)
Ordinary profit	23.1	18.6	(4.4)
Extraordinary income (losses)	(0.2)	6.6	6.9
Net income	15.7	18.8	3.0
Credit costs (minus)	3.1	4.2	1.0
Consolidated net income	15.9	18.7	2.7

Forecast of results for fiscal year ending March 31, 2026 (Billions of yen)

	2026 forecast	Change
Gross business profit	67.1	↑
Net interest income	68.1	
Net fees and commissions	9.8	
Net other ordinary income	(10.9)	
Expenses (minus)	47.1	
Actual net business profit	20.0	↑
Net business profit	20.3	
Non-recurring gains (losses)	7.1	
Ordinary profit	27.4	
Extraordinary income (losses)	(0)	
Net income	20.0	↑
Credit costs (minus)	3.2	↓
Consolidated net income	20.0	↑

Updates to the 8th Mid-Term Plan

Various measures based on the three basic strategies of “Impact Design,” “Base for Growth,” and “Human First” set forth in the 8th Mid-Term Plan are progressing smoothly, and we achieved record profits for both non-consolidated and consolidated results, representing a smooth start to the fiscal year. In particular, the transition to a world of interest rates has led to growth in interest income, and our efforts to improve our regionally-focused sales activities and revenue structure are steadily gaining traction.

In light of such circumstances, we have revised upward the consolidated ROE (fiscal year ending March 31, 2029) from 5% to 6% or more, which is the financial indicator for the 8th Mid-Term Plan.

The gross business profit target has been raised from 80.0 billion yen to 87.0 billion yen, and the net income target has been raised from 25.0 billion yen to 30.0 billion yen, setting specific numerical targets for enhancing corporate value.

The sustainability achievement indicators, which are mid-term KPIs, are progressing smoothly overall in comparison with the first-year milestones (P. 31-32). We will take measures such as reviewing product quality to turn around items performing below expectations. We are aiming to achieve our goals through flexible initiatives ready to respond to changes in the external environment (such as exchange rates, interest rates, and geopolitical

risks) and a “+X strategy” that focuses on changing the angle of growth rather than simply following the course of events.

Going forward, we will continue to respond to structural changes in the regional economy caused by factors such as a declining population, while also taking advantage of growth both in Japan and overseas to achieve sustainable improvement in corporate value.

Revision of 8th Mid-Term Plan and Financial Indicators (Billions of yen)

	Results 2025	Initial plan 2029	Upward revision 2029
Gross business profit	58.2	80.0	87.0
Net interest income	64.1	67.0	75.0
Interest on loans and discounts	49.4	58.0	84.0
Interest paid on deposits, etc.	5.7	5.0	27.0
Net fees and commissions	10.6	11.0	10.0
Fees and commissions income	17.0	18.0	18.0
Net income	18.8	25.0	30.0
Consolidated ROE	4.0%	5.0%	6.0%

Target figures for each year of 8th Mid-Term Plan (Billions of yen)

	Results 2025	Plan 2026	Plan 2027	Plan 2028	Plan 2029
Gross business profit	58.2	67.1	77.0	82.0	87.0
Net income	18.8	20.0	25.0	27.0	30.0
Consolidated ROE	4.0%	4.3%	5.2%	5.4%	6.0%

Business portfolio strategy

In order to achieve both capital efficiency and growth, we are re-evaluating our entire business portfolio and promoting selection and concentration. In the area of asset allocation, which is core to our business, we are strengthening our revenue base by prioritizing the allocation of management resources to key growth areas, while remaining mindful of capital efficiency (RORA) and cash efficiency.

Specifically, we are stepping up efforts in the following areas.

Domestic sales (P. 37-42)

We will expand deposit and loan transactions tailored to customer needs, with an emphasis on face-to-face problem-solving finance, and through the provision of consulting services, we will aim to improve the profitability of our core business while simultaneously expanding high-quality assets and non-interest income.

While continuing to invest and fund regional growth, we will select projects with high RORA and high interest margins in markets with significant growth potential, such as Osaka and Tokyo, and promote asset formation with an emphasis on balancing risk and return.

Direct consumer loan (P. 42)

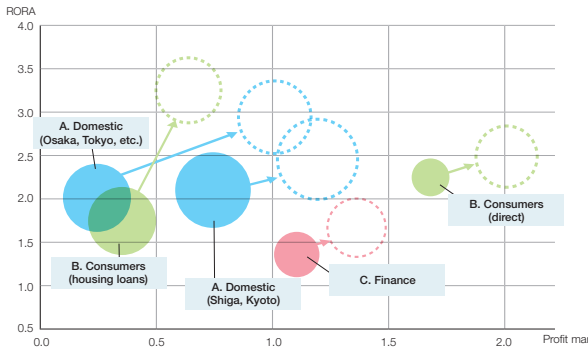
We are expanding our business by utilizing non-face-to-face channels and offering nationwide distribution of convenient and profitable products such as secured and unsecured loans.

Structured finance (P. 46)

We are boosting our investment and financing activities in areas that offer both growth potential and capital efficiency, such as structured finance for data centers, renewable energy projects in Japan and overseas, loans for overseas companies, and investments in buyout funds. Mindful of capital efficiency, we are aiming to raise profitability by amassing high RORA projects.

Our concentrated efforts in these areas are not simply aimed at expanding our assets, but also at building a high-quality portfolio with a focus on capital efficiency and growth potential. We will work to enhance sustainable corporate value through flexible asset allocation in line with future environmental changes.

RORA analysis by segment (%)



Capital allocation

We are maximizing capital efficiency by maintaining the soundness of capital required of financial institutions while keeping the consolidated CET1 ratio (consolidated common equity tier 1 ratio) excluding comprehensive income at around 11%. This is a guideline for capital policy to ensure responsiveness to changes in the external environment while achieving earnings commensurate with shareholders' equity costs.

In addition, the Bank was one of the first regional financial institutions to adopt the concept of a Risk Appetite Framework (RAF) (P. 85) in 2016, and has been working to advance risk management. In the 8th Mid-Term Plan, as a "strategic RAF," we will expand risk-taking areas by backcasting from the targeted levels (ROE of 6% or more and the consolidated CET1 capital ratio (excluding comprehensive income) in the 11% range) and maximize earnings while also managing credit risk and interest rate risk amount.

When utilizing capital, we have adopted a capital policy (P. 13) based on the "Sampo yoshi" principle, which is to achieve the sustainable growth of the Bank, provide returns to shareholders, and ensure a financial soundness that supports the regional economy. Based on this idea, we allocate available capital strategically and flexibly.

Growth investment funded by reduction of cross-shareholdings

We are systematically reducing cross-shareholdings, which we have acquired through long-standing relationships with our customers.

The funds obtained from the sale will be allocated to growth investments, leading to improved future profitability and capital efficiency.

Strengthening shareholder returns

We recognize that it is an important management responsibility to return profits to shareholders at an appropriate level without bias toward capital accumulation. We are shifting to a dividend-focused return policy, targeting a 40% shareholder return ratio, and seeking to achieve both capital efficiency and total return on equity.

Strengthening the revenue base through expansion of assets while ensuring soundness

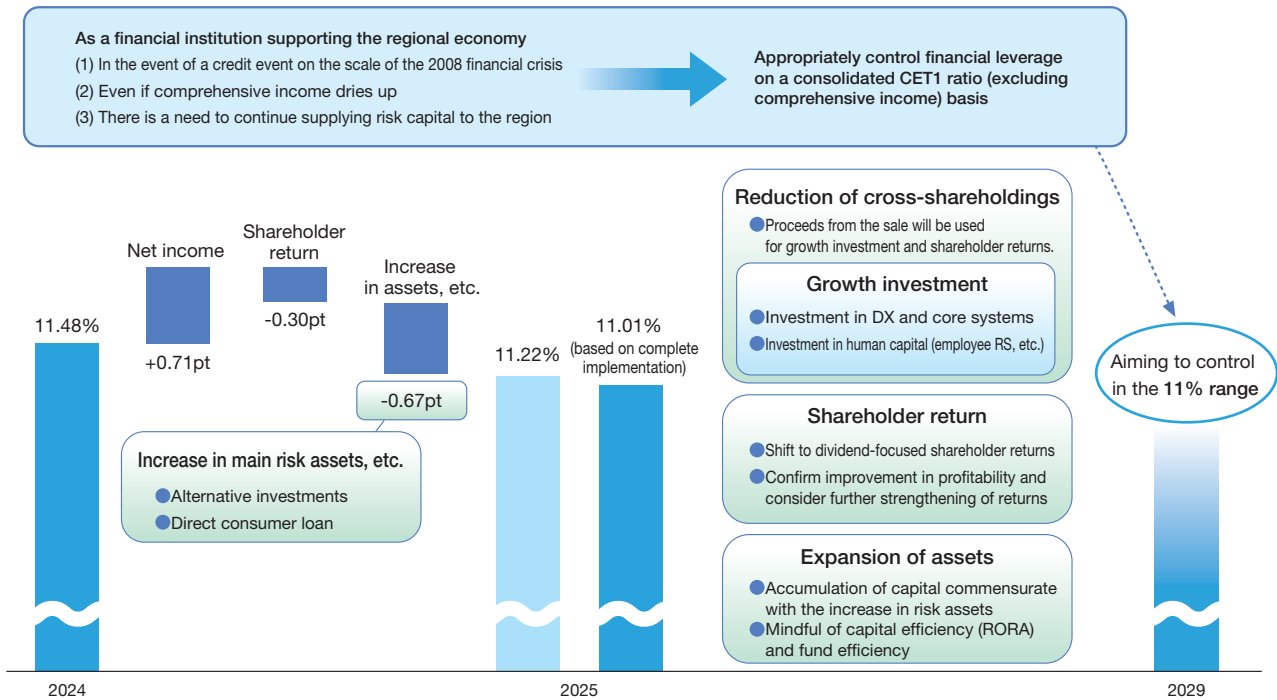
We are working to improve future profitability by expanding risk assets while remaining mindful of capital efficiency (RORA) and fund efficiency.

We will aim to strengthen profitability while ensuring adequate capital to cover risks. The ALM Committee (P. 75) and other committees are periodically reviewing risk management and financial targets, and operating with a PDCA cycle in mind.

In the 8th Mid-Term Plan, we are demonstrating capital management and risk management, which we have strengthened, in each strategy and are aiming to shift from "risk-taking" to "risk-challenging" based on "strategic RAF."

By working to increase non-financial value in conjunction with these policies, we are committed to the sustainable improvement of corporate value and shareholder value.

Capital allocation (consolidated CET1 ratio (excluding comprehensive income) basis)



Growth strategy utilizing gains from the sale of cross-shareholdings

With regard to cross-shareholdings, we have set a target of reducing them by 10% or more on a book value basis by the fiscal year ending March 31, 2029 and by 35% or more over a 10-year period. To this end, we are steadily proceeding with the sale of these shares (as of the end of March 2025, they were reduced to 185.2 billion yen in market value, representing 49.0% of net assets).

Gains from the sale of cross-shareholdings will be used for investments aimed at future sustainable growth, thereby contributing to the enhancement of long-term corporate value.

The main targets of growth investment are human capital and DX/systems, which are considered to be key elements of our management strategy.

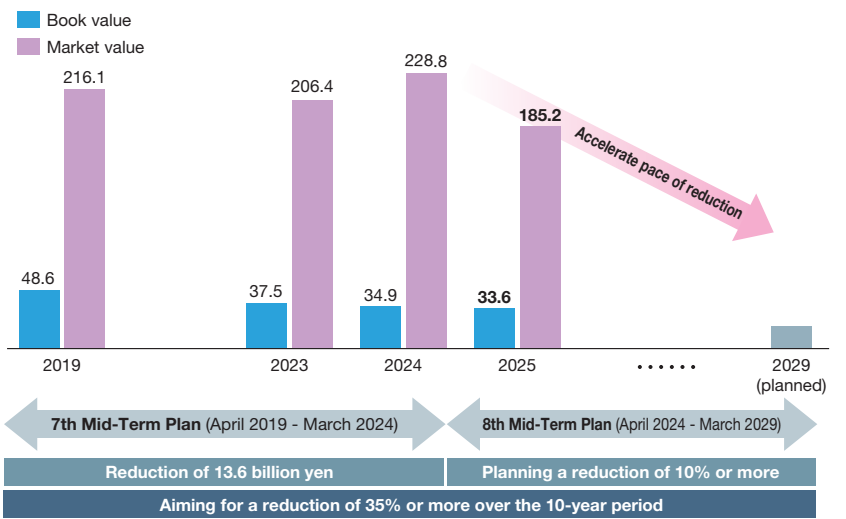
We believe that reinforcing our consulting capabilities and customer relationships through human capital investment, making proposals aligned with customer needs, and building even stronger relationships of trust will lead to higher lending yields and fee and

commission income. We will work to improve the quality and profitability of our transactions by solving customer issues and providing support underpinned by human capital.

Furthermore, through DX and system investments, we will upgrade our business infrastructure and expand non-face-to-face channels to further improve customer convenience and service quality. This will boost customer satisfaction and help us become a trusted local bank, with the aim of stabilizing our revenue base by maintaining and increasing our deposit share and deposit stickiness.

These measures, combined with improved interest margins resulting from the normalization of interest rates, will lead to an overall improvement in the Bank's profitability. This will also help improve capital efficiency, such as ROE and EPS, over the medium to long term, and we will actively pursue this while monitoring the investment effects.

Changes in market value and book value of cross-shareholdings (listed shares) (Billions of yen)



Dialogue with shareholders, investors, and other stakeholders (IR activities)

We are striving to improve the quality and frequency of our dialogue through individual meetings with institutional investors and analysts, holding financial results briefings, conducting IR briefings in regional areas, and enhancing our integrated reports and IR materials. We increased dialogue with shareholders by 15% compared to the previous fiscal year.

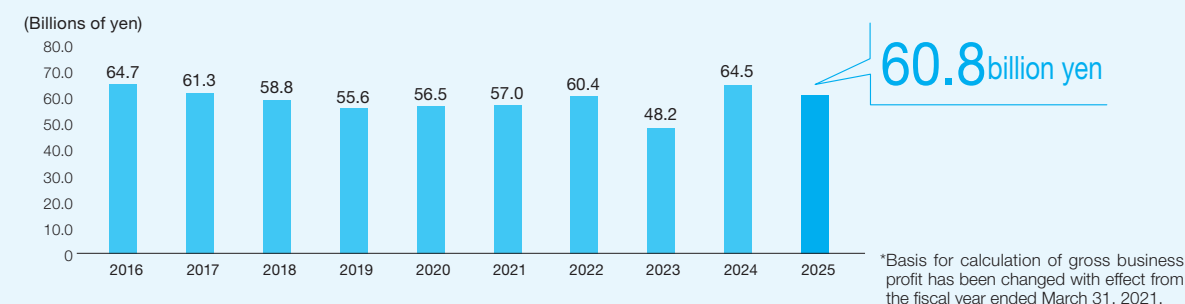
In addition, we place great importance on accountability by management, and the President and the officer in charge of finance attend and give presentations at financial results briefings. We will continue to pursue the sustainable enhancement of our corporate value through constructive dialogue with the capital markets. We will also create a "virtuous cycle of happiness brought to the region" and achieve co-existence and co-prosperity with our stakeholders.

<IR activities in fiscal year 2024>

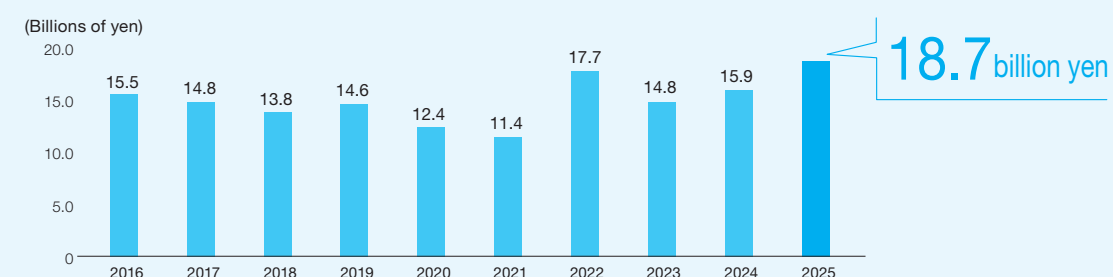
- Financial Results Briefing (June 2024)
 - Disclosure of Interim Financial Results (November 2024)
 - Conducted 41 individual interviews
 - Existing shareholders, sell-side analysts, buy-side analysts, etc.
 - Conducted 17 IR briefings in regional areas
 - Internal notification of IR activities
- In addition to sharing information with the Board of Directors through IR activity reports, we have created an environment where employees can view financial results briefings, thereby ensuring that information is communicated throughout the company.

Financial Highlights

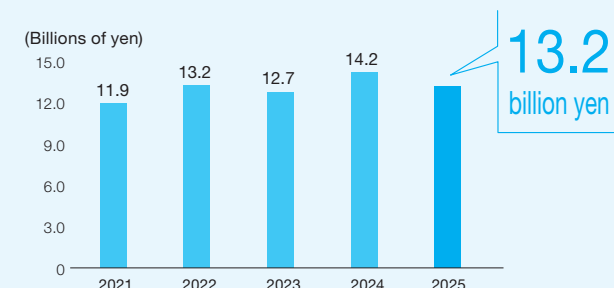
Gross business profit (consolidated)



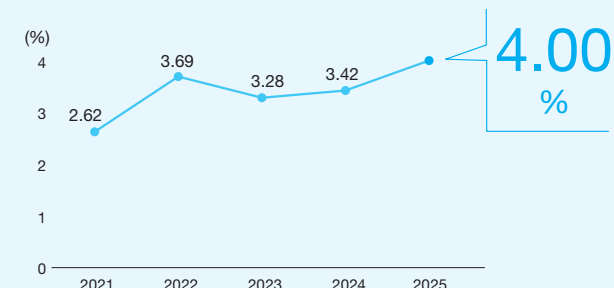
Net income attributable to owners of parent



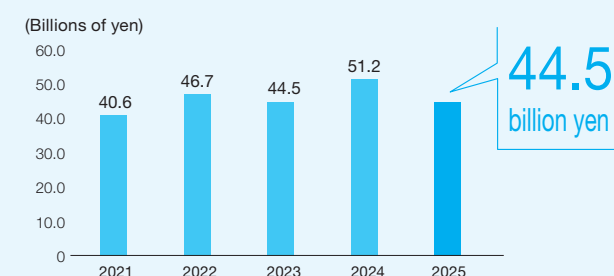
Net fees and commissions (consolidated)



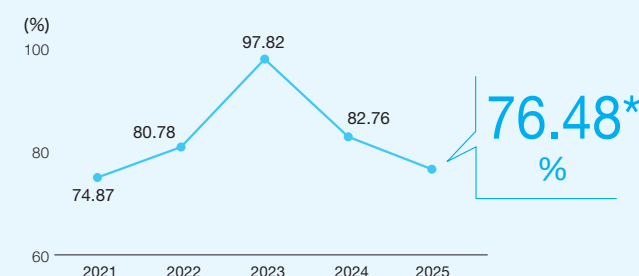
ROE (consolidated)



Expenses (non-consolidated)

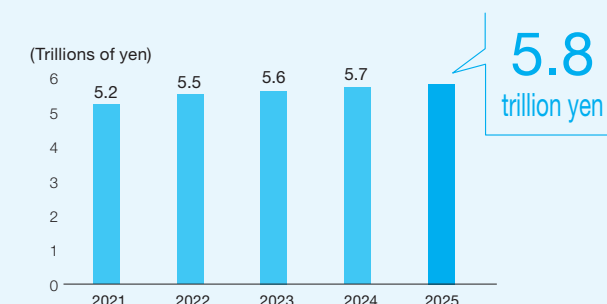


OHR (non-consolidated)

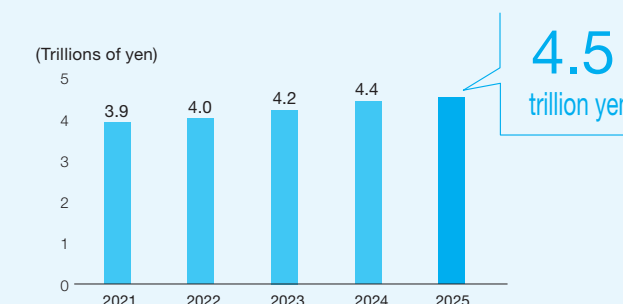


*Excluding expenses related to the next-generation core system, the ratio would be 60.39%.

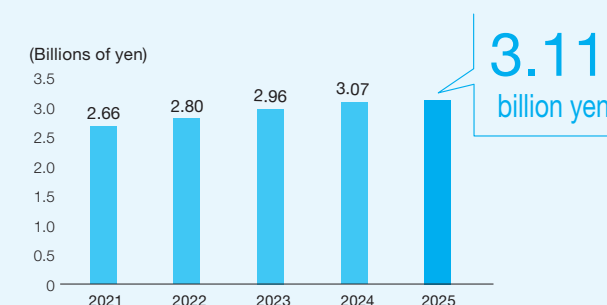
Average balance of deposits during the period (including negotiable certificates of deposits) (non-consolidated)



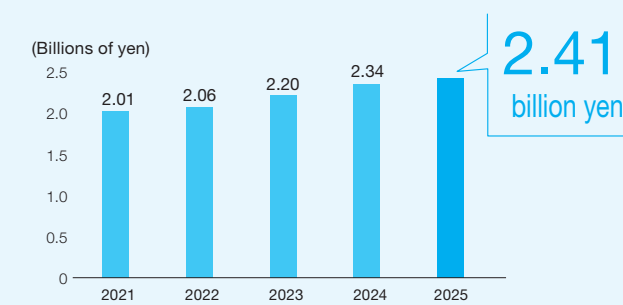
Average balance of loans and bills discounted during the period (non-consolidated)



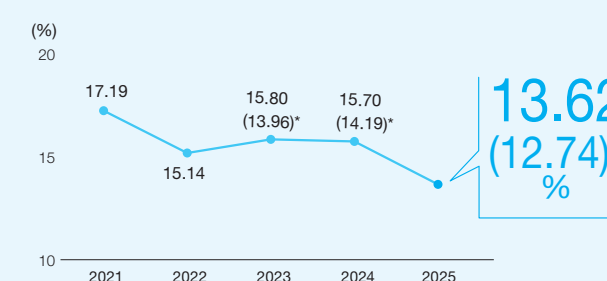
Deposits per employee (non-consolidated)



Balance of loans and bills discounted per employee (non-consolidated)

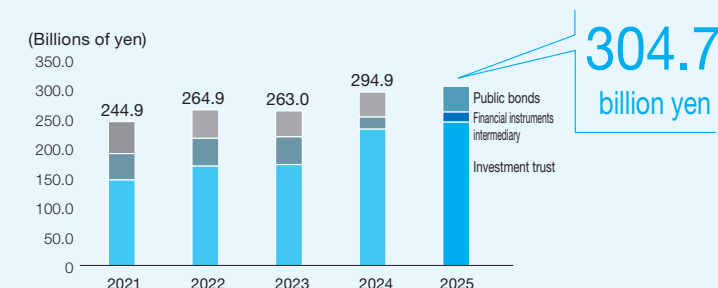


Total capital ratio (consolidated)

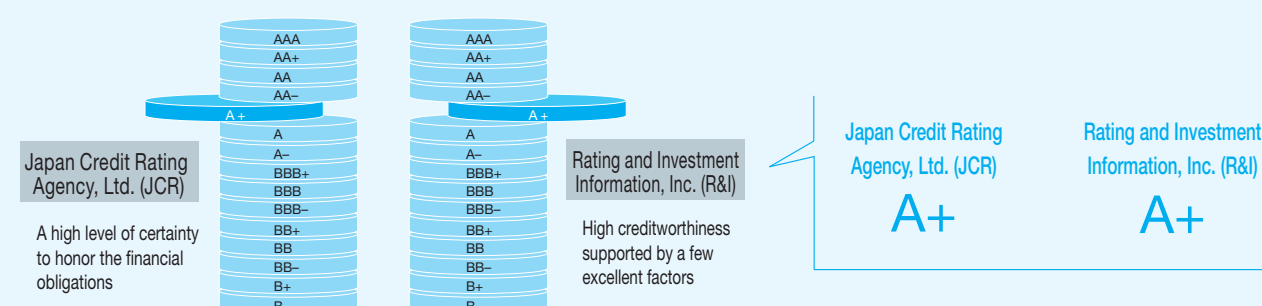


*Early application of Basel III finalization, and the figure in parentheses is based on complete implementation.

Balance of assets under custody (sum of investment trust, financial instruments intermediary and public bonds)



Rating



ESG Highlights (As of March 31, 2025)

By working to increase non-financial value, we are committed to the sustainable improvement of corporate value and shareholder value.

E (Environment) related items

Environment



Greenhouse gas emissions (CO₂ conversion)

Scope 1	Scope 2		Scope 3
	Market-based	Location-based	
670 tons	3,203 tons	5,556 tons	18,063,664 tons



Copy and OA paper consumption

48.4% decrease
from fiscal year 2018



Paper resource recycling rate

99.5%



CO₂ emissions reduction rate (compared to March 2024)

3.4%



Number of environmental volunteer participants per year

799 persons

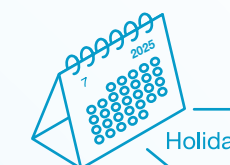
S (Social) related items

Social



Percentage of female managers

18.6%



Average number of days of paid leave taken

17 days



Percentage of male employees taking childcare leave, etc.

94.0%



Employment of people with disabilities

2.347%



Participation rate in human rights training

First half
94.3%

Second half
94.3%



Shigagin Welfare Fund Results of subsidies awarded

Cumulative total cases

547 cases

Total amount of subsidies awarded

426.84 million yen

G (Governance) related items

Governance



Attendance ratio at meetings of the Board of Directors (Outside Directors)

97.4%



Percentage of female Directors

11.1%



Comprehension of compliance training

First half **99.3%** **Second half** **96.8%**

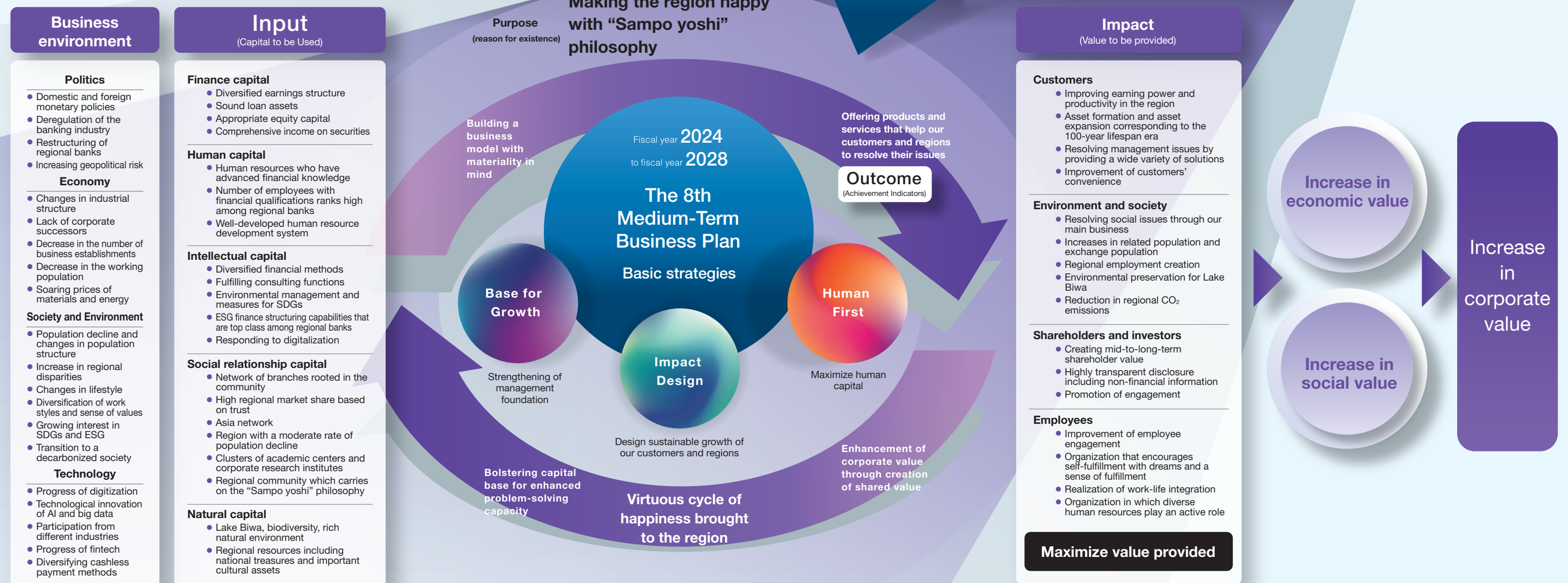
*Total of "Understood well" and "Understood" responses.

Value Creation Story

Long-term Strategy and Value Creation Story

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

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

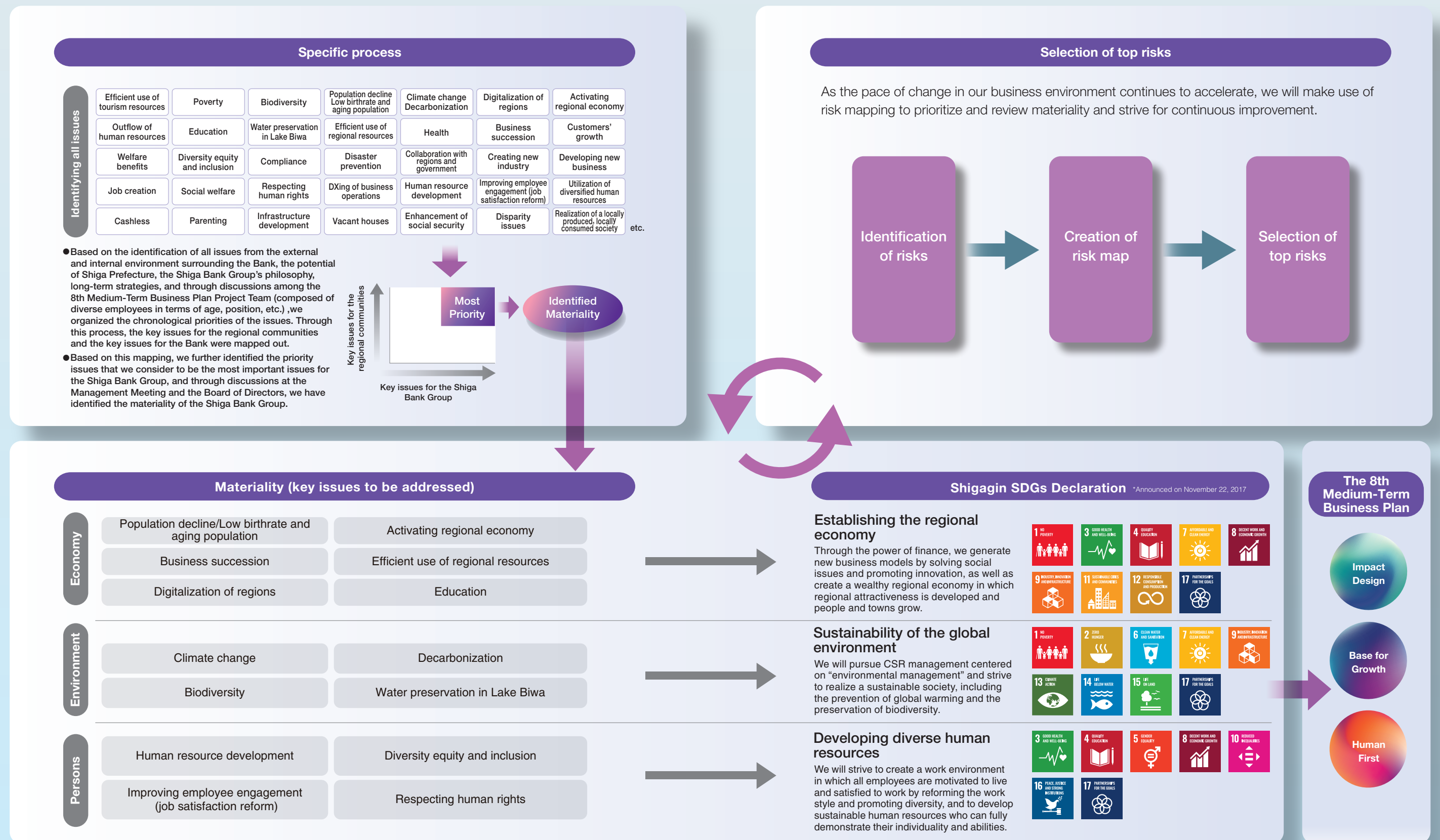


The 8th Medium-Term Business Plan

Materiality

Materiality (key issues to be addressed)

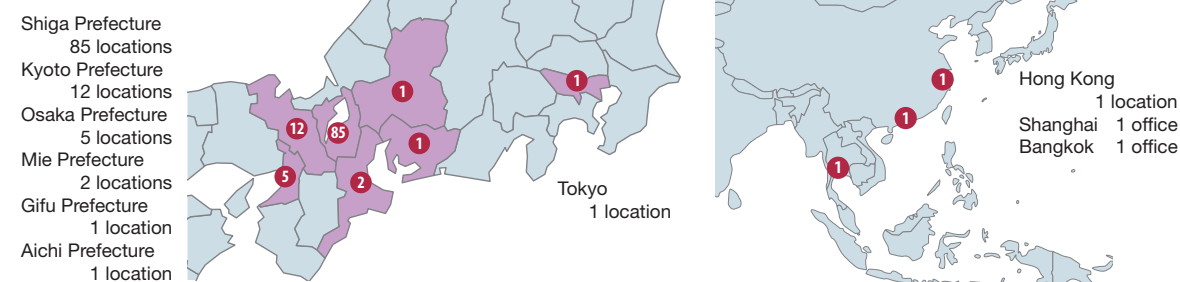
When formulating the 8th Medium-Term Business Plan, we identified the materiality of the Bank Group based on the environment surrounding the Shiga Bank Group. This materiality is correlated with the three initiatives outlined in the “Shigagin SDGs Declaration,” which are “Establishing the regional economy,” “Sustainability of the global environment,” and “Developing diverse human resources,” and has been incorporated into various indicators in the 8th Medium-Term Business Plan.



Strengths and Capital to be Used

1 Broad network Social relationship capital Strengths

We are based in Shiga Prefecture in Japan and, inspired by the pioneering spirit of the Omi Merchants, we established branches in Kyoto, Osaka, and Tokyo early on, and operate as a regional bank serving a wide area. In 1988, we expanded overseas with the opening of the New York Representative Office. Currently, we are the only regional bank headquartered in the Kansai region with overseas branches, and we are working to activate the local economy from a global perspective.



2 Personnel with extensive knowledge Human capital Strengths

We have developed many employees who can help resolve the more sophisticated and diversified customers' issues. We also provide opportunities to learn and take on challenges so that they acquire a wide range of knowledge, not limited to financial knowledge (P.55).

We are striving to develop "Design personnel" by improving the ability and skills to design value creation for regions and customers, and link it to solutions.

Financial Planning Grade 1 231 persons	Number of Small and Medium Enterprise Management Consultants 39 persons	IT passport 535 persons	Carbon accounting advisor 414 persons	Graduate School of Shiga University Graduate School of Data Science 2 persons Master of Business Analytics program 1 person
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(2025年3月31日現在)

3 Group's Integrated Strength Intellectual capital Strengths

The Shiga Bank Group consists of 10 companies, including banks and leasing companies, and provides a wide range of services to regional communities and customers. In fiscal year 2024, we established two new companies, Shigagin energy and Shigagin capital partners, to put in place a structure equipped to respond to a wide range of social issues. In addition, we have assigned specialists in various solutions to the Business Promotion Dept. and Financial Markets & International Dept. at our headquarters to handle more complex issues.

Integrated Strengths of the Shiga Bank Group		Shiga Bank Group Expertise	
Shiga Bank	Bank	Finance Business succession, M&A SDGs and ESG consulting Organization and personnel affairs consulting Recruiting Business matching IT business support Risk management Overseas business	Corporate customers
Shigagin Business Service	Various types of back office administration		
Shigagin Economic & Cultural Center	Consulting		Individual customers
Shiga DC Card	Credit cards		
Shigagin Lease	Lease		
Shigagin Agency	Bank agency		
Shigagin JCB	Credit cards	Asset succession planning, inheritance planning Asset management, effective utilization of real estate Testamentary trusts, inheritance management	
Shiga Home Loan Guarantee Service	Credit guarantee		
Shigagin energy	Renewable energy		
Shigagin capital partners	Investment		

4 Solid customer base Social relationship capital Strengths

Backed by trust built up with customers spanning more than 90 years, the Bank's deposit and loan share ranks among the top regional banks, and we enjoy strong support from customers in the community.

Share of loans in Shiga Prefecture
48.54%

Share of deposits in Shiga Prefecture
47.59%

Main bank ratio
58.31%

*Source: Teikoku Databank survey of main banks of companies in Shiga Prefecture (2024)

5 Sound financial base Finance capital

Among regional financial institutions, we have maintained a high capital adequacy ratio in keeping with international standards. We are also striving to maximize profits by leveraging our sound financial base through the implementation of advanced risk management founded on our Risk Appetite Framework. We have also received high ratings from external rating agencies.

Net income attributable to owners of parent company(consolidated)
18.7 billion yen

Total capital ratio (consolidated)
13.62%

Net business profit per employee (consolidated)
7 million yen

Japan Credit Rating Agency, Ltd. (JCR)
A+

Rating and Investment Information, Inc. (R&I)
A+

6 Potential of Shiga Prefecture Social relationship capital and natural capital

Shiga Prefecture is a key transportation hub located between the Kinki and Tokai regions, and has high potential for further development due to its rich natural environment centering on Lake Biwa as well as its abundance of historical sites and cultural heritage. It is also a region where the lease market is expected to grow. We aim to develop and grow together with the community while maximizing these regional characteristics and potential.

Abundant **nature**, stable **demographics**, vibrant **economy**

One of the few **growing** markets

Moderate population decline

Population growth rate in the prefecture
Ranked 8th nationwide
1.41 million in 2020 → 1.22 million in 2050

High percentage of young people

Percentage of young people
Ranked 2nd nationwide
Percentage of working-age population
Ranked 9th nationwide
Birth rate
Ranked 3rd nationwide

Health and longevity

Average life expectancy for men
Ranked 1st nationwide
Average life expectancy for women
Ranked 2nd nationwide

Crossover point in the Kinki, Tokai, and Hokuriku regions

Multiple international airports and ports within 100 km
International airports: Kansai International Airport, Chubu Centrair International Airport
International ports: Osaka Port, Yokkaichi Port, Nagoya Port, Tsuruga Port

Developed transportation infrastructure
including Tokaido Shinkansen, Meishin Expressway, Shin-Meishin Expressway, and Hokuriku Expressway

A manufacturing prefecture

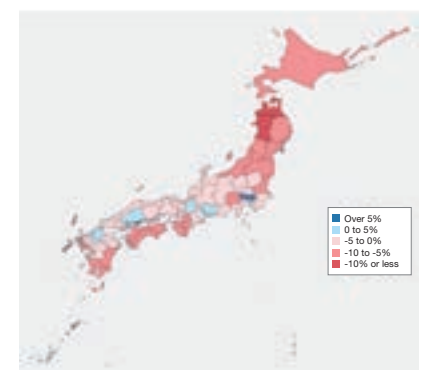
Ratio of secondary industry to gross prefectural product:
Ranked 1st nationwide

Abundant nature and culture

Ratio of natural park area to total land area
Ranked 1st nationwide
Number of nationally designated important cultural landscapes
Ranked 2nd nationwide

Lease market with growth potential

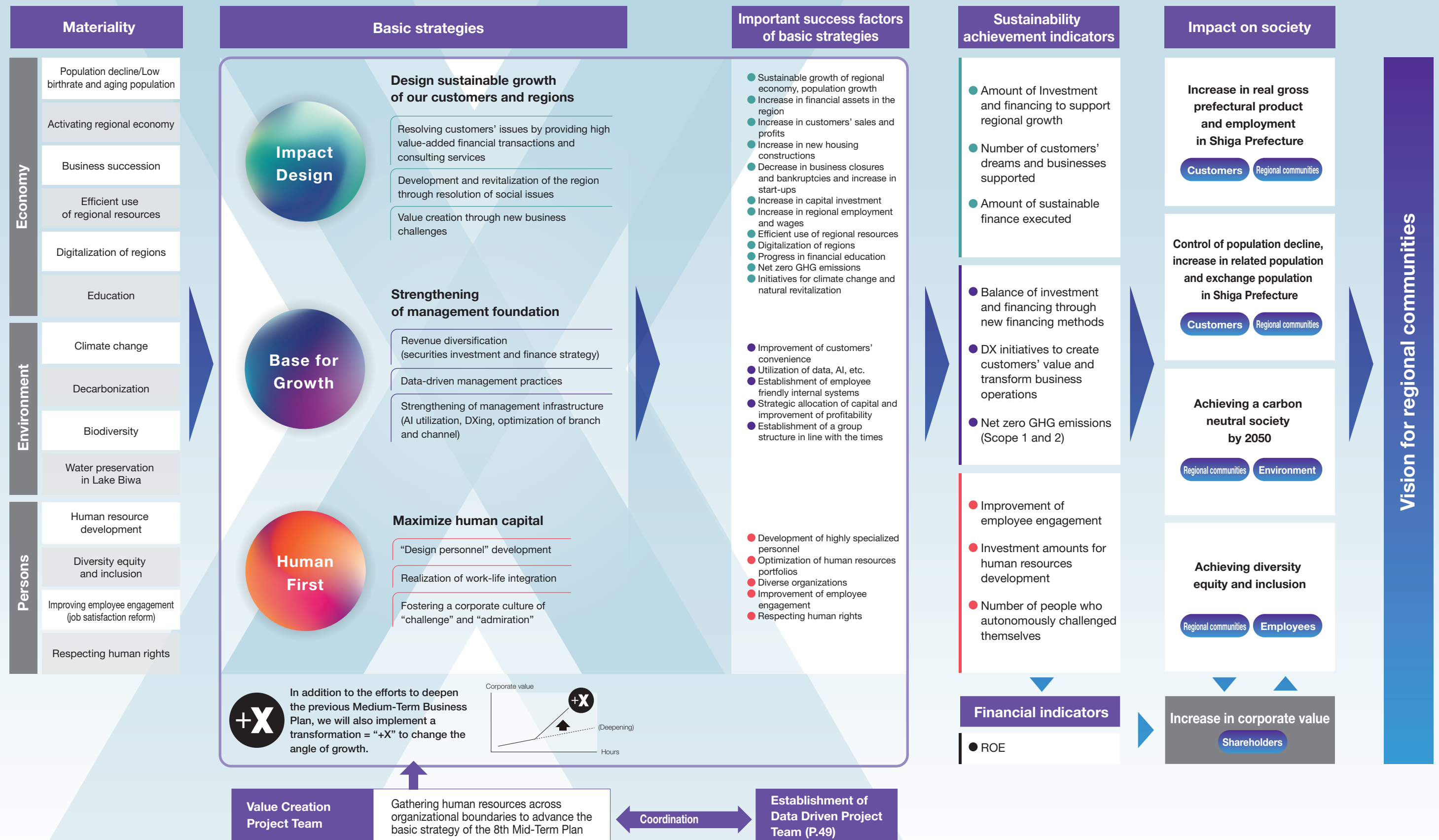
Growth rate of the lease market from 2022 to 2030



*Source: Mitsubishi Research Institute, "How Should Regional Financial Institutions Change in an Era of Population Decline? Part 1: First Estimate of Lease Markets by Prefecture"

The 8th Medium-Term Business Plan

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



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

Steady progress is being made with the sustainability achievement indicators set forth in the 8th Medium-Term Business Plan.

The Shiga Bank Group revised our target for consolidated ROE, a financial indicator, from “5% or more” to “6% or more” with a view to further growth of the Group.

We will strive to achieve each indicator underpinned by our future initiatives and recognized issues.

The 8th Medium-Term Business Plan								
Indicators			Definition of indicators	Achievement Indicators	2025 milestones	2025 results	Achievement rate	Future initiatives and recognition of issues
Sustainability achievement indicators		Amount of Investment and financing to support regional growth	Amount of business capital investment funds, etc. executed Amount of housing loan executed Amount of investment in the region through funds, etc.	Cumulative total of 1,200.0 billion yen for the period	230.0 billion yen	208.6 billion yen	90.7% (down)	● Revision of housing loan products (implemented in April 2025) ● Acquisition of highly sticky deposits
		Number of customers' dreams and businesses supported	Business succession consultation Inheritance consultation Risk management consultation Business support consultation Overseas solution consultation Ratings CS	Cumulative total of 30,000 cases for the period	6,000 cases	7,424 cases	123.7% (up)	● Development of consulting personnel and upgrading of services ● Providing one-on-one type solutions (accumulating and visualizing information related to customer issues, operating cross-functional meetings between branches and departments of Headquarters, etc.) ● Utilization of the “Kyoto-Shiga Small and Medium-sized Enterprise Support Fund” (established in March 2025)
		Amount of sustainable finance executed to increase the sustainability of region and society	SDGs private placement bond Sustainability Linked Loans Positive Impact Finance Green loans (bonds) Social loans Sustainable Assessment Loans Mirai-Yoshi series ESG-related new investments	Cumulative total of 700.0 billion yen for the period	126.0 billion yen	127.8 billion yen	101.5% (up)	● Cooperative efforts with local governments and relevant ministries and agencies
		Balance of investment and financing through new financing methods to improve earning power	Balance of investment and financing of the Finance Office (domestic structured finance, overseas market-based loans, alternative investments)	750.0 billion yen as of March 2029	416.0 billion yen	425.5 billion yen	102.3% (up)	● Upgraded risk-return analysis ● Securing stable earnings through diversified investments (strategy, region, time)
		DX initiatives to create customers' value and transform business operations of the Shiga Bank Group	Initiatives by the Digital Strategy Group Initiatives in data-driven projects (AI and data utilization, remote counter, AI screening, etc.)	Qualitative evaluation	-	Generative AI “Copilot” introduced in all stores Establishment of Data Driven Project Team Expansion of stores introducing “remote counters”	-	● Data integration with other industries ● Improving customer experience in non-face-to-face channels ● Migration to the next-generation accounting system
		Reduction of GHG emissions to achieve a carbon neutral society (Scope 1 and 2)	Shiga Bank Group's GHG emissions *GHG = greenhouse gas	Achievement of Net Zero	-	GHG emissions: 3,873 t-CO ₂ (3.4% reduction compared to the fiscal year ended March 31, 2024)	-	● Reduction of fossil fuel consumption (replacement with hybrid vehicles, electric vehicles, etc.) ● Increased utilization of renewable energy
		Improvement of employee engagement to maximize human capital (percentage of positive responses)	“Percentage of positive responses regarding satisfaction with the Bank” according to the engagement survey	Sustainable improvement	-	Engagement survey “positive rate” increased by 2.8% year-on-year (86.9%)	(up)	● Stepping up efforts to transform into a corporate culture of challenge and admiration ● Visualization and restructuring of human resource portfolios
		Amount of investment to develop human resources who can take on the challenges for the future of the region as key players in value creation	Investment amounts for human resources development	Double compared to fiscal year 2023 (300 thousand yen per person/year)	170 thousand yen per person	176 thousand yen per person	103.5% (up)	● Increased number of employees seconded to outside companies in different industries ● Increase in participants in the “Design Capability Improvement Program” ● Improvement and early implementation of management training
		Number of people who autonomously challenged themselves to improve their skills and develop their careers	Number of students dispatched to the Institute for Small Business Management and Technology Number of applicants to the human resources recruitment system Number of students attending GLOBIS Management School Number of participants dispatched for trainings by Regional Banks Association of Japan Number of mentors and mentees Number of participants in female career training Number of applicants for udemy, business contests, etc.	Cumulative total of 2,000 persons for the period	400 persons	657 persons	164.3% (up)	● Increased voluntary participation in training and external dispatching ● Appropriate staffing that reflects the growth and desired work of employees
Financial indicators		ROE	Consolidated ROE Upward revision	6% or more as of March 2029 (Initial plan: 5% or more)	-	4.00%	-	● Accelerated pace of reduction of cross-shareholdings ● Expansion of growth investment (human capital investment and DX investment) ● Enhancement of shareholder returns (improvement of dividend payout ratio, flexible share buybacks)
Long-term benchmark challenges		ROE	Consolidated ROE	8% or more	-	4.00%	-	

Design sustainable growth of 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 work to create new value without being bound by the framework of finance.

In addition to structural issues such as high prices and labor shortages, the transition to the “world with interest rates” is making the environment surrounding regional economies and our customers even more complex. Now is the time to fulfill the role of regional financial institutions by confronting regional issues head-on and creating and implementing solutions through the power of “design,” thereby creating a “virtuous cycle of happiness brought to the region” vigorously.

To achieve this, we are expanding our options for solving issues through a variety of consulting services, including human resources consulting, extensive partnerships with local companies, the launch of an investment subsidiary, Shigagin capital partners in fiscal year 2024, and the establishment of the Kyoto-Shiga Small and Medium-sized Enterprise Support Fund, a public-private partnership fund for revitalizing small and medium-sized enterprises.

Going forward, the Shiga Bank Group will fulfill its responsibility as a catalyst for positive impact in local communities and continue to design sustainable growth for these communities.

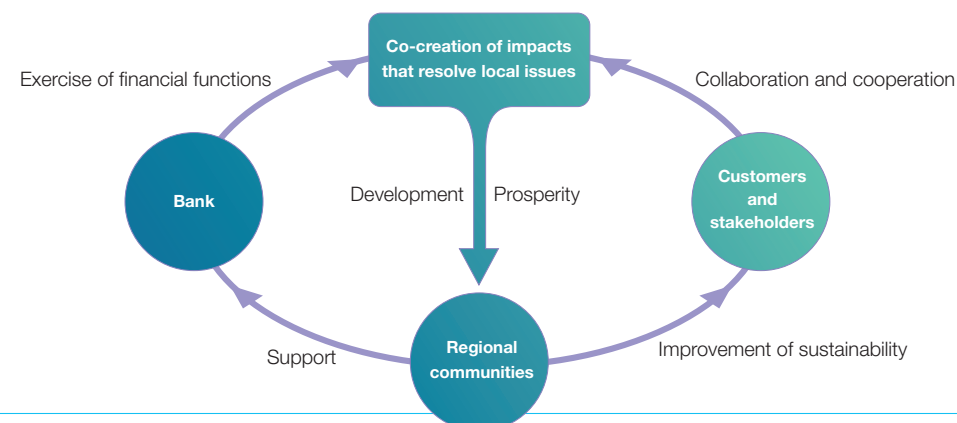
<Recognition of issues>

- Creation of new business value
- Creating social impact

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 Shiga Bank Group will create an impact toward 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

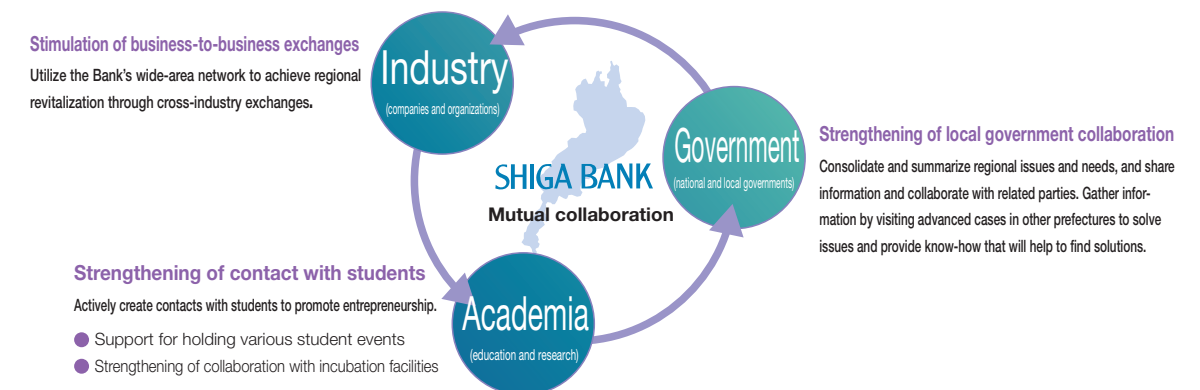
Control of population decline,
increase in related population
and exchange population in
Shiga Prefecture

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 Group will strengthen its efforts to collaborate in regional revitalization based on the concept of “designing the region.”



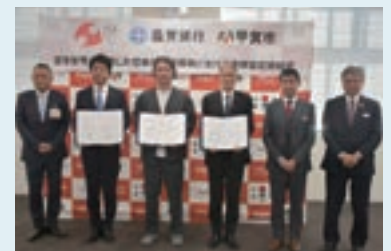
Concluded a comprehensive partnership agreement with HEIWADO CO., LTD.

We concluded a comprehensive partnership agreement with HEIWADO CO., LTD. Under this agreement, HEIWADO CO., LTD. and the Bank will cooperate and collaborate closely and build a relationship of trust across a wide range of fields, effectively utilizing each other's resources and capacities to help drive the revitalization of the regional economy and the development of local communities.



Conclusion of a “Partnership Agreement for the Promotion of Shigaraki Ware Production Utilizing Vacant Houses and Other Properties”

We concluded a “Partnership Agreement for the Promotion of Shigaraki Ware Production Utilizing Vacant Houses and Other Properties” with Koka City and Shigaraki Machizukuri Co., Ltd. This project is based on a feasibility study conducted by Koka City in fiscal year 2022 to explore the potential of business models utilizing vacant houses and other properties in the Nagano area of Shigaraki Town, with the aim of revitalizing the Shigaraki ware production area. Our Shigaraki Branch has played a central role in these surveys, participating from the planning stage alongside private sector companies.



Participation in the “Nagahama Institute of Bio-Science and Technology Industry-Academia Collaboration Human Resource Development Consortium”

The Nagahama Institute of Bio-Science and Technology, businesses, and government agencies have joined forces to form the Nagahama Institute of Bio-Science and Technology Industry-Academia Collaboration Human Resource Development Consortium, which aims to build an innovation ecosystem for solving issues in industry and the local community.

With the declining population of 18-year-olds and the trend of high school students moving to cities, the situation facing regional universities is becoming increasingly challenging, so we will cooperate and contribute to the creation of appealing universities that nurture the human resources demanded by society and activate the regional economy.

Solving social issues and creating new value

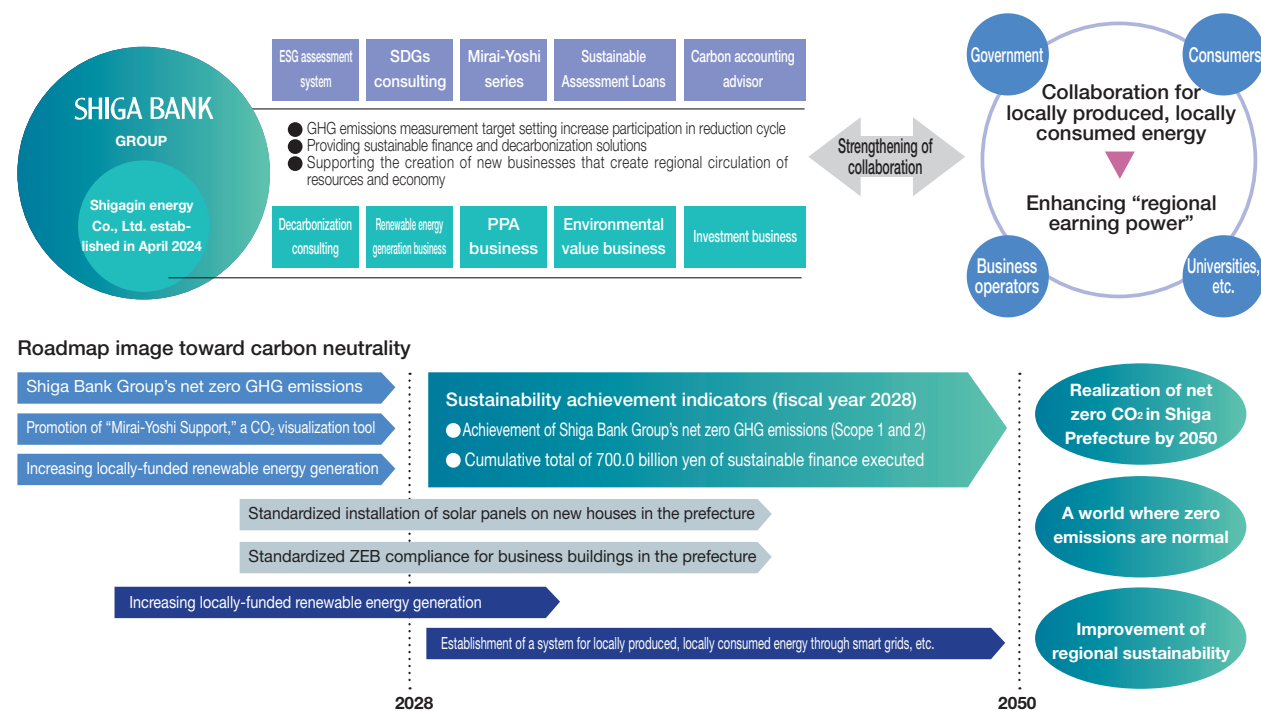
We will continue to offer a variety of solutions to address social issues in our communities. Our role is to return the capital generated from this to the community and create a “virtuous cycle of happiness brought to the region.”

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, has one of the highest percentages of 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 200.0 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, Shigagin energy Co., Ltd. (P.43) was established in April 2024. The Shiga Bank Group 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.



TOPICS Commencing handling of “transition finance”

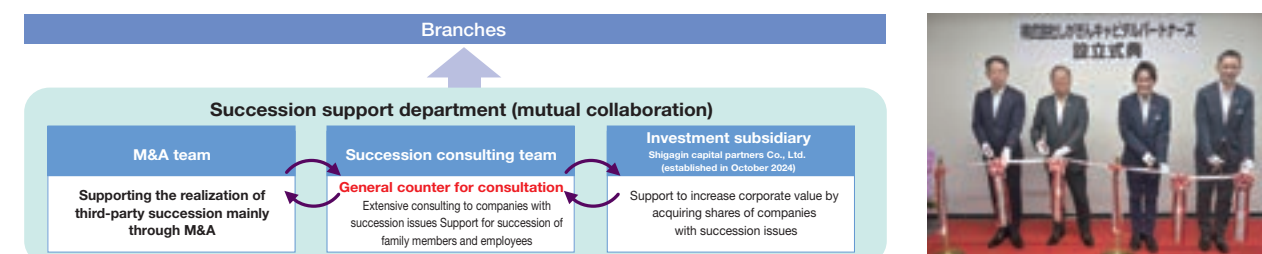
In April 2025, to promote decarbonization management efforts aimed at achieving a carbon-neutral society, we began handling transition finance and published our “Approach to Transition Finance.”

Transition finance is a financial mechanism that provides funding to companies seeking to transition to decarbonized operations in the future by steadily implementing GHG reduction measures consistent with long-term strategies.

Initiatives for business succession

As one of the social issues in the region, the Shiga Bank Group is focusing on supporting business succession, which is one of the Bank's materiality (P.25).

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, we established Shigagin capital partners Co., Ltd., an investment subsidiary, in October 2024 (P.43), and are working to further improve expertise and strengthen functions in areas such as support for business successions.



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.



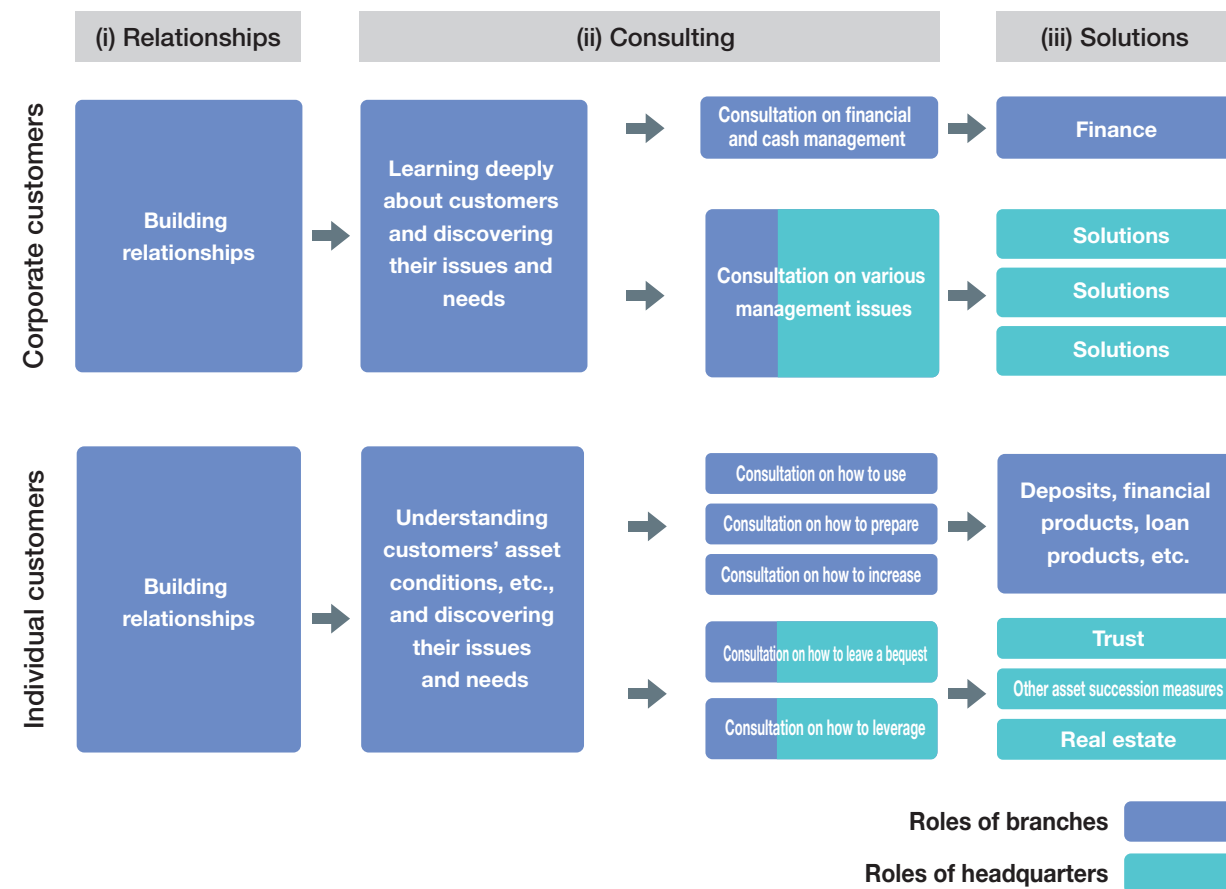
To support our customers' dreams and businesses

We believe that the sustainability and growth of business operators and individual customers are the most important factors for the sustainability and growth of the region. The Bank is working 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.



TOPICS

Implementation of “Sales Management School”

With the aim of strengthening the sales capabilities of the entire organization, we have launched a “Sales Management School” to systematically teach management skills and provide experience and know-how related to strengthening customer relationships and solution-oriented sales for branch managers. This course has led to an increase in the number of employees who take initiative on their own, resulting in improved team performance at branches.



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,” we are working to strengthen relationships (relationship building), which form the foundation of transactions, and comprehensive consulting (consultation) skills.

In fiscal year 2024, in addition to systematizing know-how for building customer relationships and developing training materials, we developed tools for identifying a wide range of management issues and needs and standardized methods for doing so. In addition, branch support divisions within the Business Promotion Department took the lead in conducting study sessions for a total of 403 sales representatives. In addition, we actively respond to individual consultations and provide support tailored to the actual conditions of each branch.

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

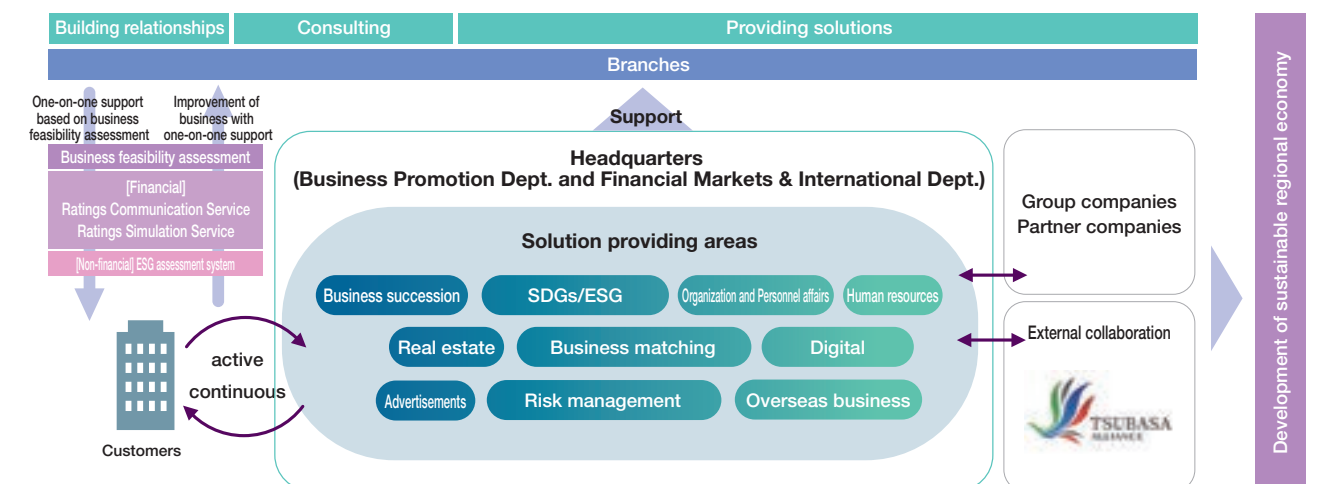
In our efforts to learn deeply about customers and respond to their issues and needs, finance is one of the most important solutions for our customers. As well as enhancing our ability to respond even more promptly to customer concerns caused by changes in the business environment, we will further strengthen our high value-added financing based on business feasibility assessments. We support the growth of our customers and regions by practicing “problem-solution type sales” that integrates various solutions based on finance.

Strengthening one-on-one type solutions

By leveraging group functions and deepening collaboration with partner companies, we will strengthen solutions to core management issues such as business succession. We will continue to enhance the functionality of solutions that address core business issues such as customers' sustainability strategies, personnel and human resource strategies, and DX strategies, while also working to strengthen cross-functional collaboration among head office solution staff.

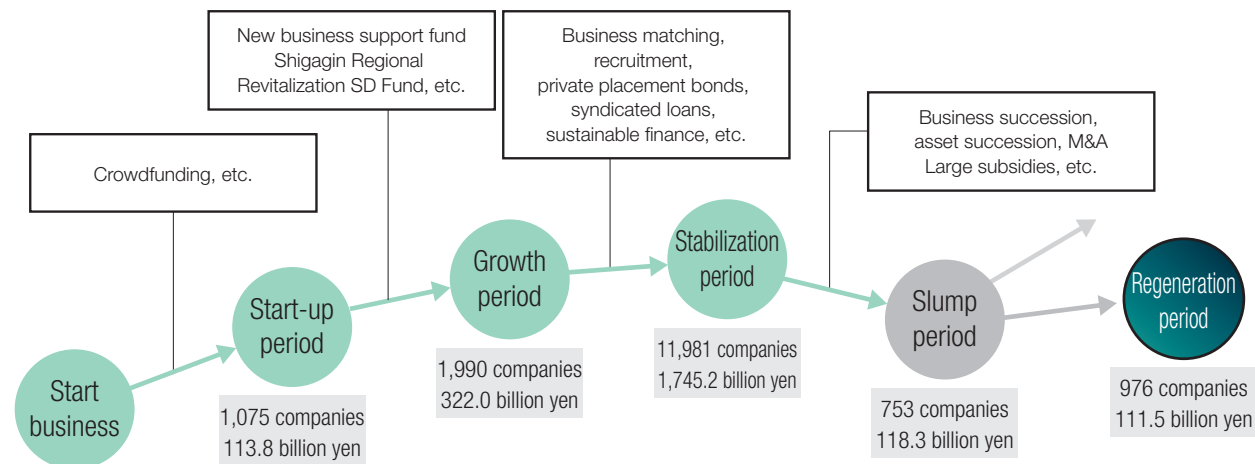
In addition, as management issues that require medium to long time to solve are increasing, we will work to strengthen active and continuous approaches to customers. In fiscal year 2024, we launched the “Future One-on-One Meeting,” in which branch offices and head office work together to consider a wide range of proposals for customers, and established a system to provide ongoing support for business succession issues. We provide medium- to long-term one-on-one support by grasping changes in the business environment of our customers throughout the entire organization.

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.51) and other organizations more than ever.



Providing solutions tailored to the life stage of your company

Fulfilling consulting capabilities and providing diversified financial methods



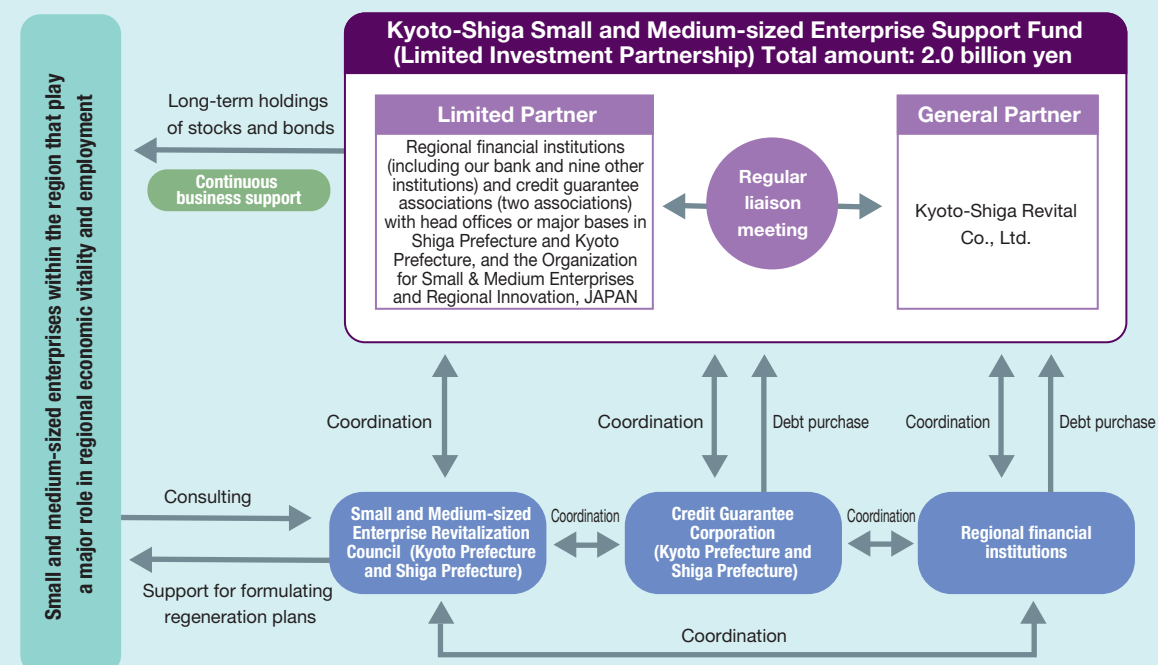
The grey shaded figures show the number of borrowers and outstanding loans by life stage (as of March 2025).

TOPICS

Formation of the “Kyoto-Shiga Small and Medium-sized Enterprise Support Fund,” a public-private partnership fund for the regeneration of small and medium-sized enterprises in the Kyoto-Shiga region

As part of efforts to stimulate regional revitalization and maintain jobs, we formed the “Kyoto-Shiga Small and Medium-sized Enterprise Support Fund Investment Limited Partnership” (total amount: 2.0 billion yen) in collaboration with regional financial institutions and credit guarantee associations, which have their head offices or main bases in Shiga Prefecture and Kyoto Prefecture, and the Organization for Small & Medium Enterprises and Regional Innovation, JAPAN to support small and medium-sized enterprises in the region through a public-private tie-up. This fund will be the first public-private partnership fund for regenerating small and medium-sized enterprises in this region.

We will steadily promote the regeneration of investee companies by providing financial support through debt purchase, lending, and corporate bond underwriting, as well as hands-on business support.



Status and challenges of each solution menu initiative

■ Succession Consulting

We are maximizing customer contact and enhancing our proposals for solving business succession issues. In fiscal year 2024, we made it our policy to expand the scope of services provided by the succession support department, resulting in a significant increase in the number of consultations from 425 in the previous fiscal year to 649.

As the options for business succession continue to diversify, there is a growing need to establish a continuous support system tailored to the individual circumstances of each customer. Going forward, we will leverage outside insight to further advance our expertise and provide even more sophisticated consulting services.

■ M&A

In fiscal year 2024, we stepped up collaboration with branch offices and promoted the acquisition of M&A senior expert qualifications by branch managers, which led to a better understanding and awareness of M&A and resulted in a higher-than-targeted number of M&A deals.

The training of specialized personnel and the establishment of a proposal system tailored to company size and industry will be key challenges going forward, and we will accelerate the development of comprehensive consulting services that contribute to the growth of local companies through the utilization of the CRM system “BMASS,” acquisition financing proposals, PMI support, and other means.

■ Personnel consulting and recruitment

In response to the intensifying competition for talented human resources and the need to improve productivity, while taking into account changes in the environment surrounding our customers, we launched personnel consulting service in April 2022, which includes human resources system development and human resources training support, in addition to our existing recruitment service. Not only have we made improvements to our systems, but we have also strengthened our operational capabilities, such as training for managers and next-generation leaders, in response to growing interest among business leaders in human resource issues. As a result, the number of consultations and successful contracts has steadily increased.

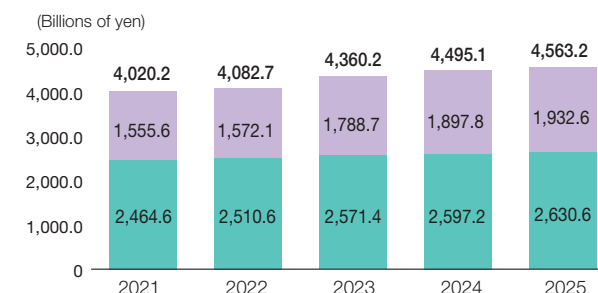
Our customers' human resource issues are complex and require a wide range of solutions. It is therefore essential to build a system that enables us to collaborate with a variety of external partners in addition to our own bank. We will strongly support organizational change and encourage growth in companies through long-term support while developing partnerships and accumulating expertise.

■ Sustainable finance

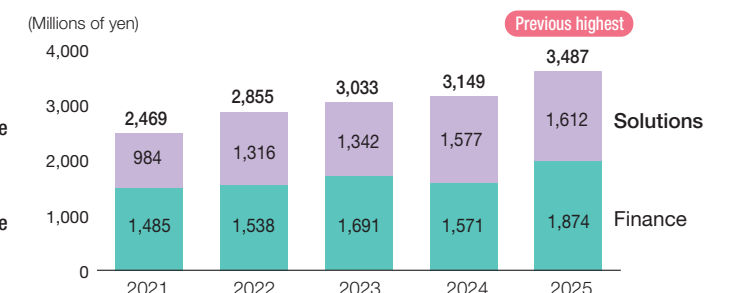
We are proactively offering financial support related to ESG to encourage our customers to engage in sustainable management. In October 2024, we launched a new product called “ESG Loan: Mirai Yoshi Step” with the aim of providing more customers with an opportunity to take their first step toward ESG and SDGs. We provided more than 70 of these products in fiscal year 2024.

Going forward, we will further bolster our partnerships with various entities, including businesses and local governments, and contribute to the realization of regional sustainability.

Total loans outstanding



Main corporate consulting fees



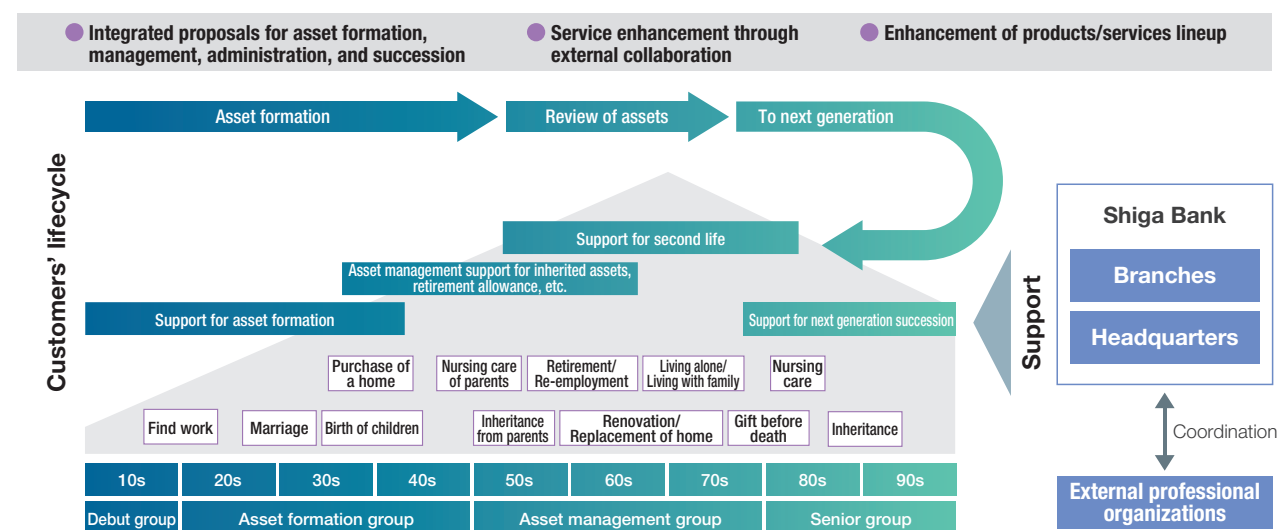
Initiatives for individual customers

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

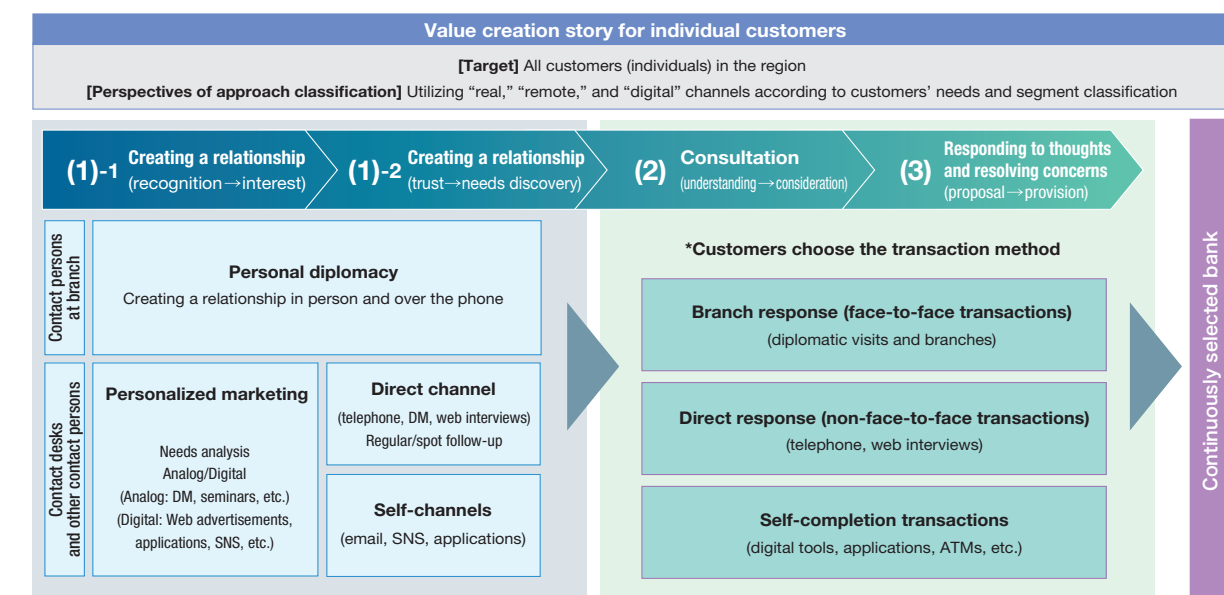
We practice goal-based support* to provide high added-value to all customers.

*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.

Customer-oriented business operations

We have established a "Customer-Oriented Business Policy" with the aim of ensuring that our employees share the Group's philosophy and contribute to the asset formation of our customers. We regularly review specific initiatives and indicators (KPIs) in line with this policy and publish our findings every six months.

1. Pursuit of best interests of our customers
2. Appropriate management of conflicts of interest
3. Clarification of fees and charges
4. Provision of important information in an easy-to-understand manner
5. Offering financial products and services suited to our customers
6. Appropriate motivation framework for employees

Asset succession, trusts for wills

We provide support to ensure that customers' valuable assets are transferred in a smooth and satisfactory manner. We listen to our clients' wishes, confirm their current circumstances, and then provide a wide range of inheritance-related consultation services, including determining who should inherit which assets, securing funds to pay inheritance taxes, and reviewing assets, all tailored to the needs of each individual client.

With "testamentary trusts," we are committed to fulfilling our customers' wishes by providing support in drafting wills, storing and managing them, and, upon the death of the testator, acting as the executor of the will and handling all inheritance procedures. This ensures a smooth inheritance process and the harmonious transfer of assets.

Consumer loans

- With our direct consumer loans, we are leveraging our nationwide network and non-face-to-face strengths, and are seeking to increase high-profit lending.
- We are promoting efficient operations that make use of non-face-to-face channels, such as an increase in the ratio of online applications for home loans.

Direct consumer loan

Enhancement of direct channels

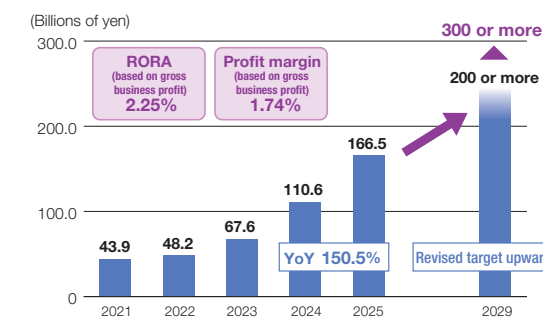
Non-face-to-face tools + Dialogue → Achievement of complete non-face-to-face operation

The call center's professional staff provide extensive support for the procedures by phone or chat. No visit to a branch required from loan application to contract and execution.

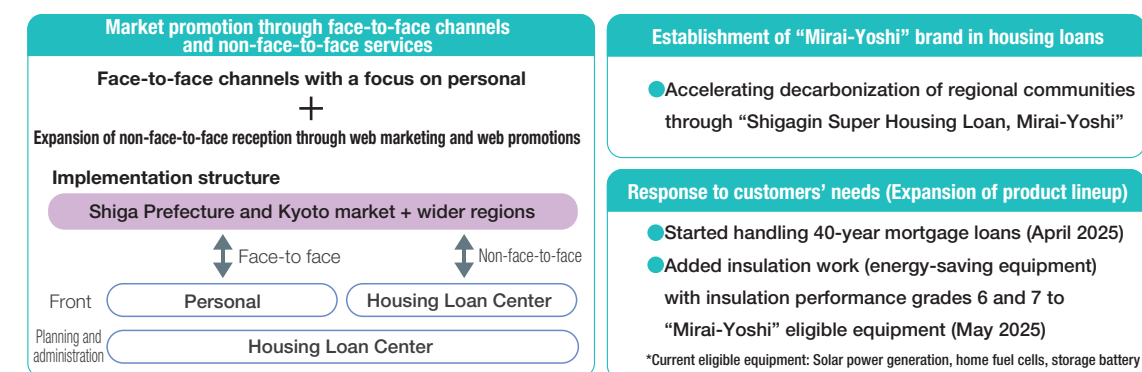
Response to customers' needs

We are revising products and improving convenience to meet customers' needs. We are also strengthening web advertisements to increase appeal to customers.

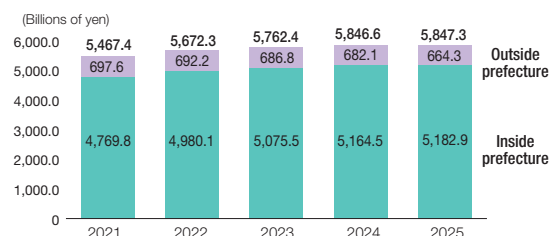
Consumer loan balance trends



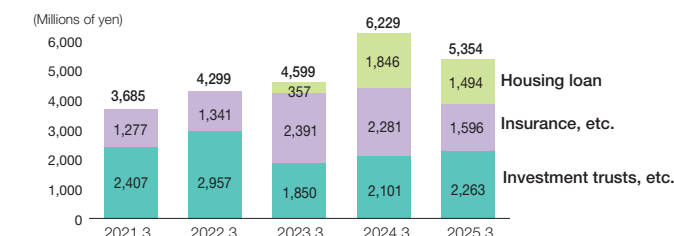
Housing loan



Total deposits (end balance)



Main individual consulting fees



Group company strategy

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.

Shigagin energy



● Renewable energy-related services

- Established April 2024
- We will promote the expansion of renewable energy use through GX (Green Transformation) and resource recycling by supporting local production for local consumption, all creating positive impacts for the region.

<FIT power generation business>

- We have acquired 25 solar power plants (with a total generating capacity of approximately 28 MW) mainly in Shiga Prefecture, and are growing into a power generation business that supplies electricity to around 10,000 households.
- We are also looking into investing in new areas such as PPA and storage battery businesses.



Shigagin capital partners

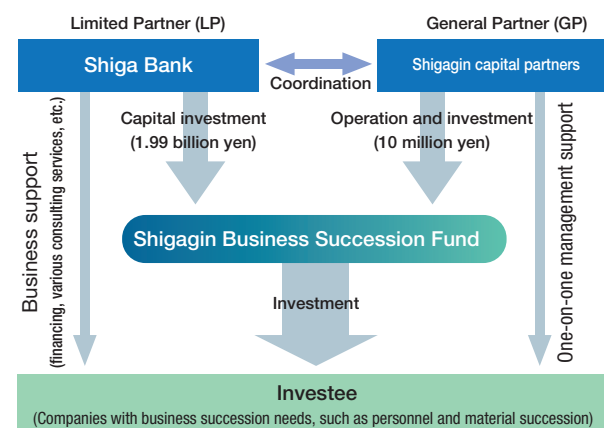


● Consulting services ● Investment services

- Established October 2024
- In response to regional issues such as shrinking markets, lack of successors, and talented human resource shortages, we will work to resolve these issues through our customers' shareholdings and hands-on support.

<Investment business>

- We launched our first fund with 2.0 billion yen in January 2025.
- We will invest in customers faced with business succession issues and strive to enhance corporate value.
- We will also look into expanding into business regeneration, venture business, and regional activation in the future.



Shiga Home Loan Guarantee Service

● Credit guarantee services ● Loan collateral valuation and management services

- We are working to build up sound assets by increasing the balance of housing loan guarantees.
- In April 2024, we commenced a business alliance with ZENHOREN CO., LTD. in the field of rent liability guarantee services. We aim to create a secure rental environment for landlords and tenants by collaborating with local real estate agents.



*Rent liability guarantee services are services that pay rent on behalf of tenants who default on rent payments or other debts.

Shiga DC Card

● Credit card services ● Credit guarantee services

- We handle the DC brand and operate a community-based credit business.
- We are creating synergistic effects through mutual cooperation with Shigagin JCB.
- We are promoting cashless payments in the region by encouraging a wide variety of payment solutions.

Shigagin JCB

● Credit card services

- We handle the JCB brand and operate a community-based credit business.
- We are creating synergistic effects through mutual cooperation with Shiga DC Card.
- We are promoting cashless payments in the region by encouraging a wide variety of payment solutions.

Shigagin Lease

● Lease services

- Through our leasing business, we contribute to the sustainable development of regional communities and our customers.
- We strive to strengthen relationships with our customers and, together with the Bank itself, are working to provide "problem-solving financial information services." Through the promotion of leasing, we are helping to solve social issues such as decarbonization and labor shortages.
- We promote environmental finance initiatives that aim to enhance customer corporate value while preserving the environment.

Shigagin Economic & Cultural Center

● Consulting services

- We serve as a think tank through corporate support and regional cultural promotion, mainly within the prefecture.
- In addition to consulting for local governments and companies, we plan and manage cultural projects, cultural lectures, as well as various other events.

Shigagin Business Service

● Administrative calculation outsourcing services ● Administrative support services
● Property management services ● Cash inspection and sorting services
● ATM management services

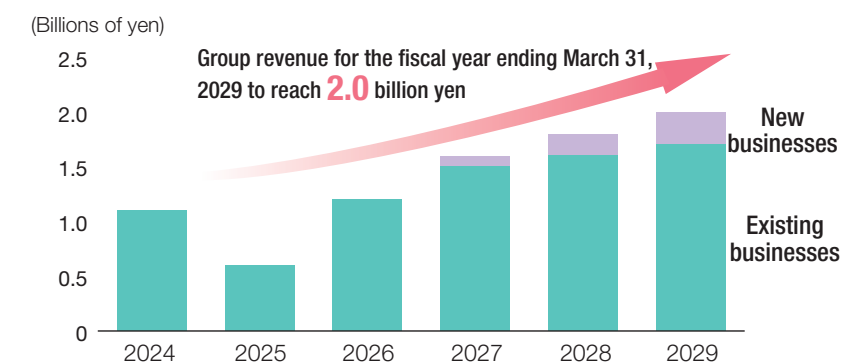
- As a subsidiary that provides administrative support to banks, we are working to improve the operational efficiency of banks.

Shigagin Agency

● Bank agency services

- As an important staffed outlet, we have 21 general agencies and in-store agencies in the prefecture, and are engaged in sales and customer services.

Group company revenue trends



2 The 8th Medium-Term Business Plan

Base for Growth

Strengthening management foundations resilient to change

Amid accelerating economic and social change, we are aiming to achieve sustainable growth as a company that is resilient to change and has the ability to connect to the business of the future.

In “Base for Growth,” we are working to build a strong and flexible management foundation. This strategy serves as a foundation (base) for responding effectively to changes in the external environment and accurately identifying future growth opportunities to generate profits. Its objective is to achieve both sustainable improvements in capital efficiency and the creation of diverse sources of revenue.

In fiscal year 2024, we further strengthened our overseas finance business by incorporating structured finance and global growth opportunities, in addition to upgrading our securities management. In addition, we are making steady progress in strengthening and upgrading our management foundation by promoting digital strategies both inside and outside the company as well as “data-driven projects.”

This strategy aims to enhance the competitiveness of the Shiga Bank Group from both defensive and offensive perspectives. Despite significant changes in the business environment, we will continue to manage our business with flexibility and swift execution, and strive to create sustainable corporate value that meets the expectations of the capital markets.

<Recognition of issues>

- Building a high-quality portfolio that generates sustainable returns
- Practicing data-driven management that enables flexible and strategic decision-making

Securities investment strategy

We will manage our portfolio in response to changes in the external environment with a forward-looking approach, and aim to maximize total returns.

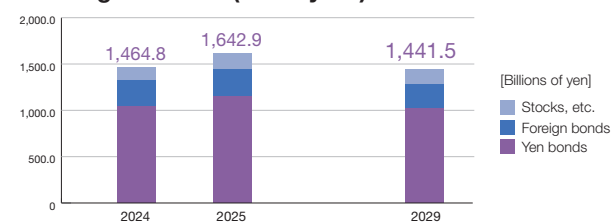
Vision

Growth strategy	Continuous improvement of investment portfolio → 1% profit margin* to the portfolio (current actual performance is approx. 0.7%) *Excluding cross-shareholdings, after deducting yen and foreign currency financing costs • Stable earnings = shift in earnings structure from capital to carry • Responding to changes in monetary policy with interest rate forecasts that reflect economic cycles
	2025 results • Sold low-yield bonds, etc., and replaced them to improve the overall yield of the portfolio • Revision of final fiscal year balance plan based on current interest rate environment
	Issues Risk factors • Correlation between interest rates and risk assets such as stocks in the event of a sharp hike in interest rates • Risk-taking commensurate with management strength and risk control capabilities • Building effective operational and risk management systems

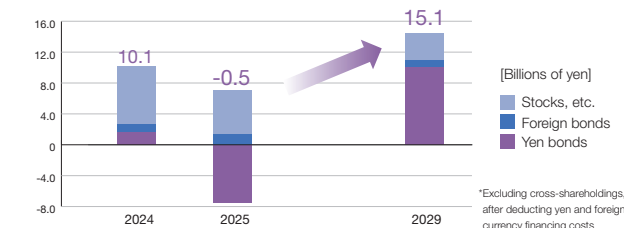
Balance and revenue plan

Controlling income volatility Increase RORA

Average balance (fiscal year)



Revenue



*Excluding cross-shareholdings, after deducting yen and foreign currency financing costs

Finance strategy

As a strategic department, the “Finance Office” has been established within the Financial Markets & International Dept. since June 2021.

We will contribute to the development of not only regional economy, but also the Japanese and global economy, shift to a sustainable earnings structure, and improve corporate value by taking on the challenge of new finance methods and enhancing finance for increasingly diversified and sophisticated companies and businesses.

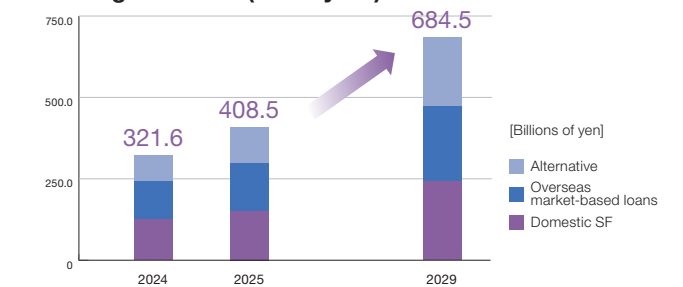
Vision

Growth strategy +X	Investment and financing with an awareness of RORA and risk diversification • Highly profitable finance • Investing human resources and management resources in growth areas Economic capital → Accumulation of high RORA assets Human capital → Taking on the challenge of new financing methods • Risk mitigation through extensive diversification Strategic diversification, regional diversification, and time diversification • Investing in a wide range of fields and methods Domestic SF*: Infrastructure, real estate, data centers, etc. Overseas market-based loans: Overseas corporate loans, overseas syndicated loans, etc. Alternative: Venture buyout funds, real estate, etc. *SF: Structured finance
	2025 results • Steadily accumulated assets in each segment • Revenue increased significantly year on year due to buyout fund distributions.
	Issues Risk factors • Systematic consolidation of know-how and human resource development • Credit risk, structural risk, and other risk management • Sudden death, etc. → Manifestation of credit costs • Foreign currency funding environment

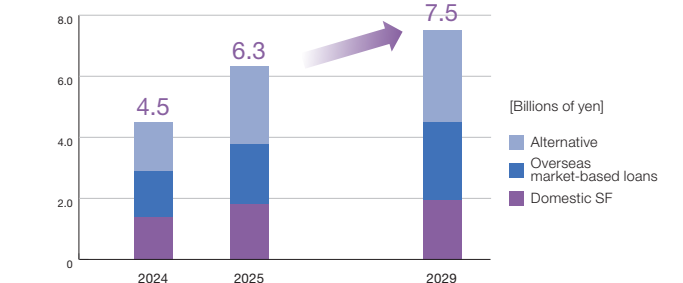
Balance and revenue plan

Increase RORA

Average balance (fiscal year)



Revenue



Securing stable earnings through diversified investments

We aim to secure stable earnings through a risk diversification strategy based on “strategic diversification,” “regional diversification,” and “time diversification.”

(Balances as of March 31, 2024)

Alternative investments (Account balance as of March 31, 2025: 110.7 billion yen) ● Buyout fund ● Venture fund ● Infrastructure fund ● Real estate private placement fund ● Private REITs ● Private debt ● Mezzanine fund ● Ship fund	Overseas market-based loans (Average balance: 147.0 billion yen) ● Corporate ● Financial institutions ● Overseas project finance ● Ship and aircraft ● Overseas real estate non-recourse loan [Regions] North America, Asia, Europe Oceania, Middle East, etc.	Domestic structured finance (Average balance: 150.8 billion yen) ● Renewable energy ● Real estate non-recourse loan ● LBO ● Ship ● Mezzanine ● PFI
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TOPICS Establishment of the “Market Strategy Group” within the Financial Markets & International Dept.

On June 25, 2025, we established the Market Strategy Group within the Financial Markets & International Department to build a system equipped to consolidate the management of market operations (asset allocation strategy) and respond to changes in the external environment.

In a “world with interest rates,” we will aim to maximize profits with limited funds (deposits, etc.) by securing stable financing (deposits, market financing, etc.) and optimal investment (loans, securities, etc.).

DX strategy

Message from the Officer Responsible

As a “Sustainability Design Company,” we are committed to creating a sustainable future together with our customers and local communities. To achieve this, it is essential to adapt flexibly to social changes and strategically utilize digital technology.

Technological innovation and constantly diversifying lifestyles are causing societal needs to change daily. We are working to improve CX (customer experience) through personalized, convenient services that make good use of AI and data analysis. We are also channeling our efforts into DX support aimed at solving regional issues, contributing to the creation of sustainable communities.

Furthermore, we will work to improve productivity by simplifying procedures and improving operational efficiency through the digitization of operations, thereby creating an environment where employees can concentrate more on creative tasks.

Through these efforts, we will strongly promote the enhancement of corporate value and sustainable growth, driven by innovation and reliability.

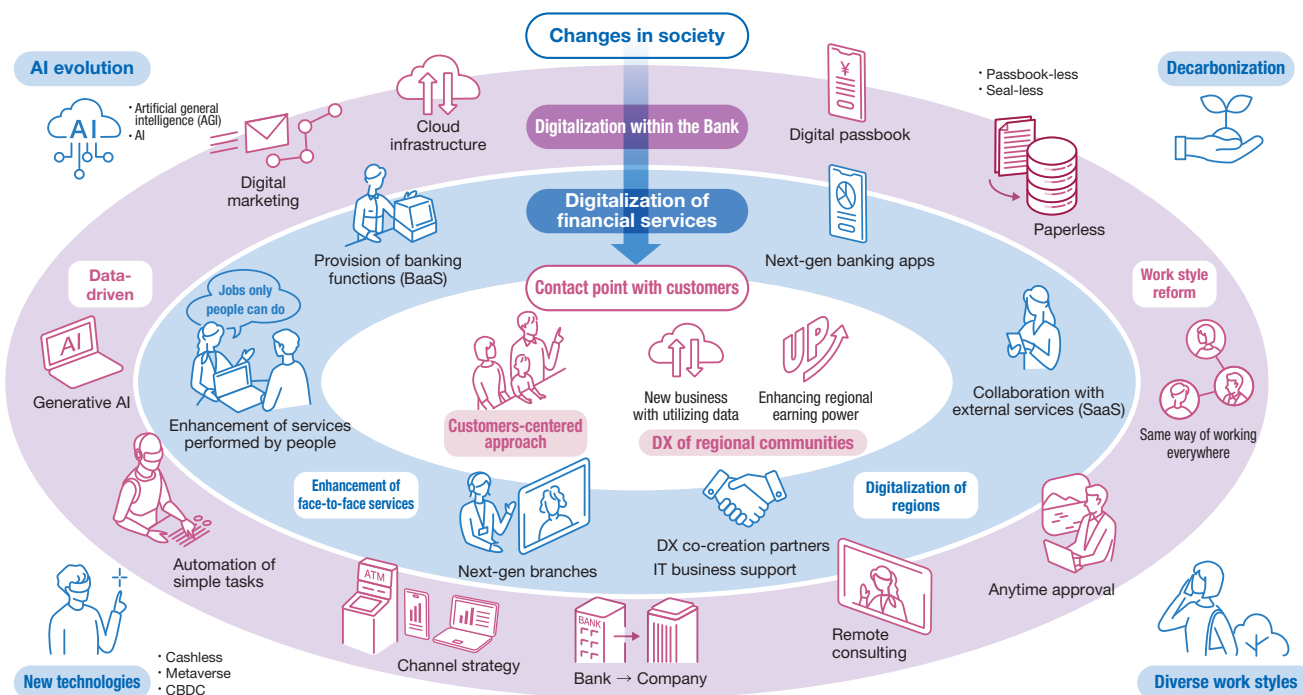


Nobuyuki Tanaka
Director and Managing Executive Officer

■ Digital Strategy Committee and digital strategy roadmap

The Digital Strategy Committee, chaired by the President, presents and discusses the digital strategy as a roadmap based on the current status of digitalization and the possibilities and constraints of digitalization in the medium- to long-term, and each department shares a common understanding of this roadmap to contribute to investment decisions for individual systemization projects and the realization of medium- to long-term digitalization strategies.

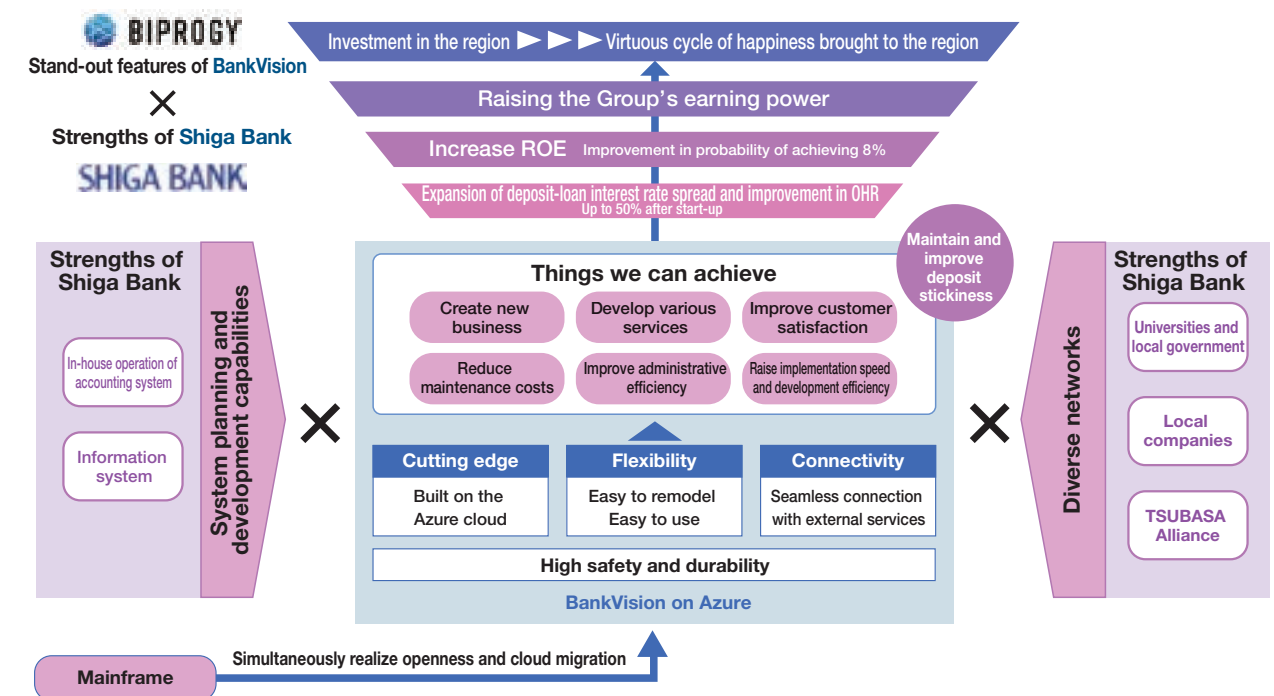
Digital strategy roadmap: Future image of the Bank (mid- to long-term)



■ IT business support –Paving the way to resolving customers’ issues from the viewpoint of digitalization–

We will actively provide know-how, etc. gained through internal digitization of the Bank, centering on “IT business support” to solve management issues of regions and customers from the viewpoint of digitalization, and promote digital transformation (DX) of regional communities in collaboration with a variety of external companies.

■ BIPROGY’s selection of BankVision

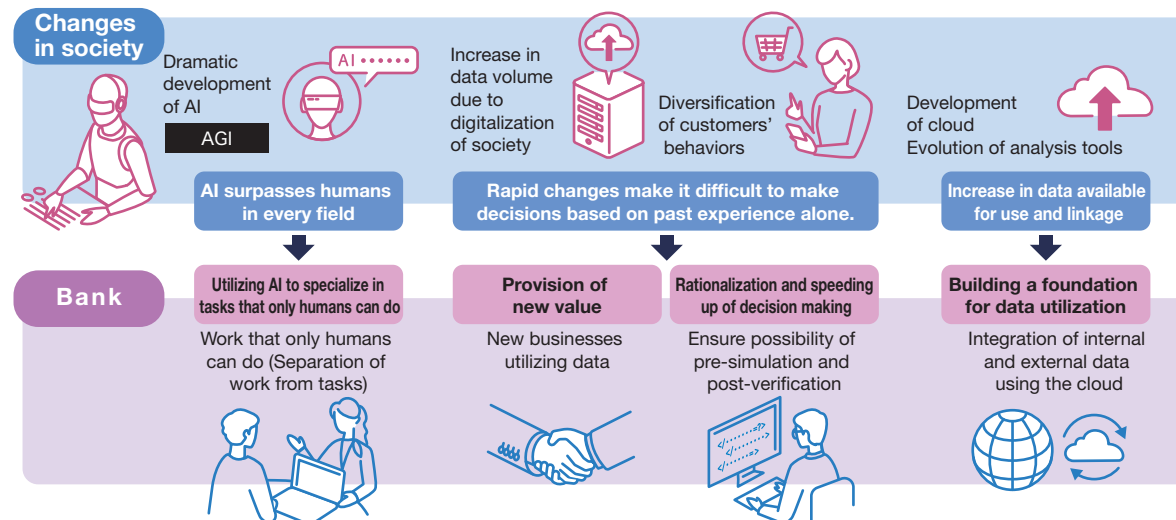


- The Bank is currently considering the introduction of BankVision, developed by BIPROGY Inc., as its next accounting system. In this era of VUCA, where social and business environments are changing at breakneck speed, it is important to have “advanced systems” that can flexibly and rapidly reflect management strategies, “IT human resources” who can utilize these systems to implement management strategies, and the capacity to connect with external services, collaborate with other companies, utilize AI, and introduce the latest technologies. Against this backdrop, we have defined the target system for the next-generation accounting system as a “highly sustainable system capable of flexibly and speedily realizing management strategies and supporting the provision of customer-oriented services.”
- BankVision, developed by BIPROGY Inc., which we have shortlisted, is a system that embodies the system model we are aiming for, enabling the simultaneous openness and migration to the cloud of our accounting system.
- Furthermore, Azure’s functionality and AI applications are expected to expand in the future, and by actively incorporating this expertise, we will be able to transform our internal operations and digitize all of our customer services. Furthermore, we can stand out from the crowd by developing IT human resources able to provide DX support in related fields both within and outside the bank, starting with the accounting systems that underpin our business.
- Through BankVision, we will enhance corporate value by taking our high-level system planning and development capabilities cultivated through the in-house operation of accounting systems and the building of information systems and combining it with our diverse network of TSUBASA Alliance, local companies, universities, and local governments. In the future, we will improve OHR (to the 50% level) and ROE (to 8%).
- We will also promote investment that contributes to solving customers’ issues and regional growth by enhancing corporate value, maximize the value we provide to the region, and create a “virtuous cycle of happiness brought to the region.”

Data-driven

I Transformation through data-driven

Overall image of data-driven



The “Data Driven Project Team” was established in April 2024 to promote and support data-driven business operations across the organization, as these business operations need to build a data utilization infrastructure, introduce analytical tools, and foster a culture of using data.

In an environment where change is rapid and the future is difficult to predict, it is required to consider the direction of the project and the expansion of resources while minimizing risks with limited resources. We will actively work on the trials (PoC <Proof of Concept>), and bring them to Bank-wide efforts.

Through the proactive use of AI technology, such as generative AI, we will improve operational efficiency and productivity, and provide new added value by reallocating the generated hours for the benefit of customers and regions.

I Participation in the Financial Data Application Challenge

As part of our efforts to foster a culture of data utilization and develop human resources, we are participating in the “Financial Data Application Challenge” (co-sponsored by the Association for the Promotion of Financial Data Application and the Financial Services Agency). In the “Financial Data Application Challenge,” participants compete in accuracy in selected genres and themes, such as creating prediction models using machine learning and constructing RAG systems using generative AI.

To date, a total of 66 participants from our head office, branches, and group companies have taken part in the program, achieving excellent results in the regional financial institutions category: 1st place in the 1st competition (2023), 4th place in the 2nd (2024), and 2nd place in the 3rd (2025), marking three consecutive years of winning awards.

In an environment where digital technology is advancing at breakneck speed, we will promote data-driven business operations by leveraging new technologies such as AI.



Computer System Dept.
Computer System
Development Group Sub-
Assistant General Manager

Yusuke Kadoma

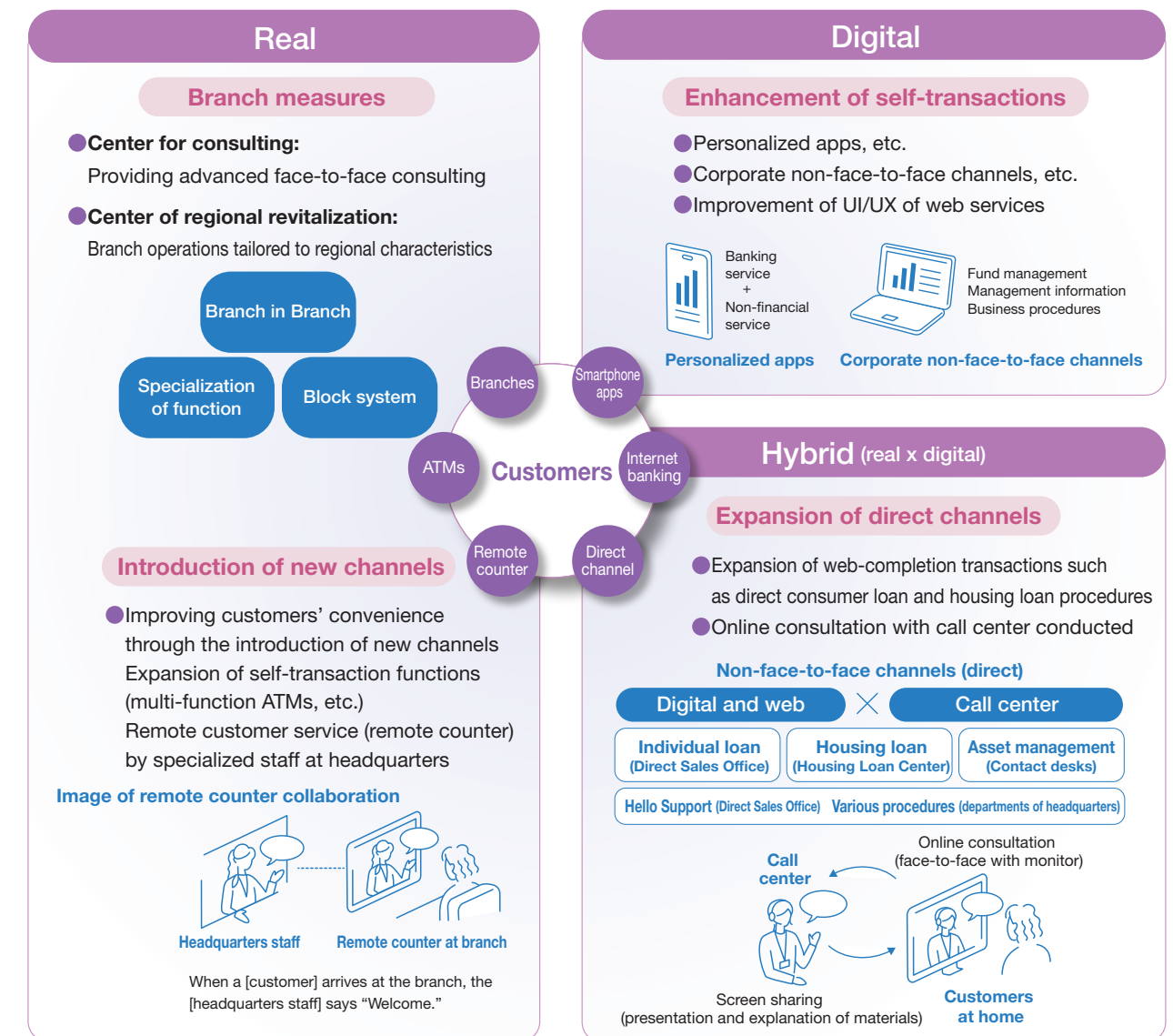
We were awarded second place in the regional financial institutions category at the 3rd Financial Data Application Challenge.

This challenge provided a great opportunity to experience firsthand the new technology of generative AI. It was a challenge to create a program that cleared the given theme, but through trial and error, while enjoying the process of creation at the same time, I was able to gain a deeper understanding of the technology and acquire new skills.

I will keep up with constantly evolving technology, apply it to my work, and create new value.

Channel strategy –Aiming to be “always Shigagin” and “everywhere Shigagin”–

Recently the number of customers visiting branches have continued to decrease due to factors such as population decline, wide-spread use of cashless payment, and advancement of smartphone apps. The balance between needs for face-to-face channels focused on branches and non-face-to-face channels such as online banking and apps has changed significantly. With the aim of becoming “always Shigagin” and “everywhere Shigagin,” we will provide a variety of channels to meet the diversifying values and lifestyles of customers and enhance and expand contact points with customers.



TOPICS Addition of web channel for customer appointment service

With the aim of improving customer convenience and the quality of communication with our customers, starting on April 22, 2025, we added a web channel to the methods available for using our customer appointment service.

Through the web channel, customers can now make appointments with the bank 24 hours a day, 365 days a year, from anywhere using their smartphones or computers.

In addition, understanding the requests of customers who make a prior appointment allows us to prepare various procedures and proposals in advance, leading to a higher quality service. Additionally, information such as block and headquarters schedules can be shared, enabling a mutual assistance system and a remote headquarters reception service.

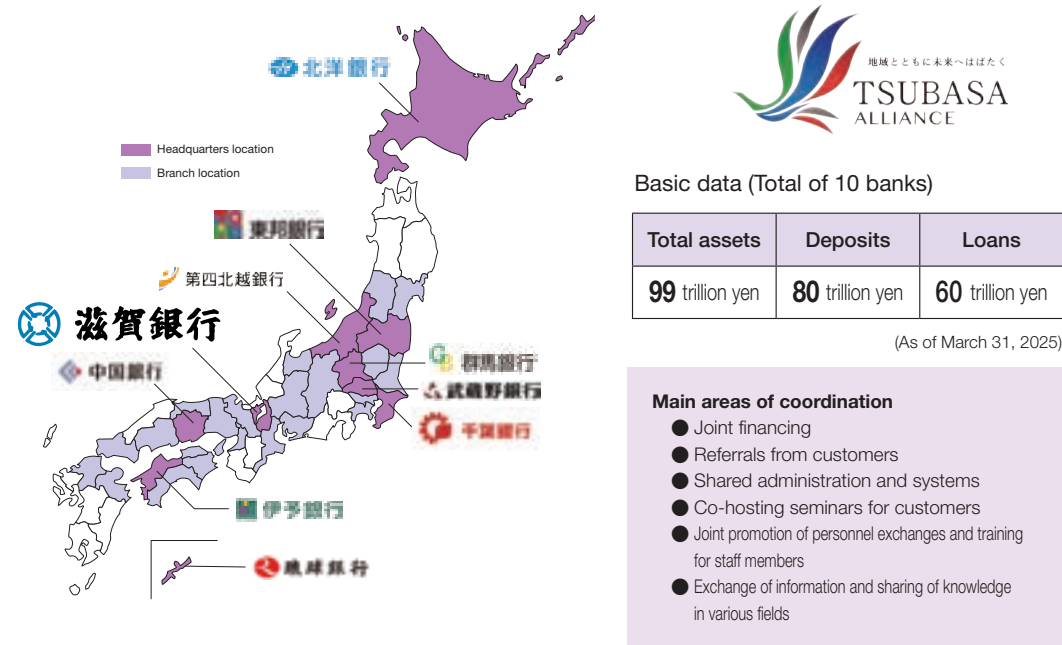
Coordination with other financial institutions

I Wide-area collaboration of 10 top regional banks —TSUBASA Alliance—

The “TSUBASA Alliance” is Japan’s largest wide-area collaboration framework, involving 10 top banks in each region of Japan. While maintaining independence, the 10 participating banks will pool their expertise to promote collaboration not only in the systems area, but also in a wide range of other areas such as advanced risk management, human capital, sustainability initiatives, international business, and sales promotion.

Since joining in May 2019, the Bank has achieved significant benefits. These include top-line growth through participation in syndicated loans and other activities, cost reductions achieved through collaboration in non-competitive areas such as anti-money laundering measures, and the accumulation of intellectual capital through personnel exchanges and the sharing of specialized knowledge and expertise.

We will continue to strengthen the collaboration and share know-how and expertise to create new value that the Bank cannot achieve independently and contribute to the sustainable growth of the region.



Sponsorship of the 2025 Japan International Exposition (Osaka-Kansai Expo)

As the TSUBASA Alliance celebrates its 10th anniversary in 2025, all member banks of the TSUBASA Alliance have jointly agreed to sponsor the 2025 Japan International Exposition (“Osaka-Kansai Expo”).

This initiative is a collaboration with TSUBASA ALLIANCE Co., Ltd., a joint venture company, in which Theme Producer Kundo Koyama is participating as a Bronze Partner in the signature pavilion “EARTH MART” (theme: “Weaving Life”). This theme project (“EARTH MART”) expresses our commitment to sharing the potential of Japanese food culture and the evolution of food through technology, while addressing global environmental issues and hunger, with the aim of leading us toward a better future. Through participation in this theme project, we will further deepen collaboration with the TSUBASA Alliance towards our collective goal of regional regeneration and contribute to the sustainable development of the region.

“Start with TSUBASA! Asset Management Startup Seminar” to be held

On February 24, 2025, we co-hosted the “Start with TSUBASA! Asset Management Startup Seminar” with the aim of deepening our customers’ understanding of asset management, including NISA. In Part 1, participants learned about the often difficult subject of asset management together with popular comedian Yoshio Kojima. In Part 2, asset management professionals explained how to make the most of NISA during times of inflation. We will continue to provide information on asset management and other effective means to help our customers attain a financially comfortable lifestyle.

Holding of the “Bangkok TSUBASA Seminar & Networking Event 2025”

On February 24, 2025, we co-hosted the “Bangkok TSUBASA Seminar & Networking Event 2025” in Bangkok, Thailand. This event was held to provide customers doing business in Thailand with the latest business information in Thailand and to provide a platform for information exchange and networking among customers. This sixth event was the largest to date, with 93 companies and 112 participants from 10 banks. In addition to seminars and networking sessions, we invited Thai companies with a track record of collaboration with Japanese companies to participate in a panel discussion on the theme of “Success Stories and Challenges in Japan-Thailand Business Collaboration.” We will continue to leverage our overseas networks to support our customers’ business development.

Joint purchase of “Non-Fossil Certificate”

Together with the TSUBASA Alliance member banks, we purchased a total of 5.00 million kWh of FIT Non-Fossil Certificates* generated in each bank’s business area. The Non-Fossil Certificates purchased will be used to offset CO₂ emissions from electricity consumption at each bank, contributing to a total reduction of approximately 2,100 tons (equivalent to the annual CO₂ emissions of around 5,000 ATMs) across a total of 10 banks.

This initiative was implemented as a collaborative measure among TSUBASA Alliance member banks with the aim of promoting local consumption of “environmental value” created in each bank’s business area, stimulating the renewable energy value trading market, and promoting the widespread use of FIT Non-Fossil Certificates.

We will continue to tackle environmental and social issues, including decarbonization (carbon neutrality) in the region, and help to realize a sustainable local community.

*A certificate that certifies the “environmental value” portion of electricity generated by non-fossil fuel power sources (solar, wind, biomass, etc., which do not use fossil fuels and are considered to not emit CO₂ during power generation) that are subject to the FIT system (Feed-in Tariff system for renewable energy). Certificates that can be used to reduce CO₂ emissions from electricity consumption.



I Coordination with nearby financial institutions in non-competitive areas

Free affiliated ATM



Combined mail delivery

We are jointly using mail cars (vehicles for transporting mail and other items) with Bank of Kyoto and other companies.

Kyoto-Shiga Small and Medium-sized Enterprise Support Fund

Regional financial institutions and credit guarantee associations with head offices or major bases in Shiga Prefecture and Kyoto Prefecture have established a public-private partnership fund for the revitalization of small and medium-sized enterprises (P.39).

3 The 8th Medium-Term Business Plan

Basic Strategy #3 Human First

Maximizing human capital

We believe that there is still considerable room for growth in terms of human capital by putting to good use the abilities and skills of each and every employee.

Based on good human relations and workplace environment, we will work to create an organizational climate in which employees can feel a sense of fulfillment, achievement, and personal growth more than before.

<Recognition of issues>

- Restructuring of human resource portfolios to reflect environmental changes
- Strengthening of management capabilities and review of promotion criteria
- A corporate culture that promotes psychological safety and the penetration of mission, vision, and values
- Promotion of human capital investment and clear communication to employees

The future starts from human potential.

We believe that the will of each individual and our transformation will create new value and lead the way to the future of our region.

Katsuyoshi Horiuchi Director and Senior Managing Executive Officer (Representative Director)



Message from the Officer Responsible for Personnel Affairs

In our 8th Medium-Term Business Plan, we have adopted a “Human First” strategy, and based on our belief that people are the source of value creation, we have begun full-scale investment in human capital. Putting systems and environments in place is only the starting point.

The first year’s efforts have brought many new discoveries and signs of definite change are emerging. At the root of this change lies the power of culture. “Culture beats strategy.” As this saying suggests, no matter how excellent a strategy may be, without the culture to support it, true change will not take place.

In fiscal year 2025, we will tackle the challenge of accelerating change. Offering full training programs,

career support, management skills, and fostering a corporate culture that celebrates challenges. All of these efforts are aimed at connecting the potential of each and every employee to the future of the region and our customers. It is not just systems and frameworks, but a culture that embraces challenges and turns failures into learning experiences that drive sustainable growth.

We don’t view challenges as a negative, but rather as opportunities for growth. Our goal is to create an organization where all employees can learn independently, challenge themselves, and create value. We will continue to move forward without giving up on this challenge in fiscal year 2025 and beyond.

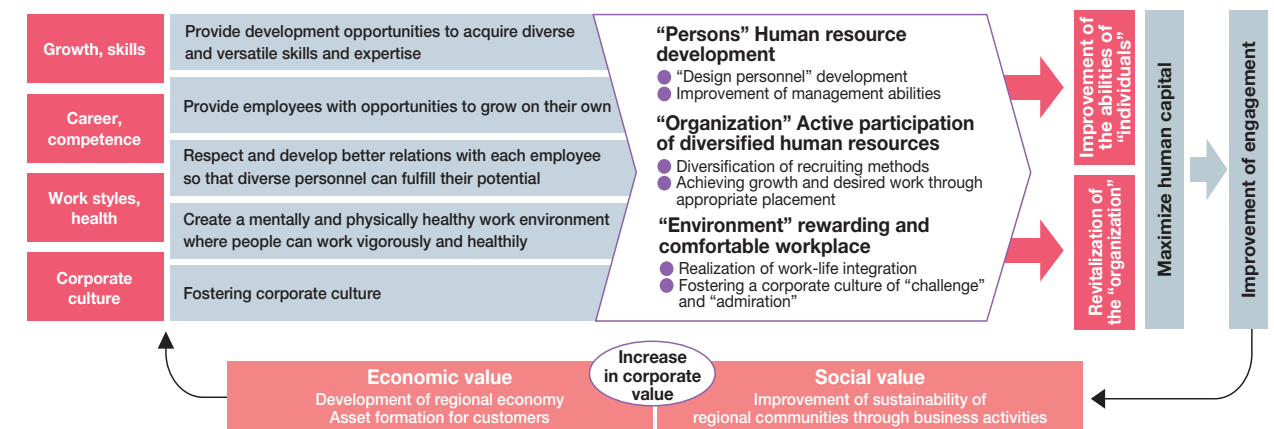
Value creation in personnel strategy

Personnel strategy of the 8th Medium-Term Business Plan

Overview of Personnel Strategy

We will set KPIs for each of the three pillars of “persons,” “organization,” and “environment,” and implement specifically designed measures. The KGI that runs through all of this is “improvement of engagement.” Our value creation process is based on the belief that when each and every employee feels a sense of purpose and fulfillment in their role and work, and is motivated to take on challenges and grow, this generates energy throughout the organization, which in turn enhances our ability to contribute to regional communities.

Value creation process for personnel strategy



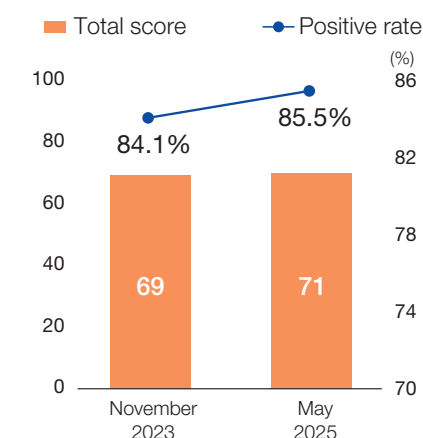
Progress of KGI and Recognition of Issues

The overall score of the engagement survey conducted in May 2025 was 71, showing an improving trend but still falling short of the mark. Although systemic reforms are progressing, there are still challenges in raising awareness and changing behavior in the workplace.

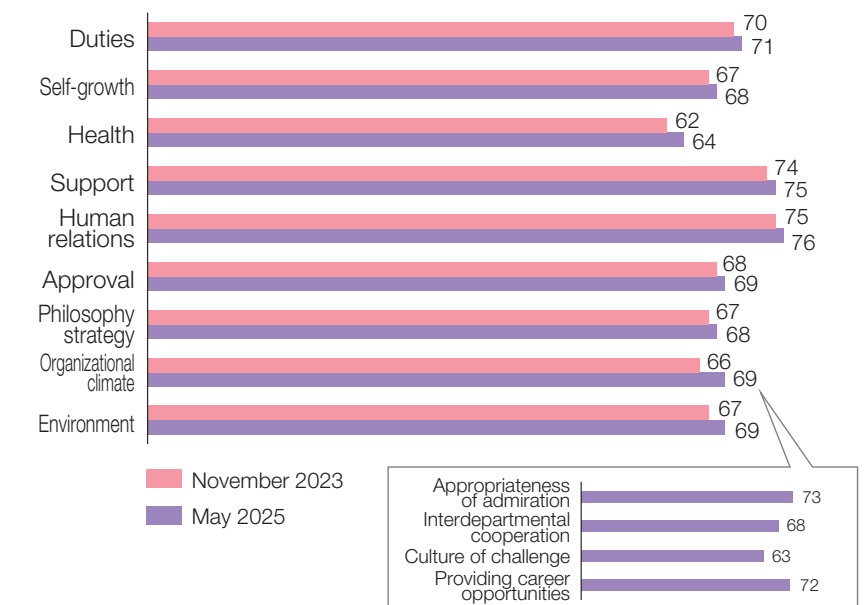
In particular, improvements have been seen in the “organizational climate” category, but the score for “culture of challenge” remains low. Going forward, we will work to improve engagement by cultivating a corporate culture that embraces challenges, supporting independent career development, and strengthening management capabilities.

Progress of KGI

Results of engagement survey (total score)



Engagement survey (score by category)



I “Persons” Human resource development

“Design personnel” development

Developing human resources with the ability to design the future together with local communities and customers is a central theme of our personnel strategy. As a regional financial institution, the Bank has focused to date on strengthening relationships (the 6th Medium-Term Business Plan) and solutions (the 7th Medium-Term Business Plan) and has worked to develop “problem-solution type human resources.” Through such steps, we are aiming to evolve into “design personnel” who connect relations and solutions.

Human resources development policy

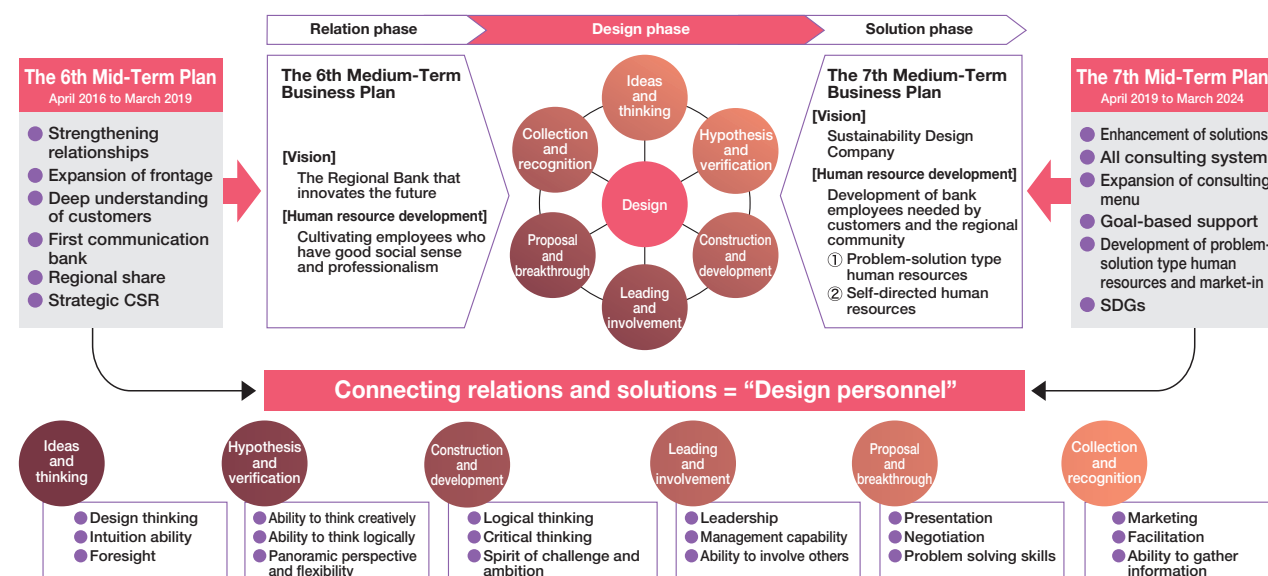
“Design personnel” development

■ Persons who can create issues for customers and regions, design solutions, and link them to the realization of those solutions

Considering the deposit and loan business operations as a relationship opportunity, improve the ability and skills to design value creation for customers and regions and link it to solutions.

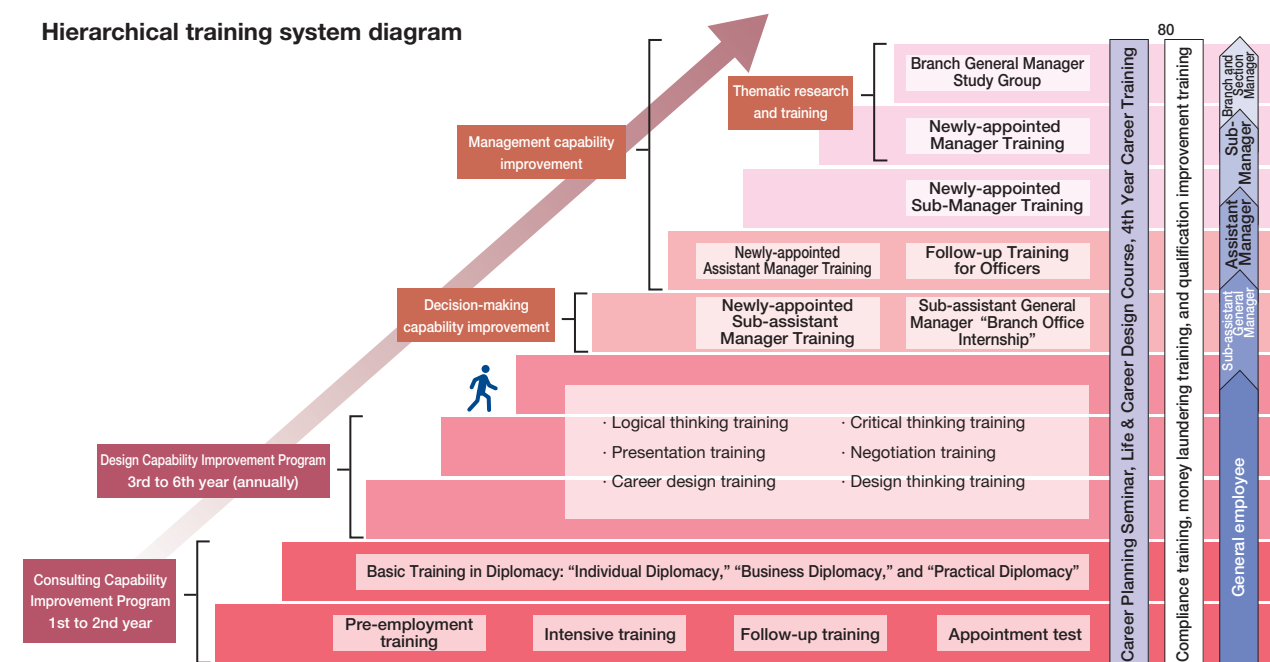
■ Persons who design their careers (=vision) and continue to take on challenges to achieve them.

In an era of rapid change, we develop and support human resources who have high aspirations and continue to take on challenges, while drawing up their own “vision.”



In fiscal year 2024, we took an important step toward transitioning to this new stage of development. We have established a new “Design Capability Improvement Program” to cultivate more practical skills and mindsets, moving away from the conventional “bank training” style. By learning design thinking and logical thinking skills through training, participants are broadening their perspectives and beginning to take the initiative in their thoughts and actions.

Hierarchical training system diagram



“Development of management personnel”

The role of management personnel is becoming increasingly important in the promotion of human capital management. In order to nurture the growth of each and every employee, it is necessary to avoid a one-size-fits-all approach to training and instead provide communication and support tailored to each individual's characteristics. It is the quality of this engagement that shapes the vitality of an organization.

We define this ability as “management competencies” and focus on developing middle management, who work closely with young employees. In fiscal year 2024, we continued to promote systematic training, and participants in the Globis Management School program have given positive feedback on the changes they have experienced.

Our bank has a unique management system that has been passed down for many years. The “Area-based Personnel Appraisal Meeting,” which symbolizes this approach, brings together all department/branch managers from each area and department to engage in detailed discussions and interviews with the Personnel Affairs Dept. regarding the human resource development of all employees. This system is deeply rooted as the “spirit” of our corporate culture, which values people above all else.

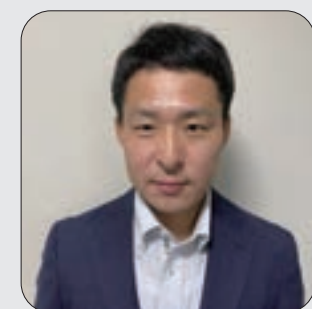
From fiscal year 2025 onwards, we will promote initiatives to further incorporate this “spirit” into our day-to-day management. By establishing a PDCA cycle for human resource management and enhancing the practical skills of managers, we will bring out and consolidate the potential of each individual and transform it into organizational strength.

Enhancing problem-solving skills through Japan's first learning program: Tackling the challenge of developing “design personnel”

As a member of the project team involved in formulating the Medium-Term Business Plan, I was only too aware of my lack of ability to identify issues structurally, visualize and analyze issues in the field in numerical terms, and make persuasive proposals. In practical work and self-study, my understanding remained patchy, so I decided to enroll in the MBAN (Master of Business Analytics) course at the Graduate School of Shiga University to develop the ability to systematically apply theory to practice.

This course is Japan's first master's program that combines business and data science, offering practical training in statistics, AI, and data analysis. At first, I was overwhelmed by the technical terms and theories, but as I gained the ability to organize issues quantitatively and think logically, I began to see the true nature of banking more clearly.

Through learning both theory and practice, I realized the importance of having a broad perspective on management and the ability to think based on data, which was a major turning point in widening my outlook. Going forward, I will apply the knowledge I have gained to banking operations and play my part in the development of the regional economy.



Assistant Manager,
Personnel Affairs Dept.
(Currently enrolled in the MBAN
course at the Graduate School of
Shiga University)

Tetsuya Amemori

I “Organization” Active participation of diversified human resources

Realizing growth and success through independent career development

Creating an environment where diverse human resources can maximize their potential and demonstrate their abilities within the organization is extremely important for promoting human capital management. The Bank will promote personnel mobility between branches and headquarters, and will also work to spotlight abilities and skills through the use of a human resources recruitment system and talent management system, geared toward placing the right people in the right positions and enhancing career motivation.

In fiscal year 2024, we introduced “Nozokimi!” as a new system to support proactive career development. This is a system that allows employees to visit departments of interest, and is a response to feedback that it takes a little courage to apply for the human resources recruitment system. Since its inception, 247 employees have participated in the program, contributing to mutual understanding between branch offices and headquarters and expanding career options.

In addition, the benefits of “Nozokimi!” are not limited to career support. Through these visits, barriers and preconceptions between sales offices and headquarters have been broken down, fostering a sense of mutual respect. We believe that improving the quality of these relationships is an important sign of change that will contribute to improving engagement, which is our KGI.

The use of the human resources recruitment system is steadily expanding, and there is a growing trend among young employees in particular to volunteer for new challenges. By following up after the program and providing growth support, we are building an environment where the fruits of challenges lead to further growth.

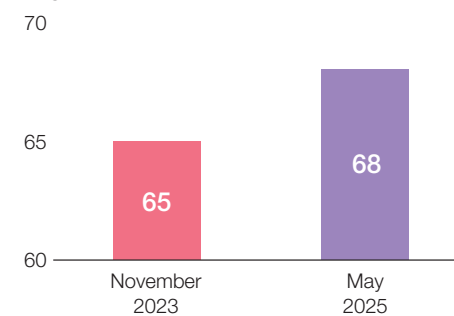
From fiscal year 2025 onwards, we will promote a virtuous cycle of career independence and organizational revitalization by organically linking the “Nozokimi!” program with our human resources recruitment system. By fostering a culture where employees of all ages learn from each other and embrace new challenges, we aim to instill a mindset that helps to create value for our communities and customers.

A mechanism linking corporate value and challenges: Issuance of restricted stock

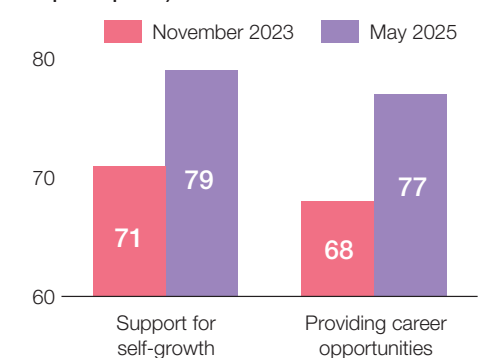
As a mechanism to further promote career support and encourage challenges, we will grant “restricted stock (RS)” to employees on September 1, 2025. This will enable employees to hold voting rights and participate in improving corporate value from the same perspective as shareholders.

By linking the sustainable improvement of corporate value with employee engagement, we will foster a sense of ownership among our employees, encouraging them to take a more proactive role in the future of the company as an integral part of its management.

Engagement survey
(Interdepartmental cooperation
(organizational climate, minor items))



Engagement survey
(Average score of female leadership training participants)



Promotion and creation of an environment for DE&I

As values and work styles continue to diversify, we are working to create an environment where all employees can fully demonstrate their abilities and contribute to the sustainable growth of the organization. To promote DE&I (Diversity, Equity, and Inclusion), we have established a Diversity Promotion Committee and a Diversity Promotion Team consisting of publicly recruited members. Through their involvement in setting organizational goals and planning initiatives, we are working to change the mindset and behavior of our employees.

In fiscal year 2024, we became the first company in the prefecture to obtain “Platinum Kurumin Plus” certification, which evaluates support for balancing infertility treatment and work. In addition, we offer “Life & Career Design Seminars” and “Female Leadership Training” to support women’s pursuit of careers, providing opportunities for employees to think proactively about a wide selection of career paths.

In October 2023, we established the “Heartful Office” within the Personnel Affairs Department to expand the employment of people with disabilities and, as of the end of March 2025, 16 employees are working there. We are working to create a workplace environment where employees with disabilities can work while developing their skills, thereby achieving self-realization.

Utilizing the Alumni Network

We view retirees as “external human capital” and are building a network of alumni who are continuing to be active and thriving outside the bank.

Alumni who have expanded their knowledge and networks are giving back to the bank and the region by returning to work or collaboration. We believe that retirement is not the end, but rather the beginning of a new relationship with the region, and we are aiming to create a cycle of human capital.

As of the end of March 2025, 70 people have registered, and there have been cases of people returning to work and creating new business.

Taking an intentional step into an unknown career path

After joining the bank in 2018, I was responsible for asset management at one of our branches, building relationships of trust with customers. After that, I transferred to the business lending sector, where I faced the challenges of understanding companies and making credit decisions. When drafting a proposal, I struggled to find the right words to convey the future potential of the company, and the time spent preparing materials incentivized me to learn more and grow.

With a desire to master the ability to make decisions, with an eye toward the future of the company, and to hone my ability to accurately convey the thoughts of customers, I applied for the first time to the human resources recruitment system and was transferred to the Credit Supervision Department in 2024. I took a step forward into the unknown.

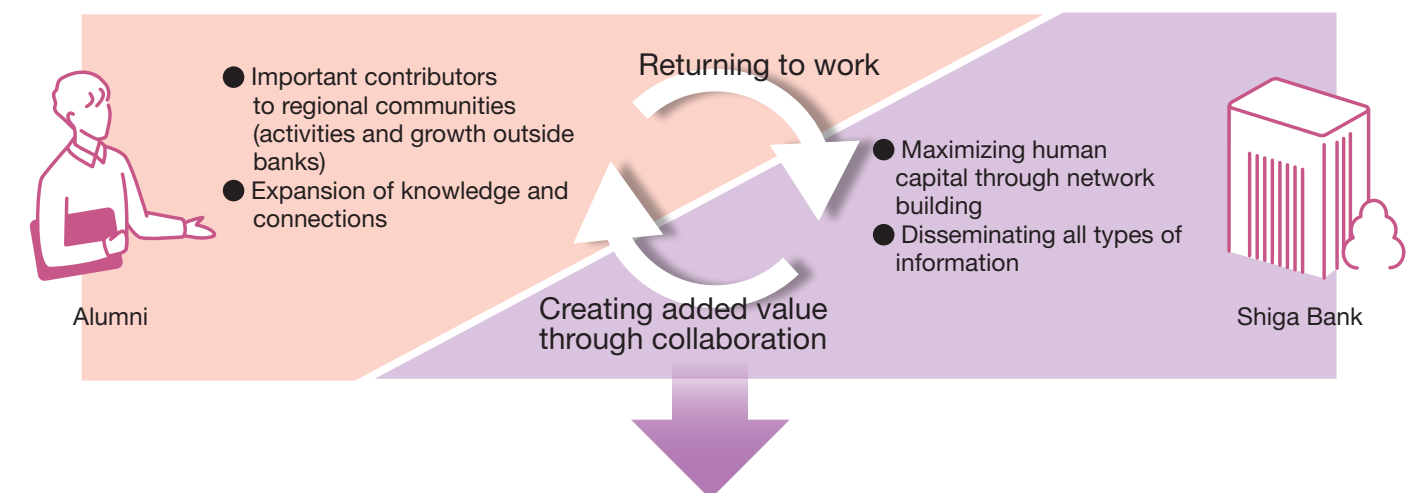
Currently, I am honing practical skills with a particular focus on improving credit assessment and case structuring capabilities. There are many challenges, but because this is a path I chose myself, I feel a sense of ownership over my work and find it very rewarding. With heartfelt gratitude for my superiors and colleagues who have backed me all the way, my aim is to become someone who can inspire others to take on new challenges.



Project Credit Supervision Group,
Credit Supervision Dept.

Shiho Yamamoto

People leaving banks to start new careers (Building new relationships with them as “external human capital”)



Creating a cycle of human capital that generates value for the community

I [Environment] Job satisfaction and ease of working

Realization of work-life integration

As diverse values and work styles become more widespread, we are working to establish an environment where each and every employee can easily balance their work and personal life and make the most of their abilities. The Bank aims to achieve both job satisfaction and a comfortable working environment, and is working to improve its systems and corporate culture in keeping with its internal environmental policy.

Policies for improving the internal environment

Our Sustainability Policy aims to develop human resources who can think and act independently and improve the workplace environment. We strive to create a work environment for respecting diverse personalities and work styles, and having each employee fully demonstrate their abilities.

We also believe that financial stability is important for employees to fully demonstrate their abilities, therefore we will promote financial wellness initiatives. Specifically, we will provide financial education aimed at improving financial literacy, as well as support employees from a financial perspective by establishing various programs such as employee stock ownership, asset-building savings, defined contribution pension plans, and employee loans, in order to improve employee satisfaction and motivation.

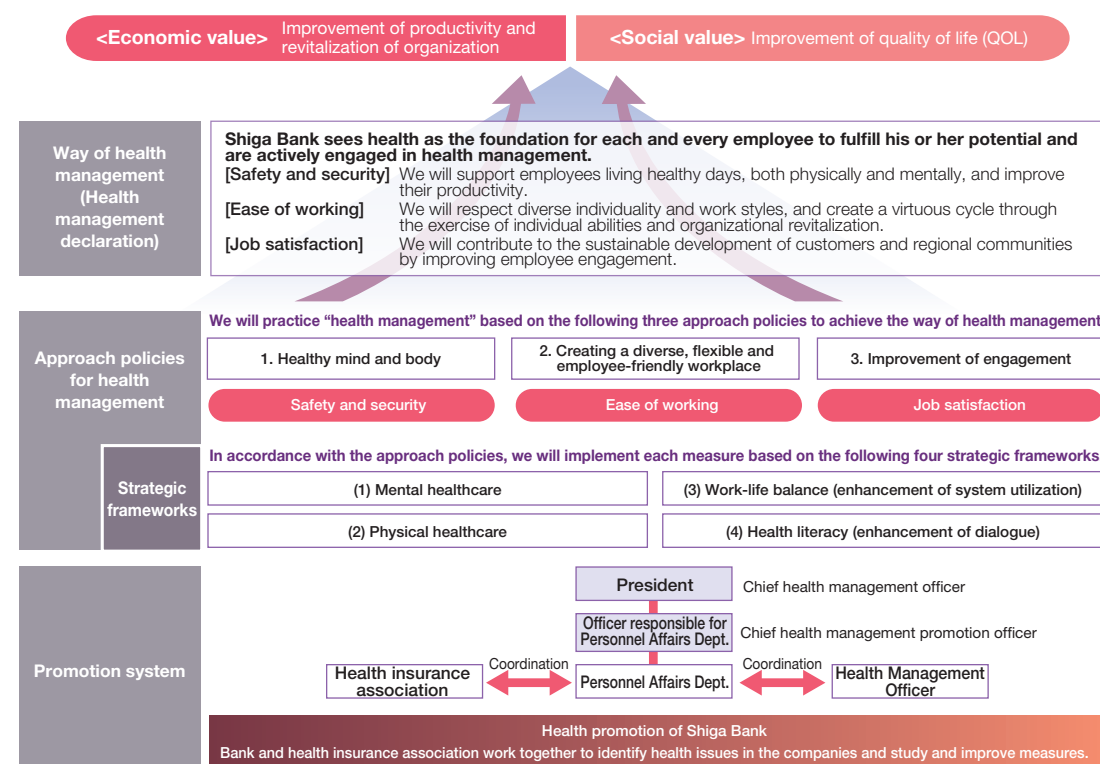
Health management

We believe that “health” is not limited to physical well-being, but also includes mental, social, and economic aspects, and that it is the foundation for our employees to remain motivated in their work. In addition to annual health checkups, we have a system in place to encourage preventive care and early detection, such as granting special leave once every two years to employees aged 30 and over in order to undergo comprehensive medical checkups.

In fiscal year 2024, we succeeded in raising health awareness and improving retention rates by offering free sleep apnea syndrome (SAS) tests, providing health consultations for young employees, and introducing a cafeteria plan. In addition, by disclosing long-term targets and actual results for paid leave, we are encouraging employees to take time off to refresh themselves and promoting a culture of awareness reform that enables them to achieve high productivity while maintaining physical and mental health.

Going forward, we see creating a more flexible and comfortable workplace as a key challenge. To this end, we are working to foster an environment where employees feel secure enough to embrace new challenges through dialogue with their superiors and the promotion of role models. Thus, by achieving work-life integration, we aim to increase employee engagement.

Long-Term Strategy Realization of a society where everyone can define their future and live happily (well-being)



A corporate culture that embraces challenges will strengthen the organization

In order to enhance organizational vitality, it is essential to have not only systems in place, but also a corporate culture that is deeply rooted in the workplace. The Bank is engaged in various initiatives aimed at establishing a culture of embracing challenges without fear of failure, and of praising each other’s achievements.

This is symbolized by the “Shigagin Human Award,” which was launched in fiscal year 2024. This initiative encourages employees to praise each other for actions that embody our motto of VALUE (shared values). In its first year, 2,379 votes were cast, and the challenges and support of each individual in their daily work were widely recognized.

Exchanging praise generates a positive mindset that encourages others to try new things and fosters a culture of mutual admiration. Such a culture cannot be established overnight, but through our sustained efforts, we aim to create an organization where challenges and admiration become the norm.

From fiscal year 2025 onwards, we will further instill a corporate culture of challenge and admiration, thereby enhancing employee engagement and the effectiveness of human capital management.



Initiatives to till the “invisible soil” that supports challenges

When I was a general manager at a branch office, I believed that management was not about “control” but “support,” and I tried to run the branch in a way that allowed my colleagues to take on new challenges. “People are living beings who make mistakes. That is why we need to turn mistakes into learning opportunities and create a culture of mutual acceptance.” With this in mind, I focused on creating a workplace with a high level of psychological safety.

We have clearly defined values such as “being kind to colleagues while maintaining a harmonious workplace,” “solving customers’ problems,” and “being a branch that serves as infrastructure supporting the growth and happiness of colleagues,” and have established these values as part of our culture through roundtable discussions and study sessions.

Our efforts were recognized with the “Shigagin Human Award.” Currently, I am working in the Business Promotion Department, where I have taken on the challenge to create new ventures aimed at solving regional issues. I am continuing to tackle challenges to shape the future of our communities by putting into practice at our headquarters a “culture of supporting challenges” that we have cultivated at our branch.



Manager, Community Revitalization Group, Solution Sales Office, Business Promotion Dept.

Hiroki Koto

Deepening human capital management and shifting organizational movements toward value creation

In fiscal year 2024, our human capital management entered a full-scale phase.

Under the three pillars of “Persons,” “Organization,” and “Environment,” we are taking measures in various areas such as training, careers, work styles, and corporate culture, and we are beginning to see signs of change emerging in the workplace. We see these as steady progress that transcends systems and mechanisms and involves changes in the awareness and behavior of each individual.

However, we are just getting started.

Human capital management is not something that can be accomplished simply by putting systems in place. Systems and policies are merely “triggers” that, through coordination with workplace practices, take root as corporate culture and eventually become a force for enhancing a company's value creation capabilities.

As we speak, the Bank is striving to transform its corporate culture.

Challenges and admiration become part of everyday life. Those who accept challenges are admired, and those who are admired take on the next challenge.

It is precisely this culture, which creates such a virtuous cycle, that will serve as the driving force behind all human capital management initiatives in the future.

Corporate culture sometimes has the power to rise above strategy, and a “good culture” brings out the best in people, drives the organization, and eventually leads to the creation of new value for the region and customers.

That is why we view this transformation of our corporate culture as a major challenge for a committed future, and we are facing it head-on.

We will further develop the signs of change that emerged in fiscal year 2024 into a “movement” among all departments and employees in fiscal year 2025 and beyond, and eventually turn it into the “culture” of the entire Bank. This challenge is the most important theme for linking human capital investment to true value creation, and it is our highest aspiration and responsibility.

We will continue to work with all our employees to move forward with this transformation.

Don’t be afraid of change, embrace challenges, and create a common future together.

We will further accelerate Shiga Bank's “human capital management.”

TOPICS Establishment of Human Rights Policy

On March 3, 2025, the Shiga Bank Group established a Human Rights Policy. Based on this policy, we will appropriately implement and disclose our initiatives for respecting human rights, which is one of the materiality (P.25) for the Bank Group, thereby promoting “Human First,” one of the basic strategies of the 8th Medium-Term Business Plan, and striving to realize “a society where everyone can envision their own future and live happily.”

We established the Committee on Elimination of Discrimination against People from Dowa Districts (currently renamed Human Rights Education Committee) in August 1976 to promote human rights awareness and training with a view to realizing a bright society free of discrimination, both within and outside the Bank. Specifically, in addition to video viewing, we conduct training in which all participants exchange opinions in small groups. In addition, we have established dedicated hotlines and systems to prevent sexual, power, and other forms of harassment, and provide appropriate training in a timely manner.

<Shiga Bank Group Human Rights Policy>

The Shiga Bank Group recognizes that respect for human rights is one of the most important responsibilities of a company in pursuing its philosophy of “making the region happy with ‘Sampo yoshi,’” and we respect the human rights of all stakeholders, including our customers and employees.

1. Respect for international standards

2. Scope

3. To employees

4. To customers
5. To suppliers

6. Remedial action

7. Dialogue with stakeholders

8. Governance and management systems

Progress of KPIs (key performance indicators in personnel strategy)

Indicators			Targets (8th Mid-Term Plan period)	Results (fiscal year 2024)
Human resource development “Persons”	“Design personnel” development	Investment amount for human resources development per person	¥300 thousand	¥176 thousand
		Number of employees seconded to outside companies	Cumulative total of 100 persons	9 persons per fiscal year
		Number of employees with Financial Planning Grade 1 certification	300 persons	231 persons
	Development of management personnel	Dispatch to external trainings	50 persons per year	39 persons
		Management score of managers (evaluation by others)	4.0 or higher (graded on a 5-point scale)	3.78
Active participation of diversified human resources “Organization”	Diversification of recruiting methods	Retention rate within 3 years of recruiting new graduates	80% or more	87.3%
		Number of mid-career hires	—	19 persons
		Employment of people with disabilities	2.7% or more	2.347%
	Achieving growth and desired work through appropriate placement	Percentage of management candidates with both head- quarters and branch experience*1	70% or more	52.4%
		Number of persons utilizing human resources recruitment system	100 persons per year	80 persons
		Percentage of female managers	23% or more	18.6%
	Job satisfaction and ease of working “Environment”	Realization of work-life integration	Average number of days of paid leave taken*2	17 days or more per year
Percentage of retests received for regular health check- ups (including complete medical checkups)			90% or more	94.7%
Selected under Certified KENKO Investment for Health Outstanding Organizations Recognition Program			Recognized as White 500	*Already selected under Certified KENKO Investment for Health Outstanding Organizations Recognition Program
Corporate culture of “challenge” and “admiration”		Engagement score	72 or more	70 *As of November 2024
		Percentage of participants in trainings on compliance, human rights, etc.	90% or more	94.3%
		Number of people who independently challenged their careers	Cumulative total of 2,000 persons	657 persons

*1 Management candidates represent the Bank's sub-assistant general managers (one level below the executive).

*2 Calculated by dividing the total number of days of paid leave taken by the average number of bank employees and dedicated officers with experience and skills.

*3 Personnel costs for each indicator are calculated by multiplying the applicable number of employees by the average annual salary.

Sustainability

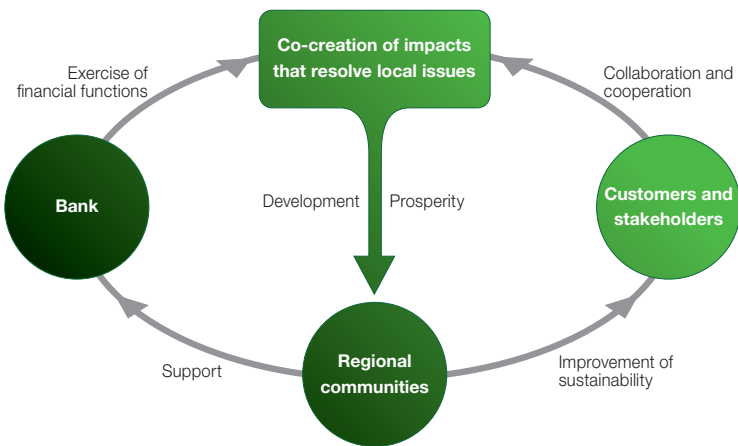
Implementing the Principles for Responsible Banking



We became the first regional bank in Japan to sign the Principles for Responsible Banking (PRB), which was drafted by the United Nations Environment Programme Finance Initiative (UNEP FI*) and launched in September 2019. Together with more than 300 other signatory financial institutions, we practice finance with sustainability at the core of business.

The PRB provide a framework for a bank to take a leading role and responsibility as a financial intermediary and voluntarily set out business strategies that are aligned with the Sustainable Development Goals (SDGs) and the Paris Agreement based on the recognition that sustainable social prosperity is key to development of the banking industry. In accordance with the six principles of the PRB, signatory banks are required to set their own strategies and targets and engage and partner with stakeholders including customers so as to increase the positive impacts as well as reduce the negative impacts of their business activities on the environment and regional communities.

*The United Nations Environment Programme Finance Initiative (UNEP FI)
UNEP FI was established in 1992 by the United Nations Environment Programme, a UN auxiliary organization that was formed in 1972. It is a partnership of more than 500 financial institutions, etc. around the world that is working to transform into financial systems integrating economic development with ESG (environmental, social, and governance) considerations.



Six principles of Principles for Responsible Banking

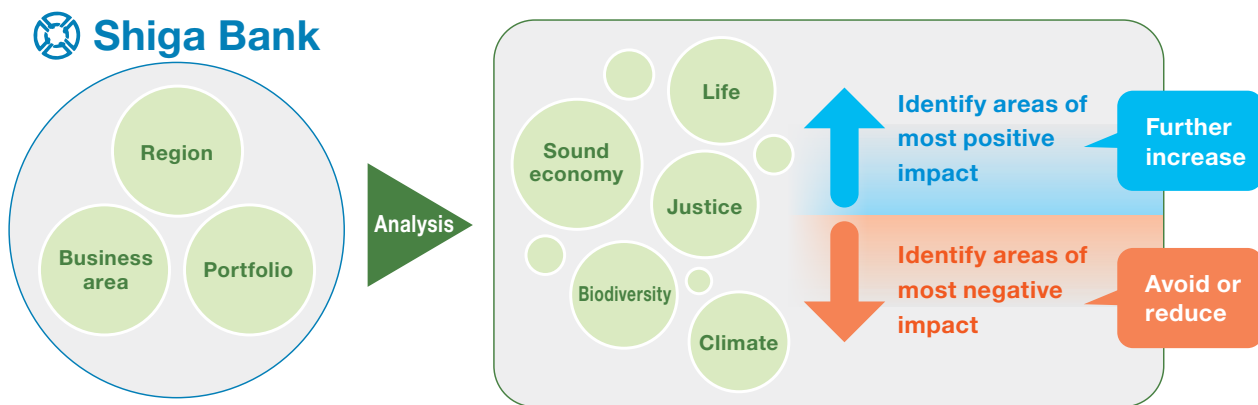
We are committed to the following principles set forth in the Principles for Responsible Banking.

- Principle 1: Alignment**
We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Agreement, and relevant national and regional frameworks.
- Principle 2: Impact and Target Setting**
We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.
- Principle 3: Customers (Corporate and Retail)**
We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.
- Principle 4: Stakeholders**
We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve society's goals.
- Principle 5: Governance and Corporate Culture**
We will implement our commitment to these Principles through effective governance and a culture of responsible banking.
- Principle 6: Transparency and Accountability**
We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

Concept of impact assessment

In accordance with the impact protocol published by UNEP FI, we take the following steps to conduct an impact assessment of the Bank's business activities. Through impact assessment, we identify the "most positive areas" and "most negative areas" that have an impact on the environment and society, and work to further increase positive areas and avoid or reduce negative areas, leading to sustainable prosperity for the region.

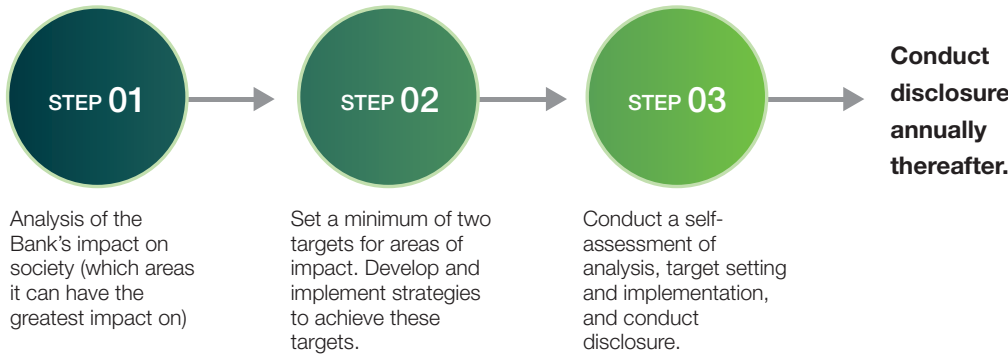
Image of initiatives based on impact assessment



Steps towards implementation (disclosure)

The PRB require signatory financial institutions to implement initiatives and disclose their progress in accordance with the following steps. Specifically, signatories are required to disclose the first report and self-assessment regarding the principles within 18 months of signing, and annually thereafter, and to conduct an impact analysis, set and implement targets, and achieve accountability within four years.

The Bank made its first disclosure in fiscal year 2021 and has provided disclosure annually thereafter in line with the PRB.



The Bank discloses reports on its website.
Scan here for more details.

<https://www.shigagin.com/csr/report/>



Initiatives for Co-existence and Co-prosperity with the Global Environment

Achievement of Shiga Bank Group’s SX based on CSR

Many companies are starting to work toward Sustainability Transformation (SX), which means management and business transformation to synchronize corporate sustainability with social sustainability.

With “regional communities,” “all employees,” and “environment” as the three pillars of CSR, the Bank has developed various initiatives ranging from various regional contribution activities and environmental volunteer activities to the provision of social problem-solution type products and services.

From global issues such as climate change and biodiversity to issues specific to regions, we will strive to improve our ability to generate long-term sustainable sources of growth (earning power) by achieving SX through an approach unique to a regional financial institution.



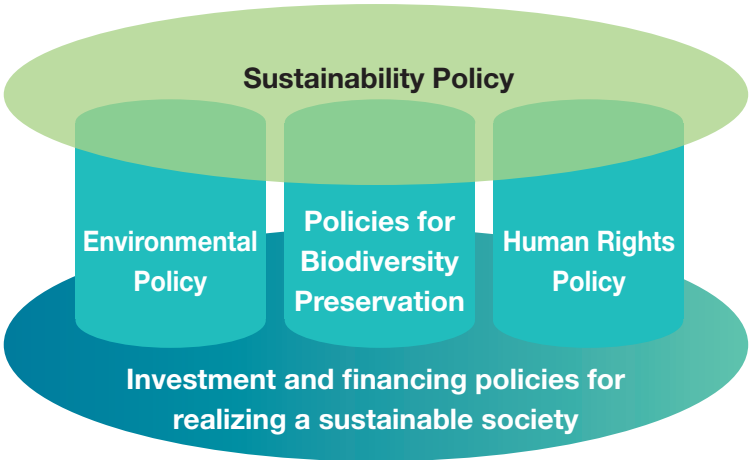
Lake Biwa is an asset we hold in trust for the future

In Shiga Prefecture, where the Bank is headquartered, Lake Biwa is an integral part of our lives and is considered to be an asset we hold in trust for the future. Lake Biwa is home to over 1,700 species of aquatic plants and animals, around 60 of which are unique to the lake, and supports the lives of 14.5 million people living nearby. It is one of the world’s oldest lakes with a history of approximately four million years. We recognize that it is our mission in the modern world to “bring it back to the future” in its natural state.

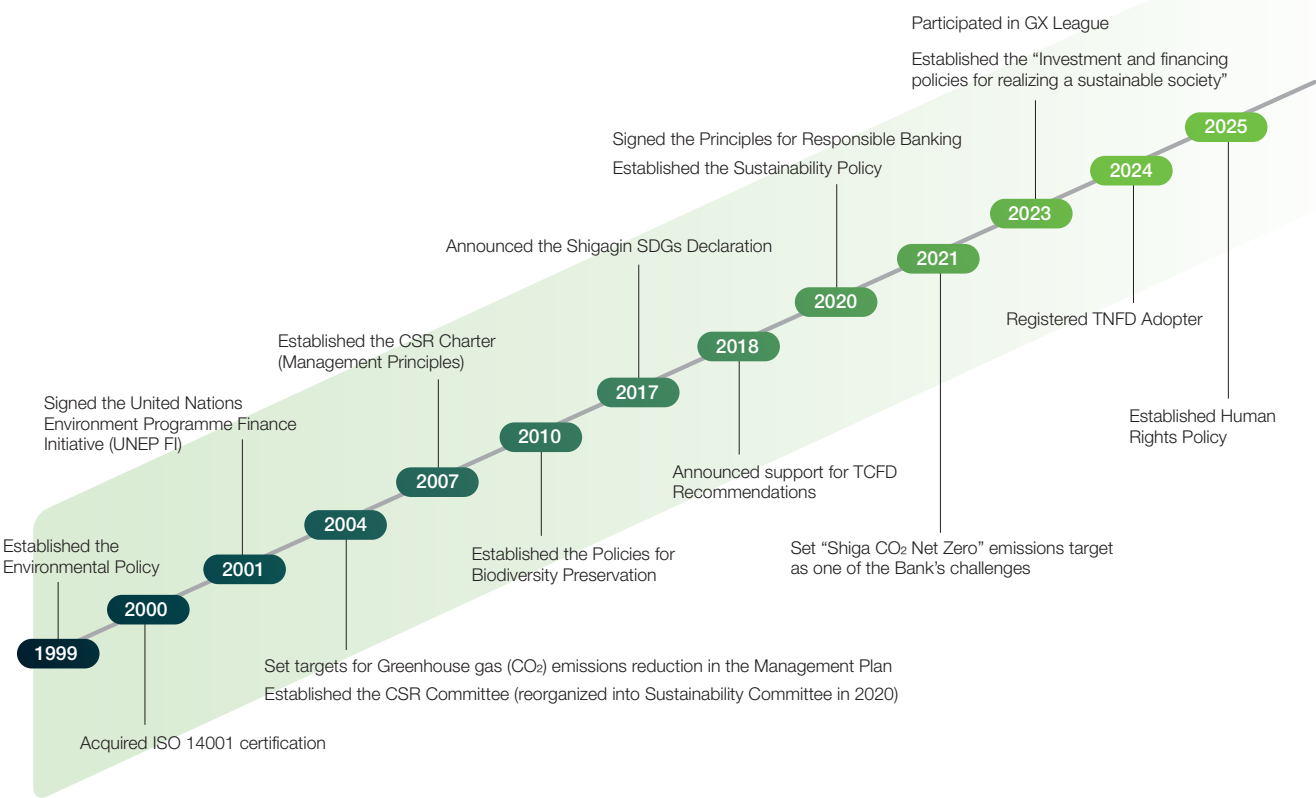
As a financial institution carrying on the “Sampo yoshi” philosophy of the Omi Merchants, the Bank has been practicing environmental management since the 1990s, incorporating environmental considerations into corporate management, and has been working to solve environmental issues by offering a wide range of environmental finance products and services. Amid growing concern about climate change and biodiversity, we have developed ESG finance by leveraging the advantage gained through experience to contribute to society, thereby balancing environmental conservation with the enhancement of corporate value.

Basic policy on sustainability

We formulated our “Environmental Policy” in 1999 and “Policies for Biodiversity Preservation” in 2010 to promote initiatives for climate change and biodiversity preservation as important management issues. In addition, we established the “Sustainability Policy” in October 2020, the “Investment and financing policies for realizing a sustainable society” in January 2023, and the “Human Rights Policy” in March 2025, and are promoting efforts to increase positive impact and avoid or reduce negative impact toward “co-existence and co-prosperity” with the global environment and regional communities.



Timeline



Governance on sustainability

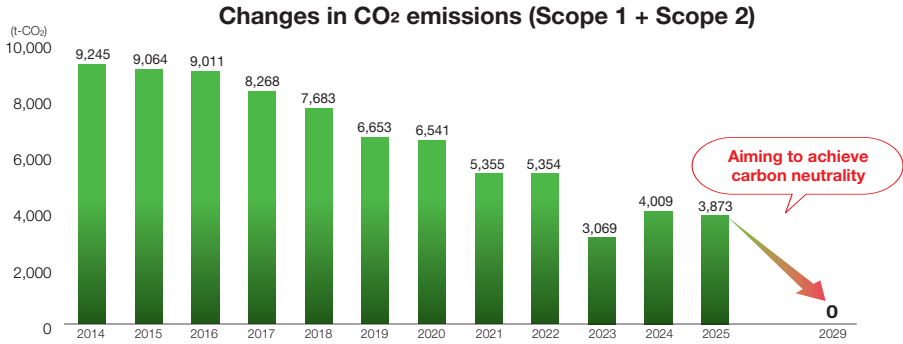
Recognizing sustainability as a core theme of our business activities, we discuss these matters at the meetings of the Board of Directors and reflect the outcome in our management strategy and risk management. Specific measures and initiatives are discussed at the Sustainability Committee chaired by the President, the content of which are reported to the Board of Directors at least once a year. The Board of Directors is fully prepared to execute appropriate supervision on matters reported.

The Sustainability Committee meets four times a year with Management Meeting members, General Managers of each department and office, and presidents of consolidated subsidiaries as Committee members. Under the theme of medium- to long-term management issues such as regional decarbonization, the Committee utilizes the results of impact analysis as defined by the Principles for Responsible Banking and analysis recommended by the Task Force on Climate-related Financial Disclosures (TCFD) or the TNFD (Taskforce on Nature-related Financial Disclosures), and reports on important matters to the Management Meeting (Executive Committee) and the Board of Directors.



Shiga Bank Group’s own initiatives to decarbonize

We have set a target in the Business Plan to achieve net zero greenhouse gas emissions (Scope 1 + Scope 2) by the fiscal year ending March 31, 2029, and have been promoting decarbonization initiatives.



Main measures being implemented to decarbonize	
Improving business efficiency	Integration of locations, provision of Internet-completed housing loans, etc.
Further promotion of energy conservation	Switching to LED lighting, updating to high-efficiency air conditioning equipment
Reduction of fossil fuel consumption	Phased switching to HVs, EVs, FCVs, etc.
Utilization of renewable energy	Installation of solar power generation equipment in newly built or reconstructed offices and branches Switching to a plan with virtually zero CO ₂ emissions for electricity used on the headquarters premises (from 2022)

Initiatives to decarbonize the portfolio

We have set the achievement of a carbon neutral society by 2050 as an achievement image of the long-term strategy, and are working to reduce greenhouse gas (GHG) emissions throughout its supply chain. In particular, as a financial institution, we recognize the importance of reducing emissions from investment and financing (financed emissions) and are focusing on decarbonization initiatives through engagement with regional customers.

GHG emissions

The table below shows GHG emissions taking into account carbon offsets and other factors.

	Classification	Energy use/ non-energy GHG	Emissions (tCO ₂ eq)	
Scope 1	City gas	27,119 m ³		56
	LP gas	81 m ³		1
	Gasoline	198,379 L		454
	Fuel oil	0 L		0
	Diesel oil	3,930 L		10
	HFC	96 kg		156
Subtotal			Market-based	670
Scope 2	Electricity	13,384 MWh	Location-based	3,203
Scope 3	Category 1	Purchased products and services		10,845
	Category 2	Capital goods		1,162
	Category 3	Other fuel energy		1,039
	Category 4	Transportation (upstream)		482
	Category 5	Wastes		62
	Category 6	Business travel		149
	Category 7	Commuting		1,107
	Category 15	Investment and financing		18,048,819
Subtotal				18,063,664
Scope 1-3 total			Market-based	18,067,538
			Location-based	18,069,890

*We implemented 6 tons of carbon offsets from Scope 1.
*The weighted average DQ is the weighted average of the DQs for the individual investments.
*The numbers in the total column for carbon intensity and weighted average DQ are the carbon intensity and the weighted average DQ for the total emissions of the relevant portfolio.

The Bank has obtained third-party assurance from Socotec Certification Japan regarding the reliability, accuracy, and transparency of the above figures for energy consumption and greenhouse gas emissions for fiscal year 2024.

Scope 3 Category 15
Details of business loans & unlisted shares and listed shares & corporate bonds
Emissions by industry (carbon-related sectors based on TCFD recommendations)

Industry	All		
	Emissions (tCO ₂ eq)	Carbon intensity (tCO ₂ eq/million yen)	Weighted average DQ (value-weighted)
Energy	1,888,730	12.1	2.1
Transportation	5,803,617	21.3	2.1
Materials and Building	6,231,217	6.0	3.0
Agriculture, Food and Forest Products	1,330,951	12.7	2.8
Other	2,467,414	1.8	3.4
Total	17,721,930	6.0	3.0

Industry	Business loans & unlisted shares		
	Emissions (tCO ₂ eq)	Carbon intensity (tCO ₂ eq/million yen)	Weighted average DQ (value-weighted)
Energy	1,666,147	11.9	2.1
Transportation	2,641,914	13.0	2.4
Materials and Building	4,947,925	5.5	3.2
Agriculture, Food and Forest Products	1,298,615	14.7	3.1
Other	2,016,997	1.9	3.6
Total	12,571,598	5.3	3.2

Industry	Listed shares & corporate bonds		
	Emissions (tCO ₂ eq)	Carbon intensity (tCO ₂ eq/million yen)	Weighted average DQ (value-weighted)
Energy	222,583	14.2	1.8
Transportation	3,161,704	46.1	1.1
Materials and Building	1,283,292	9.3	1.6
Agriculture, Food and Forest Products	32,336	1.9	1.5
Other	450,417	1.4	2.7
Total	5,150,332	9.0	2.2

Climate initiatives (Response based on TCFD recommendations)

Recognition of risks, opportunities and impacts

The Bank assesses risks and opportunities associated with climate change for the time frames of short-term (5 years), medium-term (10 years), and long-term (30 years).

With regard to the risks and opportunities that have been recognized, we are making efforts related to CO₂ emissions reduction and also considering reflecting the findings in our investment and financing strategy.

Type of risk/opportunity		Impact on business	Timing of manifestation
Transition risks	Policy and legal	Impact on the Bank's credit costs arising from actions that the Bank takes in response to decarbonization policies and regulations in order to achieve the 1.5°C scenario, or from changes in market orientation towards low-carbon via the impact of such changes on the business and performance of investment and financing targets	Medium term or long term
	Market		
	Technology		
Physical risks	Policies	Establishment of, or amendments to, regulations following the global trend toward increased actions against climate change	Short term
	Reputation	Negative rumors resulting from lack of efforts against climate change or insufficient disclosure of information	Short term
	Acute risks	Impacts on the Bank's credit costs arising from the impacts of increased natural disasters such as floods on the business and performance of investment and financing targets	Short term, medium term, or long term
Opportunities	Chronic risks	Risk of damage to the Bank's assets from natural disasters such as floods	Short term, medium term, or long term
	Products/ services	Impacts on the Bank's credit costs arising from the impacts of increased infectious diseases or heat-stroke cases on the business and performance of investment and financing targets	Short term, medium term, or long term
	Resource efficiency, energy source	Increased capital needs of companies related to the development of low-carbon products and services	Short term, medium term, or long term
Opportunities	Reputation	Reduced costs of companies as a result of efforts for the transition to a decarbonized society; increased capital needs related to such transition	Short term, medium term, or long term
	Reputation	Increased business opportunities resulting from our higher social reputation as a financial institution that contributes to decarbonization of regional communities	Medium term or long term

Financial impact (Scenario analysis)

We simulate financial impacts related to climate change by referencing multiple future scenarios published by public organizations, etc. and conducting scenario analysis. Transition risks refer to the risks associated with the tightening of regulations and other factors that arise in the process of transitioning to a decarbonized society. Physical risks refer to the risks of direct loss due to severe natural disasters, etc.

The results of the analysis are as follows. The financial impact arising from an increase in credit costs is expected to be limited, as cost reduction can be achieved by way of medium- to long-term efforts.

Transition risks	Details
Scenarios used	Three of the Network for Greening the Financial System (NGFS) scenarios are used. (1) Net Zero 2050 (immediately start working toward 2050 Net Zero) (2) Delayed transition (status quo until 2030, starting work on 2050 Net Zero from 2030) (3) Current Policies (no additional measures are taken and global warming continues at the status quo)
Sector to be analyzed	The following sectors were selected from two perspectives, the impact of climate change risk and the Bank's exposure. (1) Electricity sector (2) Oil, coal and gas (3) Transportation sector (land transportation)
Analysis period	Up to 2050, with March 31, 2024, as a base
Metrics	Credit-related expenses (credit costs) *Credit costs based on borrower classification
Results of analysis	A total of 3.0 billion to 15.5 billion yen increase in credit costs

Physical risks	Details	
Scenarios used	IPCC's "RCP8.5 Scenario" (4°C Scenario) *Assuming a 1-in-100 year flood event	
Area of analysis	The whole areas of Shiga and Kyoto Prefectures	Japan
Subject entities to be analyzed	Borrowers of business loan (excluding large corporations)	Offices and Branches of the Bank
Metrics	Credit-related expenses (credit costs) due to flood damage (1) Deterioration in the classification of borrowers due to a decrease in sales caused by the suspension of business of credit counterparties (2) Decrease in coverage ratio due to damage to real estate collateral	Flood risk at 106 locations in Japan where the Bank has offices and branches
Results of analysis	Increase of approximately 2.7 billion yen in credit costs	38 locations (35.8%) flooded

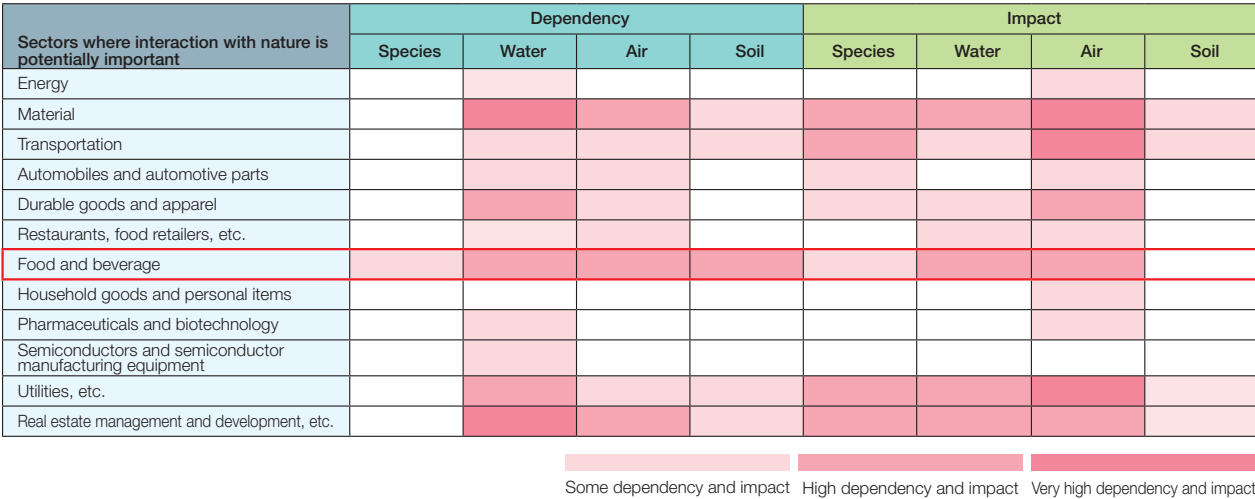
Initiatives for Nature Positive (natural revitalization) (response based on TNFD recommendations)

Shiga Prefecture, where the Bank is headquartered, is home to Lake Biwa, one of the world's oldest lakes with a history of more than four million years, and has long benefited from its natural resources. These benefits are deeply rooted into the history, industry, food culture, and lifestyle of Shiga Prefecture. On the other hand, biodiversity and ecosystem services have been deteriorating due to global warming, and the effects of specific alien species and land development. Therefore, initiatives for the conservation and restoration of natural capital have become an urgent issue in the sustainability of the regional economy.

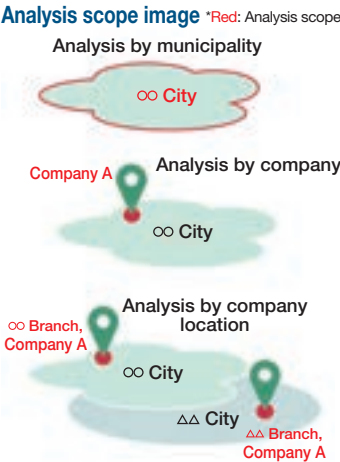
Based on this understanding, in 2010, the Bank established the “Policies for Biodiversity Preservation” as a fundamental management policy. Furthermore, in January 2024, we endorsed the disclosure recommendations made by the Taskforce on Nature-related Financial Disclosures (TNFD) and registered as an TNFD Adopter. We will assess our portfolio's dependence on and impact on natural capital, and understand the risks and opportunities for the natural environment, with the aim of achieving “Nature Positive” (natural revitalization). We will work with our stakeholders to move forward with our initiatives in stages and disclose our progress.

<Analysis of the relationship between each sector and natural capital>

To identify nature-related dependencies and impacts, we used the LEAP approach*1 outlined in the TNFD framework and analyzed the dependencies and impacts on nature of our lending transactions by business sector using ENCORE*2. The analysis results are summarized in the following heat map.



As a result, we have identified the “Food and beverage” sector as a priority sector for analysis within our overall loan portfolio. “Food and beverage” showed high overall dependency and impact, with particularly high dependency on “Water,” “Air,” and “Soil,” and high impact on “Water” and “Air.”



<Relationships between natural capital and each location>

In order to analyze the geographical impact of dependency and influence, we conducted analyses by municipality, individual company, and business location. As a result, we identified regional variations in natural capital scores and water-related scores. In addition, analysis by each individual company and location showed a general tendency toward high dependence on water purification. This demonstrates that efforts to improve water quality around Lake Biwa are also important for our customers' business activities.

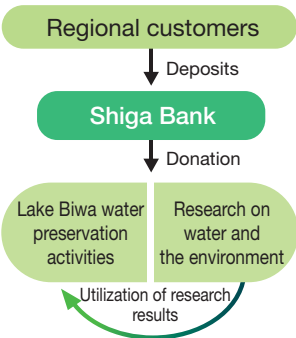
Going forward, we will look at further in-depth studies and expansion of the sectors analyzed, and will continue to promote initiatives aimed at achieving nature positivity.

*1 A comprehensive approach developed by TNFD for assessing nature-related issues, consisting of “discovery,” “diagnosis,” “evaluation,” and “preparation”
*2 A tool for identifying the degree of dependence on and impact of natural capital based on sectors and geographic information

Launch of “Lake Biwa Blue Deposit” to preserve the living creatures of Lake Biwa for future generations

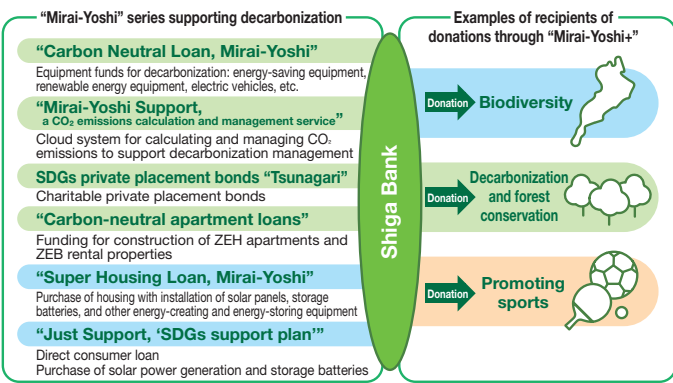
On July 1, 2025, Shiga Prefecture residents will observe “Lake Biwa Day,” a day dedicated to thinking about the environment. On this day, the “Lake Biwa Blue Deposit” program will be launched to protect the biodiversity and water quality of Lake Biwa and safeguard its future. The bank will contribute an amount equivalent to 0.005% of the balance of the deposits, which will be donated to organizations engaged in research and activities related to water and the environment. This will enable customers to do their part to help preserve Lake Biwa through their deposits. This initiative contributes to addressing one of the Shiga Bank Group's materiality (P.25), “Water preservation in Lake Biwa.”

The donations will be used for analysis and research necessary to assess and improve the biodiversity and water quality of Lake Biwa, with the aim of creating a system in which stakeholders surrounding Lake Biwa work together to move toward a nature-positive future.



“Mirai-Yoshi+,” the donation scheme to promote SDGs in the region

This is a unique scheme whereby the Bank contributes funds based on the actual use of decarbonization-related loan products and donates to activities that promote the SDGs in the region. The funds will be used to donate to projects to release endangered species in Lake Biwa, such as the nigorobuna fish, and to purchase “Lake Biwa Carbon Credits” that will support forest conservation projects.



The Bank has utilized the “Lake Biwa Carbon Credits” purchased through “Mirai-Yoshi+” to hold carbon offset in the regional events to help raise awareness for the realization of a decarbonized society.



- Regional events that we helped with carbon offsets in fiscal year 2024
- Inazuma Rock Fes 2024 (30 tons)
 - Shiga Lakes 2024-25 season home games (30 tons)
 - BIWAKO MARATHON 2025 (40 tons)
 - LAKE BIWA TRIATHLON 2024 (5 tons)
 - Biwako Floating School (Uminoko) (30 tons)

TOPICS Our activities were featured in the national review on SDGs.

Our carbon offset initiatives were featured in the Voluntary National Review (VNR) report on the SDGs issued by the government in June 2025 and announced at the United Nations Headquarters in July. The VNR report is a periodic report produced by UN member states outlining their progress toward achieving the SDGs, and this is Japan's third report in four years.

The report features an article on the Biwako Floating School, in which fifth-grade elementary school students from Shiga Prefecture boarded the environmental education ship, “Uminoko,” to participate in environment educational activities. The article highlights the Bank's initiative to provide Lake Biwa Carbon Credits to offset a portion of the greenhouse gas emissions generated during the operation of the “Uminoko.”

For more details, please visit the Ministry of Foreign Affairs' “JAPAN SDGs Action Platform.”
<https://www.mofa.go.jp/mofaj/gaiko/oda/sdgs/effort/index.html>



Toward Attractive Regional Communities where Everyone can be Happy

Enhancing the attractiveness of the region is one of our ultimate missions as a regional financial institution. If a region loses its attractiveness, it will lead to population decline and the collapse of the community. On the other hand, if a region becomes more attractive, it will lead to an increase in the number of people interacting with the region and the creation of jobs, leading to sustainable prosperity. In order to create an attractive local community where everyone can live happily, the Shiga Bank Group is developing a variety of initiatives that go beyond the boundaries of business.

Providing opportunities to experience various types of culture
—Shigagin Economic & Cultural Center—

We carry out a wide range of events and cultural projects mainly through the Shigagin Economic & Cultural Center Co., Ltd., one of the Group companies, providing opportunities for locals to participate and interconnect. The regular “Concert of the Ninth Symphony” is attended by a large number of people every year.



Aiming to improve welfare even further —Shigagin Welfare Fund—

The Shigagin Welfare Fund provides unique aid only to welfare projects within Shiga Prefecture. Inheriting the founder’s wish to repay everyone in the community who supports the Bank, we have provided a cumulative total of 547 grants totaling 426.84 million yen.



Keeping children healthy and happy worldwide
—UNICEF’s Change for Good—

Every year from July to September, all Shiga Bank branches carry out UNICEF’s Change for Good program. The foreign coins we collect with the cooperation of locals help UNICEF activities. We started in 2013 and so far we have donated a total of 223.4 kg in coins to UNICEF.



Helping children grow healthily

Sponsoring the Shigagin Cup

We are sponsors of the Shigagin Cup (SFA under-12 football tournament), the biggest football match in Shiga Prefecture for elementary school students, to raise healthy children who are the bearers of our future and for community empathy. Since 2023, we have also been sponsoring a basketball tournament for elementary school students.



Athletes coaching local children

Basketball class for elementary school students

The Bank’s women’s basketball club, Lake Venus, teach special basketball classes at elementary schools. The special classes broaden children’s interests and foster their desire to learn.



Regional volunteer projects promoted to express our gratitude to the regional communities

We implemented various “SDGs Mirai-Yoshi activities” to express our gratitude to customers and regional communities that have supported the Bank. Looking ahead to the 100th anniversary and beyond, we will continue sustainable initiatives.

—SDGs activities section—

“Ikimonogatari” activities to protect Lake Biwa’s ecosystem through story-based environmental volunteering

In cooperation with local environmental protection groups, we are developing story-based environmental volunteering activities aimed at protecting Lake Biwa’s ecosystem. In addition to “invasive fish eradication and fishing” in the spring, “forestation support activities” in the summer, “reed seedling planting” in the fall, and “reed cutting” in the winter, we also participate in various activities carried out in the community. Local companies are also involved in the activities, which are helping to develop environmentally conscious human resources by involving stakeholders.



—Education section—

We provide financial education through classes targeting elementary school students to university students, as well as asset formation seminars and events for customers. In fiscal year 2024, approximately 3,300 people participated. We will continue to promote financial literacy in the region through our unique educational activities.



As part of the 50th anniversary celebrations of the KENCHO Branch, we provided financial education to children who use the children’s cafeteria in Otsu City.



Employees of the Bank visit schools to conduct classes on SDGs and financial education.



We hold seminars on a wide range of topics, including NISA, investment trusts, insurance, and public pension systems.

Governance

Corporate Governance

Message from the Chairperson of the Board of Directors

As Chairperson of the Board of Directors, I have made it my top priority to improve the effectiveness of the Board of Directors and have strived to ensure that substantive and constructive discussions are held on each agenda item.

As part of these efforts, we are continuously making improvements to raise the quality of discussions, such as reviewing the structure of materials and introducing a “discussion” system, based on the results of the effectiveness evaluation of the Board of Directors and suggestions from outside directors. We also focus on facilitating two-way communication across internal and external boundaries to encourage a climate of free and open discussion.

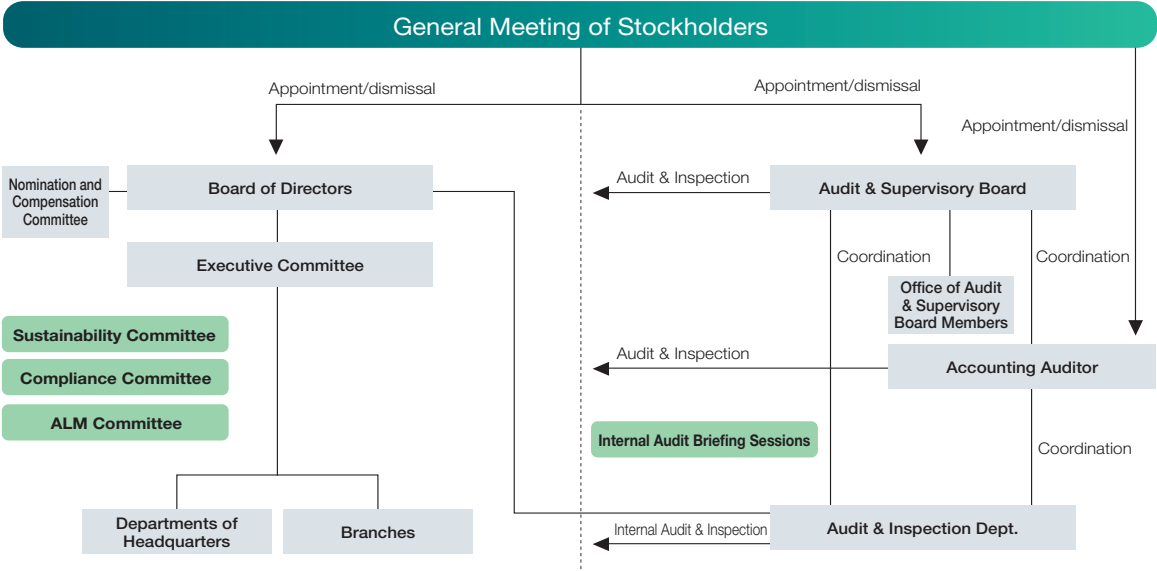
Our corporate philosophy, “Be tough on ourselves, kind to others and serve society,” is based on the spirit of “Sampo-yoshi” of the Omi Merchants, and the Board of Directors has made many decisions based on this spirit, valuing honesty and diverse perspectives.

We will continue to promote a climate where free and frank exchanges of opinions can take place, so that the Board of Directors will continue to function as the nucleus of sound management and transparency.



Shojiro Takahashi
Chairman

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. (Chair: Shojiro Takahashi, Chairman)

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.

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

We have 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.

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. (Chair: Hideki Sugie, Full-time Audit & Supervisory Board Member)

Date of meeting	Main issues on the agenda	Attendance at meetings
April 19, 2024	(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 · Matters concerning dialogue with shareholders	Full attendance
April 25, 2024		Full attendance
May 10, 2024		Full attendance
June 26, 2024		Full attendance
July 26, 2024		Full attendance
August 23, 2024		Full attendance
September 27, 2024	(Agenda items of special note in the fiscal year) · Matters concerning core systems · Matters concerning initiatives for human capital management · Matters concerning the formulation of human rights policies	Full attendance
October 18, 2024		Eight out of nine attended
November 11, 2024		Full attendance
December 20, 2024	(Matters of discussion) · Matters concerning business portfolios · Matters concerning future international strategies · Matters concerning initiatives to enhance corporate value	Full attendance
January 31, 2025		Full attendance
February 21, 2025		Full attendance
March 19, 2025		Full attendance

Date of meeting	Main issues on the agenda	Attendance at meetings
April 19, 2024	(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 exchanges of opinions between Audit & Supervisory Board Members and the President	Full attendance
May 9, 2024		Full attendance
June 26, 2024		Full attendance
July 26, 2024		Full attendance
August 23, 2024		Full attendance
September 27, 2024		Full attendance
October 18, 2024		Full attendance
November 11, 2024		Full attendance
December 20, 2024		Three out of four attended
January 31, 2025		Full attendance
February 21, 2025		Full attendance
March 19, 2025		Full attendance

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. (Chair: Rikiya Hattori, Outside Director)

Date of meeting	Main issues on the agenda	Attendance at meetings
April 18, 2024	(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)	Full attendance
May 9, 2024		Full attendance
June 25, 2024		Full attendance
August 22, 2024		Full attendance
October 18, 2024		Full attendance
November 8, 2024		Full attendance
December 19, 2024		Full attendance
January 30, 2025	(Matters concerning compensation) ・ Deliberation on compensation for Directors	Full attendance
February 20, 2025		Full attendance
March 18, 2025		Full attendance

4. Executive Committee

The Executive Committee consists of executive officers appointed by the Board of Directors (excluding those entrusted with specific duties). 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 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. *Governance on sustainability is described on page 66.

7. Compliance Committee

The Compliance Committee chaired by a Senior Managing Executive Officer 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

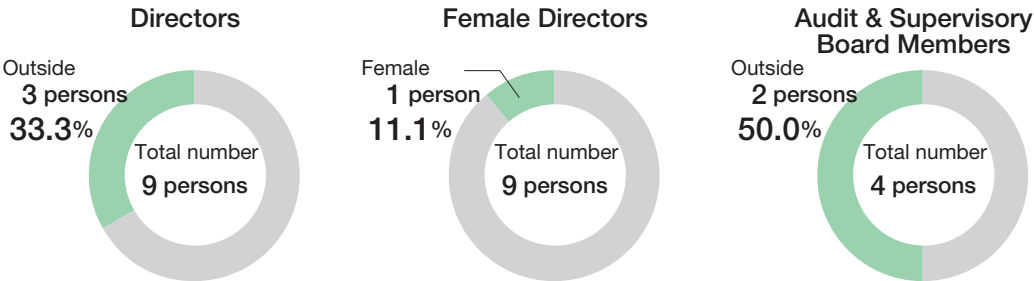
Deloitte Touche Tohmatsu LLC, with which the Bank concluded an audit agreement conducts audit as an accounting auditor.

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 Director	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 2024
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 13 regular meetings of the Board of Directors (attendance ratio: 92%)
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.	13 out of 13 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, while contributing to the sustainable growth of the Bank and higher corporate value.	13 out of 13 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.	13 out of 13 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.	13 out of 13 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 2024 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, we have enhanced discussions on important topics such as business portfolio, human capital, and monitoring of medium-term business plans by utilizing the “discussion” system introduced in fiscal year 2022, and have worked to

improve the effectiveness of the Board of Directors.

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 on management strategies, including the advancement of ALM, in light of changes in the business environment, and to work on improving corporate value over the medium to long term.

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. 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%	7 persons
Outside Director	100%	—	—	100%	3 persons
Audit & Supervisory Board Members	100%	—	—	100%	5 persons

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

4. 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, 2025 (from April 1, 2024 to March 31, 2025)

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	209	157	31	20
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	38	38	—	—
Outside executive (Outside Director and Outside Audit & Supervisory Board Member)	5	34	34	—	—

5. 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.

TOPICS ESG indicators to be introduced into executive compensation from fiscal year 2025

Among the executive compensation, restricted stock compensation (non-monetary compensation, etc.) is seen as a medium- to long-term incentive, and the performance of net income attributable to owners of parent and ESG indicators, which are non-financial indicators, have been added as factors in determining such compensation.

We will establish a system that contributes to the long-term enhancement of corporate value by pursuing corporate sustainability rather than focusing solely on short-term profits.

- E (environment): Achievement of net zero GHG emissions
- S (society): Employee engagement score
- G (governance): Evaluation of effectiveness of the Bank’s Board of Directors

Roundtable Discussion

Roundtable Discussion with Outside Directors



Rikiya Hattori
Outside Director

Minako Takeuchi
Outside Director

Sawaichiro Kamata
Outside Director

Held at Shiga Bank Tokyo Branch

Enhance the effectiveness of the Board of Directors and create management that can generate a virtuous cycle of happiness brought to the region

One year has passed since the start of the 8th Medium-Term Business Plan (“8th Mid-Term Plan”). What changes have occurred within the Shiga Bank Group? What issues have come to the fore after one year? We asked the three outside directors, who always bring new perspectives from outside the company at Board of Directors meetings, to participate in an exchange of opinions.

Looking back on the first year of the 8th Mid-Term Plan

— **It has been a year since we established our pPurpose and launched our 8th Mid-Term Plan. How do you feel about the changes in our Group over the past year?**

Takeuchi: By putting our pPurpose into words, I believe that our objectives, goals, and the work we need to do are much clearer, and that all staff members now share a common understanding of why we do what we do. An awareness of the need for change is not just superficial. I believe that the balance between “soundness” and “enterprise” that our Group has upheld since its founding has also changed. I used to think that the emphasis was on “soundness,” but with the 8th Mid-Term Plan, the need to incorporate “+X” initiatives to achieve the targets has become clear, and I feel it is a positive development that the “enterprising” aspect is now becoming more apparent.

Hattori: The formulation of the 8th Mid-Term Plan was actively discussed by our staff over an extended period of time and thoroughly deliberated by the Board of Directors. I think it’s a good plan. We are aware that it was steadily and reliably implemented in its first year. However, I think we can speed up the process for each individual issue. In addition, PDCA is being implemented steadily, but I get the impression that it is being applied evenly across the board. I feel that we need to improve our analytical and execution capabilities for issues that require more in-depth investigation. For our first year, it’s acceptable, but if we want to aim higher, I think we need to improve our speed and thoroughness. We live in an era of rapid change. We need a change in mindset for that.

Kamata: As for changes, over the past year we have established subsidiaries such as Shigagin eEnergy and Shigagin cCapital pPartners, and set up a specialized department (Future Design Group) to develop new business. When it comes to human investment, we have increased the number of external secondments, launched a workplace observation program called “Nozokimi!” to help employees develop their careers, and established a Human Award to recognize those willing to take on new challenges. We feel that these and other initiatives are bringing about change. However, I think there are still few occasions that make one think that things have really changed. Even if we believe that our Group has changed internally, it is important to constantly check whether we are changing at the speed required by the world.

Toward achieving a 6% ROE target

— **In May of this year, the Shiga Bank Group decided to raise its ROE financial indicator from 5% to 6% as part of its 8th Mid-Term Plan. Although we have not yet reached 5%, how do you identify the challenges that need to be tackled to reach this goal?**

Hattori: I think it was a good decision to revise the plan in response to changes in interest rates and other factors. However, considering the overall trend of the company, 6% is still insufficient. Also, in order to achieve our goals, we need to systematically develop strategies for deposits, which are the source of our revenue. For example, it is necessary to analyze data to determine what types of funds are being deposited based on factors such as depositor demographics and age, as well as interest rate strategies. Based on the results of this analysis, it is necessary to further refine quantitative analysis from a short- to medium-term perspective in order to determine how to attract deposits. We need to develop concrete strategies that can be adapted to the Bank’s business environment, such as alliances with digital companies and other industries.

Also, I think the RAF analysis was done right, and 6% is a satisfactory target for now. Therefore, it is also important to consider how to strengthen non-interest businesses. It is necessary to continue bolstering not only deposit strategies, but also non-interest business strategies.

It is important to note that the financial world is undergoing major changes, such as collaboration between major companies and partnerships with other industries, and development in digital domains such as apps is also advancing rapidly. The regional characteristics of depositors are becoming less and less relevant, and we are no longer in an era where regional banks can secure deposits simply because they are regional banks. It is essential to raise awareness of the crisis and quickly develop a strategy.

Takeuchi: In the 7th Mid-Term Plan, our focus was all about the addition and subtraction sums when it came to reviewing the cost structure, but in the 8th Mid-Term Plan, we took a completely different approach. With the introduction of indicators such as PBR and ROE, which explicitly show capital efficiency and profitability, our goals, and the mountains we need to climb have become clear. On top of that, it has become clear that employees are thinking about how to climb these mountains by themselves. However, in order to implement this, all executives and employees must fully understand the Mid-Term Plan before it can lead to concrete action. In order to drive the organization forward, it is necessary to analyze the situation from a broad perspective that goes beyond the banking industry and to implement mechanisms that enable swift action.

Kamata: We are entering a world of interest rates, so the importance of net interest income is increasing. However, given factors such as population decline and stiff competition from online banks, attracting deposits will not be easy. To achieve this, as Mr. Hattori mentioned earlier, it is necessary to select measures based on analysis rather than relying on experience. For example, it may be possible to come up with more appropriate and stronger approaches by conducting a segment analysis of young people and pensioners, and to reevaluate and make

Roundtable Discussion with Outside Directors



better use of the value of physical branches, namely their proximity and the ability to consult with staff directly.

From the perspective of non-interest businesses, it is also necessary to expand peripheral businesses amid ongoing deregulation. Our bank has signed a partnership agreement with Heiwado, a major local supermarket chain, but we should also promote partnerships with general companies outside the financial industry to create synergistic effects. In addition, the 8th Mid-Term Plan sets a target of 2.0 billion yen in consolidated group revenue for fiscal year 2028. Strategies that leverage group companies will also be important in order to diversify revenue sources.

About the Business Portfolio of the Group

— In the evaluation of the effectiveness of the Bank’s Board of Directors, we have been recognized for utilizing the “dDiscussion” system to enhance deliberations on important topics such as business portfolio, human capital, and monitoring of medium-term management plans. What issues do you think need to be addressed, particularly with regard to the business portfolio?

Kamata: In the past, I think we divided our customers into segments and pursued a general strategy of “doing our best in all segments.” In the 8th Mid-Term Plan, we have shifted to a more focused strategy based on RORA, such as allocating risk assets to consumer direct loans and the finance sector, which has been very well received.

In addition, the Bank has significant unrealized gains on stocks. While substantial capital is one factor contributing to the company’s financial strength, it is also one of the reasons why capital efficiency has not improved. Therefore, I believe that the biggest challenge is how to allocate our abundant capital to our growth strategy while maintaining financial soundness. It is important not only to reorganize existing assets, but also to change the portfolio in a non-continuous manner, such as through M&A or substantial investments.

Takeuchi: The business portfolio needs to be considered for the entire gGroup, and as Mr. Kamata mentioned

earlier, I believe that the roles of gGroup companies should be more clearly defined. Although new companies have been established, we need to have an in-depth discussion on how to develop the business of our existing gGroup companies. I feel that there is still the potential to create new value there. In addition, when undertaking new business in the future, it will be necessary to consider involving professionals with advanced expertise in business development, DX, and other areas. When considering the acquisition and development of professional human resources, we should also consider designing flexible compensation systems.

Hattori: In order to formulate strategies based on our business portfolio, I believe that we still need to better understand and analyze the characteristics and needs of our customers and better organize how we will respond to each customer segment. For example, I believe it is necessary to provide a forum where we can discuss business opportunities that our bank can offer based on the needs of our customers, taking into consideration the size of companies and industrial structure in Shiga Prefecture. I would like to raise such topics in the time for “discussions.”

Takeuchi: When formulating any strategy, we would like to conduct research on the current situation, analyze issues, and have more in-depth discussions on how to increase revenue.

Nomination and Compensation Committee Initiatives

— This fiscal year, Director Hattori was appointed Chair of the Nomination and Compensation Committee. As Chair, what are your plans for the future?

Hattori: Management needs to have a wide range of perspectives and ways of thinking, and a diversity perspective is particularly important. The “qualification requirements for directors” and “skill sheets” created by the Nomination and Compensation Committee serve as indicators for the qualification requirements for future presidents and officers or, in other words, succession plans. We would like to incorporate these into the current department, branch, and section manager levels and use them as tools for personnel recruitment. I would like to build a human resource portfolio and organization that can demonstrate greater diversity while constantly brushing up our skills.

Next, I would like to clarify the roles of officers and their respective responsibilities, and establish an environment where officers can improve themselves through a friendly rivalry.

The third issue is compensation. To ensure greater diversity within an organization, it is essential to recruit specialized personnel. Without introducing a new compensation system to attract highly skilled personnel, it will be difficult to attract talented employees. I think

it would be difficult to change the entire salary system, including that of staff members, in one go. However, I think that introducing a flexible compensation system at gGroup companies and other entities could lead to changes in the salary system of the entire Group if it produces results.

Takeuchi: I think one option is to make qualification requirements and skill sheets open to the public. Doing so will make the goals to be attained more visible, enable all staff members to envision their mid- to long-term careers, and ultimately lead to their dreams and hopes.

Operation of the Board of Directors

— Are there any issues regarding the operational aspects of the Board of Directors that you feel are meaningful in comparison to other companies?

Takeuchi: The best thing is that there is a thorough briefing before Board of Directors meetings. By discussing the matter in advance with the department in charge, the Board of Directors can have a more in-depth discussion about strategy details. “Discussion” involves speaking, but sometimes it does not reach the level of debate. I think it would be better to take a little more time for discussion to become more active so that one opinion can spark another and lead to an increasingly interactive discussion.

Kamata: The preliminary briefing allows for half a day to confirm facts and ask technical questions, so the Board of Directors can get down to discussions immediately. However, I think there should be more discussion about medium- to long-term directions at Board of Directors meetings. I think there is still room for improvement in agenda setting. The “Discussion” system is a very good initiative, but I think it would be easier to have discussions if the topic and materials were presented a little earlier.

Hattori: Board of Directors meetings have also improved by reducing the number of items to be reported, but as I mentioned earlier, I think it would be better to deepen discussions to touch on how to develop the Bank’s future management and business strategies. Improvements



have been made, but reforms have not yet been implemented. There are more important things that go to the heart of management that we should focus on.

Issues and Expectations

— Finally, please share with us any issues or expectations you have for the entire bank.

Kamata: When giving explanations to investors and other stakeholders, it is necessary to first identify the issues and then focus on how to resolve them. The issues are areas for improvement, so rather than just showing what we have achieved, I think it will raise expectations for our Group. The Shiga Bank Group believes that if the issues are properly identified and the measures to address them are shared with others, it will have the human and organizational capabilities to ensure their execution, leading to a steady improvement in corporate value.

Hattori: Our Group is steadily executing plans and implementing PDCA cycles to achieve our goals, but we believe that we can grow exponentially by taking on various new challenges with a greater sense of urgency. To achieve this, it is important to avoid shutting ourselves off from the real world and to expand our knowledge by increasing contact with the outside world, including senior management. By obtaining information from people in different industries, such as IT and trading companies, I believe that we can improve our ability to make proposals to customers, which will ultimately lead to the revitalization of regional companies.

Takeuchi: The direction we should aim for has become clear, and I think the balance between “soundness” and “enterprise” has changed considerably. While “soundness” is certainly important, in order to formulate a growth strategy, we must also embrace new challenges with a spirit of “enterprise.” We intend to work with the Board of Directors to update this balanced management approach in line with the times and to ensure that it leads to non-linear growth from a medium- to long-term perspective.

List of Officers

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 and CEO

June 2023

Chairman (current position)



Director and Senior Managing Executive Officer (Representative 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

June 2025

Director and Senior Managing Executive Officer (current position)



Director and Managing Executive Officer
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

June 2025

Director and Managing Executive Officer (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
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)



President and CEO (Representative Director)
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 and CEO (current position)



Director and Managing Executive Officer
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

June 2025

Director and Managing Executive Officer (current position)



Director and Managing Executive Officer
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

June 2025

Director and Managing Executive Officer (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. Deputy President, Sumitomo Mitsui Trust Bank, Limited

June 2015

Deputy President, Sumitomo Mitsui Trust Holdings, Inc.

April 2017

Director, Sumitomo Mitsui Trust Holdings, Inc. Deputy Chairman, Sumitomo Mitsui Trust Bank, Limited 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

Full-time Corporate Auditor, Reiwa Accounting Holdings Co., Ltd.

June 2021

Retired as Outside Auditor, Sumitomo Densetsu Co., Ltd.

June 2021

Outside Director, Sumitomo Densetsu Co., Ltd. (current position)

June 2025

Retired as Full-time Corporate Auditor, Reiwa Accounting Holdings Co., Ltd.



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)



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)



Full-time Audit & Supervisory Board Member
Akio Mukunoki

April 1988

Joined the Bank

June 2015

Manager of ICT Strategy Office, General Planning Dept.

October 2020

Head of Management Strategy Group, Sustainable Strategy Office, General Planning Dept.

December 2022

Advisor of General Planning Dept., Sustainable Strategy Office, Head of Management Strategy Group, Advisor of Secretariat, and Advisor of Computer Systems Dept.

June 2025

Full-time Audit & Supervisory Board Member (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 Officer

Isokazu Yamamoto

Managing Executive Officer



Hiroyoshi Inoue

Managing Executive Officer
General Manager of Audit & Inspection Dept.



Kazuaki Kataoka

Managing Executive Officer
General Manager of Kyoto Branch



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 Officer
General Manager of Head Office Business Department



Joji Shimomura

Executive Officer
General Manager of General Planning Dept.



Shigeki Yamamoto

Executive Officer
General Manager of Personnel Affairs Dept. and Counselor for Secretariat



Risk Management

Message from the Officer Responsible

In addition to structural changes to the regional economy and rapid changes in the financial environment, the external environment facing banks is becoming increasingly diverse and complex due to factors such as cyber attacks and climate change. Against this backdrop, in addition to managing risks according to traditional risk categories, it is necessary to identify events that have a significant impact on finance and business continuity, and then implement the appropriate risk controls.

The Bank has introduced a Risk Appetite Framework (RAF) geared toward achieving both profitability and soundness, and is striving to allocate management resources to the best possible areas while enhancing risk management.

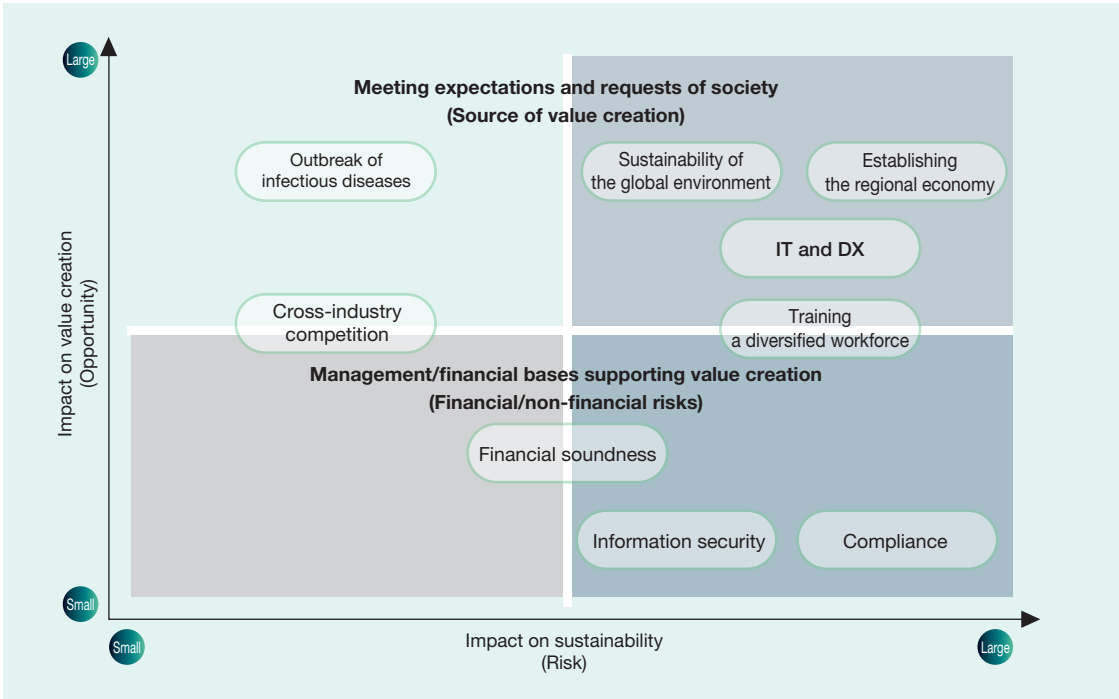
Additionally, in this era of uncertainty, it is essential to establish a risk management system that combines the flexibility to adapt to environmental changes and the resilience to maintain sustainable operations even in times of crisis.

Going forward, we will continue to promote management that places emphasis on balancing risk and return, and by continuing to provide loans and investments that contribute to the resolution of regional issues and sustainable growth, we will play our part in realizing a “virtuous cycle of happiness brought to the region.”



Hidekazu Toda
Director and Managing Executive Officer

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.

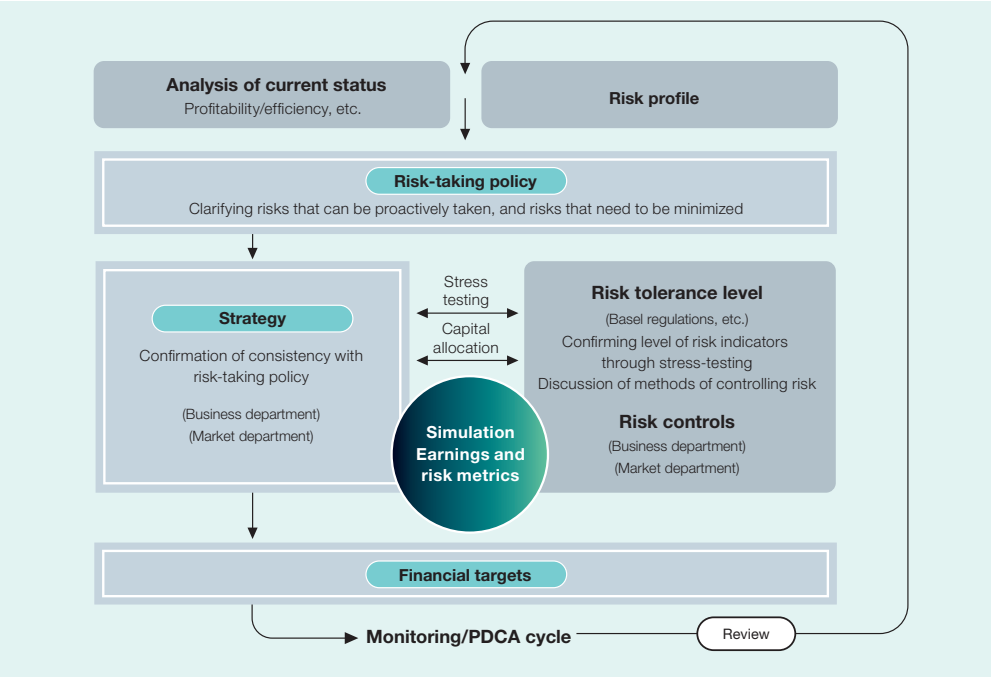


Risk Appetite Framework (RAF)

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 business 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



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 risk 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.



[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.

I 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.

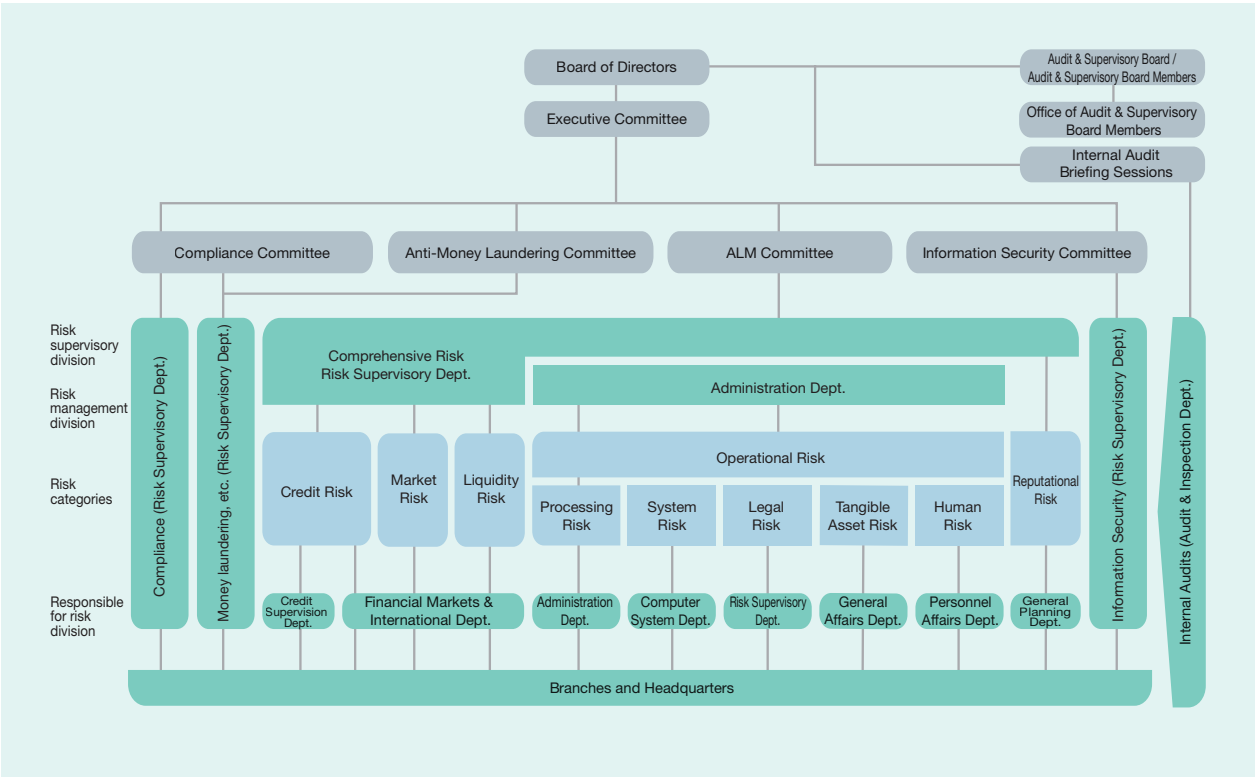
Specifically, the Bank controls risk by keeping it within the specified ratio to both regulatory capital (own capital needed to satisfy capital adequacy regulations) and economic capital (risk amounts calculated using VaR, etc.). In addition, the Bank has created a system that appropriately complements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



I Credit Risk Management System

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

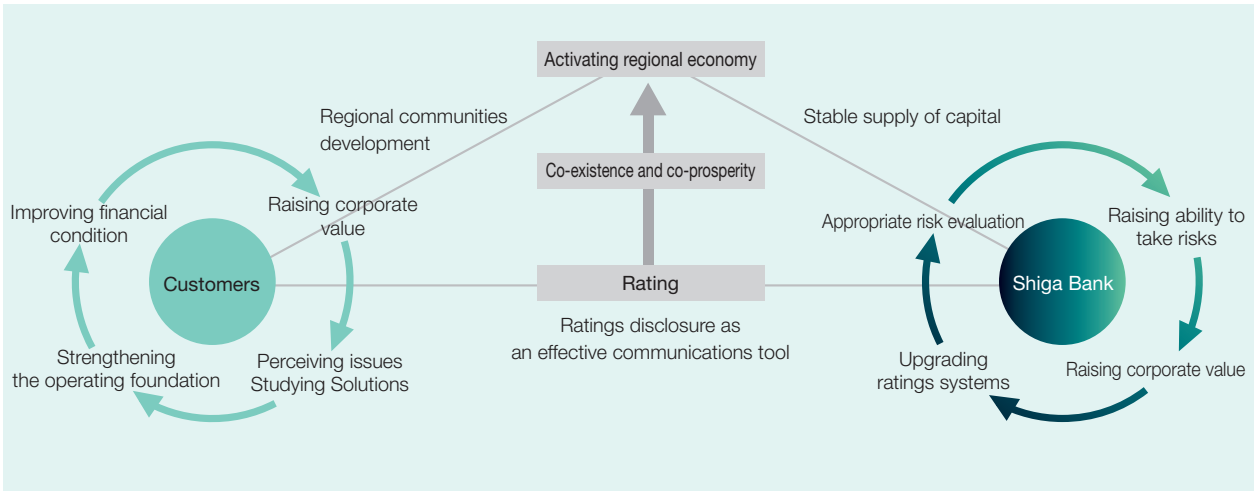
Outline of Credit Risk Management

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.

Powers Supporting Value Creation



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, in adopting Basel II in March 2007, we have 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.

I 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 loans, securities, and deposits, 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.

I 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, attributable to an 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.

I 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.

In addition, we report on the situation at management meetings such as the ALM Committee hosted by the Risk Supervisory Dept.

*CSIRT: Computer Security Incident Response Team

Management systems for system risk and cybersecurity

To ensure the safety and stability of financial services and protect customers’ assets from the threat of cyber attacks in the digital society, we are strengthening our management systems for system risk*1 and cyber security*2.

As for system risk management, we work to prevent recurrence of any system failures that occurred by thoroughly analyzing the cause(s) and using the results to improve development and operation. 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. We have also established contingency plans*3 for unexpected situations such as large-scale disasters, and conduct drills in preparation for ATM malfunctions on holidays.

As for cybersecurity measures, 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 an emergency by taking preventive measures against cyber security incidents, conducting drills to counter cyberattacks, and making continuous improvements. We are attempting 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 are striving to improve the effectiveness of cybersecurity.

*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

I 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

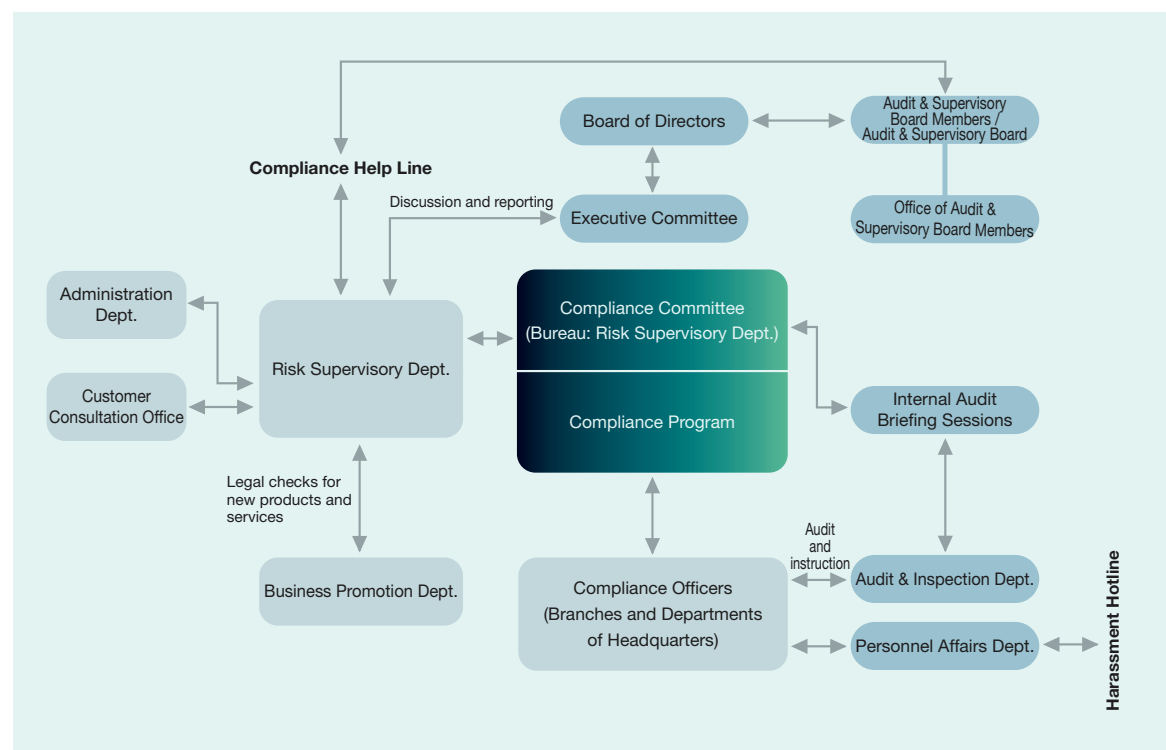
The Bank has stipulated the Code of Conduct based on the Management Principles. In order to comply with them and to thoroughly comply with laws and regulations, the Board of Directors formulates a Compliance Program every fiscal year, after deliberation by the Compliance Committee. In addition, we strive 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



I 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 are putting 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

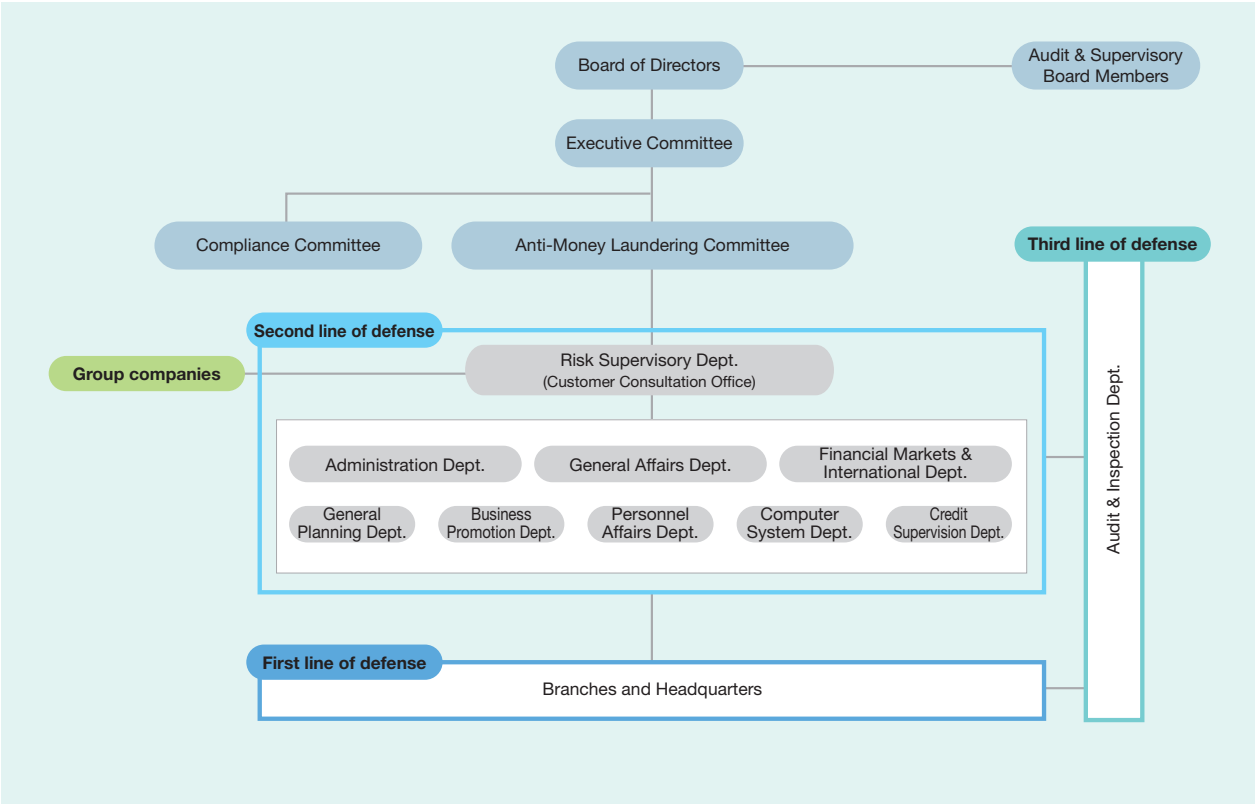
The Bank has taken active measures to eliminate anti-social forces, and has specified an “anti-social forces elimination clause” to the Ordinary Deposit Regulations. Also, the Bank has established the “Shiga Bank Anti-social Forces Elimination Regulations.”

Initiatives for anti-money laundering and financial crime prevention

In recent years, initiatives to combat anti-money laundering, terrorism financing, and proliferation financing and sanctions violations (hereinafter referred to as “money laundering”) are becoming increasingly important. In addition, financial crimes such as special fraud and investment fraud are becoming increasingly sophisticated and diverse. Financial institutions are required to bolster measures against financial crimes in cooperation with the relevant government ministries and industry organizations in order to prevent the unauthorized use of deposit accounts, including corporate accounts, and ultimately protect the valuable assets of their customers.

The Bank has established an AML (Anti-Money Laundering) program for such measures, and we are maintaining and enhancing our management system by ensuring that the PDCA cycle is effectively implemented by taking various measures in accordance with the program and verifying the effectiveness of those measures.

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	2020	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	2021	“The Anti-Money Laundering, Terrorist Financing and Proliferation Financing Policy” was revised and added measures to counter the financing of terrorism and anti-proliferation 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 Letter.”
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	2023	The Bank began training for all employees to retain knowledge about anti-money laundering operations and foster their awareness of such operations.
April	2023	The Bank established the “Anti-Money Laundering Committee” to make cross-organizational efforts undertaken for measures against money laundering permanent.
September	2023	Completed the first round of efforts to improve money laundering and other risk management system and update customer information.
April	2024	“The Anti-Money Laundering, Terrorist Financing and Proliferation Financing Policy” was revised and added sanctions violation measures to the scope of the Policy
October	2024	In order to reinforce risk management against money laundering and other risks, the task of overseeing sanctions violations under the Foreign Exchange and Foreign Trade Act has been transferred from the Financial Markets & International Department to the Risk Supervisory Department.

Update customer information (continuous customer management)

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 products and services including the Bank’s deposit 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.

Prevention of financial crime

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

- In the Bank’s branches and at ATM corners, employees call out to customers and pay attention to their facial expressions, behavior carefully.
- We have posted warnings about various financial crimes on our website and on the Biz Direct login screen.
- Adoption of the “Cashier’s Check Plan” (special measure to prevent fraud involving the misuse of deposit checks, etc.)
- 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

Compliance with foreign exchange laws and regulations with regard to economic sanctions

In order to ensure compliance with the Foreign Exchange and Foreign Trade Act (Foreign Exchange Act), regulations established by the US Department of the Treasury’s Office of Foreign Assets Control (OFAC), and recommendations of the Financial Action Task Force (FATF), we confirm that customers’ transactions do not fall under the scope of these regulations.

- Delivery of “Request for Foreign Remittances” (including viewing on the web -based operation screen)
- Requests for interviews and submission of supporting documents when accepting foreign remittances and trade finance transactions

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 stake-holders 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 (P.72).

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 (P.18).

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.72), 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 governments) 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.

Financial Data (Consolidated)

(Millions of yen)

Summary of consolidated results	2021	2022	2023	2024	2025
Consolidated gross business profit	57,064	60,437	48,207	64,562	60,843
Net interest income	44,132	46,783	49,029	55,187	63,258
Net Fees and commissions (including trust fees)	11,978	13,273	12,777	14,265	13,230
Net other ordinary income	953	380	(13,599)	(4,890)	(15,645)
General and administrative expenses (excluding non-recurring expenses) (-)	42,159	48,235	46,153	52,924	46,468
Consolidated net business profit (before provision of allowance for general loan losses)	14,905	12,202	2,053	11,638	14,374
Provision of general allowance for loan losses (1) (-)	976	574	(2,286)	(635)	(693)
Consolidated net business profit	13,928	11,628	4,339	12,273	15,067
Other profit (loss) (non-recurring gains (losses))	(2,858)	12,371	15,701	11,693	3,882
Disposal of non-performing loans (2) (-)	7,144	1,541	4,171	3,955	5,565
Written-off of loans (-)	660	500	989	789	1,141
Provision of allowance for loan losses (excluding provision of general allowance for loan losses) (-)	6,482	1,033	3,172	3,106	4,348
Other credit costs (-)	2	8	9	59	74
Reversal of allowance for loan losses, etc. (3)	25	22	—	—	—
Recoveries of written off receivables	366	498	615	252	440
Gains (losses) related to equity securities	3,143	10,935	17,331	12,706	7,326
Gain on sale	5,542	13,753	18,382	13,861	9,722
Loss on sale (-)	823	2,734	1,014	866	2,345
Loss on devaluation (-)	1,575	83	37	288	50
Other profit (including non-recurring expenses in general and administrative expenses)	754	2,459	1,927	2,691	1,699
Expenses corresponding to money held in trust (-)	3	2	1	1	18
Ordinary profit	11,070	23,999	20,041	23,967	18,949
Extraordinary income (losses)	1,981	(590)	126	(231)	6,685
Profit before income taxes	13,051	23,408	20,168	23,735	25,635
Income taxes - current (-)	6,390	6,186	4,731	10,078	714
Income taxes - deferred (-)	(4,787)	(493)	578	(2,283)	6,199
Total income taxes (-)	1,603	5,692	5,309	7,794	6,914
Profit	11,448	17,715	14,858	15,940	18,720
Profit attributable to non-controlling interests (-)	—	—	—	—	—
Profit attributable to owners of parent	11,448	17,715	14,858	15,940	18,720
Credit costs (1 + 2 - 3) (-)	8,095	2,093	1,885	3,319	4,871
(Reference)					
Consolidated comprehensive income	122,660	(26,692)	(15,071)	55,925	(38,097)

(Millions of yen)

Summary of Consolidated Balance Sheet	2021	2022	2023	2024	2025
Total assets	7,793,748	7,537,956	7,305,698	7,970,551	7,528,217
Loans and bills discounted	4,001,698	4,064,683	4,343,641	4,475,442	4,529,399
Securities	1,586,506	1,511,864	1,515,578	1,857,431	1,802,020
Total liabilities	7,298,278	7,073,742	6,864,476	7,479,663	7,083,406
Deposits	5,398,851	5,611,084	5,714,368	5,803,032	5,806,185
Negotiable certificates of deposit	49,560	41,880	30,332	25,360	22,600
Total net assets	495,469	464,214	441,222	490,887	444,811
Total shareholders' equity	280,786	294,083	301,181	310,934	321,698
Retained earnings	232,289	248,089	258,053	269,792	284,546
Total accumulated other comprehensive income	214,598	170,027	140,040	179,953	123,112
Share acquisition rights	84	103	—	—	—

Consolidated financial indicators, etc.	2021	2022	2023	2024	2025
Net assets per share (Yen)	9,958.46	9,552.14	9,293.39	10,459.88	9,652.60
Basic earnings per share (Yen)	228.12	359.50	310.57	336.31	399.72
Diluted earnings per share (Yen)	220.43	359.20	310.49	—	—
Annual dividend per share (Yen)	40.00	80.00	80.00	90.00	90.00
Closing stock price (Yen)	2,396	2,211	2,679	4,195	5,260
Capital adequacy ratio (%)	6.35	6.15	6.03	6.15	5.90
Consolidated capital ratio (under the criteria stipulated by the Financial Services Agency)	17.19	15.14	15.80	15.70	13.62
Consolidated return on equity (ROE) (%)	2.62	3.69	3.28	3.42	4.00
Consolidated price earnings ratio (PER) (times)	10.50	6.15	8.62	12.47	13.15
Consolidated price book-value ratio (PBR) (times)	0.24	0.23	0.28	0.40	0.54
Consolidated payout ratio (%)	17.53	22.25	25.75	26.76	22.51

(Note) "Diluted earnings per share" is not shown for the fiscal years ended March 31, 2024 and March 31, 2025 because there are no dilutive shares.

ESG Data

E (Environment)

GHG emissions

		Fiscal year 2023			Fiscal year 2024			
	Classification	Energy use/ non-energy GHG	Emissions (tCO ₂ eq)		Energy use/ non-energy GHG	Emissions (tCO ₂ eq)		
Scope 1	Total		620			670		
	City gas	23,659 m³	49		27,119 m³	56		
	LP gas	84 m³	1		81 m³	1		
	Gasoline	207,571 L	475		198,379 L	454		
	Fuel oil	0 L	0		0 L	0		
	Diesel oil	3,895 L	10		3,930 L	10		
	HFC	60 kg	86		96 kg	156		
Scope 2	Electricity	13,403 MWh	Market-based	3,389	13,384 MWh	Market-based	3,203	
			Location-based	5,871		Location-based	5,556	
Scope 3	Total		16,480,774			18,063,664		
	Category 1	Purchased products and services	19,757		Purchased products and services	10,845		
	Category 2	Capital goods	2,349		Capital goods	1,162		
	Category 3	Other fuel energy	1,018		Other fuel energy	1,039		
	Category 4	Transportation (upstream)	272		Transportation (upstream)	482		
	Category 5	Wastes	68		Wastes	62		
	Category 6	Business travel	131		Business travel	149		
	Category 7	Commuting	878		Commuting	1,107		
	Category 15	Investment and financing	16,456,300		Investment and financing	18,048,819		
Scope 1-3 total			Market-based	16,484,783		Market-based	18,067,538	
			Location-based	16,487,264		Location-based	18,069,890	

Scope 3 Category 15 Details

Emissions by industry (carbon-related sectors based on TCFD recommendations)

Industry	Fiscal year 2023			Fiscal year 2024		
	All			All		
	Emissions (tCO ₂ eq)	Carbon intensity (tCO ₂ eq/million yen)	Weighted average DQ (value-weighted)	Emissions (tCO ₂ eq)	Carbon intensity (tCO ₂ eq/million yen)	Weighted average DQ (value-weighted)
Energy	2,064,070	13.8	2.3	1,888,730	12.1	2.1
Transportation	3,377,692	12.0	2.1	5,803,617	21.3	2.1
Materials and Building	6,580,705	6.2	3.0	6,231,217	6.0	3.0
Agriculture, Food and Forest Products	1,428,257	12.6	2.9	1,330,951	12.7	2.8
Other	3,005,576	2.2	3.5	2,467,414	1.8	3.4
Total	16,456,300	5.5	3.1	17,721,930	6.0	3.0

Industry	Emissions (tCO ₂ eq)	Carbon intensity (tCO ₂ eq/million yen)	Weighted average DQ (value-weighted)	Emissions (tCO ₂ eq)	Carbon intensity (tCO ₂ eq/million yen)	Weighted average DQ (value-weighted)
Energy	1,785,366	13.3	2.3	1,666,143	11.9	2.1
Coal	1,678	3.3	4.0	1,611	2.1	4.0
Oil and Gas	645,842	16.5	2.7	571,420	14.6	2.7
Electric power companies	1,137,847	12.0	2.2	1,093,113	10.9	1.9
Transportation	1,205,165	6.2	2.6	2,641,857	13.0	2.4
Trucking service	128,287	1.9	3.9	145,198	2.0	3.6
Marine transportation	194,104	6.4	1.6	139,786	5.4	1.8
Air freight forwarding	17,238	13.5	4.0	10,159	8.7	4.0
Air passenger transportation	11,005	3.4	1.0	12,776	4.5	1.0
Automotive and Parts	804,507	17.7	1.9	2,282,266	39.3	1.6
Rail transportation	50,022	1.0	2.0	51,671	1.2	2.0
Materials and Building	5,231,008	5.9	3.2	4,946,101	5.6	3.2
Chemicals	676,588	5.6	2.8	594,312	5.0	2.6
Metals and Mining	287,759	8.5	2.8	284,861	7.0	2.8
Construction materials	852,752	34.7	3.4	832,164	26.8	3.1
Capital goods (buildings, etc.)	3,322,464	10.6	2.7	3,124,676	11.0	2.7
Real estate management and development	91,445	0.2	3.8	110,089	0.3	3.7
Agriculture, Food and Forest Products	1,382,668	14.4	3.1	1,298,160	14.7	3.1
Beverages	52,333	1.5	2.4	37,699	1.2	2.7
Paper and Forest products	171,600	8.0	2.6	162,046	7.2	2.2
Agriculture	16,083	1.7	4.0	14,500	1.8	4.0
Packaged foods and Meat	1,142,652	39.3	3.9	1,083,915	39.3	3.9
Other	2,522,972	2.4	3.7	2,011,909	1.9	3.6
Other	2,522,972	2.4	3.7	2,011,909	1.9	3.6
Total	12,127,178	5.1	3.3	12,564,171	5.3	3.2

*The numbers in the total column for carbon intensity and weighted average DQ are the carbon intensity and the weighted average DQ for the total emissions of the relevant portfolio.
*The weighted average DQ is the weighted average of the DQs for the individual investments.
*Totals are the aggregate results for each industry, including decimals, and do not necessarily correspond to the apparently rounded aggregate results for each industry.

S (Social)

		Fiscal year 2023	Fiscal year 2024
Employees (consolidated)			
Number of employees (persons)		2,154	2,171
Employees (non-consolidated)			
Number of employees (persons)		1,875	1,873
Average age		38.16	37.91
Average years of service (years)		15.25	15.00
Average annual salary (thousands of yen)		6,793	6,916
Percentage of female managers (%)		17.6	18.6
Percentage of male employees taking childcare leave (%)*		95.4	94.0
Wage difference between male and female employees (%)	All workers	48.5	49.7
	Full-time workers	68.2	70.2
	Non full-time workers	43.2	41.2
Employment of people with disabilities (%)		2,348	2,347
Average number of days of paid leave taken (days)		17	17
Employee engagement (%)		84.1	86.9

Human resource development			
Investment amount for human resources development per person (thousands of yen)		165	176
Number of employees seconded to outside companies (persons)		20 per fiscal year	9 per fiscal year
Number of employees with Financial Planning Grade 1 certification (persons)		231	231
Dispatch to external training (persons)		23	39
Management score of managers (graded by others on a 5-point scale)		3.76	3.78
Activities of diversified human resources			
Retention rate within 3 years of recruiting new graduates (%)		85.7	87.3
Number of mid-career hires (persons)		11	19
Percentage of management candidates with both head-quarters and branch experience (%)		52.4	52.4
Number of persons utilizing human resources recruitment system (persons)		50	80
Job satisfaction and ease of working			
Percentage of retests received for regular health checkups (including medical checkups) (%)		90.2	94.7
Engagement score		69	70
Percentage of participants in trainings on compliance, human rights, etc. (%)		(First half) 92.4 (Second half) 92.6	(First half) 94.3 (Second half) 94.3
Number of people who independently challenged their careers (persons)		—	657

*This is the percentage of employees who took childcare leave, etc., as defined in Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members.

G (Governance)

		Fiscal year 2023	Fiscal year 2024
Compliance			
Comprehension of compliance training (%)		(First half) 97.4 (Second half) 98.6	(First half) 99.3 (Second half) 96.8
*Total of "Understood well" and "Understood" responses.			
Corporate Governance			
Percentage of compliance with the Corporate Governance Code (%)		100.0	100.0
Attendance ratio at meetings of the Board of Directors (Outside Directors) (%)		100.0	97.4
Number of Directors (persons)		9	9
Number of Outside Directors (persons)		3	3
Percentage of Outside Directors (%)		33.3	33.3
Number of female Directors (persons)		1	1
Percentage of female Directors (%)		11.1	11.1

External Evaluation

The only bank to receive the award for six consecutive years!

Received Silver Prize (Minister of the Environment Award) at the 6th ESG Finance Awards Japan

The Bank received Silver Prize (Minister of the Environment Award) in the indirect finance category of the 6th ESG Finance Awards Japan by the Ministry of the Environment. This is the sixth consecutive year since the first award in 2020.

In the selection process, we were recognized for our strengths in providing support based on in-depth dialogue with our business partners through sustainable finance, as well as our efforts to continuously upgrade our practices. As a signatory to the Principles for Responsible Banking (PRB), we conduct impact assessments across our entire portfolio, including more sophisticated analysis and calculation of financed emissions, which we disclose after obtaining third-party assurance. Furthermore, we were recognized for incorporating the renewable energy business undertaken by our group company Shigagin energy Co., Ltd. into the use of funds raised through the first-ever dual-currency (yen and foreign currency) green deposits offered by a regional bank, thereby driving local production and consumption of energy across the entire Group and establishing a system for regional capital circulation geared toward achieving a carbon-neutral society.



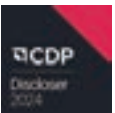
The Minister of the Environment, Mr. Asao (left), presented the award.



Certified as an "Eco-First Enterprise" by the Ministry of the Environment



Component of the SOMPO Sustainability Index



CDP Climate Change Questionnaire Rank B



Obtained the "Platinum Kurumin Plus" certification by the Ministry of Health, Labour and Welfare



Obtained 2 stars for the "Eruboshi" certification by the Ministry of Health, Labour and Welfare



Acquired JQA-EMO777 ISO14001 certification

Endorsement and membership in initiatives, etc.



Signed the United Nations Environment Programme Finance Initiative (UNEP FI)



Signed the United Nations Principles for Responsible Banking (PRB)



Supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)



Joined the Taskforce on Nature-related Financial Disclosures (TNFD) Forum



Participated in GX League



Signed the Principles for Financial Action for the 21st Century



Supports the Initiative based on the Declaration of Biodiversity by Keidanren



Joined the Japan Climate Initiative (JCI)



Supports the "Shiga CO2 Net Zero" movement



History of "External Evaluation"

We have been committed to the sustainable development of the region through "environmental finance," which uses finance to solve environmental problems, and through the progressive approach to the SDGs. These efforts have been highly evaluated by various institutions and organizations, and we have received many awards.

2003

- Received the Environmental Administrative Award for Pearl at the "1st Japanese Environmental Administrative Awards"



2004

- Received the FUJISANKEI COMMUNICATIONS GROUP Prize at the "13th Grand Prize for the Global Environment Award"

2007

- Received the Minister of the Environment Award at the "9th Green Purchasing Award"

2008

- Received the Chairman of New Energy Foundation Prize at the "12th New Energy Award"
- Certified as an "Eco-First Enterprise" by the Ministry of the Environment



2014

- Received double awards at the "17th Environmental Communication Awards"
Environmental Reporting Division: Environmental Reporting Award (the Minister of the Environment Award)
TV Environmental Commercial Division: Excellence Award (President of the Global Environmental Forum Prize)

2015

- Received the Most Excellent Award at the "Excellent Enterprise Award for Environmental Human Resource Development 2014"

2018

- Received the Special Award (SDGs Partnership Award) at the "2nd Japan SDGs Award"



2019

- Received the "Judging Committee's Special Excellence Award" in the Environmental Report Category of the "22nd Environmental Communication Award"

2020

- Received Silver Prize (Minister of the Environment Award) in the finance category of the 1st ESG Finance Awards Japan



2021

- Received the "Prize for Excellence" in the Environmental Report Category of the "24th Environmental Communication Award"
- Received Gold Prize (Minister of the Environment Award) in the indirect finance category (regional category) of the 2nd ESG Finance Awards Japan

2022

- Received Bronze Prize in the indirect finance category of the 3rd ESG Finance Awards Japan
- Selected as an example of "Distinctive Efforts by Financial Institutions contributing to Regional Revitalization for Fiscal Year 2021" by Cabinet Office

2023

- Received Silver Prize (Minister of the Environment Award) in the indirect finance category of the 4th ESG Finance Awards Japan
- Selected as an example of "Distinctive Efforts by Financial Institutions contributing to Regional Revitalization for Fiscal Year 2022" by Cabinet Office

2024

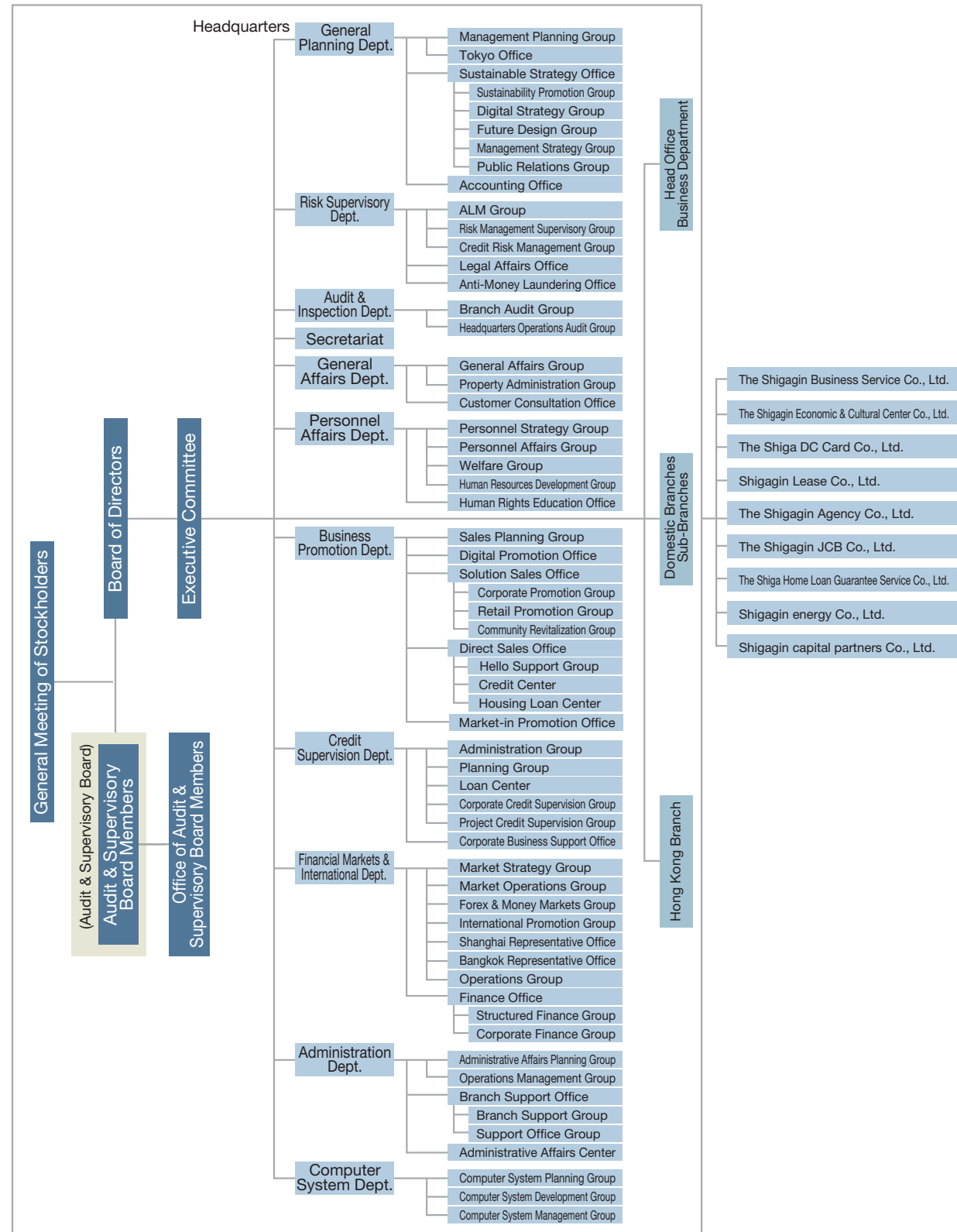
- Received Silver Prize (Minister of the Environment Award) in the indirect finance category of the 5th ESG Finance Awards Japan

2025

- Received the Regional Finance Award at the 10th Sustainable Finance Awards
- Received Silver Prize (Minister of the Environment Award) in the indirect finance category of the 6th ESG Finance Awards Japan

FINANCIAL SECTION

Group Organization Chart (As of June 25, 2025)



Profile

(As of March 31, 2025)

Corporate Name	THE SHIGA BANK, LTD.
Head Office	1-38, Hamamachi, Otsu, Shiga 520-8686, Japan
Established	October 1, 1933
Total Assets	¥7,505.2 billion
Deposits	¥5,847.3 billion
Loans	¥4,563.2 billion
Common Stock	¥33.0 billion
Employees	1,873 persons
Offices and Branches	133 (including 33 agents)

Financial Section

The Shiga Bank, Ltd. and Consolidated Subsidiaries

Consolidated Five-year Summary

	Millions of yen				
	2025	2024	2023	2022	2021
As of March 31					
Total assets	¥7,528,217	¥7,970,551	¥7,305,698	¥7,537,956	¥7,793,748
Investment securities	1,802,020	1,857,431	1,515,578	1,511,864	1,586,506
Loans and bills discounted	4,529,399	4,475,442	4,343,641	4,064,683	4,001,698
Deposits	5,806,185	5,803,032	5,714,368	5,611,084	5,398,851
Total equity	444,811	490,887	441,222	464,214	495,469
Years ended March 31					
Total income	141,111	122,632	115,498	98,307	88,127
Total expenses	115,476	98,896	95,330	74,899	75,075
Income before income taxes	25,635	23,735	20,168	23,408	13,051
Net income attributable to owners of the parent	18,720	15,940	14,858	17,715	11,448
Per share data (in yen)					
Cash dividends	¥ 90.00	¥ 90.00	¥ 80.00	¥ 80.00	¥ 40.00
Net income	399.72	336.31	310.57	359.50	228.12
Net equity	9,652.60	10,459.88	9,293.39	9,552.14	9,958.46
Ratio					
Capital ratio	13.62%	15.70%	15.80%	15.14%	17.19%
ROE	4.00%	3.42%	3.28%	3.69%	2.62%

Financial review (Consolidated basis)

The Japanese economy in the fiscal year ended March 31, 2025, has been on a gradual recovery trend due to an improvement in the employment and income environment, including an increase in wages.

However, despite the continuation of firm corporate capital expenditure and personal consumption, the outlook remains uncertain due to factors such as a downturn in business conditions overseas and trends in U.S. policy. Financial markets also warrant close monitoring, as the Bank of Japan implements its first increase in benchmark interest rates in 17 years.

In Shiga Prefecture, the Group's mother market, the economy has continued its recovery trend. Production activities have recovered in the manufacturing sector, including semiconductors and automobile-related industries, while personal consumption is seeing a gradual improvement with the upward trend in employment and capital expenditure.

Balance sheets

Regarding the financial position, the balance of total assets was ¥7,528,217 million, a decrease of ¥442,333 million from the end of the previous fiscal year.

With regards to the main account balance of assets, investment securities stood at ¥1,802,020 million (a decrease of ¥55,410 million from the end of the previous fiscal year), and loans and bills discounted totaled ¥4,529,399 million (an increase of ¥53,956 million from the end of the previous fiscal year).

Meanwhile, total liabilities were ¥7,083,406 million, a decrease of ¥396,256 million from the end of the previous fiscal year.

With regards to the main account balance of liabilities, deposits totaled ¥5,806,185 million (an increase of ¥3,153 million from the end of the previous fiscal year), negotiable certificates of deposit were ¥22,600 million (a decrease of ¥2,760 million from the end of the previous fiscal year), call money and bills sold were ¥109,149 million (a decrease of ¥236,942 million from the end of the previous fiscal year), payables under securities lending transactions were ¥156,949 million (a decrease of ¥84,380 million from the end of the previous fiscal year), and borrowed money

was ¥830,352 million (a decrease of ¥52,276 million from the end of the previous fiscal year).

Total equity amounted to ¥444,811 million, a decrease of ¥46,076 million from the end of the previous fiscal year. This was mainly due to a decrease of ¥59,941 million in net unrealized gains on available-for-sale securities from the end of the previous fiscal year.

Statements of operations

Regarding operating results, ordinary income was ¥133,109 million, an increase of ¥10,479 million year on year. This was mainly due to an increase in interest income (an increase of ¥12,455 million year on year) due in part to an increase in interest on loans and discounts and interest and dividends on securities.

On the other hand, ordinary expenses were ¥114,160 million, an increase of ¥15,496 million year on year. This was mainly due to an increase in interest expenses (an increase of ¥4,402 million year on year) due in part to an increase in interest on deposits.

As a result, ordinary profit for the fiscal year under review decreased by ¥5,017 million year on year to ¥18,949 million. However, net income attributable to owners of the parent increased by ¥2,780 million year on year to ¥18,720 million, mainly due to recording a settlement of ¥8,000 million received for the cancellation of a plan relating to next-generation mission-critical system as extraordinary income (settlement income).

Furthermore, comprehensive income (loss) decreased by ¥94,023 million year on year to ¥(38,097) million, primarily resulting from a decrease in net unrealized gains on available-for-sale securities.

Additionally, as the Group consists of a single segment in the banking business, business results by segment are not provided.

Cash flows

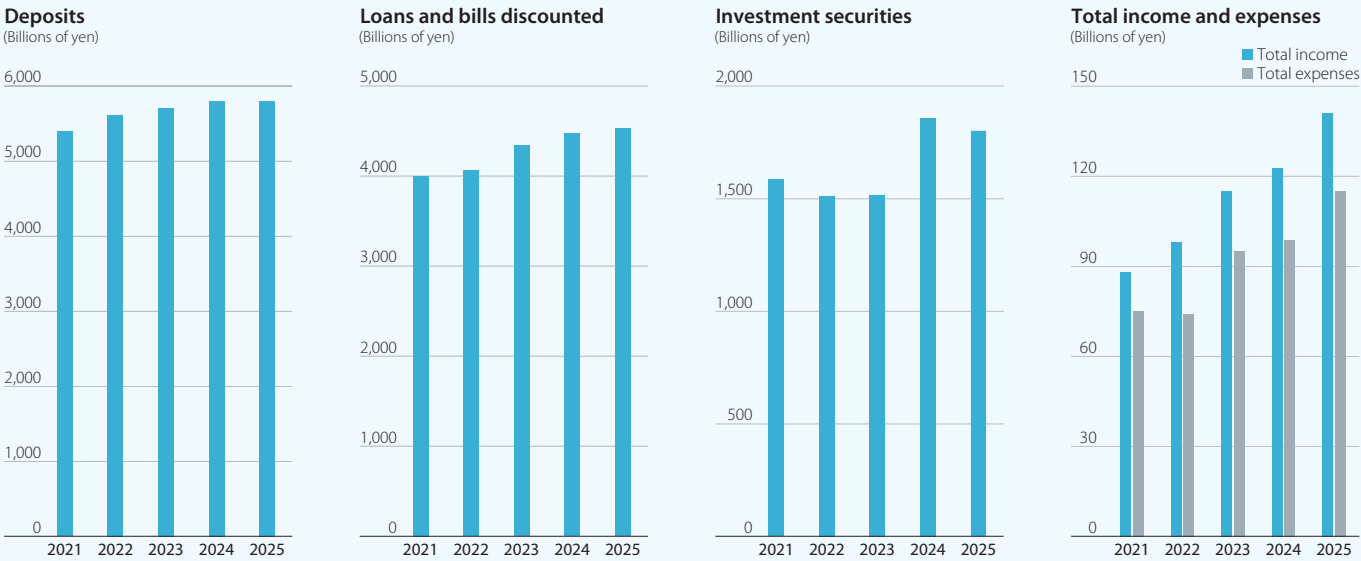
The Group's status of cash flows for the fiscal year under review is as follows.

Net cash used in operating activities was an outflow (hereinafter, “cash outflow”) of ¥405,676 million, mainly due to a decrease in borrowed money, call money, and payables under securities lending transactions. Cash outflow increased by ¥858,968 million year on year mainly because borrowed money, call money, and payables under securities lending transactions shifted to a decrease in the fiscal year under review from an increase in the previous year.

Net cash used in investing activities was a cash outflow of ¥47,627 million as purchases of securities exceeded proceeds from sales and redemptions of securities. Cash outflow decreased by ¥240,959 million year on year, mainly due to a decrease in purchases of securities.

Furthermore, net cash used in financing activities was a cash outflow of ¥7,999 million, due to purchases of treasury stock and dividends paid. Cash outflow increased by ¥1,718 million year on year due to an increase in purchases of treasury stock.

As a result, cash and cash equivalents as of the end of the fiscal year under review amounted to ¥898,421 million, a decrease of ¥461,302 million year on year.



Consolidated Balance Sheet

As of March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Assets			
Cash and due from banks (Notes 3 and 33)	¥ 898,939	¥1,360,066	\$ 6,012,165
Call loans and bills bought.....	6,429	5,753	42,997
Debt purchased.....	770	1,968	5,149
Trading securities (Note 4).....	19	459	127
Money held in trust (Note 5).....	32,356	30,376	216,399
Investment securities (Notes 4, 7, 12, 19 and 33)	1,802,020	1,857,431	12,052,033
Loans and bills discounted (Notes 7, 12, 13 and 33).....	4,529,399	4,475,442	30,292,930
Foreign exchange assets (Notes 7 and 8).....	7,029	6,193	47,010
Other assets (Notes 7, 9 and 12)	177,407	161,400	1,186,510
Tangible fixed assets (Notes 10, 11 and 14)	53,949	47,638	360,814
Intangible fixed assets (Note 11).....	1,991	1,342	13,315
Asset for retirement benefits (Note 31)	26,579	25,228	177,762
Deferred tax assets (Note 32).....	611	591	4,086
Customers' liabilities for acceptances and guarantees (Notes 7 and 19).....	26,120	29,340	174,692
Allowance for loan losses.....	(35,406)	(32,683)	(236,797)
Total assets	7,528,217	7,970,551	50,349,230
Liabilities			
Deposits (Notes 12, 15 and 33).....	5,806,185	5,803,032	38,832,162
Negotiable certificates of deposit (Note 33)	22,600	25,360	151,150
Call money and bills sold (Note 33).....	109,149	346,092	729,995
Payables under securities lending transactions (Notes 12 and 33).....	156,949	241,330	1,049,685
Borrowed money (Notes 12, 16 and 33)	830,352	882,628	5,553,451
Foreign exchange liabilities (Note 8).....	317	92	2,120
Borrowed money from trust account (Note 17)	174	184	1,163
Other liabilities (Note 18).....	84,792	88,812	567,094
Liability for retirement benefits (Note 31).....	183	168	1,223
Liability for retirement benefits of directors and Audit & Supervisory Board Members	4	4	26
Allowance for repayment of excess interest	6	5	40
Reserve for other contingent losses.....	266	196	1,779
Deferred tax liabilities (Note 32).....	40,690	56,949	272,137
Deferred tax liabilities for land revaluation (Note 14)	5,613	5,463	37,540
Acceptances and guarantees (Note 19).....	26,120	29,340	174,692
Total liabilities	7,083,406	7,479,663	47,374,304
Equity (Notes 20, 21 and 37)			
Common stock, authorized, 100,000,000 shares; issued, 53,090,081 shares as of March 31, 2025 and 2024.....	33,076	33,076	221,214
Capital surplus.....	24,548	24,541	164,178
Retained earnings	284,546	269,792	1,903,063
Treasury stock – at cost 7,008,097 shares and 6,159,570 shares as of March 31, 2025 and 2024, respectively	(20,473)	(16,476)	(136,924)
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities (Notes 4 and 6)	71,925	131,867	481,039
Deferred gains on derivatives under hedge accounting	35,569	30,145	237,887
Land revaluation surplus (Note 14).....	8,057	8,240	53,885
Defined retirement benefit plans.....	7,560	9,700	50,561
Total equity	444,811	490,887	2,974,926
Total liabilities and equity	¥7,528,217	¥7,970,551	\$50,349,230

See Notes to Consolidated Financial Statements.

Consolidated Statement of Income

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Income (Notes 22 and 38)			
Interest income:			
Interest on loans and discounts.....	¥49,422	¥ 44,597	\$ 330,537
Interest and dividends on securities	31,516	25,026	210,781
Other interest income	5,694	4,553	38,081
Trust fees	0	0	0
Fees and commissions.....	19,634	19,995	131,313
Other operating income (Note 23)	16,030	13,181	107,209
Settlement income (Note 2 (w))	8,000	—	53,504
Other income (Note 24)	10,813	15,277	72,318
Total income	141,111	122,632	943,760
Expenses			
Interest expenses:			
Interest on deposits	5,698	2,045	38,108
Interest on borrowing and rediscounts	11,179	11,746	74,765
Other interest expenses	6,515	5,199	43,572
Fees and commissions.....	6,404	5,730	42,830
Other operating expenses (Note 25)	31,676	18,072	211,851
General and administrative expenses (Note 26).....	44,690	51,047	298,889
Other expenses (Note 27)	9,311	5,056	62,272
Total expenses	115,476	98,896	772,311
Income before income taxes	25,635	23,735	171,448
Income taxes (Note 32)			
Current	714	10,078	4,775
Deferred	6,199	(2,283)	41,459
Net income	18,720	15,940	125,200
Net income attributable to owners of the parent	¥18,720	¥ 15,940	\$ 125,200
	Yen		U.S. dollars
	2025	2024	2025
Per share information (Note 36)			
Basic net income.....	¥399.72	¥ 336.31	\$ 2.673
Cash dividends applicable to the year	90.00	90.00	0.601

See Notes to Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net income			
Other comprehensive income (loss) (Note 35):			
Net unrealized gains (losses) on available-for-sale securities	(59,941)	24,082	(400,889)
Deferred gains on derivatives under hedge accounting	5,423	14,546	36,269
Land revaluation surplus	(161)	—	(1,076)
Defined retirement benefit plans.....	(2,139)	1,356	(14,305)
Total other comprehensive income (loss)	(56,818)	39,985	(380,002)
Comprehensive income (loss)	¥ (38,097)	¥55,925	\$ (254,795)
Attributable to			
Owners of the parent.....	¥ (38,097)	¥55,925	\$ (254,795)

See Notes to Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

Years ended March 31, 2025 and 2024

	Thousands	Millions of yen							
	Outstanding number of shares of common stock	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated Other Comprehensive Income			
						Net unrealized gains on available- for-sale securities	Deferred gains on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans
Balance as of April 1, 2023	47,476	¥ 33,076	¥ 24,540	¥ 258,053	¥ (14,488)	¥ 107,785	¥ 15,599	¥ 8,312	¥ 8,343
Changes during the year:									
Net income attributable to owners of the parent				15,940					
Cash dividends, ¥90.00 per share.....				(4,273)					
Purchase of treasury stock	(554)				(2,007)				
Sales of treasury stock	7		0		20				
Reversal of land revaluation surplus				72					
Other changes						24,082	14,546	(72)	1,356
Net change in the year		—	0	11,739	(1,987)	24,082	14,546	(72)	1,356
Balance as of March 31, 2024	46,930	33,076	24,541	269,792	(16,476)	131,867	30,145	8,240	9,700
Changes during the year:									
Net income attributable to owners of the parent				18,720					
Cash dividends, ¥85.00 per share.....				(3,989)					
Purchase of treasury stock	(853)				(4,010)				
Sales of treasury stock	4		7		13				
Reversal of land revaluation surplus				22					
Other changes						(59,941)	5,423	(183)	(2,139)
Net change in the year		—	7	14,753	(3,997)	(59,941)	5,423	(183)	(2,139)
Balance as of March 31, 2025	46,081	¥ 33,076	¥24,548	¥284,546	¥ (20,473)	¥ 71,925	¥ 35,569	¥8,057	¥ 7,560

	Thousands of U.S. dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated Other Comprehensive Income				Total equity
					Net unrealized gains on available- for-sale securities	Deferred gains on derivatives under hedge accounting	Land revaluation surplus	Defined retirement benefit plans	
Balance as of April 1, 2024	\$221,214	\$164,131	\$1,804,387	\$ (110,192)	\$ 881,935	\$201,611	\$55,109	\$ 64,874	\$3,283,085
Changes during the year:									
Net income attributable to owners of the parent			125,200						125,200
Cash dividends, \$0.56 per share.....			(26,678)						(26,678)
Purchase of treasury stock				(26,819)					(26,819)
Sales of treasury stock		46		86					133
Reversal of land revaluation surplus			147						147
Other changes					(400,889)	36,269	(1,223)	(14,305)	(380,149)
Net change in the year	—	46	98,669	(26,732)	(400,889)	36,269	(1,223)	(14,305)	(308,159)
Balance as of March 31, 2025	\$221,214	\$164,178	\$1,903,063	\$ (136,924)	\$ 481,039	\$237,887	\$53,885	\$ 50,561	\$2,974,926

See Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

Years ended March 31, 2025 and 2024

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Operating activities:			
Income before income taxes.....	¥ 25,635	¥ 23,735	\$ 171,448
Depreciation.....	2,110	2,400	14,111
Losses on impairment of long-lived assets.....	1,167	146	7,804
Increase in allowance for loan losses.....	2,723	505	18,211
Increase in reserve for other contingent losses.....	69	56	461
Increase in asset for retirement benefits.....	(1,350)	(5,578)	(9,028)
Increase in liability for retirement benefits.....	15	9	100
Decrease (increase) in liability for retirement benefits of directors and Audit & Supervisory Board Members.....	(0)	0	(0)
Increase (decrease) in allowance for repayment of excess interest.....	0	(4)	0
Interest income.....	(86,633)	(74,177)	(579,407)
Interest expense.....	23,393	18,990	156,453
Losses (gains) on sales and write-down of investment securities.....	12,919	(7,635)	86,403
Losses (gains) on money held in trust.....	46	(704)	307
Foreign exchange losses (gains).....	0	(3)	0
Losses on disposals of fixed assets – net.....	146	84	976
Settlement income.....	(8,000)	—	(53,504)
Net increase in loans and bills discounted.....	(53,956)	(131,801)	(360,861)
Net increase in deposits.....	3,153	88,664	21,087
Net decrease in negotiable certificate of deposits.....	(2,760)	(4,971)	(18,459)
Net increase (decrease) in borrowed money (excluding subordinated loans).....	(52,276)	344,172	(349,625)
Net decrease (increase) in due from banks (excluding deposits in Bank of Japan).....	(175)	297	(1,170)
Net decrease in call loans and others.....	522	12,551	3,491
Net increase (decrease) in call money and bills sold.....	(236,942)	108,186	(1,584,684)
Net increase (decrease) in payables under securities lending transactions.....	(84,380)	35,757	(564,339)
Net decrease (increase) in foreign exchange assets.....	(836)	537	(5,591)
Net increase (decrease) in foreign exchange liabilities.....	225	(285)	1,504
Net decrease in borrowed money from trust account.....	(9)	(2)	(60)
Interest received (cash basis).....	89,021	72,695	595,378
Interest paid (cash basis).....	(23,650)	(16,812)	(158,172)
Other.....	(7,029)	(9,713)	(47,010)
Subtotal.....	(396,852)	457,101	(2,654,173)
Settlement received.....	4,000	—	26,752
Income taxes – paid.....	(12,823)	(3,808)	(85,761)
Net cash provided by (used in) operating activities.....	(405,676)	453,292	(2,713,188)
Investing activities:			
Purchases of securities.....	(400,331)	(650,801)	(2,677,441)
Proceeds from sales of securities.....	293,607	285,027	1,963,663
Proceeds from redemptions of securities.....	71,642	80,993	479,146
Increase in money held in trust.....	(2,127)	(6,109)	(14,225)
Decrease in money held in trust.....	—	3,000	—
Purchases of tangible fixed assets.....	(9,236)	(1,132)	(61,771)
Proceeds from sales of tangible fixed assets.....	187	486	1,250
Purchases of intangible fixed assets.....	(1,369)	(50)	(9,155)
Net cash used in investing activities.....	(47,627)	(288,586)	(318,532)
Financing activities:			
Purchases of treasury stock.....	(4,010)	(2,007)	(26,819)
Proceeds from sales of treasury stock.....	0	0	0
Dividends paid.....	(3,989)	(4,273)	(26,678)
Net cash used in financing activities.....	(7,999)	(6,280)	(53,497)
Net increase (decrease) in cash and cash equivalents.....	(461,302)	158,425	(3,085,219)
Cash and cash equivalents, beginning of year.....	1,359,724	1,201,299	9,093,927
Cash and cash equivalents, end of year (Note 3).....	¥ 898,421	¥ 1,359,724	\$ 6,008,701

See Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

Years ended March 31, 2025 and 2024

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by THE SHIGA BANK, LTD. (the “Bank”) and its significant subsidiaries (together the “Group”) in accordance with the provisions set forth in the Companies Act of Japan, the Japanese Financial Instruments and Exchange Act, and the Japanese Banking Act and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

Amounts in yen of respective accounts included in the accompanying consolidated financial statements and notes thereto are stated in millions of yen by discarding fractional amounts less than ¥1 million. Therefore, total or subtotal amounts do not necessarily tie in with the aggregation of such account balances.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥149.52 to U.S.\$1, the rate of exchange at March 31, 2025, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen amounts have been or could be readily converted, realized or settled in U.S. dollar amounts at this rate or any other rates.

2. Summary of significant accounting policies

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Bank and nine and seven consolidated subsidiaries for the years ended March 31, 2025 and 2024, respectively.

The consolidated subsidiaries’ respective fiscal periods end March 31 for the years ended March 31, 2025 and 2024.

The Bank has two and one other nonconsolidated subsidiaries in 2025 and 2024, respectively, in which investments are not accounted for by the equity method because their net income (the portion corresponding to the Bank’s equity), retained earnings (as above) and accumulated other comprehensive income (as above) have no material impact on the Group’s financial position or business performance.

All significant intercompany transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

(b) Cash equivalents

For the purpose of reporting cash flows, cash and cash equivalents are defined as cash and due from the Bank of Japan.

(c) Trading securities

Trading securities held by the Bank are stated at fair value at the fiscal year end (cost of sales, in principle, is computed by the moving-average method).

(d) Investment securities

i. Marketable securities held for trading purposes are stated at fair value (cost of sales, in principle, is computed by the moving-average method).

Securities held to maturity are stated at amortized cost (straight-line method) using the moving-average method. Securities available-for-sale are stated at fair value (cost of sales, in principle, is computed by the moving-average method). Shares, etc. that do not have market price are stated at cost using the moving-average method. Investment in capital of investment partnership and others are recorded at the net amount of the Bank’s share of their assets based on the most recent financial statements of the partnership and others. Valuation gains/losses on securities available for sale are included in net assets, net of income taxes (cost of sales, in principle, is computed by the moving-average method).

ii. Marketable securities included in money held in trust by the Bank are treated as trust assets and are stated at fair value at the fiscal year-end. Securities that constitute trust assets in money held in trust are stated using the same methods described in (i) above.

iii. Beneficiary rights included in “debt purchased” are stated using the same methods described in (i) above.

(e) Derivatives and hedging activities

Under the Accounting Standards for Financial Instruments, derivatives are stated at fair value unless they are used for hedging purposes.

i. Interest rate risk hedges

The Bank applies deferred hedge accounting to hedge transactions against interest rate risk arising from financial assets and liabilities which includes the method of designating hedging instruments to hedged items as well as the method stipulated in “Treatment for Accounting and Auditing of Application of Accounting Standard for Financial Instruments in Banking Industry” (JICPA Industry Committee Practical Guidelines No. 24, March 17, 2022).

With regard to the assessment of hedge effectiveness, for the hedges that offset the fluctuations in the fair value of fixed interest rates classified as available-for-sale securities, interest rate swaps are assigned to hedged items collectively by bond type as the hedging instrument. The Bank designates the hedges so as to ensure that the critical conditions related to the hedged items and hedging instruments are largely identical; therefore, the hedges are considered to be highly effective, and the assessment of the effectiveness is based on the similarity of the conditions.

With regard to the effectiveness of cash flow hedges, hedge effectiveness is assessed by verifying the relationship of the interest rate fluctuation factors of the hedged items and the hedging instruments.

With regard to some assets, special treatment of interest rate swaps has been carried out, and the evaluation of the effectiveness of hedging has been replaced by the determination of the requirements for special treatment.

ii. Currency exchange risk hedges

Regarding the hedge accounting method applied to hedging transactions against currency exchange risk arising from assets and liabilities in foreign currencies, the Bank applies deferred hedge accounting stipulated in “Accounting and Auditing Concerning Accounting for Foreign Currency Transactions in Banking Industry” (JICPA Industry Committee Practical Guidelines No. 25, October 8, 2020).

The Bank assesses the effectiveness of exchange swaps executed to reduce the risk of changes in currency exchange rates with fund swap transactions by verifying that there exist foreign currency positions of the hedging instruments corresponding to the foreign currency monetary claims and debts to be hedged.

Fund swap transactions are foreign exchange transactions that are contracted for the purpose of lending or borrowing funds in different currencies. These transactions consist of spot foreign exchange either bought or sold and forward foreign exchange either bought or sold.

To hedge foreign exchange fluctuation risks of foreign currency-denominated securities (other than bonds), the Bank identifies in advance the specific foreign currency-denominated securities to be hedged and applies fair value hedging as a comprehensive hedge on the conditions, including but not limited to the Bank having direct liabilities for such foreign currency-denominated securities in excess of the acquisition cost on a foreign currency basis.

(f) Bills discounted

Bills discounted are accounted for as financial transactions in accordance with JICPA Industry Committee Practical Guidelines No. 24. The Bank has rights to sell or pledge bank acceptances bought, commercial bills discounted, documentary bills and foreign exchanges bought without restrictions.

(g) Tangible fixed assets (except for lease assets)

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation for buildings and equipment of the Bank is computed using the declining-balance method at a rate principally based on the estimated useful lives of the assets. However, buildings purchased on or after April 1, 1998 (excluding fittings and equipment), and fittings and equipment and structures purchased on or after April 1, 2016, are depreciated using the straight-line method.

The range of useful lives is principally from 3 to 50 years for buildings and from 3 to 20 years for equipment.

Depreciation of tangible fixed assets owned by subsidiaries is computed principally using the declining-balance method over the estimated useful lives of the assets.

Under certain conditions such as exchanges of fixed assets of similar kinds and sales and purchases resulting from expropriation, Japanese tax laws permit companies to defer the profit arising from such transactions by reducing the cost of the assets acquired or by providing a special reserve in the equity section. The Bank adopted the former treatment and reduced the cost of the assets acquired by ¥3,487 million (\$23,321 thousand) and ¥3,487 million as of March 31, 2025 and 2024, respectively.

(h) Long-lived assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

Accumulated impairment losses are directly deducted from the respective fixed assets.

(i) Intangible fixed assets (except for lease assets)

Depreciation for intangible fixed assets is computed under the straight-line method. Development costs for internally used software are capitalized and depreciated using the straight-line method over the estimated useful lives of 5 years.

(j) Lease assets

Lease assets in “Tangible fixed assets” or “Intangible fixed assets” of the finance leases other than those that were deemed to transfer the ownership of the leased property to the lessee are computed under the straight-line method over the lease term with zero residual value unless residual value is guaranteed by the corresponding lease contracts.

(k) Allowance for loan losses

Allowance for loan losses of the Bank is provided as detailed below, pursuant to internal rules for write-offs and allowances.

For debtors who are legally bankrupt (bankrupt, under special liquidation, or subject to legal bankruptcy proceedings) or virtually bankrupt (in a similar situation), an allowance is provided based on the amount of claims, after the write-off stated below, net of amounts expected to be collected through disposal of collateral or execution of guarantees. For loans to debtors who are likely to become bankrupt (potentially bankrupt), an allowance is provided for the amount considered to be necessary based on an overall solvency assessment performed for the amount of such loans, net of amounts deemed collectible through disposal of collateral or execution of guarantees, using the following methods.

- (i) For large debtors with credit exposure above a certain amount, an allowance is provided for the non-protected amount, net of an estimate of the amount collectible through cash flow based on a comprehensive assessment of the debtor’s situation (cash flow deduction method).
- (ii) For loans to debtors other than (i), an allowance is provided for the expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over three years with required adjustments for future forecasts and others.

For loans to other debtors, with regard to debtors who are recognized as having good business conditions and no particular problems with their financial conditions (hereinafter, “normal debtors”) and debtors who require careful management (hereinafter, “debtors on close watch”) such as debtors that have problems with loan terms, debtors with performance issues, debtors with weak or unstable business conditions, and debtors that have problems with their financial conditions, an allowance is provided for the expected losses for subsequent one year. Among the debtors on close watch, for debtors whose loans are in need of management (restructured

loans and loans that are delinquent for three months or more), an allowance is provided for the expected losses for the subsequent three years. Expected losses are determined based on the average loan loss ratio over a certain period of time calculated using historical loan loss experience over one year or three years with required adjustments for future forecasts and others.

*Necessary revision and determination method of the expected loss ratio due to future forecasts, etc.

The expected loss ratio used in the calculation of the allowance is determined by comparing the average value of the most recent three calculation periods with the long-term average value that takes into account the business cycle. The average of the three most recent calculation periods is calculated after reviewing the current situation, future forecasts, and other necessary adjustments.

All loans are assessed by the branches and the operating divisions based on the Bank’s internal rules for self-assessment of assets. The risk management sector, which is independent from the branches and the operating divisions, subsequently verifies the appropriateness of self-assessment results, write-offs and allowances.

For collateralized or guaranteed claims to debtors who are legally bankrupt or virtually bankrupt, the amount deemed unrecoverable, which is the amount of claims exceeding the estimated value of collateral or guarantees, has been written off and amounted to ¥7,500 million (\$50,160 thousand) and ¥8,362 million as of March 31, 2025 and 2024, respectively.

Allowance for loan losses of the Bank’s consolidated subsidiaries is provided based on historical loan loss experience in addition to amounts deemed necessary based on estimation of the collectability of specific claims.

(l) Retirement and Pension Plans

The Bank has a contributory funded pension plan and lump-sum severance payment plan. Consolidated subsidiaries have unfunded lump-sum severance payment plans.

The projected benefit obligations are attributed to periods on a benefit formula basis. Past service costs are amortized on a straight-line basis over 10 years within the average remaining service period.

Actuarial gains and losses are amortized on a straight-line basis over 10 years within the average remaining service period from the fiscal year following the respective fiscal year in which the difference is recognized.

Consolidated subsidiaries adopt a simplified method where the amount to be required for voluntary termination at the fiscal year end is recorded as projected benefit obligations in the calculation of their liability for retirement benefits and retirement benefit costs.

(m) Liability for retirement of directors and Audit & Supervisory Board Members

Consolidated subsidiaries provide Liability for retirement benefits of directors and Audit & Supervisory Board Members at the amount required if they all retired at the fiscal year-end, which is calculated based on the internal rules of the Group.

(n) Allowance for repayment of excess interest

Allowance for repayment of excess interest is provided at the estimated amount based on payment experience that the Bank’s consolidated subsidiaries may be required to refund upon customers’ claims.

(o) Reserve for other contingent losses

The Bank provides reserves for contingent liabilities not covered by other reserves in an amount deemed necessary based on estimated losses in the future.

(p) Foreign currency transactions

Receivables and payables in foreign currencies and foreign branch accounts are translated into Japanese yen principally at the rates prevailing at the balance sheet dates.

(q) Accounting for leases

In March 2007, the ASBJ issued ASBJ Statement No. 13, “Accounting Standard for Lease Transactions,” which revised the previous accounting standard for lease transactions.

i. As lessee

Finance lease transactions are capitalized by recognizing lease assets and lease obligations in the balance sheet.

ii. As lessor

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be treated as sales. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if sold” information is disclosed in the notes to the lessor’s financial statements. The revised accounting standard requires that all finance leases that are deemed to transfer ownership of the leased property to the lessee should be recognized as lease receivables and all finance leases that are deemed not to transfer ownership of the leased property to the lessee should be recognized as investments in leases.

Lease revenue and lease costs are recognized over the lease period.

(r) Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax rates to the temporary differences.

(s) Appropriations of retained earnings

The consolidated statements of changes in equity reflect the appropriation resolved by the general shareholders’ meeting when duly resolved and paid.

(t) Per share information

Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible notes and bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding warrants.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the fiscal year.

(u) Significant accounting estimates

Items for which the amount was recorded in the consolidated financial statements for the current fiscal year based on accounting estimates, and which may have a significant impact on the consolidated financial statements for the following fiscal year, are as follows.

Allowance for loan losses

- (1) Amounts recorded in the consolidated financial statements
Allowance for loan losses was ¥35,406 million (\$236,797 thousand) and ¥32,683 million at March 31, 2025 and 2024, respectively.
- (2) Information that contributes to an understanding of the content of significant accounting estimates for identified items

i. Calculation method

The method of calculating the allowance for loan losses is described in “(k) Allowance for loan losses” in “2. Summary of significant accounting policies.” In addition, the Bank has recorded an allowance for loan losses by revising the debtor classifications based on the current deterioration in business performance and estimates related to impacts that are not yet reflected in financial information in order to prepare for expected losses due to such impacts based on the following assumptions.

ii. Major assumptions

The major assumption is the “future forecasts of business environments of the borrower in determining the debtor classifications.” It is set based on the individual evaluation of each debtor’s ability to earn income.

iii. Impacts on the consolidated financial statements for the following fiscal year

The Group conducts self-assessment with scrutiny and takes measures such as setting aside an allowance for loan losses as deemed necessary. However, due to the high degree of uncertainty in the above assumptions, changes in the assumptions used for the initial estimates may have a significant impact on the allowance for loan losses in the consolidated financial statements for the following fiscal year (ending March 31, 2026) and thereafter.

In addition, the uncertainty may grow even greater when the determination of the debtor classifications depends on future forecasts of business environments, such as the business improvement plan of the borrower.

(v) New accounting pronouncements

“Accounting Standard for Leases” (ASBJ Statement No. 34 issued on September 13, 2024)

“Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33 issued on September 13, 2024)

Other revision of related Accounting Standards, Implementation Guidance, Practical Solutions, and Transferred Guidance

(1) Summary

Provisions that require a lessee to recognize assets and liabilities for all leases as with internationally accepted accounting principles

(2) Effective date

The Group expects to apply the new guidance effective for fiscal years beginning on or after April 1, 2027.

(3) Effects of application of the standards and guidance

The Group is currently evaluating the impact of applying this guidance.

(w) Additional information
Recognition of settlement income

The Bank had been working on the construction of the next-generation mission-critical system; however, it has reached an agreement to cancel the plan with Hitachi, Ltd. during the year ended March 31, 2025.

The settlement of ¥8,000 million (\$53,504 thousand) to be received in accordance with this agreement was recognized as “Settlement income” in the Consolidated Statement of Income for the year ended March 31, 2025.

3. Cash and cash equivalents

The reconciliation of “Cash and cash equivalents” and “Cash and due from banks” in the consolidated balance sheets at March 31, 2025 and 2024, is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and due from banks	¥898,939	¥1,360,066	\$6,012,165
Other due from banks	(517)	(341)	(3,457)
Cash and cash equivalents	¥898,421	¥1,359,724	\$6,008,701

4. Securities

Securities at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Japanese government bonds.....	¥ 506,325	¥ 538,190	\$ 3,386,336
Japanese local government bonds	194,760	231,788	1,302,568
Japanese corporate bonds.....	295,114	300,895	1,973,742
Corporate stocks	302,395	345,625	2,022,438
Other securities.....	503,424	440,931	3,366,934
Total.....	¥1,802,020	¥ 1,857,431	\$12,052,033

Securities lent under unsecured loan (bond lending transactions) amounted to ¥20,806 million (\$139,151 thousand) and ¥52,828 million are included in Japanese government bonds of securities at March 31, 2025 and 2024, respectively.

Fair value and other information on securities at March 31, 2025 and 2024 were as follows. Securities include “Trading securities” and trust beneficiary right under “Debt purchased,” in addition to “Investment securities,” which are presented on the consolidated balance sheet.

Securities

(1) Trading securities

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains (losses) included in profit (loss) during the fiscal year			
Trading securities.....	¥2	¥(0)	\$13

(2) Held-to-maturity securities

There were no held-to-maturity securities as of March 31, 2025.

Held-to-maturity securities as of March 31, 2024 were as follows:

	Millions of yen		
	2024		
	Consolidated balance sheet amount	Fair value	Difference
Fair value exceeding consolidated balance sheet amount:			
Japanese government bonds.....	¥ —	¥ —	¥ —
Japanese local government bonds	—	—	—
Japanese corporate bonds.....	—	—	—
Others	—	—	—
Subtotal.....	¥ —	¥ —	¥ —

Fair value not exceeding consolidated balance sheet amount:			
Japanese government bonds.....	¥66,960	¥58,695	¥(8,264)
Japanese local government bonds	—	—	—
Japanese corporate bonds.....	—	—	—
Others	—	—	—
Subtotal.....	66,960	58,695	(8,264)
Total.....	¥66,960	¥58,695	¥(8,264)

(3) Available-for-sale securities

Available-for-sale securities as of March 31, 2025 and 2024 were as follows:

	Millions of yen		
	2025		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 281,484	¥ 86,421	¥ 195,063
Bonds:.....	19,853	19,809	43
Japanese government bonds.....	4,782	4,775	6
Japanese local government bonds	—	—	—
Japanese corporate bonds.....	15,071	15,034	37
Others	162,236	155,655	6,580
Subtotal.....	¥ 463,574	¥ 261,887	¥ 201,687

Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 16,193	¥ 17,442	¥ (1,249)
Bonds:.....	976,347	1,040,803	(64,455)
Japanese government bonds.....	501,543	543,192	(41,649)
Japanese local government bonds	194,760	203,233	(8,473)
Japanese corporate bonds.....	280,043	294,376	(14,333)
Others	310,484	346,092	(35,607)
Subtotal.....	1,303,024	1,404,337	(101,312)
Total.....	¥1,766,599	¥1,666,224	¥ 100,374

	Millions of yen		
	2024		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	¥ 334,826	¥ 93,789	¥241,036
Bonds:.....	229,177	228,113	1,063
Japanese government bonds.....	144,568	144,086	482
Japanese local government bonds	49,358	49,177	180
Japanese corporate bonds.....	35,249	34,849	399
Others	151,700	145,959	5,740
Subtotal.....	¥ 715,703	¥ 467,863	¥247,840

Consolidated balance sheet amount not exceeding cost:			
Stocks.....	¥ 5,981	¥ 6,310	¥ (329)
Bonds:.....	774,737	801,439	(26,702)
Japanese government bonds.....	326,661	344,251	(17,590)
Japanese local government bonds	182,430	184,785	(2,355)
Japanese corporate bonds.....	265,645	272,402	(6,756)
Others	271,383	307,230	(35,846)
Subtotal.....	1,052,101	1,114,980	(62,878)
Total.....	¥1,767,805	¥1,582,843	¥184,961

	Thousands of U.S. dollars		
	2025		
	Consolidated balance sheet amount	Cost	Unrealized gains (losses)
Consolidated balance sheet amount exceeding cost:			
Stocks.....	\$ 1,882,584	\$ 577,989	\$1,304,594
Bonds:.....	132,778	132,483	287
Japanese government bonds.....	31,982	31,935	40
Japanese local government bonds	—	—	—
Japanese corporate bonds.....	100,795	100,548	247
Others	1,085,045	1,041,031	44,007
Subtotal.....	\$ 3,100,414	\$ 1,751,518	\$1,348,896

Consolidated balance sheet amount not exceeding cost:			
Stocks.....	\$ 108,299	\$ 116,653	\$ (8,353)
Bonds:.....	6,529,875	6,960,961	(431,079)
Japanese government bonds.....	3,354,353	3,632,905	(278,551)
Japanese local government bonds	1,302,568	1,359,236	(56,668)
Japanese corporate bonds.....	1,872,946	1,968,806	(95,860)
Others	2,076,538	2,314,686	(238,142)
Subtotal.....	8,714,713	9,392,302	(677,581)
Total.....	\$11,815,135	\$11,143,820	\$ 671,308

(4) Bonds classified as held to maturity were not sold for the years ended March 31, 2025 and 2024.

(5) Available-for-sale securities sold

	Millions of yen		
	2025		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 33,493	¥ 9,312	¥ 1,802
Bonds:.....	186,619	218	17,641
Japanese government bonds.....	100,013	217	15,531
Japanese local government bonds	57,695	—	1,086
Japanese corporate bonds.....	28,910	0	1,024
Others	24,530	446	3,399
Total.....	¥244,644	¥ 9,976	¥ 22,843

	Millions of yen		
	2024		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	¥ 38,523	¥13,064	¥ 708
Bonds:.....	179,540	1,189	5,155
Japanese government bonds.....	96,230	1,130	3,156
Japanese local government bonds	60,792	48	1,290
Japanese corporate bonds.....	22,517	9	708
Others	32,677	1,201	1,690
Total.....	¥250,741	¥15,455	¥ 7,554

	Thousands of U.S. dollars		
	2025		
	Sales amount	Gains on sales	Losses on sales
Stocks.....	\$ 224,003	\$ 62,279	\$ 12,051
Bonds:.....	1,248,120	1,457	117,984
Japanese government bonds.....	668,893	1,451	103,872
Japanese local government bonds	385,868	—	7,263
Japanese corporate bonds.....	193,352	0	6,848
Others	164,058	2,982	22,732
Total.....	\$1,636,195	\$ 66,720	\$ 152,775

(6) Reclassification of investment securities due to change in intent of holding

The Bank has changed its investment policy during the year ended March 31, 2025 in bonds held as held-to-maturity securities of ¥66,960 million (\$447,833 thousand) and reclassified as available-for-sale securities for the year ended March 31, 2025.

As a result of this reclassification, investment securities, deferred tax liabilities and net unrealized gains on available-for-sale securities decreased by ¥11,713 million (\$78,337 thousand), ¥3,566 million (\$23,849 thousand) and ¥8,146 million (\$54,481 thousand), respectively. The effects are as of the time of the reclassification.

There were no reclassifications of investment securities due to change in intent of holding for the year ended March 31, 2024.

(7) Impairment losses on securities

For available-for-sale securities with market quotations (other than shares, etc. that do not have market price and investment in capital of investment partnership and others), in cases where the fair value has fallen substantially from the acquisition cost and there is believed to be little likelihood of a recovery in the acquisition cost level, said securities are shown on the balance sheets at fair value and the difference between the fair value and the acquisition cost is posted as a loss (hereinafter “impairment loss”). There was no impairment loss for the year ended March 31, 2025. Impairment loss amounted to ¥172 million which consisted of all stocks of ¥172 million for the year ended March 31, 2024.

In addition, the Bank recognizes that fair value has fallen significantly based on standards that have been set out in the self-assessment standards for assets by the issuing companies of securities. The details are as follows:

The Bank recognizes that the fair value of available-for-sale securities of legally bankrupt debtors, virtually bankrupt debtors, or debtors who are likely to go bankrupt, has fallen significantly when the fair value of such instruments as of the consolidated balance sheet date has decreased from the acquisition cost. For debtors on close watch, the Bank recognizes that the fair value has fallen significantly when the fair value as of the consolidated balance sheet date has decreased 30% or more from the acquisition cost. For normal debtors, it recognizes this when the fair value as of the consolidated balance sheet date has fallen 50% or more from the acquisition cost or when the fair value as of the consolidated balance sheet date has fallen 30% or more from the acquisition cost and the market prices remain below certain levels.

Debtors on close watch are defined as those who will require close monitoring in the future and normal debtors are defined as those other than legally bankrupt debtors, virtually bankrupt debtors, debtors who are likely to go bankrupt, or debtors on close watch.

5. Money held in trust

(1) Money held in trust classified as trading

Millions of yen				
2025		2024		
Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year	
Money held in trust classified as trading.....	¥26,413	¥(50)	¥26,721	¥83

Thousands of U.S. dollars				
2025		2024		
Consolidated balance sheet amount	Gains (losses) included in profit (loss) during the fiscal year			
Money held in trust classified as trading.....	\$176,651	\$(334)		

(2) No money held in trust was classified as held to maturity.

(3) Other money held in trust (other than money held in trust for trading purposes and money in trust held to maturity).

Millions of yen				
2025				
Consoli- dated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost

	Millions of yen				
	2024				
	Consoli- dated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust	¥3,655	¥3,749	¥(94)	—	¥94

(Note) “Consolidated balance sheet amount exceeding cost” and “consolidated balance sheet amount not exceeding cost” are components of unrealized gains (losses).

	Thousands of U.S. dollars				
	2025				
	Consoli- dated balance sheet amount	Cost	Unrealized gains (losses)	Consolidated balance sheet amount exceeding cost	Consolidated balance sheet amount not exceeding cost
Other money held in trust	\$39,747	\$41,017	\$(1,270)	\$100	\$1,371

(Note) “Consolidated balance sheet amount exceeding cost” and “consolidated balance sheet amount not exceeding cost” are components of unrealized gains (losses).

6. Net unrealized gains/losses on available-for-sale securities

Available-for-sale securities were valued at market and net unrealized gains/losses on valuation were as follows:

Millions of yen			Thousands of U.S. dollars
2025		2024	2025
Net unrealized gains on investment securities.....	¥ 99,896	¥ 184,579	\$ 668,111
Available-for-sale securities	100,086	184,673	669,382
Other money held in trust.....	(190)	(94)	(1,270)
Deferred tax liabilities	(27,970)	(52,711)	(187,065)
Noncontrolling interests	—	—	—
Net unrealized gains on available-for-sale securities	¥ 71,925	¥ 131,867	\$ 481,039

7. Loans and bills discounted

Loans and bills discounted at March 31, 2025 and 2024, consisted of the following:

Millions of yen			Thousands of U.S. dollars
2025		2024	2025
Bills discounted.....	¥ 6,405	¥ 8,322	\$ 42,837
Loans on bills.....	51,800	69,385	346,441
Loans on deeds.....	4,028,610	3,962,643	26,943,619
Overdrafts.....	442,583	435,091	2,960,025
Total.....	¥4,529,399	¥4,475,442	\$30,292,930

Claims under the Banking Act and the Act on Emergency Measures for the Revitalization of the Financial Functions are as follows. The claims include corporate bonds in “investment securities” in the consolidated balance sheets (limited to those for which redemption of the principal and payment of interest is guaranteed in whole or in part, and for which the bonds were issued through private placement of securities (Article 2, Paragraph 3 of the Financial Instruments and Exchange Act)), loans and bills discounted, foreign exchange assets, accrued interest and suspense payments in “other assets,” customers’ liabilities for acceptances and guarantees and the securities in the case of a loan of securities (limited to those under a loan-for-use or lease agreement) that is indicated in the notes.

Millions of yen			Thousands of U.S. dollars
2025		2024	2025
Bankrupt and substantially bankrupt claims	¥ 2,956	¥ 3,006	\$ 19,769
Doubtful claims	51,981	51,666	347,652
Loans past due three months or more.....	579	119	3,872
Restructured loans.....	26,474	29,977	177,059
Total.....	¥ 81,991	¥84,771	\$ 548,361

Bankrupt and substantially bankrupt claims mean the claim held against debtors with failed business status due to the grounds such as commencement of bankruptcy proceedings, commencement of reorganization proceedings, or commencement of rehabilitation proceedings, and any other type of claims equivalent thereto.

Doubtful claims mean the claims whose debtor is not yet in the status of failure in business although such debtor’s financial conditions and business performance are worsening, and for which it is highly likely that the collection of principal or receipt of interest in accordance with the contract is impossible, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto.

Loans past due three months or more mean loans for which payment of principal or interest has been delayed for three months or more from the date following the agreed payment date, excluding the claims subject to

legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto and the claims with risks.

Restructured loans mean loans on which creditors grant concessions (e.g., reduction of the stated interest rate, deferral of interest payments, extension of maturity dates, waiver of the face amount, or other concessive measures) to the debtors to assist them in recovering from financial difficulties and eventually being able to pay creditors, excluding the claims subject to legal bankruptcy proceedings and reorganization proceedings and any other type of claims equivalent thereto, the claims with risks and the loans overdue for three months or more.

The total face value of bills discounted at March 31, 2025 and 2024 was ¥6,538 million (\$43,726 thousand) and ¥8,464 million, respectively.

8. Foreign exchanges

Foreign exchange assets and liabilities at March 31, 2025 and 2024, consisted of the following:

Millions of yen			Thousands of U.S. dollars
2025		2024	2025
Assets:			
Due from foreign correspondents.....	¥6,338	¥ 5,840	\$42,388
Foreign bills of exchange receivable.....	691	352	4,621
Total.....	¥7,029	¥ 6,193	\$47,010
Liabilities:			
Foreign bills of exchange sold.....	¥ 82	¥ 47	\$ 548
Accrued foreign bills of exchange	235	44	1,571
Total.....	¥ 317	¥ 92	\$ 2,120

9. Other assets

Other assets at March 31, 2025 and 2024, consisted of the following:

Millions of yen			Thousands of U.S. dollars
2025		2024	2025
Prepaid expenses.....	¥ 215	¥ 245	\$ 1,437
Accrued income.....	7,714	7,902	51,591
Derivatives	58,991	49,071	394,535
Other (Note 12).....	110,486	104,181	738,937
Total.....	¥177,407	¥ 161,400	\$ 1,186,510

10. Tangible fixed assets

Tangible fixed assets at March 31, 2025 and 2024, consisted of the following:

Millions of yen			Thousands of U.S. dollars
2025		2024	2025
Buildings.....	¥12,547	¥13,264	\$ 83,915
Land	31,914	31,457	213,443
Construction in progress	519	703	3,471
Other	8,967	2,211	59,971
Total.....	¥53,949	¥47,638	\$ 360,814

Accumulated depreciation on tangible fixed assets at March 31, 2025 and 2024 amounted to ¥48,920 million (\$327,180 thousand) and ¥47,804 million, respectively.

11. Long-lived assets

The Group recognized impairment losses for the years ended March 31, 2025 and 2024, as follows:

The Bank groups assets by the methods described in the “Overview of asset groups and grouping method” below. Subsidiaries group their assets by unit, which periodically manages profit and loss. The Bank wrote down the carrying amounts to the recoverable amounts and recognized impairment losses as follows for the years ended March 31, 2025 and 2024 since the carrying amounts of the assets held by the above branches and other exceeded the sum of the undiscount- ed future cash flows.

Location			Impairment losses		
			Millions of yen		Thousands of U.S. dollars
Shiga Prefecture	Idle assets	Land	¥ 7	¥ 101	\$ 46
		Buildings	11	20	73
		Equipment	0	0	0
Total			¥ 20	¥ 122	\$ 133

			Impairment losses		
Location	Description	Classification	Millions of yen		Thousands of U.S. dollars
			2025	2024	2025
Shiga Prefecture	Business assets (System-related assets)	Construction in progress.....	¥ 634	¥ —	\$ 4,240
		Software in progress.....	512	—	3,424
		Total.....	¥ 1,147	¥ —	\$ 7,671

			Impairment losses		
Location	Description	Classification	Millions of yen		Thousands of U.S. dollars
			2025	2024	2025
Outside of Shiga Prefecture	Business assets	Buildings.....	¥ —	¥ 16	\$ —
		Equipment.....	—	7	—
		Total.....	¥ —	¥ 24	\$ —

The recoverable amounts of these assets were the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

The carrying amounts of the software and other system-related assets whose use and development have been canceled were written down to the recover- able amounts as well.

The discount rate used for computation of the present value of future cash flows was 5% and the net selling price was determined by quotations from real estate appraisal information, less estimated costs to dispose.

Impairment losses are included in other expenses (Note 27).

Overview of asset groups and grouping method

(1) Outline of asset groups

- i. Idle assets
- Stores, former company housing sites, etc.
- ii. Operating assets
- Assets used for business purposes
- iii. Common assets
- Assets related to the entire bank (headquarters, office centers, dormitories, company housing, etc.)

(2) Methods of grouping

- i. Idle assets
- Grouping as independent assets.
- ii. Operating assets
- Grouping is done by store groups or store units that constitute full- banking functions.
- iii. Common assets
- Grouping of the entire bank as a whole.

12. Assets pledged

Assets pledged as collateral and related liabilities at March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Investment securities.....	¥885,016	¥975,359	\$5,919,047
Loans and bills discounted.....	243,492	283,925	1,628,491

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Related liabilities			
Deposits.....	¥ 29,173	¥ 12,547	\$ 195,111
Payables under securities lending transactions.....	156,949	241,330	1,049,685
Borrowed money.....	825,153	877,226	5,518,679

In addition, other assets (deposits to central counterparty) of ¥48,162 million (\$322,110 thousand) and ¥45,696 million at March 31, 2025 and 2024, respectively.

Other assets include guarantee deposits of ¥373 million (\$2,494 thou- sand) and ¥378 million at March 31, 2025 and 2024, respectively.

13. Overdrafts and commitment lines

Overdraft agreements and commitment line agreements are agreements that oblige the Group to lend funds up to a certain limit agreed in advance. The Group makes the loans upon the request of an obligor to draw down funds under such loan agreements as long as there is no breach of the various terms and conditions stipulated in the relevant loan agreements. The unused commitment balance relating to these loan agreements at March 31, 2025 and 2024 amounted to ¥1,044,000 million (\$6,982,343 thousand) and ¥1,022,887 million, respectively, and the amounts of unused commit- ments whose original contract terms are within one year or unconditionally cancelable at any time were ¥900,968 million (\$6,025,735 thousand) and ¥909,092 million at March 31, 2025 and 2024, respectively. In many cases, the term of the agreement expires without the loan ever being drawn down. Therefore, the unused loan commitment will not necessarily affect future cash flows. Conditions are included in certain loan agreements that allow the Group to decline the request for a loan draw down or to reduce the agreed limit amount where there is due cause to do so, such as when there is a change in financial conditions or when it is necessary to do so in order to protect the Group’s credit. The Group takes various measures to protect its credit. Such measures include having the obligor pledge collateral to the Group in the form of real estate, securities, etc. on signing the loan agree- ments or, in accordance with the Group’s established internal procedures, confirming the obligor’s financial condition, etc. at regular intervals.

14. Land revaluation

Under the “Act of Land Revaluation,” promulgated on March 31, 1998 (final revision on May 30, 2003), the Bank elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation surplus represented unreal- ized appreciation of land and was stated, net of income taxes, as a compo- nent of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly such that the amount of the decline in value should be removed from the land revaluation surplus account and related deferred tax liabilities. At March 31, 2025 and 2024, the carrying amount of the land after the above one-time revaluation exceeded the fair value by ¥2,257 million (\$15,094 thousand) and ¥3,407 million, respectively.

Method of revaluation

The fair values were determined by applying appropriate adjustments for land shape and analysis on the appraisal specified in Article 2-3 of the Enforcement Ordinance of the Act of Land Revaluation effective March 31, 1998.

15. Deposits

Deposits at March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current deposits.....	¥ 242,725	¥ 268,030	\$ 1,623,361
Ordinary deposits.....	3,558,436	3,519,768	23,799,063
Deposits at notice.....	35,333	33,613	236,309
Time deposits.....	1,859,382	1,897,853	12,435,674
Other deposits.....	110,307	83,766	737,740
Total.....	¥5,806,185	¥5,803,032	\$38,832,162

16. Borrowed money

At March 31, 2025 and 2024, the weighted-average interest rates applicable to borrowed money were 0.43% and 0.75%, respectively.

Borrowed money at March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Borrowing from banks and other....	¥830,352	¥882,628	\$5,553,451
Total.....	¥830,352	¥882,628	\$5,553,451

Annual maturities of borrowed money at March 31, 2025 were as follows:

	Millions of yen	Thousands of U.S. dollars
Year ending March 31		
2026.....	¥186,292	\$1,245,933
2027.....	263,107	1,759,677
2028.....	365,421	2,443,960
2029.....	10,821	72,371
2030.....	121	809
2031 and thereafter.....	4,588	30,684
Total.....	¥830,352	\$5,553,451

17. Borrowed money from trust account

Principal amounts of trusts with a principal compensation agreement at March 31, 2025 and 2024 were ¥174 million (\$1,163 thousand) and ¥184 million, respectively.

18. Other liabilities

Other liabilities at March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Accrued income taxes.....	¥ 409	¥ 7,205	\$ 2,735
Accrued expenses.....	8,928	8,980	59,711
Unearned income.....	8,044	7,466	53,798
Derivatives.....	10,544	14,727	70,518
Other.....	56,866	50,433	380,323
Total.....	¥84,792	¥88,812	\$ 567,094

19. Acceptances and guarantees

All contingent liabilities arising from acceptances and guarantees are reflected in “Acceptances and guarantees.” As a contra account, “Customers’ liabilities for acceptances and guarantees,” is shown as an asset representing the Bank’s right of indemnity from the applicants.

The amounts of “Acceptances and guarantees” and “Customers’ liabilities for acceptances and guarantees” amounting to ¥6,383 million (\$42,689 thousand) and ¥8,214 million as of March 31, 2025 and 2024, respectively, were set off because those that were relevant to corporate bonds and the guaranteed bonds were held by the Bank itself.

20. Equity

(1) Capital stock and capital surplus

There were no changes in the number of common stock for the years ended March 31, 2025 and 2024.

(2) Companies Act

Japanese companies are subject to the Companies Act of Japan (the “Companies Act”). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders’ meeting. For companies that meet certain criteria such as: (1) having a Board of Directors, (2) having independent auditors, (3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Bank cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/decreases and transfer of common stock, reserve and surplus

The Companies Act requires that an amount equal to 10% (20% for banks pursuant to the Banking Act) of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus), depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% (100% for banks pursuant to the Banking Act) of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

(c) Treasury stock and treasury stock acquisition rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders that is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

(3) Appropriations of retained earnings

The following appropriation of retained earnings at March 31, 2025 was proposed at the Bank’s ordinary general shareholders’ meeting held on June 25, 2025.

	Millions of yen	Thousands of U.S. dollars
Cash dividends (dividend amount per share: ¥45 (\$0.300)).....	¥2,073	\$13,864

21. Stock options

There were no stock options as of March 31, 2025 and 2024, respectively.

22. Revenue recognition

Disaggregation of revenue from contracts with customers

	Millions of yen		Thousands of U.S. dollars
Category	2025	2024	2025
Income	¥133,109	¥122,630	\$890,242
Of which, fees and commissions	19,634	19,995	131,313
Deposit and loan services.....	5,823	5,812	38,944
Foreign exchange services.....	3,112	3,017	20,813
Trust related services.....	173	160	1,157
Securities related services.....	90	131	601
Agency services.....	369	298	2,467
Safe-deposit and safe-deposit box services.....	104	108	695
Guarantee services.....	876	951	5,858
Credit card services.....	3,487	3,324	23,321
Investment trust and insurance sales.....	3,849	4,359	25,742
Others.....	1,747	1,830	11,684
Of which, trust fees.....	0	0	0

The above table also includes income based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

23. Other operating income

Other operating income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains on sales of bonds.....	¥ 256	¥ 1,614	\$ 1,712
Gains on derivative financial instruments.....	4,233	943	28,310
Other.....	11,540	10,622	77,180
Total.....	¥16,030	¥13,181	\$107,209

24. Other income

Other income for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains on sales of stocks and other securities.....	¥ 9,722	¥13,861	\$65,021
Recoveries of claims previously charged-off	440	252	2,942
Other.....	649	1,163	4,340
Total.....	¥10,813	¥15,277	\$72,318

25. Other operating expenses

Other operating expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Losses on sales of bonds.....	¥20,498	¥ 6,687	\$137,092
Other.....	11,177	11,384	74,752
Total.....	¥31,676	¥18,072	\$211,851

26. General and administrative expenses

Expenses related to mission-critical systems were recorded for the years ended March 31, 2025 and 2024. In addition, the amount recorded for the year ended March 31, 2024 includes ¥6,783 million, which is a partial transfer of expenses that were recorded as mission-critical system-related assets by the end of the previous fiscal year. Expenses related to mission-critical systems are for the construction of the next-generation mission-critical system that the Bank has decided to cancel in December 2024.

27.Other expenses

Other expenses for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Provision of allowance for loan losses.....	¥3,655	¥2,470	\$24,444
Losses on sales of stocks and other securities.....	2,345	866	15,683
Written-off of loans and bills discounted	1,141	789	7,631
Losses on devaluation of stocks and other securities.....	50	288	334
Losses on disposal of fixed assets....	148	86	989
Losses on impairment of long-lived assets.....	1,167	146	7,804
Other.....	802	408	5,363
Total.....	¥9,311	¥5,056	\$62,272

28. Gains (losses) related to bonds, etc.

Gains (losses) related to bonds for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains (losses) related to bonds:			
Gains on sales of bonds.....	¥ 256	¥ 1,614	\$ 1,712
Losses on sales of bonds	(20,498)	(6,687)	(137,092)
Subtotal	¥(20,241)	¥(5,072)	\$ (135,373)
Gains (losses) on derivative financial instruments:			
Total.....	¥ 4,233	¥ 943	\$ 28,310
Total.....	¥(16,007)	¥(4,128)	\$ (107,055)

29. Gains (losses) related to stocks and other securities

Gains (losses) related to stocks and other securities for the years ended March 31, 2025 and 2024, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gains (losses) related to stocks and other securities:			
Gains on sales of stocks and other securities.....	¥ 9,722	¥13,861	\$ 65,021
Losses on sales of stocks and other securities.....	(2,345)	(866)	(15,683)
Losses on devaluation of stocks and other securities.....	(50)	(288)	(334)
Gains (losses) on stocks and other securities.....	¥ 7,326	¥12,706	\$ 48,996

30. Leases

Lessor

One subsidiary lease certain equipment and other assets.

As stated in Note 2 (q) ii, finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and transactions, effective from the year ended March 31, 2009.

Investments in leases included in other assets on the balance sheets as of March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Gross lease receivables	¥20,235	¥15,909	\$135,333
Unguaranteed residual values.....	435	388	2,909
Unearned interest income.....	(1,735)	(1,325)	(11,603)
Investments in leases.....	¥18,934	¥14,972	\$126,631

Maturities of lease receivables for finance leases that are deemed to transfer ownership of the leased property to the lessee are as of March 31, 2025 are as follows:

	Millions of yen	Thousands of U.S. dollars
2026	¥712	\$4,761
2027	618	4,133
2028	502	3,357
2029	405	2,708
2030	115	769
2031 and thereafter.....	15	100

Maturities of gross lease receivables related to investments in leases as of March 31, 2025 are as follows:

	Millions of yen	Thousands of U.S. dollars
2026	¥5,463	\$36,536
2027	4,679	31,293
2028	3,868	25,869
2029	2,911	19,468
2030	1,665	11,135
2031 and thereafter.....	1,646	11,008

The minimum rental commitments under noncancelable operating leases as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Due within one year	¥18	¥15	\$120
Due after one year	24	31	160
Total	¥42	¥47	\$280

31. Retirement benefit plans

The Bank and consolidated subsidiaries have either funded or unfunded defined benefit plans. The Bank's funded defined benefit corporate pension plan (contract type) provides lump-sum or annuity payments, the amounts of which are determined based on the length of service and certain other factors. The Bank's lump-sum severance payment plan, which became a funded plan as a result of setting a retirement benefits trust, provides lump-sum payments determined based on the length of service, position, and certain other factors. As of October 1, 2017, the Bank has transferred a part of its funded defined benefit corporate pension plan to a defined contribution plan. The consolidated subsidiaries' unfunded lump-sum severance payment plans are based on a simplified method in the calculation of their liability for retirement benefits and retirement benefit costs.

1. Defined benefit plan (except for the plan adopting the simplified method)
(1) The changes in defined benefit obligation for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥40,658	¥42,143	\$271,923
Current service cost	1,346	1,466	9,002
Interest cost	475	493	3,176
Actuarial gains	(5,070)	(1,110)	(33,908)
Benefits paid	(2,554)	(2,334)	(17,081)
Prior service cost	—	—	—
Balance at end of year	¥34,855	¥40,658	\$233,112

- (2) The changes in plan assets for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥65,887	¥61,793	\$440,656
Expected return on plan assets	1,428	1,027	9,550
Actuarial gains (losses)	(6,225)	2,717	(41,633)
Contribution from the employer	1,643	1,655	10,988
Benefits paid	(1,298)	(1,306)	(8,681)
Balance at end of year	¥61,435	¥65,887	\$410,881

- (3) Reconciliation between the asset recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded defined benefit obligation.....	¥ 34,855	¥ 40,658	\$ 233,112
Plan assets.....	(61,435)	(65,887)	(410,881)
Net asset arising from the balance sheet	¥(26,579)	¥(25,228)	\$(177,762)

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liability for retirement benefits	¥ —	¥ —	\$ —
Asset for retirement benefits.....	26,579	25,228	177,762
Net asset arising from the balance sheet	¥(26,579)	¥(25,228)	\$(177,762)

- (4) The components of net periodic benefit costs for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥ 1,346	¥ 1,466	\$ 9,002
Interest cost.....	475	493	3,176
Expected return on plan assets	(1,428)	(1,027)	(9,550)
Recognized actuarial gains	(1,778)	(1,877)	(11,891)
Amortization of prior service cost....	—	—	—
Net periodic benefit costs	¥ (1,385)	¥ (944)	\$ (9,262)

- (5) Amounts recognized in other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Prior service cost	¥ —	¥ —	\$ —
Actuarial losses (gains)	2,933	(1,950)	19,616
Total.....	¥2,933	¥(1,950)	\$19,616

- (6) Amounts recognized in accumulated other comprehensive income (before income taxes and income tax effect) in respect of defined retirement benefit plans as of March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized prior service cost	¥ —	¥ —	\$ —
Unrecognized actuarial gains	(11,013)	(13,947)	(73,655)
Total.....	¥(11,013)	¥(13,947)	\$(73,655)

- (7) Plan assets:
a. Components of plan assets

	2025	2024
Bonds.....	12%	12%
Stocks.....	57	61
Cash and cash equivalents	11	9
General accounts.....	20	18
Total.....	100%	100%

(Note) Total plan assets included retirement benefits trust of 44% and 48%, for the years ended March 31, 2025 and 2024, respectively, mainly consisting of 5 stocks, which were set for a corporate pension plan and a lump-sum payment plan.

- b. Method of determining the expected rate of return on plan assets
The expected rate of return on plan assets is determined considering the allocation of plan assets and the long-term rates of return which are expected currently and in the future from the various components of the plan assets.

- (8) Assumptions used for the years ended March 31, 2025 and 2024, were set forth as follows:

	2025	2024
Discount rate.....	2.21%	1.17%
Expected rate of return on plan assets		
Plan assets (except for retirement benefits trust)	4.25%	3.48%
Plan assets (retirement benefits trust)	0.00%	0.00%
Estimated rate of salary increase.....	3.90%	3.90%

2. Defined benefit plan adopting the simplified method
(1) The changes in defined benefit obligation adopting the simplified method for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at beginning of year	¥168	¥159	\$1,123
Net periodic benefit costs.....	24	24	160
Benefits paid	(9)	(15)	(60)
Contribution to the plan.....	—	—	—
Balance at end of year	¥183	¥168	\$1,223

- (2) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unfunded defined benefit obligation.....	¥183	¥168	\$1,223
Net liability arising from the balance sheet	¥183	¥168	\$1,223

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Liability for retirement benefits	¥183	¥168	\$1,223
Net liability arising from the balance sheet	¥183	¥168	\$1,223

- (3) Net periodic benefit costs recognized in the simplified method for the years ended March 31, 2025 and 2024, were ¥24 million (\$160 thousand) and ¥24 million, respectively.

3. Defined contribution plan
The Bank's required contribution to the defined contribution plan for the years ended March 31, 2025 and 2024 were ¥330 million (\$2,207 thousand) and ¥332 million, respectively.

32. Income taxes

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities at March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Allowance for loan losses	¥ 12,090	¥ 11,088	\$ 80,858
Devaluation of stocks and other securities.....	3,961	4,149	26,491
Liability for retirement benefits	64	57	428
Depreciation	1,699	9,666	11,363
Accrued enterprise tax.....	—	421	—
Tax loss carryforwards.....	2,434	53	16,278
Other	2,330	2,213	15,583
Subtotal	22,579	27,650	151,009
Less valuation allowance for tax loss carryforwards.....	(118)	(53)	(789)
Less valuation allowance for temporary differences	(12,663)	(12,835)	(84,691)
Subtotal	(12,781)	(12,889)	(85,480)
Total	¥ 9,797	¥ 14,761	\$ 65,523
Deferred tax liabilities:			
Asset for retirement benefits.....	(2,020)	(778)	(13,509)
Reserve for advance depreciation of fixed assets.....	(190)	(184)	(1,270)
Net unrealized gains on available-for-sale securities.....	(27,970)	(52,711)	(187,065)
Deferred gains on derivatives under hedge accounting.....	(16,243)	(13,198)	(108,634)
Defined retirement benefit plans.....	(3,452)	(4,246)	(23,087)
Total	(49,877)	(71,119)	(333,580)
Net deferred tax liabilities	¥(40,079)	¥(56,358)	\$(268,051)

- Changes in presentation
Tax loss carryforwards, which were included in other under deferred tax assets in the previous fiscal year, are presented separately for the year ended March 31, 2025, due to increased materiality. In addition, valuation allowance, which had previously been presented only as a subtotal, is now separately disclosed as valuation allowance for tax loss carryforwards and valuation allowance for temporary differences.
To reflect these changes in the presentation, ¥2,267 million, previously disclosed as other, has been reclassified into ¥53 million in tax loss carryforwards and ¥2,213 million in other. Also, valuation allowance of ¥(12,889) million has been reclassified into ¥(53) million in valuation allowance for tax loss carryforwards and ¥(12,835) million in valuation allowance for temporary differences.

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets at March 31, 2025, were as follows:

	Millions of yen						
	2025						
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforwards (*1, *2)	¥—	¥—	¥—	¥—	¥—	¥2,315	¥2,315
Less valuation allowances for tax loss carryforwards.....	—	—	—	—	—	—	—
Net deferred tax assets relating to tax loss carryforwards (*3).....	¥—	¥—	¥—	¥—	¥—	¥2,315	¥2,315
	Thousands of U.S. dollars						
	2025						
	1 year or less	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Deferred tax assets relating to tax loss carryforwards (*1, *2)	\$—	\$—	\$—	\$—	\$—	\$15,482	\$15,482
Less valuation allowances for tax loss carryforwards.....	—	—	—	—	—	—	—
Net deferred tax assets relating to tax loss carryforwards (*3).....	\$—	\$—	\$—	\$—	\$—	\$15,482	\$15,482

(*1) The tax loss carryforwards are the amounts multiplied by the statutory tax rate.

(*2) The amounts in the table are for the Bank on a non-consolidated basis, and the tax loss carryforwards of consolidated subsidiaries are not included in the above because they are not material.

(*3) Relating to the tax loss carryforwards (the amounts multiplied by the statutory tax rate) of ¥2,315 million (\$15,482 thousand), deferred tax assets of the same amount have been recognized. These deferred tax assets have been recognized for the entire amounts of tax loss carryforwards (the amounts multiplied by the statutory tax rate) for the Bank. The tax loss carryforwards, for which these deferred tax assets have been recognized, resulted from recording a considerable deductible expense due to the cancellation of the development of the next-generation mission-critical system in the year ended March 31, 2025, and is determined to be recoverable based on expected future taxable income. Therefore, no valuation allowance has been recognized.

The expiration of tax loss carryforwards, the related valuation allowances and the resulting net deferred tax assets at March 31, 2024, are not presented because they are not material.

A reconciliation of the effective income tax rate reflected in the accompanying consolidated statement of income to the statutory tax rate for the years ended March 31, 2025 and 2024, were as follows:

	2025	2024
Statutory tax rate	30.4%	30.4%
(Reconciliation)		
Permanent differences excluded from taxable income such as dividend income	(2.1)%	(1.9)%
Changes in valuation allowance.....	(1.8)%	3.0%
Others.....	0.4%	1.3%
Effective income tax rate	26.9%	32.8%

“Act on Partial Amendment to the Income Tax Act, etc.” (Act No.13 of 2025) was enacted on March 31, 2025, and accordingly, “Special Defense Corporate Tax” has been imposed for fiscal years beginning on or after April 1, 2026.

As a result, the statutory tax rate used by the Group for the calculation of deferred tax assets and deferred tax liabilities has been revised from the previous rate of 30.4%. The rate of 31.3% has been applied to the temporary differences expected to be reversed in fiscal years beginning on or after April 1, 2026.

Due to this change in tax rates, deferred tax assets increased by ¥5 million (\$33 thousand), deferred tax liabilities increased by ¥1,315 million (\$8,794 thousand), net unrealized gains on available-for-sale securities decreased by ¥800 million (\$5,350 thousand), deferred gains on derivatives under hedge accounting decreased by ¥466 million (\$3,116 thousand), defined retirement benefit plans decreased by ¥99 million (\$662 thousand), deferred income taxes decreased by ¥56 million (\$374 thousand) for the year ended March 31, 2025.

Deferred tax liabilities for land revaluation increased by ¥161 million (\$1,076 thousand) and revaluation reserve for land decreased by ¥161 million (\$1,076 thousand).

33. Financial instruments and related disclosures

1. Overall situation concerning financial instruments

(1) Basic policy for financial instruments

As a regional financial institution with its main business base in Shiga Prefecture, the Group provides financial services centered on banking operations.

The Group’s main operations are to extend loans to customers in its business area, and make investments in securities by mainly using funds that are received as deposits from customers and those that are obtained through the financial market.

To carry out these operations, the Group has financial assets and financial liabilities that are largely subject to interest rate volatility. To minimize disadvantages caused by interest rate volatility, the Group conducts Asset Liability Management (ALM), the comprehensive management of assets and liabilities.

(2) Nature and extent of risks arising from financial instruments

The financial assets held by the Group are primarily loans to customers within its business area and are subject to credit risk of incurring losses when the value of such assets declines or disappears due to deterioration in the financial condition of its customers. The Group’s loan portfolio attempts to distribute risk by industry sector to reduce its exposure to credit risk caused by changes in the business environment in certain industries.

The Group holds investment securities, primarily comprised of bonds, corporate stocks and investment trusts, for the following purposes: to sell them to customers, for purely investment purposes, and for strategic investment. These are subject to market risk of incurring potential losses due to fluctuations of interest rates, foreign exchange rates, stock markets and others, and the credit risk of the issuers.

Foreign currency-denominated loans and bonds are subject to foreign exchange risk in addition to the risks as described above. They are managed to reduce foreign exchange risk by procuring foreign currency funds through currency swaps, repurchase transactions, or call transactions.

Financial liabilities are primarily deposits from customers and borrowed money. Borrowed money is — under certain conditions, such as when the Group is unable to access the market — subject to risks that losses are incurred due to an inability to secure required funds or being forced to raise funds at significantly higher than normal interest rates. Moreover, some of the Group’s borrowings are made at variable interest rates and are subject to risks of losses from increasing fund procurement costs associated with rising interest rates.

To respond to customer needs and hedge market risks for assets and liabilities, the Group uses derivative transactions, including interest rate swaps, currency swaps, currency options, and forward exchange contracts. For some of these transactions, the Group applies hedge accounting based on internal regulations that comply with the “JICPA Practical Guidelines for Financial Instruments” and the Group’s own hedging policies.

To obtain short-swing profits, the Group transacts bond futures contracts, bond options, and stock price index futures trading after setting position limit and loss limits amounts.

These derivative transactions include market risk as well as credit risk.

(3) Risk management for financial instruments

(i) Credit risk management

Recognizing credit risk as the most important risk to business management from the standpoint of its impact, the Group has established regulations and standards pertaining to such risk. It has also developed a debtor rating system based on a Foundation Internal Ratings-based approach and has built a credit risk management system appropriate to its needs.

Notably, the Group has developed a rating system that involves asset self-assessments. Under this system, for example, the Business Management

Department reports the results of its own asset ratings at meetings such as the Meeting of Managing Directors.

With respect to individual credit management, the Group has instituted its “Basic Rules of Loan Business,” in which it has clearly defined the way of thinking and a code of conduct to which all officers and employees involved in the loan business should adhere. It has also established basic procedures to follow when making credit decisions or managing credit, along with putting in place a system that enables executives and employees to make credit decisions in accordance with the principles of public benefit, security, profitability, liquidity, and growth potential. More specifically, the Group has developed and is operating a credit management system that handles credit assessment, credit limits, credit information management, and internal ratings; sets guarantees and collateral; and deals with problem debts of companies (or corporate groups) or individual projects. This credit management system is being implemented in every bank branch and the Credit Supervision Department.

With respect to extending credit to overseas debtors, the Group manages it by setting a credit limit for each country at the Meeting of Managing Directors each fiscal year, after taking into account the foreign currency conditions and the political and economic situation of the country in which the debtor resides.

With respect to conducting market transactions for securities or other instruments, a limit is set semiannually at the Meeting of Managing Directors for bond issuer credit risk and counterparty risk for derivative and financial transactions, and the credit status and the market prices are managed on a daily basis. The Group has established a system in which reports about those risks are routinely given to the Meeting of Managing Directors.

(ii) Market risk management

The Group has compiled a set of Market Risk Management Rules with the goal of upgrading market risk management, strengthening internal controls, and ensuring sound management. To achieve stable profits, the Group institutes a financial plan and risk management policy semiannually and is working to build an appropriate risk management system.

1) Interest rate risk management

As interest rate risk inevitably arises in banking business operations, the Group manages all assets and liabilities (including off-balance transactions), such as deposits, loans, and securities, in a comprehensive manner through ALM.

Along with the aforementioned Market Risk Management Rules, the Group has established standards for risk management methods and reporting procedures. The Group conducts monitoring through such models as Value at Risk (VaR) and the maturity ladder approach, and reports to the ALM Committee on a regular basis.

2) Exchange rate risk management

For exchange rate risk, the Group sets position limits at the Meeting of Managing Directors to manage positions that are under the influence of exchange rate volatility. The Group controls positions by using derivative transactions, including foreign currency transactions and currency swaps.

The Group establishes an acceptable level of risk using VaR and manages the level of risk on a daily basis so that it stays within an acceptable range.

3) Price volatility risk management

To rigorously manage price volatility risk for transactions, including securities, the Group has divided the organization into a market transaction sector, business management sector, and risk management sector.

For market transactions including securities, the Group takes into account overall Group risk and return, based on a financial plan and a risk management policy, and formulates a business management plan in the market sector.

When making investments, the Group calculates position amounts, gains, and losses as well as VaR and Basis Point Value (BPV) based on the abovementioned policy and plan. The extent to which the Group complies with the established acceptable risk limit and other risk limits is monitored on a daily basis and is reported to management.

4) Derivative transaction management

With respect to derivative transactions, the divisions concerned with the execution of transactions, the evaluation of hedge effectiveness, and business management have been separated, and an internal checking system has been established. Because a majority of the Group's derivative transactions are performed for the purposes of hedging and cover transactions to customer transactions, the Group manages them so that asset and liability risks and market risks are offset with each other.

5) Quantitative information regarding market risks

Regarding market risks, the Group measures the quantitative risk of interest rate risks and stock price volatility risks through VaR, a statistical method. Principally by reporting these risks to the ALM Committee and other organizations on a regular basis, the Group ensures appropriate monitoring and management. In calculating the risk amounts, the Group adopts a historical simulation method (a holding period of one year, a confidence level of 99%, and an observing period of two years).

Interest rate risks

The Group measures interest rate risks of all its assets and liabilities, including loans, securities and deposits, and derivative transactions. The Group's interest rate risk amounts as of March 31, 2025 and 2024 stood at ¥8,004 million (\$53,531 thousand) and ¥5,077 million, respectively. Regarding liquid deposits, such as ordinary deposits, the Group handles some as deposits that remain with the Group for an extended period and manages them by allocating them to each period category based on an internal model.

Stock price volatility risks

The Group holds certain shares for strategic investment and purely investment purposes. The volatility risk amounts of the prices of such shares as of March 31, 2025 and 2024 stood at ¥68,734 million (\$459,697 thousand) and ¥61,439 million, respectively.

Backtesting

To verify the appropriateness of the risk amounts that are measured through VaR, the Group carries out backtesting in which VaR is compared with gains and losses. In this way, the Group analyzes the effectiveness of the risk measurement method. However, because VaR statistically measures the amounts based on the historical market volatility, results may vary due to assumptions, measuring methods, and other factors. In addition, risks may not be able to be appropriately captured when the market environment changes drastically.

Interest rate risks and stock price volatility risks that are held by the Bank's consolidated subsidiaries are excluded from the calculation of the market risk amount as the impact from such risks on the Group is limited.

(iii) Liquidity risk management related to financing

The Group has compiled a set of Liquidity Risk Management Rules under a basic policy of clearly understanding its cash position and ensuring stable financing. In this way, it strives to establish an appropriate risk management system. With respect to daily financing, the Group monitors and manages the financial environment, the balance of realizable current assets, the expected amount of cash outflows, and other such factors. The Group reports the financing situation and other related matters to the ALM Committee and the Board of Directors on a regular basis.

2. Fair value of financial instruments

Fair value and the consolidated balance sheet amount as of March 31, 2025 and 2024, are shown below. Shares, etc. that do not have market price and investment in capital of partnership are not included in the table below (see Note 1).

Cash and due from banks, call loans and bills bought, foreign exchange (assets and liabilities), call money and bills sold, and payables under securities lending transactions are settled in a short period of time and their book value approximates fair value, therefore, notes are omitted. Financial instruments that are immaterial have been omitted.

	Millions of yen			
	2025			
	Consolidated balance sheet amount	Fair value	Difference	
Investment securities.....	¥1,766,599	¥1,766,599	¥	—
Held-to-maturity securities	—	—		—
Available-for-sale securities (*1)	1,766,599	1,766,599		—
Loans and bills discounted.....	4,529,399	—		—
Allowance for loan losses (*2).....	(34,572)	—		—
	4,494,826	4,424,549		(70,277)
Assets total.....	6,261,426	6,191,149		(70,277)
Deposits.....	5,806,185	5,804,458		(1,727)
Negotiable certificates of deposit.....	22,600	22,596		(3)
Borrowed money.....	830,352	818,226		(12,125)
Liabilities total.....	6,659,138	6,645,281		(13,857)
Derivative transactions (*3)				
Deferred hedge accounting is not applied	(3,365)	(3,365)		—
Deferred hedge accounting is applied.....	51,812	51,812		—
Derivative transactions total.....	¥ 48,447	¥ 48,447	¥	—

	Millions of yen			
	2024			
	Consolidated balance sheet amount	Fair value	Difference	
Investment securities.....	¥1,834,766	¥1,826,501	¥	(8,264)
Held-to-maturity securities	66,960	58,695		(8,264)
Available-for-sale securities (*1)	1,767,805	1,767,805		—
Loans and bills discounted.....	4,475,442	—		—
Allowance for loan losses (*2).....	(32,315)	—		—
	4,443,126	4,403,369		(39,756)
Assets total.....	6,277,892	6,229,871		(48,021)
Deposits.....	5,803,032	5,803,163		131
Negotiable certificates of deposit.....	25,360	25,361		1
Borrowed money.....	882,628	874,896		(7,732)
Liabilities total.....	6,711,021	6,703,422		(7,599)
Derivative transactions (*3)				
Deferred hedge accounting is not applied	(8,999)	(8,999)		—
Deferred hedge accounting is applied (*4)	43,343	43,343		—
Derivative transactions total.....	¥ 34,344	¥ 34,344	¥	—

	Thousands of U.S. dollars			
	2025			
	Consolidated balance sheet amount	Fair value	Difference	
Investment securities.....	\$11,815,135	\$11,815,135	\$	—
Held-to-maturity securities	—	—		—
Available-for-sale securities (*1)	11,815,135	11,815,135		—
Loans and bills discounted.....	30,292,930	—		—
Allowance for loan losses (*2).....	(231,219)	—		—
	30,061,704	29,591,686		(470,017)
Assets total.....	41,876,845	41,406,828		(470,017)
Deposits.....	38,832,162	38,820,612		(11,550)
Negotiable certificates of deposit.....	151,150	151,123		(20)
Borrowed money.....	5,553,451	5,472,351		(81,092)
Liabilities total.....	44,536,771	44,444,094		(92,676)
Derivative transactions (*3)				
Deferred hedge accounting is not applied	(22,505)	(22,505)		—
Deferred hedge accounting is applied.....	346,522	346,522		—
Derivative transactions total.....	\$ 324,016	\$ 324,016	\$	—

(*1) Available-for-sale securities include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021).

(*2) General allowance for loan losses and specific allowance for loan losses provided to "Loans and bills discounted" are separately presented in the above table.

(*3) Derivative transactions recorded in "Other assets" and "Other liabilities" are aggregated and shown herein. Assets and liabilities attributable to the derivative transactions are totally offset and the net liability position as a consequence of offsetting would be represented with brackets.

(Note 2) Maturity analysis for financial assets and securities with contractual maturities

	Millions of yen						
	2025						
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years	
Due from banks.....	¥ 865,481	¥ —	¥ —	¥ —	¥ —	¥ —	
Investment securities	203,895	171,938	259,818	62,701	190,656	633,053	
Held-to-maturity securities	—	—	—	—	—	—	
Japanese government bonds.....	—	—	—	—	—	—	
Available-for-sale securities.....	203,895	171,938	259,818	62,701	190,656	633,053	
Japanese government bonds.....	140,000	—	73,800	22,000	74,000	238,500	
Japanese local government bonds.....	10,336	22,071	66,110	7,413	89,270	8,200	
Japanese corporate bonds.....	27,436	64,529	58,625	2,900	1,000	155,725	
Others.....	26,121	85,336	61,282	30,387	26,385	230,628	
Loans and bills discounted (*)	981,873	881,202	689,848	445,755	411,337	1,042,906	
Total.....	¥2,051,250	¥1,053,140	¥949,667	¥508,456	¥601,993	¥1,675,959	

	Millions of yen						
	2024						
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years	
Due from banks.....	¥1,326,185	¥ —	¥ —	¥ —	¥ —	¥ —	
Investment securities	51,999	293,810	253,705	124,300	111,756	677,986	
Held-to-maturity securities	—	—	—	—	—	67,000	
Japanese government bonds.....	—	—	—	—	—	67,000	
Available-for-sale securities.....	51,999	293,810	253,705	124,300	111,756	610,986	
Japanese government bonds.....	12,000	140,000	49,800	20,000	31,000	235,000	
Japanese local government bonds.....	9,143	45,183	57,926	51,960	61,073	8,850	
Japanese corporate bonds.....	12,170	44,338	73,238	18,966	300	158,133	
Others.....	18,685	64,288	72,740	33,373	19,383	209,003	
Loans and bills discounted (*)	990,052	852,255	700,676	412,448	435,265	1,008,247	
Total.....	¥2,368,237	¥1,146,065	¥954,382	¥536,748	¥547,022	¥1,686,234	

(*4) Interest rate swaps designated as hedging instruments to offset market fluctuations in foreign securities, which are hedged items, are accounted for as deferred hedges. "Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR" (ASBJ Revised Practical Solution No.40 issued on March 17, 2022) is applied to these hedging relationships.

(Note 1) Shares, etc. that do not have market price and investment in capital of partnership

The consolidated balance sheet amounts of shares, etc. that do not have market price and investment in capital of partnership are as follows. These are not included in "available-for-sale securities" under "investment securities" in the tables above.

	Consolidated balance sheet amount		
	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unlisted stocks (*1) (*2).....	¥ 4,718	¥ 4,818	\$ 31,554
Investment in capital of partnership and others (*3)	30,702	17,846	205,337

(*1) Unlisted stocks are excluded from fair value disclosure in accordance with Paragraph 5 of the "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 issued on March 31, 2020).

(*2) Impairment losses for unlisted stocks amounted to ¥50 million (\$334 thousand) and ¥116 million for the years ended March 31, 2025 and 2024, respectively.

(*3) Investment in capital of partnership and others are excluded from fair value disclosure in accordance with Paragraph 24-16 of "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on June 17, 2021).

	Thousands of U.S. dollars					
	2025					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Due from banks.....	\$ 5,788,396	\$ —	\$ —	\$ —	\$ —	\$ —
Investment securities.....	1,363,663	1,149,933	1,737,680	419,348	1,275,120	4,233,901
Held-to-maturity securities.....	—	—	—	—	—	—
Japanese government bonds.....	—	—	—	—	—	—
Available-for-sale securities.....	1,363,663	1,149,933	1,737,680	419,348	1,275,120	4,233,901
Japanese government bonds.....	936,329	—	493,579	147,137	494,917	1,595,104
Japanese local government bonds.....	69,127	147,612	442,148	49,578	597,043	54,842
Japanese corporate bonds.....	183,493	431,574	392,088	19,395	6,688	1,041,499
Others.....	174,699	570,733	409,858	203,230	176,464	1,542,455
Loans and bills discounted (*).....	6,566,833	5,893,539	4,613,750	2,981,239	2,751,050	6,975,026
Total.....	\$13,718,900	\$7,043,472	\$6,351,437	\$3,400,588	\$4,026,170	\$11,208,928

(*) Bankrupt and substantially bankrupt claims amounting to ¥54,536 million (\$364,740 thousand) and ¥54,122 million, and loans and bills discounted without contractual maturities amounting to ¥21,938 million (\$146,722 thousand) and ¥22,373 million are excluded from the table above as of March 31, 2025 and 2024.

(Note 3) Maturity analysis for bonds, borrowed money, and other interest-bearing liabilities

	Millions of yen					
	2025					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥5,469,023	¥280,883	¥56,279	¥ —	¥—	¥—
Negotiable certificates of deposit.....	22,600	—	—	—	—	—
Call money and bills sold.....	109,149	—	—	—	—	—
Payables under securities lending transactions.....	156,949	—	—	—	—	—
Borrowed money.....	186,292	628,528	10,942	4,588	—	—
Total.....	¥5,944,014	¥909,412	¥67,222	¥4,588	¥—	¥—

	Millions of yen					
	2024					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	¥5,514,274	¥260,492	¥ 28,265	¥ —	¥—	¥—
Negotiable certificates of deposit.....	25,360	—	—	—	—	—
Call money and bills sold.....	346,092	—	—	—	—	—
Payables under securities lending transactions.....	241,330	—	—	—	—	—
Borrowed money.....	198,523	303,219	376,187	4,697	—	—
Total.....	¥6,325,581	¥563,712	¥404,453	¥4,697	¥—	¥—

	Thousands of U.S. dollars					
	2025					
	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years
Deposits (*).....	\$36,577,200	\$1,878,564	\$376,397	\$ —	\$—	\$—
Negotiable certificates of deposit.....	151,150	—	—	—	—	—
Call money and bills sold.....	729,995	—	—	—	—	—
Payables under securities lending transactions.....	1,049,685	—	—	—	—	—
Borrowed money.....	1,245,933	4,203,638	73,180	30,684	—	—
Total.....	\$39,753,972	\$6,082,209	\$449,585	\$30,684	\$—	\$—

(*) Demand deposits are included in “1 year or less.”

3. Fair value information by level within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

Notes regarding securities by purpose of holding are described in 4. Securities.

(1) Financial instruments carried at fair value in the consolidated balance sheet

Category	Millions of yen			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc.	¥475,467	¥225,618	¥ —	¥ 701,085
Japanese corporate bonds...	—	176,359	6,319	182,679
Residential mortgage-backed security	—	112,434	—	112,434
Stocks.....	294,160	3,517	—	297,678
Other	130,049	230,241	84,394	444,685
Derivative transactions				
Interest rate related	—	52,532	—	52,532
Currency related.....	—	6,458	—	6,458
Total assets	899,678	807,162	90,714	1,797,555
Derivative transactions				
Interest rate related	—	665	—	665
Currency related.....	—	9,878	—	9,878
Total liabilities	¥ —	¥ 10,544	¥ —	¥ 10,544

Category	Millions of yen			
	2024			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc.	¥446,036	¥256,982	¥ —	¥ 703,019
Japanese corporate bonds...	—	168,490	8,189	176,680
Residential mortgage-backed security	—	124,214	—	124,214
Stocks.....	336,710	4,097	—	340,807
Other	123,666	214,670	65,573	403,909
Derivative transactions				
Interest rate related	—	44,406	—	44,406
Currency related.....	—	4,665	—	4,665
Total assets	906,414	817,526	73,762	1,797,703
Derivative transactions				
Interest rate related	—	960	—	960
Currency related.....	—	13,767	—	13,767
Total liabilities	¥ —	¥ 14,727	¥ —	¥ 14,727

(*) Investment securities do not include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-3 has been applied is ¥2,838 million and the consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-9 has been applied is ¥9,327 million.

Category	Thousands of U.S. dollars			
	2025			
	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Japanese government bonds, local government bonds, etc.	\$3,179,955	\$1,508,948	\$ —	\$ 4,688,904
Japanese corporate bonds...	—	1,179,501	42,261	1,221,769
Residential mortgage-backed security	—	751,966	—	751,966
Stocks.....	1,967,362	23,521	—	1,990,890
Other	869,776	1,539,867	564,432	2,974,083
Derivative transactions				
Interest rate related.....	—	351,337	—	351,337
Currency related.....	—	43,191	—	43,191
Total assets	6,017,108	5,398,354	606,701	12,022,170
Derivative transactions				
Interest rate related.....	—	4,447	—	4,447
Currency related.....	—	66,064	—	66,064
Total liabilities	\$ —	\$ 70,518	\$ —	\$ 70,518

(*) Investment securities do not include investment trusts to which the treatment of recognizing the base price at market value has been applied, as set forth in Paragraphs 24-3 and 24-9 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31 issued on June 17, 2021). The consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-3 has been applied is ¥4,666 million (\$31,206 thousand) and the consolidated balance sheet amount of investment trusts to which the treatment under Paragraph 24-9 has been applied is ¥15,027 million (\$100,501 thousand).

(a) Adjustment table from the beginning balance to the year-end balance of investment trusts applying the treatment of Paragraphs 24-3 and 24-9

	Millions of yen	Thousands of U.S. dollars
	2025	
Beginning balance.....	¥12,165	\$ 81,360
Profit or loss or other comprehensive income for the period		
Recorded in profit or loss.....	—	—
Recorded in other comprehensive income (*).....	155	1,036
Purchases, sales and redemption (net).....	7,372	49,304
Amount for which the base price of the investment trusts is considered to be the fair value.....	—	—
Amount for which the base price of the investment trusts is not considered to be the fair value.....	—	—
Ending balance.....	¥19,693	\$131,708
Gains or losses on valuation of investment trusts held at the end of the reporting period included in profit or loss for the period.....	¥ —	\$ —

(*) Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income" in the consolidated statement of comprehensive income.

	Millions of yen
	2024
Beginning balance.....	¥ 5,405
Profit or loss or other comprehensive income for the period	
Recorded in profit or loss.....	—
Recorded in other comprehensive income (*).....	35
Purchases, sales and redemption (net).....	6,725
Amount for which the base price of the investment trusts is considered to be the fair value.....	—
Amount for which the base price of the investment trusts is not considered to be the fair value.....	—
Ending balance.....	¥12,165
Gains or losses on valuation of investment trusts held at the end of the reporting period included in profit or loss for the period.....	¥ —

(*) Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income" in the consolidated statement of comprehensive income.

(b) Breakdown by restriction on cancellation or repurchase requests on consolidated accounting dates

	Millions of yen	Thousands of U.S. dollars
	2025	
Main contents on restriction on cancellation or repurchase requests	Amount on the consolidated balance sheet	
Cancellation or repurchase request is not possible, and the consent of the asset management company is required for transfer...	¥3,005	\$20,097
Taking several months from cancellation application to refund.....	1,661	11,108

	Millions of yen
	2024
Main contents on restriction on cancellation or repurchase requests	Amount on the consolidated balance sheet
Cancellation or repurchase request is not possible, and the consent of the asset management company is required for transfer...	¥1,968
Taking several months from cancellation application to refund.....	869

(2) Financial instruments other than those carried at fair value in the consolidated balance sheet

	Millions of yen			
	2025			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Japanese government bonds, local government bonds, etc.....	¥—	¥ —	¥ —	¥ —
Loans and bills discounted.....	—	—	4,424,549	4,424,549
Total assets	—	—	4,424,549	4,424,549
Deposits.....	—	5,804,458	—	5,804,458
Negotiable certificates of deposit.....	—	22,596	—	22,596
Borrowed money.....	—	818,226	—	818,226
Total liabilities	¥—	¥6,645,281	¥ —	¥6,645,281

	Millions of yen			
	2024			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Japanese government bonds, local government bonds, etc.....	¥58,695	¥ —	¥ —	¥ 58,695
Loans and bills discounted.....	—	—	4,403,369	4,403,369
Total assets	58,695	—	4,403,369	4,462,065
Deposits.....	—	5,803,163	—	5,803,163
Negotiable certificates of deposit.....	—	25,361	—	25,361
Borrowed money.....	—	874,896	—	874,896
Total liabilities	¥ —	¥6,703,422	¥ —	¥6,703,422

	Thousands of U.S. dollars			
	2025			
	Fair value			
Category	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Japanese government bonds, local government bonds, etc.....	\$—	\$ —	\$ —	\$ —
Loans and bills discounted.....	—	—	29,591,686	29,591,686
Total assets	—	—	29,591,686	29,591,686
Deposits.....	—	38,820,612	—	38,820,612
Negotiable certificates of deposit.....	—	151,123	—	151,123
Borrowed money.....	—	5,472,351	—	5,472,351
Total liabilities	\$—	\$44,444,094	\$ —	\$44,444,094

(Note 1) A description of the valuation techniques and inputs used in the fair value measurements

Assets

Securities

Securities for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value. This mainly includes listed stocks and Japanese government bonds. Securities for which published quoted prices are available but the market is not active are classified as Level 2 fair value. This mainly includes Japanese local government bonds and Japanese corporate bonds. In addition, regarding investment trusts that do not have a trading price in the market, if there is no restriction that is significant enough for the market participants to demand compensation for the risk relating to cancellation or repurchase claims, the base value is the fair value and they are classified as Level 2 fair value.

When quoted prices are not available, fair value is determined using valuation techniques such as the present value of future cash flows. In making valuations, the Bank uses observable inputs to the greatest extent possible. Such inputs include TIBOR, government bond yields, prepayment rates, credit spreads, probability of bankruptcy, and loss rates in the event of bankruptcy. When significant unobservable inputs are used in the valuation, the fair value is classified as Level 3 fair value.

Loans and bills discounted

For loans and bills discounted, the fair value is calculated by discounting the total amount of principal and interest by a discount rate that reflects the market interest rate and credit risk, etc., for each category based on the type of loan, internal rating and term. Those with floating interest rates reflect the market rate in the short term. Consequently, in cases where the credit conditions of borrowers have not significantly changed after the execution of the loans, the book value of the loans is presented as the fair value, as the fair value approximates the book value. With respect to claims against bankrupt and substantially bankrupt claims, fair value is calculated using the estimated future cash flows and the estimated amounts that the Group would be able to collect from collateral and guarantees. For loans that are subject to special accounting treatment for interest rate swaps or designated hedge accounting for forward exchange contracts, etc., the fair value of the interest rate swaps or forward exchange contracts, etc. is reflected. If the effect of unobservable inputs on fair value is significant, the fair value is classified as Level 3 fair value; otherwise, the fair value is classified as Level 2 fair value.

Liabilities

Deposits and Negotiable certificates of deposit

For demand deposits that are payable immediately on demand on the consolidated balance sheet date, the amount of the demand deposit is used as the fair value. For time deposits and negotiable certificates of deposit, the fair value is calculated based on the discounted present value of the future cash flows, classified by a certain period of time. The discount rate is based on market interest rates. The fair value of those with short deposit terms (i.e., less than one year) approximates the book value, and the Group deems the book value to be the fair value. Such fair value is classified as Level 2 fair value.

Borrowed money

The present value of borrowed money is calculated by discounting the total principal and interest of the relevant borrowed money, classified by a certain period of time, at an interest rate that takes into account the remaining period of the borrowed money and credit risk. The book value of floating rate borrowings is presented as the fair value, because the fair value approximates book value. This is because the floating rate borrowings reflect the market interest rate in a short period and there has been no significant change in our credit conditions or in the credit conditions of our consolidated subsidiaries before or after the borrowings were made. The fair value of those with short contractual terms (i.e., less than one year) approximates the book value, and the Group deems the book value to be the fair value. Such fair value is classified as Level 2 fair value.

Derivative transactions

Derivative transactions for which unadjusted quoted prices in active markets are available are classified as Level 1 fair value, which primarily include bond and interest rate futures transactions.

However, since most derivative transactions are over-the-counter transactions and there are no published quoted prices, fair values are calculated using valuation techniques such as the present value technique and the Black-Scholes model, depending on the type of transaction and the period to maturity. The main inputs used in those valuation techniques include interest rates, exchange rates, and volatility. Price adjustments are made based on the credit risk of the counterparty and the Bank's own credit risk. When unobservable inputs are not used or their effect is not material, they are classified as Level 2 fair value and include plain vanilla interest rate swap transactions, forward exchange contracts, etc. If significant unobservable inputs are used, they are classified as Level 3 fair value and include bond over-the-counter option transactions, etc.

(Note 2) Information about Level 3 fair value of financial instruments carried at fair value in the consolidated balance sheet

(1) Quantitative information on significant unobservable inputs				
2025				
Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Japanese corporate bonds				
Private placement bonds	Present value technique	Discount rate	0.3% to 1.7%	0.4%
2024				
Category	Valuation techniques	Significant unobservable inputs	Scope of inputs	Weighted average of inputs
Securities				
Available-for-sale securities				
Japanese corporate bonds				
Private placement bonds	Present value technique	Discount rate	0.3% to 2.1%	0.4%

(2) A reconciliation from the beginning balances to the ending balances and gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period

	Millions of yen			
	2025			
	Securities			
	Available-for-sale securities			
	Japanese corporate bonds	Foreign bonds	Others	
Beginning balance.....	¥8,189	¥64,488	¥1,084	
Profit or loss or other comprehensive income for the period				
Recorded in profit or loss (*1)	0	4	—	
Recorded in other comprehensive income (*2)	(39)	1,139	145	
Purchases, sales, issuances, and settlements (net)	(1,831)	14,550	(18)	
Transfer into Level 3	—	5,000	—	
Transfer out of Level 3	—	(2,000)	—	
Ending balance	¥6,319	¥83,182	¥1,212	
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ —	¥ —	¥ —	

	Millions of yen			
	2024			
	Securities			
	Available-for-sale securities			
	Japanese corporate bonds	Foreign bonds	Others	
Beginning balance.....	¥11,459	¥53,634	¥ —	
Profit or loss or other comprehensive income for the period				
Recorded in profit or loss (*1)	2	4	—	
Recorded in other comprehensive income (*2)	(2)	(1,529)	(22)	
Purchases, sales, issuances, and settlements (net)	(3,269)	12,379	1,107	
Transfer into Level 3	—	—	—	
Transfer out of Level 3	—	—	—	
Ending balance	¥ 8,189	¥64,488	¥1,084	
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	¥ —	¥ —	¥ —	

	Thousands of U.S. dollars		
	2025		
	Securities		
	Available-for-sale securities		
	Japanese corporate bonds	Foreign bonds	Others
Beginning balance.....	\$ 54,768	\$431,300	\$7,249
Profit or loss or other comprehensive income for the period			
Recorded in profit or loss (*1)	0	26	—
Recorded in other comprehensive income (*2)	(260)	7,617	969
Purchases, sales, issuances, and settlements (net)	(12,245)	97,311	(120)
Transfer into Level 3	—	33,440	—
Transfer out of Level 3	—	(13,376)	—
Ending balance	\$ 42,261	\$556,326	\$8,105
Gains or losses on valuation of financial assets and financial liabilities held at the end of the reporting period included in profit or loss for the period (*1)	\$ —	\$ —	\$ —

(*1) Included in "other operating income" and "other operating expenses" in the consolidated statement of income.

(*2) Included in "net unrealized gains (losses) on available-for-sale securities" under "other comprehensive income" in the consolidated statement of comprehensive income.

(3) A description of valuation processes used for fair value measurements
The risk management sector of the Group establishes policies and procedures for fair value measurement, and the business management sector formulates a fair value valuation model in accordance with such policies and procedures. The risk management sector verifies appropriateness as to whether the model, the inputs used, and the fair value as a result of the calculation are in accordance with the policies and procedures. Based on the results of the verification, the risk management sector makes decisions regarding the classification of fair value levels. When quoted prices obtained from third parties are used as fair value, the Bank verifies appropriateness of the prices through appropriate methods, including confirmation of the valuation techniques and inputs used and comparison with the fair value of similar financial instruments.

(4) A description of sensitivity of the fair value measurement to changes in significant unobservable inputs
The discount rate is an adjustment to the base market interest rate, such as the risk-free rate or swap rate, and consists of a risk premium, which is the amount of compensation required by market participants for the uncertainty of the cash flows of financial instruments arising primarily from credit risk. Generally, a significant increase (decrease) in the discount rate will result in a significant decrease (increase) in fair value.

34. Fair value information on derivative transactions

Derivative transactions to which hedge accounting is not applied

The following is the fair value information for derivative transactions to which hedge accounting is not applied at March 31, 2025 and 2024.
The contractual value of swap agreements and the contract amounts of forward exchange contracts, option agreements and other derivatives do not necessarily measure the Bank's exposure to market risk.

(1) Interest-rate-related transactions

	Millions of yen			
	2025			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	¥3,778	¥3,778	¥(146)	¥(146)
Receivable floating rate /pay fixed rate	5,273	4,825	200	200
Total	¥ —	¥ —	¥ 54	¥ 54

	Millions of yen			
	2024			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	¥4,742	¥3,992	¥ (39)	¥ (39)
Receivable floating rate /pay fixed rate	6,408	5,658	142	142
Total	¥ —	¥ —	¥ 102	¥ 102

	Thousands of U.S. dollars			
	2025			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Interest rate swap				
Receivable fixed rate/pay floating rate	\$25,267	\$25,267	\$ (976)	\$ (976)
Receivable floating rate /pay fixed rate	35,266	32,269	1,337	1,337
Total	\$ —	\$ —	\$ 361	\$ 361

Note: The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

(2) Currency-related transactions

	Millions of yen			
	2025			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap	¥ 83,085	¥ 75,609	¥(4,142)	¥(4,142)
Forward exchange contracts:				
Sold	65,394	9	589	589
Bought	6,135	—	79	79
Currency options:				
Sold	150,909	123,621	(4,939)	(1,058)
Bought	150,909	123,621	4,992	1,938
Total	¥ —	¥ —	¥(3,419)	¥(2,594)

	Millions of yen			
	2024			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap	¥62,271	¥ 47,690	¥(7,867)	¥(7,867)
Forward exchange contracts:				
Sold	54,789	15	(1,302)	(1,302)
Bought	9,904	317	97	97
Currency options:				
Sold	139,260	111,016	(4,208)	(28)
Bought	139,260	111,016	4,178	813
Total	¥ —	¥ —	¥(9,101)	¥(8,287)

	Thousands of U.S. dollars			
	2025			
	Contractual value	Contractual value due after one year	Fair value	Net unrealized gains (losses)
Over-the-counter:				
Currency swap	\$ 555,678	\$505,678	\$(27,701)	\$(27,701)
Forward exchange contracts:				
Sold	437,359	60	3,939	3,939
Bought	41,031	—	528	528
Currency options:				
Sold	1,009,289	826,785	(33,032)	(7,075)
Bought	1,009,289	826,785	33,386	12,961
Total	\$ —	\$ —	\$(22,866)	\$(17,348)

Note: The above transactions were revalued at the end of each of the years and the related gains and losses are reflected in the accompanying consolidated statements of income.

(3) Stock-related transactions are not applicable.

(4) Bond-related transactions are not applicable.

(5) Financial product-related transactions are not applicable.

(6) Credit derivative transactions are not applicable.

Derivative transactions to which hedge accounting is applied

The following is the fair value information for derivative transactions to which hedge accounting is applied at March 31, 2025 and 2024.

The contract value does not necessarily measure the Bank’s exposure to market risk:

(1) Interest-rate-related transactions

Millions of yen				
2025				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-for-sale securities (bonds), deposits			
Interest rate swap: Receivable floating rate/ pay fixed rate.....		¥388,957	¥388,957	¥51,812
Special treatment				
Interest rate swap: Receivable floating rate/ pay fixed rate.....	Loans	10,000	10,000	(Note 2)
Total.....		¥ —	¥ —	¥51,812

Millions of yen				
2024				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-for-sale securities (bonds), deposits			
Interest rate swap: Receivable floating rate/ pay fixed rate.....		¥373,522	¥373,522	¥43,343
Special treatment				
Interest rate swap: Receivable floating rate/ pay fixed rate.....	Loans	7,000	7,000	(Note 2)
Total.....		¥ —	¥ —	¥43,343

Thousands of U.S. dollars				
2025				
	Hedged items	Contractual value	Contractual value due after one year	Fair value
Principle treatment	Available-for-sale securities (bonds)			
Interest rate swap: Receivable floating rate/ pay fixed rate.....		\$2,601,371	\$2,601,371	\$346,522
Special treatment				
Interest rate swap: Receivable floating rate/ pay fixed rate.....	Loans	66,880	66,880	(Note 2)
Total.....		\$ —	\$ —	\$346,522

Note 1: In addition to the method of linking the hedged items with the hedging means, deferred hedge accounting is applied based on the Industry Committee Practical Guidelines No. 24.

Note 2: Since interest rate swaps with special treatment are treated as an integral part of loans that are subject to hedging, its fair value is included in the fair value of the loans described in the Note 33 “Financial instruments and related disclosures.”

(2) Currency-related transactions are not applicable.

(3) Stock-related transactions are not applicable.

(4) Bond-related transactions are not applicable.

35. Comprehensive income (loss)

The components of other comprehensive income (loss) for the years ended March 31, 2025 and 2024, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized gains (losses) on available-for-sale securities:			
The amount arising during the period.....	¥(96,632)	¥ 42,137	\$ (646,281)
Reclassification adjustments to profit or loss.....	11,949	(7,728)	79,915
Before adjustments to income taxes and tax effect	(84,682)	34,409	(566,359)
The amount of income taxes and tax effect.....	24,741	(10,326)	165,469
Total.....	¥(59,941)	¥ 24,082	\$ (400,889)
Deferred gains on derivatives under hedge accounting:			
The amount arising during the period.....	¥ 14,639	¥ 24,317	\$ 97,906
Reclassification adjustments to profit or loss.....	(6,170)	(3,402)	(41,265)
Before adjustments to income taxes and tax effect	8,469	20,914	56,641
The amount of income taxes and tax effect.....	(3,045)	(6,368)	(20,365)
Total.....	¥ 5,423	¥ 14,546	\$ 36,269
Land revaluation surplus:			
The amount arising during the period.....	¥ —	¥ —	\$ —
Reclassification adjustments to profit or loss.....	—	—	—
Before adjustments to income taxes and tax effect	—	—	—
The amount of income taxes and tax effect.....	(161)	—	(1,076)
Total.....	¥ (161)	¥ —	\$ (1,076)
Defined retirement benefit plans:			
The amount arising during the period.....	¥ (1,155)	¥ 3,827	\$ (7,724)
Reclassification adjustments to profit or loss.....	(1,778)	(1,877)	(11,891)
Before adjustments to income taxes and tax effect	(2,933)	1,950	(19,616)
The amount of income taxes and tax effect.....	794	(593)	5,310
Total.....	¥ (2,139)	¥ 1,356	\$ (14,305)
Total other comprehensive income (loss).....	¥(56,818)	¥ 39,985	\$ (380,002)

36. Net income per share

Reconciliation of the differences between basic and diluted net income per share (“EPS”) for the years ended March 31, 2025 and 2024, is as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Income Attributable to Owners of the Parent	Weighted-Average Shares	EPS	
For the year ended March 31, 2025				
Basic EPS:				
Net income attributable to common shareholders	¥18,720	46,834	¥399.72	\$2.673
Effect of dilutive securities:				
Warrants				
Diluted EPS:				
Net income for computation.....	¥ —	—	¥ —	\$ —
For the year ended March 31, 2024				
Basic EPS:				
Net income attributable to common shareholders	¥ 15,940	47,397	¥ 336.31	
Effect of dilutive securities:				
Warrants				
Diluted EPS:				
Net income for computation.....	¥ —	—	¥ —	

Note: Diluted EPS for the years ended March 31, 2025 and 2024 was not disclosed because there were no potential shares.

37. Subsequent event

Appropriation of retained earnings

The following appropriation of retained earnings was authorized at the ordinary general shareholders’ meeting held on June 25, 2025:

	Millions of yen	Thousands of U.S. dollars
Cash dividends, ¥45 (\$0.300) per share	¥2,073	\$13,864
Total	¥2,073	\$13,864

Disposal of Treasury Shares as Restricted Stock Compensation

The Bank resolved at the meeting of its Board of Directors held on May 9, 2025 to dispose of its treasury shares as restricted stock compensation (the “Disposal of Treasury Shares”), as follows.

1. Overview of disposal

(1) Payment date	September 1, 2025
(2) Class and number of shares to be disposed of	197,900 shares of the Bank’s common stock
(3) Disposal value	¥5,930 (\$39.660) per share
(4) Total disposal value	¥1,173,547,000 (\$7,848 thousand)
(5) Recipients of disposed shares	1,979 Bank employees: 197,900 shares
(6) Other	The Bank has submitted an extraordinary report under the Financial Instruments and Exchange Act in connection with the Disposal of Treasury Shares.

2. Purpose of and reasons for disposal

The Bank resolved at the meeting of its Board of Directors held on May 9, 2025, to introduce a stock compensation plan to deliver shares with restriction on transfer for the purpose of giving incentives to the Bank employees to sustainably increase the Bank’s corporate value, as well as further encouraging those employees to share the same values as the Bank’s shareholders.

The Bank resolved at the meeting of its Board of Directors on the same date to allot 197,900 shares of its common stock as specified shares with restriction on transfer. Specifically, the Bank will grant monetary remuneration receivables totaling ¥1,173,547,000 (\$7,848 thousand) to 1,979 Bank employees, who are contemplated allottees (the “Eligible Allottees”), as restricted stock compensation for the period from September 1, 2025 to June 1, 2029. Thereafter, the Eligible Allottees will pay all the monetary remuneration receivables so granted in the form of property contributed in kind.

38. Segment information

For the years ended March 31, 2025 and 2024

As the Group has only one segment (i.e. banking), the description is not presented.

Related Information

(1) Information about services

	Millions of yen				
	2025				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥49,759	¥41,495	¥19,634	¥22,220	¥133,109
	Millions of yen				
	2024				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	¥44,679	¥40,501	¥19,995	¥17,454	¥122,630
	Thousands of U.S. dollars				
	2025				
	Lending services	Securities investment	Fees and commissions	Other	Total
Operating income from external customers.....	\$332,791	\$277,521	\$131,313	\$148,608	\$890,242

(2) Information about geographical areas

(a) Operating income

Operating income from external domestic customers exceeded 90% of total operating income on the consolidated statements of income for the years ended March 31, 2025 and 2024; therefore, geographical operating income information is not presented.

(b) Tangible fixed assets

The balance of domestic tangible fixed assets exceeded 90% of the total balance of tangible fixed assets on the consolidated balance sheets as of March 31, 2025 and 2024; therefore, geographical tangible fixed assets information is not presented.

(3) Information about major customers

Operating income to a specific customer did not reach 10% of total operating income on the consolidated statements of income for the years ended March 31, 2025 and 2024; therefore, major customer information is not presented.

39. Related party transactions

There were no transactions of the Bank with related parties for the years ended March 31, 2025 and 2024.

Composition of Capital Disclosure (Capital ratio of the fiscal year ended March 31, 2025, Basel III)

Capital ratio (consolidated)

(Appended Form 2 of Supplementary Provision of the Notification of Japanese Financial Services Agency No. 7, 2014)

		Millions of yen, %		
		CC1: Composition of regulatory capital (consolidated)		
		a	b	c
Basel III Template No.	Items	Year ended March 31, 2025	Year ended March 31, 2024	Reference to Template CC2
Common Equity Tier 1 capital: instruments and reserves				
1a+2-1c-26	Directly issued qualifying common share capital plus related capital surplus and retained earnings	319,624	309,057	
1a	of which: capital and capital surplus	57,625	57,618	(6)+(7)
2	of which: retained earnings	284,546	269,792	(8)
1c	of which: treasury stock (-)	20,473	16,476	(9)
26	of which: national specific regulatory adjustments (earnings to be distributed) (-)	2,073	1,877	
	of which: other than above	—	—	
1b	Total of share award rights and subscription rights to common shares	—	—	(14)
3	Accumulated other comprehensive income and other disclosed reserves	123,112	179,953	(10)+(11)+(12)+(13)
5	Common share capital issued by subsidiaries and held by non-controlling interests (amount allowed in group Common Equity Tier 1)	—	—	
6	Common Equity Tier 1 capital: instruments and reserves (A)	442,737	489,010	
Common Equity Tier 1 capital: regulatory adjustments				
8+9	Total intangible fixed assets (excluding those relating to mortgage servicing rights)	1,364	929	
8	of which: goodwill (including those equivalent)	—	—	
9	of which: other intangibles other than goodwill and mortgage servicing rights	1,364	929	(1)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	—	—	(3)
11	Deferred gains or losses on derivatives under hedge accounting	1,225	(66)	(11)
12	Shortfall of eligible provisions to expected losses	4,722	8,247	
13	Securitization gain on sale	—	—	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	—	—	
15	Asset for retirement benefits	18,246	17,546	(2)
16	Investments in own shares (excluding those reported in the Net assets section)	0	0	
17	Reciprocal cross-holdings in common equity	—	—	
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	7,722	—	
19+20+21	Amount exceeding the 10% threshold on specified items	—	—	
19	of which: significant investments in the common stock of financials	—	—	
20	of which: intangible fixed assets relating to mortgage servicing rights	—	—	
21	of which: deferred tax assets arising from temporary differences	—	—	
22	Amount exceeding the 15% threshold on specified items	—	—	
23	of which: significant investments in the common stock of financials	—	—	
24	of which: intangible fixed assets relating to mortgage servicing rights	—	—	
25	of which: deferred tax assets arising from temporary differences	—	—	
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	—	—	
28	Common Equity Tier 1 capital: regulatory adjustments (B)	33,282	26,657	
Common Equity Tier 1 capital (CET1)				
29	Common Equity Tier 1 capital (CET1) ((A)-(B)) (C)	409,454	462,353	
Additional Tier 1 capital: instruments				
31a	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as equity under applicable accounting standards	—	—	
31b	Total of share award rights and subscription rights to Additional Tier 1 instruments	—	—	
30	Directly issued qualifying Additional Tier 1 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—	—	
32	Qualifying Additional Tier 1 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
34	Additional Tier 1 instruments issued by subsidiaries and held by non-controlling interests (amount allowed in group Additional Tier 1)	—	—	
36	Additional Tier 1 capital: instruments (D)	—	—	
Additional Tier 1 capital: regulatory adjustments				
37	Investments in own Additional Tier 1 instrument	—	—	
38	Reciprocal cross-holdings in Additional Tier 1 instruments	—	—	
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	—	—	

Matters concerning the disclosure of leverage ratio

Millions of yen, %				
CC1: Composition of regulatory capital (consolidated)				
		a	b	c
Basel III Template No..	Items	Year ended March 31, 2025	Year ended March 31, 2024	Reference to Template CC2
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	—	—	
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deduction	—	—	
43	Additional Tier 1 capital: regulatory adjustments (E)	—	—	
Additional Tier 1 capital				
44	Additional Tier 1 capital ((D) – (E)) (F)	—	—	
Tier 1 capital (T1 = CET1 + AT1)				
45	Tier 1 capital (T1 = CET1 + AT1) ((C)+(F)) (G)	409,454	462,353	
Tier 2 capital: instruments and provisions				
46	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as equity under applicable accounting standards	—	—	
	Total of share award rights and subscription rights to Tier 2 instruments	—	—	
	Directly issued qualifying Tier 2 instruments plus related capital surplus of which: classified as liabilities under applicable accounting standards	—	—	(5)
	Qualifying Tier 2 instruments plus related capital surplus issued by special purpose vehicles and other equivalent entities	—	—	
48	Tier 2 instruments issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	—	—	
50	Total of general allowance for credit losses and eligible provisions included in Tier 2	316	82	
50a	of which: provision for general allowance for credit losses	316	82	
50b	of which: eligible provisions	—	—	
51	Tier 2 capital: instruments and provisions (H)	316	82	
Tier 2 capital: regulatory adjustments				
52	Investments in own Tier 2 instruments	—	—	
53	Reciprocal cross-holdings in Tier 2 instruments	—	—	
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	77	—	
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation	—	—	
57	Tier 2 capital: regulatory adjustments (I)	77	—	
Tier 2 capital (T2)				
58	Tier 2 capital (T2) ((H)-(I)) (J)	238	82	
Total capital (TC = T1 + T2)				
59	Total capital (TC = T1 + T2) ((G)+(J)) (K)	409,693	462,435	
Risk weighted assets				
60	Risk weighted assets (L)	3,006,311	2,944,602	
Capital ratio (consolidated)				
61	Common Equity Tier 1 capital ratio (consolidated) ((C)/(L))	13.61%	15.70%	
62	Tier 1 capital ratio (consolidated) ((G)/(L))	13.61%	15.70%	
63	Total capital ratio (consolidated) ((K)/(L))	13.62%	15.70%	
64	CET1 specific buffer requirement	2.51%	2.51%	
65	of which: capital conservation buffer requirement	2.50%	2.50%	
66	of which: countercyclical buffer requirement	0.01%	0.01%	
67	of which: G-SIB/D-SIB additional requirement			
68	CET1 available after meeting the minimum capital requirements	5.62%	7.70%	
Regulatory adjustments				
72	Non-significant investments in the capital of other financials that are below the thresholds for deduction (before risk weighting)	41,717	41,618	
73	Significant investments in the common stock of other financials that are below the thresholds for deduction (before risk weighting)	933	103	
74	Intangible fixed assets relating to mortgage servicing rights that are below the thresholds for deduction (before risk weighting)	—	—	
75	Deferred tax assets arising from temporary differences that are below the thresholds for deduction (before risk weighting)	—	—	
Provisions included in Tier 2 capital: instruments and provisions				
76	Provisions (general allowance for credit losses)	316	82	
77	Cap on inclusion of provisions (general allowance for credit losses)	1,164	917	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) (if the amount is negative, report as “nil”)	—	—	
79	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	16,591	16,387	

1. Matters concerning the composition of consolidated leverage ratio
(Fiscal year ended March 31, 2025)

		Millions of yen	
		FY2024	FY2023
Corresponding Line # on International Template (LR1)	Item		
1	Total assets reported in the consolidated balance sheet	7,528,217	7,970,551
2	Amount of assets of subsidiaries that are not included in the scope of the consolidated leverage ratio or Basel III leverage ratio (-)	—	—
3	Adjustments for securitization exposures that do not satisfy requirements for recognizing risk transfer	—	—
4	Adjustments due to exclusion pertaining to deposits in the central bank (-)	864,964	1,325,843
5	Amount of customer assets included in the consolidated balance sheet (-)		
6	Regulatory adjustments in cases of accounting for securities trading based on the trade date basis	—	—
7	Regulatory adjustments for fund transfers based on cash pooling agreements	—	—
8	Adjustments associated with derivative transactions, etc.	(17,166)	(21,291)
8a	Amount associated with derivative transactions, etc.	41,824	27,780
8b	Assets associated with derivative transactions, etc. (-)	58,991	49,071
9	Adjustments related to repo transactions, etc.	2,080	1,547
9a	Amount related to repo transactions, etc.	2,080	1,547
9b	Amount related to repo transactions, etc. (-)	—	—
10	Amount related to off-balance sheet transactions	132,581	123,066
11	Amount of adjustment items pertaining to Tier 1 capital (allowance for loan losses) (-)	4,722	8,247
12	Additional regulatory adjustments	(57,262)	(51,886)
12a	Amount of adjustment items pertaining to Tier 1 capital (other than allowance for loan losses) (-)	27,334	18,476
12b	Amount of customers' liabilities for acceptances and guarantees (-)	26,120	29,340
12c	Amount of receivables arising from providing collateral in relation to derivative transactions, etc. (limited to the portion corresponding to offset amounts)	—	—
12d	Amount of receivables arising from providing cash variation margin in relation to derivative transactions, etc. (-)	3,808	4,069
12e	Amount of assets of subsidiaries that are included in the scope of the consolidated leverage ratio or Basel III leverage ratio (except those included in the total assets reported in the consolidated balance sheet)	—	—
13	Total exposures	6,718,763	6,687,895

(Note) “Corresponding Line # on International Template (LR1)” refers to that in Table LR1 in the rule text of “Consolidated framework. DIS80 Leverage ratio” published by the Basel Committee on Banking Supervision on December 15, 2019.

		Millions of yen	
		FY2024	FY2023
Corresponding Line # on International Template (LR2)	Item		
On-balance sheet exposures			
1	On-balance sheet exposures before deducting adjustment items	6,578,141	6,566,295
2	Amount of receivables arising from providing collateral in relation to derivative transactions, etc. (limited to the portion corresponding to offset amounts)	—	—
3	Amount of receivables arising from providing cash variation margin in relation to derivative transactions, etc. (-)	3,808	4,069
4	Recorded amount of securities received through repo transactions, etc. (-)	—	—
5	Amount of adjustment items pertaining to Tier 1 capital (allowance for loan losses) (-)	4,722	8,247
6	Amount of adjustment items pertaining to Tier 1 capital (other than allowance for loan losses) (-)	27,334	18,476
7	Total on-balance sheet exposures (A)	6,542,276	6,535,502
Derivative transaction exposures			
8	Replacement cost associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	26,334	13,870
9	Add-on amount for potential future exposure associated with derivatives transactions, etc. (with the 1.4 alpha factor applied)	15,490	13,909
10	Amount of exposures to central counterparties zeroed when the debt performance of qualified central counterparties is not guaranteed for indirect settlement participants (-)	—	—
11	Amount of adjusted effective notional amount of written credit derivatives, etc.	—	—
12	Amount of deductions from effective notional amount of written credit derivatives, etc. (-)	—	—
13	Total exposures related to derivative transactions (B)	41,824	27,780

		Millions of yen	
		FY2024	FY2023
Corresponding Line # on International Template (LR2)	Item		
Repo transaction exposures			
14	Amount of assets related to repo transactions, etc.	—	—
15	Amount of deductions from repo transactions, etc. (-)	—	—
16	Amount of counterparty risk exposure for repo transactions, etc.	2,080	1,547
17	Amount of agent transaction exposures		
18	Total exposures related to repo transactions, etc. (C)	2,080	1,547
Other off-balance sheet exposures			
19	Notional amount of off-balance sheet transactions	485,740	465,569
20	Amount of adjustments for conversation to in relation to off-balance sheet transactions (-)	353,158	342,502
22	Total exposures related to off-balance sheet transactions (D)	132,581	123,066
Consolidated leverage ratio or Basel III leverage ratio			
23	The amount of capital (Tier 1 capital) (E)	409,454	462,353
24	Total exposures ((A) + (B) + (C) + (D)) (F)	6,718,763	6,687,895
25	Consolidated leverage ratio or Basel III leverage ratio ((E) / (F))	6.09	6.91
26	Applicable required consolidated leverage ratio or Basel III leverage ratio	3.15	3.00
27	Applicable required consolidated leverage buffer ratio or Basel III leverage buffer ratio	0.00	0.00
Consolidated leverage ratio or Basel III leverage ratio including deposits in Bank of Japan			
	Total exposures (F)	6,718,763	6,687,895
	Amount of deposits in Bank of Japan	864,964	1,325,843
	Total exposures including deposits in Bank of Japan (F')	7,583,727	8,013,739
	Consolidated leverage ratio or Basel III leverage ratio including deposits in Bank of Japan ((E) / (F'))	5.39	5.76
Disclosure of average values			
28	Average value of assets related to repo transactions, etc. (after deductions) ((G) + (H))	—	—
	Average value of assets related to repo transactions, etc. (G)	—	—
	Average value of deductions from repo transactions, etc. (-) (H)	—	—
29	Quarter-end value of assets related to repo transactions, etc. (after deductions) ((I) + (J))	—	—
	14 Quarter-end value of assets related to repo transactions, etc. (I)	—	—
	15 Quarter-end value of deductions from repo transactions, etc. (-) (J)	—	—
30	Total exposures (using average value of assets related to repo transactions, etc. (after deductions) and excluding deposits in Bank of Japan) (K)	6,718,763	6,687,895
30a	Total exposures (using average value of assets related to repo transactions, etc. (after deductions) and including deposits in Bank of Japan) (L)	7,583,727	8,013,739
31	Consolidated leverage ratio or Basel III leverage ratio (using average value of assets related to repo transactions, etc. (after deductions) and excluding deposits in Bank of Japan) ((E) / (K))	6.09	6.91
31a	Consolidated leverage ratio or Basel III leverage ratio (using average value of assets related to repo transactions, etc. (after deductions) and including deposits in Bank of Japan) ((E) / (L))	5.39	5.76

(Note) "Corresponding Line # on International Template (LR2)" refers to that in Table LR2 in the rule text of "Consolidated framework. DIS80 Leverage ratio" published by the Basel Committee on Banking Supervision on December 15, 2019.

2. Reasons for any significant disparities in consolidated leverage ratio compared to the previous fiscal year (if any)

Not applicable.

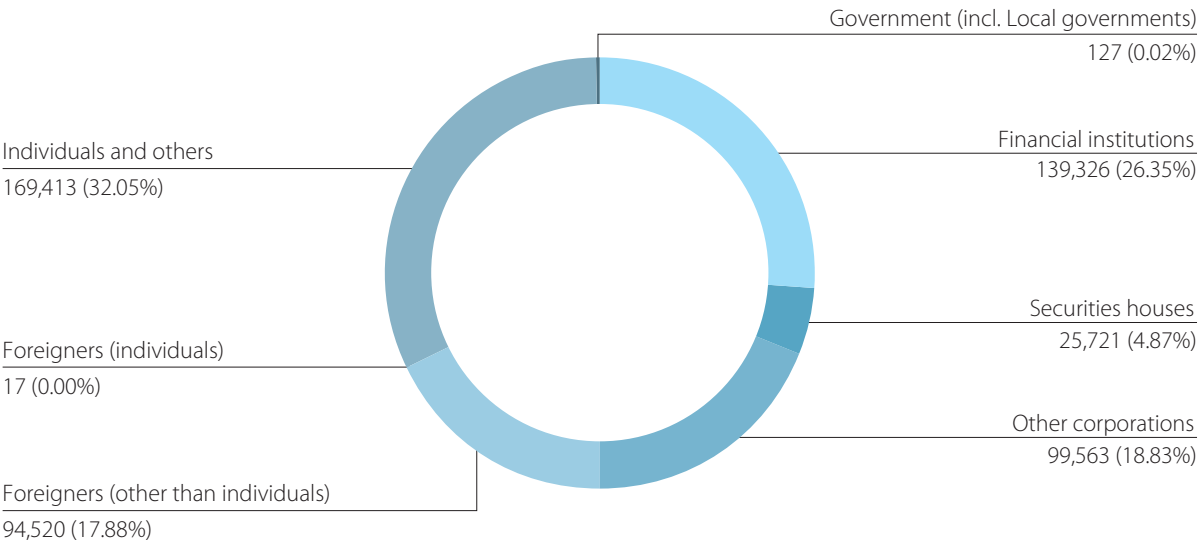
Stock Information

As of March 31, 2025

Major shareholders

	Number of shares held (Thousand shares)	As a percentage of total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,772	8.18
Tachibana Securities Co., Ltd.	1,829	3.96
Nippon Life Insurance Company	1,610	3.49
Meiji Yasuda Life Insurance Company	1,599	3.47
Custody Bank of Japan, Ltd. (Trust account)	1,482	3.21
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: MUFG Bank, Ltd.)	1,438	3.12
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd.)	1,122	2.43
Employee Stock Ownership of Shiga Bank	1,069	2.32
Sompo Japan Insurance Inc.	1,012	2.19
THE KYOTO CHUO SHINKIN BANK	950	2.06
Total	15,887	34.47

Number of shares held by type of shareholder (Thousand shares)



Note: Figures in parentheses represent voting rights as a percentage of the total voting rights held by each shareholder segment.

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