

Investor Relations Meeting for the Six Months Ended September 30, 2019

December 12, 2019



SAN-IN GODO BANK

Table of Contents

I. Summary of Financial Report for the Six Months Ended September 30, 2019

1. Summary of Earnings for 1H/FY2019
2. Interest Income
3. Deposits and Loans
4. Securities
5. Redemptions of Yen-denominated Bonds/Interest Rate Risk
6. Net Fees and Commissions
7. Credit Costs and NPLs
8. Earnings Forecasts for FY2019

II. Management Strategies

1. Concepts Underlying FY2019 Plans
2. Improving Income from Services for Customers
3. Enhancing the Competitiveness of Regional Industries—Improvement of the Corporate Value of Our Clients
4. Implementing Relationship Banking
5. Enhancing Competitiveness of Regional Industries—Support by Industry and Business Category
6. Strategies by Region (San-in)
7. Strategies by Region (Sanyo, Hyogo, Osaka)
8. Strategies by Region (Tokyo) (structured finance)
9. Measures to be implemented after core banking system migration (starting from January 2020)
10. Comprehensive business alliance in brokerage of financial products
11. Enhancing Individual Loan Business
12. Credit Card Business / Promotion of Cashless Payments
13. Personnel Strategy to Keep Each Employee Highly Motivated
14. Capital Policy and Shareholder Return
15. Initiatives to Realize Sustainable Communities
16. ESG (Environment)
17. ESG (Society)
18. ESG (Governance)

I. Summary of Financial Report for the Six Months Ended September 30, 2019

1. Summary of Earnings for the Six Months Ended September 30, 2019

Summary of Earnings (Non-consolidated)

(Billion yen)	Six Months Ended September 30, 2018	YoY change	Six Months Ended September 30, 2019
	Gross banking profit	25.2	3.6
Net interest income	26.3	(0)	26.2
Interest on loans	16.3	0.1	16.5
Dividends on securities	11.7	(0.9)	10.8
Net fees and commissions	2.9	(0.2)	2.7
Net loss related to bond transactions	(4.0)	3.8	(0.2)
Gross core banking profit	29.3	(0.1)	29.1
Expenses	18.7	0.1	18.9
Personnel expenses	9.2	0.4	9.7
Non-personnel expenses	8.1	(0.2)	7.8
Transfer to the general loan loss reserve (1)	0.8	(0.8)	(0)
Net banking profit	5.6	4.3	9.9
Adjusted net banking profit	6.4	3.4	9.9
Net core banking profit	10.5	(0.3)	10.2
Excl. net gains on cancellation of investment trusts	10.5	(1.9)	8.6
Nonrecurring gains	3.5	(4.2)	(0.7)
Bad debt disposals (2)	0.5	0.4	0.9
Gains on reversals from loan loss reserve (3)	—	—	—
Gains on stocks	4.0	(4.0)	(0)
Ordinary profit	9.1	0	9.2
Extraordinary profit (loss)	(0)	(0.1)	(0.1)
Interim net income (loss)	6.2	0	6.3
Credit costs (1)+(2)-(3)	1.3	(0.4)	0.9

Summary of Earnings (Consolidated)

(Billion yen)	Six Months Ended September 30, 2018	YoY change	Six Months Ended September 30, 2019
	Ordinary income	50.1	(6.2)
Ordinary profit	9.6	(0.3)	9.3
Interim profit attributable to owners of parent	6.6	(0.3)	6.3

Financial Highlights for the Six Months Ended September 30, 2019 (Non-consolidated)

Net interest income (A)

- Net interest income was kept largely unchanged year on year due to efforts under the Bank of Japan's negative interest rate policy, including increasing lending through business support activities and diversification of securities investments. (Funding costs, including interest on deposits and interest paid on bonds lending transactions, decreased by 700 million yen.)

Net fees and commissions (B)

- Despite lower expenses, a decline in fees, including fees related to assets under custody and business support fees, led to a YoY decrease of 200 million yen.

Gains (losses) on securities (C)(D)

- Net loss related to bond transactions improved by 3.8 billion yen year on year due to the recording of loss on sales of U.S. treasury bonds last year.
- Gains on stocks decreased by 4 billion yen year on year due to the recording of gains on sale of ETF, etc. last year.

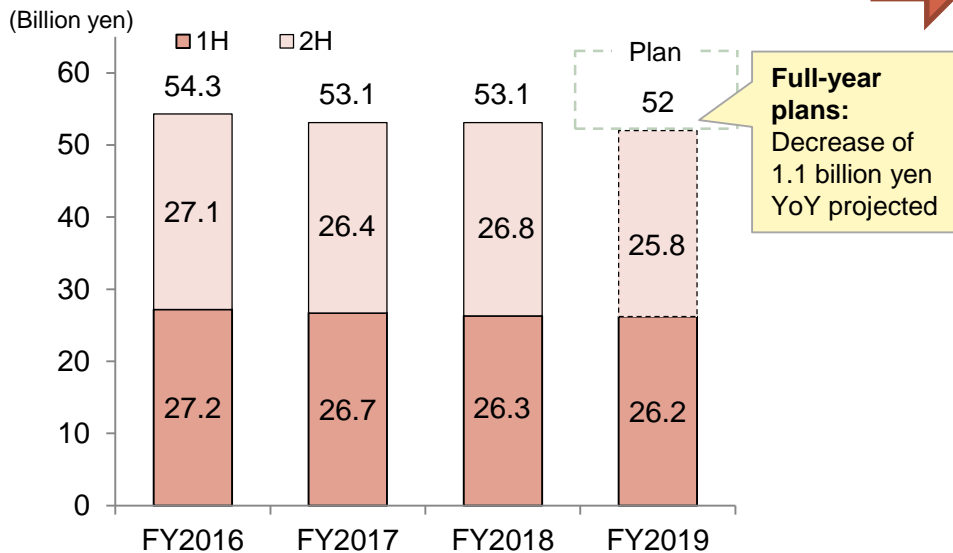
Credit costs (E)

- Declined 400 million yen year on year due to provisions from the general reserve for possible loan losses.

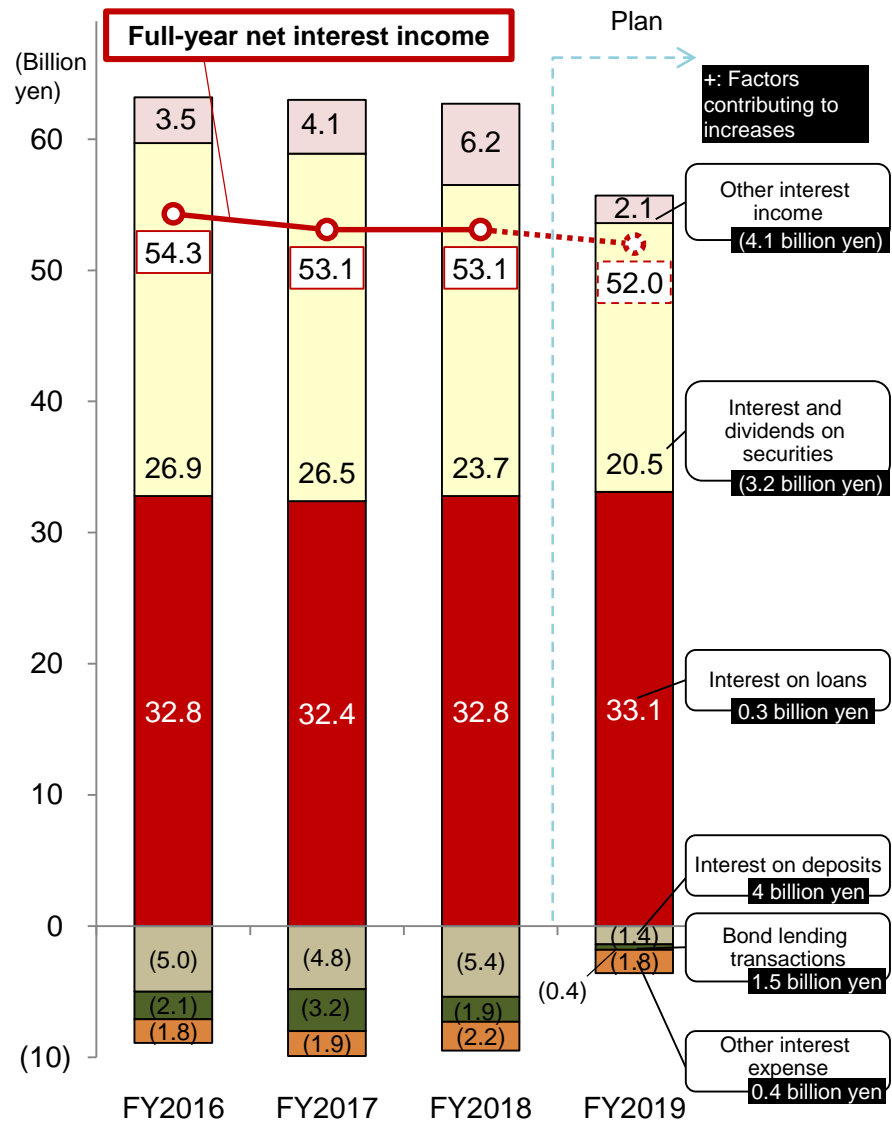


2. Interest Income

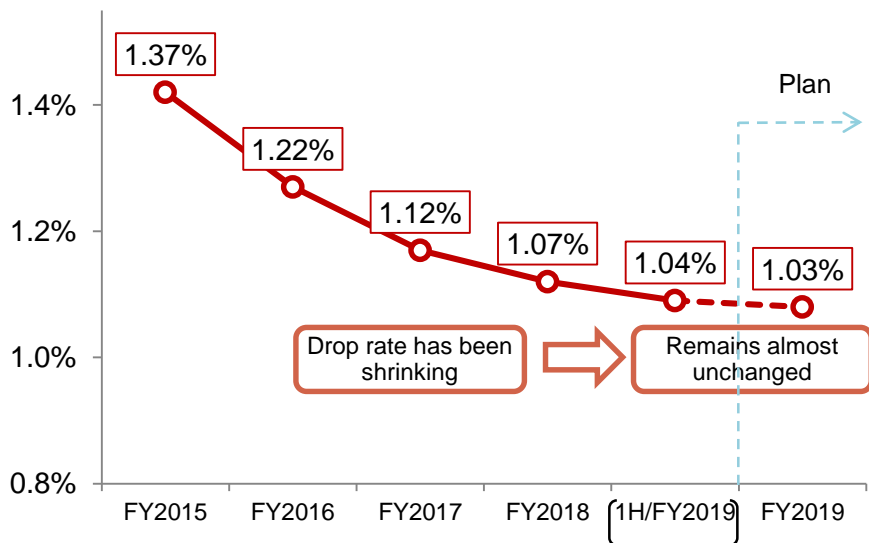
Net interest income ①



Net interest income ② (breakdown)

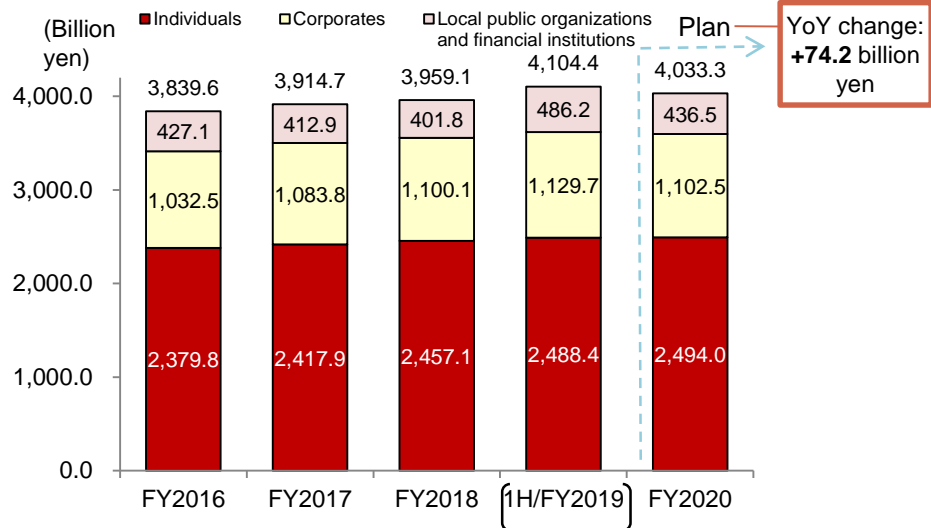


Yields on yen-denominated loans

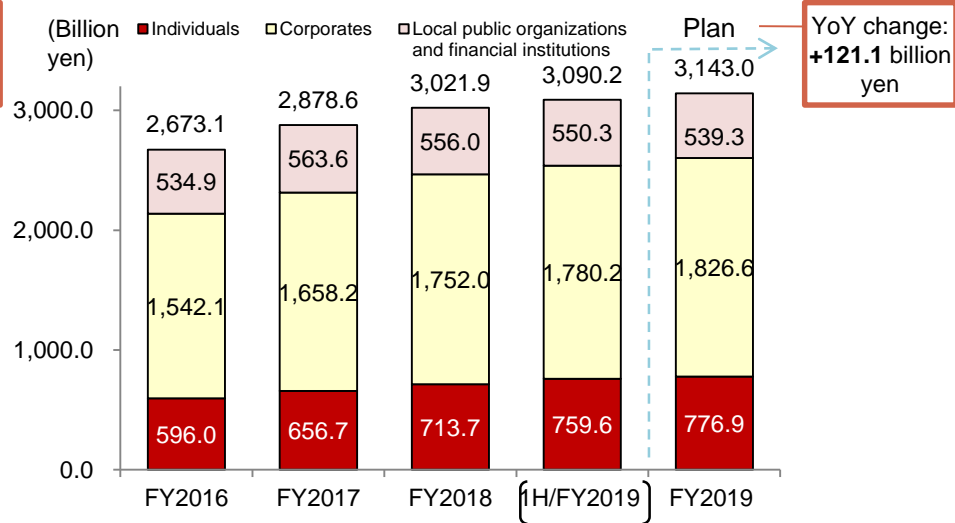


3. Deposits and Loans

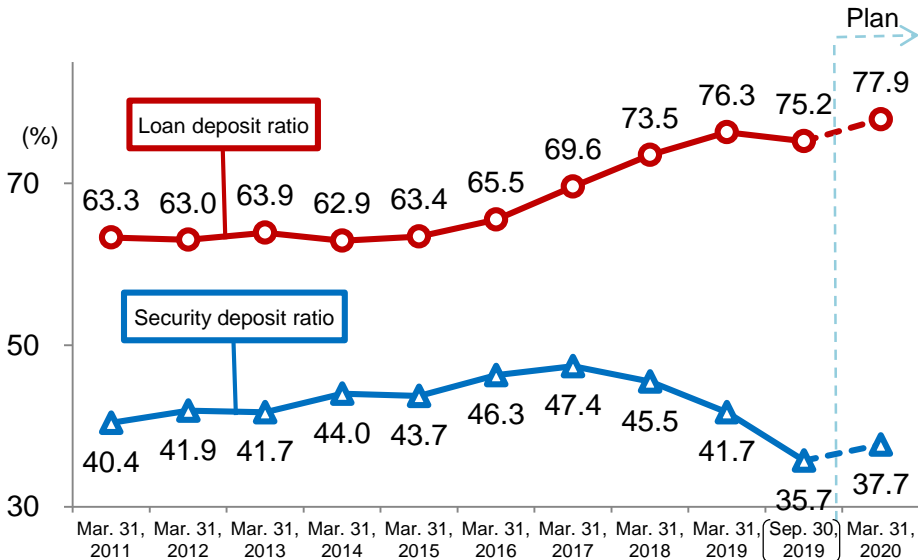
Deposits and NCDs (average balance)



Total Loans (average balance)

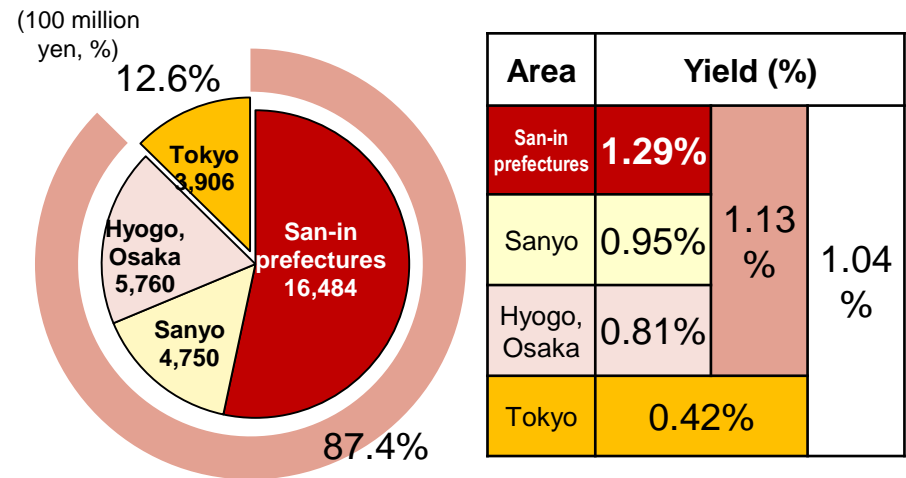


Trends in Loan Deposit Ratio and Security Deposit Ratio



Loan deposit ratio = average balance of loans ÷ average balance of deposits (including NCDs)
 Security deposit ratio = average balance of securities ÷ average balance of deposits (including NCDs)

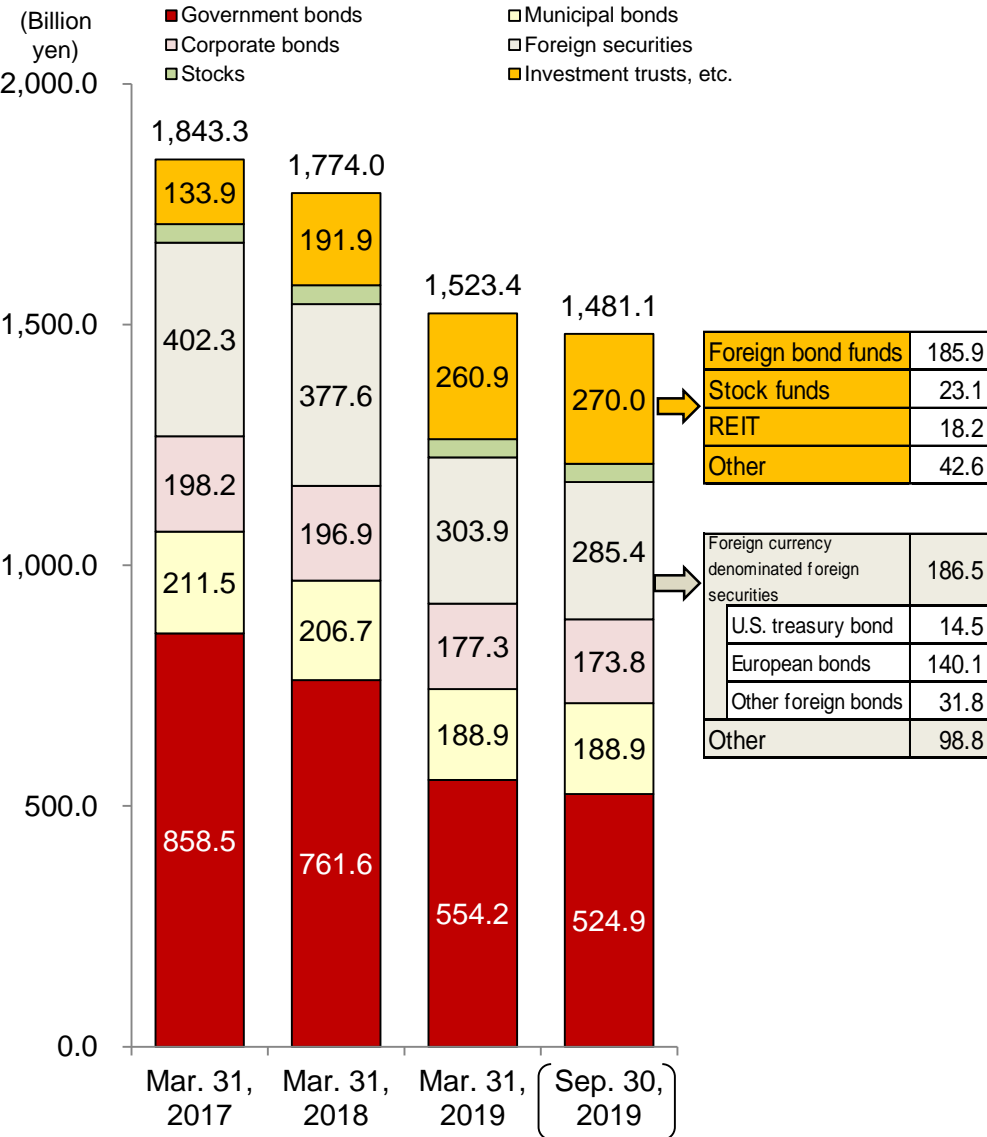
Average loan balance and yield by area



*Average loan balance and weighted average yield by area, based on average gross loan balance of 3.0902 trillion yen in the period ended September 2019, minus 1.5 billion yen in head office accounts

4. Securities

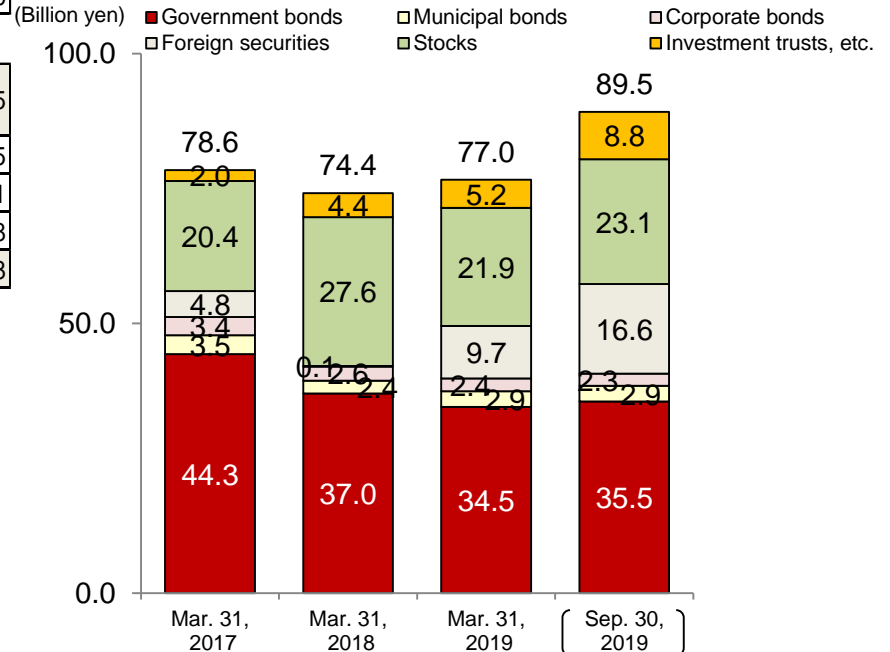
Balance of Securities (Acquisition cost-based)



Yields on Securities

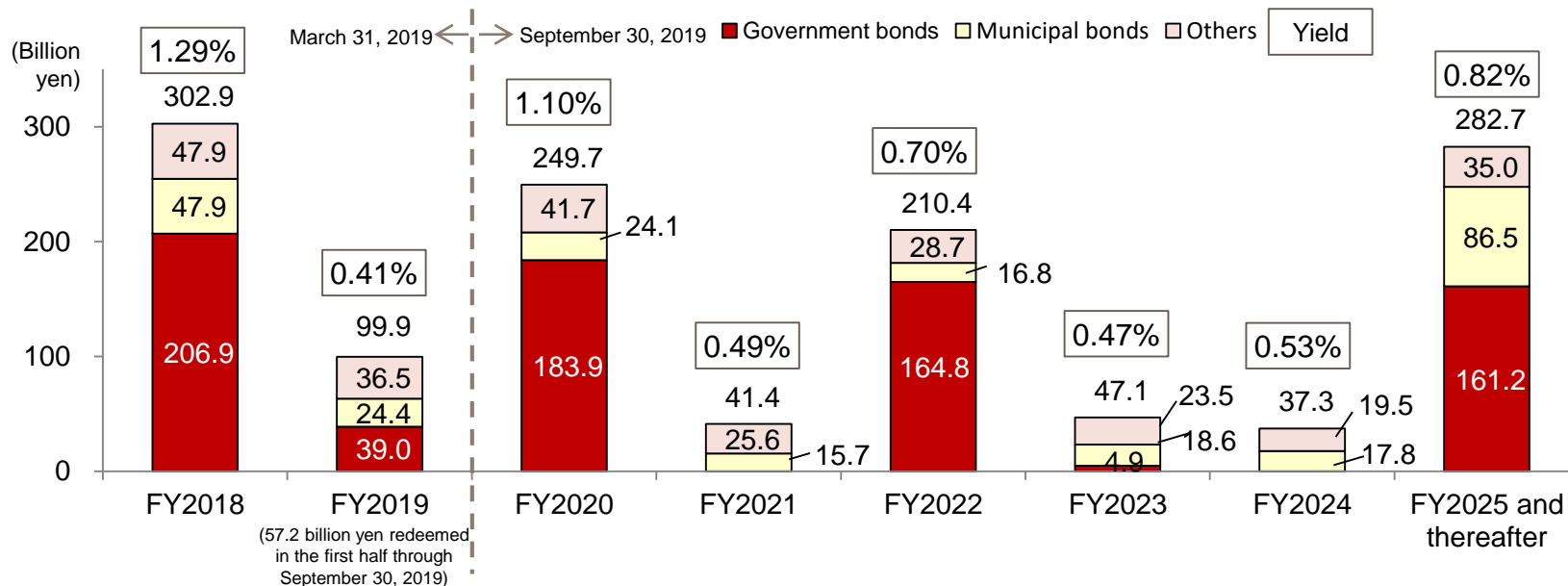
	FY2016	FY2017	FY2018	1H/FY2019
Government bonds	1.27%	1.22%	1.18%	1.13%
Municipal bonds	0.85%	0.76%	0.58%	0.49%
Corporate bonds	0.72%	0.62%	0.53%	0.49%
Foreign securities	2.32%	2.28%	2.04%	1.77%
Stocks	3.49%	4.60%	4.03%	4.19%
Investment trusts, etc.	2.00%	1.95%	2.15%	2.89%
Total securities	1.47%	1.48%	1.43%	1.47%

Revaluation gains/losses on available-for-sale securities

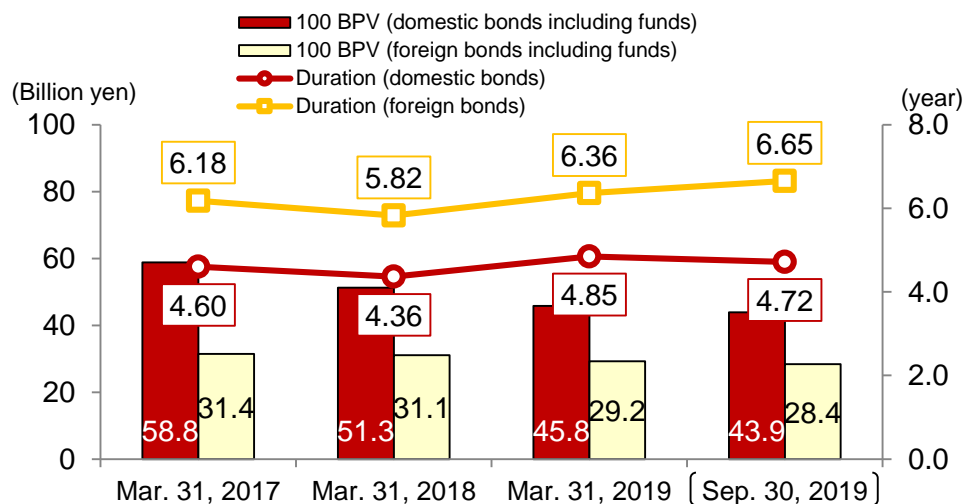


5. Redemptions of Yen-denominated Bonds/Interest Rate Risk

Composition of Redemptions of Yen-denominated Bonds



Interest Rate Risk / Duration



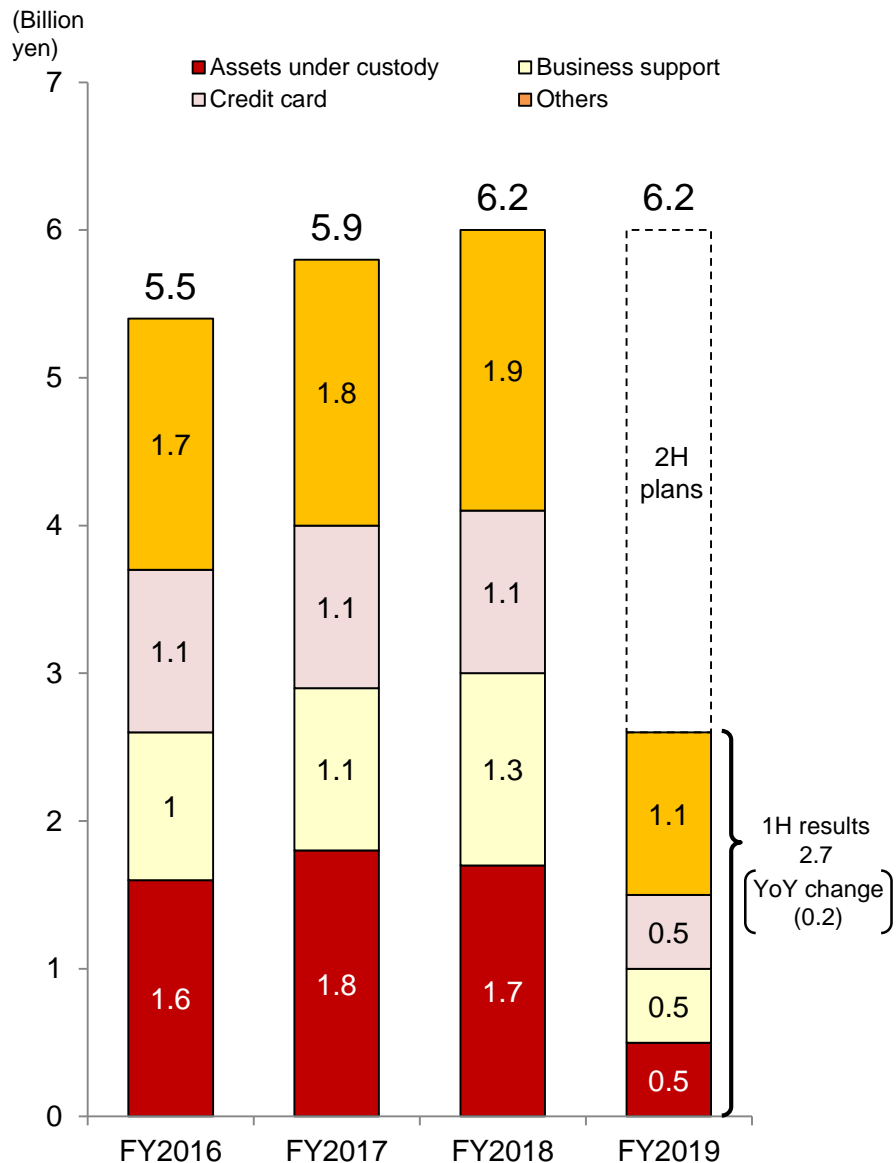
Interest Rate Risk in the Banking Book (IRRBB)

Maximum Δ EVE (Economic Value of Equity)	27.4 billion yen
Equity capital	306.5 billion yen
Materiality test (Max. Δ EVE \div equity capital)	8.9% < 20%



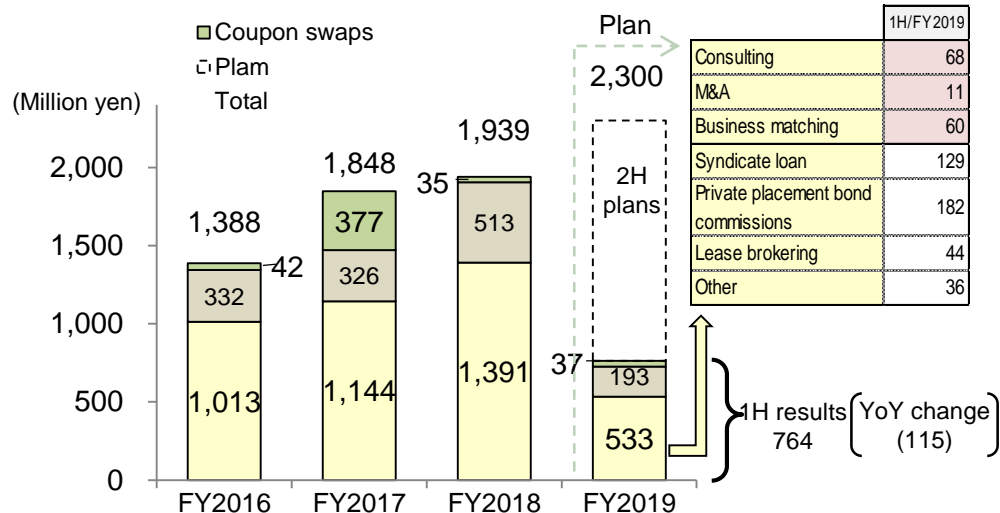
6. Net Fees and Commissions

Fees and Commissions



* Credit card and other fees and commissions are net of expenses.

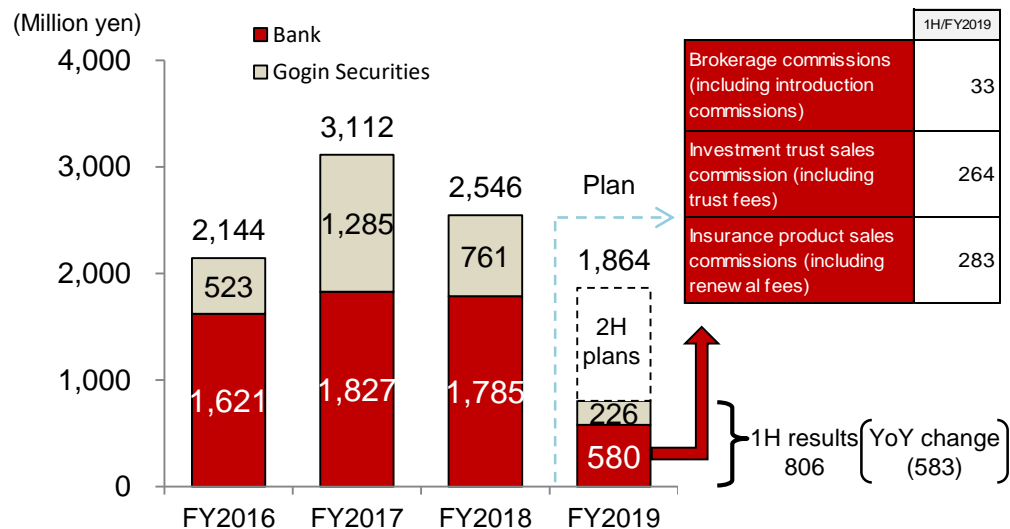
Business Support Fees and Commissions



	1H/FY 2019
Consulting	68
M&A	11
Business matching	60
Syndicate loan	129
Private placement bond commissions	182
Lease brokering	44
Other	36

* Expected profits for the entire periods for private placement bond guarantee fees and coupon swaps are included.

Group's Assets under Custody Commissions

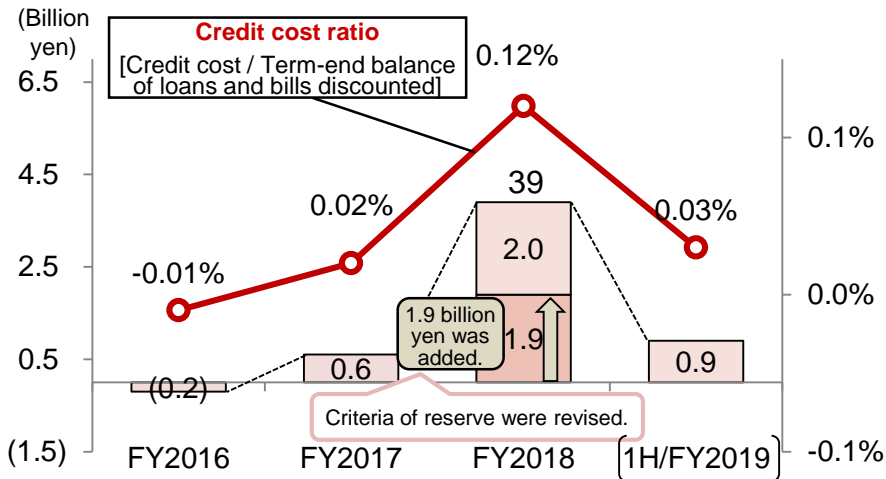


	1H/FY 2019
Brokerage commissions (including introduction commissions)	33
Investment trust sales commission (including trust fees)	264
Insurance product sales commissions (including renewal fees)	283

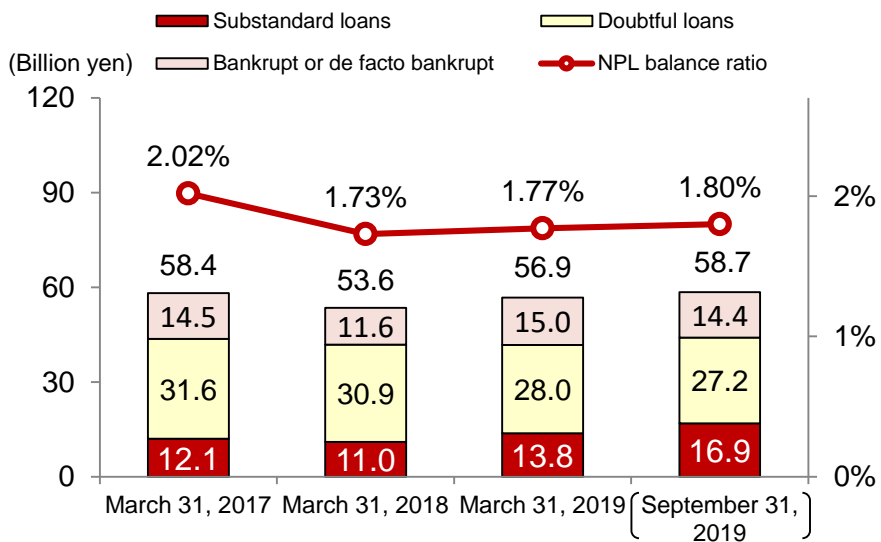


7. Credit Costs and NPLs

Credit Costs



Loans Based on the Financial Reconstruction Act



Comparison to other regional banks

Gross lending			Loan loss reserve (general + individual)		
Ranking	Bank	(100 million yen)	Ranking	Bank	(100 million yen)
1	Yokohama	115,244	1	Fukuoka	848
2	Chiba	106,777	2	77	571
3	Fukuoka	106,282	3	Kagoshima	432
4	Shizuoka	89,315	4	Yokohama	426
			5	Hokkoku	404
29	Daishi	34,725	6	Gunma	398
30	Nanto	34,401	7	Shizuoka	393
31	San-in Godo	32,539	8	San-in Godo	371
32	Kiyo	30,712	9	Nishi-nippon City	360
33	114	28,906	10	Chugoku	342
34	Hokkoku	26,359	11	Joyo	333
35	Chiba Kogyo	21,541	12	82	327
36	18	21,333	13	Hiroshima	307
37	Miyazaki	20,316	14	Ashikaga	298
38	Awa	19,470	15	Yamaguchi	278
Regional bank average		34,504	Regional bank average		195

Source: Prepared by the Bank based on materials on financial results through September 2019 announced by 63 regional banks other than Suruga Bank. Gross lending is based on claims disclosed under the Act on Emergency Measures for the Revitalization of Financial Functions.



8. Earnings Forecasts for FY2019

(Consolidated)

(Billion yen)	FY2018	1H/FY2019	FY2019		FY2020 Target
			Change from Mar. 2019	Forecast	
Ordinary income	97.8	43.8	(92.0)	88.5	
Ordinary profit	19.2	9.3	(10.0)	18.2	
Interim profit attributable to owners of parent	13.2	6.3	(10.0)	12.1	13.8 or more

Non-interest income ratio	15.54%	14.07%	(0.28)%	15.26%	19% or more
ROE (Shareholders' equity basis)	4.21%	3.96%	(0.44)%	3.77%	4.2% or more

(Non-consolidated)

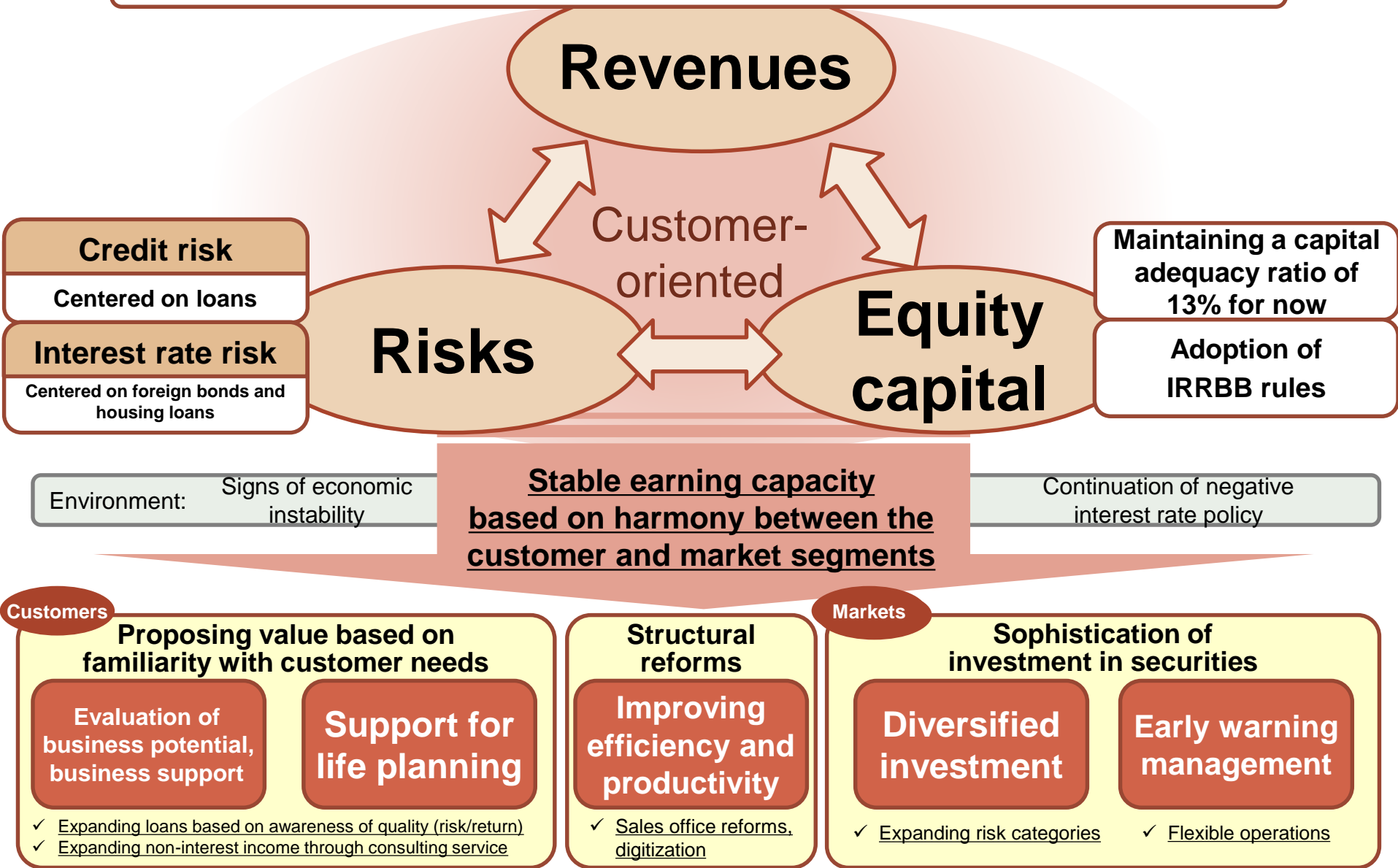
(Billion yen)	FY2018	1H/FY2019	FY2019		FY2020 Target
			Change from Mar. 2019	Forecast	
Gross core banking profit	59.5	29.1	(8.0)	58.6	
Net interest income	53.1	26.2	(10.0)	52.0	
Net fees and commissions	6.2	2.7	0.0	6.2	
Expenses	36.9	18.9	9.0	37.9	
Personnel expenses	18.6	9.7	6.0	19.3	
Non-personnel expenses	16.2	7.8	(2.0)	16.0	
Net core banking profit	22.5	10.2	(18.0)	20.7	
Gains (losses) on securities	0.5	(0.2)	11.0	1.7	
Credit costs	3.9	0.9	(14.0)	2.5	
Net income	13.4	6.3	(11.0)	12.3	

OHR	62.12%	65.00%	2.57%	64.69%	63% or less
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II. Management Strategies

1. Concepts Underlying FY2019 Plans

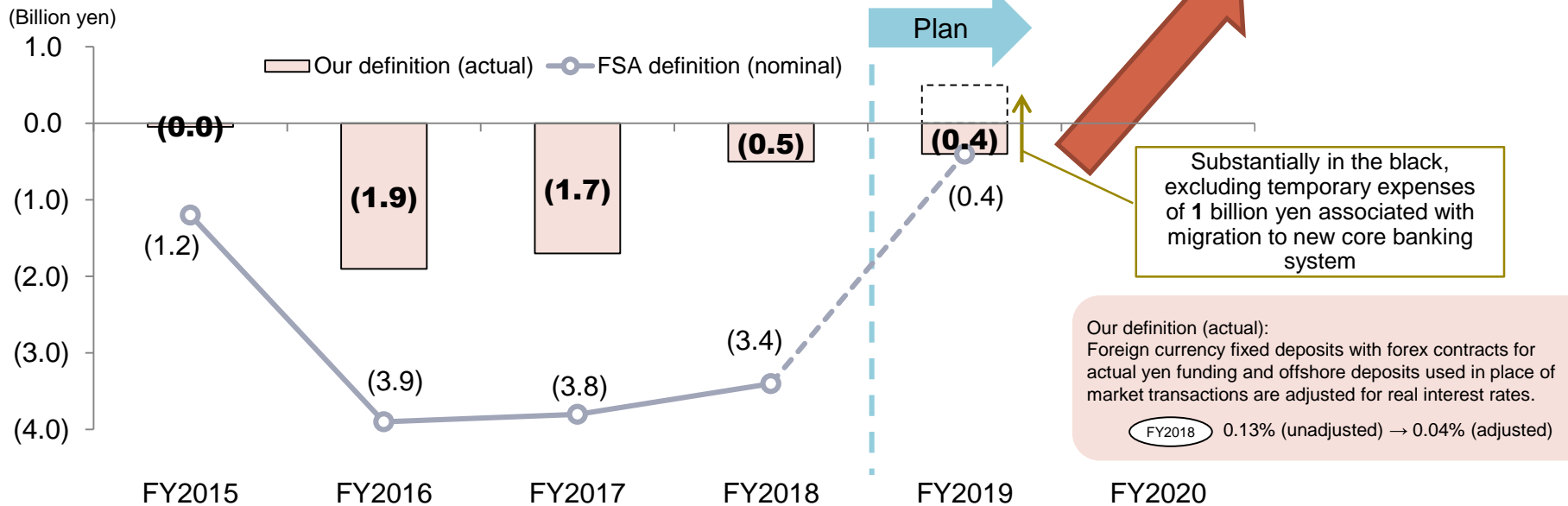
Maximization with consideration for risk tolerance and stability of revenues



2. Improving Income from Services for Customers

Improvements are underway at a faster than anticipated pace. We will strive to improve results by enhancing earning power and thorough structural reforms.

Plans for income from services for customers



Customer-oriented co-creation of added value

Corporate

■ **Integrated provision of business support and finance to help increase added value of clients, based on relationship banking activities**

⇒ Strengthening efforts in the consulting field and lending to medium-risk borrowers

Individual

■ **Building long-term transaction relationships by increasing convenience and specialization in response to diversifying needs**

⇒ Strengthening points of contact with loan and asset management customers by linking employees of partner companies with Internet and smartphone channels; broadening the base of asset-building customers and turning this into a recurring revenue model.

Structural reforms

■ **Reviewing branch roles and personnel structures and advancing digitization to thoroughly improve the efficiency and productivity of business processes**

HR

■ **Training specialized human resources capable of meeting diversifying and more sophisticated customer needs; assigning such personnel to strategic fields**

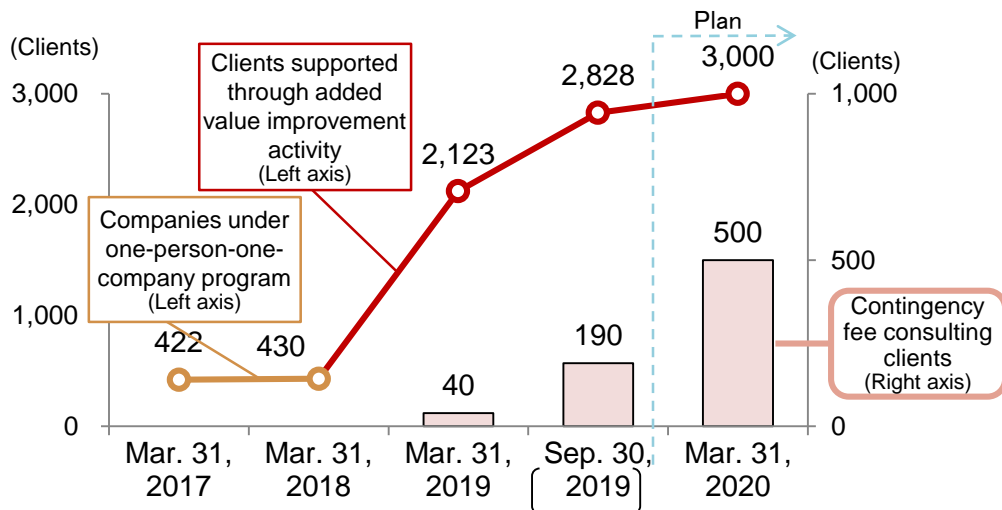


3. Enhancing the Competitiveness of Regional Industries —Improvement of the Corporate Value of Our Clients

Steady expansion of the basis of efforts to increase added value

⇒ Enhancing consulting for clients to help increase their added value and linking this to our growth

Expanding the basis of efforts to increase added value

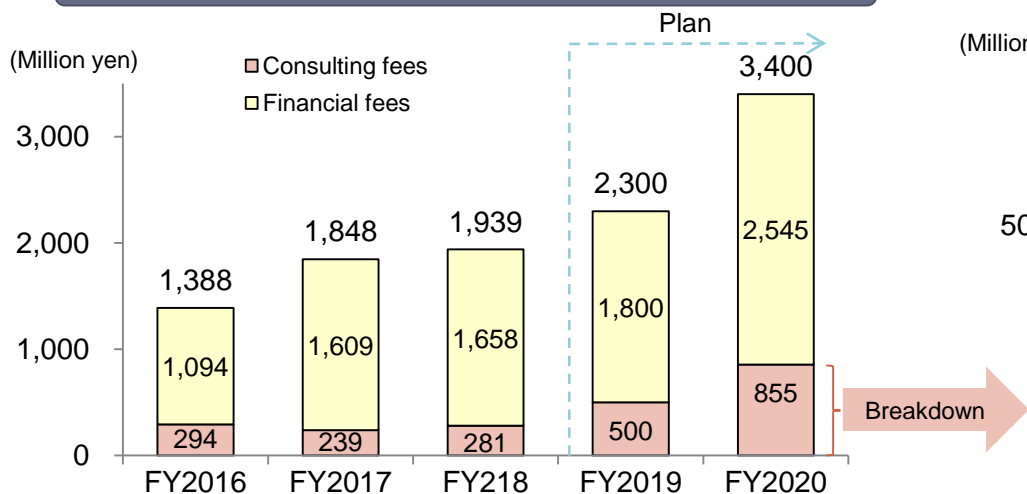


Helping clients realize gains in true added value

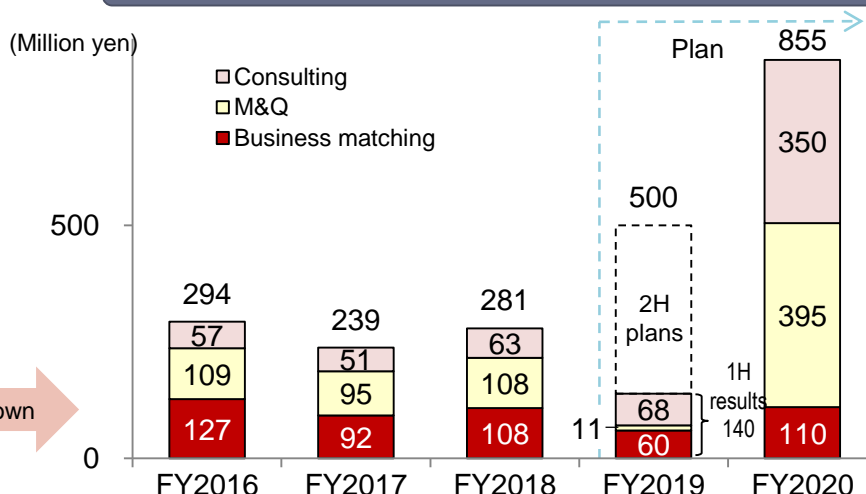
Consulting fields

- Contingency fee consulting
- Support for business succession/M&A
- Business matching
- Support for business plans
- Consulting by our employees stationed at clients' offices
- Support for primary industries in the region

Plans for consulting-related fees



Plans for Business Support Fees and Commissions



4. Implementing Relationship Banking

Support for primary industries in the region

- Steadily implementing measures to establish a new industrial research section and assign specialists, as called for in the medium-term plan
- Aiming to improve the region's earning capabilities and contribute to a positive economic cycle through alliances with external partners, including regional public agencies and universities

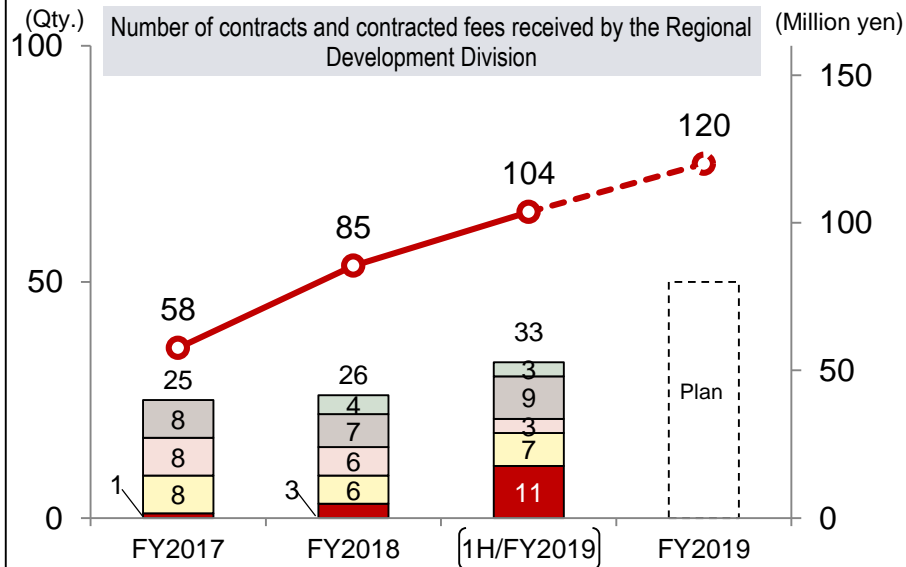
Primary industries

- Accommodations, tourism
- Food product manufacturing
- Medical and long-term care
- Companies capable of leading future development in the region

Support for increasing added value

- Creating a regional brand, hub development
- Expanding the commercial spheres of regional businesses
- Improving productivity through adoption of IT and other means
- Support for international expansion

- Accommodations, tourism
- Other primary industries
- Industrial research
- Medical and long-term care
- Business continuity
- Contracted fees (right axis)



M&A transactions

M&A support for business development and continuity

Consultation

Interviewing customers on management topics

Management topics

- Lack of successors
- Shortage of human resources
- New investment



SAN-IN GODO BANK

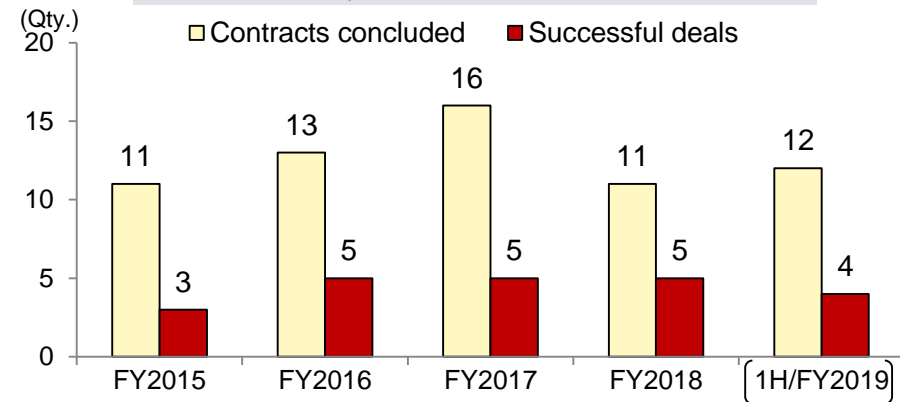
Support

Proposing M&As as solutions to management issues

Results

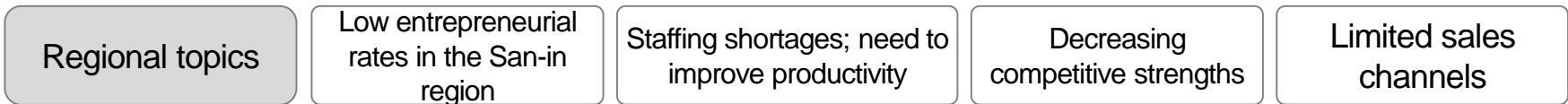
- Solutions to successor issues
- Further business expansion

M&A advisory contracts and successful deals



5. Enhancing Competitiveness of Regional Industries — Support by Industry and Business Category

We help tap regional potential by resolving the challenges faced by regional industries and groups of companies.



Entrepreneurial support

The SAN-IN Innovation Program (SIP), 2019

July-December 2019

- After the 2018 SIP, the second SIP was held this year.
- Progress is being made on developing visions and improving teamwork based on 10 business ideas.



SIP2018 business ideas

- Three businesses have been incorporated (as of October 31, 2019).
- Three teams plan to launch businesses (during FY2019).
- Multiple other alliance projects have been launched.

Support for increasing productivity through IT adoption

Gogin IT consultation event held

August 2019

Adoption of IT
Use of Internet

Business efficiency improvements
Increased sales



IT consultation event held for partners with which consulting contracts involving results-based compensation have been concluded

Highly evaluated. Nearly 90% of participants indicating they were "satisfied"

Making the region more attractive as a whole

Adoption of cashless settlement at Matsue Castle and surrounding tourism facilities

Starting from October 2019

Usable for admission fees to Matsue Castle, Bukeyashiki, the Lafcadio Hearn Memorial Museum, and other facilities

Cash only



Credit card payment, QR code payment, e-money, etc.

Increased convenience for travelers to improve the region's attraction

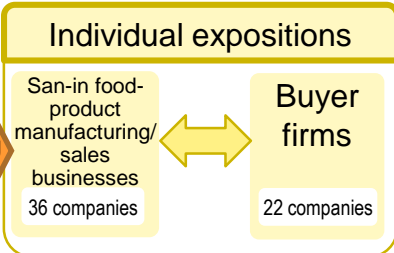
Support for growing sales channels

Third value-improvement exposition held for the food industry

July 2019

Guidance provided for seller firms on improving marketing abilities using the Support for the Future program of dispatching experts in advance offered by the Small and Medium Enterprise Agency

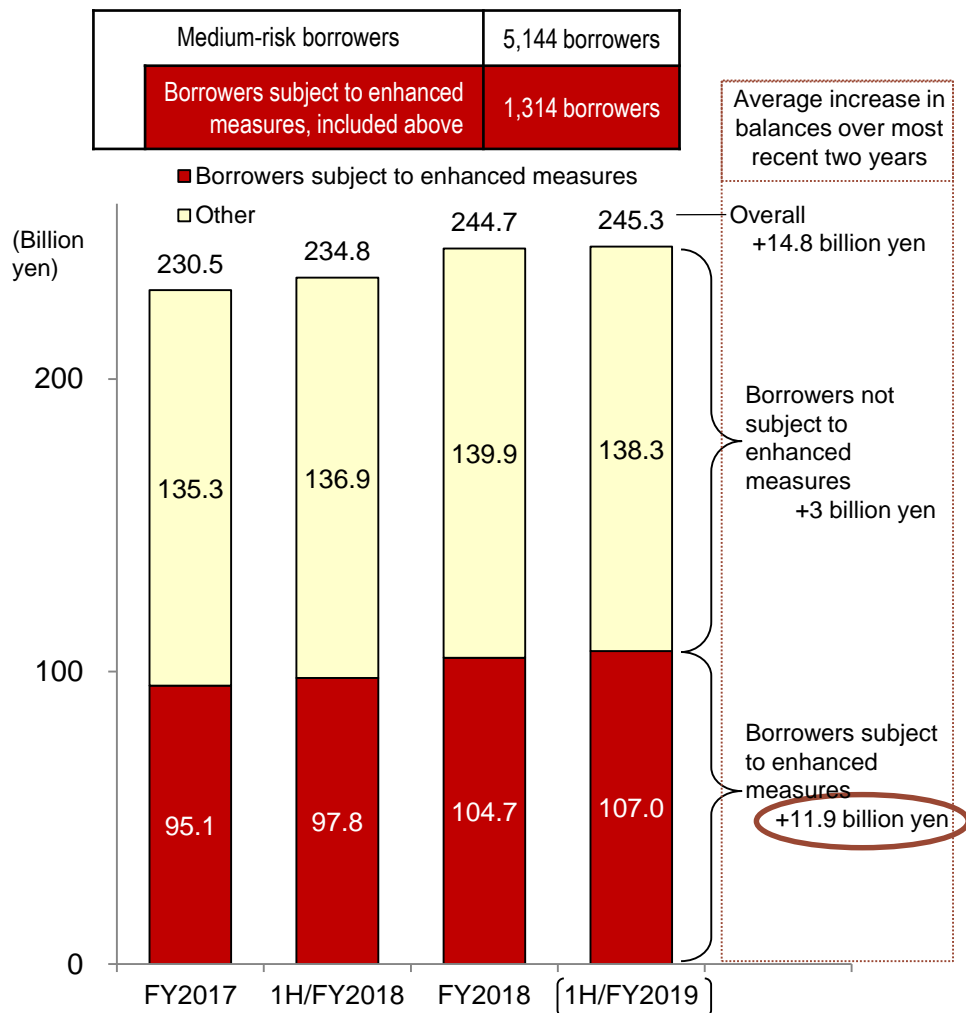
Improved marketing abilities



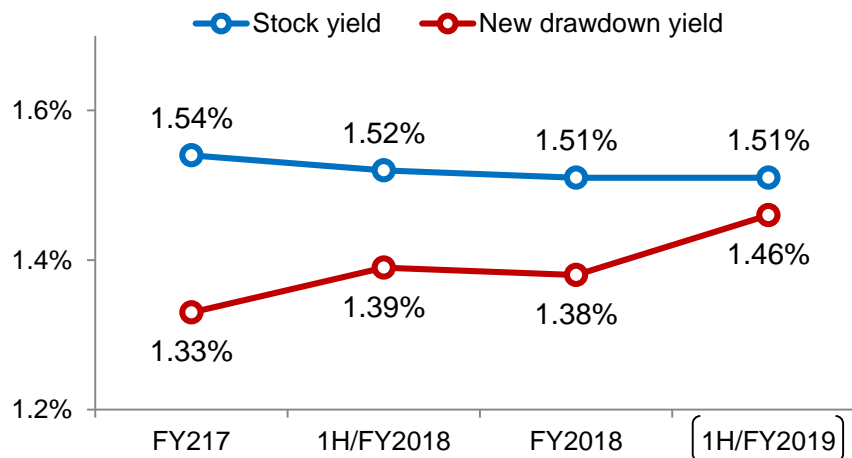
6. Strategies by Region (San-in)

Targeting the growth of customer businesses and the Bank through dialogue

Average balance of loans to medium-risk borrowers* during the period



Yields for borrowers subject to enhanced measures



Prioritizing dialogue with customers above all

Client growth: business performance improves.

Loan growth: yield improves.

Support for core businesses, support for financing

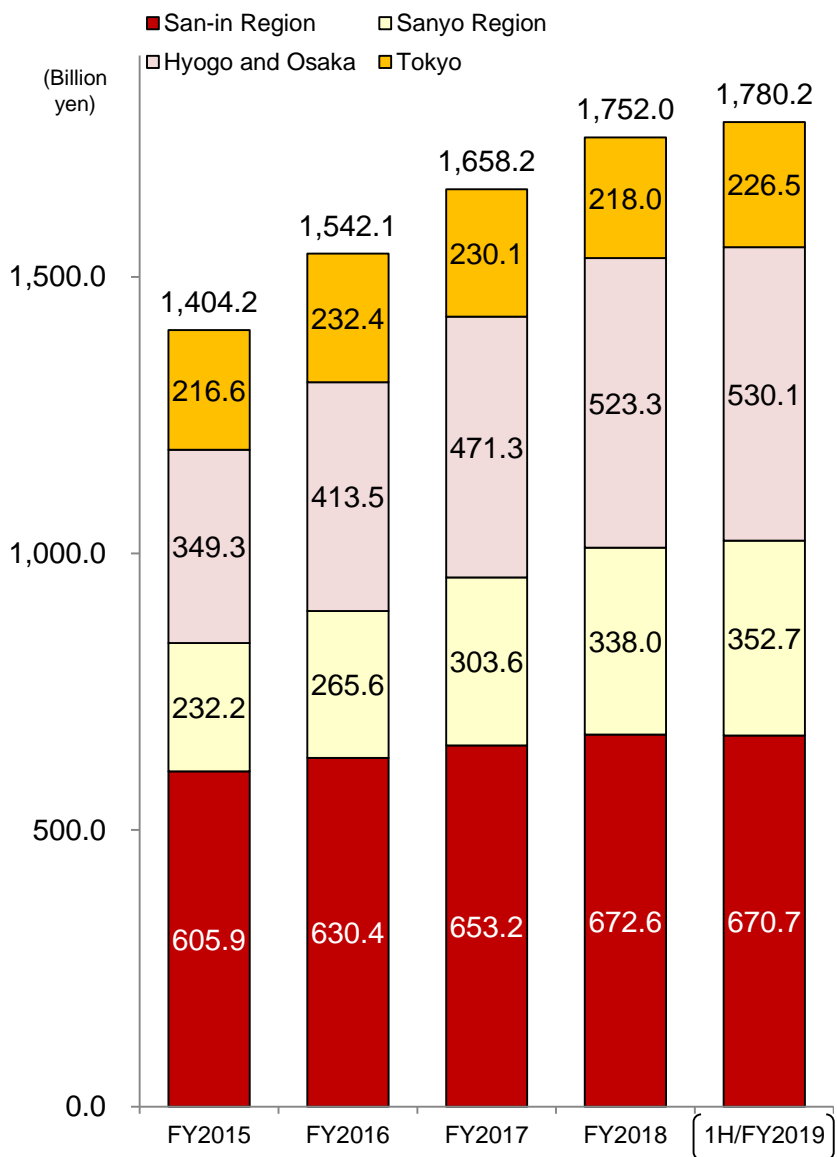
Dialogue with customers (evaluation of business potential)

* The graph shows average balances and yields from past periods through FY2019/1H for medium-risk borrowers and borrowers subject to enhanced measures



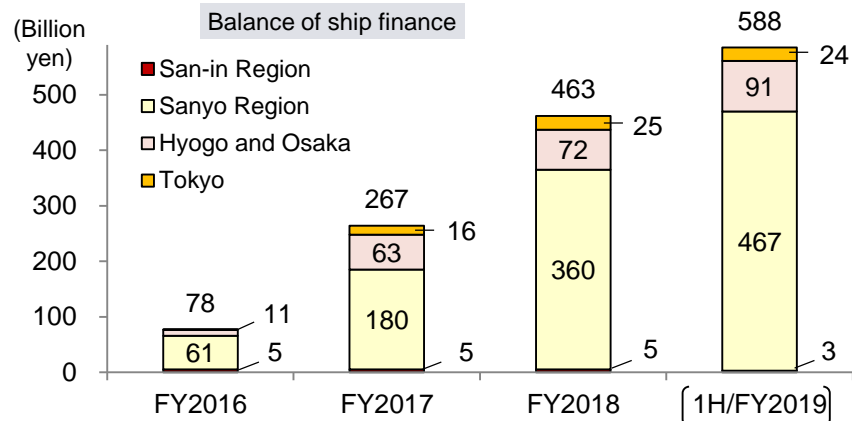
7. Strategies by Region (Sanyo, Hyogo, Osaka)

Average Balance of Loans for Corporate Borrowers by Region



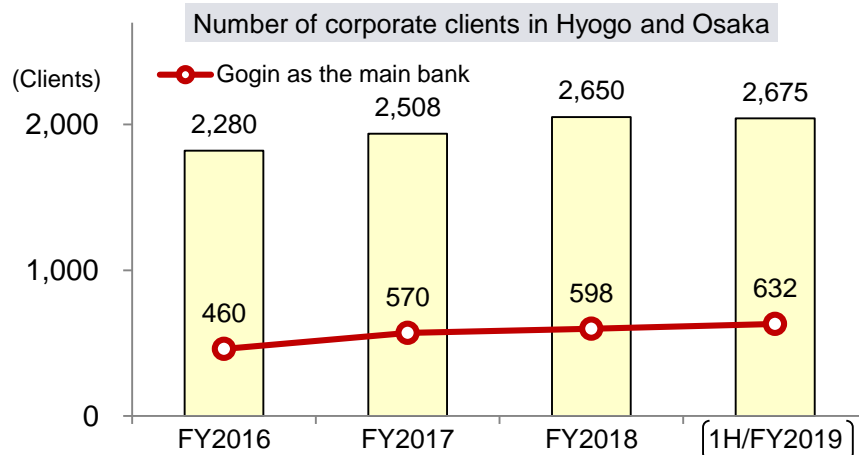
Sanyo Region

- Continual efforts targeting ship financing
- Initiatives for loans to local industries



Hyogo and Osaka

- Securing new customers and increasing shares among existing customers
- Addressing carefully selected real estate projects



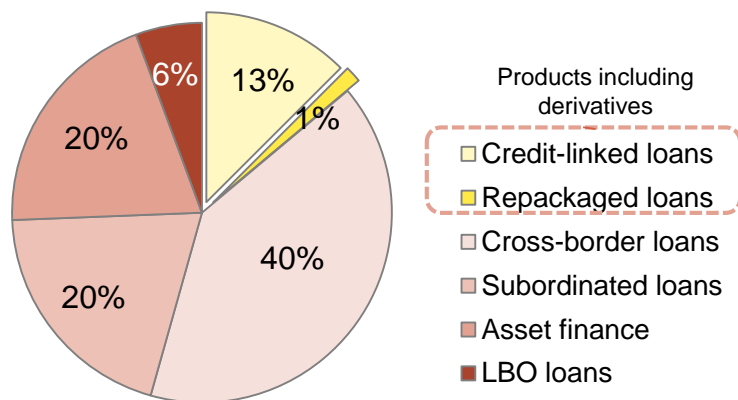
8. Strategies by Region (Tokyo) (structured finance)

Targeting growth in Tokyo and overseas through efforts focused on risks and returns

Overall policies through the end of the fiscal year ending March 2021 (targets)

Drawdown amount (planned)	Expected yield (reflecting consideration for funding costs)	Return on capital requirements (ROCR)*
130 billion yen	0.8%	6.0%

Share of balance by product (%) As of September 30, 2019



Category	Balance (100 million yen)	ROCR
Products including derivatives	100	6.5%
Other	619	12.7%
Total	719	11.9%

Risk management framework

Subjects	Topics	Standards, targets
Structured finance overall	Expected yield	Individual: 0.8% (reflecting consideration for funding costs)
	Risk weight	Overall: 80% or lower
	ROCR	Overall: 6% or higher Individual: 5% or higher (Reference: Tokyo branch total: approx. 3.8%)
Products including derivatives included above	Credit rating	Approx. BBB or higher (double credit: approx. A or higher for all counterparties)
Credit-linked loans included above	Credit-limit amount of CDS-reference organizations	Limit set for each counterparty

* Return on capital requirements (ROCR):

Concept established by the Bank to judge profitability vs. interest rate risk and credit risk under capital adequacy regulations

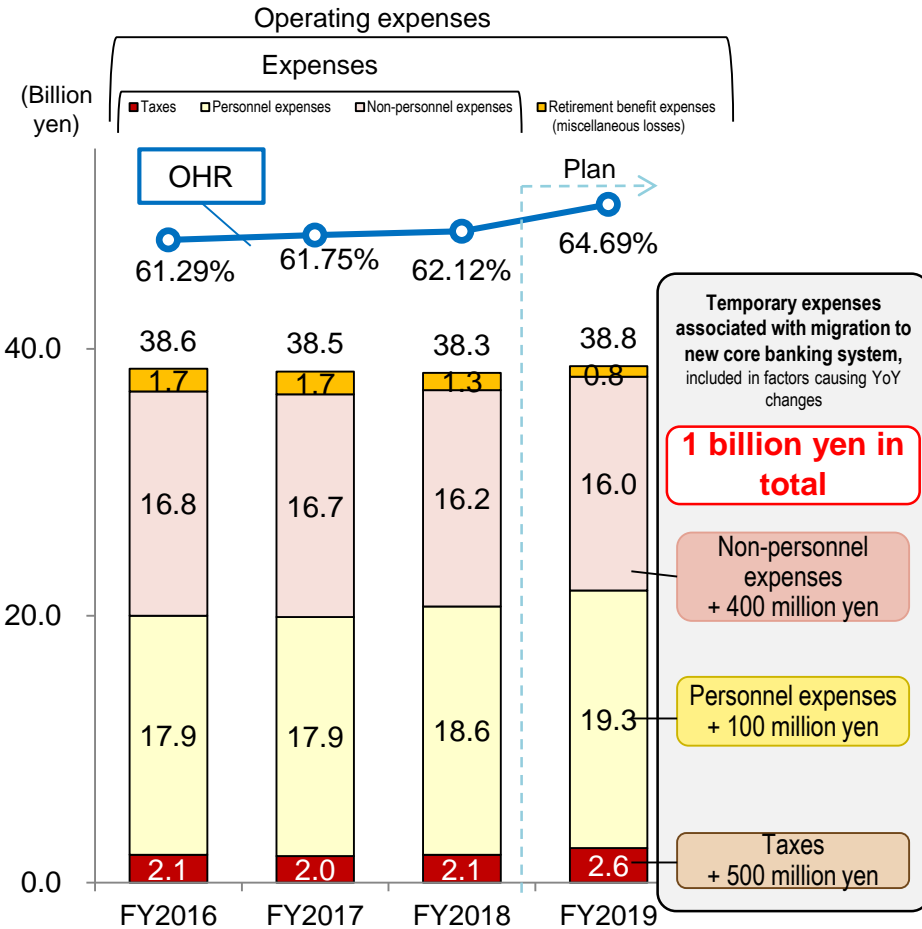
Formula: $\text{Expected return} / (\text{interest rate risk} + \text{capital requirement for credit risk})$

Interest rate risk: Interest rate risk under IRRBB requirements

Capital requirement for credit risk: Amount of assets at risk under capital adequacy regulations \times target capital adequacy ratio

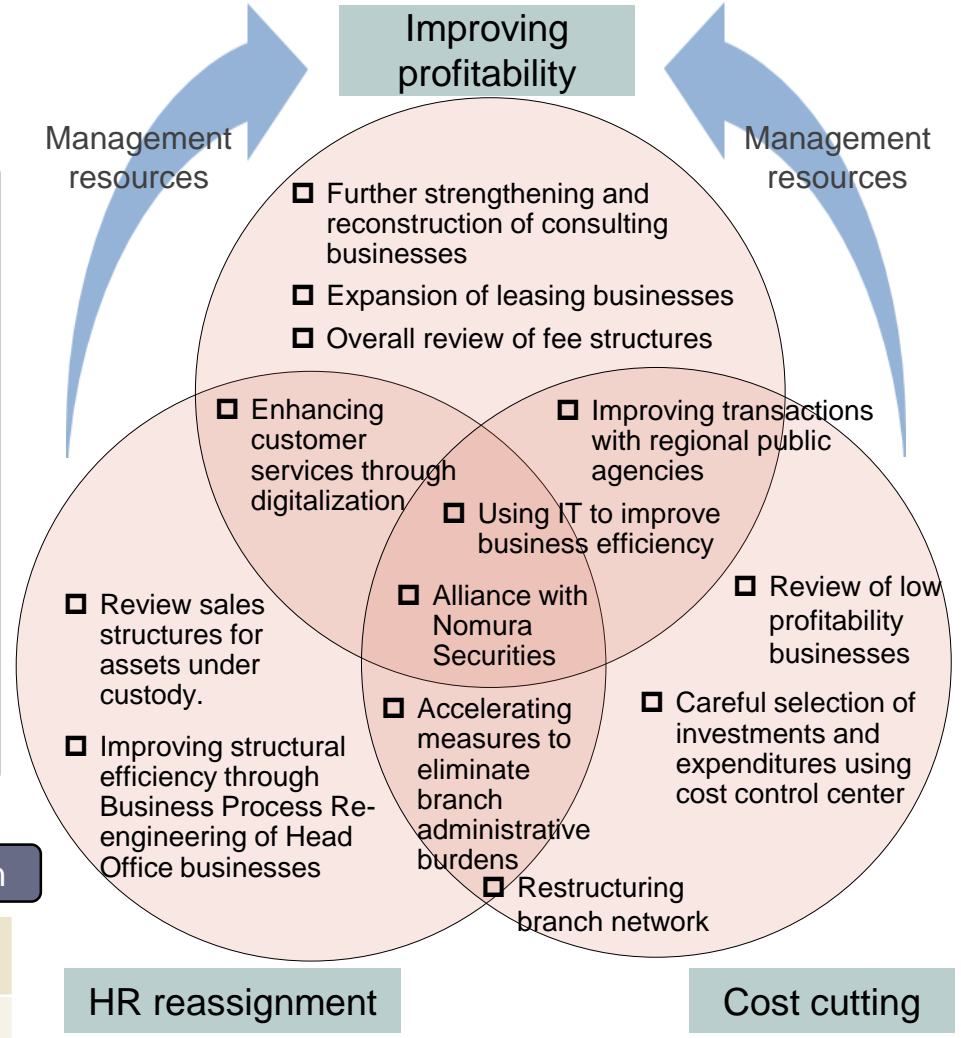
9. Measures to be implemented after core banking system migration (starting from January 2020)

Operating expenses



Measures to be taken after migration

- Productivity improvements through streamlining and efficiency improvements
- Reallocating human resources and capital to growth fields
- Enhancing services through strengthening points of contact with customers



Changes in core banking system expenses after migration

Increased depreciation	1.1 billion yen/year	5 years (through the period ending March 2025)
Reduced running expenses	(800) million yen/year	Starting in April 2020

(Negative figures lead to increased earnings.)

10. Comprehensive business alliance in brokerage of financial products

Creating a new, sustainable regional business model for the securities business with Nomura Securities

Concept

Enriching customer lives, increasing added value, and growing the regional economy

San-in Godo Bank customers
Gogin Securities customers
Nomura Securities customers

Regional customers

Increasing convenience, service quality, and customer satisfaction

 SAN-IN GODO BANK

Strengths

Enhanced branch network
Trust with customers
Rich human resources

Partnership



Synergy effects

Nomura Securities

Strengths

Specialized expertise
Diverse range of products and services
Abundant information, state-of-the-art IT systems

Goals and expected results

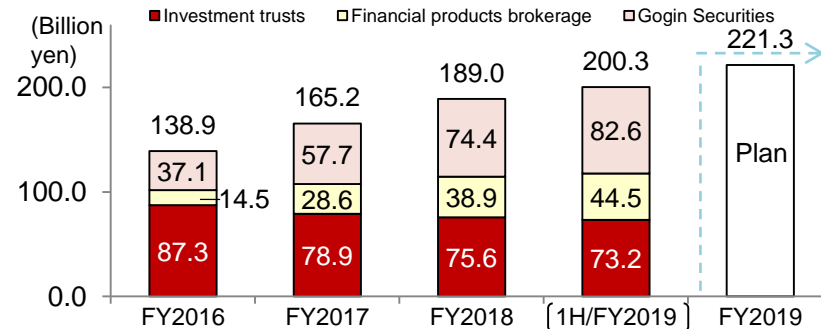
- ❑ Providing high-quality, latest financial services
- ❑ Improved management efficiency
- ❑ Enhancing corporate businesses

- ✓ Growing the top line
- ✓ Cutting costs, reassigning human resources
- ✓ Building a clear promotion framework

Schedule

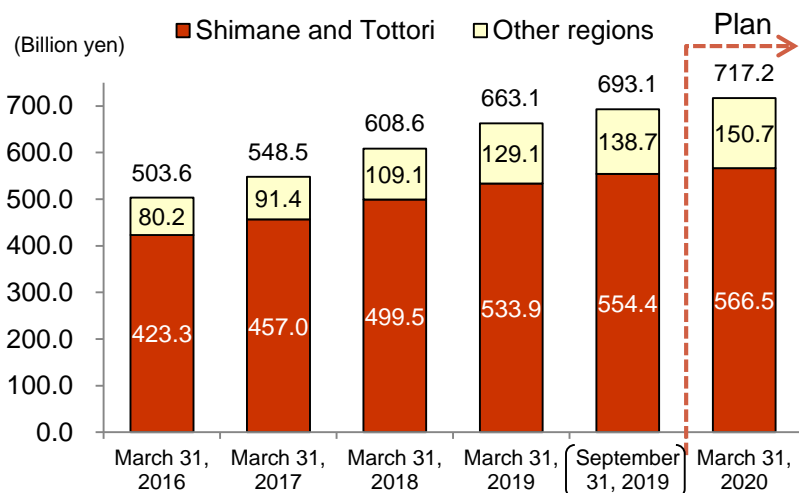
During 2019	Final agreement on this alliance
FY2020	Launching of new structure under this alliance

Group balance of assets under custody

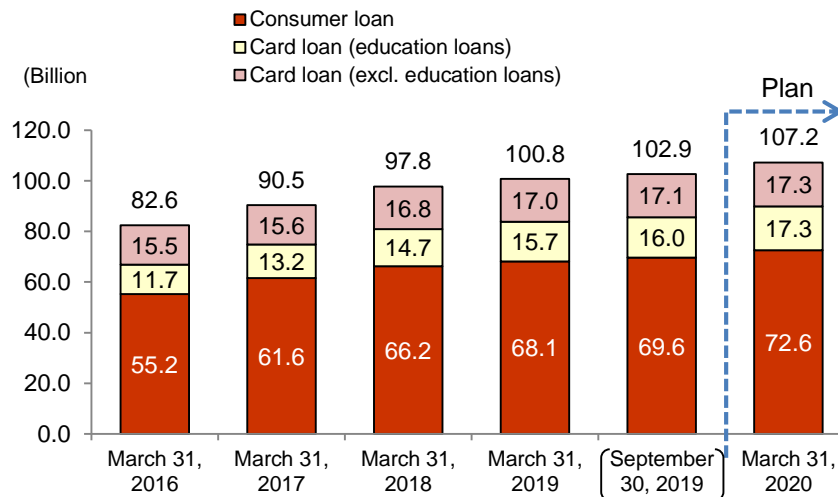


11. Enhancing Individual Loan Business

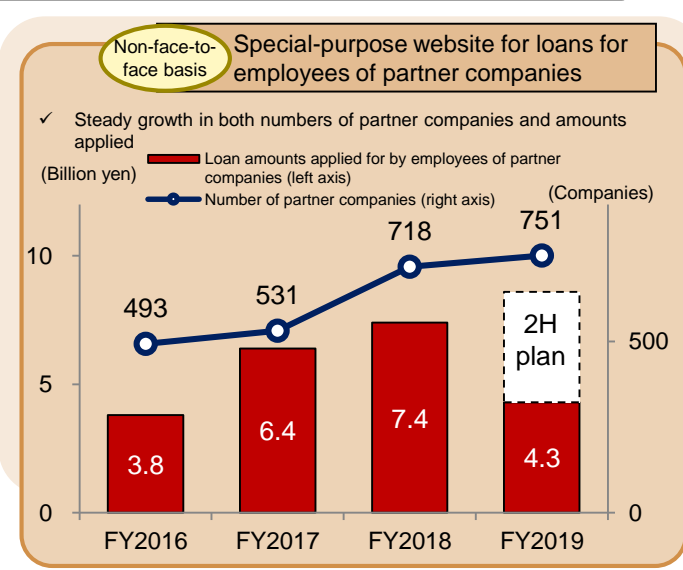
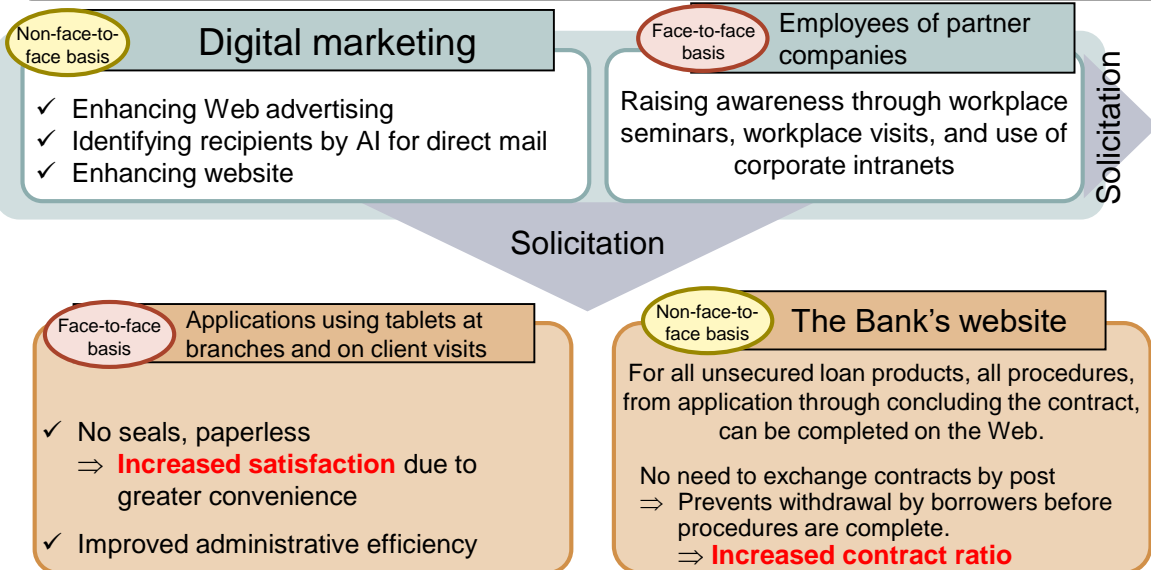
Balance of housing loans (by region)



Consumer loan/card loan balances



Enhancing points of contact with customers



12. Credit Card Business / Promotion of Cashless Payments

Further expansion of our strong credit card cardholder and affiliated store bases in the region

Expanding the base of cashless payments by proposing solutions to individuals, corporations, and business operators

Existing base (September 30, 2019)

Cardholders

Individual: 280,000

Corporate:
10,000

Monthly utilization rate: 57%

Affiliated stores

10,000

Annual increase in net sales: 19%
(September 2019 monthly)

Provision of
cashless solutions

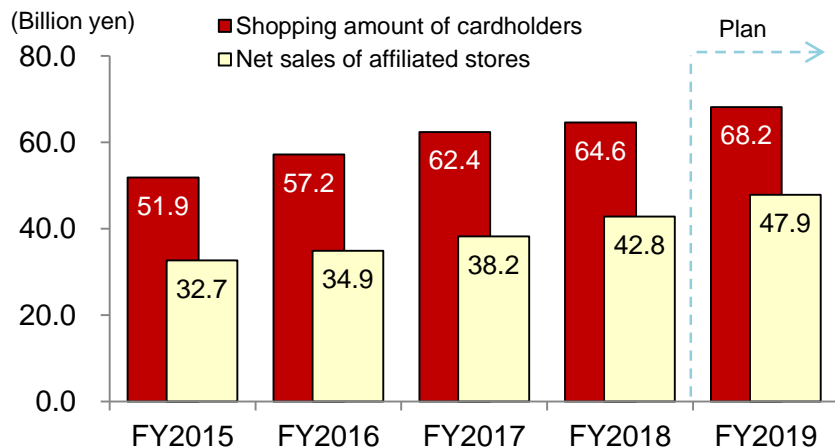
Benefits to customers

- ✓ Lower settlement costs for companies
- ✓ Lower cash-management costs
- ✓ Able to benefit from the government's **cashless consumer returns program**

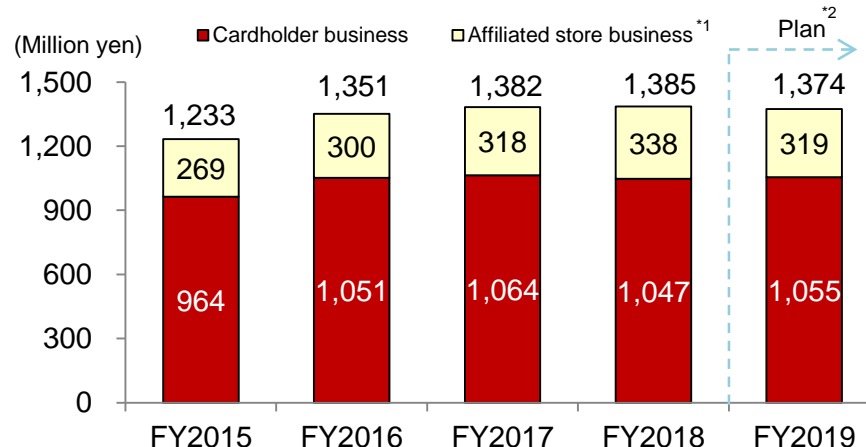
Benefits to the Bank

- ✓ Increased revenue opportunities through increased usage amounts of cardholders and affiliated stores
- ✓ Attracting new customers
- ✓ Securing points of contact with customers through deposits and payments

Credit card usage amounts



Income from credit card business (consolidated basis)



*1 Through FY2016, income from the affiliated store business included revenues and expenditures of the card loan guarantee business.

*2 A temporary decrease in income is forecasted for FY2019 due to the cashless consumer returns program.



13. Personnel Strategy to Keep Each Employee Highly Motivated

Participation by female employees

Diversified career paths ⇒ Increased career opportunities

Counter services	Finance, forex
Individual sales (asset management, insurance)	+
Individual sales (loans, credit cards)	Corporate sales Added

✓ **Enhancing corporate sales training for limited-area (local) employees**

Training to increase motivation of corporate sales employees



Business field training for managers

✓ **Reassignment of limited-area employees to corporate sales**

1H/FY2019 result

26 persons

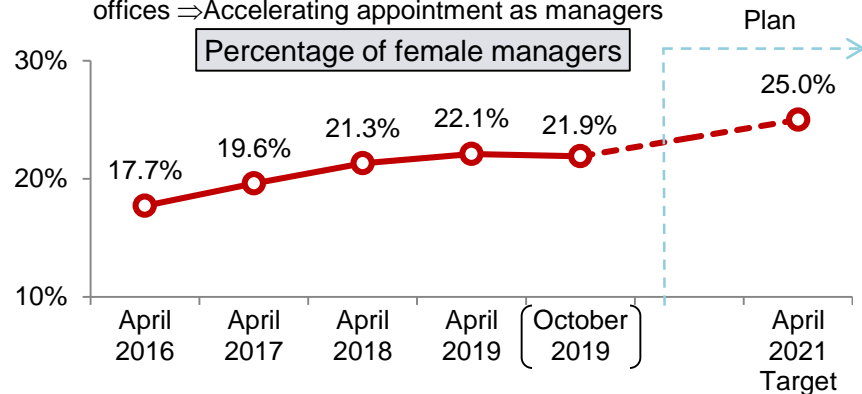


FY2019 plan

40 persons

Promoting appointment as managers

✓ Training female managers and general managers of branch offices ⇒ Accelerating appointment as managers



✓ **Numbers of female managers (as of October 1, 2019)**

Division GMs

1

Branch GMs

4

Sub-branch GMs

13

Other managers

175

Development of diversified career paths

■ **Enhancing internal recruitment program**

⇒ Establishing new digital and other segments

■ **Improving expertise through training**

⇒ Enhancing internal training
 Corporate sales: Practical training for individual industries
 Individual sales: Training to enhance consulting abilities

⇒ Proactively sending employees to receive external training

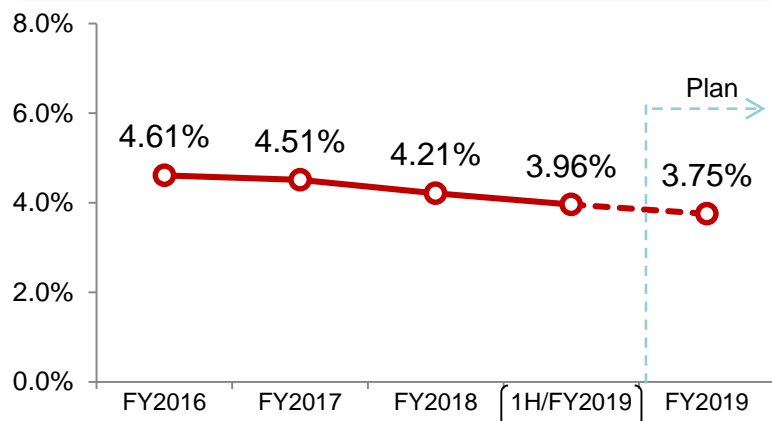
Providing more advanced services by drawing on the strengths of individual employees



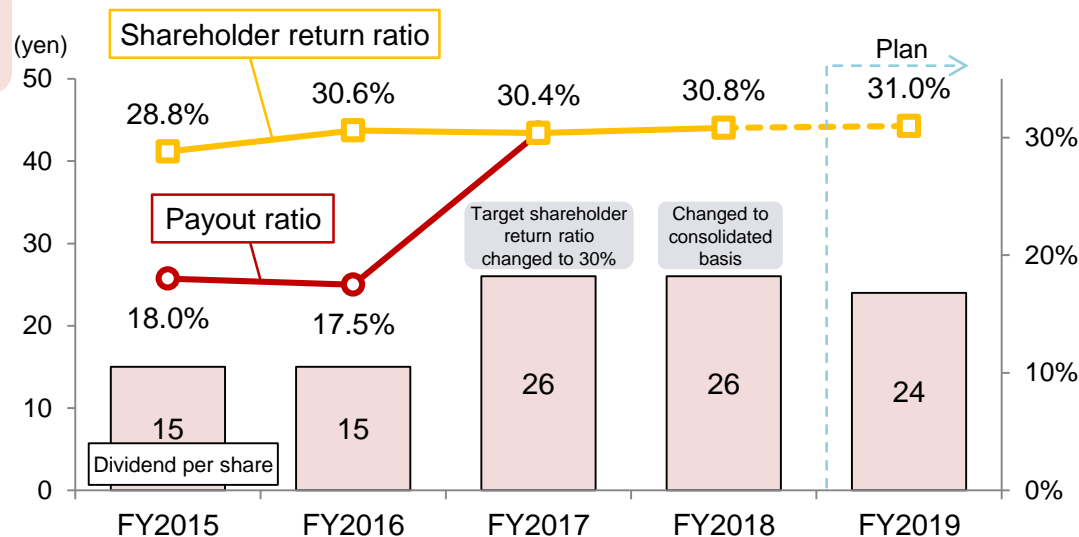
14. Capital Policy and Shareholder Return

ROE (Consolidated and shareholders' equity basis)

$$\text{ROE} = \frac{\text{Profit attributable to owners of parent (shareholders' equity basis)}}{\text{Average balance of shareholders' equity (Average of balance at beginning and end of the term)} \times 100$$



Trend of shareholder return



Dividend table

Levels of profit (consolidated basis) (Billion yen)	Annual dividend		Payout ratio
	Stable dividend	Performance-linked dividend	
Over 15.0	14 yen	16 yen	31.3% or less
More than 14.0 to 15.0		14 yen	27.8% to 31.3%
More than 13.0 to 14.0		12 yen	
More than 12.0 to 13.0		10 yen	
More than 11.0 to 12.0		8 yen	
More than 10.0 to 11.0		6 yen	
More than 9.0 to 10.0		4 yen	
More than 8.0 to 9.0		2 yen	
8.0 or less		0 yen	27.3% or more
















15. Initiatives to Realize Sustainable Communities

Sustainability Statement

To demonstrate support for the spirit of the United Nations Sustainable Development Goals (SDGs), the San-in Godo Bank will seek to realize sustainable communities through efforts to solve regional issues.



Realized through the Bank's main businesses

		Priority efforts	The Bank's specific initiatives	
Society	Sustainable regional economic growth	   	Regional creation (stimulating regional primary industries and businesses, etc.) Improving added value of corporate clients (through business support and other activities.) Enriching the lives of customers (e.g., proving comprehensive customer-centric consulting services, using digital technologies to increase convenience)	Main businesses Main businesses Main businesses
	Realizing enriched local communities	  	Support for the independence and participation in society of people with disabilities (Gogin Challenged, etc.) Youth training activities (e.g., Shofukan private school, financial education) Regional contribution activities (e.g., promoting athletics, donation activities)	
Environment	Realizing sustainable regional environments	   	Eco-conscious business activities (e.g., internal energy conservation, resource conservation, and recycling activities) Activities to protect and develop the regional environment and nature (e.g., forest conservation activities) Environment-related businesses (e.g., support for use of J-Credit, support for entry to renewable energy business fields, providing eco-friendly products)	Main businesses
Governance	Improving employee satisfaction	  	Organizational activation (human resource training, diversity, work-life balance, etc.)	
	Establishing a sound and highly transparent management structure		Corporate governance (corporate governance reforms, enhancements of information disclosure, etc.) Compliance, risk management (e.g., establishing a robust risk-management structure)	



16. ESG (Environment)

Environmental policy established (e.g., October 2019)

Basic thinking

Recognizing the fact that it could not succeed without a health society and that a sustainable society is the key to the future, as a good corporate citizen, the San-in Godo Bank Group will carry out proactive and continuous environmental protection activities to pass along to future generations a healthy natural environment, in cooperation with the community.

Environmental policies

(1) Compliance with environmental laws and regulations

We will comply with all applicable environmental laws, regulations, and agreements.

(2) Promoting environmental protection activities through financial products and services

We will help protect the environment by providing financial products and services that contribute to environmental protection.

(3) Promoting resource conservation, energy conservation, and recycling activities

We will strive to lessen the environmental impact of our business activities through promotion of resource conservation, energy conservation, and recycling activities.

(4) Promoting environmental protection activities in cooperation with local communities

We will proactively carry out environmental protection activities in cooperation with local communities.

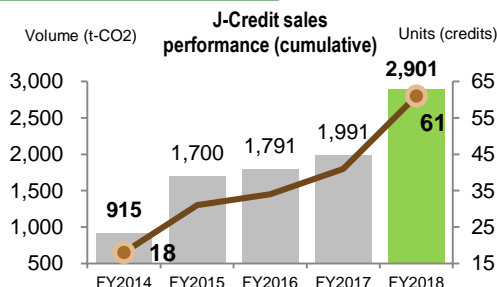
(5) Implementing environmental education and awareness-raising activities

We will strive to enable each and every employee and member of management to carry out environmental protection activities autonomously and proactively through comprehensive efforts to promote this policy.

Promoting environmental protection activities through financial products and services

Support for J-Credit promotion and mediation (since 2010)

The Bank has been certified as a J-Credit regional coordinator by local governments including Tottori Prefecture, the town of Nichinan in Tottori Prefecture, and the city of Yabu in Hyogo Prefecture. Through proactive J-Credit sales support and mediation in trading agreements, we support corporate environmental activities.



Helping the town of Nichinan win its place as an SDGs Future City

The town of Nichinan, which seeks to realize its own form of sustainable community development by creating new added value through forestry activities, was chosen as an SDGs Future City in FY2019.

⇒ In selecting the town, the Japanese government praised the Bank's J-Credit sales mediation activities and other initiatives.



The FY2019 SDGs Future Cities awards ceremony (July 1, 2019)

* Photo courtesy Town of Nichinan; Mayor Nakamura is pictured in the center

Promoting environmental protection activities in cooperation with local communities

Forest Conservation Activity (since 2006)

Three pillars of the San-in Godo Bank's forest conservation activities (Gogin Green Project)

Gogin Forests of Hope

Practical forest conservation activities undertaken by Bank officers, employees, and their families in six forests in Shimane and Tottori



Save the Forest! San-in Network Conference

Established with membership, including volunteer groups and non-profit organizations in Shimane and Tottori

Group of volunteer regional banks for saving forests in Japan

Exchanging information and sharing expertise on local forest conservation among 64 participating regional banks across Japan

Volunteer phragmite cutting activities (since 2013)

The Bank participates in volunteer phragmite cutting activities to help improve the water quality of Lake Shinji.

⇒ This helps prevent slime, the buildup of sedimentation on the lake bottom, and flows into the lake of nitrogen and phosphor absorbed by phragmites.



17. ESG (Society)

Commitment to regional industrial growth

University venture-industry collaboration fund (since 2015)

- We established a university venture-industry collaboration fund to provide funding and management support to startup ventures originating at universities.
- Five years after the fund's establishment, some investments have begun to demonstrate results.a

【Cumulative total investments (as of November 30, 2019)】

Tottori university venture-industry collaboration fund	5 ventures	1,178 million yen
Shimane university venture-industry collaboration fund	5 ventures	765 million yen

Second investment by the Tottori university venture-industry collaboration fund

Marine Nano-fiber Co., Ltd.

Date of investment	May 19, 2016	Investment amount	178 million yen
Representative	Shinsuke Ifuku, Representative Director (Professor, Tottori University Graduate School)		
Lines of business	R&D, manufacturing, and sales of chitin nanofiber extracted from waste crab shells		

- ✓ Launched its own brand, Kani Danomi
- ✓ Advanced from the stage of seed technologies born in a university laboratory to delivering products to ordinary users
- ✓ Expected to grow sales channels in the future, centered on department stores and major retailers, in addition to Web-based and other sales activities
- ✓ Helps grow the local economy, generating 12 jobs (including two part-time jobs) to date.



Supporting independence and participation in society of people with disabilities

Gogin Challenged (Since 2007)

Gogin Challenged Matsue
(Since September 2007)

- People with intellectual disabilities work in specific jobs.
- Supports employment of people with disabilities in communities based on Yumeiku Work Support Services.

Gogin Challenged Tottori
(Since September 2017)

- Mainly mentally challenged people and people with developmental disorders work.
- Handles a wide range of businesses including data entry.



Activities to help train the young

Shofukan private school (Since 2012)

- Operated by Gogin Shimane Cultural Promotion Foundation
- Seeking to cultivate highly motivated human resources capable of shining in future society



18. ESG (Governance)

We continue to enhance our corporate governance structure to fulfill stakeholder expectations and realize sustained growth in corporate value.

Corporate governance reforms

Revisions of the executive compensation system

	[Purposes]
✓ Fixed amount compensation	Stable management
✓ Performance-based compensation	Improved business performance
✓ Stock-based compensation	Medium- to long-term increases in shareholder value

Division of functions through the adoption of an executive officer system

- ✓ **Board of Directors (Directors)**
⇒ Decision-making functions related to management and supervision of business execution
- ✓ **Executive officers**
⇒ Business execution functions

Establishing a nominating and compensation committee

- ✓ Highly transparent and objective executive appointment process and participation in Board of Directors meetings
- ✓ An executive compensation system including incentives to increase corporate value



Shift to company with an audit and supervisory committee

To enhance corporate governance, we've evolved from a company with company auditor(s) to a company with an audit and supervisory committee (in June 2019).

Purposes	Structure after migration		Percentage of outside Directors	
① Enhancing audit and supervisory functions ② Increasing speed of decision-making ③ Increasing management transparency		Total members	Before	After migration
	Directors	13	Of which audit and supervisory committee members	37.5%
	Of which outside Directors	6		46.1%

Among the highest percentages in the banking industry

Efforts to achieve a highly effective Board of Directors

Providing outside Directors with opportunities for training and exchange of viewpoints

Proactive investor relations activities and reporting results to the Boards of Directors

Implementing and enhancing a risk appetite framework

Formulating and supervising succession plans to pass along the corporate culture



Memo

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Forward-looking statements are included in this material. These statements do not provide a guarantee of the San-in Godo Bank's future performance, and actual results are subject to risks and uncertainties. Please note that future performance may differ from the views presented herein owing to changes in the operating environment and other factors.



SAN-IN GODO BANK

