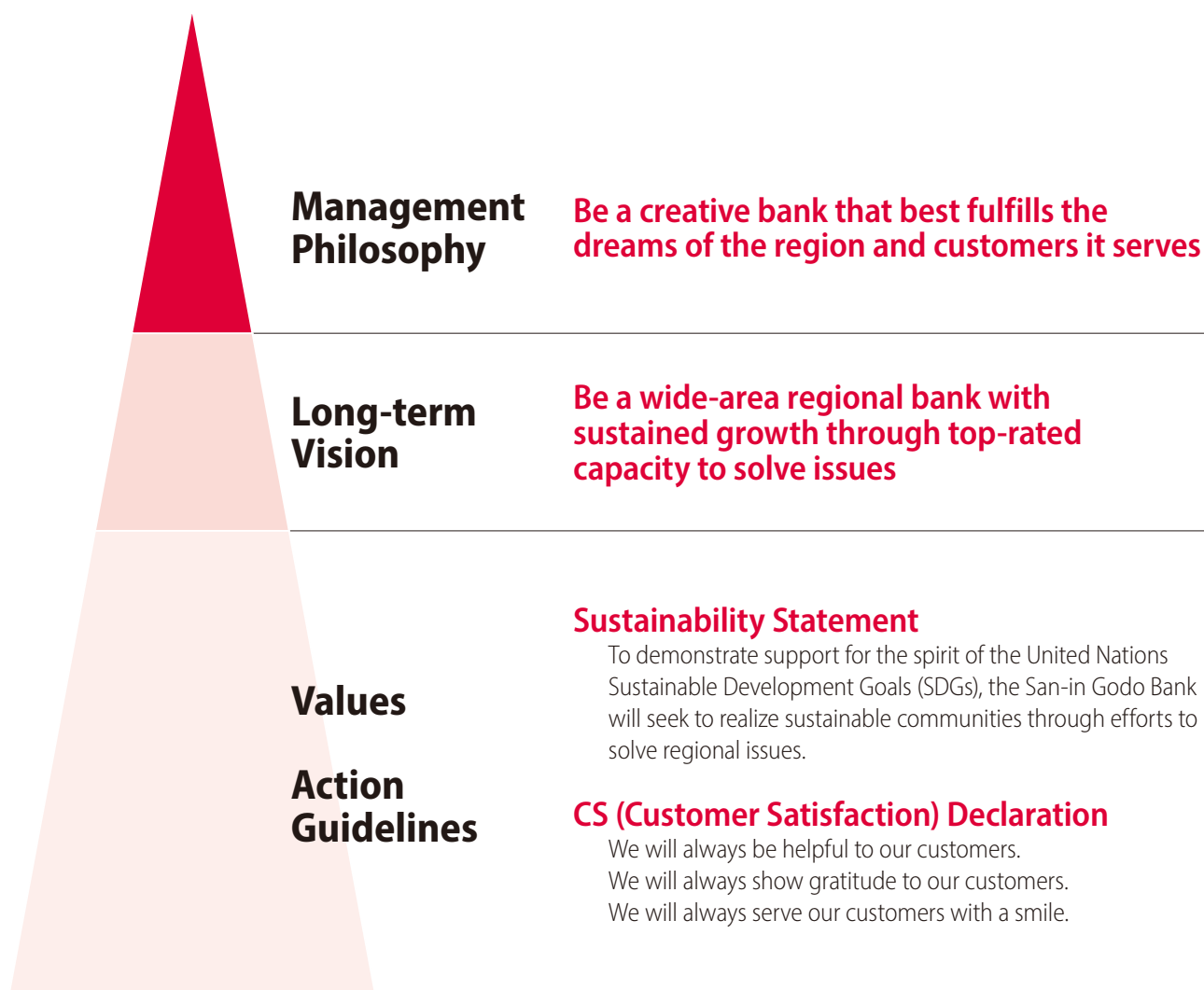




Profile

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Management Policies



Management Philosophy

Play a beneficial role in making the dreams of the region and customers a reality. The embodiment of this management philosophy is crucial to our mission and its existence as a financial institution with close regional ties.

Long-term Vision

Aim for sustainable growth in tandem with the region and customers by raising the capability to solve issues, thereby moving in closer alignment with the management philosophy.

Trajectory of San-in Godo Bank

— Continue walking in step with the region and customers —

Whether in core operations or social contribution activities, continue initiatives that solve regional and customer issues

To meet the changing needs of the surrounding environment and customers, as well as expectations as the region's leading bank, San-in Godo Bank has worked constantly to strengthen its management base, maintain the financial soundness needed to raise earnings capacity, and continuously provide cutting-edge financial services and expertise. In every era, the Bank's deep-seated commitment to "playing a beneficial role for the region and for customers" has never changed. And this continued earnestness in promoting the sustainability of the region where it is so deeply embedded will remain unchanged in the years ahead. In passing the Bank's strengths cultivated in the past into the future, while gaining the capability to solve issues and aligning more closely with its management philosophy, we seek to make the sustainable society in the region a reality, where growth for the region and the Bank itself is possible.

1980s

1990s

Value Provided

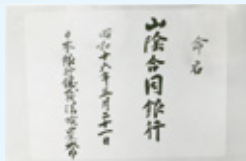
Provision of the same comprehensive financial services found in urban settings

Strengthened foundations through highly transparent and sound management

Management direction

History of merger/acquisition of banks in Shimane and Tottori prefectures

- San-in Godo Bank established from merger of Shimane prefecture-based Matsue Bank and Tottori prefecture-based Yonago Bank
- Navigated the chaos of the war and post-war periods, aiming to establish a stronger base and expanded business scope in the economic recovery and high economic growth periods



Official naming document for San-in Godo Bank

Scale expansion against backdrop of financial liberalization, internationalization and economic boom

- Enhance fund levels, earnings capacity and client services in aiming to provide comprehensive financial services as a "representative regional bank" equipped with full banking functions

Shift to wide-area regional bank spanning San-in, Sanyo and Hyogo-Osaka regions

- Merged with Fuso Bank, setting the cornerstone for a business model leveraging today's wide-ranging branch network
- Aim to be a resilient bank able to ride out financial environment upheaval through progress in rationalization and efficiency
- Strengthen management base through risk management structure development, capital adequacy and other moves to respond to financial environment changes



Signing of memorandum of understanding on merger with Fuso Bank (Nov. 1990)

Topics

1878

- After establishment of the Tsuwano 53rd National Bank, San-in Godo Bank's earliest forerunner, it has originated from 40 banks

1941

- San-in Godo Bank established

1981

- Gogin Hitotsubu no Mugi (One Kernel of Wheat) no Kai launched

1987

- Stock listed on the First Section of the Tokyo Stock Exchange

1991

- Merged with Fuso Bank

1992

- Gogin (Shimane/Tottori) Cultural Promotion Foundations established

1997

- Chiisana Shinsetsu (Small Kindness) Movement San-in Headquarters established
- Business name changed to "San-in Godo Bank," Head Office established, new CI adopted, and reborn "Gogin" started

Social and economic backdrop

1941

- Outbreak of Pacific War

1973

- Tokyo Foreign Exchange Market shift to floating exchange rate system

1985

- G5 countries agreed on coordinated intervention in foreign exchange markets (Plaza Accord)

1991

- Bubble economy burst

1996

- Government announced the financial system reform called the "Japanese Financial Big Bang"

Management Philosophy

The creative bank that best fulfills the dreams of the region and customers it serves

Long-term Vision

Be a wide-area regional bank with sustained growth through top-rated capacity to solve issues

2030 Contribute to achievement of SDGs

2000s

Response to more diverse and complex needs of the region and customers

Align with needs of the region and customers for deeper relations

- Aiming to be the bank of choice providing products and services based on customers' true needs, that accurately capture accelerating external environment changes
- Develop measures for reform to a low-cost structure and creation of new earnings drivers to cut through an adverse earnings environment
- Develop ahead of others a unique model more focused on the region's perspective, including in regional contribution activities



2006

- Forest conservation activities started
- Gogin Duo Card transaction launched, growing popularity as a regional card

2007

- Start of fee-based business matching, full-scale promotion of fee business
- Gogin Challenged Matsue opened as a business site employing individuals with intellectual disabilities

2005

- Deposit insurance fully deregulated

2008

- Lehmann Brothers collapsed

2010s

Improving added value by solving region and customer issues

Shift to a relationship banking-based business model

- Reallocate management resources to strategic fields through ground-up structural reform
- Further expand branch network in Hyogo and Osaka, strengthen structure for corporate business
- Expand career opportunities for women, change persons in charge to take responsibility for individual and corporate businesses

2012

- Opened new branches in Hyogo-Osaka
- Opened private school "Shofukan"

2017

- Opened "Gogin Challenged Tottori," business site employing individuals with disabilities

2016

- Bank of Japan adopted its first negative interest rate policies

2020s

Ride out the coronavirus pandemic to provide extensive support to regional industry and businesses

Transform its business model to one centering on consulting and digitalization

- Address support for clients with worsening performance due to the pandemic putting our highest priority
- Clarify posture for moving toward regional sustainability given rising interest in SDGs and ESG
- Greatly accelerate improvement in issue-solving capacity and moves to digitalization
- Aim to establish new model in regional securities business through alliance with Nomura Securities Co., Ltd.



Press conference with Nomura Securities Co., Ltd. (Aug. 2019)

2020

- Launched intermediary services for financial instruments entrusted by Nomura Securities Co., Ltd.

2020

- Novel coronavirus pandemic spreads worldwide

Notable Strengths

— Leverage and pass on strengths built to date into the future —

Financial Capital Top-class capital adequacy ratio among regional banks

Leveraging a stable financial base and robust levels of equity, considered high even among regional banks nationwide, the Bank is aggressively taking on risk, striving to deliver high-quality services and promote regional development.

Consolidated capital adequacy ratio

12.48% 2nd

(in FY2020, among regional banks subject to domestic standards in Japan)

Social Capital High transaction share in San-in and wide-ranging branch network

Recognizing its role as the leading bank in the San-in region, San-in Godo Bank has responded accurately and quickly to the needs of the region and customers. These initiatives over the years have been well received, with the Bank today possessing an unmatched share of deposits and loans in Shimane and Tottori prefectures in San-in.

Furthermore, by leveraging its wide-ranging branch network, the Bank is deepening relationships within and outside the two prefectures, contributing to sustainable growth by stimulating economies across the prefectures where it operates.

Deposit share in San-in

48.7% (in 6 months ended Sept. 30, 2020)

*Banks, shinkin bank, credit unions and postal savings bank with branches in San-in region (according to San-in Godo Bank research)

Share of loans in San-in region

51.4% (in 6 months ended Sept. 30, 2020)

*Banks, shinkin bank and credit unions with branches in San-in region (according to San-in Godo Bank research)

Intellectual Capital High-quality relationship banking expertise

With relationship banking positioned as a universal business model, San-in Godo Bank offers solutions by building relationships of trust with customers to accurately grasp their issues and needs. In this way, the Bank seeks to improve both the added value of customers and its own growth.

Human Capital Talented human resources committed to the region

Taking pleasure in "playing a beneficial role for the region and for customers," our employees have put activities into practice designed to breathe life into the region. By creating an organization that further maximizes the potential of every employee, as well as training to develop human resources who independently take action to provide high-quality services, San-in Godo Bank is moving to better meet the increasingly sophisticated and diverse needs of the region and customers.

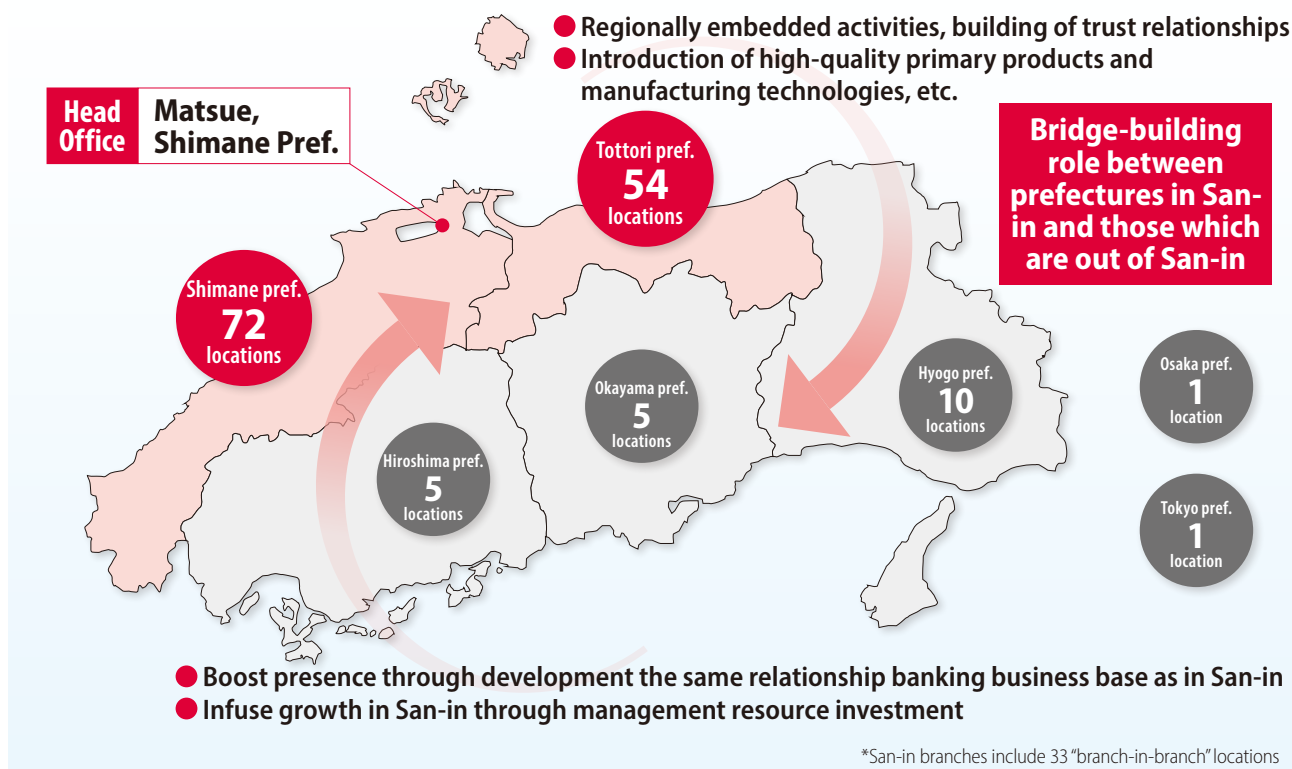
Natural Capital Abundant natural environment and regional resources

The Bank's principal operating area, the San-in region, is surrounded by the Sea of Japan to the north and the Chugoku Mountains to the south, and is an area where its natural beauty and its distinctive history and culture are close to us. San-in Godo Bank has a powerful attachment to the region, and works continuously across multiple fronts to ensure the region's sustainability, all while maintaining deep local ties.



Business Base

Wide-ranging branch network spanning San-in, Sanyo, Hyogo-Osaka area



Market that leverages a wide-ranging branch network

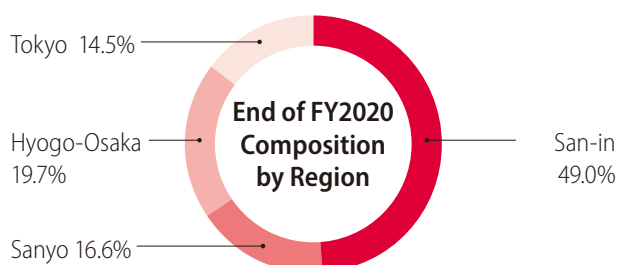
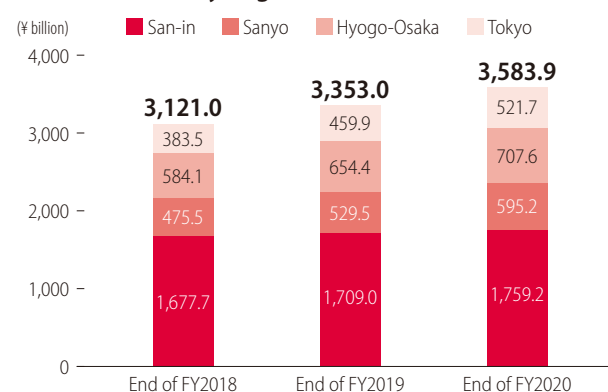
Even when the gross prefectural products of the two prefectures are combined, the economic base of the San-in region accounts for less than 1% of Japan's GDP. However, when the gross prefectural products of San-in, Sanyo and Hyogo prefecture are added up, the scale grows to the second highest in the nation, suggesting that the actual market is an enormous one. Examining loan balance by region, at the end of fiscal 2020, the Bank's combined amount of loans from outside prefectures was greater than that of the San-in region.

Share in GDP

Rank	Prefectures	Actual amount (¥ billion)	Share
1	Tokyo	106,238.2	18.92%
2	Aichi	40,299.7	7.18%
3	Osaka	40,069.9	7.14%
6	Hyogo	21,328.8	3.80%
12	Hiroshima	11,790.8	2.10%
21	Okayama	7,813.1	1.39%
45	Shimane	2,472.9	0.44%
47	Tottori	1,896.6	0.34%
(35)	Shimane and Tottori pefs.	4,369.5	0.78%
(2)	Total of San-in, Sanyo and Hyogo	45,302.4	8.07%
—	Total of all prefectures	561,523.3	100.00%

*Source: Cabinet Office "Annual Report on Prefectural Accounts for FY2017"; ranking in () is combined national ranking for selected prefectures

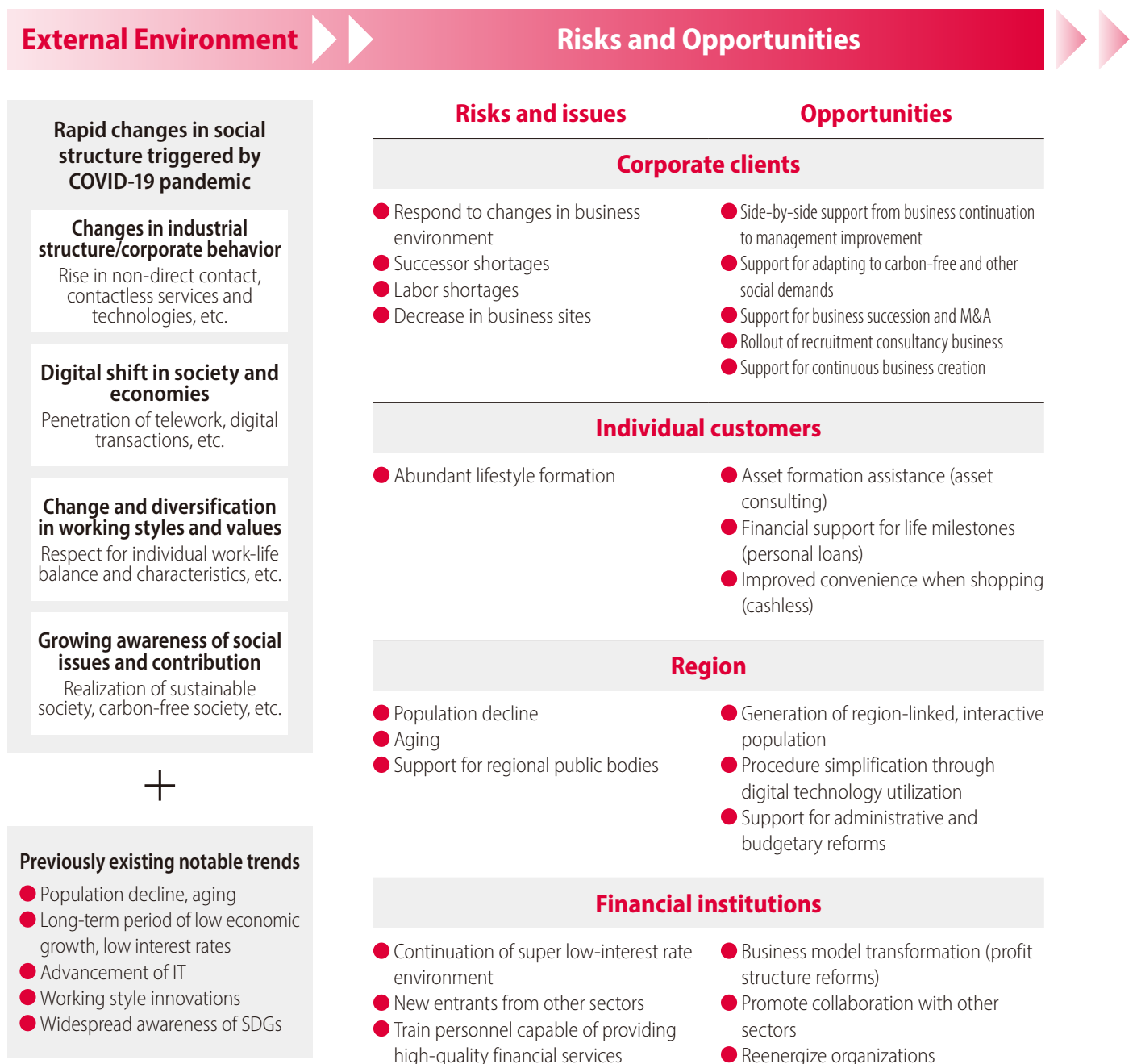
Loan Balance by Region



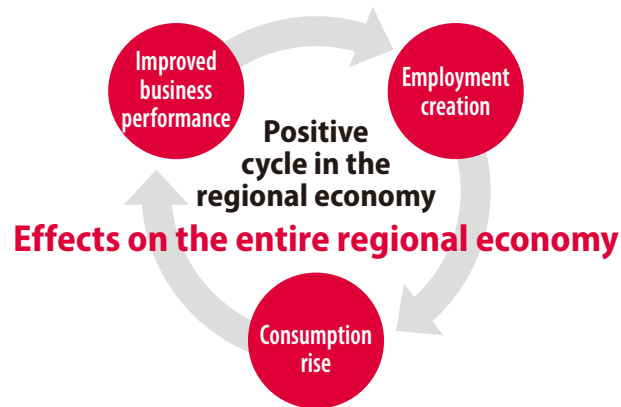
External Environment/ Risks and Opportunities/Materiality

To ensure growth for the entire region, San-in Godo Bank has for years consistently engaged in activities designed to solve social issues. At the same time, recognizing the need itself to be resilient in order to maintain support for the region, San-in Godo Bank works tirelessly to strengthen its management base.

In formulating the Medium-term Management Plan set to launch from fiscal 2021, by ascertaining risks and opportunities present, we identified several key issues to be addressed (materiality), taking into account radical changes in social structure caused by the COVID-19 pandemic, as well as previous trends from the external environment. By moving to resolve regional and customer issues as part of core operations, including regional revitalization and environmental measures, a virtuous cycle is emerging in the regional economy as we eye sustainable growth for the entire region.








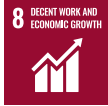






Sustainable growth for the entire region



Extensive support of the region

Materiality

	Issues to be addressed	Corresponding SDGs items
Environment	Environmental business initiatives	   
	Response to climate change	
	Reduction in environmental impact	
Society	Sustainability and growth of regional businesses	      
	Formation of a safe, secure society	
	Contribution to regional society	
	Support for regional and customer SDGs/ESG	
	Diversity promotion	
Governance	Strengthen Group governance	
	Enhance risk management	

Value Creation Process

We view relationship banking as a universal business model, and aim to realize sustainable regional growth, in which the Bank grows hand in hand with the region, by leveraging capital built to date in aggressively resolving social issues. Through the promotion of extensive relationship banking anchored by consulting and digitalization, San-in Godo Bank is steadily supporting the region and customers by establishing deeper ties with both than ever before.

Risks and Opportunities

Risks and opportunities for customers, the region and financial institutions (page 16)

External environment

Previously existing notable trends
+ rapid changes in social structure
triggered by the COVID-19
pandemic (page 16)

Capital utilized (page 14)

Inputs



Financial capital

Top-class capital adequacy ratio among regional banks



Social capital

High transaction share and wide-ranging branch network in San-in



Intellectual capital

High-quality relationship banking expertise



Human capital

Diligent human resources committed to the region



Natural capital

Abundant natural environment and regional resources

Materiality

Environment

- Environmental business initiatives
- Response to climate change
- Reduction in environmental impact

Society

- Sustainability and growth of regional businesses
- Formation of a safe, secure society
- Contribution to regional society
- Support for regional and customer SDGs/ESG
- Diversity promotion

Governance

- Strengthen Group governance
- Enhance risk management

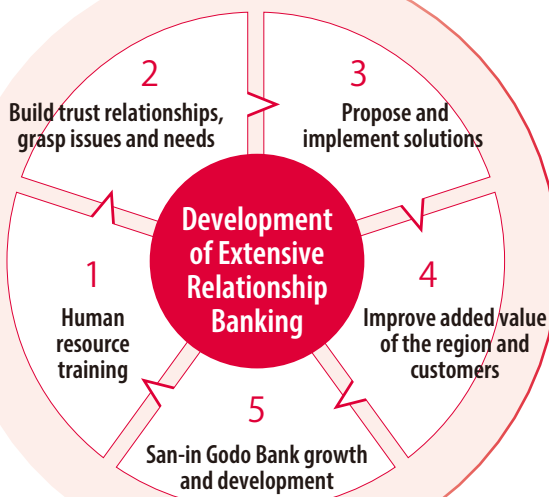
Realize a Sustainable Regional Society

Sustainable cycle leading to further regional growth
in contributing to solving social issues

Contribute to SDGs

Management philosophy

The creative bank that best fulfills the dreams of the region and customers it serves



FY2021-2023 Medium-term Management Plan

Extensive support of regional industries and businesses as the region's leading bank

Contribute to solving region and customer issues

Promotion of digital transformation

Strengthen the management base

Governance/risk management/compliance/conversations with stakeholders

Value provided Outputs

Corporate clients

Spectrum of consulting services for corporate clients (pages 44-45)

Individual customers

Asset consulting services
Easy and convenient services (pages 46-47)

Regional society

Environmental protection activities (pages 40-41)
Regional revitalization (pages 42-43)
Regional contribution activities (pages 48-50)

Shareholders and investors

Profit return (page 69)

Employees

Work with improved pride and satisfaction (pages 52-56)

Impact delivered Outcomes

Leave an abundant natural environment to future generations

Growth of regional industries and companies

Comfortable and highly convenient lifestyles

Regional revitalization and local regrowth

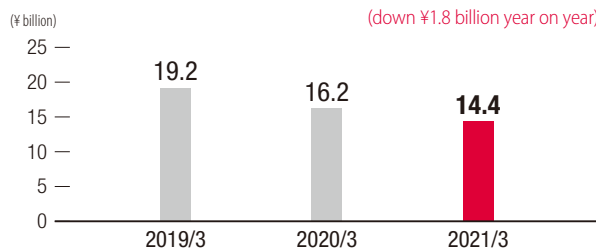
Financial Highlights

Profitability

Ordinary income (consolidated)

¥14.4 billion

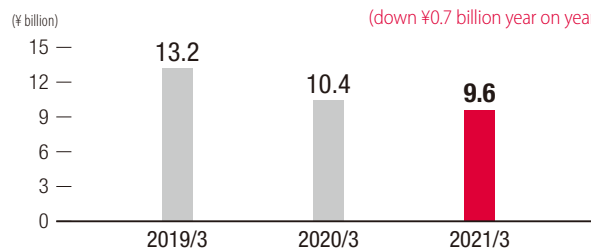
(down ¥1.8 billion year on year)



Profit attributable to owners of the Bank (consolidated)

¥9.6 billion

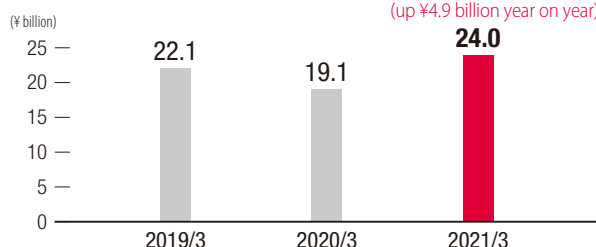
(down ¥0.7 billion year on year)



Net profit from core banking operations (excluding effects from investment trust cancellations) (non-consolidated)

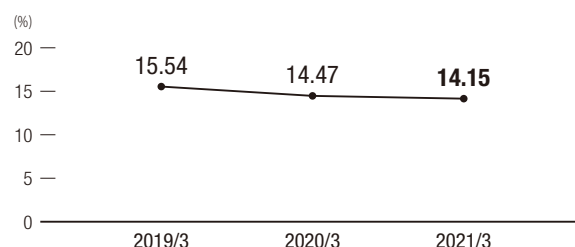
¥24.0 billion

(up ¥4.9 billion year on year)



Non-interest revenue ratio (consolidated)

14.15%

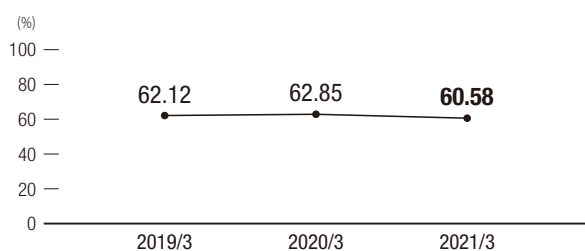


*(Profit from service transactions + Other operations income (excl. bond-related income))/Consolidated gross core banking profit

Efficiency

Over Head Ratio (OHR) (non-consolidated)

60.58%

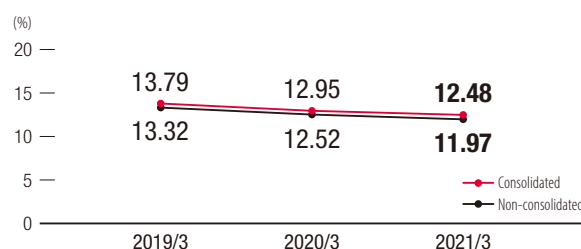


*Expenses/Gross core banking profit

Safety and Soundness

Capital adequacy ratio

Consolidated basis 12.48%
(domestic standard)



Ratings (non-consolidated)

A3

(Long-term deposit rating)

Moody's Japan K.K. (Moody's)

A+

(Issuer credit rating)

Rating & Investment Information, Inc. (R&I)

AA-

(Long-term issuer credit rating)

Japan Credit Rating Agency, Ltd. (JCR)

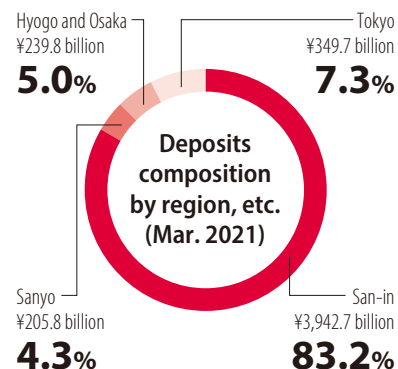
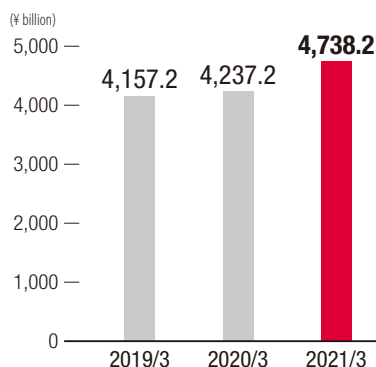
Main accounts (non-consolidated)

Deposits, etc.* (year-end balance)

*Deposits + certificates of deposit

¥4,738.2 billion
(up ¥501.0 billion from the previous year-end)

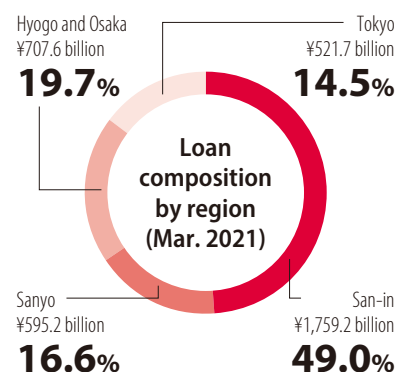
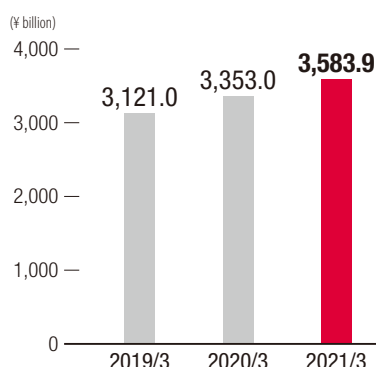
Deposits increased substantially from coronavirus-related funds.



Loans (year-end balance)

¥3,583.9 billion
(up ¥230.9 billion year on year)

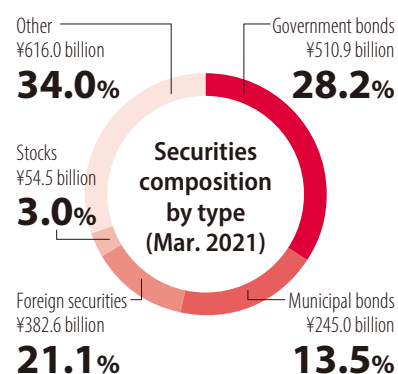
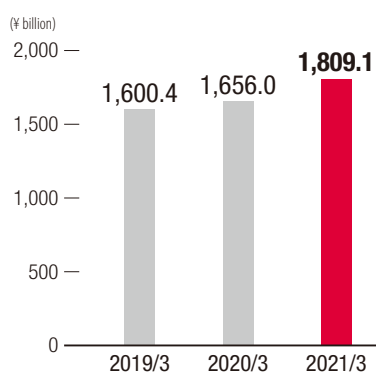
Loans in all regions increased, largely reflecting aggressive targeting of coronavirus-related financing.



Securities (year-end balance)

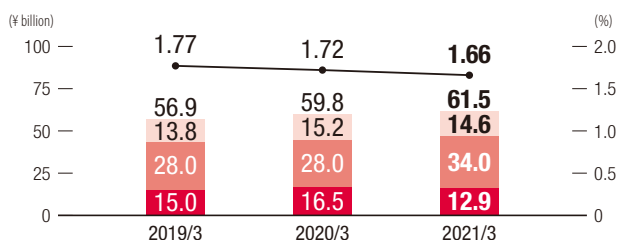
¥1,809.1 billion
(up ¥153.1 billion year on year)

Prior to the redemption of Japanese government bonds, we strove for appropriate management responsive to market trends after careful consideration of risk.



Non-performing loans (non-consolidated)

Non-performing loan ratio 1.66%



— Non-performing loan ratio (right axis)
 ■ Special attention loans
 ■ Doubtful loans
 ■ Bankrupt and de-facto bankrupt loans

*Loans disclosed pursuant to the Financial Reconstruction Act

Non-financial Highlights

Greenhouse gas emission reduction rate



28.9% vs. FY2013

(FY2020)

Goal for FY 2023: 50% reduction vs. FY2013

J-Credit sales supported by Bank (cumulative)



94 projects / 4,295 t-CO₂

(Cumulative from commencement in FY2011 through FY2020)

Number of businesses with main transactions with San-in Godo Bank (ranked first in financing)



8,529 businesses
(53.3% of total number of clients)

(FY2020)

Number and amount of private placement bond issued

Number of issues: **169**

Amount issued: **¥18,340 million**

(FY2020)

Percentage of women managers



22.6%

(as of March 31, 2021)

Goal for FY2023: 25% or higher

Percentage of women directors



16.6%

(as of June 22, 2021)

External evaluation



No. of people participated in forest conservation activities



9,410

(Cumulative from commencement in FY2006 to FY2020)
*Activities were postponed in FY2020 due to the COVID-19 pandemic

No. of recipients and amount of donation from Gogin Hitotsubu no Mugi (One Kernel of Wheat) no Kai

— Donation activities gifting regional social welfare facilities and others with donations from Group directors, executive officers and employees —



1,189 recipients /
Equivalent to ¥124.93 million

(Cumulative from commencement in FY1981 to FY2020)

Business founding involving San-in Godo Bank



539

(FY2020)

Business succession and M&A

Business succession
consulting

Consulting contracts: **8**

M&A advisory
services

Contracts signed: **17** / Contracts concluded: **5**

(FY2020)

Employment rate of individuals with disabilities



2.65%

(as of Mar. 31, 2021)

Number of Gogin Challenged employees with disabilities
Matsue: 18 / Tottori: 13

Percentage of independent outside directors



50.0%

(as of June 22, 2021)

Endorsements for initiatives

