



Source of Value Creation

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Medium-term Management Plan (FY2021-FY2023)

Love and Contribute to the Region,
Play a Beneficial Role for Customers,
Help Make Dreams a Reality through Creativity,
Ingenuity and Problem Solving

We formulated the Long-term Vision and Medium-term Management Plan in pursuit of the Bank's ultimate goal -- to fully embody its own management philosophy. Today, particularly at a time in which regional economies have been hard hit by the COVID-19 pandemic, we believe it is our responsibility, as the region's leading bank, to highlight in a focused way our knowledge and expertise gained in business support over the years, and this is exactly what the Bank is here for.

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

Medium-term Management Plan

Extensive support of regional industry and business
as the region's leading bank

Contribute to solving
region and customer
issues

Promotion of digital
transformation

Strengthen the
management base

Target Management Indicators

			FY2020 results	Final-year targets
Profitability	Consolidated	Net income	¥9.6 billion	¥15.0 billion or higher
		Non-interest revenue ratio*1	14.15%	15.8% or higher
Capital efficiency	Non-consolidated	ROE*2	2.94%	4.4% or higher
Cost efficiency		OHR*1	60.58%	Less than 53%
Soundness	Consolidated	Capital adequacy ratio	12.48%	12% or higher

*1: Gross core banking profit basis

*2: Shareholders' equity basis

• Drafting of Long-term Vision

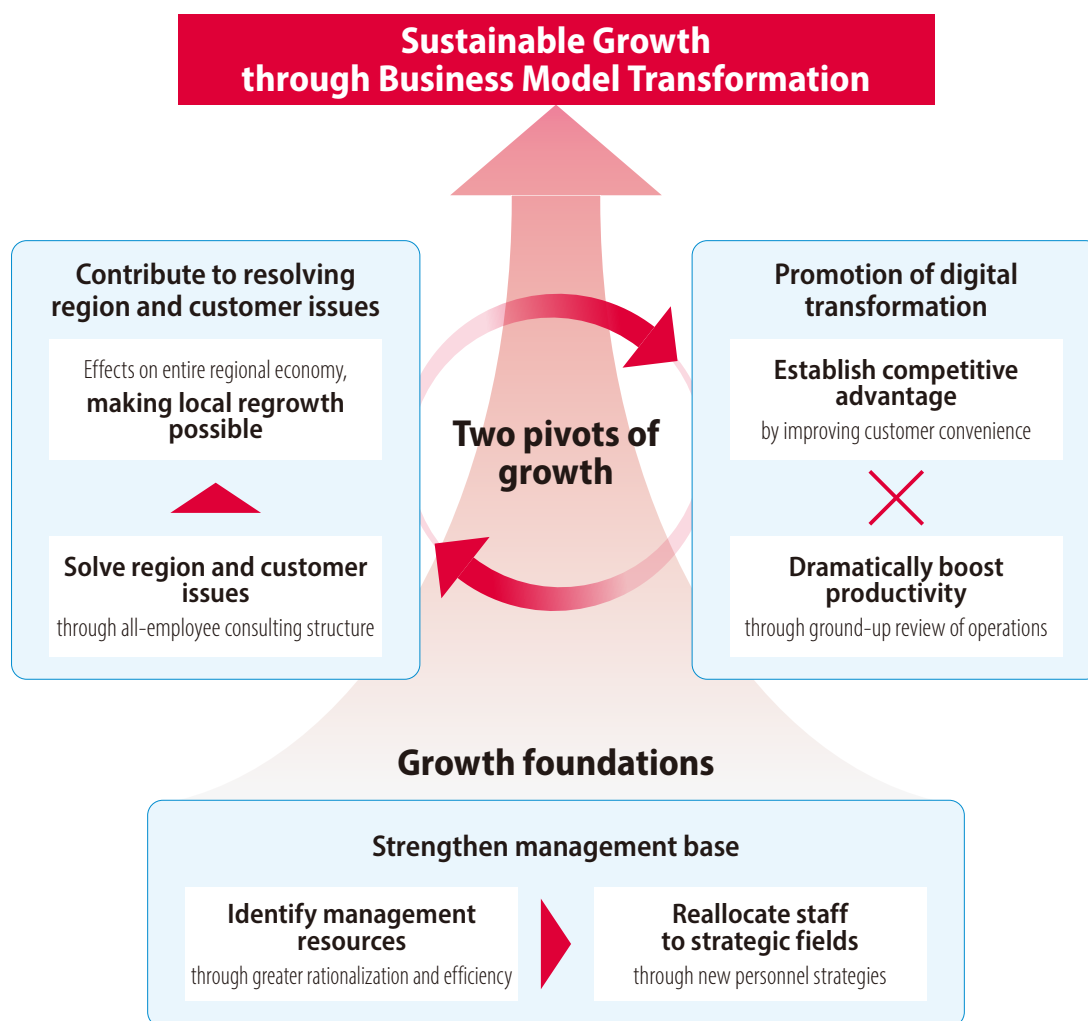
Powerful and sustained growth for the Bank itself, and resolving issues that the region and customers face, are essential for San-in Godo Bank to walk in step with the region and support it into the future.

With this in mind, we formulated the Long-term Vision to serve as a milestone on the path to fully embodying the management philosophy.

• Medium-term Management Plan Overview

We take steps toward business model reform, anchored by consulting – solving regional and customer issues and digitalization – promoting digital transformation as strategic fields.

To powerfully promote these strategic fields, we strengthen the management base further, aiming for a resilient Bank where sustainable growth is possible.



Financial and Capital Strategies

— Targeting sustainable earnings capacity side-by-side with financial soundness —

Leveraging deposit procurement centered on the San-in region with top-class robust capital base among regional banks, San-in Godo Bank is aggressively taking on risk to enhance its own corporate value and energize the region.

Basic policy on financial strategy

For the year ended March 31, 2021, the Bank's consolidated capital adequacy ratio remained at a high 12.48%. While the ratio will trend lower over the long term primarily from strategic action by the Bank to increase the balance of loans, we seek to maintain the capital adequacy ratio at a level of around 12%. For its part, San-in Godo Bank will continue its actions to maintain the capital adequacy ratio at an appropriate level. Along with setting targets when formulating budgets, steps will include pursuing risk-return conscious initiatives, and conducting PDCA cycles for monitoring performance during the business term.

Fiscal 2020 results

Core banking profit on a non-consolidated basis, an indicator of success of the Bank's core business, increased ¥4.9 billion year on year to ¥24.0 billion. Growth came primarily an increase in interest on loans for a third consecutive year. In contrast, consolidated ordinary profit declined ¥1.8 billion from the previous year to ¥14.4 billion, mainly from credit expenses posted ahead of worsening business performance among clients due to the coronavirus pandemic.

While profit attributable to owners of the Bank decreased ¥0.7 billion year on year to ¥9.6 billion, steady growth from non-consolidated core banking profit nonetheless lifted performance ¥0.9 billion higher than forecasts announced in November 2020.

FY2021 Forecast

Business performance forecast

Consolidated	FY2020 Results	FY2021 Forecast
Ordinary income	¥89.1 billion	¥90.2 billion
Ordinary profit	¥14.4 billion	¥16.5 billion
Profit attributable to owners of the Bank	¥9.6 billion	¥11.6 billion

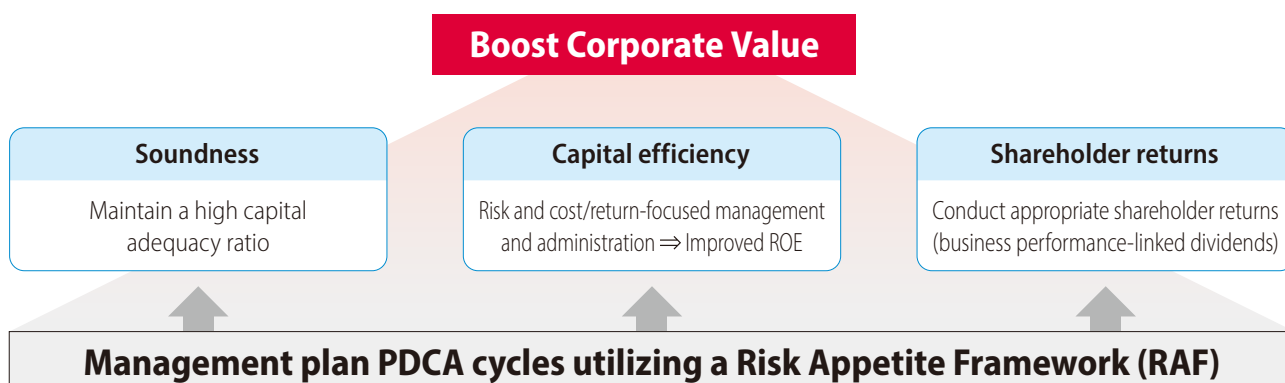
Non-consolidated	FY2020 Results	FY2021 Forecast
Net profit from core banking operations (excl. effects from investment trust cancellations)	¥24.0 billion	¥27.1 billion
Net income	¥8.3 billion	¥11.4 billion
Credit expenses	¥7.2 billion	¥8.0 billion
OHR	60.58%	57.79%

Concerning the impact of the COVID-19 pandemic, current assumptions are that while the virus appears set to gradually recede in fiscal 2021, its effects are likely to linger, with the Japanese economy expected to recover to pre-pandemic levels in the first half of fiscal 2022. Due to worsening business performance among clients due to the impact of the novel coronavirus, credit expenses are expected to rise. For the full year, projected credit expenses are ¥8.0 billion, a year-on-year increase of ¥0.7 billion.

For fiscal 2021, while plans were devised with these assumptions in mind, setting fiscal 2020 as the floor for performance, we anticipate benefits will begin to emerge from many structural reforms, including branch network reorganization implemented to date and structural changes of operation on assets in custody, as well as personnel reshuffling accompanying these reforms. Consequently, net profit attributable to owners of the Bank is projected to rise ¥1.9 billion from fiscal 2020 to ¥11.6 billion, with net income on a non-consolidated basis set to increase to ¥11.4 billion, up ¥3.0 billion year on year.

Basic policy on capital strategy

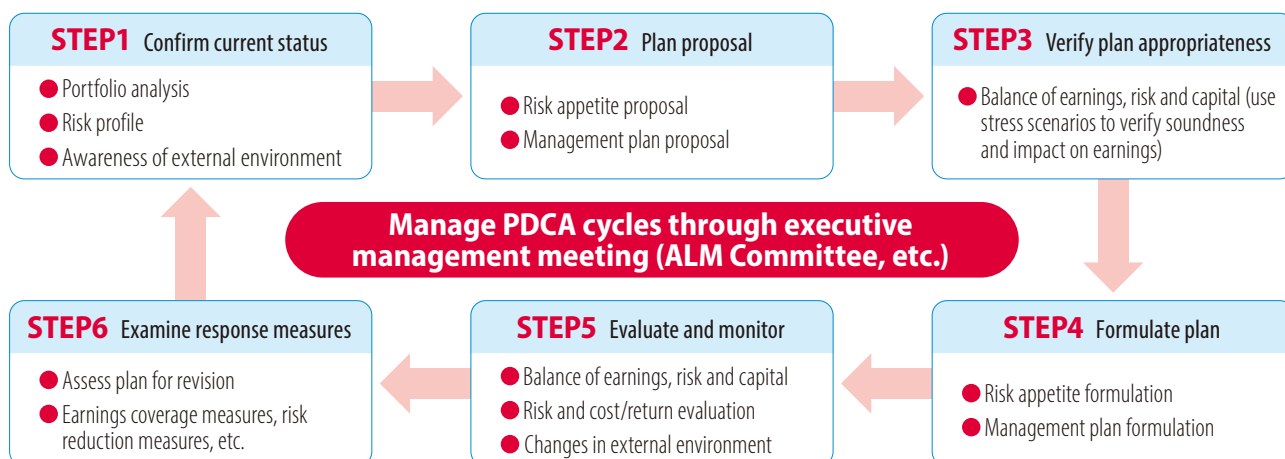
Guided by a basic policy on capital strategy of seeking appropriate balance regarding financial soundness, capital efficiency and return of profit to shareholders, we are utilizing a Risk Appetite Framework (RAF) and other tools with the goal of enhancing corporate value and achieving both sustained profitability and financial soundness.



Utilizing a Risk Appetite Framework (RAF)

As part of the management plan formulation process, we use a Risk Appetite Framework (RAF) approach, designed to achieve the goals of sustained profitability and financial soundness. "Risk appetite" refers to the type and level of risk tolerable in order to achieve plan targets. A Risk Appetite Framework is a "management administration framework for conducting appropriate risk taking that balances earnings, risk and capital in order to realize both profitability and financial soundness."

Management plan formulation process



Reinforcement of a procurement structure to dramatically increase core deposits

Declining growth in the procurement of deposits in recent years has led to a widening gap when compared with loans and securities under management. For this reason, San-in Godo Bank is reinforcing a procurement structure to steadily increase core deposits, a move that will also enable sustainable growth by augmenting loans and securities going forward.

For deposits from individual customers, we are devising a host of measures tailored to specific channels and geographic areas. For corporate deposits, working to reinforce deposits by making San-in Godo Bank the client's main bank, our aim is for ¥5 trillion in total deposit balance over the span of the Medium-term Management Plan.



Corporate Strategies

— “Side-by-side” consulting encompassing business succession to growth measure implementation —

San-in Godo Bank is accelerating its development of “side-by-side” consulting, designed to resolve client issues starting with business feasibility evaluation.

Basic Policy

San-in Godo Bank remains consistently dedicated to actions that position relationship banking, centered on long-term relationships of trust, as its universal business model.

Along with the impact of previous trends such as shortages in both business successors and general labor, the business environment for clients today is dramatically altering due to declining sales and the need to respond to this new normal caused by the COVID-19 pandemic. To ensure client business growth and continuation even in this challenging environment, we put consulting as a pillar of business when we aggressively tackle resolving client issues, in prospect of positive cycles of growth for San-in Godo Bank and clients alike.

To this end, San-in Godo Bank is pursuing human resource development in implementing effective personnel allocation and creating a new career support system, enabling all Bank employees to take an active role in consulting.

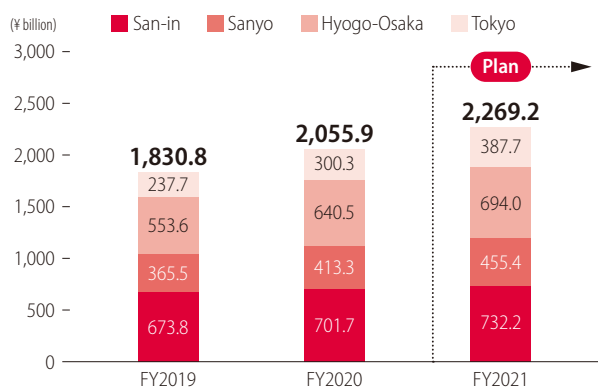
Starting with business feasibility evaluation, through the development and provision of sophisticated, high-demand consulting services, we aim to become a consulting group that works side-by-side with clients, and is capable of solving the issues that they face.

Fiscal 2020 Results and Fiscal 2021 Outlook

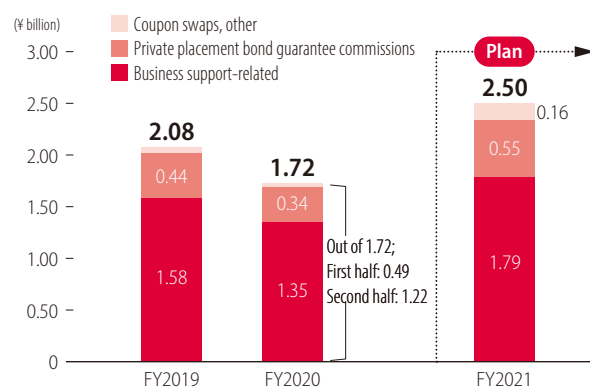
For the fiscal year ended March 31, 2021, the average balance of corporate loan in total exceeded ¥2 trillion. This growth was uniformly noted in all regions, partly reflecting the Bank’s aggressive response to novel coronavirus-related financing, along with more robust business support activities. Plans call for maintaining a similarly steady pace of growth for the fiscal year ending March 31, 2022 and beyond.

Revenues from corporate solutions for the fiscal year ended March 31, 2021 initially declined by around ¥0.3 billion year on year due primarily to the impact of the novel coronavirus. Results in the second half of the year, however, came to ¥1.22 billion. This dramatic rise compared to the first half of the year mainly reflected the implementation of sufficient staffing, systems improvement and other essential measures. We will continue steps to enhance systems, with a target of ¥2.5 billion for the fiscal year ending March 31, 2022.

Loans to companies by region (Avg. balance)



Corporate solutions-related revenues



*Includes anticipated earnings for entire period primarily from private-placement bond guarantee commissions and coupon swaps

Priority Measures

Responding to clients severely impacted by the COVID-19 pandemic

In parallel with responding to funding support as a top-priority from the very start of the coronavirus pandemic, San-in Godo Bank has provided intensive support for business revitalization planning, centering its efforts on clients hardest hit by the pandemic. Going forward, the San-in Godo Bank Group will continue to bring its full capabilities to bear in supporting the region, including through ties with outside entities.

*For more details, see page 2.

Response tailored to area characteristics

Taking advantage of a branch network spanning the San-in, Sanyo, Hyogo-Osaka regions, San-in Godo Bank is going ahead with deep dive into transactions in each region. We are strategically increasing personnel particularly in Hyogo-Osaka region, in prospect of increasing the amount of loans and expanding revenues from fees and commissions. Considering financing transactions as one type of consulting, we as consultant, offer powerful support in relation to fund procurement for corporate growth strategies.

In terms of balances, during the Medium-term Management Plan, our plan is to raise the level of corporate financing to ¥37.0 billion in the San-in region (Shimane and Tottori prefectures), ¥93.0 billion in Sanyo, ¥210.0 billion in Hyogo-Osaka, and ¥200.0 billion in Tokyo.

Common for all		<ul style="list-style-type: none"> ● Extensive support through accurate supply of funds for clients' growth strategies ● Business succession and M&A need identification ● Introduction of online lending for small and medium-sized enterprises
San-in	+¥37.0 billion	<ul style="list-style-type: none"> ● Introduction of regional Group operations structure (More efficient personnel allocation from integration of structures) ● Stronger relationships with chambers of commerce, credit guarantee associations and others to support founding and business creation
Sanyo Hyogo-Osaka	+¥93.0 billion +¥210.0 billion	<ul style="list-style-type: none"> ● Development of new mid-tier and small and medium-sized companies ● Well-established deposit, loans and transactions with existing clients through extensive consulting operations
Tokyo	+¥200.0 billion	<ul style="list-style-type: none"> ● Improve returns on portfolios (center efforts on structured finance)

Solution menu upgrade, expansion and sophistication

In addition to greater sophistication in our existing menu of services, spanning the full range of financing and leasing to M&A activity and business succession, we are working to upgrade solutions in new fields, such as ICT consulting, where needs have risen sharply due to the pandemic. In this way, we are making strides in the upgrade and expansion of both solution measures and service levels. From these steps, we are targeting growth of ¥1.6 billion in solution revenues compared with fiscal 2020 during the Medium-term Management Plan.

Existing domains	All finance types (leases, private-placement bonds, syndicated loans, etc.) <ul style="list-style-type: none"> ● Upgrade of financial strategy support menu 	Business matching <ul style="list-style-type: none"> ● Utilize online communication tools
	M&A, business succession <ul style="list-style-type: none"> ● Strengthen responsiveness to small-scale businesses ● Leverage business succession funds 	Relationship Management (RM) among industries (medical and nursing care, tourism and accommodation, and food manufacturing, etc.) <ul style="list-style-type: none"> ● Strengthen support structure for each industry
New domains	Business plan formulation consulting <ul style="list-style-type: none"> ● Deep analysis of current enterprise status ● Management strategy formulation support 	ICT consulting <ul style="list-style-type: none"> ● Support adoption of IT solutions
	Recruitment consultancy service <ul style="list-style-type: none"> ● Rechannel top-level executives and executive candidate-level personnel back to the region 	Personnel consulting <ul style="list-style-type: none"> ● Support development of personnel systems for realizing enterprise growth and development by promoting growth of employees key to the organization



Retail Strategies

— Providing diverse support tailored
to specific life plans —

Merging the high added value and sense of security of face-to-face channels
with the convenience and ease of non-direct contact channels

Basic Policy

As Japan confronts a rapidly aging society, decline in population and other issues, regional financial institutions face growing pressure to provide high-value-added consulting, while simultaneously offering highly convenient services. San-in Godo Bank is accurately responding to customer needs by merging together the high added value and sense of security found in face-to-face channels with the convenience and ease of non-direct contact channels.

For asset management operations, in an environment characterized by dramatically lower commission rates and other massive changes, we conducted an extensive review of our operations through a business alliance with Nomura Securities Co., Ltd. that culminated in a new business model - the first ever collaboration between a regional bank and a securities company in Japan. Among personal loans, we plan to grow our balance of housing loans through stronger relationships with home builders. In consumer loans, along with reinforcing sales efforts targeting partner enterprises where the Bank operates, we are upgrading and expanding our digital marketing efforts.

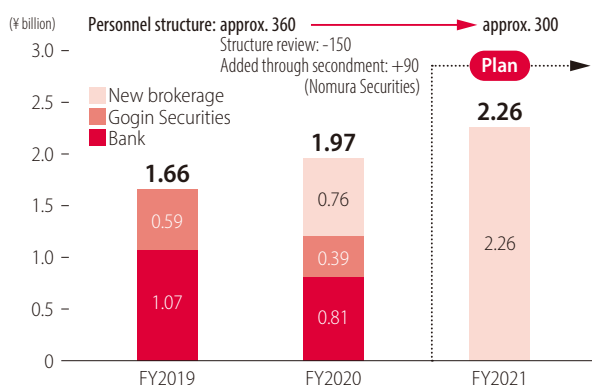
Elsewhere, leveraging our base of credit card customers, we are working to establish regional infrastructure by promoting cashless payments.

Fiscal 2020 Results and Fiscal 2021 Outlook

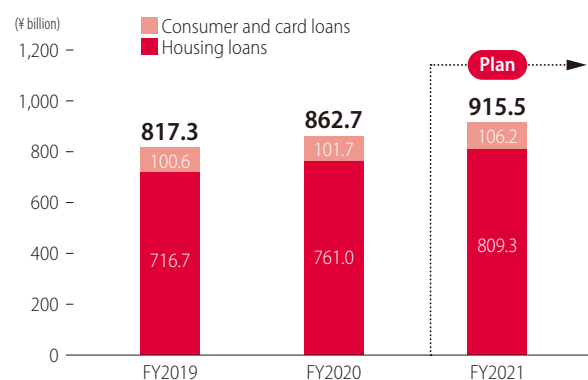
While the accounts held by the Matsue and Yonago branches of Nomura Securities Co., Ltd. were transferred to a new intermediary of accounts, Gogin Securities Co., Ltd. was dissolved following a transfer of its account to a relevant intermediary of accounts, in September 2020, and in November 2020, respectively. In January 2021, all relevant accounts held by San-in Godo Bank were transferred to this new intermediary, resulting in the integration of all other relevant areas, namely sales and administration systems used in the asset in custody operations, data devices and workflow, including ordering schemes, with those held by Nomura Securities. Furthermore, the roughly 360-person workforce structure was cut by 150, with personnel reallocated to strategic departments, followed by the secondment of around 90 individuals from Nomura Securities. The result was a slimmer 300-person structure that also achieved reductions in system costs. Due in part to market factors, the balance of assets under management rose steadily, lifting asset management-related fees and commissions for fiscal 2020 up ¥0.3 billion year on year to ¥1.9 billion.

Regarding personal loan and cashless operations, despite a favorable first half, performance in the second half of the year was severely affected by weak consumption due to the coronavirus pandemic. With “non-face-to-face” and “contactless” needs on the rise amid the COVID-19 pandemic, we are committed to making non-direct contact channels and cashless payments more robust going forward.

Commissions related to assets in custody



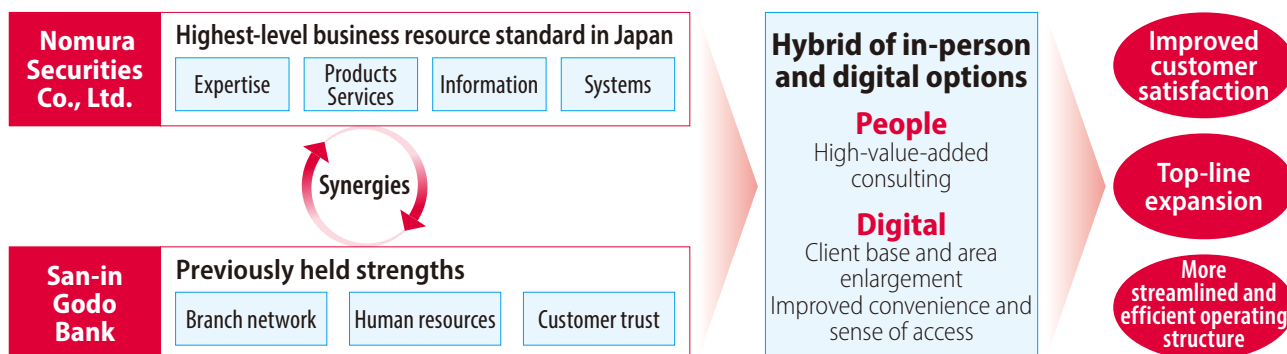
Loans to individual customers



Priority Measures


Take optimal advantage of alliance with Nomura Securities to provide industry-leading services

Through synergies with Nomura Securities Co., Ltd., San-in Godo Bank is improving service levels and achieving a more efficient organizational structure, and is enhancing both customer satisfaction and convenience. Over the next five years, our aim is to lift the combined total balance of ¥500.0 billion held by the Bank, Gogin Securities and Nomura Securities prior to the alliance to ¥800.0 billion. The alliance has also enabled San-in Godo Bank to provide some of the top levels of service in Japan across a wide-ranging lineup to the San-in region. Looking ahead, we intend to take even greater steps to propose optimal plans that respond to customers' attributes and life stages.



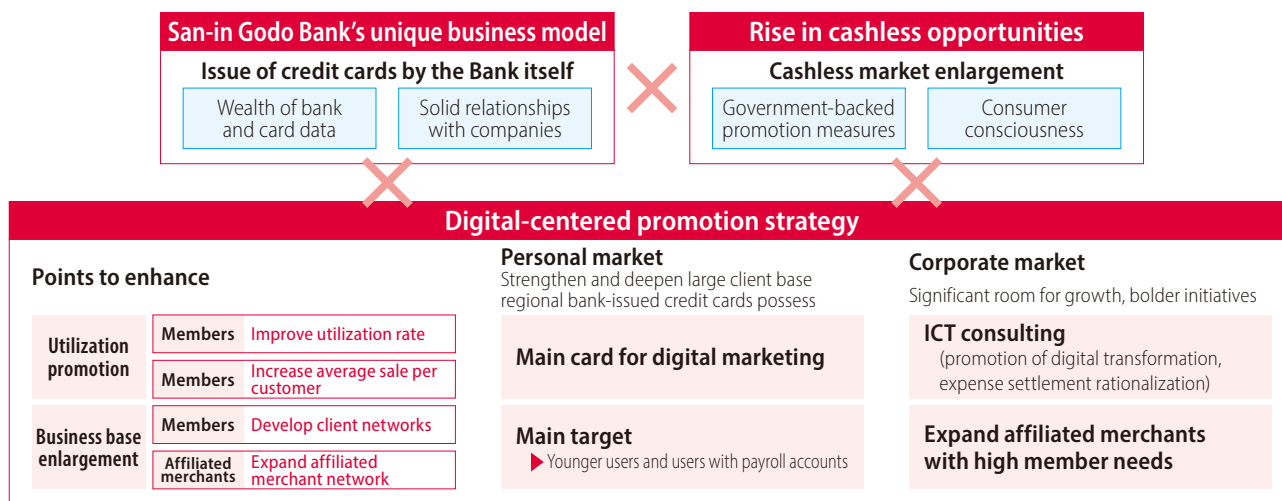
Expanding service scope of personal loans centered on consulting functions and customer convenience

Improvements in consulting functions and convenience will allow the Bank to better identify needs. Along with strengthening our approaches that we have been working on for years, in face-to-face channels, we are more intensely promoting housing loans in Sanyo and Hyogo areas as new markets. In non-direct contact channels we are pursuing a variety of options, including greater convenience through improvements in Web-based loan completion schemes. We are also realizing improvement in productivity thanks to a thorough review of clerical work enabled by digitalization.

Channels	Face-to-face	Stronger consulting functions	Life plan-tailored proposals	More robust points of contact in client's occupational fields
	 Combined	Development of customer-attracting mechanisms	New market development (Hyogo area)	Stronger partnerships with home builders
		Accurate awakening of needs	More robust digital marketing	Expanded non-direct contact approach
		Non-direct contact	Improved satisfaction	Better 1-to-1 communication
	Internal systems	Improved productivity	Efficient promotion through operational integration	Business process reengineering (BPR) promotion through digitalization

Leveraging advantages of unique business model to expand cashless business scale

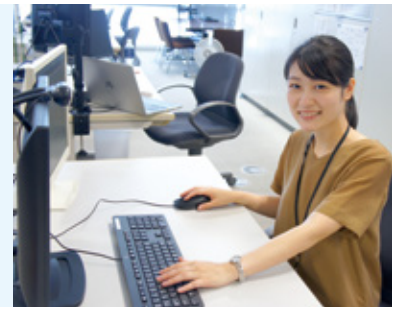
The strengths of San-in Godo Bank's unique business model include a wealth of data from banking and card transactions, coupled with solid relationships with affiliated merchants and companies. Combining these strengths with the rise in opportunities to go cashless, we are working to expand business scale. For individual customers, we are putting a full range of non-direct contact transactions in place, while putting more energy than ever into expanding card transactions with corporate customers, where there is significant room for growth.



Digital Strategies

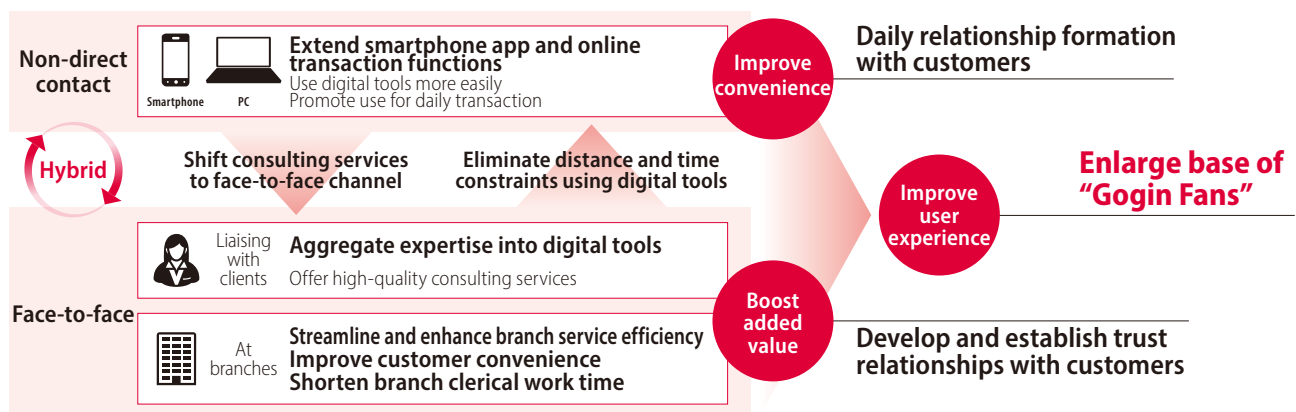
— Enhancing the entire Bank through IT
and establishing competitive advantage —

We are leveraging digital technologies to accelerate structural reforms across all areas of management, enhancing the user experience (UX).



Basic Policy

Using digital tools, the Bank is upholding both accessibility and high quality in service, thereby enhancing the user experience (UX). In non-direct contact transactions, we are pursuing further convenience and accessibility for customers. By helping customers feel more comfortable with digital tools, we are promoting their use even in everyday transactions. In face-to-face transactions, San-in Godo Bank is in pursuit of both convenience and efficiency with tools that customers can conveniently use during branch visits, and that may lead to greater clerical work streamlining and efficiency. For external visits to clients, we are consolidating a variety of expertise into digital tools, and using these tools to build a structure capable of supporting high-quality consulting services.

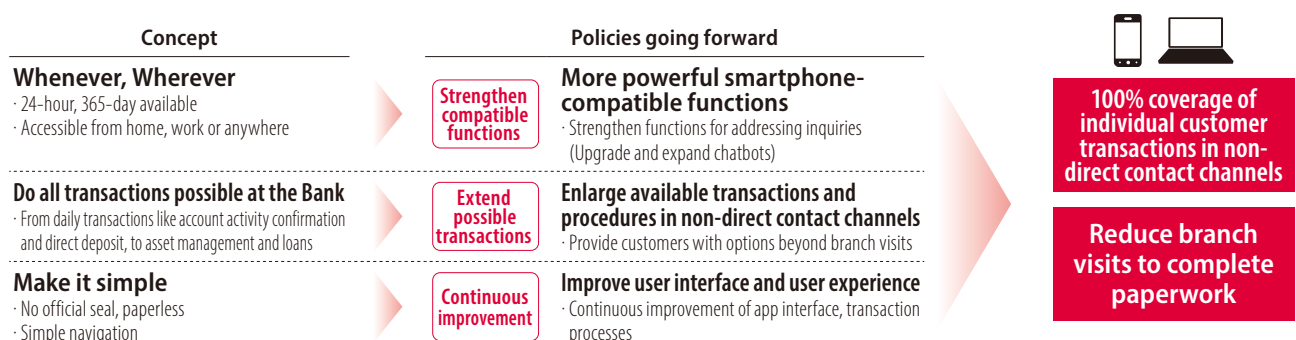


Non-direct contact channels

Making "A bank branch in the palm of your hand" a reality

We are heightening customer convenience based on the concept "A bank branch in the palm of your hand."

We are working to create a structure over the span of the Medium-term Management Plan that allows customers to choose to conduct 100% of their banking transactions without ever stepping into a bank, including clerical procedures that currently require branch visits.



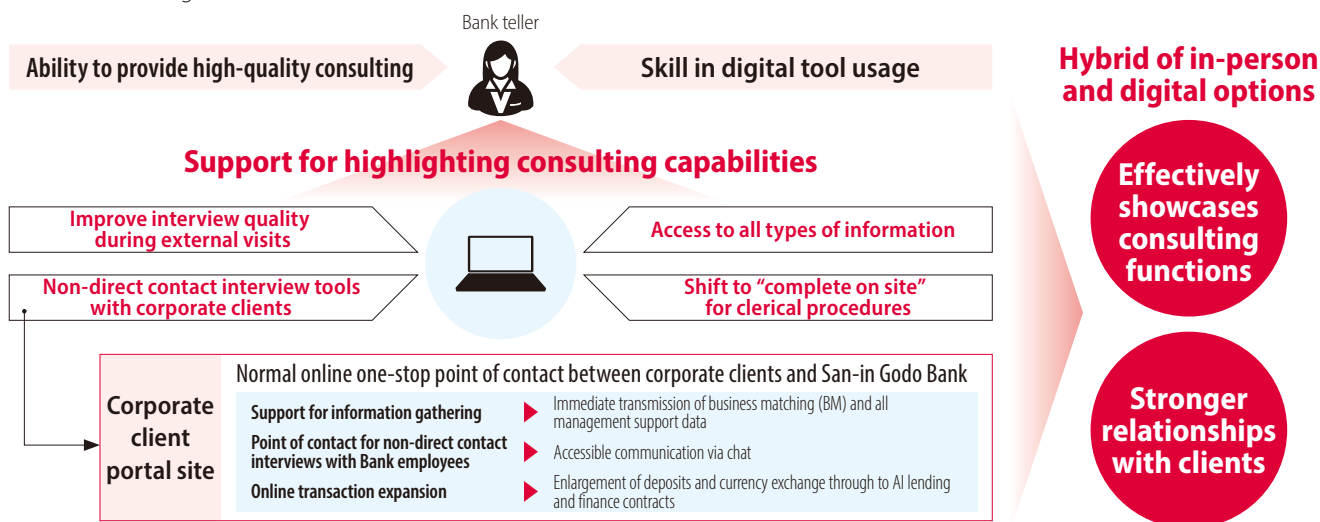
Aim to shift major clerical procedures online

Notification (changes/lost forms)	Expand smartphone/ online compatibility	Pct. accepted online:	FY2019	10%	➡	FY2023	50%
Inheritance	Launch smartphone/ online compatibility	Pct. accepted online:	FY2019	0%	➡	FY2023	50%
Money transfer	Promote Internet Banking (IB) and app usage	No. accepted at branch:	FY2019	800,000	➡	FY2023	400,000 (50% reduction)

Face-to-face channels

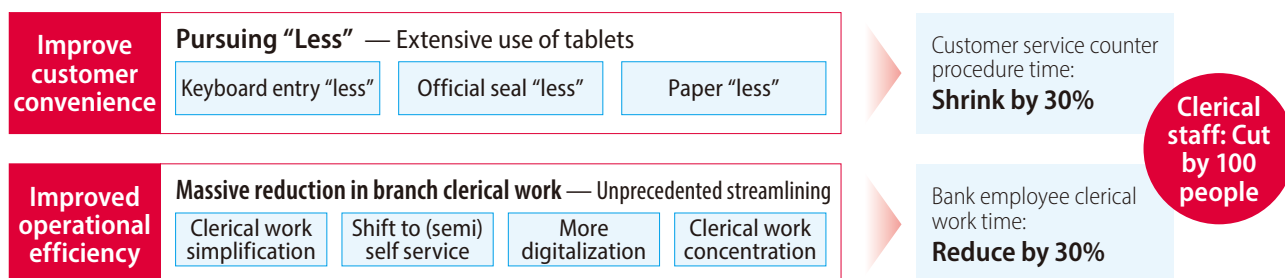
Raising convenience to boost added value of external visits to clients

San-in Godo Bank is raising the added value of external visits to clients by providing information and proposal tools that enhance consulting quality, while making it convenient to complete clerical procedures when out on the visit. We are also building a corporate portal site, with respect to upgrading and expanding online transactions. Making more robust communication possible through everyday online chat and other site tools, and by grasping customer needs thanks to data on browsing history compiled from the site, we are also making face-to-face interactions more efficient.



Reforming Bank branch operations through extensive streamlining

The Bank is utilizing digital tablets and extensive streamlining of clerical work to drive reforms in its branch operations. Meanwhile, the push to consolidate back office work, coupled with promotion of intensive digitalization, is leading to dramatic reductions in clerical work at branches. The aim is to shorten time for paperwork by customer at branches and to cut time spent on clerical work by Bank employee, by 30% each, respectively.

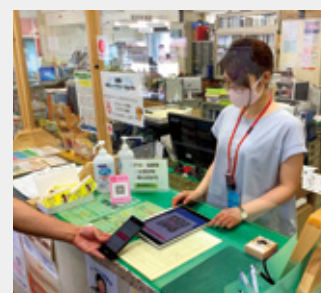


Key Initiative

Promoting regional digitalization

Since May 2021, San-in Godo Bank has adopted "J-Coin Pay," a smartphone-based payment service that enables payment for IDs and other documents at Ama Town government office in Oki District, Shimane prefecture.

In addition to improving the convenience and operational efficiency of governmental services through cashless payment and other moves toward digitalization, "contactless" payments that avoid physical money are also effective in helping prevent the spread of infectious diseases such as COVID-19. San-in Godo Bank remains committed to providing services that satisfy customers as we take steps through greater digitalization to improve convenience in the region in collaboration with local governments.



Possible payments

Fees for all government certifications handled by Ama Town Office Resident Life department

- Census registry (removal) certification
- Residency certification
- Official seal registration
- Tax-related certification
- Fees for other government certifications

(as of July 1, 2021)

Securities Strategies

— Maintain stable earnings, with risk-return always in mind —

We are developing a portfolio capable of responding flexibly to changes in economic conditions and financial policies.

Basic Policy

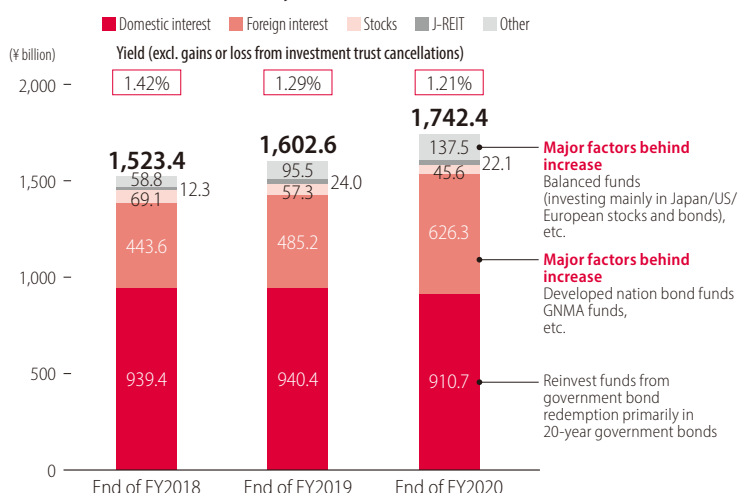
We have put structures in place for human resource training, risk management and other key areas, with a focus on securities management for many years.

Prompted by the continued low interest rate environment in recent years, while staying focused on yen-denominated securities, we have taken steps to diversify assets under management to include foreign bonds, stocks, investment trusts and other assets, with an eye to ensuring stable earnings. Our policy throughout the span of the Medium-term Management Plan is to maintain earnings at current levels.

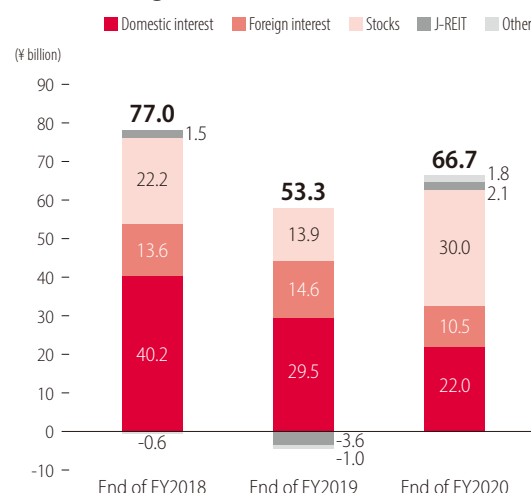
Fiscal 2020 Results

As of March 31, 2021, the balance of securities (risk basis) stood at ¥1,742.4 billion, for a year-on-year increase of ¥139.8 billion. This growth reflected progress in building the balance while taking steps to diversify securities under management. For yen-denominated securities, amid the redemption of relatively high yield Japanese government bonds, along with reinvestment in 20-year government bonds, earnings were complemented by investments in funds managing government bonds from other advanced countries. As of March 31, 2021, the valuation gain on securities was ¥66.7 billion.

Securities balance and yield (risk basis)



Valuation gain (loss) on securities



Priority Measures

Interest risk dispersion

Given the ongoing low interest rate environment, we are broadening scope from a focus largely on management of Japanese government bonds to include the management of foreign bonds, investment trusts and other assets.

Expanding balanced management

Along with close scrutiny of management performance, we are making additional investments in funds with strong performance.

Flexible trade of stocks

We flexibly adjust our asset allocation based on market outlook.

Fund utilization

For strategies requiring a rebalance on a regular basis, we utilize funds and select its type in line with investment objectives, such as open and closed investment trusts, which are based on Japan and those based abroad.

More sophisticated market risk management

Due to the growing proportion of products with overseas interest rate in our portfolio, we carefully manage predictions regarding European and U.S. interest rates. Our moves toward more sophisticated risk management include adoption of schemes to consider measures to take, should valuation losses of a certain level emerge due to volatility.

Group Strategies

— Pursuing optimal Group synergies based on the Bank-led management strategies —

We fulfill a consulting function to solve issues of the region and our customers as a group.

Basic Policy

San-in Godo Bank has made progress in achieving greater rationalization and efficiency in recent years thanks to aggressive Group reorganizing efforts. As a result, along with strides in the reallocation of personnel to strategic departments, the Bank is seeking to solve issues the region and customers face through the pursuit of optimal Group synergies.

Fiscal 2020 Results

Against a backdrop of expansion in cashless transactions, we scrapped cash collection and delivery services provided mainly by Gogin Business Services Co., Ltd. in fiscal 2020. Other actions taken included the dissolving of Gogin Securities Co., Ltd. accompanying our alliance with Nomura Securities Co., Ltd. and the transfer of asset management operations to a new intermediary.

■ Main initiatives regarding Group realignment

	FY2020
Gogin Business Services Co., Ltd.	Scrap cash settlement/sorting services, operational integration
Gogin Securities Co., Ltd.	Transition to new brokerage and dissolve
San-in General Lease Co., Ltd.	Make a 100% subsidiary

Priority Measures

We instituted business performance and profit management for each business segment, which included affiliates, alongside new business development. Together with efficient promotion of measures through optimal allocation of management resource, we take steps to upgrade and expand procedures for resolving issues the region and customers face.

■ Operating structure by segment

