

# Power behind Value Creation

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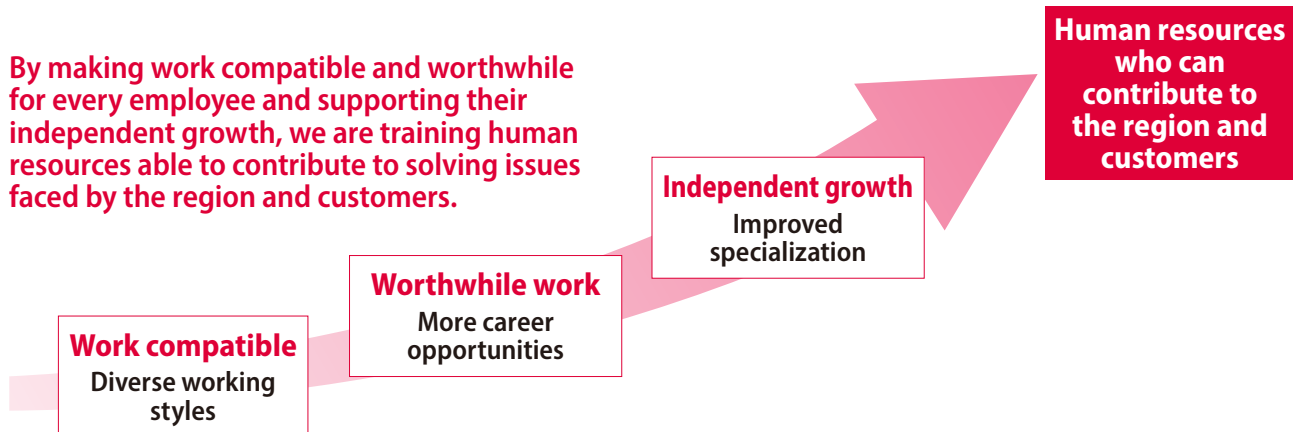


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# Personnel Strategies

— Training highly specialized human resources to help resolve issues the region and customers face —

Building stronger structures as an organization, and training specialized human resources in consulting and digitalization, are indispensable for enabling a business model centered on these fields and fueling powerful growth for the Bank. Through the dynamic action of a diverse workforce filled with individuality, one that allows each employee to individually learn and enhance their own specialization and hone personal strengths, San-in Godo Bank will remain a resilient bank with continued presence.



## Personnel training

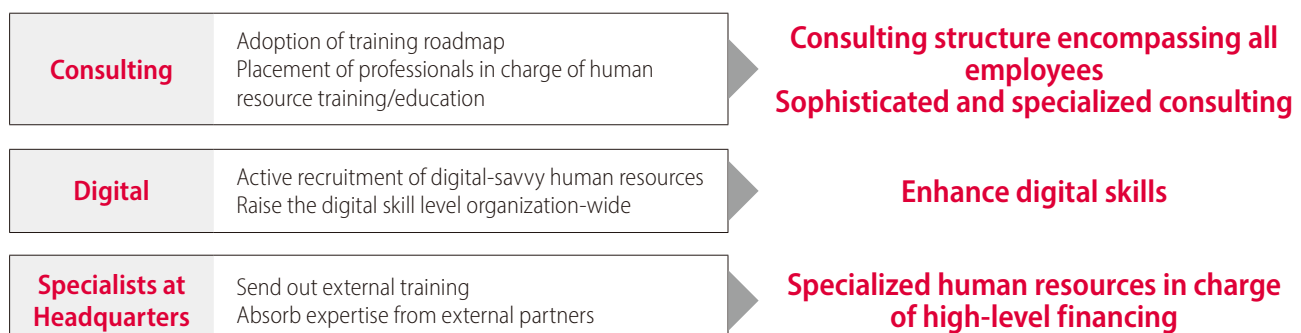
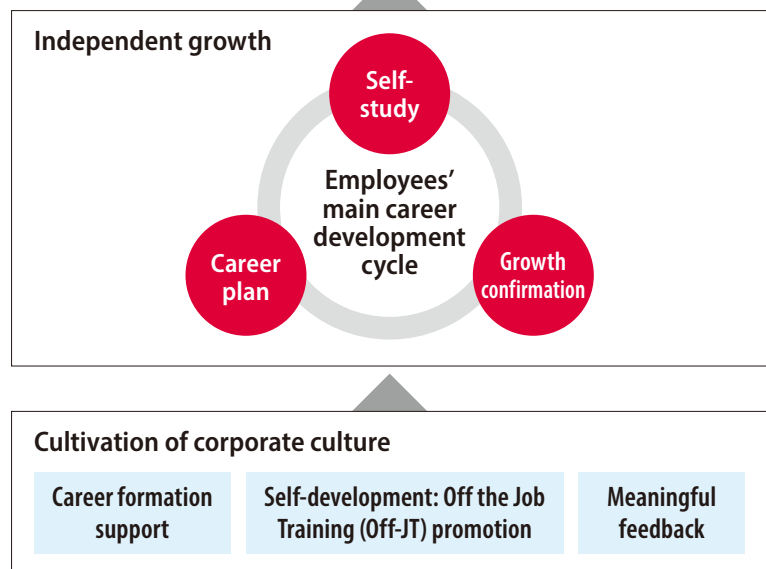
### Personnel training system supporting independent growth

#### Training independent personnel

Our training seeks to develop employees into thinking and learning on their own, and take the initiative in execution. To this end, we are strengthening systems that support the self-led growth of our employees in a drive to improve their individual levels of specialization.



### More highly specialized human resources

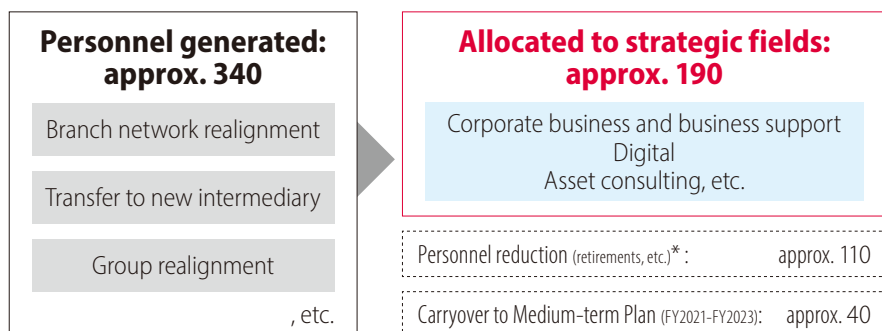


## Strategic personnel allocation

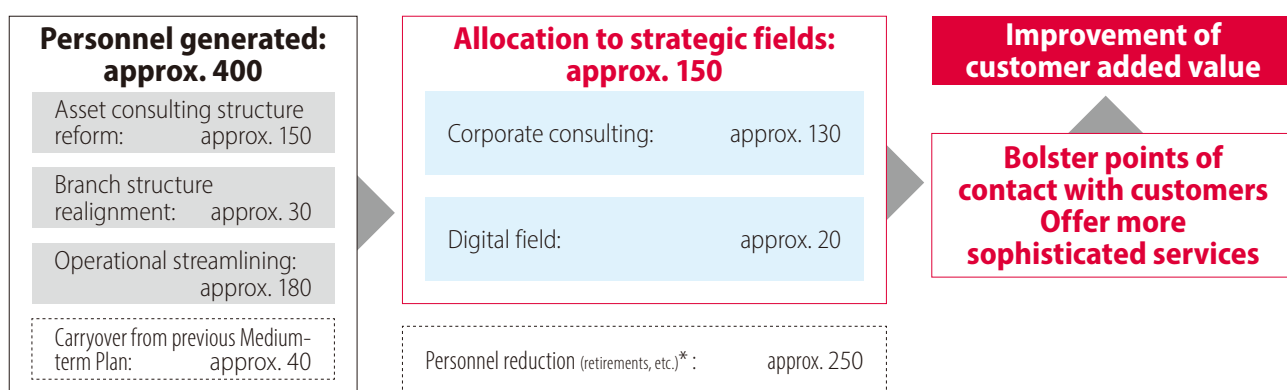
In prioritizing personnel allocation in two strategic fields - consulting and digitalization - we are working to strengthen points of contact with customers and deliver more sophisticated services.

### FY2018 to FY2020 Results

(Total No. of employees as of Mar. 31, 2021: approx. 3,000)



### FY2021-FY2023



\*Includes part-time employees

## Boost motivation

### Cultivate a shared sense of purpose between management and employees

We create opportunities for directors to communicate their management vision and beliefs directly to employees, and for employees to directly convey their opinions and thoughts to directors. By reinforcing two-way communication and deepening mutual understanding, we are raising a shared sense of purpose for the organization.

### Personnel evaluation and performance review

Providing more robust feedback is leading to stronger personnel development.

## Strengthening communication

Through career formation support, we are working to enhance communication and relationships of trust within the organization.

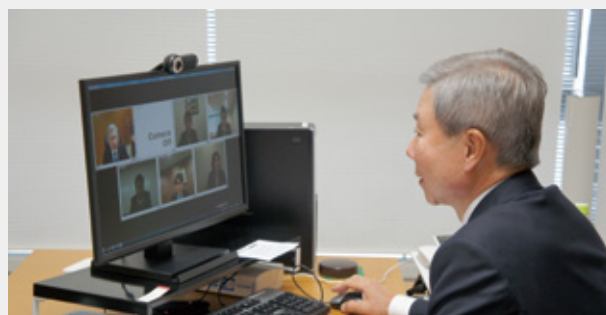
### Communication support system

We have established a communication support system designed to strengthen "connections in the workplace" and "connections to family and community," carrying out events and activities that lead to better communication.

### Key Initiative

### Discussion with the Bank president

We hold regular online forums with the president of San-in Godo Bank for open communication between the president and employees. Highly rated by employees who have taken part, these forums allow the president to share his management philosophy or approaches to the Medium-term Management Plan, and offer his frank thoughts and advice to questions posed by employees. Through conversations with management, we are striving to build workplaces where open communication is the norm.





# Diversity & Inclusion

— Supporting dynamic participation by diverse human resources  
for an organization where every individual can shine —

Along with expanding opportunities to flourish in creating worthwhile workplaces, we are moving to create workplaces where employees find it easier to work in a bid to encourage a work-life balance.

## Expanding opportunities to flourish

### Employment of individuals with disabilities

We actively employ individuals with disabilities, creating opportunities to flourish in line with their specific capabilities.

**Gogin Challenged**  
a business site for individuals with disabilities (P56)



Employees creating aesthetically sophisticated artwork at Gogin Challenged Matsue

### Career advancement for women and seniors

We strive to ensure worthwhile work environments that encourage employees to take on challenges and amply showcase their talents.

Actively place women employees into managerial positions	Set goal of raising percentage of women managers to 25% or higher by the end of FY2023
Develop diverse career paths	<ul style="list-style-type: none"> <li>● <b>Career map for Area occupations (occupations with limited work areas)</b> Customer counter service/Individual customer sales/ Finance and foreign currency/Corporate business Provide robust and practical training seminars, strengthen support systems and other steps to proactively support career formation in Area occupations</li> <li>● <b>Allocation and transfer of corporate business under Area occupations</b> FY2020 Results 67 individuals</li> </ul> <p>Allocation and transfer to corporate business under Area occupations (Individuals)</p> <p>Active hires of part-time employees as a full-time bank employee</p>
Expand career opportunities for senior human resources	<ul style="list-style-type: none"> <li>● <b>Actively place as branch managers and general managers</b></li> <li>● <b>Occupation development leveraging experience</b> Consulting implementation/Education of young employees/Respond to regional human resource needs</li> </ul>

### Adoption of senior part-time employment track (continuing employment through age 70)

San-in Godo Bank has adopted a part-time employment track that enables seniors to remain continuously employed through age 70 on a part-time basis. This move puts an employment environment in place where employees aged 65 and older can utilize knowledge, experience and skills gained over their careers with the Bank to flourish for years to come.

## Work-Life Balance

### Support for child rearing, nursing care and work

In addition to parental leave available until the child becomes 3 years old, our active support of work-life balance includes shorter working hours and exemption from and limits on after-hours work for those returning from leave until children complete third grade at elementary school. To encourage male employees to also take parental leave, we actively introduce role models among other steps to cultivate this consciousness. Should nursing care become necessary for family members, a total of 365 days of nursing care leave per applicable family member is available, and can be used up to three separate times within that scope of leave.

#### ● Smile Mama Meeting (Return to work support)

We hold informal get-togethers and meetings to prepare those on parental leave for returning to work. These opportunities to interact with employees on leave and those with experienced and made the jump back to work lead to more relaxing parental leave, while creating a company that can assist one another upon return to work.

#### ● Platinum Kurumin Certification

In December 2018, San-in Godo Bank obtained "Platinum Kurumin" certification based on Japan's Act on Advancement of Measures to Support Raising Next-Generation Children.



### Work style reform

From the perspective of balancing work with child rearing and nursing care responsibilities, along with health management, we encourage employees across the entire Bank to limit after-hours work and to take paid vacation days. We also introduced telework and flextime systems with the goal of making diverse working styles possible for our employees.

#### ● Limiting after-hours work

We encourage every employee to stay mindful of time management, and to approach operations and management in an efficient and balanced manner.

#### ● Encouraging use of paid vacation

Our target for the use of annual paid vacation days is to have 80% of the granted vacation days taken. To this end, we do our best to prepare an environment that enables all employees to enjoy a fuller work-life balance.

#### ● Telework system

To make flexible working styles possible and address risk management, we introduced mobile work, an approach that allows employees to use a designated device to conduct business when working from home, out liaising with clients or during business trips.

#### ● Flextime system

Using their established work schedule as a baseline, employees can change their working hours or start/finish schedule for a given day to match any anticipated work or individual circumstances.

### Initiatives for "Health Management"

The Bank formulated the "Health Management Declaration" in September 2018, and has been working across the entire Group led by the President in charge, to keep and enhance the mental and physical health of each employee.

#### Health Management Declaration

For San-in Godo Bank, every Bank employee represents an irreplaceable asset. Accordingly, we take straightforward yet powerful measures to maintain and promote the physical and mental wellbeing of our workforce. From limiting after-hours work to encouraging the taking of paid vacation and other things, we do whatever possible to create an environment that allows everyone at San-in Godo Bank to work energetically and with a sense that their job is worthwhile.

### Certified Health & Productivity Management Outstanding Organization 2021 (Large Enterprise Category) "White 500"

For a third consecutive year, San-in Godo Bank was recognized as a "Certified Health & Productivity Management Outstanding Organization" under the certification system enacted by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Conference).

Among Group companies, San-in General Lease Co., Ltd., Matsue Real Estate Co., Ltd., Gogin Business Services Co., Ltd, Gogin Credit Co., Ltd., San-in Servicing Co., Ltd. and San-in Office Services Co., Ltd. were all recognized in the small- and medium-sized enterprise category for the second consecutive year.



## Together with the Region

Assisting in the independence and social participation of individuals with disabilities supported by the region

### Gogin Challenged

Business site for  
individuals with  
disabilities



### Gogin Challenged Matsue

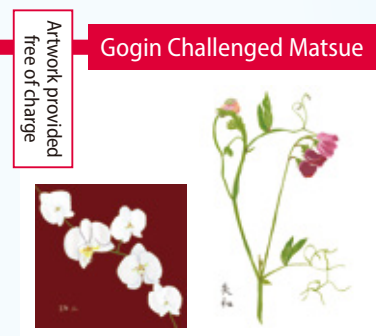
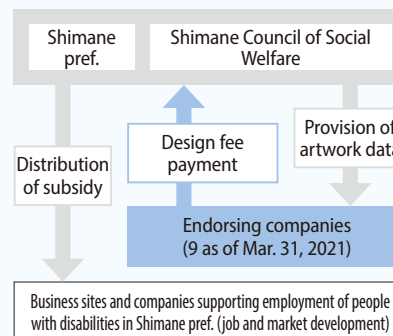
Opened in September 2007

**Employees with disabilities: 18**  
(as of March 31, 2021, No. at opening: 6)

Specializing in the employment of individuals with intellectual disabilities, this site is involved in the production of paintings and the production of novelties utilizing the paintings, along with related clerical work.

#### Yumeiku Work Support Business

Developed in cooperation with Shimane prefecture and the Shimane Council of Social Welfare as a mechanism to generate economic value from the artistic talents of individuals with intellectual disabilities, efforts focus on assisting in the independence of those with disabilities in the region.



Artwork created by Gogin Challenged Matsue employees is used by companies endorsing the site's activities. Usage fees of the art return to facilities employing people with disabilities and companies through the work of the Shimane Council of Social Welfare, with the purpose of supporting the independence of those with disabilities.

### Gogin Challenged Tottori

Opened in September 2017

**Employees with disabilities: 13**  
(as of March 31, 2021, No. at opening: 5)

Employing mainly individuals with mental and developmental disabilities, the site has responsibilities across a wide range of bank operations, including IT skill-centered tasks.

#### Provision of internships and training programs

Thanks to a comprehensive collaborative agreement with Tottori prefecture and the Tottori Prefectural Board of Education regarding the social participation of individuals with disabilities, Gogin Challenged hosts many training seminars and observation visits mainly by disabled employees from other job sites and students from special education schools. Through mutual collaboration with the region, we support the independence of people with disabilities across multiple dimensions in step with their individual characteristics, thereby contributing to improved employment opportunities.

### Membership in "The Valuable 500" international initiative for the flourishing and advancement of people with disabilities

Guided by the belief that "inclusive business makes for an inclusive society," this international initiative seeks to spur companies worldwide to action in showcasing the potential business, social and economic value that individuals with disabilities bring and support their activities. Membership in the initiative will spark further development of our own efforts to date in this area.



50 Japanese companies are members of this initiative endorsed by 500 companies worldwide

# Corporate Governance

— Taking steps to strengthen and ensure robust corporate governance —

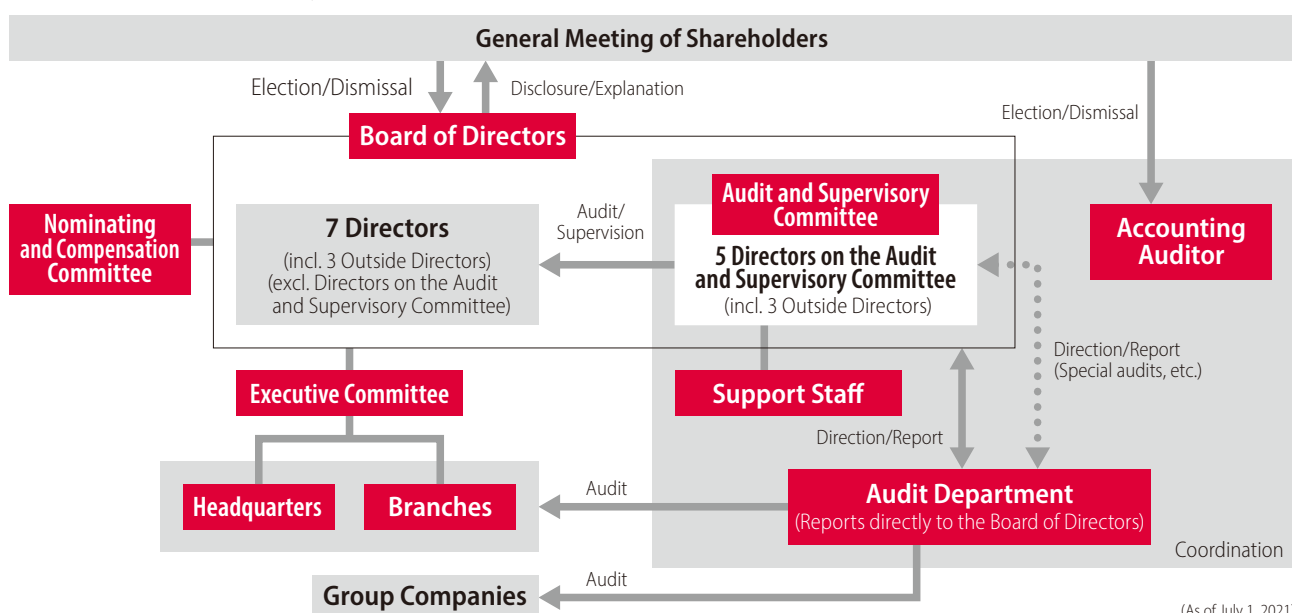


## Basic Policies Regarding Corporate Governance

In step with realizing its management philosophy to become “the creative bank that best fulfills the dreams of the region and customers it serves,” San-in Godo Bank strives for reinforcement and enhancement of corporate governance in line with the basic policies outlined below in order to appropriately respond to changes in the financial environment, achieve sustainable growth and improve medium- to long-term corporate value.

- (1) The Bank preserves the rights of shareholders, and prepares an environment allowing the proper exercise of those rights. Attention is given, furthermore, to preserving the equality of all shareholders.
- (2) The Bank gives close consideration to the interests of its many stakeholders, including shareholders, customers, employees and regional society, and collaborates appropriately with these stakeholders.
- (3) Regarding financial and non-financial information, namely management strategies and issues, and information pertaining to risk and governance, the Bank conducts appropriate disclosure based on relevant laws and regulations. In the interest of ensuring management transparency, the Bank also strives to provide a robust range of information outside of the scope of legally mandated disclosure.
- (4) The Board of Directors and the Audit and Supervisory Committee, recognizing their roles as trustees on behalf of the shareholders, take appropriate steps to fulfill this duty in an effort to ensure the Bank’s sustainable growth and improvement in its medium- to long-term corporate value.
- (5) The Bank holds constructive dialogue with shareholders designed to contribute to improvement in its medium- to long-term corporate value.

## Corporate Governance System



(As of July 1, 2021)

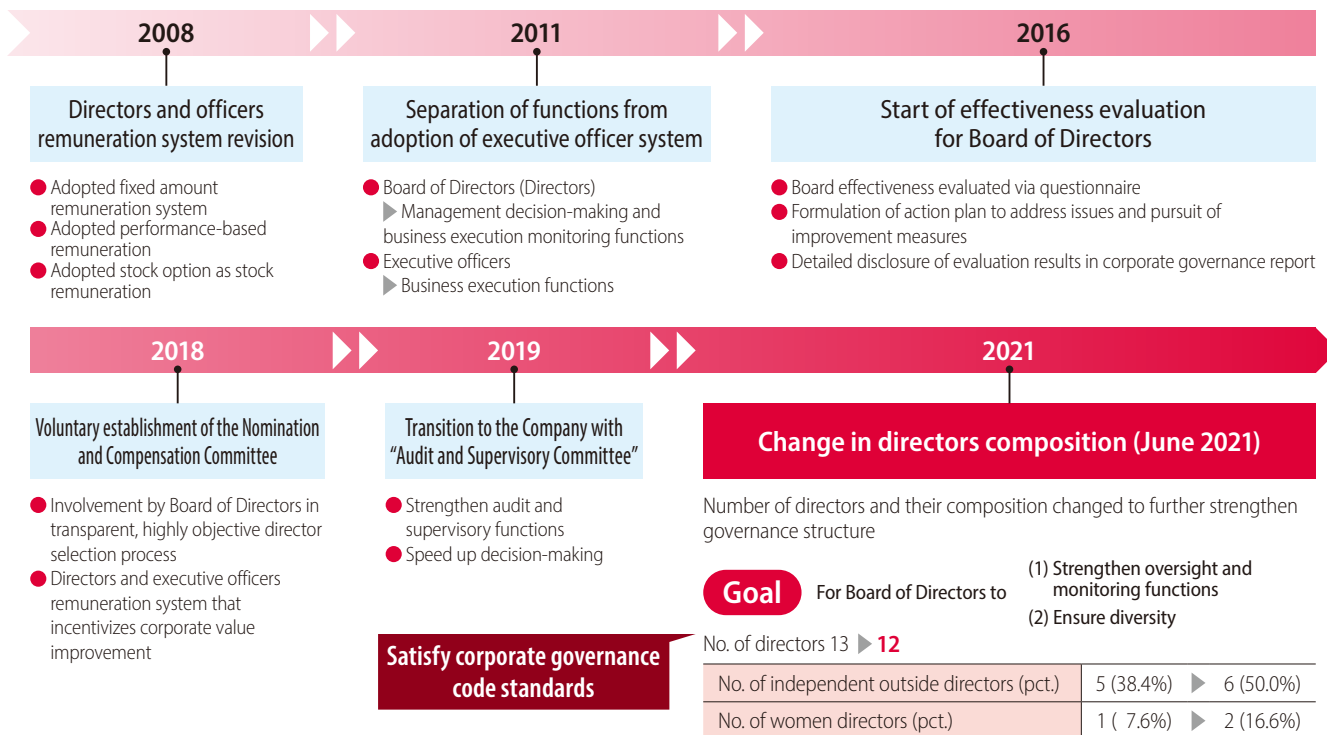
\*For more on governance, see pages 15-17 in a separate supplemental disclosure (Japanese only)



## Corporate Governance

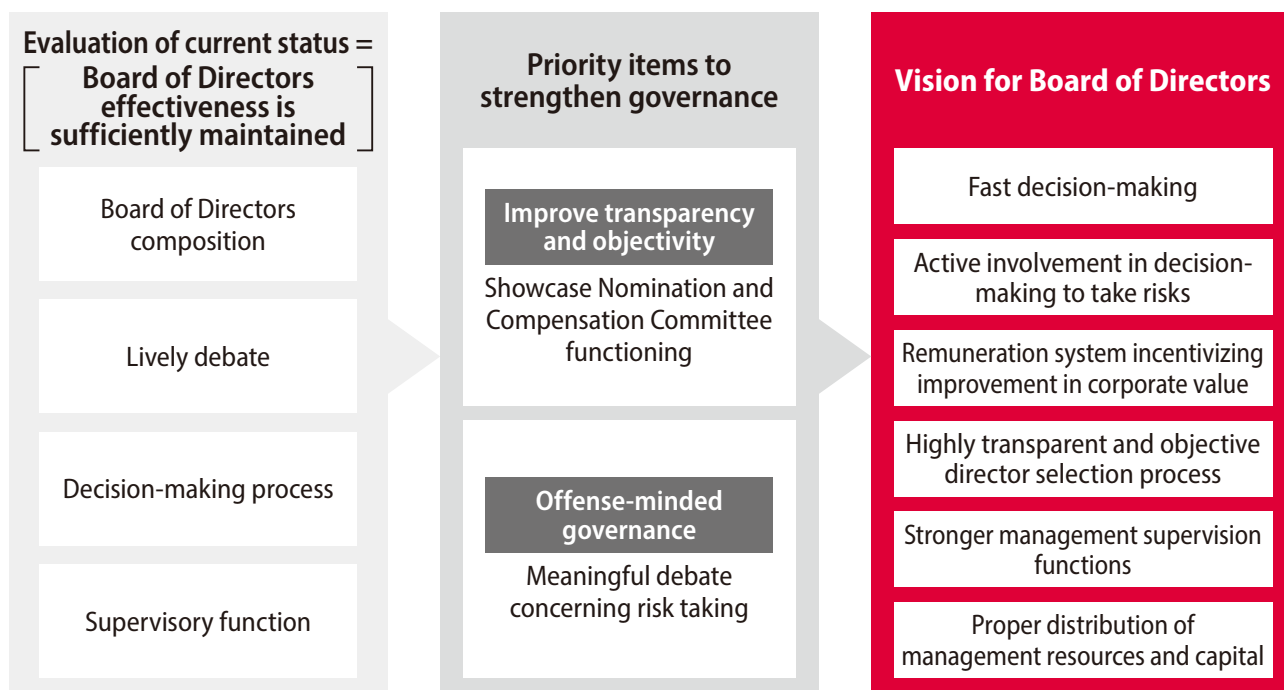
### Corporate Governance Reforms

San-in Godo Bank is advancing governance reforms that include changes in institutional design and the composition of the Board of Directors, as well as installment of a remuneration system for directors and executive officers.



### Strengthen Corporate Governance Structure

In order to meet stakeholder expectations and achieve ongoing improvements in corporate value, we remain committed to efforts to strengthen our corporate governance structure going forward.





# Messages from the Outside Directors

## San-in Godo Bank initiatives for pursuing ESG financing in the region

**Hideto Tago** Director



### **Presentation of San-in Godo Bank ESG/SDGs initiatives at the High Level Meeting on ESG Finance**

At the High Level Meeting on ESG Finance, launched in 2018 and sponsored by Japan's Ministry of the Environment, San-in Godo Bank, representing regional banks, made a presentation of ESG/SDGs-related initiatives. Transcripts of debates from the meeting have been compiled into a document, "Recommendations from the High Level Meeting on ESG Finance – Toward becoming a big power in ESG Finance." The following captures some of the tenor of what emerged from those meetings.

"It's reasonable to say that development of a sustainable, client-oriented business model will not be achievable without perspectives of client ESG issues and SDGs in the region."

"Realizing ESG finance in the region and the pursuit of true relationship banking are one and the same."

"The commitment in San-in Godo Bank's management philosophy to become "The creative bank that best fulfills the dreams of the region and customers it serves" is exactly where the Bank should be aiming today."

### **Support for regional enterprises transforming their business in response to COVID-19**

Because of the coronavirus pandemic, regional economies and society are being forced to undergo massive transformation to adapt to the new normal of living with the coronavirus in a post-COVID world. It is encouraged, for customers running businesses, to promote business transformation, and for individual customers, to create new lifestyle patterns.

Transformation and huge risk are two sides of the same coin. However, for those customers daring enough to rise to the challenge, regional financial institutions need to walk along with them as if the same issue were theirs to confront. These institutions have crystals of equity (retained earnings) that have been earned from transactions with local customers over many years. The extent to which they opt to use this equity as a buffer to help customers tackle their transformation challenges, by which evaluates the true value of a regional financial institution. Luckily, thanks to its customers, San-in Godo Bank has one of the most substantial levels of equity among its peer regional financial institutions. The COVID-19 pandemic is arguably the precise moment to use this equity.

And if not now, at a time like this, then when exactly?

Our long struggle against the novel coronavirus will continue. And although support measures for funding, such as government-led financing and grants to fight COVID-19, emerged as vital to response crises, these are nothing more than steps to temporality stop hemorrhaging and buy time. While these stopgap measures are still working, companies must tackle the business transformation needed to adapt to the new normal.

However, high is the level of difficulty, when it comes to business transformation. Beginning with the businesses in question, financial institutions they deal with, organizations supporting small and medium-sized businesses and a host of professionals have to look ahead to the all-out battle that's looming, and join forces to support each other as they run toward it. As we all know, 99% of Japanese companies are small and medium-sized enterprises. Given that regional economy and society is driven by them, the awareness of these small and medium-sized business owners is crucial to ensuring regional sustainability.

For business owners opting for business transformation to get ready for life with and post coronavirus, and for the regional financial institutions that decide to get close and run alongside with support, in the future perspective, ESG/SDGs and Business Continuity Planning (BCP) are the ones.

While the COVID-19 is certainly unprecedented in modern times and for many was something they could never expect possible, the idea that peaceful times continues indefinitely is an unrealistic scenario. An expert once said that the word "unexpected" was really nothing more than an excuse, and I couldn't agree more.

For the tough times that lie ahead, San-in Godo Bank will need to throw away the word "unexpected" and put in the hard work and sweat together with customers for the sustainability and growth of the region.

#### **Hideto Tago**

Born in Yasugi city, Shimane prefecture. Following stints at the Bank of Tokyo (currently, MUFG Bank), foreign-affiliated financial institutions, and major consulting firms, Tago was appointed as an Outside Director at San-in Godo Bank in June 2007. Since 2011, he has served as a Representative Director of the Research Institute of Japanese Regional Economy. Tago has served as a government-appointed expert many times over his career. His service today includes serving as a member of the Ministry of the Environment's "ESG Finance High Level Panel."

# Directors and Executive Officers (as of June 22, 2021)

## Directors (excl. Directors on the Audit and Supervisory Committee)



### Chairman and Representative Director Fumio Ishimaru

Apr. 1977 Joined San-in Godo Bank  
 Jul. 1998 General Manager, Sakuradani Branch  
 Jun. 2001 General Manager of ALM Office, General Planning Dept.  
 Jun. 2003 General Manager, Hiroshima Branch  
 Apr. 2006 General Manager, Tottori Business Dept.  
 Jun. 2007 Director, General Manager, Tottori Business Dept.  
 Apr. 2008 Director, General Manager, Management Planning Dept.  
 Jun. 2009 Managing Director, General Manager, Management Planning Dept.  
 Jun. 2010 Managing Director  
 Jun. 2011 Director and Senior Managing Executive Officer, Chief, Tottori Headquarters  
 Jun. 2013 Director and Senior Managing Executive Officer  
 Jun. 2015 President and Representative Director  
 Jun. 2020 Chairman and Representative Director (current)



### President and Representative Director Toru Yamasaki

Apr. 1982 Joined San-in Godo Bank  
 Jun. 2006 General Manager, Yonago-nishi Branch  
 Jun. 2009 General Manager, Business Planning Dept.  
 Jun. 2012 Executive Officer, General Manager, Management Planning Dept.  
 Jun. 2014 Managing Executive Officer  
 Jun. 2015 Director and Senior Managing Executive Officer  
 Jun. 2018 Director, Vice President and Executive Officer  
 Jun. 2020 President and Representative Director (current)



### Director Yuji Funo

Apr. 1987 Joined San-in Godo Bank  
 Apr. 2006 Assistant Manager, Personnel Dept.  
 Jul. 2008 Group Manager, Personnel Dept.  
 Jul. 2010 General Manager, Amagasaki Branch  
 Jun. 2013 General Manager, Gotsu Branch  
 Jun. 2015 General Manager, Personnel Dept.  
 Jun. 2017 Executive Officer, Chief, Iwami Headquarters  
 Jun. 2019 Managing Executive Officer  
 Jun. 2021 Director and Managing Executive Officer (current)



### Director Shuichi Ida

Apr. 1988 Joined San-in Godo Bank  
 Apr. 2007 Assistant Manager, Credit Screening Dept.  
 Jul. 2008 Assistant Manager, Personnel Dept.  
 Jul. 2010 Group Manager, Personnel Dept.  
 Jul. 2011 General Manager, Yonago-higashi Branch  
 Jul. 2014 General Manager, Hiroshima Branch  
 Jun. 2016 General Manager, General Operational and Administrative Dept.  
 Jun. 2018 Executive Officer, General Manager, Management Planning Dept.  
 Jun. 2020 Director and Managing Executive Officer, General Manager, Management Planning Dept. (current)



### Director (Outside, Independent) Hideto Tago

Apr. 1974 Joined The Bank of Tokyo, Ltd. (currently, MUFG Bank, Ltd.)  
 Aug. 1988 General Manager, Capital Markets Dept., Tokyo Branch, France-based Banque Indosuez  
 Jan. 1992 General Manager, Service Promotion Dept., Tokyo Branch, National Westminster Bank Plc  
 Apr. 1997 Representative Director, Tago Offices Co., Ltd. (current)  
 Apr. 1999 Partner, Deloitte Tohmatsu Consulting LLC (currently, ABeam Consulting Ltd.)  
 Jun. 2003 Advisor, ABeam Consulting Ltd.  
 Jun. 2004 Auditor, The Kagoshima Bank, Ltd.  
 Jun. 2007 Director, San-in Godo Bank (current)  
 Jun. 2007 Director, The Kagoshima Bank, Ltd.  
 Jun. 2018 Director, The Shoko Chukin Bank, Ltd. (current)  
 Jun. 2020 Director, The Towu Bank, Ltd. (current)



### Director (Outside, Independent) Yasuyuki Kuratsu

Apr. 1979 Joined The Bank of Tokyo, Ltd. (currently, MUFG Bank, Ltd.)  
 Apr. 1996 Managing Director, Bankers Trust  
 Jun. 1997 Managing Director, The Chase Manhattan Bank  
 Jun. 1998 Concurrently appointed as Tokyo Representative, Chase Securities, Inc.  
 Apr. 2001 President, Research and Pricing Technologies Inc. (current)  
 Feb. 2007 Executive Officer, Industrial & Infrastructure Fund Investment Corporation  
 Mar. 2007 Auditor, Central Tanshi FX Co., Ltd. (current)  
 Apr. 2015 Senior Fellow, Institute for International Economic Studies (current)  
 Jun. 2018 Director, San-in Godo Bank (current)



### Director (Outside, Independent) Yasuhiro Goto

Apr. 1984 Joined Nikkei Inc.  
 Sept. 1988 Assigned to Bahrain Bureau, Nikkei Inc.  
 Jan. 1990 Assigned to Editorial Headquarters for Europe (London), Nikkei Inc.  
 Sept. 1992 Industrial Dept., Tokyo Head Office, Nikkei Inc.  
 Sept. 1997 Assigned to Editorial Headquarters for China (Beijing), Nikkei Inc.  
 Sept. 2000 Editorial Board Member, Industrial Dept., Tokyo Head Office, Nikkei Inc.  
 Mar. 2002 Editorial Writer, Nikkei Inc.; Newscaster, Nikkei CNBC  
 Apr. 2005 Part-time Director, Nippon Petroleum Assoc. (NPA) (current)  
 Mar. 2008 General Manager, Tokyo Head Office Editorial Bureau Asia, Nikkei Inc.  
 Apr. 2010 Senior Staff Writer, Nikkei Inc.  
 Apr. 2016 Professor, Faculty of Urban Innovation, Asia University (current)  
 Jun. 2017 Outside Auditor, Foster Electric Company, Limited  
 Apr. 2020 Director, Orange Tech Japan Co., Ltd. (current)  
 Jun. 2020 Outside Director, Foster Electric Company, Limited (current)  
 Jun. 2021 Director, San-in Godo Bank (current)

## Director and Audit and Supervisory Committee Member



Full-time Audit and Supervisory Committee Member  
**Koji Miyauchi**

Apr. 1988 Joined San-in Godo Bank  
Jul. 2007 Group Manager, Management Planning Dept.  
Jul. 2010 General Manager, Matsue Ekimae Branch  
Jun. 2013 General Manager, Tokyo Branch  
Jul. 2015 General Manager, Hamada Branch  
Jun. 2017 General Manager, Personnel Dept.  
Jun. 2018 Executive Officer, General Manager, Personnel Dept.  
Jun. 2019 Full-time Audit and Supervisory Committee Member (current)



Full-time Audit and Supervisory Committee Member  
**Mamiko Nakamura**

Apr. 1986 Joined San-in Godo Bank  
Apr. 2010 General Manager, Kunibiki Sub-branch  
Apr. 2013 Assistant Manager, Credit Screening Dep.  
Jul. 2013 General Manager, Naoe Branch  
Feb. 2016 General Manager, Shimane-idaidori Branch  
Jun. 2018 General Manager, Customer Service Dept.  
Jun. 2019 General Manager, Personnel Dept.  
Jun. 2021 Full-time Audit and Supervisory Committee Member (current)



Audit and Supervisory Committee Member (Outside, Independent)  
**Shoichi Imaoka**

Oct. 1987 Joined Sanwa Tohatsu Aoki Audit Firm (currently, Deloitte Touche Tohmatsu LLC)  
Apr. 1991 Registered as Certified Public Accountant  
Dec. 1999 President, Imaoka CPA Office (current)  
Sept. 2004 Registered as Certified Tax Accountant; President of Imaoka Shoichi Certified Tax Accountant Office (current)  
Aug. 2007 Auditor, Daiikuten Bussan Company (current)  
Oct. 2007 Partner, AC Earnest Audit Corporation Co., Ltd. (current)  
Jun. 2015 Auditor, San-in Godo Bank  
Jun. 2019 Audit and Supervisory Committee Member, San-in Godo Bank (current)



Audit and Supervisory Committee Member (Outside, Independent)  
**Tamaki Adachi**

Oct. 2001 Registered as attorney (joined Tottori Bar Assoc.)  
Jan. 2011 Representative, Tamaki Adachi Law Office (current)  
Apr. 2016 Auditor, Tottori University (current)  
Jun. 2016 Auditor, San-in Godo Bank  
Jun. 2019 Audit and Supervisory Committee Member, San-in Godo Bank (current)



Audit and Supervisory Committee Member (Outside, Independent)  
**Tomoaki Seko**

Oct. 1992 Joined Tohatsu Auditing (currently, Deloitte Touche Tohmatsu LLC)  
Apr. 2006 Registered as attorney (joined Tottori Bar Assoc.), joined Tottori Himawari-Fund Law Office (currently, Tottori Aozara Law Office) (current)  
Jan. 2007 Registered as Certified Public Accountant  
Mar. 2014 Outside Auditor, Nippon Ceramic Co., Ltd.  
Mar. 2016 Outside Director (Audit and Supervisory Committee Member), Nippon Ceramic Co., Ltd. (current)  
Jun. 2020 Outside Auditor, Tottori Airport Building Co., Ltd. (current)  
Jun. 2021 Audit and Supervisory Committee Member, San-in Godo Bank (current)

## Executive Officers

President and Chief Executive Officer  
**Toru Yamasaki**

Managing Executive Officer (General Manager, Management Planning Dept.)  
**Shuichi Ida**

Executive Officer (General Manager, Corporate Business Dept.)  
**Toshimitsu Akaki**

Executive Officer (General Manager, Kobe Branch)  
**Eiji Kikkawa**

Senior Managing Executive Officer (Chief, Hyogo-Osaka Headquarters)  
**Hideaki Furuyama**

Managing Executive Officer  
**Soichi Akishita**

Executive Officer (General Manager, Risk Management Dept.)  
**Hirohisa Ikuta**

Executive Officer (General Manager, IT Management Dept.)  
**Yuzuru Yasuda**

Managing Executive Officer (Chief, Yonago Headquarters)  
**Tetsuya Anjiki**

Managing Executive Officer (Chief, Sanyo Headquarters)  
**Hiroshi Yoshikawa**

Executive Officer (General Manager, Personnel Dept.)  
**Tomofumi Kanaya**

Executive Officer (General Manager, Okayama Branch)  
**Noboru Nariai**

Managing Executive Officer  
**Yuji Funo**

Managing Executive Officer (Chief, N-Alliance Headquarters; General Manager, Asset Consulting Dept.)  
**Hidetoshi Kageyama**

Executive Officer (Chief, Iwami Headquarters)  
**Shinji Ito**

Executive Officer (Chief, Tottori Headquarters; General Manager, Tottori Business Dept.)  
**Yoshikazu Tanaka**

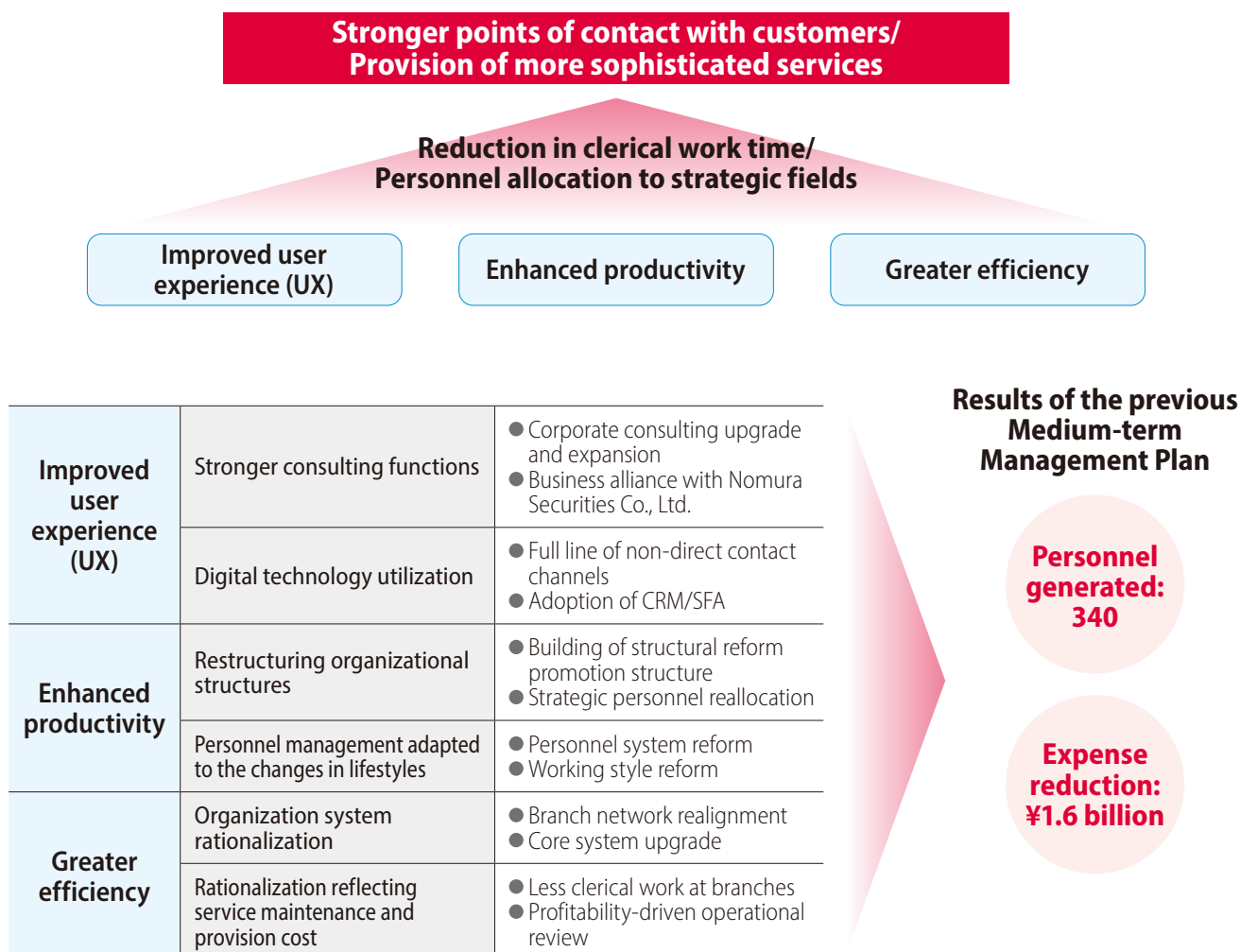
- (Notes) 1. Director Hideto Tago, Director Yasuyuki Kuratsu and Director Yasuhiro Goto are Outside Directors pursuant to Article 2 (15) of Japan's Companies Act. Pursuant to the rules of the Tokyo Stock Exchange, all three names have also been registered with the Exchange as independent directors.
2. Directors on the Audit and Supervisory Committee Shoichi Imaoka, Tamaki Adachi and Tomoaki Seko are Outside Directors pursuant to Article 2 (15) of Japan's Companies Act. Pursuant to the rules of the Tokyo Stock Exchange, all three names have also been registered with the Exchange as independent directors.

# Promotion of Structural Reform

— Moving personnel and investment resources to strategic fields through enhanced productivity in the extensive pursuit of greater streamlining and efficiency —

## Basic policy

Building a stronger management base is key to the powerful promotion of consulting and digitalization as strategic fields. By extensively pursuing gains in streamlining and efficiency, coupled with the movement of personnel and investment resources freed up by this enhanced productivity into strategic fields, we aim to provide more advanced services to our customers.



## Improving the user experience (UX)

We are powerfully promoting consulting and digitalization as strategic fields.

▶ See pages 44-45 for more on efforts to strengthen consulting, and pages 32-33 for more on our digitalization strategy.

## Enhancing productivity

Reallocate management resources to strategic fields.

▶ See page 53 for more on the strategic reallocation of personnel.



## Greater Efficiency

Uncovering management resources through greater streamlining and efficiency.

### Greater organizational system rationalization

#### Group Governance

##### ● Business performance management by segment

Depending on our customer base, whether corporate or individual, we work in conjunction with Group companies to manage profitability for each business segment.

##### ● Realigning overlapping businesses within the Group

In an effort to better streamline and improve operational efficiency, we review operations across the entire Group with the primary aims of reducing costs, efficiently allocating personnel, and boosting expertise.

#### Branch strategy

##### ● Branch network rationalization

In addition to shifting 33 locations in Shimane and Tottori prefectures over to “branch-in-branch” models from August to September 2020, we adopted lunch hour system under which we stop business operations at sub-branches and branches outside of the region as part of efforts to develop an efficient and flexible branch structure. In parallel, we upgraded and expanded products and services available online as part of a push to ensure customer convenience.

##### ● Reviewing branch roles to better strengthen consulting operations

Through our alliance with Nomura Securities Co., Ltd., we opened a consulting plaza in Shimane and Tottori prefectures of the San-in region in September 2020, followed by the integration of branches involved in asset management services with our asset management consulting counter (regional core branch) in March 2021. This consolidation of expertise with Bank employees possessing specialist knowledge has resulted in a structure enabling the provision of financial services with even greater added value.

### Improved rationalization based on service maintenance and cost awareness

#### ATM operation structure

By leveraging agreements with external institutions regarding ATM usage, we are reducing costs while maintaining financial infrastructure in less geographically accessible areas. Meanwhile, reviews of management structure on our ATM operation in urban settings is leading to improved efficiency.

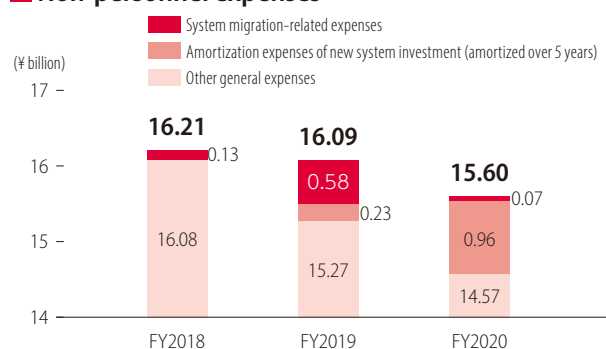
#### Transactions with regional public bodies and organizations

We take steps to ensure that service fees are appropriately set. Additionally, in supporting the digitization efforts of regional public bodies and organizations to improve the convenience and efficiency of government services, we work to make transactions with these entities more streamlined and efficient.

## Expense Control

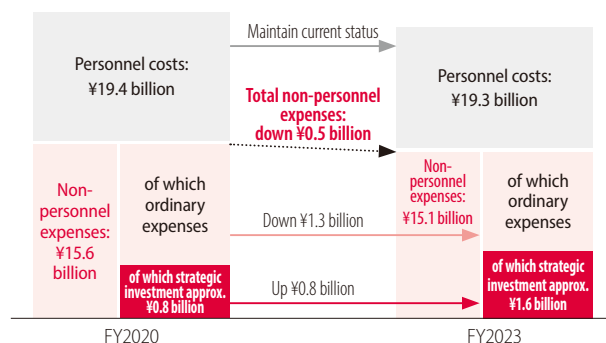
Thanks to our drive for structural reform and cost reductions, we reduced non-personnel expenses by roughly ¥0.5 billion year on year.

#### ■ Non-personnel expenses



#### Cost Planning

For personnel costs, despite reductions in employee numbers due to natural attrition, current cost levels are expected to remain unchanged due to personnel system reviews, the adoption of continuing employment for employees 65 and older and other factors. In non-personnel expenses, we intend to aggressively invest in strategic fields. For ordinary expenses, we are targeting a reduction of ¥0.5 billion versus fiscal 2020 in the final year of the Medium-term Management Plan, reflecting the outcome of structural reforms and continued reductions thanks to ongoing rationalization.



# Compliance and Risk Management

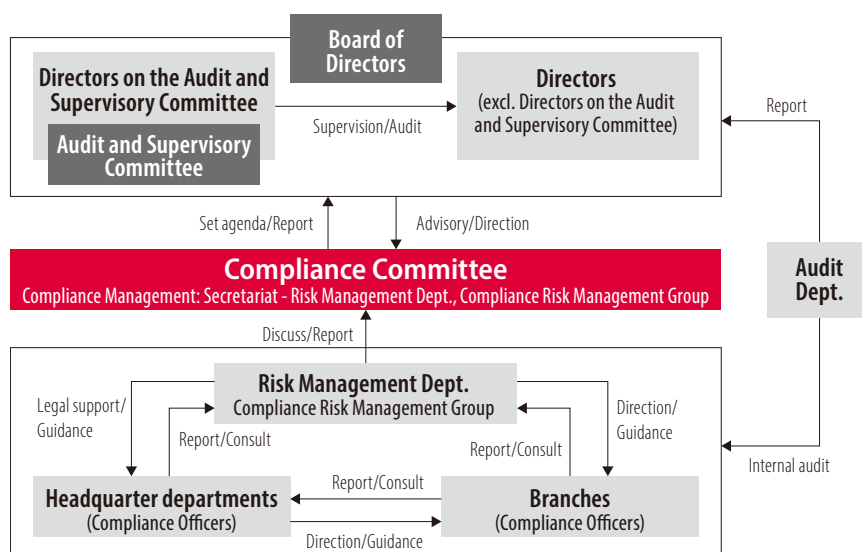
— Targeting development of solid compliance and risk management structures —

## Basic approach regarding compliance

At San-in Godo Bank, we position compliance as one of our most important management issues, taking aggressive steps to strengthen the compliance system for fostering a corporate culture in respect of compliance.

Under its remit, the Compliance Committee periodically inspects compliance status as well as the improvement and operation of compliance and risk management structures, proposing appropriate measures and solving problems as needed. Inspection-related matters are regularly put on the agenda or reported to the Board of Directors.

## ■ Compliance Structure (as of July 1, 2021)



- At San-in Godo Bank, to ensure compliance is maintained and practiced, we conduct compliance and risk management commensurate with risk from a risk-based approach perspective.
- To carry out effective compliance and risk management, the Board of Directors formulates a compliance program, an implementation plan composed of specific procedures for mitigating risk.

## Better compliance management through proper internal whistleblower system operation

To reinforce compliance management, San-in Godo Bank has installed both internal and external whistleblower systems. These systems allow employees to directly seek advice or report legal violations and other compliance-related problems, making rapid discovery and correction of such issues possible.

### ● We obtained registration under Japan's Whistleblowing Compliance Management System certification (declaration of conformity registration system)

On August 16, 2019, San-in Godo Bank became the first regional financial institution in Japan to register as a company under Japan's Whistleblowing Compliance Management System certification, a system under the jurisdiction of the Consumer Affairs Agency. Certification is renewable annually.

In moving toward stronger compliance management going forward, we will take further steps to rapidly identify and correct any compliance violations or other issues revealed through proper operation of our Whistleblowing Compliance Management System.



**Whistleblowing  
Compliance  
Management  
System**

WCMS mark based on the Japan's Whistleblowing Compliance Management System certification (declaration of conformity registration system)

## Initiatives for Eliminating Antisocial Forces

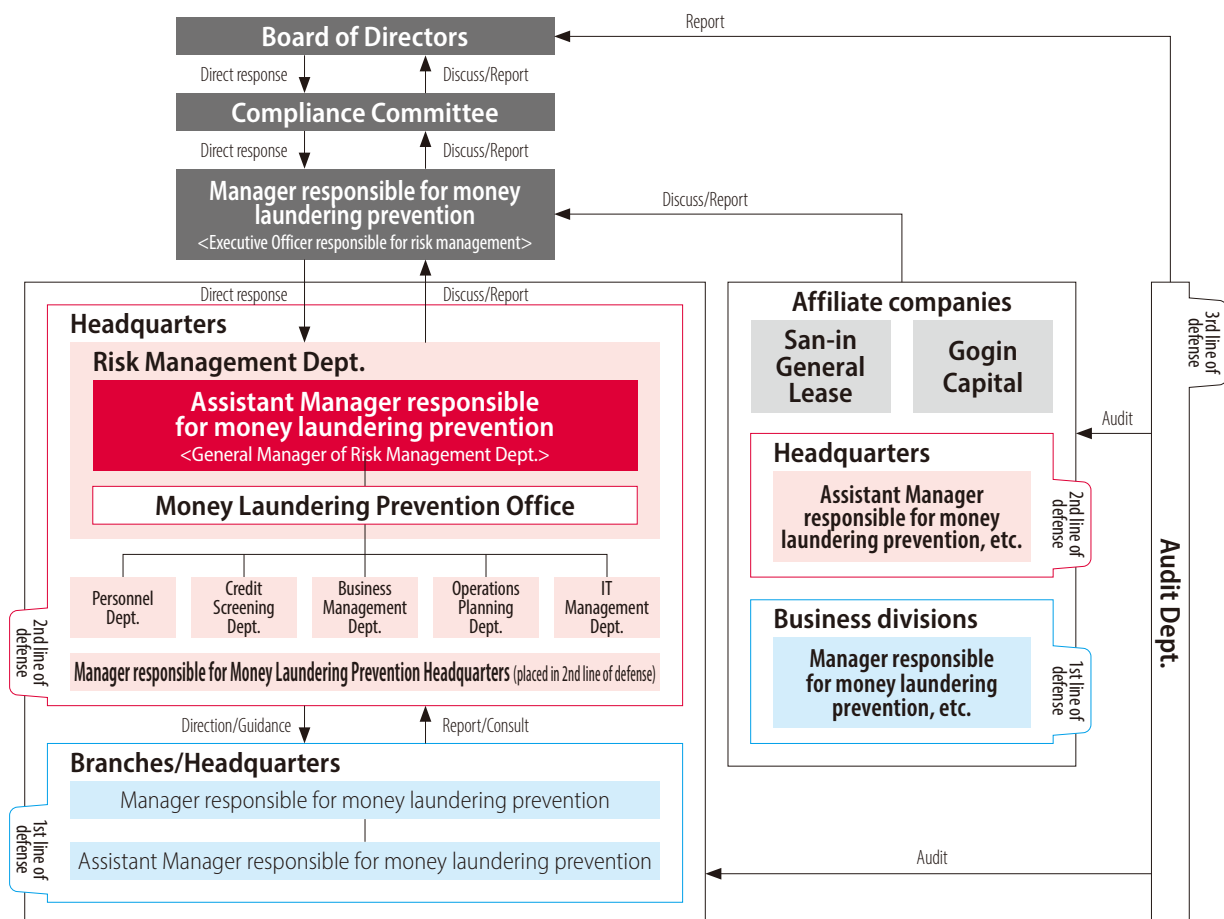
To maintain public trust in financial transactions and ensure both the appropriateness and soundness of its operations, San-in Godo Bank has internal systems in place regarding the complete cut-off of any relationships with antisocial forces, not only the Bank but the entire Group united in efforts to eliminate any antisocial forces. In dissolving any transactions or handling any unfair claims pertaining to antisocial forces, our highest priority is the safety of our directors, executive officers and employees.

\*For more on compliance and risk management, see pages 18-19 in a separate supplemental disclosure (Japanese only)

## Initiatives to Prevent Money Laundering

At San-in Godo Bank, we recognize it our responsibility as financial institutions to take measures to combat money laundering and the financing of terrorism (hereinafter, referred to as "Money Laundering, etc."), of which the international community expects, and have positioned upholding a stance to prevent Money Laundering, etc. as a key management issue. In preventing clients, directors, executive officers, employees and others from participating or being unwittingly caught up in Money Laundering, etc., we are contributing to the maintenance and development of a sound financial system.

### ■ Money laundering prevention framework



## Initiatives to Safeguard Clients

From the viewpoint of protecting and improving convenience for the customers who use San-in Godo Bank, we have further enhanced a number of policies, such as "offering appropriate and sufficient explanations to customers" "responding appropriately to consultations and complaints" "appropriately managing client information" "maintaining accuracy and appropriate responses to client data and customers in externally outsourced services" and "appropriate management of conflicts of interests." Our aim is to establish and maintain the management structure to further enhance safeguard of customers.

Additionally, we make sure that directors, executive officers and employees are keenly aware of the importance of safeguarding clients and related concerns during regular trainings and seminars on compliance, in a commitment to protecting customers and improving their convenience.

### Extensive safeguarding of customers and improved customer convenience

Inspect and improve all operations, from the customer's perspective

#### Management approach to customer protection

Appropriate and sufficient explanations to customers

Respond appropriately to consultations and complaints

Appropriate management of customer information

Maintain accuracy in externally outsourced services

Appropriate management of conflicts of interests

# Risk Management

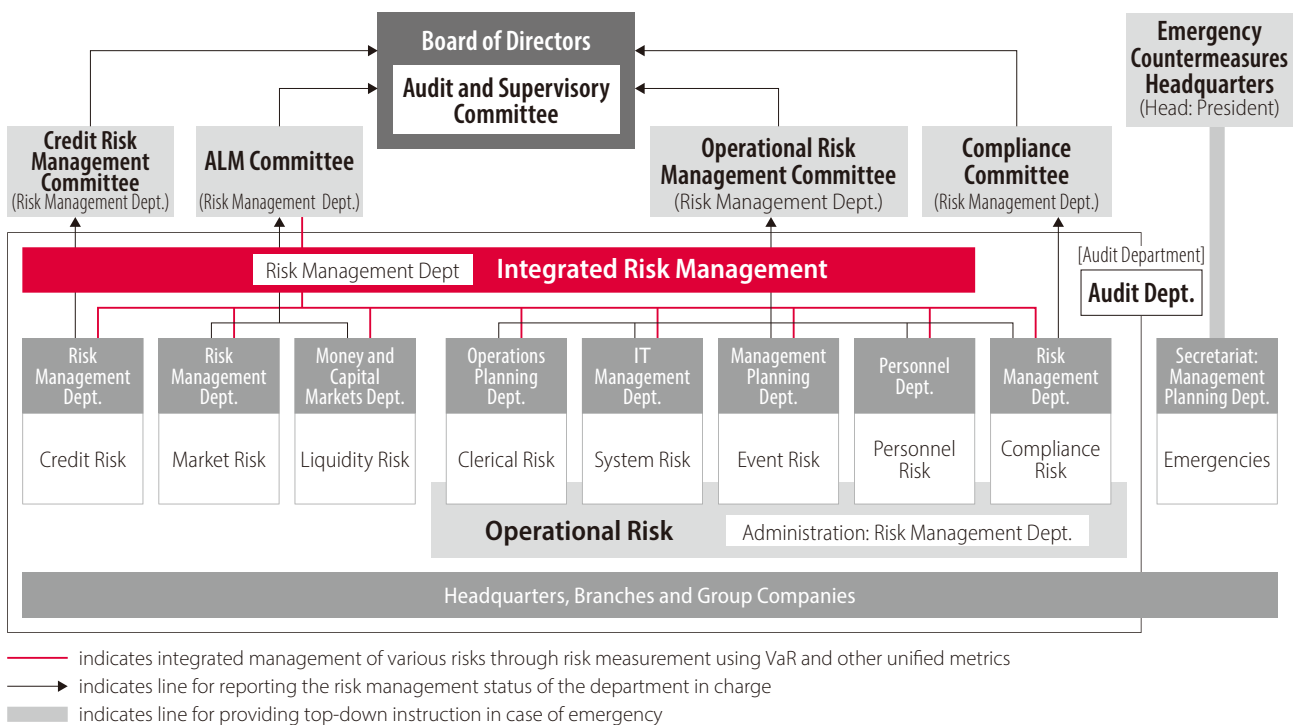
— Aiming to maintain sound management and enhance profitability —

## Basic Approach to Risk Management

At San-in Godo Bank, we set risk management as the most important issue in maintaining the stability and soundness of management and have established a risk management system with our board of directors placed at the top.

Specifically, we classify risk to be managed as credit risk, market risk, liquidity risk and operational risk and assign respective departments in charge of management of each.

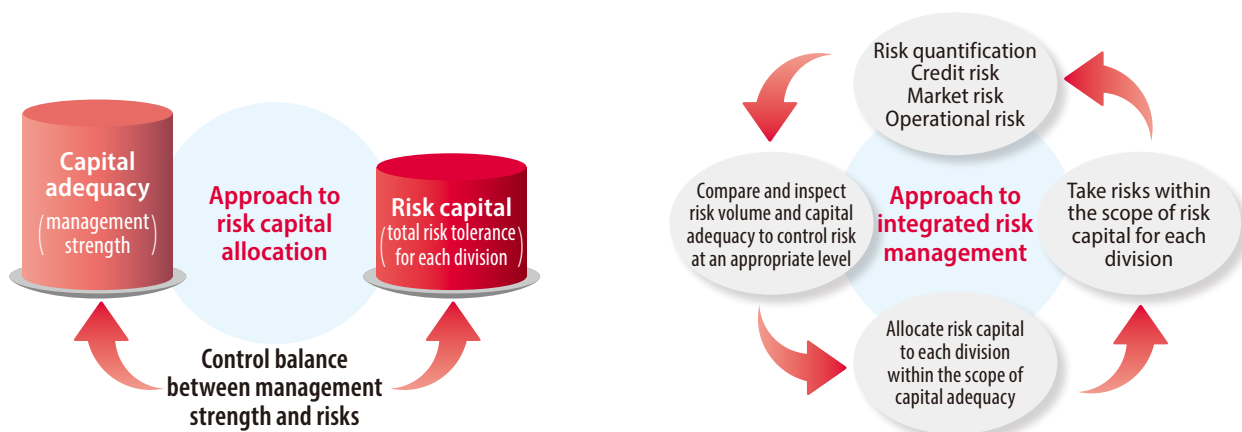
## Risk Management System (as of July 1, 2021)



## Integrated Risk Management

“Integrated risk management” refers to risk management that seeks to maintain management soundness by holistically examining evaluated risks in each respective category of risks that directly confront San-in Godo Bank, then comparing and contrasting these risks with the corporate strength (capital adequacy). At San-in Godo Bank, our business divisions take an aggressive stance with respect to risk taking, with risk capital (level of risk tolerance) for each risk category allocated within the scope of capital adequacy, which is updated every six months.

San-in Godo Bank will continue working to raise the level of sophistication of its integrated risk management approach to maintain sound management, while boosting profitability and taking advantage of efficient management resources.



\*For more on risk management, see pages 23-27 in a separate supplemental disclosure (Japanese only)



<b>Credit risk</b>	<p>"Credit risk" refers to the risk of losses that loans and their interest may become uncollectible due mainly to bankruptcy and deteriorating business conditions among borrowers.</p> <p>Based on an internal credit rating system, credit risk management at San-in Godo Bank is founded on three fundamentals - "strict screening and management of each individual case (micro-level credit risk management)," "proper portfolio management and operation through credit risk quantification (macro-level credit risk management)," and "rigorous self-assessment with adjoining implementation of appropriate amortization or allowances."</p> <p>Furthermore, through the allotment of capital commensurate with credit risk and monitoring, we balance risk volume within the scope of corporate strength (capital adequacy).</p>
<b>Market risk</b>	<p>"Market risk" refers to the risk of losses from fluctuation in the value of the Bank's assets and liabilities (including off-balance sheet items) or revenue these generate due to volatility from a host of risk factors, including interest rates, exchange rates and stocks.</p> <p>At San-in Godo Bank, we use VaR to assess and manage market risk volume, operating in ways that keep the volume of such risk within a set scope by setting limits on the maximum allowable risk, determined based on capital adequacy.</p> <p>Furthermore, since markets can occasionally fluctuate in unpredictable ways, we regularly conduct stress tests whose scenarios include massive fluctuation in the market and others not normally anticipated, to ensure that we can swiftly respond to the unexpected.</p>
<b>Liquidity risk</b>	<p>"Liquidity risk" refers to risk that we are unable to raise funds necessary for settlement or required to raise funds at significantly higher rates than normal, due to a mismatch between management and procurement period or unforeseen cash outflows.</p> <p>In addition to risk recognition, we formulate contingency plans encompassing organizational systems, response measures and other items to ensure that we appropriately manage in case of emergency.</p>
<b>Operational risk</b>	<p>"Operational risk" refers to risk of losses arising from inadequacy in the Bank's operating processes, actions by directors, executive officers or employees, and systems, or external events.</p> <p>San-in Godo Bank classifies operational risk into five categories - clerical risk, systems risk, compliance risk, event risk and human risk.</p> <p>In managing operational risk, along with the formulating of operational risk management regulations covering basic policies and other guidance, each department with responsibility for risk management defines its own regulations for managing risk in line with each risk category.</p> <p>In addition to compiling data on losses attributed to operational risk, we strive to establish PDCA cycles for risk management in order to further heighten operational risk management effectiveness.</p>

## Response to Cybersecurity

To combat the many threats to cybersecurity that San-in Godo Bank and Group companies confront, including cyber attack, unauthorized access and computer virus infections, we conduct appropriate cybersecurity and risk management depending on the characteristics and scale of risks, with which information assets concerned.

Specifically, we have established a Computer Security Incident Response Team (CSIRT), with the Systems Risk Management Department, serving as secretariat, and other related departments to put a structure in place to manage such risk and prevent the spread of any damage.

## Response to Emergency Situations

To better react when unforeseen emergencies arise, we have defined a set of basic regulations on crisis management that enable the Bank, encompassing group companies, to address, accordingly.

More specifically, we have drafted codes of conduct for the head office, branches, and directors, executive officers and employees, along with response measures, that place highest priority on customer safety during in the event of storm and flooding, fires, earthquakes or other natural disasters; human-made disasters such as theft, armed attack or accidents, and other emergency situations. By minimizing damage and injury to people and property, we constantly strive to ensure Bank's continuing operations and its social contributions.

# Conversations with Stakeholders

— Increasing management transparency through appropriate information disclosure and communication opportunities —

## Relationships with Stakeholders and Value Provided



## Proactive Information Disclosure

Our proactive stance with respect to information disclosure encompasses the publication of integrated reports, disclosure magazines, and posts on the Bank's website to share details regarding financial data and Bank initiatives.



Website



Integrated Report



Mini-disclosure magazine

## Basic Policy on Constructive Conversation with Shareholders

We have drafted a basic policy designed to deepen understanding of San-in Godo Bank through constructive conversation with shareholders and investors.

\*The full-text of the policy is available at <https://www.gogin.co.jp> (in Japanese only).

## Shareholder dividends

San-in Godo Bank has adopted a “performance-linked dividend policy, which dividends are paid based on a standard for performance-linked dividends. More recently, as detailed in the dividend criteria chart (right), of which we conducted a review in a bit to enhance a return of profit to shareholders. For profit attributable to owners of the Bank (consolidated), we have revised the consolidated payout ratio target of 35%, and remain committed to managing with awareness of shareholder interests in mind.

### Details of the review

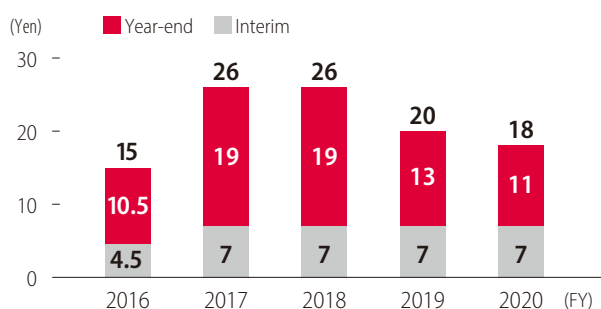
Raised floor for annual dividends (+¥8)  
 Raised ceiling for annual dividends (+¥10)  
 Raised annual dividend (+¥4)  
 Payout ratio: Approx. 30% ⇒ Approx. 35%

## Target for dividend payment (standard for performance-linked dividends)

Profit attributable to owners of the Bank (consolidated)	Before review		After review	
	Annual dividend	Dividend payout ratio (median value)	Annual dividend	Dividend payout ratio (median value)
Over ¥18.0 billion	¥30	—	¥40	—
Over ¥17.0 billion — Under ¥18.0 billion			¥38	34.0%
Over ¥16.0 billion — Under ¥17.0 billion			¥36	34.2%
Over ¥15.0 billion — Under ¥16.0 billion			¥34	34.4%
Over ¥14.0 billion — Under ¥15.0 billion	¥28	30.3%	¥32	34.6%
Over ¥13.0 billion — Under ¥14.0 billion	¥26	30.2%	¥30	34.8%
Over ¥12.0 billion — Under ¥13.0 billion	¥24	30.1%	¥28	35.1%
Over ¥11.0 billion — Under ¥12.0 billion	¥22	30.0%	¥26	35.5%
Over ¥10.0 billion — Under ¥11.0 billion	¥20	29.9%	¥24	35.9%
Over ¥9.0 billion — Under ¥10.0 billion	¥18	29.7%	¥22	—
Over ¥8.0 billion — Under ¥9.0 billion	¥16	29.6%		
Under ¥8.0 billion	¥14	—		

\*The standard after review is applicable to dividend payment from FY2021.

## Shareholder dividend results



## Business results (consolidated)

(¥ billion)

	Ordinary income	Ordinary profit	Net income*	Earnings per share
FY2016	93.7	20.5	13.3	¥85.27
FY2017	95.8	19.8	13.6	¥87.76
FY2018	97.8	19.2	13.2	¥84.58
FY2019	90.3	16.2	10.4	¥67.07
FY2020	89.1	14.4	9.6	¥62.14

\*Profit attributable to owners of the Bank

## Ordinary General Meeting of Shareholders

The Ordinary General Meeting of Shareholders is held annually in June.

## Corporate Briefings

Corporate briefings are held regularly to explain details regarding financial statements, management strategies and Bank initiatives for a sustainable regional society, among other matters. The spread of the COVID-19 pandemic scaled back briefings held in fiscal 2020.

- Briefings for institutional investors and analysts
- Briefings for individual investors (Cancelled in fiscal 2020)
- Briefings for regional clients (Cancelled in fiscal 2020)

## TVCM “Go Forward, Together”

### “Business” and “Asset” succession editions now airing

Making regional economic development and sustainable regional society a reality, San-in Godo Bank is bringing this passion and an ongoing commitment to assist in conveying in well-defined manner the valued businesses and assets of customers in the region into the future.

The San-in Godo Bank website now has a TVCM brand site.

<https://www.gogin.co.jp/goforwardtogether/>

