

Investor Relations Meeting for FY2020

June 2, 2021



SAN-IN GODO BANK

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Summary of Financial Report for FY2020 and Numerical Targets of the Medium-Term Management Plan

Highlights of Financial Report for FY2020

Summary of earnings

- Both consolidated ordinary income and final profit exceeded the earnings forecasts announced in November.
- However, both income and profit were down from the previous fiscal year (FY2019).
 - Major reason for lower income: Reduced profit on sale of securities (gains on cancellation of investment trusts: down 3.1 billion yen YoY)
 - Major reason for decreased profit: Increased credit costs due to declining client business performance (up 1.9 billion yen YoY)

(Billion yen)	FY2020				(Reference)
	Results	Forecast	vs. Forecast	vs. FY2019	FY2019
Ordinary income	89.1	86.6	2.5	(1.1)	90.3
Profit attributable to owners of parent	9.6	8.7	0.9	(0.7)	10.4

- However, non-consolidated net core banking profit (excluding gains on cancellation of investment trusts), an indicator of core business results, was up 4.9 billion yen.
 - Interest on loans: up 1.4 billion yen due to increased balances
 - Net fees and commissions: up 200 million yen due to securities business alliances, business support, etc.
 - Expenses: down 700 million yen due to decreased expenses

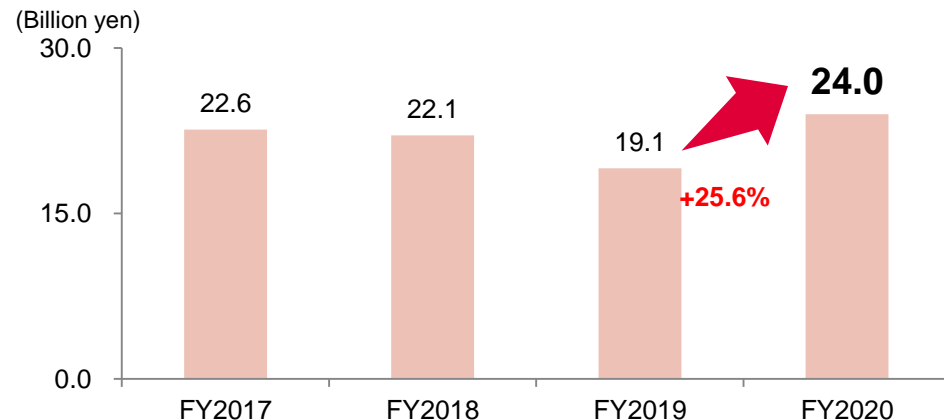
(Billion yen)	FY2020 (Result)	FY2019 (Result)	vs. FY2019
Non-consolidated net core banking profit (Excl. gains on cancellation of investment trusts)	24.0	19.1	4.9

Topics

- **Major increases in both loans and deposits, etc. due to COVID-19 (non-consolidated: average balance basis)**

- Loans: +306.2 billion yen (+9.7% YoY)
- Deposits, etc.: +368.8 billion yen (+9% YoY)
 - *1 Highest rate of growth in past 10 years
 - *2 Reference: regional bank averages (approx.):
 - loans: 4.5%
 - deposits, etc.: 7.0%

Trends in net core banking profit (excluding gains on cancellation of investment trusts)



Summary of Earnings for FY2020 (non-consolidated)

Summary of earnings

(Billion yen).	FY2019	YoY change	FY2020
Gross banking profit	59.5	(0.8)	58.6
Net interest income	54.0	0.7	54.8
Interest on loans	33.4	1.4	34.9
Interest and dividends on securities	22.2	(1.6)	20.6
Gains on cancellation of investment trusts	3.2	(3.1)	0.0
Net fees and commissions	5.9	0.2	6.2
Gains (losses) related to bond transactions	(0.7)	(1.8)	(2.6)
Expenses	37.9	(0.7)	37.1
Personnel expenses	19.2	0.1	19.4
Non-personnel expenses	16.0	(0.4)	15.6
Transfer to general reserve for possible loan losses (1)	0.1	2.2	2.3
Net banking profit	21.4	(2.3)	19.1
Adjusted net banking profit	21.6	(0.1)	21.5
Net core banking profit	22.4	1.7	24.1
Excl. gains on cancellation of investment trusts	19.1	4.9	24.0
Nonrecurring gains (losses)	(5.5)	0.3	(5.2)
Bad debt disposals (2)	5.0	(0.1)	4.8
Reversal of allowance for loan losses (3)	—	—	—
Gains on stocks (b)	1.2	(0.4)	0.8
Ordinary profit	15.9	(2.0)	13.8
Extraordinary profit (loss)	(0.8)	(0.4)	(1.3)
Net income (loss)	10.4	(2.1)	8.3
Credit costs (1) + (2) – (3)	5.2	2.0	7.2

Financial highlights (non-consolidated)

Net interest income (+700 million yen YoY)

- Thanks to an increase in the average balance of loans, interest on loans grew for the third consecutive period.
- Interest and dividends on securities fell by 3.1 billion yen YoY due mainly to a decline of approximately 1.6 billion yen in gains on cancellation of investment trusts.
- Other factors such as lower funding costs linked to market interest rates (interest on call money and interest on payables under securities lending transactions) resulted in an increase of 700 million yen in net interest income.

Net fees and commissions (+200 million yen YoY)

- Despite a decline in fee-based revenue in the first half attributable to COVID-19 restrictions on face-to-face interactions and sales, net fees and commissions for the year grew 200 million yen. This was due to growth in fees and commissions for assets under management in the financial instruments brokerage and other businesses driven by a business alliance with Nomura Securities Co., Ltd.

Expenses (-700 million yen YoY)

- Various factors, including lower operating costs due to an updated backbone computer system, lower expenses due to restraints on business activities under COVID-19 and efforts to cut expenses, reduced total expenses by 700 million yen YoY.

Adjusted net banking profit (-100 million yen YoY)

- Lower gains (losses) on bond transactions and other factors resulted in a YoY decrease in adjusted net banking profits.

Net core banking profit (+4.9 billion yen YoY excluding gains on cancellation of investment trusts)

- Profit accounts representing core business results demonstrated stable performance.

Credit costs (+2 billion yen YoY)

- Various factors, including worsening performance at customer firms due mainly to the COVID-19 pandemic, increased credit costs by 2.0 billion yen.

Extraordinary profit (loss) (-400 million yen YoY)

- We recorded a loss on valuation of shares of subsidiaries (1.0 billion yen on Gogin Securities Co., Ltd.); however, this was eliminated in the consolidated settlement of accounts.

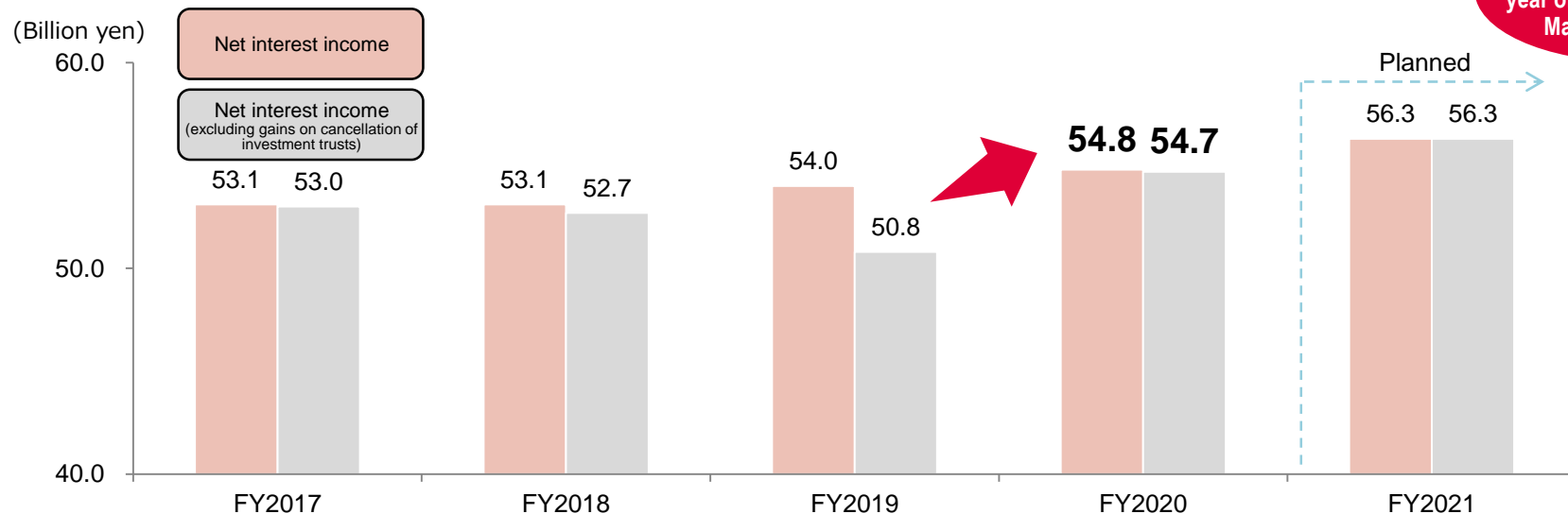
Net income (-2.1 billion yen YoY)

- Despite YoY decreases, net income exceeded earnings forecasts announced in November by 800 million yen.

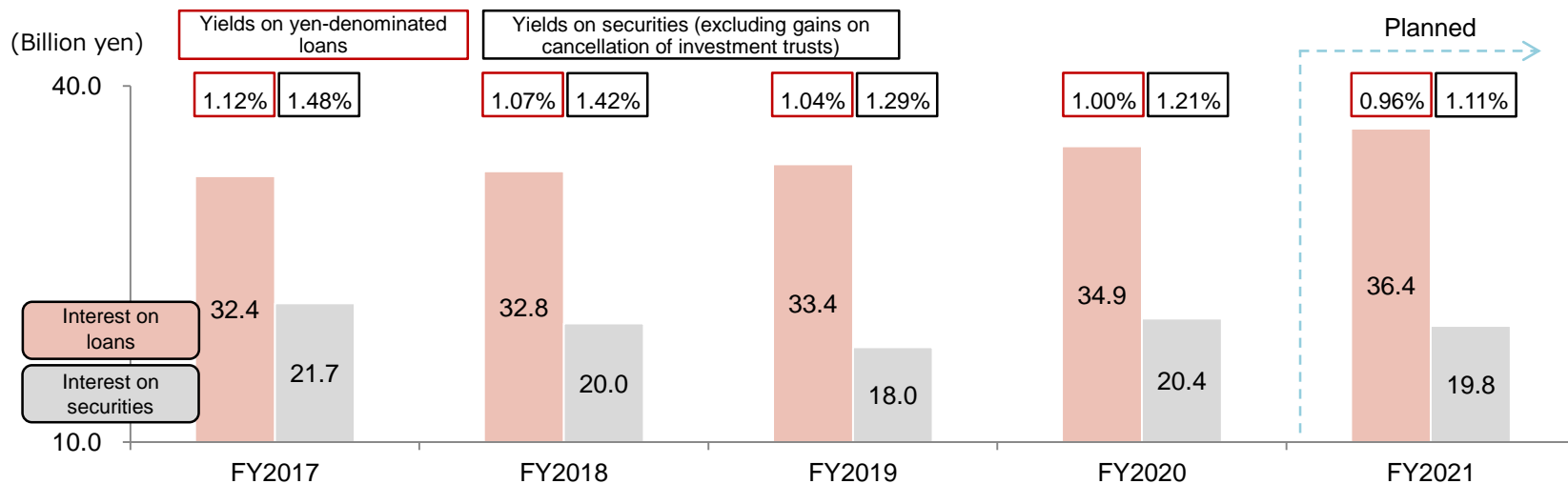


Interest Income

Trends in interest income



Trends in interest on loans and interest on securities*



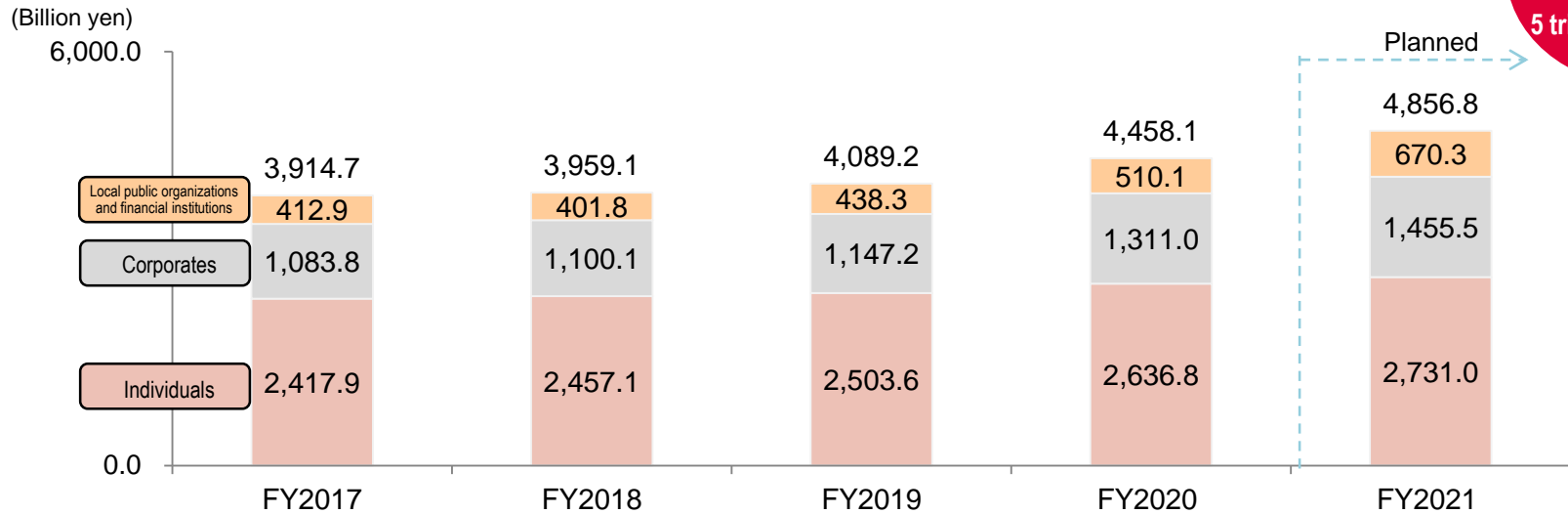
*1 Excluding gains on cancellation of investment trusts and foreign currency provision costs

*2 Foreign currency provision costs are estimated using index interest rates (e.g., LIBOR) as yields on provisioning.

Deposits and Loans

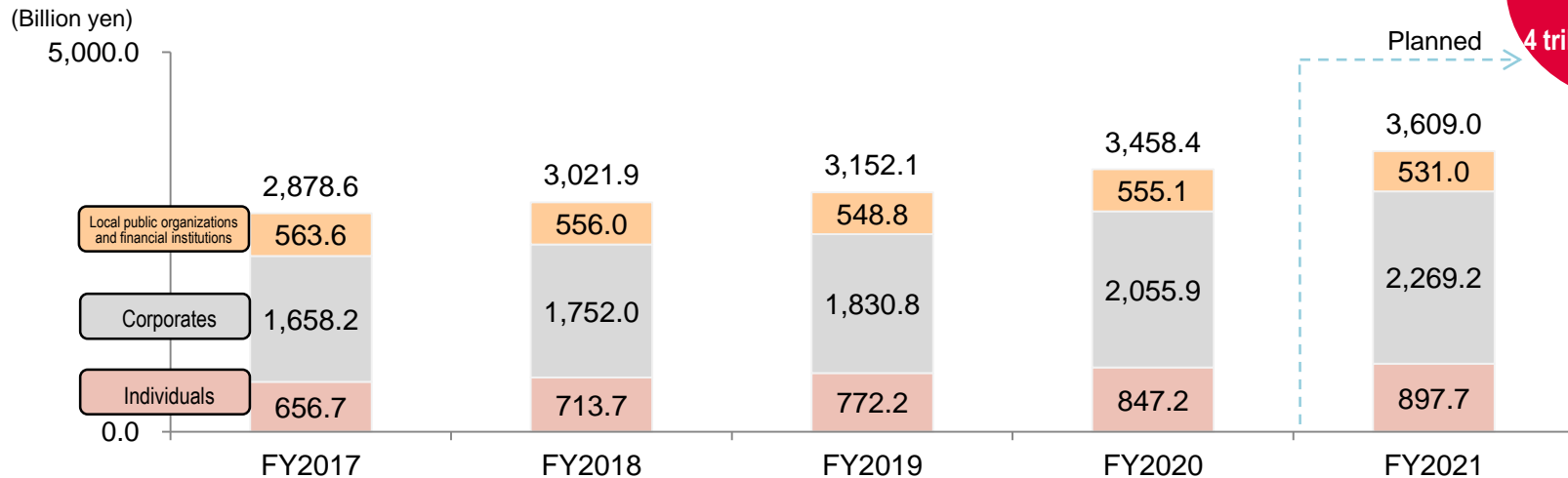
Deposits and NCDs (average balance)

* Deposits + NCD



The Medium-Term Management Plan calls for achieving and crossing the 5 trillion yen barrier. (FY2023)

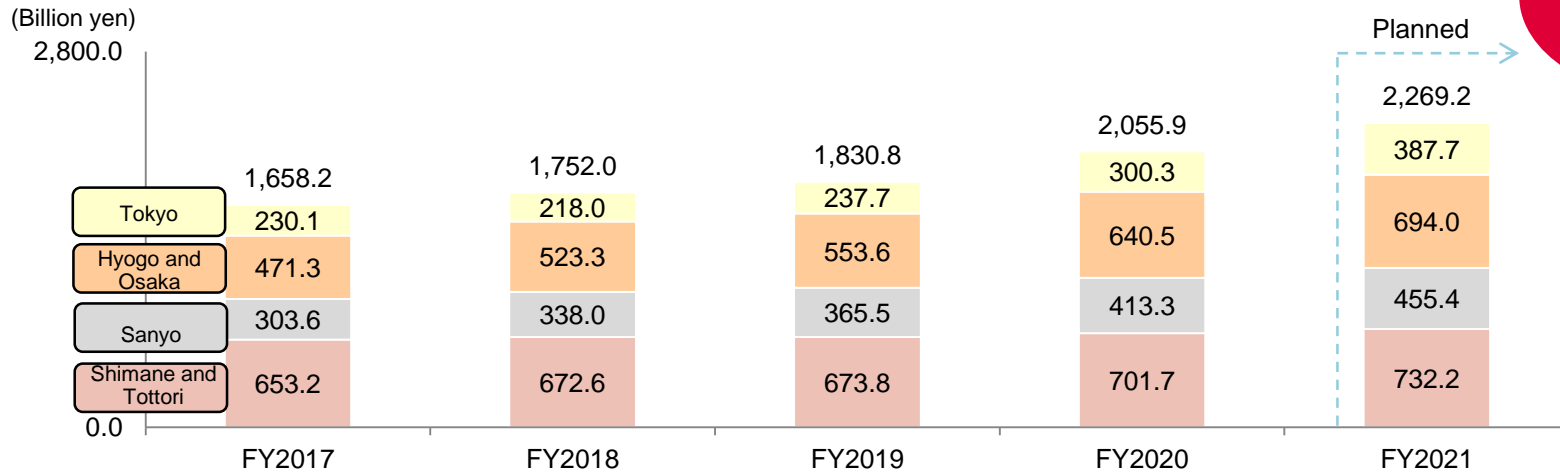
Total loans (average balance)



The Medium-Term Management Plan calls for achieving and crossing the 4 trillion yen barrier. (FY2023)

Lending Breakdown

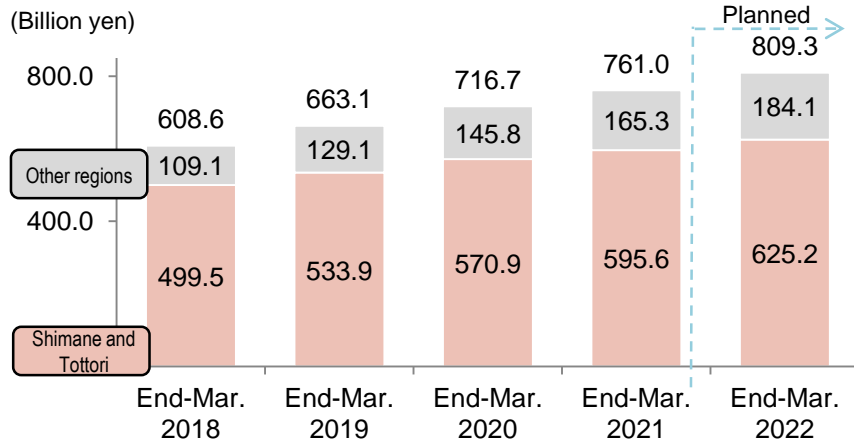
Lending to corporates by region (average balance)



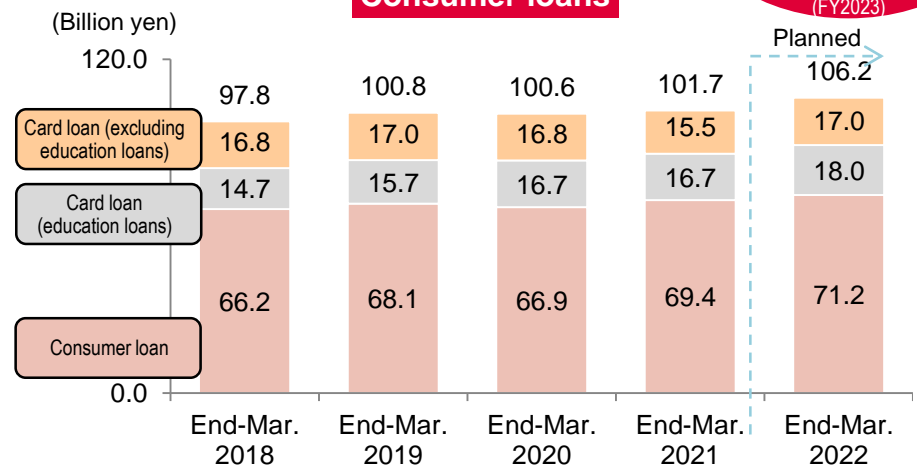
2.6 trillion yen targeted for the final fiscal year of the Medium-Term Management Plan (FY2023)

Individual loans (ending balances)

Housing loans



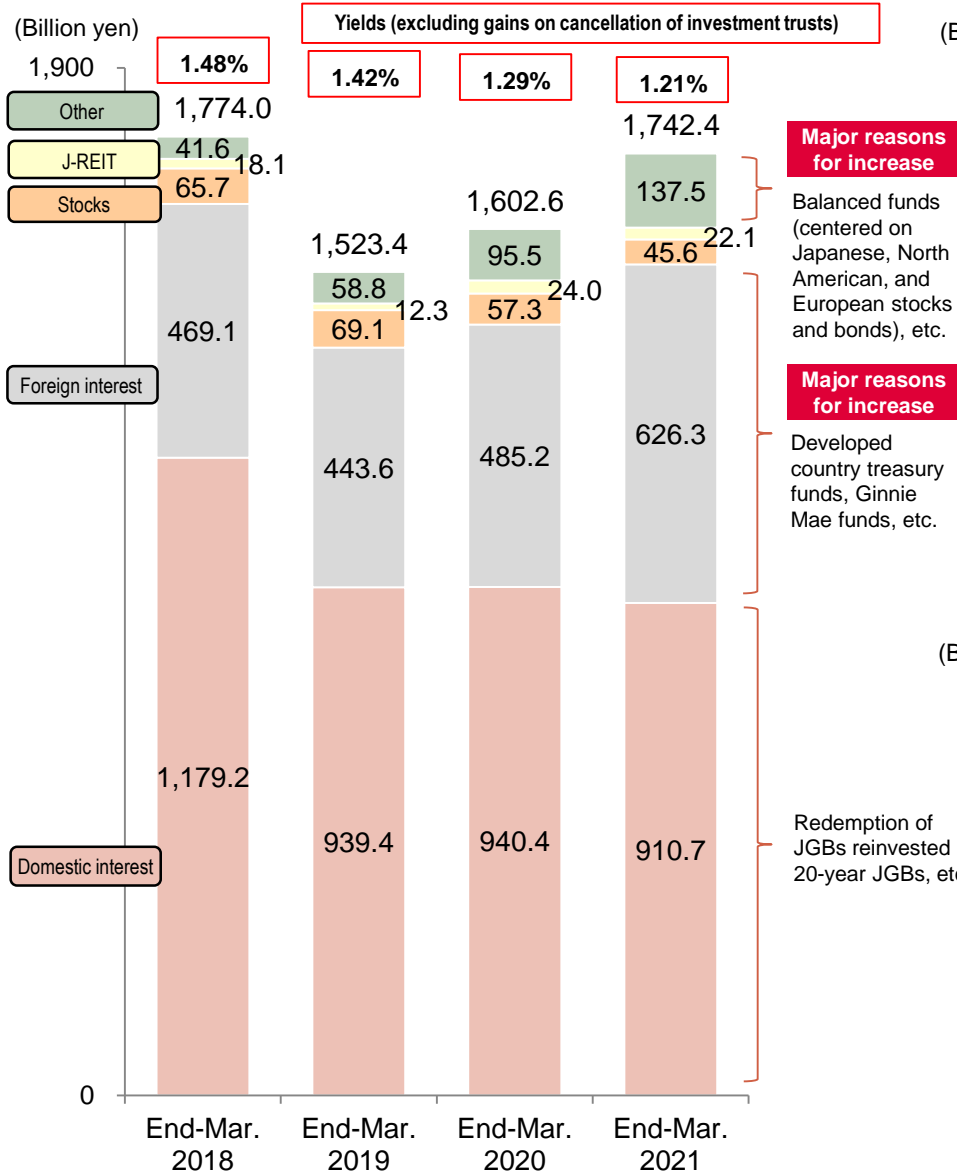
Consumer loans



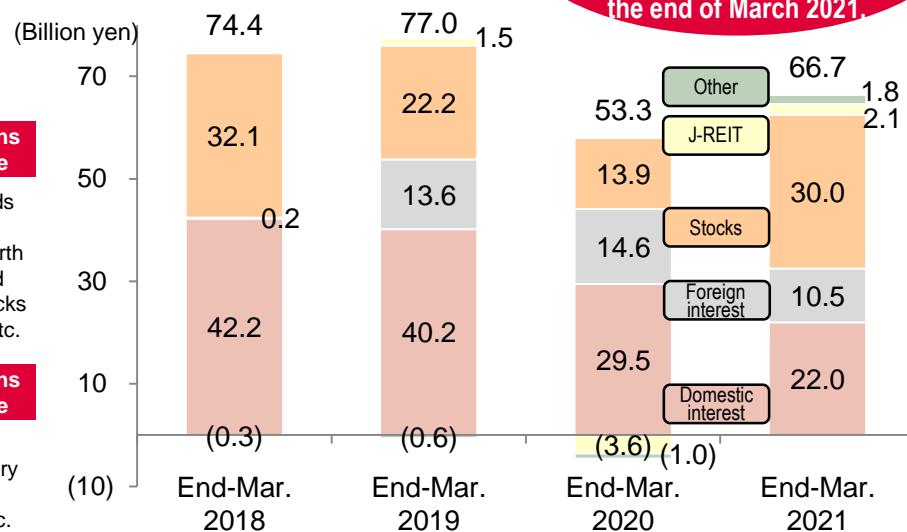
Achieving and crossing the 1 trillion yen barrier (on average balance basis) planned for the final fiscal year of the Medium-Term Management Plan. (FY2023)

The Medium-Term Management Plan calls for maintaining balances and income at roughly levels at the end of March 2021.

Securities balances and yields (risk basis)

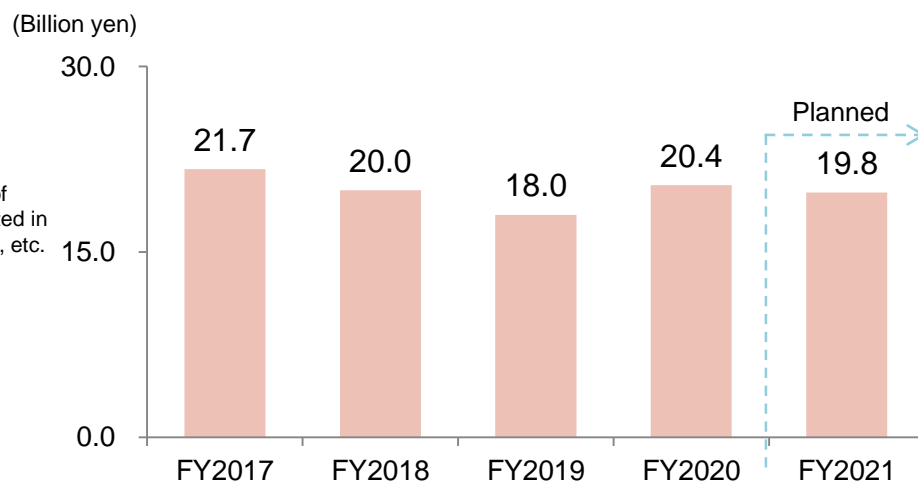


Revaluation gains/losses on securities



Gains on net carry of securities

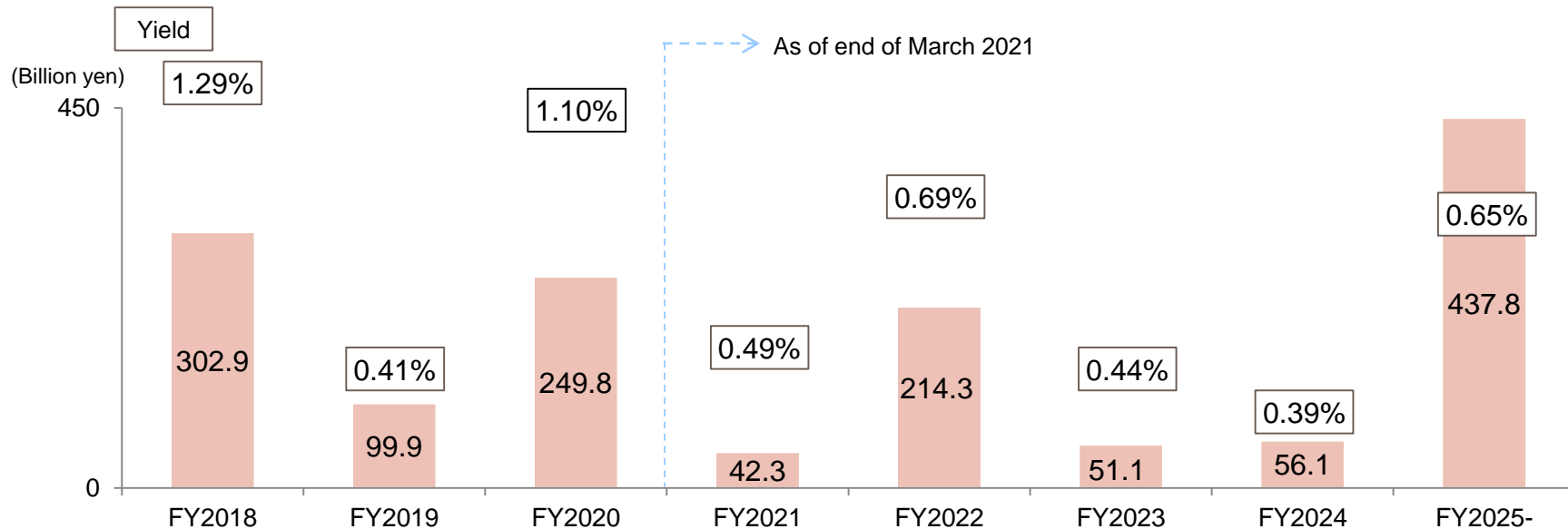
(excluding gains on cancellation of investment trusts, foreign currency provision costs)



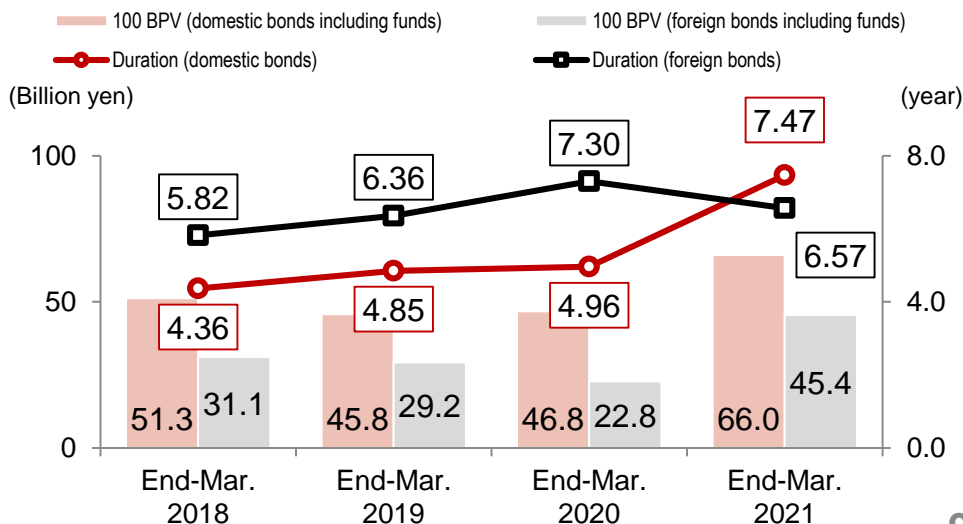
*Foreign currency provision costs are estimated using index interest rates (e.g., LIBOR) as yields on provisioning.

Redemptions of Yen-denominated Bonds/Interest Rate Risk

Composition of redemptions of yen-denominated bonds



Interest rate risk / duration

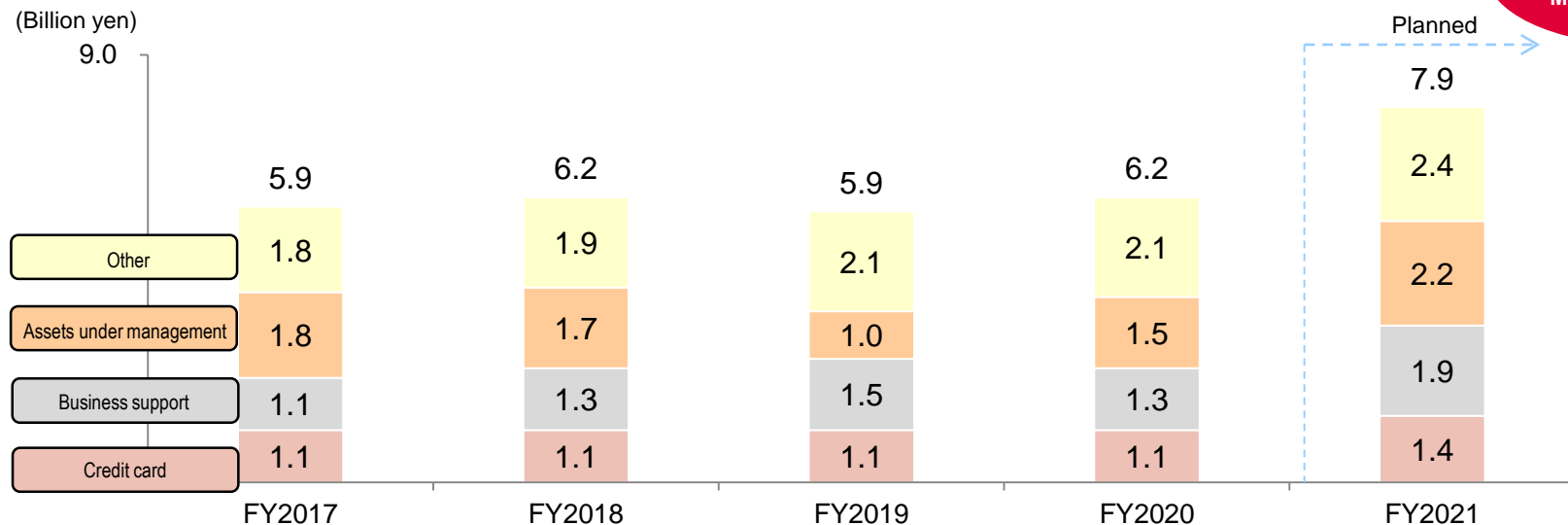


Interest rate risk in the banking book (IRRBB)

Maximum Δ EVE (Economic Value of Equity)	49.8 billion yen
Equity capital	316.5 billion yen
Materiality test (Max. Δ EVE \div equity capital)	15.7% < 20%

Net Fees and Commissions

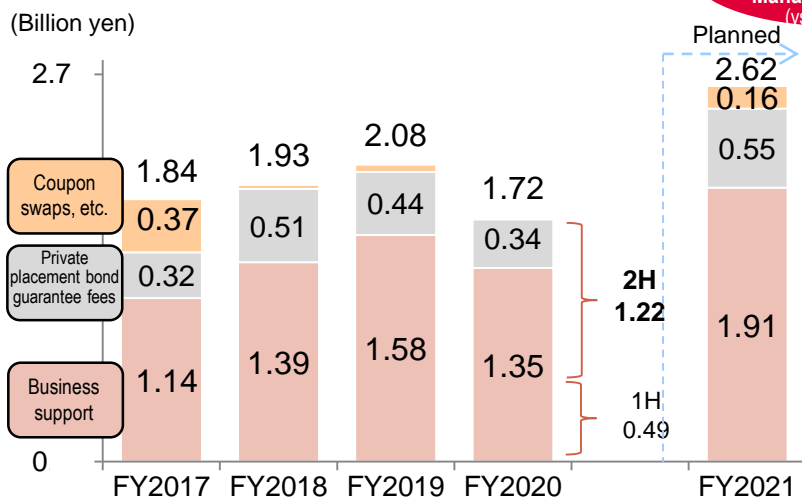
Fees and commissions



8.6 billion yen
targeted for the final fiscal
year of the Medium-Term
Management Plan
(FY2023)

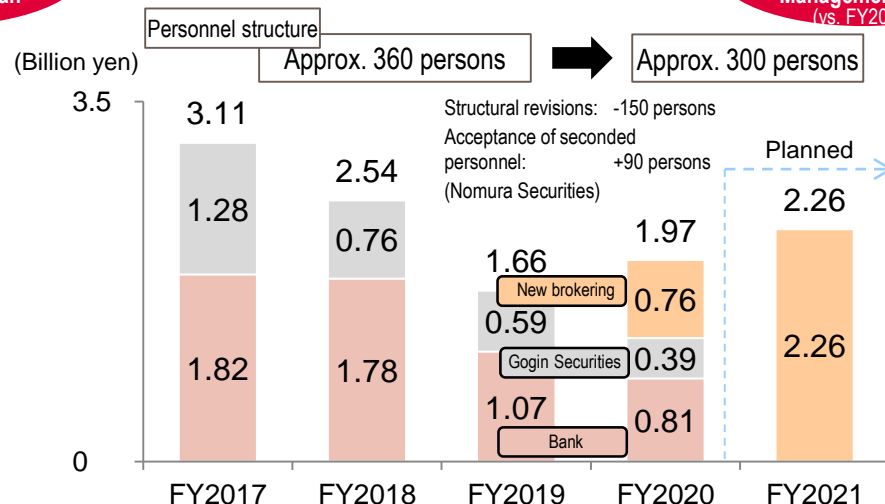
* Credit card and other fees are net of commissions and expenses.

Business support fees and commissions



+1.5 billion yen
targeted for the final fiscal
year of the Medium-Term
Management Plan
(vs. FY2020)

Assets under management commissions



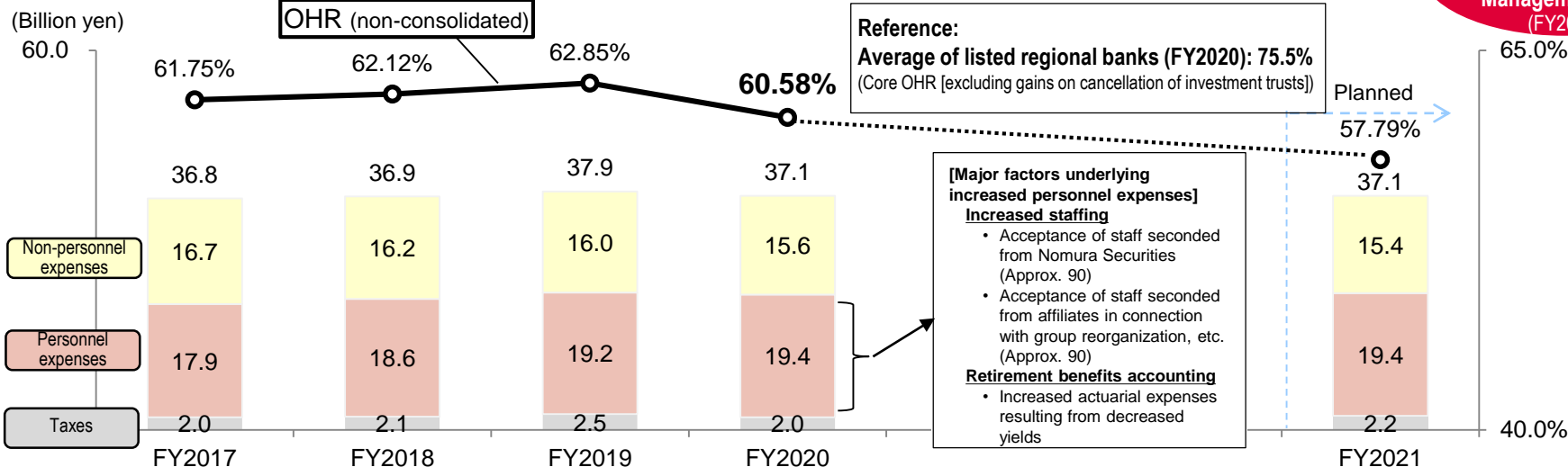
+700 million yen
targeted for the final fiscal
year of the Medium-Term
Management Plan
(vs. FY2020)

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

Expenses

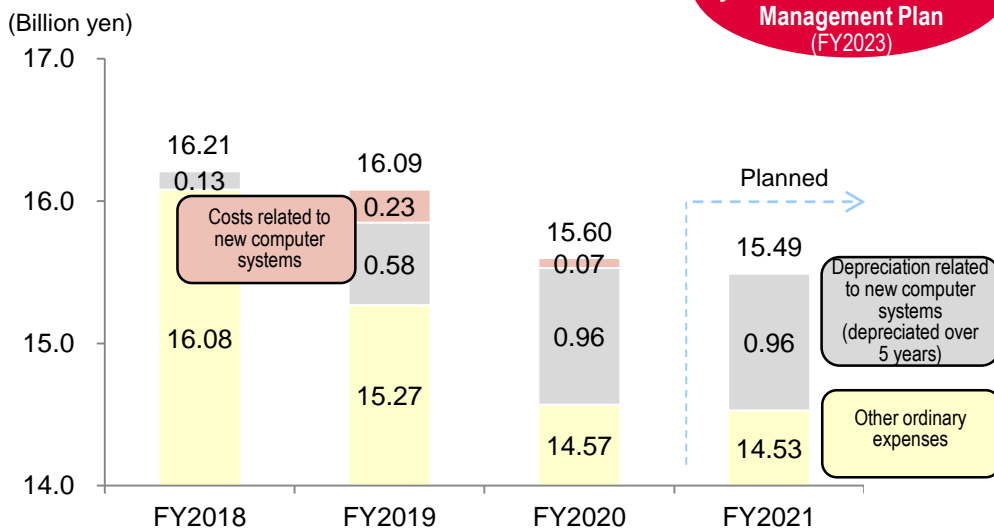
36.6 billion yen
targeted for the final fiscal
year of the Medium-Term
Management Plan
(FY2023)

Operating expenses

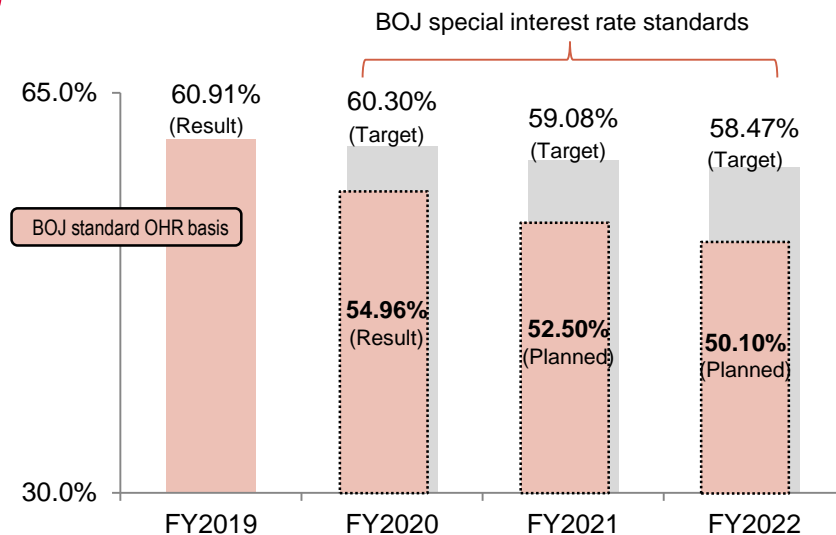


Non-personnel expenses

15.1 billion yen
targeted for the final fiscal
year of the Medium-Term
Management Plan
(FY2023)



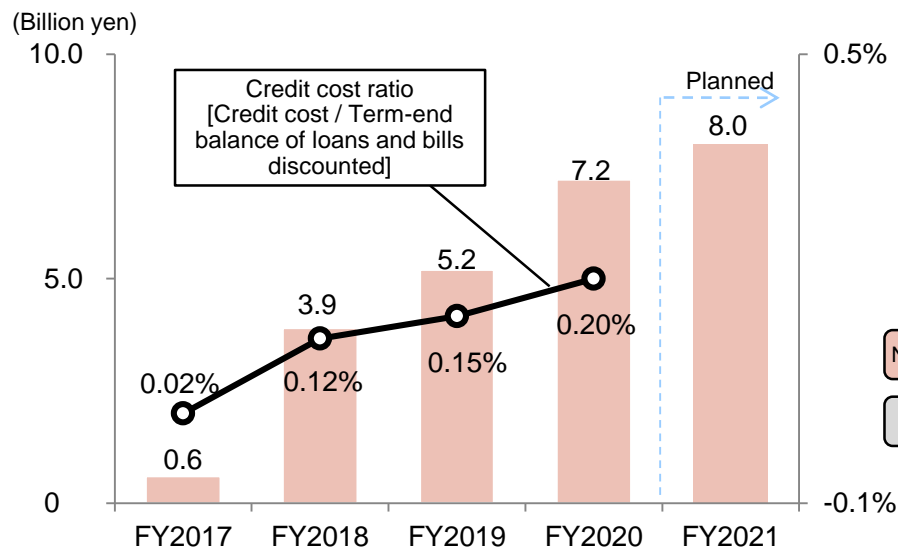
Expected to qualify for BOJ special interest rates



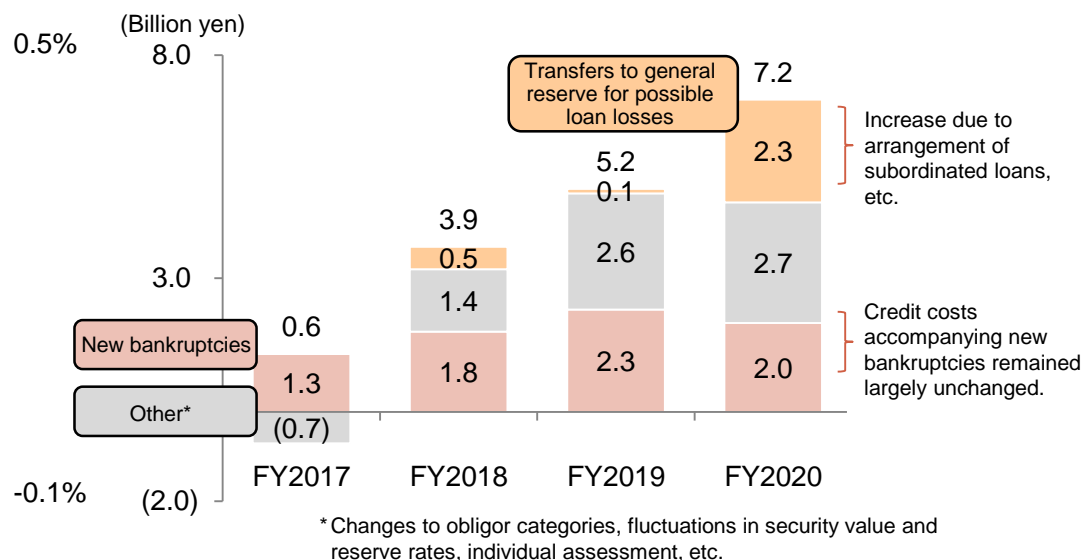
* Special interest rate (0.1%) applies if less than target figure.

Credit Costs and NPLs

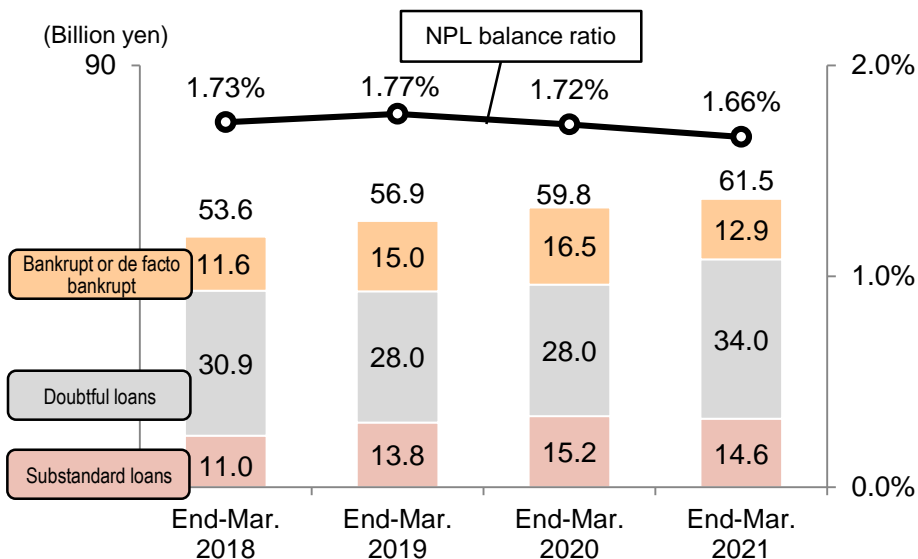
Credit costs



Trends in credit costs by funding source



Loans based on the financial reconstruction act



Comparison to other regional banks

	Rank	Results for FY2020	Average
Loan balance	28	3.5545 trillion yen	4.3476 trillion yen
NPL ratio	29	1.66%	2.03%
Reserve for possible loan losses	16	42.6 billion yen	3.46 billion yen
Credit costs ratio	11	0.20%	0.15%

* Prepared by the Bank based on financial results announced for FY2020, by 55 regional banks and regional bank groups

Earnings Forecasts

Consolidated

(Billion yen)	FY2019	FY2020	FY2021	
			vs. FY2020	Forecast
Ordinary income	90.3	89.1	1.0	90.2
Ordinary profit	16.2	14.4	2.0	16.5
Net income attributable to owners of parent	10.4	9.6	1.9	11.6

Non-consolidated

(Billion yen)	FY2019	FY2020	FY2021	
			vs. FY2020	Forecast
Gross core banking profit	60.3	61.2	2.9	64.2
Net interest income	54.0	54.8	1.4	56.3
Net fees and commissions	5.9	6.2	1.6	7.9
Expenses	37.9	37.1	0.0	37.1
Personnel expenses	19.2	19.4	(0.0)	19.4
Non-personnel expenses	16.0	15.6	(0.1)	15.4
Net core banking profit	22.4	24.1	2.9	27.1
Gains (losses) on securities	0.5	(1.7)	(0.7)	(2.4)
Credit costs	5.2	7.2	0.7	8.0
Net income	10.4	8.3	3.1	11.4
OHR	62.85%	60.58%	▲ 2.79%	57.79%

Assumptions underlying plans

- We assume that while the consequences of the COVID-19 pandemic will gradually be contained, they will persist through the fiscal year ending March 31, 2022, and that the Japanese economy will recover to pre-COVID-19 levels during the first half of the fiscal year ending March 31, 2023.
- Due to worsening business performance among corporate customers, credit costs are expected to rise to 8 billion yen on a full-year basis. (+700 million yen YoY)

Capital Policies and Governance

Enhancing Returns to Shareholders

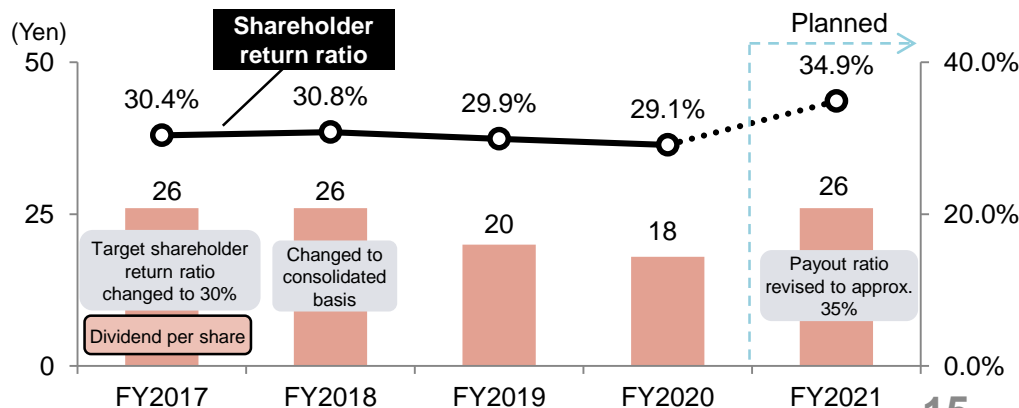
- The dividends table will be revised to further enhance returns to shareholders.
- The target dividend payout ratio will increase from roughly 30% to roughly 35%.

Revision of dividends table

Net income attributable to owners of parent (consolidated) (Billion yen)	Before		
	Annual dividends	Payout ratio	
		Range	Median
Over 18.0			
More than 17.0 to 18.0			
More than 16.0 to 17.0			
More than 15.0 to 16.0	30 yen	- 31.3%	—
More than 14.0 to 15.0	28 yen	29.2% - 31.3%	30.3%
More than 13.0 to 14.0	26 yen	29.1% - 31.3%	30.2%
More than 12.0 to 13.0	24 yen	28.9% - 31.3%	30.1%
More than 11.0 to 12.0	22 yen	28.7% - 31.3%	30.0%
More than 10.0 to 11.0	20 yen	28.4% - 31.3%	29.9%
More than 9.0 to 10.0	18 yen	28.2% - 31.3%	29.7%
More than 8.0 to 9.0	16 yen	27.8% - 31.3%	29.6%
8.0 or less	14 yen	27.4% -	—

After			
Annual dividends	Payout ratio		
	Range		Median
40 yen	-	34.8%	—
38 yen	33.0% -	35.0%	34.0%
36 yen	33.1% -	35.2%	34.2%
34 yen	33.3% -	35.5%	34.4%
32 yen	33.4% -	35.8%	34.6%
30 yen	33.5% -	36.1%	34.8%
28 yen	33.7% -	36.5%	35.1%
26 yen	33.9% -	37.0%	35.5%
24 yen	34.1% -	37.6%	35.9%
22 yen	34.4%	-	—

Trends of shareholder returns



Changes

- (i) Minimum annual dividend increased (+8 yen)
 - (ii) Maximum annual dividend increased (+10 yen)
 - (iii) Annual dividend increased (+4 yen)
- Payout ratio: Approx. 30% ⇒ **approx. 35%**

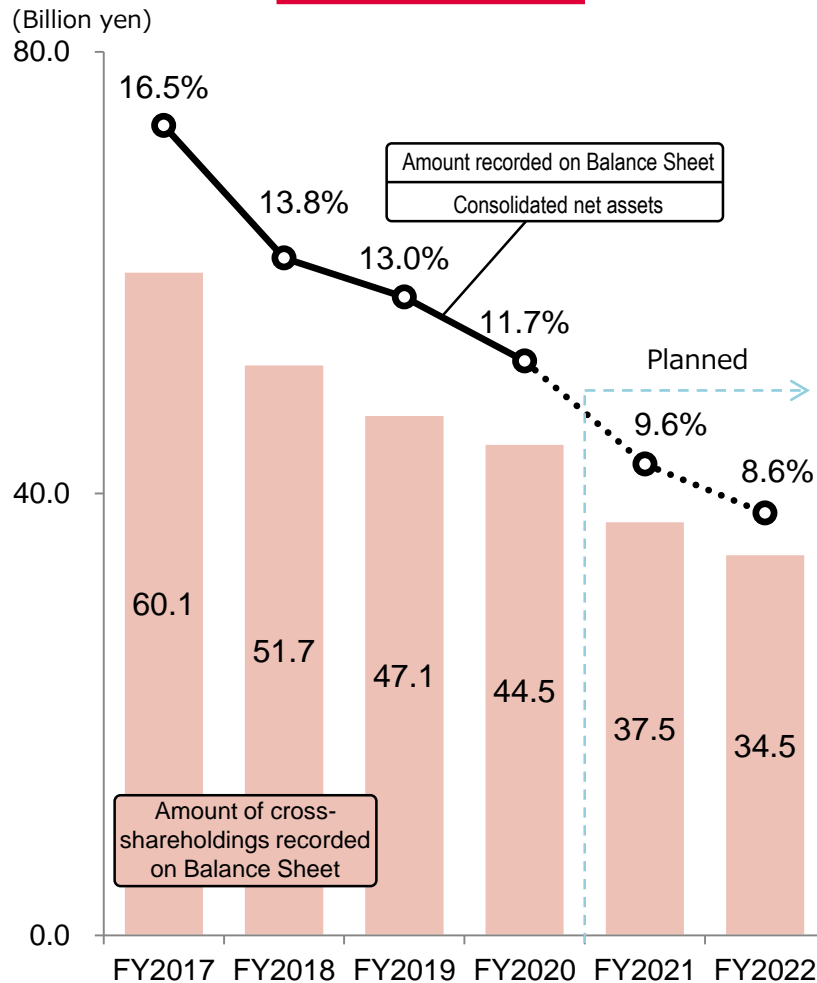


Cross-Shareholdings

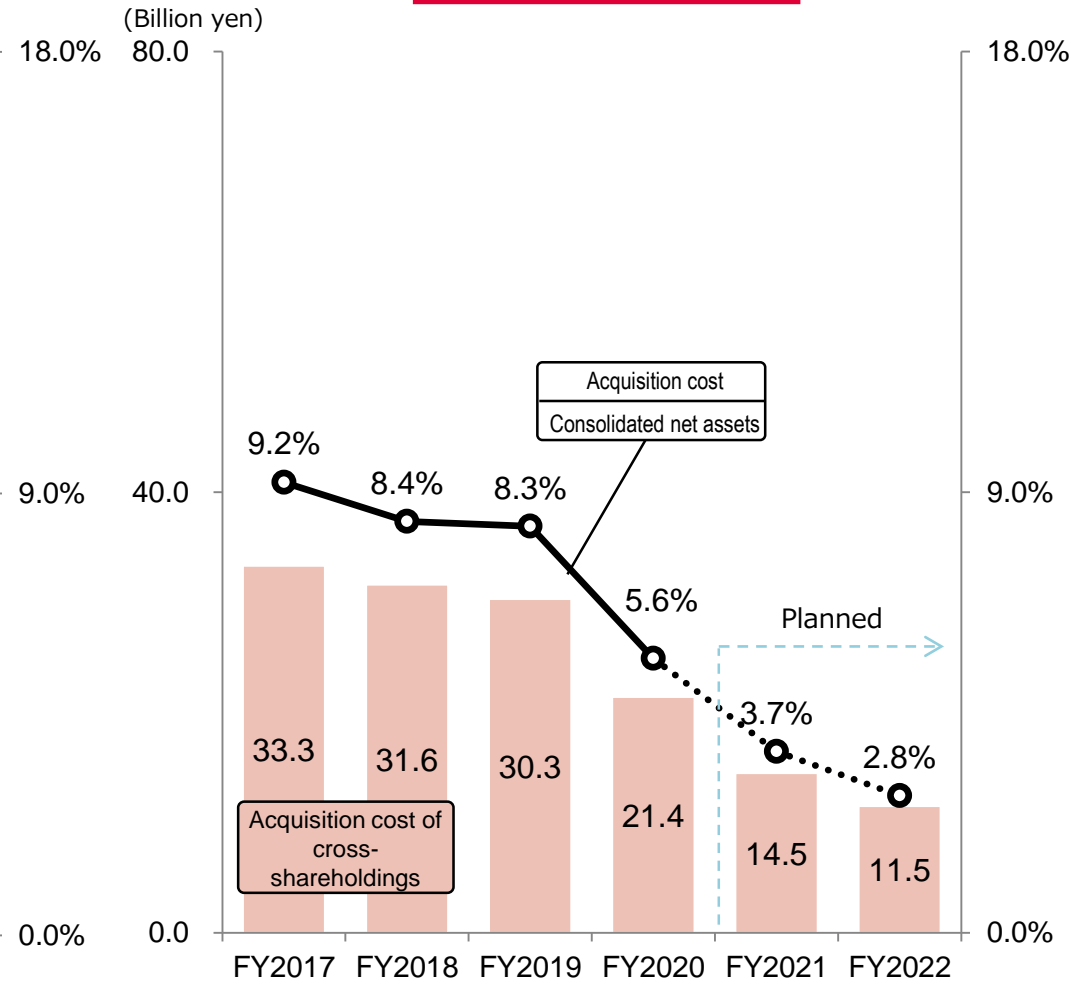
- In FY2020, the overall balance of cross-shareholdings, based on acquisition costs, was reduced by approx. 30%.

Trends in cross-shareholdings

MTM basis



Acquisition cost basis



Enhancing the governance structure

- Changes were implemented in the governance structure for various purposes, including accelerating decision-making and enhancing the oversight functions of the Board of Directors.

Overview of changes

Purposes

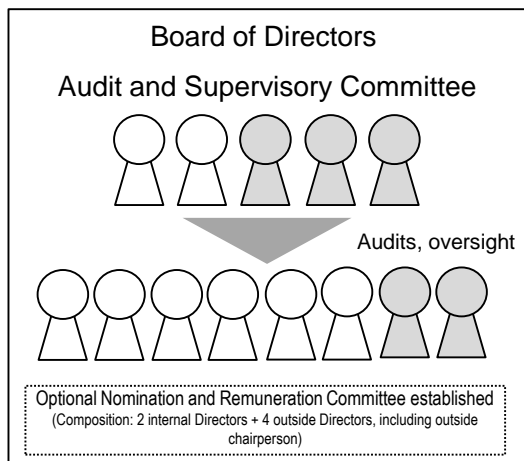
- ✓ Swift decision-making
- ✓ Enhancing functions for oversight of business execution
- ✓ Board of Directors diversity

Changes

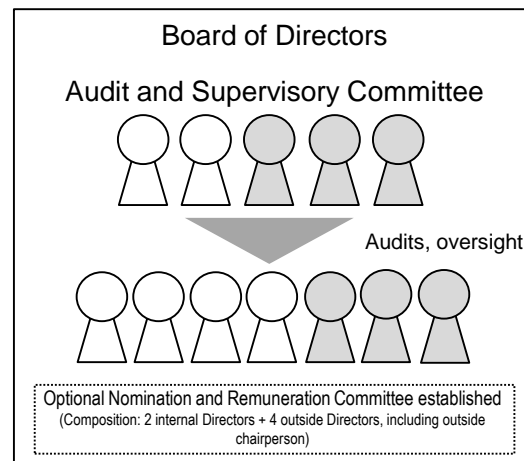
- ✓ Number of Directors (reduced from 13 to **12**)
 - Number and percentage of outside Directors
Increased from 5 (38.4%) to **6 (50.0%)**
 - Number and percentage of female Directors
Increased from 1 (7.6%) to **2 (16.6%)**

Structural summary

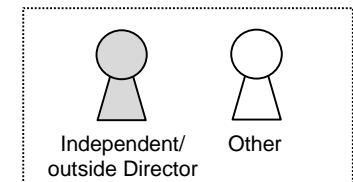
【 Before 】



【 After June 22, 2021 】



【Key】



Overview of Medium-Term Management Plan

The Medium-Term Management Plan and Long-Term Vision

- The Bank has established a Long-Term Vision targeting growth by providing solutions to community and customer issues and a Medium-Term Management Plan to accelerate the transformation of its business model.

Management philosophy

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

Long-Term Vision

A regional bank serving a wide area pursuing sustained growth based on industry-leading solutions

Providing comprehensive support for community industry and business as the community's leading bank

Contributing solutions to community and customer issues

Promoting digital transformation

Enhancing management foundations

Medium-Term Management Plan (FY2021-2023)

Target management indicators

Strengthening earnings potential dramatically through effective use of management resources and diversified risk-taking

Item			Targets for final fiscal year	FY2020 (Results)
Profitability	Consolidated	Net income *1	15.0 billion yen or higher	9.6 billion yen
		Non-interest revenue ratio *2	15.8% or higher	14.15%
Capital efficiency	Non-consolidated	Return on equity (ROE) *3	4.4% or higher	2.94%
Cost efficiency		Overhead ratio (OHR) *4	53% or lower	60.58%
Soundness	Consolidated	Capital adequacy ratio	12% or higher	12.48%

*1 Profit attributable to owners of parent

*2 (Net fees and commissions + other banking income (excluding profit/loss related to Japanese government bonds, etc.))/consolidated gross core banking profit

*3 Shareholder equity basis *4 Gross core banking profit basis

Enhancing Management Foundations

- Implementing large-scale restructurings to enhance management foundations as a base for future growth strategies

Previous Medium-Term Management Plan (FY2018-2020)			Current Medium-Term Management Plan (FY2021-2023)			After end of current Medium-Term Management Plan
Area	Measures	Main results (overview)	Main results (overview)			Main results (overview)
			Revenues	Costs	Staff availability generated	
Individual consulting	<ul style="list-style-type: none"> Comprehensive business alliance with Nomura Securities Restructuring of asset management business 		+700 million yen/year	+300 million yen/year	150 persons	
Branches	<ul style="list-style-type: none"> Office consolidation and closures (33 offices) Review of office forms (10 offices) Adopting closure during lunch hour (49 offices) 	Staff availability generated: 200 persons Costs: -100 million yen/year		-300 million yen/year		
ATMs	<ul style="list-style-type: none"> Reducing numbers of ATMs (approx. 100 ATMs) 			-200 million yen/year		
Restructuring affiliates	<ul style="list-style-type: none"> Enhancing Group coordination Insourcing operations, etc. 	Costs: -200 million yen/year		-500 million yen/year		
Reviewing fees	<ul style="list-style-type: none"> Reviewing various fees 		+300 million yen/year			
Computer system migration	<ul style="list-style-type: none"> Migration of accounting system to the Regional Bank Integrated Services Center 					Costs: -800 million yen/year FY2025 and beyond
Other forms of restructuring	<ul style="list-style-type: none"> Reviewing transactions with local public organizations Discontinuation of funds collection/distribution operations Various business process reforms, etc. 	Staff availability generated: 140 persons Costs: -300 million yen/year	+100 million yen/year	-100 million yen/year		Costs: -800 million yen/year Staff availability generated: 340 persons

Revenues: +1.1 billion yen/year

Costs: -800 million yen/year

Allocating human resources and investment funds to growth fields through sustained streamlining and efficiency improvements (See p. 33)



HR Portfolio Strategy

- Building an HR portfolio capable of vigorously advancing a business model transformation

Overview of HR portfolio transformation

Previous Medium-Term Management Plan (FY2018-2020)

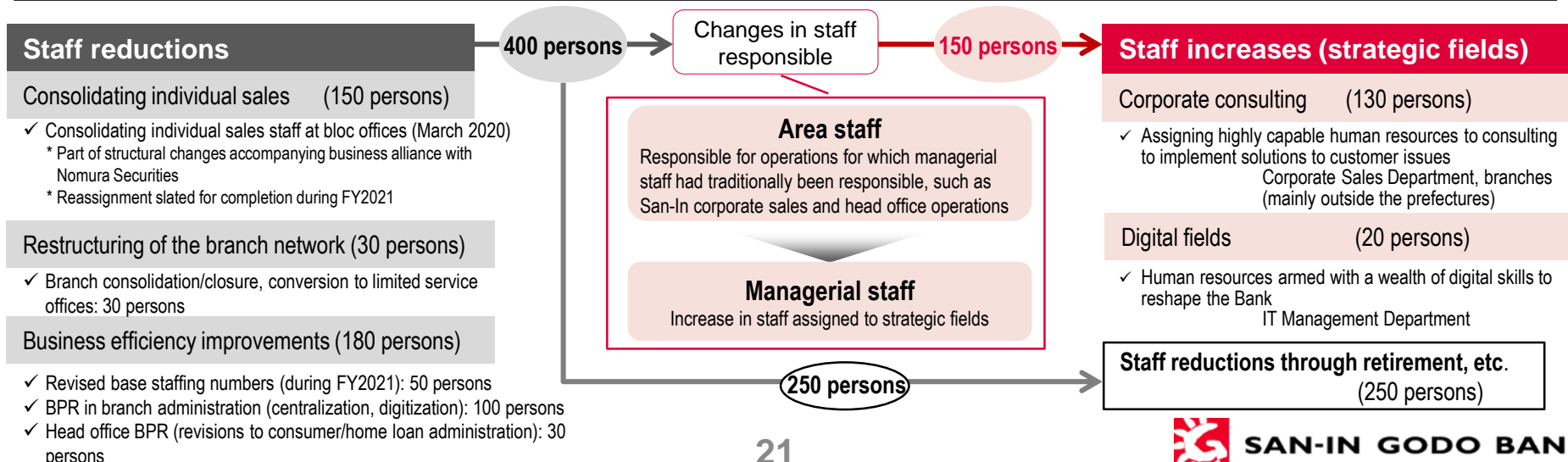
Staff reductions	Staff increases
<ul style="list-style-type: none"> ✓ Restructuring of the branch network (closing for lunch, conversion to limited service offices) ✓ Migration to new brokerage ✓ Group reorganization etc. <p>Approx. 340 persons (including 50 quasi- and part-time employees)</p>	<p>Approx. 190 persons in sections handling the following tasks: Corporate sales, business support, digital, asset consulting, etc.</p> <p>Staff reductions (e.g., through retirement) Approx. 110 persons (including 50 quasi- and part-time employees)</p> <p>Transfers under the current Medium-Term Management Plan Approx. 40 persons</p>

Current Medium-Term Management Plan (FY2021-2023)

*Total employees: approx. 3,000

Staff reductions	Staff increases
<ul style="list-style-type: none"> ✓ Consolidating individual sales staff ✓ Restructuring the branch network ✓ Achieving business efficiency improvements <p>Approx. 360 persons (including 100 quasi- and part-time employees)</p> <p>Staff as yet not transferred under the previous Medium-Term Management Plan Approx. 40 persons</p>	<p>Corporate consulting Approx. 130 persons</p> <p>Digital fields Approx. 20 persons</p> <p>Staff reductions (e.g., through retirement) Approx. 250 persons (including 100 quasi- and part-time employees)</p>

Details of the HR portfolio strategy under the current Medium-Term Management Plan



Financial Plans

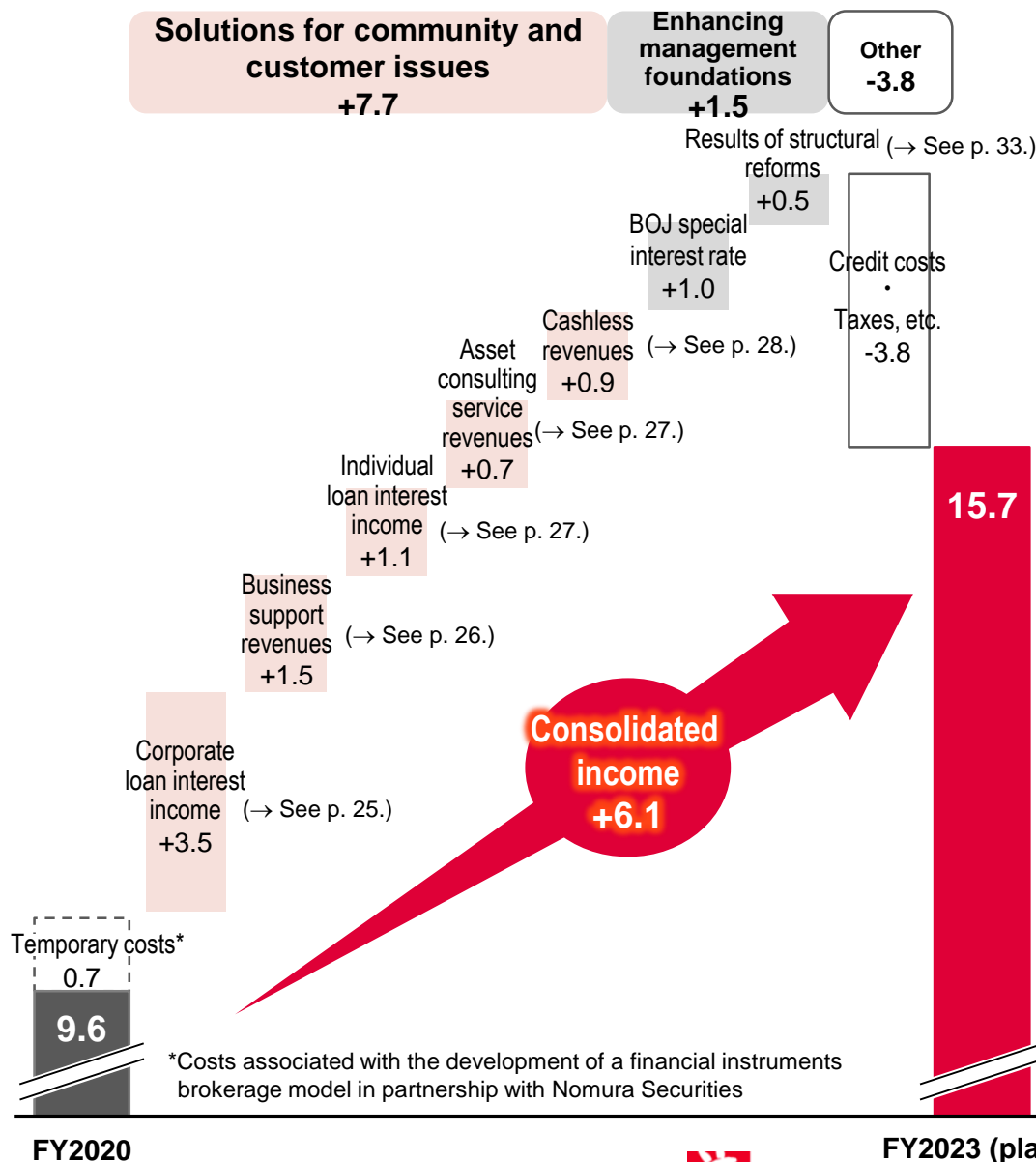
Main planned figures

(Billion yen)

	FY2020 results	FY2023 planned	YoY change
Gross banking profit	58.6	65.8	+7.2
Net interest income	54.8	60.6	+5.8
Net fees and commissions	6.2	8.6	+2.4
Expenses	37.1	36.6	-0.5
Net core banking profit	24.1	31.8	+7.7
Net income (non-consolidated)	8.3	15.2	+6.9
Net income (consolidated)	9.6	15.7	+6.1
Income from customer services	1.8	10.2	+8.4
Credit costs	7.2	7.0	-0.2

Factors underlying changes in (consolidated) net income

(Billion yen)



FY2020



Promoting ESG Management (1)

- Implementing ESG management based on relationship banking to help achieve Sustainable Development Goals (SDGs)

Policies for ESG initiatives

Initiatives based on relationship banking

- ✓ Drawing on the relationship banking approach firmly established as the Bank's culture, helping to build sustainable communities by creating solutions to the issues facing our communities and customers

Responsibilities as a leading bank

- ✓ Providing comprehensive support for community industries and businesses by fulfilling our responsibilities as a leading bank in the regional financial ecosystem

Establishing the new Sustainability Committee

May 2021

Enhancing governance by establishing a new committee to promote SDGs/ESG initiatives

Environment: major environmental initiatives

Major issues addressed	Specifics of initiatives	
Environmental businesses	Environmental finance and investment	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Green finance, transition finance ✓ Investment in growth fields based on ESG perspectives
Addressing climate change	Support for TCFD recommendations	<div>April 2021</div> <div>New</div> <ul style="list-style-type: none"> ✓ Supporting TCFD recommendations and studying and improving Bank internal structures by analyzing climate change scenarios, for example
Reducing environmental impact	Reducing greenhouse gas emissions	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Early achievement of zero greenhouse gas emissions Reduction target: reducing emissions by 50% (vs. FY2013) ✓ Support for use and sales of J-Credits



Supporting initiatives to realize a low carbon society by financing solar power projects and other efforts

Promoting ESG Management (2)

Society: major social initiatives

Major issues addressed	Specifics of initiatives	
Business survival and growth within the community	Comprehensive support for the community through relationship-banking activities	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Multifaceted consulting in response to specific issues arising in changing business environments (e.g., COVID-19, decarbonization) ✓ Dynamic financial support utilizing our strength in equity capital
Building a safe, comfortable society	Providing a stable financial infrastructure for all customers	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Infrastructure maintenance drawing on a wide range of business alliances ✓ Improved convenience through apps and other digital technologies
Contributing to the community	Deploying a wide range of social contribution activities	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Shofukan private school (educating younger generations) ✓ Gogin Forests of Hope (forest conservation activities)
Supporting communities and customers	Developing new services	<div>New</div> <ul style="list-style-type: none"> ✓ Developing a menu of consulting services for corporate SDGs/ESG initiatives
Diversity	Helping diverse human resources thrive	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Training specialized human resources, actively promoting the role of women ✓ Gogin Challenged (support for autonomy and social involvement of people with disabilities)



Implementing proactive forest conservation activities twice a year, with the participation of management, employees, and their families, throughout the San-In region



Employees of Gogin Challenged Matsue create expressive works of art, which are printed on Bank promotional goods and used in cosponsor business activities.

Governance: major governance initiatives

Major issues addressed	Specifics of initiatives	
Group governance	Enhancing Group coordination	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Pursuing maximal Group synergies through management strategies led by the Bank
Risk management	Advancing various risk management approaches	<div>Enhanced</div> <ul style="list-style-type: none"> ✓ Advancing business administration based on a risk appetite framework ✓ Risk-based compliance and risk management

Corporate Consulting (1)

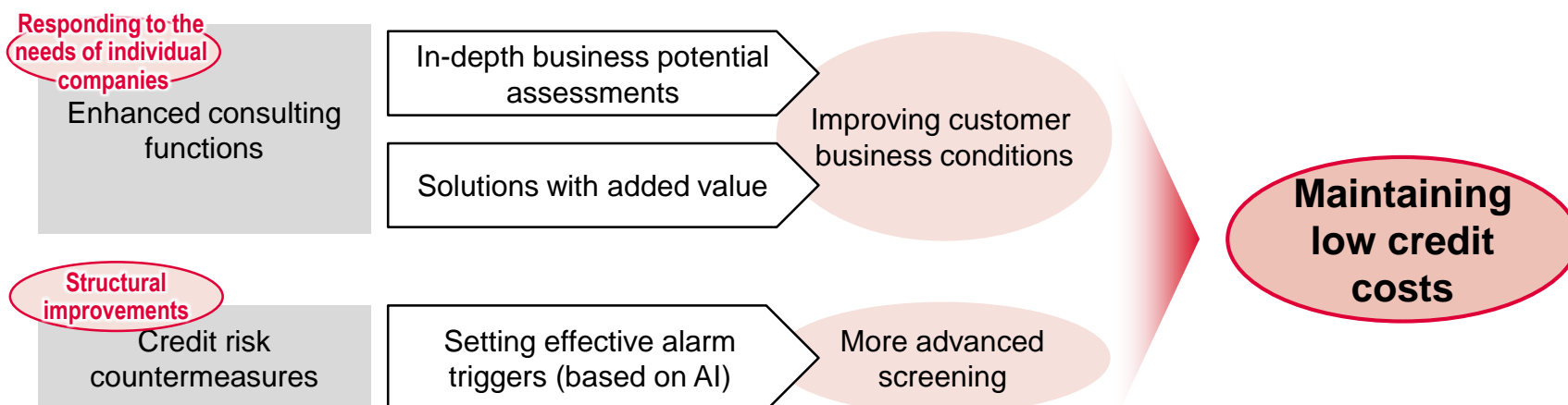
- Providing strong support for corporate growth strategies, starting with various aspects of fundraising, as a financial consultant

**Interest income:
+3.5 billion yen**

Policies that account for and seek to make the most of the area's distinctive features

Common		<ul style="list-style-type: none"> ✓ Thoroughgoing support for customer growth strategies through appropriate resource provision ✓ Uncovering business continuity and M&A needs ✓ Introducing online lending to SMEs
Shimane and Tottori	+40 billion yen	<ul style="list-style-type: none"> ✓ Adopting a regional Group management structure (more efficient assignment of staff, through consolidation of facilities) ✓ Enhancing relationships with chambers of commerce and industry, credit guaranty corporations, etc. in support of startups and entrepreneurs
Sanyo Region Hyogo and Osaka	+90 billion yen +210 billion yen	<ul style="list-style-type: none"> ✓ New business development targeting second-tier firms and SMEs ✓ Building on transactions with existing customers in deposits and lending through comprehensive consulting services
Tokyo	+200 billion yen	<ul style="list-style-type: none"> ✓ Increasing portfolio yields (initiatives centered on structured finance)

Initiatives toward accumulating high-quality loan assets



Corporate Consulting (2)

- Strengthening our capacity as a Group to deliver effective consulting solutions in partnership with our clients

**Solutions profits:
+1.5 billion yen**

Implementing consulting alongside clients

Structural enhancements

Developing an internal solutions system

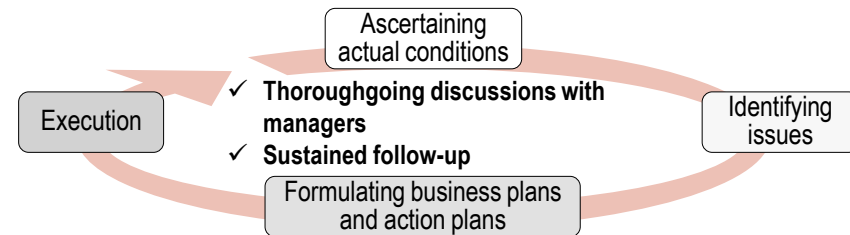
- ✓ Accumulating and demonstrating individual know-how as an organization

Enhancing and advancing our menu of solutions

- ✓ Raising service levels based on evaluations of business potential

Consulting process

Working alongside clients to deliver solutions to their challenges



Enhancing and advancing our menu of solutions

Existing domains

Various financial services (e.g., leasing, private placement bonds, syndicated loans)

- ✓ Enhancing the support menu for financial strategies

M&A, business succession

- ✓ Enhancing services for small businesses
- ✓ Drawing on business succession funds

Business matching

- ✓ Drawing on online communication tools

Industry risk management (e.g., health and long-term care, hospitality and tourism, production of food products)

- ✓ Enhancing support structures for individual industries

New domains

Consulting on formulating business plans

- ✓ In-depth analysis of current business conditions
- ✓ Support for developing management strategies

ICT consulting

- ✓ Support for adopting IT solutions

HR recruitment consulting

- ✓ Providing executives and candidates for future management to the community

Individual Consulting

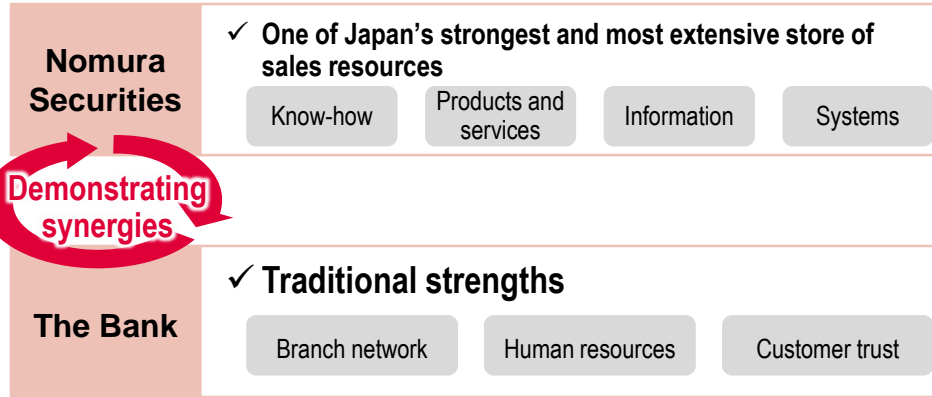
- Bringing higher value-added and peace of mind to face-to-face channels and merging convenience with ease of use in indirect channels (non face-to-face)

Asset consulting

Establishing a new community-based securities business model

Service profits:
+700 million yen

Customer assets under management:
+180 billion yen



Fusion of human and digital approaches

Human

- ✓ High value added consulting

Digital

- ✓ Growing and expanding customer base
- ✓ Improving convenience and the user experience

Increasing customer satisfaction

Strengthening the top line

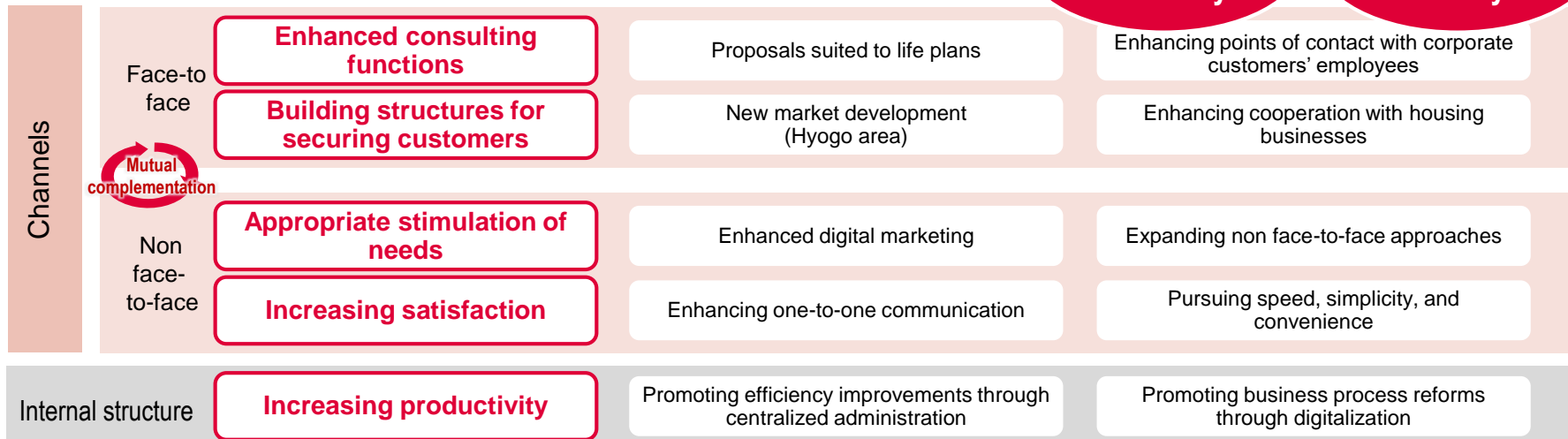
Streamlining and improving sales structure efficiency

Individual loans

Expanding lines of business based on consulting functions and customer convenience

Interest income:
+1.1 billion yen

Loan balance:
1 trillion yen



Cashless Business and Deposits

- Cashless business: leveraging the strengths of our unique business model to grow the scale of the business

**Profits:
+900 million yen**

The Bank's unique business model

Issuing credit cards

A wealth of bank and card information

Strong relationships with corporate clients

Growing trend toward cashless payments

Growing cashless market

Government promotion policies

Awareness among consumers

Promotion strategies based on digital technologies

Key points of enhancement

Promoting use

Cardholders **Increasing usage rates**

Cardholders **Increasing price per use**

Enhancing business foundation

Cardholders **Developing a customer network**

Affiliated stores **Expanding the network of affiliated stores**

Individual market

Enhancing and strengthening the customer base which is outstanding among regional bank credit businesses

✓ Digital marketing

✓ Making our card to be customers' main cards

✓ Main targets
⇒ Younger users, holders of accounts used for salary direct deposits

Corporate market

Enhancing initiatives as room for growth expands

✓ ICT consulting (DX promotion, streamlining expense settlement operations)

✓ Growing network of stores that both accept cards and are essential for cardholders

**Total deposit balance:
5 trillion yen**

- Deposits: Building a fundraising structure to dramatically increase deposits as a source of growth

Common corporate/individual strategy

✓ **Through our consulting services, becoming the primary bank for general/everyday transactions**

Individual

✓ Growing transactions based on corporate transactions

Increasing rate of salary direct deposits

Expanding executive transactions

✓ Increasing the appeal of non-face-to-face transactions

Expanding Internet product lines

Corporate

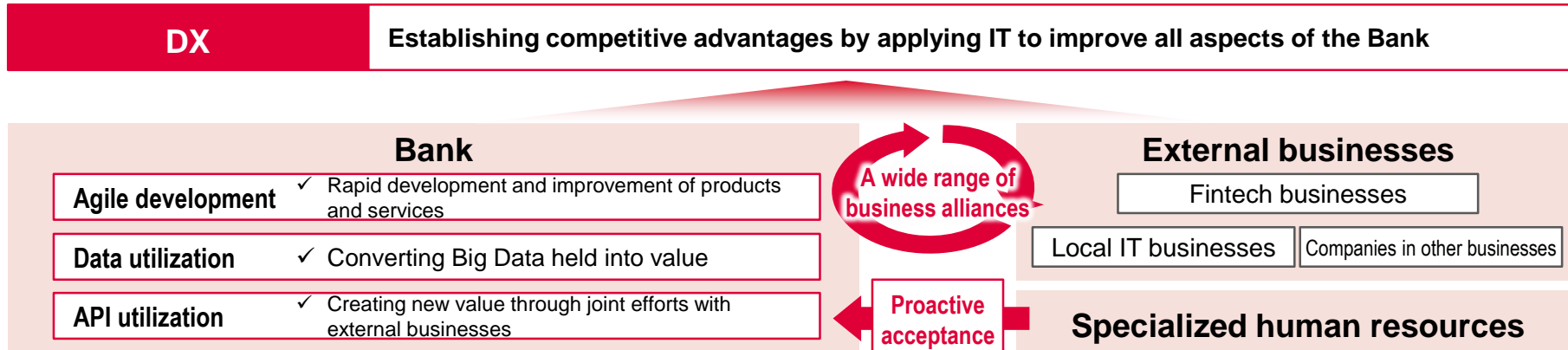
✓ Expanding general transactions

✓ Approaching pure depositors with asset management solutions

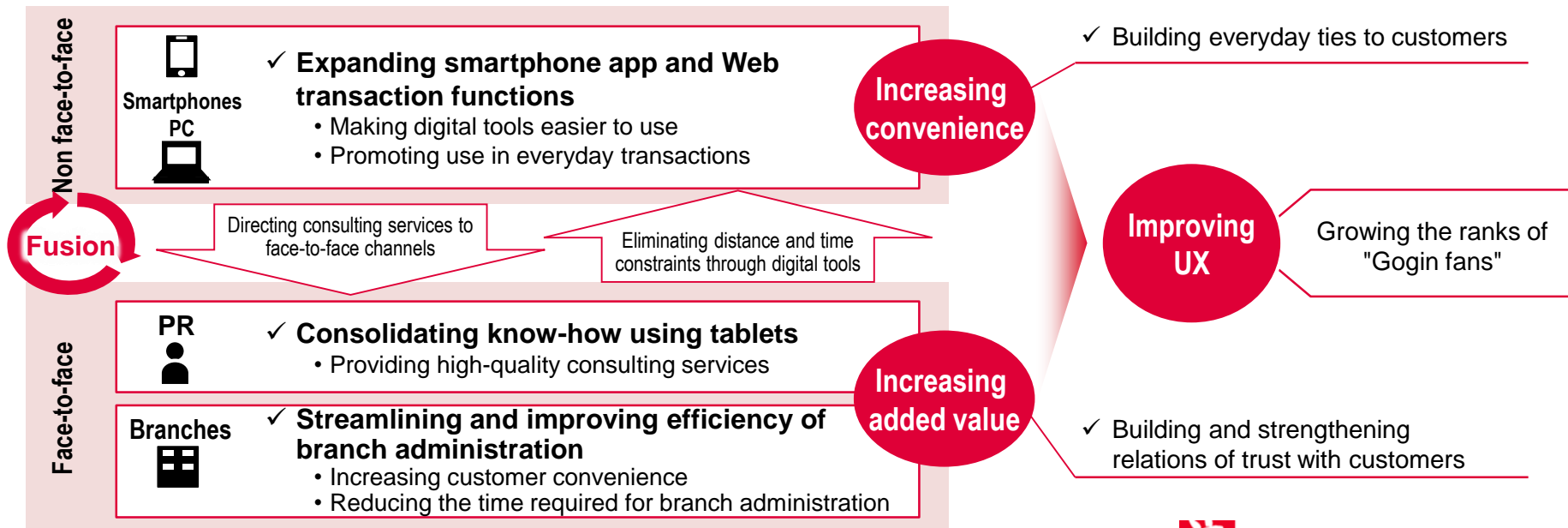
Digital Strategy Overview

- Leveraging digital technologies to accelerate restructurings in all business domains and to increase customer satisfaction (user experience [UX])

Building a structure for achieving digital transformation (DX)



Channel strategies utilizing digital tools



Non Face-to-Face Channels

- Increasing customer convenience centered on indirect channels (non face-to-face), based on the concept of "Having a bank in your hands."

Realizing the concept of "Having a bank in your hands"

Developing an environment in which procedures that used to require a visit to a Bank branch can be completed using a smartphone or PC

Concept

Future policies

✓ Any time, any place

- 24 hours/day, 365 days/year
- At home, at work, while out and about

Enhancing available functions

✓ Further enhancing functions compatible with smartphones

- Enhancing functions for responding to questions (enhancing chatbots)

✓ Various bank transactions

- From checking deposits and withdrawals, funds transfers, and other everyday transactions to asset management and borrowing

Expanding subject transactions

✓ Expanding the transactions and procedures that can be used through indirect channels (non face-to-face channels)

- Providing customers with options to branch visits

✓ Simplification

- Paperless, no seal required
- Simple operation

Continual improvements

✓ UI/UX improvements

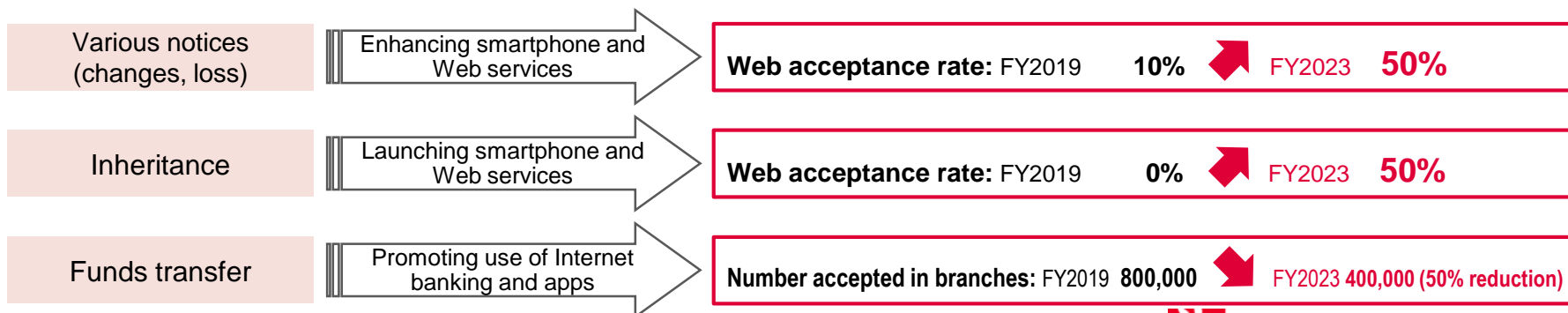
- Continual improvements in app interface and transaction processes



Coverage of individual transactions by indirect channels (non face-to-face): 100%

Reducing branch visits for administrative procedures

Targets for migrating main administrative procedures to the Web

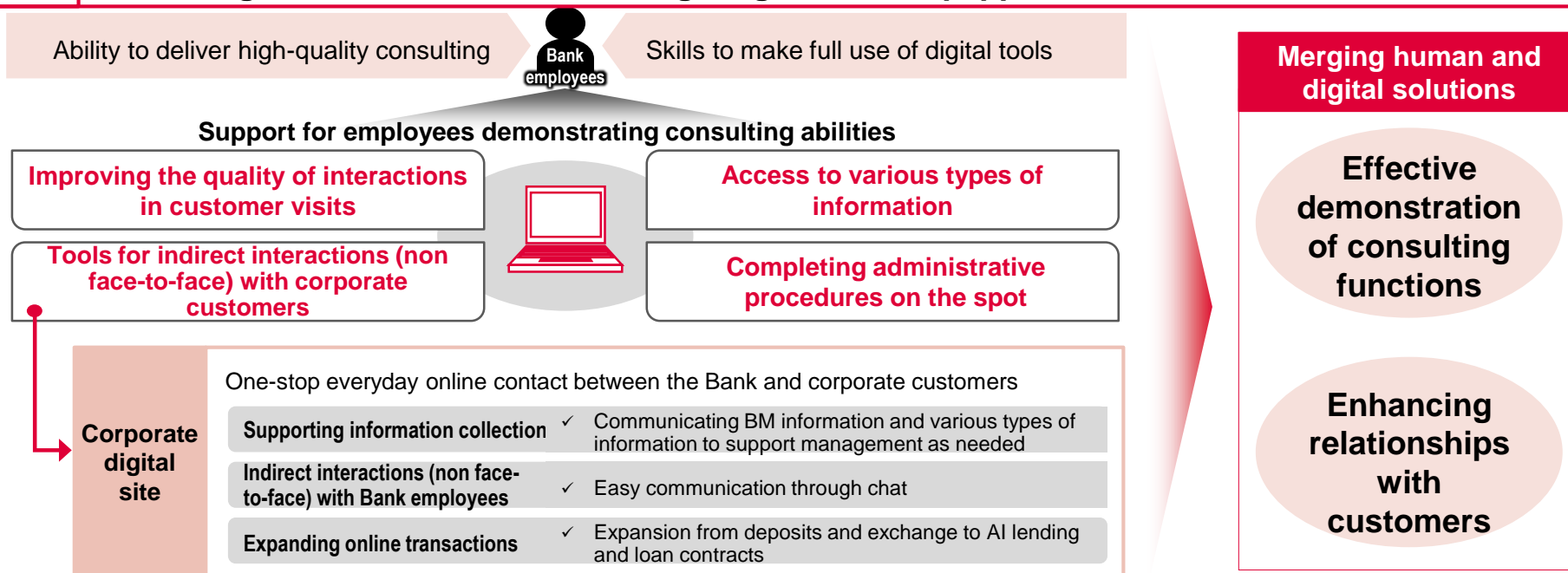


Face-to-Face Channels

- Using digital technologies to provide higher value-added consulting and reform branch administration

PR

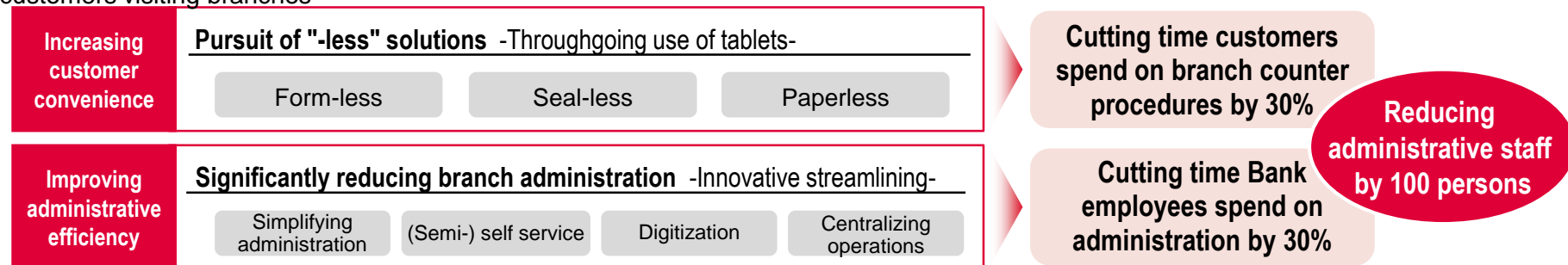
Enhancing face-to-face services through digital tools equipped with distilled know-how



Branches

Making procedures in branches stress-free

Moving forward to streamline operations from the perspectives of both customers and Bank employees and swiftly meeting the needs of customers visiting branches



HR Strategies to Enable Individuals to Shine

- Developing an HR structure to enable individuals to demonstrate their abilities to the fullest and to train human resources capable of contributing to the community

Renovating the skills development structure

Consulting

Training consulting human resources

- ✓ New training roadmap
- ✓ Cooperation with external specialized agencies (e.g., secondments)

Digital

Securing and training human resources capable of promoting DX

- ✓ Proactive hiring
- ✓ Promoting skills development
- ✓ Organizational structure that enables human resources to shine

Autonomy

Training autonomous human resources capable of learning and taking action on their own

- ✓ Redeveloping structures for training younger employees
- ✓ Enhancing career development support
- ✓ Promoting self-learning and off-the-job training

Reforming HR systems

Rewarding work

Designing and establishing an HR system to further rewarding work

- ✓ Proactively valuing diverse skills and contributions, rather than relying on seniority elements
- ✓ Expanding opportunities for senior human resources to thrive to increase motivation to take on challenges and pursue opportunities for rewarding work

Human resource development

Fostering a culture that stresses human resource development

- ✓ Establishing evaluation systems by focusing on HR training

Increasing
specialization

Simulating
motivation to **take
on challenges**

Realizing **diverse
work styles**

Improving working environments

Work style reforms

Realizing an enriched work-life balance

- ✓ Flextime system
- ✓ Teleworking environment
- ✓ Increasing rates at which staff take paid vacations
- ✓ Permitting second jobs

Training and utilizing
**human resources
capable of contributing
to the community**

Restructuring

- Diverting human resources and investment to growth fields by increasing productivity through streamlining and efficiency improvements

Streamlining organizational structures

Group governance	<ul style="list-style-type: none"> ✓ Managing business results by business segment ✓ Restructuring overlapping businesses within the Group
Branch strategy	<ul style="list-style-type: none"> ✓ Network streamlining ✓ Revising branch roles to enhance consulting sales

Streamlining based on the cost of maintaining and providing services

ATM operation structure	<ul style="list-style-type: none"> ✓ ATM partnerships with other organizations in rural areas
Transactions with local public agencies	<ul style="list-style-type: none"> ✓ Normalizing administrative fees ✓ Adopting indirect channels (non face-to-face) for service provision
Various services	<ul style="list-style-type: none"> ✓ Efficient allocation of management resources based on costs and benefits

Controlling expenses

Personnel expenses

Maintaining current state	<div>Downward pressure</div> <ul style="list-style-type: none"> ✓ Reduced staffing (e.g., through retirement)
	<div>Upward pressure</div> <ul style="list-style-type: none"> ✓ HR system revisions, etc.

Non-personnel expenses

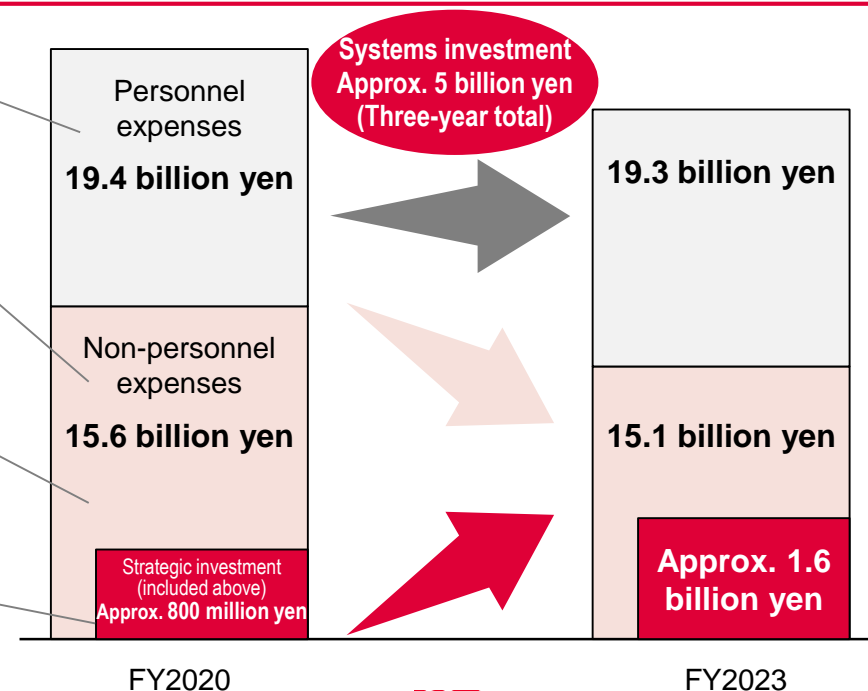
-500 million yen	<ul style="list-style-type: none"> ✓ While increasing strategic investment, maintaining low ordinary expenses to reduce overall non-personnel expenses
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Ordinary expenses (included above)

-1.3 billion yen	<ul style="list-style-type: none"> ✓ Translating the results of the previous Medium-Term Management Plan into concrete benefits (e.g., branch network restructuring) ✓ Continual streamlining (described at top of this page)
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Strategic investment (included above)

+800 million yen*	<ul style="list-style-type: none"> ✓ Proactive investment in strategic fields (e.g., adopting digital tools, systems development)
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*Depreciation on system investment implemented during the Medium-Term Management Plan (approx. 5 billion yen)

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



SAN-IN GODO BANK



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