

# **Investor Relations Meeting**

## **Information Pack**

**The San-in Godo Bank, Ltd.**

**December 2010**

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# *Part I*

## *Summary of Financial Report for the First Half of FY2010*

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# Summary of Business Results for the First Half of FY2010

*Interest income and fees and commissions rose, but extraordinary factors resulted in lower core banking profit.*

[Non-consolidated basis] (Billion yen, %)	First half FY2007	First half FY2008	First half FY2009	First half FY2010	Change over first half FY2009	
					Changes	% change
<b>Gross banking profit</b>	29.9	31.7	30.3	30.8	0.4	1.5
Interest income	28.6	27.8	27.2	27.9	0.6	2.3
Fees and commissions	2.7	2.9	2.3	2.4	0.1	4.8
Other banking profit	(1.4)	1.0	0.7	0.4	(0.2)	(36.9)
(Gains [losses] on bonds)	(1.6)	0.9	0.8	1.1	0.3	36.8
<b>Gross core banking profit</b>	31.5	30.8	29.5	29.6	0.1	0.6
<b>Expenses</b>	20.0	19.2	19.1	19.6	0.4	2.1
Transfer to the general loan loss reserve	3.7	(0.3)	(0.4)	(0.4)	(0.0)	(5.1)
<b>Net banking profit</b>	6.0	12.8	11.5	11.6	0.0	0.7
<b>Net core banking profit</b>	11.4	11.5	10.3	10.0	(0.2)	(2.2)
<b>Nonrecurring gains (losses)</b>	4.8	(6.6)	(3.4)	(2.7)	0.7	21.8
Bad debt disposal	4.7	4.2	2.9	1.6	(1.3)	(44.7)
Gains (losses) on stocks	9.7	(2.1)	(0.0)	(0.8)	(0.8)	(2311.1)
<b>Ordinary profit</b>	10.8	6.1	8.0	8.9	0.8	10.5
Interim income before income taxes	9.8	6.0	7.1	7.8	0.7	10.5
Income taxes	3.8	2.5	2.9	3.3	0.4	14.7
<b>Interim net income</b>	5.9	3.4	4.1	4.5	0.3	7.5

■ **Gross banking profit** over first half of FY2009: 0.4 billion yen

(Main changes)

- Interest income: 0.6 billion yen
- Interest on loans and bills discounted: (1.0) billion yen
- Interest and dividends on securities: 0.3 billion yen
- Interest on deposits: (0.9) billion yen
- Fees and commissions: 0.1 billion yen
- Gains (losses) on bonds: 0.3 billion yen
- Option losses related to buy/write operations: 0.4 billion yen

■ **Net core banking profit** over first half of FY2009: (0.2) billion yen

(Main changes)

- Interest income: 0.6 billion yen
- Fees and commissions: 0.1 billion yen
- Expenses: 0.4 billion yen
- Option losses related to buy/write operations: 0.4 billion yen

■ **Ordinary profit** over first half of FY2009: 0.8 billion yen

(Main changes)

- bad-debt disposal: (1.3) billion yen
- Gains (losses) on stocks: (0.8) billion yen
- Gains (losses) on sales of stocks and other securities: (0.2) billion yen
- Loss on retirement of stocks and other securities: 0.5 billion yen

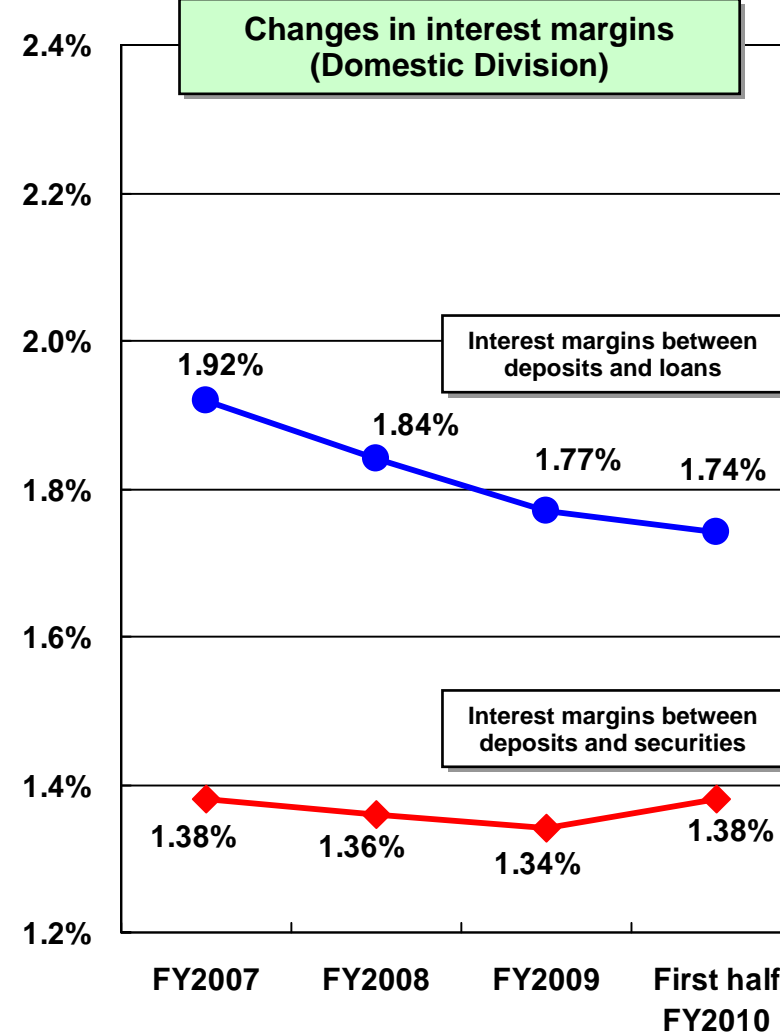
*Though the decline in overall interest income was halted, interest on loans and discounts fell. Interest on deposits, however, also declined.*

## Changes in breakdown of interest income

(Billion yen)	First half FY2007	First half FY2008	First half FY2009	First half FY2010	Change over a year earlier
Interest income (i)	41.1	37.1	32.4	32.5	0.1
(Foreign currency denominations)	8.0	4.1	1.4	2.4	1.0
Interest on loans and bills discounted	22.4	22.6	21.0	19.9	(1.0)
(Foreign currency denominations)	0.0	0.0	0.0	0.0	(0.0)
Interest and dividends on securities	13.8	11.1	10.2	10.5	0.3
(Foreign currency denominations)	3.2	0.9	0.2	0.5	0.2
Others	4.9	3.2	1.1	2.0	0.8
(Foreign currency denominations)	4.7	3.1	1.1	1.9	0.7
Interest expenses (ii)	12.6	9.3	5.1	4.6	(0.4)
(Foreign currency denominations)	8.1	4.2	1.4	1.8	0.4
Interest on deposits	9.4	8.2	4.8	3.8	(0.9)
(Foreign currency denominations)	5.5	3.4	1.3	1.4	0.0
Others	3.1	1.0	0.3	0.8	0.4
(Foreign currency denominations)	2.6	0.7	0.0	0.4	0.3
Fund trust management expenses (iii)	0.1	0.0	0.0	0.0	0.0
(Foreign currency denominations)	0.1	0.0	0.0	0.0	0.0
Interest income = (i) - (ii) + (iii)	28.6	27.8	27.2	27.9	0.6
(Foreign currency denominations)	(0.0)	(0.0)	(0.0)	0.6	0.6

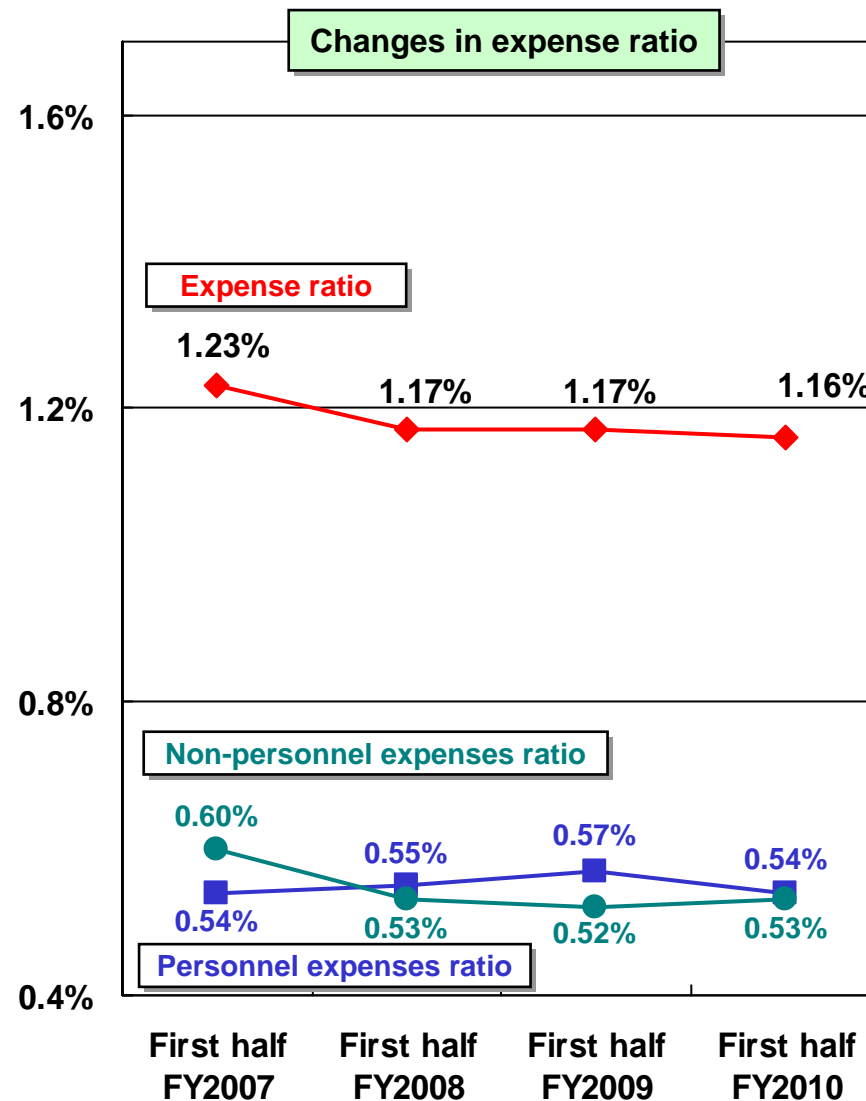
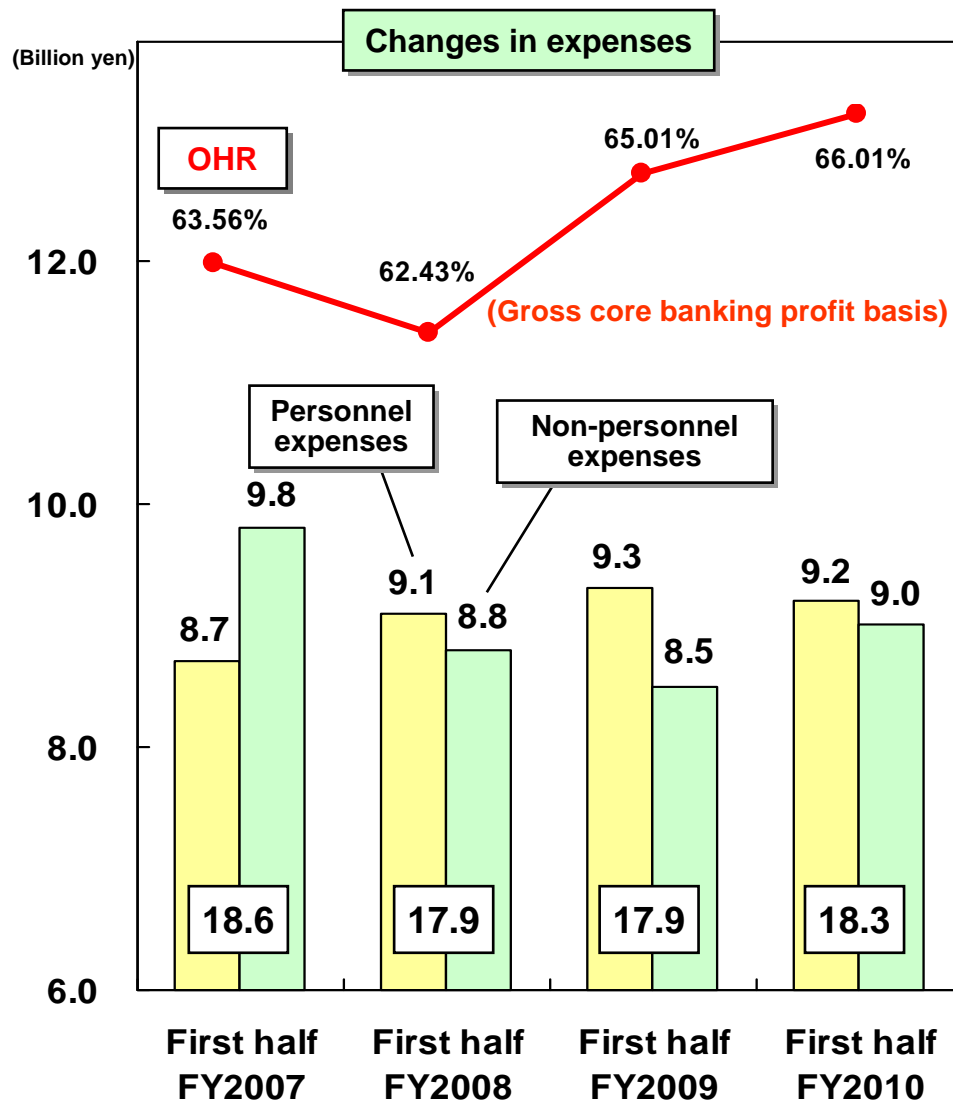
## Factors for changes in interest income (Balance/Yield)

(Billion yen)	Over the previous year changes in gains (losses)	Balance factor		Yield factor	
		Difference in average balance	Interest	Difference in yield	Interest
Interest income	0.1	143.3	1.3	(0.066)%	(1.1)
Interest on loans and bills discounted	(1.0)	19.3	0.1	(0.116)%	(1.2)
Interest and dividends on securities	0.3	43.7	0.3	(0.007)%	(0.0)
Interest expenses	(0.4)	136.7	0.2	(0.042)%	(0.7)
Interest on deposits	(0.9)	89.0	0.1	(0.065)%	(1.0)
Changes in interest income	0.6		1.1		(0.4)



# Changes in Expenses

**Credit card issuance resulted in higher non-personnel expenses.**

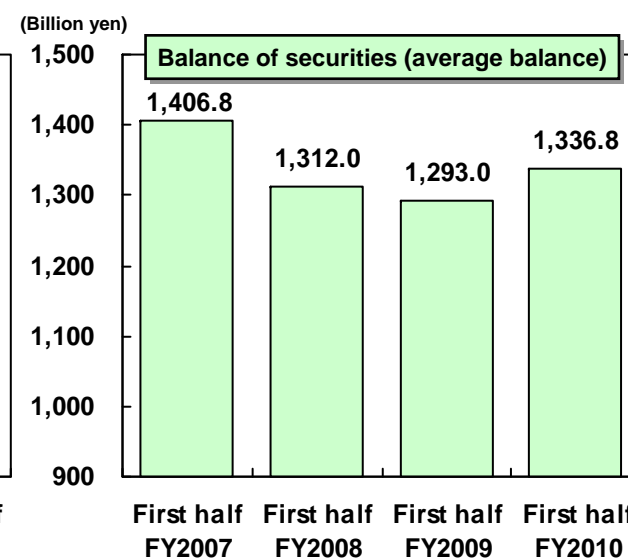
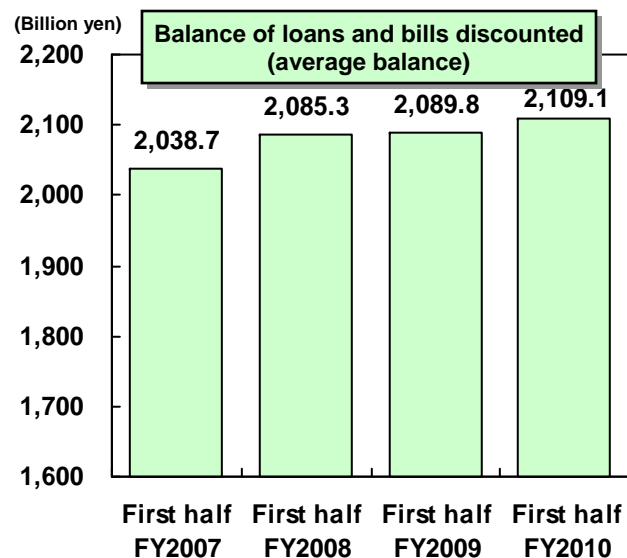
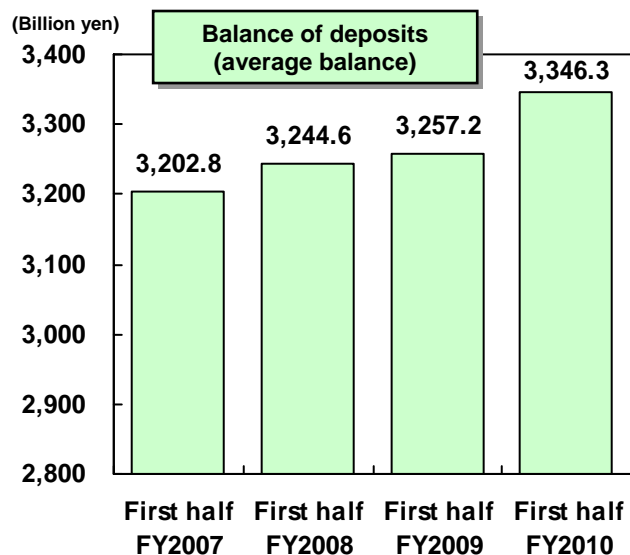


\* Excluding taxes

# Changes in Balances of Main Accounts

*Deposit and loan balances were up slightly, while securities rose on risk-averse, efficiency-focused investment.*

Balance of deposits, loans and bills discounted, and securities		(Billion yen)					
		First half FY2007	First half FY2008	First half FY2009	First half FY2010	Change over first half FY2009	% change
Deposits	Term-end balance	3,223.0	3,222.6	3,346.7	3,394.0	47.3	1.4%
	Average balane	3,202.8	3,244.6	3,257.2	3,346.3	89.0	2.7%
Loans and bills discounted	Term-end balance	2,115.6	2,152.6	2,112.8	2,163.2	50.4	2.3%
	Average balane	2,038.7	2,085.3	2,089.8	2,109.1	19.3	0.9%
Securities	Term-end balance	1,387.9	1,339.2	1,280.6	1,403.2	122.5	9.5%
	Average balane	1,406.8	1,312.0	1,293.0	1,336.8	43.7	3.3%

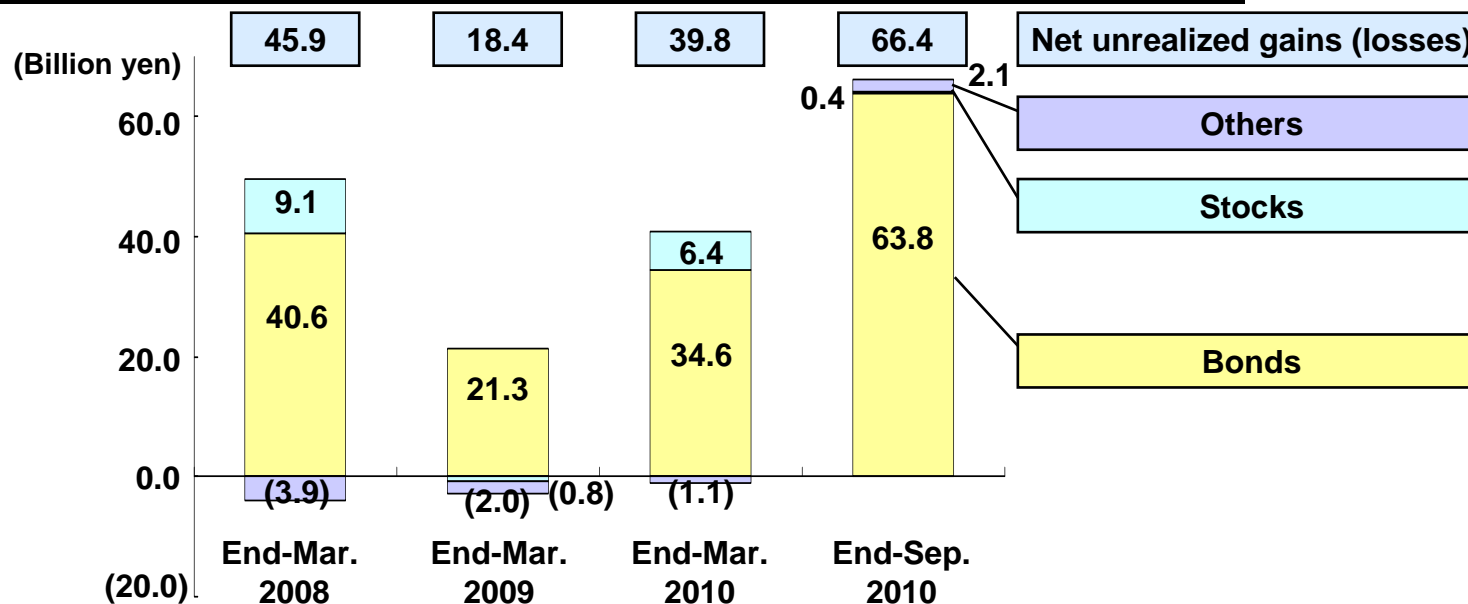


# Unrealized Gains (Losses) on Securities

*Unrealized gains on securities increased as long-term interest rates lowered.*

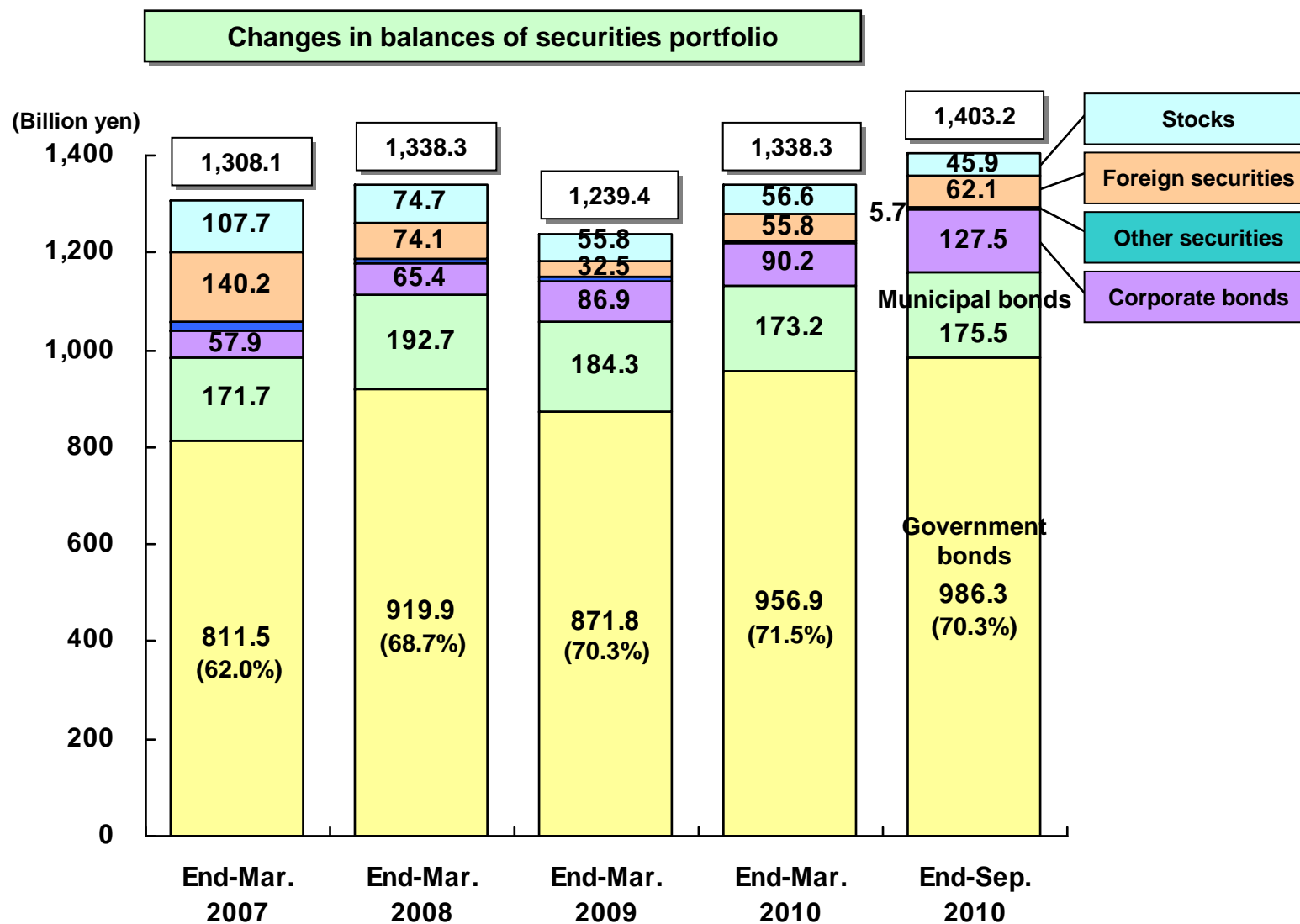
## Unrealized gains (losses) on securities

(Billion yen)	End-Mar. 2008	End-Mar. 2009	End-Mar. 2010	End-Sep. 2010	Change over End-Mar. 2010	Unrealized gains	Unrealized losses
<b>Total</b>	<b>45.9</b>	<b>18.4</b>	<b>39.8</b>	<b>66.4</b>	<b>26.5</b>	<b>71.3</b>	<b>4.9</b>
<b>Bonds</b>	<b>40.6</b>	<b>21.3</b>	<b>34.6</b>	<b>63.8</b>	<b>29.2</b>	<b>63.9</b>	<b>0.1</b>
<b>Stocks</b>	<b>9.1</b>	<b>(0.8)</b>	<b>6.4</b>	<b>0.4</b>	<b>(5.9)</b>	<b>4.6</b>	<b>4.2</b>
<b>Others</b>	<b>(3.9)</b>	<b>(2.0)</b>	<b>(1.1)</b>	<b>2.1</b>	<b>3.3</b>	<b>2.7</b>	<b>0.5</b>
Yields on 10-year government bonds	1.275%	1.340%	1.395%	0.930%	(0.465)%		
Nikkei Stock Average	12,525	8,109	11,089	9,369	(1,720)		
TOPIX	1,212	773	978	829	(149)		



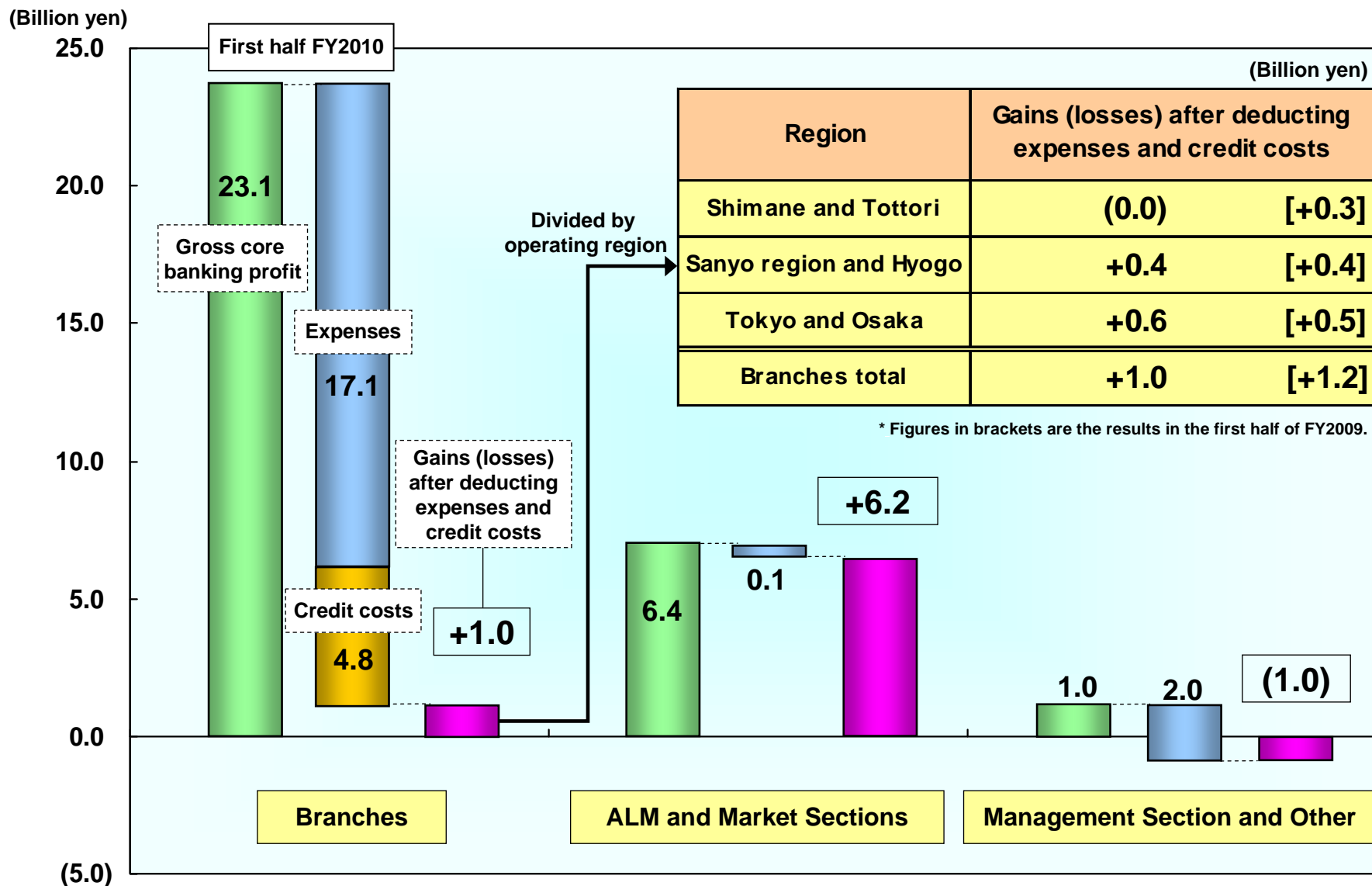
# Changes in Balances of Securities Portfolio

## Portfolio emphasizing government bonds



# Profits and Losses by Section

*Efficiently managing funds raised through core savings deposit in Shimane and Tottori at ALM and Market Section*

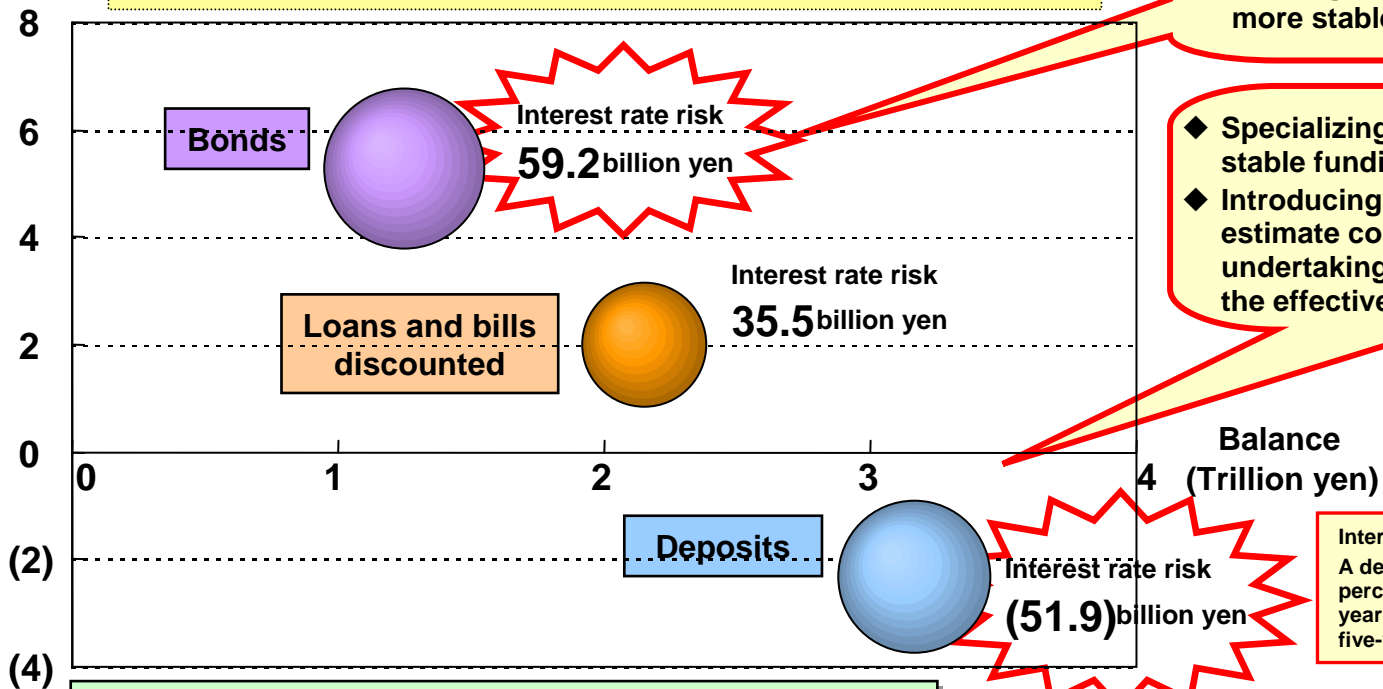


**Implementation of a business model utilizing a stable source of funding**

Duration of assets and liabilities  
(yen denominated, End-Sep. 2010)

Duration (Years)

Horizontal axis: Balance, Vertical axis: Duration, Bubble: Interest rate risk



◆ Conducting ALM risk control for banking accounts to seek higher and more stable gains

◆ Specializing in investment utilizing stable funding sources  
◆ Introducing an internal model to estimate core deposits, and undertaking investment considering the effective maturity of liabilities.

Interest rate risk:  
A decline in economic value due to the 99th percentile interest rate shock under one-year holding period and observation over five-year period

Interest rate risk for the San-in Godo's own account  
(End-Sep. 2010)

	Internal model	Standardized approach
Interest rate risk	42.5 billion yen	64.5 billion yen
Outlier ratio	17.1%	26.0%

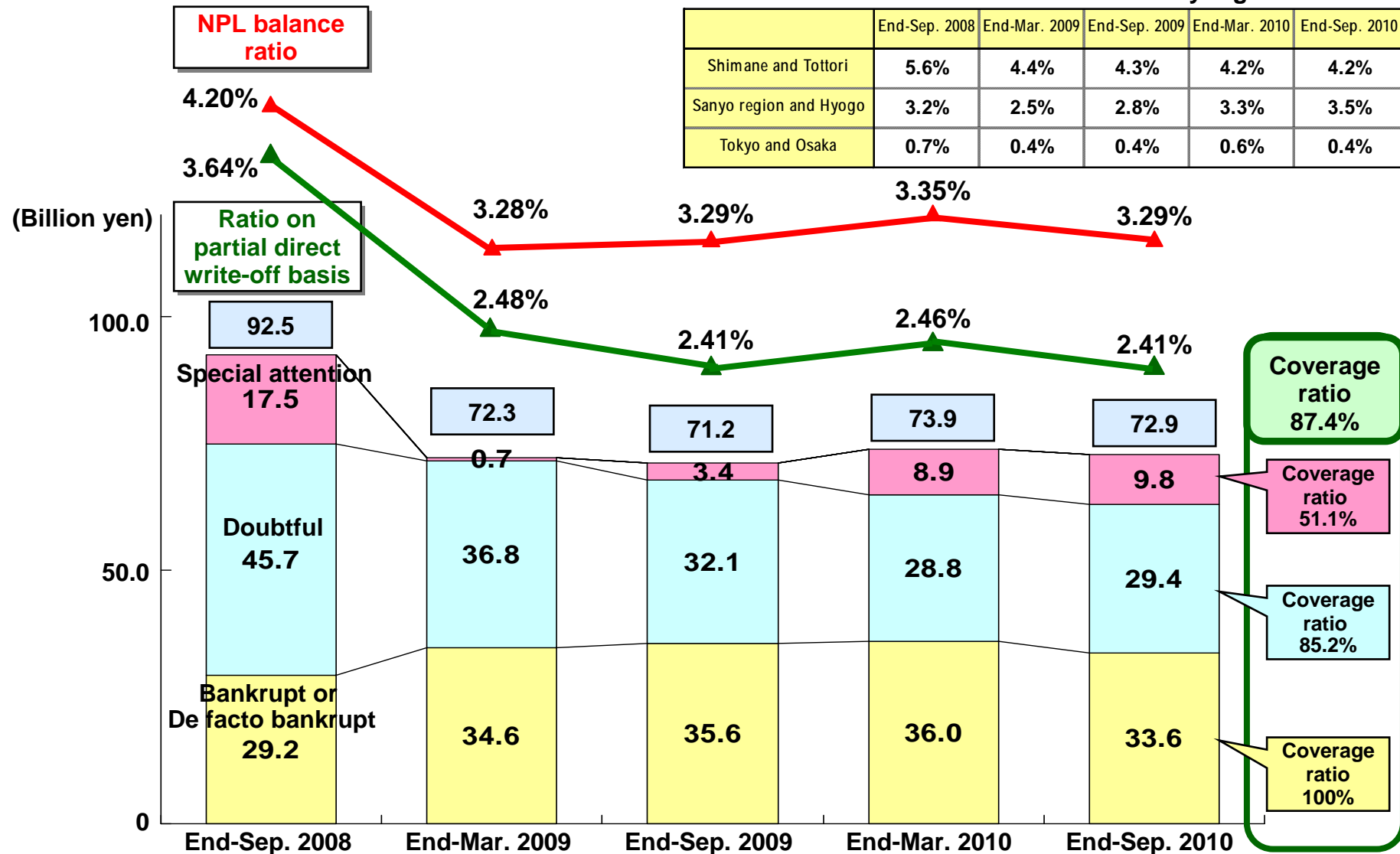
\* Interest rate shock figures are percentile values. The standardized approach is calculated with an average duration of 2.5 years for 50% of liquid deposits.

# Changes in Balance of Disclosed NPLs (Loans Based on the Financial Reconstruction Act)

*Substandard loans increased as a result of responses to changing conditions arising from the Moratorium Act and deteriorating corporate performance.*

<San-in Godo's NPL balance ratio by region>

	End-Sep. 2008	End-Mar. 2009	End-Sep. 2009	End-Mar. 2010	End-Sep. 2010
Shimane and Tottori	5.6%	4.4%	4.3%	4.2%	4.2%
Sanyo region and Hyogo	3.2%	2.5%	2.8%	3.3%	3.5%
Tokyo and Osaka	0.7%	0.4%	0.4%	0.6%	0.4%



# *Part II*

## *Prospects for Business Results in FY2010*

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# Prospects for Interest Income

*Net interest income forecast to increase*

## Interest income plan in FY2010 (average balance and yields)

(Billion yen)

	FY2009 (Results)			FY2010 (Plan)			Change over FY2009		
	Average balance	Yields	Interest	Average balance	Yields	Interest	Average balance	Yields	Interest
<b>Loans and bills discounted</b>	<b>2,091.7</b>	<b>1.97%</b>	<b>41.3</b>	<b>2,142.0</b>	<b>1.85%</b>	<b>39.6</b>	<b>50.3</b>	<b>(0.12)%</b>	<b>(1.7)</b>
Japanese yen	2,090.3	1.97%	41.3	2,132.3	1.85%	39.5	42.0	(0.12)%	(1.8)
Foreign currency denominations	1.3	1.16%	0.0	9.7	0.77%	0.0	8.4	(0.39)%	0.0
<b>Securities</b>	<b>1,311.3</b>	<b>1.57%</b>	<b>20.6</b>	<b>1,353.8</b>	<b>1.53%</b>	<b>20.8</b>	<b>42.5</b>	<b>(0.04)%</b>	<b>0.2</b>
Japanese yen	1,277.8	1.54%	19.7	1,315.6	1.49%	19.7	37.8	(0.05)%	0.0
Foreign currency denominations	33.5	2.66%	0.8	38.1	2.96%	1.1	4.6	0.30%	0.3
<b>Deposits</b>	<b>3,266.8</b>	<b>0.28%</b>	<b>9.1</b>	<b>3,383.2</b>	<b>0.22%</b>	<b>7.7</b>	<b>116.4</b>	<b>(0.06)%</b>	<b>(1.4)</b>
Japanese yen	3,082.3	0.20%	6.4	3,229.0	0.14%	4.7	146.7	(0.06)%	(1.7)
Foreign currency denominations	184.5	1.45%	2.6	154.2	1.93%	2.9	(30.3)	0.48%	0.3
Other investments - Fundraising			1.6			2.5			0.9
<b>Interest income</b>			<b>54.4</b>			<b>55.2</b>			<b>0.8</b>

# Prospects for Balance of Loans and Bills Discounted

*Increase corporate lending by strengthening hold on customers*

Plan of loans and bills discounted by region and sector for the second half of FY2010 (average balance)

(Billion yen)

	Shimane and Tottori		Sanyo region and Hyogo		Tokyo and Osaka		Total	
Corporate clients	613.0	0.7	364.0	17.9	272.0	54.1	1,249.0	72.8
Individual clients	347.1	(3.3)	98.9	(10.8)	0.5	(0.1)	449.2	(11.7)
Local authorities	303.3	17.0	5.3	(0.1)	-	-	308.6	16.9
Financial institutions	16.9	(5.3)	1.5	(0.3)	146.3	5.3	164.7	(0.3)
<b>Total loans and bills discounted</b>	<b>1,280.3</b>	<b>9.1</b>	<b>469.7</b>	<b>6.7</b>	<b>418.9</b>	<b>59.4</b>	<b>2,171.5</b>	<b>77.8</b>

\* Figures in the left column: Average balance estimate  
 Figures in the right column: Change over the previous fiscal year

# Measures to Boost Fees and Commissions Business

*Commissions forecast to increase as a result of the start of issuance of credit cards*

<Breakdown of income from fees and commissions business and change in income>

(Billion yen)

	FY2007	FY2008	FY2009	FY2010	
				Plan	Component ratio
Income from fees and commissions (i)	8.8	8.8	8.0	9.0	99.7%
Commission income from exchange transactions	3.2	3.0	2.9	2.8	31.6%
Other commission income	5.5	5.7	5.0	6.1	68.0%
ATM related commission	0.9	0.8	0.8	0.9	10.8%
Assets in custody (Investment trusts)	1.2	0.7	0.5	0.6	6.8%
Assets in custody (Individual annuity insurance)	0.2	1.0	0.7	0.8	9.6%
Commission from investment banking business	0.1	0.2	0.2	0.2	2.9%
Credit card business related commission	-	-	-	0.8	9.4%
Other	2.9	2.8	2.7	2.5	28.3%
Income from coupon sw aps (ii)	0.2	0.1	0.0	0.02	0.2%
Total of income from fees and commissions business [ (i) + (ii) ]	9.0	9.0	8.0	9.0	100.0%

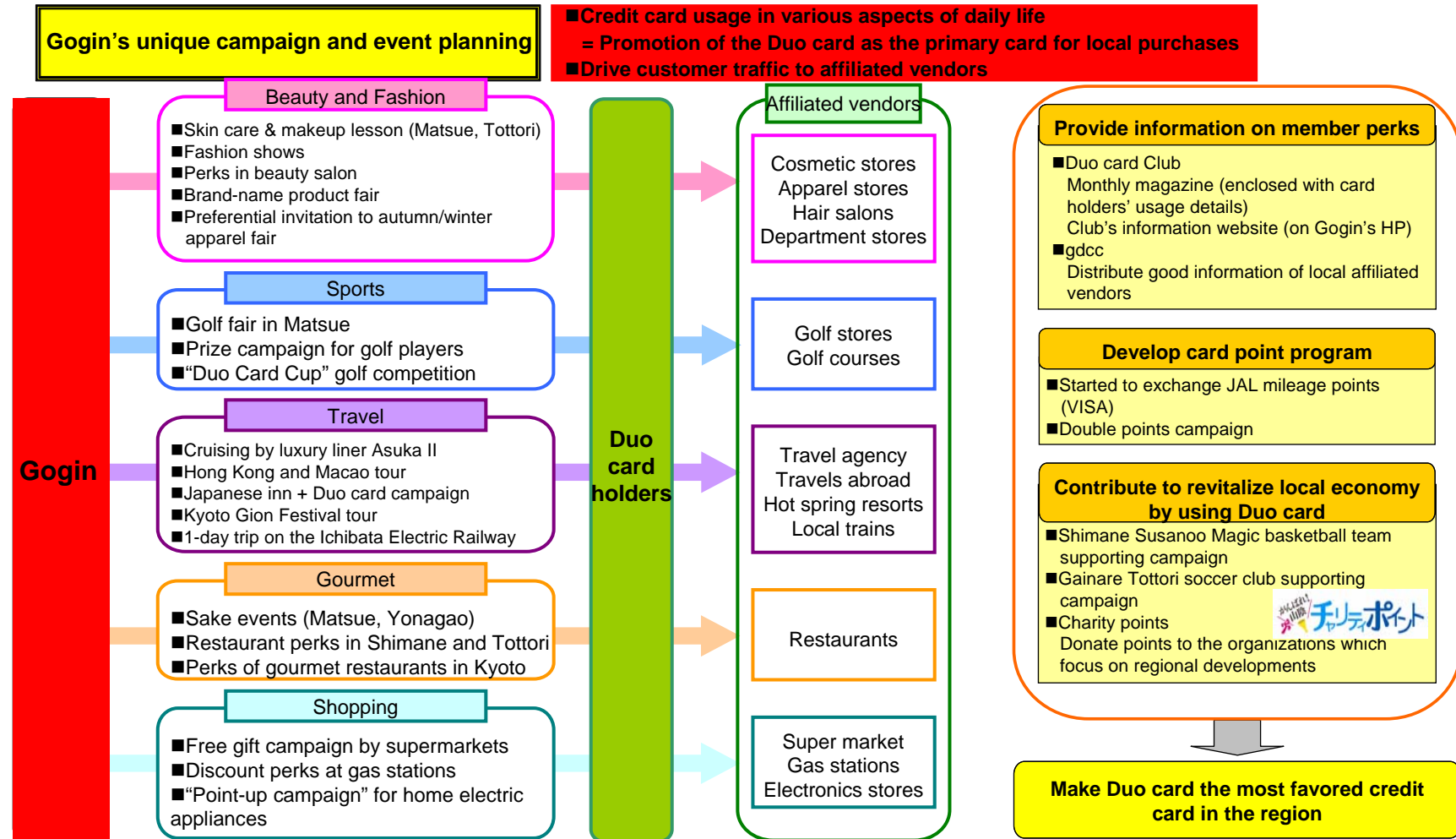
# ***Part III***

## ***Full-Fledged Developing Card Business Transactions and Business Matching Transactions***

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# Gogin's Unique Campaign and Event Planning

Promote Duo card usage and build its presence as the primary card for local purchases by pursuing ongoing original Gogin campaigns and events undertaken with local affiliated vendors.



# Development of Potential Business Using Gogin's Advantage "Business Matching Service"

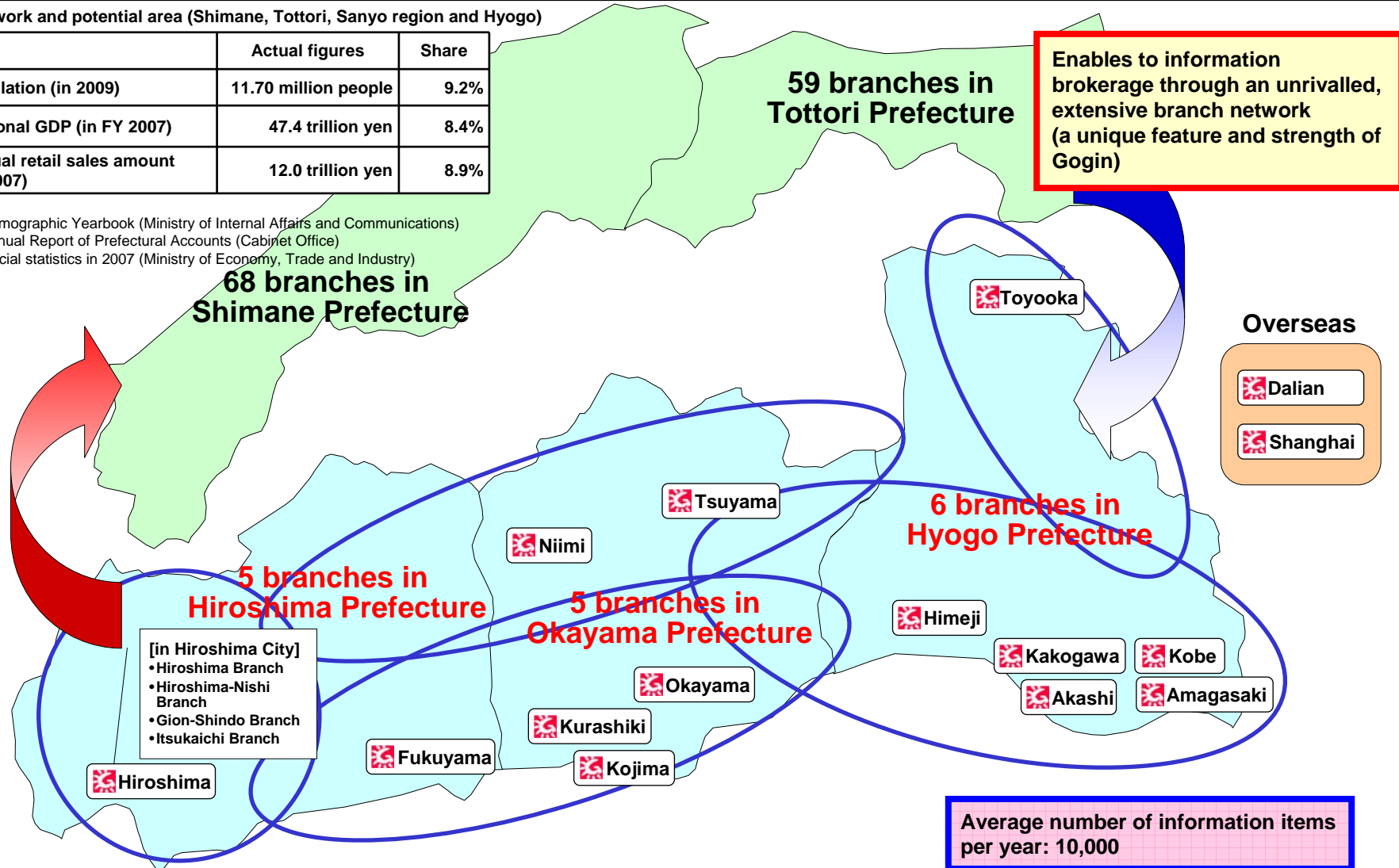
Obtaining information through the extensive branch network and activating it using experienced human resources

■ Our network and potential area (Shimane, Tottori, Sanyo region and Hyogo)

	Actual figures	Share
(i) Population (in 2009)	11.70 million people	9.2%
(ii) Regional GDP (in FY 2007)	47.4 trillion yen	8.4%
(iii) Annual retail sales amount (in 2007)	12.0 trillion yen	8.9%

Source:

- 2009 Demographic Yearbook (Ministry of Internal Affairs and Communications)
- 2007 Annual Report of Prefectural Accounts (Cabinet Office)
- Commercial statistics in 2007 (Ministry of Economy, Trade and Industry)



## Variety of business resources connecting large consumer markets with San-in region

### Example: Primary products

**Oki County**

- Shionagi Beef
- Oki Beef
- Oki's Crassostrea nippona (Oyster)
- Saigo Kaki (Persimmon) "Kozuchi"
- Shimane-origin brightly colored vegetable "Asako"
- Shimane Grape Delaware, Large purple-black grape, New "Shine Muscat" variety
- Nishihama Potato
- Taki Fig
- Masuda Ams Melon
- Masuda Tomato
- Red-skin Pear "Kousui"
- Ohnan-cho Specialty "Iwami Beef and Iwami Pork"
- Oki-Izumo Beef

**Shimane Prefecture**

- "Donchichi Sangyo (three fish)" Horse mackerel, Flatfish, *Doveridionia bicycolides* (Anoguro)
- Matsue
- Matsue Daikonyama Island Tree potato
- Yasugi Loach
- Sweet Tomato
- Nichinan Tomato
- Fuyuyu Gaki (Persimmon)
- Tottori Long white leek

**Tottori Prefecture**

- Shinjiko Lake's freshwater clam
- Uppururi Nori (laver)
- Hikawa Oats
- Shussai Ginger
- Tanner Crab (Matsuba Crab)
- Sakaminato Tuna
- Daisen Broccoli
- Daisen Peanut
- Sandfish "Hatabo"
- Mosaebi (Kuro shrimp or *Argis lat*)
- Sand-dune shallots (Rakkyo)
- Sand-dune long potato (Nagaimo)
- New "Nebarikko" variety of long potato
- Daisi Watermelon
- Kurayoshi Watermelon
- Nijuseki Pear
- Misasa-cho Jidaito (Soybean)
- Red-skin Pears "Akiba", "Shinko"
- Saigo Kaki (Persimmon)
- Acorn Raised "Totoriko Pork"

● Techniques used in the San-in region to raise the value of primary products

Product	Superchilling technique	CAS technique
Superchilling technique	<ul style="list-style-type: none"> <li>A technique utilizing superchilling with a temperature near freezing point, invented in Tottori Prefecture.</li> <li>The number of approved superchilled foods exceeded 500 in May 2008.</li> <li>All Nippon Airways started to use superchilled foods (fishery products) for in-flight meals in December 2008.</li> </ul>	<ul style="list-style-type: none"> <li>CAS stands for Cells Alive System, a freeze-preservation technique without destroying cells.</li> <li>Ami-cho, Shimane Prefecture acquired the technique for around 4 billion yen and is shipping a variety of marine products to the Tokyo metropolitan area without spoiling their taste.</li> </ul>

### Example: Manufacturers with distinctive technologies

**Oki County**

- Moriya Cutlery Laboratory, Ltd. Sub-micron precision manufacturing of parts for automobile oil pumps
- Electric Lighting Audio System Co., Ltd. Develops "LED Square Light" lamps to replace mercury vapor lamps
- Taniuchi Washi Co., Ltd. Successfully developed and commercialized three-dimensional traditional "Washi" Japanese paper
- Goodhill Co., Ltd. Develops automatic cutting systems for order-made men's clothing, and factory-type single-item control systems
- Nippon Ceramic Co., Ltd. Manufacture of infrared sensors using applied ceramic technology
- Sasayama Co., Ltd. Manufacture of dies for TV rear covers using precision die manufacturing technology

**Shimane Prefecture**

- Izumo Carbon K.K. Development and commercialization of charcoal humidity control products using timber construction waste
- Feel Technology Co., Ltd. Development of "Hyokan" technology, a third type of cold storage that is neither a refrigerator nor a freezer
- Kimura Roofing Tiles Co., Ltd. Developing "Sakishu" clay roof tiles that blend traditional technologies with contemporary designs
- Nakamura Brace Co., Ltd. Takes an "artistic approach" to technology for manufacturing prosthetics
- Seiwa Corporation Aiming to be the world's No.1 manufacturer of processing machinery for gears, primarily for automobiles
- Nita Industry Co., Ltd. Pursuing textile product processing technology to increase value-added

**Tottori Prefecture**

- Tanaka Manufacturing Co., Ltd. Realized high-precision processing of mobile phone components using triaxial press molds
- Yasuda Precision Co. Acquired global standards for best matching of press dies and plastic molds
- Ecoma Co., Ltd. Development of landscape construction materials using recycled PET bottle caps
- Ketaka Electric Co., Ltd. Developed sector's first explosion-proof specification water-based paint dryer

San-in companies listed in "Introducing 300 of Japan's Dynamic Monodzukuri (Manufacturing) SMEs" (2006-2009) published by the Small and Medium Enterprise Agency

### Example: Processed foods - Cooperation between agriculture, commerce and manufacturing

**Oki County**

- Processed foods such as "tsukudani" - Oki "arame" seaweed cooked with sweet soy sauce
- Line-up of processed foods using Nishihama potatoes, a specialty of Izumo
- Processed Ama-cho white squid and "iwagaki" foods using CAS freezing
- Rose liquor and rose water made from the Princess Sa rose, a richly fragrant rose from Shimane Prefecture
- Health foods such as mulberry tea and chlorophyll juice made from organic mulberries
- Persimmon vinegar made from 100% persimmon grown in Misumi-cho, Hamada City

**Shimane Prefecture**

- Processed foods made from Shinjiko Lake's freshwater clams that allow enjoyment of their fresh taste at room temperatures
- Macromolecule fucoidan extracted from mozuku seaweed (patented granted for its effectiveness in curbing the side effects of anticancer agents)
- Trigone Coffee, developed using ice temperature technology and roasting technology
- Processed fish manufactured using ice temperature maturing technologies
- Household-use ingredients that use queen crabs sent from the Japan Sea
- Health foods made from mature black garlic
- Pear wines and drinks made from below-standard 20th Century pears
- Japanese-style pasta sauce using Japanese pepper from Unnan City, and uncooked pasta sets made using soba manufacturing techniques
- Dry fruits products prepared using Izumo specialties, such as grapes, persimmons and figs
- Authorized organic alcohol (sake) made from local organic rice for brewing sake

**Tottori Prefecture**

- Processed foods made from gudgudon, a high quality freshwater fish farmed on fallow paddy fields

Approved under the "Business Plan for Use of Resources by Regional Industry" | Approved under the "Business Plan for Partnerships between Agriculture, Commerce and Manufacturing" | Listed in the "Top 88 Agriculture-Commerce-Industry Partnerships"

### Example: Environment-related manufacturers with high profile

**Oki County**

- Matsue Denko Co., Ltd. Water purification systems for eliminating oxygen deficiency in bottom water
- Komatsu Electric Industry Co., Ltd. Development of high speed sheet shutters for use in energy conservation
- Sinwa Sangyo Co., Ltd. Development of high volume reduction organic material processing devices
- Kendensha Co., Ltd. Development of devices to separate liquids and solids
- Iacon Company Development of environment-preserving, resource-recycling concrete
- Marunaga Co., Ltd. Composting of livestock waste

**Shimane Prefecture**

- Shimane Denko Co., Ltd. Trial development, research and improvement of electric generators that use wood biomass gas
- Sinwa Sangyo Co., Ltd. Development of high volume reduction organic material processing devices
- Kendensha Co., Ltd. Development of devices to separate liquids and solids
- Iacon Company Development of environment-preserving, resource-recycling concrete
- Mishima Co., Ltd. Development of organic material fermentation and degradation processing devices
- Miraie Corporation High speed fermentation systems for removing odors and composting of livestock waste and sewage sludge

**Tottori Prefecture**

- San-in Prosheart Corporation Development of methods for degrading harmful substances
- Sanko K.K. Biomass and tire chip fuel
- Japan Ryokka Corporation Manufacture of environmentally-friendly construction materials using needle leaves and bark as raw materials
- Asco K.K. Sales of Japan Bio-Kaken
- Omura Toryo K.K. Development of coating systems that allow recycling of plastic
- Mochiqase Co., Ltd. Manufacture and sales of dioxin retardant
- Fujicon Co., Ltd. Development of processes to separate plasterboard from construction scrap
- Hosoda Kikaku Co., Ltd. Development of processes to separate plasterboard from construction scrap
- Iitaka College Co., Ltd. R&D into water purification, water quality improvement

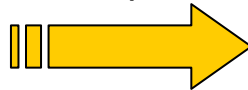
San-in companies listed in Chugoku Bureau of Economy, Trade and Industry "Chugoku Region Environment-related Map 2009"

Efforts to change the industrial structures, such as in the food business

**Needs, Wants, Niches** in the Sanyo region and Hyogo Prefecture ... **Accurate information** on what customers want, how much customers need, and how much customers pay

Activation of **information**  
(Use of human resources)

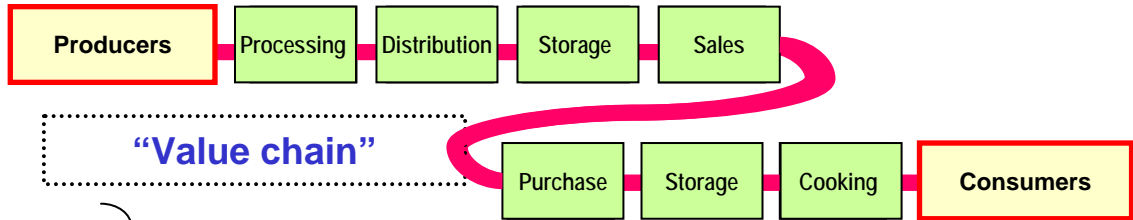
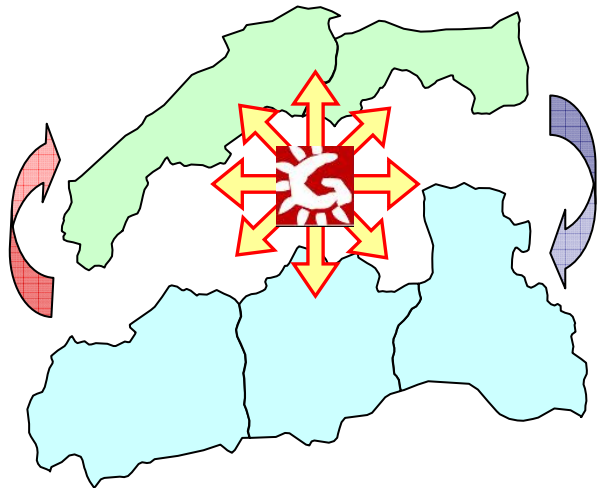
Active makeover and **change**  
in Shimane and Tottori



Producing, processing and marketing of  
strong-selling products



- Providing assurance and security as **value**
- Turning agri-business into high value added business
- Enclosing the **“value chain”** from production to consumption
- \* Producers take initiatives in the business by producing high value added products.
- Industrialization of agriculture, shift to agriculture from other businesses, and employment promotion



**Business matching service**

- Information provision
- Technical support (production and processing)
- Sales support
- Establishment of business, etc.
- \* It differs from a mere product introduction service.

**Gogin started the service as one of its fees and commission businesses (from FY2007).**  
**(Gogin receives contingent fees and commissions when the business matching agreement is successfully signed.)**

**Customer, Customer, Gogin = Triple-Win Relationship**

*Strengthening partnerships among industry, government, academia and financial institutions to help establish businesses, support new business operations and help change the industrial structure*

**[Strengthening partnerships with universities] •• Information concerning research and development of agricultural technology and industrial technology**

- November 2004: Signed “Agreement on coordination and cooperation” with **Tottori University**
- March 2008: Signed “Agreement on comprehensive cooperation” with **Shimane University**
- May 2008: Signed “Agreement on **business partnership and cooperation**” with Innovation Promoting Firm for **Kobe University, LLC**

**[Strengthening partnerships with government] ••• Information concerning industrial experiment stations, agricultural experiment stations and industrial promotion foundations**

- December 2007: Signed “**Comprehensive business cooperation agreement**” concerning business location, development of distribution channels and business matching with **Shimane and Tottori Prefectures**

**[Strengthening international partnerships] ••• Overseas information**

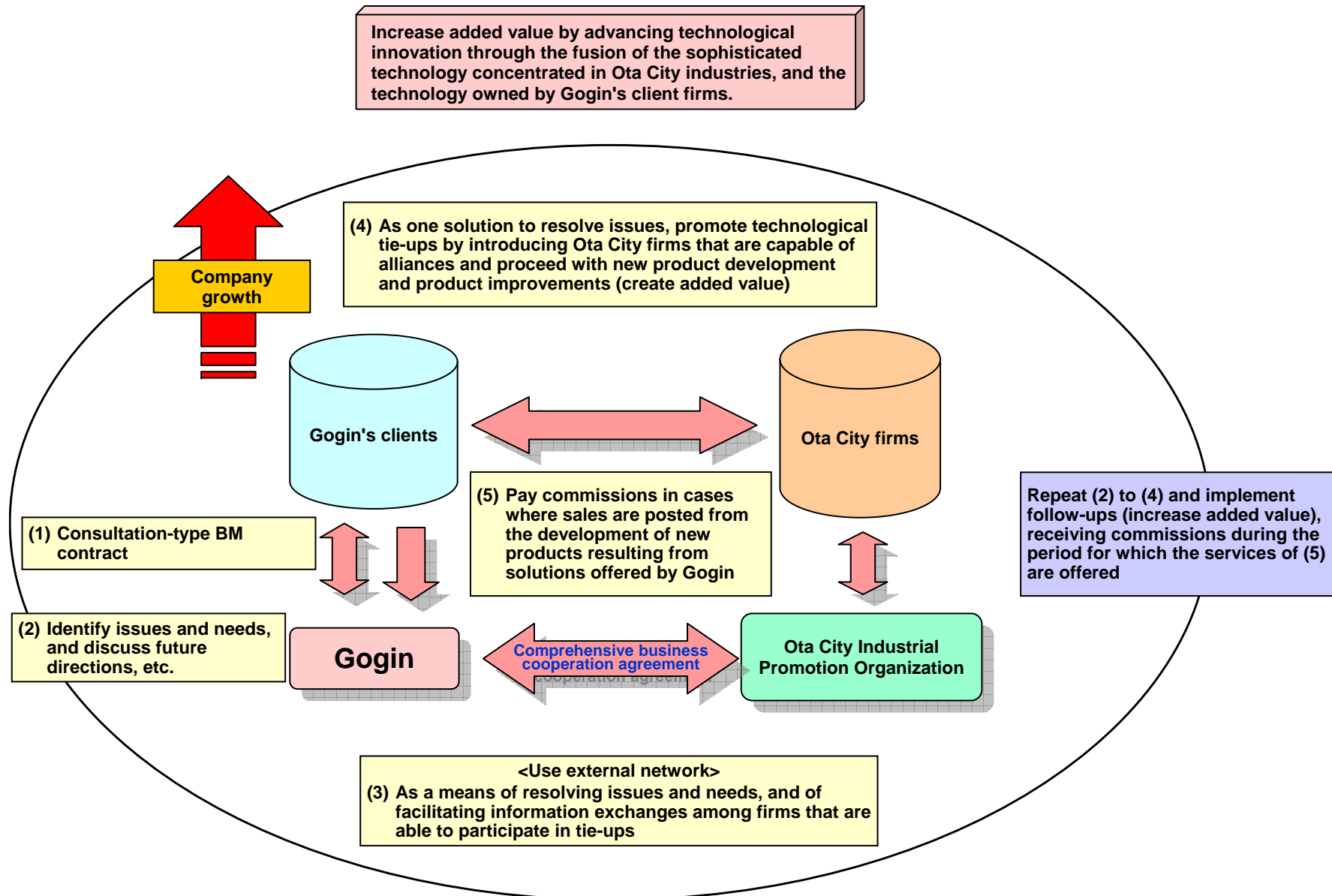
- April 2008: Signed “**Business cooperation agreement**” with External economic committee in **Songjiang District, Shanghai**, People’s Republic of China
- April 2009: Signed “**Business cooperation agreement**” with **Dalian City**, People’s Republic of China
- October 2010: Signed “**Business cooperation agreement**” with **Dalian Bank**

**[Strengthening partnerships across industries and sectors] ••• Representative of a trade (trading company), prominent information on agriculture (Japan Agricultural Cooperatives)**

- May 2008: Signed “**Comprehensive business cooperation agreement**” with **Mitsui & Co., LTD. China branch**
- December 2008: Signed “**Business cooperation agreement**” with **JA Tottori Inaba and JA Izumo**
- December 2008: Signed “**Business cooperation agreement**” with **Hamada City and JA Iwami Chuo**
- December 2008: Signed “**Business cooperation agreement concerning regional industrial development and business promotion**” with **Unan City and JA Unan**
- January 2009: Signed “**Business cooperation agreement**” with **LLC Nouentai**
- April 2009: Signed “**Business cooperation agreement**” with **Masuda City and JA Nishi Iwami**
- June 2009: Signed “**Comprehensive business cooperation agreement concerning industrial development and trade expansion**” with **Sakaiminato City**
- August 2009: Signed “**Comprehensive business cooperation agreement**” with **Yoshika Town and JA Nishi Iwami**
- August 2009: Signed “**Comprehensive business cooperation agreement**” with **Tsuwano Town and JA Nishi Iwami**
- April 2010: Signed “**Comprehensive business cooperation agreement**” with **Ota City Industrial Promotion Organization Foundation**
- June 2010: Signed “**Comprehensive business cooperation agreement**” with **Tottori City**
- July 2010: Entered into a **joint cooperation agreement** between the **Japan Space Forum** and four regional banks (Bank of Yokohama, Hiroshima Bank, Iyo Bank, and San-in Godo Bank).

\* **Partnership with external networks expands the possibilities of **business matching**.**

# Comprehensive Cooperation Agreement with Ota City Industrial Promotion Organization (April 2010)



## The second "Dalian - Joint Business Negotiation Meeting with Regional Banks" held on November 5, 2010

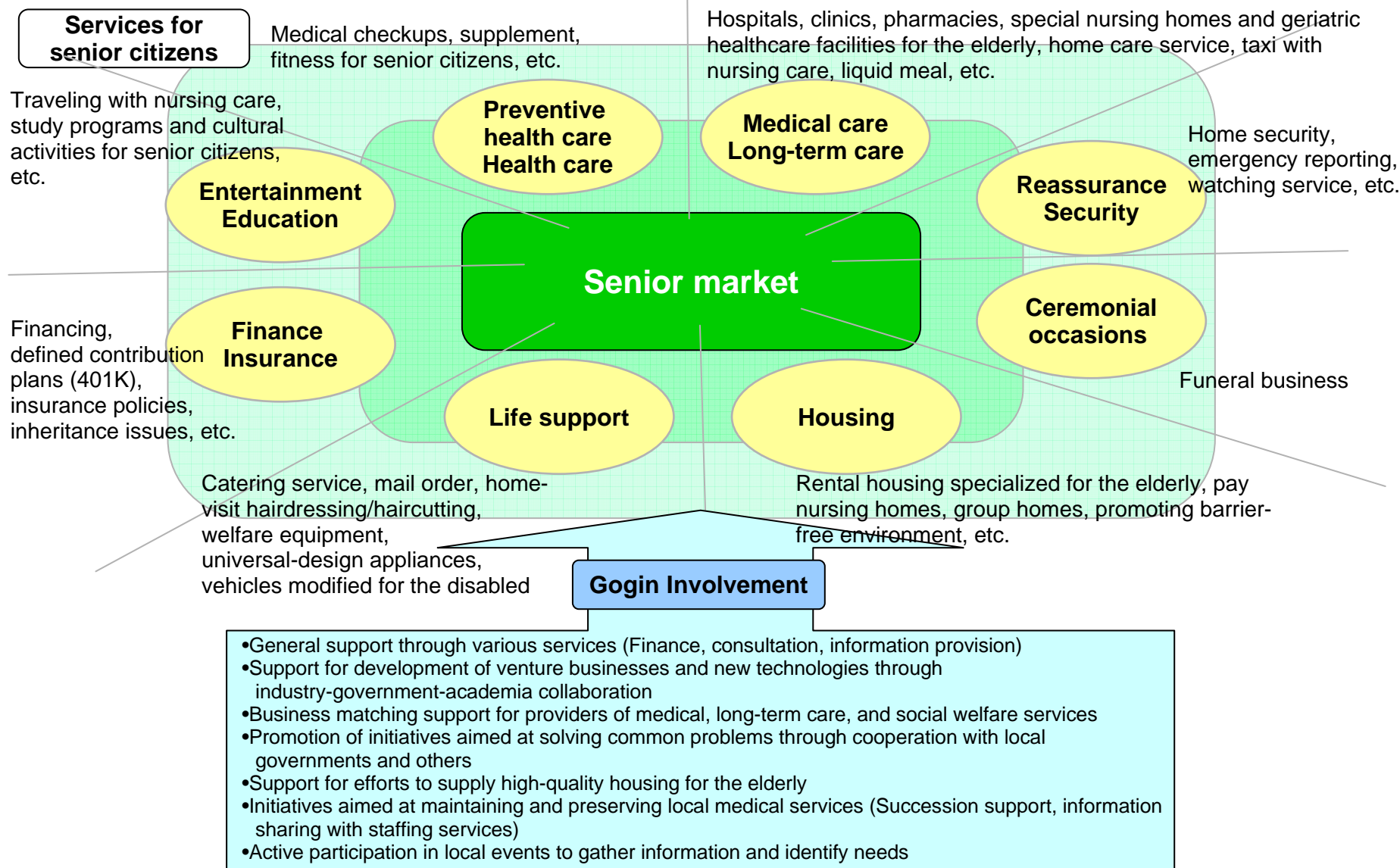


President Makoto Furuse led a party of nine regional banks



Enthusiastic, concrete business negotiations took place during the event

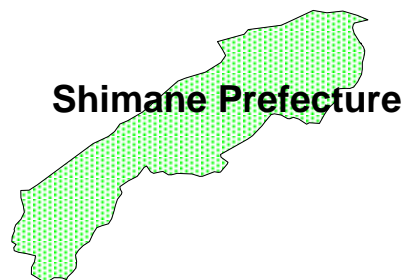
*Broad-Spectrum promotion and support for industrial development and demand creation in the senior market*



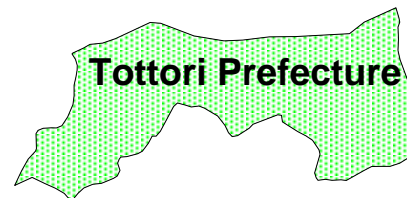
# Reference Material

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## Ref. 1 Major Statistics for Shimane and Tottori



- ◇ Total population: **718,000**  
(46th in Japan)
- ◇ Percentage of elderly population:  
**29.0%**  
(1st in Japan)
- ◇ Number of business establishments:  
**39,192**  
(46th in Japan)
- ◇ Gross Prefectural Product:  
**2,788.1 billion yen**  
(45th in Japan)
- ◇ Shipment value of manufactured goods: **871.2 billion yen**  
(44th in Japan)
- ◇ Ratio of public works expenditure to gross prefectural expenditure: **9.8%**  
(1st in Japan)



- ◇ Total population: **591,000**  
(47th in Japan)
- ◇ Percentage of elderly population:  
**25.9%**  
(15th in Japan)
- ◇ Number of business establishments:  
**27,556**  
(47th in Japan)
- ◇ Gross Prefectural Product:  
**2,307.5 billion yen**  
(47th in Japan)
- ◇ Shipment value of manufactured goods: **847.3 billion yen**  
(45th in Japan)
- ◇ Ratio of public works expenditure to gross prefectural expenditure: **6.7%**  
(7th in Japan)



- ◇ Total population: **127,510,000**
- ◇ Percentage of elderly population:  
**22.7%**
- ◇ Number of business establishments:  
**5,723,000**
- ◇ Gross domestic product:  
**541,500 billion yen**
- ◇ Shipment value of manufactured goods: **262,900 billion yen**
- ◇ Ratio of public works expenditure to gross national expenditure: **3.4%**

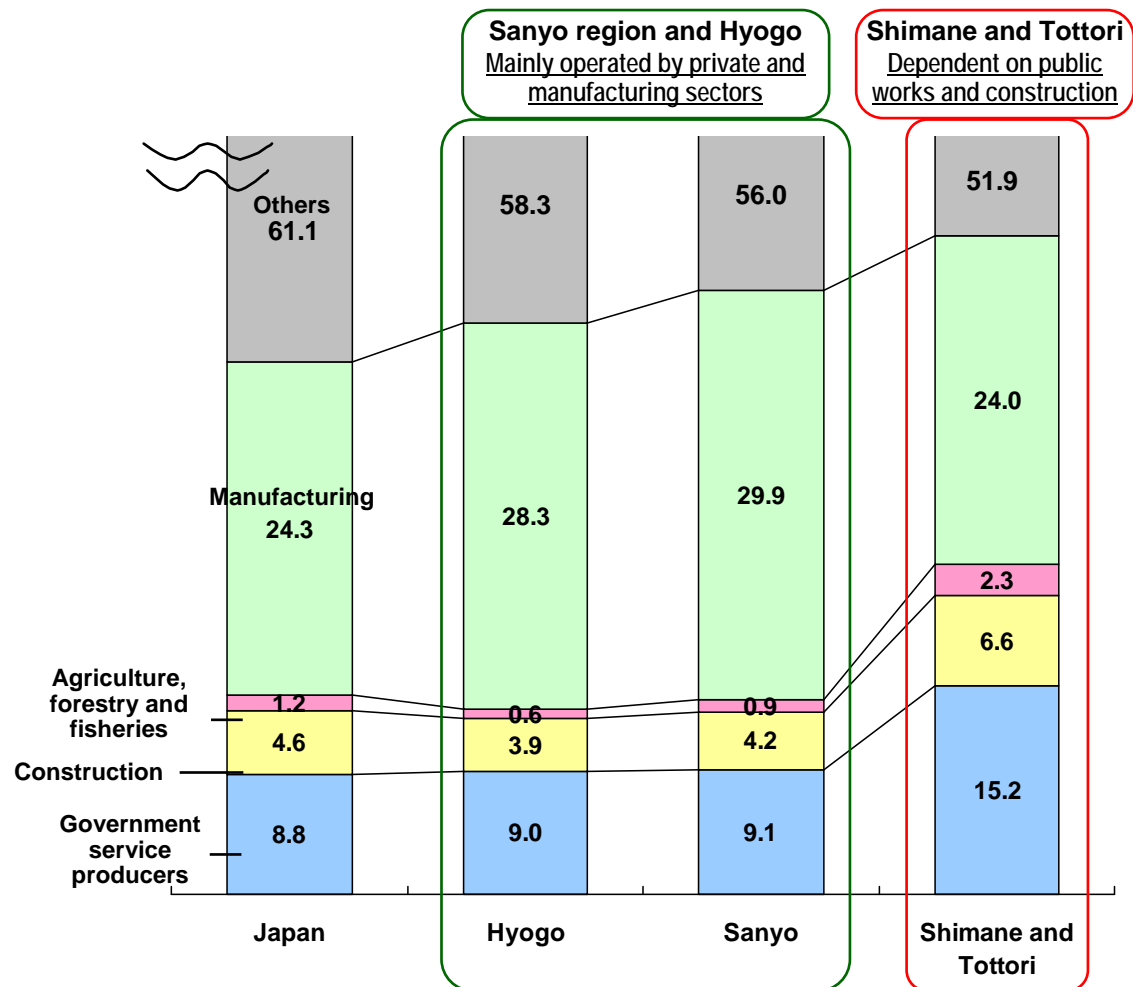
\* Source: 2009 Demographic Yearbook, 2006 Business Outlook Survey, FY2007 Annual Report on Prefectural Accounts, FY2008 Annual Reports on National Accounts, and 2009 Industrial and Commercial Statistics

### Shimane and Tottori's share of GDP

Standing	Prefecture	Actual amount (Billion yen)	Share
1st	Tokyo	98,892.2	17.42%
2nd	Osaka	41,464.8	7.30%
3rd	Aichi	40,951.5	7.21%
7th	Hyogo	21,138.5	3.72%
11th	Hiroshima	12,982.0	2.29%
21st	Okayama	8,180.3	1.44%
45th	Shimane	2,788.1	0.49%
47th	Tottori	2,307.5	0.41%
(31st)	Shimane and Tottori	5,095.6	0.90%
(2nd)	Total of Shimane, Tottori, Sanyo region and Hyogo	47,396.4	8.35%
—	Total of all prefectures	567,832.6	100.00%

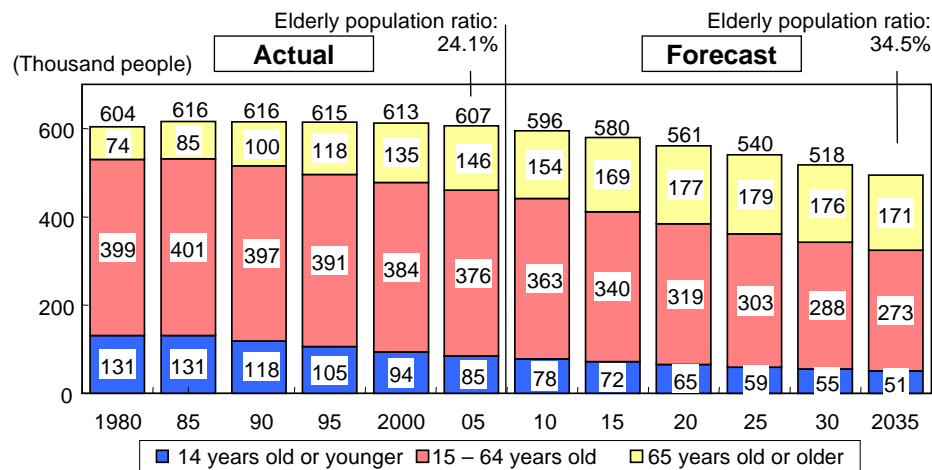
\* Source: FY2007 Annual Report on Prefectural Accounts  
 The standings in parentheses indicate rankings when the prefectures are added together

### Shares of individual industrial sectors in gross prefectural product

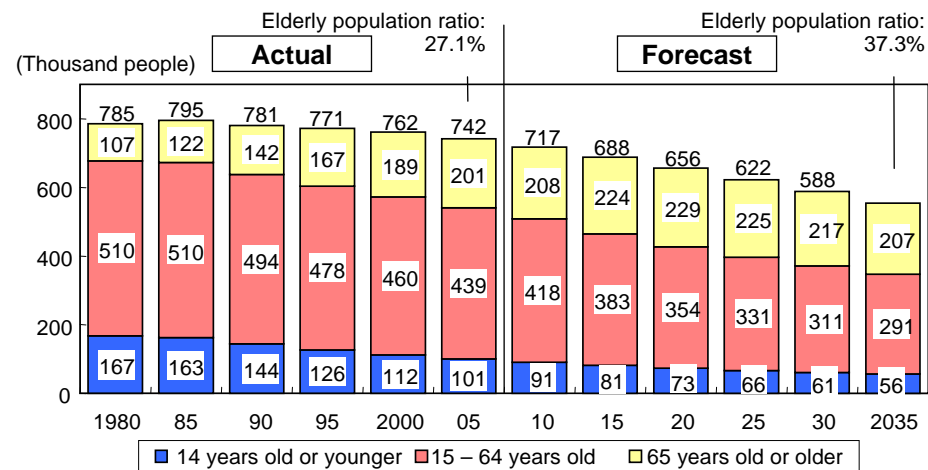


# Ref. 3 Changes in Population and Aging of Population

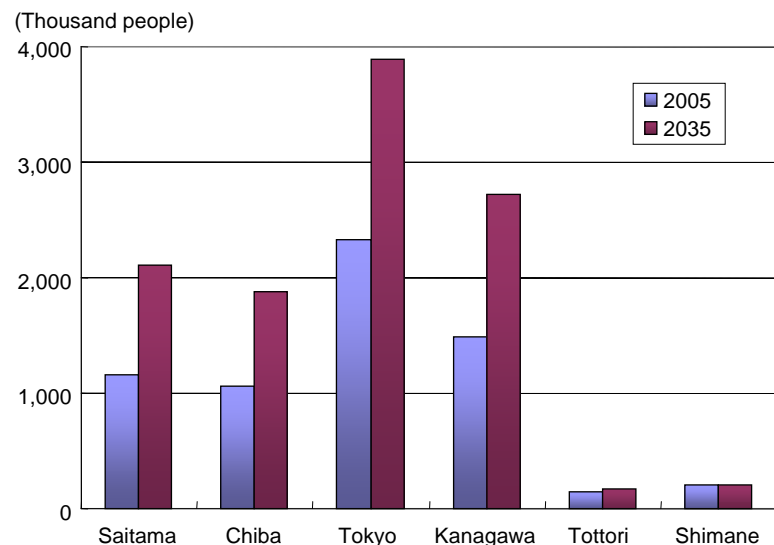
## Population changes and outlook for Tottori (forecast values in and after 2010)



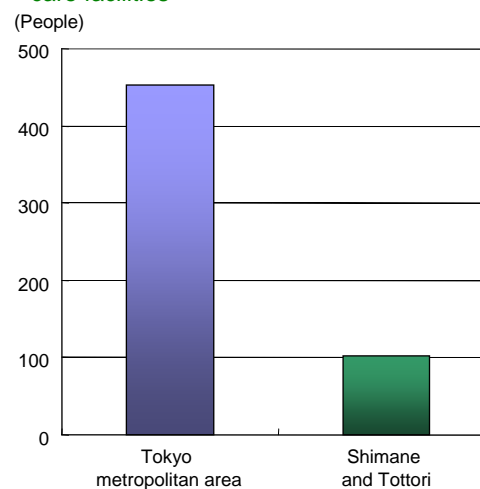
## Population changes and outlook for Shimane (forecast values in and after 2010)



## Elderly population outlook



## Elderly population per vacancy of elderly care facilities



Source: Vacancy of elderly care facilities is the 2009 figure, while the elderly population figure is an estimate for 2010.

## Comparison between the amount of pension vested and income by prefecture (FY2007)

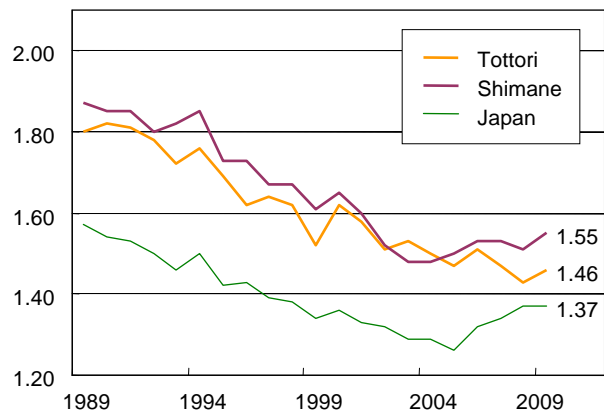
\* "Pension" refers to national and employees' pensions (%)

10 highest prefectures			10 lowest prefectures			
1st	Shimane	15.7	38th	Chiba	10.4	
1st	Kochi	15.7	39th	Osaka	10.3	
3rd	Nagasaki	14.9	39th	Ibaraki	10.1	
4th	Yamaguchi	14.5	41st	Kanagawa	10.0	
5th	Tottori	14.3	41st	Saitama	10.0	
6th	Akita	14.2	43rd	Shiga	9.6	
7th	Miyazaki	14.1	44th	Tochigi	9.4	
7th	Ehime	14.1	44th	Aichi	9.0	
9th	Kagawa	13.7	46th	Okinawa	8.9	
10th	Kagoshima	13.5	47th	Tokyo	6.1	
			National average			10.9

Source: "National Census" by Ministry of Internal Affairs and Communications, "Future Population Shift by Prefecture" by National Institute of Population and Social Security Research (Estimate as of May 2007), "2008 Survey of Social Welfare Facilities" by Ministry of Health, Labor and Welfare, and Social Insurance Agency

# Ref. 4 Employment Conditions among Women and the Elderly

## Changes in total fertility rate



Source: "Vital Statistics" by Ministry of Health, Labor and Welfare

## Total fertility rate by prefecture (in 2009)

Highest prefectures			10 Lowest prefectures		
1st	Okinawa	1.79	38th	Kouchi	1.29
2nd	Miyazaki	1.61	39th	Saitama	1.28
3rd	Kumamoto	1.58	39th	Kanagawa	1.28
4th	Kagoshima	1.56	39th	Osaka	1.28
5th	Fukui	1.55	42nd	Aomori	1.26
5th	Shimane	1.55	43rd	Miyagi	1.25
7th	Nagasaki	1.50	44th	Nara	1.23
7th	Oita	1.50	45th	Kyoto	1.20
9th	Fukushima	1.49	46th	Hokkaido	1.19
			47th	Tokyo	1.12
13th	Tottori	1.46	National average : 1.37		

High fertility rates: Shimane in 5th place, Tottori in 13th place.

## Percentage of full-time employees among female workers aged 25 to 44 (in 2007)

Highest prefectures (%)			10 lowest prefectures (%)		
1st	Toyama	60.2	38th	Hokkaido	46.4
2nd	Tokushima	58.4	38th	Shizuoka	46.4
3rd	Fukui	58.1	40th	Osaka	46.3
4th	Kochi	57.5	40th	Saitama	46.3
5th	Tokyo	57.0	42nd	Mie	46.0
6th	Yamagata	56.7	43rd	Aichi	45.9
7th	Tottori	55.7	44th	Chiba	45.3
8th	Kumamoto	55.2	45th	Nara	45.1
			46th	Okinawa	44.8
11th	Shimane	54.5	46th	Gifu	44.8
			National average : 49.8		

High percentage of full-time female employees with small children.

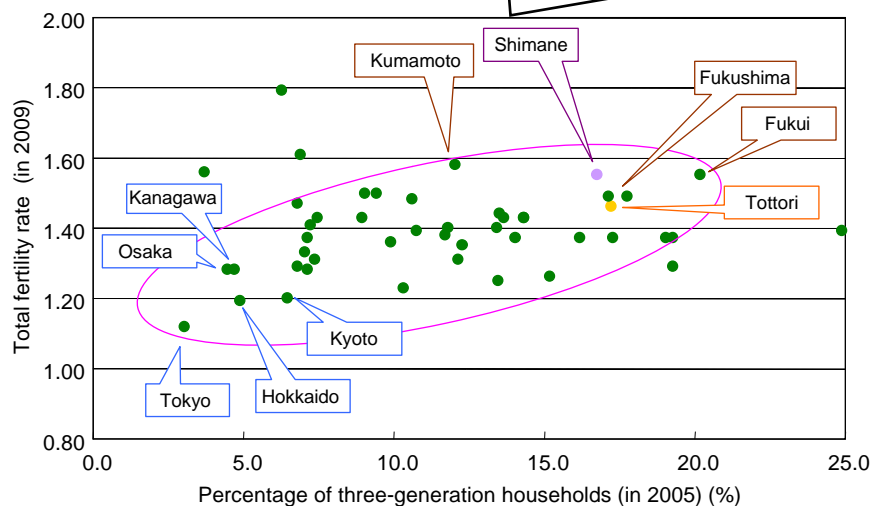
## Percentage of female workers who worked 60 hours or more per week (those who worked 200 days or more in a year) (in 2007)

10 highest prefectures (%)			10 lowest prefectures (%)		
1st	Shimane	3.6	38th	Ehime	5.4
2nd	Yamaguchi	3.9	39th	Tokushima	5.5
2nd	Hiroshima	3.9	39th	Yamagata	5.5
4th	Saitama	4.0	39th	Saga	5.5
5th	Shizuoka	4.1	42nd	Osaka	5.7
5th	Shiga	4.1	42nd	Oita	5.7
5th	Tottori	4.1	44th	Kumamoto	6.0
8th	Okinawa	4.2	45th	Kochi	6.1
9th	Kyoto	4.3	46th	Tokyo	6.5
10th	Kagoshima	4.5	46th	Aomori	6.5
			National average : 5.0		

Good working environment for women.

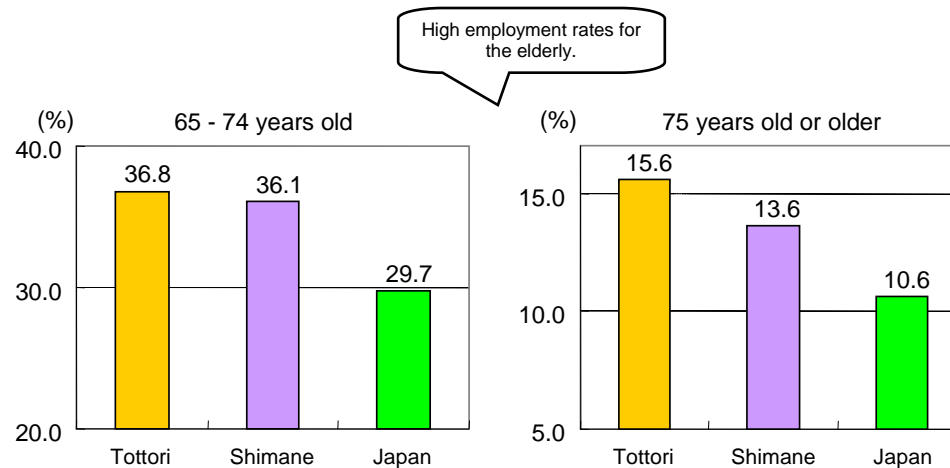
Source: "Employment Status Survey" by Ministry of Internal Affairs and Communications

## Percentage of three-generation households and total fertility rate (in 2009)



Source: "National Census" by Ministry of Internal Affairs and Communications, and "Vital Statistics" by Ministry of Health, Labor and Welfare

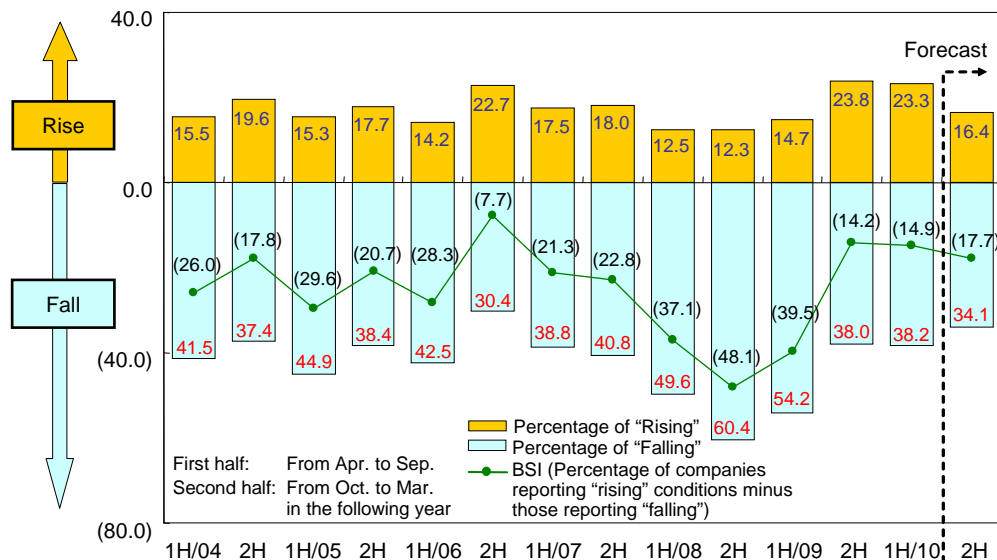
## Employment rate for the elderly (in 2005)



Source: "National Census" by Ministry of Internal Affairs and Communications

# Ref. 5 Direction of Economy (1)

## Business Sentiment Index (BSI) (Change over the previous period in all industries) (Percentage of companies reporting "rising" conditions minus those reporting "falling".)



## Business Sentiment Index by sector

	1st half FY2010	2nd half FY2010 (Forecast)	Change
Manufacturers	1.0	(13.6)	(14.6)
Other manufacturers	(50.0)	(15.0)	35.0
Food	(10.3)	2.6	12.9
Lumber and wood products	(25.0)	(26.6)	(1.6)
Ceramics and cement	(60.0)	(66.7)	(6.7)
Machinery, etc.	26.1	17.4	(8.7)
Textiles	(50.0)	(66.7)	(16.7)
Steel and metal	20.9	(4.2)	(25.1)
Pulp and paper	(14.3)	(42.8)	(28.5)
Electric machinery	38.2	(24.3)	(62.5)
Transportation machinery	90.0	20.0	(70.0)
Non manufacturers	(16.7)	(18.1)	(1.4)
Restaurants and hotels	(38.5)	23.1	61.6
Construction materials wholesalers	(33.4)	0.0	33.4
Other wholesalers	(22.7)	9.1	31.8
Department stores and supermarkets	(26.7)	0.0	26.7
Other retailers	(9.1)	(4.5)	4.6
Oil/fuel retailers	16.6	16.7	0.1
Food wholesalers	(27.3)	(27.3)	0.0
Other services	(25.9)	(25.9)	0.0
Construction	(26.6)	(36.1)	(9.5)
Transportation	(27.8)	(55.6)	(27.8)
Information communication	30.8	(15.4)	(46.2)
Automobile retailers	21.5	(28.6)	(50.1)

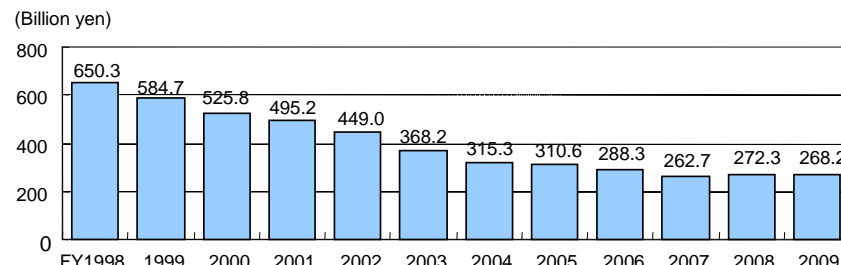
Source: "Business Trend Survey" by San-in Economics & Management Institute (Conducted in September 2010, respondent: 539 companies)

## Year-on-year changes in capital expenditure (in Shimane and Tottori)

	FY2010 (Plan)			
	FY2007	FY2008	FY2009	FY2010 (Plan)
All industries	23.8	(7.0)	(36.7)	1.8
Small and medium-sized companies	30.0	9.6	(24.2)	(22.2)
Manufacturers	17.4	(5.6)	(39.1)	(4.8)
Small and medium-sized companies	42.2	39.6	(16.3)	(38.1)
Non manufacturers	38.0	(9.9)	(32.1)	13.0
Small and medium-sized companies	16.9	(19.1)	(36.7)	10.6

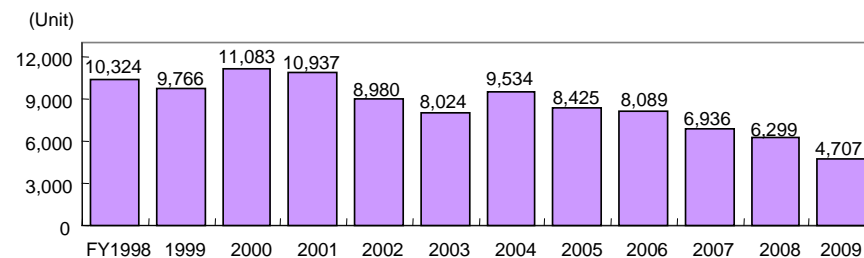
Source: "Business Trend Survey" by San-in Economics & Management Institute (Conducted in September 2010)

## Value of public works contracts (in Shimane and Tottori, coverage ratio: 70%)



Source: West Japan Construction Surety Co., Ltd.

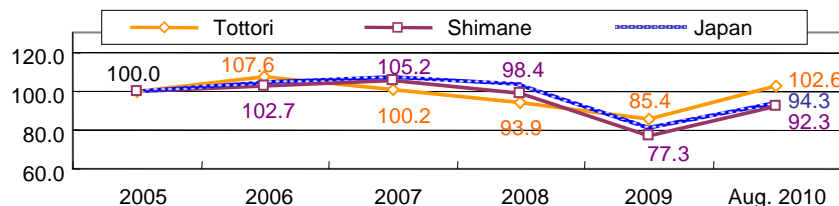
## Housing starts (in Shimane and Tottori)



Source: Ministry of Land, Infrastructure, Transport and Tourism

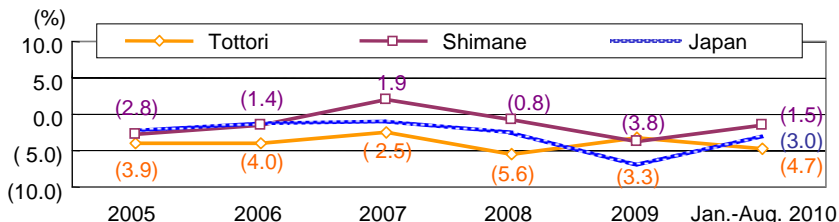
# Ref. 6 Direction of Economy (2)

## Industrial Production Index (Year 2005 = 100, seasonally adjusted in Aug, 2010)



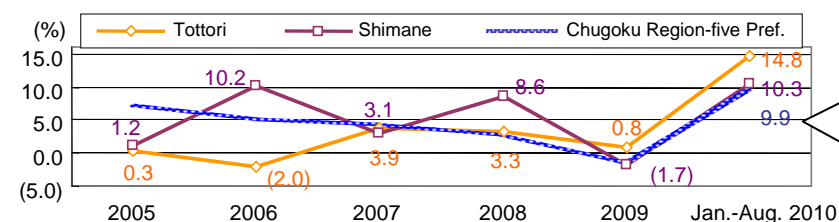
Source: Statistics Dept., Tottori Prefecture and Statistical Survey Dept., Shimane Prefecture

## Year-on-year changes in sales of large retail stores (department stores and supermarkets)



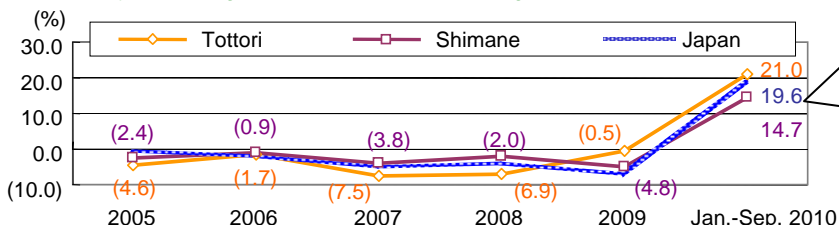
Source: San-in Economics & Management Institute

## Year-on-year changes in home appliance sales



Source: Chugoku Bureau, Ministry of Economy, Trade and Industry

## Year-on-year changes in sales of new passenger vehicles (in San-in pref.)



Source: Tottori Car Dealers Association; and Shimane Branch, Chugoku District Transport Bureau

## Land prices of major commercial area (as of Jan. 1 each year)

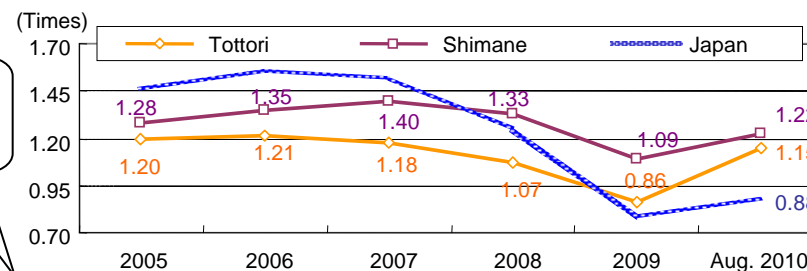
(Upper: Assessment price: Thousand yen/m<sup>2</sup>, Lower: YoY-%)

	2006	2007	2008	2009	2010
Wakasa Kaido Str.	240	215	200	185	170
Sakae-machi, Tottori city, Tottori	(11.1)	(10.4)	(7.0)	(7.5)	(8.1)
Yonago-Hirose-Line Prefectural road	180	170	160	145	130
Meiji-cho, Yonago city, Shimane	(10.0)	(5.6)	(5.9)	(9.4)	(10.3)
Eki-dori	245	230	220	210	195
Asahi-machi, Matsue city, Shimane	(14.0)	(6.1)	(4.3)	(4.5)	(7.1)

Source: Hiroshima Regional Taxation Bureau

Land prices have not stopped falling in the major commercial areas.

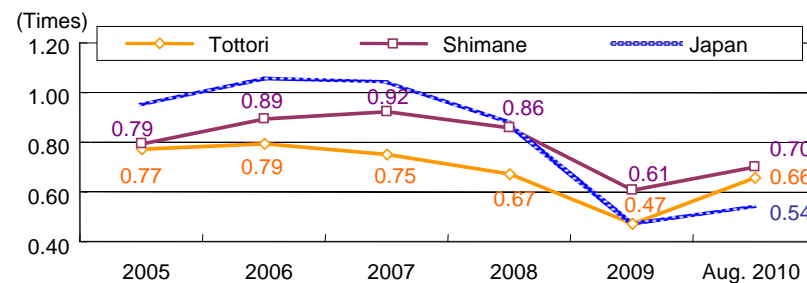
## Job opening to applicant ratio (seasonally adjusted in Aug, 2010)



Source: Employment Security Department, Tottori Labor Bureau; and Employment Security Department, Shimane Labor Bureau

Low but appears to have bottomed out

## Active job opening to applicant ratio (seasonally adjusted in Aug, 2010)



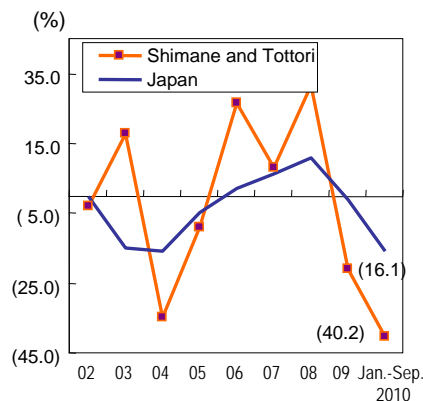
Source: Employment Security Department, Tottori Labor Bureau; and Employment Security Department, Shimane Labor Bureau

YoY increase as a result of policy impacts.

YoY increase as a result of policy impacts.

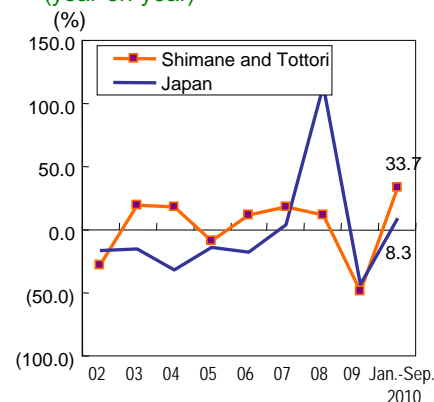
## Ref. 7 Direction of Economy (3)

### Number of bankruptcies (year-on-year)

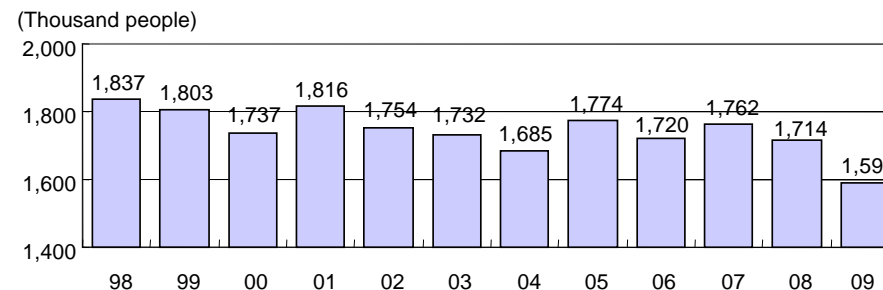


Source: TOKYO SHOKO RESEARCH, LTD.

### Total liabilities of bankrupt companies (year-on-year)



### Number of hotel guests at major hot spring spas (in Shimane and Tottori)



Note: Added "Hawai and Togo hot springs" to survey in 2005

Source: Survey by San-in Economics & Management Institute

(Total of guests at major hot spring spas in Misasa, Kaike, Hawai-Togo, Matsue Shinjiko and Tamatsukuri)

### Number of bankruptcies by industry

	Actual number (cases)			YoY change (%)			Composition ratio (%)		
	2008	2009	Jan.-Sep. 2010	2008	2009	Jan.-Sep. 2010	2008	2009	Jan.-Sep. 2010
Agriculture, forestry, fishery, quarrying of stone and gravel	1	3	1	(85.7)	200.0	(66.7)	0.6	2.3	1.7
Construction	73	48	18	35.2	(34.2)	(47.1)	45.1	37.5	31.0
Manufacturing	21	22	12	10.5	4.8	(14.3)	13.0	17.2	20.7
Wholesale	22	13	5	57.1	(40.9)	(37.5)	13.6	10.2	8.6
Retail	18	23	11	80.0	27.8	(47.6)	11.1	18.0	19.0
Finance & insurance	0	0	0	-	-	-	0.0	0.0	0.0
Real estate	3	1	2	(25.0)	(66.7)	100.0	1.9	0.8	3.4
Transportation	1	6	1	(85.7)	500.0	(83.3)	0.6	4.7	1.7
Telecommunication	0	0	1	-	-	-	0.0	0.0	1.7
Services, etc.	23	12	7	228.6	(47.8)	(30.0)	14.2	9.4	12.1
<b>Total</b>	<b>162</b>	<b>128</b>	<b>58</b>	<b>31.7</b>	<b>(21.0)</b>	<b>(40.2)</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: TOKYO SHOKO RESEARCH, LTD.

Bankruptcies of construction, manufacturing and retailers are prominent.

### Number of tourists

Tottori (2009)			Shimane (2009)		
Tourist sites and facilities	Actual no. of visitors	Change over 2008	Tourist sites and facilities	Actual no. of visitors	Change over 2008
Tottori sand dunes / Inaba Hot Spring Village area	2,786	7.5	Izumo Taisha Shrine	2,307	(7.8)
Sakai Port area	1,825	1.1	Hinomisaki	1,134	(16.3)
Tottori Nashinohana Hot Spring Village area	1,425	5.4	Shimane Winery	873	(18.2)
Yonago / Kaike Hot Spring area	1,397	14.8	Iwami Seaside Park	725	(12.0)
Mt. Daisen area	1,221	7.5	Taikodani Inari Shrine	700	4.5
Higashi Hoki area	631	2.9	Tamatsukuri Hot Spring	601	(11.8)
Yazu	228	23.2	Mt. Sanbe	580	(3.0)
Okuhino area	157	12.1	Iwami Ginzan Silver Mine	560	(31.1)
Uradome Coast area / Iwai Hot Spring area	153	(2.5)	Michinoeki Kirara Taki	544	(5.8)

Note: Different aggregation methods are used by Shimane and Tottori Prefectures

Source: Tourism Department, Culture & Tourism Bureau, Tottori Prefecture and Tourism Promotion Department, Shimane Prefecture

## Ref. 8 Individual Loan Market in Shimane and Tottori (1)

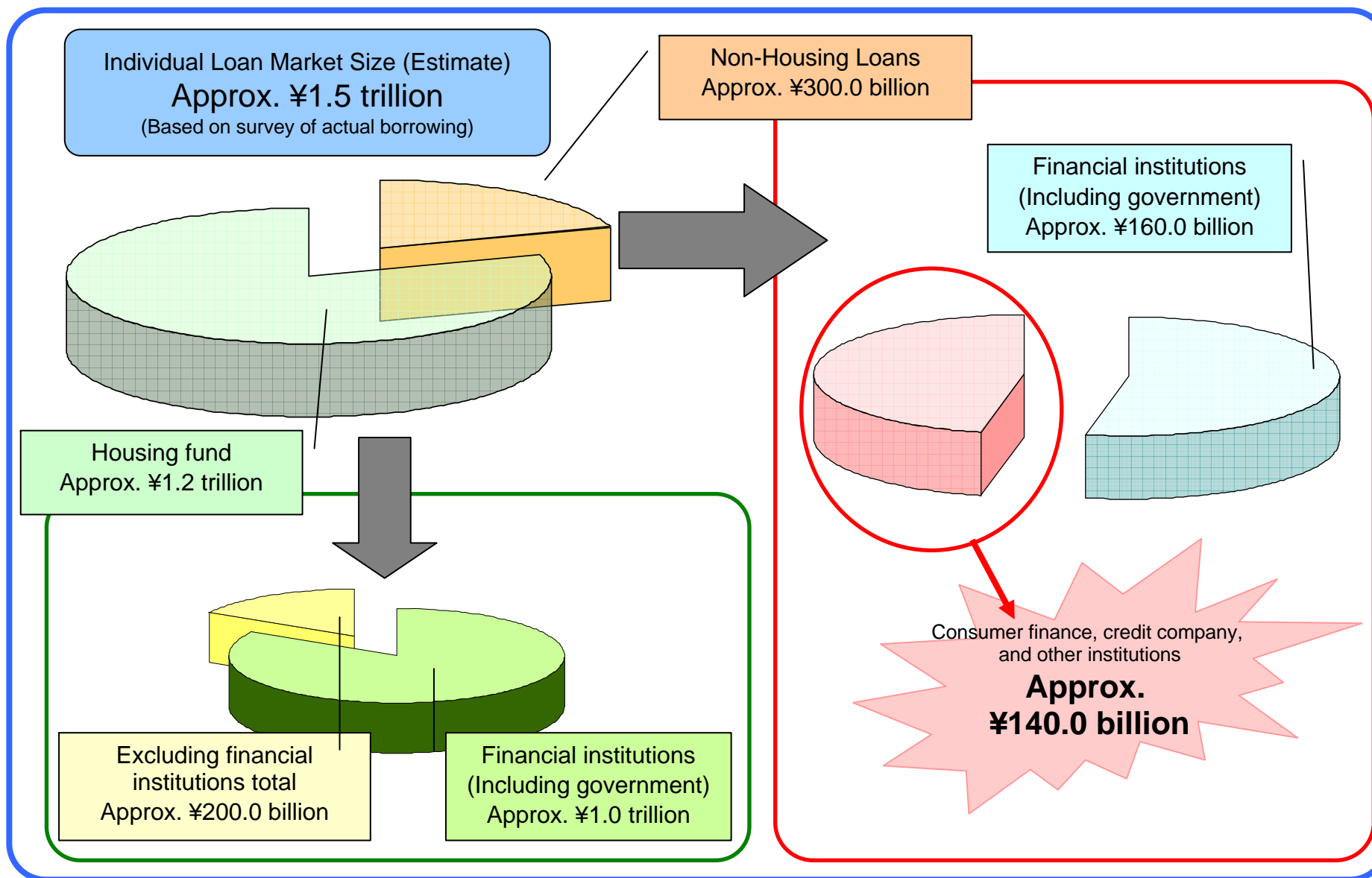
### Financial institution (including government) lending to individuals

(Million yen)

As of March 31, 2010	Loans to individual clients	Of which, consumer loans (excluding housing fund)	Of which, housing loans	Remarks
Tottori Bank	193,569	19,424	174,145	Includes clients outside Shimane and Tottori
San-in Godo Bank	355,268	46,406	308,862	
Shimane Bank	61,545	7,143	54,402	
Shimane Masuda Shinyou Kumiai	4,007	1,291	2,716	
Chugoku Rokin	143,026	20,023	123,003	
Tottori Shinkin Bank	14,222	4,996	9,226	
Yonago Shinkin Bank	12,171	2,485	9,686	
Kurayoshi Shinkin Bank	8,682	1,075	7,607	
Shimane Shinkin Bank	6,656	1,480	5,176	
Nihonkai Shinkin Bank	13,726	7,222	6,504	
Shimane Chuo Shinkin Bank	28,337	10,261	18,076	
Subtotal	841,209	121,806	719,403	
Norinchukin Bank (JA)	125,000	25,000	100,000	Reference: total loans: ¥429,532 million (Mar. 08)
Japan Housing Finance Agency	200,000	0	200,000	
Japan Finance Corporation	10,954	10,954	0	
<b>Total</b>	<b>1,177,163</b>	157,760	1,019,403	

**Financial institutions' lending to individuals**  
**Total: approx. ¥1.2 trillion**  
**(Estimates)**

Notes: Estimates of San-in Economics & Management Institute. Red figures are estimates of The Japan Financial News Co., Ltd., and each company's home page.

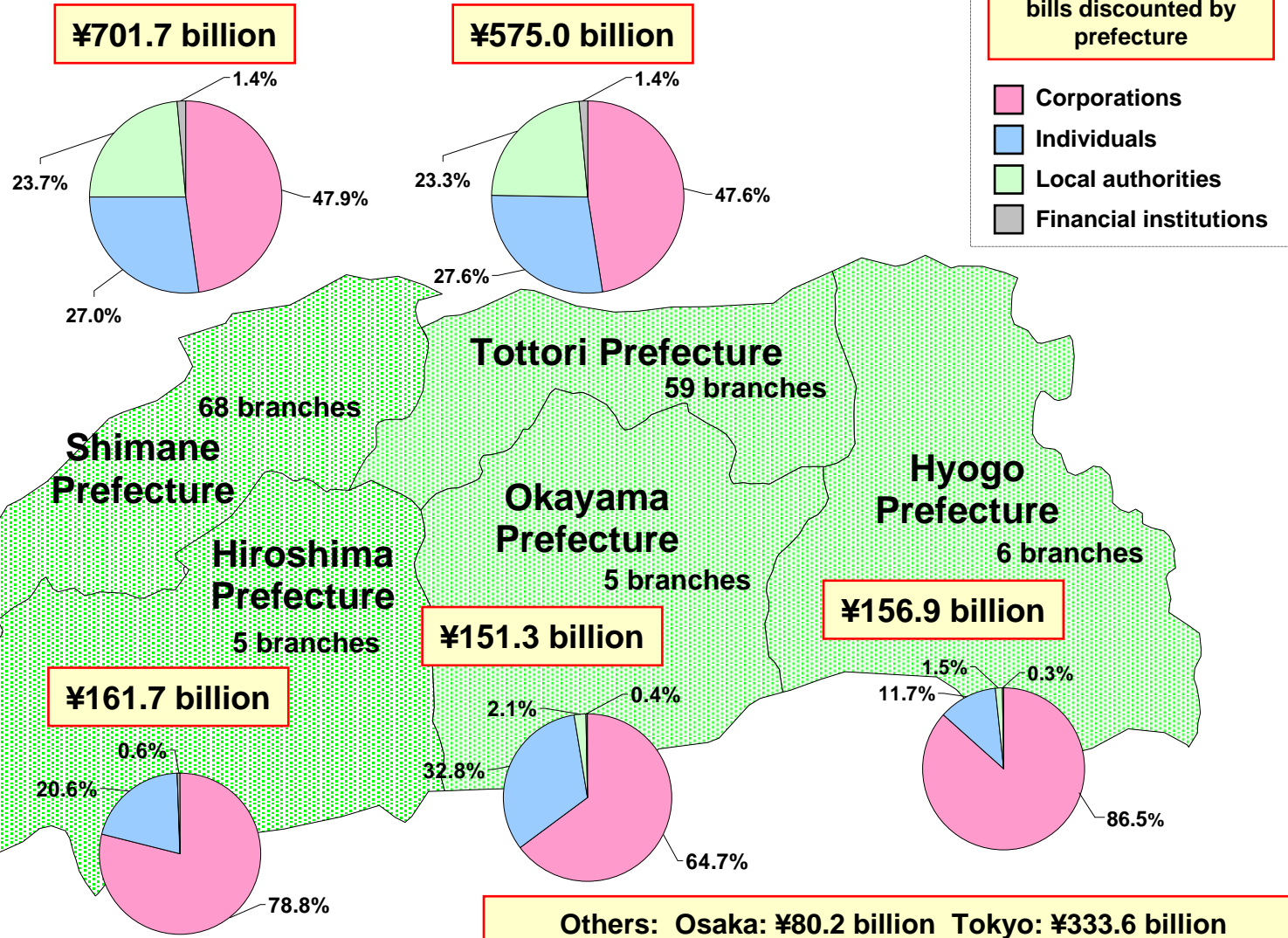


# Ref. 10 Branch Network and Summary of Loan Portfolio by Prefecture

As of March 31, 2010	Number of branches
Shimane	68
Tottori	59
<b>Shimane and Tottori</b>	<b>127</b>
Hiroshima	5
Okayama	5
Hyogo	6
<b>Sanyo and Hyogo</b>	<b>16</b>
Osaka	1
Tokyo	1
<b>Grand total</b>	<b>145</b>

(Headquarters, branches and sub-branch offices)

**Balance of loans and bills discounted (End- Sep. 2010):** **¥2,160.4 billion**



## Ref. 11 Yields on Loans and Bills Discounted by Region and by Market

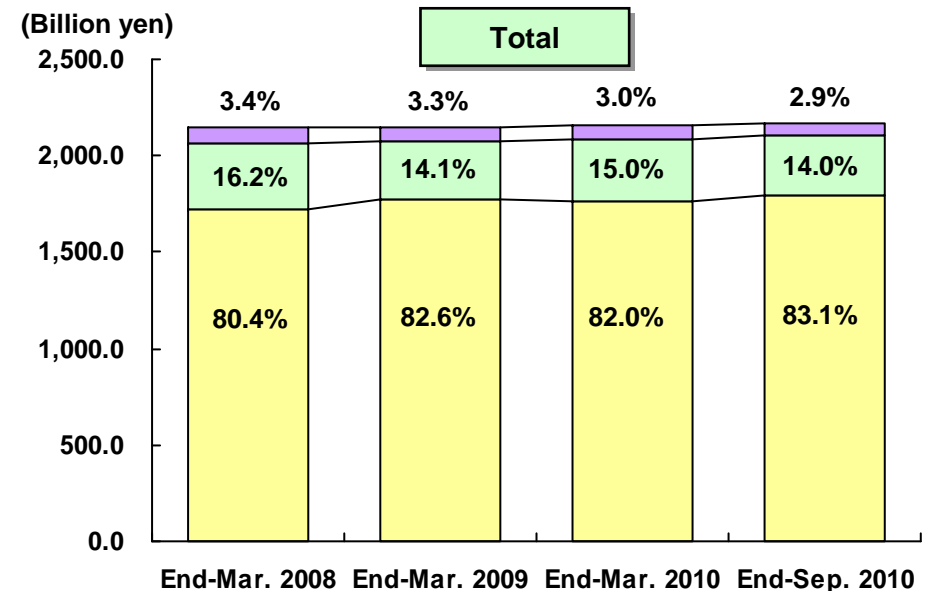
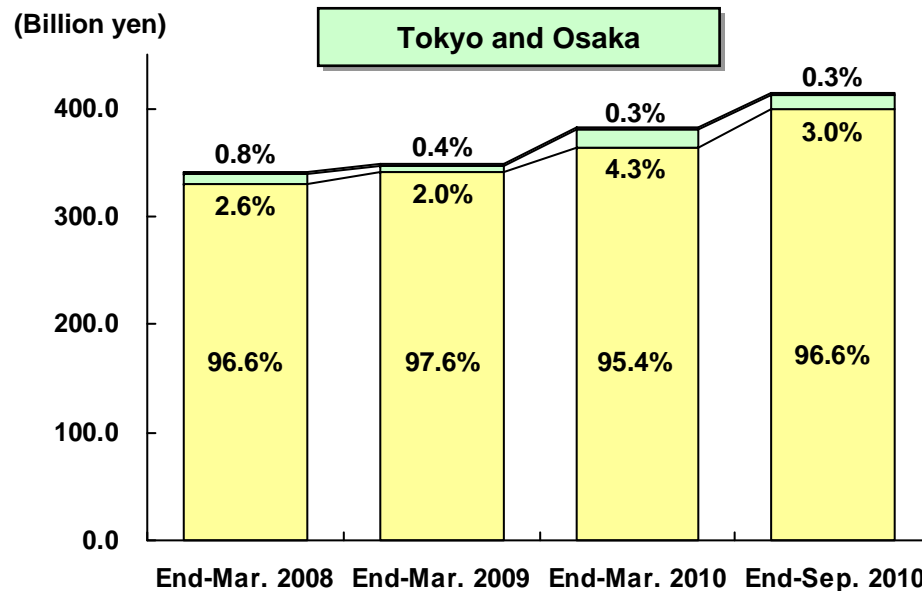
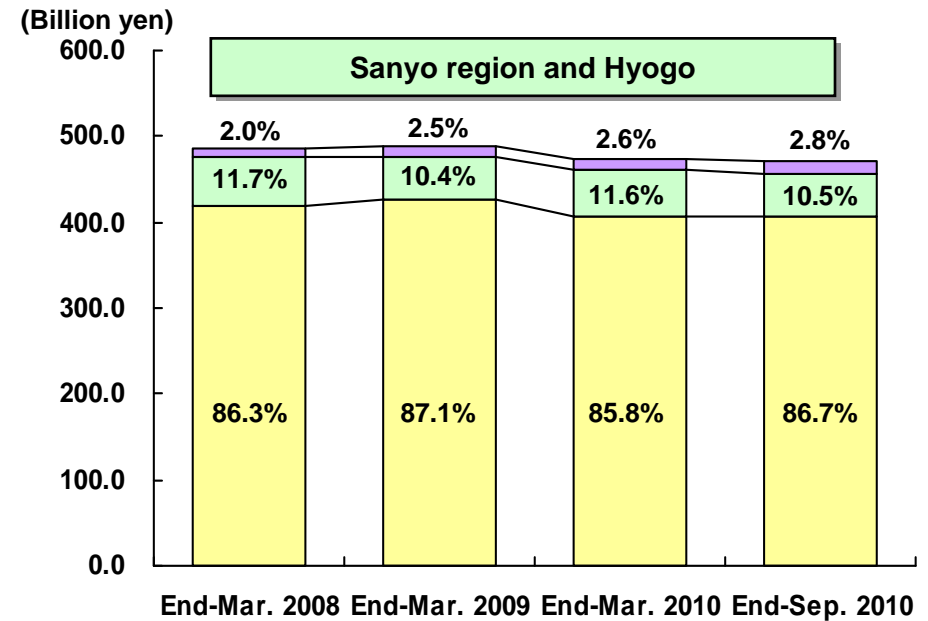
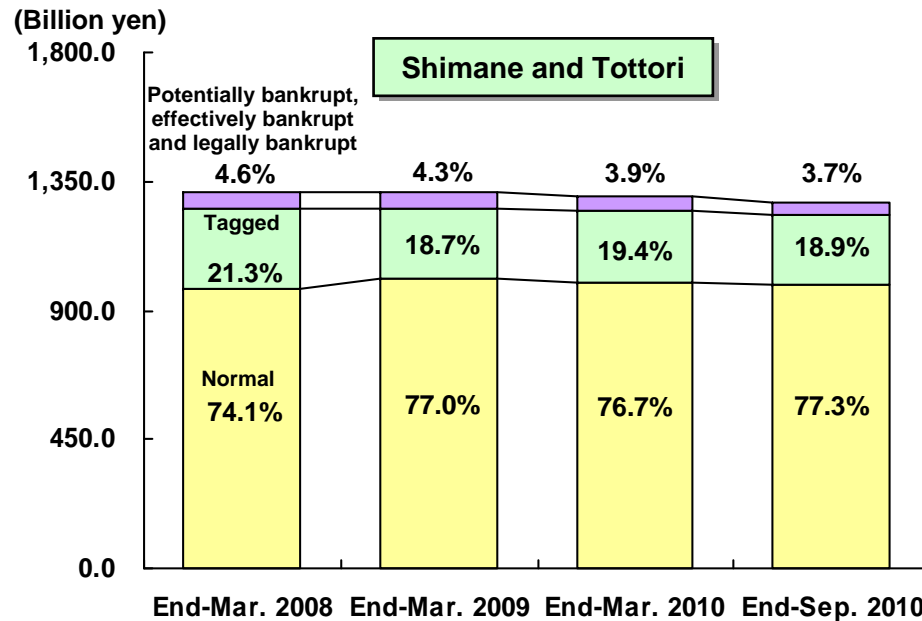
### Changes in yields on loans and bills discounted by region and market

(%)

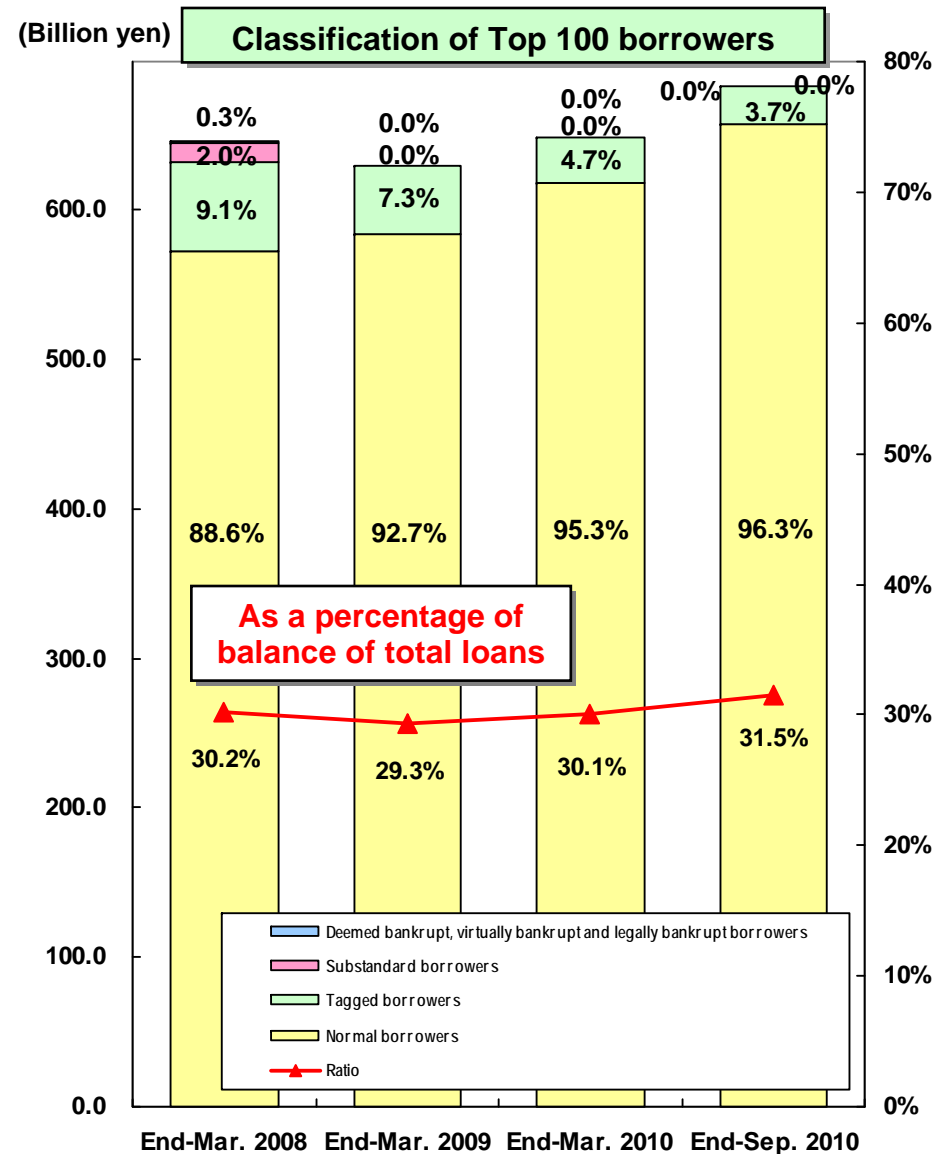
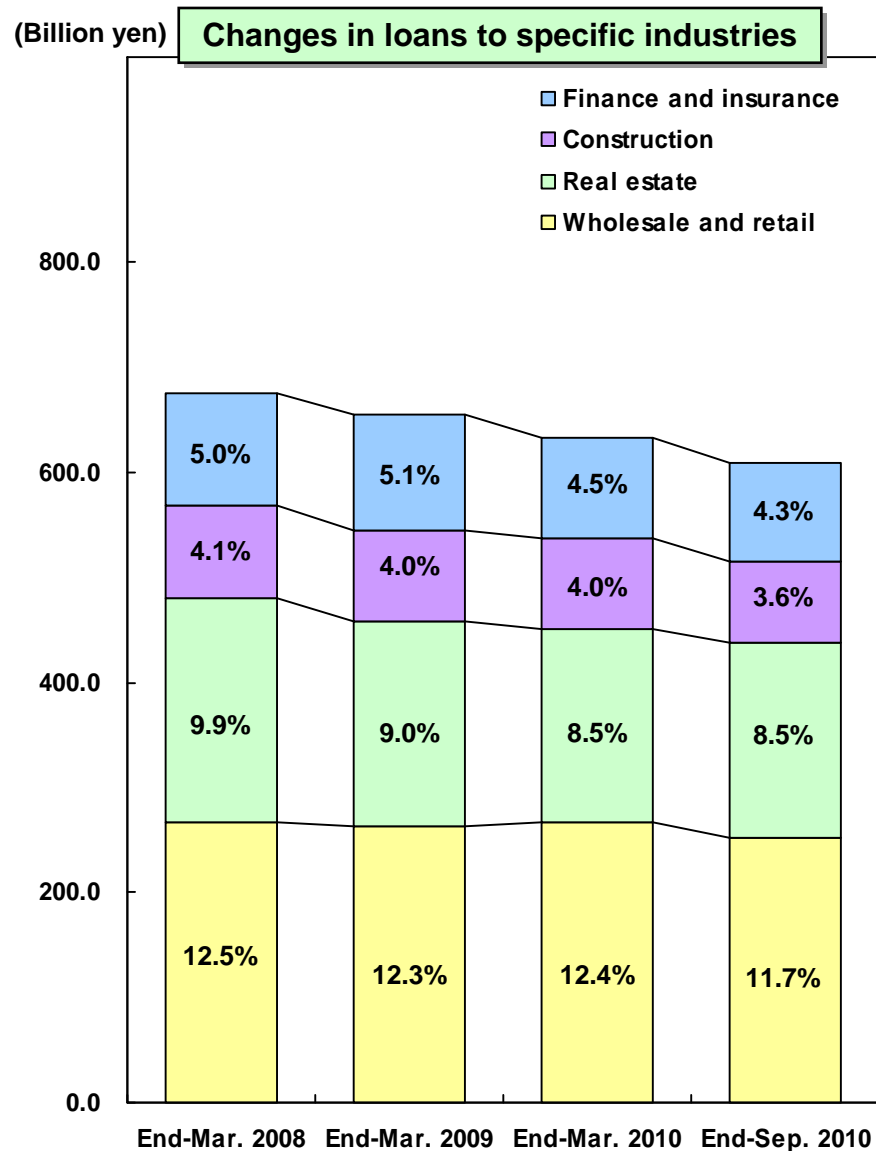
	Shimane and Tottori				Sanyo region and Hyogo				Tokyo and Osaka				Market average			
	FY2007	FY2008	FY2009	First half FY2010	FY2007	FY2008	FY2009	First half FY2010	FY2007	FY2008	FY2009	First half FY2010	FY2007	FY2008	FY2009	First half FY2010
Corporations	2.52	2.46	2.21	2.12	2.02	1.90	1.64	1.61	1.31	1.23	1.01	0.90	2.21	2.09	1.82	1.73
Individuals	2.94	2.96	2.86	2.79	2.34	2.39	2.52	2.50	3.60	3.62	3.52	3.50	2.78	2.82	2.78	2.72
Local authorities	1.49	1.53	1.53	1.49	1.38	1.57	1.56	1.56	-	-	-	-	1.49	1.53	1.53	1.49
Finance and insurance	2.03	2.07	1.91	1.80	1.64	1.45	0.87	0.81	1.10	1.16	1.04	0.97	1.25	1.32	1.16	1.06
Regional average	2.44	2.40	2.23	2.15	2.10	2.02	1.85	1.81	1.22	1.21	1.03	0.93	2.20	2.12	1.94	1.85

\* Aggregated interest received in the period / Aggregated balance

# Ref. 12 Status of Loan Portfolio by Borrower Category (by Region)



# Ref. 13 Concentration of Loans in Specific Industries



\* As a percentage of balance of total loans

## Ref. 14 Changes in NPL Disposals by Factor

(Billion yen)

Factors	FY2006	FY2007	FY2008	FY2009	First half FY2010 (Results)
A. Recognition of NPLs (Bankrupt: Normal or Tagged ⇒ Virtually bankrupt or legally bankrupt)	3.2	4.1	5.9	2.0	0.3
B. Recognition of NPLs (Bankrupt: Deemed bankrupt ⇒ Virtually bankrupt or legally bankrupt)	2.9	1.8	1.6	1.3	0.4
<b>Recognition of NPLs (total for A &amp; B)</b>	<b>6.2</b>	<b>5.9</b>	<b>7.5</b>	<b>3.3</b>	<b>0.7</b>
C. Downgraded customers (Deteriorating performance: Normal or Tagged ⇒ Deemed bankrupt)	9.0	4.7	3.3	2.2	0.8
D. Upgraded customers	(0.5)	(1.6)	(3.0)	(2.0)	(0.2)
<b>Upgraded and downgraded customers (total for C &amp; D)</b>	<b>8.4</b>	<b>3.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.6</b>
E. Changes in collateral value	0.3	0.4	0.9	1.5	0.4
F. Changes in reserve ratio (Deemed bankrupt borrowers)	0.5	1.2	(0.1)	(1.0)	(0.3)
G. Individual calculations	0.0	0.0	(0.0)	(0.0)	0.6
H. Debt sold	3.8	0.7	(0.1)	(0.0)	-
I. Debt forgiveness	(0.0)	(0.0)	-	-	-
J. Other (collections, etc.)	(1.5)	(1.7)	(1.6)	(1.5)	(0.4)
<b>Other (total for E through J)</b>	<b>3.1</b>	<b>0.6</b>	<b>(0.9)</b>	<b>(1.1)</b>	<b>0.2</b>
<b>Subtotal</b>	<b>17.8</b>	<b>9.6</b>	<b>6.8</b>	<b>2.4</b>	<b>1.6</b>
K. Joint Responsibility System (reserves, accrued expenses)	-	0.0	0.1	0.2	(0.0)
L. Other	0.0	0.0	(0.0)	1.4	0.0
<b>NPL Disposals</b>	<b>17.8</b>	<b>9.7</b>	<b>6.9</b>	<b>4.1</b>	<b>1.6</b>

## Ref. 15 NPL Disposals by Region and Industry

### NPL disposals by region

Region	FY2006	FY2007	FY2008	FY2009	(Billion yen)
					First half FY2010 (Results)
Shimane and Tottori	13.5	7.0	2.8	2.2	0.8
Sanyo region and Hyogo	3.8	2.5	4.6	1.7	0.5
Tokyo and Osaka	0.3	0.1	(0.6)	0.0	0.1
<b>NPL disposals - Total</b>	<b>17.8</b>	<b>9.6</b>	<b>6.8</b>	<b>3.9</b>	<b>1.6</b>

### NPL disposals by industry

Industry	FY2006	FY2007	FY2008	FY2009	(Billion yen)
					First half FY2010 (Results)
Manufacturing	1.9	4.0	0.9	1.2	0.2
Fishery	0.0	0.0	0.5	0.2	(0.0)
Construction	1.0	1.7	1.7	0.1	0.1
Wholesale, Retail	5.5	1.7	0.7	(0.5)	0.1
Finance, Insurance	0.2	(0.0)	0.3	1.3	0.0
Real estate, Rental	1.4	0.4	1.4	0.1	0.0
Services	6.8	1.2	0.1	0.7	0.8
Others	0.6	0.5	0.9	0.5	0.1
<b>NPL disposals - Total</b>	<b>17.8</b>	<b>9.6</b>	<b>6.8</b>	<b>3.9</b>	<b>1.6</b>

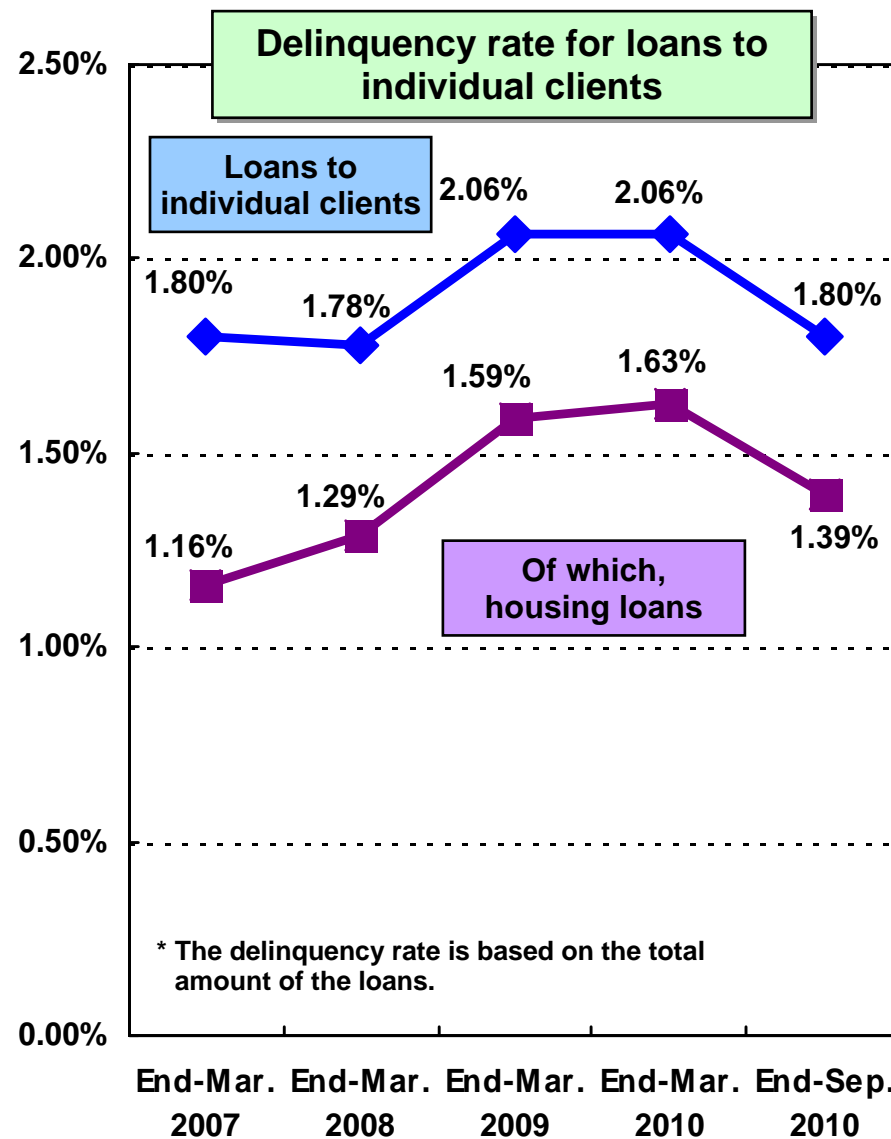
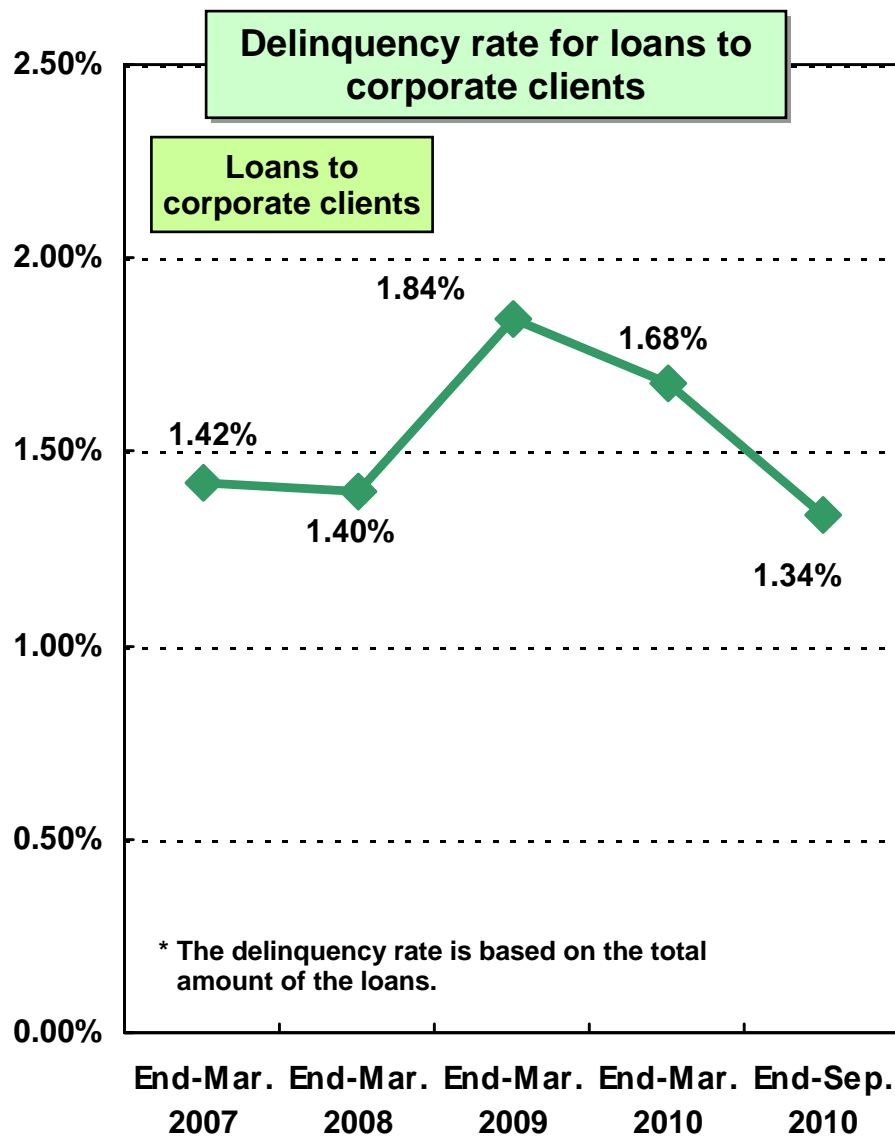
\* Disposals related to the Joint Responsibility System are excluded from the above tables.

# Ref. 16 Changes in Borrower Category

(Billion yen)

(Total credit basis)		First half of FY2010							
		Normal	Tagged	Substandard	Deemed bankrupt	Virtually bankrupt	Legally bankrupt	Bulk/Direct write-off	Collection
FY2009	Normal 1,784.0	1,728.2	24.1	0.7	0.7	0.3	0.0	–	29.6
	Tagged 316.6	25.8	280.9	4.2	2.5	0.4	0.1	–	2.4
	Substandard 12.1	–	4.2	7.2	0.3	0.1	0.1	–	–
	Deemed bankrupt 30.0	0.0	0.5	0.0	26.7	1.9	0.2	–	0.4
	Virtually bankrupt 22.3	0.0	0.0	0.0	0.8	19.5	1.0	0.0	0.7
	Legally bankrupt 13.7	–	–	–	–	–	13.0	0.2	0.3
	<b>Total</b> <b>2,178.9</b>	<b>1,754.2</b>	<b>309.9</b>	<b>12.4</b>	<b>31.2</b>	<b>22.4</b>	<b>14.7</b>	<b>0.3</b>	<b>33.5</b>

# Ref. 17 Changes in Delinquency Rate for Loans



## Promotion measures and performance

Measures to compete with Japan Post Bank

### 1. Offer greater convenience by expanding ATM network

Work to increase the number of 24-hr ATMs in Shimane and Tottori by expanding the number of convenience store ATMs.

(1) ATMs at all Lawson stores: **174 (as of September 30, 2010)**

(2) New tie-up with E-net (service started May 24, 2010): **98 (as of September 30, 2010)**

This will give the bank **833** ATMs vs. Japan Post Bank's 454 ATMs (including **272** ATMs in convenience stores) (approx. 1.8x)

Amount of ATM commissions receipts won against Japan Post Bank (First half of 2010): **¥60 million**

### 2. Exhaustive efforts to secure members of the pensioner and pre-pensionable groups

Strengthen efforts to secure these groups by offering the following services, which the Japan Post Bank does not provide.

(1) Gogin Club Off service:

Enable holders to use services at hotels and leisure facilities at money-saving rates

(2) "Gold Time Deposit" offering higher interest rates:

0.3% higher rate, deposit ceiling ¥3 million ⇒ **First half: ¥23.7 billion taken in**

"Premium CDs" for retirees:

**1-year: 0.65-0.75%, 3-years: 0.70-0.80%** ⇒ **First half: ¥800 million taken in**

(3) Free health consultation service:

Open 24hrs all year round, allows health consultations by telephone

(4) Cash-back service:

Cash back on fees for use of ATMs after banking hours

(5) Pension seminars and consultations: Lectures and individual consultations on pensions

### 3. Offer preferential products to mass customer segments

Run the "Gogin Brilliant Campaign" offering higher interest rates

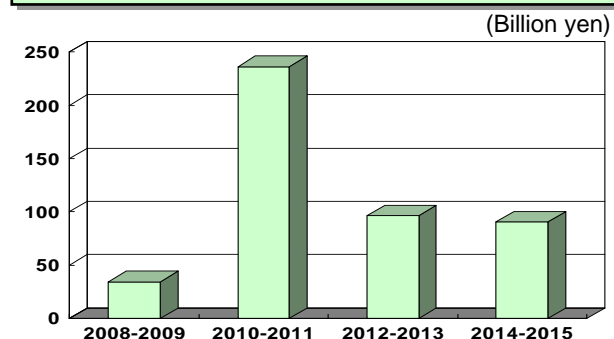
⇒ **¥87.0 billion taken in**

### 4. Overall marketing strength to maintain the competitiveness to win against the Japan Post Bank

(1) Finely-tuned marketing approach and flexibility

(2) Ability to make proposals of a variety of products

Trends in time savings maturities in Shimane and Tottori



Estimated by the Gogin from Japan Post Bank disclosure materials

## Balance of securities by remaining period (End-Sep. 2010)

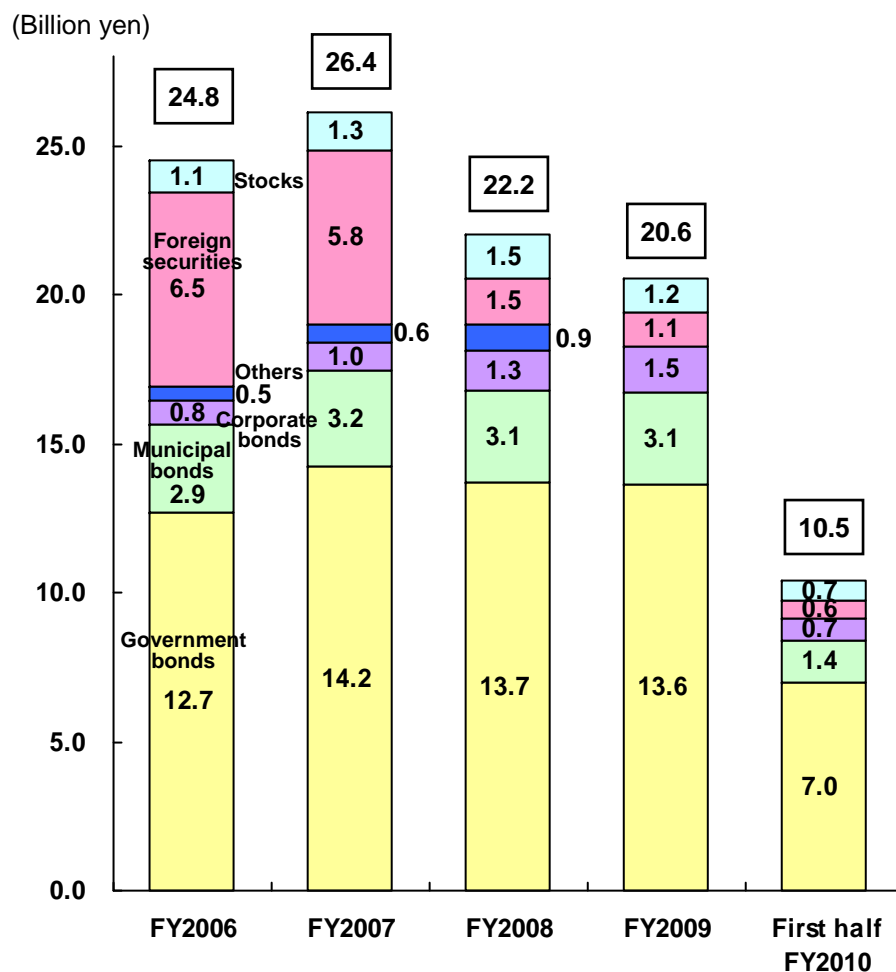
(Million yen)	1 year or less	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	Over 10 years	Period not defined	Total
Government bonds	12,078	134,007	206,487	114,105	491,577	28,067	–	986,323
Municipal bonds	25,725	20,583	40,702	34,157	54,350	–	–	175,520
Corporate bonds	6,464	38,961	17,765	8,901	33,894	21,576	–	127,564
Stocks	–	–	–	–	–	–	45,903	45,903
Other securities	1,282	5,385	11,024	3,483	33,430	7,211	6,129	67,946
<b>Total</b>	<b>45,550</b>	<b>198,938</b>	<b>275,980</b>	<b>160,647</b>	<b>613,252</b>	<b>56,855</b>	<b>52,032</b>	<b>1,403,258</b>

## Changes in performance

	FY2006	FY2007	FY2008	FY2009	First half FY2010
Yields on securities	1.98%	1.93%	1.69%	1.57%	1.57%
Investment deposit ratio (Average balance basis)	40.06%	42.28%	40.48%	40.11%	39.77%
Duration of yen-denominated bonds	5.72 years	5.54 years	5.70 years	5.63 years	5.29 years
Gains (losses) on securities*	24.6 billion yen	31.0 billion yen	16.8 billion yen	20.3 billion yen	10.7 billion yen

\* Including interest and dividends on securities

### Interest and dividends on securities by type

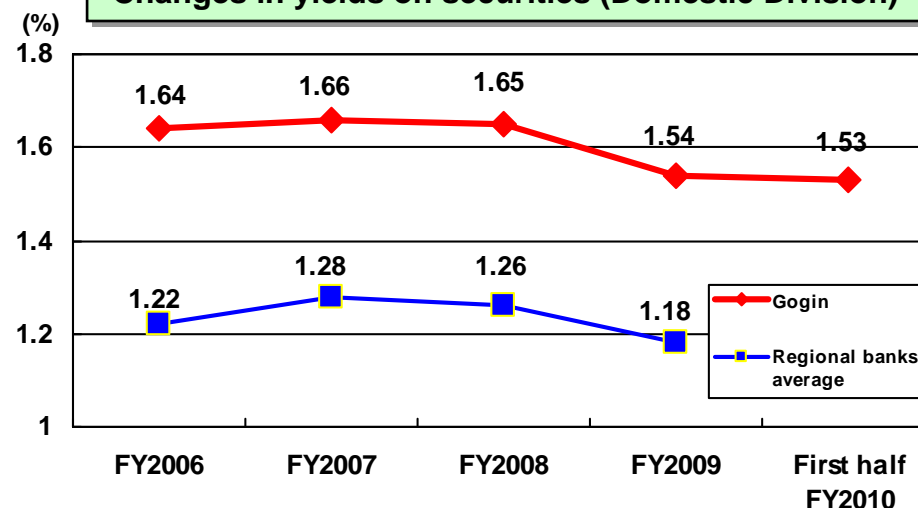


\* Excludes interest on trading securities.

### Changes in yields on securities

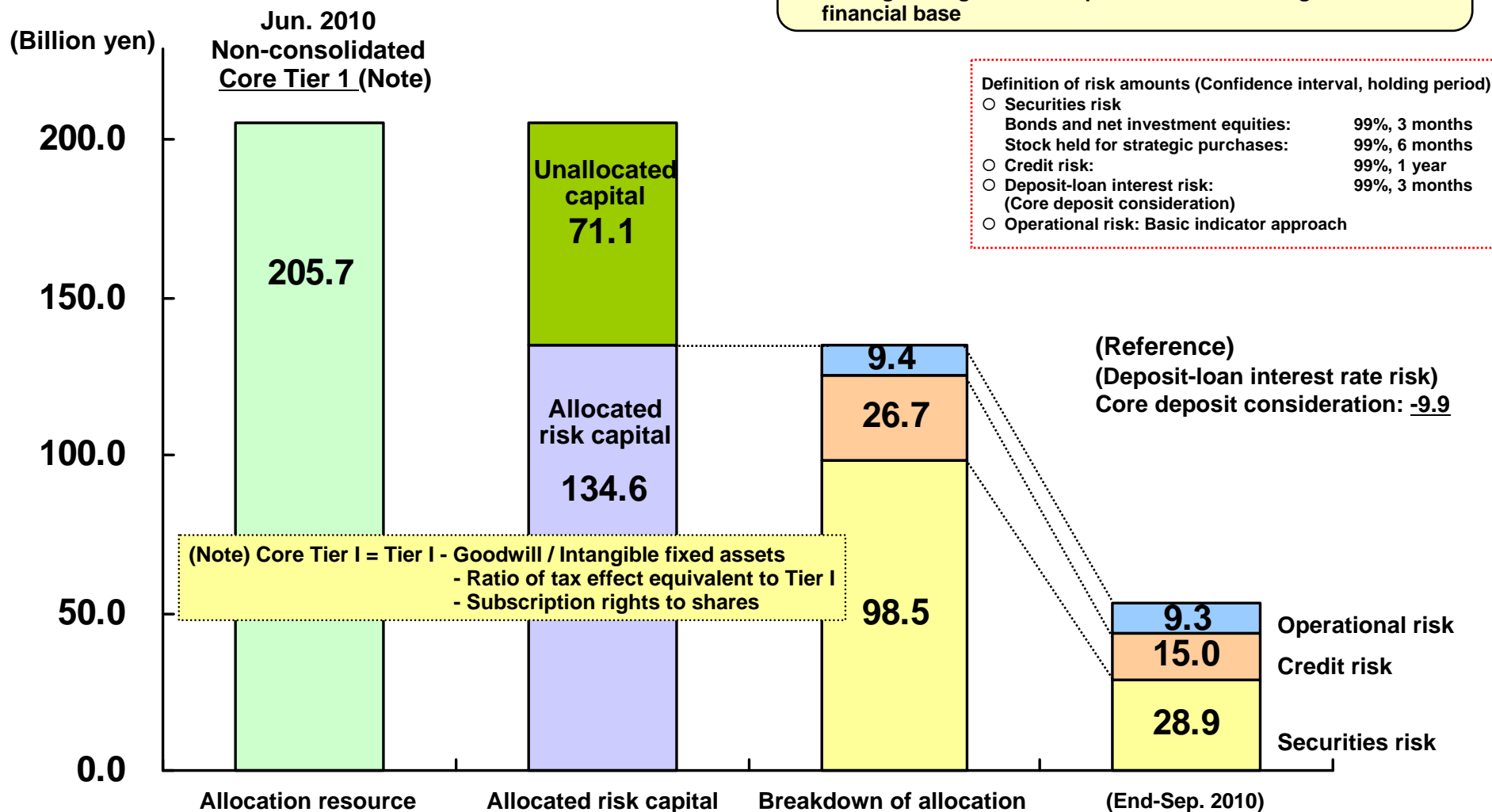
	FY2006	FY2007	FY2008	FY2009	First half FY2010
Government bonds	1.55%	1.55%	1.51%	1.46%	1.45%
Municipal bonds	1.73%	1.73%	1.70%	1.69%	1.66%
Corporate bonds	1.62%	1.66%	1.70%	1.72%	1.47%
Stocks	2.22%	2.38%	2.26%	2.21%	2.94%
Foreign securities	4.71%	4.65%	2.65%	2.33%	2.42%
Other securities	3.35%	4.56%	7.43%	0.15%	0.00%
<b>Total</b>	<b>1.98%</b>	<b>1.93%</b>	<b>1.69%</b>	<b>1.57%</b>	<b>1.57%</b>

### Changes in yields on securities (Domestic Division)



## Capital allocation for the second half of FY2010

- ◆ More conservative approach to allocated resources in anticipation of Basel III
- ◆ Making strategic use of capital while maintaining sound financial base



## Forest conservation activities

### <Activities rooted in the locality>

#### "Preserve the Forest! San-in Network Conference"

- Established April 2006
- 43 volunteer organizations and NPOs in Shimane and Tottori revitalize each other's activities while engaging in broad exchanges of information (as of May 2010)
- Gogin acts as secretariat, and engages in activities to widely promote the importance of forest conservation to the prefectural populace through its activities

#### "Gogin Forest of Hope" activities

- Started August 2006
- The "Gogin Forest of Hope" is the nickname for forests in four locations leased through the cooperation of Shimane and Tottori Prefectures and related municipalities
- Volunteers from among bank officers and employees and their families actually go into the forests to carry out conservation activities

### <Nationwide activities>

#### "Save the Forest in Japan"

- Launched by 8 regional banks in August 2008. Today, all 63 regional banks participate.
- In December 2009, they held the "Kyoto Summit for Saving Japan's Forests" and adopted a joint declaration
- The aim is for each bank to share its information and know-how on creating forests, reflect this in various activities, and tie this into efforts to revitalize forest creation activities

[Four subcommittees]...Action policies

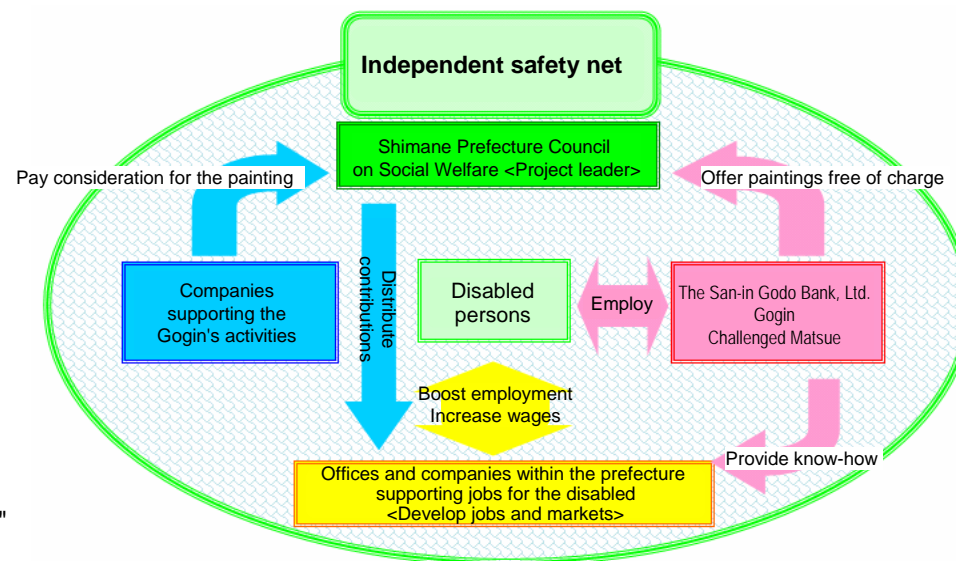
- (1) "Establish a network centered on forest-saving activities"
- (2) "Revitalize the regions centered on reviving the forestry and lumber industries"
- (3) "Create environmentally-friendly financial products"
- (4) "Continued afforestation activities by the next generation"

## Self-reliance support for the intellectually disabled

### <Gogin's independent self-reliance support activities>

#### "Gogin Challenged Matsue"

- Offices that employ the intellectually disabled on a specialist basis
- Employ people who like painting, create passbook cases and eco-bags on which their paintings have been printed, and distribute them to customers in branches



### <Future approaches>

#### Utilize the paintings created for "Gogin Challenged Matsue"

- Companies that endorse Gogin's initiatives use the paintings prepared for Challenged Matsue as illustrations, etc.
- Fees for using the paintings shall be returned through the Council on Social Welfare to offices and companies supporting jobs for the disabled so that they can be used for promoting employment.