

# **Investor Relations Meeting**

## **Information Pack**

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

**December 2011**

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# *Part I*

## *Summary of Financial Report for the First Half of FY2011*

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# Summary of Business Results for the First Half of FY2011



Interest income decreased but fees and commissions rose.  
Gains on reversals from loan loss reserves due to decline in NPL write-offs

[Non-consolidated basis] (Billion yen, %)	First half FY2008	First half FY2009	First half FY2010	First half FY2011	Change over first half FY2010	
					Changes	% change
<b>Gross banking profit</b>	31.7	30.3	30.8	30.1	(0.6)	(2.2)
Interest income	27.8	27.2	27.9	27.1	(0.7)	(2.7)
Fees and commissions	2.9	2.3	2.4	2.4	0.0	2.1
Other banking profit	1.0	0.7	0.4	0.5	0.0	10.3
Gains (losses) on bonds	0.9	0.8	1.1	0.2	(0.8)	(78.4)
<b>Gross core banking profit</b>	30.8	29.5	29.6	29.8	0.1	0.6
<b>Expenses</b>	19.2	19.1	19.6	19.4	(0.1)	(0.8)
Transfer to the general loan loss reserve	(0.3)	(0.4)	(0.4)	-	0.4	100.0
<b>Net banking profit</b>	12.8	11.5	11.6	10.6	(0.9)	(8.3)
<b>Net core banking profit</b>	11.5	10.3	10.0	10.4	0.3	3.6
<b>Nonrecurring gains (losses)</b>	(6.6)	(3.4)	(2.7)	(0.3)	2.3	86.8
Bad debt disposals	4.2	2.9	1.6	0.0	(1.5)	(94.7)
Gains on reversals from loan loss reserves	-	-	-	1.2	1.2	-
Gains (losses) on stocks	(2.1)	(0.0)	(0.8)	(1.4)	(0.5)	(62.3)
<b>Ordinary profit</b>	6.1	8.0	8.9	10.3	1.3	15.6
<b>Income before income taxes</b>	6.0	7.1	7.8	8.7	0.8	10.4
<b>Income taxes</b>	2.5	2.9	3.3	3.8	0.4	14.5
<b>Interim net income</b>	3.4	4.1	4.5	4.8	0.3	7.4

■ **Gross banking profit** over first half of FY2010: (0.6) billion yen  
(Main changes)

- Interest income: (0.7) billion yen
- Interest on loans and bills discounted: (1.0) billion yen
- Interest and dividends on securities: (0.1) billion yen
- Interest on deposits: (0.4) billion yen
- Gains (losses) on bonds: (0.8) billion yen
- Option losses related to buy/write operations: (0.4) billion yen

■ **Net core banking profit** over first half of FY2010: 0.3 billion yen  
(Main changes)

- Interest income: (0.7) billion yen
- Expenses: (0.1) billion yen
- Option losses related to buy/write operations: (0.4) billion yen

■ **Ordinary profit** over first half of FY2010: 1.3 billion yen  
(Main changes)

- Bad debt disposals: (1.5) billion yen
- Gains on reversal from loan loss reserves: 1.2 billion yen
- Gains (losses) on stocks: (0.5) billion yen
- Gains (losses) on sales of stocks and other securities: 0.1 billion yen
- Loss on devaluation of stocks and other securities: 0.3 billion yen

Drop in interest income: lower market interest rates lead to decline in interest income, interest on deposits also declines

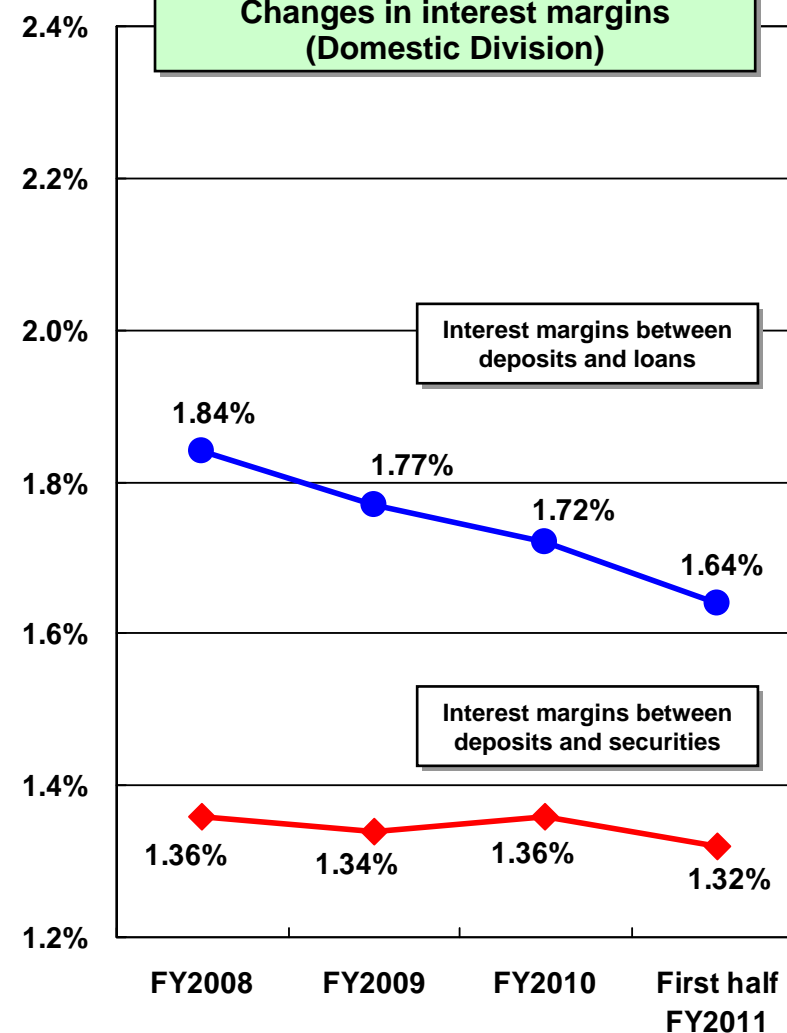
## Changes in breakdown of interest income

(Billion yen)	First half FY2008	First half FY2009	First half FY2010	First half FY2011	Change over a year earlier
Interest income (i)	37.1	32.4	32.5	31.6	(0.8)
Foreign currency denominations	4.1	1.4	2.4	2.8	0.4
Interest on loans and bills discounted	22.6	21.0	19.9	18.8	(1.0)
Foreign currency denominations	0.0	0.0	0.0	0.0	0.0
Interest and dividends on securities	11.1	10.2	10.5	10.3	(0.1)
Foreign currency denominations	0.9	0.2	0.5	0.5	0.0
Others	3.2	1.1	2.0	2.4	0.3
Foreign currency denominations	3.1	1.1	1.9	2.2	0.3
Interest expenses (ii)	9.3	5.1	4.6	4.5	(0.1)
Foreign currency denominations	4.2	1.4	1.8	2.2	0.3
Interest on deposits	8.2	4.8	3.8	3.4	(0.4)
Foreign currency denominations	3.4	1.3	1.4	1.5	0.1
Others	1.0	0.3	0.8	1.1	0.3
Foreign currency denominations	0.7	0.0	0.4	0.7	0.2
Fund trust management expenses (iii)	0.0	0.0	0.0	0.0	(0.0)
Foreign currency denominations	0.0	0.0	0.0	0.0	(0.0)
Interest income = (i) - (ii) + (iii)	27.8	27.2	27.9	27.1	(0.7)
Foreign currency denominations	(0.0)	(0.0)	0.6	0.6	0.0

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

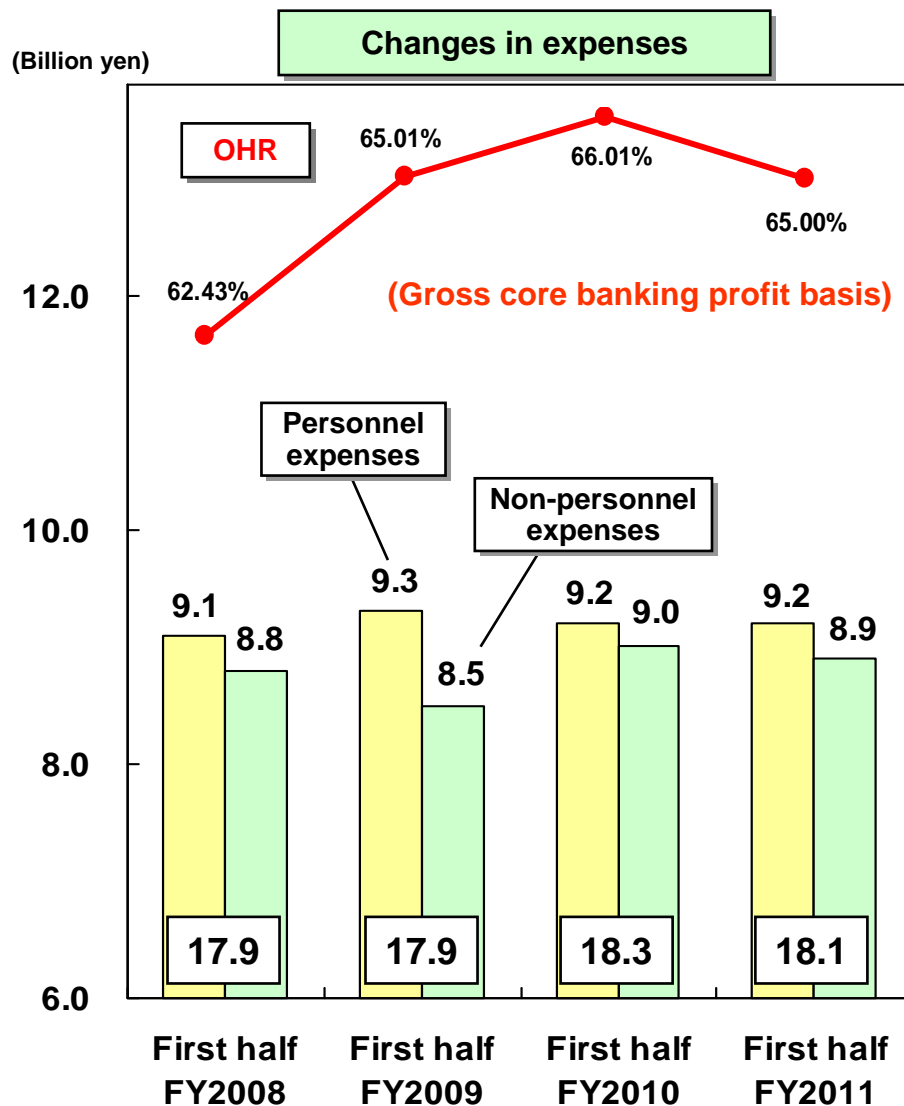
(Billion yen)	Over the previous year changes in gains (losses)	Balance factor		Yield factor	
		Difference in average balance	Interest	Difference in yield	Interest
Interest income	(0.8)	156.6	1.3	(0.123)%	(2.2)
Interest on loans and bills discounted	(1.0)	39.6	0.3	(0.136)%	(1.4)
Interest and dividends on securities	(0.1)	70.6	0.5	(0.101)%	(0.6)
Interest expenses	(0.1)	141.0	0.1	(0.017)%	(0.2)
Interest on deposits	(0.4)	74.6	0.0	(0.029)%	(0.4)
Changes in interest income	(0.7)		1.1		(1.9)

## Changes in interest margins (Domestic Division)

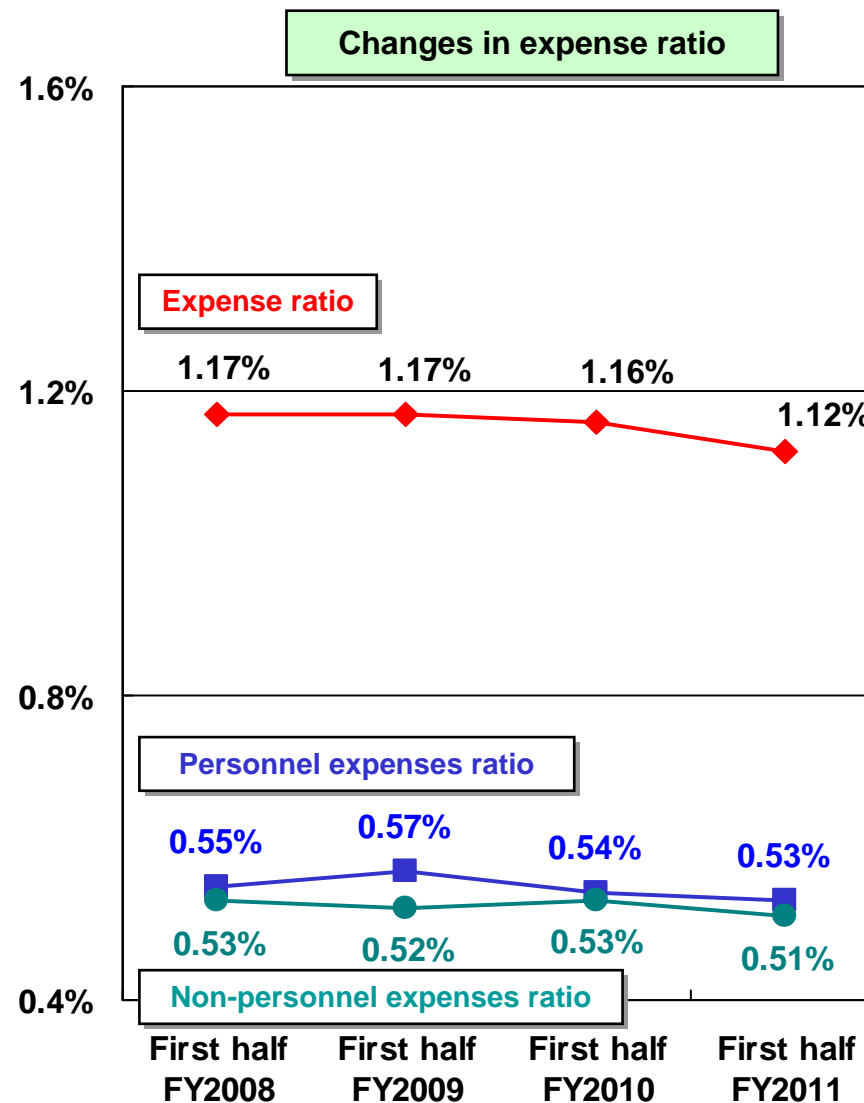


# Changes in Expenses

## Non-personnel expenses decline year on year



\* Excludes taxes

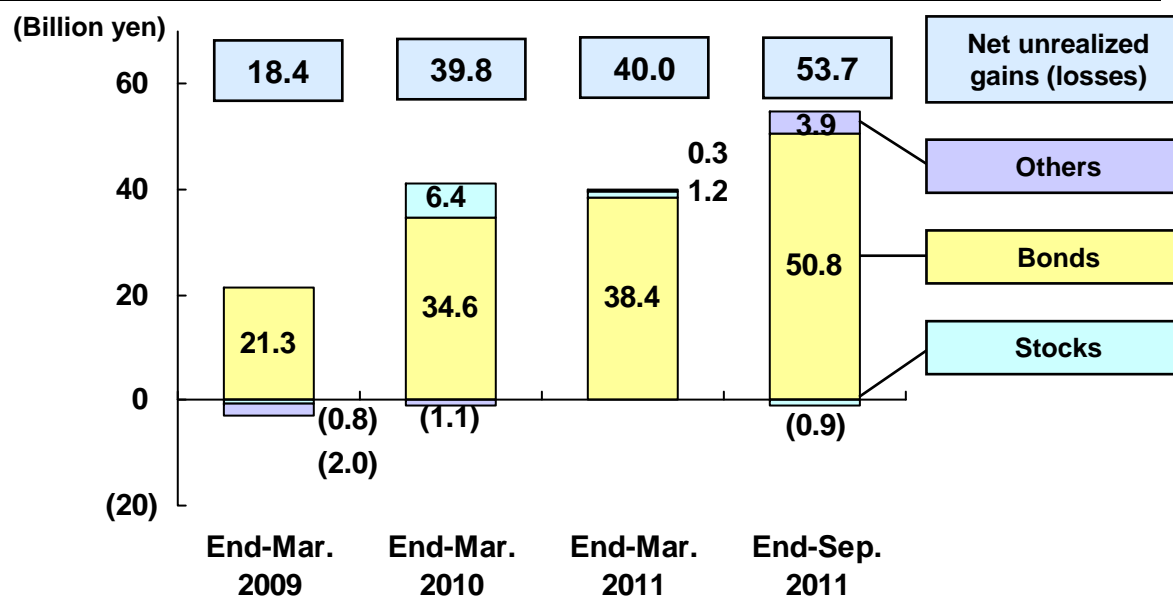


# Unrealized Gains (Losses) on Securities

Unrealized gains on bonds increase sharply due to decline in long-term interest rates

## Other unrealized gains (losses) on securities

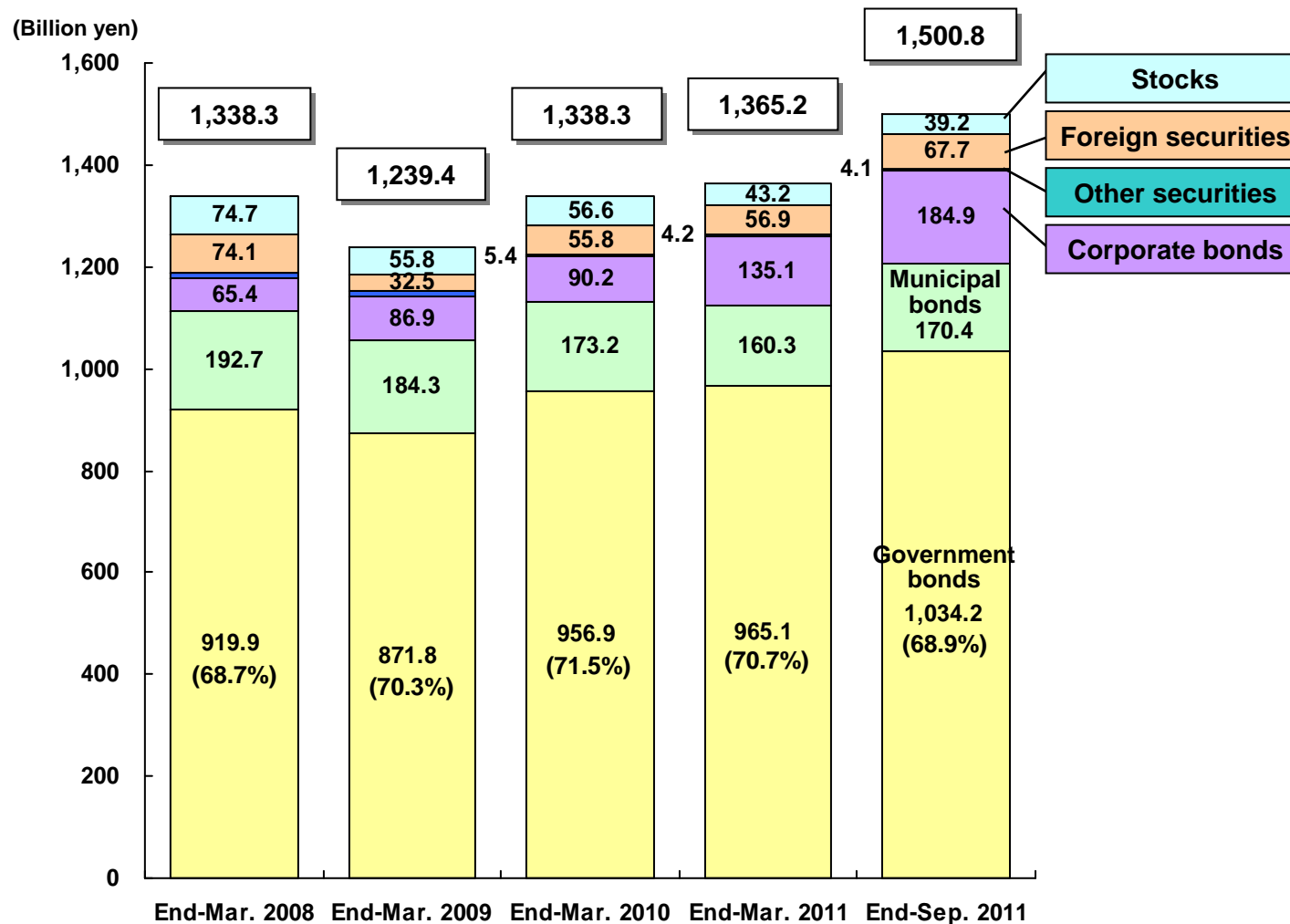
(Billion yen)	End-Mar. 2009	End-Mar. 2010	End-Mar. 2011	End-Sep. 2011	Change over End-Mar. 2011	Unrealized gains	Unrealized losses
<b>Total</b>	18.4	39.8	40.0	53.7	13.6	60.2	6.4
Bonds	21.3	34.6	38.4	50.8	12.3	51.4	0.6
Stocks	(0.8)	6.4	1.2	(0.9)	(2.2)	4.5	5.4
Others	(2.0)	(1.1)	0.3	3.9	3.5	4.2	0.3
Yields on 10-year government bonds	1.340%	1.395%	1.255%	1.020%	(0.235)%		
Nikkei Stock Average (yen)	8,109	11,089	9,755	8,700	(1,055)		
TOPIX (yen)	773	978	869	761	(108)		



# Changes in Balances of Securities Portfolio

## Portfolio emphasizing government bonds

### Changes in balances of securities portfolio



# Securities Portfolio

## Balance of securities by remaining period (End-Sep. 2011)

(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	54,914	223,939	58,835	330,202	366,404	–	–	1,034,296
Municipal bonds	13,891	51,402	32,026	44,175	28,920	–	–	170,416
Corporate bonds	12,794	81,270	32,549	25,422	13,604	19,314	–	184,956
Stocks	–	–	–	–	–	–	39,281	39,281
Other securities	447	7,312	20,113	197	37,254	4,578	1,982	71,886
<b>Total</b>	<b>82,047</b>	<b>363,924</b>	<b>143,525</b>	<b>399,998</b>	<b>446,183</b>	<b>23,892</b>	<b>41,263</b>	<b>1,500,837</b>

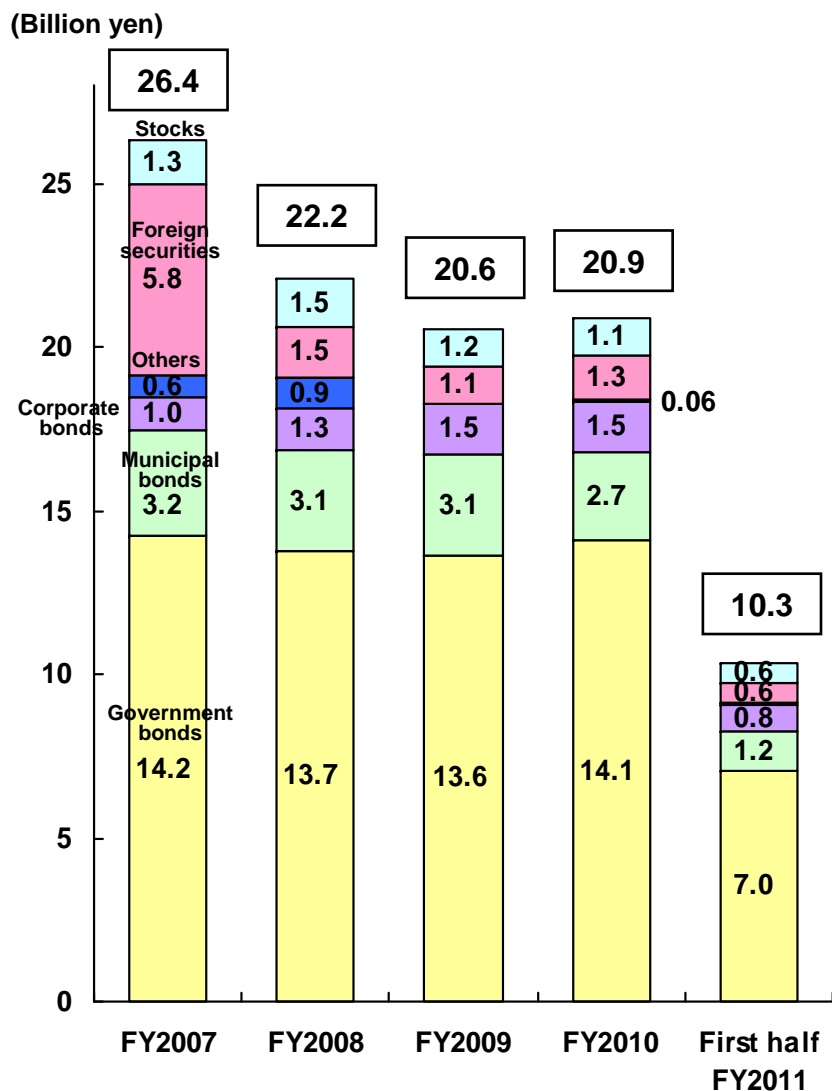
## Changes in performance

	FY2007	FY2008	FY2009	FY2010	First half FY2011
Yields on securities	1.93%	1.69%	1.57%	1.54%	1.47%
Investment deposit ratio (Average balance basis)	42.28%	40.48%	40.11%	40.49%	41.00%
Duration of yen-denominated bonds	5.54 years	5.70 years	5.63 years	5.44 years	5.22 years
Gains (losses) on securities*	31.0 billion yen	16.8 billion yen	20.3 billion yen	23.2 billion yen	9.2 billion yen

\* Includes interest and dividends on securities

# Interest and Dividends on Securities

Interest and dividends on securities by type

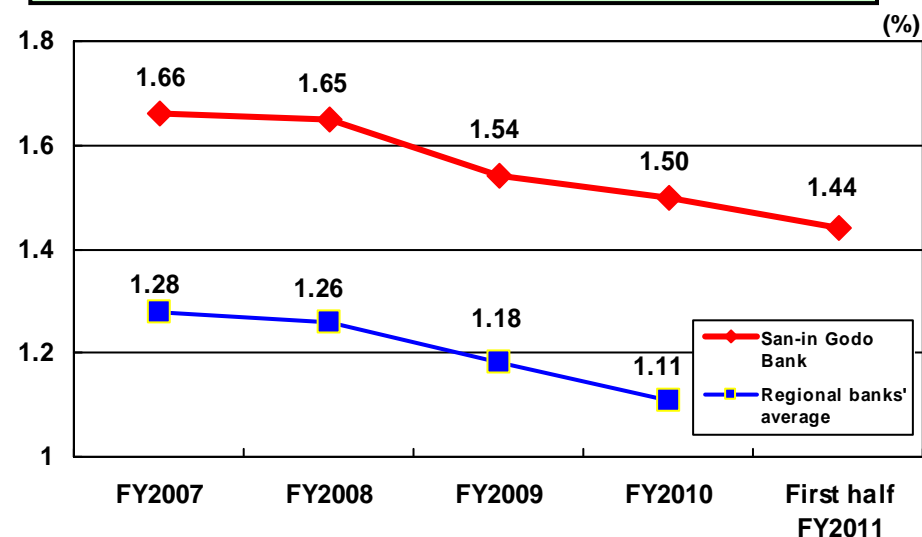


\* Excludes interest on trading securities

Changes in yields on securities

	FY2007	FY2008	FY2009	FY2010	First half FY2011
Government bonds	1.55%	1.51%	1.46%	1.46%	1.45%
Municipal bonds	1.73%	1.70%	1.69%	1.64%	1.54%
Corporate bonds	1.66%	1.70%	1.72%	1.34%	0.95%
Stocks	2.38%	2.26%	2.21%	2.48%	2.91%
Foreign securities	4.65%	2.65%	2.33%	2.35%	2.12%
Other securities	4.56%	7.43%	0.15%	1.16%	0.59%
<b>Total</b>	<b>1.93%</b>	<b>1.69%</b>	<b>1.57%</b>	<b>1.54%</b>	<b>1.47%</b>

Changes in yields on securities (Domestic Division)



## High risk tolerance based on robust capital

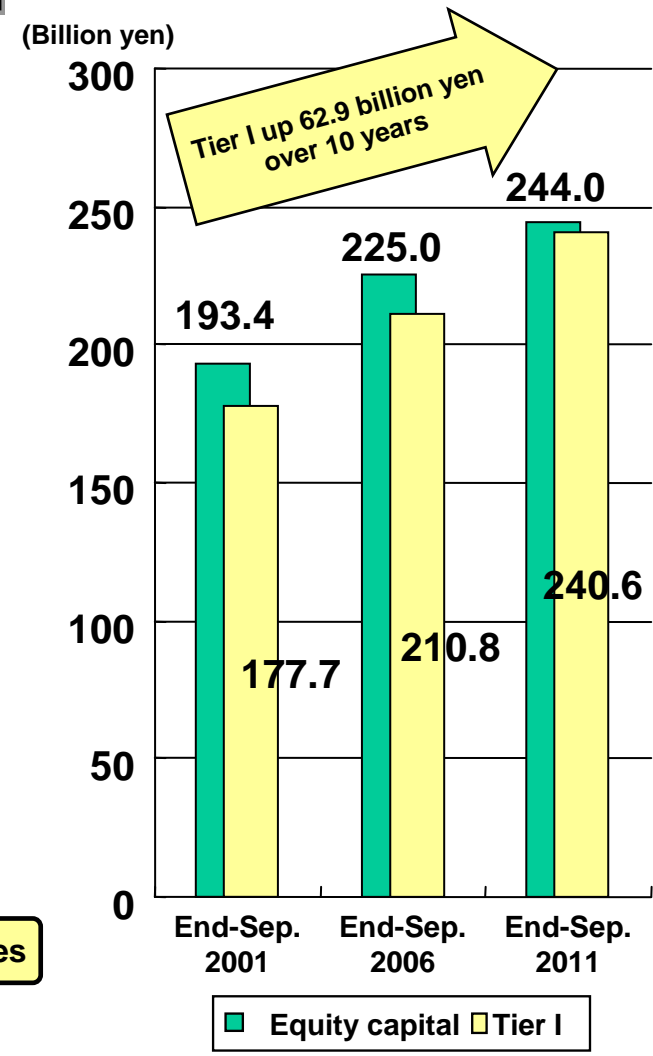
Relationship of capital adequacy ratio to interest rates and share prices (End-Sep. 2011)

Share prices		TOPIX (pp)						
		500	600	700	800	900	1,000	1,100
Interest rates	0.75	17.18	17.18	17.18	17.18	17.18	17.18	17.18
	1.00	17.18	17.18	17.18	17.18	17.18	17.18	17.18
	1.25	17.18	17.18	17.18	17.18	17.18	17.18	17.18
	1.50	17.18	17.18	17.18	17.18	17.18	17.18	17.18
	1.75	16.4	16.7	16.9	17.1	17.18	17.18	17.18
	2.00	15.1	15.4	15.6	15.9	16.2	16.4	16.7
	2.25	13.8	14.0	14.3	14.6	14.9	15.1	15.4
	2.50	12.5	12.7	13.0	13.3	13.6	13.8	14.1
	2.75	11.2	11.4	11.7	12.0	12.3	12.5	12.8
	3.00	9.9	10.1	10.4	10.7	11.0	11.2	11.5

\*Before considering proposals to make capital adequacy regulations more flexible (Before tax)

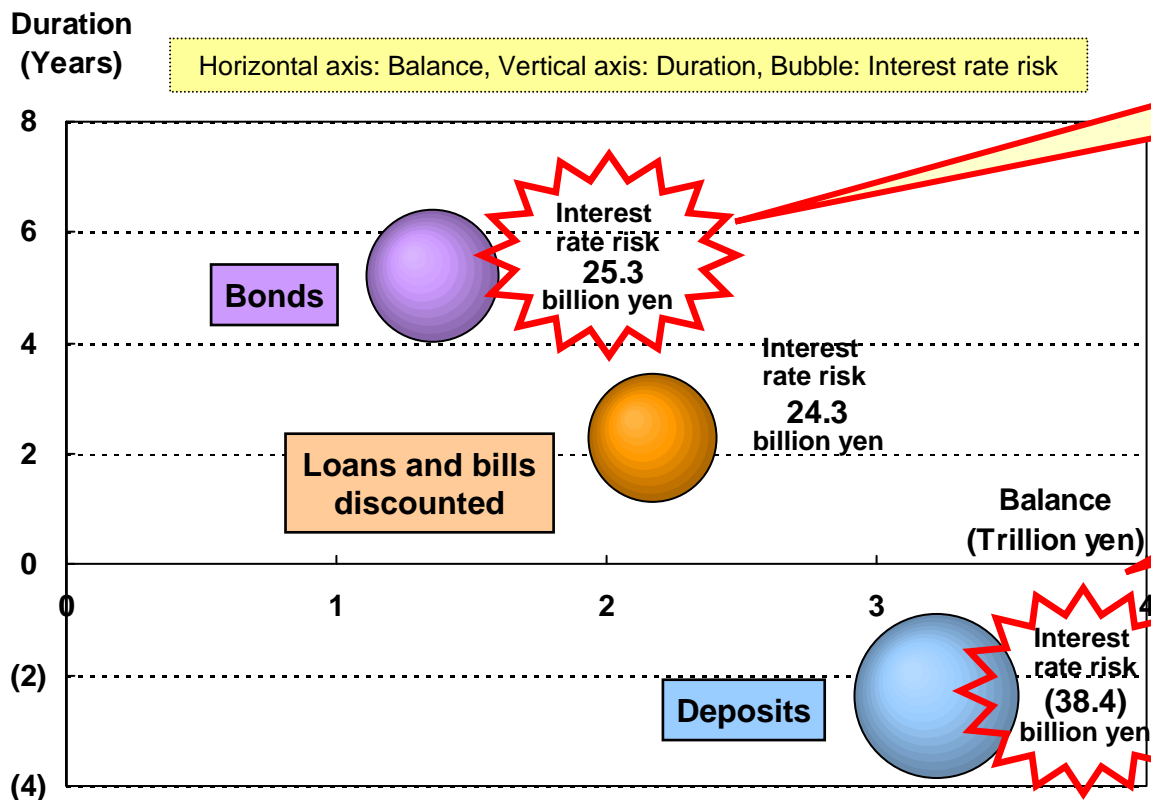
Capital sufficient for covering interest rate increases and share price declines

<Changes in equity capital>



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

### Duration of assets and liabilities (yen denominated, End-Sep. 2011)



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

◆ Specialize in investment utilizing stable funding sources

◆ Introduce an internal model to estimate core deposits, and undertake 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

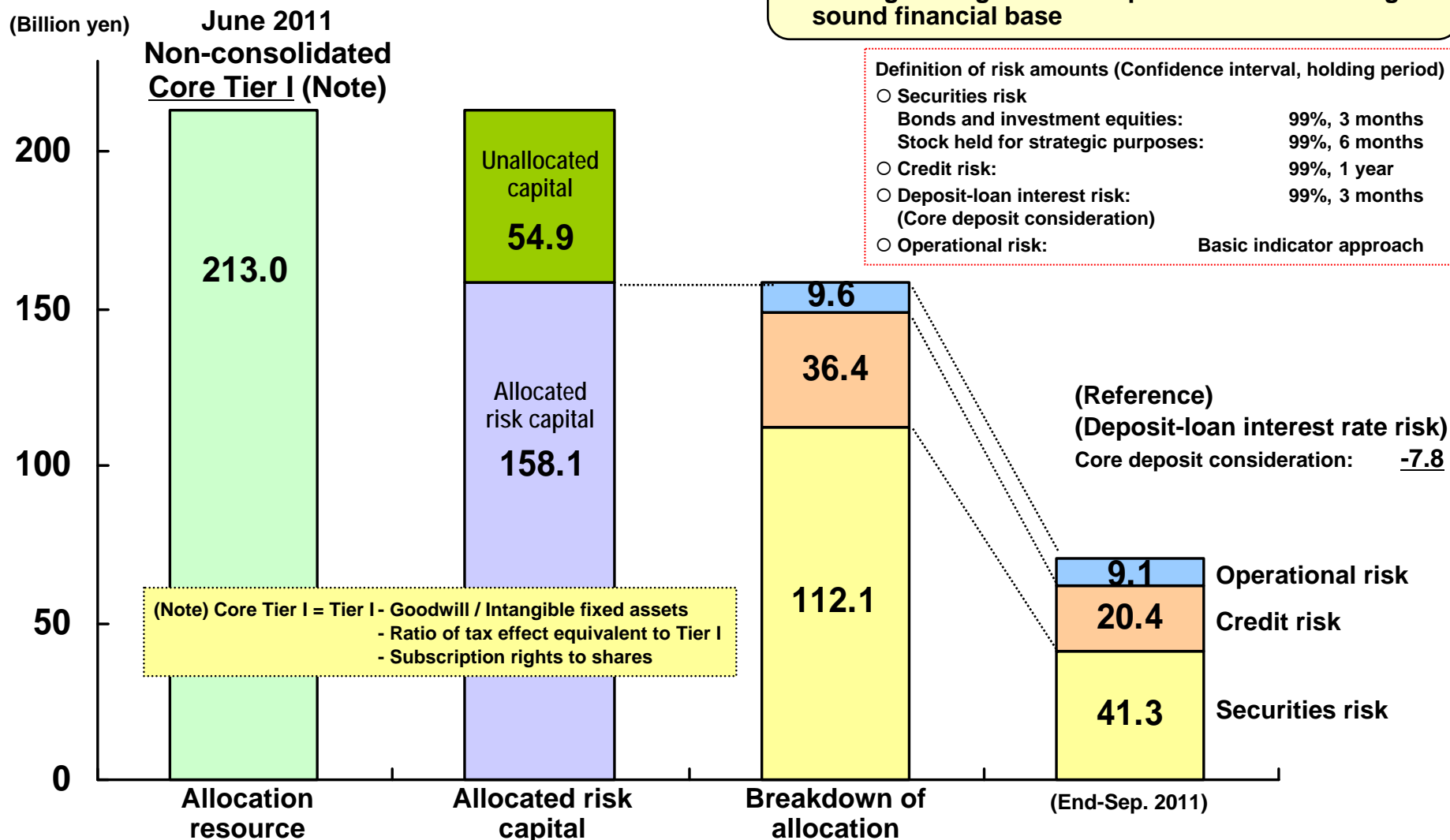
### Interest rate risk for the San-in Godo's own account (End-Sep. 2011)

	Internal model	Standardized approach
Interest rate risk	13.1 billion yen	31.1 billion yen
Outlier ratio	5.36%	12.70%

\* 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.

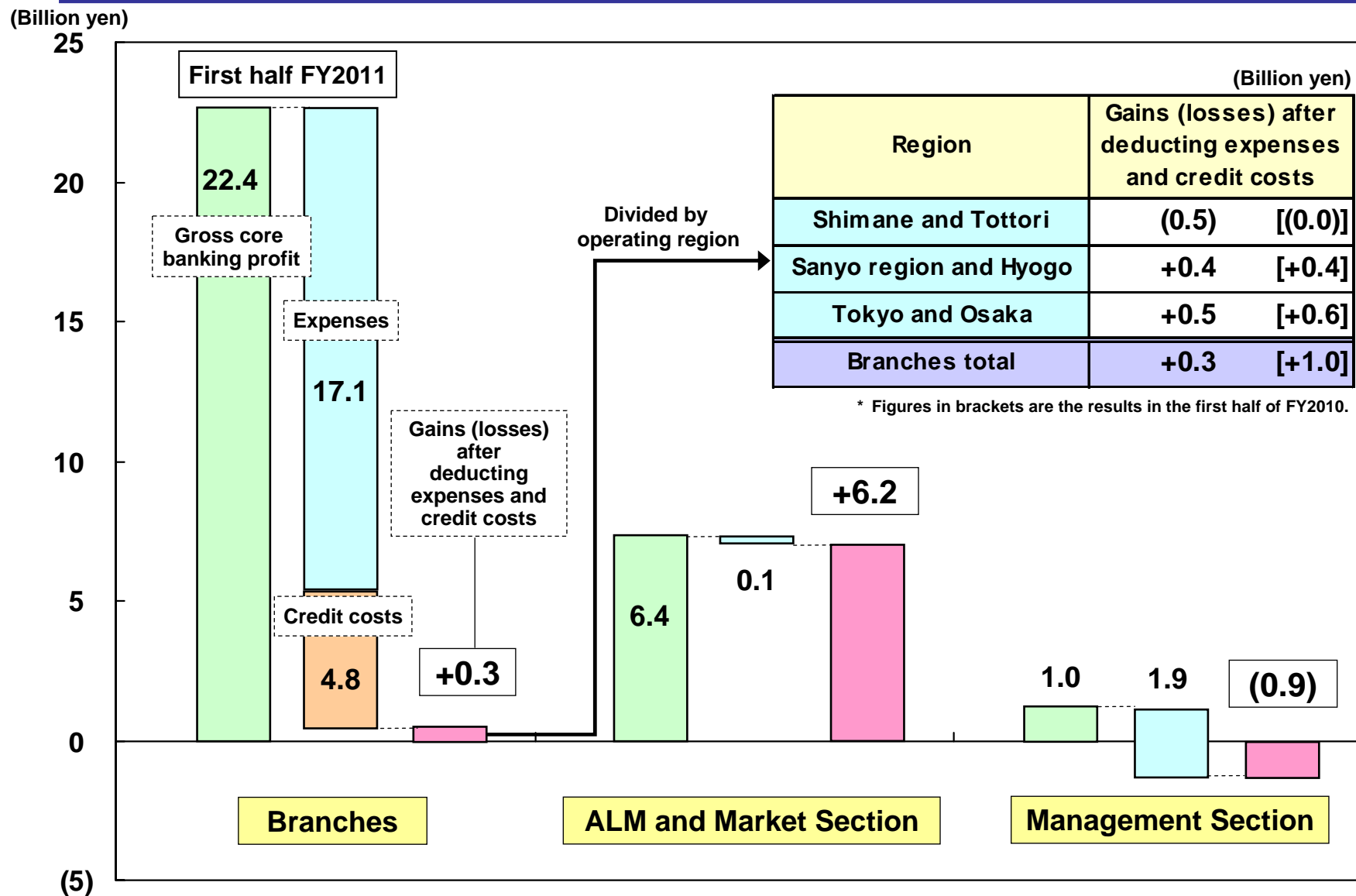
## Capital allocation for the second half of FY2011

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



# Profits and Losses by Section

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



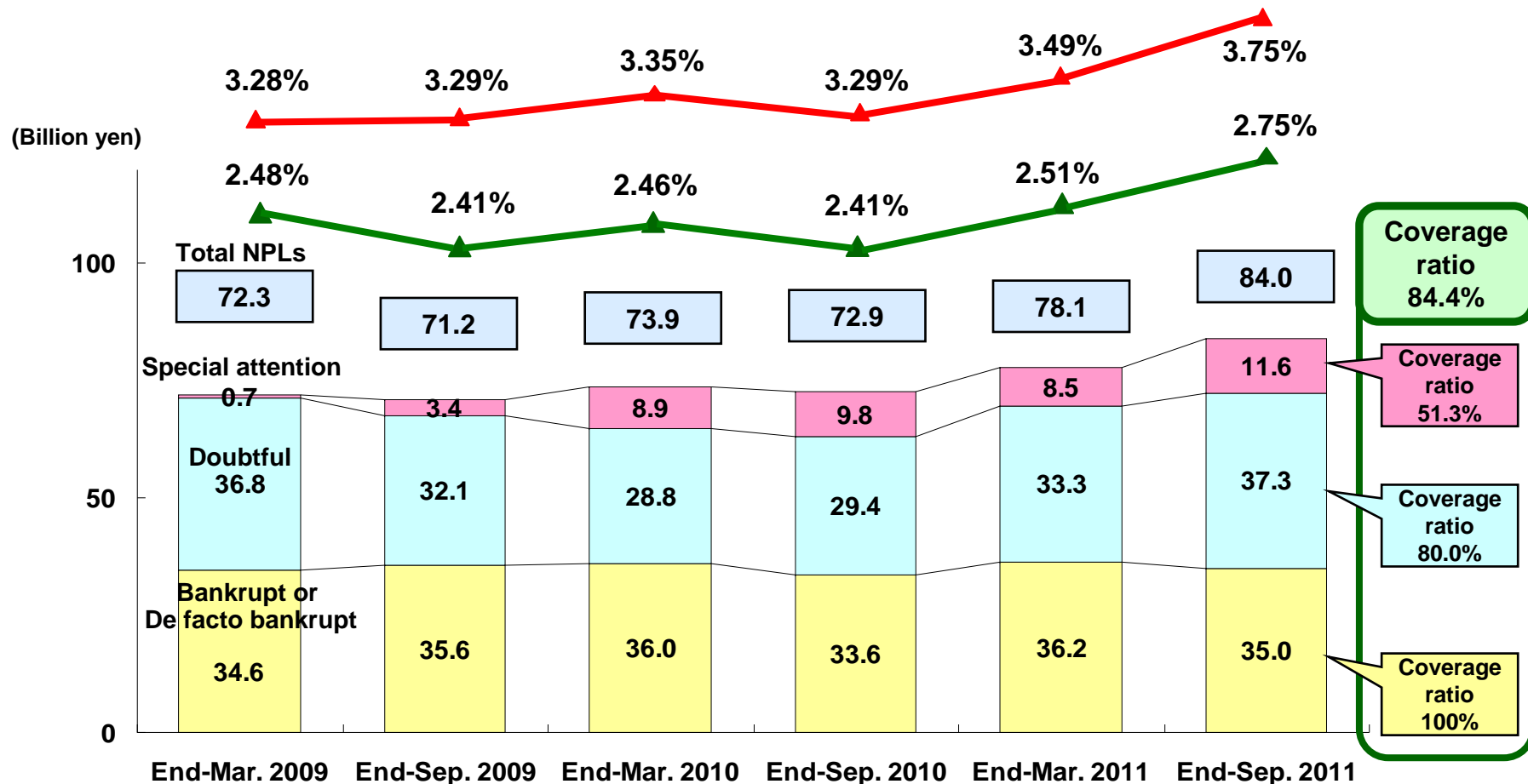
# Changes in Balance of Disclosed NPLs (Loans Based on the Financial Reconstruction Act)

The bad debt total increased primarily because major customers went bankrupt

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

	End-Mar. 2010	End-Sep. 2010	End-Mar. 2011	End-Sep. 2011
Shimane and Tottori	4.1%	4.1%	4.1%	4.5%
Sanyo region and Hyogo	3.3%	3.4%	4.3%	4.7%
Tokyo and Osaka	0.5%	0.4%	0.4%	0.3%

**NPL balance ratio**  
**Ratio on partial direct write-off basis**



# *Part II*

# *Prospects for Business Results in FY2011*

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## Net interest income forecast to decrease

### Interest income plan in FY2011 (average balance and yields)

(Billion yen)

	FY2010 (Results)			FY2011 (Plan)			Change over FY2010		
	Average balance	Yields	Interest	Average balance	Yields	Interest	Average balance	Yields	Interest
<b>Loans and bills discounted</b>	<b>2,124.0</b>	<b>1.85%</b>	<b>39.4</b>	<b>2,178.2</b>	<b>1.72%</b>	<b>37.5</b>	<b>54.2</b>	<b>(0.13)%</b>	<b>(1.9)</b>
Japanese yen	2,122.7	1.85%	39.4	2,162.1	1.72%	37.3	39.4	(0.13)%	(2.1)
Foreign currency denominations	1.2	0.93%	0.0	16.1	1.09%	0.1	14.9	0.16%	0.1
<b>Securities</b>	<b>1,358.5</b>	<b>1.54%</b>	<b>20.9</b>	<b>1,448.3</b>	<b>1.45%</b>	<b>21.0</b>	<b>89.8</b>	<b>(0.09)%</b>	<b>0.1</b>
Japanese yen	1,322.2	1.50%	19.8	1,404.5	1.40%	19.7	82.3	(0.10)%	(0.1)
Foreign currency denominations	36.3	3.06%	1.1	43.8	2.93%	1.2	7.5	(0.13)%	0.1
<b>Deposits</b>	<b>3,326.0</b>	<b>0.22%</b>	<b>7.3</b>	<b>3,377.2</b>	<b>0.19%</b>	<b>6.6</b>	<b>51.2</b>	<b>(0.03)%</b>	<b>(0.7)</b>
Japanese yen	3,164.8	0.14%	4.4	3,213.9	0.11%	3.6	49.1	(0.03)%	(0.8)
Foreign currency denominations	161.1	1.82%	2.9	163.3	1.78%	2.9	2.2	(0.04)%	0.0
Other investments - Fundraising			2.4			2.2			(0.2)
<b>Interest income</b>			<b>55.4</b>			<b>54.2</b>			<b>(1.2)</b>

# Plans for Balance of Deposits

Build a mechanism to gather deposits: salary and pension accounts for individual clients, accounts for settlement for corporate clients

Plans for balance of deposits by region and sector in the second half of FY2011 (average balance)

(Billion yen)

	Shimane and Tottori		Sanyo region and Hyogo		Tokyo and Osaka		Headquarters		Total	
	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year
Corporates	673.8	4.0	115.3	0.9	29.5	(4.9)	0.0	(1.9)	818.6	(1.9)
Individuals	2,058.5	76.6	105.4	3.3	5.2	(0.1)	5.9	0.2	2,175.0	80.0
Local authorities	244.2	11.7	2.8	(1.9)	-	-	-	-	247.0	9.8
Financial institutions	26.5	(0.5)	2.2	(0.9)	89.5	(28.1)	1.3	(3.9)	119.6	(33.3)
Total deposits	3,003.1	91.8	225.7	1.5	124.2	(33.1)	7.2	(5.5)	3,360.2	54.6

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

# Plans for Balance of Loans and Bills Discounted

**Increase corporate lending by strengthening hold on customers**

**Plans for balance of loans and bills discounted by region and sector in the second half of FY2011 (average balance)**

(Billion yen)

	Shimane and Tottori		Sanyo region and Hyogo		Tokyo and Osaka		Headquarters		Total	
	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year	Average balance estimate	Change over the previous fiscal year
Corporates	600.0	1.6	367.0	9.3	302.0	39.1	-	-	1,269.0	50.0
Individuals	357.5	7.7	90.6	(9.2)	0.4	(0.1)	2.7	0.2	451.3	(1.3)
Local authorities	307.9	6.6	4.9	(0.5)	-	-	-	-	312.8	6.2
Financial institutions	14.7	(0.3)	2.1	(0.1)	146.9	3.4	-	-	163.7	3.0
<b>Total loans and bills discounted</b>	<b>1,280.2</b>	<b>15.8</b>	<b>464.6</b>	<b>(0.5)</b>	<b>449.3</b>	<b>42.4</b>	<b>2.7</b>	<b>0.2</b>	<b>2,196.8</b>	<b>57.8</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 stronger investment banking operations and credit card business

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

(Billion yen)

	FY2008	FY2009	FY2010	FY2011	
				Plan	Component ratio
Income from fees and commissions (i)	8.8	8.0	8.8	9.1	99.8%
Commission income from exchange transactions	3.0	2.9	2.8	2.7	29.7%
Other commission income	5.7	5.0	6.0	6.3	70.1%
ATM related commission	0.8	0.8	0.9	0.9	10.5%
Investment products (Investment trusts)	0.7	0.5	0.5	0.5	6.0%
Investment products (Individual annuity insurance)	1.0	0.7	0.8	0.9	10.3%
Commission from investment banking business	0.2	0.2	0.1	0.3	3.7%
Credit card business related commission	-	-	0.8	1.0	11.1%
Other	2.8	2.7	2.6	2.5	28.2%
Income from coupon swaps (ii)	0.1	0.0	0.0	0.0	0.1%
Total of income from fees and commissions business [ (i) + (ii) ]	9.0	8.0	8.8	9.1	100.0%

# *Part III*

# *Status of Loan Portfolio*

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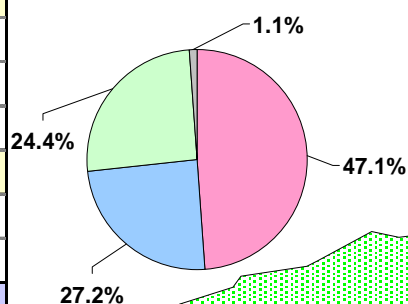
# Branch Network and Summary of Loan Portfolio by Prefecture

As of September 30, 2011	Number of branches
Shimane	68
Tottori	59
<b>Shimane and Tottori</b>	<b>127</b>
Hiroshima	5
Okayama	5
Hyogo	6
<b>Sanyo region and Hyogo</b>	<b>16</b>
Osaka	1
Tokyo	1
<b>Grand total</b>	<b>145</b>

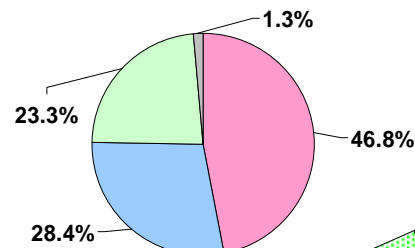
(Headquarters, branches and sub-branch offices)

**Balance of loans and bills discounted (End-Sep. 2011): ¥2,193.0 billion**

**¥719.9 billion**

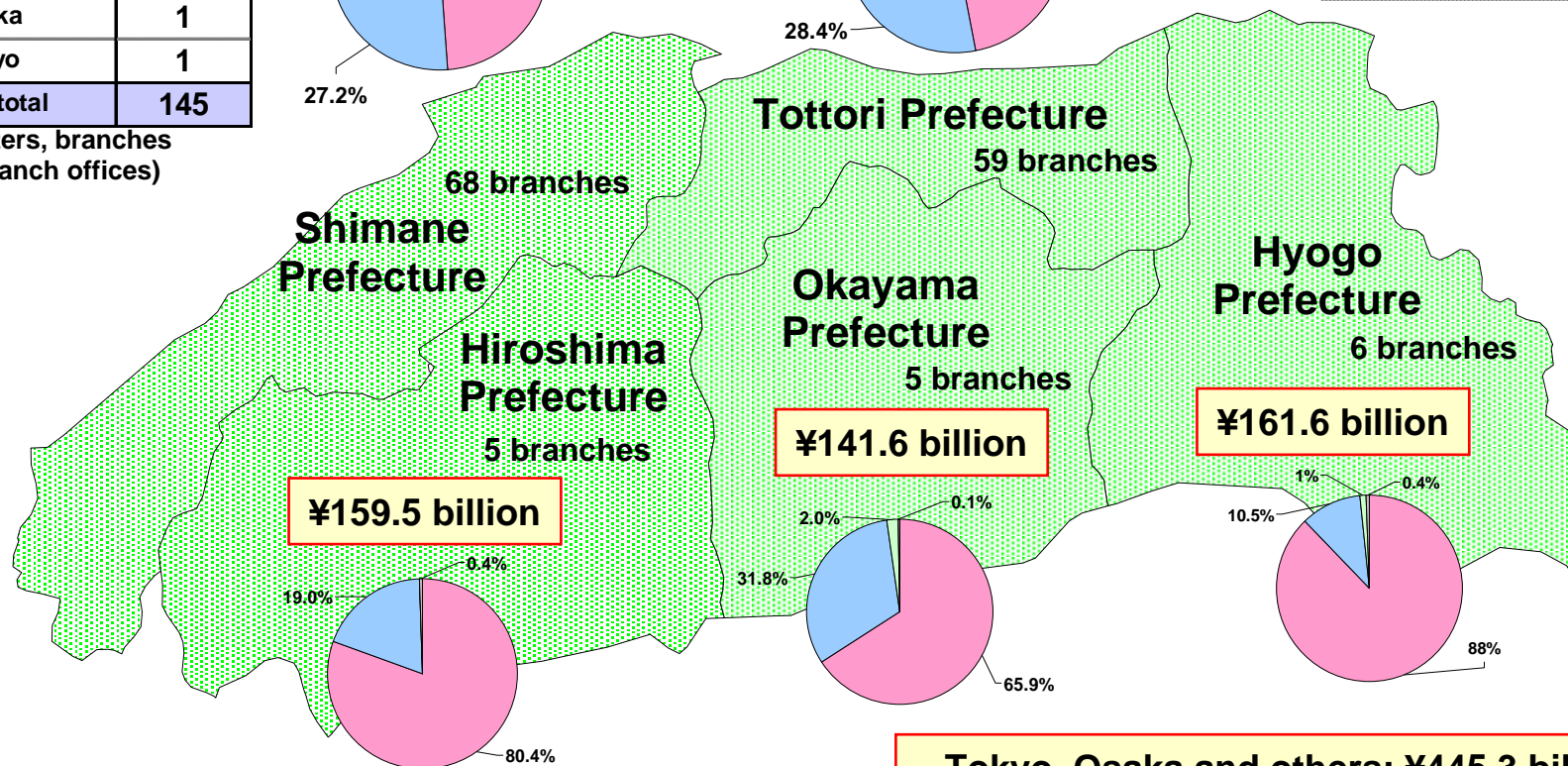


**¥564.9 billion**



**Balance of loans and bills discounted by prefecture**

- Corporates
- Individuals
- Local authorities
- Financial institutions



**Tokyo, Osaka and others: ¥445.3 billion**

# Yields on Loans and Bills Discounted by Region and Market

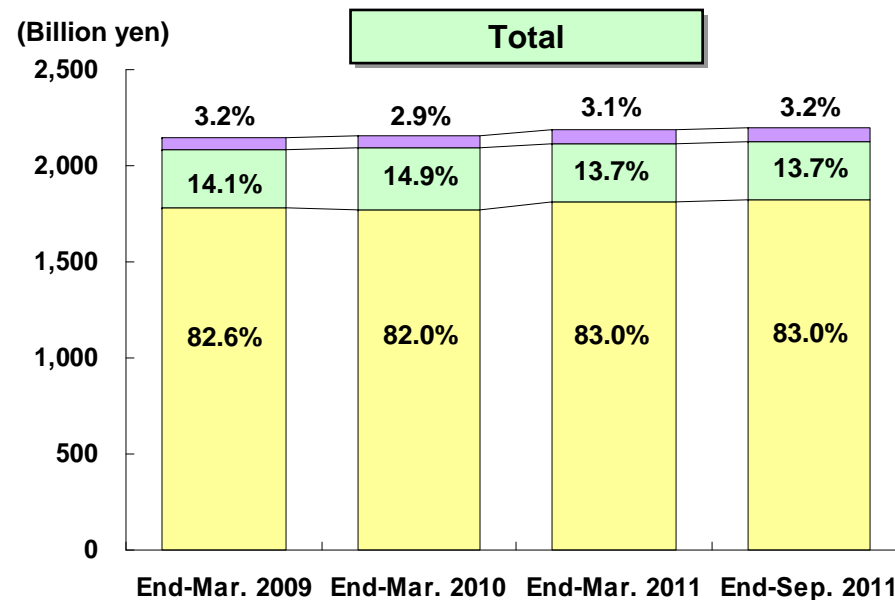
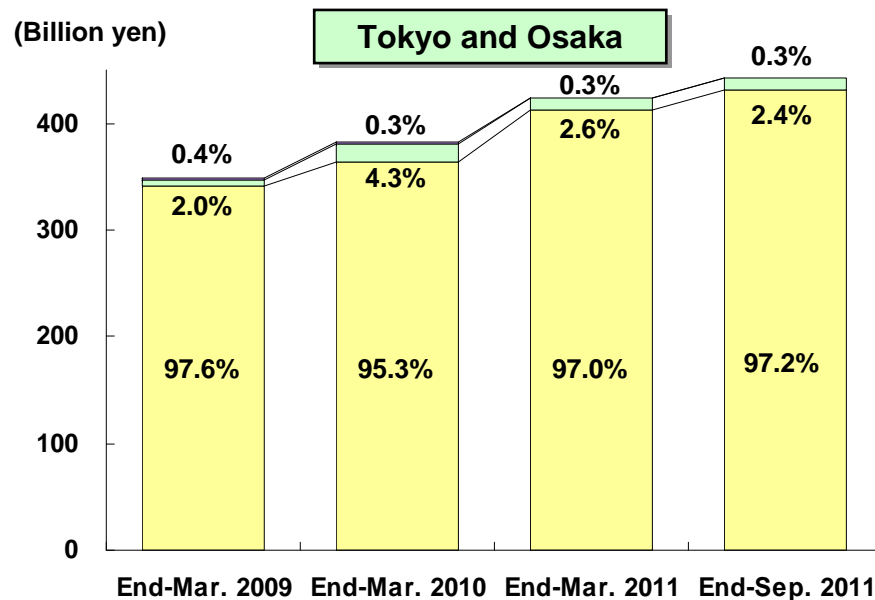
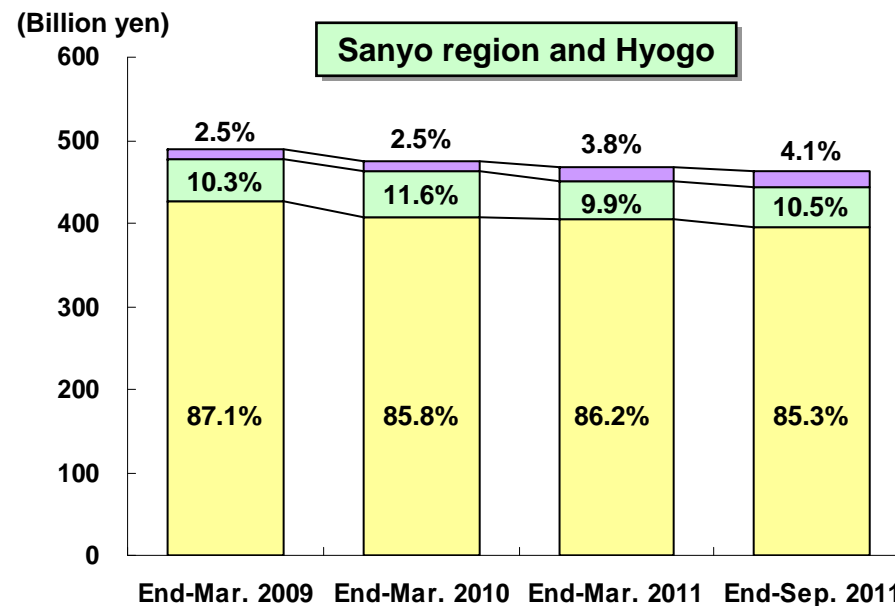
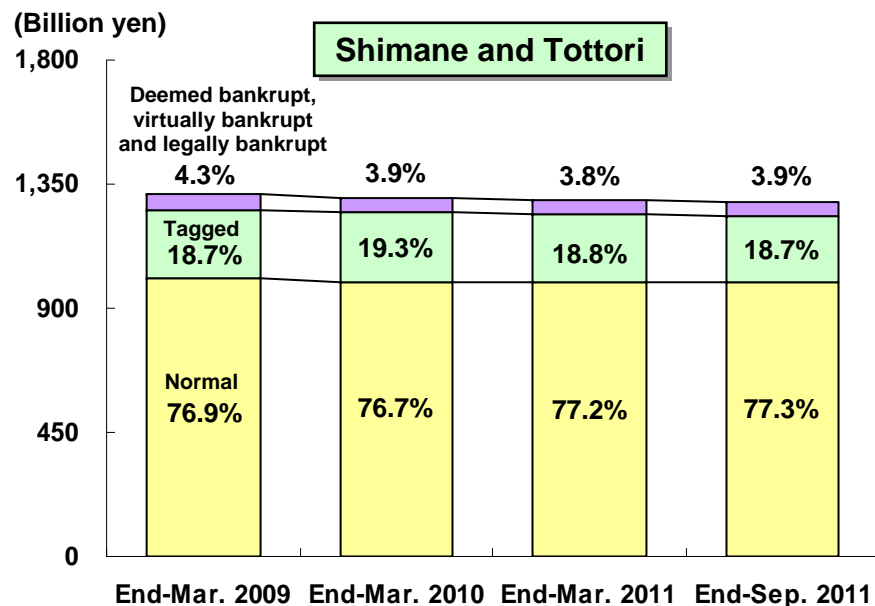
## Changes in yields on loans and bills discounted by region and market

(%)

	Shimane and Tottori				Sanyo region and Hyogo				Tokyo and Osaka				Market average			
	FY2008	FY2009	FY2010	First half FY2011	FY2008	FY2009	FY2010	First half FY2011	FY2008	FY2009	FY2010	First half FY2011	FY2008	FY2009	FY2010	First half FY2011
Corporates	2.46	2.21	2.09	2.04	1.90	1.64	1.48	1.41	1.23	1.01	0.82	0.73	2.09	1.82	1.64	1.56
Individuals	2.96	2.86	2.75	2.68	2.39	2.52	2.48	2.44	3.62	3.52	3.42	3.36	2.82	2.78	2.69	2.63
Local authorities	1.53	1.53	1.48	1.48	1.57	1.56	1.55	1.58	-	-	-	-	1.53	1.53	1.48	1.48
Finance and insurance	2.07	1.91	1.77	1.80	1.45	0.87	0.72	0.71	1.16	1.04	0.98	0.95	1.32	1.16	1.05	1.02
Regional average	2.40	2.23	2.12	2.08	2.02	1.85	1.69	1.62	1.21	1.03	0.88	0.80	2.12	1.94	1.80	1.73

\* Aggregated interest received in the period / Aggregated balance

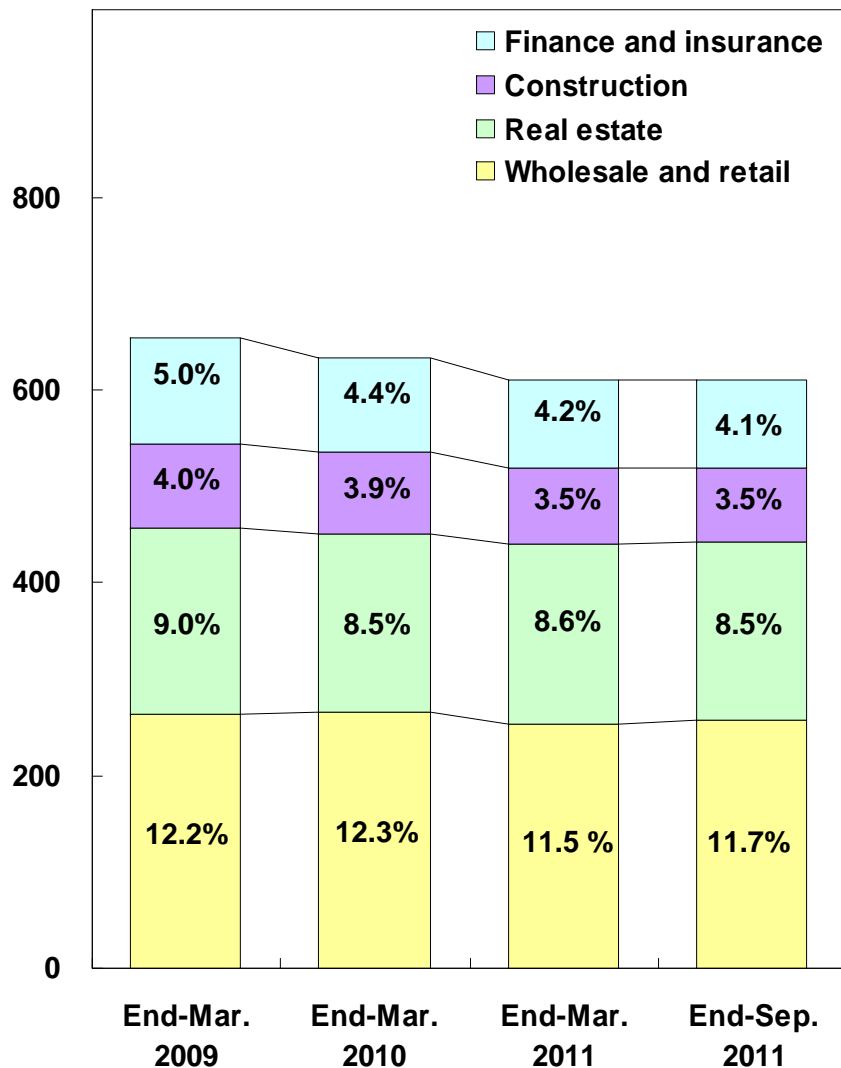
# Status of Loan Portfolio by Borrower Category (by Region)



# Concentration of Loans in Specific Industries

**Changes in loans to specific industries**

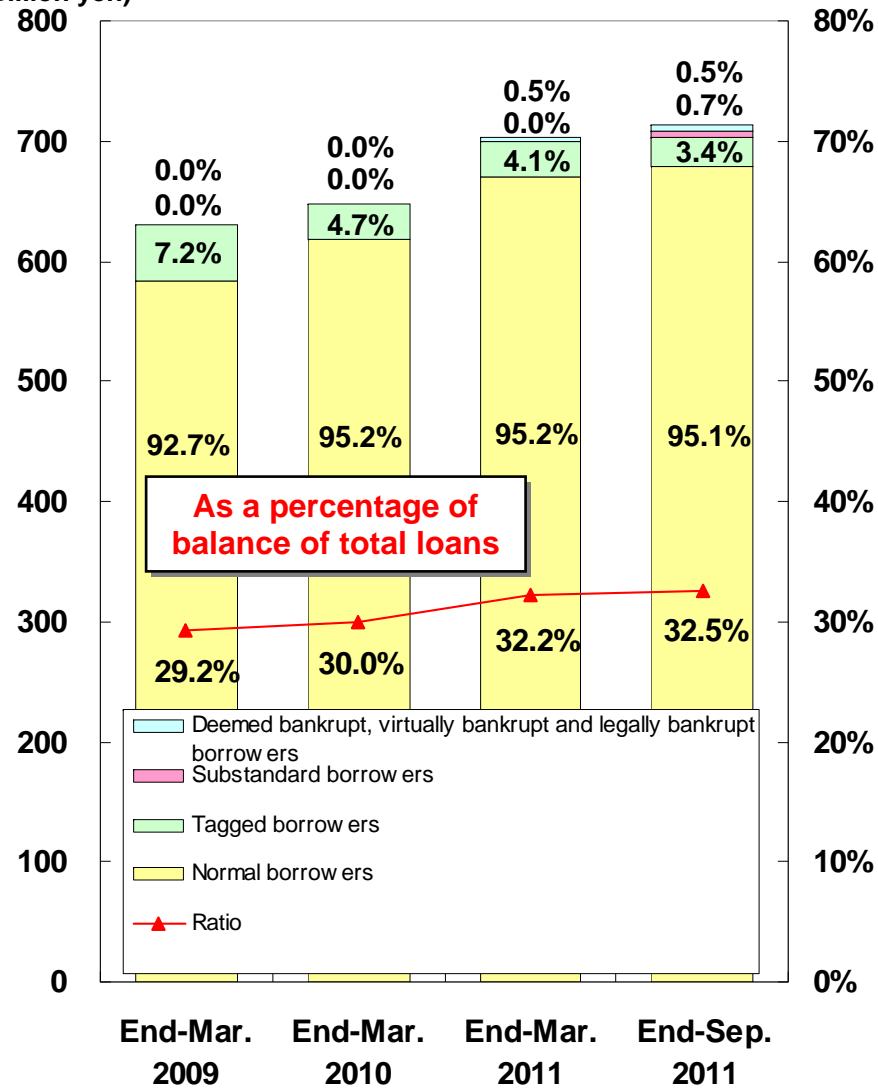
(Billion yen)



\* As a percentage of balance of total loans

**Classification of Top 100 borrowers**

(Billion yen)



# Changes in NPL Disposals by Factor

(Billion yen)

Factors	FY2007	FY2008	FY2009	FY2010	First half FY2011
A. Recognition of NPLs (Bankrupt: Normal or Tagged ⇒ Virtually bankrupt or legally bankrupt)	4.1	5.9	2.0	6.6	0.2
B. Recognition of NPLs (Bankrupt: Deemed bankrupt ⇒ Virtually bankrupt or legally bankrupt)	1.8	1.6	1.3	0.8	0.5
Recognition of NPLs (total for A & B)	5.9	7.5	3.3	7.5	0.8
C. Downgraded customers (Deteriorating performance: Normal or Tagged ⇒ Deemed bankrupt)	4.7	3.3	2.2	2.4	1.1
D. Upgraded customers	(1.6)	(3.0)	(2.0)	(0.4)	(0.6)
Upgraded and downgraded customers (total for C & D)	3.0	0.2	0.2	2.0	0.5
E. Changes in collateral value	0.4	0.9	1.5	0.9	0.1
F. Changes in reserve ratio (Deemed bankrupt borrowers)	1.2	(0.1)	(1.0)	(0.8)	(0.4)
G. Individual calculations	0.0	(0.0)	(0.0)	0.9	(0.2)
H. Debt sold	0.7	(0.1)	(0.0)	(0.0)	-
I. Debt forgiveness	(0.0)	-	-	-	-
J. Other (collections, etc.)	(1.7)	(1.6)	(1.5)	(1.1)	(0.5)
Other (total for E through J)	0.6	(0.9)	(1.1)	(0.1)	(1.0)
Subtotal	9.6	6.8	2.4	9.4	0.3
K. Joint Responsibility System (reserves, accrued expenses)	0.0	0.1	0.2	0.0	0.0
L. Other	0.0	(0.0)	1.4	0.1	0.0
NPL Disposals - Total	9.7	6.9	4.1	9.5	0.4

# NPL Disposals by Region and Industry

## NPL disposals by region

(Billion yen)

Region	FY2007	FY2008	FY2009	FY2010	First half FY2011
Shimane and Tottori	7.0	2.8	2.2	2.2	0.1
Sanyo region and Hyogo	2.5	4.6	1.7	6.9	0.2
Tokyo and Osaka	0.1	(0.6)	0.0	0.2	(0.0)
<b>NPL disposals - Total</b>	<b>9.6</b>	<b>6.8</b>	<b>3.9</b>	<b>9.5</b>	<b>0.3</b>

## NPL disposals by industry

(Billion yen)

Industry	FY2007	FY2008	FY2009	FY2010	First half FY2011
Manufacturing	4.0	0.9	1.2	6.9	(0.1)
Fishery	0.0	0.5	0.2	0.2	(0.0)
Construction	1.7	1.7	0.1	0.4	(0.0)
Wholesale, Retail	1.7	0.7	(0.5)	0.9	0.3
Finance, Insurance	(0.0)	0.3	1.3	0.0	(0.0)
Real estate, Rental	0.4	1.4	0.1	(0.1)	0.1
Services	1.2	0.1	0.7	0.5	0.1
Others	0.5	0.9	0.5	0.5	0.0
<b>NPL disposals - Total</b>	<b>9.6</b>	<b>6.8</b>	<b>3.9</b>	<b>9.5</b>	<b>0.3</b>

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

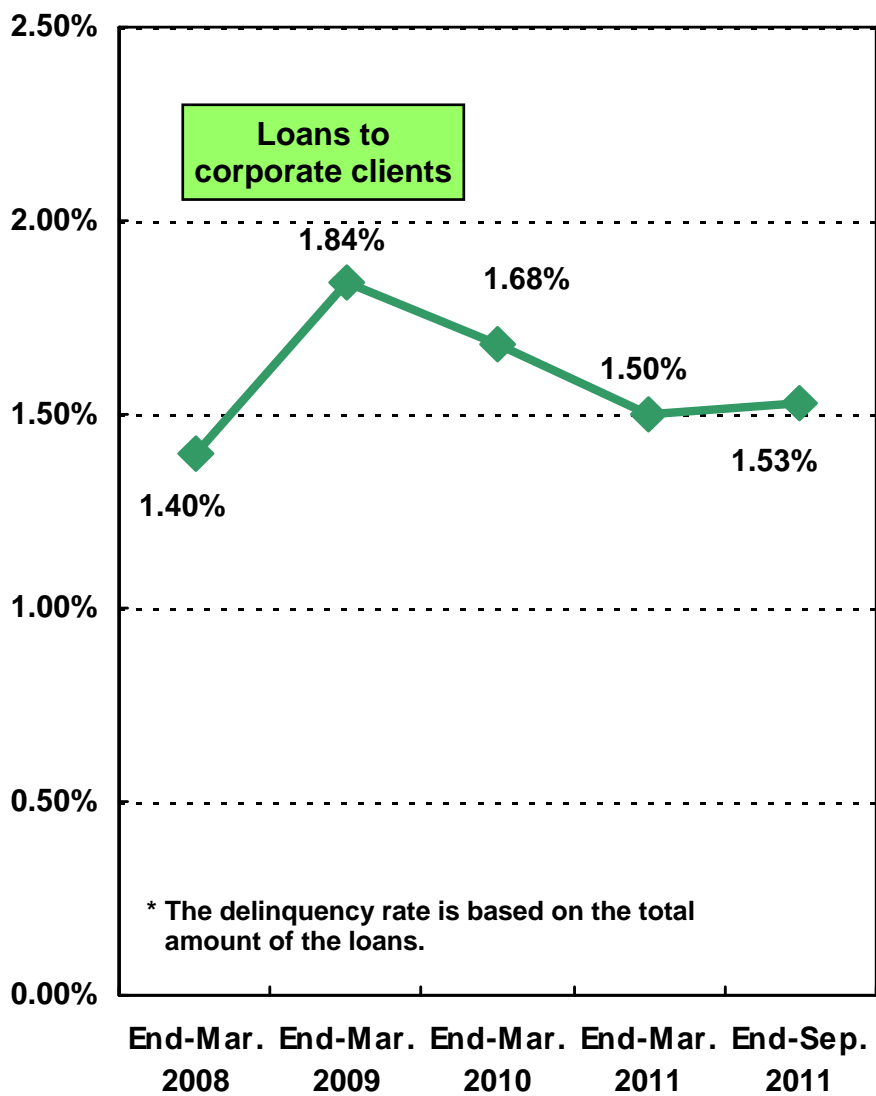
# Changes in Borrower Category

(Billion yen)

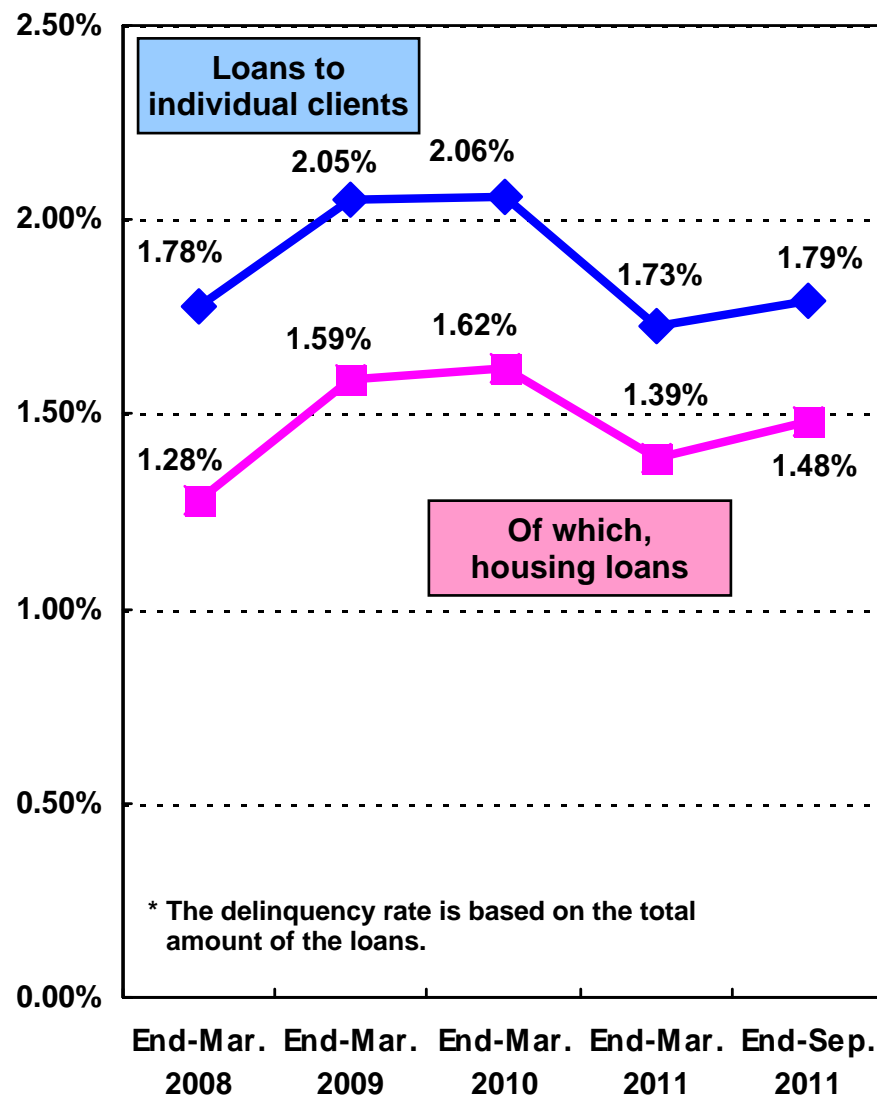
(Total credit basis)		First half of FY2011							
		Normal	Tagged	Substandard	Deemed bankrupt	Virtually bankrupt	Legally bankrupt	Bulk/Direct write-off	Collection
FY2010	Normal 1,818.4	1,762.9	29.9	0.3	0.7	0.2	0.0	–	24.1
	Tagged 302.4	20.1	261.5	10.3	5.1	0.7	0.1	–	4.3
	Substandard 11.0	–	1.0	7.6	2.1	0.0	–	–	0.1
	Deemed bankrupt 34.2	0.1	0.3	0.0	30.8	2.4	0.0	–	0.4
	Virtually bankrupt 20.8	0.0	0.1	0.6	0.0	18.2	1.2	–	0.4
	Legally bankrupt 15.2	–	0.8	–	–	–	13.4	0.9	0.1
	Total 2,202.3	1,783.1	293.9	19.0	38.8	21.7	14.8	0.9	29.7

# Changes in Delinquency Rate for Loans

Delinquency rate for loans to corporate clients



Delinquency rate for loans to individual clients



# *Part IV*

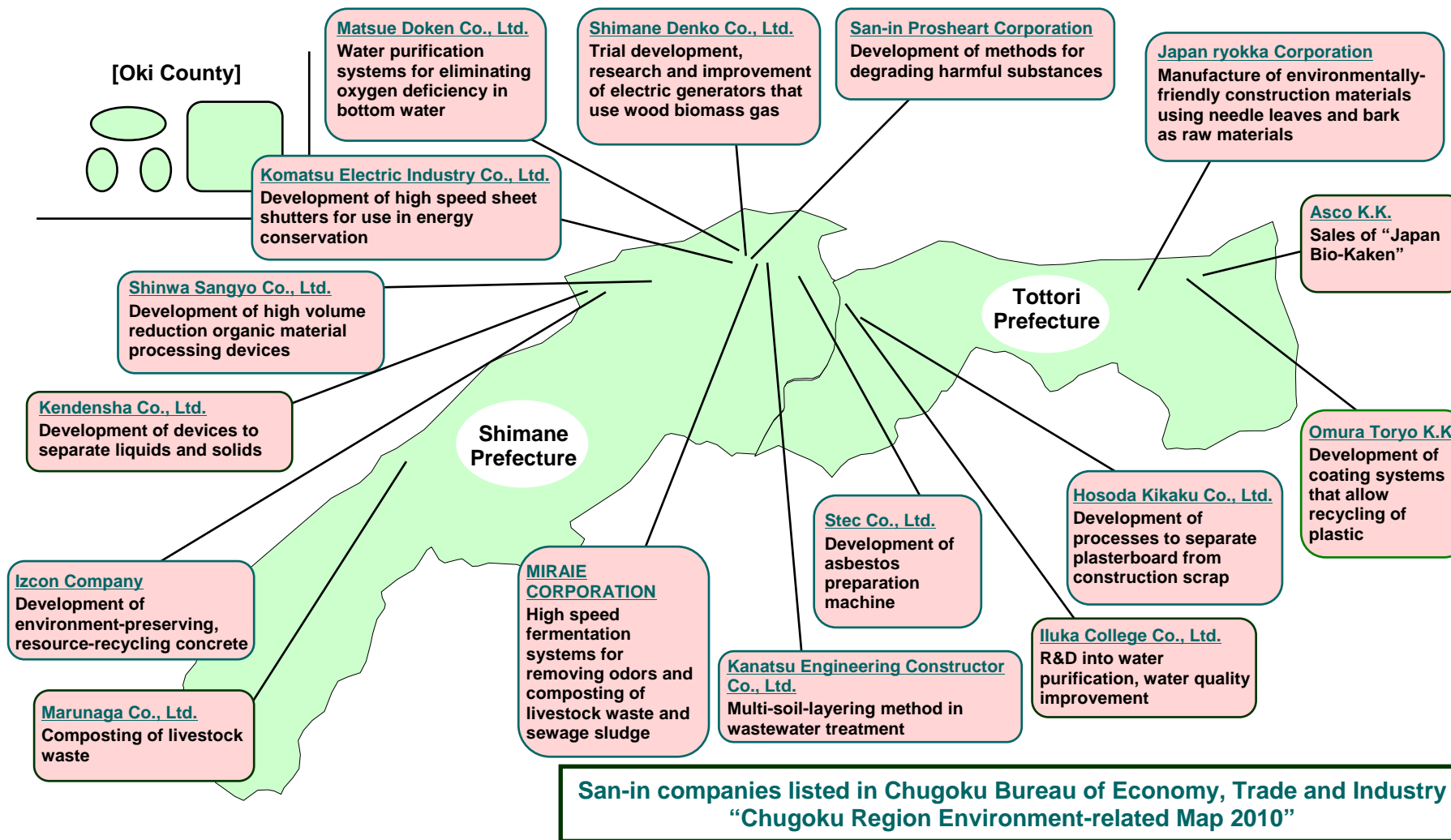
## *Full-Fledged Developing Business Matching Transactions*

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

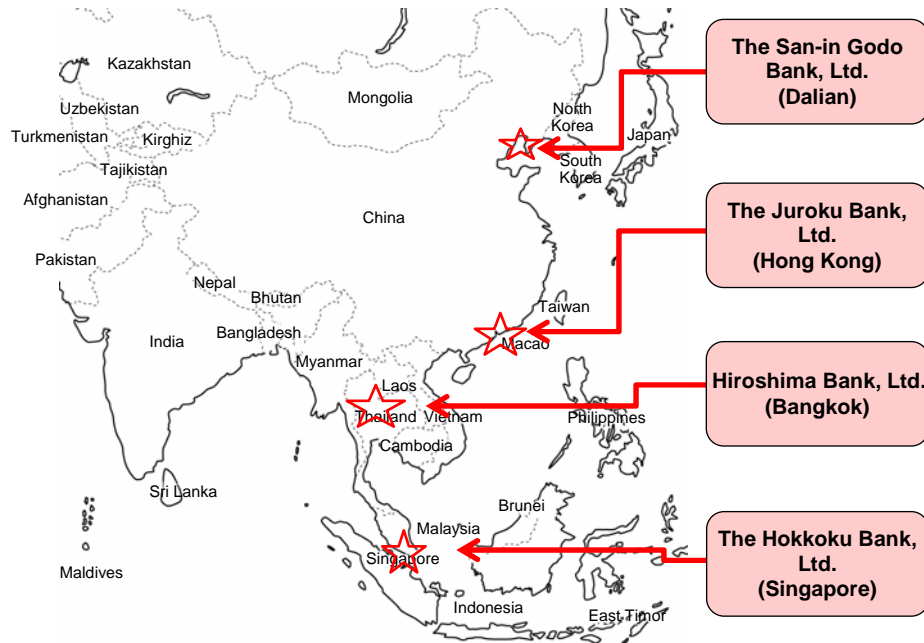
### Example: Environment-related companies with high profile

(Manufacturing environment-related equipments / environment-conscious product)



San-in Godo Bank signed an agreement regarding overseas business support with three other regional banks on 18 May 2011.

## The four regional banks' shared overseas network



## Goals and content of MOU

- San-in Godo Bank signed an agreement regarding overseas business support with three other regional banks (The Juroku Bank, Ltd., Hiroshima Bank, Ltd. and The Hokkoku Bank, Ltd.) on May 18, 2011. The agreement will allow our clients to access regional information from our partners' overseas offices (Hong Kong, Bangkok (Thailand) and Singapore), as well as from our own overseas representative offices (New York, Dalian, and Shanghai). The offices will provide up-to-date information and other support to our clients visiting these markets.

Name of Banks	Overseas Collaborative Network			
	Dalian	Hong Kong	Bangkok (Thailand)	Singapore
The San-in Godo Bank, Ltd.	○			
The Juroku Bank, Ltd.		○		
Hiroshima Bank, Ltd.			○	
The Hokkoku Bank, Ltd.				○



Conclusion of the MOU

***Part V***

***Others***

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## Forest conservation activities

### <Activities rooted in the locality>

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

- Established April 2006
- 50 volunteer organizations and NPOs in Shimane and Tottori revitalize each other's activities while engaging in broad exchanges of information (as of September 30, 2011)
- 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 eight regional banks in July 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>

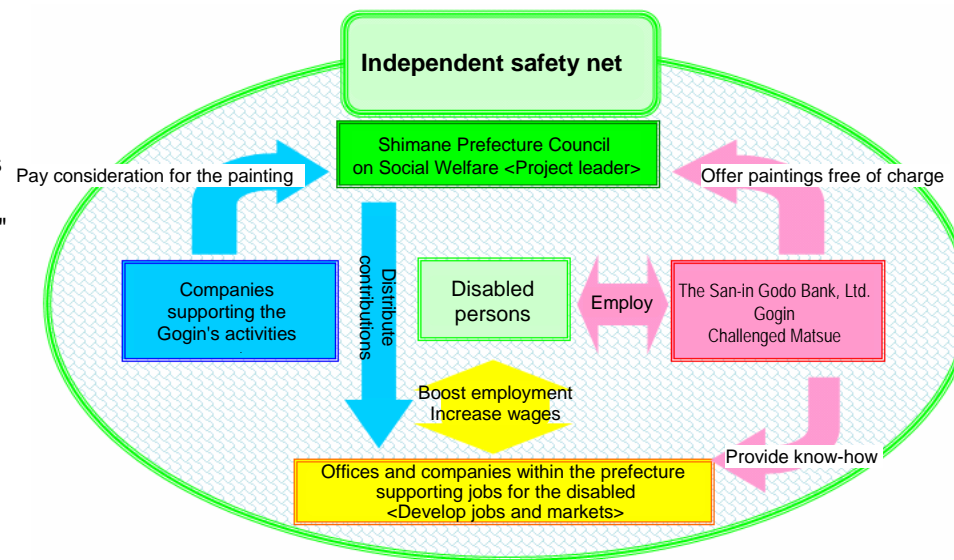
#### "Gogin Challenged Matsue"

- 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.

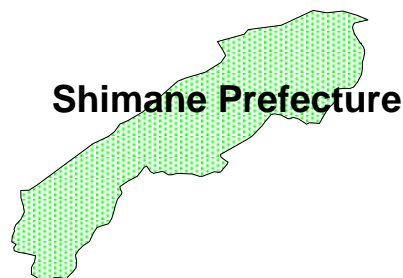


# *Part VI*

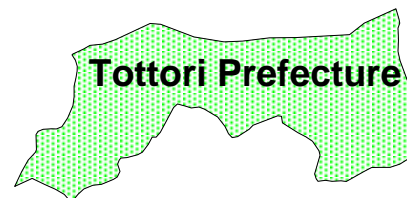
## *Trend in Shimane and Tottori*

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# Ref. 1 Major Statistics for Shimane and Tottori



- ◇ Total population: **716,000**  
(46th in Japan)
- ◇ Percentage of elderly population:  
**29.1%**  
(2nd in Japan)
- ◇ Number of business establishments:  
**38,833**  
(46th in Japan)
- ◇ Gross prefectural product:  
**2,668.4 billion yen**  
(45th in Japan)
- ◇ Shipment value of manufactured goods: **980.4 billion yen**  
(44th in Japan)
- ◇ Ratio of public works expenditure to gross prefectural expenditure: **9.4%**  
(1st in Japan)



- ◇ Total population: **588,000**  
(47th in Japan)
- ◇ Percentage of elderly population:  
**26.0%**  
(12th in Japan)
- ◇ Number of business establishments:  
**27,961**  
(47th in Japan)
- ◇ Gross prefectural product:  
**2,320.9 billion yen**  
(47th in Japan)
- ◇ Shipment value of manufactured goods: **814.9 billion yen**  
(45th in Japan)
- ◇ Ratio of public works expenditure to gross prefectural expenditure: **6.5%**  
(5th in Japan)



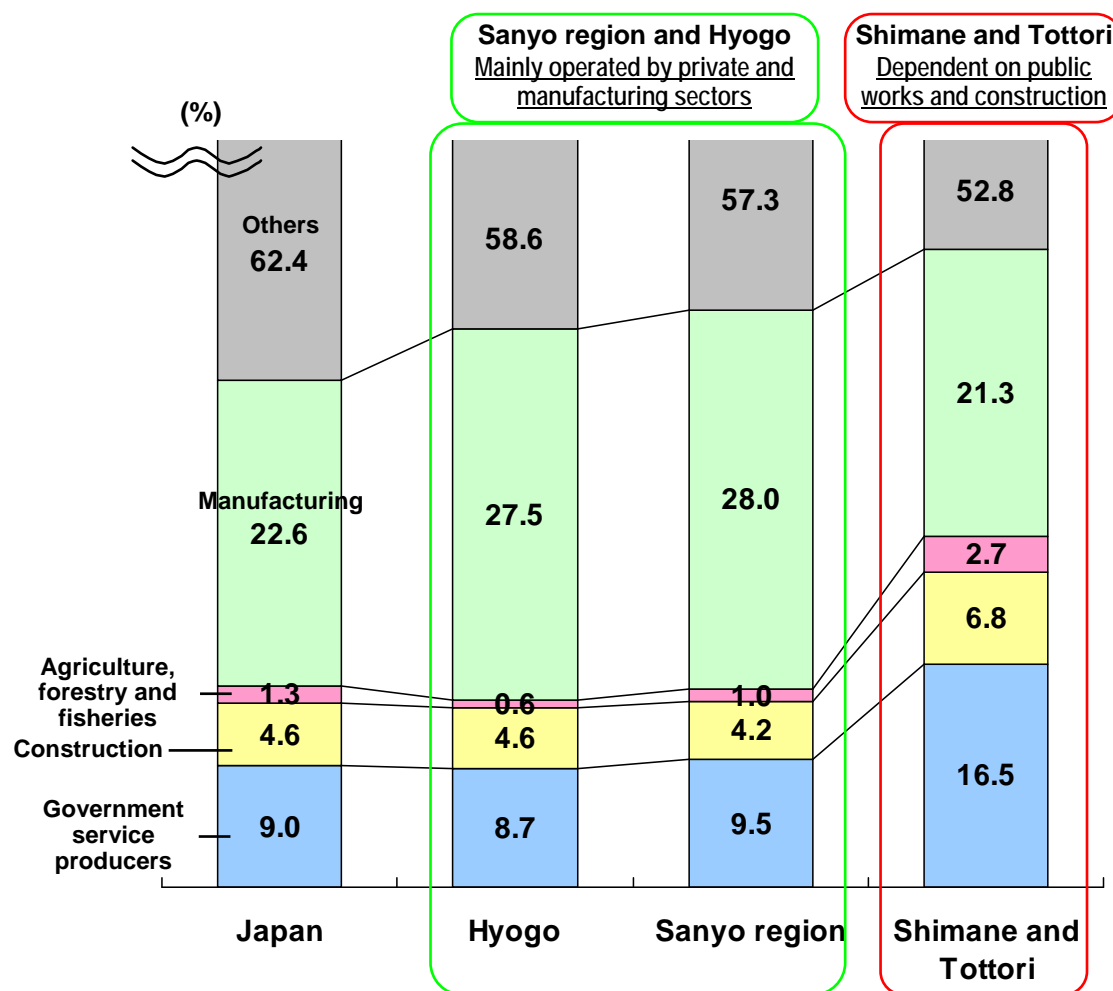
- ◇ Total population: **128,060,000**
- ◇ Percentage of elderly population:  
**22.9%**
- ◇ Number of business establishments:  
**5,886,000**
- ◇ Gross domestic product:  
**526,700 billion yen**
- ◇ Shipment value of manufactured goods: **265,300 billion yen**
- ◇ Ratio of public works expenditure to gross national expenditure: **4.0%**

Source: "2010 National Census" "2009 Economic Census" by Ministry of Internal Affairs and Communications, "FY2008 Annual Report on Prefectural Accounts" "FY2009 Annual Reports on National Accounts" by Cabinet Office, and "2010 Industrial and Commercial Statistics" by Ministry of Economy, Trade and Industry

**Shimane and Tottori's share of GDP**

Rank	Prefecture	Actual amount (Billion yen)	Share
1st	Tokyo	95,946.4	17.25%
2nd	Osaka	40,550.1	7.29%
3rd	Aichi	38,006.8	6.83%
7th	Hyogo	21,243.9	3.82%
12th	Hiroshima	12,708.7	2.29%
22nd	Okayama	7,946.1	1.43%
45th	Shimane	2,668.4	0.48%
47th	Tottori	2,320.9	0.42%
(30th)	Shimane and Tottori	4,989.3	0.90%
(2nd)	Total of Shimane, Tottori, Sanyo region and Hyogo	46,887.9	8.43%
—	Total of all prefectures	556,096.0	100.00%

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

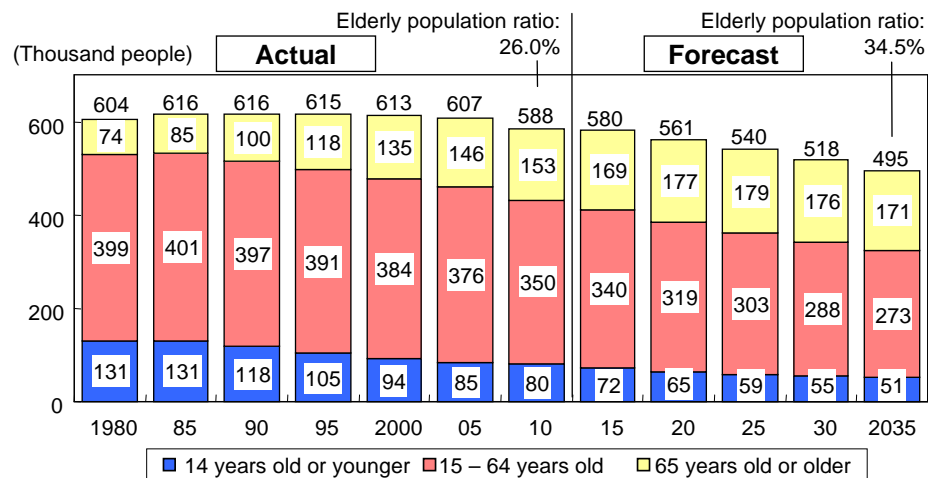


Source: FY2008 Annual Report on Prefectural Accounts

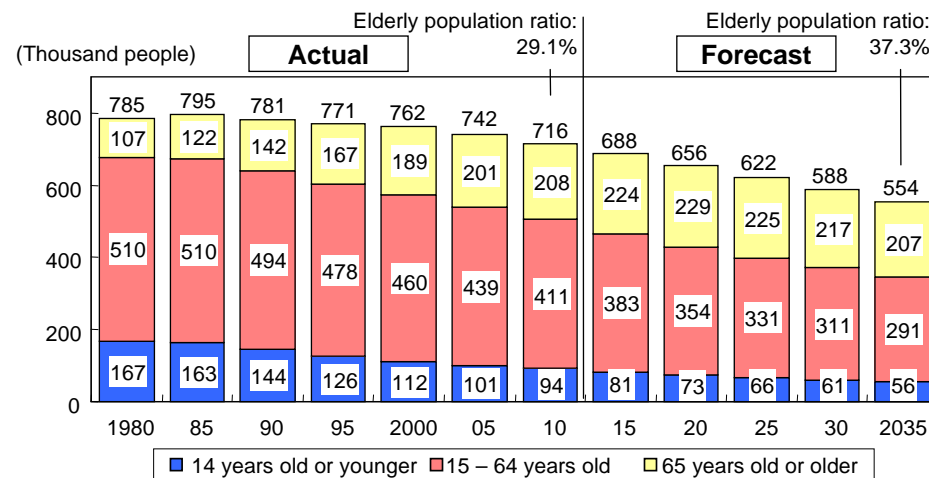
\* The standings in parentheses indicate rankings when the prefectures are added together.

# Ref. 3 Changes in Population and Aging of Population

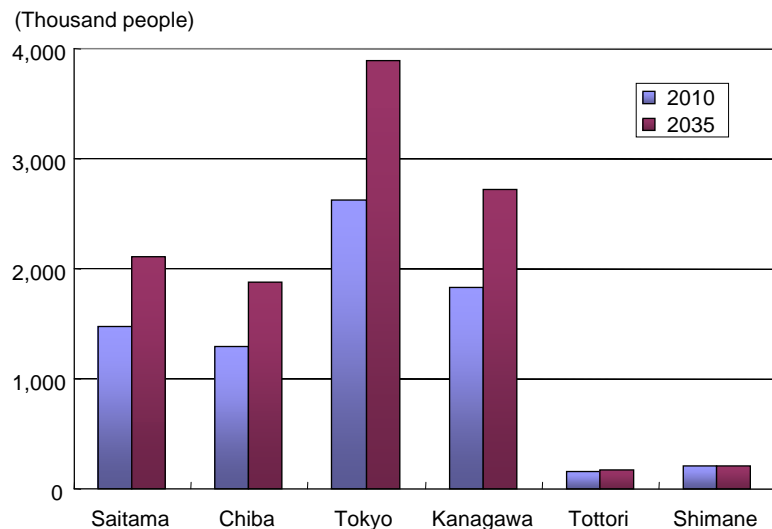
## Population changes and outlook for Tottori (forecast values in and after 2015)



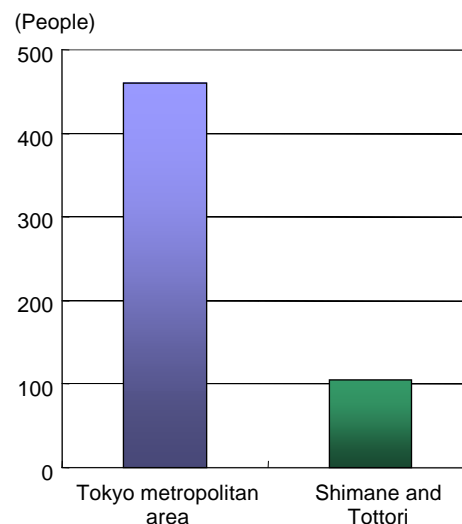
## Population changes and outlook for Shimane (forecast values in and after 2015)



## Elderly population outlook



## Elderly population per vacancy of elderly care facilities (in 2009)



## Comparison between the amount of pension vested and income by prefecture (FY2008)

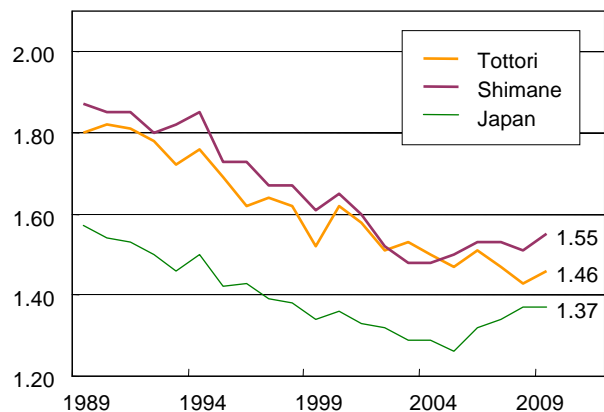
\* "Pension" refers to national and employees' pensions (%)

10 highest prefectures			10 lowest prefectures		
1st	Shimane	18.5	38th	Shiga	11.6
2nd	Kochi	18.0	39th	Osaka	11.4
3rd	Ehime	16.6	40th	Chiba	11.2
4th	Tottori	16.4	41st	Saitama	10.9
5th	Nagasaki	16.1	42nd	Kanagawa	10.9
6th	Yamaguchi	15.8	43rd	Tochigi	10.8
7th	Kagawa	15.7	44th	Ibaraki	10.5
8th	Akita	15.6	45th	Aichi	10.4
9th	Miyazaki	15.4	46th	Okinawa	9.7
10th	Yamagata	15.2	47th	Tokyo	7.6
			National average : 11.8		

Source: "National Census" "Demographic Yearbook" 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), "Survey of Social Welfare Facilities" "Annual Report on Employees' Pension Insurance and National Pension in Japan" by Ministry of Health, Labour and Welfare, and "Annual Report on Prefectural Accounts" by Cabinet Office

# Ref. 4 Employment Conditions among Women and the Elderly

## Changes in total fertility rate



Source: "Vital Statistics" by Ministry of Health, Labour 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	

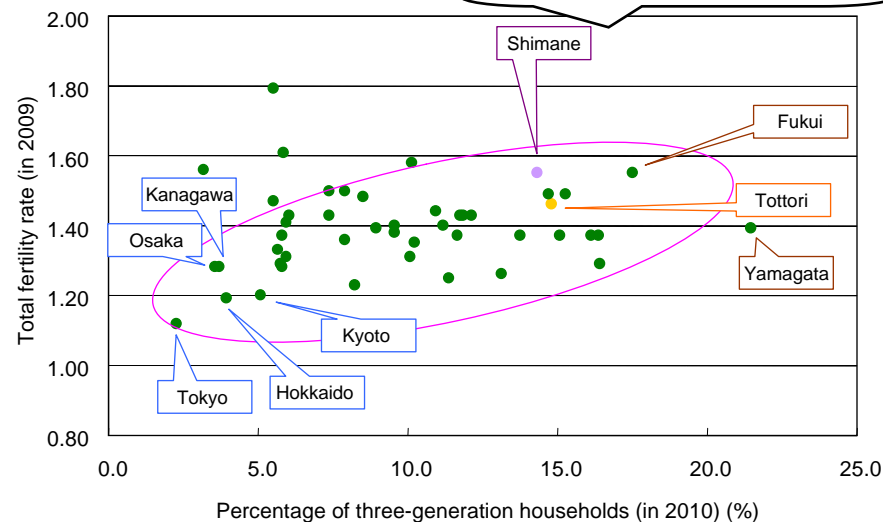
High percentage of full-time female employees with small children.

## 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		

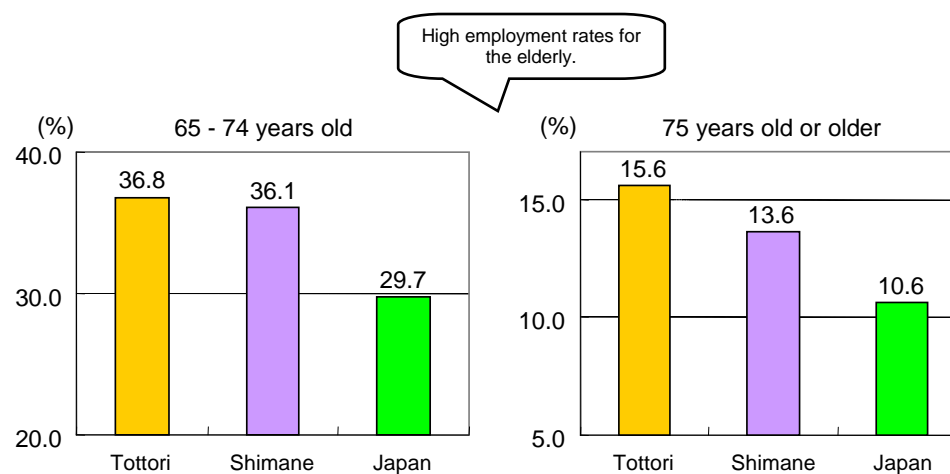
Good working environment for women.

## 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, Labour and Welfare

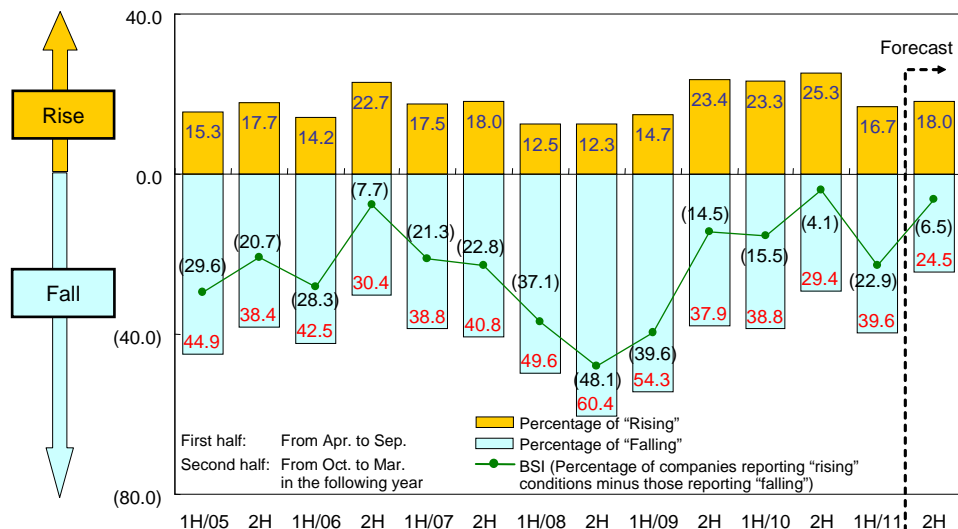
## Employment rate for the elderly (in 2005)



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

# Ref. 5 Direction of Economy (1)

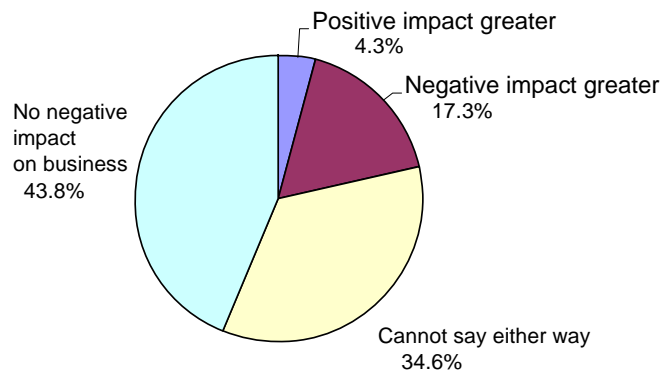
## Business Sentiment Index (BSI) (Change over the previous period in all industries) (Percentage of companies reporting "rising" conditions minus those reporting "falling".)



Source: "Business Trend Survey" by San-in Economics & Management Institute (Conducted in September 2011)

Recent business conditions (1H FY11) have deteriorated due to the impact of the Great East Japan Earthquake

## Impact of yen appreciation



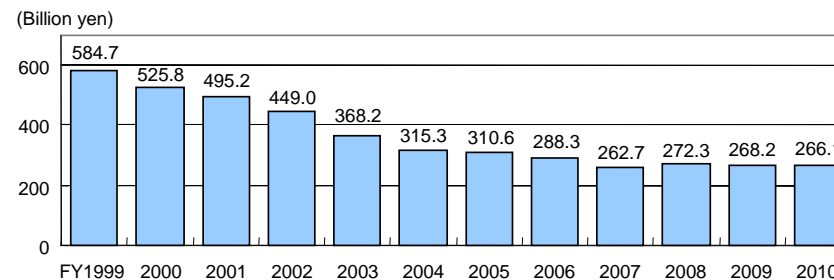
Source: "Business Trend Survey" by San-in Economics & Management Institute (Conducted in September 2011)

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

	FY2008	FY2009	FY2010	FY2011 (Plan)
All industries	(7.0)	(36.7)	3.8	35.7
Small and medium-sized companies	9.6	(24.2)	(9.1)	17.3
Manufacturers	(5.6)	(39.1)	(8.6)	50.9
Small and medium-sized companies	39.6	(16.3)	(30.2)	35.2
Non manufacturers	(9.9)	(32.1)	31.9	11.9
Small and medium-sized companies	(19.1)	(36.7)	40.7	(3.6)

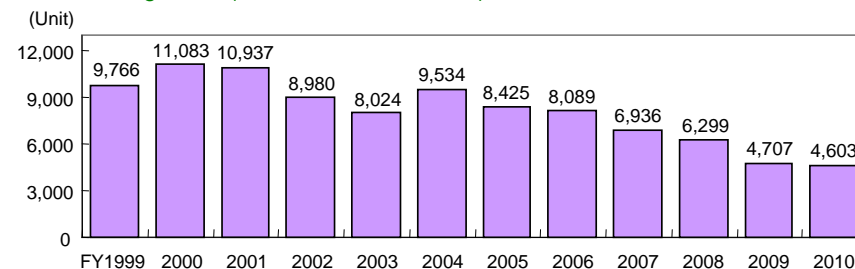
Source: "Business Trend Survey" by San-in Economics & Management Institute (Conducted in September 2011)

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



Source: West Japan Construction Surety Co., Ltd.

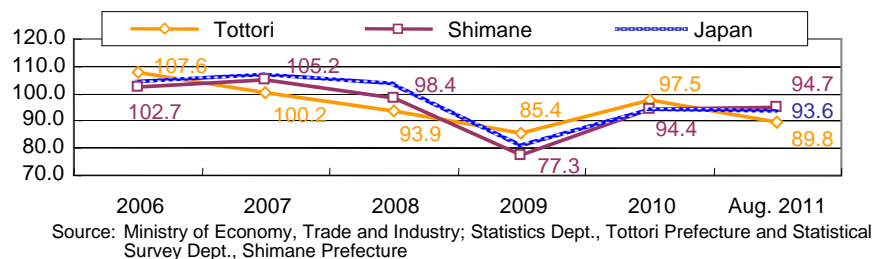
## Housing starts (in Shimane and Tottori)



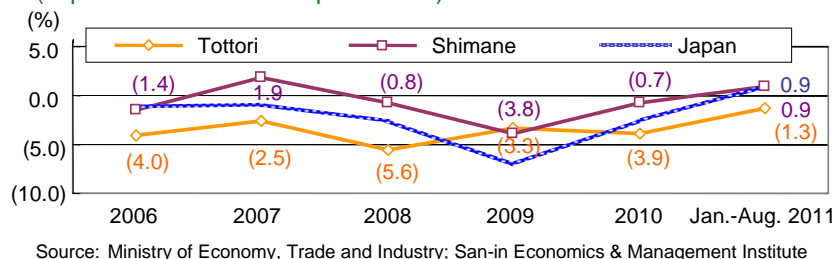
Source: Ministry of Land, Infrastructure, Transport and Tourism

# Ref. 6 Direction of Economy (2)

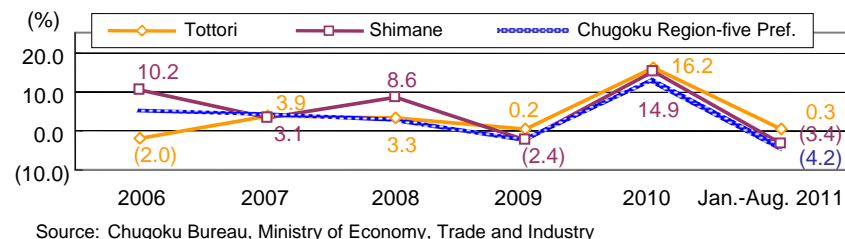
## Industrial Production Index (Year 2005 = 100, seasonally adjusted in Aug. 2011)



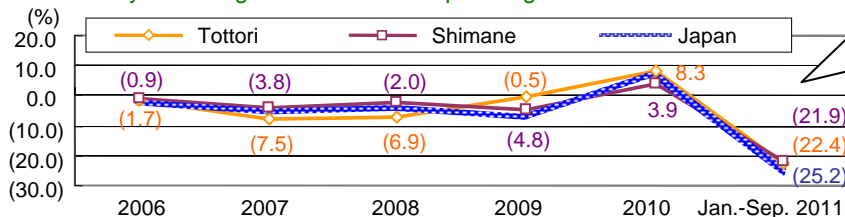
## Year-on-year changes in sales of large retail stores (department stores and supermarkets)



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



## Year-on-year changes in sales of new passenger vehicles



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

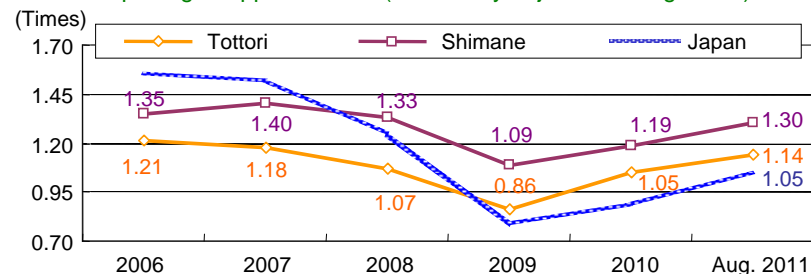
## Land prices of major commercial area (as of Jan. 1 each year)

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

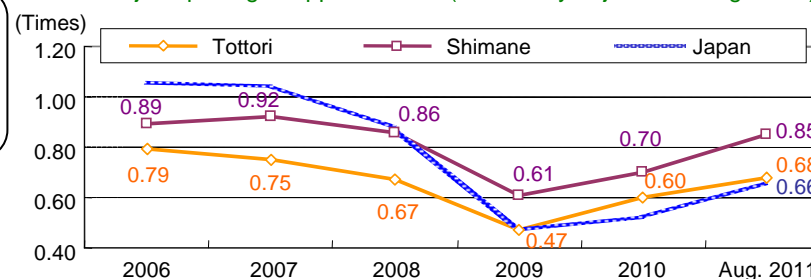
	2007	2008	2009	2010	2011
Wakasa Kaido Str. Sakae Town, Tottori City, Tottori	215 (10.4)	200 (7.0)	185 (7.5)	170 (8.1)	155 (8.8)
Yonago-Hirose-Line Prefectural road Meiji Town, Yonago City, Shimane	170 (5.6)	160 (5.9)	145 (9.4)	130 (10.3)	120 (7.7)
Eki-dori Asahi Town, Matsue City, Shimane	230 (6.1)	220 (4.3)	210 (4.5)	195 (7.1)	175 (10.3)

Source: Hiroshima Regional Taxation Bureau

## Job opening to applicant ratio (seasonally adjusted in Aug. 2011)



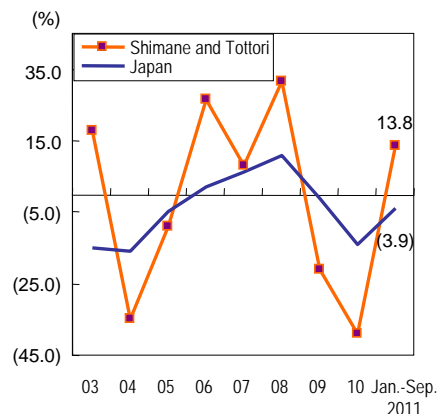
## Active job opening to applicant ratio (seasonally adjusted in Aug. 2011)



Policy effect easing, impact of Great East Japan Earthquake

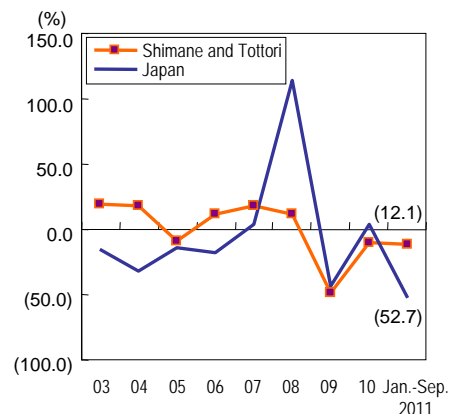
# Ref. 7 Direction of Economy (3)

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

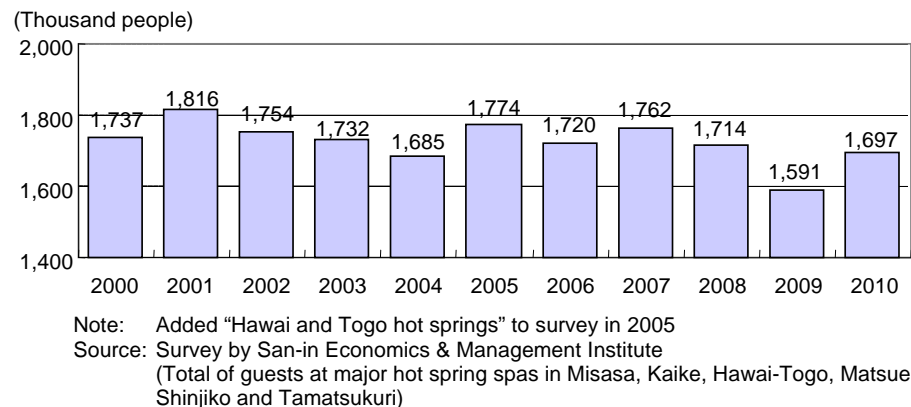


Source: TOKYO SHOKO RESEARCH, LTD.

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



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



## Number of bankruptcies by industry

	Actual number (cases)			YoY change (%)			Composition ratio (%)		
	2009	2010	Jan.-Sep. 2011	2009	2010	Jan.-Sep. 2011	2009	2010	Jan.-Sep. 2011
Agriculture, forestry, fishery, quarrying of stone and gravel	3	1	3	200.0	(66.7)	200.0	2.3	1.3	4.5
Construction	48	25	19	(34.2)	(47.9)	5.6	37.5	32.1	28.8
Manufacturing	22	16	10	4.8	(27.3)	(16.7)	17.2	20.5	15.2
Wholesale	13	8	8	(40.9)	(38.5)	60.0	10.2	10.3	12.1
Retail	23	13	9	27.8	(43.5)	(18.2)	18.0	16.7	13.6
Finance & insurance	0	0	0	-	-	-	0.0	0.0	0.0
Real estate	1	5	2	(66.7)	400.0	0.0	0.8	6.4	3.0
Transportation	6	1	2	500.0	(83.3)	100.0	4.7	1.3	3.0
Telecommunication	0	1	1	-	-	0.0	0.0	1.3	1.5
Services, etc.	12	8	12	(47.8)	(33.3)	71.4	9.4	10.3	18.2
<b>Total</b>	<b>128</b>	<b>78</b>	<b>66</b>	<b>(21.0)</b>	<b>(39.1)</b>	<b>13.8</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: TOKYO SHOKO RESEARCH, LTD.

Bankruptcies of construction are prominent.

## Number of tourists

Tottori (2010)			Shimane (2010)		
Tourist sites and facilities	Actual no. of visitors	Change over 2009	Tourist sites and facilities	Actual no. of visitors	Change over 2009
Sakai Port area	3,050	67.1	Izumo Taisha Shrine	2,468	7.0
Tottori sand dunes / Inaba Hot Spring Village area	2,703	(3.0)	Hinomisaki	1,109	(2.2)
Yonago / Kaike Hot Spring area	1,582	13.2	Shimane Winery	843	(3.4)
Tottori Nashinohana Hot Spring Village area	1,411	(1.0)	Iwami Seaside Park	752	3.8
Mt. Daisen area	1,278	4.7	Taikodani Inari Shrine	645	(7.9)
Higashi Hoki area	601	(4.8)	Tamatsukuri Hot Spring	634	5.5
Yazu	225	(1.3)	Adachi Museum of Art	592	37.2
Uradome Coast area / Iwai Hot Spring area	197	28.8	Michinoeki Kirara Taki	575	5.8
Okuhino area	177	12.7	Mt. Sanbe	570	(1.6)

Note: Different aggregation methods are used by Tottori and Shimane Prefectures  
 Source: Tourism Department, Culture & Tourism Bureau, Tottori Prefecture and Tourism Promotion Department, Shimane Prefecture