

Performance and Financial Status

<< Major Financial Data >>

Performance Summary (Gunma Bank)

(Unit: Hundred millions of yen)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Core business gross income	922	916	886	895	856
Net interest income	817	814	790	773	744
Fees and commissions	97	93	87	110	105
Others (excluding bonds-related gains (losses))	7	8	8	11	7
Expenses	583	567	566	562	561
Core business net profit	339	349	319	332	295
Credit costs	19	(5)	47	23	79
Securities-related gains (losses)	8	27	89	108	117
Bonds-related	8	8	(32)	(42)	(27)
Shares-related	0	18	121	150	144
Others	12	15	(15)	(32)	(13)
Ordinary profits	342	397	345	385	319
Extraordinary gains (losses)	(4)	(3)	(2)	(10)	(4)
Income taxes	120	128	90	114	105
Current net income	216	266	252	260	209

Balance sheet summary (Gunma Bank)

Total assets	75,211	76,121	79,727	79,874	81,225
Loans and bills discounted	48,388	50,473	52,242	55,186	55,654
Securities	23,040	21,300	20,891	17,624	17,018
Total liabilities	70,150	71,136	74,642	74,735	76,141
Deposits	61,187	62,936	64,973	66,691	68,084
Total net assets	5,060	4,984	5,085	5,138	5,084
Total shareholders' equity	3,552	3,714	3,871	4,054	4,168
Valuation difference on available-for-sale securities	1,365	1,124	1,068	941	773

Performance summary (consolidated)

Core business net profit*	376	386	352	375	334
Ordinary profits	390	436	365	424	357
Current net income (attributable to parent company shareholders)	259	286	263	283	233

*Calculated excluding bonds-related gains (losses) and extraordinary cost processing allowances.

Financial indicators (consolidated)

Total capital adequacy ratio (uniform international standards) (%)	13.37	12.62	12.58	12.41	12.25
Tier 1 ratio (uniform international standards) (%)	11.76	11.81	11.94	11.90	11.52
Common Equity Tier 1 ratio (uniform international standards) (%)	11.76	11.81	11.93	11.83	11.45
Dividend per share (yen)	11.00	12.00	12.00	13.00	13.00
Dividend payout ratio (%)	19.5	18.8	20.2	19.9	24.0
Shareholder return ratio (involving the sum of dividend payouts and share repurchase amounts per profit for the year) (%)	67.5	41.0	39.7	40.1	41.9
ROE (%)	5.3	5.6	5.1	5.4	4.4

Fiscal year-end data

225-issue Nikkei Stock Average	19,206.99	16,758.67	18,909.26	21,454.30	21,205.81
Exchange rate (USD to JPY)	120.17	112.68	112.19	106.24	110.99

Current net income/current net income attributable to parent company shareholders

When the Bank of Japan's negative interest rate policy resulted in a decrease in profits, we strengthened retail banking loans and fee and commission based operations and also made efforts to reduce cross-shareholdings. Thus, we were able to partially offset the impact of decreasing profit on interest.

Under these circumstances, in fiscal year 2018, because of an increase in credit costs due to the sudden bankruptcy of one of our major customers, current net income decreased by 5.0 billion yen year-on-year to 20.9 billion yen, and current net income attributable to parent company shareholders was 23.3 billion yen.

Contribution to consolidated net income (fiscal year 2018)

The contribution to consolidated net income was as follows:

	Profits of each company	Consolidated net income (Note 1)
The Gunma Bank, Ltd.	209	209
Gunma Shinyo Hosyo Co., Ltd.	12	12
Gungin Lease Co., Ltd.	7	3 Note 2
Gungin Securities Co., Ltd.	2	2
Others	4	7 Note 3
Total	23.4 billion yen	23.3 billion yen

Note 1: Attributable to parent company shareholders

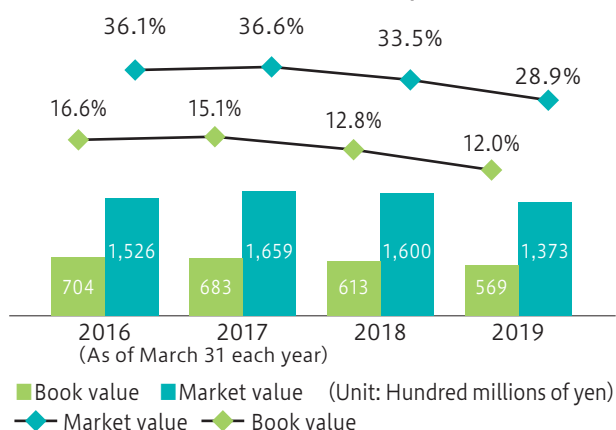
Note 2: Earnings contributions from consolidated profits is 55.2%.

Note 3: The figures include an increase due to a partial increase in the Group's equity of the shares of the equity-method affiliates.

Cross-shareholdings policy

We are working to reduce cross-shareholdings. Both the book value and market value of the balance sheet have been steadily decreasing, reaching 12% of the book value and 28.9% of the market value for the non-consolidated Tier 1 capital as of March 31, 2019.

<< Cross-shareholding balance and its comparison to the non-consolidated Tier 1 capital >>

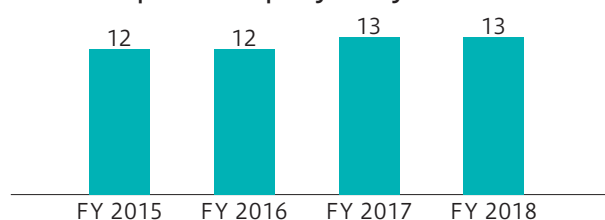


Shareholder returns

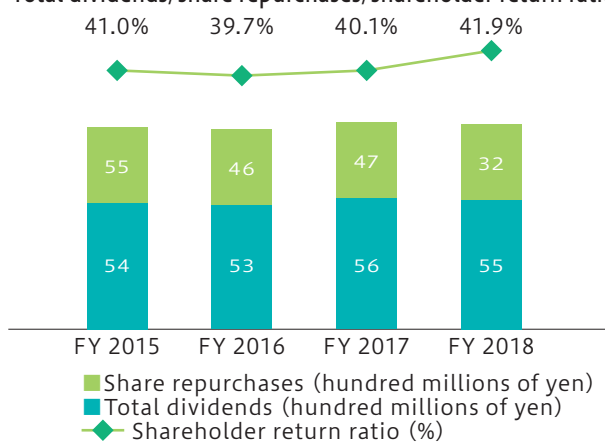
<< Shareholder return policy >>

While strengthening our financial structure with a basic policy of continuing stable dividends, we link the shareholder returns to our business performance. The target of the shareholder return ratio, which involves the sum of dividends and share repurchases, will be set to, for the time being, 40% of non-consolidated net income.

Dividend per share per year (yen)



Total dividends/share repurchases/shareholder return ratio



Shareholder benefits program

The Bank has a shareholder benefits program in order to contribute to the revitalization of the regional economy, we offer shareholders complimentary local specialties.

There are many local specialties such as foods and crafts and products from our local business partners. Since March 31, 2019, we have introduced the "Donation Course" that contributes to achieving the Sustainable Development Goals (SDGs). Donation destinations are the same as "Investment trusts that support activities for protecting the natural environment and the world heritage site" on Page 23.

<< Shareholder benefits program (shareholder registration as of March 31) >> (Local specialties, etc.)

1,000 shares or more and less than 5,000 shares ... Equivalent to 2,500 yen
 5,000 shares or more and less than 10,000 shares ... Equivalent to 4,000 yen
 10,000 shares or more Equivalent to 6,000 yen

Company Overview

Company overview

Name		The Gunma Bank, Ltd.		(as of March 31, 2019)	
Date of establishment	September 1932				
Location of head office	194 Motosojamachi, Maebashi, Gunma		Total assets	8,122.5 billion yen	
Capital	48.6 billion yen		Deposits	6,808.4 billion yen	
Number of employees	3,072 (excluding temporary employees)		Loans and bills discounted	5,565.4 billion yen	
Number of bases	Domestic: 154 banking outlets in Japan (106 in Gunma, 48 outside Gunma)		Net assets	508.4 billion yen	
	Overseas: one banking outlet in New York; two offices in Shanghai and Bangkok		Total capital adequacy ratio (uniform international standards)	Consolidated 12.25%, Non-consolidated 11.84%	
Subsidiaries	Domestic: Seven companies		Ratings	JCR	AA
	Overseas: One company (Hong Kong)			R&I	A+
Affiliates	Domestic: One company			Moody's	A2
				S&P	A-

Note: Number of employees in the consolidated companies is 3,185 (2,995 for the Gunma Bank and 190 for its subsidiaries). Employees of the Gunma Bank include "locally hired overseas employees and secondees to the Bank" and exclude "secondees from the Bank," etc., indicating the number of employees based on the establishment employment.

Overview of the Group

The Gunma Bank Group consists of the Bank, six consolidated subsidiaries, two non-consolidated equity-method subsidiaries, and one equity-method affiliates. In addition to our core banking services, we provide a wide range of financial products and services such as leasing.

Banking	The Gunma Bank, Ltd.; Gunma Finance (Hong Kong) Ltd.
Leasing	Gungin Lease Co., Ltd.
Others	Gunma Chuo Kogyo Co., Ltd.; Gungin Securities Co., Ltd.; Gunma Shinyo Hosyo Co., Ltd.; Gungin Consulting Co., Ltd.; The Gungin Card Co., Ltd.; Gungin System Service Co., Ltd.; Sky Ocean Asset Management Co., Ltd.

Consolidated subsidiaries, etc.

Names	*1	Key operations	Location	Establishment	Capital (Million JPY)	Ratio of ownership of voting rights by the Group		
						(%)	Gunma Bank	Subsidiaries, etc.
Gunma Chuo Kogyo Co., Ltd.	CS	Transportation of goods, maintenance of automated teller machines (ATM), etc.	226 Motosojamachi, Maebashi, Gunma	Feb 24, 1971	10	100.0	100.0	-
Gungin Securities Co., Ltd.	CS	Securities dealing	2-2-11 Honmachi, Maebashi, Gunma	Feb 12, 2016	3,000	100.0	100.0	-
Gunma Finance (Hong Kong) Ltd.	CS	Financing and securities dealing	*2	Feb 19, 1991	30 (Million USD)	100.0	100.0	-
Gungin Consulting Co., Ltd.	CS	Customer consulting services, venture capitaling	194 Motosojamachi, Maebashi, Gunma	Apr 18, 2018	100	100.0	100.0	-
Gunma Shinyo Hosyo Co., Ltd.	CS	Assurance ngagements	194 Motosojamachi, Maebashi, Gunma	Sep 28, 1983	30	100.0	45.4	54.5
Gungin Lease Co., Ltd.	CS	Leasing	171-1 Motosojamachi, Maebashi, Gunma	Oct 1, 1973	180	61.1	47.9	13.1
The Gungin Card Co., Ltd.	ES	Credit card services	194 Motosojamachi, Maebashi, Gunma	Mar 12, 1982	30	75.0	31.6	43.3
Gungin System Service Co., Ltd.	ES	Software development and sales	171-1 Motosojamachi, Maebashi, Gunma	Jul 26, 1986	30	75.0	20.0	55.0
Sky Ocean Asset Management Co., Ltd.	EA	Asset management	3-1-1 Minatomirai, Nishi-ku, Yokohama, Kanagawa	Nov 25, 2014	300	15.0	15.0	-

*1 CS (Consolidated subsidiary), ES (Equity-method subsidiary), EA (Equity-method affiliate)

*2 Suite 608, Tower 1, The Gateway, Harbour City, 25 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

Major Shareholders (as of March 31, 2019)

Name	Number of shares held (in thousands)	Shareholding ratio (%)
Japan Trustee Services Bank, Ltd. (Trust account)	19,291	4.51
The Master Trust Bank of Japan, Ltd. (Trust account)	17,344	4.06
Japan Trustee Services Bank, Ltd. (Trust account 9)	16,051	3.76
Sumitomo Mitsui Banking Corporation	12,148	2.84
The Gunma Bank Employees' Stockholdings Association	11,983	2.80
Meiji Yasuda Life Insurance Company	11,056	2.59
Sumitomo Life Insurance Company	10,657	2.49
Japan Trustee Services Bank, Ltd. (Trust account 4)	7,754	1.81
Japan Trustee Services Bank, Ltd. (Trust account 5)	7,723	1.80
Nippon Life Insurance Company	7,608	1.78

Note1: Number of shares held is rounded down to the nearest thousand.

Note2: The shareholding ratio is calculated by subtracting the number of treasury shares from the total number of outstanding shares, and is rounded down to two decimal places.

Note 3: Total number of outstanding shares (453,888 thousand shares) and number of treasury shares (27,065 thousand shares).

Key Operations

Deposit services	Deposits	Current deposits, ordinary deposits, savings deposits, deposits at notice, fixed deposits, periodic deposits, separate deposits, earmarked deposits for taxes, foreign currency deposits, etc.
	Certificates of deposit	Negotiable certificates of deposit
Loan services	Loans	Loans on bills, loans on deeds, overdrafts
	Bill discounting	Discounts on bank acceptance, commercial bills, documentary bills
Trading of trading account securities		Trading of public bonds such as national government bonds
Portfolio investments		Investments in government bonds, municipal bonds, corporate bonds, stocks, and other securities for bank reserves and fund management
Domestic exchange transactions		Transfers, debt collection, etc.
Foreign exchange transactions		Various services related to foreign exchange transactions for purposes such as exports, imports, foreign remittances, currency exchanges, etc.
Over-the-counter sales of investment trusts		Over-the-counter sales of public bonds such as national government bonds and investment trusts
Services as a trustee of bonds and debentures and an issuing and paying agent		We are engaged in services as a trustee of bonds and debentures under the Secured Bond Trust Act, in addition to floating public bonds, and conducting agency services for insurances and payments.
Trust services		Trust as a substitute for a will, land trust, real estate management trust, specific charitable trust, charitable public trust; Also, we handle inheritance-related services (will trust and <i>Liquidation of inheritance</i> property services).
Handling of defined contribution pension plans		We are engaged in operations and management of defined contribution pension plans under the Defined Contribution Pension Act.
Supplementary services	(1) Agency services	#1 Acting branch of the Bank of Japan, acting revenue branch of the Bank of Japan, #2 Handling of public funds for local public bodies, #3 Agency services for the Workers' Retirement Allowance Mutual Aid Organization, #4 Agency services for receipt of paid-in advances on stocks and payments of share dividends and the principal and interest of public and corporate bonds, #5 Agency service for loans from the Japan Finance Corporation, #6 Trust agent services for pension trusts, #7 Non-life insurance agent services, and #8 Life insurance agent services
		(2) Safe deposit box, (3) Loan of securities, (4) Loan guarantee (acceptance of payment), (5) Financial instruments brokerage, (6) Underwriting of public bonds, (7) Credit card services, (8) Derivative transactions of interest rates and currencies, and (9) Handling of commercial papers

Service Network

(as of June 30, 2019)



Note 1: Banking outlets in Gunma include the Internet Branch, ATMs at convenience stores, Branch for Money Transfer, Plaza Branch, and Plaza Branch Maebashi Minami Mall Sub-Branch.

Note 2: SB stands for Sub-Branch.

Gunma Bank Image Song

You can listen to the song on our website:



<http://www.gunmabank.co.jp/info/song/>

You can also obtain a variety of information from our official SNS sites.



LINE ID :
@gungin



USER ID :
@gunma_bank

