

Interim Financial Results Briefing Session for the First Half of 2020

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Integrated Report 2020



First Section of the Tokyo
Stock Exchange: 8334

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I. Summary of Interim Financial Results for the First Half of 2020



1. Profit and Loss Conditions

Ordinary profit and interim net income exceeded the announced profit and income figures for both consolidated and non-consolidated results (129% achievement rate)

■ Consolidated

(Unit: billion yen, %)

	No.	Sep. 2019	Sep. 2020		
			Sep. 2020	Compared with Sep. 2019	Compared with the plan
Core business gross profit	1	44.5	43.3	-1.1	2.9
Non-interest business profit	2	8.7	9.0	0.3	1.4
Expenses	3	28.8	28.1	-0.6	-0.5
Core business net profit	4	15.7	15.2	-0.5	3.5
OHR	5	64.7	64.8	0.1	-6.3
Ordinary profit	6	18.8	16.4	-2.4	3.7
Interim net income attributable to owners of parent	7	13.4	12.3	-1.0	2.8

■ Special comments

[Consolidated]

- Non-interest business profit increased by 0.3 billion yen year-on-year and by 1.4 billion yen compared with the plan. ⇒ page 6
- Core business net profit increased by 3.5 billion yen compared with the plan due partly to reduced expenses.
- Both ordinary profit and interim net income exceeded the announced profit (129% achievement rate).

[Non-consolidated]

- Net interest income decreased year-on-year due mainly to interest on domestic securities/dividend income. ⇒ page 2
On the other hand, profit/loss from the cancellation of investment trusts was secured in a rebounding market compared with the plan.
- Expenses reduced mainly in non-personnel expense. ⇒ page 8
- Breakdown of gain and loss on securities, etc. includes 2.8 billion yen from gain on bonds and 5.8 billion yen from gain on stocks, etc. (2.9 billion yen from investment stocks; 2.9 billion yen from strategically held stocks) ⇒ page 5
- Credit costs were 5.9 billion yen because of downgrade of category of major customers (1Q: 5.4 billion yen, 2Q: 0.5 billion yen) ⇒ page 9

■ Non-consolidated

(Unit: billion yen)

	No.	Sep. 2019	Sep. 2020		
			Sep. 2020	Compared with Sep. 2019	Compared with the plan
Core business gross profit	1	41.6	40.1	-1.5	2.4
Net interest income	2	35.8	34.4	-1.4	1.5
Profit/Loss from the cancellation of investment trusts	3	0.4	1.3	0.8	1.3
Non-interest business profit	4	5.8	5.7	-0.0	0.8
Net fees and commissions	5	5.3	5.4	0.1	0.8
Other business profit	6	0.4	0.2	-0.2	0.0
Expenses	7	28.0	27.2	-0.7	-0.4
Core business net profit	8	13.6	12.9	-0.7	2.9
(Excluding profit/loss from the cancellation of investment trusts)	9	13.1	11.6	-1.5	1.6
Real net business profit	10	14.9	15.7	0.8	4.7
Gain and loss on securities, etc.	11	5.7	8.6	2.9	3.9
Credit costs	12	2.3	5.9	3.6	3.8
Others	13	-0.0	-1.0	-0.9	0.2
Ordinary profit	14	17.0	14.6	-2.4	3.1
Extraordinary gain/loss	15	-0.1	0.1	0.2	-0.0
Interim net income	16	12.2	10.9	-1.2	2.4

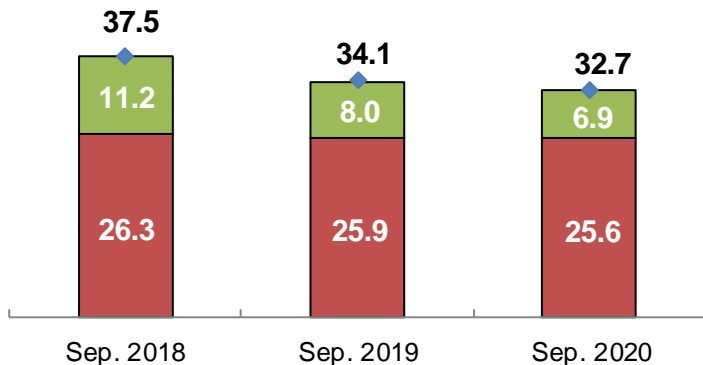
2. Status of Net Interest Income

The main reason for a decrease in net interest income was attributed to the yield factor for both loans and securities.

Net interest income in domestic transactions

(Unit: billion yen)

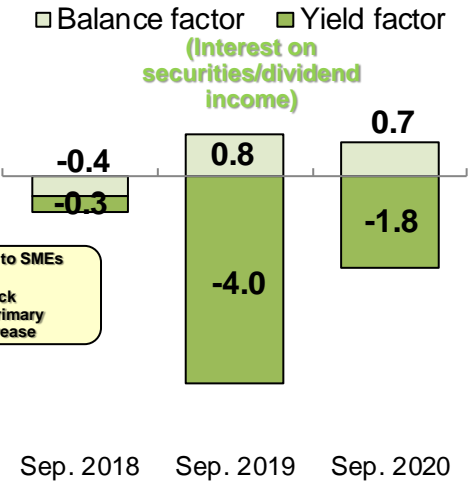
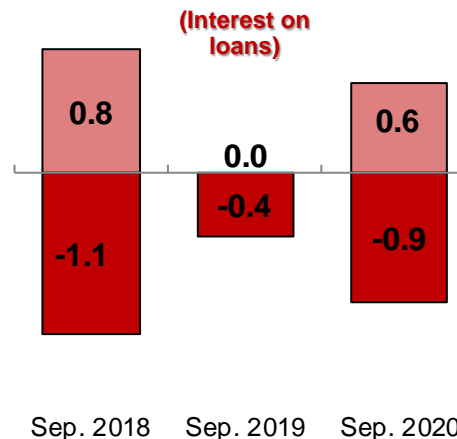
- Interest on securities/dividend income
- Interest on loans
- Net interest income



Factor for change

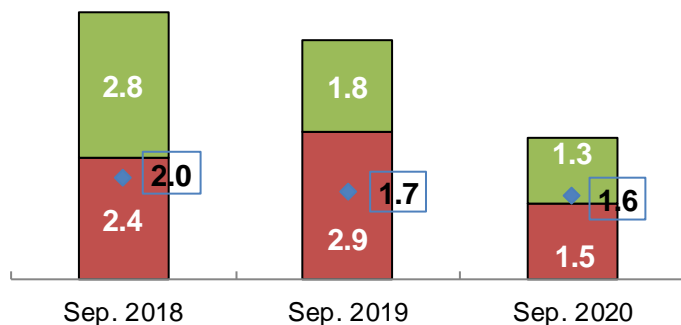
(Unit: billion yen)

- Balance factor
- Yield factor



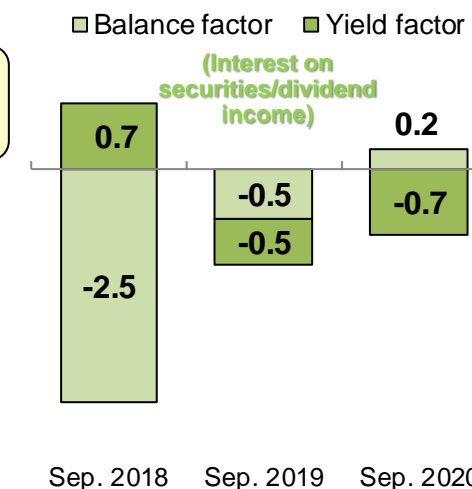
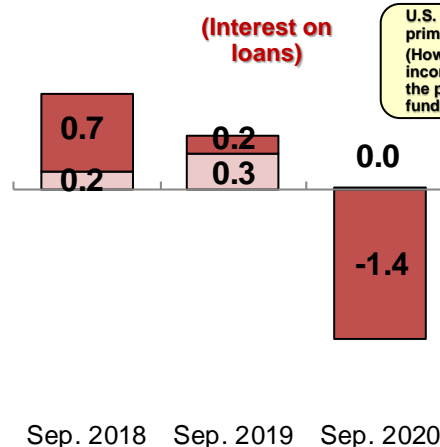
Net interest income in international transactions

- Interest on securities/dividend income
- Interest on loans
- Net interest income



Factor for change

- Balance factor
- Yield factor



3. Status of Deposits and Loans (1)

Loans to SMEs remain solid. Deposits also increased significantly.

■ Breakdown of deposits and loans

(Unit: billion yen)

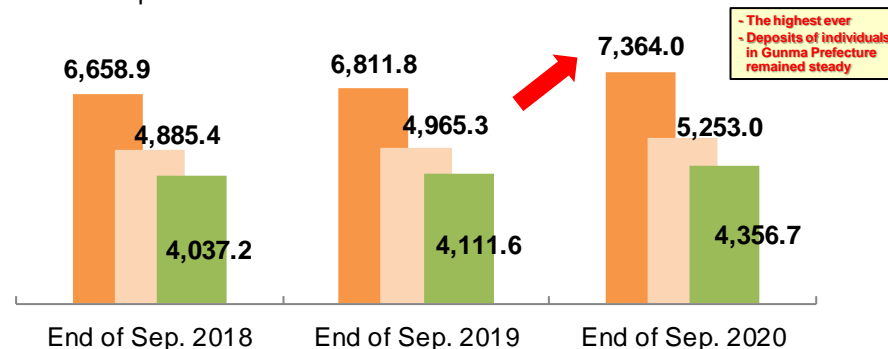
	End of Sep. 2019	End of Sep. 2020	Compared to end of Sep. 2019	
			Change	Rate of change
Deposits, etc.	7,128.7	7,620.2	491.4	6.8
Deposits	6,811.8	7,364.0	552.1	8.1
Deposit to individuals	4,965.3	5,253.0	287.7	5.8
Certificate deposits	316.8	256.1	-60.6	-19.1
Loans	5,557.3	5,702.3	145.0	2.6
Retail	4,525.0	4,638.2	113.1	2.5
SMEs (*1)	2,215.5	2,330.6	115.1	5.2
Individuals	2,309.5	2,307.5	-1.9	-0.0
Housing loans	1,313.7	1,314.9	1.2	0.0
Apartment loans	641.7	649.7	7.9	1.2
Unsecured loans	53.2	53.7	0.5	0.9
Others	891.2	927.4	36.2	4.0
Cross-border	106.1	97.0	-9.0	-8.5
Structured finance	12.4	19.5	7.1	57.4
Domestic large and second-tier enterprises	651.7	675.0	23.3	3.5
Others (*2)	120.9	135.7	14.8	12.2
Overseas branch	48.0	52.1	4.1	8.5
Public entities	93.0	84.5	-8.4	-9.0

* Regional public corporations and Tokyo/Osaka Branch accounts are not included in SMEs (*1) but are classified into Others (*2).

■ Changes in deposits

(Unit: billion yen)

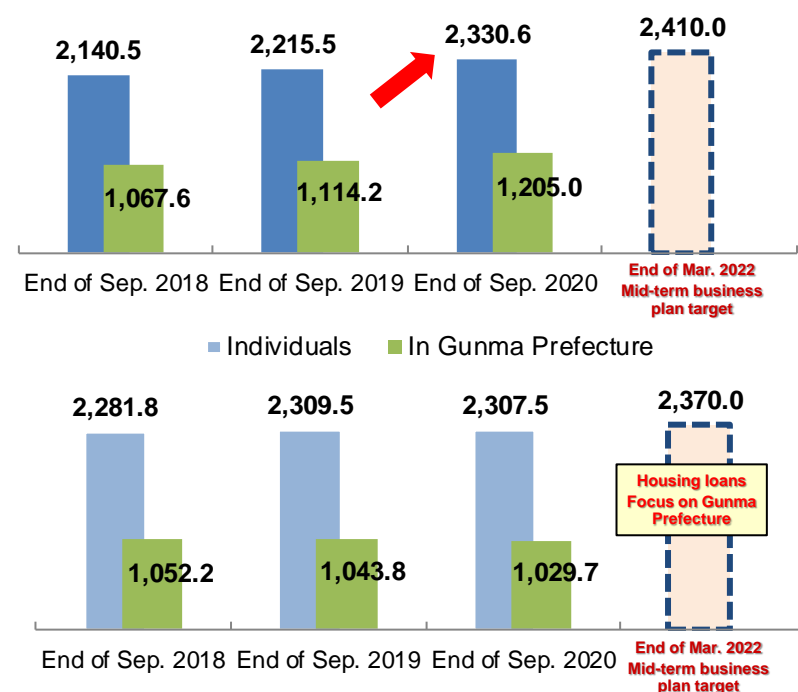
■ Deposits ■ Individuals ■ Individuals in Gunma Prefecture



■ Changes in loans to SMEs and individuals

(Unit: billion yen)

■ SMEs ■ In Gunma Prefecture

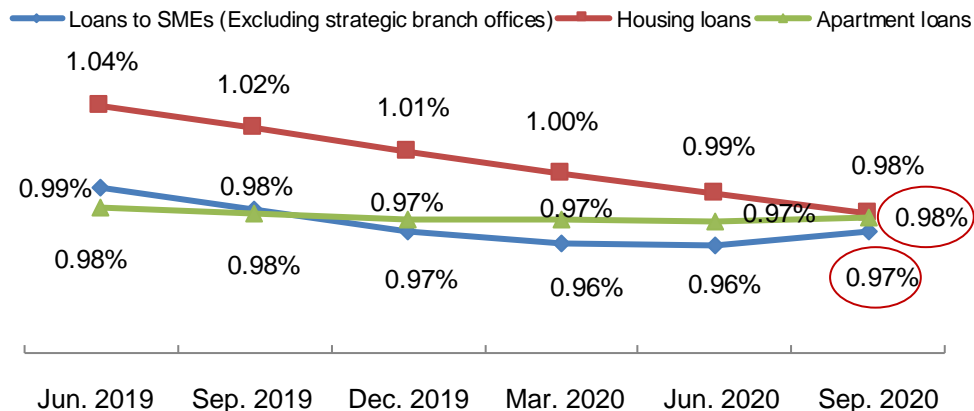
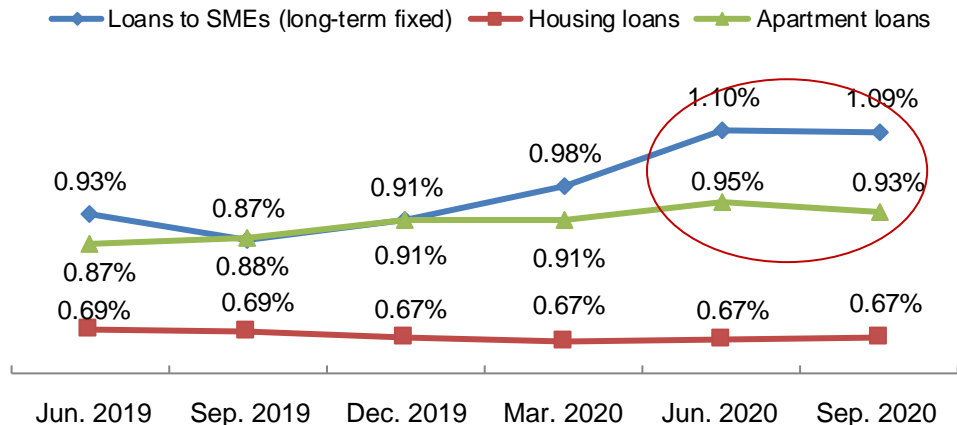


3. Status of Deposits and Loans (2)

Yield on loans to SMEs and that on apartment loans reversed. The Bank actively responded to the need for COVID-19-related loans.

Changes in interest rates of new loans granted

Changes in yield on loans (domestic)



Status of application for COVID-19-related loans

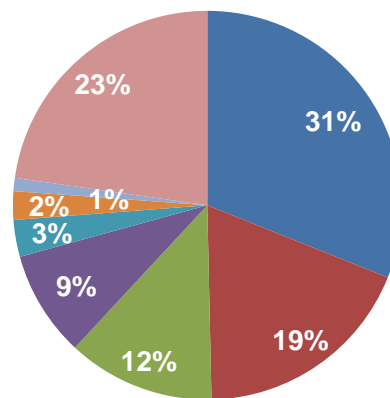
(As of November 12)

Requests		Accepted applications	Loan execution	
New loans	17,220 customers	10,773 cases	Number/amount of loans	11,061 cases / 320.7 bil yen
			Proper	805 cases / 104.2 bil yen
			Guarantee corporation	10,256 cases / 216.4 bil yen
Change in conditions	642 customers	566 cases	Number/amount of loans	2,478 cases / 87.8 bil yen
			Proper	1,359 cases / 71.9 bil yen
			Guarantee corporation	1,119 cases / 15.8 bil yen

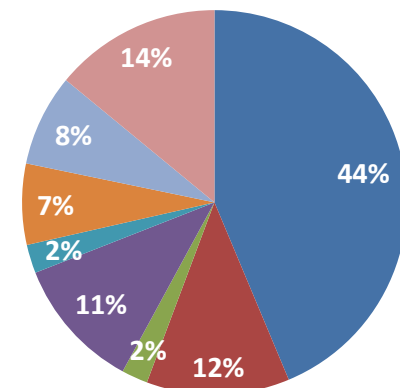
* The number of condition changes accepted is calculated based on the number of applicable loans.

- Manufacturing
- Wholesale/retail
- Construction
- Healthcare and public welfare
- Restaurant services
- Real estate
- Hotels and lodging
- Others

Rate of new loans granted (on an amount basis)



Percentage of change of terms (on an amount basis)

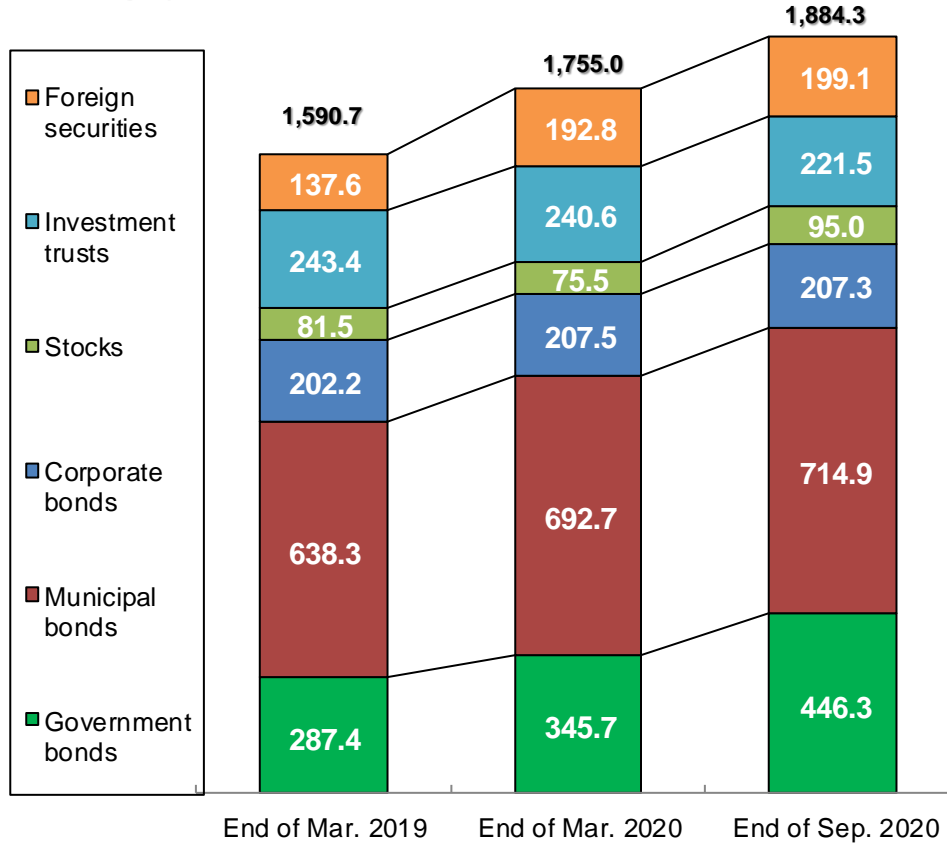


4. Status of Securities

The balance increased mainly in government bonds; unrealized gains/losses improved from the end of the previous fiscal year.

Ending balance of securities (On the basis of not including profit/loss from valuation)

(Unit: billion yen)



Duration	End of Mar. 2019			End of Mar. 2020			End of Sep. 2020		
	(Domestic)	4.53 years	5.66 years	6.22 years	4.53 years	5.66 years	6.22 years	4.53 years	5.66 years
(Foreign)	2.92 years	4.38 years	3.72 years	2.92 years	4.38 years	3.72 years	2.92 years	4.38 years	3.72 years

Bond yield	End of Mar. 2019			End of Mar. 2020			End of Sep. 2020		
	(Domestic)	0.62%	0.49%	0.36%	0.62%	0.49%	0.36%	0.62%	0.49%
(Foreign)	2.86%	1.91%	1.30%	2.86%	1.91%	1.30%	2.86%	1.91%	1.30%

Profit/loss from valuation of securities (Excluding held-to-maturity securities)

(Unit: billion yen)

	End of Mar. 2019	End of Mar. 2020	End of Sep. 2020	Compared to end of previous year
Foreign securities	2.5	-0.6	4.6	5.2
Investment trust, etc.	5.5	-20.3	-3.9	16.4
Stocks	85.2	57.0	62.7	5.7
Strategically held stocks	80.3	56.3	63.8	7.5
Investment securities	4.9	0.7	-1.1	-1.8
Bonds	17.6	7.8	7.5	-0.2
Government bonds	5.8	0.8	1.1	0.3
Municipal bonds	9.4	5.9	5.4	-0.4
Corporate bonds	2.3	1.1	1.0	-0.0
Total	111.0	43.8	71.0	27.1

Profit/loss on sale

(Unit: billion yen)

	Sep. 2019	Sep. 2020	Change
Gain and loss on securities, etc.	5.7	8.6	2.9
Gain and loss on bonds	1.2	2.8	1.5
Gain and loss on stocks, etc.	4.4	5.8	1.4
Profit/loss on sale of stocks, etc.	4.8	5.9	1.0
Strategically held stocks	3.6	2.9	-0.6
Investment securities	1.2	2.9	1.7
Losses on equity securities charge-offs (-)	0.3	0.0	-0.3
Profit/Loss from the cancellation of investment trusts	0.4	1.3	0.8
Total	6.2	10.0	3.7

5. Status of Non-interest Business Profit

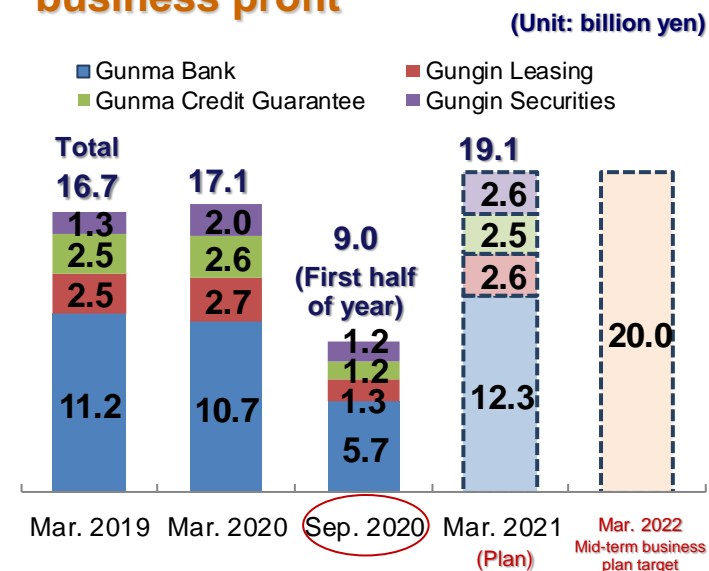
- Non-interest business profit increased by 0.3 billion yen year-on-year and by 1.4 billion yen compared with the plan.
- Business at Gungin Securities remained steady and integration of banking and securities services advanced steadily.

■ Non-interest business profit (consolidated)

(Unit: billion yen)

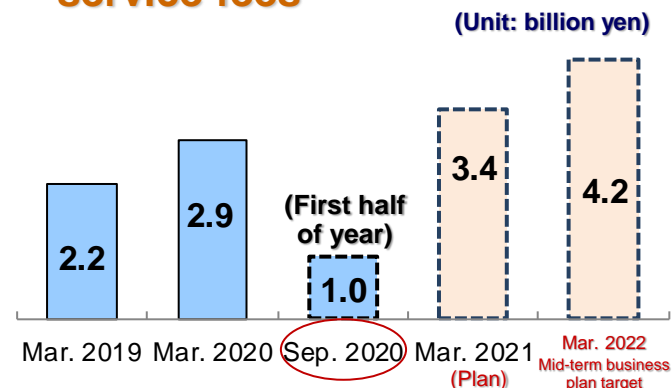
	Sep. 2019	Sep. 2020	Sep. 2020		Mar. 2021 plan
			Year-on-year	Compared with the plan	
Consolidated non-interest business profit	8.7	9.0	0.3	1.4	19.1
A. Corporate service-related	1.3	1.0	-0.3	0.2	3.4
Syndicate loans	0.3	0.2	-0.1	0.1	0.6
Private placement bonds	0.1	0.0	-0.1	0.0	0.2
M&A	0.1	0.1	0.0	0.0	0.4
Business matching	0.2	0.1	-0.1	0.0	0.4
Covenant loans and short-term continuous loans	0.0	0.1	0.1	0.0	0.4
Financial product intermediation for corporations	0.0	0.0	0.0	0.0	0.2
Derivatives (interest and currency)	0.3	0.1	-0.2	-0.0	0.7
Others	0.2	0.0	-0.2	0.0	0.3
B. Deposit financial assets-related	2.6	2.7	0.1	0.8	6.5
Investment trusts commissions	1.0	1.0	0.0	0.0	2.7
Insurance sales commissions (individuals)	0.7	0.5	-0.2	0.0	1.4
Gungin Securities (for individuals), others	0.7	1.1	0.4	0.6	2.3
C. Others	4.8	5.3	0.5	0.3	9.0
Dividend of group credit life insurance	0.9	1.7	0.8	0.2	1.7
Base service commissions (domestic exchange, agency services, etc.)	4.2	4.2	0.0	0.0	8.4
Loan insurance premium	-3.2	-3.3	-0.1	-0.0	-6.6
Gungin Leasing	1.3	1.3	0.0	-0.0	2.6
Gunma Credit Guarantee	1.2	1.2	0.0	-0.0	2.5
Other consolidated reconciliation	0.2	0.0	-0.2	0.0	0.3

■ Changes in non-interest business profit



* The combined breakdown of each company is a figure before the consolidation adjustment and does not agree with the total.

■ Changes in corporate service fees



6. Status of Core Business Profit

Profit from customer service business was consistently secured.

Core business profit

(Customer service business profit + interest on securities/dividend income)

(Unit: billion yen)

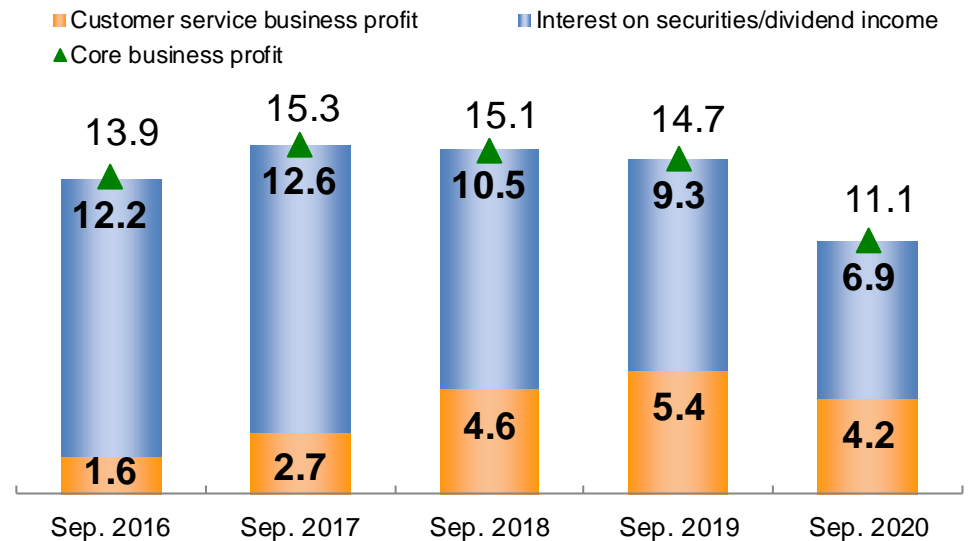
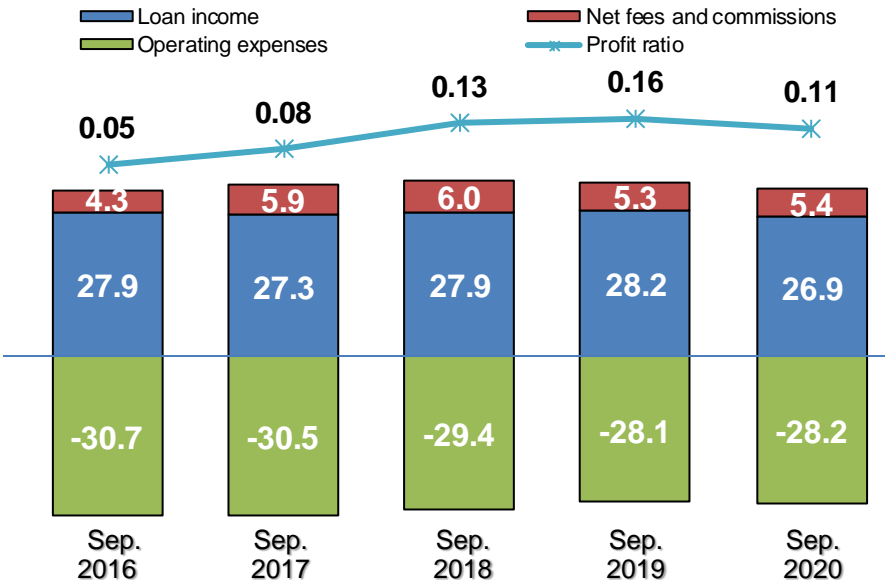
	(1)							(2)	(1) + (2)
	Customer service business profit ratio	Customer service business profit	Loan income	Net fees and commissions	Operating expenses	Average loan balance	Deposit and loan direct profit margin	Interest on securities/dividend income (*)	Core business profit
Sep. 2016	0.05%	1.6	27.9	4.3	30.7	5,026.3	1.14%	12.2	13.9
Sep. 2017	0.08%	2.7	27.3	5.9	30.5	5,292.7	1.06%	12.6	15.3
Sep. 2018	0.13%	4.6	27.9	6.0	29.4	5,473.8	1.05%	10.5	15.1
Sep. 2019	0.16%	5.4	28.2	5.3	28.1	5,509.5	1.04%	9.3	14.7
Sep. 2020	0.11%	4.2	26.9	5.4	28.2	5,634.8	0.96%	6.9	11.1

* Customer service business profit = Loan income (Average loan balance × Deposit and loan direct profit margin) + Net fees and commissions - Operating expenses
 * Customer service business profit ratio = Customer service business profit / Average deposit balance

(*) Excluding profit/loss from the cancellation of investment trusts

(Unit: billion yen, %)

(Unit: billion yen)

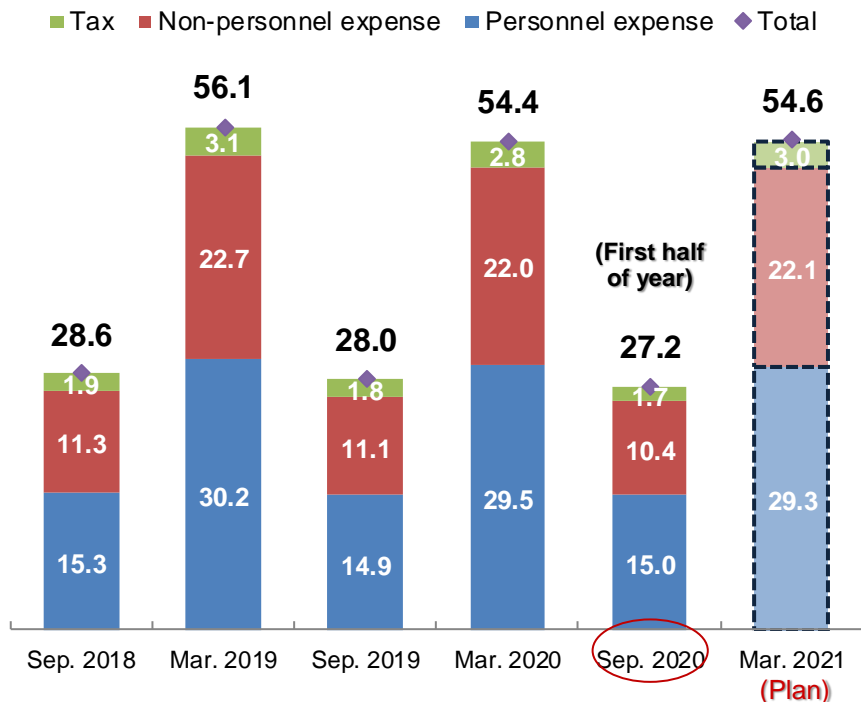


7. Status of Expenses

Expenses reduced by 0.8 billion yen year-on-year.
Consolidated OHR is within the target range.

Changes in expenses (non-consolidated)

(Unit: billion yen)



Consolidated OHR

	Mar. 2019	Mar. 2020	Sep. 2020	Mar. 2021 plan	Mar. 2022 mid-term business plan target
Consolidated OHR	63.2%	66.3%	64.8%	65.6%	Around 65%

Factor for change

(Unit: billion yen)

	Sep. 2019	Sep. 2020	Compared with Sep. 2019	Main factors
Tax	1.8	1.7	-0.0	Stamp tax: -0.15, consumption tax: +0.06
Non-personnel expense	11.1	10.4	-0.7	Depreciation expenses (tangible assets): -0.3, outsourcing expenses: -0.2
Personnel expense	14.9	15.0	0.0	Salary: -0.1, bonus: -0.1, temporary employment expenses: +0.1

Comparison with the initial plan

(Unit: billion yen)

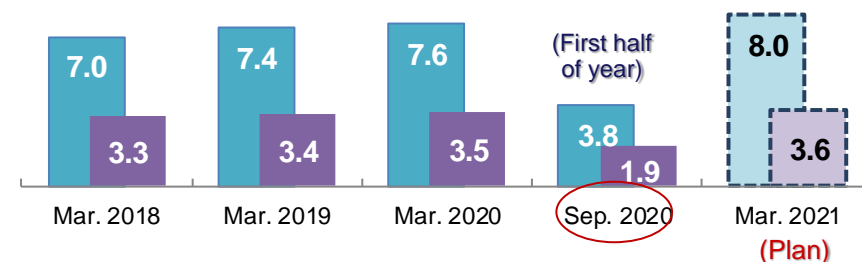
	Mar. 2020	Mar. 2021	Mar. 2022
Initial plan (mid-term business plan)	56.1	55.8	55.6
Results/Plan	54.4	54.6	To be reduced further
Comparison	-1.7	-1.2	

⇒ Reduce expenses, mainly non-personnel expenses including outsourcing expenses and store repair expenses by promoting the business operation reform project and channel reforms.

System-related expenses

(Unit: billion yen)

Overall expenses Depreciation expenses



8. Status of Credit Costs

The influence of the factor derived from COVID-19 is 1.9 billion yen.

Changes in and breakdown of credit costs (non-consolidated)

	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021 plan	Sep. 2020
(1) Credit costs	2.3	7.9	4.3	9.9	5.9
Transfer to general provision for possible loan losses	-1.0	0.3	-1.1	5.5	4.3
Disposal of non-performing loans	3.4	7.6	5.4	4.4	1.6
Gain on the collection of claims written-off (-)	0.0	0.0	0.0	0.0	0.0
(2) Loans (average balance)	5,332.8	5,491.3	5,523.1	5,679.6	5,634.8
Credit cost ratio (= (1) / (2))	0.04	0.14	0.08	0.17	0.21

	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021 plan	Sep. 2020
Credit costs	2.3	7.9	4.3	9.9	5.9
Due to changes to the provision ratio	-0.9	0.4	-0.5	-0.2	-0.2
Other factors	3.2	7.5	4.8	10.1	6.1
DCF	-0.3	-0.3	-1.4	3.3	3.3
Downgrade	4.9	9.7	9.0	8.6	3.6
Collection, upgrade, etc.	-1.4	-1.9	-2.8	-1.8	-0.8

Factor analysis

	Sep. 2020
General provision for possible loan losses	4.3
COVID-19 (downgrade)	(1) 1.0
Others	(2) 3.2
DCF	(3) 3.3
Rental properties	0.3
Disposal of non-performing loans	1.6
COVID-19	0.9
Downfall	0.8
Decrease in scheduled payments threatened with bankruptcy	0.1
Downgrade	1.6
Collection, upgrade, etc.	-0.8
Credit costs	5.9
COVID-19	(4) 1.9

Provision ratios for possible loan losses

			Provision target	Period	Mar. 2019	Mar. 2020	Mar. 2021 plan	Sep. 2020
Normal borrowers			Entire claim amount	1 year	0.070	0.071	0.071	0.071
Borrowers requiring attention other than special attention	Borrowers without realistic, comprehensive business reconstruction plans	Classification 1	Entire claim amount	3 years	0.992	0.957	0.947	0.947
	Borrowers with realistic, comprehensive business reconstruction plans	Classification 2	Entire claim amount	3 years	6.664	6.271	6.127	6.127
Borrowers requiring special attention								
Classification III borrowers threatened with bankruptcy			Entire non-coverage amount	3 years	34.668	32.950	32.275	32.275

- The credit costs are 5.9 billion yen (1Q: 5.4 billion yen, 2Q: 0.5 billion yen)
- (1) Financing support (change in conditions) is on a downward: 0.7 billion yen in 1Q (April to June), 0.3 billion yen in 2Q (July to September).
- (2) The impact by large borrowers is primary cause of DCF.
- (3) While there are not delayed payments, etc., the provisions are implemented preventively.
- (4) The impact of COVID-19 up to 2Q is 1.9 billion yen in total.

9. Business Forecast (for Year Ending March 2021)

Net income is expected to be 20.5 billion yen on a consolidated basis and 18.0 billion yen on a non-consolidated basis.

Consolidated

(Unit: billion yen)

	No.	Mar. 2020	Forecast for Mar. 2021		
			Year-on-year	Compared with the announced plan	
Core business gross profit	1	84.7	86.1	1.4	2.9
Non-interest business profit	2	17.1	19.1	2.0	1.5
Expenses	3	56.1	56.5	0.4	0.2
Core business net profit	4	28.5	29.6	1.1	2.6
OHR	5	66.3	65.6	-0.7	-2.1
Ordinary profit	6	31.5	28.5	-3.0	-
Net income attributable to owners of parent	7	22.2	20.5	-1.7	-

Non-consolidated

(Unit: billion yen)

	No.	Mar. 2020	Forecast for Mar. 2021		
			Year-on-year	Compared with the announced plan	
Core business gross profit	1	78.4	79.6	1.2	2.4
Net interest income	2	67.6	67.2	(1) -0.4	1.5
Non-interest business profit	3	10.7	12.3	(2) 1.6	0.9
Net fees and commissions	4	9.8	11.3	1.5	0.7
Other business profit	5	0.9	1.0	0.1	0.2
Expenses	6	54.4	54.6	0.2	0.1
Core business net profit	7	24.0	25.0	1.0	2.3
Gain and loss on securities, etc.	8	5.4	11.6	6.2	2.1
Credit costs	9	4.3	9.9	5.6	4.9
Others	10	0.2	-1.8	-2.0	0.3
Retirement benefit cost	11	-0.1	-1.9	-1.8	-
Ordinary profit	12	25.3	25.0	-0.3	-
Net income	13	17.9	18.0	0.1	-

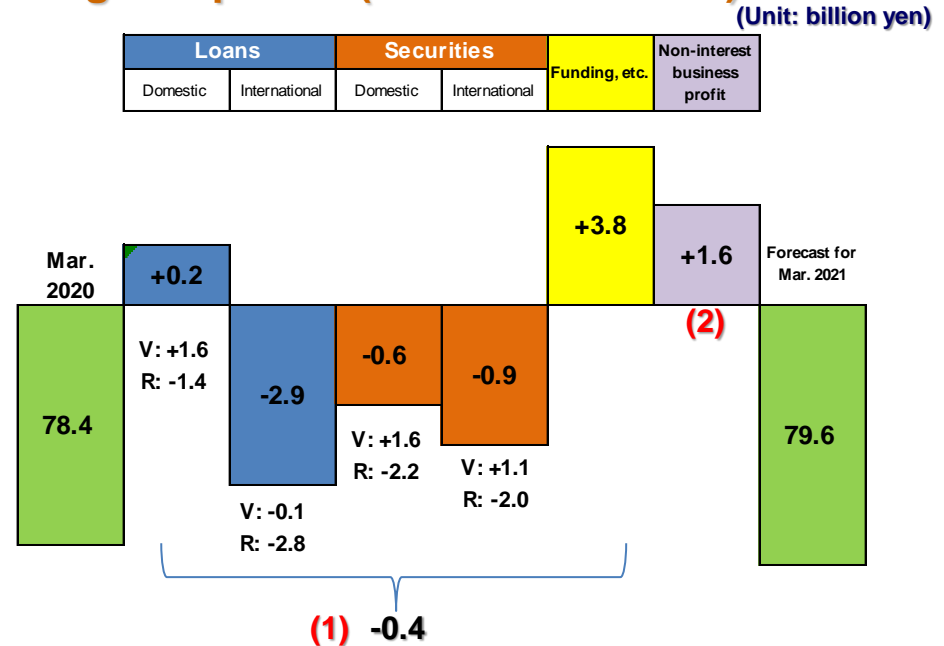
Average balance and yields (non-consolidated)

(Unit: billion yen, %)

	Average balance		Yields	
		Year-on-year		Year-on-year
Loans	5,679.6	156.5	0.95	-0.07
Domestic transactions	5,489.7	162.6	0.94	-0.02
Securities	1,899.8	239.6	0.76	-0.20
Domestic transactions	1,685.4	187.3	0.70	-0.13
Deposits	7,195.1	415.0	0.00	-0.01
Domestic transactions	7,157.6	436.4	0.00	-

Breakdown of changes in core business gross profits (non-consolidated)

(Unit: billion yen)



II. Management Strategies and Shareholder Returns, etc.



1. Mid-Term Business Plan (Progress)

■ Consolidated numerical targets for the final year of the plan

Contents	March 2020 results	March 2021 plan	March 2022 target	(Reference)
				September 2020 semiannual results
<Profitability indices>				
Net income attributable to owners of parent	22.2 billion yen	20.5 billion yen	24.0 billion yen	12.3 billion yen
Non-interest business profit	17.1 billion yen	19.1 billion yen	20.0 billion yen	9.0 billion yen
RORA (consolidated net income divided by risk assets)	0.5%	0.5%	0.5% or higher	0.57%
ROE (long-term target)	4.4%	4.2%	(Long-term target) 5% or higher	4.8%
<Efficiency index>				
OHR	66.3%	65.6%	65% or so	64.8%
<Soundness index>				
Consolidated total capital ratio	11.95%	12.24%	12% or plus	12.57%

■ Main indicators to measure the target achievement

Contents	March 2020 results	March 2021 plan	March 2022 target	(Reference)
				September 2020 semiannual results
<Net interest income>				
Ending balance of retail loans	4,550.5 billion yen	4,685.0 billion yen	4,780.0 billion yen	4,638.2 billion yen
Ending balance of unsecured consumer loans	54.6 billion yen	60.0 billion yen	60.0 billion yen	53.7 billion yen
<Non-interest business profit>				
Corporate service revenue (consolidated)	2.9 billion yen	3.4 billion yen	4.2 billion yen	1.0 billion yen
Balance of deposit financial assets (consolidated)	850.8 billion yen	911.0 billion yen	1,000.0 billion yen	896.1 billion yen
<Regional revitalization/SDGs>				
Number of issues resolved according to business assessment	739 cases	-	1,500 cases	1,060 cases
Number of business succession aid recipients	3,083 recipients	-	6,000 recipients	3,925 recipients
Number of business founding aid recipients	565 recipients	-	2,000 recipients	925 recipients
Number of female managerial employees (compared to end of March 2019)	Increase of 9%	-	Increase of 20%	Increase of 23%

2. Rebuilding of Housing Loan Promotion System

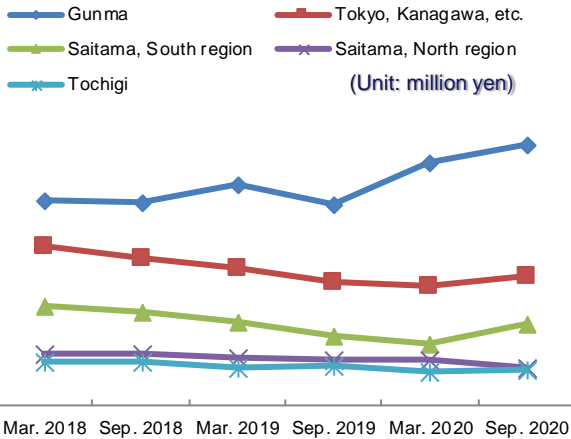
Issue awareness

Personal loan balances stay flat

Interest decreasing trend

Competition outside Gunma Prefecture intensifies

<<Progress of plan execution of loan stations by region>>



Local market share is low compared to other banks

Gunma Bank	Gunma Prefecture	Around 16%
Other neighboring banks	Main area	Approx. 30% to 40%

Ground and aim of the promotion

RORA is high

⇒ Secured loans and risk weight are low

Life dealing and cross-selling are expected

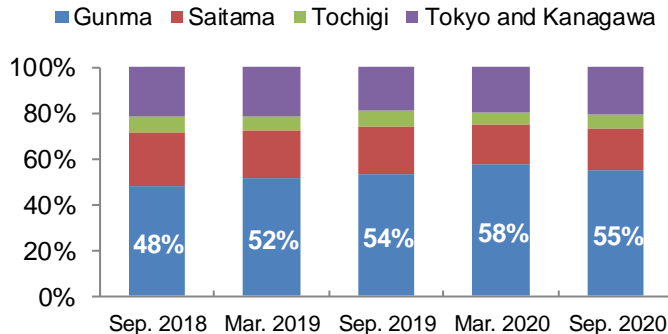
⇒ Purchase of insurance and savings products, management of retirement benefits, and consultation of inheritance

Within Gunma Prefecture: Utilization of individual consulting plaza in Maebashi, Takasaki, and plaza EAST
Outside Gunma Prefecture: Utilization of direct channel such as telemarketing and direct mails

Expanding margin within Gunma Prefecture is high

⇒ Reinforcement in Gunma Prefecture by rebuilding of promotion system

<<Rate of new housing loans granted>>



Specific initiatives

Reallocate 16 people to the bases within Gunma Prefecture, from loan stations, etc. outside

(Unit: person)

Sites of additional staff	Number of additional staff
Individual consulting plaza Maebashi	4
Individual consulting plaza Takasaki	3
Iseaki Loan Station	3
Individual consulting plaza EAST	3
Sales department in Head office	3
Total	16

Shortening the time for review response

Utilization of Zenkoku Hoshu Co., Ltd.

Attracting high attribute customers by guarantee fee reduction

Reinforcement of cross-selling by utilizing plazas

* As execution of the plan is 25 million yen per case, main market share is estimated from the amount of execution and the number of construction starts.

3. Initiatives to Improve Profitability

■ Initiatives to improve customer profitability, utilizing standard profit margin



Aim to improve profit margins and boost non-interest business profits, etc.

- Set standard profit margin levels in line with the RORA target for the entire Bank

⇒ All banks uniform indicator to measure transaction profitability with “gross profit margin after credit costs (risk-adjusted profit margin)”
Set by region and by the rating of corporate borrowers

Select priority targets(*) and consider and implement profit improvement measures by company.

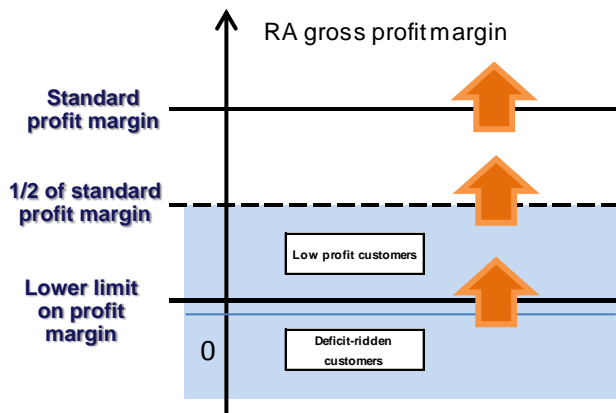
Extend target scope from this second half of the year → Average balance is approx. 1,600 billion yen of approx. 6,000 customers in total
First half: Approx. 1,200 customers that each branch selects (average balance of 400 billion yen)
Second half: Extending to all targets of average credit balance of 50 million yen or more and rating of B1 or higher, less than standard profit margin

⇒ Modify commendation system and evaluate RA gross profit margin improvement status of the customers that focus on profit improvement.

(*) Priority targets

Targets that focus on profit improvement, such as large credit customers in low profit

Aim for profitability of one stage higher



<Profitability improvement status of priority targets at the end of September 2020> (Unit: %)

	Priority targets					
	RA gross profit margin		Loan balance SP		Non-interest business profit rate	
		Compared to half year		Compared to half year		Compared to half year
Within Gunma Prefecture	0.71	+0.23	0.58	+0.01	0.32	+0.20
Outside Gunma Prefecture	0.50	+0.13	0.53	+0.03	0.13	+0.07
Total	0.62	+0.19	0.56	+0.02	0.24	+0.15

* RA profit ratio = (rental profit - credit cost + deposit profit + non-interest business profit) / average credit balance

* The ratio compared to half year is a comparison with the last second half year.

Half year improvement of RA gross profit margin and RA gross profit

	RA gross profit margin	RA gross profit
Within Gunma Prefecture	+0.23%	+290 million yen
Outside Gunma Prefecture	+0.13%	+120 million yen
Total	+0.19%	+410 million yen

4. Strengthen Business Succession Service

Grasp customer needs

- Select 530 companies as our top priority customers and continue to provide support (from April 2019)

Within Gunma Prefecture	Customers with net assets of 1 billion yen or more
Outside Gunma Prefecture	Customers whose main bank is the Bank and with net assets of 0.5 billion yen or more



- Change of customer needs in COVID-19 catastrophe (From June 2020)

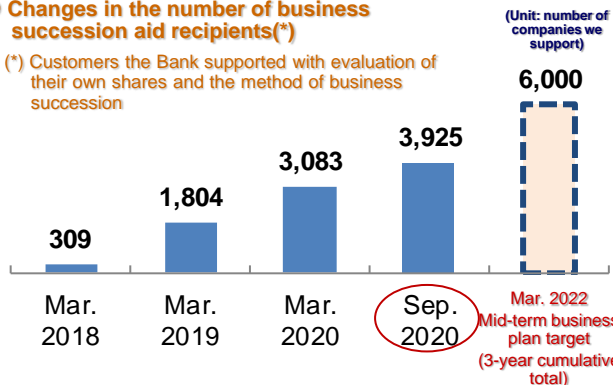
- Consider sale of the business due to business performance slowdown
- Consider share transfer to successor due to fall of the treasury stock evaluation

Confirm to high stock price customers (with amount appraised of 300 million yen or more) of realization of business succession due to change of management environment

High stock price customers (partly overlapped with the most important customers)		
	Forecast of succession materialization	
718 customers	Customers in high possibility of progress	Customers under consideration
	112 customers	388 customers

- Changes in the number of business succession aid recipients(*)

(*) Customers the Bank supported with evaluation of their own shares and the method of business succession



Strengthen efforts to meet needs

- Activities to support solving issues and to lead earning improvement

Execution item	Target customers
(1) Approximate evaluation of their own shares	Customers listed left hand + In spite of the existence of successor, customers with net asset of 100 million yen or more (customers with total loan of 100 million yen or more are added in Omiya city, Tokyo and Kanagawa region)
(2) Return to customers of evaluation (Presentation)	
(3) Activity tied to banking function to solve issues	All customers
(4) Introduce good customers of M&A cases	

- Utilize the various functions of the Group

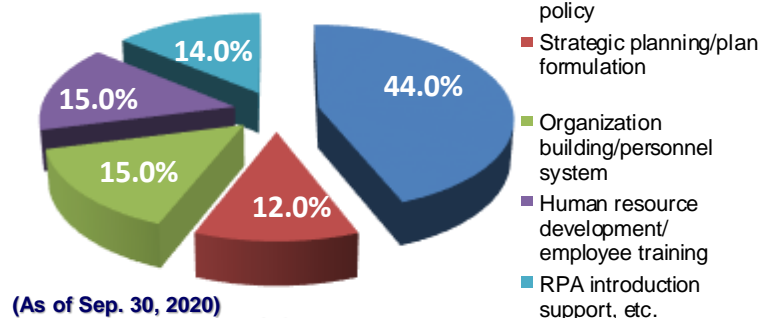
Structured covenant loans, private placement bonds, M&A, syndicate loans, business insurance, etc.



Collaboration with Gungin Consulting Co., Ltd.

- Utilize Gungin Consulting Co., Ltd.

(Breakdown of contracts)

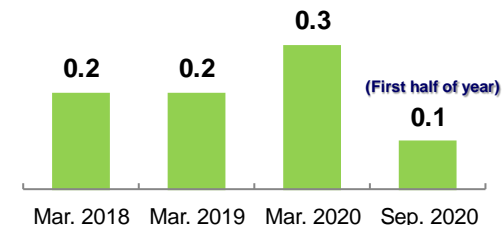


Results

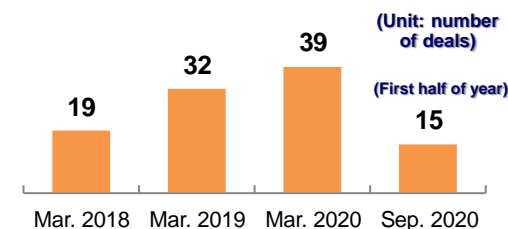
- M&A deals made



Fee (Unit: billion yen)



- Number of new entrustment



5. Strengthen Initiatives of Inheritance-related Operations

Grasp customer needs

◎ Initiatives of selecting target customers and proposal actions

Target	Number of customers in Apr. 2020	Number of interviews in Sep. 2020	Ratio of interviews
Customers aged 65 and over with financial assets under custody of 30 million yen or more	5,444	3,949	72.5%
Testamentary substitution trust companies	679	387	57.0%
Borrowers of apartment loans Customers aged 80 and over with an balance of 100 million yen or more	475	314	66.1%
Borrowers of apartment loans Within a year after delivery	958	680	71.0%
Total	7,556	5,330	70.5%

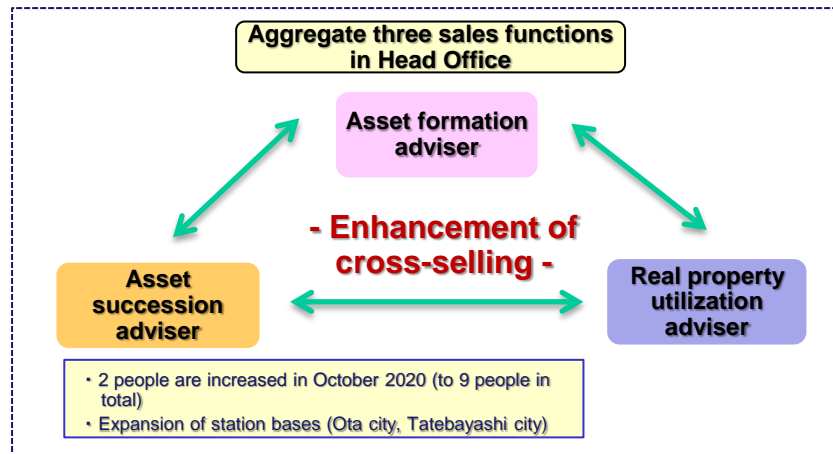
Secure interview ratio of 70% in restriction of the COVID-19 catastrophe



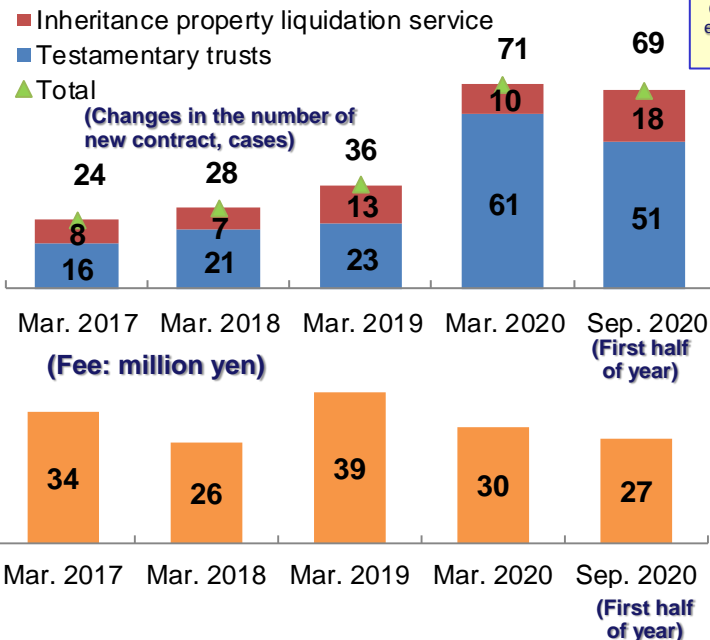
* Number of targets in April 2020: reflecting the latest transaction status, addition and narrowing of targets are performed.

Strengthen structures to meet needs

◎ New establishment of wealth management group



■ Inheritance sorting service/ Testamentary trust

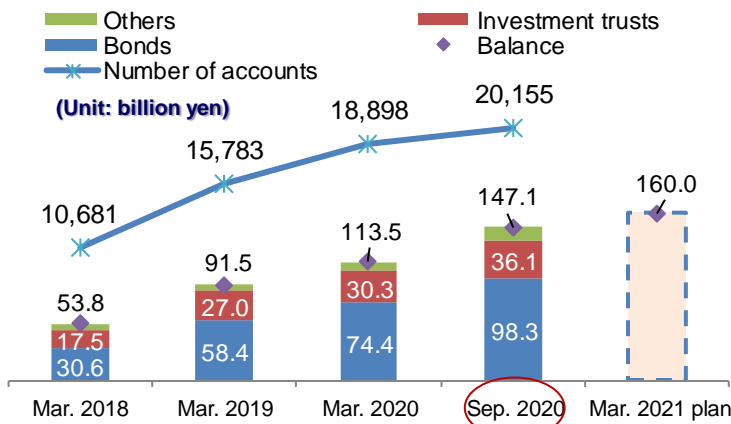


Mid-term business plan target
400 cases
Cumulative total at the end of September 2020
140 cases

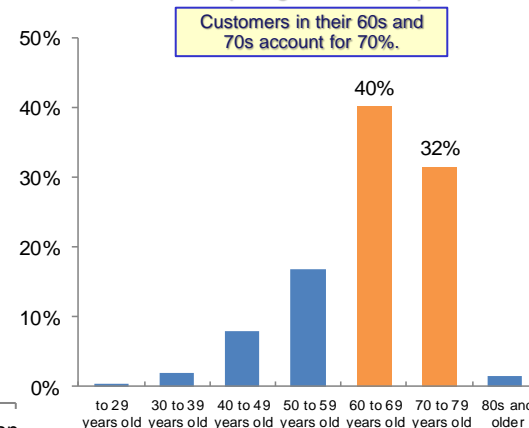
◎ Effective utilization of Saturday and Sunday-limited consultation desk of succession, preparation of succession-related CM

■ Initiatives to address the need to extend asset life (promoted by integrating banking and securities services)

<<Balance of deposit assets and number of accounts (Gungin Securities)>>



<<By customer age (Gungin Securities)>>



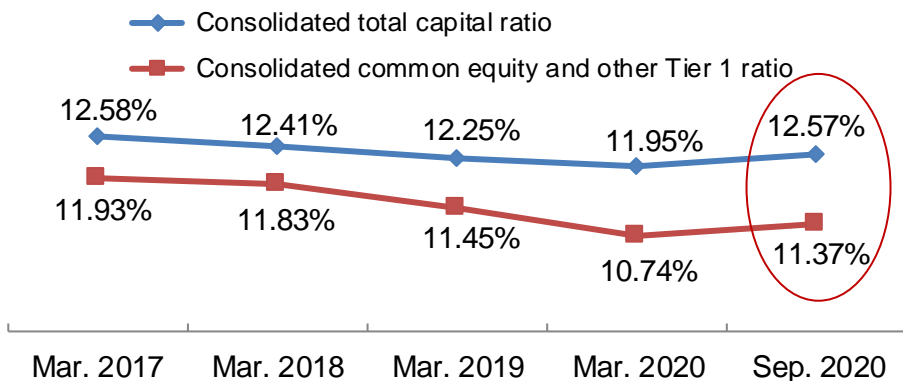
6. Status of Capital, etc.

Adequacy requirement of capital level is acceptable. We continued to reduce holdings of strategically held stocks.

Changes in capital ratio

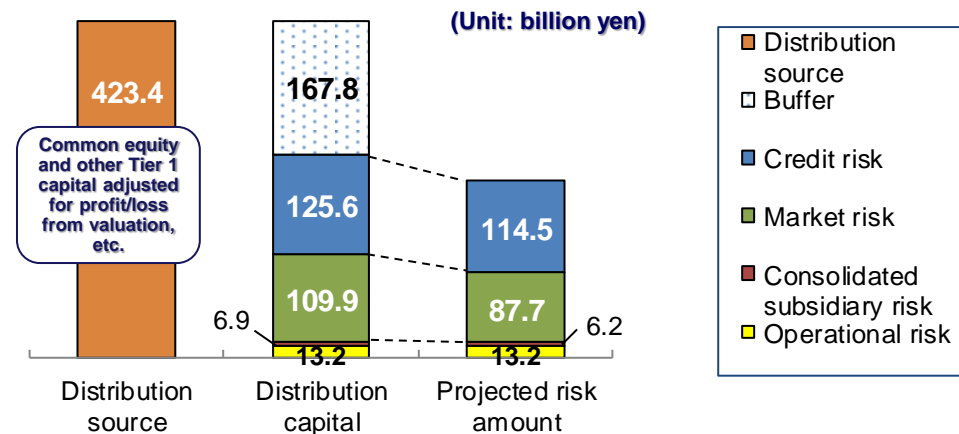
<Basel III international standards>

⇒ Acceptable level in comparison to adequacy requirements



Capital adequacy assessment

<Status of capital distribution (first half of FY2020)>

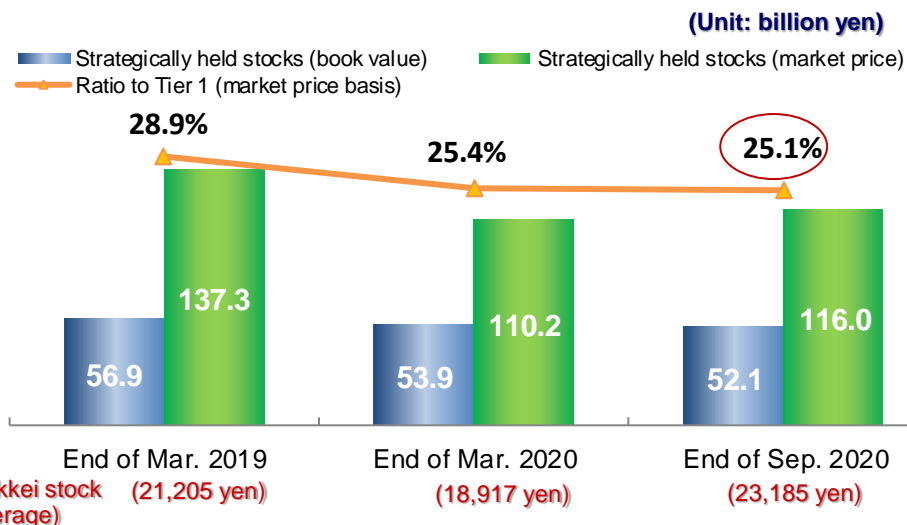


Subordinated bonds (B3T2 bonds), other Basel rules

	Cumulative total issued	Purpose	Effect of increasing capital ratio
Subordinated bonds B3T2	50 billion yen	Bolstering capital	1.25%

	Mar. 2020	Sep. 2020	Standard set by rules
Consolidated leverage ratio	5.35%	6.10%	3% or more
Consolidated Liquidity Coverage Ratio (LCR)	156.42%	175.37%	100% or more
Interest Rate Risk in the Banking Book (IRRBB)	4.53%	2.57%	15% or less

Status of strategically held stocks



7. Status of Shareholder Return and Per Share Indicators, etc.

Shareholder return policy

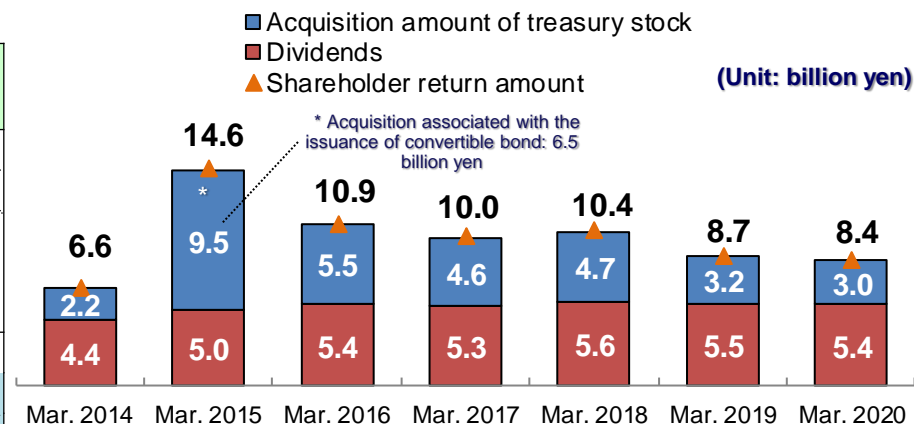
While striving to strengthen our financial position, we aim to return profits to shareholders in line with business performance based on our basic policy of continuing to pay stable dividends.

For the time being, we aim to achieve a shareholder return rate of approximately 40% of non-consolidated net income. The return includes dividends and amount of share buy-backs.

Status of shareholder return

(Unit: billion yen, %)

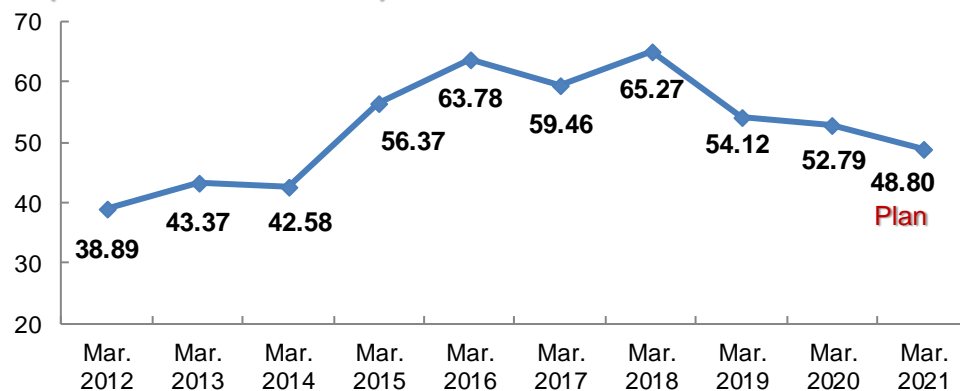
		Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021 plan
Dividends (1)		5.3	5.6	5.5	5.4	5.4
Dividend per share (yen)		12	13	13	13	13
Share buy-backs (2)		4.6	4.7	3.2	3.0	
(Number of shares repurchased: million)		(8)	(7)	(6)	(8)	
Shareholder return amount (3) = (1) + (2)		10.0	10.4	8.7	8.4	
Non-consolidated	Net income (4)	25.2	26.0	20.9	17.9	18.0
	Payout ratio = (1) / (4) × 100	21.0	21.7	26.6	30.4	30.0
	Shareholder return rate = (3) / (4) × 100	39.7	40.1	41.9	47.2	



* The share buy-backs used for calculating the return rate were carried out during one year starting from the General Meeting of Shareholders.

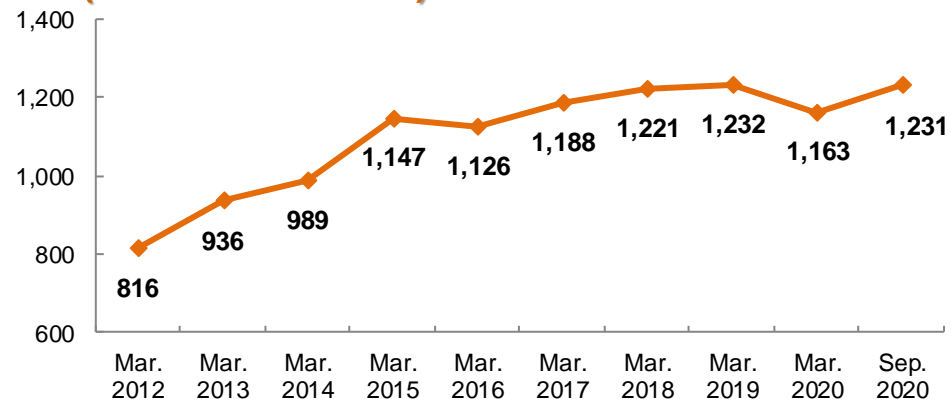
Net income per share (Consolidated EPS)

(Unit: yen)



Amount of net assets per share (Consolidated BPS)

(Unit: yen)



Ⅲ. Initiatives for ESG



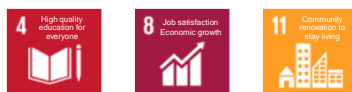
Initiatives for ESG: SDGs Declaration and Priority Issues

● Gunma Bank group has corporate philosophy, “Our business is always thinking about development of local community and acting,” and plans to promote independent approach through business activities to achieve SDGs of social and environmental issues.

- “SDGs & ESG management office” is established as a promotion and management division in June 2020 to step up and accelerate initiatives for the achievement of SDGs further -

Priority issues

1. Sustained development of the regional economy



2. Preservation and creation of global environment



3. Promote successful engagement by diverse personnel



4. Promote partnership



Specific initiatives

- enhancement of business incubation
- exhaustive initiatives to issues of business succession
- holding seminars mainly targeted to customers considering asset formation
- giving monetary economy education lectures in a high schools and universities, etc.

- handling financing for renewable energy, loans for energy saving, etc.
- enhancement of preservation activities of “Gungin’s forest”
- environmental conservation activity support through Gunma Bank Environment Foundation
- paperless promotions through PC tablet utilization and WEB account, etc.

- enhancement of initiatives to promote women in the workforce such as all-women staff team
- facilitation of systems and environment to realize flexible work styles, etc.

- enlightenment by dealing Gunma Bank Private Placement Bond for the SDGs and activity support to contribute to SDGs
- SDGs promotion in whole region through cooperation with municipal authorities, etc.

Major results

	FY2018	FY2019	Sep. 2020
Number of targets conducted evaluation of business potentials	1,058 customers	1,430 customers	Not implemented (because of COVID-19)
Number of business succession aid recipients	1,804 recipients	3,083 recipients	3,925 recipients
Number of entrustments of inheritance sorting service/testamentary trust	36 cases	71 cases	69 cases
Donation utilizing SDGs private placement bonds	99 cases 16.5 million yen	114 cases 16.4 million yen	48 cases 5.3 million yen

■ Issuance of Green Bonds for the first time among regional banks

- applying to financing for renewable energy facilities, etc.

■ Donation through shareholder benefits of “Donation Course”

- donation to the succession fund for Gunma world heritage and Gunma silk inheritance

■ Various certification acquisition

- received third certification of “Platinum Kurumin Mark” and “Eruboshi Mark”
- Health and Productivity Management 2020 (White 500)

	FY2018	FY2019	Sep. 2020
Percentage of female managers	10.0%	11.2%	12.4%

Initiatives for ESG: Environment

- Working on reduction of environmental load by itself and giving environmental conservation education through organized Environment Foundation under the “Gunma Bank Environment Policy and Environmental Action Standard” enacted and announced in May 2009.

<<Environmental Policy>> *The Gunma Bank cares for natural environment of the home, aiming to realize a truly rich community where the harmonious balance between the environment and industry is maintained. We will actively engage in environmental conservation and fulfill our responsibilities as citizens.*

■ Issuance of Green Bonds (issue amount of 10 billion yen)

<<Application status report: as of the end of September 2020>>

Item	Amount (million yen)
Proceeds on Green Bonds	9,950
Applied amount	8,513
Renewable energy	8,489
Solar power business	8,447
Hydro power business	42
Energy efficiency	4
Clean transportation	19
Not-applied balances	1,436

<<Environmental improvement effect report: as of the end of September 2020>>

Criteria category	CO ² reduction
Renewable energy	7,083 (t-CO ² /year)
Solar power business	3,057 (t-CO ² /year)
Hydro power business	4,026 (t-CO ² /year)
Energy efficiency	8 (t-CO ² /year)
Clean transportation	3,650 (kg-CO ² /year)



■ Setting reduction target volume of greenhouse gas emission and paper consumption

<<Reduction target volume of greenhouse gas emission>>

FY2025	Reduction of more than 23% from FY2013
FY2030	Reduction of more than 26% from FY2013

<<Reduction target volume of paper (photocopy paper) consumption>>

FY2025	Reduction of 30% from FY2013
FY2030	Reduction of 40% from FY2013

■ Representing agreement to the proposal of TCFD (Task Force on Climate-related Financial Disclosures)

■ Engagement in forest maintenance activities (Gungin's forest)

■ Activities in Environment Foundation

Initiatives for ESG: Social

- Under the corporate philosophy of making greater contribution to industrial and cultural advancement, assisting in enrichment of the quality of life in the regional community and being a good corporate citizen, Gunma Bank is providing support in the arts, culture, sports and financial and economic education, in addition to the preservation of local cultural properties.
- In the area of fund procurement services for our corporate clients, the Bank is engaged in private placement bonds that contribute to achieving the SDGs or support projects that contribute to achievement of SDGs.

Efforts to contribute to society

<<Support in cultural and artistic activities>>



- Support of Gunma Symphony Orchestra activities, including sponsorship of their regular concerts.

<<Sales of investment trust funds that support protection of cultural properties>>



- Investment trust fund for making charitable donations to protection of Tomioka Silk Mill and Related Sites.

<<Support in sports activities>>



- Gunma Bank Green Wings' active participation in and contribution to the local community through volleyball activity, etc.

<<Support of financial education>>



- Host of Gunma tournament of "Economics Koshien," a national high school quiz tournament on finance and economics.



Initiative for barrier-free

<<Installation of communication tools, etc., at all branch offices>>

- Installation of various communication tools for the hearing-impaired, such as hearing aids, Ear Mark plates and speech-to-text tools at all branch offices.



<<Startup of remote sign-language interpreting service>>

- The sign-language operator serves as interpreter via tablet, employing the teleconference system.



<<Introduction of barrier free designed ATMs>>

- Installation of communication handset on ATMs of all branches for the convenience of customers who are elderly or visually impaired.



<<Other activities>>

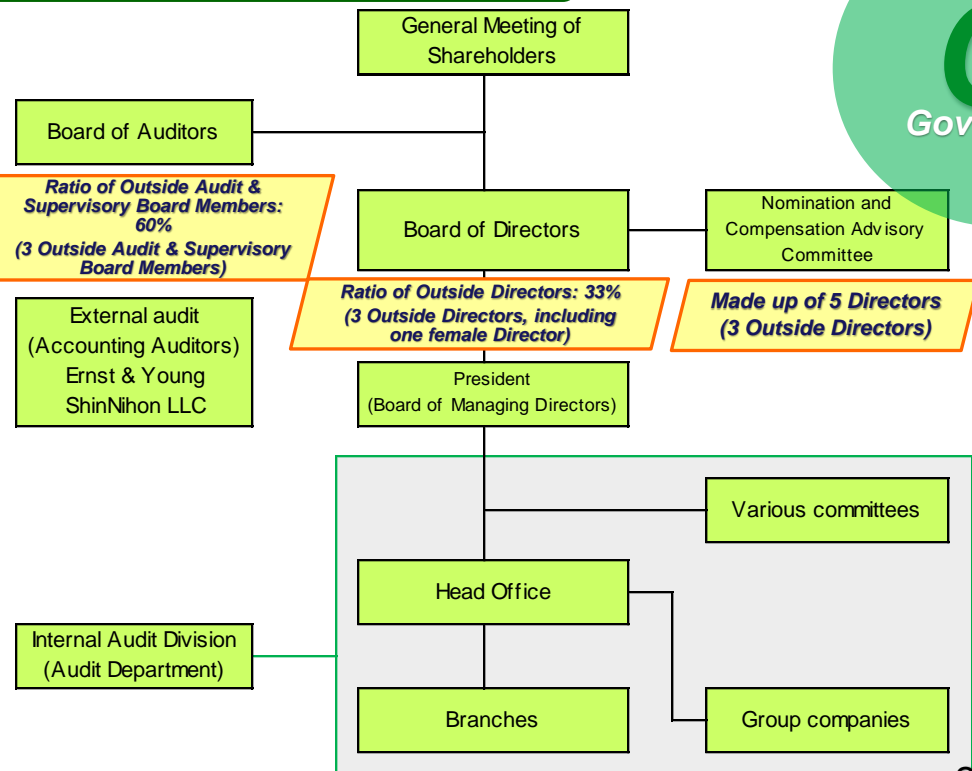
- Braille notifications service via post
- Use of name cards printed in braille
- Text-to-speech function on the Gunma Bank website, etc.

Initiatives for ESG: Governance

● Our basic management policy is to address the financial needs of our customers with precision, with advancement of the local community constantly in mind, as well as to enhance our corporate value by assuring sound fiscal health of our assets, reinforcement of our earning power, etc., and to gain a high level of evaluation from our shareholders and the market. In order to implement and realize the goals of our basic policy, the Bank is devoting its energy into the following three, with due attention to the fact that improvement in corporate governance is the top-priority issue in business management.

1. Development of a structure enabling proper management decision making and efficient business execution
2. Enhancement of the compliance system and risk management system as the foundation of sound management
3. Timely and appropriate disclosure of corporate information aiming for transparent management and proactive IR activities

Corporate governance organization



Compliance organization

- The **Board of Directors** is designated the **highest body responsible for compliance**, with the **Compliance Committee** commissioned by the Board to deliberate into important compliance-related issues.

Risk management organization

- The **Board of Directors** decides on the risk management policy, with adequate recognition of the importance of risk management and with attention to the management policy, etc., and works on building a corporate climate that emphasizes risk management.

Efforts to strengthen governance

- <<FY2018>> Establishment of the Nomination and Compensation Advisory Committee
- <<FY2019>> Formulation and disclosure of the basic policy for executive remuneration
- Introduction of remuneration system with stock with restriction on transfer
- Introduction of remuneration system with performance-based stock

IV. TSUBASA ALLIANCE



TSUBASA Alliance Activities

Objective of collaboration

- Planning and promotion of collaboration measures that foster sustainable growth of regional economies, sophistication of banking systems and growth of corporate value
- Planning and promotion of measures that foster growth of top line figures and cost reduction at participating banks

Specific initiatives

Top line growth

- Support and aid of corporate customers and regional revitalization, utilizing wide-area network.
- Reinforcement of collaboration, such as coordination of information based on coordinated lending and M&A platform.

Coordinated lending

Information coordination and sharing

Utilization of group companies

Collaboration in international operations

Inheritance-related operations

M&A platform

Cost reduction, business efficiency and sophistication

- Advances in productivity and operational sophistication through sharing of common operations and consolidation of staff divisions.
- Improvement in financial services and cost reduction through coordination of IT systems and digitization.

Shared subsystems

Shared API platform

Shared back-office operations

Sophistication in money laundering operation

App

Branch office tablets

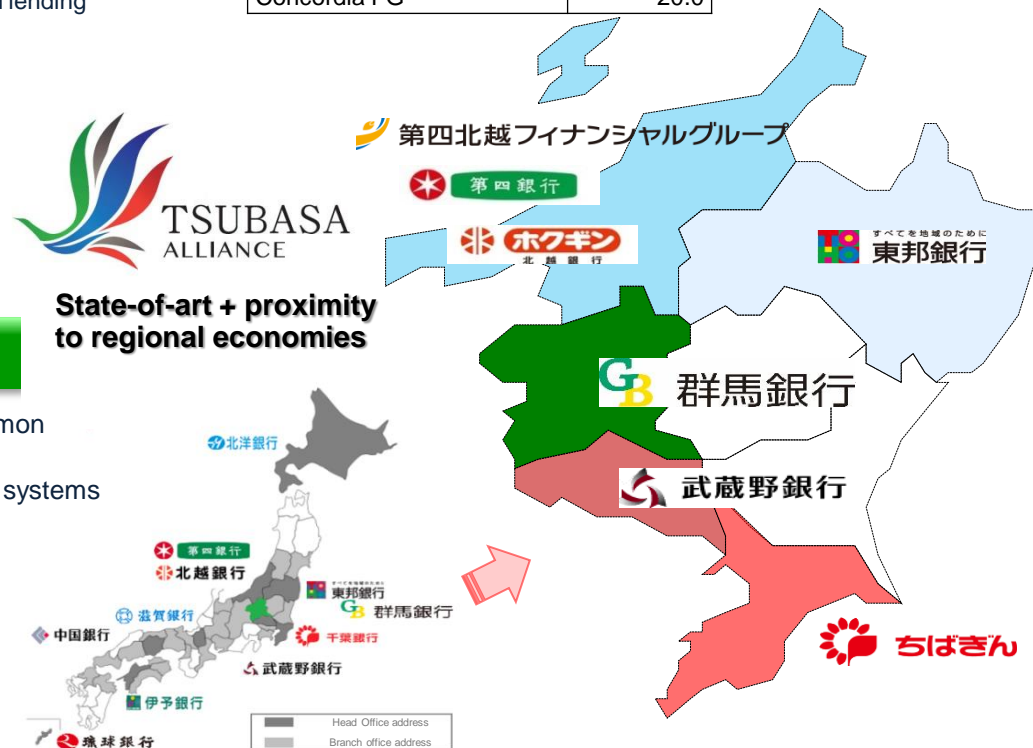
<<Japan's largest wide-area collaboration among top regional banks>>

(Unit: trillion yen)

Bank group	Total assets
Mitsubishi UFJ FG	348.4
Sumitomo Mitsui FG	225.7
Mizuho FG	221.0
TSUBASA + Gunma Bank	84.7
Current TSUBASA	75.7
Risona Holdings	69.3
Fukuoka FG	27.3
Concordia FG	20.0

Total assets
(Consolidated figures as of Sep. 2020)

More than 80 trillion yen



Interim Financial Results Briefing Session for the First Half of 2020

Data



The Gunma Bank, Ltd.

November 24, 2020

First Section of the Tokyo
Stock Exchange: 8334

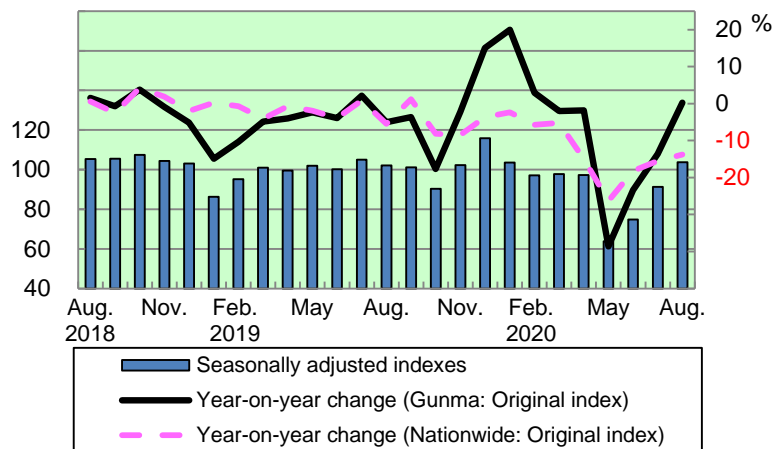
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This material has been prepared to provide information, not to solicit the transactions of specific securities. Descriptions in this material are subject to change without notice. Description on future business performance is included in this material. However, future business results are not guaranteed for the securities, which involve risks and uncertainties. Please be advised that future achievements may be different from targets due to changes in business environment, etc.

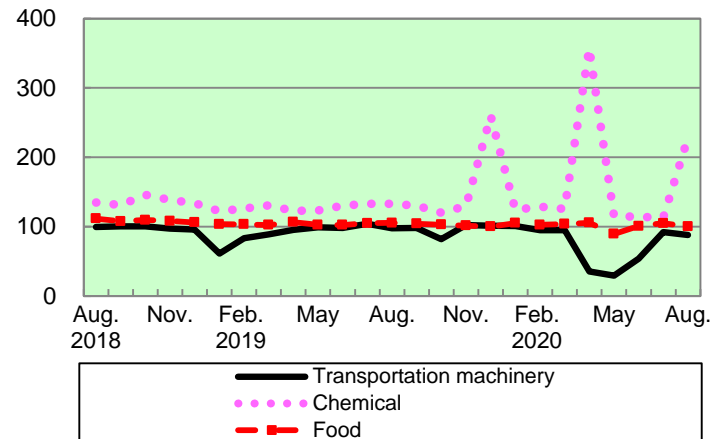
Economic Trends in Gunma Prefecture I

■ Mining and manufacturing production index (Year 2015 = 100)



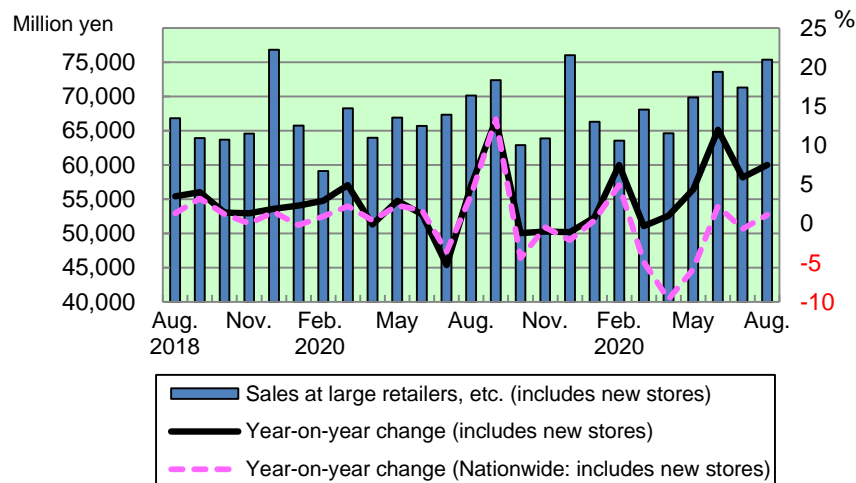
Source: Gunma Prefecture, Ministry of Economy, Trade and Industry

■ Production index by industry classification (Seasonally adjusted) (Year 2015 = 100, Top three industries by share)



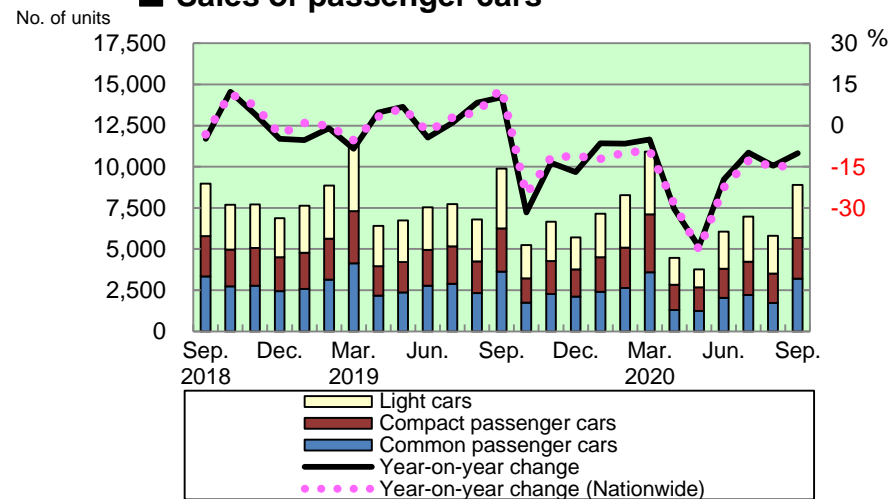
Source: Gunma Prefecture

■ Sales at large retailers, etc.



Source: Ministry of Economy, Trade and Industry

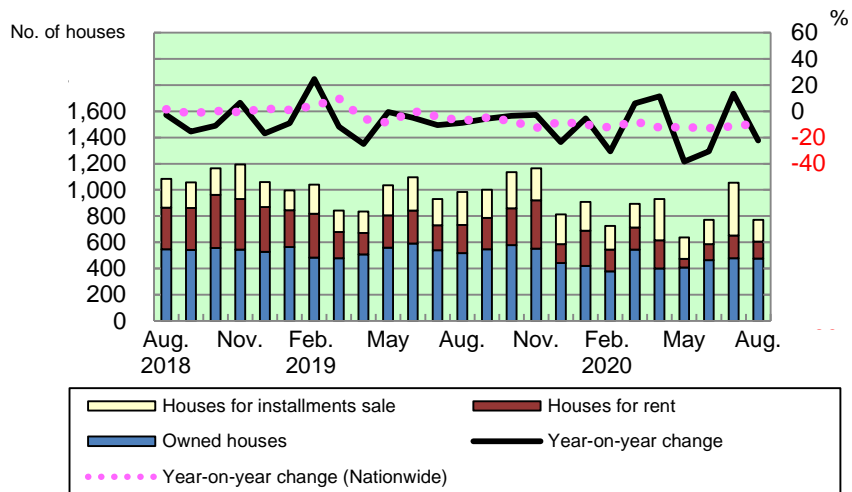
■ Sales of passenger cars



Sources: Japan Automobile Dealers Association, Japan Mini Vehicles Association, Japan Automobile Dealers Association Gunma Branch, Japan Mini Vehicles Association Gunma Branch

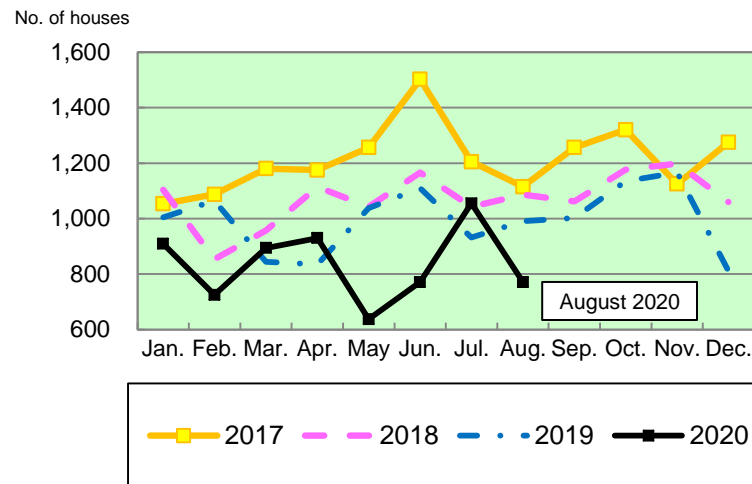
Economic Trends in Gunma Prefecture II

■ New housing starts



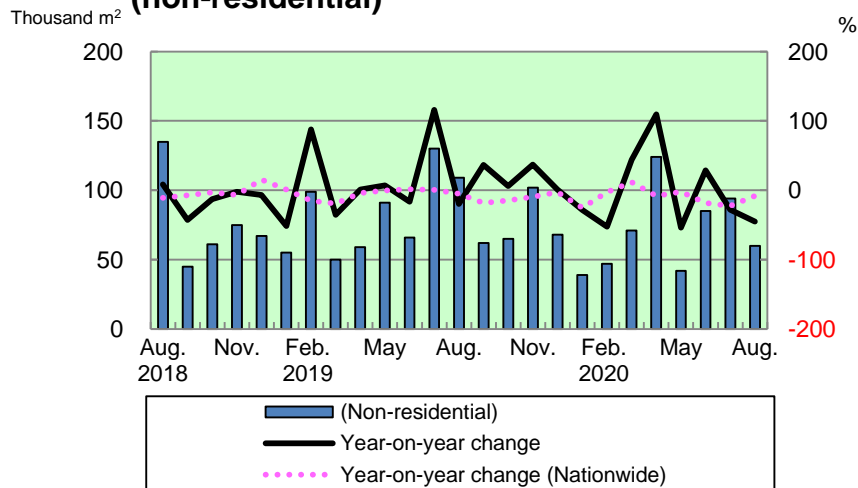
Source: Ministry of Land, Infrastructure, Transport and Tourism

■ Monthly movements in new housing starts



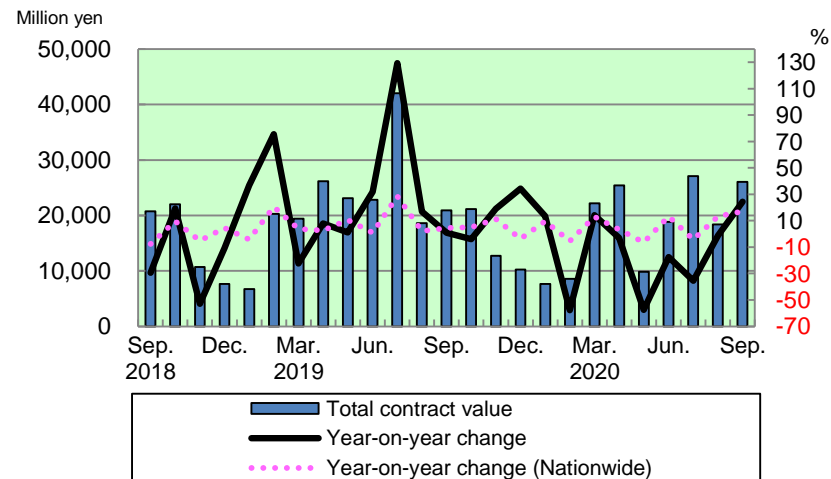
Source: Ministry of Land, Infrastructure, Transport and Tourism

■ Total floor space of construction starts (non-residential)



Source: Ministry of Land, Infrastructure, Transport and Tourism

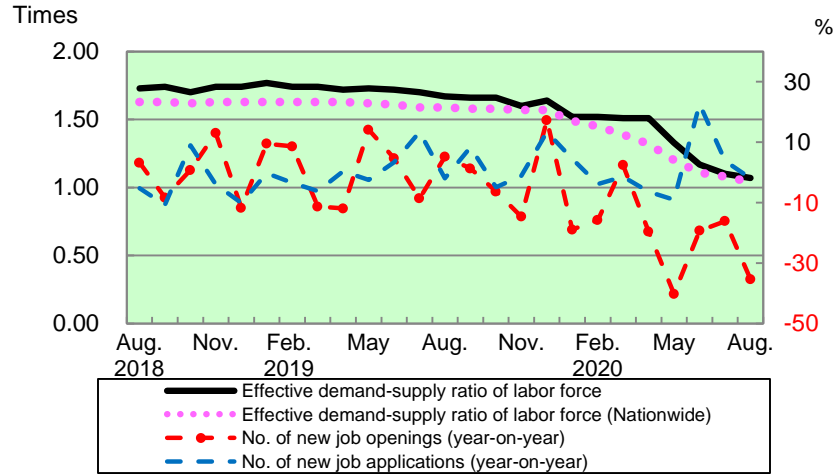
■ Value of public works contracts



Source: East Japan Construction Surety Co., Ltd., etc.

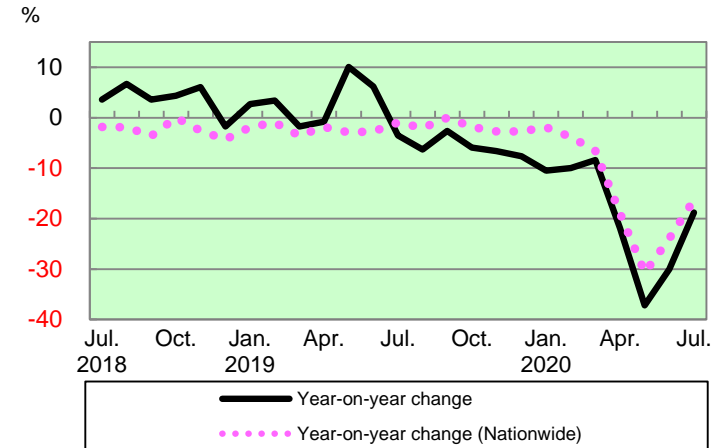
Economic Trends in Gunma Prefecture III

Effective demand-supply ratio of labor force and number of new job openings and new job applications



Source: Gunma Labor Bureau

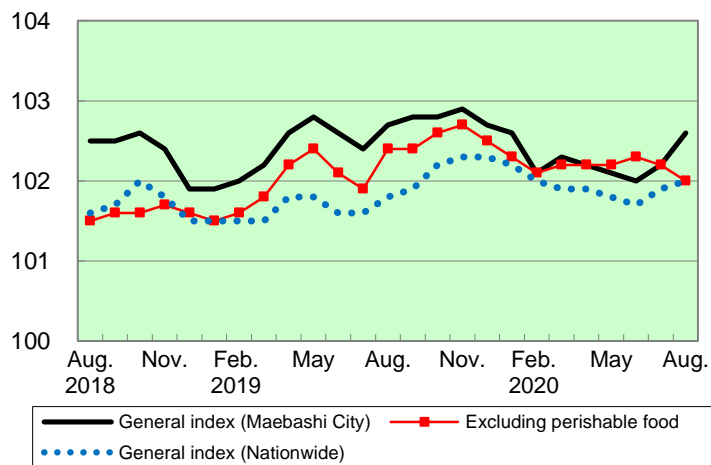
Total overtime hours



* All industries and offices with five employees or more

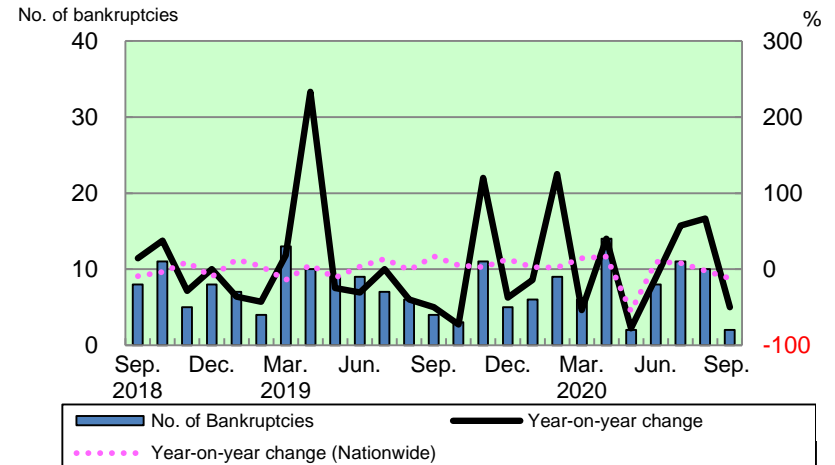
Sources: Ministry of Health, Labor and Welfare, Gunma Prefecture

Consumer price index (Year 2015 = 100)



Source: Ministry of Internal Affairs and Communications

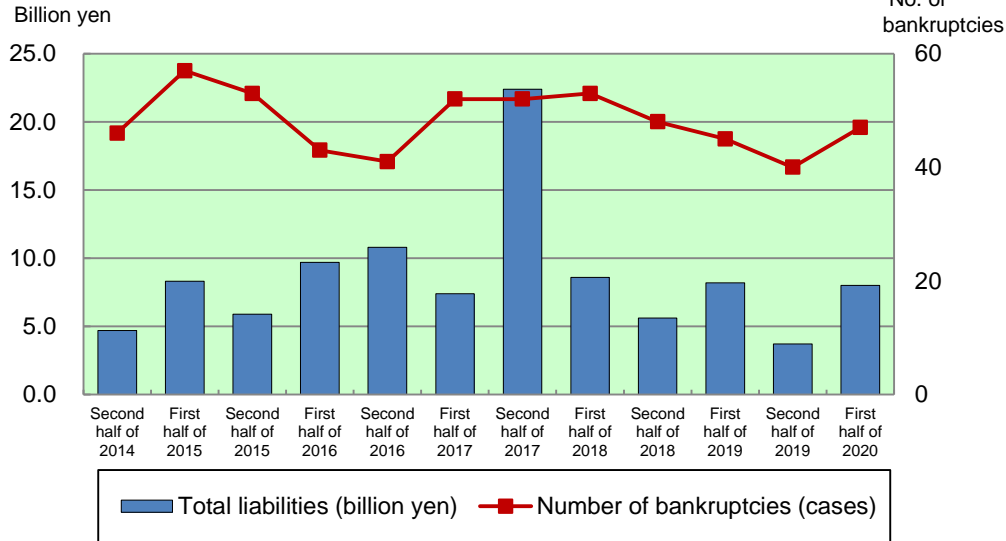
Number of bankruptcies



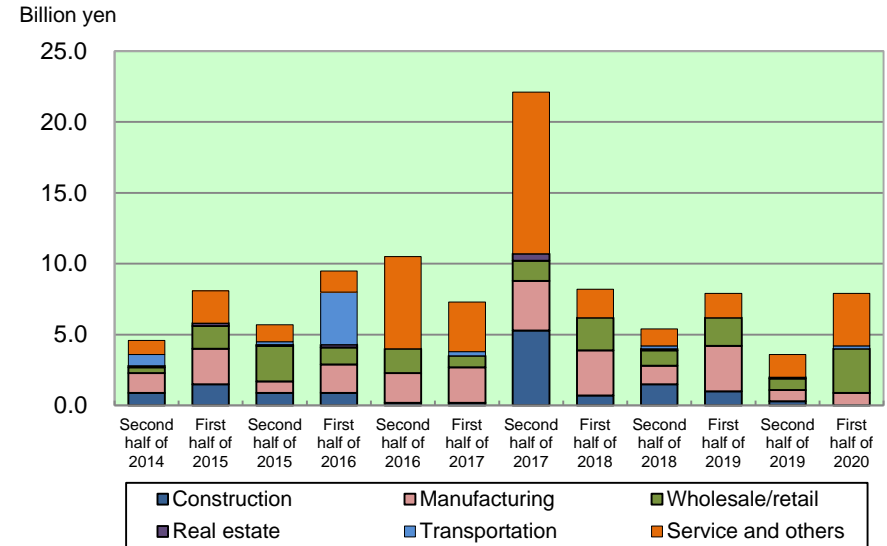
Source: Teikoku Databank

Economic Trends in Gunma Prefecture IV

Number of bankruptcies of companies and total liabilities



Industry breakdown of bankruptcies (amount of liabilities)



	FY2015		FY2016		FY2017		FY2018		FY2019		FY2020
	Apr.- Sep.	Oct.- Mar.	Apr.- Sep.	Oct.- Mar.	Apr.- Sep.	Oct.- Mar.	Apr.- Sep.	Oct.- Mar.	Apr.- Sep.	Oct.- Mar.	Apr.- Sep.
No. of Bankruptcies	57 cases	53 cases	43 cases	41 cases	52 cases	52 cases	53 cases	48 cases	45 cases	40 cases	47 cases
Total liabilities	8.3	5.9	9.7	10.8	7.4	22.4	8.6	5.6	8.2	3.7	8.0
Construction	1.5	0.9	0.9	0.2	0.2	5.3	0.7	1.5	1.0	0.3	0.0
Manufacturing	2.5	0.8	2.0	2.1	2.5	3.5	3.2	1.3	3.2	0.8	0.9
Wholesale/retail	1.6	2.5	1.2	1.7	0.8	1.4	2.3	1.1	2.0	0.8	3.1
Real estate	0.2	0.1	0.2	-	-	0.5	-	0.1	-	0.1	0.0
Transportation	-	0.2	3.7	0.0	0.3	0.0	0.0	0.2	0.0	0.0	0.2
Services and others	2.3	1.2	1.5	6.5	3.5	11.4	2.0	1.2	1.7	1.6	3.7

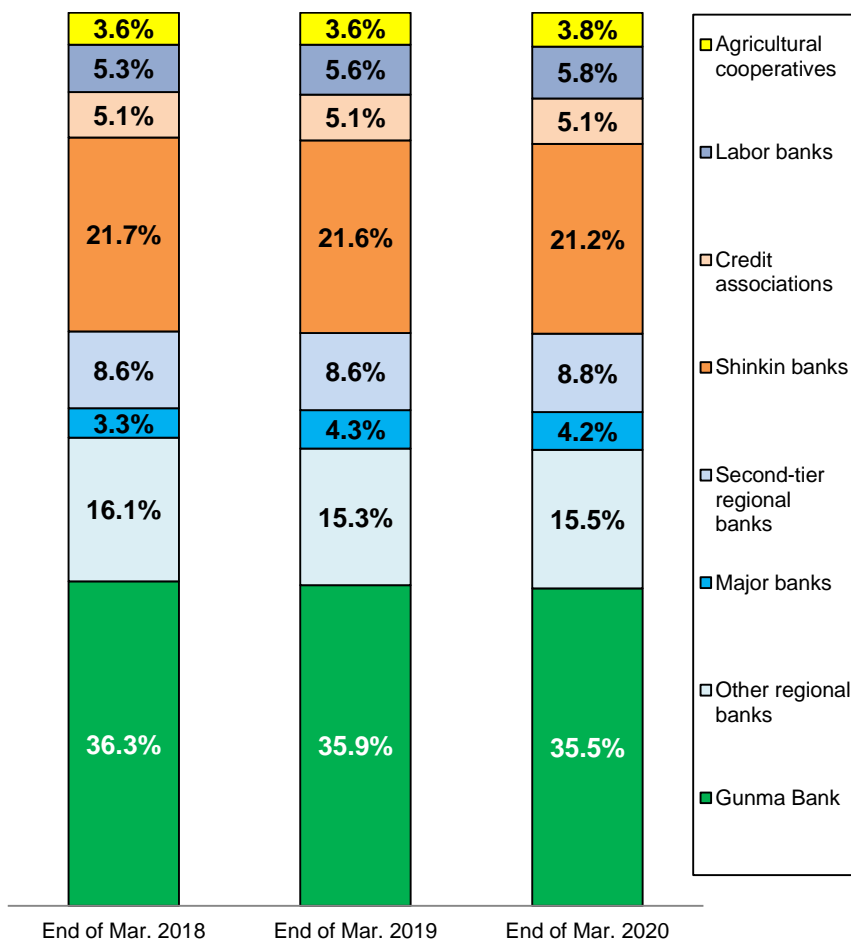
(*) Based on Teikoku Databank figures, includes only bankruptcies with liabilities of 10 million yen or more.

Excludes voluntary liquidations (e.g., suspension of banking transactions) and includes only bankruptcies under the five bankruptcy laws (e.g., Corporate Rehabilitation Act).

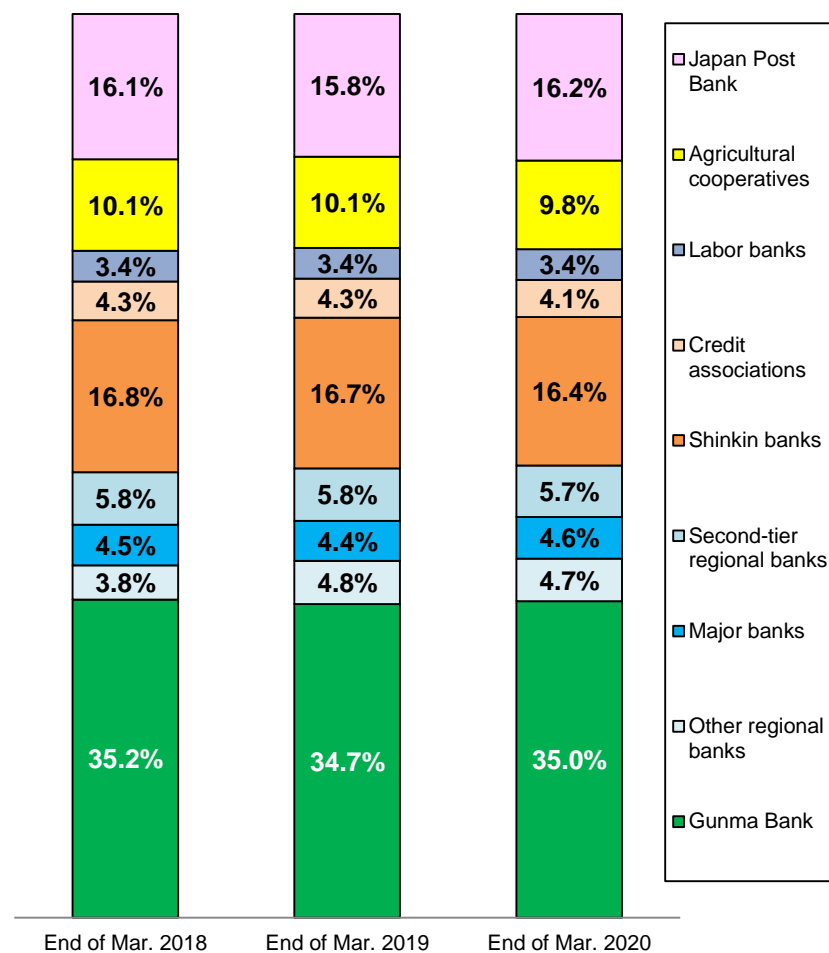
(*) First half: April–September, Second half: October–March

Economic Trends in Gunma Prefecture V

Shares in loans



Shares in deposits



(Note) Source: "Financial Map" from an extra number of the "Financial Journal" 2021 edition

Profit and Loss Conditions

[Profit and loss conditions (consolidated)]

(Unit: billion yen)

	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep.2020
	Sep.2015		Sep.2016		Sep.2017		Sep.2018		Sep.2019		
Core business gross profit	48.2	96.0	46.9	93.0	50.5	95.0	48.6	91.0	44.5	84.7	43.3
Net interest income	41.0	81.3	39.9	78.9	41.3	77.2	39.4	74.3	35.8	67.5	34.2
Non-interest business profit	7.2	14.7	7.0	14.1	9.1	17.8	9.1	16.7	8.7	17.1	9.0
Expenses (-) (excluding extraordinary expenses)	29.0	56.9	29.2	57.7	29.4	57.5	29.3	57.5	28.8	56.1	28.1
Credit costs	-1.0	-0.4	2.1	6.1	0.4	2.8	1.6	8.7	2.6	4.8	6.5
Ordinary profit	25.0	43.6	21.8	36.5	29.2	42.4	25.3	35.7	18.8	31.5	16.4
Net income attributable to owners of parent	16.7	28.6	17.5	26.3	20.1	28.3	17.4	23.3	13.4	22.2	12.3
OHR (%)	60.2	59.3	62.2	62.0	58.2	60.5	60.3	63.2	64.7	66.3	64.8
ROE (%)	6.4	5.6	6.9	5.1	7.6	5.4	6.4	4.4	5.0	4.4	4.8

[Profit and loss conditions (non-consolidated)]

(Unit: billion yen)

	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep.2020
	Sep.2015		Sep.2016		Sep.2017		Sep.2018		Sep.2019		
Core business gross profit	46.0	91.6	44.9	88.6	47.8	89.5	45.9	85.6	41.6	78.4	40.1
Net interest income	41.0	81.4	40.0	79.0	41.4	77.3	39.5	74.4	35.8	67.6	34.4
(Breakdown: profit/loss on cancellation of investment trusts)	1.0	1.9	1.0	2.0	3.9	3.6	3.4	3.6	0.4	-1.4	1.3
Net fees and commissions	4.6	9.3	4.3	8.7	5.9	11.0	6.0	10.5	5.3	9.8	5.4
Others (excluding gains (losses) on bonds, etc.)	0.3	0.8	0.5	0.8	0.4	1.1	0.3	0.7	0.4	0.9	0.2
Expenses (-) (excluding extraordinary expenses)	28.9	56.7	28.7	56.6	28.8	56.2	28.6	56.1	28.0	54.4	27.2
Personnel expense	16.3	32.4	16.2	32.0	15.5	30.7	15.3	30.2	14.9	29.5	15.0
Non-Personnel expense	10.9	21.7	10.5	21.3	11.3	22.4	11.3	22.7	11.1	22.0	10.4
Tax	1.6	2.5	1.9	3.2	1.9	3.0	1.9	3.1	1.8	2.8	1.7
Core business net profit	17.1	34.9	16.1	31.9	19.0	33.2	17.3	29.5	13.6	24.0	12.9
Ordinary profit	23.2	39.7	20.9	34.5	27.2	38.5	23.7	31.9	17.0	25.3	14.6
Net income	15.6	26.6	17.0	25.2	18.9	26.0	16.4	20.9	12.2	17.9	10.9
Credit costs	-1.2	-0.5	1.4	4.7	0.3	2.3	1.2	7.9	2.3	4.3	5.9
Transfer to general provision for possible loan losses	-	-	0.5	0.4	-1.0	-1.0	-1.2	0.3	-0.6	-1.1	4.3
Disposal of non-performing loans	0.0	0.9	0.8	4.3	1.4	3.4	2.5	7.6	3.0	5.4	1.6
(Breakdown: transfer to specific provision for possible loan losses)	-	-	0.7	3.5	1.2	2.9	2.3	7.1	2.3	4.4	1.4
(Breakdown: loss on sales of loans)	0.1	0.4	0.0	0.4	0.0	0.1	0.0	0.1	0.4	0.7	0.0
Reversal of provision for possible loan losses (-)	1.2	1.5	-	-	-	-	-	-	-	-	-
Gain on the collection of claims written-off (-)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Changes in Customer Service Business Profits

[Customer service business profit ratio]

(Unit: billion yen)

	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Customer service business profit ratio (* Annual ratio: (i)/(ii) X Number of days for adjustment)	0.13%	0.16%	0.05%	0.06%	0.08%	0.09%	0.13%	0.14%	0.16%	0.16%	0.11%
Customer service business profit (i)	4.0	9.6	1.6	3.9	2.7	6.2	4.6	9.2	5.4	11.1	4.2
Loan income	28.4	57.1	27.9	55.7	27.3	54.8	27.9	56.3	28.2	56.0	26.9
Net fees and commissions	4.6	9.3	4.3	8.7	5.9	11.0	6.0	10.5	5.3	9.8	5.4
Operating expenses (-)	29.0	56.8	30.7	60.5	30.5	59.6	29.4	57.6	28.1	54.6	28.2
Average deposit balance (ii)	6,078.0	6,089.8	6,206.1	6,243.5	6,426.0	6,448.1	6,607.5	6,610.9	6,735.9	6,780.0	7,169.5

(i) Average loan balance x Deposit and loan direct profit margin + Net fees and commissions - Operating expenses

< Reference data >

(Unit: billion yen)

	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Loan income ((iii)/(iv) X Number of days for adjustment)	28.4	57.1	27.9	55.7	27.3	54.8	27.9	56.3	28.2	56.0	26.9
Deposit and loan direct profit margin (iii)	1.170%	1.165%	1.111%	1.099%	1.029%	1.029%	1.019%	1.027%	1.023%	1.014%	0.955%
Loans yield	1.208%	1.202%	1.136%	1.125%	1.057%	1.054%	1.045%	1.050%	1.044%	1.033%	0.962%
Deposit cost	0.038%	0.037%	0.025%	0.026%	0.028%	0.025%	0.026%	0.023%	0.021%	0.019%	0.007%
Average loan balance (iv)	4,853.9	4,905.6	5,026.3	5,072.1	5,292.7	5,332.8	5,473.8	5,491.3	5,509.5	5,523.1	5,634.8

(iii) Loans yield - Deposit cost

Changes in Average of Earning Assets and Funds Balance

[Average of earning assets balance]

(Unit: billion yen)

[All branches]	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Loans	4,853.9	4,905.6	5,026.3	5,072.1	5,292.7	5,332.8	5,473.8	5,491.3	5,509.5	5,523.1	5,634.8
Breakdown: large enterprises	781.1	771.9	702.9	685.2	643.6	640.2	653.4	657.1	648.9	652.8	681.6
Breakdown: second-tier enterprises	111.0	110.4	113.8	114.4	113.7	112.8	116.5	116.8	104.4	99.9	97.8
Breakdown: SMEs	1,841.9	1,880.7	1,982.0	2,014.8	2,098.3	2,134.0	2,218.6	2,246.4	2,300.3	2,315.6	2,405.8
Breakdown: individuals	1,932.9	1,964.7	2,058.7	2,087.9	2,172.3	2,197.2	2,260.3	2,273.9	2,302.6	2,304.6	2,306.8
Breakdown: public loans	130.9	125.1	121.1	120.5	214.1	200.1	169.8	142.1	99.5	96.3	90.6
Securities	2,100.8	2,053.6	1,974.5	1,978.5	1,851.5	1,791.4	1,572.4	1,555.4	1,640.7	1,660.2	1,783.5
Others	166.5	183.5	133.9	140.8	136.6	140.0	161.9	151.7	134.5	137.5	179.3
Earning assets in total	7,121.2	7,142.9	7,134.7	7,191.6	7,280.8	7,264.3	7,208.1	7,198.5	7,284.8	7,320.9	7,597.6

* Average balances totaled from all domestic branches are shown as breakdowns. Loans to regional public corporations and the Ministry of Finance (MOF) are included in public loans.

[Average of funds balance]

(Unit: billion yen)

[All branches]	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Deposits	6,078.0	6,089.8	6,206.1	6,243.5	6,426.0	6,448.1	6,607.5	6,610.9	6,735.9	6,780.0	7,169.5
(Breakdown: individuals)	4,540.9	4,553.2	4,599.5	4,635.5	4,743.8	4,779.3	4,865.7	4,885.8	4,958.3	4,995.9	5,179.3
(Breakdown: corporations)	1,262.7	1,267.5	1,342.0	1,351.2	1,421.4	1,427.3	1,465.4	1,465.3	1,519.2	1,534.4	1,704.2
Liquid deposits	3,866.7	3,881.7	4,011.9	4,055.7	4,264.5	4,303.5	4,483.1	4,502.0	4,667.2	4,725.5	5,186.3
Fixed deposits	2,211.3	2,208.1	2,194.1	2,187.8	2,161.5	2,144.6	2,124.4	2,108.9	2,068.7	2,054.5	1,983.1
Call money	78.6	66.1	69.2	72.9	48.8	45.3	19.7	26.1	17.8	16.0	16.5
Borrowings	189.4	219.6	255.7	263.6	320.6	321.5	339.9	356.7	425.2	430.2	584.5
Others	520.8	523.4	573.3	609.0	626.8	597.6	424.7	415.5	447.0	441.7	445.7
Funds in total	6,866.8	6,899.1	7,104.3	7,189.2	7,422.2	7,412.8	7,391.8	7,409.4	7,626.0	7,668.0	8,216.3

* Average balances totaled from all domestic branches are shown as breakdowns.

Changes in the Rates of Yield and the Profit Margins of Interest Rates

[Rates of yield and profit margins of interest rates (all branches)]

(Unit: %)

[All branches]	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Earning assets yield (i)	1.21	1.20	1.18	1.18	1.23	1.16	1.19	1.13	1.07	1.01	0.94
Breakdown: loans yield (ii)	1.20	1.20	1.13	1.12	1.05	1.05	1.04	1.05	1.04	1.03	0.96
Breakdown: securities yield	1.25	1.25	1.35	1.35	1.78	1.54	1.78	1.46	1.19	0.96	0.91
Funding cost (iii)	0.06	0.06	0.06	0.08	0.10	0.10	0.10	0.09	0.08	0.08	0.03
Deposit cost (iv)	0.04	0.03	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.01
Overall direct profit margin (i) – (iii)	1.15	1.14	1.12	1.10	1.13	1.06	1.09	1.04	0.99	0.93	0.91
Deposit and loan direct profit margin (ii) – (iv)	1.16	1.17	1.11	1.10	1.02	1.02	1.01	1.02	1.01	1.00	0.95
Ratio of expenses	0.91	0.89	0.88	0.86	0.85	0.83	0.82	0.81	0.79	0.76	0.72
Overall profit margin	0.31	0.32	0.31	0.32	0.36	0.30	0.32	0.28	0.25	0.22	0.25

* Profit margins are calculated on the table.

[Rates of yield and profit margins of interest rates (domestic transactions)]

(Unit: %)

[Domestic transactions]	Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Earning assets yield (i)	1.17	1.15	1.12	1.10	1.13	1.06	1.08	1.02	0.97	0.91	0.89
Breakdown: loans yield (ii)	1.21	1.20	1.12	1.11	1.03	1.02	0.99	0.98	0.97	0.97	0.94
Breakdown: securities yield	1.19	1.18	1.25	1.20	1.66	1.34	1.61	1.29	1.08	0.83	0.85
Funding cost (iii)	0.03	0.03	0.02	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00
Deposit cost (iv)	0.03	0.03	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00
Overall direct profit margin (i) – (iii)	1.14	1.12	1.10	1.09	1.12	1.05	1.07	1.01	0.97	0.91	0.89
Deposit and loan direct profit margin (ii) – (iv)	1.18	1.17	1.11	1.10	1.02	1.01	0.98	0.98	0.97	0.97	0.94
Ratio of expenses	0.89	0.88	0.86	0.85	0.83	0.81	0.81	0.79	0.77	0.75	0.71
Overall profit margin	0.27	0.27	0.27	0.27	0.32	0.27	0.30	0.26	0.23	0.20	0.23

* Profit margins are calculated on the table.

Changes in Loans and Deposits (by Region)

[Loans (ending balance)]

(Unit: billion yen)

[Domestic branches]	End of Mar. 2016		End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Sep. 2020
	Sep.2015		Sep.2016		Sep.2017		Sep.2018		Sep.2019		
Gunma	2,242.4	2,265.8	2,282.0	2,294.9	2,302.1	2,339.1	2,347.7	2,356.8	2,356.7	2,372.1	2,429.2
Saitama	939.7	983.7	1,016.8	1,053.0	1,069.2	1,101.2	1,119.2	1,139.4	1,134.6	1,133.1	1,136.7
Tochigi	422.8	443.0	456.5	471.4	484.1	495.0	506.6	514.2	510.3	509.4	513.1
Tokyo,Kanagawa,and Osaka	1,179.3	1,177.7	1,171.7	1,186.1	1,236.8	1,270.9	1,305.7	1,299.8	1,301.5	1,320.9	1,362.9
Head Office, etc.	109.9	123.6	130.7	170.5	298.9	262.9	212.3	202.3	205.9	212.3	208.1
Total	4,894.4	4,994.0	5,057.8	5,176.0	5,391.3	5,469.3	5,491.6	5,512.7	5,509.2	5,548.0	5,650.2

[Deposits (ending balance)]

(Unit: billion yen)

[Domestic branches]	End of Mar. 2016		End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Sep. 2020
	Sep.2015		Sep.2016		Sep.2017		Sep.2018		Sep.2019		
Gunma	4,929.6	5,083.9	5,010.6	5,253.6	5,209.0	5,407.9	5,375.0	5,537.7	5,500.7	5,752.1	5,988.2
Saitama	603.3	605.3	613.6	629.3	639.2	646.6	655.6	654.5	654.2	662.4	708.4
Tochigi	354.2	352.6	351.5	356.3	360.4	362.3	365.3	364.9	364.1	369.8	391.4
Tokyo,Kanagawa,and Osaka	137.8	160.3	169.3	176.9	192.5	202.7	224.6	217.6	237.1	215.2	216.5
Head Office, etc.	37.1	33.0	23.3	39.7	29.9	33.2	22.0	22.8	28.9	30.9	51.1
Total	6,062.2	6,235.2	6,168.4	6,455.8	6,431.3	6,652.7	6,642.7	6,797.7	6,785.1	7,030.7	7,355.8

Changes in Loans (by Type and by Size)

[Loan balances (by type and by size)]

(Unit: billion yen)

	End of Mar. 2016		End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of
	Sep.2015		Sep.2016		Sep.2017		Sep.2018		Sep.2019		Sep.2020
Loans	4,950.0	5,047.3	5,100.0	5,224.2	5,442.1	5,518.6	5,549.5	5,565.4	5,557.3	5,602.3	5,702.3
Domestic branches	4,894.4	4,994.0	5,057.8	5,176.0	5,391.3	5,469.3	5,491.6	5,512.7	5,509.2	5,548.0	5,650.2
Corporations	2,744.3	2,781.8	2,776.3	2,808.6	2,852.5	2,927.3	2,976.7	2,991.5	2,986.3	3,022.3	3,139.6
Large enterprises	719.2	680.2	611.3	579.1	567.4	564.9	579.5	554.2	558.0	566.8	579.8
Second-tier enterprises	111.4	108.0	115.4	114.4	113.4	112.1	119.6	110.8	93.6	95.0	95.1
SMEs	1,913.7	1,993.6	2,049.5	2,115.0	2,171.7	2,250.2	2,277.5	2,326.4	2,334.6	2,360.4	2,464.6
Breakdown: excluding strategic branch offices	1,746.8	1,841.9	1,892.8	1,962.1	2,020.8	2,099.9	2,140.5	2,195.1	2,215.5	2,235.8	2,330.6
Public entities	120.1	109.5	114.5	106.7	106.0	102.2	102.4	97.8	94.7	87.6	86.3
Regional public corporations	2.1	3.0	1.9	2.9	1.9	2.7	1.8	2.5	1.7	2.4	1.8
Municipal authorities	117.9	106.5	112.6	103.8	104.1	99.5	100.5	95.3	93.0	85.1	84.5
Central government	-	-	-	20.9	136.7	89.4	22.6	-	-	-	-
Individuals	1,975.2	2,039.4	2,100.7	2,159.3	2,207.1	2,254.5	2,281.8	2,305.6	2,309.5	2,314.7	2,307.5
Housing-related loans	1,910.7	1,972.2	2,031.2	2,087.6	2,134.7	2,180.9	2,207.3	2,230.2	2,228.3	2,233.3	2,229.1
Housing loans	1,270.2	1,285.1	1,293.6	1,300.5	1,307.4	1,314.8	1,316.3	1,317.0	1,313.7	1,312.4	1,314.9
Apartment loans	466.1	491.9	519.8	546.9	568.4	593.4	613.3	631.6	641.7	651.4	649.7
Others	174.4	195.1	217.7	240.1	258.8	272.5	277.6	281.5	272.8	269.4	264.4
Unsecured consumer loans	34.8	38.6	41.6	44.8	46.6	48.8	50.0	51.5	53.2	54.6	53.7
Other loans to individuals	29.5	28.5	27.8	26.8	25.6	24.6	24.5	23.9	27.9	26.7	24.6
Cross-border, etc.	54.7	63.2	66.1	80.3	88.8	95.8	107.9	117.6	118.5	123.3	116.6
Overseas branch	55.6	53.2	42.2	48.2	50.7	49.2	57.9	52.7	48.0	54.2	52.1

* Cross-border, etc. includes structured finance.

Changes in Loans to SMEs (by Industry)

[Breakdown of loans to SMEs (outstanding loan by industry)]

(Unit: billion yen)

SMEs (domestic branches) [Breakdown: by industry(1)]	End of Mar. 2019		End of Mar. 2020		End of Sep.2020
	Sep.2018		Sep.2019		
Manufacturing	444.5	453.2	457.9	463.2	480.8
Gunma	265.1	268.3	276.4	279.1	296.3
Saitama	90.4	93.8	92.2	93.6	92.0
Tochigi	61.3	62.6	61.3	62.8	63.6
Tokyo and Kanagawa	22.5	22.8	22.3	21.8	23.0
Others	5.2	5.6	5.6	5.6	5.7
Construction	159.9	168.0	159.9	165.0	176.2
Gunma	95.7	101.9	97.8	102.8	109.2
Saitama	30.1	30.9	27.5	28.5	29.8
Tochigi	17.8	18.5	17.6	17.4	19.8
Tokyo and Kanagawa	14.9	15.2	15.3	14.1	15.1
Others	1.4	1.5	1.7	2.0	2.2
Wholesaling and retailing	323.7	324.2	336.4	332.1	350.6
Gunma	173.2	168.3	180.2	177.1	186.5
Saitama	72.6	74.5	76.5	76.5	83.0
Tochigi	35.4	36.0	35.8	35.7	37.7
Tokyo and Kanagawa	38.2	41.2	39.7	38.3	39.2
Others	4.3	4.2	4.2	4.3	3.9

(Unit: billion yen)

SMEs (domestic branches) [Breakdown: by industry(2)]	End of Mar. 2019		End of Mar. 2020		End of Sep.2020
	Sep.2018		Sep.2019		
Real estate	456.6	469.5	465.0	464.8	452.8
Gunma	120.4	124.3	123.5	126.9	126.0
Saitama	151.1	155.6	155.6	155.4	151.3
Tochigi	52.4	53.9	52.9	51.1	49.7
Tokyo and Kanagawa	129.2	132.1	128.8	127.1	121.1
Others	3.5	3.6	4.2	4.1	4.4
Healthcare and public welfare	261.3	267.3	269.4	271.0	293.5
Gunma	113.7	114.4	114.2	115.7	124.8
Saitama	63.7	64.9	64.9	62.8	65.8
Tochigi	14.0	14.4	14.6	14.9	15.5
Tokyo and Kanagawa	67.1	70.6	73.0	74.8	84.7
Others	2.8	2.9	2.7	2.6	2.6
Other services	232.0	238.8	241.5	238.1	266.4
Gunma	125.5	129.9	130.1	129.2	148.1
Saitama	49.5	50.2	49.9	49.4	53.5
Tochigi	27.1	28.6	30.1	29.2	31.2
Tokyo and Kanagawa	27.3	27.4	29.5	28.3	31.3
Others	2.6	2.6	1.8	1.9	2.1

Status of Housing-related Loans

[Breakdown of housing loans/apartment loans (outstanding loan by region)]

(Unit: billion yen)

	End of Sep.2015	End of Mar. 2016		End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Sep.2020
		Sep.2015		Sep.2016		Sep.2017		Sep.2018		Sep.2019		
Housing loans	1,250.5	1,270.2	1,285.1	1,293.6	1,300.5	1,307.4	1,314.8	1,316.3	1,317.0	1,313.7	1,312.4	1,314.9
Gunma	719.1	720.5	720.4	716.8	712.8	708.5	706.7	703.4	701.5	698.3	698.1	699.2
Saitama	309.5	315.9	320.0	321.8	323.8	325.8	327.7	327.7	326.5	324.1	320.9	318.8
Tochigi	119.3	119.4	119.9	119.2	118.1	117.2	116.5	115.8	114.4	113.1	111.2	110.1
Tokyo and Kanagawa	102.4	114.2	124.6	135.7	145.6	155.8	163.7	169.4	174.4	178.0	182.0	186.6
Apartment loans	440.9	466.1	491.9	519.8	546.9	568.4	593.4	613.3	631.6	641.7	651.4	649.7
Gunma	220.8	226.5	233.1	240.0	247.0	251.4	255.6	257.8	259.3	259.6	259.9	256.7
Saitama	100.8	107.2	113.5	119.5	126.5	129.5	135.4	141.4	147.7	150.2	154.0	154.2
Tochigi	85.2	89.6	94.3	99.6	103.1	106.1	110.0	112.4	114.6	116.1	116.0	115.5
Tokyo and Kanagawa	34.0	42.7	50.8	60.5	70.3	81.2	92.3	101.6	109.8	115.6	121.3	123.1

[Status of loans for investment real estate]

(Unit: billion yen)

	Mar. 2018				Mar. 2019				Mar. 2020			
	Year-end balance	Change	Rate of change	Composition ratio	Year-end balance	Change	Rate of change	Composition ratio	Year-end balance	Change	Rate of change	Composition ratio
Total loan balance	5,518.6	294.3	5.6%	100.0%	5,565.4	46.8	0.8%	100.0%	5,602.3	36.8	0.7%	100.0%
Breakdown: for investment real estate	957.5	113.7	13.5%	17.3%	1,026.6	69.0	7.2%	18.4%	1,038.4	11.8	1.2%	18.5%
Breakdown: whole building	207.0	53.4	34.8%	3.7%	227.2	20.1	9.7%	4.0%	220.8	-6.3	-2.8%	3.9%
Breakdown: asset management companies	51.9	16.0	44.8%	0.9%	61.0	9.1	17.6%	1.0%	59.1	-1.9	-3.1%	1.1%
Breakdown: salaried workers	31.8	6.8	27.5%	0.5%	32.5	0.7	2.2%	0.5%	31.7	-0.8	-2.6%	0.6%

* Loans for investment real estate: loans for funds used by individuals (including asset management companies, etc.) to purchase residential and lodging real estate, such as apartments, condominiums, and guest houses, for investment purposes.

< Default rate >

(Unit: %)

	Mar. 2019	Mar. 2020
For investment real estate	0.32	0.26
Breakdown: apartment loans	0.07	0.13

* Cases in inheritance proceedings are excluded.

< DSCR and vacancy rate >

	Mar. 2019				Mar. 2020			
	Total	Maebashi city	Takasaki city	Tokyo and Kanagawa	Total	Maebashi city	Takasaki city	Tokyo and Kanagawa
Vacancy rate (%)	5.0	9.2	5.1	2.1	4.5	7.4	4.5	2.8
DSCR (times)	1.36	1.30	1.34	1.45	1.36	1.33	1.36	1.45

Status of Non-interest Business Profit

[Breakdown non-interest business profit (excluding gains(losses) on bonds, etc.) (non-consolidated)]

(Unit: million yen)

	Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020	
		Sep. 2018		Sep. 2019		Sep. 2020		Sep. 2020
Non-interest business profit	12,176	6,436	11,284	5,822	10,775		5,768	
Breakdown: fees and commissions	19,306	10,362	19,103	9,803	18,727		9,996	
Breakdown: fee and commission expenses (-)	8,253	4,297	8,566	4,476	8,903		4,508	

[Breakdown non-interest business profits (non-consolidated)]

(Unit: million yen)

	Mar. 2018		Mar. 2019		Mar. 2020		Sep. 2020					
	(Composition ratio)	Sep.2018 (Composition ratio)	(Composition ratio)	Sep.2019 (Composition ratio)	(Composition ratio)	Sep.2020 (Composition ratio)	(Composition ratio)	Sep.2020 (Composition ratio)				
Corporate service-related	2,403	100.0%	1,148	100.0%	2,157	100.0%	1,269	100.0%	2,760	100.0%	1,002	100.0%
Syndicate loans	556	23.2%	275	23.9%	532	24.7%	305	24.1%	702	25.5%	220	22.0%
Private placement bonds	331	13.8%	137	12.0%	257	11.9%	135	10.7%	290	10.5%	87	8.7%
Business insurance for corporations	164	6.8%	187	16.3%	315	14.6%	32	2.5%	50	1.8%	34	3.5%
M&A	231	9.6%	89	7.8%	181	8.4%	152	12.0%	277	10.0%	105	10.6%
Business matching	295	12.3%	145	12.6%	307	14.2%	210	16.6%	439	15.9%	146	14.6%
Covenant loans	—	—	49	4.3%	63	2.9%	53	4.2%	236	8.6%	154	15.4%
Short-term continuous loans	—	—	—	—	—	—	19	1.5%	36	1.3%	4	0.5%
Derivatives (interest and currency)	748	31.1%	229	20.0%	434	20.2%	316	24.9%	623	22.6%	166	16.6%
Financial product intermediation for corporations, others	75	3.2%	34	3.1%	65	3.0%	43	3.5%	104	3.8%	81	8.1%
Assets under custody-related, etc.	4,466	100%	2,247	100.0%	4,275	100%	1,949	100.0%	3,858	100.0%	1,761	100.0%
Investment trust	3,015	67.5%	1,325	59.0%	2,397	56.1%	1,073	55.1%	2,211	57.3%	1,039	59.0%
Insurance (for individuals)	1,308	29.3%	833	37.1%	1,686	39.4%	757	38.8%	1,397	36.2%	513	29.2%
Financial product intermediation (for individuals)	115	2.6%	67	3.0%	130	3.1%	75	3.9%	181	4.7%	149	8.5%
Testamentary trust/Inheritance sorting	26	0.6%	13	0.6%	39	0.9%	18	0.9%	30	0.8%	27	1.6%
Trust fee	0	0.0%	7	0.3%	20	0.5%	24	1.3%	36	1.0%	30	1.7%
Base service commissions	8,209	100%	4,120	100.0%	8,322	100%	4,247	100.0%	8,509	100.0%	4,208	100.0%
Breakdown: domestic exchange	4,680	57.0%	2,324	56.4%	4,695	56.4%	2,348	55.3%	4,736	55.7%	2,319	55.1%
Breakdown: agency services	2,505	30.5%	1,256	30.5%	2,517	30.3%	1,274	30.0%	2,565	30.2%	1,263	30.0%
Breakdown: banking services	899	11.0%	476	11.6%	984	11.8%	562	13.3%	1,085	12.8%	564	13.4%

Status of Marketing Capability for Personal Deposit Financial Assets

[Balance of deposit financial assets]

(Unit: billion yen)

	End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Sep. 2020
	Sep. 2017		Sep. 2018		Sep. 2019		
Individuals	829.1	819.0	828.4	828.9	833.5	798.9	834.5
Investment trust	254.7	248.4	246.7	243.4	240.6	210.5	224.2
Pension insurance, etc.	487.6	474.9	473.9	473.9	472.4	469.6	469.8
Public bonds (JGBs)	64.3	58.6	55.0	48.4	44.3	40.9	39.1
Gungin Securities (directry sale or intermediation)	22.4	37.0	52.6	63.1	76.0	77.8	101.3
Corporations, etc.	38.9	39.2	44.8	48.6	54.1	51.8	61.5
Bank, non-consolidated	25.1	22.5	20.5	20.2	17.8	16.4	15.8
Gungin Securities (directry sale or intermediation)	13.7	16.7	24.2	28.3	36.2	35.4	45.6
Total	868.0	858.3	873.2	877.6	887.6	850.8	896.1

[Sales amount for marketing capability for deposit financial assets (individuals)]

(Unit: billion yen)

	Mar. 2018		Mar. 2019		Sep. 2020		
	First half	Second half	First half	Second half			
Investment trust	35.0	29.4	64.4	28.7	38.0	66.8	30.4
Pension insurance, etc.	18.5	18.7	37.3	17.5	14.3	31.9	12.4
Public bonds (JGBs)	3.1	3.1	6.2	3.6	2.5	6.2	2.7
Gungin Securities (directry sale or intermediation)	20.4	19.0	39.5	21.7	30.8	52.6	28.0
Total	77.1	70.4	147.5	71.6	85.9	157.5	73.6

Status of Investment in Securities

[Breakdown of gain and loss on securities, etc.]

(Unit: million yen)

	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020
Gain and loss on securities, etc.	10,871	8,257	11,773	5,737	5,470	8,698
Gain and loss on bonds, etc.	-4,217	-2,352	-2,704	1,295	432	2,851
Gain on sale of bonds, etc.	230	421	584	1,295	3,717	3,150
Gain on redemption of bonds, etc.	—	35	35	29	39	29
Loss on sales of bonds, etc. (-)	4,412	2,804	3,284	—	3,295	329
Loss on devaluation of bonds, etc. (-)	35	5	39	29	29	—
Gain and loss on stocks, etc.	15,088	10,609	14,478	4,442	5,038	5,846
Gain on sale of stocks, etc.	15,414	11,079	16,159	5,849	8,125	7,216
Loss on sale of stock, etc. (-)	326	469	1,680	1,017	1,861	1,306
Loss on equity securities charge-offs (-)	—	—	—	389	1,225	63

[Breakdown of other securities]

(Unit: billion yen)

	End of Mar. 2018		End of Sep. 2018		End of Mar. 2019		End of Sep. 2019		End of Mar. 2020		End of Sep. 2020	
	Book value	Unrealized gains/losses	Book value	Unrealized gains/losses	Book value	Unrealized gains/losses	Book value	Unrealized gains/losses	Book value	Unrealized gains/losses	Book value	Unrealized gains/losses
Other securities	1,613.4	135.1	1,518.1	125.2	1,576.6	111.0	1,621.3	127.0	1,741.1	43.8	1,870.6	71.0
Government bonds	343.5	8.4	295.7	5.8	287.4	5.8	275.0	6.1	345.7	0.8	446.3	1.1
Municipal bonds	585.3	9.6	616.3	7.2	638.3	9.4	651.6	8.3	692.7	5.9	714.9	5.4
Corporate bonds	209.8	1.4	199.0	0.8	199.3	2.3	190.8	3.0	204.8	1.0	204.9	1.0
Stocks	86.7	113.9	81.8	108.7	73.7	85.2	69.9	85.6	67.7	57.0	87.2	62.7
Investment trusts	128.5	2.2	166.5	1.5	241.2	5.5	270.9	17.8	236.6	-20.7	217.5	-3.9
Foreign securities	258.7	-0.6	157.4	1.0	133.5	2.5	158.8	5.9	186.8	-0.6	195.9	4.6
Yen-denominated securities	13.7	0.0	10.4	0.0	9.9	0.0	9.8	0.0	10.1	0.0	5.1	0.0
Foreign-currency securities	244.9	-0.7	146.9	0.9	123.5	2.5	149.0	5.8	176.6	-0.6	190.7	4.5
Others	0.7	0.0	1.1	0.0	2.9	0.0	4.0	0.1	6.5	0.3	3.7	0.0

[Bond average yield and duration]

	Mar. 2018		Sep. 2018		Mar. 2019		Sep. 2019		Mar. 2020		Sep. 2020	
	Domestic bonds	Foreign bonds	Domestic bonds	Foreign bonds	Domestic bonds	Foreign bonds	Domestic bonds	Foreign bonds	Domestic bonds	Foreign bonds	Domestic bonds	Foreign bonds
Bond average yield (%)	0.72	2.19	0.66	2.92	0.62	2.86	0.54	2.14	0.49	1.91	0.36	1.30
Modified duration (year)	4.16	3.90	3.94	2.74	4.53	2.92	5.02	4.21	5.66	4.38	6.22	3.72

Status of Capital

[Status of capital (consolidated)]

(Unit: billion yen)

	End of Mar. 2016		End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Total capital	468.5	467.0	469.7	498.7	521.2	522.0	540.1	529.9	557.4	505.7	536.4
Common equity and other Tier1 capital	419.6	436.7	442.8	472.7	485.7	497.6	505.5	495.6	512.9	454.5	485.1
Other Tier1 capital	-	-	-	0.7	0.6	2.9	3.0	2.7	2.9	-	-
Tier2 capital	48.9	30.2	26.8	25.1	34.8	21.4	31.5	31.5	41.6	51.2	51.2
Risk assets	3,553.4	3,698.3	3,769.9	3,962.8	4,021.3	4,205.5	4,157.1	4,325.8	4,296.8	4,232.1	4,265.9
Consolidated Total capital ratio	13.18%	12.62%	12.45%	12.58%	12.96%	12.41%	12.99%	12.25%	12.97%	11.95%	12.57%
Consolidated Tier1 ratio	11.80%	11.81%	11.74%	11.94%	12.09%	11.90%	12.23%	11.52%	12.00%	10.74%	11.37%
Consolidated common equity and other Tier1 ratio	11.80%	11.81%	11.74%	11.93%	12.07%	11.83%	12.16%	11.45%	11.93%	10.74%	11.37%

[Status of capital (non-consolidated)]

(Unit: billion yen)

	End of Mar. 2016		End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Sep. 2020
	Sep. 2015		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		
Total capital	446.7	451.4	453.7	476.3	497.6	497.3	513.7	504.8	530.9	483.4	512.2
Common equity and other Tier1 capital	399.6	422.8	428.6	452.7	464.4	477.2	483.7	474.7	490.9	433.4	462.1
Tier2 capital	47.0	28.6	25.1	23.6	33.2	20.0	30.0	30.0	40.0	50.0	50.0
Risk assets	3,502.4	3,650.8	3,721.5	3,913.8	3,969.2	4,149.5	4,095.5	4,263.2	4,230.2	4,175.5	4,209.7
Total capital ratio	12.75%	12.36%	12.19%	12.17%	12.53%	11.98%	12.54%	11.84%	12.55%	11.57%	12.16%
Tier1 ratio	11.41%	11.58%	11.51%	11.56%	11.70%	11.50%	11.81%	11.13%	11.60%	10.37%	10.97%
Common equity and other Tier1 ratio	11.41%	11.58%	11.51%	11.56%	11.70%	11.50%	11.81%	11.13%	11.60%	10.37%	10.97%

Status of Risk Management Loans

[Risk management loans by industry and risk management loans)

(Unit: billion yen)

	End of Mar. 2018		End of Mar. 2019				End of Mar. 2020				End of Sep. 2020	
	(Composition ratio)		Sep. 2018	(Composition ratio)	(Composition ratio)		Sep. 2019	(Composition ratio)	(Composition ratio)		(Composition ratio)	
Risk management loans	93.4	100.0%	96.4	100.0%	99.4	100.0%	104.8	100.0%	107.1	100.0%	113.6	100.0%
Breakdown: manufacturing	22.1	23.8%	22.8	23.7%	20.7	20.9%	22.1	21.1%	21.6	20.2%	25.0	22.0%
Breakdown: wholesaling and retailing	14.3	15.3%	14.9	15.5%	15.7	15.8%	18.1	17.3%	17.9	16.8%	20.0	17.7%
Breakdown: healthcare and public welfare	13.9	15.0%	16.3	17.0%	14.8	15.0%	16.5	15.8%	16.7	15.7%	15.6	13.8%
Breakdown: real estate and goods rental	10.1	10.9%	10.4	10.9%	11.0	11.1%	10.1	9.7%	10.3	9.7%	10.7	9.4%
Breakdown: other services	11.1	11.9%	10.8	11.3%	15.1	15.2%	16.0	15.3%	15.6	14.6%	19.1	16.8%
Ratio of risk management loans	1.69%		1.73%		1.78%		1.88%		1.91%		1.99%	

* The ratio of risk management loans in the case where partial direct write-offs are executed

Ratio of risk management loans	1.44%		1.46%		1.46%		1.56%		1.57%		1.65%	
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[Credit balance by borrower category]

(Unit: billion yen)

	End of Mar. 2018		End of Mar. 2019				End of Mar. 2020				End of Sep. 2020	
	(Composition ratio)		Sep. 2018	(Composition ratio)	(Composition ratio)		Sep. 2019	(Composition ratio)	(Composition ratio)		(Composition ratio)	
Normal borrowers	5,028.7	89.9%	5,137.8	91.3%	5,158.8	91.5%	5,133.8	91.2%	5,148.1	90.5%	5,147.6	88.8%
Borrowers requiring attention	318.0	5.7%	305.1	5.4%	321.7	5.7%	338.8	6.0%	386.3	6.8%	493.1	8.5%
Borrowers threatened with bankruptcy	31.9	0.6%	33.2	0.6%	34.5	0.6%	37.2	0.7%	35.8	0.6%	39.3	0.7%
Virtually bankrupt borrowers	18.9	0.3%	19.9	0.4%	24.0	0.4%	20.8	0.4%	21.6	0.4%	18.0	0.3%
Bankrupt borrowers	6.4	0.1%	6.1	0.1%	5.8	0.1%	8.2	0.1%	8.2	0.1%	10.1	0.2%
Others (municipal authorities, etc.)	189.1	3.4%	123.3	2.2%	95.4	1.7%	93.1	1.6%	85.2	1.6%	84.6	1.5%
Total	5,593.2	100.0%	5,625.6	100.0%	5,640.4	100.0%	5,632.1	100.0%	5,685.5	100.0%	5,793.0	100.0%

Transition in Loans by Borrower Category

[Transition in loans by borrower category]

(The numbers of borrowers are shown in parentheses in the upper columns, and the amounts are shown in billions of yen in the lower columns.)

			End of Mar.2020									Total	
			Normal borrowers	Expected loss (i)	Expected loss (ii)	Borrowers threatened with bankruptcy	Virtually bankrupt borrowers	Bankrupt borrowers	Others	Breakdown: full recovery/repayment	Breakdown: sale and write-off of loans	Upgrade	Down grade
End of Mar. 2020	Normal borrowers	(24,661)	(22,142)	(1,235)	(52)	(8)	(4)	(1)	(1,219)	(1,219)	0	-	(1,300)
		2,911.2	2,778.7	97.4	7.0	0.6	0.0	0.0	27.5	27.5	0.0	-	105.0
	Expected loss (i)	(5,791)	(464)	(4,840)	(45)	(45)	(19)	(5)	(373)	(373)	0	(464)	(114)
		252.1	20.2	198.9	25.6	4.4	0.2	0.5	2.3	2.3	0.0	20.2	30.7
	Expected loss (ii)	(433)	(9)	(15)	(388)	(11)	0	0	(10)	(10)	0	(24)	(11)
		76.0	1.4	2.2	70.9	1.4	0.0	0.0	0.1	0.1	0.0	3.6	1.4
	Borrowers threatened with bankruptcy	(581)	0	(2)	(1)	(528)	(27)	(2)	(21)	(20)	(1)		
		31.7	0.0	0.0	0.1	29.3	1.3	0.1	0.9	0.9	0.0		
	Virtually bankrupt borrowers	(290)	0	0	0	(1)	(224)	(12)	(53)	(42)	(11)	(3)	-
		17.8	0.0	0.0	0.0	0.4	13.9	2.2	1.3	0.4	0.8	0.1	-
	Bankrupt borrowers	(72)	0	0	0	0	0	(58)	(14)	(2)	(12)		
		7.6	0.0	0.0	0.0	0.0	0.0	7.3	0.3	0.0	0.2		
	Total	(31,828)	(22,615)	(6,092)	(486)	(593)	(274)	(78)	(1,690)	(1,666)	(24)	(491)	(1,425)
		3,297.6	2,800.4	298.6	103.8	36.3	15.6	10.3	32.6	31.5	1.1	23.9	137.1

(Below borrowers threatened with bankruptcy)

- (Notes) 1. What is shown here is transition in borrower categories from the end of March 2020 to the end of September 2020.
2. Outstanding balances are calculated based on self-assessments, including loans, acceptances and guarantees, and foreign exchanges (excluding overseas balances, government/municipal authorities, and individual borrowers).
Those with outstanding balances not calculated based on self-assessments are aggregated into the "Normal" category.
3. The figures in the upper columns for "Others" indicate the number of borrowers who have resolved outstanding balances in FY2020 by full collection or repayment, final disposal (such as sale of loans), or other means.
4. The figures in the lower columns for "Others" indicate the amount decreased in FY2020.
5. Expected loss classification (i) is calculated as borrowers requiring attention other than special attention, excluding those with realistic, comprehensive business reconstruction plans.
Expected loss classification (ii) is calculated as borrowers requiring attention other than special attention who have realistic, comprehensive business reconstruction plans and borrower requiring special attention.

Status of Capital Distribution

- As the distribution source, a sufficient level in preparation for unexpected economic environment changes, disaster risks, etc. is secured for “common equity and other Tier 1 capital adjusted for profit/loss from valuation, etc.”

(Unit: billion yen)

Risk categories	Second half of FY2019			First half of FY2020		
	Forecast risk amount	Capital to be distributed	Composition ratio	Forecast risk amount	Capital to be distributed	Composition ratio
Credit Risk	114.7	143.2	37.3%	114.5	125.6	29.7%
Total market risks	62.6	80.6	21.0%	87.7	109.9	26.0%
Market risk (investment securities shares, investment trusts, etc.)	36.2	48.7	12.7%	64.4	82.0	19.4%
Market risk (trading)	0.5	0.5	0.1%	0.5	0.5	0.1%
Market risk (loans and deposits, etc.)	25.9	31.4	8.2%	22.7	27.4	6.5%
Strategically held stocks	–	5.4	1.4%	–	–	–
Operational risk	12.6	12.6	3.3%	13.2	13.2	3.1%
Subsidiaries risk	–	–	–	6.2	6.9	1.6%
Total capital distribution ♦♦♦ (a)	189.9	241.8	63.0%	221.6	255.6	60.4%
Distribution source ♦♦♦ (b)	–	383.6	100.0%	–	423.4	100.0%
Buffer (b) – (a)	–	141.8	37.0%	–	167.8	39.6%

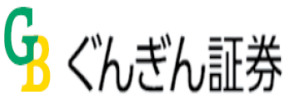
List of Group Companies



The Gunma Bank, Ltd.

Banking business

- Developing diverse financial solutions through innovation in services to provide



ぐんぎん証券

Securities business

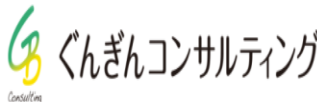
- Supporting diverse needs for the management of equities, bonds, and other assets



ぐんぎんリース株式会社
GUNGIN LEASING CO., LTD.

Leasing business

- Supporting needs for effective introduction of equipment



ぐんぎんコンサルティング
Consulting

Management consulting services

- Providing the optimal solutions for the issues of each individual company

Gunma Finance (Hong Kong) Limited

Banking business

- Supporting companies advancing to Asia

Gunma Credit Guarantee Co., Ltd.

Credit guarantee services

- Assisting customers realizing their dreams, such as housing and vehicles

Gunma Chuo Kogyo Co., Ltd.

Transport of goods
Maintenance of ATMs

- Supporting banking infrastructure through transportation and maintenance



ぐんぎんシステムサービス株式会社
Gungin System Service Co., Ltd.

System development
System sales

- Supporting improvement of productivity through systematization



株式会社 群銀カード

Credit services

- Realizing diverse payment methods and cashless transactions



スカイオン・アセットマネジメント

Investment trust management services

- Promoting asset formation through the core and satellite management strategy

Summary of Financial Results of Group Companies

[Summary of financial results of group companies for the year ended September 2020]

(Unit: billion yen)

	Bank, non-consolidated	Total of subsidiaries					Consolidation offset	Consolidated financial statements
			Gungin Securities	Gungin Leasing	Gunma Credit Guarantee	Others		
Core business gross profit	40.1	3.8	1.2	1.1	1.2	0.1	-0.6	43.3
Net interest income	34.4	0.0	0.0	-0.1	0.0	0.0	0.0	34.2
Non-interest business profit	5.7	3.9	1.2	1.3	1.2	0.0	-0.5	9.0
Net fees and commissions	5.4	1.5	0.2	-	1.2	0.0	-0.2	6.7
Other business profit	0.2	2.3	1.0	1.3	-	0.0	-0.2	2.3
Expenses	27.2	1.5	0.7	0.5	0.1	0.1	-0.6	28.1
Others	1.6	-0.5	0.0	-0.4	-0.1	0.0	0.0	1.1
Breakdown: gain and loss on securities, etc.	8.6	0.0	-	0.0	-	0.0	-	8.6
Breakdown: credit costs (-)	5.9	0.5	-	0.4	0.1	0.0	0.0	6.5
Ordinary profit	14.6	1.7	0.4	0.2	0.9	0.0	0.0	16.4
Net income	10.9	1.2	0.3	0.2	0.6	0.0	0.0	12.3

[Summary of financial results of group companies for the year ended September 2019]

(Unit: billion yen)

	Bank, non-consolidated	Total of subsidiaries					Consolidation offset	Consolidated financial statements
			Gungin Securities	Gungin Leasing	Gunma Credit Guarantee	Others		
Core business gross profit	41.6	3.4	0.8	1.1	1.2	0.1	-0.5	44.5
Net interest income	35.8	-0.0	-0.0	-0.1	0.0	0.0	-0.0	35.8
Non-interest business profit	5.8	3.4	0.8	1.3	1.2	0.0	-0.5	8.7
Net fees and commissions	5.3	1.5	0.2	-	1.2	0.0	-0.2	6.6
Other business profit	0.4	1.9	0.6	1.3	-	0.0	-0.3	2.1
Expenses	28.0	1.3	0.6	0.5	0.1	0.0	-0.5	28.8
Others	3.3	-0.2	0.0	-0.3	0.0	0.0	0.0	3.1
Breakdown: gain and loss on securities, etc.	5.7	-	-	-	-	-	-	5.7
Breakdown: credit costs (-)	2.3	0.3	-	0.3	-0.0	0.0	-0.0	2.6
Ordinary profit	17.0	1.7	0.2	0.3	1.1	0.0	0.0	18.8
Net income	12.2	1.1	0.1	0.1	0.7	0.0	-0.0	13.4

Status of Shareholders

[Shareholder composition]

(Unit: 1,000 shares)

	End of Mar. 2018		End of Mar. 2019				End of Mar. 2020				End of Sep. 2020	
	End of Sep. 2018		End of Sep. 2019		End of Sep. 2019		End of Sep. 2019		End of Sep. 2019		End of Sep. 2020	
	Number of shares	Composition ratio	Number of shares	Composition ratio	Number of shares	Composition ratio	Number of shares	Composition ratio	Number of shares	Composition ratio	Number of shares	Composition ratio
Financial institutions	177,106	38.43%	164,298	36.20%	165,783	36.52%	153,607	34.45%	153,409	35.19%	158,750	36.42%
Securities companies	5,118	1.11%	7,436	1.64%	10,243	2.26%	8,913	2.00%	4,509	1.04%	5,097	1.17%
Other domestic corporations	81,021	17.58%	80,639	17.77%	80,148	17.66%	78,235	17.55%	78,415	17.99%	77,660	17.81%
Government and municipalities	8,332	1.81%	8,332	1.83%	8,332	1.84%	8,332	1.87%	8,332	1.91%	8,332	1.91%
Foreign corporations/ Foreign individuals	78,881	17.11%	88,175	19.43%	75,927	16.73%	78,501	17.60%	77,547	17.79%	74,573	17.11%
Individuals/others (employees, etc.)	83,621	18.14%	83,941	18.49%	86,386	19.03%	91,898	20.61%	97,297	22.32%	95,926	22.01%
Treasury stock	26,805	5.82%	21,064	4.64%	27,065	5.96%	26,398	5.92%	16,375	3.76%	15,547	3.57%
Total	460,888	100%	453,888	100%	453,888	100%	445,888	100%	435,888	100%	435,888	100%

[Status of major shareholders]

(Unit: 1,000 shares)

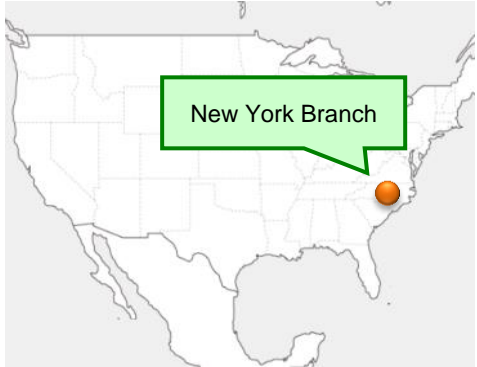
End of Mar. 2020			End of Sep. 2020		
	Ownership of shares	Ratio of shareholding		Ownership of shares	Ratio of shareholding
The Master Trust bank of Japan, Ltd. (Account in trust)	22,404	5.34%	The Master Trust bank of Japan, Ltd. (Account in trust)	27,014	6.42%
Japan Trustee Services Bank, Ltd. (Account in trust)	19,998	4.76%	Custody Bank of Japan, Ltd. (Account in trust)	20,794	4.94%
Gunma Bank Employees' Shareholding Association	12,633	3.01%	Gunma Bank Employees' Shareholding Association	12,808	3.04%
Japan Trustee Services Bank, Ltd. (Account in trust 9)	11,815	2.81%	Custody Bank of Japan, Ltd. (Account in trust 9)	11,694	2.78%
Meiji Yasuda Life Insurance Company	11,056	2.63%	Meiji Yasuda Life Insurance Company	11,056	2.63%
Sumitomo Life Insurance Company	10,657	2.54%	Sumitomo Life Insurance Company	10,657	2.53%
Japan Trustee Services Bank, Ltd. (Account in trust 5)	7,887	1.88%	Custody Bank of Japan, Ltd. (Account in trust 4)	8,004	1.90%
Japan Trustee Services Bank, Ltd. (Account in trust 4)	7,747	1.84%	Custody Bank of Japan, Ltd. (Account in trust 5)	7,900	1.87%
Nippon Life Insurance Company	7,608	1.81%	Nippon Life Insurance Company	7,608	1.81%
JP MORGAN CHASE BANK 385151	7,380	1.75%	Toyo Seikan Group Holdings, Ltd.	7,330	1.74%
Total	119,188	28.41%	Total	124,868	29.70%

* The above excludes treasury stock. (The ratio of shareholding is calculated by excluding treasury stock.)

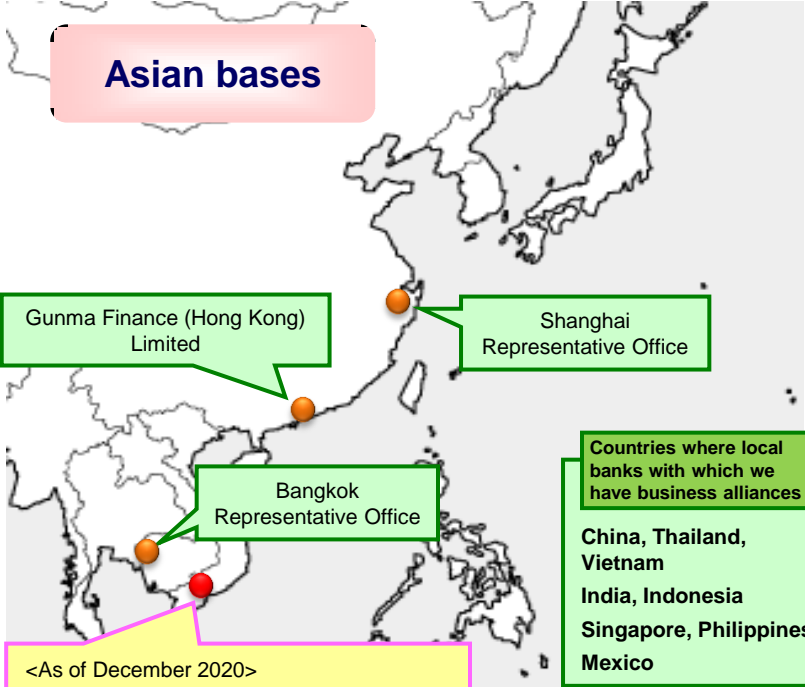
** Japan Trustee Services Bank, Ltd., JTC Holdings, Ltd. and Trust & Custody Services Bank, Ltd. merged on July 27, 2020, and the trade name was changed to Custody Bank of Japan, Ltd.

Branch Office Network

**159 offices including overseas branches
(158 in Japan + 1 overseas)**



* Including convenience store ATM branch, transfer focused branch, Internet branch, and plaza branch



<As of December 2020>
The Ho Chi Minh Representative Office to be opened.

* The above as of end of September 2020.



This document contains descriptions on the future performance of the banking group. These descriptions do not guarantee such future performance, for which naturally there are risks and uncertainty. Please note that future performance may deviate from the targets due to changes in the business environment and other reasons.

If you have further inquiries, please contact:

Business Management Office (in charge of IR), Corporate Planning Department,

The Gunma Bank, Ltd.

<https://www.gunmabank.co.jp/>