

# The Gunma Bank, Ltd.

Financial Results for the Second Quarter (First Half) of Fiscal Year 2021, ending March 31, 2022

Stock Exchange Listing: Tokyo(code:8334)  
 URL: <https://www.gunmabank.co.jp/>  
 Representative: Akihiko Fukai, President  
 For Inquiry: Takeo Uchibori, Managing Executive Officer and General Manager,  
 Corporate Planning Department  
 Filing date of Financial Statements: November 19, 2021 (scheduled)  
 Payment Date of Cash Dividends: November 30, 2021 (scheduled)  
 Trading Accounts: No  
 Supplementary Materials : Attached  
 IR Conference : Scheduled (for Analysts)

(Japanese yen amounts of less than 1 million have been rounded down.)

## 1. Financial Highlights (from April 1, 2021 to September 30, 2021)

### (1) Consolidated Operating Results (%:Changes from corresponding period of the previous fiscal year)

	Ordinary Income		Ordinary Profit		Profit Attributable to Owners of Parent	
	million of yen	%	million of yen	%	million of yen	%
First Half Ended Sep.30, 2021	77,559	4.9	23,635	43.9	15,371	24.9
Ended Sep.30, 2020	73,961	0.6	16,419	(13.0)	12,308	(8.2)

(Note) Comprehensive Income First Half ended Sep.30, 2021: 18,071 million of yen [ (43.8)%]  
 First Half ended Sep.30, 2020: 32,181 million of yen [ 29.9%]

	Profit per Share	Profit per Share (Diluted)
	yen	yen
First Half Ended Sep.30, 2021	36.56	—
Ended Sep.30, 2020	29.32	—

### (2) Consolidated Financial Conditions

	Total Assets	Total Net Assets	Capital Assets to Total Assets
	million of yen	million of yen	%
As of Sep.30, 2021	10,827,624	563,277	5.2
Mar.31, 2021	10,615,756	548,093	5.2

(Reference) Capital assets as of Sep. 30, 2021 : 563,277 million of yen Mar. 31, 2021 : 548,093 million of yen

(Note) “Capital Assets to Total Assets” represents “Total Net Assets” / “Total Assets” at term end.

“Capital Assets to Total Assets” stated above was not calculated based on the public notice of “Capital Assets to Total Assets”.

## 2. Cash Dividends for Shareholders

	Annual Cash Dividends Per Share				
	First Quarter-end	Second Quarter-end	Third Quarter-end	Fiscal Year-end	Total
Fiscal year	yen	yen	yen	yen	yen
Ended Mar. 31, 2021	—	6.00	—	7.00	13.00
Ending Mar. 31, 2022	—	7.00	—	—	—
Ending Mar. 31, 2022(Projection)	—	—	—	7.00	14.00

(Note) Revisions of released cash dividends projections: No

## 3. Consolidated Earnings Projections for Fiscal year 2021 (from April 1, 2021 to March 31, 2022)

(%:Changes from corresponding period of the previous fiscal year)

	Ordinary Profit		Profit Attributable to Owners of Parent		Profit per Share
	million of yen	%	million of yen	%	yen
Fiscal Year 2021 Ending Mar. 31, 2022	37,000	84.2	26,000	92.6	61.83

(Note) Revisions of released earnings projections: Yes

## Notes

- (1) Material changes in consolidated subsidiaries during the period  
(changes in specific subsidiaries accompanied by changes in scope of consolidation): No
- (2) Changes in accounting principles, accounting estimates and restatement
- ① Changes in accounting principles accordance with changes in accounting standard, etc.: Yes
  - ② Other changes in accounting principles: No
  - ③ Changes in accounting estimates: No
  - ④ Restatement: No
- (3) Number of issued shares (common stock)
- ① Number of issued shares (including treasury shares):
 

	Sep. 30, 2021	435,888,177 Shares
	Mar. 31, 2021	435,888,177 Shares
  - ② Number of treasury shares:
 

	Sep. 30, 2021	15,288,755 Shares
	Mar. 31, 2021	15,548,367 Shares
  - ③ Average number of issued shares :
 

	Six months ended Sep. 30, 2021	420,441,894 Shares
	Six months ended Sep. 30, 2020	419,836,405 Shares

## (Reference) Non – consolidated Financial Highlights

### 1. Financial Highlights (from April 1, 2021 to September 30, 2021)

#### (1) Non – Consolidated Operating Results (%:Changes from corresponding period of the previous fiscal year)

	Ordinary Income		Ordinary Profit		Profit	
First Half	million of yen	%	million of yen	%	million of yen	%
Ended Sep.30, 2021	60,735	6.8	21,252	45.3	13,854	26.1
Ended Sep.30, 2020	56,881	(0.3)	14,622	(14.1)	10,984	(10.5)

	Profit per Share
First Half	yen
Ended Sep.30, 2021	32.95
Ended Sep.30, 2020	26.16

#### (2) Non – Consolidated Financial Conditions

	Total Assets	Total Net Assets	Capital Assets to Total Assets
As of	million of yen	million of yen	%
Sep.30, 2021	10,807,890	530,527	4.9
Mar.31, 2021	10,598,742	517,066	4.9

(Reference) Capital assets as of Sep. 30, 2021 : 530,527 million of yen; Mar. 31, 2021 : 517,066 million of yen

(Note) “Capital Assets to Total Assets” represents “Total Net Assets”/ “Total Assets” at term end.

“Capital Assets to Total Assets” stated above was not calculated based on the public notice of “Capital Assets to Total Assets”.

### 2. Non – Consolidated Earnings Projections for Fiscal year 2021 (from April 1, 2021 to March 31, 2022)

(%:Changes from corresponding period of the previous fiscal year)

	Ordinary Profit		Profit		Profit per Share
Fiscal Year 2021	million of yen	%	million of yen	%	yen
Ending Mar. 31, 2022	32,500	92.4	23,000	96.9	54.69

(Note) Revisions of released earnings projections: Yes

This interim report is not subject to the interim audit.

Explanation for proper use of projections and other notes

- The Gunma Bank, Ltd. (“the Bank”) falls under the category of “Specified Business Corporation” under Article 17-15-2 of the Cabinet Office Ordinance Concerning Disclosure of Public Companies; accordingly, it has prepared its interim consolidated financial statements and interim non-consolidated financial statements for the six months ended September 30, 2021.
- The description of future performance of this report is based on information which is presently available and certain assumptions which are considered to be reasonable, and it does not guarantee future performance. Please take note that future performance may differ from forecasts depending on various future factors.

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## Supplementary Information

# 1. Qualitative Information related to the Interim Financial Results

## (1) Qualitative Information related to the Operating Results

Operating results for the first half of the consolidated fiscal year under review were as follows.

Ordinary income amounted to 77,559 million of yen, an increase of 3,597 million of yen year on year, mainly due to increases in interest income such as interest and dividends on securities.

Ordinary expenses amounted to 53,923 million of yen, a decrease of 3,617 million of yen year on year, mainly due to decreases in other expenses such as net transfer to allowance for loan losses.

As a result, ordinary profit amounted to 23,635 million of yen, an increase of 7,215 million of yen year on year. Also, profit attributable to owners of parent amounted to 15,371 million of yen, an increase of 3,063 million of yen year on year.

## (2) Qualitative Information related to the Financial Conditions

The financial status as of the end of the first half of the consolidated fiscal year under review was as follows.

Total assets increased by 211.8 billion of yen to 10,827.6 billion of yen during the period under review, whereas total liabilities increased by 196.6 billion of yen to 10,264.3 billion of yen during the period under review.

Also, net assets increased by 15.1 billion of yen to 563.2 billion of yen during the period under review.

As for the main accounts, loans and bills discounted decreased by 15.5 billion of yen to 5,673.2 billion of yen during the period under review.

Securities increased by 69.4 billion of yen to 2,471.8 billion of yen during the period under review.

Deposits decreased by 31.5 billion of yen to 7,710.0 billion of yen during the period under review.

## (3) Qualitative Information related to the Consolidated Earnings Projections, etc

Earning projections for fiscal year 2021, ending March 31, 2022 has been revised upward because core net business profit excluding gain(loss) on bonds is expected to exceed the projection at the beginning of the period mainly due to increase in net interest income, decreases in expenses. The details of earnings projection are as follows.

(Unit : billion of yen)

	FY2021 ending Mar.31,2022 【Consolidated】 (a)	(a) – (b)	Projection at the beginning of the period (b)	FY2021 ending Mar.31,2022 【Non-Consolidated】 (c)	(c) – (d)	Projection at the beginning of the period (d)
Core net business profit excluding gain (loss) on bonds	35.7	3.2	32.5	31.0	3.2	27.8
Ordinary profit	37.0	2.0	35.0	32.5	1.5	31.0
(Attributable to owners of parent) Profit	26.0	2.0	24.0	23.0	1.5	21.5

Earnings projections are based on information available at the present time.

Actual results may differ from the forecast due to various of economic situation and stock price level, etc.

## 2. Consolidated Interim Financial Statements and Notes

## (1) Consolidated Interim Balance Sheets

(Unit: million of yen)

	As of Mar. 31, 2021	As of Sep. 30, 2021
<b>Assets:</b>		
Cash and due from banks	2,326,681	2,467,564
Monetary claims bought	5,621	5,315
Trading securities	823	865
Money held in trust	11,268	8,168
Securities	2,402,460	2,471,891
Loans and bills discounted	5,688,847	5,673,298
Foreign exchanges	14,947	25,374
Lease receivables and investments in leases	59,528	60,090
Other assets	71,348	70,833
Tangible fixed assets	69,463	68,396
Intangible fixed assets	9,956	9,773
Retirement benefit asset	6,631	7,415
Deferred tax assets	1,571	1,503
Customers' liabilities for acceptances and guarantees	9,632	8,995
Allowance for loan losses	(63,028)	(51,861)
<b>Total assets</b>	<b>10,615,756</b>	<b>10,827,624</b>
<b>Liabilities:</b>		
Deposits	7,741,661	7,710,073
Negotiable certificates of deposit	167,674	210,994
Call money and bills sold	37,087	24,959
Securities sold under repurchase agreements	4,992	3,795
Cash collateral received for securities lent	669,024	697,610
Borrowed money	1,291,081	1,461,200
Foreign exchanges	162	723
Bonds payable	50,000	50,000
Borrowed money from trust account	8,953	10,605
Other liabilities	66,683	60,059
Provision for bonuses for directors (and other officers)	56	27
Retirement benefit liability	368	370
Provision for retirement benefits for directors (and other officers)	244	223
Provision for reimbursement of deposits	533	440
Provision for point card certificates	144	157
Provision for contingent loss	900	924
Reserves under special laws	0	0
Deferred tax liabilities	10,636	15,428
Deferred tax liabilities for land revaluation	7,823	7,758
Acceptances and guarantees	9,632	8,995
<b>Total liabilities</b>	<b>10,067,663</b>	<b>10,264,347</b>
<b>Net assets:</b>		
Share capital	48,652	48,652
Capital surplus	29,581	29,581
Retained earnings	391,382	403,368
Treasury shares	(8,838)	(8,690)
<b>Total shareholders' equity</b>	<b>460,778</b>	<b>472,911</b>
Valuation difference on available-for-sale securities	71,541	73,987
Deferred gains or losses on hedges	(231)	(136)
Revaluation reserve for land	13,715	14,065
Foreign currency translation adjustment	(98)	-
Remeasurements of defined benefit plans	2,387	2,449
<b>Total accumulated other comprehensive income</b>	<b>87,314</b>	<b>90,365</b>
<b>Total net assets</b>	<b>548,093</b>	<b>563,277</b>
<b>Total liabilities and net assets</b>	<b>10,615,756</b>	<b>10,827,624</b>

## (2) Consolidated Interim Statements of Income and Comprehensive Income

## Consolidated Interim Statements of Income

For the six months ended

(Unit: million of yen)

	For the six months ended Sep.30, 2020	For the six months ended Sep.30, 2021
<b>Ordinary income</b>	73,961	77,559
Interest income	35,754	38,372
Interest on loans and discounts	27,067	26,611
Interest and dividends on securities	8,218	10,871
Trust fees	30	25
Fees and commissions	10,799	11,608
Other ordinary income	19,758	20,430
Other income	7,617	7,122
<b>Ordinary expenses</b>	57,541	53,923
Interest expenses	1,465	872
Interest on deposits	253	171
Fees and commissions payments	4,108	4,214
Other ordinary expenses	14,541	16,231
General and administrative expenses	29,157	27,921
Other expenses	8,268	4,683
<b>Ordinary profit</b>	16,419	23,635
Extraordinary income	278	0
Gain on disposal of non – current assets	4	0
Gain on reversal of share acquisition rights	274	–
Extraordinary losses	108	1,210
Loss on disposal of non – current assets	39	48
Impairment losses	69	1,162
Provision of reserve for financial instruments transaction liabilities	0	0
Profit before income taxes	16,589	22,425
Income taxes – current	6,095	3,348
Income taxes – deferred	(1,814)	3,704
Total income taxes	4,280	7,053
<b>Profit</b>	12,308	15,371
<b>Profit attributable to owners of parent</b>	12,308	15,371

## Consolidated Interim Statements of Comprehensive Income

For the six months ended

(Unit: million of yen)

	For the six months ended Sep.30, 2020	For the six months ended Sep.30, 2021
<b>Profit</b>	12,308	15,371
Other comprehensive income	19,872	2,699
Valuation difference on available – for – sale securities	18,973	2,362
Deferred gains or losses on hedges	90	94
Foreign currency translation adjustment	(73)	98
Remeasurements of defined benefit plans, net of tax	662	61
Share of other comprehensive income of entities accounted for using equity method	219	82
<b>Comprehensive income</b>	32,181	18,071
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	32,181	18,071

**(3) Consolidated Interim Statements of Changes in Net Assets**

For the six months ended Sep.30, 2020

(Unit: million of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of period	48,652	29,581	383,452	(9,309)	452,377	31,427	(330)
Cumulative effects of changes in accounting policies							
Restated balance	48,652	29,581	383,452	(9,309)	452,377	31,427	(330)
Changes during period							
Dividends of surplus			(2,936)		(2,936)		
Profit attributable to owners of parent			12,308		12,308		
Purchase of treasury shares				(0)	(0)		
Disposal of treasury shares			(175)	471	295		
Reversal of revaluation reserve for land							
Net changes in items other than shareholders' equity						19,192	90
Total changes during period	-	-	9,196	471	9,667	19,192	90
Balance at end of period	48,652	29,581	392,649	(8,838)	462,044	50,620	(240)

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13,778	29	(9,541)	35,363	287	488,028
Cumulative effects of changes in accounting policies						
Restated balance	13,778	29	(9,541)	35,363	287	488,028
Changes during period						
Dividends of surplus						(2,936)
Profit attributable to owners of parent						12,308
Purchase of treasury shares						(0)
Disposal of treasury shares						295
Reversal of revaluation reserve for land						
Net changes in items other than shareholders' equity	-	(73)	662	19,872	(287)	19,585
Total changes during period	-	(73)	662	19,872	(287)	29,252
Balance at end of period	13,778	(43)	(8,878)	55,236	-	517,281

For the six months ended Sep.30, 2021

(Unit: million of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of period	48,652	29,581	391,382	(8,838)	460,778	71,541	(231)
Cumulative effects of changes in accounting policies			(38)		(38)		0
Restated balance	48,652	29,581	391,344	(8,838)	460,740	71,541	(231)
Changes during period							
Dividends of surplus			(2,942)		(2,942)		
Profit attributable to owners of parent			15,371		15,371		
Purchase of treasury shares				(0)	(0)		
Disposal of treasury shares			(55)	147	92		
Reversal of revaluation reserve for land			(350)		(350)		
Net changes in items other than shareholders' equity						2,445	94
Total changes during period	-	-	12,023	147	12,171	2,445	94
Balance at end of period	48,652	29,581	403,368	(8,690)	472,911	73,987	(136)

	Accumulated other comprehensive income				Share acquisition rights	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	13,715	(98)	2,387	87,314	-	548,093
Cumulative effects of changes in accounting policies				0		(37)
Restated balance	13,715	(98)	2,387	87,315	-	548,055
Changes during period						
Dividends of surplus						(2,942)
Profit attributable to owners of parent						15,371
Purchase of treasury shares						(0)
Disposal of treasury shares						92
Reversal of revaluation reserve for land						(350)
Net changes in items other than shareholders' equity	350	98	61	3,050	-	3,050
Total changes during period	350	98	61	3,050	-	15,221
Balance at end of period	14,065	-	2,449	90,365	-	563,277



#### (4) Notes to the Consolidated Interim Financial Statements

(Note on Going Concern Assumption)

Not applicable.

(Changes in accounting principles)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Gunma Bank, Ltd. ("The Bank") has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan ("ASBJ") Statement No.29, March 31, 2020; hereinafter, "the Accounting Standard for Revenue Recognition"), etc. effective from the beginning of the first half of the consolidated fiscal year under review. The Bank recognizes revenue as the amount expected to be received in exchange for promised goods or services at the time when the control of said goods or services is transferred to the customer.

The application of the Accounting Standard for Revenue Recognition is subject to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition.

The impact of this change on the consolidated financial statements for the first half of the fiscal year under review is minimal.

(Accounting Standard for Fair Value Measurement)

The Bank has applied "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019) and others from the beginning of the first half of the consolidated fiscal year.

In accordance with Article 8 of "Accounting Standard for Fair Value Measurement", the fair value adjustment method used to determine the fair value of derivatives is revised to maximize the use of relevant observable inputs estimated from derivatives and others traded in the market. In accordance with Article 20 of "Accounting Standard for Fair Value Measurement", the cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were reflected in Retained earnings and Accumulated other comprehensive income as of April 1, 2021.

As a result, "Other assets" decreased by 120 million of yen, "Deferred tax liabilities" decreased by 16 million of yen, "Other liabilities" decreased by 66 million of yen, "Retained earnings" decreased by 38 million of yen, "Deferred gains or losses on hedges" increased by 0 million of yen, and "Net assets per share" decreased by 0.09 yen as of April 1, 2021.

(Additional Information)

With respect to loan losses due to the impact of COVID-19, The Bank estimates allowance for loan losses assuming that loan losses will not significantly increase thanks to economic measures by the government and local public organizations as well as financing support from financial institutions.

However, since it is still uncertain when the spread of this infectious disease will subside, there may be a significant effect on future loan losses due to its impact on economic activities.

There has been no significant change in estimate assumptions on the impact of COVID-19 as noted in "Significant Accounting Estimates" in the previous securities report.

### 3. Non – Consolidated Interim Financial Statements

#### (1) Non – Consolidated Interim Balance Sheets

(Unit: million of yen)

	As of Mar. 31, 2021	As of Sep. 30, 2021
<b>Assets:</b>		
Cash and due from banks	2,326,094	2,466,600
Monetary claims bought	5,621	5,315
Trading securities	823	865
Money held in trust	4,368	3,368
Securities	2,412,563	2,478,848
Loans and bills discounted	5,749,625	5,733,921
Foreign exchanges	14,947	25,374
Other assets	53,027	51,897
Other	53,027	51,897
Tangible fixed assets	66,209	65,126
Intangible fixed assets	9,801	9,597
Prepaid pension costs	3,196	3,891
Customers' liabilities for acceptances and guarantees	9,632	8,995
Allowance for loan losses	(57,170)	(45,910)
<b>Total assets</b>	<b>10,598,742</b>	<b>10,807,890</b>
<b>Liabilities:</b>		
Deposits	7,752,757	7,722,124
Negotiable certificates of deposit	196,074	240,094
Call money	37,087	24,959
Securities sold under repurchase agreements	4,992	3,795
Cash collateral received for securities lent	669,024	697,610
Borrowed money	1,288,867	1,459,000
Foreign exchanges	162	723
Bonds payable	50,000	50,000
Borrowed money from trust account	8,953	10,605
Other liabilities	44,865	35,606
Income taxes payable	6,794	1,656
Lease obligations	711	688
Other	37,359	33,261
Provision for bonuses for directors (and other officers)	56	27
Provision for retirement benefits for directors (and other officers)	223	199
Provision for reimbursement of deposits	533	440
Provision for point card certificates	144	157
Provision for contingent loss	900	924
Deferred tax liabilities	9,576	14,340
Deferred tax liabilities for land revaluation	7,823	7,758
Acceptances and guarantees	9,632	8,995
<b>Total liabilities</b>	<b>10,081,675</b>	<b>10,277,363</b>

(Unit: million of yen)

	As of Mar. 31, 2021	As of Sep. 30, 2021
<b>Net assets:</b>		
Share capital	48,652	48,652
Capital surplus	29,114	29,114
Legal capital surplus	29,114	29,114
Retained earnings	364,346	374,815
Legal retained earnings	43,548	43,548
Other retained earnings	320,798	331,267
Reserve for tax purpose reduction entry	1,052	1,052
General reserve	299,650	304,650
Retained earnings brought forward	20,096	25,564
Treasury shares	(8,838)	(8,690)
Total shareholders' equity	433,275	443,891
Valuation difference on available-for-sale securities	70,307	72,707
Deferred gains or losses on hedges	(231)	(136)
Revaluation reserve for land	13,715	14,065
Total valuation and translation adjustments	83,790	86,636
<b>Total net assets</b>	<b>517,066</b>	<b>530,527</b>
<b>Total liabilities and net assets</b>	<b>10,598,742</b>	<b>10,807,890</b>

## (2) Non – Consolidated Interim Statements of Income

	(Unit: million of yen)	
	For the six months ended Sep.30, 2020	For the six months ended Sep.30, 2021
<b>Ordinary income</b>	56,881	60,735
Interest income	35,871	38,576
Interest on loans and discounts	27,185	26,733
Interest and dividends on securities	8,227	10,953
Trust fees	30	25
Fees and commissions	9,966	10,839
Other ordinary income	3,461	4,317
Other income	7,550	6,977
<b>Ordinary expenses</b>	42,258	39,483
Interest expenses	1,459	867
Interest on deposits	254	171
Fees and commissions payments	4,508	4,596
Other ordinary expenses	330	2,806
General and administrative expenses	28,257	26,963
Other expenses	7,701	4,250
<b>Ordinary profit</b>	14,622	21,252
Extraordinary income	278	0
Extraordinary losses	108	1,210
<b>Profit before income taxes</b>	14,792	20,041
Income taxes – current	5,470	2,566
Income taxes – deferred	(1,662)	3,620
<b>Total income taxes</b>	3,807	6,186
<b>Profit</b>	10,984	13,854

**(3) Non – Consolidated Interim Statements of Changes in Net Assets**

For the six months ended Sep.30, 2020

(Unit: million of yen)

(Unit: million of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of period	48,652	29,114	29,114	43,548	1,052	287,650	25,987	358,237
Cumulative effects of changes in accounting policies								
Restated balance	48,652	29,114	29,114	43,548	1,052	287,650	25,987	358,237
Changes during period								
Dividends of surplus							(2,936)	(2,936)
Provision of general reserve						12,000	(12,000)	
Profit							10,984	10,984
Purchase of treasury shares								
Disposal of treasury shares							(175)	(175)
Reversal of revaluation reserve for land								
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	12,000	(4,127)	7,872
Balance at end of period	48,652	29,114	29,114	43,548	1,052	299,650	21,859	366,109

	Shareholders' equity		Valuation and translation adjustments				Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	(9,309)	426,694	30,638	(330)	13,778	44,086	287	471,068
Cumulative effects of changes in accounting policies								
Restated balance	(9,309)	426,694	30,638	(330)	13,778	44,086	287	471,068
Changes during period								
Dividends of surplus		(2,936)						(2,936)
Provision of general reserve								
Profit		10,984						10,984
Purchase of treasury shares	(0)	(0)						(0)
Disposal of treasury shares	471	295						295
Reversal of revaluation reserve for land								
Net changes in items other than shareholders' equity			18,876	90	-	18,966	(287)	18,679
Total changes during period	471	8,343	18,876	90	-	18,966	(287)	27,022
Balance at end of period	(8,838)	435,038	49,514	(240)	13,778	63,053	-	498,091

For the six months ended Sep.30, 2021

(Unit: million of yen)

(Unit: million of yen)

	Shareholders' equity							
	Share capital	Capital surplus		Retained earnings				
		Legal capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			Total retained earnings
					Reserve for tax purpose reduction entry	General reserve	Retained earnings brought forward	
Balance at beginning of period	48,652	29,114	29,114	43,548	1,052	299,650	20,096	364,346
Cumulative effects of changes in accounting policies							(38)	(38)
Restated balance	48,652	29,114	29,114	43,548	1,052	299,650	20,058	364,308
Changes during period								
Dividends of surplus							(2,942)	(2,942)
Provision of general reserve						5,000	(5,000)	
Profit							13,854	13,854
Purchase of treasury shares								
Disposal of treasury shares							(55)	(55)
Reversal of revaluation reserve for land							(350)	(350)
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	5,000	5,506	10,506
Balance at end of period	48,652	29,114	29,114	43,548	1,052	304,650	25,564	374,815

	Shareholders' equity		Valuation and translation adjustments				Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of period	(8,838)	433,275	70,307	(231)	13,715	83,790	-	517,066
Cumulative effects of changes in accounting policies		(38)		0		0		(37)
Restated balance	(8,838)	433,237	70,307	(231)	13,715	83,791	-	517,028
Changes during period								
Dividends of surplus		(2,942)						(2,942)
Provision of general reserve								
Profit		13,854						13,854
Purchase of treasury shares	(0)	(0)						(0)
Disposal of treasury shares	147	92						92
Reversal of revaluation reserve for land		(350)						(350)
Net changes in items other than shareholders' equity			2,399	94	350	2,844	-	2,844
Total changes during period	147	10,654	2,399	94	350	2,844	-	13,499
Balance at end of period	(8,690)	443,891	72,707	(136)	14,065	86,636	-	530,527

Supplementary Information  
For Fiscal Year 2021,  
Ended September 30, 2021

The Gunma Bank, Ltd.

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# I Financial Highlights for Fiscal Year 2021, Ended September 30, 2021

## 1. Profit and Loss Conditions 【Consolidated / Non-consolidated】

- Core net business profit excluding gain (loss) on bonds increased year on year due to increases in net interest income and non-interest business profit and as well as to cutting down on expenses.
- Ordinary profit and Profit increased year on year due to an increase in core net business profit excluding gain (loss) on bonds as well as to decrease in net credit cost.

(Unit : billion of yen)

	FY2021 ended Sep.30, 2021 【Consolidated】	Compared with First half of FY2020	FY2021 ended Sep.30, 2021 【Non-Consolidated】	Compared with First half of FY2020
Core net business profit excluding gain (loss) on bonds	20.6	5.3	17.9	4.9
Ordinary profit	23.6	7.2	21.2	6.6
(Attributable to owners of parent) Profit	15.3	3.0	13.8	2.8

## 2. Main Account Conditions 【Non-consolidated】

- Loans and bills discounted amounted to 5,733.9 billion of yen, down 15.7 billion of yen compared with the previous fiscal year-end, partly due to a slowdown in demand for funds brought by COVID-19, mainly among small and medium-sized enterprises.
- Deposits and Negotiable certificates of deposit amounted to 7,962.2 billion of yen, up 13.3 billion of yen compared with the previous fiscal year-end mainly due to increases in individuals deposits and negotiable certificates of deposit.

(Unit : billion of yen)

	As of Sep.30, 2021(a)	(a) - (b)	As of Mar.31, 2021 (b)
Loans and bills discounted	5,733.9	(15.7)	5,749.6
Deposits and Negotiable certificates of deposit	7,962.2	13.3	7,948.8

## 3. Disclosed Claims under the Financial Reconstruction Law 【Non-consolidated】

- Non-performing loan ratio amounted to 2.06%, down 0.24 point compared with the previous fiscal year-end.

(Unit : billion of yen)

	As of Sep.30, 2021(a)	(a) - (b)	As of Mar.31, 2021 (b)
Disclosed Claims under the FRL	120.0	(14.1)	134.1
Non-performing loan ratio	2.06%	(0.24) %	2.30%

## 4. Capital Ratio Conditions 【Consolidated】

- Total Capital Ratio amounted to 13.20%, and maintained a high level.

	As of Sep.30, 2021(a)	(a) - (b)	As of Mar.31, 2021 (b)
Total capital ratio	13.20%	0.46%	12.74%

## 5. Earnings Projections 【Consolidated / Non-consolidated】

- Earnings projections for fiscal year 2021, ending March 31, 2022 has been revised upward from projection at the beginning of the period based on the results of the current interim period, etc.

(Unit : billion of yen)

	FY2021 ending Mar.31,2022 【Consolidated】	Compared with projection at the beginning of the period	Compared with FY2020 ended Mar.31, 2021	FY2021 ending Mar.31,2022 【Non-Consolidated】	Compared with projection at the beginning of the period	Compared with FY2020 ended Mar.31, 2021
Core net business profit excluding gain (loss) on bonds	35.7	3.2	4.8	31.0	3.2	4.4
Ordinary profit	37.0	2.0	17.0	32.5	1.5	15.7
(Attributable to owners of parent) Profit	26.0	2.0	12.5	23.0	1.5	11.4

(Note) Earnings projections are based on information available at the present time.

Actual results may differ from the forecast due to various factors of economic situation and stock price level, etc.

## 6. Shareholder Return

- The annual cash dividends per share for fiscal year 2021, ending March 31, 2022 is forecast to increase by 1yen compared with the previous fiscal year to 14 yen (7 yen as the interim cash dividends, 7 yen as the year-end cash dividends).
- In addition, today the Gunma Bank, Ltd. ("the Bank") have resolved to acquire treasury shares (10 million shares (upper limit), 3.5 billion yen (upper limit)). In addition, the Bank plans to retire treasury shares.

	FY2021 ending Mar.31,2022	Compared with FY2020 ended Mar.31, 2021	FY2020 ended Mar. 31, 2021		Acquisition of treasury shares
Annual Cash dividends per share	14.00 yen	1.00 yen	13.00 yen	Total number of shares to be acquired (upper limit)	10 million shares
Of which, Interim Cash dividends	7.00 yen	1.00 yen	6.00 yen	Total amount to be acquired (upper limit)	3.5 billion of yen

(Shareholder return policy)

The Bank is working to strengthen the financial structure and, under the basic policy of continuing to provide stable cash dividends, return performance-linked profits to shareholders. For the time being, the Bank is setting a target of 40% of the non-consolidated profit for the ratio of total payout to shareholders combining cash dividend payments and the acquisition cost of treasury shares.

## II Financial Data for Fiscal Year 2021, Ended September 30, 2021

### 1. Profit and Loss Conditions

- Consolidated core net business profit excluding gain (loss) on bonds amounted to 20.6 billion of yen, up 5.3 billion of yen year on year, due to increases in net interest income such as interest and dividends on securities and non-interest business profit such as corporate service – related and deposit financial assets – related as well as to cutting down on expenses.
- Ordinary profit amounted to 23.6 billion of yen, up 7.2 billion of yen year on year, due to such as decreases in gain or loss on investment securities, net credit costs and retirement benefit costs.
- Profit attributable to owners of parent amounted to 15.3 billion of yen, up 3.0 billion of yen year on year, although an impairment losses was recorded due to the consolidation of branches to optimize the branch network.

#### 【Consolidated】

(Unit: million of yen)

		FY2021 ended Sep.30, 2021 (a)	(a) – (b)	FY2020 ended Sep.30, 2020 (b)
Core gross business profits	1	48,375	4,996	43,378
Net interest income	2	37,499	3,209	34,289
Non-interest business profit	3	10,875	1,786	9,088
Corporate service – related	4	1,808	757	1,050
Deposit financial assets – related	5	3,948	1,230	2,717
Others	6	5,118	(201)	5,320
Expenses (excluding non-recurrent expenses) [–]	7	27,775	(377)	28,152
Core net business profit excluding gain(loss) on bonds ( 1–7 )	8	20,600	5,374	15,225
Gain or loss on investment securities	9	5,524	(3,165)	8,689
Gain (loss) on bonds	10	742	(2,108)	2,850
Gain (loss) on stocks and other securities	11	4,781	(1,057)	5,839
Net credit costs [–]	12	2,928	(3,604)	6,533
Others	13	440	1,401	(961)
Retirement benefit costs [–]	14	89	(864)	953
Ordinary profit	15	23,635	7,215	16,419
Extraordinary income (losses)	16	(1,210)	(1,380)	169
Impairment losses	17	1,162	1,093	69
Profit before income taxes	18	22,425	5,835	16,589
Total income taxes [–]	19	7,053	2,772	4,280
Profit	20	15,371	3,063	12,308
Profit attributable to owners of parent	21	15,371	3,063	12,308

(Note) Gain (loss) on bonds is excluded from “Profit from other business transactions” and included in “Gain or loss on investment securities”.

#### (Reference)

Overhead ratio ( 7/1 )	22	57.4 %	(7.4) %	64.8 %
Return on equity (“ROE”)	23	5.5 %	0.7 %	4.8 %

(Note) 
$$\text{ROE (annualized rate)} = \frac{\text{Profit attributable to owners of parent}}{(\text{Net assets excluding equity warrants at the beginning of the period} + \text{Net assets at the end of the period excluding equity warrants}) / 2} \times 100$$

#### (Number of consolidated companies)

(Unit: number of companies)

Number of consolidated subsidiaries	24	6	—	6
Number of affiliated companies applicable to the equity method	25	3	—	3

(Note) Gunma Regional Advanced Solution Partners co., Ltd. was newly established in December 2020 and has become a consolidated subsidiary of The Gunma Bank, Ltd.

Gunma Finance (Hong Kong) Limited was excluded from the scope of consolidated subsidiaries from the interim period of FY2021 due to liquidation.

## 【Non-consolidated】

(Unit: million of yen)

		FY2021 ended Sep.30, 2021		FY2020 ended Sep.30, 2020
		(a)	(a) - (b)	(b)
Core gross business profits	1	44,746	4,566	40,180
Net interest income	2	37,709	3,297	34,411
Domestic business	3	35,301	2,515	32,785
Of which, Interest on loans and discounts	4	25,692	(6)	25,699
Of which, Interest and dividends on securities	5	8,991	2,049	6,942
Of which, gain (loss) on cancellation of investment trusts	6	1,680	360	1,319
Non-domestic business	7	2,408	782	1,625
Net fees and commissions income	8	6,268	780	5,488
Profit from other business transactions	9	768	488	280
Expenses (excluding non-recurrent expenses)	(-) 10	26,823	(429)	27,252
Personnel expenses	11	14,290	(721)	15,012
Non-Personnel expenses	12	10,971	517	10,453
Taxes	13	1,561	(225)	1,786
Core net business profit excluding gain (loss) on bonds ( 1-10 )	14	17,922	4,995	12,927
Core net business profit excluding gain (loss) on bonds and cancellation of investment trusts	15	16,242	4,634	11,608
Core net business profit ( 14+18 )	16	18,665	2,886	15,778
Gain or loss on investment securities	17	5,549	(3,148)	8,698
Gain (loss) on bonds	18	742	(2,108)	2,851
Gain (loss) on stocks and other securities	19	4,807	(1,039)	5,846
Net credit costs	(-) 20	2,523	(3,453)	5,977
Other non-recurrent gain (loss)	21	302	1,328	(1,025)
Retirement benefit costs	(-) 22	89	(864)	953
Ordinary profit	23	21,252	6,629	14,622
Extraordinary income (losses)	24	(1,210)	(1,380)	169
Impairment losses	(-) 25	1,162	1,093	69
Profit before income taxes	26	20,041	5,249	14,792
Total income taxes	(-) 27	6,186	2,378	3,807
Profit	28	13,854	2,870	10,984

(Note) Gain (loss) on bonds is excluded from " Profit from other business transactions " and included in " Gain or loss on investment securities ".

## (Reference I ) Gain or Loss on Investment Securities Conditions

(Unit: million of yen)

		FY2021 ended Sep.30, 2021		FY2020 ended Sep.30, 2020
		(a)	(a) - (b)	(b)
Gain (loss) on bonds	29	742	(2,108)	2,851
Gain on sales	30	3,547	397	3,150
Gain on redemption	31	—	(29)	29
Loss on sales	(-) 32	2,805	2,475	329
Loss on redemption	(-) 33	—	—	—
Loss on devaluation	(-) 34	—	—	—
Gain (loss) on stocks and other securities	35	4,807	(1,039)	5,846
Gain on sales	36	6,076	(1,140)	7,216
Loss on sales	(-) 37	1,194	(112)	1,306
Loss on devaluation	(-) 38	74	10	63

## (Reference II ) Credit Costs Conditions

(Unit: million of yen)

		FY2021 ended Sep.30, 2021		FY2020 ended Sep.30, 2020
		(a)	(a) - (b)	(b)
Net credit costs (40+41-47)	(-) 39	2,523	(3,453)	5,977
Net transfer to general allowance for loan losses	(-) 40	120	(4,212)	4,333
Disposal of non-performing loans	(-) 41	2,404	758	1,645
Written-off of loans	42	6	6	—
Net transfer to specific allowance for loan losses	43	2,215	782	1,433
Net transfer to accident loss	44	23	30	(7)
Losses on sales of loans	45	48	39	8
Cost born under joint responsibility system of guarantee corporations	46	110	(100)	210
Recoveries of written off claims	47	1	0	1

## 2. Main Account Conditions

### (1) Loans 【Non-consolidated】

Loans and bills discounted amounted to 5,733.9 billion of yen, down 15.7 billion of yen compared with the previous fiscal year-end, due to decreases in loans to small and medium-sized enterprises by a slowdown in demand for funds brought by COVID-19 despite an increase in housing loans.

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
Loans and bills discounted	5,733.9	(15.7)	31.5	5,749.6	5,702.3
Retail loans	4,639.6	(17.7)	1.3	4,657.3	4,638.2
Small and medium-sized enterprises	2,314.8	(25.8)	(15.8)	2,340.7	2,330.6
Individuals	2,324.7	8.1	17.2	2,316.6	2,307.5
Of which, Housing-related loans	2,246.2	8.8	17.0	2,237.3	2,229.1
Housing loans	1,341.2	12.5	26.2	1,328.7	1,314.9
Apartment loans	649.4	(0.3)	(0.2)	649.8	649.7
Others	255.5	(3.2)	(8.9)	258.7	264.4
Other loans	1,094.2	2.0	30.1	1,092.2	1,064.1
Corporations	820.3	(23.1)	(0.5)	843.4	820.8
Public sectors	108.8	18.7	24.2	90.0	84.5
Overseas branch and Non-residents	165.1	6.4	6.4	158.7	158.7

(Note) Regional public corporations and Tokyo/Osaka Branch accounts are not included in Small and medium-sized enterprises but are classified into Corporations.

### (2) Deposits and Negotiable certificates of deposit 【Non-consolidated】

Deposits and Negotiable certificates of deposit amounted to 7,962.2 billion of yen, up 13.3 billion of yen compared with the previous fiscal year-end due to increases in individuals deposits and negotiable certificates of deposit

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
Deposits and Negotiable certificates of deposit	7,962.2	13.3	341.9	7,948.8	7,620.2
Deposits	7,722.1	(30.6)	358.0	7,752.7	7,364.0
Of which, Individuals	5,450.7	81.7	197.6	5,368.9	5,253.0
Of which, Corporations	1,893.5	(14.5)	98.9	1,908.0	1,794.6
Negotiable certificates of deposit	240.0	44.0	(16.0)	196.0	256.1

### (3) Deposit financial assets 【Including Gungin Securities】

Deposit financial assets amounted to 973.2 billion of yen, up 37.3 billion of yen compared with the previous fiscal year-end mainly due to an steady increase in the balance owned by Gungin Securities.

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
Deposit financial assets	973.2	37.3	77.1	935.8	896.1
Individuals	901.5	30.8	66.9	870.7	834.5
Investment trust	256.7	12.1	32.5	244.5	224.2
Public bonds (Government bonds, etc.)	36.3	(0.8)	(2.8)	37.1	39.1
Life insurance	481.4	6.5	11.5	474.8	469.8
Gungin Securities (including intermediation)	127.0	12.9	25.7	114.1	101.3
Corporations, etc.	71.6	6.5	10.1	65.1	61.5
Bank, non-consolidated	14.6	0.0	(1.2)	14.5	15.8
Gungin Securities (including intermediation)	57.0	6.5	11.4	50.5	45.6

**(4) Gain and Loss on Valuation of Other Securities 【Non-consolidated】**

(Unit : billion of yen)

	As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
Other securities	104.3	3.4	33.3	100.9	71.0
Stocks	83.3	(0.6)	20.5	83.9	62.7
Bonds	6.4	2.9	(1.1)	3.4	7.5
Foreign securities	6.6	2.7	2.0	3.8	4.6
Investment trusts, etc.	7.8	(1.6)	11.8	9.5	(3.9)

**3. Disclosed Claims under the Financial Reconstruction Law ("FRL") 【Non-consolidated】**

(Unit : billion of yen)

	As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
Disclosed claims under the FRL ①	120.0	(14.1)	6.2	134.1	113.7
Normal Claims ②	5,694.3	4.3	15.0	5,690.0	5,679.2
Total Claims (①+②)③	5,814.3	(9.7)	21.3	5,824.1	5,793.0
Non-performing loan ratio (①/③)④	2.06 %	(0.24) %	0.10 %	2.30 %	1.96 %
Coverage ratio	69.5 %	(1.8) %	0.9 %	71.3 %	68.6 %

(Note) The Gunma Bank, Ltd. ("the Bank") does not apply partial direct written-off.

The below figures are presented if the Bank had applied the partial direct written-off.

Disclosed claims under the FRL	101.5	(13.0)	7.3	114.6	94.2
Non-performing loan ratio	1.75 %	(0.22) %	0.12 %	1.97 %	1.63 %

**4. Capital Ratio (International standard) 【Consolidated】**

(Unit : %)

	As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
Total capital ratio	13.20	0.46	0.63	12.74	12.57
Tier1 ratio	12.03	0.45	0.66	11.58	11.37
Common equity Tier1 capital	12.03	0.45	0.66	11.58	11.37

**5. Earnings Projections 【Consolidated/Non-consolidated】**

- Earnings projections for fiscal year 2021, ending March 31, 2022 has been revised upward from projection at the beginning of the period based on the results of the current interim period.  
Profit will be 26.0 billion of yen on a consolidated basis and 23.0 billion of yen on a non-consolidated basis.

(Unit : billion of yen)

	FY2021 ending Mar.31, 2022			FY2021 ending Mar.31, 2022		
	Projection 【Consolidated】	Compared with projection at the beginning of the period	Compared with FY2020 ended Mar.31, 2021	Projection 【Non-Consolidated】	Compared with projection at the beginning of the period	Compared with FY2020 ended Mar.31, 2021
Core net business profit excluding gain (loss) on bonds	35.7	3.2	4.8	31.0	3.2	4.4
Ordinary profit	37.0	2.0	17.0	32.5	1.5	15.7
(Attributable to owners of parent) Profit	26.0	2.0	12.5	23.0	1.5	11.4

(Note) Earnings projections are based on information available at the present time.

Actual results may differ from the forecast due to various of economic situation and stock price level, etc.

**6. Shareholder Return**

- The annual cash dividends per share for fiscal year 2021, ending March 31, 2022 is forecast to increase by 1yen compared with the previous fiscal year to 14 yen (7 yen as the interim cash dividends, 7 yen as the year-end cash dividends). In addition, today the bank have resolved to acquire treasury shares. The total number of shares to be acquired will be 10 million shares (upper limit), which will account for 2.37% of the total number of shares issued (excluding treasury shares), and the total amount to be acquired will be 3.5 billion yen (upper limit).  
In addition, the Bank plans to retire 10 million shares of treasury shares.

	FY2021 ending Mar.31, 2022 Projection	Compared with FY2020 ended Mar.31, 2021	FY2020 ended Mar.31, 2021		Acquisition of treasury shares
Annual Cash dividends per share	14.00 yen	1.00 yen	13.00 yen	Total number of shares to be acquired (upper limit)	10 million shares
Of which, Interim Cash dividends	7.00 yen	1.00 yen	6.00 yen	Total amount to be acquired (upper limit)	3.5 billion of yen

(Shareholder return policy)

The Bank is working to strengthen the financial structure and, under the basic policy of continuing to provide stable cash dividends, return performance-linked profits to shareholders. For the time being, the Bank is setting a target of 40% of the non-consolidated profit for the ratio of total payout to shareholders combining cash dividend payments and the acquisition cost of treasury shares.

## II Financial Data for Fiscal Year 2021, Ended September 30, 2021

### 1. Profit and Loss Conditions

#### 【Non-consolidated】

(Unit : million of yen)

		FY2021 ended Sep.30, 2021 (a)	(a) - (b)	FY2020 ended Sep.30, 2020 (b)
Gross business profits	1	45,488	2,457	43,031
(excluding gain (loss) on bonds)	2	44,746	4,566	40,180
Domestic gross business profits	3	43,936	4,173	39,763
Net interest income	4	35,301	2,515	32,785
Net fees and commissions income	5	6,232	759	5,473
Profit from other business transactions	6	2,402	898	1,503
(Of which, Gain (loss) on bonds)	7	2,331	885	1,445
Non-domestic gross business profits	8	1,551	(1,716)	3,268
Net interest income	9	2,408	782	1,625
Net fees and commissions income	10	35	20	14
Profit from other business transactions	11	(891)	(2,519)	1,627
(Of which, Gain (loss) on bonds)	12	(1,589)	(2,994)	1,405
Expenses (excluding non-recurrent expenses) [-]	13	26,823	(429)	27,252
Personnel expenses	14	14,290	(721)	15,012
Non-Personnel expenses	15	10,971	517	10,453
Taxes	16	1,561	(225)	1,786
Core net business profit(1-13)	17	18,665	2,886	15,778
Core net business profit excluding gain (loss) on bonds (2-13)	18	17,922	4,995	12,927
Core net business profit excluding gain (loss) on bonds and cancellation of investment trusts	19	16,242	4,634	11,608
Net transfer to general allowance for loan losses [-]	20	120	(4,212)	4,333
Net business profit (1-13-20)	21	18,544	7,099	11,445
(Of which, Gain (loss) on bonds)	22	742	(2,108)	2,851
(Corresponding loss on money held in trust)	23	0	(0)	0
Non-recurrent gains (losses)	24	2,707	(470)	3,177
Disposal of non-performing loans [-]	25	2,404	758	1,645
Written-off of loans	26	6	6	—
Net transfer to specific allowance for loan losses	27	2,215	782	1,433
Net transfer to accident loss	28	23	30	(7)
Losses on sales of loans	29	48	39	8
Cost born under joint responsibility system of guarantee corporations	30	110	(100)	210
Recoveries of written off claims	31	1	0	1
( Net credit costs) (20+25-31) [-]	32	2,523	(3,453)	5,977
Gain (loss) on stocks and other securities	33	4,807	(1,039)	5,846
Other non-recurrent gain (loss)	34	302	1,328	(1,025)
Of which, Retirement benefit costs [-]	35	89	(864)	953
Ordinary profit	36	21,252	6,629	14,622
Extraordinary income (losses)	37	(1,210)	(1,380)	169
Impairment losses	38	1,162	1,093	69
Profit before income taxes	39	20,041	5,249	14,792
Total income taxes [-]	40	6,186	2,378	3,807
Income taxes-current	41	2,566	(2,903)	5,470
Income taxes-deferred	42	3,620	5,282	(1,662)
Profit	43	13,854	2,870	10,984

**2. Main Account Conditions 【Non-consolidated】**

(Unit : billion of yen)

		As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
Deposits	Term-end balance	7,722.1	(30.6)	358.0	7,752.7	7,364.0
	Average balance	7,677.8	367.8	508.3	7,309.9	7,169.5
Loans and bills discounted	Term-end balance	5,733.9	(15.7)	31.5	5,749.6	5,702.3
	Average balance	5,694.8	5.7	59.9	5,689.0	5,634.8
Securities	Term-end balance	2,478.8	66.2	523.4	2,412.5	1,955.4
	Average balance	2,330.6	374.8	547.1	1,955.8	1,783.5

**3. Interest Rate Spread 【Non-consolidated】**

(All branches)

(Unit : %)

		FY2021 ended Sep.30, 2021 (a)	(a) - (b)	FY2020 ended Sep.30, 2020 (b)
① Average yield on interest earning assets		0.85	(0.09)	0.94
	Average yield on loans and bills discounted	0.93	(0.03)	0.96
	Average yield on securities	0.93	0.02	0.91
② Average yield on interest bearing liabilities		0.53	(0.16)	0.69
	Average yield on deposits and negotiable certificates of deposit	0.00	(0.01)	0.01
	Average yield on call money and borrowed money	0.00	(0.06)	0.06
③ Average interest rate spread (①-②)		0.32	0.07	0.25

(Domestic segment)

(Unit : %)

		FY2021 ended Sep.30, 2021 (a)	(a) - (b)	FY2020 ended Sep.30, 2020 (b)
① Average yield on interest earning assets		0.81	(0.08)	0.89
	Average yield on loans and bills discounted	0.93	(0.01)	0.94
	Average yield on securities	0.87	0.02	0.85
② Average yield on interest bearing liabilities		0.51	(0.15)	0.66
	Average yield on deposits and negotiable certificates of deposit	0.00	—	0.00
	Average yield on call money and borrowed money	(0.00)	—	(0.00)
③ Average interest rate spread (①-②)		0.30	0.07	0.23

## 4. Capital Ratio (International standard)

## 【Consolidated】

(Unit : billion of yen)

	As of Sep.30, 2021			As of Mar.31, 2021	As of Sep.30, 2020
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Total capital ratio	13.20 %	0.46 %	0.63 %	12.74 %	12.57 %
Tier1 ratio	12.03 %	0.45 %	0.66 %	11.58 %	11.37 %
Common equity Tier1 ratio	12.03 %	0.45 %	0.66 %	11.58 %	11.37 %
Total capital	574.9	9.9	38.5	564.9	536.4
Tier1 capital	523.7	9.9	38.5	513.8	485.1
Common equity Tier1 capital	523.7	9.9	38.5	513.8	485.1
Risk weighted assets	4,352.9	(80.5)	86.9	4,433.4	4,265.9
Total required capital	348.2	(6.4)	6.9	354.6	341.2

## 【Non-consolidated】

(Unit : billion of yen)

	As of Sep.30, 2021			As of Mar.31, 2021	As of Sep.30, 2020
	(a)	(a) - (b)	(a) - (c)	(b)	(c)
Total capital ratio	12.62 %	0.44 %	0.46 %	12.18 %	12.16 %
Tier1 ratio	11.46 %	0.42 %	0.49 %	11.04 %	10.97 %
Common equity Tier1 ratio	11.46 %	0.42 %	0.49 %	11.04 %	10.97 %
Total capital	542.0	8.3	29.7	533.6	512.2
Tier1 capital	491.9	8.4	29.7	483.5	462.1
Common equity Tier1 capital	491.9	8.4	29.7	483.5	462.1
Risk weighted assets	4,292.6	(85.5)	82.9	4,378.2	4,209.7
Total required capital	343.4	(6.8)	6.6	350.2	336.7

(Note 1) "Total required capital" = "Risk weighted assets" × 8%

(Note 2) Of the amount of "Risk weighted assets", credit risk is calculated by the foundation internal rating-based approach, and operational risk is calculated by the standardized approach.

(Note 3) The composition, etc. of capital disclosure is on our website (<https://www.gunmabank.co.jp/ir/zaimu/zaimu3.html>)

## 5. Earnings Projections

## 【Consolidated】

(Unit : billion of yen)

		FY2021 ending Mar.31, 2022 Projection			FY2021 ending Mar.31, 2022 Projection at the beginning of the period (b)	FY2020 ended Mar.31, 2021 (c)
		(a)	(a) - (b)	(a) - (c)		
Core gross business profits	1	91.0	2.5	4.6	88.5	86.4
Net interest income	2	71.0	2.5	3.8	68.5	67.2
Non-interest business profit	3	20.0	—	0.9	20.0	19.1
Expenses (excluding non-recurrent expenses) [-]	4	55.3	(0.6)	(0.1)	55.9	55.4
Core net business profit excluding gain (loss) on bonds (1-4)	5	35.7	3.2	4.8	32.5	30.9
Ordinary profit	6	37.0	2.0	17.0	35.0	20.0
Profit attributable to owners of parent	7	26.0	2.0	12.5	24.0	13.5

## 【Non-consolidated】

(Unit : billion of yen)

		FY2021 ending Mar.31, 2022 Projection			FY2021 ending Mar.31, 2022 Projection at the beginning of the period (b)	FY2020 ended Mar.31, 2021 (c)
		(a)	(a) - (b)	(a) - (c)		
Core gross business profits	8	84.5	2.7	4.3	81.8	80.2
Net interest income	9	71.4	2.6	2.9	68.8	68.5
Non-interest business profit	10	13.1	0.2	1.5	12.9	11.6
Net fees and commissions income	11	11.5	(0.4)	0.6	11.9	10.9
Profit from other business transactions	12	1.6	0.6	0.9	1.0	0.7
Expenses (excluding non-recurrent expenses) [-]	13	53.5	(0.5)	(0.1)	54.0	53.6
Core net business profit excluding gain (loss) on bonds (8-13)	14	31.0	3.2	4.4	27.8	26.6
Net credit costs [-]	15	7.0	—	(14.0)	7.0	21.0
Ordinary profit	16	32.5	1.5	15.7	31.0	16.8
Profit	17	23.0	1.5	11.4	21.5	11.6

(Note 1) Gain or loss on bonds is excluded from "Non-interest business profit".

(Note 2) Earnings projections are based on information available at the present time.

Actual results may differ from the forecast due to various of economic situation and stock price level, etc.



**6. Allowance for Loan Losses 【Consolidated／Non-consolidated】****(1) Written-off / Allowance criteria**

## ○ General allowance

	Allowance criteria
Normal Assets	The amount of possible loan losses over the next one year calculated based on the historical rate of credit losses is reserved.
Assets Requiring Caution	The amount of possible loan losses calculated for each category is reserved.
Substandard Assets, etc.	The amount of possible loan losses over the next three years calculated based on the historical rate of credit losses is reserved. However, for claims to large borrowers with credit exceeding a certain amount, provisions are reserved using the Discounted Cash Flow (DCF) method.
Other Assets Requiring Caution	

(Note) Substandard Assets, etc. are "Substandard Assets" and "claims to borrowers, etc. classified as borrowers requiring caution, excluding Substandard Assets due to failing to correspond to restructured loans in the management improvement plan, etc. even after changing the lending terms".

## ○ Specific allowance

	Allowance criteria
Potentially Bankrupt Assets	For the part of a claim not secured by collateral or guarantees, etc., the amount of possible loan losses over the next three years calculated based on the historical rate of credit losses is reserved. However, for claims to large borrowers with credit exceeding a certain amount, provisions are reserved using the cash-flow deduction method.
Effectively Bankrupt Assets	The entire amount of a claim not secured by collateral or guarantees, etc., is reserved.
Bankrupt Assets	

**(2) Breakdown of Allowance for Loan Losses****【Consolidated】**

(Unit : million of yen)

	As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
Allowance for loan losses	51,861	(11,166)	1,524	63,028	50,337
General allowance	19,483	(10,770)	(424)	30,253	19,907
Specific allowance	32,378	(396)	1,948	32,775	30,429

**【Non-consolidated】**

(Unit : million of yen)

	As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
Allowance for loan losses	45,910	(11,260)	967	57,170	44,942
General allowance	16,961	(10,815)	(588)	27,776	17,549
Specific allowance	28,948	(445)	1,556	29,393	27,392

## 7. Risk-Monitored Loans ("RML") 【Consolidated／Non-consolidated】

■ The Gunma Bank, Limited does not apply partial direct written-off.

(Note) Partial direct written-off is an accounting procedure to offset allowance for loan losses for bankrupt borrowers and effectively bankrupt borrowers against the relevant accounts receivable.

### (1) Balance of RML and RML Ratio

【Consolidated】

(Unit : million of yen, %)

	As of Sep.30, 2021 (a)		(a) - (b)		(a) - (c)		As of Mar.31, 2021 (b)		As of Sep.30, 2020 (c)	
		RML ratio		RML ratio		RML ratio		RML ratio		RML ratio
Loans to Bankrupt Borrowers	9,103	0.16	479	0.01	(1,179)	(0.02)	8,624	0.15	10,282	0.18
Delinquent Loans	63,095	1.11	(2,611)	(0.04)	4,810	0.08	65,707	1.15	58,284	1.03
Loans past due 3 months or more	2,178	0.03	853	0.01	(66)	—	1,324	0.02	2,245	0.03
Restructured Loans	52,967	0.93	(13,045)	(0.23)	2,232	0.04	66,013	1.16	50,735	0.89
Total	127,344	2.24	(14,325)	(0.25)	5,796	0.09	141,669	2.49	121,547	2.15
Total loan balance (Term-end balance)	5,673,298		(15,549)		34,804		5,688,847		5,638,493	

(Note) Balance of RML and RML Ratio in the case where partial direct written-off are applied

RML	108,323	1.91	(13,229)	(0.23)	7,060	0.11	121,552	2.14	101,263	1.80
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【Non-consolidated】

(Unit : million of yen, %)

	As of Sep.30, 2021 (a)		(a) - (b)		(a) - (c)		As of Mar.31, 2021 (b)		As of Sep.30, 2020 (c)	
		RML ratio		RML ratio		RML ratio		RML ratio		RML ratio
Loans to Bankrupt Borrowers	8,913	0.15	464	0.01	(1,164)	(0.02)	8,448	0.14	10,077	0.17
Delinquent Loans	62,490	1.08	(2,438)	(0.04)	5,152	0.08	64,928	1.12	57,338	1.00
Loans past due 3 months or more	2,178	0.03	853	0.01	(66)	—	1,324	0.02	2,245	0.03
Restructured Loans	46,374	0.80	(12,974)	(0.23)	2,390	0.03	59,348	1.03	43,984	0.77
Total	119,955	2.09	(14,094)	(0.24)	6,310	0.10	134,050	2.33	113,645	1.99
Total loan balance (Term-end balance)	5,733,921		(15,703)		31,523		5,749,625		5,702,398	

(Note) Balance of RML and RML Ratio in the case where partial direct written-off are applied

RML	101,536	1.77	(13,069)	(0.23)	7,347	0.12	114,605	2.00	94,189	1.65
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### (2) Status of Coverage on RML

【Consolidated】

(Unit : million of yen)

	As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
① RML	127,344	(14,325)	5,796	141,669	121,547
② Covered by collaterals and guarantees	50,937	(2,210)	2,983	53,148	47,954
③ Allowance for loan losses	33,282	(10,190)	2,109	43,473	31,172
④ Coverage ratio((②+③)/①)	66.1%	(2.1) %	1.1%	68.2%	65.0%

(Note) Allowance for loan losses = "Specific allowance" + "General allowance of Substandard claims"

【Non-consolidated】

(Unit : million of yen)

	As of Sep.30, 2021 (a)	(a) - (b)	(a) - (c)	As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
① RML	119,955	(14,094)	6,310	134,050	113,645
② Covered by collaterals and guarantees	50,772	(2,135)	3,073	52,908	47,699
③ Allowance for loan losses	32,652	(10,106)	2,376	42,759	30,276
④ Coverage ratio((②+③)/①)	69.5%	(1.8) %	0.9%	71.3%	68.6%

(Note) Allowance for loan losses = "Specific allowance" + "General allowance of Substandard claims"

## 8. Disclosed Claims under the Financial Reconstruction Law ("FRL") 【Non-consolidated】

## (1) Balance of Disclosed Claims under the FRL and Non-Performing Loan ratio ("NPL Ratio")

(Unit : million of yen, %)

	As of Sep.30, 2021(a)		(a) - (b)		(a) - (c)		As of Mar.31, 2021 (b)		As of Sep.30, 2020 (c)	
		NPL Ratio		NPL Ratio		NPL Ratio		NPL Ratio		NPL Ratio
Bankrupt and Substantially Bankrupt Claims	28,026	0.48	(307)	—	(194)	—	28,333	0.48	28,220	0.48
Doubtful Claims	43,438	0.74	(1,687)	(0.03)	4,134	0.07	45,125	0.77	39,303	0.67
Substandard Claims	48,552	0.83	(12,120)	(0.21)	2,323	0.04	60,673	1.04	46,229	0.79
Total	120,016	2.06	(14,115)	(0.24)	6,263	0.10	134,132	2.30	113,753	1.96
Normal Claims	5,694,381		4,336		15,090		5,690,045		5,679,291	
Total Claims	5,814,398		(9,779)		21,353		5,824,178		5,793,045	

(Note) Balance of Disclosed Claims under the FRL and NPL Ratio in the case where Partial direct written-off are applied

Disclosed Claims under the FRL	101,597	1.75	(13,090)	(0.22)	7,331	0.12	114,688	1.97	94,266	1.63
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## (2) Status of Coverage on Disclosed Claims under the FRL

(Unit : million of yen)

	As of Sep.30, 2021(a)		(a) - (b)		(a) - (c)		As of Mar.31, 2021 (b)		As of Sep.30, 2020 (c)	
① Total coverage	83,480		(12,262)		5,402		95,743		78,077	
Value covered by collateral and guarantees	50,824		(2,156)		3,026		52,980		47,797	
Allowance for loan losses	32,656		(10,106)		2,376		42,763		30,279	
② Disclosed Claims under the FRL	120,016		(14,115)		6,263		134,132		113,753	
③ Coverage ratio (①/②)	69.5%		(1.8) %		0.9%		71.3%		68.6%	

## (Reference) Breakdown of Disclosed Claims under the FRL (As of Sep. 30, 2021)

(Unit : million of yen)

	Bankrupt and Substantially Bankrupt Claims	Doubtful Claims	Substandard Claims	Total
① Disclosed Claims under the FRL	28,026	43,438	48,552	120,016
② Covered by collaterals and guarantees	8,234	22,392	20,197	50,824
③ Uncoverage amount (①-②)	19,791	21,045	28,354	69,192
④ Allowance for loan losses	19,791	9,155	3,709	32,656
⑤ Coverage amount (②+④)	28,026	31,547	23,907	83,480
⑥ Allowance ratio (④/③)	100.0%	43.5%	13.0%	47.1%
⑦ Coverage ratio (⑤/①)	100.0%	72.6%	49.2%	69.5%

(Note) Covered by collaterals and guarantees of Substandard Claims is calculated based on coverage ratio of Substandard Assets.

## 9. Relationship between Self –Assessment, Disclosed Claims under the FRL and RML 【Non-consolidated】

(Unit : billion of yen)

Borrowers classification under the self-assessment guideline		A	Total coverage B		B/A	=	Risk-Monitored Loans (Loans and bills discounted)	+	Others
		Disclosed Claimes under the FRL	Covered by collaterals and guarantees	Allowance for loan losses	Coverage ratio				
Bankrupt Borrowers		Bankrupt and Substantially Bankrupt Claims  28.0		(Allowance ratio 100%)	100.0%		Loans to Bankrupt Borrowers		
8.9				19.7			8.9		
Effectively Bankrupt Borrowers			8.2				Delinquent Loans		
19.1									
Potentially Bankrupt Borrowers		Doubtful Claims		(Allowance ratio 43.5%)			62.4		0.0
43.4		43.4	22.3	9.1	72.6%				
Borrowers Requiring Caution	Substandard Borrowers	Substandard Claims		(Allowance ratio against Substandard Claims 7.6%)			Loans past due 3 months or more		
	72.1	48.5	20.1	3.7	49.2%		2.1		
	Other Borrowers Requiring Caution						Restructured Loans		
	430.7						46.3		
Normal Borrowers		Normal Claims	Total		Total coverage ratio 69.5%				
5,131.0			50.8				32.6		
Others									
108.9									
Total		Total							
5,814.3		5,814.3							
		Disclosed Claims under the FRL					Risk-Monitored Loans		
		120.0					119.9		
		↓					↓		
		After partial direct written-off					After partial direct written-off		
		※101.5					※101.5		

**10. Loan Breakdown by Industry, etc. 【Non-consolidated】****(1) Loan Breakdown by Industry (Domestic branches excluding loans booked at offshore markets)**

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
Domestic branches	5, 671. 7	(23. 5)	21. 5	5, 695. 3	5, 650. 2
Manufacturing	698. 8	(31. 1)	(29. 7)	730. 0	728. 5
Agriculture and forestry	8. 8	(0. 0)	(0. 4)	8. 9	9. 2
Fishery	2. 1	(0. 0)	0. 4	2. 1	1. 6
Mining, quarrying and gravel	3. 9	(0. 2)	0. 1	4. 2	3. 7
Construction	201. 6	(5. 1)	9. 8	206. 7	191. 7
Electricity, gas, heat supply and water	73. 6	2. 3	2. 1	71. 2	71. 4
Information and communications	25. 2	(1. 5)	(0. 6)	26. 7	25. 8
Transport and postal service	161. 3	0. 4	7. 4	160. 9	153. 9
Wholesale and retail trade	461. 4	3. 0	3. 6	458. 3	457. 8
Financial and insurance	166. 8	(4. 7)	(1. 1)	171. 6	168. 0
Real estate and leasing	731. 4	(3. 2)	2. 1	734. 7	729. 2
Medical, welfare	335. 5	(4. 8)	(5. 2)	340. 4	340. 7
Other services	272. 8	(4. 8)	(2. 9)	277. 6	275. 7
Local public sector	108. 8	18. 7	24. 2	90. 0	84. 5
Others	2, 419. 1	7. 7	11. 3	2, 411. 4	2, 407. 8
Of which, Individuals	2, 324. 7	8. 1	17. 2	2, 316. 6	2, 307. 5

**(2) Breakdown of RML by Industry**

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
All branches	119. 9	(14. 0)	6. 3	134. 0	113. 6
Manufacturing	30. 1	(11. 4)	5. 1	41. 5	25. 0
Agriculture and forestry	1. 4	(0. 0)	0. 9	1. 4	0. 4
Fishery	—	—	—	—	—
Mining, quarrying and gravel	0. 5	0. 4	0. 4	0. 0	0. 0
Construction	4. 0	(0. 1)	(0. 6)	4. 2	4. 6
Electricity, gas, heat supply and water	0. 2	(0. 7)	0. 0	1. 0	0. 2
Information and communications	0. 6	(0. 0)	0. 0	0. 6	0. 6
Transport and postal service	2. 9	0. 5	0. 9	2. 4	2. 0
Wholesale and retail trade	21. 2	(0. 8)	1. 1	22. 1	20. 0
Financial and insurance	1. 0	(0. 0)	(0. 1)	1. 1	1. 2
Real estate and leasing	10. 5	(0. 3)	(0. 2)	10. 8	10. 7
Medical, welfare	12. 3	(2. 5)	(3. 2)	14. 9	15. 6
Other services	21. 4	1. 5	2. 3	19. 8	19. 1
Local public sector	—	—	—	—	—
Others	13. 2	(0. 4)	(0. 4)	13. 7	13. 6

**(3) Balance of small and medium-sized enterprises, etc. loans and Ratio**

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
Balance of small and medium-sized enterprises, etc. loans	4,773.3	(60.9)	(23.1)	4,834.2	4,796.5
Loans to individuals	2,324.7	8.1	17.2	2,316.6	2,307.5
Loans to small and medium-sized enterprises	2,448.5	(69.0)	(40.4)	2,517.6	2,489.0
Small and medium-sized enterprises, etc. loans ratio	84.1 %	(0.7) %	(0.7) %	84.8 %	84.8 %

(Note 1) In loans to individuals, apartment loans are included.

(Note 2) In loans to small and medium-sized enterprises, loans to Regional public corporations are included.

(Note 3) Small and medium-sized enterprises, etc. loans ratio is the ratio of balance of small and medium-sized enterprises, etc. loans to domestic loans and bills discounted

**11. Loan Breakdown by Domicile of Borrower, etc. 【Non-consolidated】****(1) Balance of loans to specific foreign countries**

Not applicable.

**(2) Balance of loans to Asian countries**

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
Balance of loans to Asian countries	52.7	1.6	(2.2)	51.1	54.9
Of which Risk-Monitored Loans	—	—	—	—	—

**(3) Balance of loans to Latin American countries**

(Unit : billion of yen)

	As of Sep.30, 2021 (a)			As of Mar.31, 2021 (b)	As of Sep.30, 2020 (c)
		(a) - (b)	(a) - (c)		
Balance of loans to Latin American countries	4.5	(0.0)	0.3	4.5	4.1
Of which Risk-Monitored Loans	—	—	—	—	—

**(4) Balance of loans to Russia**

Not applicable.