

The Gunma Bank, Ltd.

Interim Financial Results Briefing Session for the First Half of 2021



November,24 2021

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The Gunma Bank, Ltd.



**Gunma Bank Report 2021
Integrated Report**

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I. Summary of Interim Financial Results for the First Half of 2021



1. Profit and Loss Conditions

Core business net income was steady, and credit costs were under control.
Increased the annual forecast from 24 billion yen to 26 billion yen.

Consolidated

(Unit: billion yen, %)

	No.	Sep. 2020	Sep. 2021	Compared with Sep. 2020	Compared to the initial plan
Core business gross profit	1	43.3	48.3	4.9	3.3
Net interest income	2	34.2	37.4	3.2	2.8
Non-interest business profit	3	9.0	10.8	1.7	0.5
Expenses	4	28.1	27.7	-0.3	-0.7
Core business net profit	5	15.2	20.6	5.3	4.1
OHR	6	64.8	57.4	-7.4	-5.7
Ordinary profit	7	16.4	23.6	7.2	7.1
Interim net income attributable to owners of parent	8	12.3	15.3	3.0	3.8
		Announced in May	Announced in November	Increase	
Annual final profit		24.0	26.0	+2.0	

Special comments

[Consolidated]

- Net interest income and non-interest business profit were both steady. Core business net income increased by 5.3 billion yen YoY and 4.1 billion yen compared with the plan to 20.6 billion yen due partly to reduced expenses.
- Of this, non-interest income was 10.8 billion yen, 0.5 billion yen higher than the plan, as we steadily increased the amount of non-interest income toward the mid-term business plan target of 20 billion yen. ⇒P6
- Based on the results for the first half of the current fiscal year, the annual forecast has been raised from 24 billion yen to 26 billion yen. ⇒P10

[Non-consolidated]

- The increase in net interest income was mainly due to an increase in interest on securities/dividend income as a result of an increase in the balance and a decrease in funding costs. ⇒P2
- Credit costs decreased significantly YoY due to the absence of factors that caused an increase in the previous term (ADR of a large borrower). Also reduced compared to the plan. ⇒P9
- In extraordinary income/loss, impairment loss due to accelerated branch consolidation and closure was recorded.

Non-consolidated

(Unit: billion yen)

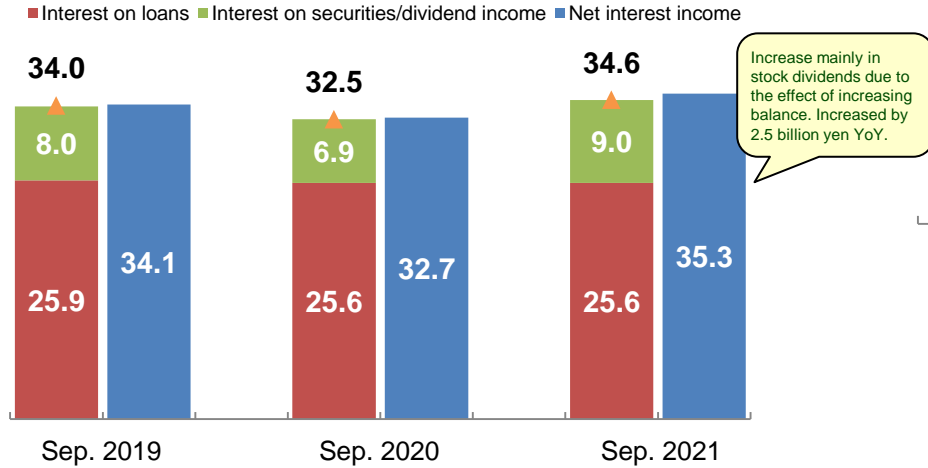
	No.	Sep. 2020	Sep. 2021	Compared with Sep. 2020	Compared to the initial plan
Core business gross profit	1	40.1	44.7	4.5	3.0
Net interest income	2	34.4	37.7	3.2	2.9
Profit/Loss from the cancellation of investment trusts	3	1.3	1.6	0.3	1.6
Non-interest business profit	4	5.7	7.0	1.2	0.0
Net fees and commissions	5	5.4	6.2	0.7	-0.1
Other business profit	6	0.2	0.7	0.4	0.2
Expenses	7	27.2	26.8	-0.4	-0.8
Core business net profit	8	12.9	17.9	4.9	3.9
(Excluding profit/loss from the cancellation of investment trusts)	9	11.6	16.2	4.6	2.2
Real net business profit	10	15.7	18.6	2.8	4.9
Gain and loss on securities, etc.	11	8.6	5.5	-3.1	1.2
Credit costs	12	5.9	2.5	-3.4	-1.3
Others	13	-1.0	0.3	1.3	-0.2
Ordinary profit	14	14.6	21.2	6.6	6.2
Extraordinary gain/loss	15	0.1	-1.2	-1.3	-0.8
Interim net income	16	10.9	13.8	2.8	3.3

2. Status of Net Interest Income

- Interest on loans in domestic transactions was flat. Interest on loans in international transactions decreased due to interest rate factor.
- Interest and dividends on securities increased mainly due to balance factors in both domestic and international operations.

Net interest income in domestic transactions

(Unit: billion yen)

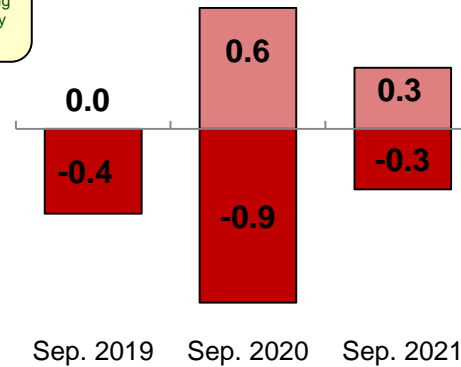


Factor for change

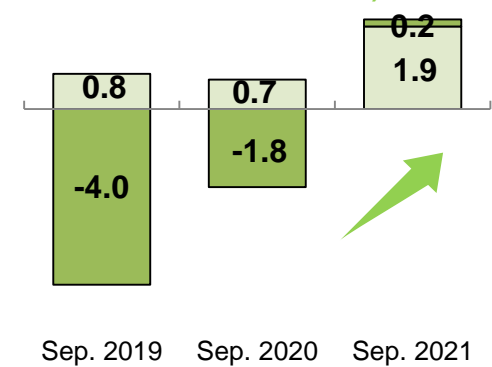
(Unit: billion yen)

■ Balance factor ■ Yield factor

(Interest on loans)

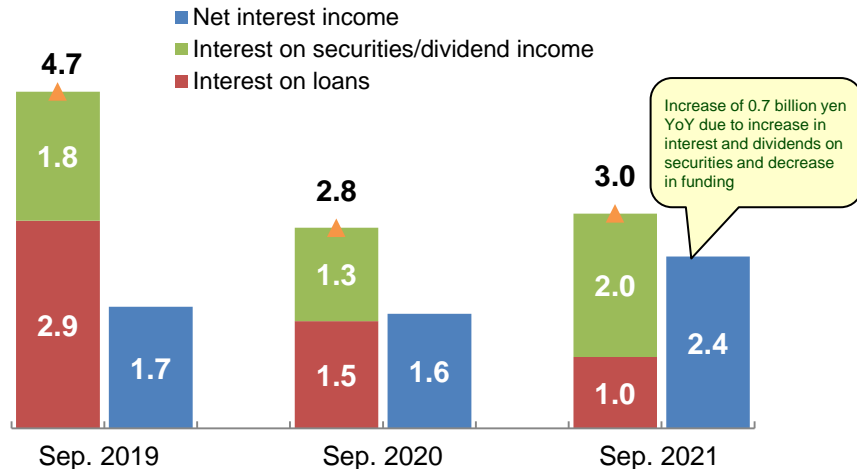


□ Balance factor ■ Yield factor
(Interest on securities/
dividend income)



Net interest income in international transactions

(Unit: billion yen)

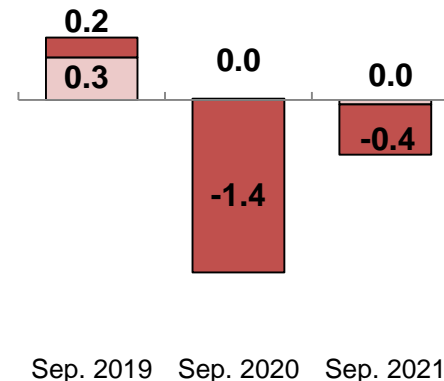


Factor for change

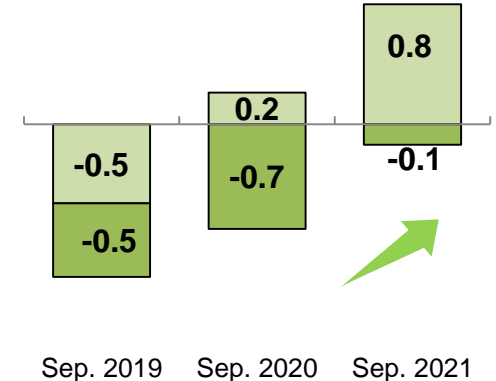
(Unit: billion yen)

□ Balance factor ■ Yield factor

(Interest on loans)



□ Balance factor ■ Yield factor
(Interest on securities/
dividend income)



3. Status of Deposits and Loans

- Small and medium-sized companies saw a lull in demand for COVID-19-related funds.
- The balance of housing loans increased steadily as a result of stronger promotion in Gunma Prefecture.

■ Breakdown of deposits and loans

(Unit: billion yen)

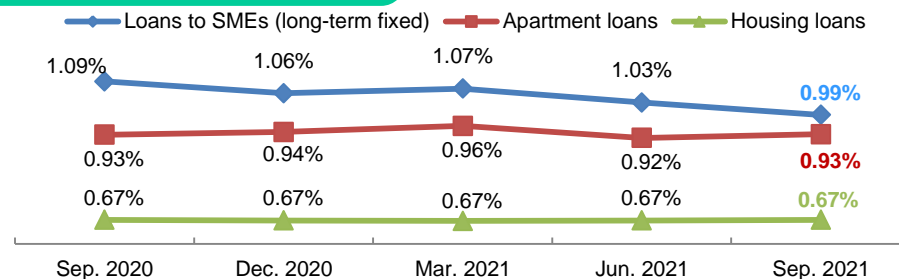
	End of Sep. 2020	End of Sep. 2021	Compared to end of Sep. 2020	
			Change	Rate of change
Deposits, etc.	7,620.2	7,962.2	341.9	4.4
Deposits	7,364.0	7,722.1	358.0	4.8
Deposit to individuals	5,253.0	5,450.7	197.6	3.7
Deposit to corporate customers	1,794.6	1,893.5	98.9	5.5
Certificate deposits	256.1	240.0	-16.0	-6.2

Loans	5,702.3	5,733.9	31.5	0.5
Retail	4,638.2	4,639.6	1.3	0.0
SMEs (*1)	2,330.6	2,314.8	-15.8	-0.6
Individuals	2,307.5	2,324.7	17.2	0.7
Housing loans	1,314.9	1,341.2	26.2	1.9
Apartment loans	649.7	649.4	-0.2	-0.0
Unsecured loans	53.7	55.4	1.7	3.2
Others	927.4	923.3	-4.1	-0.4
Cross-border	97.0	90.0	-7.0	-7.2
Structured finance	19.5	28.5	8.9	45.5
Domestic large and second-tier enterprises	675.0	700.6	25.6	3.7
Others (*2)	135.7	104.1	-31.6	-23.2
Overseas branches	52.1	62.1	10.0	19.2
Public (Ministry of Finance loans are nothing)	84.5	108.8	24.2	28.7

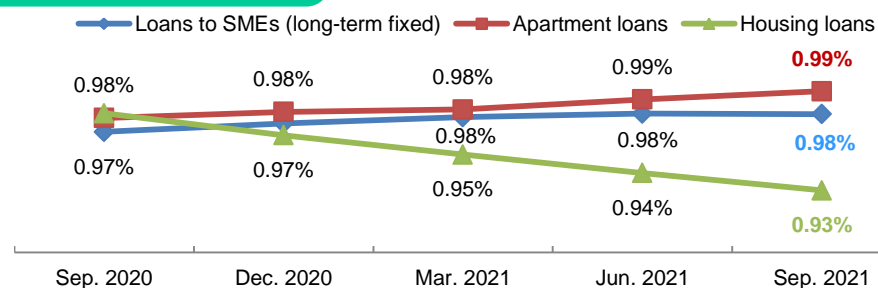
** Regional public corporations and Tokyo/Osaka Branch accounts are not included in SMEs (*1) but are classified into Others (*2).

■ Changes in yield on loans

Interest rates of new loans granted

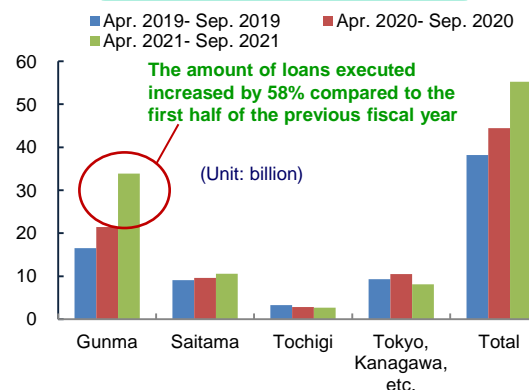


Yield on loans (domestic)

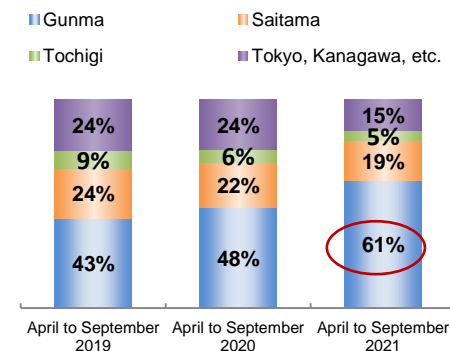


■ Changes in housing loans

Progress of execution of loan stations



Percentage change in the amount of loans executed in each region



4. Impact of and Response to COVID-19

Impact of COVID-19 on customers

[Comparison of profit and loss of customers]

[Percentage of companies with operating losses]

	(Composition ratio)		Mar. 2020	Sep. 2021	Change
	On a number of customers basis	On an amount basis			
All industries			30.6	43.7	13.2
Manufacturing industry	20%	25%	33.0	51.2	18.2
Wholesale/retail	19%	16%	32.9	42.7	9.7
Construction	15%	6%	24.5	43.3	18.8
Real estate industry	12%	14%	20.0	21.3	1.3
Healthcare and public welfare	7%	8%	37.3	42.9	5.6
Restaurant industry	2%	1%	44.4	85.5	41.1
Hotels and lodging	1%	1%	46.5	83.0	36.5
Others	24%	29%	31.6	43.8	12.2

*Number of customers for which two periods can be compared is approximately 18,000 (excluding headquarters)

Support measures for the restaurant industry and lodging industry

Restaurant industry - Establishment of "Itadaki Gunma" website -

- The website provides information on restaurants and take-out products in Gunma Prefecture that have business with the Bank. We proactively support the restaurant industry, which is facing a decline in the number of customers.

Hotels and lodging - Establishment of a hot spring resort revitalization model -

- Minakami Town was chosen as the development site, and a development plan was formulated through industry-academia-government-finance collaboration. There are plans to expand to other hot springs in the prefecture in the future (see page 23).

COVID-19-related loans

[February 2020 to June 2021 cumulative total]

- Acceptance of new projects: 13,775 cases, 409.6 billion yen executed
- Acceptance of changes in conditions: 630 cases, 137.6 billion yen executed



[Percentage of companies that have increased their actual borrowings]

* Percentage of companies that increased their actual borrowings between March 2020 and September 2021

[Percentage of companies with ordinary losses]

	Mar. 2020	Sep. 2021	Change
All industries	25.7	30.7	5.0
Manufacturing industry	27.1	35.4	8.3
Wholesale/retail	26.5	28.3	1.9
Construction	19.8	27.4	7.6
Real estate industry	21.4	19.4	-2.0
Healthcare and public welfare	32.7	33.6	0.8
Restaurant industry	38.6	58.4	19.8
Hotels and lodging	40.3	68.6	28.3
Others	25.7	30.8	5.1

	All target customers	Of which, COVID-19-related loans
All industries	45.8	55.1
Manufacturing industry	46.9	52.7
Wholesale/retail	46.4	53.7
Construction	48.2	55.0
Real estate industry	32.9	40.9
Healthcare and public welfare	40.7	54.5
Restaurant industry	67.8	69.6
Hotels and lodging	59.7	59.5
Others	47.8	59.2

*Actual borrowings = borrowings - cash and deposits

The percentage of customers using COVID-19-related loans whose actual borrowings decreased (or remained unchanged) was about 45%

Points

[Comparison of the number of companies in the red before and after COVID-19]

- Both operating profit and ordinary profit deteriorated as the number of loss-making companies increased after COVID-19
- However, the level of deterioration was 13.2 points for operating profit > 5.0 points for ordinary profit, and the rate of increase in the "ratio of companies with ordinary losses" was low, partly due to the impact of subsidies.

[Comparison of outstanding borrowings before and after COVID-19]

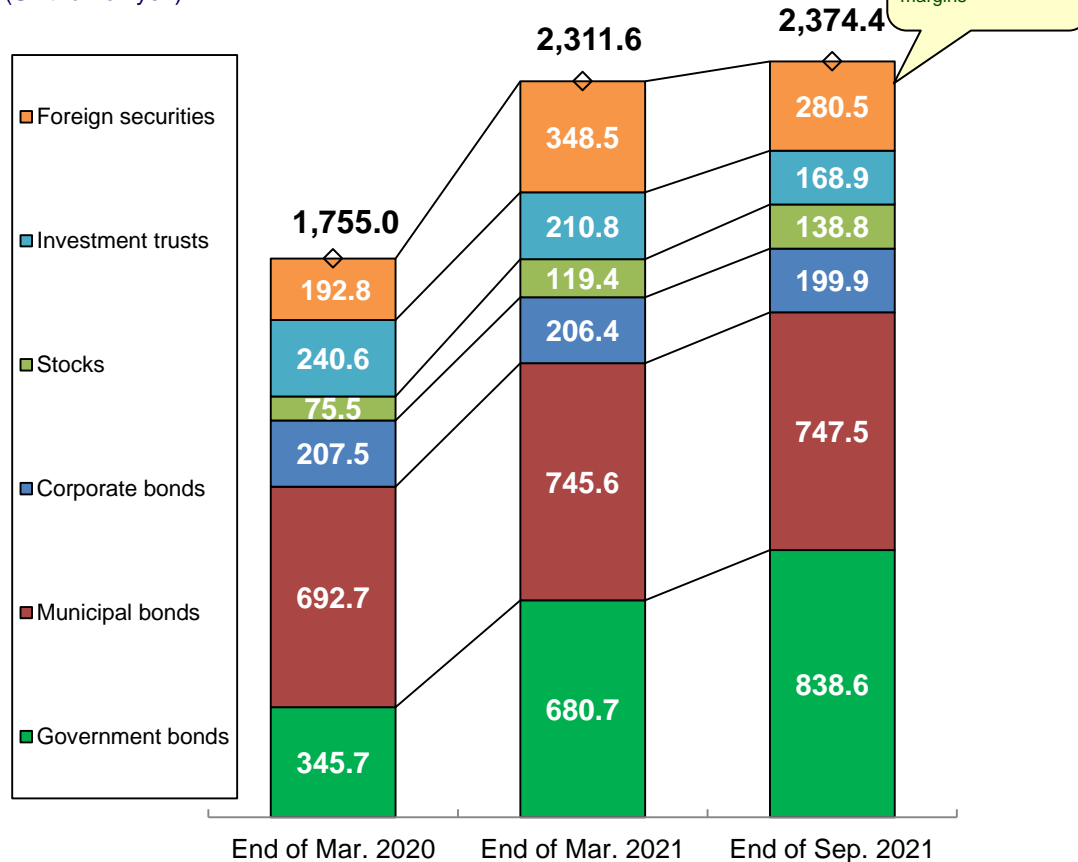
- Overall, 45.8% of companies increased their outstanding borrowings. Of these, 55.1% of companies using COVID-19-related loans increased their borrowings ⇒ For other companies, borrowings decreased (or remained unchanged). ⇒ Cash on hand is held in a reasonable amount.
- In terms of industry, the decline was most pronounced in the restaurant industry and hotels and lodging.

5. Status of Securities

Income gains reversed due to take aggressive positions.

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

(Unit: billion yen)



Duration	(Domestic)	5.66 years	7.24 years	7.86 years
	(Foreign)	4.38 years	4.24 years	4.03 years
Bond yield	(Domestic)	0.49%	0.31%	0.29%
	(Foreign)	1.91%	1.33%	1.19%

■ Interest on securities/dividend income

(Unit: billion yen)

	Sep. 2020	Sep. 2021	Year-on-year
Interest on securities/dividend income (Excluding profit/loss from the cancellation of investment trusts)	6.9	9.2	2.3

■ Profit/loss on sale

(Unit: billion yen)

	Sep. 2020	Sep. 2021	Year-on-year
Gain and loss on securities, etc.	8.6	5.5	-3.1
Gain and loss on bonds	2.8	0.7	-2.1
Gain and loss on stocks, etc.	5.8	4.8	-1.0
Profit/loss on sale of stocks, etc.	5.9	4.8	-1.0
Strategically held stocks	2.9	2.0	-0.8
Investment securities	2.9	2.8	-0.1
Losses on equity securities charge-offs (-)	0.0	0.0	0.0
Profit/Loss from the cancellation of investment trusts	1.3	1.6	0.3
Total	10.0	7.2	-2.7

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

(Unit: billion yen)

	End of Mar. 2020	End of Mar. 2021	End of Sep. 2021	Compared to end of Mar. 2021
Foreign securities	-0.6	3.8	6.6	2.7
Investment trust, etc.	-20.3	9.5	7.8	-1.6
Stocks	57.0	83.9	83.3	-0.6
Strategically held stocks	56.3	76.7	72.7	-4.0
Investment securities	0.7	7.2	10.6	3.4
Bonds	7.8	3.4	6.4	2.9
Government bonds	0.8	-1.5	1.2	2.8
Municipal bonds	5.9	4.5	4.0	-0.4
Corporate bonds	1.1	0.4	1.0	0.6
Total	43.8	100.9	104.3	3.4

6. Non-interest Business Profit

- Non-interest business profit increased by 1.8 billion yen year-on-year and by 0.5 billion yen compared with the plan.
- Progress toward the mid-term plan target of 20 billion yen is on track.

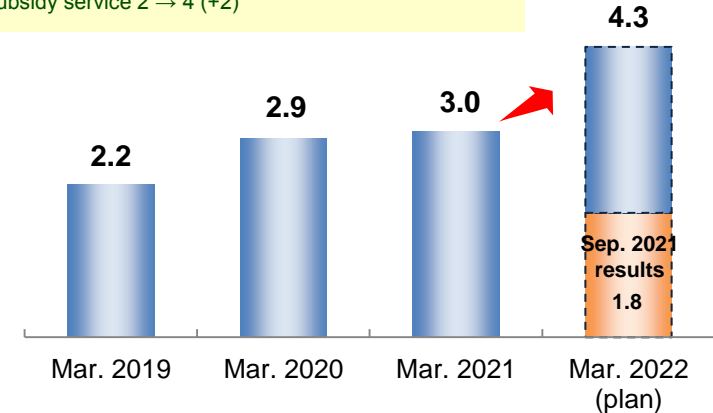
■ Non-interest business profit (consolidated)

(Unit: billion yen)

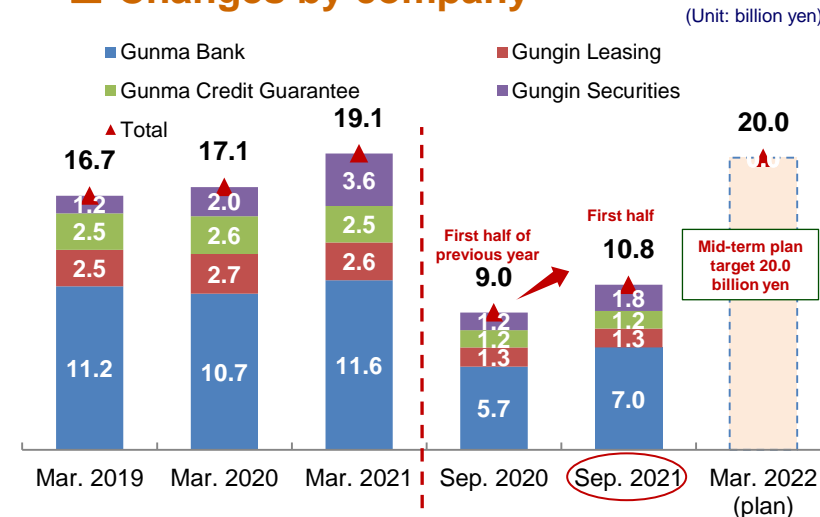
	Sep. 2020	Sep. 2021	Year-on-year	Compared with the plan	Mar. 2022 (plan)
Consolidated non-interest business profit	9.08	10.87	1.79	0.57	20.0
Corporate service-related	1.05	1.80	0.75	-0.22	4.3
Syndicate loans	0.22	0.34	0.12	0.00	0.7
Structured covenant loans	0.15	0.17	0.02	-0.15	0.8
Business matching	0.15	0.24	0.09	-0.03	0.5
Financial instruments intermediation (the Bank + Gungin Securities)	0.11	0.14	0.03	-0.05	0.4
M&A	0.11	0.15	0.04	-0.15	0.6
Private placement bonds	0.09	0.09	0.00	-0.01	0.2
Derivatives (interest rate and foreign exchange)	0.17	0.54	0.37	0.18	0.8
Others	0.05	0.13	0.08	-0.01	0.3
Deposit financial assets-related	2.71	3.94	1.23	0.54	7.2
Investment trusts commissions	1.04	1.51	0.47	0.10	3.0
Insurance sales commissions (individuals)	0.50	0.65	0.15	0.07	1.3
Gungin Securities (for individuals)	1.12	1.69	0.57	0.35	2.8
Commissions for testamentary trust/inheritance sorting, etc.	0.05	0.09	0.04	0.02	0.1
Others	5.32	5.11	-0.21	0.23	8.5
Dividend of group credit life insurance	1.72	1.42	-0.30	0.03	1.4
Base service commissions (domestic exchange, agency services, etc.)	4.21	4.24	0.03	0.01	7.8
Loan insurance premium	-3.31	-3.42	-0.11	-0.01	-6.9
Gungin Leasing	1.33	1.37	0.04	0.08	2.6
Gunma Credit Guarantee	1.27	1.26	-0.01	-0.02	2.6
Other consolidated reconciliation	0.10	0.24	0.14	0.14	1.0

■ Changes in corporate service fees

- (Unit: billion yen)
- Strengthened the implementation system by increasing the number of employees (from October 2021)
 - Corporate consulting promotion group 11 → 27 (+16)
 - Syndicated loans 5 → 8 (+3)
 - Staffing service 2 → 4 (+2)
 - Subsidy service 2 → 4 (+2)



■ Changes by company



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

7. Status of Core Business Profit

Profit from customer service business was consistently secured.
Core business profit increased by 4.0 billion yen YoY to 15.1 billion yen.

Core business profit

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

(Unit: billion yen)

	Customer service business profit ratio	(1) Customer service business profit	Loan income	Net fees and commissions	Operating expenses	Average loan balance	Deposit and loan direct profit margin
Sep. 2017	0.08%	2.7	27.3	5.9	30.5	5,292.7	1.06%
Sep. 2018	0.13%	4.6	27.9	6.0	29.4	5,473.8	1.05%
Sep. 2019	0.16%	5.4	28.2	5.3	28.1	5,509.5	1.04%
Sep. 2020	0.11%	4.2	26.9	5.4	28.2	5,634.8	0.96%
Sep. 2021	0.15%	5.9	26.6	6.2	26.9	5,694.8	0.93%

(2)

(1) + (2)

Interest on securities/dividend income (*)
12.6
10.5
9.3
6.9
9.2

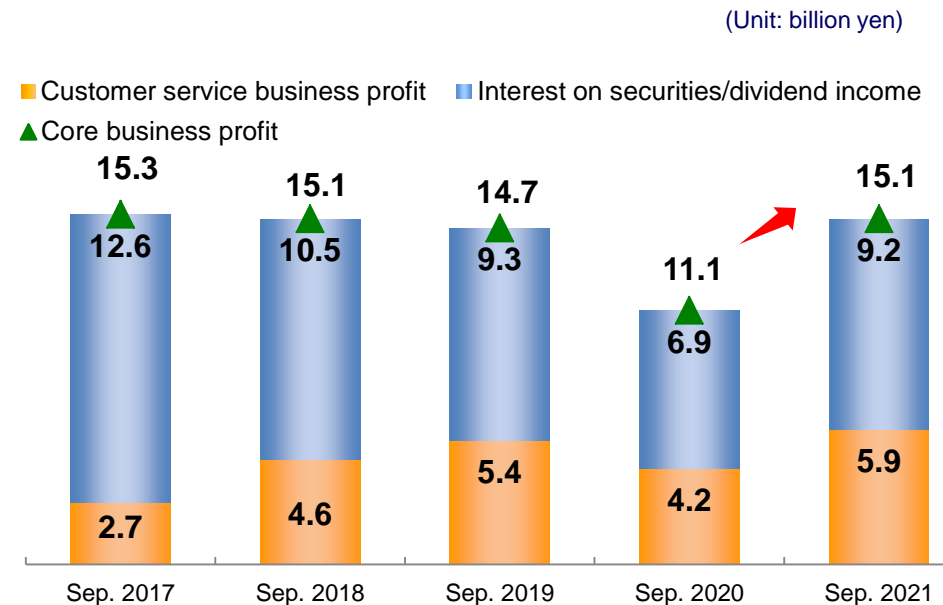
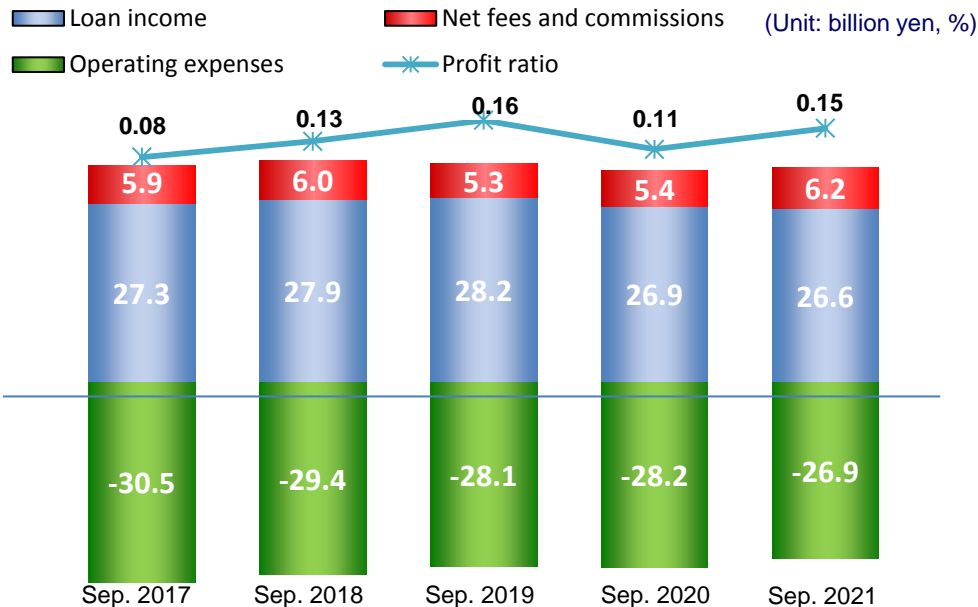
Core business profit
15.3
15.1
14.7
11.1
15.1

Core business profit increased significantly

- (1) Customer service business profit
- Increase in net fees and commissions
 - Decrease in retirement benefits cost
- (2) Interest on securities/dividend income
- Increase in share dividends, etc.

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

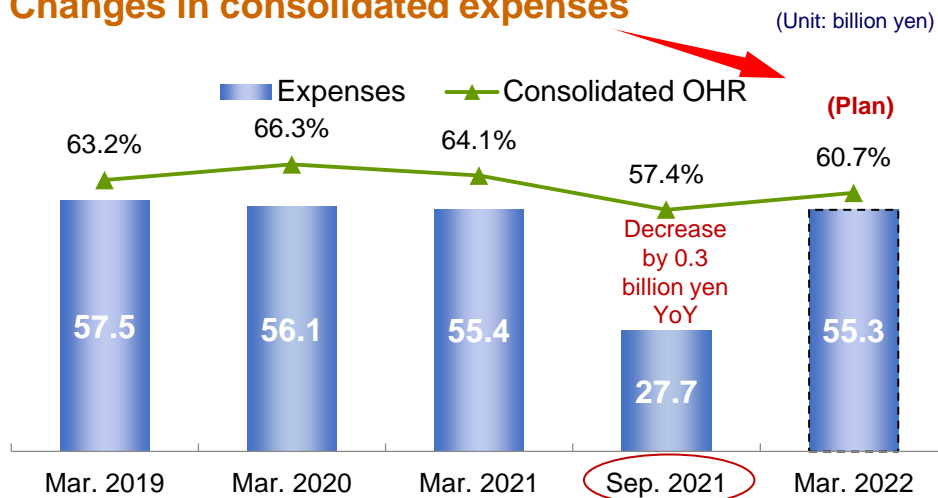
* Customer service business profit = Loan income (Average loan balance x Deposit and loan direct profit margin) + Net fees and commissions - Operating expenses
* Customer service business profit ratio = Customer service business profit / Average deposit balance



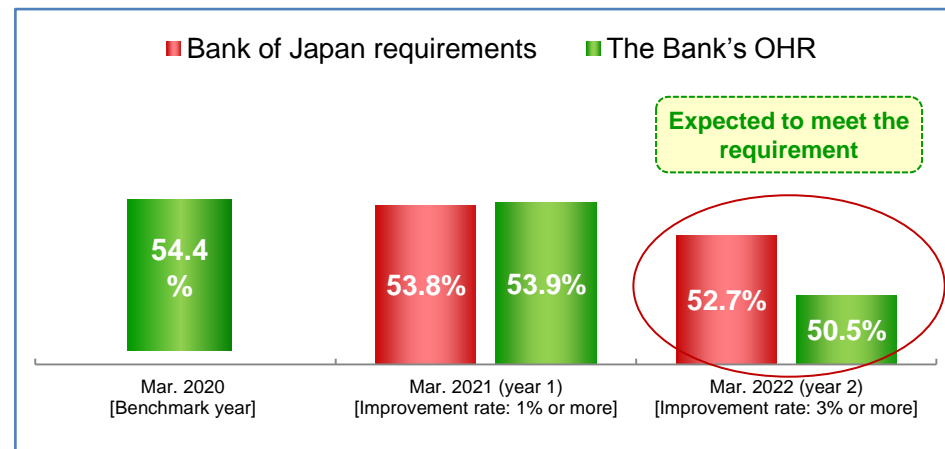
8. Status of Expenses

The OHR improvement rate is expected to meet the requirement for this fiscal year, in response to the Bank of Japan's Facility.

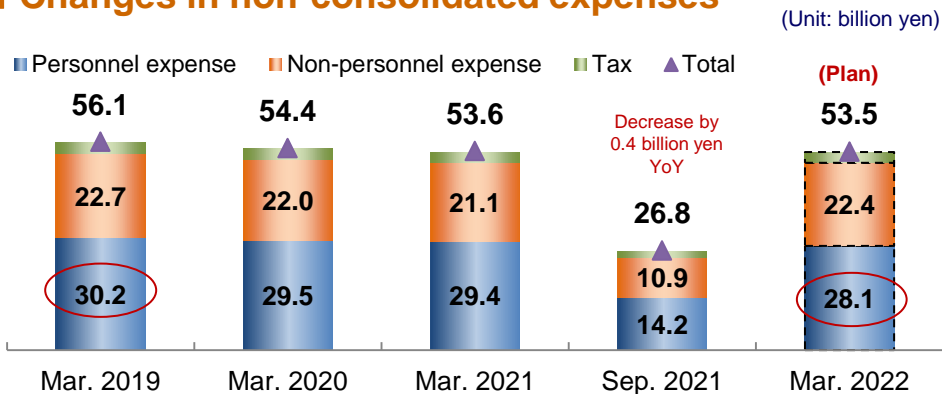
Changes in consolidated expenses



Response to the Bank of Japan's Special Current Deposit Facility

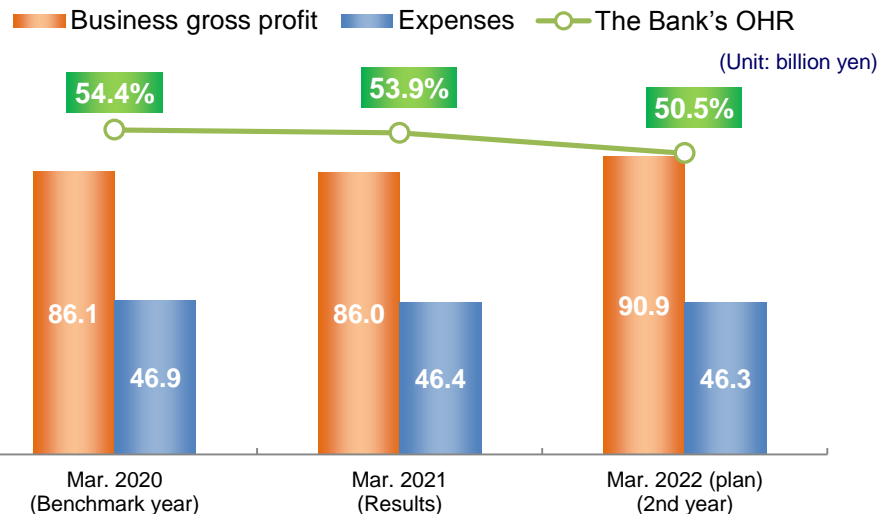


Changes in non-consolidated expenses



Personnel expenses will decrease by 2.0 billion yen in 3 years due to branch consolidation and closure, digitization, etc.

	Sep. 2020	Sep. 2021	Comparison	Main factors
Personnel expense	15.0	14.2	-0.7	Salaries and allowances: -0.3, retirement benefits: -0.2
Non-personnel expense	10.4	10.9	0.5	Depreciation expenses (tangible assets): +0.1, rent of machinery: +0.1
Tax	1.7	1.5	-0.2	Stamp tax: -0.1



[Bank of Japan's definition]

Expenses = consolidated expenses - depreciation and amortization - consumption tax on depreciation and amortization - deposit insurance premium
 Business gross income = consolidated business gross income - gain and loss on bonds, etc. - profit from the cancellation of investment trusts

9. Status of Credit Costs

Credit costs decreased significantly by 3.4 billion yen YoY.
The downgrade rate from normal borrowers will return to pre-COVID-19 levels.

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

(Unit: billion yen, %)

	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022 (plan)	Sep. 2021
(1) Credit costs	7.9	4.3	21.0	7.0	2.5
Transfer to general provision for possible loan losses	0.3	-1.1	14.5	-0.3	0.1
Disposal of non-performing loans	7.6	5.4	6.5	7.3	2.4
Gain on the collection of claims written-off (-)	0.0	0.0	0.0	-	0.0
(2) Loans (average balance)	5,491.3	5,523.1	5,689.0	5,683.2	5,694.8
Credit cost ratio (= (1) / (2))	0.14	0.08	0.37	0.12	0.09

(Unit: billion yen)

	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022 (plan)	Sep. 2021
Credit costs	7.9	4.3	21.0	7.0	2.5
Due to changes to the provision ratio	0.4	-0.5	-1.2	-1.5	-0.3
Other factors	7.5	4.8	22.2	8.5	2.8
DCF	-0.3	-1.4	14.0	0.0	0.2
Downtgrade	9.7	9.0	10.1	9.9	4.5
Collection, upgrade, etc.	-1.9	-2.8	-1.9	-1.4	-1.9

Provision ratios for possible loan losses

(Unit: %)

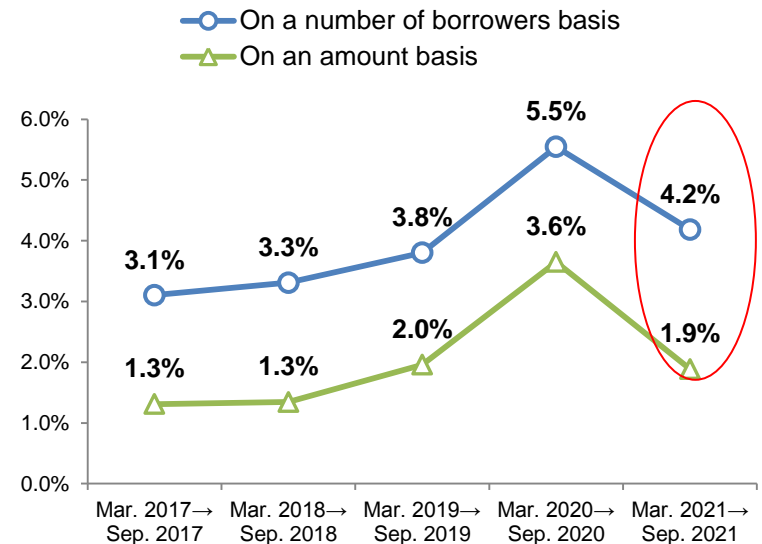
			Provision target	Period	Mar. 2020	Mar. 2021	Mar. 2022 (plan)	Sep. 2021
Normal borrowers			Entire claim amount	1 year	0.071	0.068	0.044	0.068
Borrowers requiring attention other than special attention	Borrowers without realistic, comprehensive business reconstruction plans	Classification 1	Entire claim amount	3 years	0.957	0.941	0.918	0.918
	Borrowers with realistic, comprehensive business reconstruction plans	Classification 2	Entire claim amount	3 years	6.271	5.764	5.622	5.622
Borrowers requiring special attention								
Classification III borrowers threatened with bankruptcy			Entire non-coverage amount	3 years	32.950	28.736	28.088	28.088

Factor analysis

(Unit: billion yen)

	Cumulative total for Sep. 2021	Of which, 1Q
General provision for possible loan losses	0.1	-0.3
COVID-19 (downgrade)	1.6	0.3
Others	-1.5	-0.7
Disposal of non-performing loans	2.4	0.7
COVID-19	1.9	0.6
Sudden bankruptcy/downgrade	2.5	1.3
Collection, upgrade, etc.	-2.1	-1.2
Credit costs	2.5	0.3
COVID-19	3.5	1.0

The downgrade rate from normal borrowers



10. Business Forecast (for Year Ending March 2022)

Consolidated final profits for the fiscal year ending March 31, 2022 is expected to be 26.0 billion yen, 2.0 billion yen higher than the mid-term plan target of 24.0 billion yen.

Consolidated

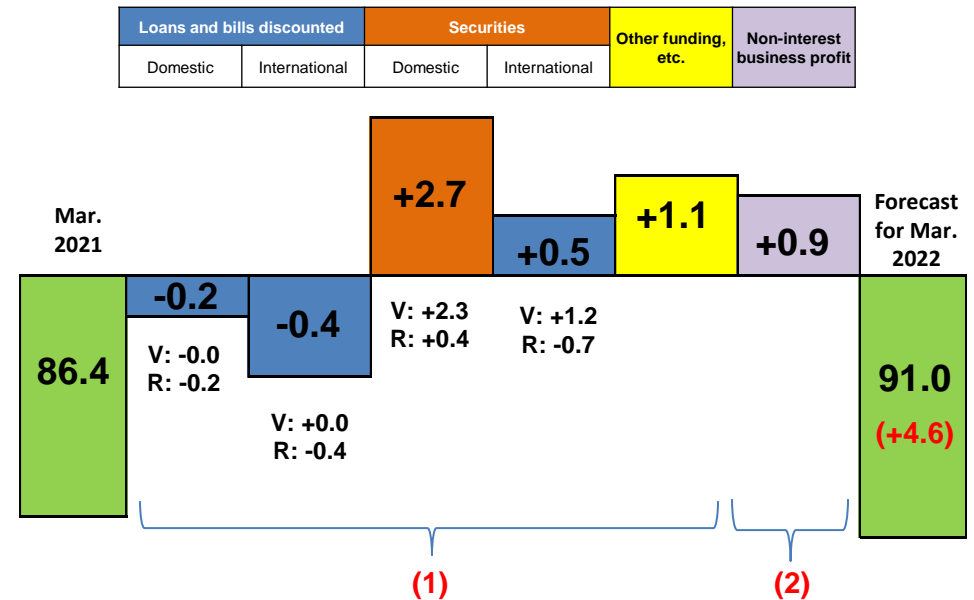
(Unit: billion yen, %)					
	No.	Mar. 2021	Forecast for Mar. 2022	Year-on-Year change	Compared with the announced plan
Core business gross profit	1	86.4	91.0	4.6	2.5
Net interest income	2	67.2	71.0	(1) 3.8	2.5
Non-interest business profit	3	19.1	20.0	(2) 0.9	-
Expenses	4	55.4	55.3	-0.1	-0.6
Core business net profit	5	30.9	35.7	4.8	3.2
OHR	6	64.1	60.7	-3.4	-2.4
Ordinary profit	7	20.0	37.0	17.0	2.0
Net income attributable to owners of parent	8	13.5	26.0	12.5	2.0

Non-consolidated

(Unit: billion yen)					
	No.	Mar. 2021	Forecast for Mar. 2022	Year-on-Year change	Compared with the announced plan
Core business gross profit	1	80.2	84.5	4.3	2.7
Net interest income	2	68.5	71.4	2.9	2.6
Non-interest business profit	3	11.6	13.1	1.5	0.2
Net fees and commissions	4	10.9	11.5	0.6	-0.4
Other business profit	5	0.7	1.6	0.9	0.6
Expenses	6	53.6	53.5	-0.1	-0.5
Core business net profit	7	26.6	31.0	4.4	3.2
Gain and loss on securities, etc.	8	12.5	8.4	-4.1	-1.6
Credit costs	9	21.0	7.0	-14.0	-
Others	10	-1.2	0.1	1.3	-0.1
Retirement benefit cost	11	-1.9	-0.1	1.7	-
Ordinary profit	12	16.8	32.5	15.7	1.5
Net income	13	11.6	23.0	11.4	1.5

Breakdown of changes in core gross business profits

(Unit: billion yen)



Average balance and yields (non-consolidated)

(Unit: billion yen, %)

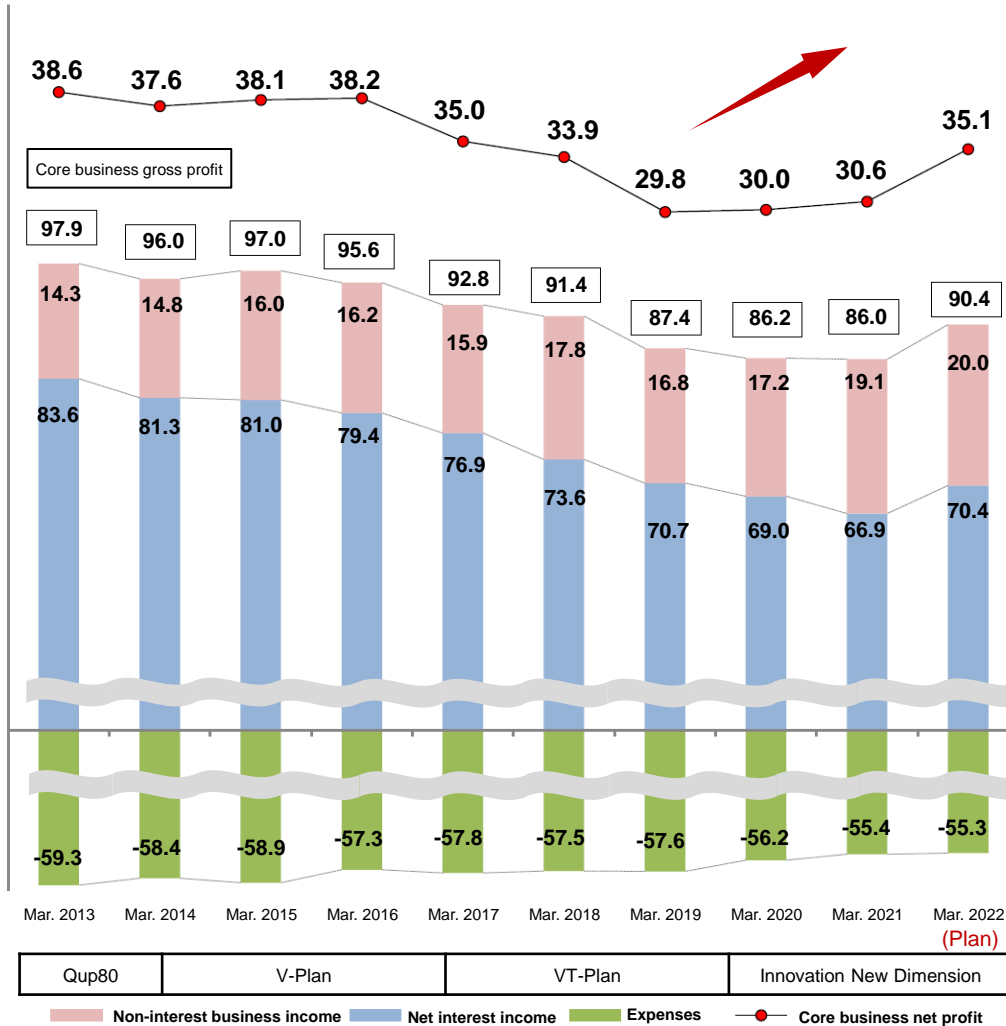
	Average balance	Year-on-year	Yields	Year-on-year
Loans	5,683.2	-5.8	0.94	-0.01
Domestic transactions	5,489.1	-8.2	0.93	-0.00
Securities	2,397.0	441.2	0.74	-0.05
Domestic transactions	2,085.2	357.4	0.67	0.02
Deposits	7,661.4	351.4	0.00	-
Domestic transactions	7,604.1	343.1	0.00	-

11. Earnings Trends and Future Direction

Consolidated core business net income bottomed out and reversed.

Changes in consolidated core business net income (10 years)

(Unit: billion yen)



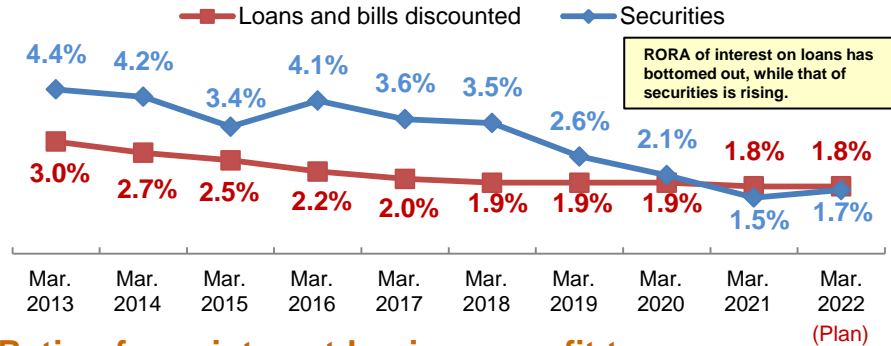
* Excluding profit/loss from the cancellation of investment trusts.

* Non-interest business profit from Mar. 2013 to Mar. 2017 includes dividend of group credit life insurance.

Changes in RORA of loans and securities

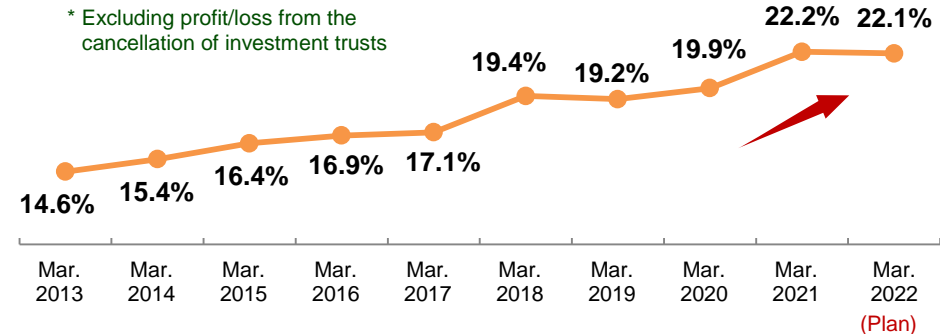
*RORA = Interest on loans (interest on securities/dividend income)/Risk-weighted assets

* Excluding profit/loss from the cancellation of investment trusts



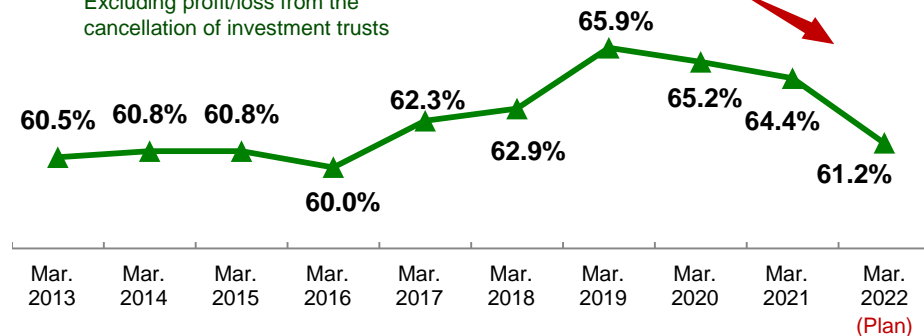
Ratio of non-interest business profit to core gross business profits

* Excluding profit/loss from the cancellation of investment trusts



Consolidated core OHR

* Excluding profit/loss from the cancellation of investment trusts



II. Management Strategies and Shareholder Returns, etc.



1. Mid-term Business Plan (Progress)

■ Consolidated Quantitative Target as of the Final Fiscal Year of the Plan

	March 2020 results	March 2021 results	March 2022 target	March 2022 annual plan
[Profitability index]				
Net income attributable to owners of parent	22.2 billion yen	13.5 billion yen	24.0 billion yen	26.0 billion yen
Non-interest business income	17.1 billion yen	19.1 billion yen	20.0 billion yen	20.0 billion yen
RORA (consolidated net income divided by risk assets)	0.54%	0.30%	0.5 or higher	0.58%
ROE (long-term target)	4.4%	2.6%	(Long-term target) 5% or higher	4.6%
[Efficiency index]				
OHR	66.3%	64.1%	65% or so	60.7%
[Soundness index]				
Consolidated total capital ratio	11.95%	12.74%	12% or plus	12.87%

■ Key figures for achieving the plan's targets

Contents	March 2020 results	March 2021 results	March 2022 target	March 2022 annual plan
[Net interest income]				
Ending balance of retail loans	4,550.5 billion yen	4,657.3 billion yen	4,780.0 billion yen	4,655.5 billion yen
Unsecured consumer loans receivable	54.6 billion yen	54.7 billion yen	60.0 billion yen	60.0 billion yen
[Non-interest business profit]				
Corporate service revenue (consolidated)	2.9 billion yen	3.0 billion yen	4.2 billion yen	4.3 billion yen
Customers' deposited financial assets (consolidated)	850.8 billion yen	935.8 billion yen	1,000.0 billion yen	1,000.0 billion yen
[Regional revitalization/SDGs]				
Number of cases with issues resolved through business feasibility assessments	739 cases	1,312 cases	1,500 cases	1,541 cases
Number of business succession support cases	3,083 recipients	5,069 recipients	6,000 recipients	6,007 recipients
Number of start-up support cases	565 recipients	1,489 recipients	2,000 recipients	2,061 recipients
Number of female managerial employees (compared to end of March 2019)	Increase of 9%	Increase of 22%	Increase of 20%	Increase of 42%

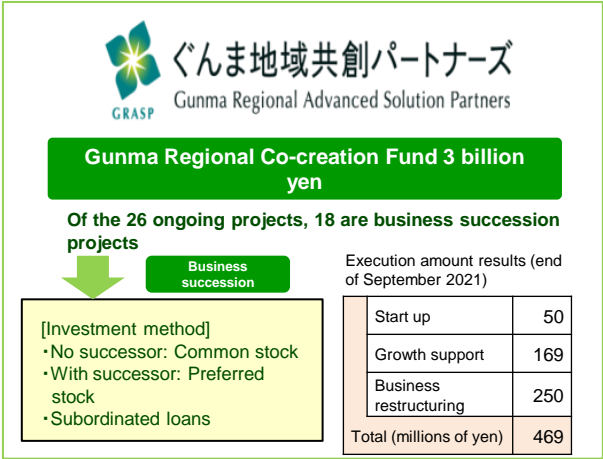
Exceeding the target

3. Strengthen Business Succession Service

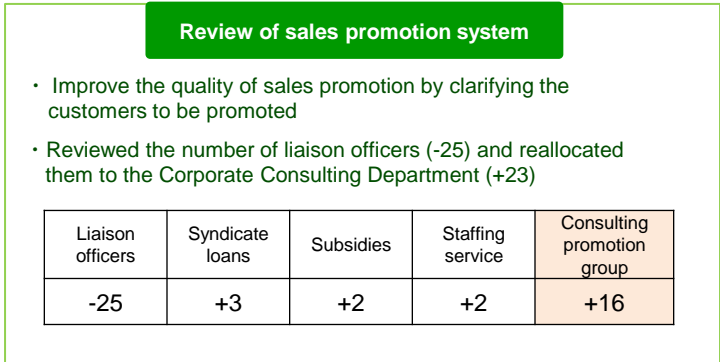
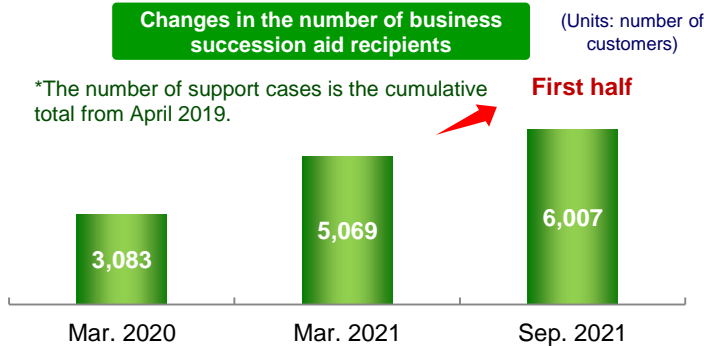
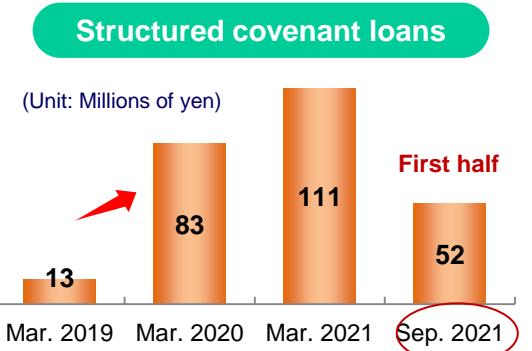
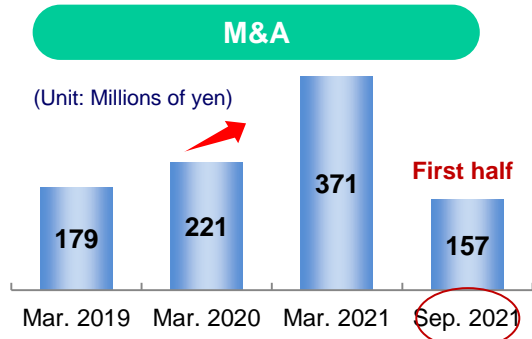
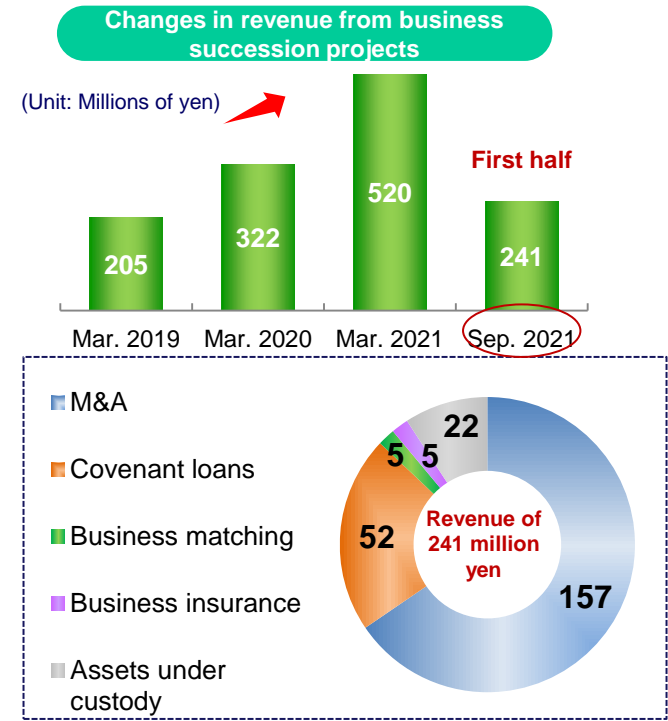
The number of business succession support cases was 6,007, exceeding the mid-term plan target of 6,000.

Group-wide initiatives

- Prolonged impact of COVID-19
 - ⇒ Respond to changing needs for business succession service
- Increase the number of consulting promotion group staff
 - ⇒ Deepen support for individual companies and identify potential issues
- Initiatives at Group companies
 - ⇒ Effective use of Gunma Regional Advanced Solution Partners and Gungin Consulting



Revenue starting from business succession



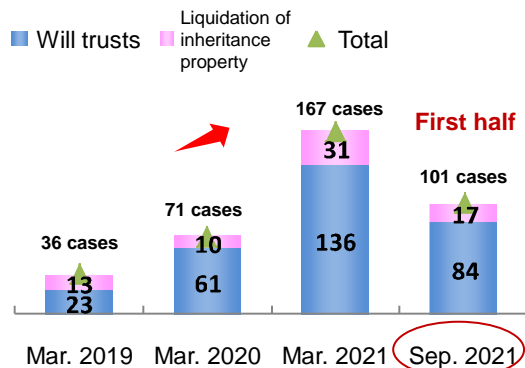
4. Wealth Management Business Initiatives

The number of contracts for inheritance-related service was steady.
Strengthened the structure of the Wealth Management Group.

Strengthening of efforts targeting inheritance services

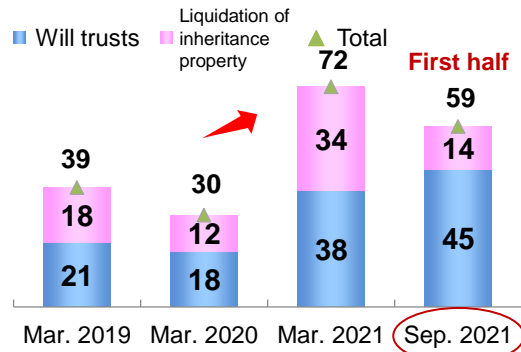
Contracts concluded

⇒ Cumulative total of 339 cases (85%) until Sep. 2021, compared to the mid-term plan target of 400 cases



Inheritance-related fees

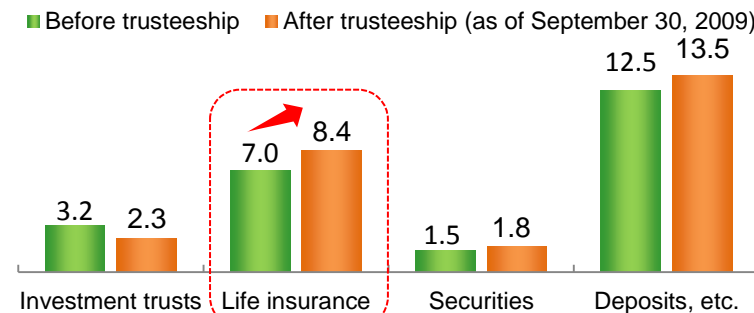
(Unit: Millions of yen)



Status of cross-selling

⇒ Life insurance balance with high affinity to will trusts increased by 1.4 billion yen

(Unit: billion yen)

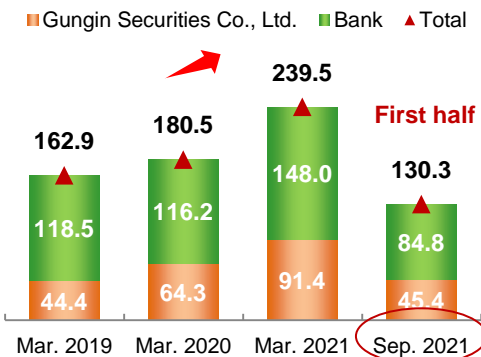


Strengthening promotion of deposited financial assets

➡ Steady effect of collaboration between banks and securities companies, and establishment of a block promotion system centered on the organizer branch office

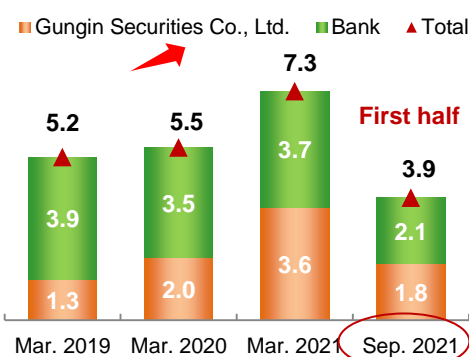
Sales

(Unit: billion yen)



Fee

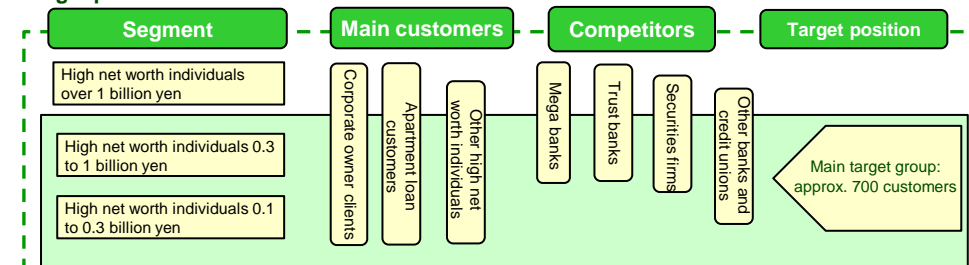
(Unit: billion yen)



Outline of the Wealth Management Group

	PB advisors	Asset formation advisors	Asset succession advisors	Real estate utilization advisors
Staff members	3	16	12	22
Target customers	<ul style="list-style-type: none"> Strengthening of efforts targeting high net worth groups Promotion for corporate and individual customers 	<ul style="list-style-type: none"> Strengthening of business operations Promotion of deposited financial assets Training of branch employees 	<ul style="list-style-type: none"> Strengthening reinforcement and promotion of inheritance services 	<ul style="list-style-type: none"> Strengthen promotion of apartment loan financing
Main target customers (Customer segment)	High net worth individuals (100 million or more yen)	Mass to mass high net worth individuals (10 million to less than 100 million yen)		Real estate owners
Implementation entity	Headquarters	Sales branches	Headquarters	Headquarters
Support method	Visit branches	Station branches	Visit branches/ station branches	Visit branches/ station branches

*Target position for the PB Division



5. Initiatives Using Digital Technology (1)

Current mid-term plan

Utilizing digital technology

Strengthen non-face-to-face and face-to-face contact points with customers, drastically reduce costs, and realize a variety of work styles.

Work to create new financial services by utilizing data and collaborating with external businesses.



Expanding points of contact with customers and improving convenience

Make 70% of transactions that are currently conducted face-to-face possible to be conducted non-face-to-face.

Make various transactions non-face-to-face (Streamlining mortgage procedures, creating a corporate portal)

Promotion of cashless settlement

Reform branch office operations (Branch office tablets, self-service, centralization, etc.)

- October 2022: Renewal of the Bank's website
- April 2022: Renewal of the Gunma Bank app

400,000 customers in 5 years

Continuously add functions for the most familiar customer channel

Utilize data, strengthen external collaboration

Utilization of Fincross Digital initiatives

April 2019: Intra-bank document search system
May 2020: Financial product recommendation system
September 2021: AI chatbot within banks

Utilization of data (Realization of one to one marketing)

- April 2022: Shared TSUBASA Fintech platform
Renewal of API platform

Cost reduction of 0.4 billion yen in 5 years

- August 2020: Gunma Bank cloud factoring
Process from application to contract fully online

Total of about 1,000 cases handled

Productivity improvement, work style reform

- October 2018: RPA

Reduction of 13,000 hours/year

- October 2021: Digitalization of loan contracts

Aiming for 100% digitalization in 3 years

May 2017: investment trusts, November 2018: unsecured loans,
May 2021: certificates of deposit, July 2021: insurance policies digitized

- August 2021: Roll out of Teams in all branch offices

- March 2021: Ota Lab satellite office

- January 2020: Mobile PCs

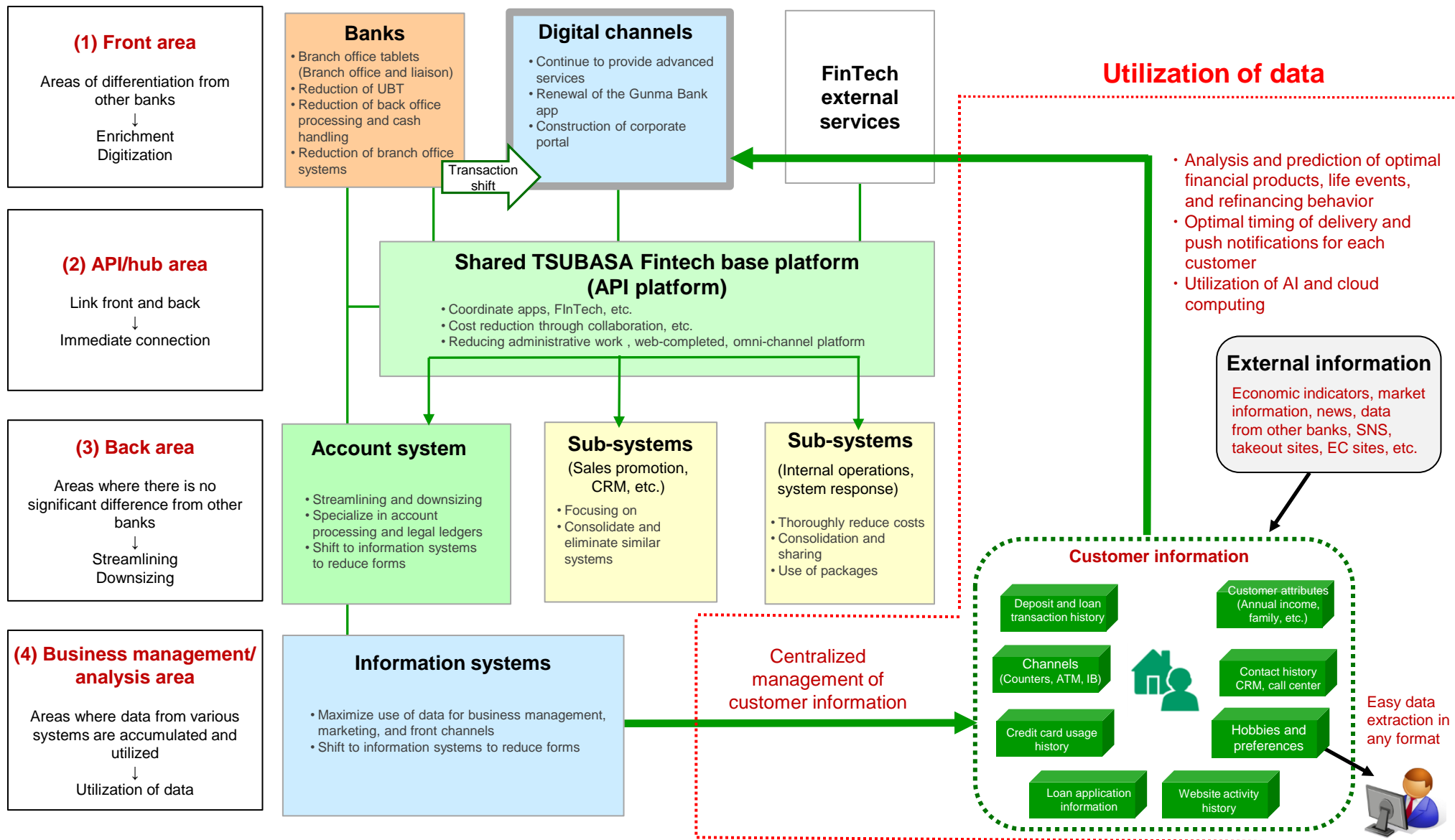
Roll out of approximately 2,000 units

Realization of location-independent work style

Digital human resource development (Improvement of IT consulting capability for customers, improvement of productivity)

5. Initiatives Using Digital Technology (2) - Utilization of Data

■ Future vision of the Bank's systems



6. TSUBASA Alliance

Wide-area collaboration of 10 top banks in the region from Hokkaido to Okinawa

Promote top-line enhancement, cost reduction, operational efficiency and sophistication

Expect to create a cumulative profit effect of 6 billion yen over the next 5 years



(Single year basis)

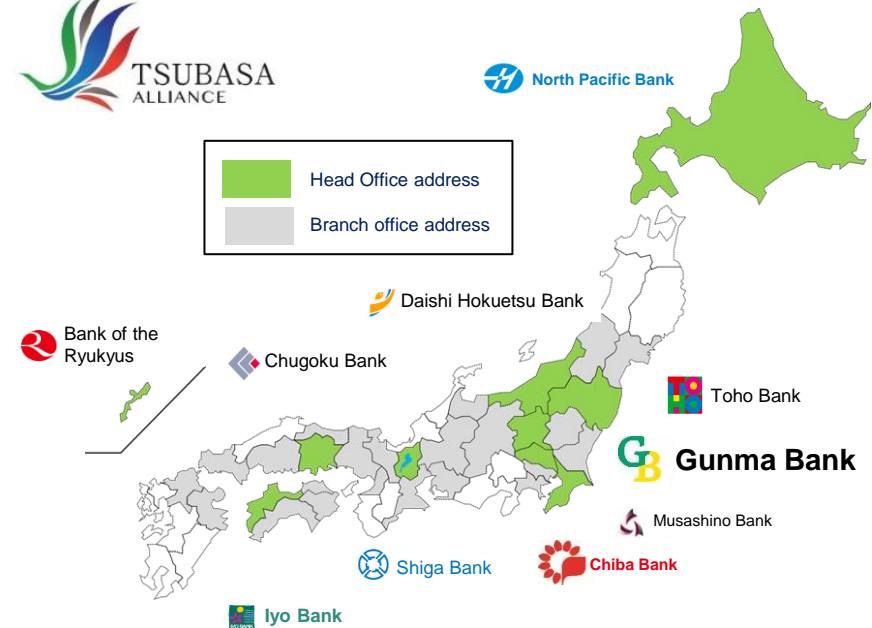
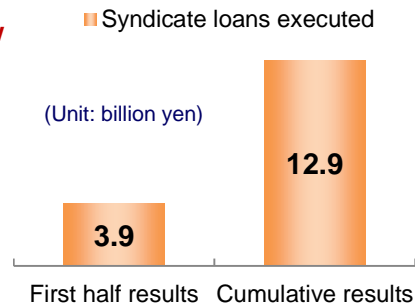
	Mar. 2021 results	Mar. 2022 forecast	First half results	Mar. 2023 forecast	Mar. 2024 forecast	Mar. 2025 forecast	Mar. 2026 forecast	5-year cumulative total
Earnings effect	0.23	1.0	0.42	0.9	1.1	1.3	1.5	6.0

(Unit: billion yen)

Mutual invitations for Syndicate loans, customer introductions, new products, etc. contributed 0.4 billion yen to revenue

Main initiatives

- System development for introduction of the shared TSUBASA Fintech platform
 - Cost reduction of 400 million yen in 5 years expected
- System development aimed at revamping of bank app
 - 400,000 customers in 5 years expected



Total assets of 91 trillion yen, the second largest after megabanks

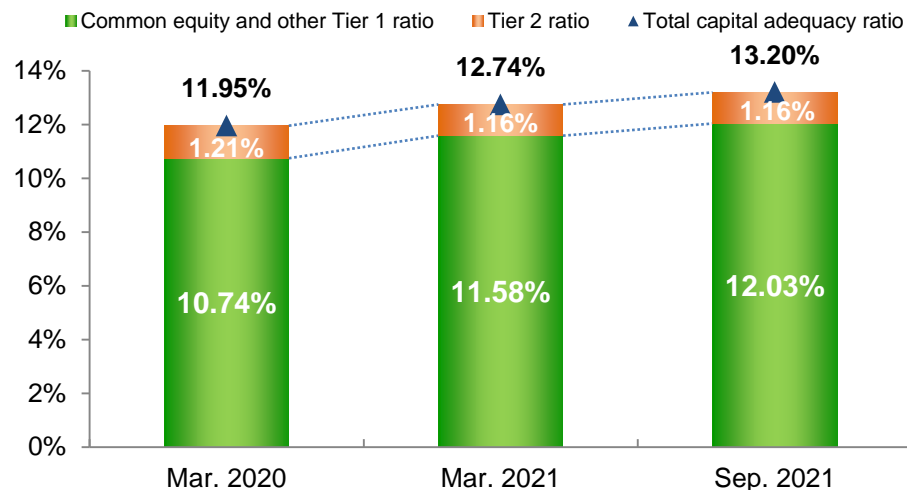
As of June 31, 2021 (Unit: trillion yen)

Ranking	Bank group	Consolidated total assets
1	Mitsubishi UFJ FG	362.0
2	Sumitomo Mitsui FG	240.1
3	Mizuho FG	226.8
4	TSUBASA	91.7
5	Risona Holdings	74.6
6	Fukuoka FG	28.4
7	Concordia FG	21.8

7. Status of Capital, etc.

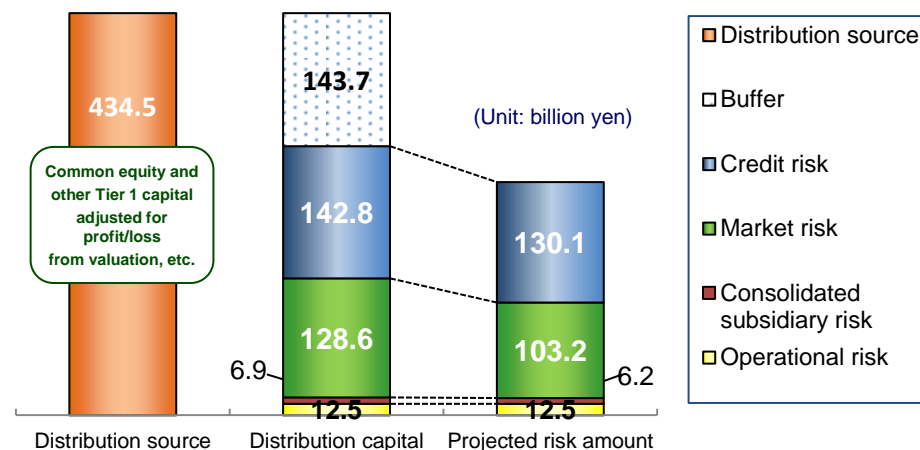
Changes in capital ratio

[Basel III international standards]



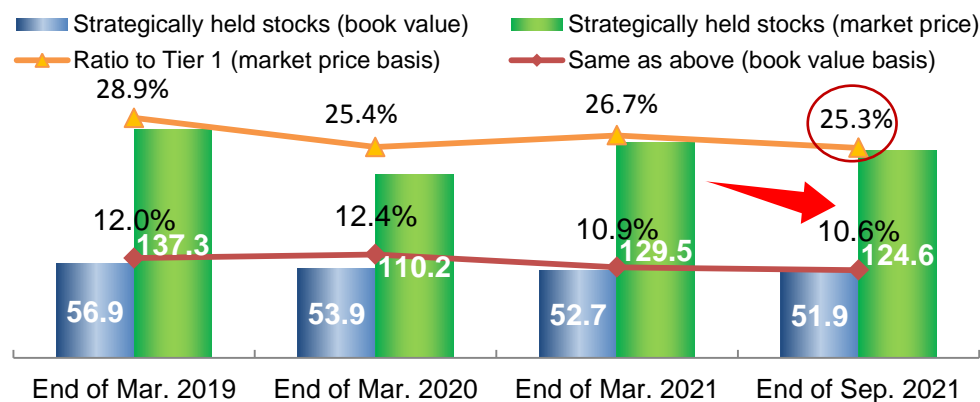
Capital adequacy assessment

[Status of capital distribution (first half of FY2021)]



Status of strategically held stocks

(Unit: billion yen)



Ratio of shares traded on TSE

(as of June 30, 2021)

The Bank 57.1% > regional bank average 51.8%

* Estimate based on reference values as of June 30, 2021. The regional bank average is calculated using 69 banks listed on the first section of the Tokyo Stock Exchange.

Subordinated bonds (B3T2 bonds), other Basel rules

	Cumulative total issued	Purpose	Effect of increasing capital ratio
Subordinated debt B3T2	50 billion yen	Bolstering capital	Approx. 1.2%

	Mar. 2021	Sep. 2021	Standard set by rules
Consolidated leverage ratio	6.09%	6.16%	3% or more
Consolidated liquidity coverage ratio (LCR)	224.50%	236.58%	100% or more
Interest rate risk in the banking book (IRRBB)*	7.56%	9.60%	15% or less

*Consolidated basis

8. Status of Shareholder Return

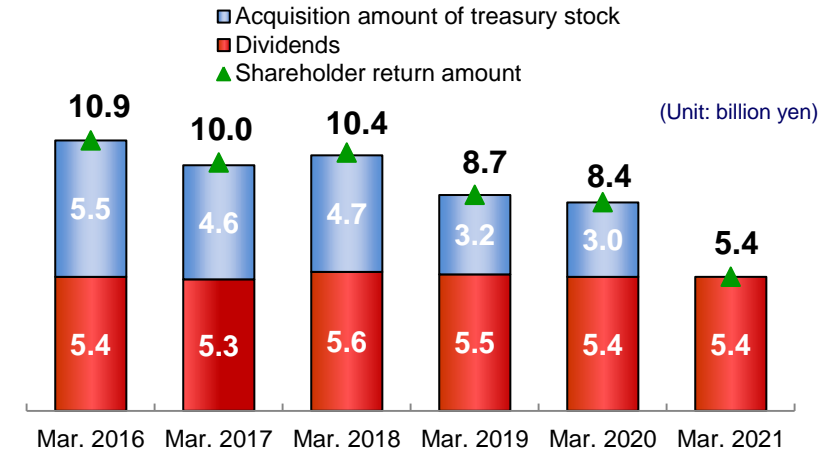
Shareholder return policy

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. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022 (plan)
Dividends (1)	5.6	5.5	5.4	5.4	5.8
Dividend per share (yen)	13	13	13	13	14
Share buy-backs (2) (Number of shares repurchased: million)	4.7 (7)	3.2 (6)	3.0 (8)		3.5 (10)
Shareholder return amount (3) = (1) + (2)	10.4	8.7	8.4	5.4	9.3
consolidated Non-	Net income (4)	26.0	20.9	17.9	23.0
	Payout ratio = (1) / (4) × 100	21.7	26.6	30.4	25.2
	Shareholder return rate = (3) / (4) × 100	40.1	41.9	47.2	46.7

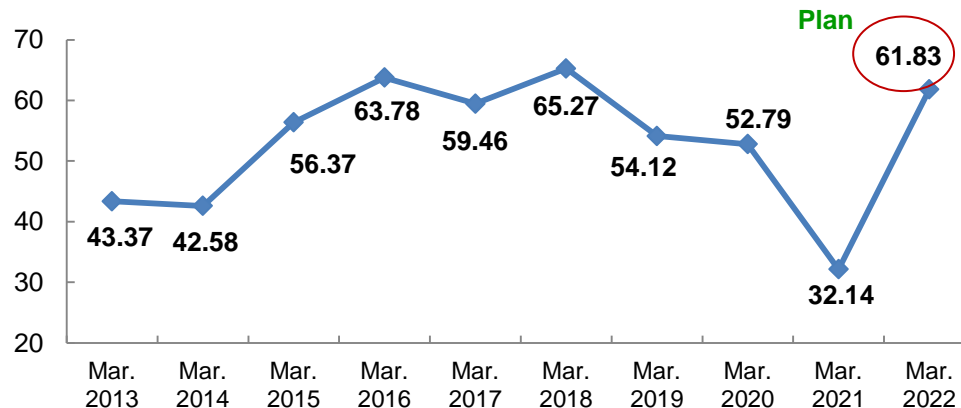


[Details of the Board of Directors' resolution for the acquisition of treasury stock]

- (1) Total number of shares to be repurchased: 10 million shares (upper limit)
2.37% of the number of shares issued
- (2) Total amount of shares to be repurchased: 3.5 billion yen (upper limit)
- (3) Period of repurchase: November 9, 2021 to January 28, 2022
- (4) Method of repurchase: Purchase through ToSTNeT-3, market purchase based on discretionary account transaction agreement

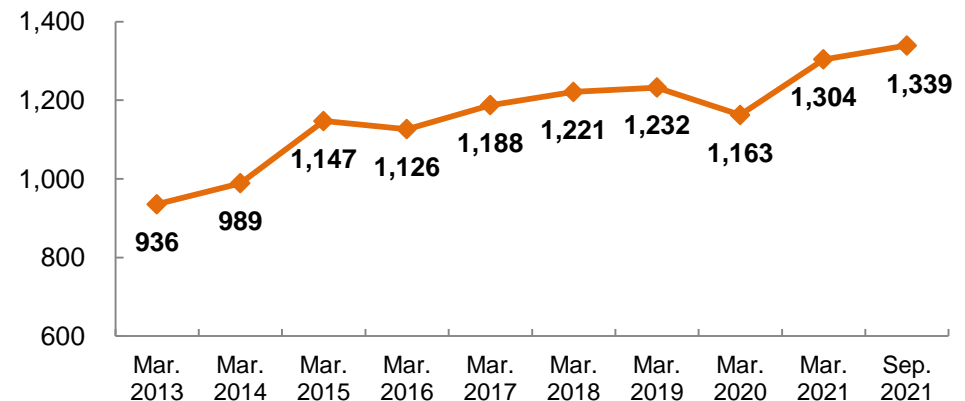
Net income per share (consolidated EPS)

(Unit: yen)



Amount of net assets per share (consolidated BPS)

(Unit: yen)



III. Initiatives for ESG



1. Initiatives for ESG: SDGs Declaration and Priority Issues

The Gunma Bank Group SDGs Declaration

We are working to achieve the SDGs through our business activities that will foster the development of regional communities as well as to realize a sustainable society and create economic value.

Priority issues	Main initiatives	Major results															
<div>1. Sustainable development of regional economy</div> <div><div><div>4</div><div>質の高い教育も みんなに</div></div><div><div>8</div><div>働きがいも 経済成長も</div></div><div><div>11</div><div>住み続けられる まちづくりを</div></div></div>	<ul style="list-style-type: none">● enhancement of business incubation● exhaustive initiatives to issues of business succession● Provide financial services that facilitate asset building and asset succession● giving monetary economy education lectures in a high schools and universities	<table><tr><th></th><th>Mar. 2021</th><th>Sep. 2021</th></tr><tr><td>Number of cases with issues resolved through business feasibility assessments (cumulative total for the mid-term business plan)</td><td>1,312 cases</td><td>1,541 cases</td></tr><tr><td>Number of business succession support recipients (cumulative total for the mid-term business plan)</td><td>5,069 recipients</td><td>6,007 recipients</td></tr><tr><td>Number of will trust and liquidation of inheritance property services provided (cumulative total for the mid-term business plan)</td><td>238 cases</td><td>339 cases</td></tr><tr><td>Donation utilizing SDGs private placement bonds</td><td>112 cases 13,181 thousand yen</td><td>54 cases 7,500 thousand yen</td></tr></table>		Mar. 2021	Sep. 2021	Number of cases with issues resolved through business feasibility assessments (cumulative total for the mid-term business plan)	1,312 cases	1,541 cases	Number of business succession support recipients (cumulative total for the mid-term business plan)	5,069 recipients	6,007 recipients	Number of will trust and liquidation of inheritance property services provided (cumulative total for the mid-term business plan)	238 cases	339 cases	Donation utilizing SDGs private placement bonds	112 cases 13,181 thousand yen	54 cases 7,500 thousand yen
	Mar. 2021	Sep. 2021															
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Donation utilizing SDGs private placement bonds	112 cases 13,181 thousand yen	54 cases 7,500 thousand yen															
<div>2. Preservation and creation of the global environment</div> <div><div><div>7</div><div>エネルギーをみんなに そしてクリーンに</div></div><div><div>15</div><div>陸の豊かさも 守ろう</div></div></div>	<ul style="list-style-type: none">● Environmentally and Socially Conscious Investment and Loan Policy● Handling of sustainability-linked loans begun● Establishment of a fund to support renewable energy development● Issuance of Sustainability Bonds for the first time among regional banks● Adopted SDGs management indicators as KPI for performance-linked stock compensation● Sales of green bonds through structured bonds (Gungin Securities)	<div>■ Establishment of Environmentally and Socially Conscious Investment and Loan Policy</div> <div>Established a policy for investment and financing in sectors that may have a significant impact on the environment and society</div>															
<div>3. Promotion of a variety of human resources into active positions</div> <div><div><div>5</div><div>ジェンダー平等も 実現しよう</div></div></div>	<ul style="list-style-type: none">● L-NEXT (Team for female participation and career advancement in the workplace) and other efforts aimed at promoting women's empowerment● Build systems and environments to facilitate flexible working styles	<div>■ Donation through shareholder benefits of "Donation Course"</div> <div>Donations to Gunma Prefecture World Heritage, Gunma Silk Inheritance Succession Fund</div>															
<div>4. Promotion of partnerships</div> <div><div><div></div><div></div></div><div><div>17</div><div>パートナーシップで 目標を達成しよう</div></div></div>	<ul style="list-style-type: none">● Support for activities to provide education and achieve the SDGs using Gungin SDGs private placement bonds● SDGs promotion in whole region through cooperation with municipal authorities, etc.	<div>■ Evaluation of Women's Participation and Enhancement</div> <table><tr><td>Ministry of Health, Labour and Welfare certification</td><td>Platinum Kurumin Mark</td></tr><tr><td></td><td>Eruboshi Mark (highest grade 3)</td></tr><tr><td>Gunma Prefecture certification</td><td>Iki Iki G Company (Excellence Award)</td></tr></table> <div><div><div>Platinum Kurumin</div><div></div></div><div><div></div><div></div></div><div><div>Gunma Prefecture Iki Iki G Company</div><div></div></div></div>	Ministry of Health, Labour and Welfare certification	Platinum Kurumin Mark		Eruboshi Mark (highest grade 3)	Gunma Prefecture certification	Iki Iki G Company (Excellence Award)									
Ministry of Health, Labour and Welfare certification	Platinum Kurumin Mark																
	Eruboshi Mark (highest grade 3)																
Gunma Prefecture certification	Iki Iki G Company (Excellence Award)																

2. Initiatives for ESG: Environment



Environmental Initiatives

We are continuing to work 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.

Establishment of Environmentally and Socially Conscious Investment and Loan Policy (June 2021)

Implemented investment and financing that takes sustainability into account to solve environmental and social issues such as climate change and human rights.

⇒ Establish a policy for investments and loans in (1) coal-fired power generation, (2) weapons manufacturing, (3) palm oil plantation development, and (4) deforestation.

Establishment of the GB Green Fund (October 2021)

Through this fund, we will support the development of renewable energy, contribute to the reduction of greenhouse gas emissions, and work to promote local production for local consumption and regional economic revitalization through the spread of distributed power sources.

⇒ To improve sustainability through climate change countermeasures and to increase the Bank's profits.

Scale	Total of 50 billion yen
Use of funds	Renewable energy development projects
	Projects for businesses and initiatives that contribute to decarbonization

● Adopted SDGs management indicators as KPI for performance-linked stock compensation

Adopted SDGs management indicators for non-financial indicators among the performance share metrics for internal directors introduced in 2019.

Period	SDGs management indicator
Three years from FY2019	Increase in the number of women in managerial positions
Three years from FY2020	Greenhouse gas emission reduction rate
Three years from FY2021	Amount of financing for renewable energy projects

Efforts to address climate change risk

⇒ Endorsement of TCFD recommendations in July 2020



Setting reduction target volume of greenhouse gas emission and paper consumption

Reduction target (compared to FY2013)	FY2025	FY2030	FY2020 results
Greenhouse gas emission	Reduction of at least 23%	Reduction of at least 26%	15.9% reduction
Paper (copy paper) usage	Reduction of 30%	Reduction of 40%	30.2% reduction

* Greenhouse gas emissions are calculated by fixing the emission factor for electricity to the FY2013 figures in order to eliminate the effect of changes in emission factors

* The scope of the greenhouse gas emissions calculated is part of scope 1, scope 2, and scope 3 for the domestic offices of Gunma Bank.

In April 2021, the Japanese government raised its reduction target for FY2030 from 26% to 46% below the FY2013 level, and we are currently reviewing this target.

Green bond reporting (as of September 30, 2009)

● Status of fund allocation and environmental improvement effects

The total amount of CO₂ reduction by this Green Bond is 12,607t-CO₂/year.

This is equivalent to the CO₂ emitted by the annual electricity consumption of approximately 6,600 households.

(Calculated based on the Ministry of the Environment's "FY 2020 Summary of the Results of the Statistical Survey on CO₂ Emissions from the Household Sector (preliminary figures).")

Contents	Amount (million yen)	Amount of CO ₂ reduction	
Proceeds on Green Bonds	9,950		
Applied amount	9,950		
Renewable energy	9,881	12,548	(t-CO ₂ /year)
Solar power generation business	9,423	4,496	(t-CO ₂ /year)
Hydroelectric power generation business	457	8,052	(t-CO ₂ /year)
Energy efficiency	23	47	(t-CO ₂ /year)
Clean transportation	45	11,680	(kg-CO ₂ /year)
Unallocated balance	0		

⇒ All funds have been allocated through new loans.

3. Initiatives for ESG: Social



Social Contribution Activity Initiatives

At the Gunma Bank, our mission is to be a good citizen and contribute to the development of local industry and culture, as well as to the enrichment of people's lives. As such, we are committed to supporting the arts, culture, sports, and financial and economic education, and to protecting local cultural heritage.

Issuance of Sustainability Bonds for the first time among regional banks (October 2021)

⇒ Issued the 6th subordinated bond based on the Green/Social/Sustainability Bond Framework formulated in May

Total issued	10 billion yen (face value: 0.1 billion yen)
Interest rate	0.49% for the first 5 years, 6MT+0.33% for the following 5 years
Term	10 NC 5 years



Green projects	Social projects
Renewable energy	Keep and create jobs
Energy efficiency	Support reconstruction and rehabilitation from disasters
Clean transportation	Support regional economy revitalization and sustainability
Green buildings	Medical and welfare services support

Handling of sustainability-linked loans (SLL) begun (June 2021)



⇒ Signed a loan agreement and executed the first SSL project in September

Started handling Financing with Special Clause for Waiver in the event of Torrential Rain (July 2021)

⇒ This is a loan product that contributes to strengthening natural disaster risk countermeasures, including business continuity and recovery measures for client companies. Financing with Special Clause for Waiver in the event of Earthquake has been available since June 2019.

Use of funds	Working capital in principle (principal repayment waived at a predetermined rate if precipitation exceeds a standard value)
Amount of loans	50 million yen or more
Loan period	3 years or 5 years

Financing with principal waiver clause (as of September 30, 2021)		
	Number of cases	Balance
Heavy rain disaster	31 cases	1.9 billion yen
Earthquake (from June 2019)	89 cases	7.4 billion yen

Collaboration Agreement on Regional Revitalization in Minakami Town" (September 2021)

⇒ Formulated a development plan with Minakami Town as the development site through industry-academia-government-finance collaboration by four organizations, and established a hot spring resort revitalization model

Comprehensive cooperation agreement	Minakami Town
	Open House Co., Ltd.
	School of Engineering, The University of Tokyo
	The Bank



Main activities

- Proposal to utilize the Japan Tourism Agency's Project for Rehabilitation of Existing Tourism Bases and Creation of High Value Added.
- Consulting on subsidy applications ⇒ Subsidy for the removal of abandoned buildings was adopted.
- Introduced real estate brokers and demolition companies through paid business matching.

In the future, this case study will be expanded to other hot springs in the prefecture (such as Kusatsu, Shima, Ikaho, and Isobe)

Various social contribution and barrier-free initiatives

- Gungin SDGs Private Placement Bonds
- Support for finance education
- Support for sports activities (Gunma Bank Green Wings)
- Support for arts and cultural activities
- Installation of vending machines in support of the Gold Ribbon Campaign
- Installation of communication tools at all branches
- Introduction of a remote sign language interpretation service



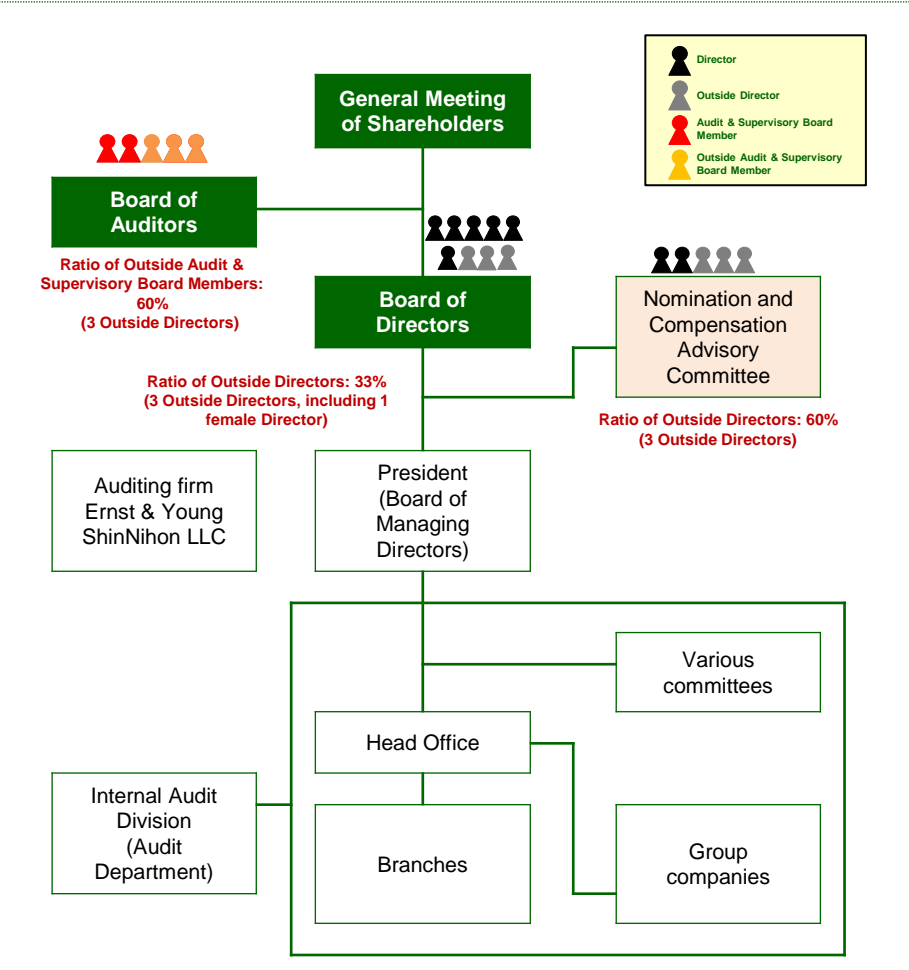
4. Initiatives for ESG: Governance



Corporate governance

The Bank’s basic management policy is to accurately respond to the financial needs of its customers, while always keeping in mind the development of local communities, and to enhance its corporate value by ensuring the soundness of its assets and strengthening its profitability, so as to be highly evaluated by shareholders and the market.

Corporate governance organization



Efforts to strengthen governance

Fiscal year	Major initiatives
2005	• Elected Outside Directors
2015	• Started the Board of Directors’ effectiveness assessment
2018	• Established the Nomination and Compensation Advisory Committee
2019	• Formulated and disclosed the “Basic policy for executive remuneration” • Introduced remuneration systems with stock with restriction on transfer and performance-based stock
2020	• Elected female Outside Directors • Raised the ratio of Outside Directors to one-third
2021	• Created and disclosed Skill Matrix

Executive remuneration (mid- to long-term incentive remuneration)

Remuneration features	Basic remuneration	Variable remuneration		
		Short-term incentive remuneration	Mid- to long-term incentive remuneration	
Cash/stock	Cash remuneration		Stock remuneration	
Performance-linked or not	Non-performance-linked	Short-term performance-linked	Non-performance-linked	Mid- to long-term performance-linked
Remuneration name	Monthly remuneration	Bonus	Stock with restriction on transfer	Performance share

Performance share (performance-linked stock remuneration) = **Profit indicator** + **Efficiency index** + **Shareholder value indicator** + **Non-financial indicator**

Profit indicator: Calculated based on consolidated earnings per share of common stock

Efficiency index: Calculated based on consolidated over head ratio

Shareholder value indicator: Calculated based on total shareholder return

Non-financial indicator: Calculated based on SDGs management indicator (contribution to achievement of SDGs)

4. Initiatives for ESG: Governance

Skill matrix (expertise & experience)

Assurance of diversity and balance in skills required for efficient performance of the respective roles and responsibilities of the directors and auditors

Internal Directors/Audit & Supervisory Board Members		Skill category							
Name	Job title	Corporate governance/sustainability	Regional economies	Sales	Market management	Management strategy/planning/compliance/new business development	Human resources	Risk management	IT system
Kazuo Saito	Chairman & Director	○	○	○	○	○	○	○	
Akihiko Fukai	President & Director	○	○	○	○	○		○	○
Nobuyuki Horie	Executive Vice President & Director		○	○			○	○	
Yukio Yuasa	Managing Director			○			○	○	
Satoshi Inoue	Managing Director		○	○					
Hiroyuki Irisawa	Managing Director	○		○	○	○			○
Noriyuki Watanabe	Audit & Supervisory Board Member			○			○	○	
Shinya Koitabashi	Audit & Supervisory Board Member			○	○				

Outside Directors/Audit & Supervisory Board Members		Skill category							
Name	Job title	Corporate management	Finance (theory, regulatory control & compliance)	Corporate finance & accounting (operation & theory)	Corporate legal affairs (operation & theory)	Macroeconomy	Sustainability	IT, digital FinTech	Regional economies & governments
Jun Kondo	Director	○		○					○
Kuniko Nishikawa	Director	○					○	○	
Kazuhiro Osugi	Director		○			○			
Kaneo Fukushima	Audit & Supervisory Board Member						○		○
Makoto Tanaka	Audit & Supervisory Board Member			○					○
Yasuo Kamiya	Audit & Supervisory Board Member				○				○



Kazuo Saito



Akihiko Fukai



Nobuyuki Horie



Yukio Yuasa



Satoshi Inoue



Hiroyuki Irisawa



Noriyuki Watanabe



Shinya Koitabashi



Jun Kondo



Kuniko Nishikawa



Kazuhiro Osugi



Kaneo Fukushima



Makoto Tanaka



Yasuo Kamiya

* The information above does not necessarily show the entire scope of expertise, experience and knowledge of the prospective directors and auditors.

Description on future business performance is included in this material.

These statements do not guarantee future business results and do entail risk and uncertainty.

Please note that future performance may differ from forecasts due to such causes as changes in the business environment.

Contact for inquiries on this matter:

Business Management Office (in charge of IR), Corporate Planning Department, Gunma Bank, Ltd.

Interim Financial Results Briefing Session for the First Half of 2021

Data



The Gunma Bank, Ltd.

November 24, 2021

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.

The Attraction of Gunma Prefecture

■ Major features of Gunma Prefecture

- ▶ Manufacturing, world-class technology, and a well-developed transportation network
- ▶ Abundant water resources (The headwaters of the Tone River flow through the region and serve as a water source for the Tokyo metropolitan area.)
- ▶ Stable climate and few seismic disasters
- ▶ As the kitchen of the Tokyo metropolitan area, diverse and varied agriculture is flourishing.

■ The attraction of Gunma Prefecture

Oze is "the origin of Japan's nature conservation movement."

In the Oze National Park, there is Ozegahara, the largest highland wetland in Honshu, and a rich ecosystem is preserved.

A treasure house of renewable energy

Utilizing abundant water resources, the maximum power output of "hydroelectric power generation" ranks 6th in Japan.
 Consistently ranks among the top in Japan for average annual sunshine hours.
 ⇒ "Solar power generation"
 There are many forests, which provide abundant raw materials for woody biomass.
 ⇒ "Biomass power generation"



Japan's leading hot spring kingdom

The number of hot spring resorts is 96, ranking first in the Kanto region and ninth in Japan.
 Kusatsu Onsen has been ranked first for 17 consecutive years in the "100 Best Hot Springs in Japan" list.
 The hot spring symbol "♨" originated in Isobe Onsen.

World Heritage Site, Tomioka Silk Mill

Established as Japan's first full-scale model spinning mill.
 As an industrial heritage, it became the first national treasure in Japan.

No. 1 in Japan for agricultural products

Harvest of konjac potatoes, harvest of cabbage, harvest of eggplants in summer and autumn, production of cocoons and raw silk



■ Economic scale of Gunma Prefecture (ranking of 47 prefectures of Japan)

Population
 1.942 million
 (18th in Japan)
 October 1, 2019

* 1.927 million October 2021

Number of industrial locations
 52
 (4th in Japan)
 2020

Working-age population ratio
 58.2%
 (15th in Japan)
 October 1, 2019

Effective demand-supply ratio of labor force
 1.36 times
 (12th in Japan)
 July 2021

Prefectural income per capita
 3.283 million yen
 (8th in Japan)
 FY2018

Product shipments
 8.981 trillion yen
 (12th in Japan)
 2019

Agricultural output
 236.1 billion yen
 (14th in Japan)
 2019

– Located roughly at the center of Honshu and approx. 100 km from Tokyo –



■ Major companies located in the prefecture

Type of Industry	Company name			
Transportation equipment	SUBARU	NHK Spring	MITSUBA	
	Hino Motors	MARELLI		
Chemistry	Shin-Etsu Chemical	Kyowa Kirin	KANTO DENKA KOGYO	
Business equipment	CANON ELECTRONICS	SANDEN		
Beverages and feed	Meiji	SUNTORY	POKKA SAPPORO	
Foodstuffs	YAMAZAKI BAKING	BULL-DOG SAUCE	TAKASAKI MORINAGA	
	Takanashi Milk	Kellogg Japan	DANONE JAPAN	

Industrial Structure of Gunma Prefecture

■ Manufacturing industries drive Gunma economy (ranking of 47 prefectures of Japan)

- Concentration of outstanding technologies in manufacturing -

Gross production output for Gunma

The gross production output for the Gunma Prefecture is 8.9 trillion yen.

The prefecture ranks 17th among the 47 prefectures.

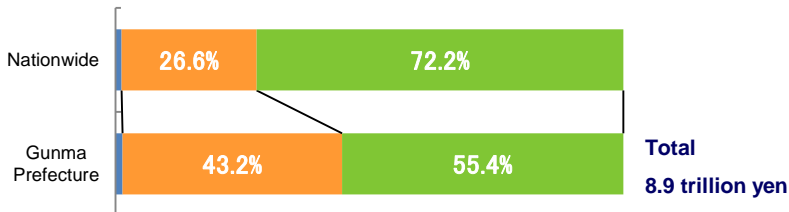
(Unit: trillion yen)

Ranking	Prefecture	Gross output	Ranking	Prefecture	Gross output
1	Tokyo Metropolis	106.9	13	Kyoto Prefecture	10.5
2	Aichi Prefecture	40.7	14	Miyagi Prefecture	9.5
3	Osaka Prefecture	39.4	15	Tochigi Prefecture	9.3
4	Kanagawa Prefecture	35.4	16	Niigata Prefecture	9.0
5	Saitama Prefecture	23.0	17	Gunma Prefecture	8.9
6	Hyogo Prefecture	21.0	18	Nagano Prefecture	8.5
7	Chiba Prefecture	20.9	19	Mie Prefecture	8.3
8	Fukuoka Prefecture	19.6	20	Fukushima Prefecture	7.8
9	Hokkaido	19.4	21	Gifu Prefecture	7.8
10	Shizuoka Prefecture	17.3	22	Okayama Prefecture	7.7
11	Ibaraki Prefecture	13.9	23	Shiga Prefecture	6.7
12	Hiroshima Prefecture	11.6	:	:	:

(Note): Based on "FY2018 Gunma Prefecture Economic Statistics"

Nominal (domestic) gross production output for Gunma by type of industry

■ Primary industry ■ Secondary industry ■ Tertiary industry



Source: Gunma Prefecture Bonds Investor Relations Data (October 2021 edition)

Breakdown of industries in Gunma

In the area of industry, the prefecture is characterized by the higher ratio of manufacturing industries (37.2%).

Industry	Percentage
Agriculture, forestry and fisheries	1.4%
Manufacturing	37.2%
Electricity, gas, and waterworks	2.5%
Construction	5.9%
Wholesale/retail	8.5%
Transport and postal services	3.3%
Hotels, lodging, and restaurant services	2.3%
Information communications	2.3%
Finance and insurance	3.0%
Real estate	9.3%
Others	24.3%
Total	100.0%

Manufactured goods shipment : Top in Japan (2018)

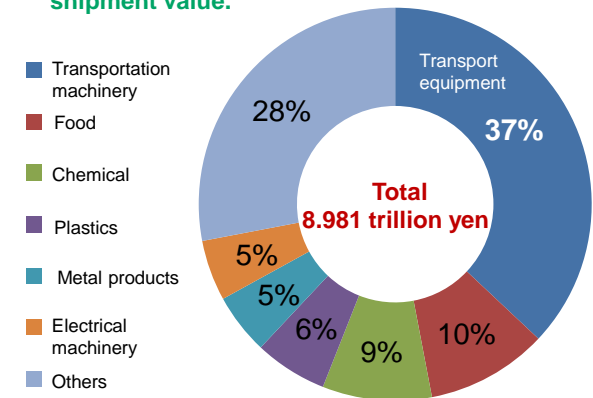
Finished goods	Shipment value
Passenger car body	79.3 bil. yen
Coffee drinks	37.3 bil. yen
Financial terminal equipment	36.0 bil. yen
Tofu	29.0 bil. yen

Source: Gunma Prefecture Bonds Investor Relations Data (October 2021 edition)



[Breakdown of manufactured goods shipment, etc.]

Transport equipment accounts for 37% in shipment value.



Source: Gunma Prefecture Bonds Investor Relations Data (October 2021 edition)

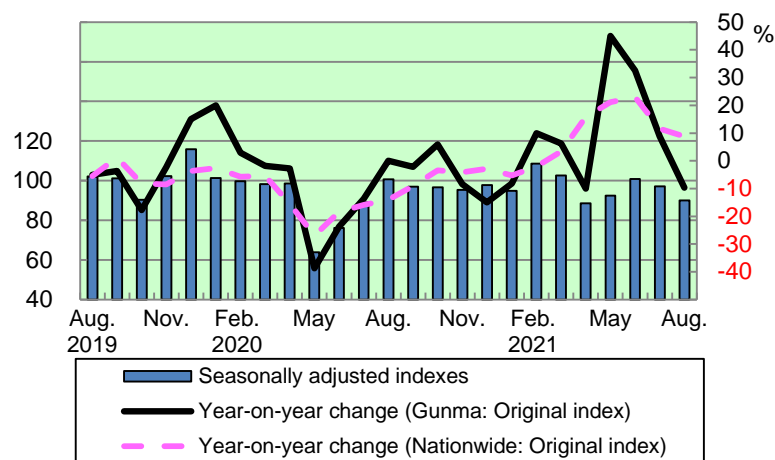
Ranks 2nd among 47 prefectures in ratio of transportation machinery production in gross output for the prefecture

Ranking	Prefecture	Gross output
1	Aichi Prefecture	19.3%
2	Gunma Prefecture	11.6%
3	Shizuoka Prefecture	10.5%
4	Hiroshima Prefecture	7.3%
5	Mie Prefecture	6.7%

(Note): Based on "FY2018 Gunma Prefecture Economic Statistics"

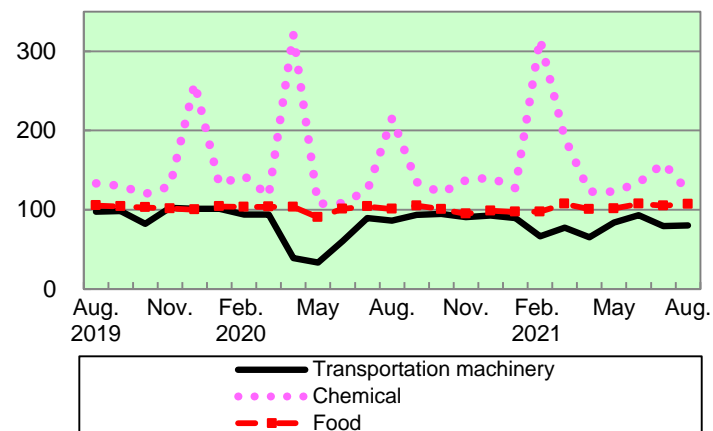
Economic Trends in Gunma Prefecture I

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



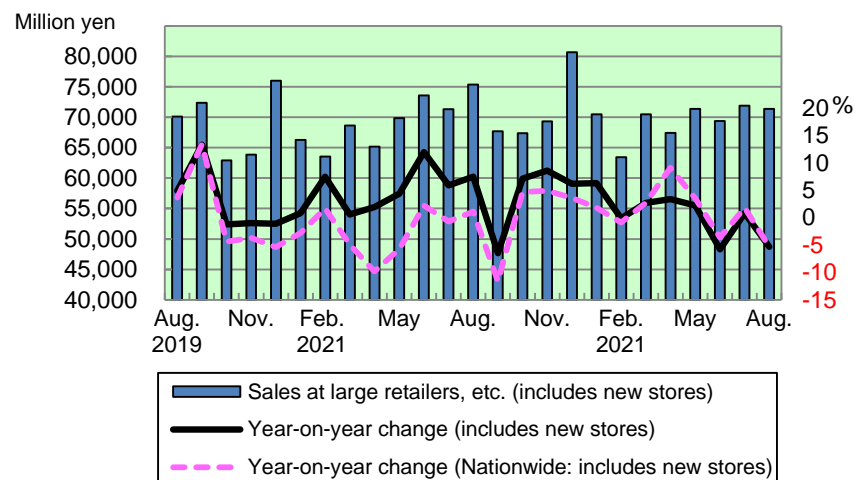
Source: Gunma Prefecture, Ministry of Economy, Trade and Industry

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



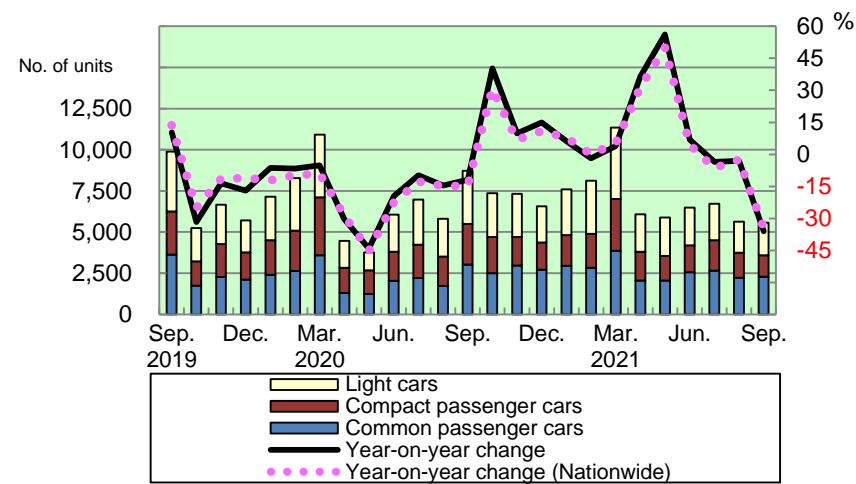
Source: Gunma Prefecture

■ Sales at large retailers, etc.



Source: Ministry of Economy, Trade and Industry

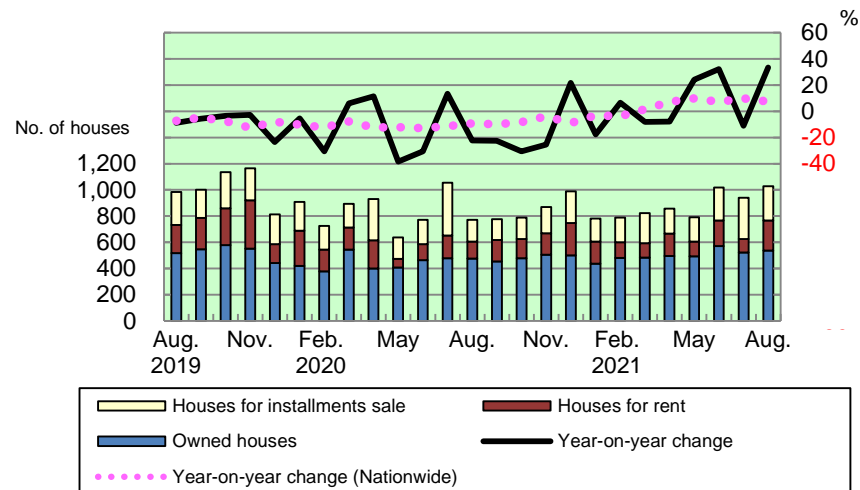
■ Sales of passenger cars



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

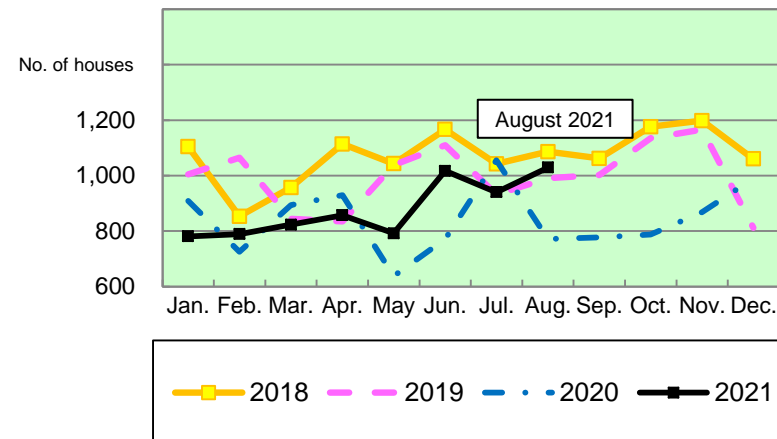
Economic Trends in Gunma Prefecture II

■ New housing starts



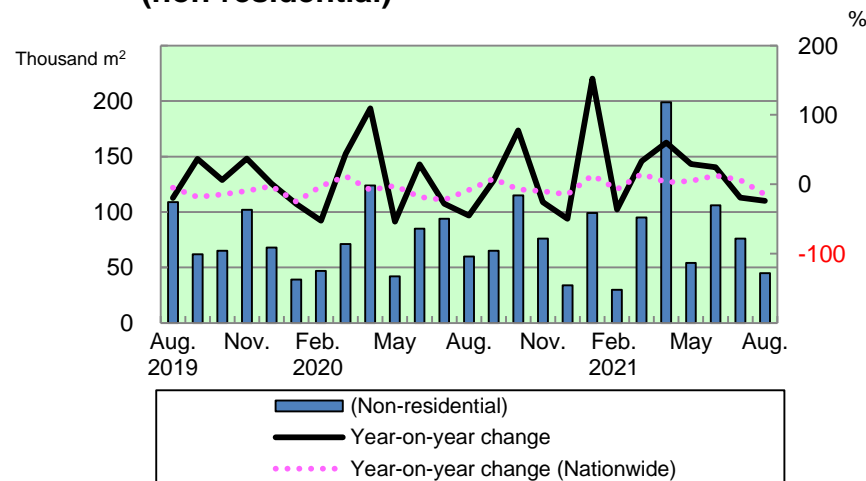
Source: Ministry of Land, Infrastructure, Transport and Tourism

■ Monthly movements in new housing starts



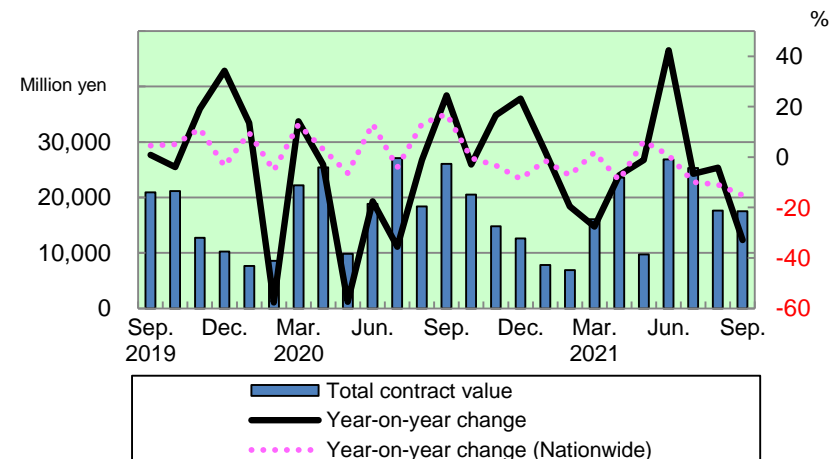
Source: Ministry of Land, Infrastructure, Transport and Tourism

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



Source: Ministry of Land, Infrastructure, Transport and Tourism

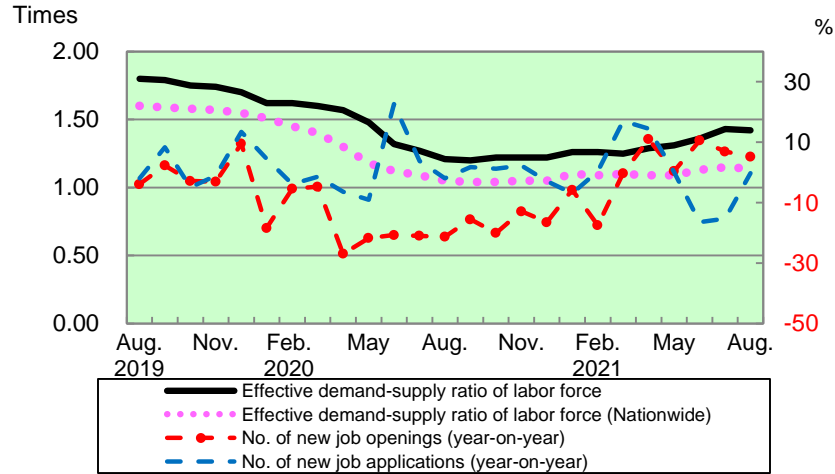
■ Value of public works contracts



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

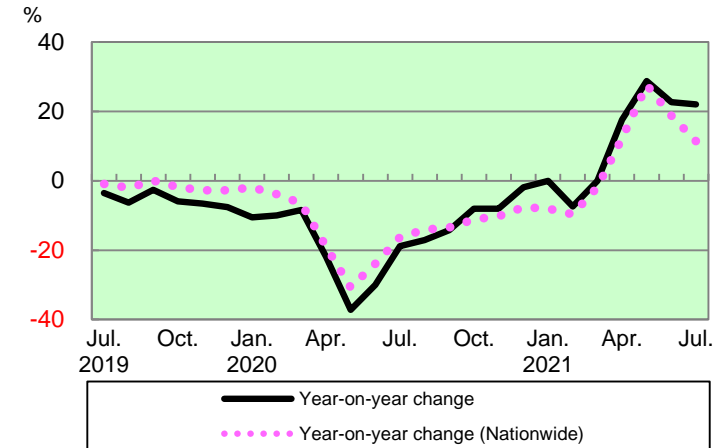
Economic Trends in Gunma Prefecture Ⅲ

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



Source: Gunma Labor Bureau

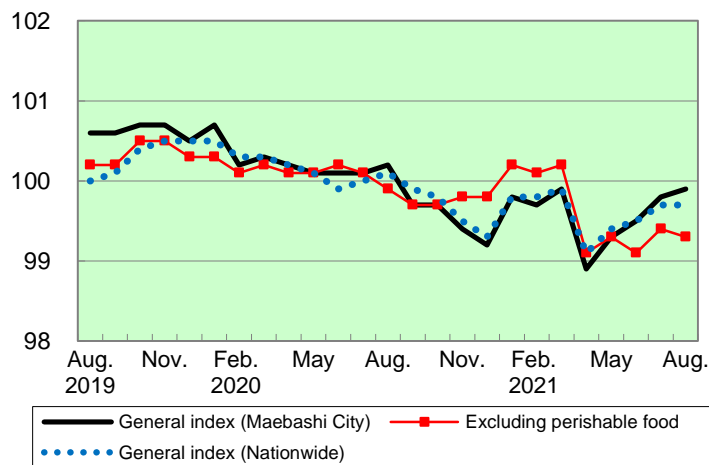
■ Total overtime hours



* All industries and offices with five employees or more

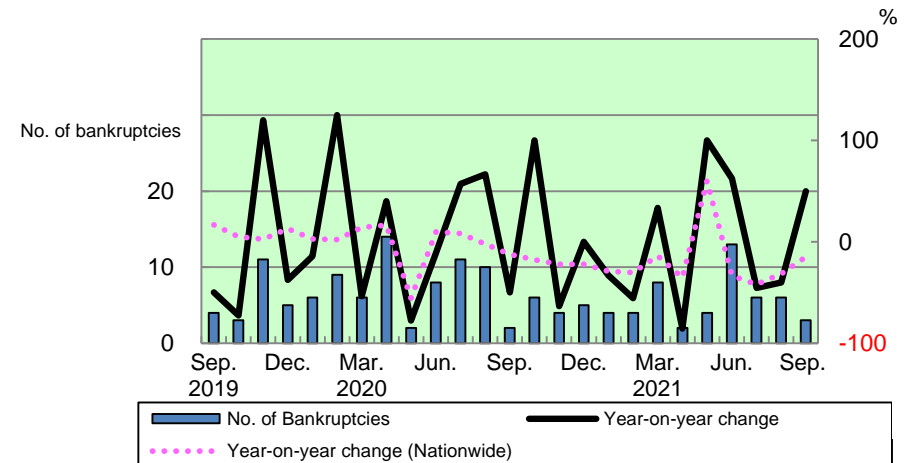
Sources: Ministry of Health, Labor and Welfare, Gunma Prefecture

■ Consumer price index (Year 2015 = 100)



Source: Ministry of Internal Affairs and Communications

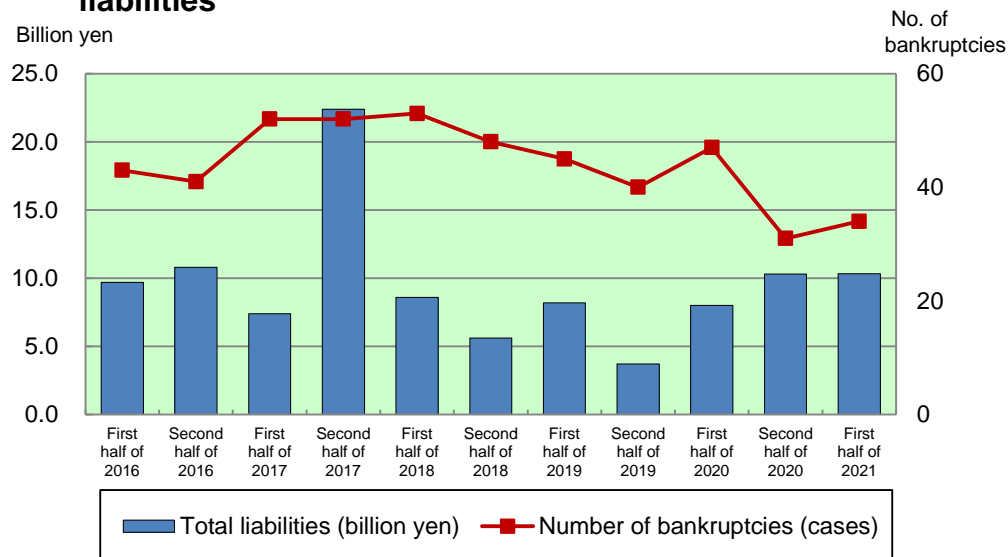
■ Number of bankruptcies



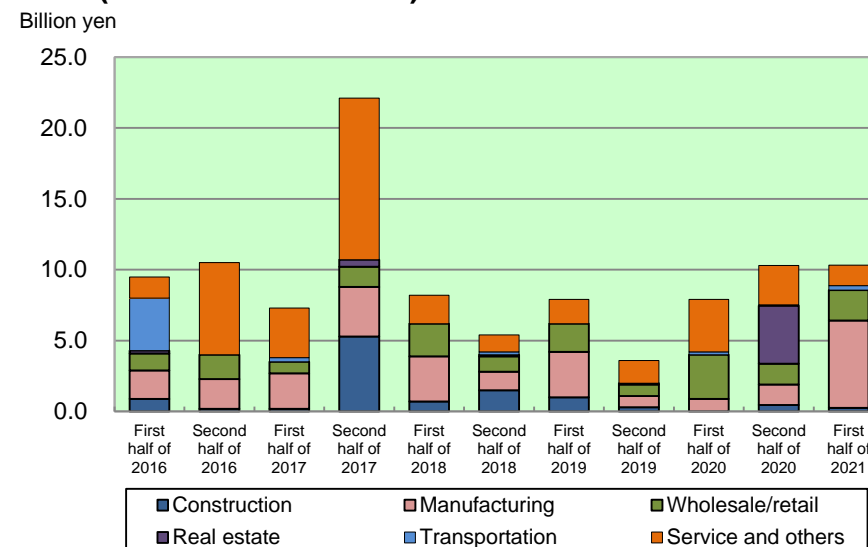
Source: Teikoku Databank

Economic Trends in Gunma Prefecture IV

■ Number of bankruptcies of companies and total liabilities



■ Industry breakdown of bankruptcies (amount of liabilities)



	FY2016		FY2017		FY2018		FY2019		FY2020		FY2021
	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	43 cases	41 cases	52 cases	52 cases	53 cases	48 cases	45 cases	40 cases	47 cases	31 cases	34 cases
Total liabilities	9.7	10.8	7.4	22.4	8.6	5.6	8.2	3.7	8.0	10.3	10.3
Construction	0.9	0.2	0.2	5.3	0.7	1.5	1.0	0.3	0.0	0.4	0.2
Manufacturing	2.0	2.1	2.5	3.5	3.2	1.3	3.2	0.8	0.9	1.4	6.1
Wholesale/retail	1.2	1.7	0.8	1.4	2.3	1.1	2.0	0.8	3.1	1.4	2.1
Real estate	0.2	-	-	0.5	-	0.1	-	0.1	0.0	4.0	-
Transportation	3.7	0.0	0.3	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.3
Services and others	1.5	6.5	3.5	11.4	2.0	1.2	1.7	1.6	3.7	2.7	1.4

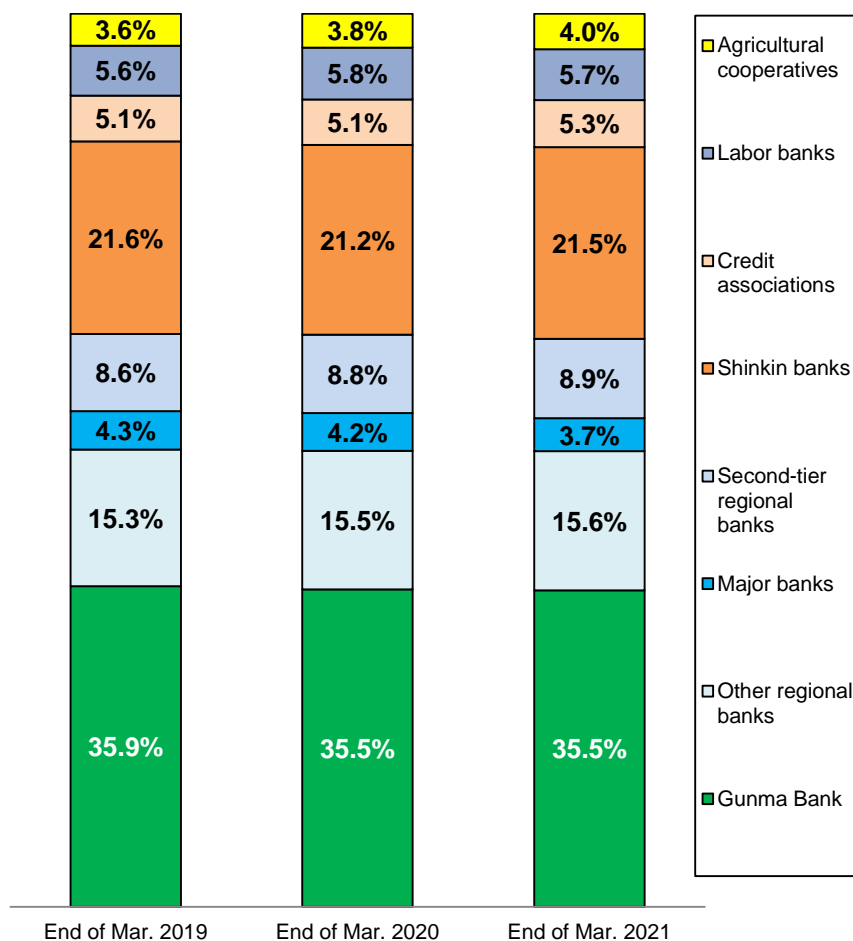
(*) Based on Teikoku Databank figures, includes only bankruptcies with liabilities of 10 million yen or more.

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

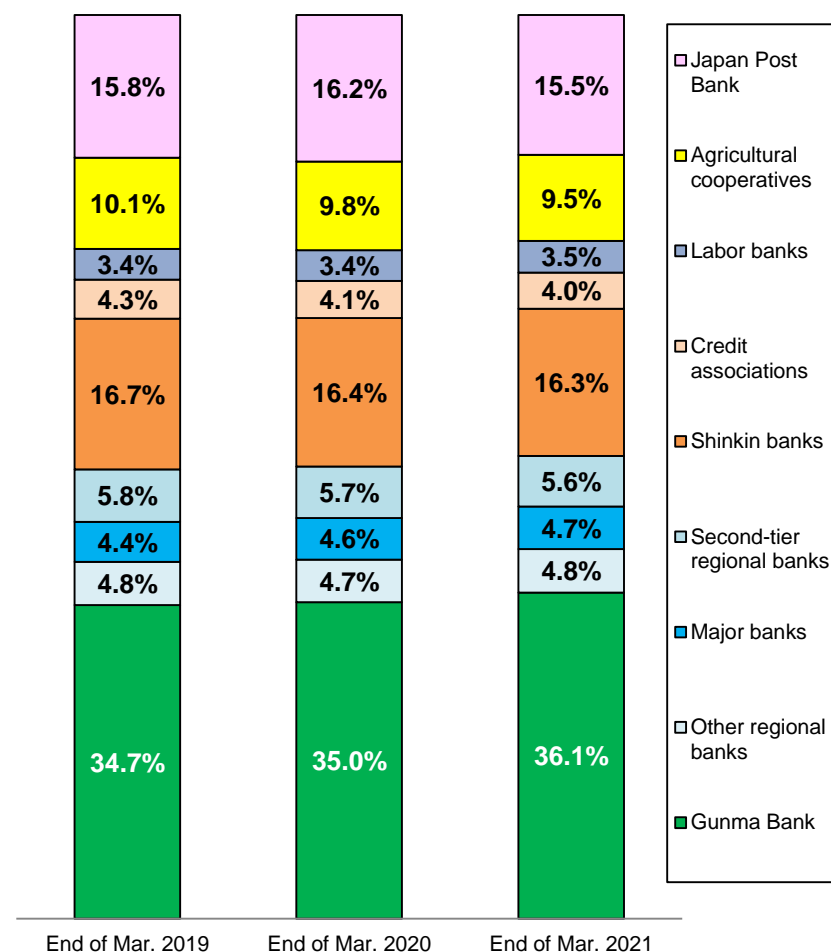
(*) First half: April–September, Second half: October–March

Economic Trends in Gunma Prefecture V

Shares in loans



Shares in deposits



(Note) Source: "Financial Map" from an extra number of the "Financial Journal" 2022edition

Profit and Loss Conditions (Consolidated)

[Profit and loss conditions (consolidated)]

(Unit: billion yen)

	Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep.2021
	Sep.2016		Sep.2017		Sep.2018		Sep.2019		Sep.2020		
Core gross business profits	46.9	93.0	50.5	95.0	48.6	91.0	44.5	84.7	43.3	86.4	48.3
Net interest income	39.9	78.9	41.3	77.2	39.4	74.3	35.8	67.5	34.2	67.2	37.4
Non-interest business profit	7.0	14.1	9.1	17.8	9.1	16.7	8.7	17.1	9.0	19.1	10.8
Net fees and commissions income	5.5	11.2	7.3	13.7	7.4	13.1	6.6	12.4	6.7	13.2	7.4
Others (excluding gain (loss) on bonds)	1.4	2.9	1.8	4.0	1.7	3.5	2.1	4.7	2.3	5.9	3.4
Expenses (-) (excluding non-recurrent expenses)	29.2	57.7	29.4	57.5	29.3	57.5	28.8	56.1	28.1	55.4	27.7
Core net business profit	17.7	35.2	21.0	37.5	19.3	33.4	15.7	28.5	15.2	30.9	20.6
Gain or loss on investment securities	6.0	8.9	10.1	10.8	8.2	11.8	5.7	7.4	8.6	12.6	5.5
Gain (loss) on bonds	1.1	-3.2	0.1	-4.2	-2.3	-2.7	1.2	0.5	2.8	3.1	0.7
Gain (loss) on stocks and other securities	4.9	12.1	10.0	15.0	10.6	14.5	4.4	6.9	5.8	9.4	4.7
Net credit costs (-)	2.1	6.1	0.4	2.8	1.6	8.7	2.6	4.8	6.5	22.4	2.9
Others	0.2	-1.5	-1.5	-3.1	-0.5	-0.8	0.0	0.4	-0.9	-1.0	0.4
Ordinary profit	21.8	36.5	29.2	42.4	25.3	35.7	18.8	31.5	16.4	20.0	23.6
Extraordinary income (losses)	-0.1	-0.2	-0.3	-1.0	-0.3	-0.4	-0.1	-0.6	0.1	-0.2	-1.2
Total income taxes (-)	4.0	9.8	8.5	12.6	7.5	11.7	5.2	8.4	4.2	6.3	7.0
Profit	17.6	26.3	20.3	28.7	17.5	23.6	13.4	22.3	12.3	13.5	15.3
Profit attributable to non-controlling interests (-)	0.1	0.0	0.2	0.3	0.1	0.2	0.0	0.0	-	-	-
Profit attributable to owners of parent	17.5	26.3	20.1	28.3	17.4	23.3	13.4	22.2	12.3	13.5	15.3
OHR (%)	62.2	62.0	58.2	60.5	60.3	63.2	64.7	66.3	64.8	64.1	57.4
ROE (%)	6.9	5.1	7.6	5.4	6.4	4.4	5.0	4.4	4.8	2.6	5.5

Profit and Loss Conditions (Non-consolidated)

[Profit and loss conditions (non-consolidated)]

(Unit: billion yen)

	Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep.2021
	Sep.2016		Sep.2017		Sep.2018		Sep.2019		Sep.2020		
Core gross business profits	44.9	88.6	47.8	89.5	45.9	85.6	41.6	78.4	40.1	80.2	44.7
Net interest income	40.0	79.0	41.4	77.3	39.5	74.4	35.8	67.6	34.4	68.5	37.7
Of which, Interest on loans and discounts	28.6	57.0	28.0	56.2	28.7	57.6	28.8	57.0	27.1	54.2	26.7
Of which, Interest and dividends on securities	13.3	26.7	16.5	27.6	14.0	22.7	9.8	15.9	8.2	15.6	10.9
Of which, Gain (loss) on cancellation of investment trusts	1.0	2.0	3.9	3.6	3.4	3.6	0.4	-1.4	1.3	0.3	1.6
Net fees and commissions	4.3	8.7	5.9	11.0	6.0	10.5	5.3	9.8	5.4	10.9	6.2
Others (excluding gain (loss) on bonds)	0.5	0.8	0.4	1.1	0.3	0.7	0.4	0.9	0.2	0.7	0.7
Expenses (-) (excluding non-recurrent expenses)	28.7	56.6	28.8	56.2	28.6	56.1	28.0	54.4	27.2	53.6	26.8
Personnel expenses	16.2	32.0	15.5	30.7	15.3	30.2	14.9	29.5	15.0	29.4	14.2
Non-Personnel expenses	10.5	21.3	11.3	22.4	11.3	22.7	11.1	22.0	10.4	21.1	10.9
Taxes	1.9	3.2	1.9	3.0	1.9	3.1	1.8	2.8	1.7	2.9	1.5
Core net business profit	16.1	31.9	19.0	33.2	17.3	29.5	13.6	24.0	12.9	26.6	17.9
Gain or loss on investment securities	6.0	8.9	10.1	10.8	8.2	11.7	5.7	5.4	8.6	12.5	5.5
Gain (loss) on bonds	1.1	-3.2	0.1	-4.2	-2.3	-2.7	1.2	0.4	2.8	3.1	0.7
Gain (loss) on stocks and other securities	4.9	12.1	10.0	15.0	10.6	14.4	4.4	5.0	5.8	9.3	4.8
Net credit costs (-)	1.4	4.7	0.3	2.3	1.2	7.9	2.3	4.3	5.9	21.0	2.5
Other non-recurrent income (losses)	0.2	-1.5	-1.5	-3.2	-0.6	-1.3	-0.0	0.2	-1.0	-1.2	0.3
Ordinary profit	20.9	34.5	27.2	38.5	23.7	31.9	17.0	25.3	14.6	16.8	21.2
Extraordinary income (losses)	-0.1	-0.2	-0.3	-1.0	-0.3	-0.4	-0.1	-0.6	0.1	-0.2	-1.2
Total income taxes (-)	3.7	9.0	7.9	11.4	6.9	10.5	4.6	6.7	3.8	4.9	6.1
Profit	17.0	25.2	18.9	26.0	16.4	20.9	12.2	17.9	10.9	11.6	13.8
Net credit costs	1.4	4.7	0.3	2.3	1.2	7.9	2.3	4.3	5.9	21.0	2.5
Net transfer to general allowance for loan losses	0.5	0.4	-1.0	-1.0	-1.2	0.3	-0.6	-1.1	4.3	14.5	0.1
Disposal of non-performing loans	0.8	4.3	1.4	3.4	2.5	7.6	3.0	5.4	1.6	6.4	2.4
Of which, Net transfer to specific allowance for loan losses	0.7	3.5	1.2	2.9	2.3	7.1	2.3	4.4	1.4	5.9	2.2
Of which, Losses on sales of loans	0.0	0.4	0.0	0.1	0.0	0.1	0.4	0.7	0.0	0.1	0.0
Recoveries of written off claims (-)	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. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep. 2021
	Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Customer service business profit ratio (* Annual ratio: (i)/(ii) X Number of days for adjustment)	0.05%	0.06%	0.08%	0.09%	0.13%	0.14%	0.16%	0.16%	0.11%	0.12%	0.15%
Customer service business profit (i)	1.6	3.9	2.7	6.2	4.6	9.2	5.4	11.1	4.2	9.2	5.9
Loan income	27.9	55.7	27.3	54.8	27.9	56.3	28.2	56.0	26.9	53.9	26.6
Net fees and commissions income	4.3	8.7	5.9	11.0	6.0	10.5	5.3	9.8	5.4	10.9	6.2
General and administrative expenses (-)	30.7	60.5	30.5	59.6	29.4	57.6	28.1	54.6	28.2	55.6	26.9
Average deposit balance (ii)	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	7,309.9	7,677.8

(i) Average loan balance x Deposit and loan direct profit margin + Net fees and commissions income – General and administrative expenses

< Reference data >

(Unit: billion yen)

	Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep. 2021
	Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Loan income (((iii) × (iv) × Number of days for adjustment)	27.9	55.7	27.3	54.8	27.9	56.3	28.2	56.0	26.9	53.9	26.6
Deposit and loan direct profit margin (iii)	1.111%	1.099%	1.029%	1.029%	1.019%	1.027%	1.023%	1.014%	0.955%	0.948%	0.932%
Loans yield	1.136%	1.125%	1.057%	1.054%	1.045%	1.050%	1.044%	1.033%	0.962%	0.954%	0.936%
Deposit cost	0.025%	0.026%	0.028%	0.025%	0.026%	0.023%	0.021%	0.019%	0.007%	0.006%	0.004%
Average loan balance (iv)	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	5,689.0	5,694.8

(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. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep. 2021
	Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Loans	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	5,689.0	5,694.8
Of which, Large enterprises	702.9	685.2	643.6	640.2	653.4	657.1	648.9	652.8	681.6	675.4	695.6
Of which, Second-tier enterprises	113.8	114.4	113.7	112.8	116.5	116.8	104.4	99.9	97.8	96.2	92.5
Of which, SMEs	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	2,429.4	2,423.6
Of which, Individuals	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	2,307.7	2,317.1
Of which, Public loans	121.1	120.5	214.1	200.1	169.8	142.1	99.5	96.3	90.6	125.8	110.2
Securities	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	1,955.8	2,330.6
Others	133.9	140.8	136.6	140.0	161.9	151.7	134.5	137.5	179.3	147.0	943.5
Earning assets in total	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	7,791.9	8,969.0

* 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. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep. 2021
	Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Deposits	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	7,309.9	7,677.8
(Of which, Individuals)	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	5,249.5	5,419.8
(Of which, Corporations)	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	1,761.9	1,903.1
Liquid deposits	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	5,324.6	5,709.5
Fixed deposits	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	1,985.3	1,968.2
Call money	69.2	72.9	48.8	45.3	19.7	26.1	17.8	16.0	16.5	134.9	373.3
Borrowings	255.7	263.6	320.6	321.5	339.9	356.7	425.2	430.2	584.5	789.8	1,391.1
Others	573.3	609.0	626.8	597.6	424.7	415.5	447.0	441.7	445.7	592.2	961.3
Funds in total	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	8,827.0	10,403.7

* 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. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep. 2021
		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Earning assets yield	(i)	1.18	1.18	1.23	1.16	1.19	1.13	1.07	1.01	0.94	0.91	0.85
Of which Loans yield	(ii)	1.13	1.12	1.05	1.05	1.04	1.05	1.04	1.03	0.96	0.95	0.93
Of which Securities yield		1.35	1.35	1.78	1.54	1.78	1.46	1.19	0.96	0.91	0.80	0.93
Funding cost	(iii)	0.06	0.08	0.10	0.10	0.10	0.09	0.08	0.08	0.03	0.02	0.01
Of which Deposit cost	(iv)	0.02	0.02	0.03	0.03	0.03	0.03	0.03	0.03	0.01	0.00	0.00
Overall direct profit margin	(i) — (iii)	1.12	1.10	1.13	1.06	1.09	1.04	0.99	0.93	0.91	0.89	0.84
Deposit and loan direct profit margin	(ii) — (iv)	1.11	1.10	1.02	1.02	1.01	1.02	1.01	1.00	0.95	0.95	0.93
Ratio of expenses		0.88	0.86	0.85	0.83	0.82	0.81	0.79	0.76	0.72	0.70	0.67
Overall profit margin		0.31	0.32	0.36	0.30	0.32	0.28	0.25	0.22	0.25	0.28	0.32

* Profit margins are calculated on the table.

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

(Unit: %)

[Domestic transactions]		Mar. 2017		Mar. 2018		Mar. 2019		Mar. 2020		Mar. 2021		Sep. 2021
		Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Earning assets yield	(i)	1.12	1.10	1.13	1.06	1.08	1.02	0.97	0.91	0.89	0.85	0.81
Of which Loans yield	(ii)	1.12	1.11	1.03	1.02	0.99	0.98	0.97	0.97	0.94	0.94	0.93
Of which Securities yield		1.25	1.20	1.66	1.34	1.61	1.29	1.08	0.83	0.85	0.65	0.87
Funding cost	(iii)	0.02	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00
Of which Deposit cost	(iv)	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Overall direct profit margin	(i) — (iii)	1.10	1.09	1.12	1.05	1.07	1.01	0.97	0.91	0.89	0.85	0.81
Deposit and loan direct profit margin	(ii) — (iv)	1.11	1.10	1.02	1.01	0.98	0.98	0.97	0.97	0.94	0.94	0.93
Ratio of expenses		0.86	0.85	0.83	0.81	0.81	0.79	0.77	0.75	0.71	0.68	0.65
Overall profit margin		0.27	0.27	0.32	0.27	0.30	0.26	0.23	0.20	0.23	0.25	0.30

* 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. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Mar. 2021		End of Sep. 2021
	Sep.2016		Sep.2017		Sep.2018		Sep.2019		Sep.2020		
Gunma	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	2,439.6	2,436.7
Saitama	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	1,132.5	1,115.3
Tochigi	456.5	471.4	484.1	495.0	506.6	514.2	510.3	509.4	513.1	509.5	504.0
Tokyo,Kanagawa,and Osaka	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	1,404.5	1,404.3
Head Office, etc.	130.7	170.5	298.9	262.9	212.3	202.3	205.9	212.3	208.1	209.0	211.2
Total	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	5,695.3	5,671.7

[Deposits (ending balance)]

(Unit: billion yen)

[Domestic branches]	End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Mar. 2021		End of Sep. 2021
	Sep.2016		Sep.2017		Sep.2018		Sep.2019		Sep.2020		
Gunma	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	6,317.1	6,255.7
Saitama	613.6	629.3	639.2	646.6	655.6	654.5	654.2	662.4	708.4	731.2	733.1
Tochigi	351.5	356.3	360.4	362.3	365.3	364.9	364.1	369.8	391.4	400.0	405.6
Tokyo,Kanagawa,and Osaka	169.3	176.9	192.5	202.7	224.6	217.6	237.1	215.2	216.5	227.6	235.8
Head Office, etc.	23.3	39.7	29.9	33.2	22.0	22.8	28.9	30.9	51.1	58.6	63.4
Total	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	7,734.7	7,693.8

Changes in Loans (by Type and by Size)

[Loan balances (by type and by size)]

(Unit: billion yen)

	End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Mar. 2021		End of
	Sep.2016		Sep.2017		Sep.2018		Sep.2019		Sep.2020		Sep.2021
Loans	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	5,749.6	5,733.9
Domestic branches	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	5,695.3	5,671.7
Corporations	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	3,169.4	3,117.5
Large enterprises	611.3	579.1	567.4	564.9	579.5	554.2	558.0	566.8	579.8	591.5	610.8
Second-tier enterprises	115.4	114.4	113.4	112.1	119.6	110.8	93.6	95.0	95.1	90.8	89.7
SMEs	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	2,487.0	2,416.9
Of which, Excluding strategic branch offices	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	2,340.7	2,314.8
Public entities	114.5	106.7	106.0	102.2	102.4	97.8	94.7	87.6	86.3	92.4	110.8
Regional public corporations	1.9	2.9	1.9	2.7	1.8	2.5	1.7	2.4	1.8	2.3	2.0
Municipal authorities	112.6	103.8	104.1	99.5	100.5	95.3	93.0	85.1	84.5	90.0	108.8
Central government	–	20.9	136.7	89.4	22.6	–	–	–	–	–	–
Individuals	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	2,316.6	2,324.7
Housing-related loans	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	2,237.3	2,246.2
Housing loans	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	1,328.7	1,341.2
Apartment loans	519.8	546.9	568.4	593.4	613.3	631.6	641.7	651.4	649.7	649.8	649.4
Others	217.7	240.1	258.8	272.5	277.6	281.5	272.8	269.4	264.4	258.7	255.5
Unsecured consumer loans	41.6	44.8	46.6	48.8	50.0	51.5	53.2	54.6	53.7	54.7	55.4
Other loans to individuals	27.8	26.8	25.6	24.6	24.5	23.9	27.9	26.7	24.6	24.4	23.0
Cross-border, etc.	66.1	80.3	88.8	95.8	107.9	117.6	118.5	123.3	116.6	116.7	118.5
Overseas branch	42.2	48.2	50.7	49.2	57.9	52.7	48.0	54.2	52.1	54.2	62.1

* 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. 2020		End of Mar. 2021		End of Sep.2021
	Sep.2019		Sep.2020		
Manufacturing	457.9	463.2	480.8	482.1	475.6
Gunma	276.4	279.1	296.3	300.3	297.1
Saitama	92.2	93.6	92.0	91.3	88.9
Tochigi	61.3	62.8	63.6	62.1	61.4
Tokyo and Kanagawa	22.3	21.8	23.0	22.6	22.6
Others	5.6	5.6	5.7	5.7	5.4
Construction	159.9	165.0	176.2	188.6	183.1
Gunma	97.8	102.8	109.2	118.0	112.2
Saitama	27.5	28.5	29.8	30.5	30.6
Tochigi	17.6	17.4	19.8	21.9	21.8
Tokyo and Kanagawa	15.3	14.1	15.1	15.2	15.8
Others	1.7	2.0	2.2	2.7	2.4
Wholesaling and retailing	336.4	332.1	350.6	352.7	352.2
Gunma	180.2	177.1	186.5	189.7	191.4
Saitama	76.5	76.5	83.0	83.5	80.3
Tochigi	35.8	35.7	37.7	38.1	38.8
Tokyo and Kanagawa	39.7	38.3	39.2	37.6	38.0
Others	4.2	4.3	3.9	3.7	3.6

(Unit: billion yen)

SMEs (domestic branches) [Breakdown: by industry(2)]	End of Mar. 2020		End of Mar. 2021		End of Sep.2020
	Sep.2019		Sep.2020		
Real estate	465.0	464.8	452.8	448.7	438.3
Gunma	123.5	126.9	126.0	128.3	127.1
Saitama	155.6	155.4	151.3	148.4	139.4
Tochigi	52.9	51.1	49.7	48.0	47.0
Tokyo and Kanagawa	128.8	127.1	121.1	119.2	120.1
Others	4.2	4.1	4.4	4.7	4.5
Healthcare and public welfare	269.4	271.0	293.5	292.6	289.9
Gunma	114.2	115.7	124.8	122.7	122.5
Saitama	64.9	62.8	65.8	64.5	64.2
Tochigi	14.6	14.9	15.5	15.2	15.1
Tokyo and Kanagawa	73.0	74.8	84.7	87.2	86.6
Others	2.7	2.6	2.6	2.6	1.3
Other services	241.5	238.1	266.4	268.4	264.3
Gunma	130.1	129.2	148.1	151.1	148.8
Saitama	49.9	49.4	53.5	54.7	53.7
Tochigi	30.1	29.2	31.2	31.7	30.7
Tokyo and Kanagawa	29.5	28.3	31.3	28.6	28.8
Others	1.8	1.9	2.1	2.2	2.2

Status of Housing-related Loans

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

(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 Mar. 2021		End of Sep.2021
		Sep.2016		Sep.2017		Sep.2018		Sep.2019		Sep.2020		
Housing loans	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	1,328.7	1,341.2
Gunma	720.4	716.8	712.8	708.5	706.7	703.4	701.5	698.3	698.1	699.2	709.3	721.7
Saitama	320.0	321.8	323.8	325.8	327.7	327.7	326.5	324.1	320.9	318.8	318.2	317.0
Tochigi	119.9	119.2	118.1	117.2	116.5	115.8	114.4	113.1	111.2	110.1	108.9	107.7
Tokyo and Kanagawa	124.6	135.7	145.6	155.8	163.7	169.4	174.4	178.0	182.0	186.6	192.2	194.6
Apartment loans	491.9	519.8	546.9	568.4	593.4	613.3	631.6	641.7	651.4	649.7	649.8	649.4
Gunma	233.1	240.0	247.0	251.4	255.6	257.8	259.3	259.6	259.9	256.7	250.4	247.5
Saitama	113.5	119.5	126.5	129.5	135.4	141.4	147.7	150.2	154.0	154.2	158.8	160.2
Tochigi	94.3	99.6	103.1	106.1	110.0	112.4	114.6	116.1	116.0	115.5	115.2	114.2
Tokyo and Kanagawa	50.8	60.5	70.3	81.2	92.3	101.6	109.8	115.6	121.3	123.1	125.3	127.3

[Status of loans for investment real estate]

(Unit: billion yen)

	Mar. 2019				Mar. 2020				Mar. 2021			
	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	5,565.4	46.8	0.8%	100.0%	5,602.3	36.8	0.7%	100.0%	5,749.6	147.3	2.6%	100.0%
Of which, for investment real estate	1,026.6	69.0	7.2%	18.4%	1,038.4	11.8	1.2%	18.5%	1,021.8	-16.6	-1.6%	17.8%
Of which, whole building	227.2	20.1	9.7%	4.0%	220.8	-6.3	-2.8%	3.9%	211.5	-9.3	-4.2%	3.7%
Of which, asset management companies	61.0	9.1	17.6%	1.0%	59.1	-1.9	-3.1%	1.1%	57.4	-1.7	-3.0%	1.0%
Of which, salaried workers	32.5	0.7	2.2%	0.5%	31.7	-0.8	-2.6%	0.6%	31.5	-0.1	-0.6%	0.5%

* 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.

< DSCR and vacancy rate >

	Mar. 2020				Mar. 2021			
	Total	Maebashi city	Takasaki city	Tokyo and Kanagawa	Total	Maebashi city	Takasaki city	Tokyo and Kanagawa
Vacancy rate (%)	4.5	7.4	4.5	2.8	4.1	7.0	4.4	2.5
DSCR (times)	1.36	1.33	1.36	1.45	1.35	1.32	1.35	1.45

< Default rate >

(Unit: %)

	Mar. 2020	Mar. 2021
For investment real estate	0.26	0.27
Of which apartment loans	0.13	0.09

* Cases in inheritance proceedings are excluded.

Status of Non-interest Business Profit (Consolidated)

[Breakdown non-interest business profit (excluding gain(loss) on bonds) 【 i 】]

(Unit: million yen)

	Mar. 2019	Mar. 2020		Mar. 2021		(Unit: million yen)
	Sep. 2019		Sep. 2020		Sep. 2021	
Non-interest business profit	16,757	8,773	17,160	9,088	19,162	10,875
Of which, Gungin Securities	1,297	822	2,063	1,233	3,659	1,836
Of which, Gungin Leasing	2,501	1,309	2,684	1,327	2,685	1,374
Of which, Gunma Credit Guarantee	2,515	1,263	2,554	1,273	2,545	1,267

[Breakdown non-interest business profit (excluding gain(loss) on bonds) 【 ii 】]

(Unit: million yen)

	Mar. 2019		Sep.2019		Mar. 2020		Sep.2020		Mar. 2021		Sep. 2021	
	* (Composition ratio)		(Composition ratio)		(Composition ratio)		(Composition ratio)		(Composition ratio)		(Composition ratio)	
Corporate service-related	2,214	100.0%	1,323	100.0%	2,880	100.0%	1,050	100.0%	2,983	100.0%	1,808	100.0%
Syndicate loans	532	24.1%	305	23.1%	702	24.4%	220	21.0%	624	20.9%	346	19.2%
Covenant loans	63	2.9%	53	4.0%	236	8.2%	154	14.7%	343	11.5%	171	9.5%
Business matching	307	13.9%	210	15.9%	439	15.3%	146	13.9%	346	11.6%	241	13.3%
Financial product intermediation (including Gungin Securities)	108	4.9%	81	6.2%	186	6.5%	114	11.0%	361	12.1%	140	7.8%
M&A	181	8.2%	152	11.5%	277	9.6%	105	10.1%	377	12.7%	157	8.7%
Private placement bonds	257	11.6%	135	10.3%	290	10.1%	87	8.3%	199	6.7%	94	5.2%
Derivatives (interest and currency)	434	19.6%	316	23.9%	623	21.6%	166	15.9%	537	18.0%	542	30.0%
Others (including Gungin Consulting)	329	14.8%	67	5.1%	124	4.3%	54	5.1%	191	6.5%	114	6.3%
Deposit financial assets-related, etc.	5,305	100.0%	2,603	100.0%	5,530	100.0%	2,717	100.0%	7,140	100.0%	3,948	100.0%
Investment trust	2,397	45.2%	1,073	41.2%	2,211	40.0%	1,039	38.3%	2,558	35.8%	1,515	38.4%
Insurance (for individuals)	1,658	31.2%	745	28.6%	1,374	24.9%	501	18.4%	1,159	16.2%	652	16.5%
Gungin Securities (for individuals)	1,189	22.4%	741	28.5%	1,877	33.9%	1,118	41.2%	3,297	46.2%	1,695	43.0%
Testamentary trust/Inheritance sorting	39	0.8%	18	0.7%	30	0.6%	27	1.0%	72	1.0%	59	1.5%
Trust fee	20	0.4%	24	1.0%	36	0.6%	30	1.1%	53	0.8%	25	0.6%
Others	9,237	100.0%	4,847	100.0%	8,748	100.0%	5,320	100.0%	9,038	100.0%	5,118	100.0%
Of which, Base service commisions (Domestic exchange, agency services, etc.)	8,322	90.1%	4,247	87.6%	8,509	97.3%	4,208	79.1%	8,452	93.5%	4,240	82.8%

* The composition ratio is calculated as a percentage of each non-interest business profit.

Status of Marketing Capability for Personal Deposit Financial Assets

[Balance of deposit financial assets]

(Unit: billion yen)

	End of Mar. 2019		End of Mar. 2020		End of Mar. 2021		End of Sep. 2021
	Sep. 2018		Sep. 2019		Sep. 2020		
Individuals	828.4	828.9	833.5	798.9	834.5	870.7	901.5
Investment trust	246.7	243.4	240.6	210.5	224.2	244.5	256.7
Pension insurance, etc.	473.9	473.9	472.4	469.6	469.8	474.8	481.4
Public bonds (JGBs)	55.0	48.4	44.3	40.9	39.1	37.1	36.3
Gungin Securities (directly sale or intermediation)	52.6	63.1	76.0	77.8	101.3	114.1	127.0
Corporations, etc.	44.8	48.6	54.1	51.8	61.5	65.1	71.6
Bank, non-consolidated	20.5	20.2	17.8	16.4	15.8	14.5	14.6
Gungin Securities (directly sale or intermediation)	24.2	28.3	36.2	35.4	45.6	50.5	57.0
Total	873.2	877.6	887.6	850.8	896.1	935.8	973.2

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

(Unit: billion yen)

	Mar. 2020			Mar. 2021			Sep. 2021
	First half	Second half		First half	Second half		
Investment trust	28.7	38.0	66.8	30.4	53.0	83.4	48.9
Pension insurance, etc.	17.5	14.3	31.9	12.4	20.2	32.6	20.4
Public bonds (JGBs)	3.6	2.5	6.2	2.7	2.8	5.6	15.5
Gungin Securities (directly sale or intermediation)	21.7	30.8	52.6	28.0	54.2	82.2	61.1
Total	71.6	85.9	157.5	73.6	130.4	204.0	146.0

* From the second half of Mar. 2021, "Investment trust" and "Pension insurance, etc." include the sales amount of corporations, etc.

** From the first half of Mar. 2022 (Sep. 2021), "Public bonds (JGBs)" includes the sales amount of corporations, etc. and bond intermediation, and "Gungin Securities" includes the sales amount of corporations, etc.

Status of Investment in Securities

[Breakdown of gain or loss on investment securities]

(Unit: million yen)

	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021
Gain or loss on investment securities	11,773	5,737	5,470	8,698	12,547	5,549
Gain (loss) on bonds	-2,704	1,295	432	2,851	3,193	742
Gain on sale	584	1,295	3,717	3,150	3,652	3,547
Gain on redemption	35	29	39	29	29	—
Loss on sales (-)	3,284	—	3,295	329	489	2,805
Loss on devaluation (-)	39	29	29	—	—	—
Gain (loss) on stocks and other securities	14,478	4,442	5,038	5,846	9,354	4,807
Gain on sales	16,159	5,849	8,125	7,216	12,310	6,076
Loss on sales (-)	1,680	1,017	1,861	1,306	2,933	1,194
Loss on devaluation (-)	—	389	1,225	63	21	74

[Breakdown of other securities]

(Unit: billion yen)

	End of Mar. 2019		End of Sep. 2019		End of Mar. 2020		End of Sep. 2020		End of Mar. 2021		End of Sep. 2021	
	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	1,576.6	111.0	1,621.3	127.0	1,741.1	43.8	1,870.6	71.0	2,297.4	100.9	2,363.5	104.3
Government bonds	287.4	5.8	275.0	6.1	345.7	0.8	446.3	1.1	680.7	-1.5	838.6	1.2
Municipal bonds	638.3	9.4	651.6	8.3	692.7	5.9	714.9	5.4	745.6	4.5	747.5	4.0
Corporate bonds	199.3	2.3	190.8	3.0	204.8	1.0	204.9	1.0	203.9	0.4	197.7	1.0
Stocks	73.7	85.2	69.9	85.6	67.7	57.0	87.2	62.7	111.4	83.9	130.8	83.3
Investment trusts	241.2	5.5	270.9	17.8	236.6	-20.7	217.5	-3.9	205.8	9.2	163.0	7.2
Foreign securities	133.5	2.5	158.8	5.9	186.8	-0.6	195.9	4.6	345.3	3.8	280.5	6.6
Yen-denominated securities	9.9	0.0	9.8	0.0	10.1	0.0	5.1	0.0	4.1	0.0	4.1	0.0
Foreign-currency securities	123.5	2.5	149.0	5.8	176.6	-0.6	190.7	4.5	341.1	3.8	276.3	6.6
Others	2.9	0.0	4.0	0.1	6.5	0.3	3.7	0.0	4.3	0.3	5.0	0.6

[Bond average yield and duration]

	Mar. 2019		Sep. 2019		Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021	
	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 (%)	0.62	2.86	0.54	2.14	0.49	1.91	0.36	1.30	0.31	1.33	0.29	1.19
Modified duration (year)	4.53	2.92	5.02	4.21	5.66	4.38	6.22	3.72	7.24	4.24	7.86	4.03

Status of Capital

[Status of capital (consolidated)]

(Unit: billion yen)

	End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Mar. 2021		End of Sep. 2021
	Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Total capital	469.7	498.7	521.2	522.0	540.1	529.9	557.4	505.7	536.4	564.9	574.9
Common equity Tier1 capital	442.8	472.7	485.7	497.6	505.5	495.6	512.9	454.5	485.1	513.8	523.7
Other Tier1 capital	–	0.7	0.6	2.9	3.0	2.7	2.9	–	–	–	–
Tier2 capital	26.8	25.1	34.8	21.4	31.5	31.5	41.6	51.2	51.2	51.1	51.1
Risk assets	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	4,433.4	4,352.9
Total capital ratio	12.45%	12.58%	12.96%	12.41%	12.99%	12.25%	12.97%	11.95%	12.57%	12.74%	13.20%
Tier1 ratio	11.74%	11.94%	12.09%	11.90%	12.23%	11.52%	12.00%	10.74%	11.37%	11.58%	12.03%
Common equity Tier1 ratio	11.74%	11.93%	12.07%	11.83%	12.16%	11.45%	11.93%	10.74%	11.37%	11.58%	12.03%

[Status of capital (non-consolidated)]

(Unit: billion yen)

	End of Mar. 2017		End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Mar. 2021		End of Sep. 2021
	Sep. 2016		Sep. 2017		Sep. 2018		Sep. 2019		Sep. 2020		
Total capital	453.7	476.3	497.6	497.3	513.7	504.8	530.9	483.4	512.2	533.6	542.0
Common equity Tier1 capital	428.6	452.7	464.4	477.2	483.7	474.7	490.9	433.4	462.1	483.5	491.9
Tier2 capital	25.1	23.6	33.2	20.0	30.0	30.0	40.0	50.0	50.0	50.1	50.0
Risk assets	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	4,378.2	4,292.6
Total capital ratio	12.19%	12.17%	12.53%	11.98%	12.54%	11.84%	12.55%	11.57%	12.16%	12.18%	12.62%
Tier1 ratio	11.51%	11.56%	11.70%	11.50%	11.81%	11.13%	11.60%	10.37%	10.97%	11.04%	11.46%
Common equity Tier1 ratio	11.51%	11.56%	11.70%	11.50%	11.81%	11.13%	11.60%	10.37%	10.97%	11.04%	11.46%

Status of Risk Management Loans

[Risk management loans by industry and risk management loans]

(Unit: billion yen)

	End of Mar. 2019		End of Mar. 2020				End of Mar. 2021				End of Sep. 2021	
	(Composition ratio)		Sep. 2019	(Composition ratio)	(Composition ratio)		Sep. 2020	(Composition ratio)	(Composition ratio)		(Composition ratio)	
Risk management loans	99.4	100.0%	104.8	100.0%	107.1	100.0%	113.6	100.0%	134.0	100.0%	119.9	100.0%
Of which, Manufacturing	20.7	20.9%	22.1	21.1%	21.6	20.2%	25.0	22.0%	41.5	31.0%	30.1	25.1%
Of which, Wholesaling and retailing	15.7	15.8%	18.1	17.3%	17.9	16.8%	20.0	17.7%	22.1	16.5%	21.2	17.7%
Of which, Healthcare and public welfare	14.8	15.0%	16.5	15.8%	16.7	15.7%	15.6	13.8%	14.9	11.2%	12.3	10.3%
Of which, Real estate and goods rental	11.0	11.1%	10.1	9.7%	10.3	9.7%	10.7	9.4%	10.8	8.1%	10.5	8.8%
Of which, Other services	15.1	15.2%	16.0	15.3%	15.6	14.6%	19.1	16.8%	19.8	14.8%	21.4	17.9%
Ratio of risk management loans	1.78%		1.88%		1.91%		1.99%		2.33%		2.09%	

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

Ratio of risk management loans	1.46%		1.56%		1.57%		1.65%		2.00%		1.77%	
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[Credit balance by borrower category]

(Unit: billion yen)

	End of Mar. 2019		End of Mar. 2020				End of Mar. 2021				End of Sep. 2021	
	(Composition ratio)		Sep. 2019	(Composition ratio)	(Composition ratio)		Sep. 2020	(Composition ratio)	(Composition ratio)		(Composition ratio)	
Normal borrowers	5,158.8	91.5%	5,133.8	91.2%	5,148.1	90.5%	5,147.6	88.8%	5,148.9	88.4%	5,131.0	88.2%
Borrowers requiring caution	321.7	5.7%	338.8	6.0%	386.3	6.8%	493.1	8.5%	511.4	8.8%	502.9	8.7%
Potentially bankrupt borrowers	34.5	0.6%	37.2	0.7%	35.8	0.6%	39.3	0.7%	45.1	0.8%	43.4	0.7%
Effectively bankrupt borrowers	24.0	0.4%	20.8	0.4%	21.6	0.4%	18.0	0.3%	19.8	0.3%	19.1	0.3%
Bankrupt borrowers	5.8	0.1%	8.2	0.1%	8.2	0.1%	10.1	0.2%	8.4	0.1%	8.9	0.2%
Others (municipal authorities, etc.)	95.4	1.7%	93.1	1.6%	85.2	1.6%	84.6	1.5%	90.2	1.6%	108.9	1.9%
Total	5,640.4	100.0%	5,632.1	100.0%	5,685.5	100.0%	5,793.0	100.0%	5,824.1	100.0%	5,814.3	100.0%

Transition in Loans by Borrower Category

[Transaition 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 Sep.2021									Total	
			Normal borrowers	Expected loss (i)	Expected loss (ii)	Potentially bankrupt borrowers	Effectively bankrupt borrowers	Bankrupt borrowers	Others	Breakdown: full recovery/ repayment	Breakdown: sale and write-off of loans	Upgrade	Down grade
End of Mar. 2021	Normal borrowers	(23,013)	(21,269)	(899)	(21)	(2)	(6)	(1)	(815)	(815)	(0)	(0)	(929)
		2,922.5	2,828.6	44.1	10.0	0.0	0.0	0.0	39.8	39.8	—	—	54.3
	Expected loss (i)	(6,439)	(503)	(5,616)	(43)	(31)	(17)	(2)	(227)	(227)	(0)	(503)	(93)
		332.4	20.1	300.4	6.6	2.7	0.2	0.0	2.4	2.4	—	20.1	9.6
	Expected loss (ii)	(500)	(22)	(13)	(434)	(16)	(5)	(0)	(10)	(9)	(1)	(35)	(21)
		104.5	2.5	1.5	80.4	3.4	0.3	—	16.4	5.5	10.9	4.1	3.8
	Potentially bankrupt borrowers	(603)	(0)	(14)	(4)	(538)	(28)	(4)	(15)	(13)	(2)	(Below potentially bankrupt borrowers)	
		41.1	—	1.4	0.0	34.7	3.4	0.8	0.8	0.7	0.0		
	Effectively bankrupt borrowers	(270)	(0)	(0)	(0)	(3)	(209)	(11)	(47)	(28)	(19)	(18)	(0)
		16.1	—	—	—	0.2	12.5	1.2	2.2	0.3	1.8	1.5	—
	Bankrupt borrowers	(74)	(0)	(0)	(0)	(0)	(0)	(54)	(20)	(7)	(13)	(556)	
		8.0	—	—	—	—	—	7.1	0.9	0.1	0.7		
	Total	(30,899)	(21,794)	(6,542)	(502)	(590)	(265)	(72)	(1,134)	(1,099)	(35)	(556)	(1,043)
		3,425.8	2,851.4	347.5	97.2	41.1	16.7	9.2	62.7	49.1	13.6	25.8	67.8

- (Notes) 1. What is shown here is transition in borrower categories from the end of March 2021 to the end of September 2021.
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 FY2021 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 FY2021.
5. Expected loss classification (i) is calculated as borrowers requiring caution other than special caution, excluding those with realistic, comprehensive business reconstruction plans.
Expected loss classification (ii) is calculated as borrowers requiring caution other than special caution 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 FY2020			First half of FY2021		
	Forecast risk amount	Capital to be distributed	Composition ratio	Forecast risk amount	Capital to be distributed	Composition ratio
Credit Risk	125.7	137.9	32.6%	130.1	142.8	32.9%
Total market risks	95.1	131.0	31.0%	103.2	128.6	29.6%
Market risk (investment securities shares, investment trusts, etc.)	70.9	98.2	23.2%	81.5	102.7	23.6%
Market risk (trading)	0.5	0.5	0.1%	0.6	0.6	0.1%
Market risk (loans and deposits, etc.)	23.7	32.3	7.6%	21.1	25.3	5.8%
Strategically held stocks	—	—	—	—	—	—
Operational risk	12.9	12.9	3.0%	12.5	12.5	2.9%
Subsidiaries risk	6.0	6.7	1.6%	6.2	6.9	1.6%
Total capital distribution ・・・(a)	239.7	288.5	68.2%	252.0	290.8	66.9%
Distribution source ・・・(b)	—	423.1	100.0%	—	434.5	100.0%
Buffer (b) – (a)	—	134.6	31.8%	—	143.7	33.1%

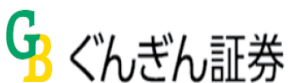
List of Group Companies



The Gunma Bank, Ltd.

Banking business

- Developing diverse financial solutions through innovation in services to provide



Gungin Securities Co., Ltd.

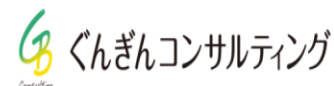
Securities business

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



Leasing business

- Supporting needs for effective introduction of equipment



Gungin Consulting Co., Ltd.

Management consulting services

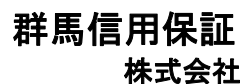
- Providing the optimal solutions for the issues of each individual company



Gunma Regional Advanced Solution Partners

Investment fund management

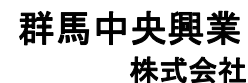
- Supporting business succession and business revitalization



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



Gungin System Service Co., Ltd.

System development
System sales

- Supporting improvement of productivity through systematization



The Gungin Card Co., Ltd.

Credit services

- Realizing diverse payment methods and cashless transactions



Sky Ocean Asset Management Co., Ltd.

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 2021]

(Unit: billion yen)

	Bank, non-consolidated	Total of subsidiaries	Gungin Securities	Gungin Leasing	Gunma Credit Guarantee	Others	Consolidation offset	Consolidated financial statements
Core gross business profits	44.7	4.4	1.8	1.2	1.2	0.0	-0.8	48.3
Net interest income	37.7	-0.1	-0.0	-0.1	0.0	0.0	-0.0	37.4
Non-interest business profit	7.0	4.5	1.8	1.3	1.2	0.0	-0.7	10.8
Net fees and commissions	6.2	1.6	0.2	-	1.2	0.0	-0.4	7.4
Other business profit	0.7	2.9	1.5	1.3	-	0.0	-0.2	3.4
Expenses (-)	26.8	1.7	0.9	0.5	0.1	0.1	-0.7	27.7
Others	3.3	-0.3	-0.0	-0.3	-0.0	0.0	0.0	3.0
Of which, Gain or loss on investment securities	5.5	-0.0	-	-0.0	-	-	-	5.5
Of which net credit costs (-)	2.5	0.4	-	0.3	0.0	-	-0.0	2.9
Ordinary profit	21.2	2.3	0.8	0.3	1.1	0.0	-0.0	23.6
Net income	13.8	1.5	0.6	0.1	0.7	0.0	-0.0	15.3

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

(Unit: billion yen)

	Bank, non-consolidated	Total of subsidiaries	Gungin Securities	Gungin Leasing	Gunma Credit Guarantee	Others	Consolidation offset	Consolidated financial statements
Core gross business profits	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
Of which, Gain or loss on investment securities	8.6	-0.0	-	-0.0	-	-0.0	-	8.6
Of which net 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

Status of Shareholders

[Shareholder composition]

(Unit: 1,000 shares)

	End of Mar. 2018		End of Mar. 2019		End of Mar. 2020		End of Mar. 2021		End of Sep. 2021	
	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 insititutions	177,106	38.43%	165,783	36.52%	153,409	35.19%	157,158	36.05%	160,213	36.76%
Securities companies	5,118	1.11%	10,243	2.26%	4,509	1.04%	5,828	1.34%	7,384	1.69%
Other domestic corporations	81,021	17.58%	80,148	17.66%	78,415	17.99%	75,818	17.39%	75,995	17.43%
Government and municipalities	8,332	1.81%	8,332	1.84%	8,332	1.91%	8,332	1.91%	8,332	1.91%
Foreign corporations/ Foreign individuals	78,881	17.11%	75,927	16.73%	77,547	17.79%	75,082	17.23%	68,556	15.73%
Individuals/others (employees,etc.)	83,621	18.14%	86,386	19.03%	97,297	22.32%	98,118	22.51%	100,116	22.97%
Treasury stock	26,805	5.82%	27,065	5.96%	16,375	3.76%	15,548	3.57%	15,288	3.51%
Total	460,888	100.00%	453,888	100.00%	435,888	100.00%	435,888	100.00%	435,888	100.00%

[Status of major shareholders]

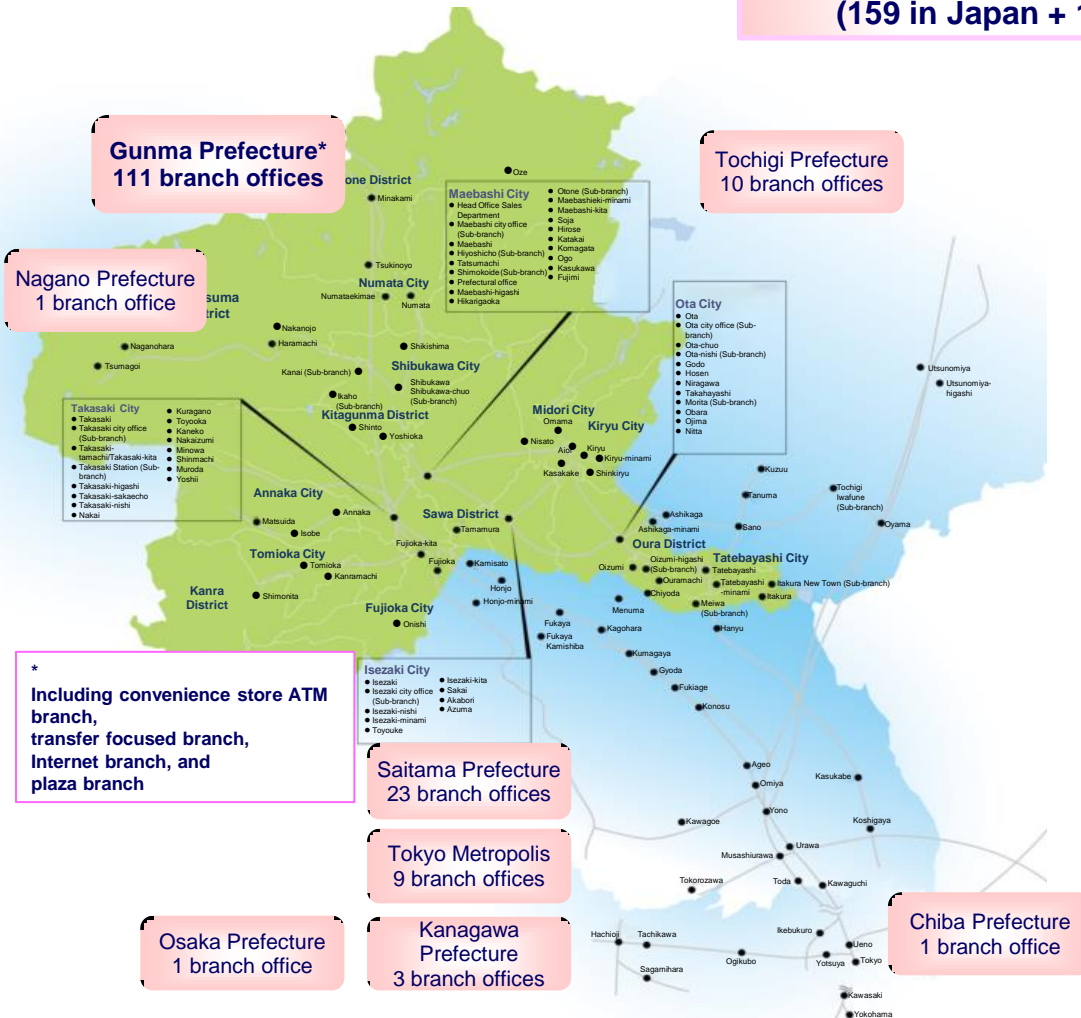
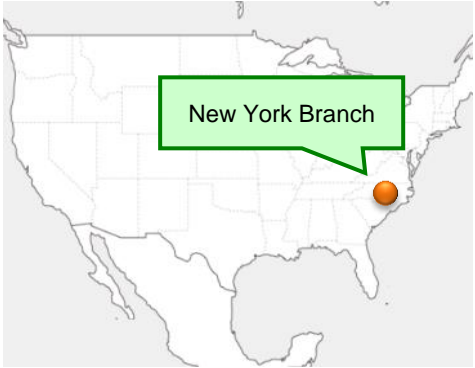
(Unit: 1,000 shares)

			(Unit: 1,000 shares)		
End of Mar. 2021	Ownership of shares	Ratio of shareholding	End of Sep. 2021	Ownership of shares	Ratio of shareholding
The Master Trust bank of Japan, Ltd. (Account in trust)	29,024	6.90%	The Master Trust bank of Japan, Ltd. (Account in trust)	54,073	12.85%
Custody Bank of Japan, Ltd. (Account in trust)	21,069	5.01%	Custody Bank of Japan, Ltd. (Account in trust)	21,325	5.07%
Gunma Bank Employees' Shareholding Association	13,146	3.12%	Gunma Bank Employees' Shareholding Association	13,188	3.13%
Meiji Yasuda Life Insurance Company	11,056	2.63%	Meiji Yasuda Life Insurance Company	11,056	2.62%
Sumitomo Life Insurance Company	10,657	2.53%	Sumitomo Life Insurance Company	10,657	2.53%
Custody Bank of Japan, Ltd. (Account in trust 4)	8,117	1.93%	Custody Bank of Japan, Ltd. (Account in trust 4)	8,081	1.92%
Nippon Life Insurance Company	7,608	1.81%	Custody Bank of Japan, Ltd. (Account in trust 9)	7,387	1.75%
Toyo Seikan Group Holdings, Ltd.	7,330	1.74%	Toyo Seikan Group Holdings, Ltd.	7,330	1.74%
Custody Bank of Japan, Ltd. (Account in trust 9)	6,970	1.65%	Nippon Life Insurance Company	6,467	1.53%
Custody Bank of Japan, Ltd. (Account in trust 5)	6,224	1.48%	Sumitomo Mitsui Banking Corporation	5,948	1.41%
Total	121,204	28.83%	Total	145,516	34.59%

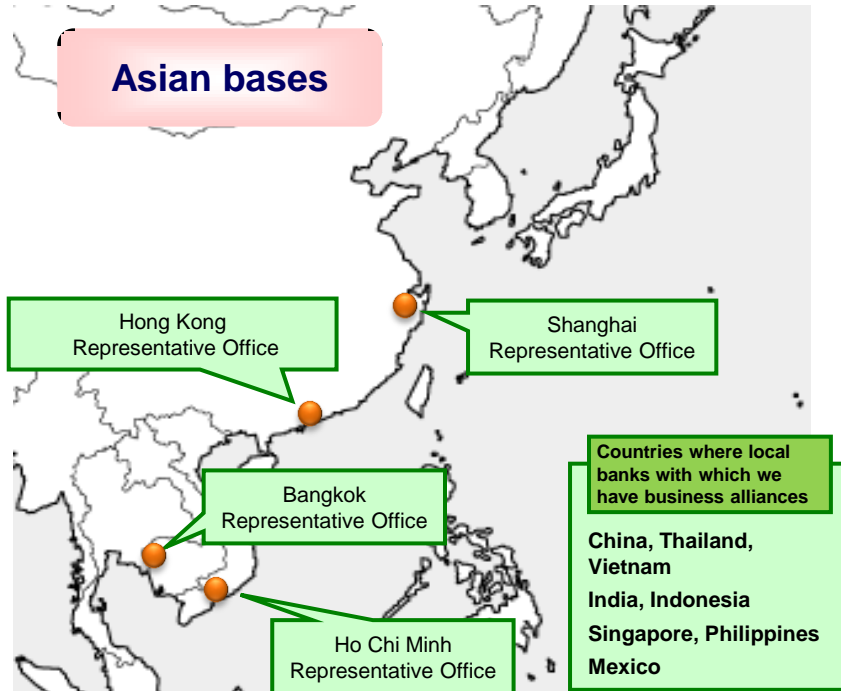
* The above excludes treasury stock. (The ratio of shareholding is calculated by excluding treasury stock.)

Branch Office Network

**160 offices including overseas branch
(159 in Japan + 1 overseas)**



Asian bases



* The above as of end of September 2021.



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/>