

February 3, 2022

The Gunma Bank, Ltd.

Financial Results for the Third Quarter of Fiscal Year 2021, ending March 31, 2022

Stock Exchange Listing: Tokyo(code:8334)
 URL: <https://www.gunmabank.co.jp/>
 Representative: Akihiko Fukai, President
 For Inquiry: Takeo Uchibori, Managing Executive Officer and General Manager,
 Corporate Planning Department
 Filing date of Financial Statements: February 4, 2022 (scheduled)
 Trading Accounts: No
 Payment date of cash dividends: —
 Supplementary Materials : Attached
 IR Conference : Not scheduled

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

1. Financial Highlights (from April 1, 2021 to December 31, 2021)

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

| | Ordinary Income | | Ordinary Profit | | Profit Attributable to Owners of Parent | |
|----------------------------------|-----------------|-------|-----------------|--------|---|--------|
| | million of yen | % | million of yen | % | million of yen | % |
| Third Quarter Ended Dec.31, 2021 | 113,437 | 4.7 | 33,212 | 31.5 | 23,417 | 26.8 |
| Ended Dec.31, 2020 | 108,319 | (2.4) | 25,253 | (17.9) | 18,470 | (15.8) |

(Note) Comprehensive Income Third Quarter ended Dec. 31, 2021: 17,501 million of yen [(64.7)%]
 Third Quarter ended Dec. 31, 2020: 49,541 million of yen [51.3 %]

| | Profit per Share | Profit per Share (Diluted) |
|----------------------------------|------------------|----------------------------|
| | yen | yen |
| Third Quarter Ended Dec.31, 2021 | 55.83 | — |
| Ended Dec.31, 2020 | 43.98 | — |

(2) Consolidated Financial Conditions

| | Total Assets | Total Net Assets | Capital Assets to Total Assets |
|--------------------|----------------|------------------|--------------------------------|
| | million of yen | million of yen | % |
| As of Dec.31, 2021 | 11,074,330 | 557,143 | 5.0 |
| Mar.31, 2021 | 10,615,756 | 548,093 | 5.2 |

(Reference) Capital assets as of Dec. 31, 2021 : 557,143 million of yen; Mar. 31, 2021 : 548,093 million of yen

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

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

2. Cash Dividends for Shareholders

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

(Note) Revisions of released cash dividends projections: No

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

(%:Changes from the previous fiscal year)

| | Ordinary Profit | | Profit Attributable to Owners of Parent | | Profit per Share |
|---------------------------------------|-----------------|------|---|------|------------------|
| | million of yen | % | million of yen | % | yen |
| Fiscal Year 2021 Ending Mar. 31, 2022 | 37,000 | 84.2 | 26,000 | 92.6 | 62.22 |

(Note) Revisions of released earnings projections: No

Notes

| | | | | |
|--|---------------------------------|-------------|--------|-----|
| (1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries accompanied by changes in scope of consolidation) : | | | | No |
| (2) Adoption of particular accounting methods for quarterly consolidated financial statements : | | | | No |
| (3) Changes in accounting principles, accounting estimates and restatement | | | | |
| ① Changes in accounting principles accordance with changes in accounting standard, etc. : | | | | Yes |
| ② Other changes in accounting principles : | | | | No |
| ③ Changes in accounting estimates : | | | | No |
| ④ Restatement : | | | | No |
| (4) Number of issued shares (common stock) | | | | |
| ① Number of issued shares (including treasury shares) : | Dec. 31, 2021 | 435,888,177 | Shares | |
| | Mar. 31, 2021 | 435,888,177 | Shares | |
| ② Number of treasury shares : | Dec. 31, 2021 | 22,850,274 | Shares | |
| | Mar. 31, 2021 | 15,548,367 | Shares | |
| ③ Average number of issued shares : | Nine months ended Dec. 31, 2021 | 419,468,869 | Shares | |
| | Nine months ended Dec. 31, 2020 | 420,005,145 | Shares | |

This quarterly report is not subject to the quarterly review.

Notes for using forecasts information, etc.

The description of future performance of this report is based on information which is presently available and certain assumptions which are considered to be reasonable, and it does not guarantee future performance.

Please take note that future performance may differ from forecasts depending on various future factors.

Table of Contents

| | |
|--|---|
| 1. Qualitative Information | |
| (1) Qualitative Information related to the Results of Operations | 4 |
| (2) Qualitative Information related to the Financial Conditions | 4 |
| (3) Qualitative Information related to the Consolidated Earnings Projections | 4 |
| 2. Quarterly Consolidated Financial Statements | |
| (1) Quarterly Consolidated Balance Sheets | 5 |
| (2) Quarterly Consolidated Statements of Income and Comprehensive Income | 6 |
| 3. Notes to the Quarterly Consolidated Financial Statements | |
| (Notes on Going Concern Assumption) | 7 |
| (Note on Significant Changes in The Amounts of Shareholders' Equity) | 7 |
| (Changes in accounting principles) | 7 |
| (Additional Information) | 7 |
| Supplemental Information | 8 |

1. Qualitative Information

(1) Qualitative Information related to the Results of Operations

Operating results for the third quarter of the consolidated fiscal year under review were as follows. Ordinary income amounted to 113,437 million of yen, an increase of 5,118 million of yen year on year, mainly due to increases in interest income such as interest and dividends on securities. Ordinary expenses amounted to 80,225 million of yen, a decrease of 2,840 million of yen year on year, mainly due to decreases in other expenses such as net transfer to allowance for loan losses. As a result, ordinary profit amounted to 33,212 million of yen, an increase of 7,958 million of yen year on year. Also, profit attributable to owners of parent amounted to 23,417 million of yen, an increase of 4,946 million of yen year on year.

(2) Qualitative Information related to the Financial Conditions

The financial status as of the end of the third quarter of the consolidated fiscal year under review was as follows. Total assets increased by 458.5 billion of yen to 11,074.3 billion of yen during the period under review, whereas total liabilities increased by 449.5 billion of yen to 10,517.1 billion of yen during the period under review. Also, net assets increased by 9.0 billion of yen to 557.1 billion of yen during the period under review. As for the main accounts, loans and bills discounted decreased by 20.2 billion of yen to 5,668.6 billion of yen during the period under review. Securities increased by 83.5 billion of yen to 2,486.0 billion of yen during the period under review. Deposits increased by 69.5 billion of yen to 7,811.2 billion of yen during the period under review.

(3) Qualitative Information related to the Consolidated Earnings Projections

Consolidated business forecast for the fiscal year ending March 31, 2022 remains unchanged from the figures announced on November 8, 2021.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: million of yen)

| | As of Mar. 31, 2021 | As of Dec. 31, 2021 |
|--|---------------------|---------------------|
| Assets: | | |
| Cash and due from banks | 2,326,681 | 2,715,911 |
| Monetary claims bought | 5,621 | 6,193 |
| Trading securities | 823 | 1,089 |
| Money held in trust | 11,268 | 6,668 |
| Securities | 2,402,460 | 2,486,021 |
| Loans and bills discounted | 5,688,847 | 5,668,638 |
| Foreign exchanges | 14,947 | 12,828 |
| Lease receivables and investments in leases | 59,528 | 59,280 |
| Other assets | 71,348 | 74,198 |
| Tangible fixed assets | 69,463 | 66,530 |
| Intangible fixed assets | 9,956 | 9,479 |
| Retirement benefit asset | 6,631 | 7,705 |
| Deferred tax assets | 1,571 | 1,408 |
| Customers' liabilities for acceptances and guarantees | 9,632 | 9,179 |
| Allowance for loan losses | (63,028) | (50,804) |
| Total assets | 10,615,756 | 11,074,330 |
| Liabilities: | | |
| Deposits | 7,741,661 | 7,811,231 |
| Negotiable certificates of deposit | 167,674 | 202,775 |
| Call money and bills sold | 37,087 | 112,604 |
| Securities sold under repurchase agreements | 4,992 | 2,628 |
| Cash collateral received for securities lent | 669,024 | 789,038 |
| Borrowed money | 1,291,081 | 1,455,873 |
| Foreign exchanges | 162 | 384 |
| Bonds payable | 50,000 | 50,000 |
| Borrowed money from trust account | 8,953 | 11,403 |
| Other liabilities | 66,683 | 49,991 |
| Provision for bonuses for directors (and other officers) | 56 | 40 |
| Retirement benefit liability | 368 | 362 |
| Provision for retirement benefits for directors (and other officers) | 244 | 214 |
| Provision for reimbursement of deposits | 533 | 404 |
| Provision for point card certificates | 144 | 152 |
| Provision for contingent loss | 900 | 906 |
| Reserves under special laws | 0 | 0 |
| Deferred tax liabilities | 10,636 | 12,613 |
| Deferred tax liabilities for land revaluation | 7,823 | 7,380 |
| Acceptances and guarantees | 9,632 | 9,179 |
| Total liabilities | 10,067,663 | 10,517,187 |
| Net assets: | | |
| Share capital | 48,652 | 48,652 |
| Capital surplus | 29,581 | 29,581 |
| Retained earnings | 391,382 | 409,113 |
| Treasury shares | (8,838) | (11,310) |
| Total shareholders' equity | 460,778 | 476,037 |
| Valuation difference on available-for-sale securities | 71,541 | 65,300 |
| Deferred gains or losses on hedges | (231) | (96) |
| Revaluation reserve for land | 13,715 | 13,421 |
| Foreign currency translation adjustment | (98) | - |
| Remeasurements of defined benefit plans | 2,387 | 2,480 |
| Total accumulated other comprehensive income | 87,314 | 81,105 |
| Total net assets | 548,093 | 557,143 |
| Total liabilities and net assets | 10,615,756 | 11,074,330 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

For the nine months ended

(Unit: million of yen)

| | For the nine months ended Dec.31, 2020 | For the nine months ended Dec.31, 2021 |
|--|---|---|
| Ordinary income | 108,319 | 113,437 |
| Interest income | 53,783 | 57,259 |
| Interest on loans and discounts | 40,572 | 40,051 |
| Interest and dividends on securities | 12,465 | 15,877 |
| Trust fees | 40 | 38 |
| Fees and commissions | 15,643 | 16,369 |
| Other ordinary income | 28,965 | 30,153 |
| Other income | 9,886 | 9,616 |
| Ordinary expenses | 83,065 | 80,225 |
| Interest expenses | 1,970 | 1,305 |
| Interest on deposits | 356 | 262 |
| Fees and commissions payments | 6,157 | 6,233 |
| Other ordinary expenses | 22,275 | 23,849 |
| General and administrative expenses | 43,531 | 42,058 |
| Other expenses | 9,130 | 6,778 |
| Ordinary profit | 25,253 | 33,212 |
| Extraordinary income | 278 | 2,493 |
| Gain on disposal of non-current assets | 4 | 2,493 |
| Gain on reversal of share acquisition rights | 274 | - |
| Extraordinary losses | 152 | 1,555 |
| Loss on disposal of non-current assets | 64 | 186 |
| Impairment losses | 87 | 1,369 |
| Provision of reserve for financial instruments transaction liabilities | 0 | 0 |
| Profit before income taxes | 25,379 | 34,149 |
| Income taxes-current | 8,218 | 6,345 |
| Income taxes-deferred | (1,309) | 4,386 |
| Total income taxes | 6,909 | 10,732 |
| Profit | 18,470 | 23,417 |
| Profit attributable to owners of parent | 18,470 | 23,417 |

Quarterly Consolidated Statements of Comprehensive Income

For the nine months ended

(Unit: million of yen)

| | For the nine months ended Dec.31, 2020 | For the nine months ended Dec.31, 2021 |
|---|---|---|
| Profit | 18,470 | 23,417 |
| Other comprehensive income | 31,071 | (5,915) |
| Valuation difference on available-for-sale securities | 29,787 | (6,319) |
| Deferred gains or losses on hedges | 108 | 134 |
| Foreign currency translation adjustment | (127) | 98 |
| Remeasurements of defined benefit plans, net of tax | 994 | 92 |
| Share of other comprehensive income of entities accounted for using equity method | 308 | 78 |
| Comprehensive income | 49,541 | 17,501 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 49,541 | 17,501 |

3. Notes to the Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Note on Significant Changes in The Amounts of Shareholders' Equity)

Not applicable.

(Changes in accounting principles)

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

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

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

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

(Accounting Standard for Fair Value Measurement)

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

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

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

(Additional Information)

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

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

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

Supplementary Information

Financial Results for the Third Quarter of Fiscal Year 2021, ending March 31, 2022

1. Profit and Loss Conditions

- Consolidated core net business profit excluding gains (losses) on bonds amounted to 29.6 billion of yen, up 6.5 billion of yen year on year, due to increases in net interest income such as interest and dividends on securities and non-interest business profit such as corporate service-related and deposit financial assets-related as well as to cutting down on expenses.
- Ordinary profit amounted to 33.2 billion of yen, up 7.9 billion of yen year on year, due to decreases in net credit costs and retirement benefit costs regardless of an decrease in gains or losses on investment securities.
- Profit attributable to owners of parent amounted to 23.4 billion of yen, up 4.9 billion of yen year on year, due to the recording of gain on disposal of non-current assets associated with the sale of idle facilities, although an impairment losses were recorded due to the consolidation of branches to optimize the branch network.

【Consolidated】

(Unit : million of yen)

| | | For the nine months ended Dec. 31, 2021 (a) | (a) - (b) | For the nine months ended Dec. 31, 2020 (b) | FY2021 ending Mar. 31, 2022 | |
|--|----|---|-----------|---|--------------------------------|-------------------------|
| | | | | | Projection | Achievement rate (%) |
| Core gross business profits | 1 | 71,524 | 6,336 | 65,187 | 91,000 | 78.5 |
| Net interest income | 2 | 55,953 | 4,141 | 51,812 | 71,000 | 78.8 |
| Non-interest business profit | 3 | 15,570 | 2,195 | 13,375 | 20,000 | 77.8 |
| Corporate service-related | 4 | 2,832 | 1,227 | 1,604 | | |
| Deposit financial assets-related | 5 | 5,852 | 1,279 | 4,573 | | |
| Others | 6 | 6,886 | (311) | 7,197 | | |
| Expenses (excluding non-recurrent expenses) [-] | 7 | 41,843 | (183) | 42,027 | 55,300 | 75.6 |
| Core net business profit excluding gains (losses) on bonds (1-7) | 8 | 29,680 | 6,520 | 23,160 | 35,700 | 83.1 |
| Gains or losses on investment securities | 9 | 7,073 | (3,608) | 10,681 | | |
| Gains (losses) on bonds | 10 | 908 | (1,933) | 2,841 | | |
| Gains (losses) on stocks and other securities | 11 | 6,165 | (1,675) | 7,840 | | |
| Net credit costs [-] | 12 | 3,977 | (3,271) | 7,249 | | |
| Others | 13 | 435 | 1,775 | (1,339) | | |
| Of which, retirement benefit costs | 14 | 133 | (1,297) | 1,430 | | |
| Ordinary profit | 15 | 33,212 | 7,958 | 25,253 | 37,000 | 89.7 |
| Extraordinary income (losses) | 16 | 937 | 811 | 125 | | |
| Of which, gain on disposal of non-current assets | 17 | 2,493 | 2,488 | 4 | | |
| Of which, impairment losses [-] | 18 | 1,369 | 1,281 | 87 | | |
| Profit before income taxes | 19 | 34,149 | 8,770 | 25,379 | | |
| Total income taxes [-] | 20 | 10,732 | 3,823 | 6,909 | | |
| Profit | 21 | 23,417 | 4,946 | 18,470 | | |
| Profit attributable to owners of parent | 22 | 23,417 | 4,946 | 18,470 | 26,000 | 90.0 |

(Note) Gains (losses) on bonds is excluded from "Others" and included in "Gains or losses on investment securities".

(Reference)

| | | | | |
|--------------------------|----|--------|---------|--------|
| Overhead ratio (7/1) | 23 | 58.5 % | (5.9) % | 64.4 % |
| Return on equity ("ROE") | 24 | 5.6 % | 0.8 % | 4.8 % |

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

(Unit: million of yen)

【Non-consolidated】

| | | For the nine months ended Dec. 31, 2021 (a) | (a) - (b) | For the nine months ended Dec. 31, 2020 (b) | FY2021 ending Mar. 31, 2022 | |
|--|--------|---|-----------|---|--------------------------------|-------------------------|
| | | | | | Projection | Achievement rate (%) |
| Core gross business profits | 1 | 66,087 | 4,819 | 61,268 | 84,500 | 78.2 |
| Net interest income | 2 | 56,225 | 3,176 | 53,048 | 71,400 | 78.7 |
| Domestic business | 3 | 52,491 | 3,140 | 49,350 | | |
| Of which, Interest on loans and discounts | 4 | 38,665 | (110) | 38,776 | | |
| Of which, Interest and dividends on securities | 5 | 12,858 | 2,576 | 10,281 | | |
| Of which, gain (loss) on cancellation of investment trusts | 6 | 1,140 | (317) | 1,457 | | |
| Non-domestic business | 7 | 3,733 | 36 | 3,697 | | |
| Non-interest business profit | 8 | 9,862 | 1,642 | 8,219 | 13,100 | 75.2 |
| Net fees and commissions income | 9 | 8,396 | 669 | 7,726 | 11,500 | 73.0 |
| Profit from other business transactions | 10 | 1,466 | 973 | 493 | 1,600 | 91.6 |
| Expenses (excluding non-recurrent expenses) | (-) 11 | 40,424 | (249) | 40,674 | 53,500 | 75.5 |
| Personnel expenses | 12 | 21,455 | (911) | 22,366 | | |
| Non-Personnel expenses | 13 | 16,646 | 781 | 15,865 | | |
| Taxes | 14 | 2,322 | (119) | 2,442 | | |
| Core net business profit excluding gains (losses) on bonds (1-11) | 15 | 25,662 | 5,068 | 20,594 | 31,000 | 82.7 |
| Core net business profit excluding gains (losses) on bonds and cancellation of investment trusts | 16 | 24,522 | 5,386 | 19,136 | | |
| Core net business profit (15+19) | 17 | 26,571 | 3,134 | 23,436 | | |
| Gains or losses on investment securities | 18 | 7,098 | (3,591) | 10,690 | | |
| Gains (losses) on bonds | 19 | 908 | (1,933) | 2,842 | | |
| Gains (losses) on stocks and other securities | 20 | 6,190 | (1,658) | 7,848 | | |
| Net credit costs | (-) 21 | 3,309 | (3,279) | 6,589 | 7,000 | 47.2 |
| Other non-recurrent gains (losses) | 22 | 255 | 1,703 | (1,448) | | |
| Of which, retirement benefit costs | (-) 23 | 133 | (1,297) | 1,430 | | |
| Ordinary profit | 24 | 29,706 | 6,459 | 23,247 | 32,500 | 91.4 |
| Extraordinary income (losses) | 25 | 937 | 810 | 126 | | |
| Of which, gain on disposal of non-current assets | 26 | 2,493 | 2,488 | 4 | | |
| Of which, impairment losses | (-) 27 | 1,369 | 1,281 | 87 | | |
| Profit before income taxes | 28 | 30,644 | 7,270 | 23,373 | | |
| Total income taxes | (-) 29 | 9,441 | 3,465 | 5,975 | | |
| Profit | 30 | 21,203 | 3,805 | 17,398 | 23,000 | 92.1 |

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

(Reference I) Gain or Loss on Investment Securities Conditions

(Unit: million of yen)

| | | For the nine months ended Dec. 31, 2021 (a) | (a) - (b) | For the nine months ended Dec. 31, 2020 (b) |
|---|--------|---|-----------|---|
| | | | | |
| Gains (losses) on bonds | 31 | 908 | (1,933) | 2,842 |
| Gain on sales | 32 | 4,449 | 1,229 | 3,219 |
| Gain on redemption | 33 | — | (29) | 29 |
| Loss on sales | (-) 34 | 3,540 | 3,139 | 401 |
| Loss on redemption | (-) 35 | — | — | — |
| Loss on devaluation | (-) 36 | — | (6) | 6 |
| Gains (losses) on stocks and other securities | 37 | 6,190 | (1,658) | 7,848 |
| Gain on sales | 38 | 8,435 | (900) | 9,336 |
| Loss on sales | (-) 39 | 2,128 | 660 | 1,467 |
| Loss on devaluation | (-) 40 | 117 | 97 | 20 |

(Reference II) Credit Costs Conditions

(Unit: million of yen)

| | | For the nine months ended Dec. 31, 2021 (a) | (a) - (b) | For the nine months ended Dec. 31, 2020 (b) |
|---|--------|---|-----------|---|
| | | | | |
| Net credit costs (42+43-49) | (-) 41 | 3,309 | (3,279) | 6,589 |
| Net transfer to general allowance for loan losses | (-) 42 | (25) | (4,767) | 4,742 |
| Disposal of non-performing loans | (-) 43 | 3,336 | 1,488 | 1,848 |
| Written-off of loans | 44 | 6 | 6 | — |
| Net transfer to specific allowance for loan losses | 45 | 2,715 | 1,180 | 1,535 |
| Net transfer to accident loss | 46 | 6 | 15 | (8) |
| Losses on sales of loans | 47 | 455 | 425 | 30 |
| Cost born under joint responsibility system of guarantee corporations | 48 | 152 | (137) | 290 |
| Recoveries of written off claims | 49 | 2 | 0 | 2 |

2. Main Account Conditions

(1) Loans 【Non-consolidated】

■ Loans and bills discounted amounted to 5,728.5 billion of yen, down 44.7 billion of yen year on year, due to a slowdown in demand for funds brought by COVID-19 despite a steady increase in housing loans.

(Unit : billion of yen)

| | As of Dec.31, 2021 (a) | (a) - (b) | (a) - (c) | As of Sep.30, 2021 (b) | As of Dec.31, 2020 (c) |
|------------------------------------|------------------------------|-----------|-----------|------------------------------|------------------------------|
| | | | | | |
| Loans and bills discounted | 5,728.5 | (5.3) | (44.7) | 5,733.9 | 5,773.3 |
| Retail loans | 4,636.1 | (3.5) | (2.3) | 4,639.6 | 4,638.4 |
| Small and medium-sized enterprises | 2,308.3 | (6.5) | (19.7) | 2,314.8 | 2,328.0 |
| Individuals | 2,327.7 | 3.0 | 17.4 | 2,324.7 | 2,310.3 |
| Of which, Housing-related loans | 2,249.7 | 3.5 | 17.5 | 2,246.2 | 2,232.2 |
| Housing loans | 1,348.9 | 7.6 | 26.5 | 1,341.2 | 1,322.4 |
| Apartment loans | 647.9 | (1.5) | (0.0) | 649.4 | 647.9 |
| Others | 252.9 | (2.5) | (8.8) | 255.5 | 261.8 |
| Other loans | 1,092.4 | (1.8) | (42.4) | 1,094.2 | 1,134.8 |
| Corporations | 830.0 | 9.6 | 15.4 | 820.3 | 814.5 |
| Public sectors | 99.0 | (9.7) | (68.5) | 108.8 | 167.6 |
| Overseas branch and Non-residents | 163.3 | (1.7) | 10.7 | 165.1 | 152.6 |

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

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

■ Deposits and Negotiable certificates of deposit amounted to 8,055.1 billion of yen, up 272.8 billion of yen year on year, mainly due to an increase in individuals deposits.

(Unit : billion of yen)

| | As of Dec.31, 2021 (a) | (a) - (b) | (a) - (c) | As of Sep.30, 2021 (b) | As of Dec.31, 2020 (c) |
|---|------------------------------|-----------|-----------|------------------------------|------------------------------|
| | | | | | |
| Deposits and Negotiable certificates of deposit | 8,055.1 | 92.9 | 272.8 | 7,962.2 | 7,782.2 |
| Deposits | 7,822.9 | 100.8 | 292.8 | 7,722.1 | 7,530.0 |
| Of which, Individuals | 5,553.0 | 102.2 | 174.2 | 5,450.7 | 5,378.7 |
| Of which, Corporations | 1,906.9 | 13.4 | 50.9 | 1,893.5 | 1,856.0 |
| Negotiable certificates of deposit | 232.1 | (7.9) | (19.9) | 240.0 | 252.1 |

(3) Deposit financial assets 【Including Gungin Securities】

■ Deposit financial assets amounted to 992.6 billion of yen, up 81.8 billion of yen year on year, mainly due to an increase in the balance owned by investment trust and Gungin Securities.

(Unit : billion of yen)

| | As of Dec.31, 2021 (a) | (a) - (b) | (a) - (c) | As of Sep.30, 2021 (b) | As of Dec.31, 2020 (c) |
|--|------------------------------|-----------|-----------|------------------------------|------------------------------|
| | | | | | |
| Deposit financial assets | 992.6 | 19.3 | 81.8 | 973.2 | 910.8 |
| Individuals | 916.6 | 15.0 | 68.8 | 901.5 | 847.8 |
| Investment trust | 262.5 | 5.8 | 32.4 | 256.7 | 230.1 |
| Public bonds (Government bonds, etc.) | 34.8 | (1.4) | (2.0) | 36.3 | 36.9 |
| Life insurance | 482.6 | 1.2 | 12.4 | 481.4 | 470.2 |
| Gungin Securities (including intermediation) | 136.5 | 9.4 | 26.0 | 127.0 | 110.4 |
| Corporations, etc. | 76.0 | 4.3 | 13.0 | 71.6 | 63.0 |
| Bank, non-consolidated | 14.5 | (0.0) | (0.1) | 14.6 | 14.6 |
| Gungin Securities (including intermediation) | 61.4 | 4.3 | 13.1 | 57.0 | 48.3 |

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

(Unit : billion of yen)

| | As of Dec.31, 2021 | | | As of Sep.30, 2021 (b) | As of Dec.31, 2020 (c) |
|-------------------------|-----------------------|-----------|-----------|------------------------------|------------------------------|
| | (a) | (a) - (b) | (a) - (c) | | |
| Other securities | 91.8 | (12.5) | 5.3 | 104.3 | 86.5 |
| Stocks | 73.0 | (10.3) | 1.5 | 83.3 | 71.5 |
| Bonds | 4.8 | (1.6) | (2.8) | 6.4 | 7.7 |
| Foreign securities | 4.9 | (1.7) | (1.4) | 6.6 | 6.3 |
| Investment trusts, etc. | 8.9 | 1.0 | 8.0 | 7.8 | 0.9 |

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

(Unit : billion of yen)

| | As of Dec.31, 2021 | | | As of Sep.30, 2021 (b) | As of Dec.31, 2020 (c) |
|--|-----------------------|-----------|-----------|------------------------------|------------------------------|
| | (a) | (a) - (b) | (a) - (c) | | |
| Bankrupt and Substantially Bankrupt Claims | 26.2 | (1.7) | (1.8) | 28.0 | 28.1 |
| Doubtful Claims | 44.4 | 1.0 | 4.7 | 43.4 | 39.7 |
| Substandard Claims | 50.0 | 1.4 | 3.0 | 48.5 | 47.0 |
| Disclosed claims under the FRL ① | 120.7 | 0.7 | 5.8 | 120.0 | 114.9 |
| Normal Claims ② | 5,675.5 | (18.8) | (56.7) | 5,694.3 | 5,732.3 |
| Total Claims (①+②)③ | 5,796.3 | (18.0) | (50.8) | 5,814.3 | 5,847.2 |
| Non-performing loan ratio (①/③)④ | 2.08 % | 0.02 % | 0.12 % | 2.06 % | 1.96 % |

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

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

(Unit : billion of yen)

| | | | | | |
|--------------------------------|--------|--------|--------|--------|--------|
| Disclosed claims under the FRL | 103.4 | 1.8 | 7.7 | 101.5 | 95.7 |
| Non-performing loan ratio | 1.79 % | 0.04 % | 0.15 % | 1.75 % | 1.64 % |

4. Interest Rate Spread (Domestic Business) 【Non-consolidated】

(Quarterly interest rate spread)

(Unit : %)

| | FY2020 ended Mar. 31, 2021 | | | | FY2021 ending Mar. 31, 2022 | | |
|--|----------------------------|-------------|-------------|-------------|-----------------------------|-------------|-------------|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter | 1st Quarter | 2nd Quarter | 3rd Quarter |
| Average yield on loans and bills discounted | 0.94 | 0.94 | 0.94 | 0.94 | 0.93 | 0.93 | 0.93 |
| Average yield on securities | 1.17 | 0.56 | 0.73 | 0.21 | 1.31 | 0.46 | 0.72 |
| Average yield on deposits and negotiable certificates of deposit | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

5. Capital Ratio (International standard)

【Consolidated】

(Unit : billion of yen)

| | As of Dec.31, 2021 | | | As of Sep.30, 2021 (b) | As of Dec.31, 2020 (c) |
|-----------------------------|-----------------------|-----------|-----------|------------------------------|------------------------------|
| | (a) | (a) - (b) | (a) - (c) | | |
| Total capital ratio | 13.17 % | (0.03) % | 0.33 % | 13.20 % | 12.84 % |
| Tier1 ratio | 11.99 % | (0.04) % | 0.34 % | 12.03 % | 11.65 % |
| Common equity Tier1 ratio | 11.99 % | (0.04) % | 0.34 % | 12.03 % | 11.65 % |
| Total capital | 570.4 | (4.5) | 17.7 | 574.9 | 552.7 |
| Tier1 capital | 519.2 | (4.5) | 17.7 | 523.7 | 501.5 |
| Common equity Tier1 capital | 519.2 | (4.5) | 17.7 | 523.7 | 501.5 |
| Risk weighted assets | 4,329.2 | (23.6) | 24.7 | 4,352.9 | 4,304.5 |
| Total required capital | 346.3 | (1.8) | 1.9 | 348.2 | 344.3 |

【Non consolidated】

(Unit : billion of yen)

| | As of Dec.31, 2021 | | | As of Sep.30, 2021 (b) | As of Dec.31, 2020 (c) |
|-----------------------------|-----------------------|-----------|-----------|------------------------------|------------------------------|
| | (a) | (a) - (b) | (a) - (c) | | |
| Total capital ratio | 12.56 % | (0.06) % | 0.13 % | 12.62 % | 12.43 % |
| Tier1 ratio | 11.39 % | (0.07) % | 0.14 % | 11.46 % | 11.25 % |
| Common equity Tier1 ratio | 11.39 % | (0.07) % | 0.14 % | 11.46 % | 11.25 % |
| Total capital | 536.7 | (5.2) | 8.1 | 542.0 | 528.5 |
| Tier1 capital | 486.6 | (5.2) | 8.1 | 491.9 | 478.4 |
| Common equity Tier1 capital | 486.6 | (5.2) | 8.1 | 491.9 | 478.4 |
| Risk weighted assets | 4,270.0 | (22.6) | 20.3 | 4,292.6 | 4,249.7 |
| Total required capital | 341.6 | (1.8) | 1.6 | 343.4 | 339.9 |

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

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

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