

The Gunma Bank, Ltd.

# Interim Financial Results Briefing Session for the First Half of 2022

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November 24, 2022

Presenter :Akihiko Fukai, President



**The Gunma Bank, Ltd.**

(Tokyo Stock Exchange Prime Market : 8334)

We use our strengths in connections to spin the threads  
of the future for local communities

The Medium-Term Business Plan 2022  
Innovation for “Purpose”



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## Interim financial results and business forecast (for the FY ending Mar. 2023)

### Interim financial results

- Profit level ... consolidated core net business profit excluding gains(losses) on bonds **21.7 billion yen** (achievement rate 57%) , profit attributable to owners of parent **13.7 billion yen** (achievement rate 51%)
- Profit/loss from valuation securities ... total **-14.5 billion yen** [ of which, domestic bonds -32.9 billion yen (compared to end of Mar. 2022 -19.1 billion yen) 、 foreign securities -15.1 billion yen (compared to end of Mar. 2022 -6.7 billion yen) ]

### Business forecast (for the FY ending Mar.2023)

- consolidated core net business profit excluding gains(losses) on bonds **38.0 billion yen** (compared to end of Mar. 2022 **+0.7 billion yen**, compared to forecast at the beginning of the period **+0.7 billion yen**)
- profit attributable to owners of parent **27.0 billion yen** ( compared to end of Mar. 2022 **+0.6 billion yen**, compared to forecast at the beginning of the period **±0**)

## Capital Policy

### Shareholder return

- Dividends ... The annual cash dividends per share has been **increased by 2 yen** from the original forecast and revised to **18.00 yen**. Those dividends are increased by 4 yen compared with FY2021. Cash dividend of 18.00 yen includes a **commemorative dividend** of 1.00 yen for the 90<sup>th</sup> anniversary of the establishment of the Bank.
- Treasury shares ... Total number of shares to be acquired :**up to 6.0 million shares**, Total cost of acquisition: **up to 2.0 billion yen**, period of acquisition : Nov.10, 2022 ~ Jan. 31, 2023

### Shares for policy purpose

- Reduction target ... Reduction of approximately **50.0% (20.0 billion yen)** (from 38.2 billion yen to 18.0 billion yen on a book value basis over 5 years)
- Market value of shares for policy purposes ratio to consolidated net assets ... 5 years from now (FY2026) **8%~9%** (FY2021 result 19%)

## Optimal Capital Structure

- Capital structure ... **Core CET1 capital** base management, **cost of capital** conscious strategy, utilization of **B3T2** and **AT1**, investment in growth and enhanced shareholder returns

# I . Summary of Performance

# Potential of Gunma Prefecture (Gunma Power)

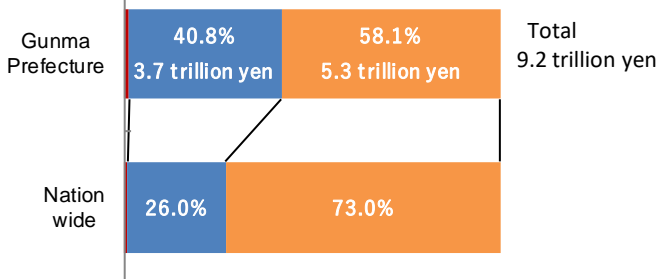
## Main data of Gunma Prefecture

- ✓ Population **1.927 million** (18<sup>th</sup> in Japan)
- ✓ Gross production output **9.282 trillion yen** (15<sup>th</sup> in Japan)
- ✓ Effective demand-supply ratio of labor force **1.54 times** (14<sup>th</sup> in Japan)
- ✓ Prefectural income per capita **3.298 million yen** (8<sup>th</sup> in Japan)
- ✓ Number of industrial locations **49** (4<sup>th</sup> in Japan)
- ✓ Agricultural output **246.3 billion yen** (14<sup>th</sup> in Japan)

## Manufacturing industries drive Gunma economy

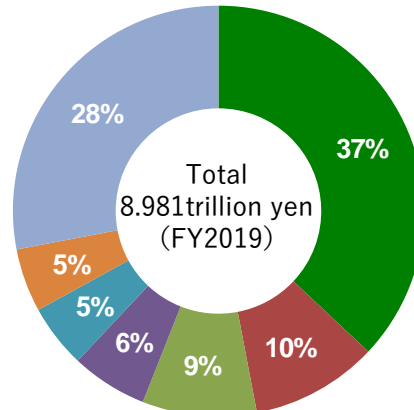
~Nominal (domestic) gross production output for Gunma type of industry (FY2019) ~

■ Primary industry ■ Secondary industry ■ Tertiary industry



~Breakdown of manufactured goods shipment, etc.~

■ Transportation machinery  
■ Food  
■ Chemical  
■ Plastics  
■ Metal products  
■ Electrical machinery  
■ Others



~Ratio of transportation machinery production in gross output for the prefecture~

Ranking	Prefecture	Gross output
1	Aichi Prefecture	16.4%
2	<b>Gunma Prefecture</b>	<b>10.3%</b>
3	Shizuoka Prefecture	9.6%
4	Mie Prefecture	6.1%
5	Hiroshima Prefecture	5.9%
6	Gifu Prefecture	4.5%
7	Tochigi Prefecture	4.4%
8	Yamaguchi Prefecture	4.0%
9	Ibaraki Prefecture	4.0%
10	Okayama Prefecture	3.8%

※FY2019 data

## Favorable natural conditions

- ✓ Low seismic hazard risk  
73 earthquakes at an intensity 4 or higher over a period of 100 years which is the fewest among all Kanto prefectures and indicates favorable conditions for establishing factories and industrial facilities.
- ✓ Low flood risk  
The amount of flood damage over the past 10 years (2011 to 2020) is much lower than the average of the other 6 prefectures in the Kanto region (Gunma is 56 billion yen, while Kanto and other 6 prefectures average 177.5 billion yen, and for the nation is 157.7 billion yen).
- ✓ Favorable sunshine hours  
Rank 5<sup>th</sup> in Japan in terms of number of annual hours of sunshine.

Source: Ministry of Land, Infrastructure, Transport and Tourism, Statistical Survey on Floods Damages for 2020

- Companies are relocating their headquarters and main factories to Gunma Prefecture where stable operations are possible  
⇒ NTT Corporation, Nihon Michelin Tire Co., Ltd, Eat & Foods Co., Ltd, etc.

○ National ranking "number of industrial lavations"

2016	2017	2018	2019	2020	2021
3rd	2nd	2nd	4th	4th	4th

○ National ranking "desired place to emigrate" 5<sup>th</sup> in Japan (2021)

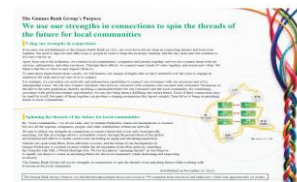


Sources  
Gunma Prefecture 「IR information of Gunma Prefecture (Oct. 2022 edition)」  
「FY2019 Gunma Prefecture economic statistics」  
「Industrial statistics(2020 final report)」



# Medium Term Business Plan

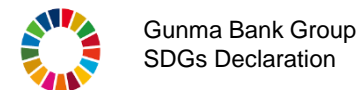
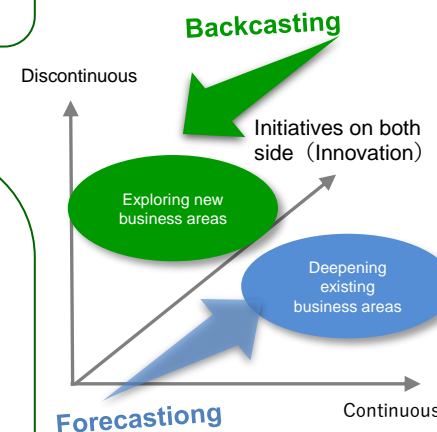
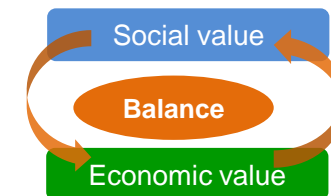
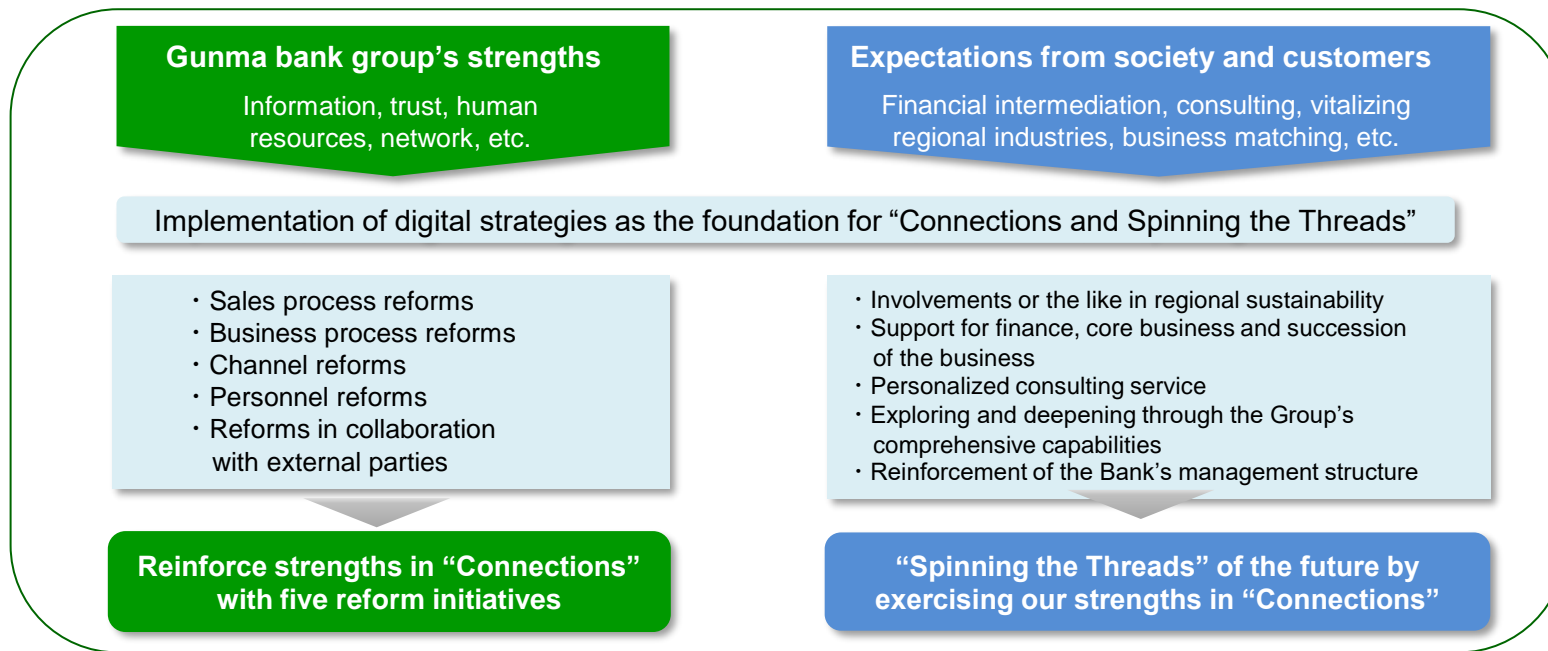
- **The Gunma Bank Group's Purpose**  
"We use our strengths in connections to spin the threads of the future for local communities"



- **To-be future**



- **Medium term business plan 2022 Innovation for "Purpose"** (plan period : Apr. 2022~Mar. 2025)



1. Sustained development of the regional economy
2. Preservation and creation of global environment
3. Promote successful engagement by diverse personnel
4. Promote partnership

『The results from the Purposes' "Connections" concept are quantified as "KPIs in Connections" with the aim of achieving a core business net profit of 45.0 billion yen through achievement of KPI items.』 consolidated core net business profit excluding gains(losses) on cancellation of investment trusts FY2021 36.8 billion yen ⇒ FY2024 (Target) 45.0 billion yen

# Profit and Loss Conditions

Consolidated core net business profit (excluding gains(losses) on cancellation of investment trust) 21.2 billion yen (compared to end of Mar. 2022 +2.3 billion yen). Profit attributable to owners of parent 13.7 billion yen (compared to forecast at the beginning of the period +0.7 billion yen)

## Consolidated

(Unit : Billions of yen)	Sep. 2022	Compared with Sep. 2021	Compared to the initial plan
Core business gross profit	48.3	-0.0	1.5
Net interest income	36.6	-0.8	1.1
Non-interest business profit	11.7	0.8	0.4
Expenses	26.6	-1.1	-0.7
Core business net profit	21.7	1.1	2.2
Excluding gains(losses) on cancellation of investment trusts	21.2	2.3	1.9
Ordinary profit	18.2	-5.4	-0.8
Profit attributable to owners of parent	13.7	-1.5	0.7
OHR	55.0%	-2.4%	-3.3%

## Special comments of Interim financial results

### 【Consolidated】

- Consolidated core business net profit progressed steadily. The decrease in net interest income due to the absence of profit from the cancellation of investment trusts was offset by an increase in non-interest income and cost reductions. Net interest income excluding profit from the cancellation of investment trusts increased by 2.3 billion yen year-on-year to 21.2 billion yen.
- Non-interest income increased by 0.8 billion yen year-on-year to 11.7 billion yen, a record high for an interim period. In the corporate business, we focused our main effort on derivatives by capturing foreign exchange trends.
- OHR was 55% of the mid-term target level and its ratio on a non-consolidated basis was 1.16.

### 【Non-consolidated】

- Gain and loss on securities decreased by 7.2 billion yen year-on-year to -1.7 billion yen (Of which, losses on sales of national government bonds etc. were 21 billion yen, while the gain from sale of stocks, etc. was 17.3 billion yen), mainly due to measures to improve the securities portfolio.
- Credit costs were held down to 2.3 billion yen compared to the initial plan. The current situation is stable.
- Disposal of idle assets is underway and the profit level is in-line compared to the plan.

## Non-consolidated

(Unit : Billions of yen)	Sep. 2022	Compared with Sep. 2021	Compared to the initial plan
Core business gross profit	44.7	-0.0	1.5
Net interest income	36.7	-0.9	1.1
Of which, gains(losses) on cancellation of investment trusts	0.4	-1.2	0.2
Non-interest business profit	7.9	0.9	0.4
Net fees and commissions income	6.4	0.1	-0.4
Profit from other business transactions	1.4	0.7	0.8
Expenses	25.6	-1.1	-0.6
Core business net profit	19.0	1.1	2.0
Excluding gains(losses) on cancellation of investment trusts	18.6	2.3	1.8
Real net business profit	0.9	-17.7	-8.3
Gains or losses on investment securities	-1.7	-7.2	-4.6
Net credit costs	2.3	-0.1	-0.5
Other non-recurrent gains(losses)	0.4	0.1	0.4
Of which, retirement benefit costs	-0.3	-0.4	—
Ordinary profit	15.4	-5.8	-1.6
Extraordinary income(losses)	1.2	2.4	1.7
Interim net profit	11.8	-2.0	0.3



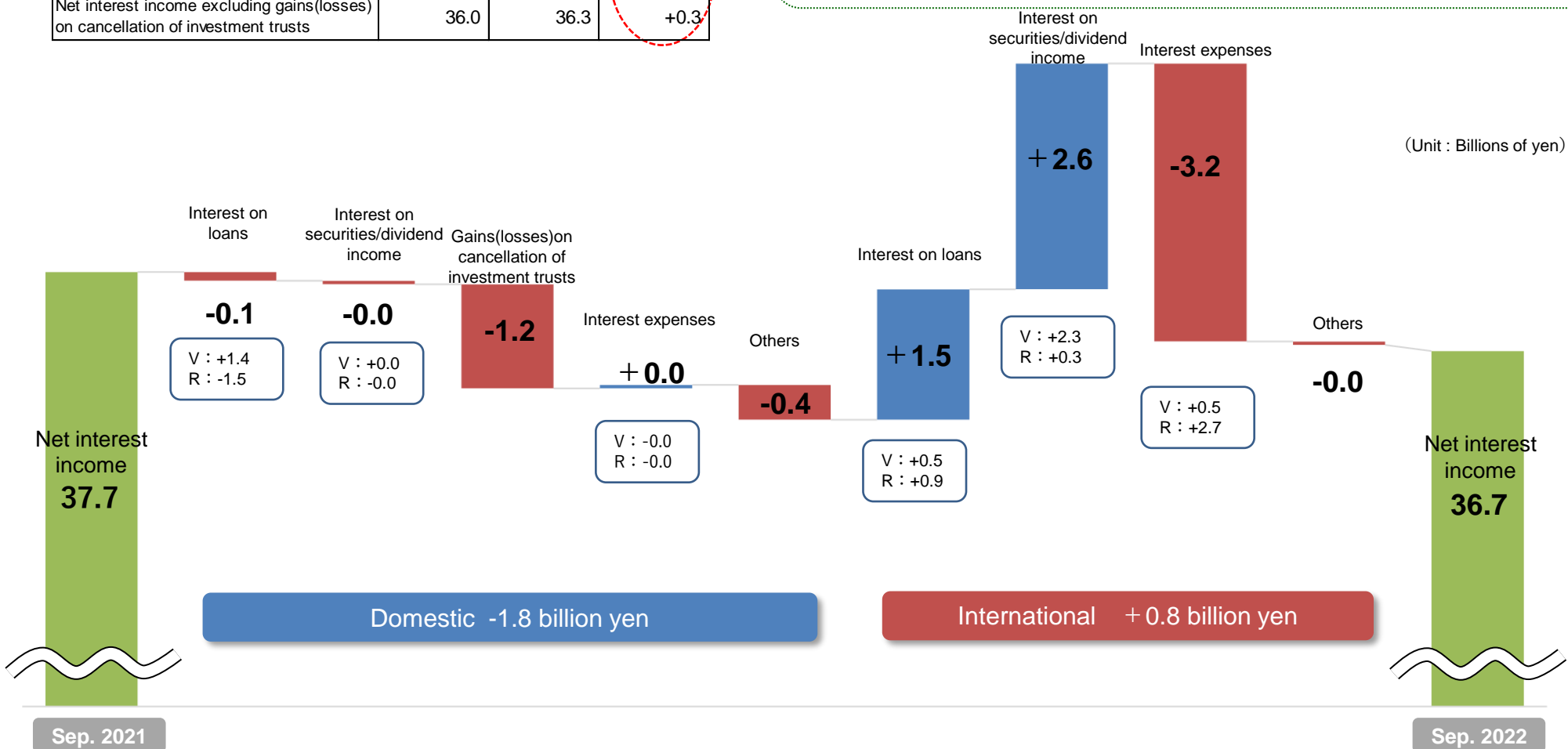
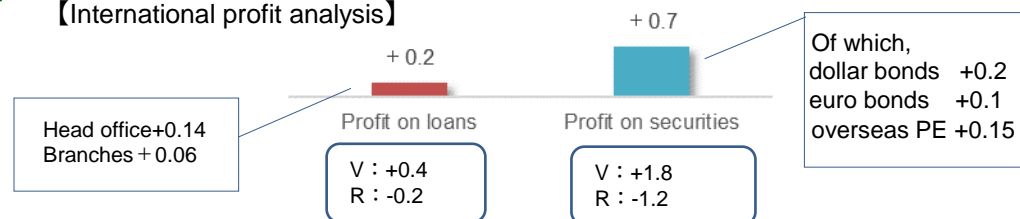
# Status of Net Interest Income (non-consolidated)

The domestic division decreased by 1.8 billion yen due to the disappearance of gains (losses) on cancellation of investment trusts. On the other hand, International division increased by 0.8 billion yen due to interest rate rise. Net interest income excluding gains (losses) on cancellation of investment trusts increased by 0.3 billion yen.

(Unit : Billions of yen)

	Sep. 2021	Sep. 2022	year on year
Net interest income	37.7	36.7	-0.9
Of which, gains(losses) on cancellation of investment trusts	1.6	0.4	-1.2
Net interest income excluding gains(losses) on cancellation of investment trusts	36.0	36.3	+0.3

## 【International profit analysis】





# Status of Deposits and Loans

- Loan balance increased in housing loans, large corporations, and structured finance. Interest rates for new loans granted are on an upward trend.
- By seeking out information on equipment, real estate and other projects for SMEs, the Head Office and branches are working together to provide a strong follow-up for them by utilizing the CRM system.

## Breakdown of balance

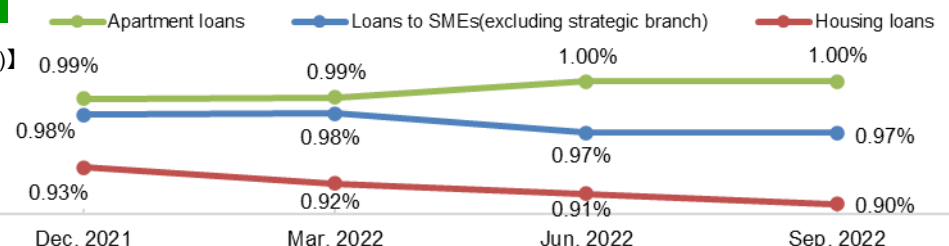
(Unit : Billions of yen, %)	Sep. 2022	Compared to end of Sep.2021	
		Change	Rate of change
Deposits, etc.	8,149.8	187.6	2.3
Deposits	7,897.3	175.2	2.2
Of which, deposit to individuals	5,567.1	116.3	2.1
Of which, deposit to corporate customers	1,919.1	25.6	1.3
Certificate deposits	252.4	12.4	5.1

(Unit : Billions of yen, %)	Sep. 2022	Compared to end of Sep.2021	
		Change	Rate of change
Loans	5,861.1	127.2	2.2
Retail	4,638.7	-0.9	-0.0
SMEs *1	2,287.7	-27.1	-1.1
Individuals	2,351.0	26.2	1.1
Of which, Housing loans	1,367.4	26.2	1.9
Of which, Apartment loans	653.6	4.1	0.6
Of which, Unsecured loans	58.7	3.2	5.7
Others	1,037.5	114.2	12.3
Cross-border loans	108.7	18.7	20.8
Structured finance	38.9	10.4	36.4
Domestic large and second-tier enterprises	769.3	68.6	9.8
Others	120.4	16.3	15.7
Overseas branches	74.2	12.1	19.4
Public	110.6	1.7	1.6

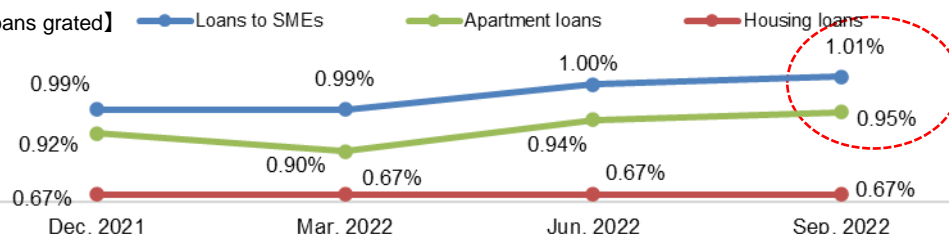
\* Regional public corporations and Tokyo/Osaka Branch accounts are classified into Others.

## Yield on loans

【Yield on loans(domestic)】



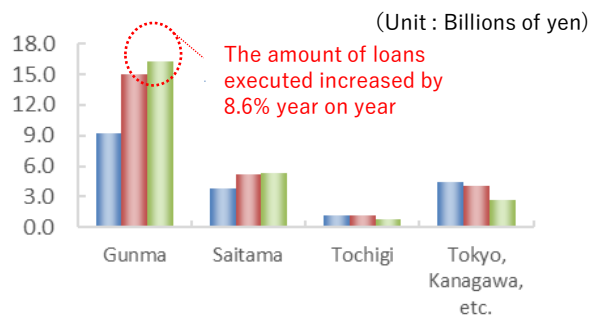
【Interest rates of new loans granted】



## Changes in housing loans

【Execution of housing loans by region】

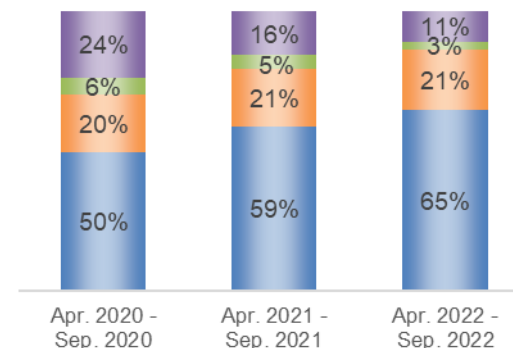
■ Apr. 2020 - Sep. 2020 ■ Apr. 2021 - Sep. 2021  
■ Apr. 2022 - Sep. 2022



(Unit : Billions of yen)  
The amount of loans executed increased by 8.6% year on year

【Execution of housing loans by region】

■ Gunma ■ Saitama ■ Tochigi ■ Tokyo, Kanagawa, etc.



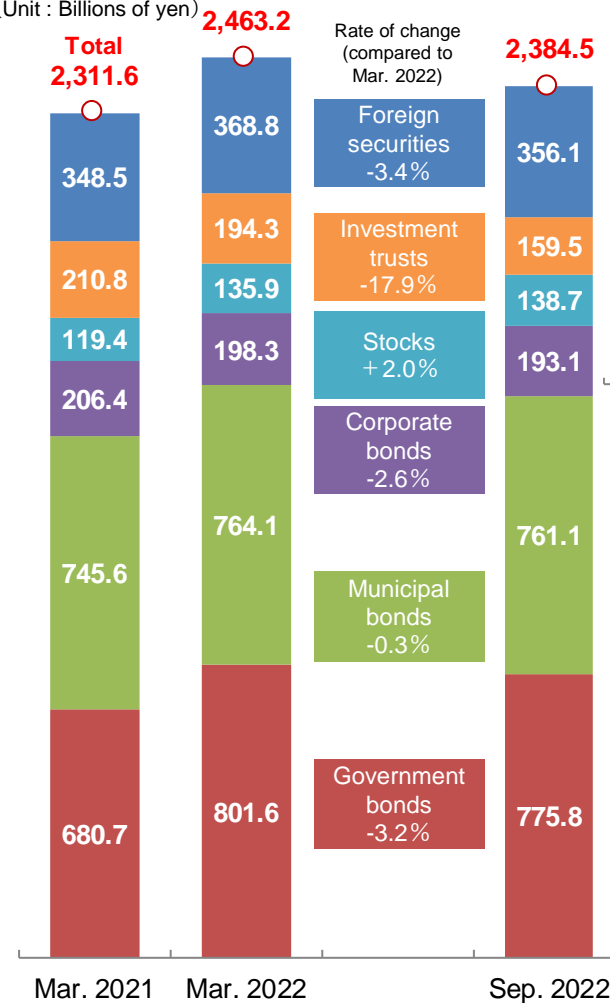
Regional RORA 2.95% 2.53% 2.74% 2.02%

# Status of Securities

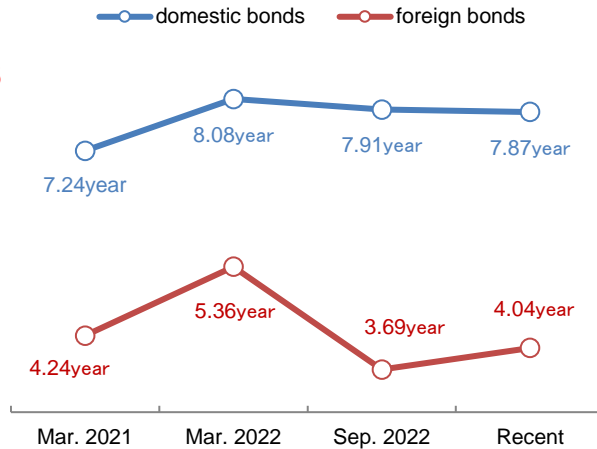
Proactively replace foreign bonds. Reconstruct the portfolio while maintaining the balance

## Balance of securities (Book value basis)

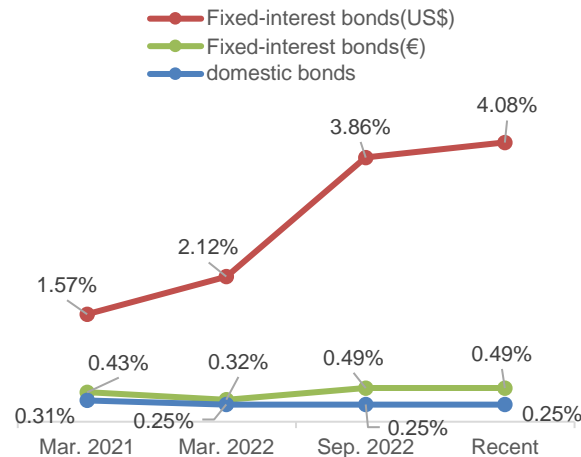
(Unit : Billions of yen)



## Duration



## Bond yield



## Profit/loss on sale (excluding held to maturity)

(Unit : Billions of yen)

	Sep. 2021	Sep. 2022	year on year
Gains or losses on investment securities①	5.5	-1.7	-7.2
Gains(losses) on bonds	0.7	-18.1	-18.8
Of which, losses on bonds	-2.8	-21.0	-18.2
Gains(losses) on stocks, etc.	4.8	16.3	11.5
Gains(losses) on sale of stocks, etc.	4.8	16.5	11.6
Strategically held stock	2.0	5.5	3.4
Investment securities	2.8	11.0	8.1
Losses on devaluation of stock, etc. (-)	0.0	0.1	0.0
②Gains(losses) on cancellation of investment trusts	1.6	0.4	-1.2
Total (①+②)	7.2	-1.3	-8.5

## Profit/loss from valuation

(Unit : Billions of yen)

	Mar. 2022	Sep. 2022	compared to end of Mar. 2022
Profit/loss from valuation of securities	45.7	-14.5	-60.3
profit/loss from valuation (excluding domestic bonds)	59.5	18.4	-41.1
Foreign securities	-8.3	-15.1	-6.7
Of which, fixed-interest bonds(US\$)	-7.5	-7.5	0.0
Of which, fixed-interest bonds(€)	-5.0	-7.3	-2.2
Investment trust, etc.	0.2	-16.2	-16.5
Stocks	67.7	49.8	-17.8
Strategically held stocks	59.5	54.0	-5.5
Investment securities	8.1	-4.1	-12.2
Bonds	-13.8	-32.9	-19.1
Government bonds	-13.1	-27.7	-14.5
Municipal bonds	0.0	-3.1	-3.2
Corporate bonds	-0.6	-2.1	-1.4

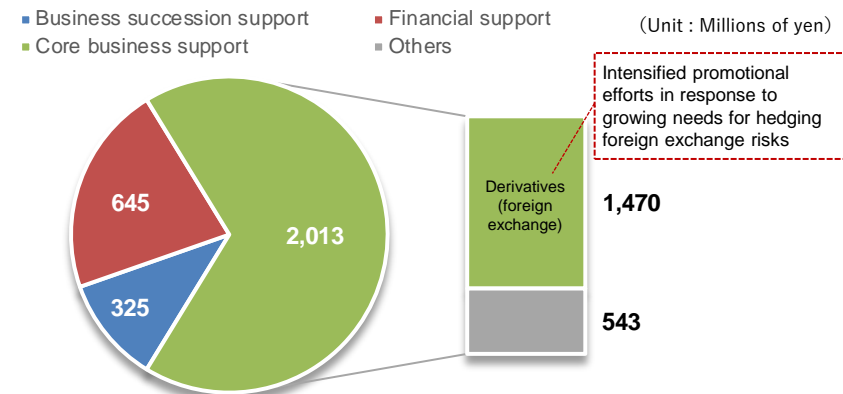
# Status of Non-interest Business Profit

The corporate business centering on derivatives, covers deposit financial assets, increasing 0.8 billion yen year-on-year and progressing 54% toward the plan.

## Consolidated non-interest business profit

(Unit : Billions of yen)	Sep.2022	year on year	achievement rate	Plan for the ending Mar.2023
Consolidated non-interest business profit	11.70	0.83	54.2%	21.60
Corporate service revenue	2.98	1.13	48.8%	6.11
Syndicate loans	0.28	-0.05	41.3%	0.69
Structured covenant loans	0.20	0.03	30.7%	0.66
Business matching	0.28	0.04	46.9%	0.61
Gungin Securities (for corporations)	0.13	-0.01	78.0%	0.16
M&A	0.16	0.00	30.0%	0.54
Private placement bonds	0.04	-0.04	23.6%	0.19
Derivatives(interest rate and foreign exchange)	1.50	0.95	64.9%	2.30
Others	0.36	0.20	39.3%	0.92
Deposits financial assets revenue	3.68	-0.27	52.3%	7.04
Investment trusts commissions	0.96	-0.54	40.4%	2.39
Insurance sales commissions(individuals)	1.04	0.37	47.9%	2.17
Gungin Securities (for individuals)	1.52	-0.17	68.3%	2.22
Commissions for testamentary trust/inheritance sorting, etc.	0.14	0.06	61.5%	0.24
Others	5.03	-0.02	59.7%	8.44
Dividend of group credit life insurance	1.70	0.27	99.7%	1.70
Base service commissions(domestic exchange, agency services, etc.)	3.99	-0.24	50.7%	7.87
Loan insurance premium	-3.16	-0.16	51.6%	-6.12
Gungin Leasing	1.33	0.10	53.3%	2.51
Gunma Credit Guarantee	0.80	-0.03	49.6%	1.63
Other, consolidated reconciliation	0.35	0.03	42.2%	0.84

## Corporate service revenue (breakdown by support)



## Temporary measures for structured bonds

Product Category (Bonds)	Individuals	Corporations
Structured bonds (excluding callable bonds)	Sales suspended	

## Percentage of revenue from structured bonds in net operating revenue at Gungin Securities

	Operating revenue	Structured bond revenue	Ratio
First half of FY2022	1.6 billion yen	1.3 billion yen	79%

## Reconstruction of deposits financial assets promotion system

- Carefully interview customers given refunds, about their needs and propose a combination of multiple products such as investment trusts and life insurance , as well as new products, considering customer portfolios. Consider reviewing product lineups and promotion staff.
- Reorganize client segments. Through collaboration between the bank and Gungin securities, respond to needs such as asset building by making optimal proposals for each segment.

# Status of Core Business Profit

- Customer service business profit remained consistently in the black. Core business profit increased 5.6 billion yen year-on-year to 20.7 billion yen.

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

\* Customer service business profit ratio = Customer service business profit / Average deposit balance

(Unit : Billions of yen)

(non-consolidated basis)

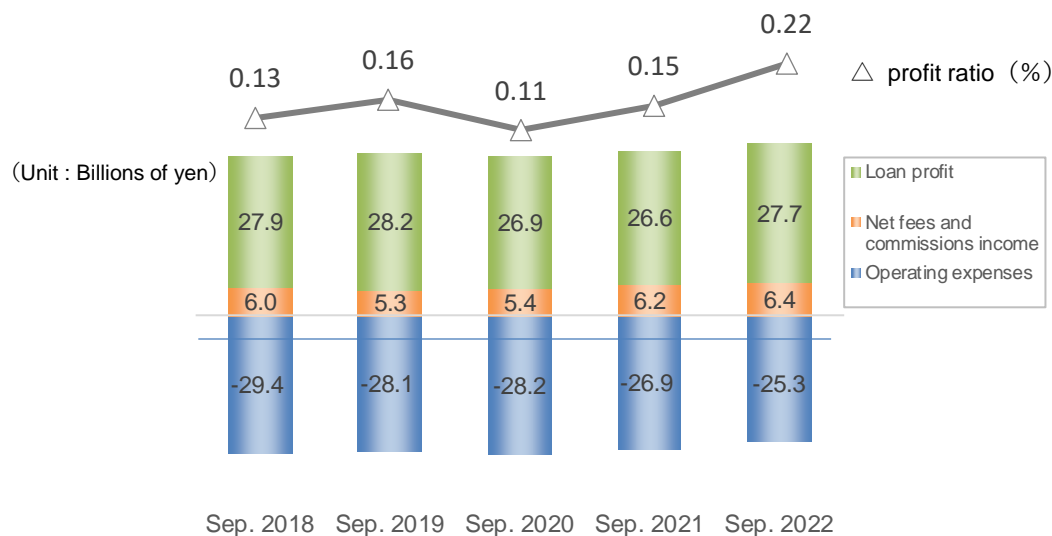
	A						
	Customer service business profit ratio	Customer service business profit	Loan profit	net fees and commissions income	Operating expenses	Average loan balance	Deposit and loan direct profit margin
Sep. 2018	0.13%	4.6	27.9	6.0	29.4	5,473.8	1.05%
Sep. 2019	0.16%	5.4	28.2	5.3	28.1	5,509.5	1.04%
Sep. 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%
Sep. 2022	0.22%	8.8	27.7	6.4	25.3	5,799.6	0.95%

B	A+B
Interest and dividends on securities *	Core business profit
10.5	15.1
9.3	14.7
6.9	11.1
9.2	15.1
11.8	20.7

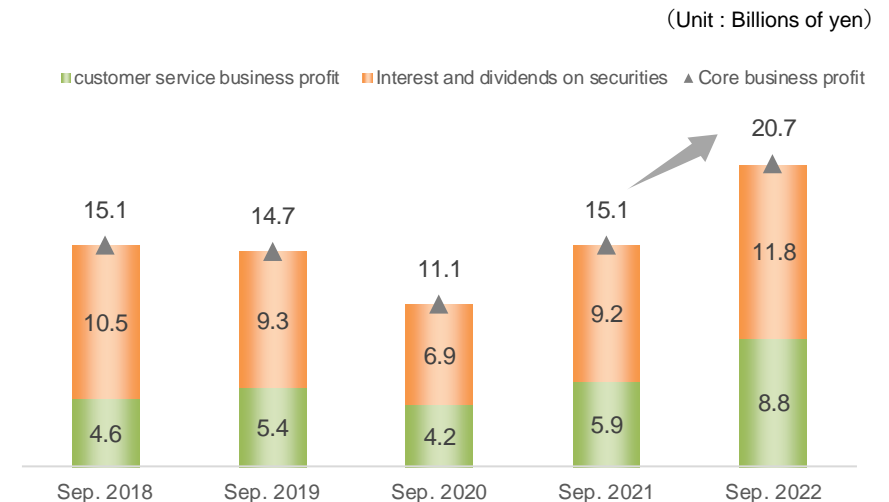
+5.6billion yen

\*excluding gains(losses) on cancellation of investment trusts

## 【 Breakdown of customer service business profit 】



## 【 Breakdown of core business Profit 】

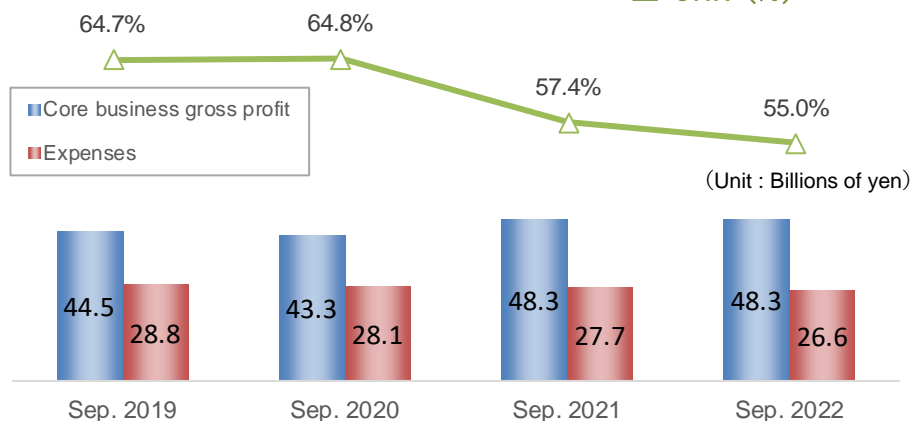


# Status of Expenses

- Due to reductions in deposit insurance premiums and maintenance expenses for branches and ATMs there was a decrease of 1.1 billion yen year-on-year. Outlook is for fulfilling requirements for the Bank of Japan's special interest rate.

## Consolidated basis

△ OHR (%)



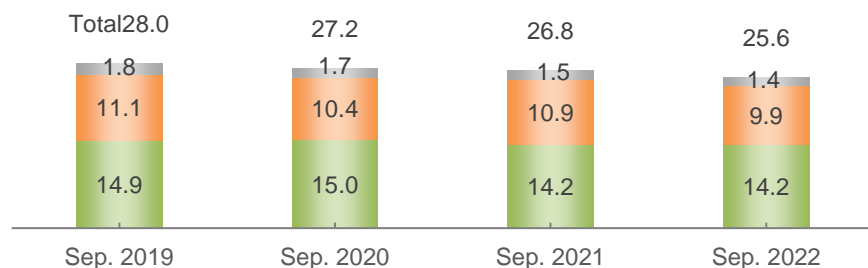
## Response to the BOJ special current deposit facility

Benchmark year	1st year (Mar. 2021)	2nd year (Mar. 2022)	3rd year (Mar. 2023)
Improvement rate of OHR	1% or more	3% or more	4% or more
Results	0.8%	8.9%	7.3% (plan)
Judgement	×	○	○

Interest income on deposits (net interest income) is expected to reach **1.6 billion yen** this fiscal year due to the achievement of the OHR improvement target in the previous fiscal year (FY2021)

## Non-consolidated basis

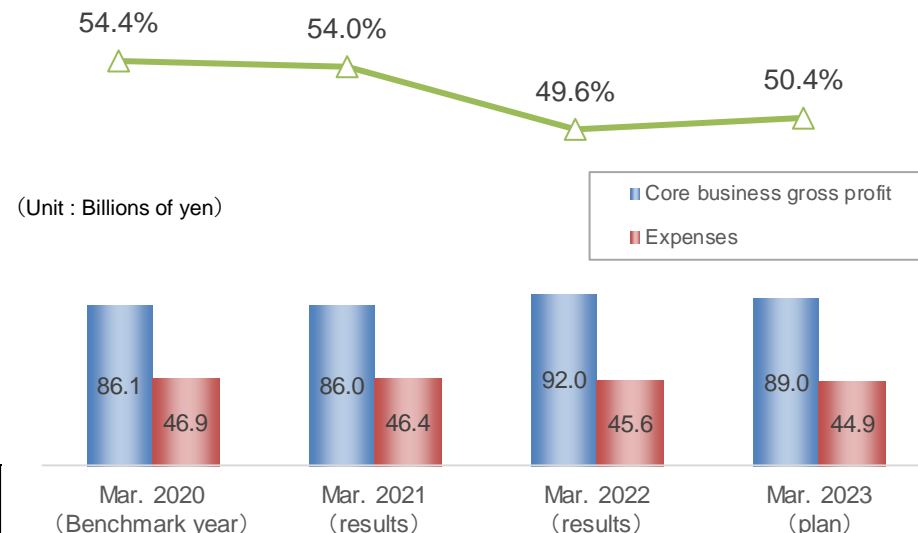
■ Personnel exp. ■ Non-personnel exp. ■ Tax (Unit : Billions of yen)



## 【Main factors of non-consolidated expenses】

	Sep. 2022	Compared to Sep. 2021	Main factors
Personnel exp.	14.2	-0.0	Salaries and allowances-0.0, Temporary employment exp. -0.0
Non-personnel exp.	9.9	-1.0	Deposit insurance premiums-0.5, Maintenance cost-0.1, Outsourcing cost-0.1
Tax	1.4	-0.0	Stamp tax-0.0

△ Profit ratio (%)



\* Bank of Japan's definition

OHR = consolidated expenses (excluding depreciation and amortization, etc.) ÷ consolidated core business gross profit (excluding gains(losses) on bonds)

# Status of Net Credit Costs(non-consolidated)

- Current credit costs have stabilized and we have lowered our annual plan from 5 billion yen to 3.5 billion yen. The impact from Covid-19 is also expected to remain at a low level compared to the same period of last year.

## Breakdown of credit costs

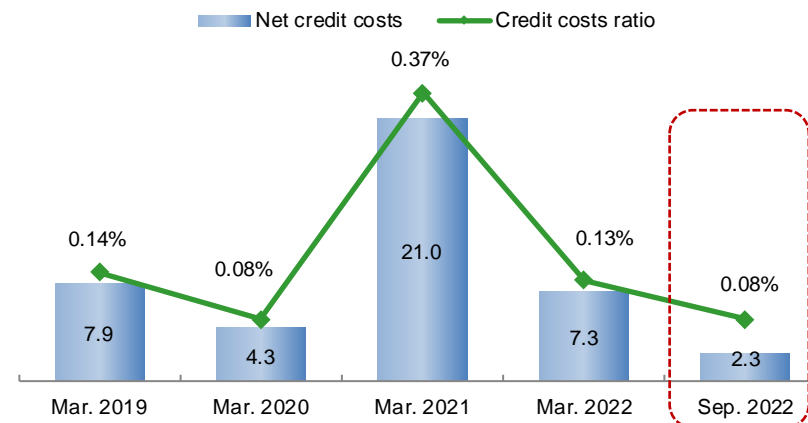
(Unit : Billions of yen)

	Mar. 2021	Mar. 2022	Mar. 2023 (plan)	Sep. 2022
Net credit costs	21.0	7.3	3.5	2.3
Transfer to general provision for possible loan losses	14.5	-1.5	-1.0	0.0
Change to the actual rate	-0.6	-0.3	-0.3	0.6
DCF	14.0	-0.9	—	-0.4
Others	1.1	-0.2	-0.7	-0.2
Disposal of non-performing loans	6.4	8.9	4.5	2.3
Downgrade	8.9	12.0	6.2	3.6
Collection, upgrade, etc.	-2.3	-3.8	-1.9	-1.5
Others	-0.2	0.7	0.2	0.2
Gain on the collection of claims written-off (-)	0.0	0.0	0.0	0.0

(Unit : %)

## Changes in credit costs and its ratio

(Unit : Billions of yen)



## Provision ratios by borrower category

Provision ratios by borrower category			Provision target	Period	Mar. 2021	Mar. 2022	Mar. 2023 Plan	Sep. 2022
Normal borrowers			Entire claim amount	1 year	0.068	0.066	0.053	0.066
Borrowers requiring attention other than special attention	Borrowers without realistic, comprehensive business reconstruction plans	Classification 1	Entire claim amount	3 years	0.941	0.911	1.049	1.115
	Borrowers with realistic, comprehensive business reconstruction plans	Classification 2	Entire claim amount	3 years	5.764	5.574	5.397	5.397
	Borrowers requiring special attention							
Classification III borrowers threatened with bankruptcy			Entire non-coverage amount	3 years	28.736	28.459	28.160	28.160

## Impact of COVID-19 (Quarterly basis)

(Unit : Billions of yen)

	Mar. 2022				Mar. 2023	
	1 Q	2Q	3Q	4Q	1Q	2Q
Impact of COVID-19	1.0	2.5	0.8	4.5	0.2	0.7
Transfer to general provision for possible loan losses	0.3	1.2	0.3	0.1	0.2	0.3
Disposal of non-performing loans	0.6	1.3	0.5	4.4	0.0	0.4

# Business Forecast (for Fiscal Year Ending March 2023)

- Consolidated core business net profit is expected to increase by 0.7 billion yen compared with the previous FY to 38.0 billion yen . Profit attributable to owners of parent is expected to increase by 0.6 billion yen compared with the previous FY to 27.0 billion yen.

Consolidated		Forecast for Mar. 2023		
(Unit : Billions of yen)			Year on year change	Compared to the initial plan
Core business gross profit		91.1	-1.4	-0.1
Net interest income		69.5	-2.5	-0.4
Non-interest business profit		21.6	1.1	0.3
Of which, corporate service revenue		6.1	1.8	1.2
Of which, deposit financial assets revenue		7.0	-0.7	-0.8
Expenses		53.1	-2.1	-0.8
Core business net profit		38.0	0.7	0.7
Net credit costs		3.5	-4.8	-2.1
Ordinary profit		37.5	-1.6	-1.5
Profit attributable to owners of parent		27.0	0.6	—

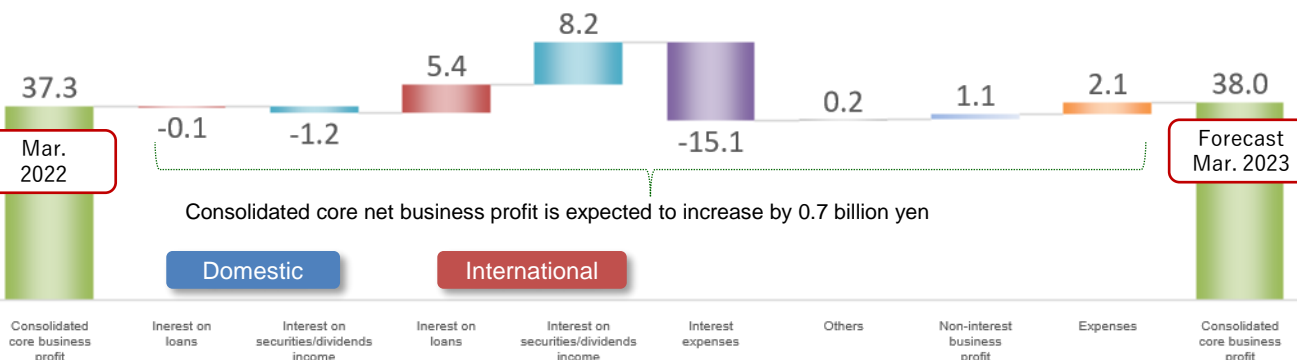
Non-consolidated		Forecast for Mar. 2023		
(Unit : Billions of yen)			Year on year change	Compared to the initial plan
Core business gross profit		84.7	-0.5	0.9
Net interest income		69.8	-2.5	-0.3
Non-interest business profit		14.9	2.0	1.2
Of which, corporate service revenue		12.4	1.4	0.0
Of which, deposit financial assets revenue		2.5	0.6	1.2
Expenses		51.2	-2.1	-0.6
Core business net profit		33.5	1.6	1.5
Gains and losses on securities, etc.		2.2	-7.4	-4.1
Net credit costs		3.5	-3.8	-1.5
Others		0.8	0.6	-0.3
Ordinary profit		33.0	-1.4	-1.5
Profit		23.5	0.2	—

## Breakdown of changes in consolidated core business profit

(Unit : Billions of yen)

## Average balance and yields(non-consolidated)

(Unit : Billions of yen, %)



	Average balance	year on year	Yields	
			year on year	
Loans	5,844.1	144.0	1.00	0.06
Of which, Domestic	5,617.8	114.9	0.91	-0.02
Securities	2,440.5	52.9	1.05	0.26
Of which, Domestic	2,047.3	-24.2	0.63	-0.05
Deposits	7,896.3	179.5	0.02	0.01
Of which, Domestic	7,831.4	183.6	0.00	-0.00



## II . Capital Policy

# Shareholder Return

The annual cash dividends per share has been increased by 2 yen from the original forecast and revised to 18 yen. The Bank have resolved to acquire treasury shares (up to 2.0 billion yen).

## Shareholder return policy

As a regional financial institution, the Bank will strive to increase shareholder returns by striving to enhance equity capital while balancing profitability and investment for growth. Specifically, the Bank is setting a target of **40% of profit attributable to owners of parent** for the ratio of total payout to shareholders combining stable cash dividend payments and the acquisition cost of treasury shares.

### Dividends

#### Annual cash dividends per share has been increased by 2 yen.

- A commemorative dividend for the 90<sup>th</sup> anniversary of the establishment of the Bank + 1 yen
- Dividend increase based on current performance + 1 yen

	Interim	Year-end	Total
Forecast at the beginning of the period	8 yen	8 yen	16 yen
Revised forecast	8 yen	10 yen	18 yen

### Share buy-backs

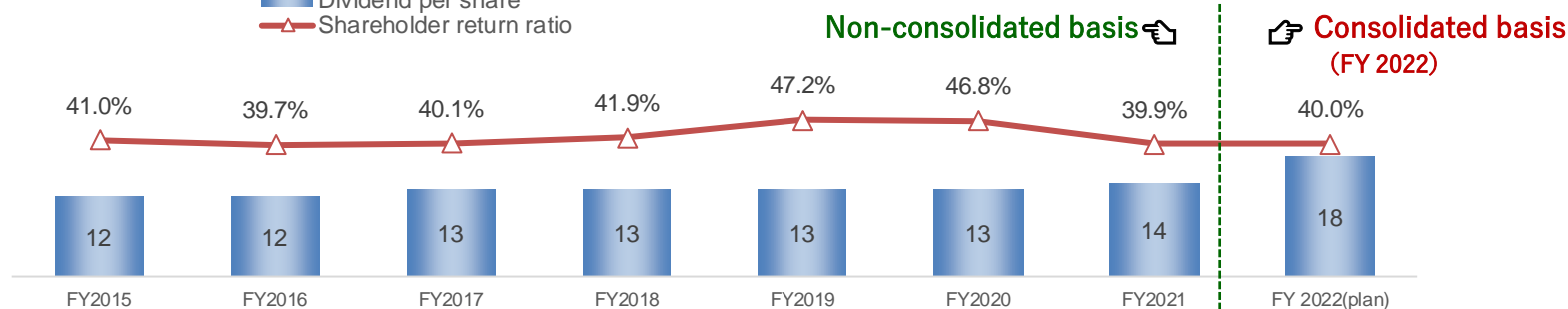
#### Decided to acquire 2.0 billion yen of treasury shares

- To enhance shareholder's value through the implementation of flexible capital policies and the improvement of capital efficiency

Total number of shares to be acquired	Up to 6.0 million shares
Total cost of acquisition	Up to 2.0 billion yen
Acquisition methods	Market purchase

### Results of shareholder return

■ Dividend per share  
—△ Shareholder return ratio



(Unit : Billions of yen)

Total amount of shareholders return	10.9	10.0	10.4	8.7	8.4	5.4	9.3	<b>10.8</b>
Total amount of dividends	5.4	5.3	5.6	5.5	5.4	5.4	5.8	7.3
Share buy-backs	5.5	4.6	4.7	3.2	3.0	—	3.4	(2.0)
Profit(non-consolidated)	26.6	25.2	26.0	20.9	17.9	11.6	23.3	23.5
Profit attributable to owners of parent	28.6	26.3	28.3	23.3	22.2	13.5	26.4	27.0
Consolidated dividend payout ratio	18.8%	20.2%	19.9%	24.0%	24.6%	40.4%	22.1%	27.0%

# Reduction Target of Shares for Policy Purposes

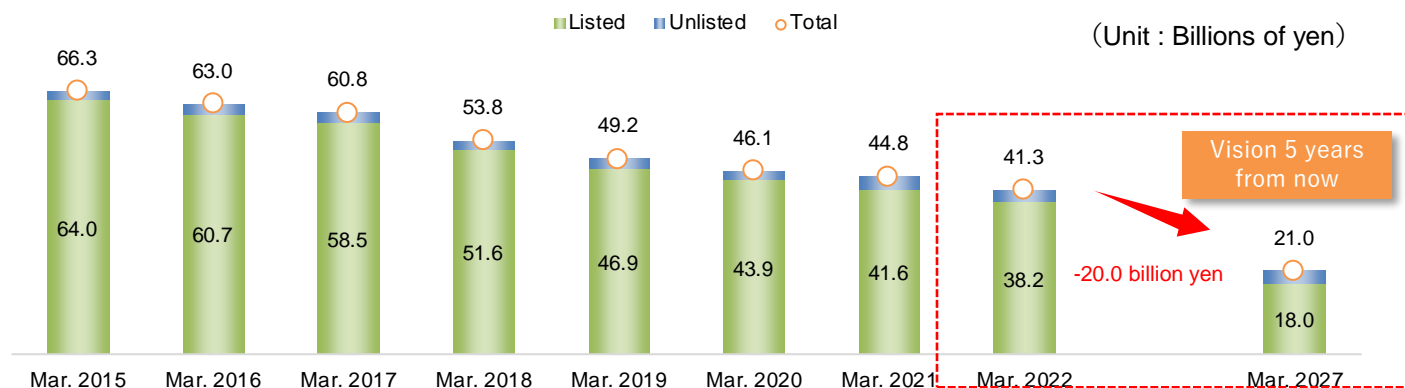
● The Bank plan to **reduce the book value by 50% (20 billion yen)** over the next 5 years starting from FY2022(current FY).

## Shares for policy purposes policy and verification

- The Bank's policy is to hold shares for policy purposes when the significance of such holdings is recognized, such as to maintain and strengthen business relationships with customers and to revitalize the local economy, and to basically reduce the number of such holdings.
- With regard to each equity security held for policy purposes, the Bank examines the appropriateness of holding such shares comprehensively after examining economic rationality, using medium-long-term business relationships, RORA\*.

(※) RORA = (Profit after deducting expenses and credit costs + dividends received) / Risk assets of loans and shares

## Changes in book value of shares for policy purposes

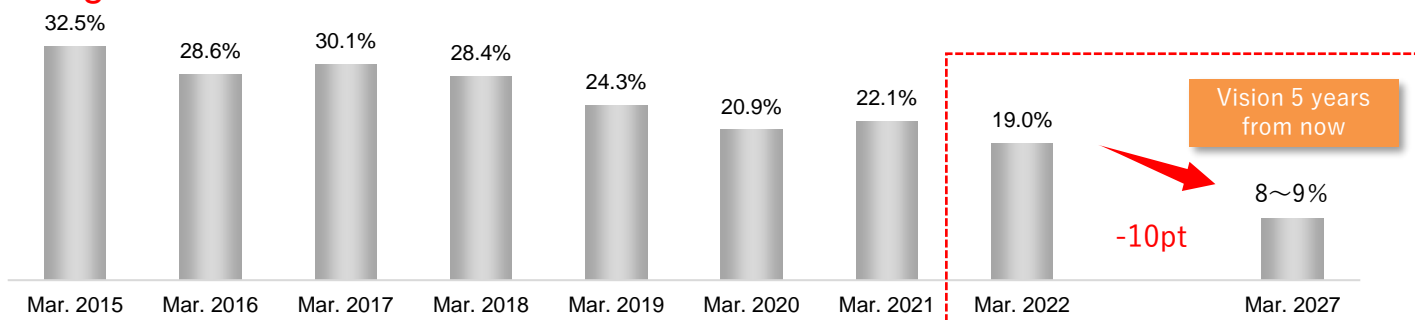


Book value reduced by 20 billion yen over 5 years

Risk-weighted assets that will increase due to the finalization of Basel III are restrained approx. 100 billion yen

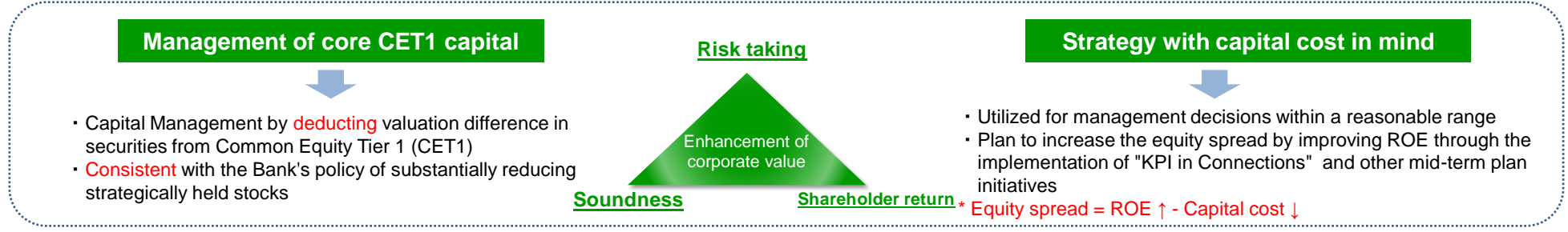
Consolidated total capital ratio + 0.4pt degree

## Changes in market value ratio to consolidated net assets



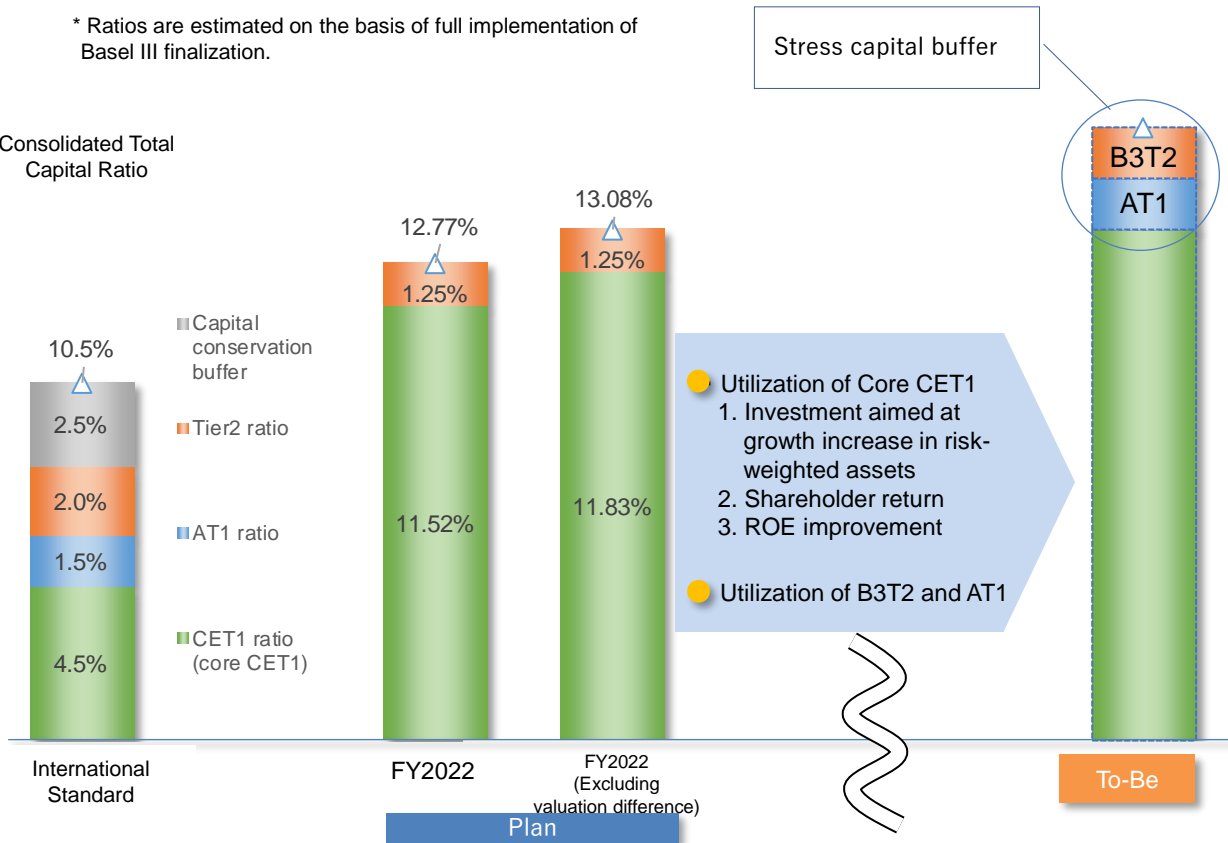
# Optimal Capital Structure

- Achieve a balanced capital structure including optimization of each Tier capital and improve capital efficiency by taking advantage of the benefits of a bank conforming to uniform international standards



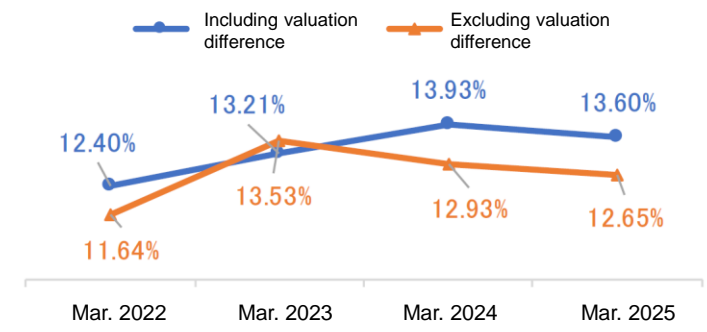
## ► Approach to Capital Structure

\* Ratios are estimated on the basis of full implementation of Basel III finalization.

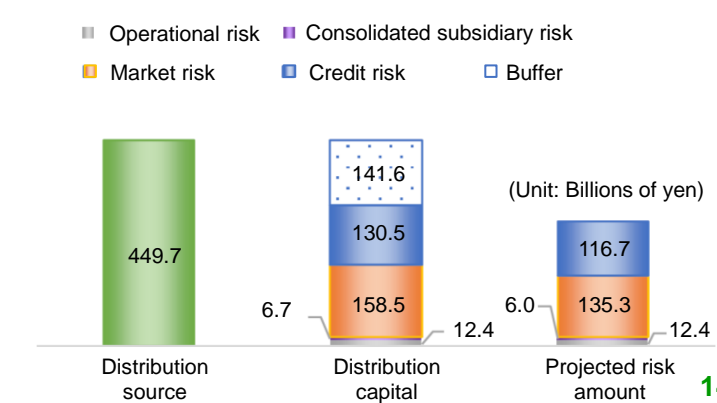


## ► Forecast of Consolidated Capital Ratio

\* Ratios are estimated after taking into account transitional measures for the finalization of Basel III.



## ► Status of Capital Distribution (First half of FY2022)



## III. Management Strategies

# Strategic Themes and Key Measures

## Basic policy 1 Implementation of digital strategies as the foundation for "Connections and Spinning the Threads"

P16·P17

### Basic policy 2 Reinforce strengths in "Connections" by five reform initiatives

#### 1 Sales process reforms with emphasis on progress and autonomy

- Clarification of regional strategies through "District Governance Structure" and autonomous sales branch operations
- Strengthen problem-solving capabilities through effective division of functions between branches and headquarters
- Establish a new sales style based on the New Normal
- Improve CS by strengthening medium- and long-term relationships with customers on a goal basis

#### 2 Business process reforms that contribute to increasing productivity

- Efficient branch operations through administrative reforms
- Review of existing operations centered on the advancement of business reform projects
- Initiatives to optimize system costs
- Enhance information and data utilization

#### 3 Channel reforms that adapt to changes in the environment and customer needs

- Enhance "DigiCal" strategy by strengthening channel collaboration
- Expand digital channels such as personalized apps
- Improve customer experience through face-to-face channels, including expansion of specialized consultation centers
- Optimize branch network and functions based on regional characteristics
- Improve financial services through renewal of API infrastructure

P27

#### 4 Personnel reforms for exercising creativity

- Transition to a future-oriented personnel system that emphasizes job performance
- Strengthen comprehensive human resource capabilities that contribute to social and customer needs
- Develop specialized human resources in light of the changing environment
- Maximize performance by strengthening talent management
- Enhance the organization by realizing the wellbeing of each executive and employee

P23

#### 5 Reforms in collaboration with external parties for improving strengths

- Collaboration with other banks to create profit-earning opportunities and improve productivity
- Regional collaboration to strengthen response to regional issues
- Cross-industry collaboration to gain new strengths and complement weaknesses

### Basic policy 3 "Spinning the Threads" of the future by exercising our strengths in "Connections"

P25·P26

#### 1 Involvement or the like in regional sustainability/Initiatives for SDGs and ESG

- Proactive response to regional issues through industry-government-academia collaboration, etc.
- Foster local industry and aid business founding for sustainable development of the local economy
- Strengthen initiatives for sustainable finance
- Expansion of products, services, and consulting to promote SDGs initiatives
- Efforts toward carbon neutrality and TCFD compliance

P18

#### 2 Coronavirus-ready support for finance, core business and succession of the businesses

- Appropriate financial support in line with the customer's situation
- Strengthen support for core business based on customers' apparent and inapparent needs
- Solution proposals with business succession support as a starting point
- Strengthen initiatives in structured finance
- Expand support for overseas expansion, overseas transactions, and foreign exchange transactions

P19

#### 3 Personalized consulting service for each individual customer

- Enhance marketing to individuals
- Expand wealth management functions and services for seniors
- Enhance support in the area of asset formation
- Respond to diverse investment needs by strengthening cooperation between banks and securities companies
- Strengthen lending to individuals

P20~P22

#### 4 Exploring new business opportunities through the Group's comprehensive capabilities and deepening existing businesses

- Business development in the areas of human resources, regional trading companies, and ICT/DX
- Explore new business areas in finance
- Explore non-financial business areas that contribute to solving regional issues
- Promote cashless services to build regional ecosystems
- Maximize consolidated earnings by leveraging the Group's comprehensive strengths

P24·P28

#### 5 Reinforcement of our management structure to consistently demonstrate our strengths in "Connections"

- Improve profitability by upgrading market management systems
- Efforts toward integrated management and operation of earnings, risk, and capital
- Enhance corporate governance and implementation of a balanced capital policy
- Enhance compliance and prevention systems against money laundering, etc.
- Sustainable development of financial infrastructure in consideration of changes in the environment

for "Purpose"

Promote digitalization as a base for each strategic theme in order to boost "Connections" strength and spin the threads of the future

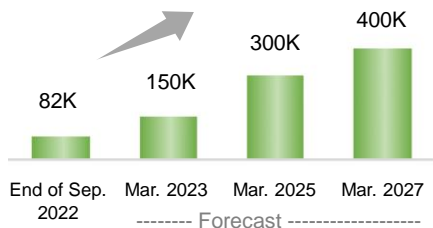


~Digitalization of customer contact points and internal operations~

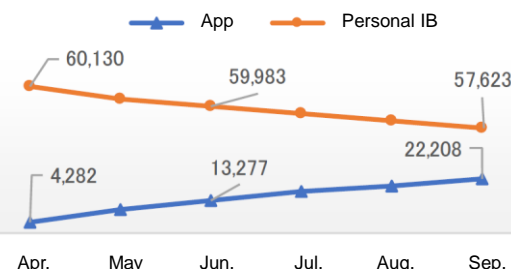
## ► Gungin App (Launched in April 2022)

- Released in April 2022 as the "most accessible channel for individuals"  
⇒ Plan to add functions such as tax and public fund collection and investment trusts to improve convenience and functionality  
⇒ To also be used as a front channel for one-to-one marketing in the future
- Gungin Bank Account Opening Application  
⇒ Stricter and more streamlined identity verification through introduction of eKYC, promotion of paper elimination

[App users]



[Changes in number of transfers by month] (Unit: case)



## ► Gungin Business Portal (To be launched in July 2023)

- New digital channel for corporation and sole proprietors  
⇒ Graphical expression of transaction status of accounts at multiple financial institutions  
Provide optimal products, services, and information to each customer without the need to visit a branch

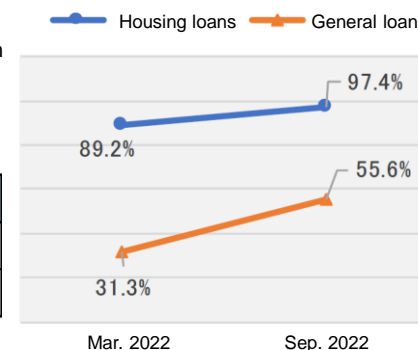


## ► Electronic Contract Service (Launched in October 2021)

- Loan contracts can be made via PC [Trends in percentage of electronic contracts] or smartphone  
⇒ No need to fill out forms and put seals on them  
⇒ Sign contracts without a face-to-face transaction  
⇒ No need to pay for revenue stamps

<Time saved per contract>

	Before Introduction	After Introduction	Effect
Business loans	116 min.	21 min.	- 95 min.
Housing loans	308 min.	243 min.	- 65 min.



## ► Branch Office Tablets (To be launched in January 2024)

- Customer-oriented UI (user interface) and fundamental review of business operations  
⇒ Introduce self-service terminals to achieve paperless, automated, and seal-free operations
- Benefits from  
⇒ Expect a significant reduction in business operation time and less paperwork  
Potential reduction of 75 employees from May 2024  
⇒ Fewer terminals and lower costs in the next sales branch system (January 2028)

	Reduction of business operation time	Reduction of forms
Opening ordinary deposits	- 45 min. (From 60 to 15 min.)	- 14 sheets (From 17 to max. 3 sheets)
Various notifications	- 25 min. (From 40 to 15 min.)	- 4 sheets (From max. 5 to 1 sheets)

\* Estimate per case



for "Purpose"

Transform data into valuable information and convey that information to customers, communities, and banks by the best possible timing and method

~Advanced Data Utilization~

**Region**

**Customers**

**Bank**

- 1 Contribution to regional revitalization through data utilization
- 2 Realization of One-to-One marketing
- 3 Establishment of a data-driven management system

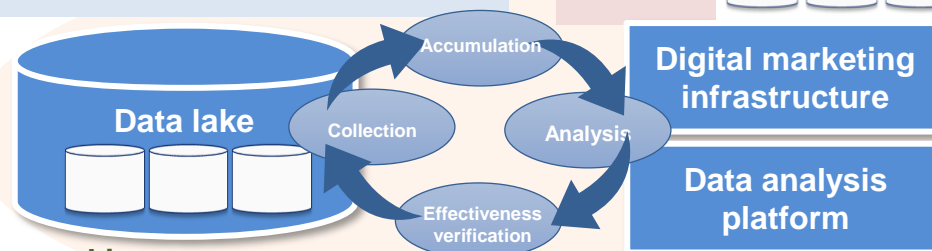
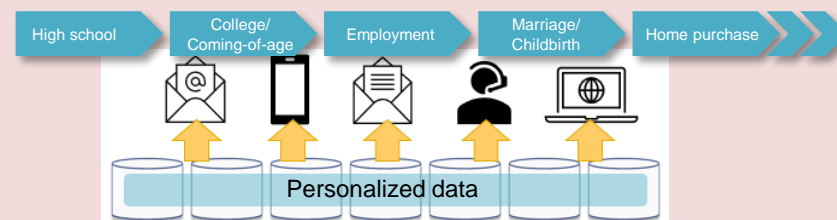
## 1 Provide new services utilizing data

- Promote cashless transactions in the region and provide new services using data with a view to expanding customers' businesses, thereby recirculating and expanding the regional ecosystem

- ✓ Digital promotion
- ✓ Advertising and sales promotion support
- ✓ Branding
- ✓ New product development
- ✓ Marketing support utilizing payment data
- ✓ Matching and staffing
- ✓ Purchasing trend analysis
- ✓ Demand forecasting, etc.

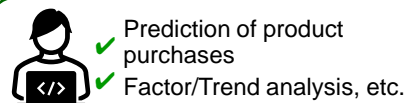
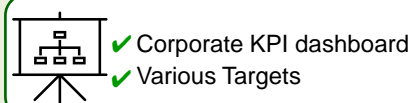
## 2 Delivers information optimized for customers at the optimal time

- Build a digital marketing infrastructure to provide customers with the services and information they need at the optimal time to match their lifestyle and daily events



## 3 Utilize visualized data for decision making

- Shorten the lead time to management decision-making by visualizing essential information on a dashboard. Also reduces reporting tasks.
- Employees use the analysis tools themselves for utilizing data by establishing a PDCA cycle for analysis (analysis, effectiveness verification, and planning of measures based on analysis results).



**Fincross DIGITAL**

Wide-area collaboration of eight regional banks for the purpose of financial digitization

- While developing human resources specializing in data analysis, the Bank will also outsource analysis that requires greater accuracy such as through machine learning, to the company in order to enhance the degree of analysis sophistication and maximize its effectiveness.
- As a collaborative effort, the participating banks will work on the development of advanced models through data merging (fusion) and other means to quickly accumulate know-how.

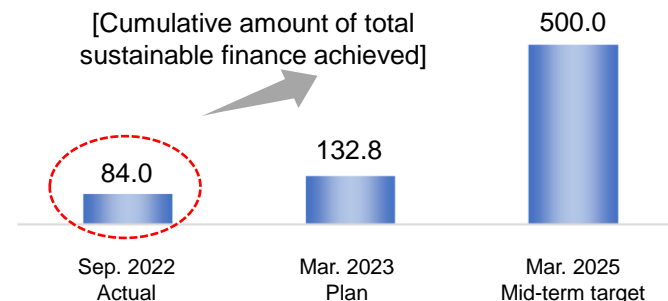
## Sustainable Finance

for "Purpose"

Spin the threads of the future for local communities through our decarbonization initiatives and support for SDGs of local businesses

(Unit: Billions of yen)

- Promote needs-based and goal-based sales activities, and more streamlined and sophisticated sales processes  
⇒ Launch **SDGs initiatives support services**
- Promote a solution menu that contributes to decarbonization  
⇒ Started to provide **support services for measurement and visualization of greenhouse gas emissions** by way of business matching with Zeroboard Inc.
- Expansion of sustainable finance products (Introduction of **Gungin SLL** for SMEs In June 2022)



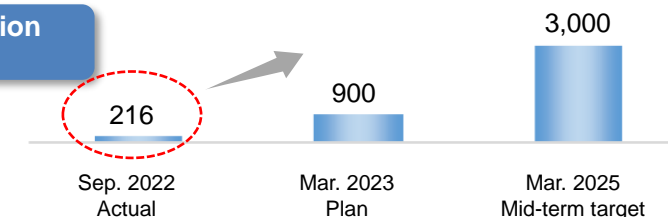
## Financial Support, Core Business Support, Business Succession Support

for "Purpose"

Spin the threads of the future by connecting various values of the Bank and region to businesses

- Provide financial and core business support in response to economic trends such as COVID-19 and yen depreciation  
⇒ Provide fundamental after-COVID-19 support to its recipients by supporting the formulation of plans to improve their debtor ratings and utilizing funds.
- Develop a new business feasibility assessment "**Connecting Process**" (promoting goal-based and needs-based activities)  
⇒ From the perspective of financing and credit management to solution proposals **based on an understanding of corporate customers' needs and management issues**
- Business matching**  
⇒ Utilize the Bank's network to expand sales channels and find business partners
- Staffing**  
⇒ Support local companies to solve management issues such as labor shortages, succession difficulties, and respond to the business environment from the aspect of securing human resources. Give support from the perspective of securing human resources. Focus on "executives, managers, specialists, technical staff, etc.," which are in high demand.
- Business succession support**  
⇒ Address issues related to business succession such as passing along technology, maintaining supply chains, and continuing employment

[Number of business matching cases]



[Number of staffing cases]



[Number of business succession issues resolved]



Previous mid-term plan

Conducted presentations to approx. 7,000 customers on the treasury stock evaluation

Current mid-term plan

Conducted specific proposals of solving issues to approx. 3,300 of them

Number of business succession cases resolved (monetized cases)  
600 cases for 3-year cumulative total

for "Purpose"

Contribute to the prosperous future of individuals by supporting them according to their life-stage

[Alliance planning with Daishi Hokuetsu Bank]

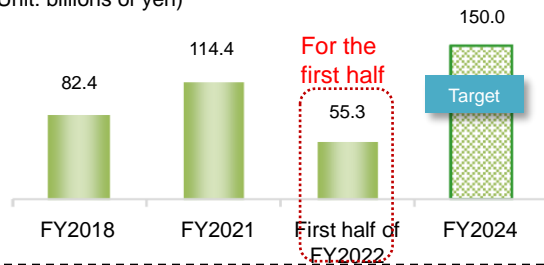


## ▶ Lending to Individuals and Financial Assets under Custody

- Intensify activity in cross-selling proposals for loan products, investment products and insurance products by utilizing individual consulting plaza etc.
- Increase unsecured loan balances by utilizing web-based completion services and upgrading inducements from the Direct Center
- Implement asset management-type sales activities that meet customer needs such as upgrading proposals for long-term diversified investments

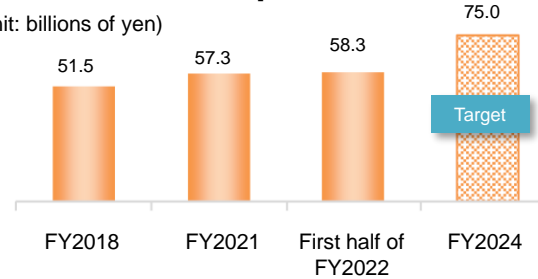
[Housing loan cases amount]

(Unit: billions of yen)



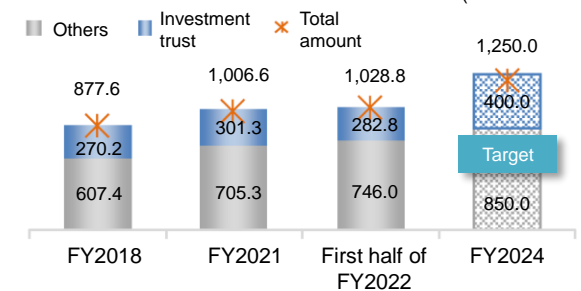
[Unsecured loan balance]

(Unit: billions of yen)



[Financial assets under custody]

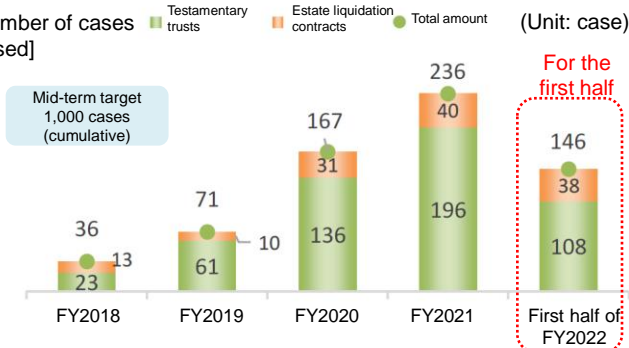
(Unit: Billions of yen)



## ▶ Inheritance-related Operations

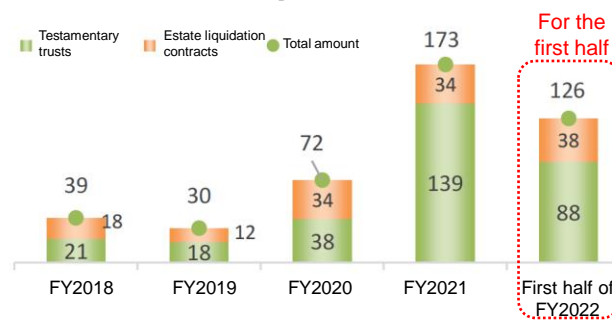
- Proposals by **Wealth Management Group** and improvement in skills of sales branch staff by the group  
⇒ Boost the pace of inheritance-related cases and increase financial assets under custody from these cases
- Improve capability to respond to cases through streamlining operations and strengthening systems (e.g., human resource allocation)

[Number of cases closed]



[Inheritance-related fees]

(Unit: Millions of yen)

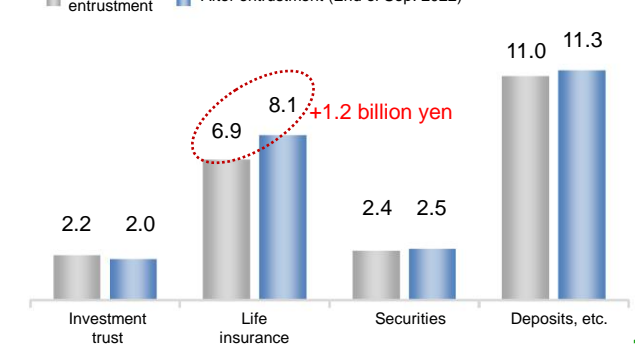


## ● Cross-selling status

Transition in cross-selling to clients entrusted with testamentary trusts (FY2019~First half of FY2022)

⇒ **Life insurance balances with high affinity for testamentary trusts: +1.2 billion yen**

(Unit: Billions of yen)



# Initiatives by Group Companies (Basic Policy 3-4)

## for "Purpose"

Contribute to the future of local communities by providing value that goes beyond existing business areas as part of a Groupwide effort



## ▶ Gunma Regional Advanced Solutions Partners (GRASP)

Received over 150 projects since its opening last year. Working on large-scale projects involving hands-on support, and investments in business succession companies and regional revitalization companies that take advantage of the Banking Act revision.

- Jointly established **Kanto-YAWARAGI Energy Corporation**, a regional power generation company (Aug. 2022)

⇒ Established with local businesses through Gunma Regional Advanced Solutions Fund

### [Project Summary]

With solar power generation as its core, develops renewable energy sources such as PPA and solar sharing utilizing unused land and rooftops of facilities and supplies electricity to local electricity consumers

Initiatives to decarbonize the region in line with Gunma Prefecture's "Gunma Five Zero Declaration".

- Investment in **JOETSU Corporation** (Maebashi City) (100% investment in business succession support) (Oct. 2022)

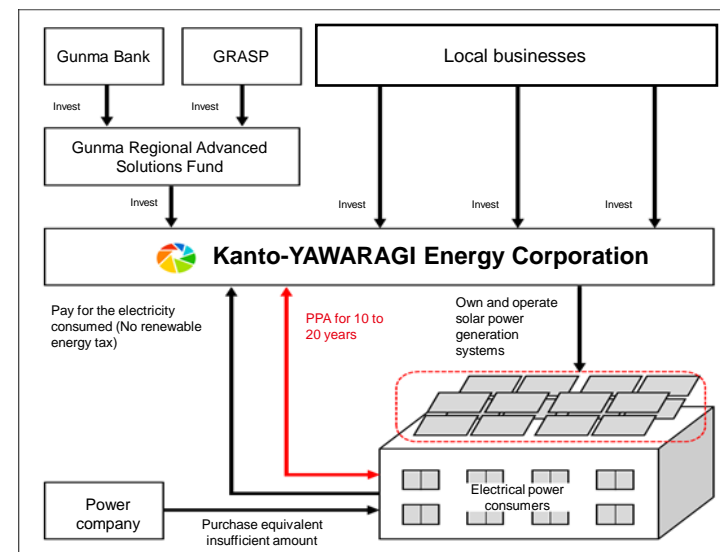
Acquired all shares of the Company through an SPC, which is the first case of an acquisition of all shares as a business succession support.  
The acquisition by the SPC was financed by equity from the Gunma Regional Advanced Solutions Fund and an LBO loan from the Bank.

Contribute to the digitalization and revitalization of the region by utilizing data and supporting the realization of digital marketing, etc.

- Currently managed funds

⇒ All funds are close to the maximum level of their investment limit.

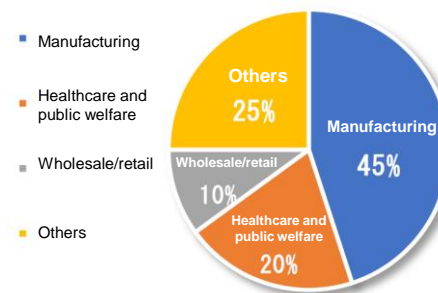
Fund Names	Scale (Total amount)	Number of investees
Gungin Business Support Fund	0.50 billion yen	6
Gungin Business Support Fund No. 2	0.50 billion yen	3
Gunma Medicine-engineering Collaboration Activation Fund	0.86 billion yen	6
Gunma Regional Advanced Solutions Fund	3.00 billion yen	7
Total	4.86 billion yen	22



Contribute to the sustainable development of local communities



[Percentage of investment portfolio industries]



for "Purpose"

Contribute to the future of local communities by providing value that goes beyond existing business areas as part of a Groupwide effort

## ► Gungin Consulting Co., Ltd



- Expand the scope of the consulting field for boosting strength in "Connections"  
⇒ Collaborate with Consulting-based Sales Department to support SDGs of corporate customers  
"Gungin SLL" transformed into a certification body (checks the validity of SPTs, etc. set by customers)  
Conduct training at corporations to which the Bank issued SDGs private placement bonds and provide SDGs consulting solutions
- Initiatives for expansion into new business areas (from FY2023 onwards)  
Expand business domain beyond consulting services to provide specific solutions to achieve goals ⇒ Toward the core operation of the Group's non-financial business for corporations

Plan to expand into human resource solution business and regional trading company business etc.

- Management issues and solution flow of SMEs and their corresponding business areas of Gungin Consulting
  - From April 2023, the Bank plans to transfer its staffing business to the company which will newly promote employment placement-dispatching and to open a regional trading company centered around digital marketing.

[Percentage of consulting results]

■ Business succession support ■ Strategy development  
■ Organization building ■ Human resource development  
■ Others



### Management issues and needs

Function	Human Resource Sourcing and Training
	Sales and marketing
	New Business Development
Business	Management Planning & Strategy
	Business Succession

### Consulting

True cause analysis, goal sharing, plan formulation and execution

Previous service areas of Gungin Consulting



### Solutions

Solutions to resolve issues and achieve goals

Plan from April 2023

Human resource solution (transferred or new)

Regional trading company (new)



- Human resource solutions: staffing, employment placement-dispatching, temporary staffing, and on-loan employee assignment services, etc.
- Regional trading company: Crowdfunding, e-commerce site management, digital marketing, advertising solutions



# Initiatives by Group Companies (Basic Policy 3-4)

for "Purpose"

Connecting billing and payments across the region through the power of digital to create a sustainable regional ecosystem

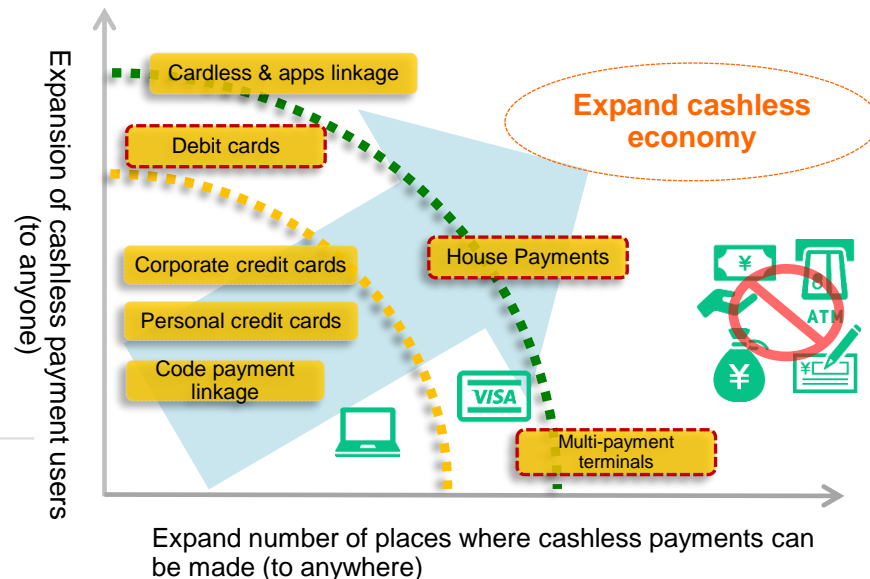
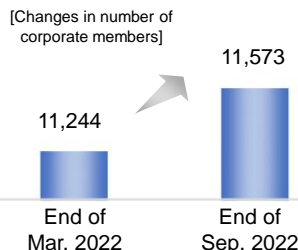
## ► Gungin Card

- From April 2022, integrate the Group's card businesses into Gungin Card
- Consider issuing branded **debit cards** to expand to new cashless users (from the second half of FY 2023)
- Promote **cashless** payments in the region  
⇒ Expand the number of member stores and membership, and provide new payment tools

Cashless	End of Mar. 2022	End of Sep. 2022	End of Mar. 2025 (plan)
Number of cashless member stores	12,927	13,168	16,000
Transaction volume (billions of yen)	140.3	For the first half 77.4	200.0

Circulation and expansion of the local ecosystem

Further expand regional economic circulation and create new values such as advertising, sending customers, and local points by accumulating and utilizing payment data through cashless transactions



## ► Gungin Securities

- Temporary measures for structured bonds

Product Category (Bonds)	Individuals	Corporations
Structured bonds (excluding callable bonds)	Sales suspended	

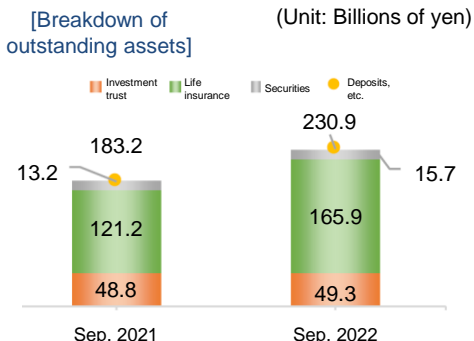
- Continue sales of callable bonds after fully confirming their suitability, etc. Continue sales of overseas bonds.
- Carefully interview customers given refunds, about their needs and propose a combination of multiple products such as investment trusts and life insurance, as well as new products, considering customer portfolios. Consider reviewing product lineups and promotion staff.
- Reorganize client segments. Through collaboration between the bank and Gungin securities, respond to needs such as asset building by making optimal proposals for each segment.

- Percentage of revenue from structured bonds in net operating revenue

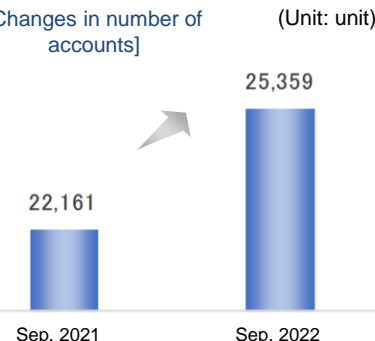
	Operating revenue	Structured bond revenue	Ratio
First half of FY2022	1.6 billion yen	1.3 billion yen	79%



[Breakdown of outstanding assets]



[Changes in number of accounts]



# Effects from Collaboration with External Parties

(Basic Policy 2-5)

for "Purpose" Magnifying our strengths to "connect" by leveraging outside resources

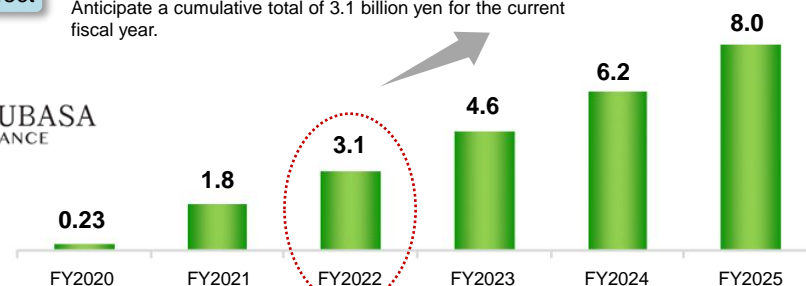
## ▶ TSUBASA Alliance

- Flexible collaboration and cooperation in the field of systems and Fintech  
⇒ Cost reduction and early achievement through joint development of Fintech common infrastructure, smartphone apps, and electronic exchange systems
- Promotion of business streamlining and advanced level upgrades  
⇒ Continue initiatives for "joint and advanced anti-money laundering measures"
- Improvement of top lines and cost reductions  
⇒ Increase the number of syndicated loans and co-financing and bilateral loans

### Revenue effect

Improvement of top line contributed to first half earnings.  
Anticipate a cumulative total of 3.1 billion yen for the current fiscal year.

(Unit: Billions of yen)



## ▶ Gunma-Daishi Hokuetsu Alliance

- Joint lending of syndicated loans and promotion of sustainable financing
- Joint planning of donation-type private placement bonds (Green & Food Support Private Placement Bonds)
- First joint branch (scheduled to open in Mar. 2023)  
⇒ Establishment of joint branch shared by Daishi Hokuetsu Bank Takasaki branch and our own Takasaki Tamachi branch



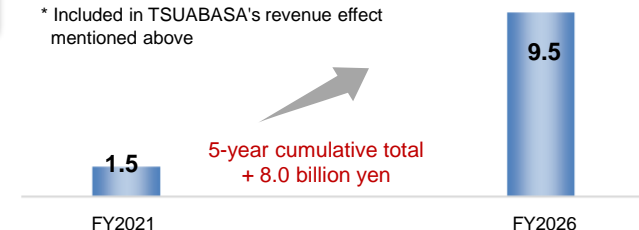
### Revenue effect (both banks combined)

\* Included in TSUBASA's revenue effect mentioned above

(Unit: Billions of yen)



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## ▶ Ryomo Regional Revitalization Partnership

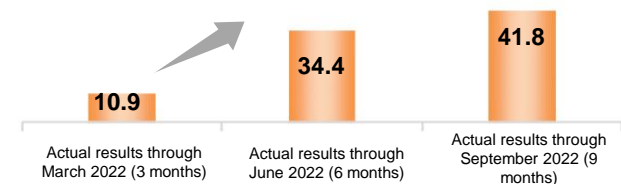
- Collaboration with Ashikaga Bank for "Revitalization of Local Industries and Solutions to Challenges", etc.
- Finance area  
⇒ Expand financing by sharing know-how from both banks to provide consulting services and support for problem solving, etc.
- Utilize resources of both banks  
⇒ Joint investment by utilizing investment subsidiaries of both banks



### Changes in cumulative amount of loans, etc.

\* Both banks combined

(Unit: Billions of yen)



## ▶ Fincross Partnership (collaboration of 8 regional banks)

- Aim to build a data lake, digital marketing infrastructure, and data analysis infrastructure by FY2023



Total of 8 banks  
 • Number of ordinary accounts: 12.3 million  
 • Number of loan customers: approx. 0.9 million



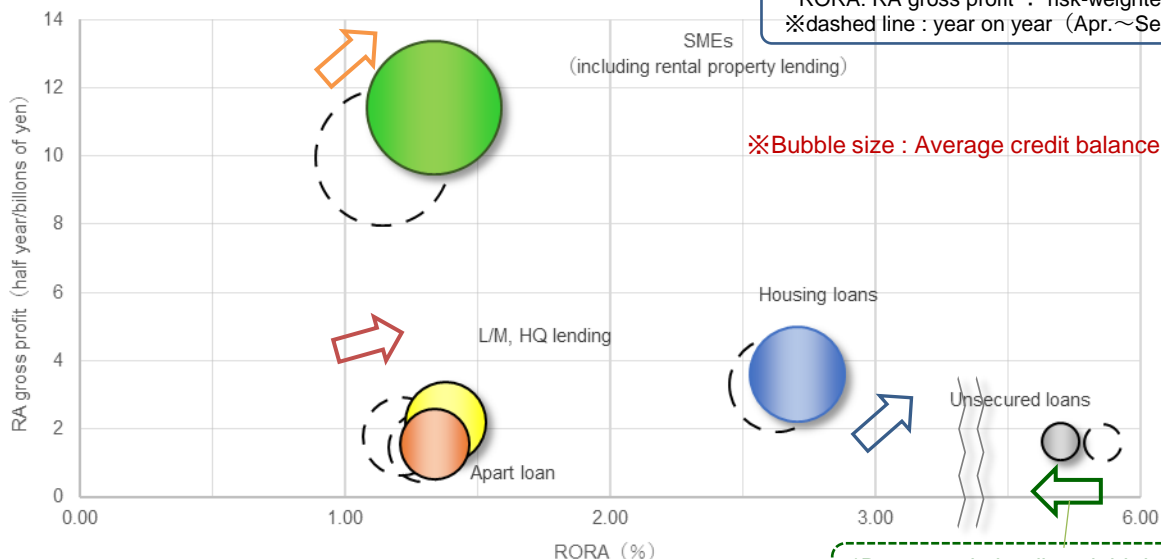
# Initiatives to Improve RORA (Basic policy3-5)

for "Purpose"

Spin the threads of the future for local communities and demonstrate our "strengths in connections" appropriately and consistently by strengthening the Bank's management structure

## ► Increase earnings through risk-taking using RAF

Profitability by business field (Apr. 2022 ~Sep. 2022)



### ● Large/medium-sized businesses; HQ lending

⇒ For large-sized business & HQ lending with low risk weights, loan revenues are to be strengthened through active lending to projects with high RORA levels.

### ● housing loans & unsecured loans

⇒ For consumer loans with relatively high RORA, loan balance is reinforced through boost in promotion within the Gunma Prefecture (housing loans) and boost in loan proposals linked to life events (unsecured loans).

### ● SMEs lending (including rental property lending)

⇒ Although there is active risk-taking towards SMEs that support the regional economy, effort will also be directed to securing earnings commensurate with risk (RORA) through improved interest rates and broader scope of comprehensive transactions through consulting.

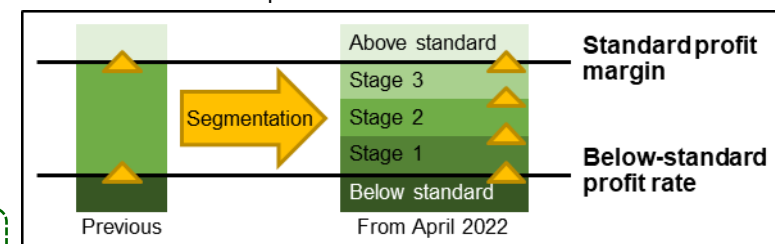
## ► Feasibility improvement for priority customers as of Sep. 31, 2022

(profit/loss : Millions of yen, Unit : %)

	Priority customers						
	RA gross profit ratio			Loan SP segment rate		Non-interest business profit segment ratio	
		Year on year	Income value		Year on year		Year on year
Within Gunma Prefecture	0.90	+0.09	+524	0.665	+0.01	0.386	+0.06
Outside Gunma Prefecture	0.86	+0.13	+612	0.771	+0.02	0.262	+0.09
Total	0.88	+0.11	+1,136	0.713	+0.01	0.330	+0.07

## ► Start of stage up initiative(from Apr. 2022)

• Profitability for achieving standard profit margin (internal index) is segmented into multiple tiers in order to set more feasible targets and to make solid improvement in risk return.



• Compared to the end of the previous term, the percentage of Low-level decreased, and the High-level increased.  
⇒ Steady progress in **raising profitability**.

	Priority customers ( number of customers)		
	(Sep. 2022)	Ratio	
			Year on year
above standard	2,263	24.5%	+0.5%
stage 3	1,934	20.9%	+0.4%
stage 2	2,407	26.1%	+0.4%
stage 1	1,761	19.1%	-0.1%
below standard	870	9.4%	-1.2%
Total	9,235	100.0%	-

## IV. Initiatives for ESG

# Initiatives for Sustainability (Basic Policy 3-1)

for "Purpose"

Spin the threads of the future for local communities through our decarbonization initiatives and support for SDGs of local businesses



## ► Sustainable Finance Initiatives

(Unit: Billions of yen)

Amount achieved	Mid-term plan target	Current term plan	End of Sep. 2022
Sustainable finance	500.0	132.8	84.0
Of which, environmental field	300.0	67.0	30.8

### ● Started handling Gungin SLL (June 2022)

⇒ Sustainable Performance Targets (SPTs), which are consistent with the SDGs and ESG strategies were set and the financial instrument interest rates fluctuate according to achievement of these targets.

### ● Introduction of SDGs initiatives support service (September 2022)

⇒ SDGs initiatives spread among local companies and support for business partners' core business with the SDGs as a starting point

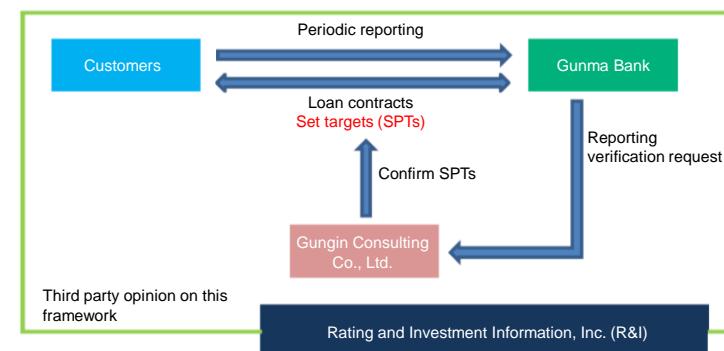


### ● Support for calculation and visualization of greenhouse gas emissions

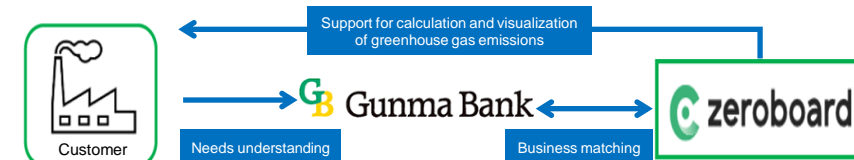
⇒ Service to calculate and visualize CO<sub>2</sub> and other greenhouse gas emissions in corporate activities and supply chains

(April 2022 Zeroboard Inc. was added as a business matching contract partner)

## [Scheme of the Gungin SLL]



## [Emissions calculation and visualization support]



## ► Initiatives for Greenhouse Gas Emission Reductions

Reduce the Bank's greenhouse gas emissions to **net zero** by FY2030  
(A **50% reduction** from the FY2013 level by FY2024 as a mid-term plan target)

## ► Use of Electric Vehicles (EVs) (part of the 90th anniversary commemorative project)

### ● Environmentally friendly 100 EVs have been provided at the sales branches and loan stations and plazas.

⇒ In the event of power outages due to disasters such as typhoons and earthquakes, these EVs will be used as mobile power sources (for public use)

Assumed uses

"Installation of cell phone charging stations for local residents", "to supply power to evacuation centers and nursing homes", etc.

## [Reduction targets of greenhouse gas emissions]

	FY 2013 (Basis)	FY2022 (Forecast)	FY2024 (Mid-term plan target)	FY2030 (Announced target)
CO2 emissions (t-CO2)	11,211	9,140	5,605	0
Reduction rate	—	18.5%	50.0%	—



for "Purpose"

Contribute to the sustainable development of industry through collaboration with the local communities

## ▶ Support for Automotive Suppliers "Adoption of the Ministry of the Environment's FY2022 ESG Regional Finance Promotion Program" (July 2022)

- Name: "Study of Support Initiatives in Cooperation with Local Communities to Improve Sustainability of Automobile Suppliers"

### Support Contents

- Share and return information on technology trends, new business creation, business transformation cases and other areas both in Japan and overseas.
- Share issues with suppliers, study tools for dialogue, study specific support programs.
- Strengthen collaboration with SUBARU Corporation, local governments, Ashikaga Bank, etc.

Contribute to the creation of a Regional Circular and Ecological Sphere through individual dialogue with automobile-related suppliers and auxiliary support.

## ▶ Underwriting of Gungin SDGs Private Placement Bonds "Green & Food Support Plan" (September 2022)

- Gunma Daishi Hokuetsu Alliance joint project

- ⇒ Private placement bonds whose portion of fees will be used to support **Gunma Prefecture** (1. initiatives to become carbon neutral and 2. child cafeterias and food banks in Gunma) and **Niigata Prefecture**.
- ⇒ Contribute to the promotion of regional development and achievement of SDGs by resolving local issues in the social and environmental fields through donations to both prefectures



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Results for the first half of FY2022:  
10 companies

## ▶ Establish Kanto-YAWARAGI Energy Corporation, a Regional Power Generation Company

- Jointly established a regional power generation company centered around renewable energy power generation with local business operators through a fund managed by GRASP, which is our investment subsidiary.
- ⇒ Initiatives for a community-led, contribution-oriented renewable energy business model

## ▶ Utilization of ESG Bonds (B3T2 bonds)

- Revised framework (August 2022)

⇒ Green/Social/Sustainability Bond Framework for "Purpose"

Aim is to achieve both social and economic value by linking the use of funds to the "KPIs in Connections" items in the mid-term plan

- The total amount of CO<sub>2</sub> reduction by ESG Bonds (No.5 and No.6 Bonds) is **40,607 tons-CO<sub>2</sub>/year**.

This is equivalent to the CO<sub>2</sub> emitted by annual electricity consumption of approximately **22,000 households**.

(Calculated based on the Ministry of the Environment's "Summary of Results of the FY2020 Statistical Survey on CO<sub>2</sub> Emissions from the Household Sector (Factual Figures)")

[Status of funds allocated to ESG bonds and effects from environmental improvements]

	Green Bonds (Issued in November 2019)		Sustainability Bonds (Issued in October 2021)	
	Amount allocated (Millions of yen)	Amount of CO <sub>2</sub> reduction (t-CO <sub>2</sub> /year)	Amount allocated (Millions of yen)	Amount of CO <sub>2</sub> reduction (t-CO <sub>2</sub> /year)
Allocated amount / Total reduction	9,950	12,404	4,975	28,203
Renewable energy	9,889	12,338	4,863	28,159
Solar power generation business	9,448	4,286	3,929	1,193
Hydro power generation business	440	8,052	325	7,124
Biomass power generation business	—	—	609	19,841
Energy efficiency	25	53	28	34
Clean transportation	35	12	82	10

# Diversity and Personnel Reforms (Basic Policy 2-4)

for "Purpose" Enhance our strengths to "connect" by fostering human resources

## Organizational Advancement through Achieving the Well-being of Employees

● Improve productivity through promotion of health and productivity management

Average monthly overtime hours: **-2 hours/person** compared to FY 2020 (as of the end of September 2022)

● Introduction of a side job system (from August 2022)

⇒ Contribute to the development of the region as a whole by allowing employees to use their experience and skills, etc. outside the bank.  
Contribute to business performance by utilizing the skills and experience gained through side jobs, in the bank's business.

**12 employees** approved for system as of the end of September 2022.

● Initiatives to promote men's participation in housework and childcare

Established **paternity leave** (the existing spouse maternity leave name was changed and the number of days was expanded) and childcare leave at birth was provided for male employees from October 2022.

● Promote diversity and inclusion

⇒ Project team "L-NEXT" was launched to promote women in the workforce and male members were added from this period.  
A survey on "Job Satisfaction" was conducted for all employees.  
⇒ Continued proactive initiatives to improve the employment rate of persons with disabilities.

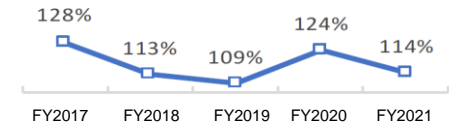
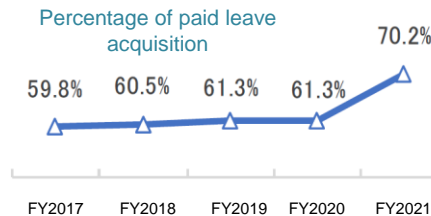
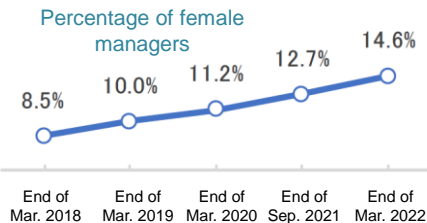
Employment rate of 2.47%, **+0.17% over baseline** (as of June 2022)



Staff team to promote women in the workforce, L-NEXT



Percentage of childcare leave acquisition  
\* Including spouse maternity leave



## Boost Comprehensive Human Resource Capabilities that Contribute to Social and Customer Needs

● Improve digital literacy

⇒ Support acquisition of IT Passport certification  
⇒ Hold recurrent seminars (weekends and evenings) in cooperation with banks participating in the TSUBASA Alliance, Daishi Hokuetsu Bank, Gunma Prefecture, etc. (15 seminars held in the first half of FY2022)

● Career development support based on the reform of the Act on Stabilization of Employment of Elderly Persons

⇒ Enhance career design training and plan seminars to support the balancing of work with nursing care

● Strengthen human resource development and talent management in light of changes in the environment

⇒ Utilize the Career challenge declaration, dispatch trainers to develop specialized human resources, and strategically assign personnel using a database

[Status of IT Passport holders]

Mid-term target	End of Sep. 2022	Rate of achievement
1,000 employees	281 employees	28%

[Percentage of mid-career hires of regular workers]

FY2019	FY2020	FY2021
4%	8%	8%

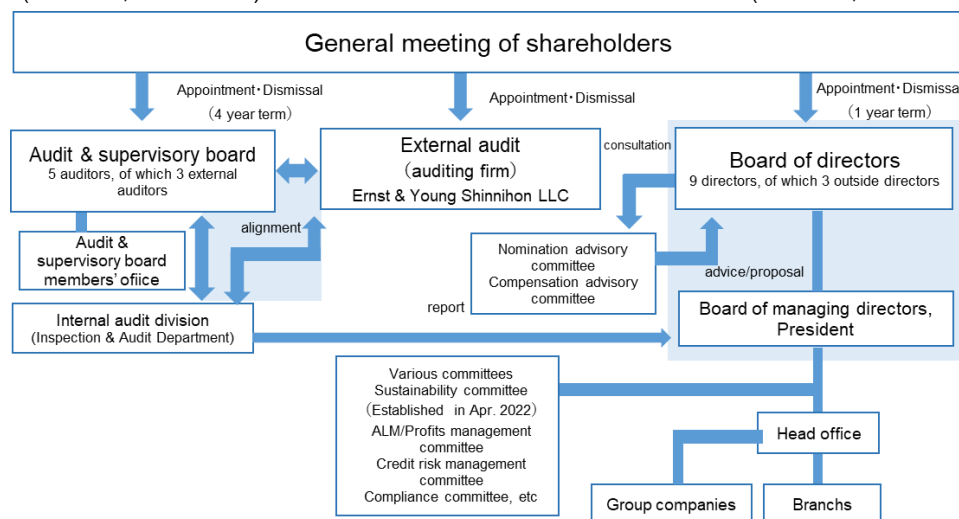
# Governance (Basic policy ③-5)

for "Purpose"

Spin the threads of the future for local communities and demonstrate our "strengths in connections" appropriately and consistently by strengthening the Bank's management structure

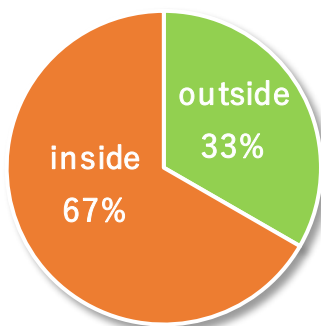
## Corporate governance system

The Bank has adopted an auditor system. Audit & supervisory board consists of 5 auditors (Of which, 3 outsiders) The Board of directors consists of 9 directors (Of which, 3 outsiders).

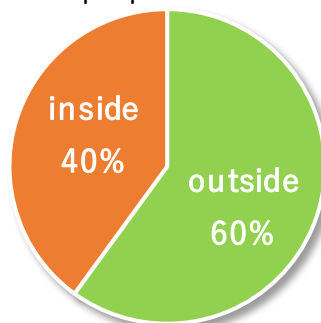


## Percentage of outside officers

● Percentage of outside directors  
⇒ 3 people (of which, 1 female)



● Percentage of outside audit & supervisory board members  
⇒ 3 people



## Skill matrix (expertise & experience)

### Internal directors / audit & supervisory board members

Name	Job title	Corporate governance/sustainability	Regional economies	Sales	Market management	Management strategy/planning/comp-liance/new business development	Human resources	Risk management	IT system
Nobuyuki Horie	Chairman & Director	○	○	○			○	○	
Akihiko Fukai	President & Director	○	○	○	○	○		○	○
Hirofumi Iwasawa	Senior Managing Director	○		○	○	○			○
Akihiro Goto	Managing Director	○		○		○	○		
Tsutomu Takei	Managing Director	○	○	○			○		
Takeo Uchibori	Managing Director	○		○		○			○
Shinya Koitabashi	Audit & Supervisory Board Member			○	○				
Keita Muto	Audit & Supervisory Board Member			○				○	

### External directors / audit & supervisory board members

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	○					○	○	
Kazuhito Osugi	Director		○			○			
Makoto Tanaka	Audit & Supervisory Board Member			○					○
Yasuo Kamiya	Audit & Supervisory Board Member				○				○
Hiroshi Kasahara	Audit & Supervisory Board Member						○		○

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



# The Gunma Bank, Ltd.

Interim Financial Results Briefing Session for the First Half of 2022

## Data

November 24, 2022

Presenter :Akihiko Fukai, President



(Tokyo Stock Exchange Prime Market : 8334)

We use our strengths in connections to spin the threads  
of the future for local communities

The Medium-Term Business Plan 2022  
Innovation for “Purpose”





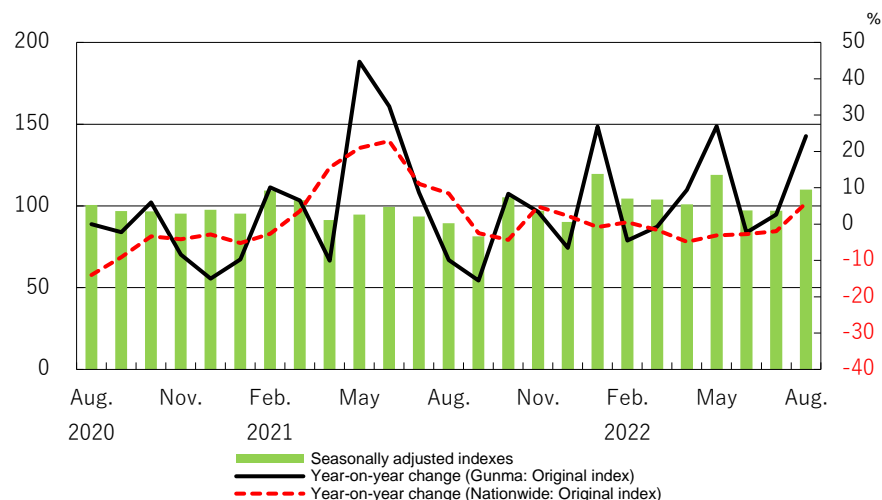
# Interim Financial Results Briefing Session for the First Half of 2022 Data

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3	Economic Trends in Gunma Prefecture III
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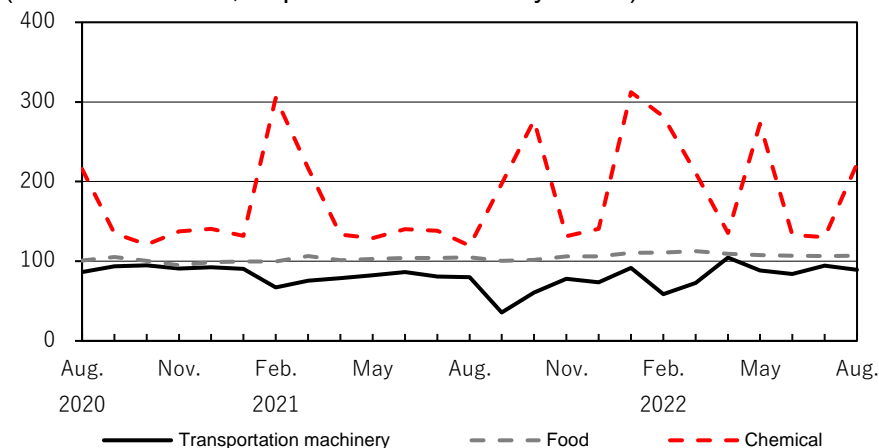
# Economic Trends in Gunma Prefecture I

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



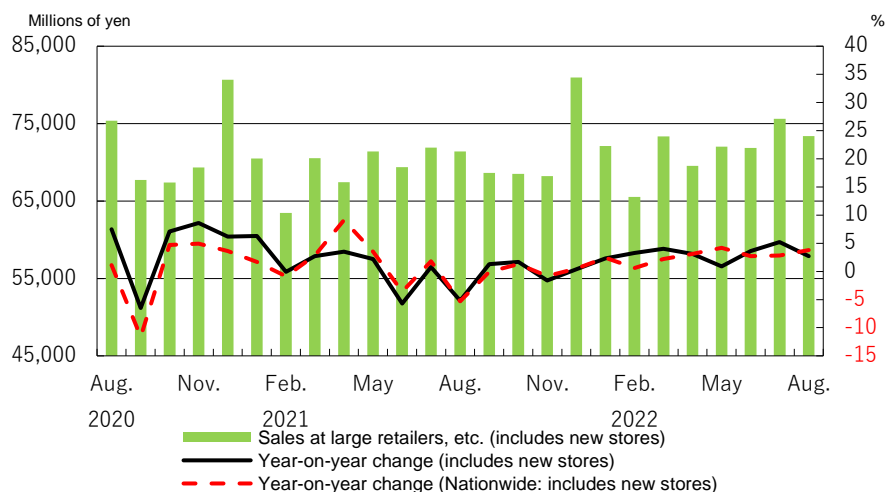
Source: Gunma Prefecture, Ministry of Economy, Trade and Industry

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



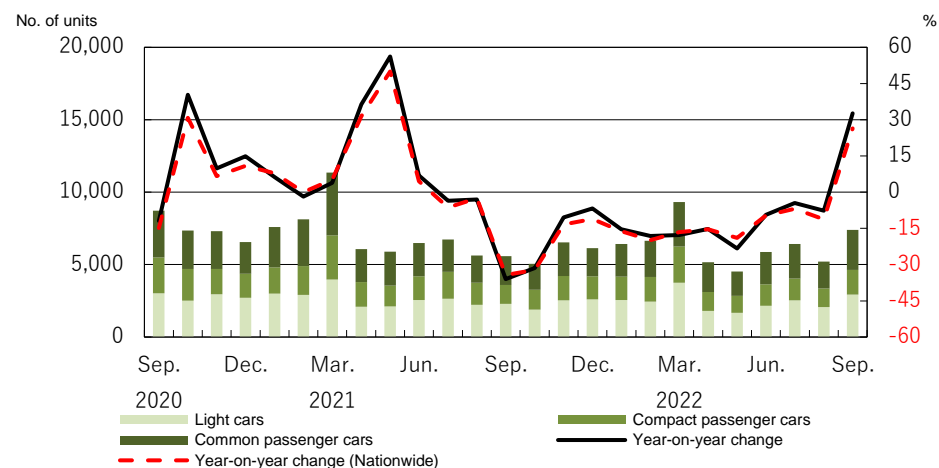
Source: Gunma Prefecture

## ■ Sales at large retailers, etc.



Source: Ministry of Economy, Trade and Industry

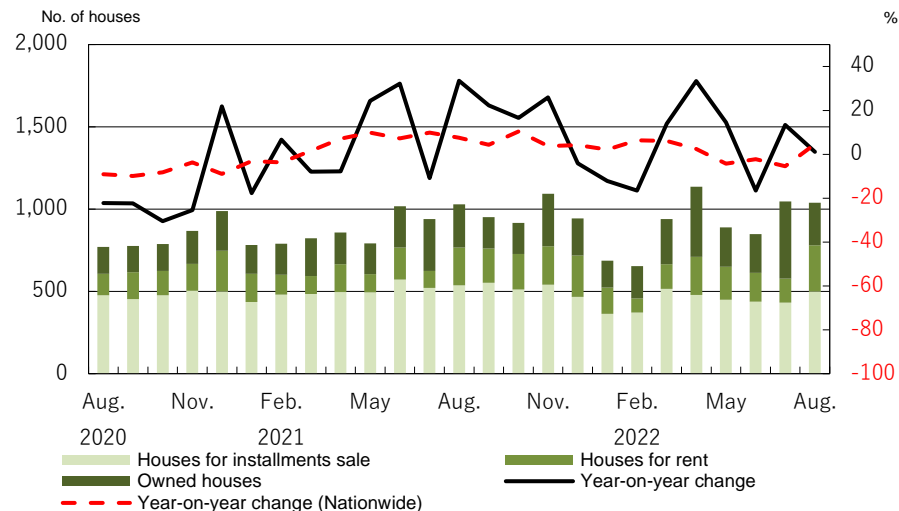
## ■ Sales of passenger cars



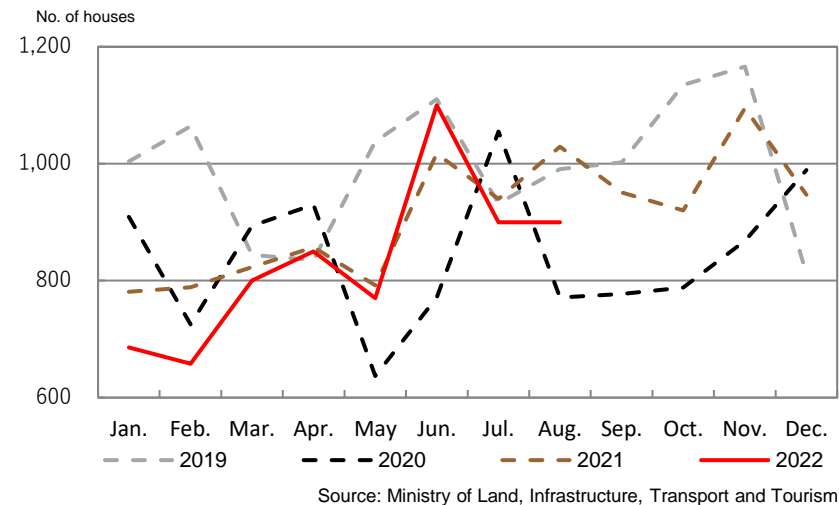
Sources: Japan Automobile Dealers Association, Japan Mini Vehicles Association, Japan Automobile Dealers Association Gunma Branch, Japan Mini Vehicles Association Gunma Branch

# Economic Trends in Gunma Prefecture II

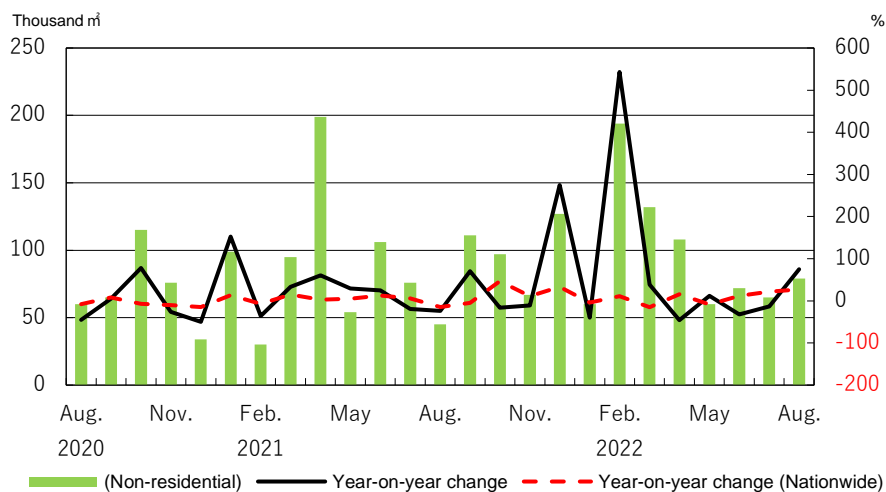
## ■New housing starts



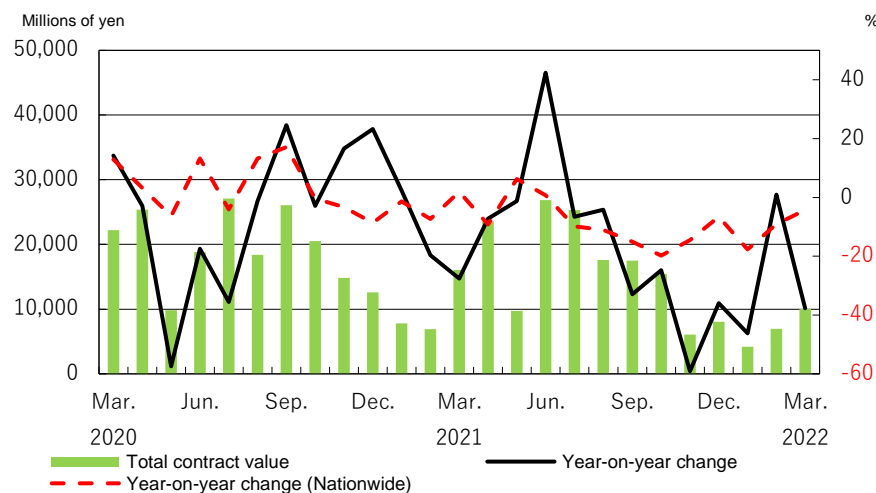
## ■Monthly movements in new housing starts



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

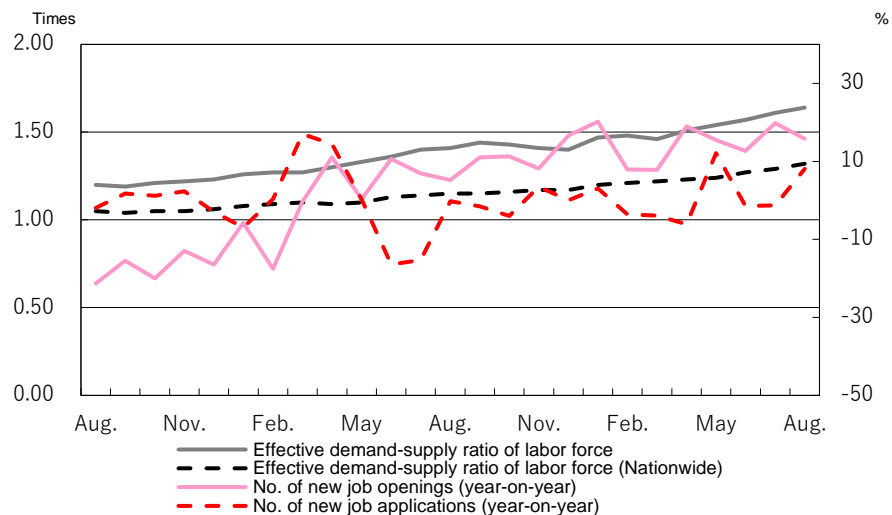


## ■Value of public works contracts

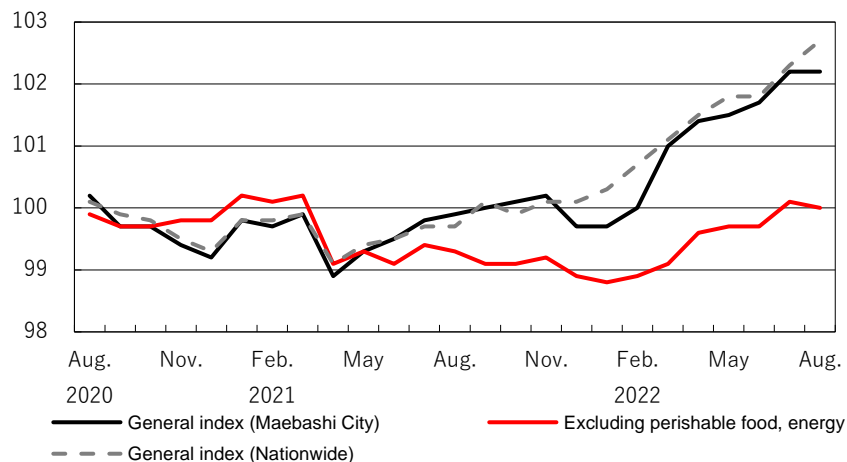


# Economic Trends in Gunma Prefecture III

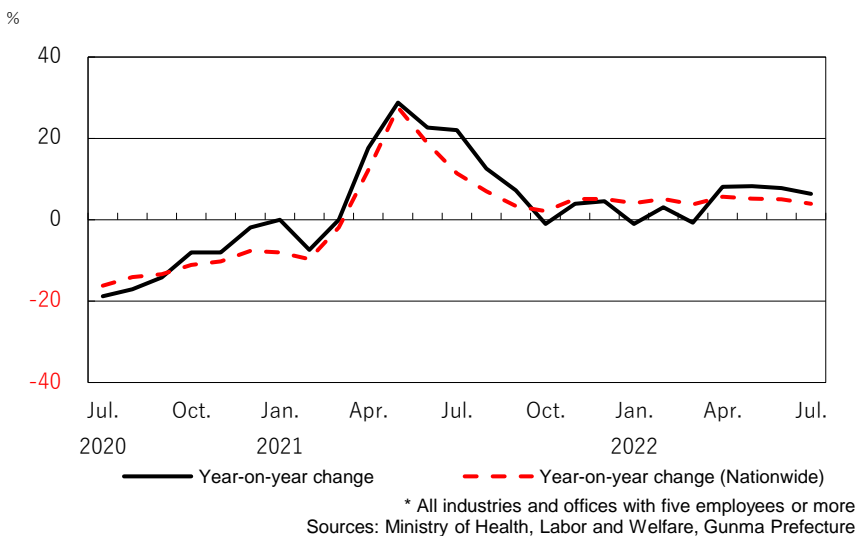
## Effective demand-supply ratio of labor force and number of new job openings and new job applications



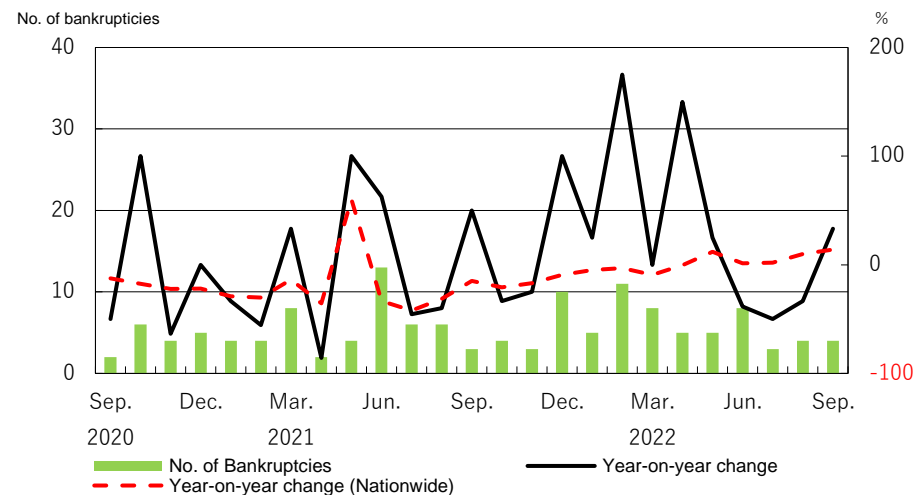
## Consumer price index (Year 2020 = 100)



## Total overtime hours

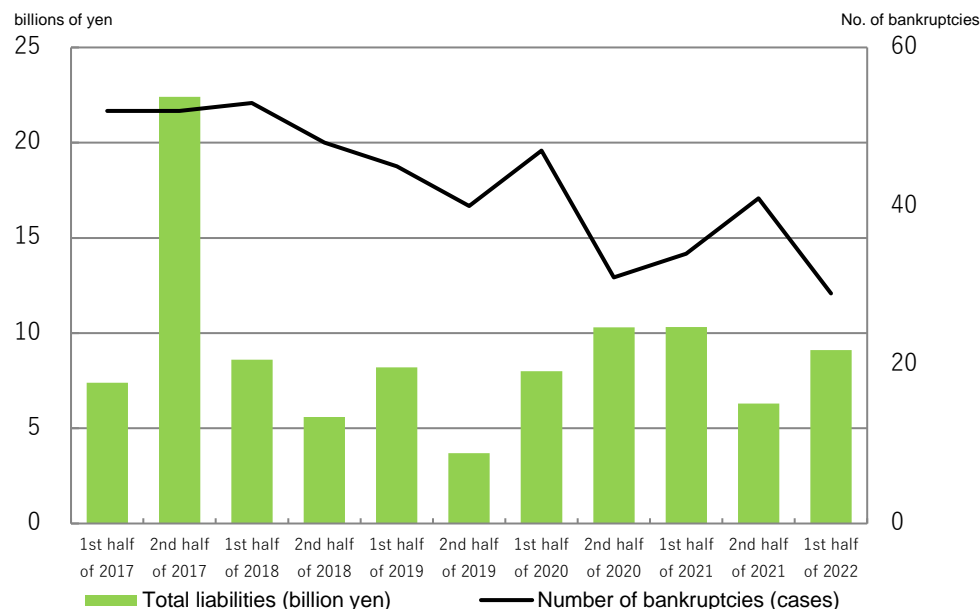


## Number of bankruptcies

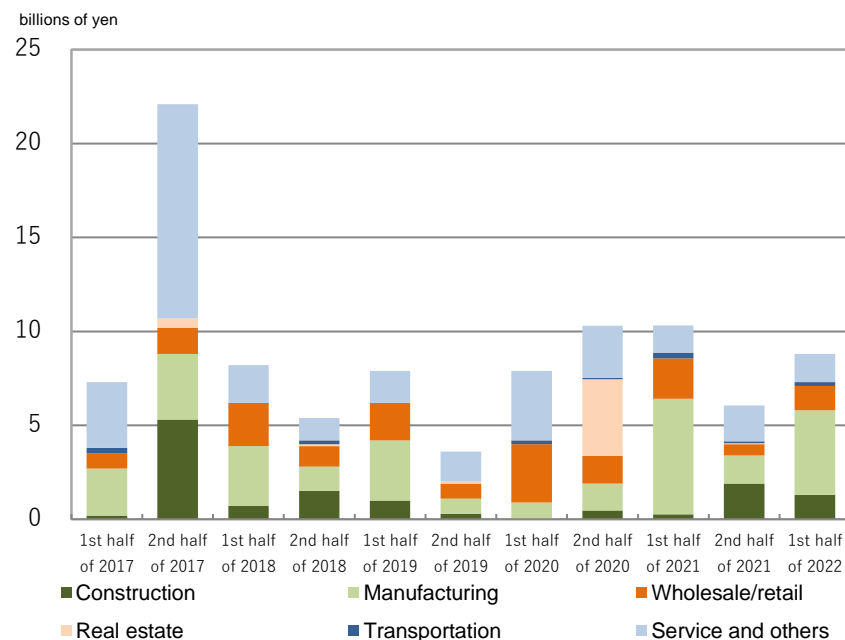


# Economic Trends in Gunma Prefecture IV

## ■Number of bankruptcies of companies and total liabilities



## ■Left table : breakdown of total liabilities(Industry breakdown of bankruptcies)



(Unit : billions of yen)

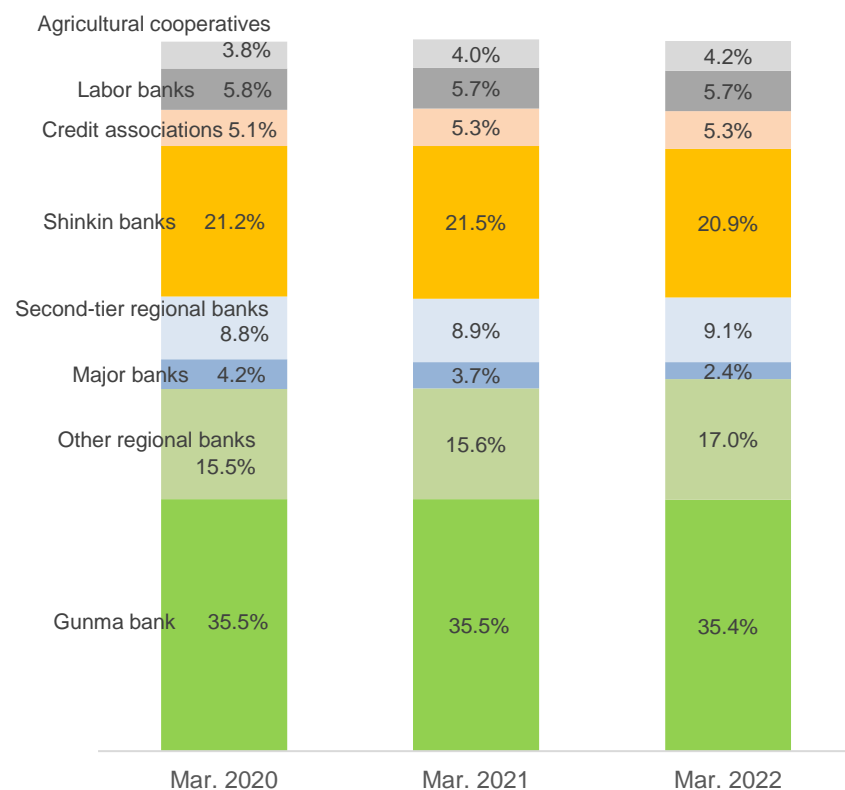
	FY2017		FY2018		FY2019		FY2020		FY2021		FY2022
	Apr. - Sep.	Oct. - Mar.	Apr. - Sep.	Oct. - Mar.	Apr. - Sep.	Oct. - Mar.	Apr. - Sep.	Oct. - Mar.	Apr. - Sep.	Oct. - Mar.	Apr. - Sep.
No.of Bankruptcies	52cases	52cases	53cases	48cases	45cases	40cases	47cases	31cases	34cases	41cases	29cases
Total liabilities	7.4	22.4	8.6	5.6	8.2	3.7	8.0	10.3	10.3	6.3	9.1
Construction	0.2	5.3	0.7	1.5	1.0	0.3	0.0	0.4	0.2	1.9	1.3
Manufacturing	2.5	3.5	3.2	1.3	3.2	0.8	0.9	1.4	6.1	1.5	4.5
Wholesale/retail	0.8	1.4	2.3	1.1	2.0	0.8	3.1	1.4	2.1	0.6	1.3
Real estate	—	0.5	—	0.1	—	0.1	0.0	4.0	—	0.0	—
Transportation	0.3	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.3	0.1	0.2
Services and others	3.5	11.4	2.0	1.2	1.7	1.6	3.7	2.7	1.4	1.9	1.5

\* 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).

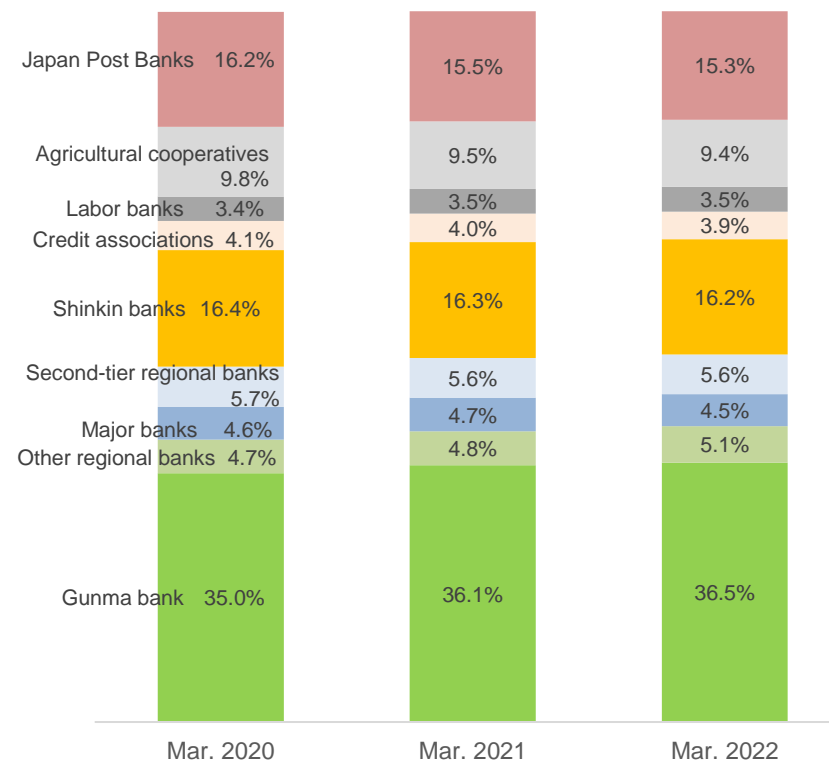
\* First half: April–September, Second half: October–March

# Economic Trends in Gunma Prefecture V

## Shares in loans



## Shares in deposits

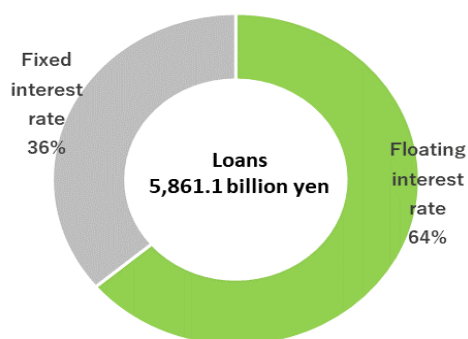


Source: "Financial Map" from an extra number of the "Financial Journal" 2023 edition

# Sensitivity to Interest Rates and Exchange Rates, etc.

- Floating interest rate ratio of loans is 60%. The rise in interest rates has an overall positive impact. The impact from exchange rate fluctuations on the valuation of the securities is minimal.

## Loans (Percentage of floating and fixed interest rates)



	Impact on loan interest (estimated)
Estimated value for a 10 basis points rise in <b>interest rates</b>	<b>+3.7 billion yen / year</b>

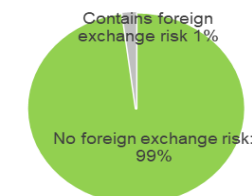
※Floating rate loans include loans with fixed interest rates that have an interest rate review period of less than one year.

## Profit / loss from valuation

Profit / Loss from valuation (Sep. 2022) -14.5 billion yen

	Estimated impact
Estimated value for a 10 basis points rise in <b>interest rates</b>	<b>-15.0 billion yen</b> (domestic bonds -13.4 billion yen, foreign bonds, etc. -1.6 billion yen)
Estimated value if the <b>stock price</b> falls by 10%	<b>-25.0 billion yen</b> (stock -17.8 billion yen, investment trusts, etc. -7.1 billion yen)
Estimated value when <b>exchange rate</b> rises by 10%	<b>-2.7 billion yen</b> (investment trusts, etc. -2.7 billion yen)

Of the securities held (2,354.7 billion yen), 1% for assets with foreign exchange/currency risk.





# Profit and Loss conditions (consolidated)

(Unit : billions of yen)

	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Core gross business profits</b>	<b>50.5</b>	<b>95.0</b>	<b>48.6</b>	<b>91.0</b>	<b>44.5</b>	<b>84.7</b>	<b>43.3</b>	<b>86.4</b>	<b>48.3</b>	<b>92.5</b>	<b>48.3</b>
Net interest income	41.3	77.2	39.4	74.3	35.8	67.5	34.2	67.2	37.4	72.0	36.6
Non-interest business profit	9.1	17.8	9.1	16.7	8.7	17.1	9.0	19.1	10.8	20.5	11.7
Net fees and commissions income	7.3	13.7	7.4	13.1	6.6	12.4	6.7	13.2	7.4	13.3	7.6
Profit from other business transactions (excluding gains (losses) on bonds)	1.8	4.0	1.7	3.5	2.1	4.7	2.3	5.9	3.4	7.1	4.0
Expenses ( - ) (excluding non-recurrent expenses)	29.4	57.5	29.3	57.5	28.8	56.1	28.1	55.4	27.7	55.2	26.6
<b>Core net business profit</b>	<b>21.0</b>	<b>37.5</b>	<b>19.3</b>	<b>33.4</b>	<b>15.7</b>	<b>28.5</b>	<b>15.2</b>	<b>30.9</b>	<b>20.6</b>	<b>37.3</b>	<b>21.7</b>
Gains or losses on investment securities	10.1	10.8	8.2	11.8	5.7	7.4	8.6	12.6	5.5	9.6	-1.7
Gains (losses) on bonds	0.1	-4.2	-2.3	-2.7	1.2	0.5	2.8	3.1	0.7	-1.2	-18.1
Gains (losses) on stocks and other securities	10.0	15.0	10.6	14.5	4.4	6.9	5.8	9.4	4.7	10.8	16.3
Net credit costs ( - )	0.4	2.8	1.6	8.7	2.6	4.8	6.5	22.4	2.9	8.3	2.3
Others	-1.5	-3.1	-0.5	-0.8	0.0	0.4	-0.9	-1.0	0.4	0.4	0.6
<b>Ordinary profit</b>	<b>29.2</b>	<b>42.4</b>	<b>25.3</b>	<b>35.7</b>	<b>18.8</b>	<b>31.5</b>	<b>16.4</b>	<b>20.0</b>	<b>23.6</b>	<b>39.1</b>	<b>18.2</b>
Extraordinary income (losses)	-0.3	-1.0	-0.3	-0.4	-0.1	-0.6	0.1	-0.2	-1.2	0.6	1.2
Total income taxes ( - )	8.5	12.6	7.5	11.7	5.2	8.4	4.2	6.3	7.0	13.3	5.6
Profit	20.3	28.7	17.5	23.6	13.4	22.3	12.3	13.5	15.3	26.4	13.7
Profit attributable to non-controlling interests ( - )	0.2	0.3	0.1	0.2	0.0	0.0	—	—	—	—	—
<b>Profit attributable to owners of parent</b>	<b>20.1</b>	<b>28.3</b>	<b>17.4</b>	<b>23.3</b>	<b>13.4</b>	<b>22.2</b>	<b>12.3</b>	<b>13.5</b>	<b>15.3</b>	<b>26.4</b>	<b>13.7</b>
<Various ratio>											
OHR(%)	58.2	60.5	60.3	63.2	64.7	66.3	64.8	64.1	57.4	59.6	55.0
ROE(%)	7.6	5.4	6.4	4.4	5.0	4.4	4.8	2.6	5.5	4.9	5.4

# Profit and Loss conditions (non-consolidated)

	(Unit : billions of yen)										
	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Core gross business profits</b>	<b>47.8</b>	<b>89.5</b>	<b>45.9</b>	<b>85.6</b>	<b>41.6</b>	<b>78.4</b>	<b>40.1</b>	<b>80.2</b>	<b>44.7</b>	<b>85.2</b>	<b>44.7</b>
Net interest income	41.4	77.3	39.5	74.4	35.8	67.6	34.4	68.5	37.7	72.3	36.7
Of which, Interest on loans and discounts	28.0	56.2	28.7	57.6	28.8	57.0	27.1	54.2	26.7	53.5	28.1
Of which, Interest and dividends on securities	16.5	27.6	14.0	22.7	9.8	15.9	8.2	15.6	10.9	18.8	12.3
Of which, Gain (loss) on cancellation of investment trusts	3.9	3.6	3.4	3.6	0.4	-1.4	1.3	0.3	1.6	0.5	0.4
Net fees and commissions	5.9	11.0	6.0	10.5	5.3	9.8	5.4	10.9	6.2	11.0	6.4
Others(excluding gain (loss) on bonds)	0.4	1.1	0.3	0.7	0.4	0.9	0.2	0.7	0.7	1.9	1.4
<b>Expenses ( - ) (excluding non-recurrent expenses)</b>	<b>28.8</b>	<b>56.2</b>	<b>28.6</b>	<b>56.1</b>	<b>28.0</b>	<b>54.4</b>	<b>27.2</b>	<b>53.6</b>	<b>26.8</b>	<b>53.3</b>	<b>25.6</b>
Personnel expenses	15.5	30.7	15.3	30.2	14.9	29.5	15.0	29.4	14.2	28.3	14.2
Non-Personnel expenses	11.3	22.4	11.3	22.7	11.1	22.0	10.4	21.1	10.9	22.1	9.9
Taxes	1.9	3.0	1.9	3.1	1.8	2.8	1.7	2.9	1.5	2.8	1.4
<b>Core net business profit</b>	<b>19.0</b>	<b>33.2</b>	<b>17.3</b>	<b>29.5</b>	<b>13.6</b>	<b>24.0</b>	<b>12.9</b>	<b>26.6</b>	<b>17.9</b>	<b>31.9</b>	<b>19.0</b>
Gains or losses on investment securities	10.1	10.8	8.2	11.7	5.7	5.4	8.6	12.5	5.5	9.6	-1.7
Gains (losses) on bonds	0.1	-4.2	-2.3	-2.7	1.2	0.4	2.8	3.1	0.7	-1.2	-18.1
Gains (losses) on stocks and other securities	10.0	15.0	10.6	14.4	4.4	5.0	5.8	9.3	4.8	10.8	16.3
Net credit costs ( - )	0.3	2.3	1.2	7.9	2.3	4.3	5.9	21.0	2.5	7.3	2.3
Other non-recurrent gains (losses)	-1.5	-3.2	-0.6	-1.3	-0.0	0.2	-1.0	-1.2	0.3	0.2	0.4
<b>Ordinary profit</b>	<b>27.2</b>	<b>38.5</b>	<b>23.7</b>	<b>31.9</b>	<b>17.0</b>	<b>25.3</b>	<b>14.6</b>	<b>16.8</b>	<b>21.2</b>	<b>34.4</b>	<b>15.4</b>
Extraordinary gains (losses)	-0.3	-1.0	-0.3	-0.4	-0.1	-0.6	0.1	-0.2	-1.2	0.6	1.2
Total income taxes ( - )	7.9	11.4	6.9	10.5	4.6	6.7	3.8	4.9	6.1	11.7	4.8
<b>Profit</b>	<b>18.9</b>	<b>26.0</b>	<b>16.4</b>	<b>20.9</b>	<b>12.2</b>	<b>17.9</b>	<b>10.9</b>	<b>11.6</b>	<b>13.8</b>	<b>23.3</b>	<b>11.8</b>
Net credit costs	0.3	2.3	1.2	7.9	2.3	4.3	5.9	21.0	2.5	7.3	2.3
Net transfer to general allowance for loan losses	-1.0	-1.0	-1.2	0.3	-0.6	-1.1	4.3	14.5	0.1	-1.5	0.0
Disposal of non-performing loans	1.4	3.4	2.5	7.6	3.0	5.4	1.6	6.4	2.4	8.9	2.3
Of which, Net transfer to specific allowance for loan losses	1.2	2.9	2.3	7.1	2.3	4.4	1.4	5.9	2.2	8.1	2.1
Of which, Losses on sales of loans	0.0	0.1	0.0	0.1	0.4	0.7	0.0	0.1	0.0	0.5	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

	(Unit : billions of yen)										
	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Customer service business profit ratio (①÷②) ※</b>	<b>0.08%</b>	<b>0.09%</b>	<b>0.13%</b>	<b>0.14%</b>	<b>0.16%</b>	<b>0.16%</b>	<b>0.11%</b>	<b>0.12%</b>	<b>0.15%</b>	<b>0.13%</b>	<b>0.22%</b>
①Customer service business profit ( i + ii - iii)	2.7	6.2	4.6	9.2	5.4	11.1	4.2	9.2	5.9	10.6	8.8
<b>Loan income ( i ) (See reference below)</b>	<b>27.3</b>	<b>54.8</b>	<b>27.9</b>	<b>56.3</b>	<b>28.2</b>	<b>56.0</b>	<b>26.9</b>	<b>53.9</b>	<b>26.6</b>	<b>53.2</b>	<b>27.7</b>
Net fees and commissions income ( ii )	5.9	11.0	6.0	10.5	5.3	9.8	5.4	10.9	6.2	11.0	6.4
General and administrative expenses ( - ) ( iii )	30.5	59.6	29.4	57.6	28.1	54.6	28.2	55.6	26.9	53.6	25.3
②Average deposit balance	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	7,716.8	7,906.1

\* Each interim period is annualized(365days ÷ 183days).

## <Reference>

<b>Loan income (③×④) ※</b>	<b>27.3</b>	<b>54.8</b>	<b>27.9</b>	<b>56.3</b>	<b>28.2</b>	<b>56.0</b>	<b>26.9</b>	<b>53.9</b>	<b>26.6</b>	<b>53.2</b>	<b>27.7</b>
③Deposit and loan direct profit margin ( iv - v )	1.029%	1.029%	1.019%	1.027%	1.023%	1.014%	0.955%	0.948%	0.932%	0.935%	0.955%
Average yield on loans and bills discounted( iv )	1.057%	1.054%	1.045%	1.050%	1.044%	1.033%	0.962%	0.954%	0.936%	0.939%	0.967%
Average yield on deposit ( v )	0.028%	0.025%	0.026%	0.023%	0.021%	0.019%	0.007%	0.006%	0.004%	0.004%	0.012%
④Average loan balance	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	5,700.0	5,799.6

\* Each interim period is annualized(365days ÷ 183days).

# Changes in Average of Earning Assets and Funds Balance

(Unit : billions of yen)											
Average of earning assets balance [All branches]	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Earning assets in total</b>	<b>7,280.8</b>	<b>7,264.3</b>	<b>7,208.1</b>	<b>7,198.5</b>	<b>7,284.8</b>	<b>7,320.9</b>	<b>7,597.6</b>	<b>7,791.9</b>	<b>8,969.0</b>	<b>9,058.7</b>	<b>8,842.2</b>
Loans	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	5,700.0	5,799.6
Of which, Large enterprises	643.6	640.2	653.4	657.1	648.9	652.8	681.6	675.4	695.6	696.8	763.3
Of which, Second-tier enterprises	113.7	112.8	116.5	116.8	104.4	99.9	97.8	96.2	92.5	90.2	83.6
Of which, SMEs	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	2,420.6	2,419.4
Of which, Individuals	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	2,321.8	2,339.3
Of which, Public loans	214.1	200.1	169.8	142.1	99.5	96.3	90.6	125.8	110.2	107.4	122.7
Securities	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	2,387.6	2,418.7
Others	136.6	140.0	161.9	151.7	134.5	137.5	179.3	147.0	943.5	970.9	623.8

\* 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.

(Unit : billions of yen)											
Average of funds balance [All branches]	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Funds in total</b>	<b>7,422.2</b>	<b>7,412.8</b>	<b>7,391.8</b>	<b>7,409.4</b>	<b>7,626.0</b>	<b>7,668.0</b>	<b>8,216.3</b>	<b>8,827.0</b>	<b>10,403.7</b>	<b>10,514.0</b>	<b>10,099.2</b>
Deposits	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	7,716.8	7,906.1
Of which, Individuals	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	5,456.6	5,553.3
Of which, Corporations	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	1,895.9	1,925.6
Liquid deposits	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	5,757.9	6,009.0
Fixed deposits	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	1,958.8	1,897.1
Call money	48.8	45.3	19.7	26.1	17.8	16.0	16.5	134.9	373.3	359.5	210.6
Borrowings	320.6	321.5	339.9	356.7	425.2	430.2	584.5	789.8	1,391.1	1,425.6	1,136.5
Others	626.8	597.6	424.7	415.5	447.0	441.7	445.7	592.2	961.3	1,011.9	845.7

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

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

		(Unit : %)										
[ All branches ]		Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Average yield on interest earning assets</b>	( i )	<b>1.23</b>	<b>1.16</b>	<b>1.19</b>	<b>1.13</b>	<b>1.07</b>	<b>1.01</b>	<b>0.94</b>	<b>0.91</b>	<b>0.85</b>	<b>0.81</b>	<b>0.92</b>
Of which, Average yield on loans and bills discounted	( ii )	1.05	1.05	1.04	1.05	1.04	1.03	0.96	0.95	0.93	0.93	0.96
Of which, Average yield on securities		1.78	1.54	1.78	1.46	1.19	0.96	0.91	0.80	0.93	0.78	1.01
<b>Funding yield</b>	( iii )	<b>0.10</b>	<b>0.10</b>	<b>0.10</b>	<b>0.09</b>	<b>0.08</b>	<b>0.08</b>	<b>0.03</b>	<b>0.02</b>	<b>0.01</b>	<b>0.01</b>	<b>0.08</b>
Of which, Average yield on deposits and negotiable certificates of deposit	( iv )	0.03	0.03	0.03	0.03	0.03	0.03	0.01	0.00	0.00	0.00	0.02
<b>Overall direct profit margin</b>	( i )-( iii )	<b>1.13</b>	<b>1.06</b>	<b>1.09</b>	<b>1.04</b>	<b>0.99</b>	<b>0.93</b>	<b>0.91</b>	<b>0.89</b>	<b>0.84</b>	<b>0.80</b>	<b>0.84</b>
Deposit and loan direct profit margin	( ii )-( iv )	1.02	1.02	1.01	1.02	1.01	1.00	0.95	0.95	0.93	0.93	0.94
Ratio of expenses		0.85	0.83	0.82	0.81	0.79	0.76	0.72	0.70	0.67	0.67	0.62
Average interest rate spread		0.36	0.30	0.32	0.28	0.25	0.22	0.25	0.28	0.32	0.29	0.33

\* Profit margins are calculated on the table.

		(Unit : %)										
[ Domestic transactions ]		Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Average yield on interest earning assets</b>	( i )	<b>1.13</b>	<b>1.06</b>	<b>1.08</b>	<b>1.02</b>	<b>0.97</b>	<b>0.91</b>	<b>0.89</b>	<b>0.85</b>	<b>0.81</b>	<b>0.77</b>	<b>0.79</b>
Of which, Average yield on loans and bills discounted	( ii )	1.03	1.02	0.99	0.98	0.97	0.97	0.94	0.94	0.93	0.93	0.91
Of which, Average yield on securities		1.66	1.34	1.61	1.29	1.08	0.83	0.85	0.65	0.87	0.68	0.74
<b>Funding yield</b>	( iii )	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Of which, Average yield on deposits and negotiable certificates of deposit	( iv )	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Overall direct profit margin</b>	( i )-( iii )	<b>1.12</b>	<b>1.05</b>	<b>1.07</b>	<b>1.01</b>	<b>0.97</b>	<b>0.91</b>	<b>0.89</b>	<b>0.85</b>	<b>0.81</b>	<b>0.77</b>	<b>0.79</b>
Deposit and loan direct profit margin	( ii )-( iv )	1.02	1.01	0.98	0.98	0.97	0.97	0.94	0.94	0.93	0.93	0.91
Ratio of expenses		0.83	0.81	0.81	0.79	0.77	0.75	0.71	0.68	0.65	0.65	0.60
Average interest rate spread		0.32	0.27	0.30	0.26	0.23	0.20	0.23	0.25	0.30	0.27	0.28

\* Profit margins are calculated on the table.

# Changes in Loans and Deposits (by Region)

	(Unit : billions of yen)										
	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
[Loans (ending balance) ]											
<b>Total (domestic branches)</b>	<b>5,391.3</b>	<b>5,469.3</b>	<b>5,491.6</b>	<b>5,512.7</b>	<b>5,509.2</b>	<b>5,548.0</b>	<b>5,650.2</b>	<b>5,695.3</b>	<b>5,671.7</b>	<b>5,757.8</b>	<b>5,786.8</b>
<b>Gunma</b>	<b>2,302.1</b>	<b>2,339.1</b>	<b>2,347.7</b>	<b>2,356.8</b>	<b>2,356.7</b>	<b>2,372.1</b>	<b>2,429.2</b>	<b>2,439.6</b>	<b>2,436.7</b>	<b>2,431.2</b>	<b>2,421.7</b>
Saitama	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	1,101.7	1,093.3
Tochigi	484.1	495.0	506.6	514.2	510.3	509.4	513.1	509.5	504.0	505.9	501.6
Tokyo,Kanagawa, and Osaka	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	1,508.7	1,527.4
Head Office, etc.	298.9	262.9	212.3	202.3	205.9	212.3	208.1	209.0	211.2	210.0	242.6
[Deposits (ending balance)]											
<b>Total (domestic branches)</b>	<b>6,431.3</b>	<b>6,652.7</b>	<b>6,642.7</b>	<b>6,797.7</b>	<b>6,785.1</b>	<b>7,030.7</b>	<b>7,355.8</b>	<b>7,734.7</b>	<b>7,693.8</b>	<b>7,943.1</b>	<b>7,859.3</b>
<b>Gunma</b>	<b>5,209.0</b>	<b>5,407.9</b>	<b>5,375.0</b>	<b>5,537.7</b>	<b>5,500.7</b>	<b>5,752.1</b>	<b>5,988.2</b>	<b>6,317.1</b>	<b>6,255.7</b>	<b>6,505.8</b>	<b>6,412.9</b>
Saitama	639.2	646.6	655.6	654.5	654.2	662.4	708.4	731.2	733.1	739.6	743.2
Tochigi	360.4	362.3	365.3	364.9	364.1	369.8	391.4	400.0	405.6	400.1	406.6
Tokyo,Kanagawa, and Osaka	192.5	202.7	224.6	217.6	237.1	215.2	216.5	227.6	235.8	247.1	245.7
Head Office, etc.	29.9	33.2	22.0	22.8	28.9	30.9	51.1	58.6	63.4	50.4	50.6

# Changes in Loans (by Type and by Size)

	(Unit : billions of yen)										
	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Loans</b>	<b>5,442.1</b>	<b>5,518.6</b>	<b>5,549.5</b>	<b>5,565.4</b>	<b>5,557.3</b>	<b>5,602.3</b>	<b>5,702.3</b>	<b>5,749.6</b>	<b>5,733.9</b>	<b>5,818.1</b>	<b>5,861.1</b>
<b>Domestic branches</b>	<b>5,391.3</b>	<b>5,469.3</b>	<b>5,491.6</b>	<b>5,512.7</b>	<b>5,509.2</b>	<b>5,548.0</b>	<b>5,650.2</b>	<b>5,695.3</b>	<b>5,671.7</b>	<b>5,757.8</b>	<b>5,786.8</b>
<b>Corporations</b>	<b>2,852.5</b>	<b>2,927.3</b>	<b>2,976.7</b>	<b>2,991.5</b>	<b>2,986.3</b>	<b>3,022.3</b>	<b>3,139.6</b>	<b>3,169.4</b>	<b>3,117.5</b>	<b>3,188.3</b>	<b>3,175.9</b>
Large enterprises	567.4	564.9	579.5	554.2	558.0	566.8	579.8	591.5	610.8	676.4	691.8
Second-tier enterprises	113.4	112.1	119.6	110.8	93.6	95.0	95.1	90.8	89.7	81.0	77.4
SMEs	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	2,430.8	2,406.6
Of which, Excluding strategic branch offices	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	2,313.2	2,287.7
<b>Public entities</b>	<b>106.0</b>	<b>102.2</b>	<b>102.4</b>	<b>97.8</b>	<b>94.7</b>	<b>87.6</b>	<b>86.3</b>	<b>92.4</b>	<b>110.8</b>	<b>116.7</b>	<b>112.2</b>
Regional public corporations	1.9	2.7	1.8	2.5	1.7	2.4	1.8	2.3	2.0	2.3	1.6
Municipal authorities	104.1	99.5	100.5	95.3	93.0	85.1	84.5	90.0	108.8	114.4	110.6
<b>Central government</b>	<b>136.7</b>	<b>89.4</b>	<b>22.6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Individuals</b>	<b>2,207.1</b>	<b>2,254.5</b>	<b>2,281.8</b>	<b>2,305.6</b>	<b>2,309.5</b>	<b>2,314.7</b>	<b>2,307.5</b>	<b>2,316.6</b>	<b>2,324.7</b>	<b>2,337.0</b>	<b>2,351.0</b>
Housing-related loans	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	2,257.0	2,269.8
Housing loans	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	1,355.4	1,367.4
Apartment loans	568.4	593.4	613.3	631.6	641.7	651.4	649.7	649.8	649.4	650.0	653.6
Others	258.8	272.5	277.6	281.5	272.8	269.4	264.4	258.7	255.5	251.5	248.7
Unsecured consumer loans	46.6	48.8	50.0	51.5	53.2	54.6	53.7	54.7	55.4	57.3	58.7
Other loans to individuals	25.6	24.6	24.5	23.9	27.9	26.7	24.6	24.4	23.0	22.5	22.4
<b>Cross-border loans, etc.</b>	<b>88.8</b>	<b>95.8</b>	<b>107.9</b>	<b>117.6</b>	<b>118.5</b>	<b>123.3</b>	<b>116.6</b>	<b>116.7</b>	<b>118.5</b>	<b>115.7</b>	<b>147.7</b>
<b>Overseas branch</b>	<b>50.7</b>	<b>49.2</b>	<b>57.9</b>	<b>52.7</b>	<b>48.0</b>	<b>54.2</b>	<b>52.1</b>	<b>54.2</b>	<b>62.1</b>	<b>60.2</b>	<b>74.2</b>

\* Cross-border loans, etc. includes structured finance.



# Chagens in Loans to SMEs (by Industry)

(Unit : billions of yen)

	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Manufacturing</b>	<b>438.2</b>	<b>442.1</b>	<b>444.5</b>	<b>453.2</b>	<b>457.9</b>	<b>463.2</b>	<b>480.8</b>	<b>482.1</b>	<b>475.6</b>	<b>472.8</b>	<b>475.1</b>
Gunma	267.8	267.1	265.1	268.3	276.4	279.1	296.3	300.3	297.1	298.0	300.1
Saitama	85.2	88.0	90.4	93.8	92.2	93.6	92.0	91.3	88.9	85.0	83.8
Tochigi	58.7	59.7	61.3	62.6	61.3	62.8	63.6	62.1	61.4	62.1	63.3
Tokyo and Kanagawa	21.2	21.9	22.5	22.8	22.3	21.8	23.0	22.6	22.6	22.4	22.1
Others	5.1	5.2	5.2	5.6	5.6	5.6	5.7	5.7	5.4	5.0	5.6
<b>Construction</b>	<b>156.9</b>	<b>161.9</b>	<b>159.9</b>	<b>168.0</b>	<b>159.9</b>	<b>165.0</b>	<b>176.2</b>	<b>188.6</b>	<b>183.1</b>	<b>185.5</b>	<b>181.1</b>
Gunma	97.5	99.5	95.7	101.9	97.8	102.8	109.2	118.0	112.2	114.5	108.9
Saitama	27.9	30.1	30.1	30.9	27.5	28.5	29.8	30.5	30.6	30.7	30.6
Tochigi	16.4	16.8	17.8	18.5	17.6	17.4	19.8	21.9	21.8	21.6	21.7
Tokyo and Kanagawa	13.5	13.8	14.9	15.2	15.3	14.1	15.1	15.2	15.8	15.9	17.4
Others	1.4	1.4	1.4	1.5	1.7	2.0	2.2	2.7	2.4	2.6	2.4
<b>Wholesaling and retailing</b>	<b>306.6</b>	<b>311.0</b>	<b>323.7</b>	<b>324.2</b>	<b>336.4</b>	<b>332.1</b>	<b>350.6</b>	<b>352.7</b>	<b>352.2</b>	<b>355.3</b>	<b>352.9</b>
Gunma	164.8	165.8	173.2	168.3	180.2	177.1	186.5	189.7	191.4	193.9	196.9
Saitama	69.1	70.7	72.6	74.5	76.5	76.5	83.0	83.5	80.3	78.4	74.9
Tochigi	32.0	33.2	35.4	36.0	35.8	35.7	37.7	38.1	38.8	40.5	40.3
Tokyo and Kanagawa	36.0	36.7	38.2	41.2	39.7	38.3	39.2	37.6	38.0	38.7	37.2
Others	4.4	4.4	4.3	4.2	4.2	4.3	3.9	3.7	3.6	3.5	3.3
<b>Real estate</b>	<b>403.6</b>	<b>438.5</b>	<b>456.6</b>	<b>469.5</b>	<b>465.0</b>	<b>464.8</b>	<b>452.8</b>	<b>448.7</b>	<b>438.3</b>	<b>441.9</b>	<b>450.3</b>
Gunma	111.7	117.5	120.4	124.3	123.5	126.9	126.0	128.3	127.1	128.6	127.8
Saitama	138.5	145.9	151.1	155.6	155.6	155.4	151.3	148.4	139.4	139.0	139.9
Tochigi	50.3	52.3	52.4	53.9	52.9	51.1	49.7	48.0	47.0	48.1	48.1
Tokyo and Kanagawa	100.1	119.7	129.2	132.1	128.8	127.1	121.1	119.2	120.1	120.8	129.3
Others	2.8	2.9	3.5	3.6	4.2	4.1	4.4	4.7	4.5	5.2	5.0
<b>Healthcare and public welfare</b>	<b>245.9</b>	<b>255.0</b>	<b>261.3</b>	<b>267.3</b>	<b>269.4</b>	<b>271.0</b>	<b>293.5</b>	<b>292.6</b>	<b>289.9</b>	<b>291.1</b>	<b>285.0</b>
Gunma	110.9	113.2	113.7	114.4	114.2	115.7	124.8	122.7	122.5	122.3	118.3
Saitama	61.0	62.7	63.7	64.9	64.9	62.8	65.8	64.5	64.2	65.6	64.7
Tochigi	13.2	13.6	14.0	14.4	14.6	14.9	15.5	15.2	15.1	14.8	14.5
Tokyo and Kanagawa	58.1	62.4	67.1	70.6	73.0	74.8	84.7	87.2	86.6	87.0	86.1
Others	2.5	2.9	2.8	2.9	2.7	2.6	2.6	2.6	1.3	1.3	1.3
<b>Other services</b>	<b>223.9</b>	<b>235.2</b>	<b>232.0</b>	<b>238.8</b>	<b>241.5</b>	<b>238.1</b>	<b>266.4</b>	<b>268.4</b>	<b>264.3</b>	<b>260.7</b>	<b>247.3</b>
Gunma	124.5	130.9	125.5	129.9	130.1	129.2	148.1	151.1	148.8	147.7	138.6
Saitama	48.4	50.2	49.5	50.2	49.9	49.4	53.5	54.7	53.7	50.9	49.1
Tochigi	23.4	25.2	27.1	28.6	30.1	29.2	31.2	31.7	30.7	30.5	28.4
Tokyo and Kanagawa	24.3	25.8	27.3	27.4	29.5	28.3	31.3	28.6	28.8	28.5	28.2
Others	3.0	2.9	2.6	2.6	1.8	1.9	2.1	2.2	2.2	2.9	2.9

# Status of Housing-related Loans

(Unit : billions of yen)

[outstanding loan by region]	Mar. 2017	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Housing loans</b>	<b>1,300.5</b>	<b>1,307.4</b>	<b>1,314.8</b>	<b>1,316.3</b>	<b>1,317.0</b>	<b>1,313.7</b>	<b>1,312.4</b>	<b>1,314.9</b>	<b>1,328.7</b>	<b>1,341.2</b>	<b>1,348.9</b>	<b>1,367.4</b>
Gunma	712.8	708.5	706.7	703.4	701.5	698.3	698.1	699.2	709.3	721.7	728.9	747.1
Saitama	323.8	325.8	327.7	327.7	326.5	324.1	320.9	318.8	318.2	317.0	317.4	317.2
Tochigi	118.1	117.2	116.5	115.8	114.4	113.1	111.2	110.1	108.9	107.7	107.3	104.7
Tokyo and Kanagawa	145.6	155.8	163.7	169.4	174.4	178.0	182.0	186.6	192.2	194.6	195.2	198.2
<b>Apartment loans</b>	<b>546.9</b>	<b>568.4</b>	<b>593.4</b>	<b>613.3</b>	<b>631.6</b>	<b>641.7</b>	<b>651.4</b>	<b>649.7</b>	<b>649.8</b>	<b>649.4</b>	<b>647.9</b>	<b>653.6</b>
Gunma	247.0	251.4	255.6	257.8	259.3	259.6	259.9	256.7	250.4	247.5	245.4	243.1
Saitama	126.5	129.5	135.4	141.4	147.7	150.2	154.0	154.2	158.8	160.2	160.8	163.8
Tochigi	103.1	106.1	110.0	112.4	114.6	116.1	116.0	115.5	115.2	114.2	113.5	112.3
Tokyo and Kanagawa	70.3	81.2	92.3	101.6	109.8	115.6	121.3	123.1	125.3	127.3	128.0	134.3

[Status of loans for investment real estate]	Mar. 2020				Mar. 2021				Mar. 2022			
	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	5,602.3	36.8	0.7%	100.0%	5,749.6	147.3	2.6%	100.0%	5,818.1	68.5	1.2%	100.0%
<b>Of which, for investment real estate</b>	<b>1,038.4</b>	<b>11.8</b>	<b>1.2%</b>	<b>18.5%</b>	<b>1,021.8</b>	<b>-16.6</b>	<b>-1.6%</b>	<b>17.8%</b>	<b>999.2</b>	<b>-22.5</b>	<b>-2.2%</b>	<b>17.2%</b>
Of which, whole building	220.8	-6.3	-2.8%	3.9%	211.5	-9.3	-4.2%	3.7%	197.0	-14.5	-6.9%	3.4%
Of which, asset management companies	59.1	-1.9	-3.1%	1.1%	57.4	-1.7	-3.0%	1.0%	53.6	-3.8	-6.6%	0.9%
Of which, salaried workers	31.7	-0.8	-2.6%	0.6%	31.5	-0.1	-0.6%	0.5%	31.2	-0.2	-0.9%	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. 2021				Mar. 2022				[Default rate]		
	Total	Maebashi city	Takasaki city	Tokyo and Kanagawa	Total	Maebashi city	Takasaki city	Tokyo and Kanagawa		Mar. 2021	Mar. 2022
Vacancy rate (%)	4.1	7.0	4.4	2.5	3.4	5.8	3.8	1.8	For investment real estate	0.27%	0.25%
DSCR (times)	1.35	1.32	1.35	1.45	1.36	1.33	1.36	1.47	Of which, apartment loans	0.09%	0.04%

\* Cases in inheritance proceedings are excluded.

# Status of Non-interest Business Profit (Consolidated)

( Unit : millions of yen )

[Breakdown of Main subsidiary]	Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021		Mar. 2022		Sep. 2022	
Non-interest business profit	17,160		9,088		19,162		10,875		20,530		11,707	
Of which, Gungin Securities	2,063		1,233		3,659		1,836		3,549		1,655	
Of which, Gungin Leasing	2,684		1,327		2,685		1,374		2,770		1,339	
Of which, Gunma Credit Guarantee	2,554		1,273		2,545		1,267		2,517		809	
[Breakdown of non-interest business profit] (Composition ratio on the right)	Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021		Mar. 2022		Sep. 2022	
Corporate service revenue	2,880	(100%)	1,050	(100%)	2,983	(100%)	1,808	(100%)	4,325	(100%)	2,984	(100%)
Syndicate loans	702	(24%)	220	(21%)	624	(21%)	346	(19%)	602	(14%)	288	(10%)
Structured Covenant loans	236	(8%)	154	(15%)	343	(12%)	171	(9%)	493	(11%)	204	(7%)
Business matching	439	(15%)	146	(14%)	346	(12%)	241	(13%)	554	(13%)	288	(10%)
Financial instruments intermediation (including Gungin Securities) *	186	(6%)	114	(11%)	361	(12%)	140	(8%)	302	(7%)	132	(4%)
M & A	277	(10%)	105	(10%)	377	(13%)	157	(9%)	308	(7%)	163	(5%)
Private placement bonds	290	(10%)	87	(8%)	199	(7%)	94	(5%)	194	(5%)	45	(2%)
Derivatives (interest rate and foreign exchange)	623	(22%)	166	(16%)	537	(18%)	542	(30%)	1,581	(37%)	1,500	(50%)
Others (including Gungin Consulting) *	124	(4%)	54	(5%)	191	(7%)	114	(6%)	289	(7%)	362	(12%)
Deposit financial assets revenue	5,530	(100%)	2,717	(100%)	7,140	(100%)	3,948	(100%)	7,703	(100%)	3,685	(100%)
Investment trust	2,211	(40%)	1,039	(38%)	2,558	(36%)	1,515	(38%)	2,886	(37%)	969	(26%)
Insurance sales comissions (for individuals) *	1,374	(25%)	501	(18%)	1,159	(16%)	652	(17%)	1,344	(17%)	1,043	(28%)
Gungin Securities (for individuals)	1,877	(34%)	1,118	(41%)	3,297	(46%)	1,695	(43%)	3,246	(42%)	1,523	(41%)
Comissions for testamentary trust /Inheritance sorting	30	(1%)	27	(1%)	72	(1%)	59	(2%)	173	(2%)	126	(3%)
Trust fee	36	(1%)	30	(1%)	53	(1%)	25	(1%)	52	(1%)	22	(1%)
Others *	8,748	(100%)	5,320	(100%)	9,038	(100%)	5,118	(100%)	8,501	(100%)	5,039	(100%)
Of which, Base service comissions (domestic exchange, agency services, etc.)	8,509	(97%)	4,208	(79%)	8,452	(94%)	4,240	(83%)	7,974	(94%)	3,997	(79%)

\* Based on the Medium-term business plan "Innovation for 'Purpose'" that started in April 2022, the Bank has partially changed the aggregation categories from FY2022.

# Status of Marketing Capability for Personal Deposit Financial Assets

(Unit : billions of yen)

[ Balance of deposit financial assets ]	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Individuals</b>	<b>833.5</b>	<b>798.9</b>	<b>834.5</b>	<b>870.7</b>	<b>901.5</b>	<b>926.0</b>	<b>940.1</b>
Investment trust	240.6	210.5	224.2	244.5	256.7	255.7	238.0
Pension insurance, etc.	472.4	469.6	469.8	474.8	481.4	492.5	512.6
Public bonds (JGBs)	44.3	40.9	39.1	37.1	36.3	33.3	30.0
Gungin Securities (directly sale and intermediation)	76.0	77.8	101.3	114.1	127.0	144.4	159.4
<b>Corporations, etc.</b>	<b>54.1</b>	<b>51.8</b>	<b>61.5</b>	<b>65.1</b>	<b>71.6</b>	<b>80.6</b>	<b>88.6</b>
Bank, non-consolidated	17.8	16.4	15.8	14.5	14.6	14.6	14.6
Gungin Securities (directly sale and intermediation)	36.2	35.4	45.6	50.5	57.0	65.9	74.0
<b>Total</b>	<b>887.6</b>	<b>850.8</b>	<b>896.1</b>	<b>935.8</b>	<b>973.2</b>	<b>1,006.6</b>	<b>1,028.8</b>

[Sales amount for marketing capability for deposit financial assets]	Mar. 2021			Mar. 2022			Mar. 2023
	First half	Second half	Total	First half	Second half	Total	First half
Investment trust	30.4	53.0	83.4	48.9	40.2	89.1	26.5
Pension insurance, etc.	12.4	20.2	32.6	20.4	22.3	42.7	30.9
Public bonds (JGBs)	2.7	2.8	5.6	15.5	15.9	31.4	18.5
Gungin Securities (directly sale and intermediation)	28.0	54.2	82.2	61.1	56.0	117.1	57.5
<b>Total</b>	<b>73.6</b>	<b>130.4</b>	<b>204.0</b>	<b>146.0</b>	<b>134.5</b>	<b>280.5</b>	<b>133.5</b>

\*1 From the second half of Mar. 2021, "Investment trust" and "Pension insurance, etc." include the sales amount of corporations, etc.

\*2 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

(Unit : millions of yen)

[Breakdown of gains or losses on investment securities]	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
<b>Gains or losses on investment securities</b>	<b>5,470</b>	<b>8,698</b>	<b>12,547</b>	<b>5,549</b>	<b>9,641</b>	<b>-1,740</b>
<b>Gains (losses) on bonds</b>	<b>432</b>	<b>2,851</b>	<b>3,193</b>	<b>742</b>	<b>-1,216</b>	<b>-18,139</b>
Gain on sales	3,717	3,150	3,652	3,547	4,453	3,158
Gain on redemption	39	29	29	—	—	—
Loss on sales ( - )	3,295	329	489	2,805	5,670	21,044
Loss on redemption ( - )	—	—	—	—	—	252
Loss on devaluation ( - )	29	—	—	—	—	—
<b>Gains (losses) on stocks and other securities</b>	<b>5,038</b>	<b>5,846</b>	<b>9,354</b>	<b>4,807</b>	<b>10,858</b>	<b>16,398</b>
Gain on sales	8,125	7,216	12,310	6,076	14,634	17,360
Loss on sales ( - )	1,861	1,306	2,933	1,194	3,701	814
Loss on devaluation ( - )	1,225	63	21	74	74	146

(Unit : billions of yen)

[Breakdown of other securities]	Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021		Mar. 2022		Sep. 2022	
	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
<b>Other securities</b>	<b>1,741.1</b>	<b>(43.8)</b>	<b>1,870.6</b>	<b>(71.0)</b>	<b>2,297.4</b>	<b>(100.9)</b>	<b>2,363.5</b>	<b>(104.3)</b>	<b>2,450.9</b>	<b>(45.7)</b>	<b>2,372.4</b>	<b>(-14.5)</b>
<b>Domestic bonds</b>	<b>1,243.3</b>	<b>(7.8)</b>	<b>1,366.2</b>	<b>(7.5)</b>	<b>1,630.3</b>	<b>(3.4)</b>	<b>1,783.9</b>	<b>(6.4)</b>	<b>1,761.7</b>	<b>(-13.8)</b>	<b>1,728.1</b>	<b>(-32.9)</b>
Government bonds	345.7	(0.8)	446.3	(1.1)	680.7	(-1.5)	838.6	(1.2)	801.6	(-13.1)	775.8	(-27.7)
Municipal bonds	692.7	(5.9)	714.9	(5.4)	745.6	(4.5)	747.5	(4.0)	764.1	(0.0)	761.1	(-3.1)
Corporate bonds	204.8	(1.0)	204.9	(1.0)	203.9	(0.4)	197.7	(1.0)	195.9	(-0.6)	191.1	(-2.1)
<b>Stocks</b>	<b>67.7</b>	<b>(57.0)</b>	<b>87.2</b>	<b>(62.7)</b>	<b>111.4</b>	<b>(83.9)</b>	<b>130.8</b>	<b>(83.3)</b>	<b>128.0</b>	<b>(67.7)</b>	<b>130.8</b>	<b>(49.8)</b>
<b>Investment trusts</b>	<b>236.6</b>	<b>(-20.7)</b>	<b>217.5</b>	<b>(-3.9)</b>	<b>205.8</b>	<b>(9.2)</b>	<b>163.0</b>	<b>(7.2)</b>	<b>187.1</b>	<b>(-0.2)</b>	<b>150.6</b>	<b>(-16.7)</b>
<b>Foreign securities</b>	<b>186.8</b>	<b>(-0.6)</b>	<b>195.9</b>	<b>(4.6)</b>	<b>345.3</b>	<b>(3.8)</b>	<b>280.5</b>	<b>(6.6)</b>	<b>367.6</b>	<b>(-8.3)</b>	<b>356.1</b>	<b>(-15.1)</b>
Yen-denominated securities	10.1	(0.0)	5.1	(0.0)	4.1	(0.0)	4.1	(0.0)	4.1	(0.0)	4.1	(0.0)
Foreign-currency securities	176.6	(-0.6)	190.7	(4.5)	341.1	(3.8)	276.3	(6.6)	363.4	(-8.3)	351.9	(-15.1)
<b>Others</b>	<b>6.5</b>	<b>(0.3)</b>	<b>3.7</b>	<b>(0.0)</b>	<b>4.3</b>	<b>(0.3)</b>	<b>5.0</b>	<b>(0.6)</b>	<b>6.3</b>	<b>(0.4)</b>	<b>6.7</b>	<b>(0.4)</b>

[Bond average yield and duration]	Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021		Mar. 2022		Sep. 2022	
	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 (%)	<b>0.49</b>	1.91	<b>0.36</b>	1.30	<b>0.31</b>	1.33	<b>0.29</b>	1.19	<b>0.25</b>	1.27	<b>0.25</b>	2.18
Modified duration (year)	<b>5.66</b>	4.38	<b>6.22</b>	3.72	<b>7.24</b>	4.24	<b>7.86</b>	4.03	<b>8.08</b>	5.36	<b>7.91</b>	3.69

# Status of Capital

(Unit : billions of yen)

	Sep. 2017	Mar. 2018	Sep. 2018	Mar. 2019	Sep. 2019	Mar. 2020	Sep. 2020	Mar. 2021	Sep. 2021	Mar. 2022	Sep. 2022
[Consolidated]											
<b>Total capital</b>	<b>521.2</b>	<b>522.0</b>	<b>540.1</b>	<b>529.9</b>	<b>557.4</b>	<b>505.7</b>	<b>536.4</b>	<b>564.9</b>	<b>574.9</b>	<b>541.3</b>	<b>507.4</b>
Common equity Tier1 capital	485.7	497.6	505.5	495.6	512.9	454.5	485.1	513.8	523.7	490.1	458.4
Other Tier1 capital	0.6	2.9	3.0	2.7	2.9	—	—	—	—	—	—
Tier2 capital	34.8	21.4	31.5	31.5	41.6	51.2	51.2	51.1	51.1	51.2	49.0
<b>Risk assets</b>	<b>4,021.3</b>	<b>4,205.5</b>	<b>4,157.1</b>	<b>4,325.8</b>	<b>4,296.8</b>	<b>4,232.1</b>	<b>4,265.9</b>	<b>4,433.4</b>	<b>4,352.9</b>	<b>4,362.2</b>	<b>4,146.2</b>
<b>Total capital ratio</b>	<b>12.96%</b>	<b>12.41%</b>	<b>12.99%</b>	<b>12.25%</b>	<b>12.97%</b>	<b>11.95%</b>	<b>12.57%</b>	<b>12.74%</b>	<b>13.20%</b>	<b>12.40%</b>	<b>12.23%</b>
Tier1 ratio	12.09%	11.90%	12.23%	11.52%	12.00%	10.74%	11.37%	11.58%	12.03%	11.23%	11.05%
Common equity Tier1 ratio	12.07%	11.83%	12.16%	11.45%	11.93%	10.74%	11.37%	11.58%	12.03%	11.23%	11.05%
[Non-consolidated]											
<b>Total capital</b>	<b>497.6</b>	<b>497.3</b>	<b>513.7</b>	<b>504.8</b>	<b>530.9</b>	<b>483.4</b>	<b>512.2</b>	<b>533.6</b>	<b>542.0</b>	<b>506.0</b>	<b>466.0</b>
Common equity Tier1 capital	464.4	477.2	483.7	474.7	490.9	433.4	462.1	483.5	491.9	456.3	421.4
Tier2 capital	33.2	20.0	30.0	30.0	40.0	50.0	50.0	50.1	50.0	49.6	44.6
<b>Risk assets</b>	<b>3,969.2</b>	<b>4,149.5</b>	<b>4,095.5</b>	<b>4,263.2</b>	<b>4,230.2</b>	<b>4,175.5</b>	<b>4,209.7</b>	<b>4,378.2</b>	<b>4,292.6</b>	<b>4,300.2</b>	<b>4,072.8</b>
<b>Total capital ratio</b>	<b>12.53%</b>	<b>11.98%</b>	<b>12.54%</b>	<b>11.84%</b>	<b>12.55%</b>	<b>11.57%</b>	<b>12.16%</b>	<b>12.18%</b>	<b>12.62%</b>	<b>11.76%</b>	<b>11.44%</b>
Tier1 ratio	11.70%	11.50%	11.81%	11.13%	11.60%	10.37%	10.97%	11.04%	11.46%	10.61%	10.34%
Common equity Tier1 ratio	11.70%	11.50%	11.81%	11.13%	11.60%	10.37%	10.97%	11.04%	11.46%	10.61%	10.34%

# Status of Disclosed Claims under the Financial Reconstruction Law ("FRL") and the Self - Assessment Guideline

[Breakdown of disclosed claims under the FRL by industry]	(Unit : billions of yen)											
	Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021		Mar. 2022		Sep. 2022	
<b>Disclosed Claims under the FRL</b> (Composition ratio on the right)	<b>107.1</b>	<b>100.0%</b>	<b>113.6</b>	<b>100.0%</b>	<b>134.0</b>	<b>100.0%</b>	<b>119.9</b>	<b>100.0%</b>	<b>120.3</b>	<b>100.0%</b>	<b>115.4</b>	<b>100.0%</b>
Of which, Manufacturing	21.6	20.2%	25.0	22.0%	41.5	31.0%	30.1	25.1%	35.2	29.3%	33.9	29.4%
Of which, Wholesaling and retailing	17.9	16.8%	20.0	17.7%	22.1	16.5%	21.2	17.7%	18.5	15.4%	17.4	15.1%
Of which, Healthcare and public welfare	16.7	15.7%	15.6	13.8%	14.9	11.2%	12.3	10.3%	13.0	10.9%	12.8	11.2%
Of which, Real estate and goods rental	10.3	9.7%	10.7	9.4%	10.8	8.1%	10.5	8.8%	10.2	8.5%	8.8	7.7%
Of which, Other services	15.6	14.6%	19.1	16.8%	19.8	14.8%	21.4	17.9%	20.0	16.7%	20.0	17.4%

\* The table above shows domestic branch's loans excluding loans booked at offshore markets.

[Ratio of Disclosed Claims under the FRL]	Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021		Mar. 2022		Sep. 2022	
<b>Ratio of Disclosed Claims under the FRL</b>	<b>1.91%</b>		<b>1.99%</b>		<b>2.33%</b>		<b>2.09%</b>		<b>2.03%</b>		<b>1.94%</b>	
* The ratio of Disclosed Claims under the FRL in the case where partial direct write-offs are executed	1.57%		1.65%		2.00%		1.77%		1.73%		1.68%	

[Credit balance by borrower classification under the self-assessment guideline]	Mar. 2020		Sep. 2020		Mar. 2021		Sep. 2021		Mar. 2022		Sep. 2022	
<b>Total</b>	<b>5,685.5</b>	<b>100.0%</b>	<b>5,793.0</b>	<b>100.0%</b>	<b>5,824.1</b>	<b>100.0%</b>	<b>5,814.3</b>	<b>100.0%</b>	<b>5,905.5</b>	<b>100.0%</b>	<b>5,926.2</b>	<b>100.0%</b>
Normal borrowers	5,148.1	90.5%	5,147.6	88.8%	5,148.9	88.4%	5,131.0	88.2%	5,237.1	88.7%	5,288.6	89.2%
Borrowers requiring caution	386.3	6.8%	493.1	8.5%	511.4	8.8%	502.9	8.7%	478.0	8.1%	456.1	7.7%
Potentially bankrupt borrowers	35.8	0.6%	39.3	0.7%	45.1	0.8%	43.4	0.7%	48.3	0.8%	45.5	0.8%
Effectively bankrupt borrowers	21.6	0.4%	18.0	0.3%	19.8	0.3%	19.1	0.3%	16.8	0.3%	15.5	0.3%
Bankrupt borrowers	8.2	0.1%	10.1	0.2%	8.4	0.1%	8.9	0.2%	10.5	0.2%	9.6	0.2%
Others (municipal authorities, etc.)	85.2	1.6%	84.6	1.5%	90.2	1.6%	108.9	1.9%	114.5	1.9%	110.6	1.9%



# Status of Transition in Loans by Borrower Category

[numbers of borrowers]			Sep. 2022									Total	
(Unit : ahead)			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
Mar. 2022	Normal borrowers	22,264	20,755	688	12	4	12	4	789	789	-	—	720
	Expected loss ( i )	6,540	614	5,584	49	14	24	8	247	247	-	614	95
	Expected loss ( ii )	504	14	18	440	17	2	2	11	11	-	32	21
	Potentially bankrupt borrowers	580	-	5	9	506	36	3	21	20	1	* Below potentially bankrupt borrowers	
	Effectively bankrupt borrowers	247	-	-	1	-	170	4	72	26	46	14	—
	Bankrupt borrowers	68	-	-	-	-	-	41	27	4	23		
	Total	30,203	21,383	6,295	511	541	244	62	1,167	1,097	70	660	836

[Amount]			Sep. 2022									Total	
(Unit : billions of yen)			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
Mar. 2022	Normal borrowers	2,954.9	2,888.4	32.8	2.3	0.1	0.1	0.1	30.7	30.7	-	—	35.7
	Expected loss ( i )	326.5	27.0	285.8	9.1	0.7	0.5	0.2	3.0	3.0	-	27.0	10.6
	Expected loss ( ii )	81.4	4.9	2.6	70.5	2.3	0.2	0.4	0.2	0.2	-	7.5	3.0
	Potentially bankrupt borrowers	44.1	-	0.2	1.4	39.0	2.7	0.0	0.6	0.6	0.0	* Below potentially bankrupt borrowers	
	Effectively bankrupt borrowers	14.0	-	-	0.2	-	10.3	0.4	3.1	0.7	2.4	1.6	—
	Bankrupt borrowers	10.4	-	-	-	-	-	8.9	1.4	0.0	1.3		
	Total	3,431.6	2,920.4	321.5	83.6	42.2	14.0	10.3	39.3	35.5	3.8	36.2	49.4

(Notes) 1. What is shown here is transition in borrower categories from the end of March 2022 to the end of September 2022.

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. "Others" in the table above is the number of borrowers who have resolved outstanding balances in FY2022 by full collection or repayment, final disposal (such as sale of loans), or other means.

The table below calculates the reduced amount.

4. 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."

[Risk categories]	Second half of FY2021			First half of FY2022		
	Forecast risk amount	Capital to be distributed	Composition ratio	Forecast risk amount	Capital to be distributed	Composition ratio
<b>Credit Risk</b>	<b>121.4</b>	<b>133.0</b>	<b>30.1%</b>	<b>116.7</b>	<b>130.5</b>	<b>29.0%</b>
<b>Total market risks</b>	<b>111.9</b>	<b>139.0</b>	<b>31.4%</b>	<b>135.3</b>	<b>158.5</b>	<b>35.2%</b>
Market risk (investment securities shares, investment trusts, etc.)	78.2	98.4	22.3%	85.3	103.6	23.0%
Market risk (trading)	0.2	0.3	0.1%	0.8	0.8	0.2%
Market risk (loans and deposits, etc.)	33.5	40.3	9.1%	49.2	54.1	12.0%
<b>Strategically held stocks</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Operational risk</b>	<b>12.4</b>	<b>12.4</b>	<b>2.8%</b>	<b>12.4</b>	<b>12.4</b>	<b>2.8%</b>
<b>Subsidiaries risk</b>	<b>6.1</b>	<b>6.7</b>	<b>1.5%</b>	<b>6.0</b>	<b>6.7</b>	<b>1.5%</b>
<b>Total capital distribution... (a)</b>	<b>251.7</b>	<b>291.1</b>	<b>65.8%</b>	<b>270.4</b>	<b>308.1</b>	<b>68.5%</b>
Distribution source ... (b)	—	442.2	100.0%	—	449.7	100.0%
<b>Buffer ... (b) - (a)</b>	<b>—</b>	<b>151.1</b>	<b>34.2%</b>	<b>—</b>	<b>141.6</b>	<b>31.5%</b>

# List of Group Companies



Developing diverse financial solutions through innovation in services to provide



【Securities business】

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



【Leasing business】

Supporting needs for effective introduction of equipment



【Management consulting services】

Providing the optimal solutions for the issues of each individual company



【Investment fund management】

Supporting business succession and business revitalization



【Credit guarantee services】

Assisting customers realizing their dreams, such as housing and vehicles



【Transport of goods Maintenance of ATMs】

Supporting banking infrastructure through transportation and maintenance



【System development, System sales】

Supporting improvement of productivity through systematization



【Credit services】

Realizing diverse payment methods and cashless transactions



【Investment trust management services】

Promoting asset formation through the core and satellite management strategy

# Summary of Financial Results of Group Companies

[Sep. 2022]	Bank, non-consolidated	Total of subsidiaries	(Gungin Securities)	(Gungin Leasing)	(Gunma Credit Guarantee)	(Others)	Consolidation offset	(Unit : billions of yen) Consolidated financial statements
<b>Core gross business profits</b>	<b>44.7</b>	<b>4.3</b>	<b>(1.6)</b>	<b>(1.3)</b>	<b>(1.2)</b>	<b>(0.1)</b>	<b>-0.7</b>	<b>48.3</b>
Net interest income	36.7	-0.1	(-0.0)	(-0.1)	(0.0)	(0.0)	0.0	36.6
Non-interest business profit	7.9	4.4	(1.6)	(1.4)	(1.2)	(0.1)	-0.7	11.7
Net fees and commissions income	6.4	1.6	(0.3)	( — )	(1.2)	(0.0)	-0.4	7.6
Profit from other business transactions	1.4	2.8	(1.3)	(1.4)	( — )	(0.0)	-0.2	4.0
<b>Expenses (-) (excluding non-recurrent expenses)</b>	<b>25.6</b>	<b>1.7</b>	<b>(0.9)</b>	<b>(0.4)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>-0.7</b>	<b>26.6</b>
<b>Others</b>	<b>-3.6</b>	<b>0.0</b>	<b>(-0.0)</b>	<b>(0.1)</b>	<b>(-0.1)</b>	<b>(0.0)</b>	<b>0.1</b>	<b>-3.5</b>
Of which, Gain or loss on investment securities	-1.7	-0.0	( — )	( — )	( — )	(-0.0)	—	-1.7
Of which net credit costs (-)	2.3	0.0	( — )	(-0.0)	( — )	( — )	—	2.3
<b>Ordinary profit</b>	<b>15.4</b>	<b>2.6</b>	<b>(0.6)</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>18.2</b>
<b>Profit</b>	<b>11.8</b>	<b>1.9</b>	<b>(0.4)</b>	<b>(0.7)</b>	<b>(0.6)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>13.7</b>

[Sep. 2021]	Bank, non-consolidated	Total of subsidiaries	Gungin Securities	Gungin Leasing	Gunma Credit Guarantee	Others	Consolidation offset	Consolidated financial statements
<b>Core gross business profits</b>	<b>44.7</b>	<b>4.4</b>	<b>(1.8)</b>	<b>(1.2)</b>	<b>(1.2)</b>	<b>(0.0)</b>	<b>-0.8</b>	<b>48.3</b>
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 income	6.2	1.6	(0.2)	( — )	(1.2)	(0.0)	-0.4	7.4
Profit from other business transactions	0.7	2.9	(1.5)	(1.3)	( — )	(0.0)	-0.2	3.4
<b>Expenses (-) (excluding non-recurrent expenses)</b>	<b>26.8</b>	<b>1.7</b>	<b>(0.9)</b>	<b>(0.5)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>-0.7</b>	<b>27.7</b>
<b>Others</b>	<b>3.3</b>	<b>-0.3</b>	<b>(-0.0)</b>	<b>(-0.3)</b>	<b>(-0.0)</b>	<b>(0.0)</b>	<b>0.0</b>	<b>3.0</b>
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
<b>Ordinary profit</b>	<b>21.2</b>	<b>2.3</b>	<b>(0.8)</b>	<b>(0.3)</b>	<b>(1.1)</b>	<b>(0.0)</b>	<b>-0.0</b>	<b>23.6</b>
<b>Profit</b>	<b>13.8</b>	<b>1.5</b>	<b>(0.6)</b>	<b>(0.1)</b>	<b>(0.7)</b>	<b>(0.0)</b>	<b>-0.0</b>	<b>15.3</b>

# Status of Shareholders

[Shareholder composition]	Mar. 2019		Mar. 2020		Mar. 2021		Mar. 2022		(Unit : 1,000 shares) Sep. 2022	
	Number of shares	Composition ratio	Number of shares	Composition ratio	Number of shares	Composition ratio	Number of shares	Composition ratio	Number of shares	Composition ratio
Financial institutions	165,783	36.5%	153,409	35.2%	157,158	36.1%	142,105	33.4%	139,627	32.8%
Securities companies	10,243	2.3%	4,509	1.0%	5,828	1.3%	10,296	2.4%	7,517	1.8%
Other domestic corporations	80,148	17.7%	78,415	18.0%	75,818	17.4%	74,055	17.4%	73,786	17.3%
Government and municipalities	8,332	1.8%	8,332	1.9%	8,332	1.9%	8,332	2.0%	8,335	1.9%
Foreign corporations/ Foreign individuals	75,927	16.7%	77,547	17.8%	75,082	17.2%	72,552	17.0%	78,288	18.4%
Individuals/others (employees, etc.)	86,386	19.0%	97,297	22.3%	98,118	22.5%	103,320	24.3%	103,354	24.3%
Treasury shares	27,065	6.0%	16,375	3.8%	15,548	3.6%	15,224	3.6%	14,976	3.5%
<b>Total</b>	<b>453,888</b>	<b>100%</b>	<b>435,888</b>	<b>100%</b>	<b>435,888</b>	<b>100%</b>	<b>425,888</b>	<b>100%</b>	<b>425,888</b>	<b>100%</b>

[Status of major shareholders (Mar. 2022)]			(Unit : 1,000 shares)	
	Ownership of shares	Ratio of shareholding		
The Master Trust bank of Japan, Ltd. (Account in trust)	59,552	14.50%		
Custody Bank of Japan, Ltd. (Account in trust)	16,844	4.10%		
Gunma Bank Employees' Shareholding Association	13,371	3.25%		
Meiji Yasuda Life Insurance Company	11,056	2.69%		
Sumitomo Life Insurance Company	10,657	2.59%		
Toyo Seikan Group Holdings, Ltd.	7,330	1.78%		
Nippon Life Insurance Company	6,467	1.57%		
Sumitomo Mitsui Banking Corporation	5,948	1.44%		
Custody Bank of Japan, Ltd. (Account in trust 4)	5,391	1.31%		
STATE STREET BANK WEST CLIENT-TREATY 505234	5,035	1.22%		
<b>Total</b>	<b>141,654</b>	<b>34.49%</b>		

[Status of major shareholders (Sep. 2022)]			(Unit : 1,000 shares)	
	Ownership of shares	Ratio of shareholding		
The Master Trust bank of Japan, Ltd. (Account in trust)	56,075	13.16%		
Custody Bank of Japan, Ltd. (Account in trust)	22,331	5.24%		
Gunma Bank Employees' Shareholding Association	13,338	3.13%		
Meiji Yasuda Life Insurance Company	11,056	2.59%		
Sumitomo Life Insurance Company	10,657	2.50%		
Toyo Seikan Group Holdings, Ltd.	7,330	1.72%		
Nippon Life Insurance Company	6,467	1.51%		
JP MORGAN CHASE BANK 385781	5,435	1.27%		
Custody Bank of Japan, Ltd. (Account in trust 4)	5,417	1.27%		
DFA INTL SMALL CAP VALUE PORTFOLIO	5,195	1.21%		
<b>Total</b>	<b>143,304</b>	<b>33.64%</b>		

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

## Branch Office Network





# Status of Overseas Bases

- As an overseas base that supports the overseas expansion of the automotive industry in the Gunma Prefecture, our New York branch is the only one of the three regional banks to have a branch in New York.

## ► New York Branch

### ● Overview

[Establishment] Established in 1988 to support the expansion of SUBARU and other automobile-related companies from the prefecture into the North American market.

[Operations] There are currently 12 employees (including local staff), mainly engaged in lending and market operations.

[Staff] Employees with experience gained at the branch are active in a wide range of areas such as support for borderless corporate activities, market operations, and planning.

### ● Branch financial status and profit / loss status

- The main operations are loans and investment in floating rate bonds. The main sources of funding are interoffice borrowing and market funding.

	Mn \$	Bn ¥		Mn \$	Bn ¥
Earning assts balance	977	141.4	Funds balance	977	141.4
Foreign loans	502	72.7	market procurement	382	55.3
Foreign securities	438	63.4	NCD	300	43.4
floating rate bond)			Interoffice borrowing	292	42.3

- The branch has a stable profit of 1 to 2 million dollars every period.

(Unit : Millions of dollars)

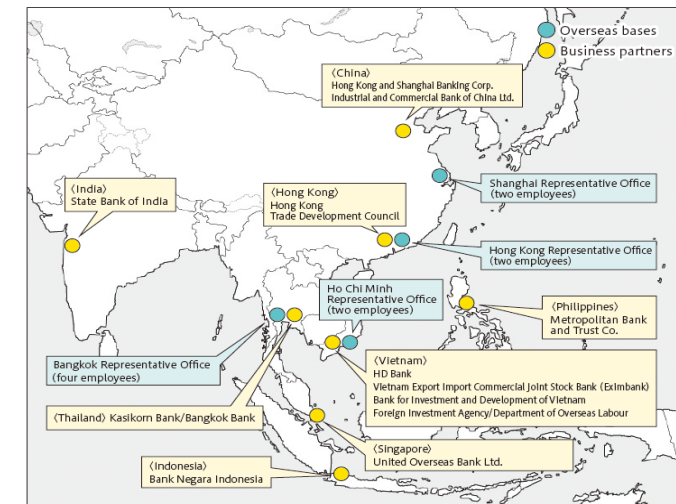
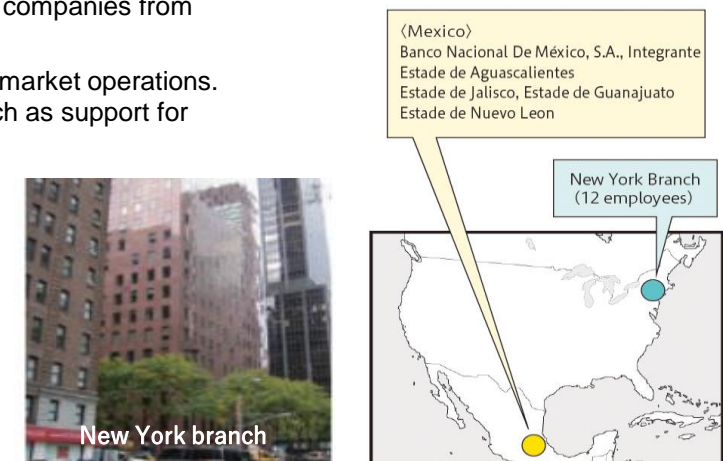
	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022
Business gross profit	4.9	5.3	5.4	4.6	4.6	4.8	5.6	5.4	5.1	5.5
Of which, net interest income	4.9	5.6	5.4	5.0	4.6	4.9	6.0	5.6	5.3	5.7
Expenses	3.7	3.4	3.5	3.3	3.5	3.3	3.3	3.6	3.6	3.6
Business net profit	1.2	1.8	1.8	1.3	1.1	1.5	2.3	1.7	1.4	1.9
Profit before income taxes	1.3	1.9	1.8	1.3	1.1	1.5	2.4	1.7	1.4	1.8
Yen base ( Billions of yen )	0.12	0.19	0.22	0.14	0.12	0.16	0.26	0.19	0.16	0.22

## ► Asia bases (Representative Office)

### ● Overview

[Offices] Four offices in Bangkok, Shanghai, Hong Kong, and Ho Chi Minh City provide comprehensive coverage of the Asian region.

[Operations] Support for business partners in the prefecture to expand their business in Asia, webinars by staff assigned there, support for exchanges with local business partners, etc.





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