

Financial Statements

For the Six Months Ended Sep 30, 2014

THE GUNMA BANK, LTD.

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(Note)

- ① Information presented herein has been extracted from the original material, solely for the convenience of the readers outside Japan.
The amounts presented herein have not been audited.
- ② “△” means a negative number.
- ③ Figures less than ¥1million are omitted.

A. CONSOLIDATED FINANCIAL INFORMATION

1. Consolidated Balance Sheets

	(Millions of yen)	
	As of Mar. 31, 2014	As of Sep. 30, 2014
Assets		
Cash and due from banks	125,098	100,725
Call loans and bills bought	93,730	100,823
Monetary claims bought	16,393	15,213
Trading account securities	2,749	3,387
Money held in trust	5,000	5,000
Securities	2,226,096	2,296,773
Loans and bills discounted	4,552,403	4,679,219
Foreign exchanges	4,084	6,253
Lease receivables and investment assets	39,389	40,258
Other assets	27,749	26,146
Tangible fixed assets	66,867	67,415
Intangible fixed assets	9,322	8,792
Net defined benefit asset	6,805	—
Deferred tax assets	2,014	1,833
Customers' liabilities for acceptances and guarantees	15,961	16,035
Allowance for loan losses	△51,996	△47,590
Total assets	7,141,671	7,320,288
Liabilities		
Deposits	5,977,780	5,981,519
Negotiable certificates of deposit	114,248	181,067
Call money and bills sold	60,493	95,438
Payables under securities lending transactions	224,745	256,743
Borrowed money	180,118	183,981
Foreign exchanges	254	205
Other liabilities	50,513	53,532
Provision for directors' bonuses	58	28
Net defined benefit liability	2,515	4,789
Provision for directors' retirement benefits	709	675
Provision for reimbursement of deposits	1,030	1,074
Provision for point card certificates	140	145
Provision for contingent loss	1,196	1,122
Deferred tax liabilities	34,648	41,904
Deferred tax liabilities for land revaluation	9,457	9,457
Acceptances and guarantees	15,961	16,035
Total liabilities	6,673,872	6,827,724
Net assets		
Capital stock	48,652	48,652
Capital surplus	29,140	29,140
Retained earnings	289,102	293,083
Treasury shares	△5,312	△2,888
Total shareholders' equity	361,583	367,987
Valuation difference on available-for-sale securities	88,916	106,567
Deferred gains or losses on hedges	△70	△41
Revaluation reserve for land	13,130	13,130
Foreign currency translation adjustment	△126	△282
Remeasurements of defined benefit plans	△4,061	△3,854
Total accumulated other comprehensive income	97,789	115,519
Subscription rights to shares	243	316
Minority interests	8,183	8,740
Total net assets	467,798	492,564
Total liabilities and net assets	7,141,671	7,320,288

2. Consolidated Statements of Income and Consolidated Statements of
Comprehensive Income
(Consolidated Statements of Income)

	(Millions of yen)	
	For the six months ended Sep. 30, 2013	For the six months ended Sep. 30, 2014
Ordinary income	65,786	66,119
Interest income	43,503	43,221
Interest on loans and discounts	30,662	29,975
Interest and dividends on securities	12,304	12,659
Fees and commissions	8,680	9,167
Other ordinary income	9,978	10,680
Other income	3,622	3,048
Ordinary expenses	46,022	45,052
Interest expenses	1,708	1,729
Interest on deposits	1,154	1,078
Fees and commissions payments	3,007	3,268
Other ordinary expenses	8,623	9,009
General and administrative expenses	30,149	30,271
Other expenses	2,533	774
Ordinary profit	19,763	21,066
Extraordinary income	8	–
Gain on disposal of non-current assets	8	–
Extraordinary losses	61	93
Loss on disposal of non-current assets	61	84
Impairment loss	–	9
Income before income taxes and minority interests	19,709	20,973
Income taxes – current	5,775	5,392
Income taxes – deferred	1,188	924
Total income taxes	6,963	6,316
Income before minority interests	12,746	14,656
Minority interests in income	474	559
Net income	12,271	14,097

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	For the six months ended Sep. 30, 2013	For the six months ended Sep. 30, 2014
Income before minority interests	12,746	14,656
Other comprehensive income	11,497	17,738
Valuation difference on available-for-sale securities	11,030	17,647
Deferred gains or losses on hedges	△8	28
Foreign currency translation adjustment	465	△156
Remeasurements of defined benefit plans, net of tax	–	206
Share of other comprehensive income of entities accounted for using equity method	9	12
Comprehensive income	24,243	32,395
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,767	31,828
Comprehensive income attributable to minority interests	475	567

3. Consolidated Statements of Changes in Net Assets

For the six months ended Sep. 30, 2013

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of current period	48,652	29,140	273,825	△2,960	348,658	76,942	△64
Changes of items during period							
Dividends of surplus			△3,045		△3,045		
Net income			12,271		12,271		
Purchase of treasury shares				△616	△616		
Disposal of treasury shares				274	274		
Retirement of treasury shares							
Reversal of revaluation reserve for land			25		25		
Net changes of items other than shareholders' equity						11,038	△8
Total changes of items during period	-	-	9,251	△342	8,909	11,038	△8
Balance at end of current period	48,652	29,140	283,077	△3,302	357,567	87,981	△72

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	13,665	△855	-	89,688	90	7,320	445,757
Changes of items during period							
Dividends of surplus							△3,045
Net income							12,271
Purchase of treasury shares							△616
Disposal of treasury shares							274
Retirement of treasury shares							
Reversal of revaluation reserve for land							25
Net changes of items other than shareholders' equity	△25	465	-	11,470	152	464	12,088
Total changes of items during period	△25	465	-	11,470	152	464	20,997
Balance at end of current period	13,639	△389	-	101,158	243	7,785	466,755

For the six months ended Sep. 30, 2014

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges
Balance at beginning of current period	48,652	29,140	289,102	△5,312	361,583	88,916	△70
Cumulative effects of changes in accounting policies			△5,672		△5,672		
Restated balance	48,652	29,140	283,429	△5,312	355,910	88,916	△70
Changes of items during period							
Dividends of surplus			△2,322		△2,322		
Net income			14,097		14,097		
Purchase of treasury shares				△8	△8		
Disposal of treasury shares			△8	320	311		
Retirement of treasury shares		△0	△2,112	2,112			
Reversal of revaluation reserve for land							
Net changes of items other than shareholders' equity						17,651	28
Total changes of items during period	-	△0	9,653	2,423	12,077	17,651	28
Balance at end of current period	48,652	29,140	293,083	△2,888	367,987	106,567	△41

	Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	13,130	△126	△4,061	97,789	243	8,183	467,798
Cumulative effects of changes in accounting policies							△5,672
Restated balance	13,130	△126	△4,061	97,789	243	8,183	462,125
Changes of items during period							
Dividends of surplus							△2,322
Net income							14,097
Purchase of treasury shares							△8
Disposal of treasury shares							311
Retirement of treasury shares							
Reversal of revaluation reserve for land							
Net changes of items other than shareholders' equity	-	△156	206	17,730	73	557	18,360
Total changes of items during period	-	△156	206	17,730	73	557	30,438
Balance at end of current period	13,130	△282	△3,854	115,519	316	8,740	492,564

4. Consolidated Statements of Cash Flow s

	(Millions of yen)	
	For the six months ended Sep. 30, 2013	For the six months ended Sep. 30, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	19,709	20,973
Depreciation	2,746	2,650
Impairment loss	–	9
Share of (profit) loss of entities accounted for using equity method	△9	△49
Increase (decrease) in allowance for loan losses	△3,942	△4,406
Increase (decrease) in provision for directors' bonuses	△29	△29
Increase (decrease) in provision for retirement benefits	△21	–
Increase (decrease) in net defined benefit asset	–	6,805
Increase (decrease) in net defined benefit liability	–	2,274
Increase (decrease) in provision for directors' retirement benefits	△29	△33
Increase (decrease) in provision for reimbursement of deposits	△18	44
Increase (decrease) in provision for point card certificates	10	5
Increase (decrease) in provision for contingent loss	501	△74
Gain on fund management	△43,503	△43,221
Financing expenses	1,708	1,729
Loss (gain) related to securities	△1,397	△299
Loss (gain) on money held in trust	△41	△160
Foreign exchange losses (gains)	34	△17
Loss (gain) on disposal of non-current assets	53	84
Net decrease (increase) in trading account securities	1,032	△637
Net decrease (increase) in loans and bills discounted	△108,549	△126,816
Net increase (decrease) in deposit	13,905	3,738
Net increase (decrease) in negotiable certificates of deposit	23,119	66,819
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	△2,082	3,863
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	1,657	2,998
Net decrease (increase) in call loans	23,434	△6,075
Net increase (decrease) in call money	62,662	34,945
Net increase (decrease) in payables under securities lending transactions	3,767	31,997
Net decrease (increase) in foreign exchanges – assets	△1,086	△2,168
Net increase (decrease) in foreign exchanges – liabilities	54	△48
Net decrease (increase) in lease receivables and investment assets	△1,482	△869
Proceeds from fund management	42,601	42,953
Payments for finance	△1,835	△1,905
Other, net	△14,049	△20,073
Subtotal	18,922	15,003
Income taxes paid	△6,989	△6,863
Net cash provided by (used in) operating activities	11,933	8,139

	(Millions of yen)	
	For the six months ended Sep. 30, 2013	For the six months ended Sep. 30, 2014
Cash flows from investing activities		
Purchase of securities	△158,935	△161,136
Proceeds from sales of securities	60,799	75,112
Proceeds from redemption of securities	136,441	61,390
Increase in money held in trust	△1,070	—
Purchase of tangible fixed assets	△2,136	△1,834
Purchase of intangible fixed assets	△1,640	△869
Proceeds from sales of tangible fixed assets	86	—
Proceeds from sales of intangible fixed assets	0	—
Net cash provided by (used in) investing activities	33,542	△27,337
Cash flows from financing activities		
Cash dividends paid	△3,035	△2,321
Cash dividends paid to minority shareholders	△10	△10
Purchase of treasury shares	△616	△8
Proceeds from sales of treasury shares	274	311
Net cash provided by (used in) financing activities	△3,388	△2,029
Effect of exchange rate change on cash and cash equivalents	470	△148
Net increase (decrease) in cash and cash equivalents	42,557	△21,374
Cash and cash equivalents at beginning of period	69,725	109,118
Cash and cash equivalents at end of period	112,282	87,743

B. NON-CONSOLIDATED FINANCIAL INFORMATION

1. Non-Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2014	As of Sep. 30, 2014
Assets		
Cash and due from banks	130,386	106,030
Call loans	93,730	100,823
Monetary claims bought	16,393	15,213
Trading account securities	2,749	3,387
Money held in trust	5,000	5,000
Securities	2,207,441	2,277,439
Loans and bills discounted	4,582,222	4,710,350
Foreign exchanges	4,084	6,253
Other assets	17,159	13,758
Other	17,159	13,758
Tangible fixed assets	64,552	65,107
Intangible fixed assets	8,954	8,445
Prepaid pension cost	13,044	3,877
Customers' liabilities for acceptances and guarantees	15,961	16,035
Allowance for loan losses	△46,662	△42,518
Total assets	7,115,017	7,289,202
Liabilities		
Deposits	5,985,253	5,986,847
Negotiable certificates of deposit	114,348	181,167
Call money	60,493	95,438
Payables under securities lending transactions	224,745	256,743
Borrowed money	175,949	179,452
Foreign exchanges	254	210
Other liabilities	31,568	36,142
Income taxes payable	5,544	4,511
Lease obligations	1,466	1,364
Other	24,558	30,266
Provision for directors' bonuses	58	28
Provision for retirement benefits	2,153	2,382
Provision for directors' retirement benefits	682	656
Provision for reimbursement of deposits	1,030	1,074
Provision for point card certificates	140	145
Provision for contingent loss	1,196	1,122
Deferred tax liabilities	36,869	44,012
Deferred tax liabilities for land revaluation	9,457	9,457
Acceptances and guarantees	15,961	16,035
Total liabilities	6,660,163	6,810,918
Net assets		
Capital stock	48,652	48,652
Capital surplus	29,115	29,114
Legal capital surplus	29,114	29,114
Other capital surplus	0	-
Retained earnings	280,229	283,503
Legal retained earnings	43,548	43,548
Other retained earnings	236,681	239,955
Reserve for reduction entry	943	943
General reserve	210,650	217,650
Retained earnings brought forward	25,088	21,362
Treasury shares	△5,312	△2,888
Total shareholders' equity	352,684	358,381
Valuation difference on available-for-sale securities	88,865	106,495
Deferred gains or losses on hedges	△70	△41
Revaluation reserve for land	13,130	13,130
Total valuation and translation adjustments	101,926	119,585
Subscription rights to shares	243	316
Total net assets	454,853	478,283
Total liabilities and net assets	7,115,017	7,289,202

2. Non-Consolidated Statements of Income

	(Millions of yen)	
	For the six months ended Sep. 30, 2013	For the six months ended Sep. 30, 2014
Ordinary income	55,511	55,243
Interest income	43,567	43,274
Interest on loans and discounts	30,796	30,095
Interest and dividends on securities	12,228	12,583
Fees and commissions	7,781	8,269
Other ordinary income	566	774
Other income	3,596	2,925
Ordinary expenses	37,485	36,131
Interest expenses	1,698	1,716
Interest on deposits	1,153	1,079
Fees and commissions payments	3,316	3,605
Other ordinary expenses	131	117
General and administrative expenses	29,847	29,927
Other expenses	2,490	764
Ordinary profit	18,026	19,112
Extraordinary income	8	–
Extraordinary losses	60	92
Income before income taxes	17,973	19,019
Income taxes – current	5,073	4,875
Income taxes – deferred	1,220	752
Total income taxes	6,293	5,628
Net income	11,679	13,390

3. Non-Consolidated Statements of Changes in Net Assets

For the six months ended Sep. 30, 2013

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
						Reserve for reduction entry
Balance at beginning of current period	48,652	29,114	–	29,114	43,548	943
Changes of items during period						
Dividends of surplus						
Reversal of reserve for reduction entry						△18
Provision of general reserve						
Net income						
Purchase of treasury shares						
Disposal of treasury shares						
Retirement of treasury shares						
Reversal of revaluation reserve for land						
Net changes of items other than shareholders' equity						
Total changes of items during period	–	–	–	–	–	△18
Balance at end of current period	48,652	29,114	–	29,114	43,548	924

	Shareholders'equity					Valuation and translation adjustments
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities
	Other retained earnings		Total retained earnings			
	General reserve	Retained earnings brought forward				
Balance at beginning of current period	198,650	23,481	266,623	△2,960	341,429	76,914
Changes of items during period						
Dividends of surplus		△3,045	△3,045		△3,045	
Reversal of reserve for reduction entry		18				
Provision of general reserve	12,000	△12,000				
Net income		11,679	11,679		11,679	
Purchase of treasury shares				△616	△616	
Disposal of treasury shares				274	274	
Retirement of treasury shares						
Reversal of revaluation reserve for land		25	25		25	
Net changes of items other than shareholders' equity						11,028
Total changes of items during period	12,000	△3,322	8,659	△342	8,316	11,028
Balance at end of current period	210,650	20,159	275,282	△3,302	349,746	87,943

(Millions of yen)

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of current period	△64	13,665	90,515	90	432,036
Changes of items during period					
Dividends of surplus					△3,045
Reversal of reserve for reduction entry					
Provision of general reserve					
Net income					11,679
Purchase of treasury shares					△616
Disposal of treasury shares					274
Retirement of treasury shares					
Reversal of revaluation reserve for land					25
Net changes of items other than shareholders' equity	△8	△25	10,994	152	11,147
Total changes of items during period	△8	△25	10,994	152	19,463
Balance at end of current period	△72	13,639	101,510	243	451,500

For the six months ended Sep. 30, 2014

(Millions of yen)

	Shareholders' equity					
	Capital stock	Capital surplus			Retained earnings	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings
						Reserve for reduction entry
Balance at beginning of current period	48,652	29,114	0	29,115	43,548	943
Cumulative effects of changes in accounting policies						
Restated balance	48,652	29,114	0	29,115	43,548	943
Changes of items during period						
Dividends of surplus						
Reversal of reserve for reduction entry						
Provision of general reserve						
Net income						
Purchase of treasury shares						
Disposal of treasury shares						
Retirement of treasury shares			△0	△0		
Reversal of revaluation reserve for land						
Net changes of items other than shareholders' equity						
Total changes of items during period	-	-	△0	△0	-	-
Balance at end of current period	48,652	29,114	-	29,114	43,548	943

(Millions of yen)

	Shareholders' equity					Valuation and translation adjustments
	Retained earnings			Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities
	Other retained earnings		Total retained earnings			
	General reserve	Retained earnings brought forward				
Balance at beginning of current period	210,650	25,088	280,229	△5,312	352,684	88,865
Cumulative effects of changes in accounting policies		△5,672	△5,672		△5,672	
Restated balance	210,650	19,415	274,556	△5,312	347,011	88,865
Changes of items during period						
Dividends of surplus		△2,322	△2,322		△2,322	
Reversal of reserve for reduction entry						
Provision of general reserve	7,000	△7,000				
Net income		13,390	13,390		13,390	
Purchase of treasury shares				△8	△8	
Disposal of treasury shares		△8	△8	320	311	
Retirement of treasury shares		△2,112	△2,112	2,112		
Reversal of revaluation reserve for land						
Net changes of items other than shareholders' equity						17,629
Total changes of items during period	7,000	1,946	8,946	2,423	11,370	17,629
Balance at end of current period	217,650	21,362	283,503	△2,888	358,381	106,495

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Deferred gains or losses on hedges	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at beginning of current period	△70	13,130	101,926	243	454,853
Cumulative effects of changes in accounting policies					△5,672
Restated balance	△70	13,130	101,926	243	449,180
Changes of items during period					
Dividends of surplus					△2,322
Reversal of reserve for reduction entry					
Provision of general reserve					
Net income					13,390
Purchase of treasury shares					△8
Disposal of treasury shares					311
Retirement of treasury shares					
Reversal of revaluation reserve for land					
Net changes of items other than shareholders' equity	28	–	17,658	73	17,731
Total changes of items during period	28	–	17,658	73	29,102
Balance at end of current period	△41	13,130	119,585	316	478,283