

The Gunma Bank, Ltd.

Overview of Financial Results

for the Six Months Ended September 30, 2024

November 11, 2024



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"



Profit and Loss Conditions

Consolidated

(Unit : Billions of yen)	Sep. 2024	YoY	compared to the initial plan
Core business gross profit	51.9	4.2	2.2
Net interest income	38.6	3.7	2.0
Excluding gains(losses) on cancellation of investment trusts	40.5	3.9	1.9
Non-interest business profit	13.2	0.4	0.1
Expenses	27.6	1.6	-0.0
Core business net profit	24.3	2.5	2.3
Excluding gains(losses) on cancellation of investment trusts	26.1	2.7	2.1
Ordinary profit	32.2	12.5	6.7
Profit attributable to owners of parent	22.9	8.0	5.4

<Points of financial results >

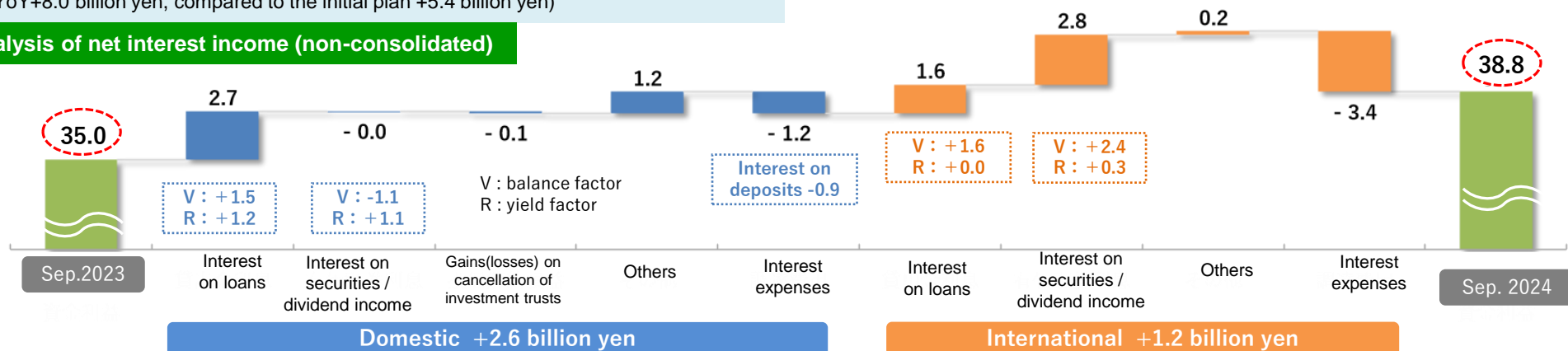
- Core business net profit excluding gains (losses) on cancellation of investment trusts amounted to 26.1 billion yen, up 2.7 billion yen YoY, due to increase net interest income such as **interest on loans**, regardless of increases of expenses such as personnel expenses.
- Gains or losses on investment securities increased by 9.9 billion yen YoY, regardless of sale of low-yielding JGB and replacement of foreign bonds.
- Net credit costs are low and stable continuously.
- Profit attributable to owners of parent : 22.9 billion yen (YoY+8.0 billion yen, compared to the initial plan +5.4 billion yen)

Non-consolidated

(Unit : Billions of yen)	Sep. 2024	YoY	compared to the initial plan
Core business gross profit	48.4	4.1	2.3
Net interest income	38.8	3.8	2.0
Of which, gains(losses) on cancellation of investment trusts	-1.8	-0.1	0.1
Non-interest business profit	9.5	0.3	0.2
Expenses	26.5	1.5	-0.0
Core business net profit	21.8	2.6	2.3
Excluding gains(losses) on cancellation of investment trusts	23.7	2.7	2.2
Gains or losses on investment securities	6.4	9.9	2.4
Net credit costs	0.1	1.3	-1.4
Other non-recurrent gains(losses)	1.3	0.9	0.3
Ordinary profit	29.5	12.2	6.5
Extraordinary income(losses)	-0.3	-0.1	0.3
Profit	20.6	7.1	4.6

(Unit : Billions of yen)

Analysis of net interest income (non-consolidated)



Status of Deposits, Loans and Yield

Loans are performing well in cross-border loans and structured finance. Also, loan yields are rising.

Breakdown of deposit balance

(Unit : Billions of yen, %)

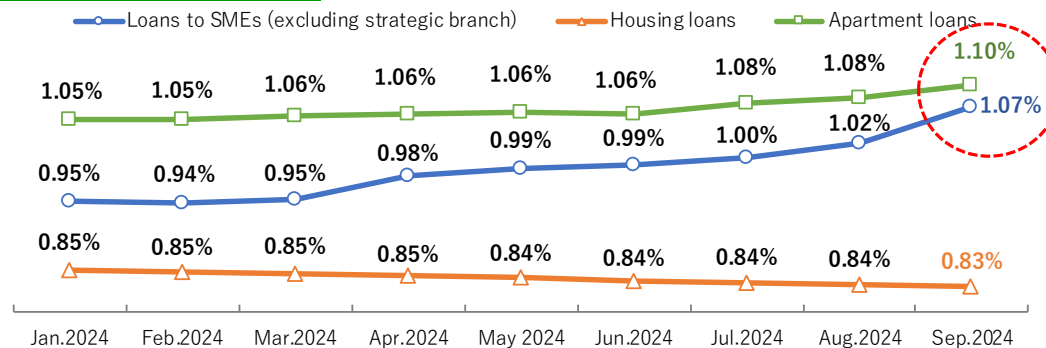
	Sep. 2024	YoY	Rate of change
Deposits, etc.	8,530.2	176.5	2.1
Deposits	8,263.7	166.8	2.0
Of which, deposit to individuals	5,735.2	71.1	1.2
Of which, deposit to corporations	2,042.0	25.7	1.2
Negotiable Certificate deposits	266.4	9.7	3.7

Breakdown of loan balance

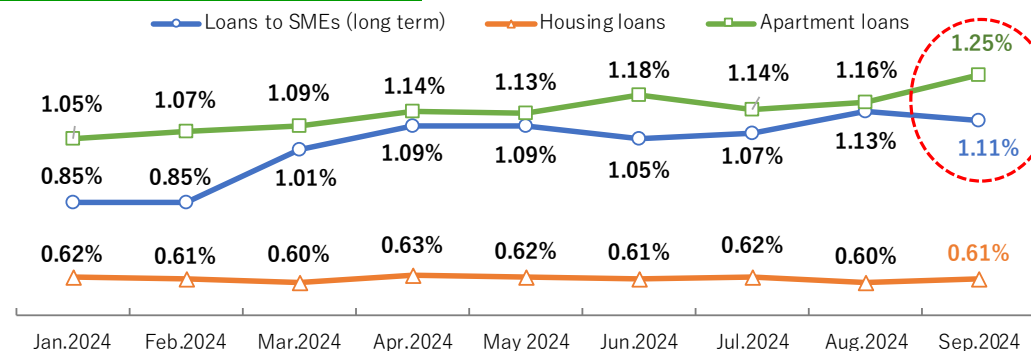
(Unit : Billions of yen, %)

	Sep. 2024	YoY	Rate of change
Loans	6,601.0	356.2	5.7
Retail	4,874.1	142.0	3.0
SMEs	2,414.2	76.8	3.2
Individuals	2,459.9	65.2	2.7
Of which, Housing loans	1,439.3	40.8	2.9
Of which, Apartment loans	686.7	19.8	2.9
Of which, Unsecured loans	75.4	8.8	13.2
Others	1,506.5	186.0	14.0
Cross-border loans	187.1	31.7	20.4
Structured finance	151.3	48.5	47.2
Domestic large and secondtier enterprises	1,011.0	86.7	9.3
Others	156.9	18.9	13.7
Overseas branches	116.3	27.8	31.3
Public	103.8	0.2	0.2

Yield on loans(domestic)



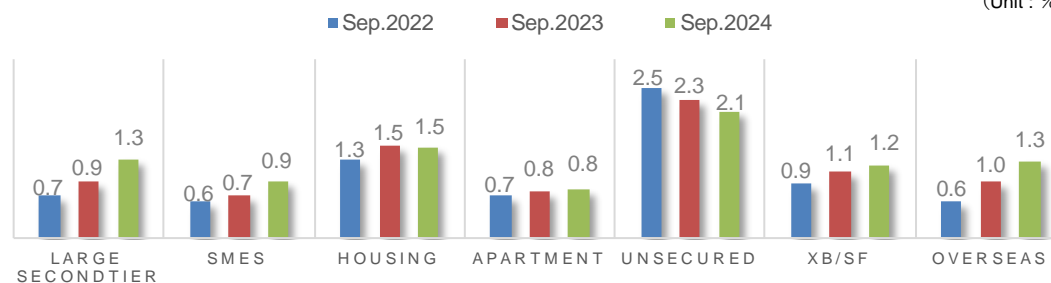
Interest rates of new loans granted



Loans' RORA

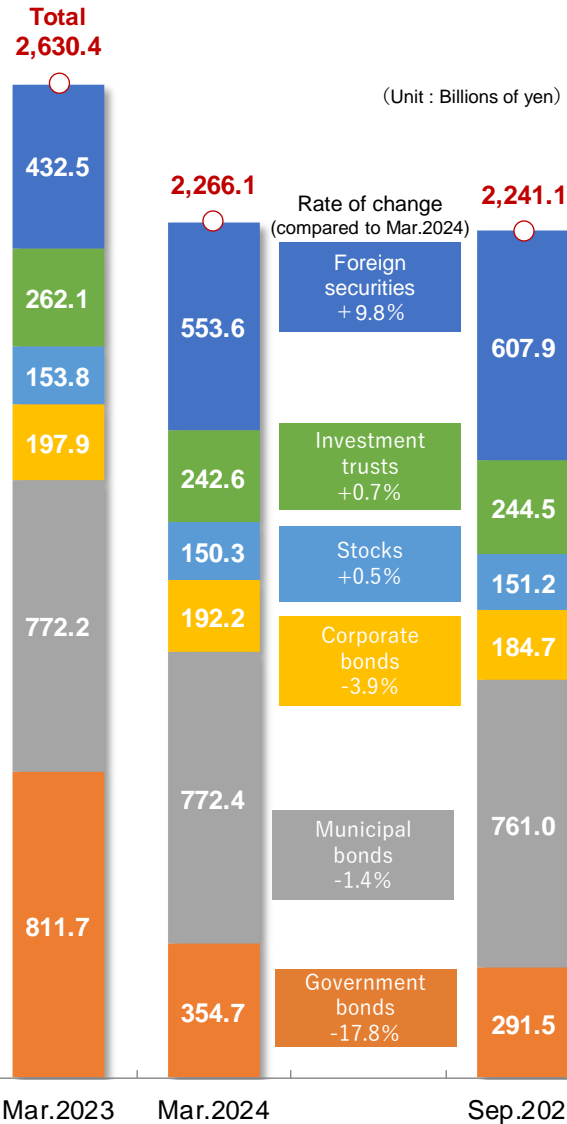
※RORA = (net interest income + non-interest business profit - expenses - credit cost) × (1-30.5%) / risk weighted assets

(Unit : %)

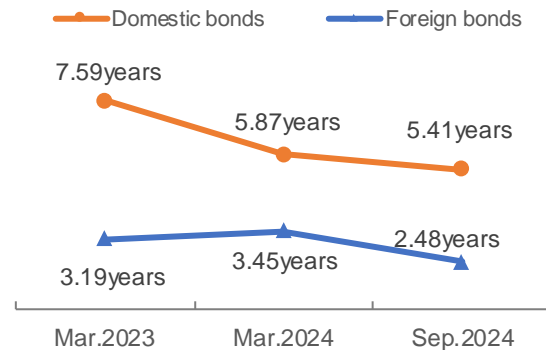


The Bank continues to sell low-yielding JGB and is replacing & buying new foreign bonds to increase net interest income.

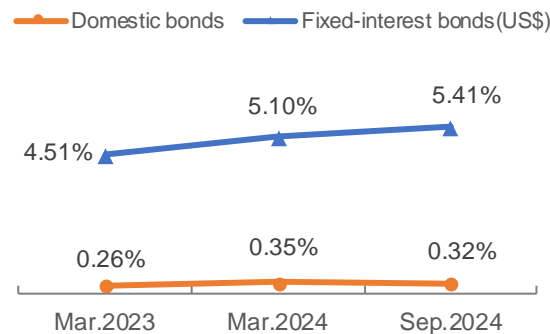
Balance of securities (Book value basis)



Duration



Bond yield



Unrealized gains (losses) valuation

(Unit : Billions of yen)

	Mar. 2024	Sep. 2024	compared to Mar.2024
Unrealized gains (losses) from valuation	30.5	13.0	-17.5
Excluding domestic bonds	58.9	43.1	-15.7
Foreign securities	3.6	9.0	5.3
Of w hich, fixed-interest bonds(US\$)	-5.2	1.2	6.5
Investment trust, etc.	-20.6	-21.1	-0.5
Stocks	75.9	55.2	-20.6
Strategically held stocks	71.1	58.3	-12.7
Investment securities	4.7	-3.0	-7.8
Domestic bonds	-28.3	-30.1	-1.7
Of w hich, government bonds	-14.2	-11.7	2.5

Gains (losses) on sales

(Unit : Billions of yen)

	Sep. 2023	Sep. 2024	YoY
Gains (losses) on investment securities①	-3.5	6.4	9.9
Gains(losses) on bonds	-21.7	-8.1	13.6
Of w hich, losses on bonds	-22.6	-7.8	14.7
Of w hich, losses on JGB	-20.6	-5.3	15.2
Of w hich, losses on foreign bonds	-1.9	-2.5	-0.5
Gains(losses) on stocks, etc.	18.2	14.5	-3.6
Gains(losses) on sale of stocks, etc.	18.2	14.5	-3.6
Strategically held stock	8.4	2.5	-5.9
Investment securities	9.7	12.0	2.2
Losses on devaluation of stock, etc.	-	-0.0	-0.0
Gains(losses) on cancellation of investment trusts②	-1.6	-1.8	-0.1
Total(① + ②)	-5.2	4.5	9.8

Status of Non-interest Business Profit, Expenses and Net credit costs

Non-interest business profit increased by 0.48 billion yen YoY. OHR continues to improve, regardless of an increase of personnel expenses such as personnel system revisions and base-up. Net credit costs were low.

Consolidated non-interest business profit

Annual plan revised upwards (26.0 billion yen→27.0 billion yen)

(Unit : Billions of yen)	Sep. 2024	YoY	achievement rate	Plan Mar. 2025
Consolidated non-interest business profit	13.25	0.48	49.1%	27.0
Corporate service revenue	4.83	1.40	49.7%	9.7
Of which, syndicate loans	0.69	0.04	52.5%	1.3
Of which, business matching	0.43	0.06	45.5%	0.9
Of which, M&A	0.31	- 0.05	34.5%	0.9
Of which, Gungin Consulting	0.30	0.09	51.2%	0.6
Of which, derivatives	1.79	1.00	58.9%	3.0
Deposits financial assets, etc. revenue	4.16	0.30	42.9%	9.7
Of which, investment trusts commissions	1.18	0.13	41.6%	2.8
Of which, insurance sales commissions(individuals)	1.31	0.02	41.3%	3.2
Of which, Gungin Securities (for individuals)	1.45	0.11	44.4%	3.3
Others	4.25	- 1.22	56.4%	7.6
Of which, dividends of group credit life insurance	1.18	- 0.72	99.5%	1.2

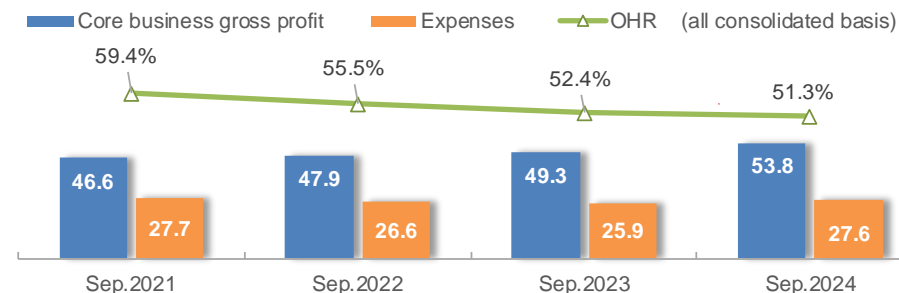
Breakdown of net credit costs(non-consolidated)

(Unit : Billions of yen)	Mar. 2023	Mar. 2024	Plan Mar. 2025	Sep. 2024
Net credit costs	1.0	0.6	1.8	0.1
Provision of general allowance for loan losses	-1.8	-1.5	-0.6	-0.4
Change to the actual rate	-0.8	-0.1	-0.1	-0.0
DCF	-0.7	-0.9	-0.0	-0.0
Others	-0.3	-0.5	-0.5	-0.3
Disposal of non-performing loans	2.9	2.1	2.3	0.5
Downgrade	7.2	6.1	3.9	1.4
Collection, upgrade, etc.	-4.5	-4.2	-1.9	-1.0
Others	0.2	0.2	0.3	0.1
Recoveries of written off receivables (-)	0.0	0.0	0.0	0.0

Status of expenses and OHR

※excluding gains (losses) on cancellation of investment trusts

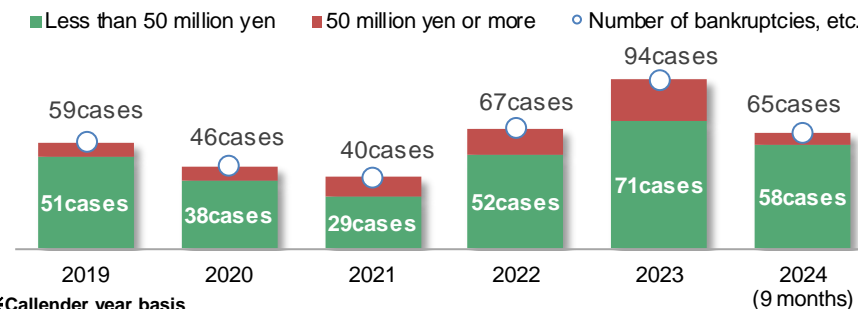
(Unit : Billions of yen)



(Unit : Billions of yen)	Sep. 2024	YoY	Main factors
Expenses (non-consolidated)	26.5	1.5	
Personnel exp.	14.5	0.5	Base-up +0.28, Provision for bonuses +0.17
Non-personnel exp.	10.3	0.7	Lease fee +0.12, Depreciation & amortization +0.06, Deferred costs +0.12, Others +0.24
Tax	1.6	0.2	Size based business tax +0.12, Fixed asset tax +0.09

Status of customer bankruptcy, etc. in Gunma Prefecture

Although the number of bankruptcies, etc. (legal bankruptcy, lawyer intervention, business closure) is on the rise, many credit amounts per customer are less than 50 million yen.



※Callender year basis

Business Forecast (for the FY ending March 2025)

Consolidated core business net profit excluding gains(losses) on cancellation of investment trusts will be expected to increase by 8.1 billion yen compared with the previous FY to 53.5 billion yen . Profit attributable to owners of parent has been revised upward from 35.0 billion yen to 40.0 billion yen (+5.0 billion yen).

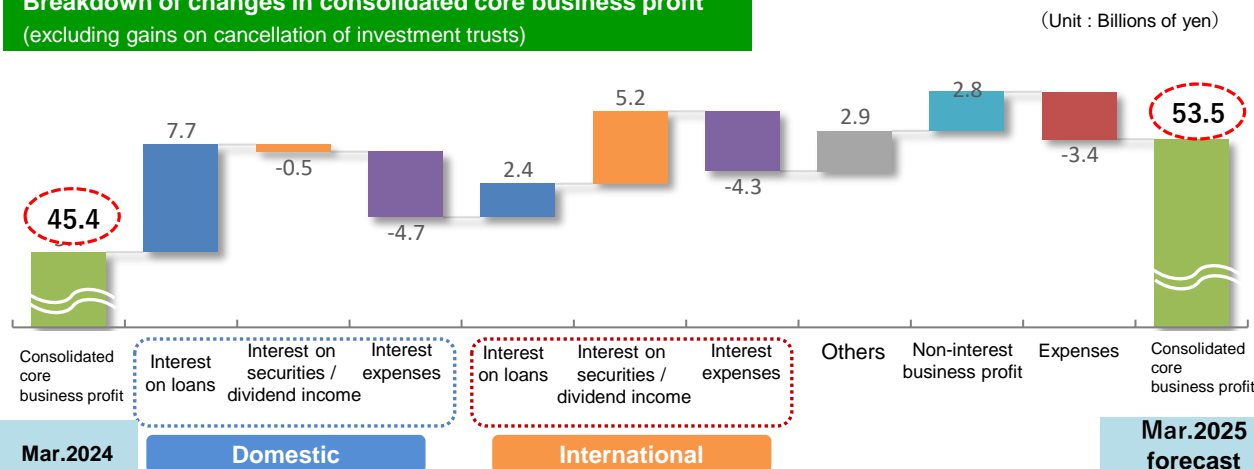
Consolidated	Forecast		
	(Unit : Billions of yen)	for Mar. 2025	YoY compared to the initial plan
Core business gross profit		106.5	16.3
Net interest income		79.5	13.5
Excluding gains(losses) on cancellation of investment trusts		82.0	8.6
Non-interest business profit		27.0	2.8
Of which, corporate service revenue		9.7	2.2
Of which, deposit financial assets, etc revenue		9.7	2.1
Expenses		55.5	3.4
Core business net profit		51.0	13.0
Excluding gains(losses) on cancellation of investment trusts		53.5	8.1
Net credit costs		2.1	1.0
Ordinary profit		57.5	13.8
Profit attributable to owners of parent		40.0	8.9

Non-consolidated	Forecast		
	(Unit : Billions of yen)	for Mar. 2025	YoY compared to the initial plan
Core business gross profit		98.5	15.0
Net interest income		80.0	13.7
Excluding gains(losses) on cancellation of investment trusts		82.5	8.8
Non-interest business profit		18.5	1.3
Net fees and commissions income		15.5	0.6
Profit from other business transactions		3.0	0.6
Expenses		53.0	2.7
Core business net profit		45.5	12.3
Excluding gains(losses) on cancellation of investment trusts		48.0	7.4
Gains and losses on securities, etc.		5.5	-0.2
Net credit costs		1.8	1.2
Ordinary profit		52.0	12.9
Profit		36.0	7.9

Profit basis (main breakdown)

Profit on loans +5.3
(of which, domestic +4.6)
Profit on securities +1.6
BOJ's interest +2.6
BOJ's special interest -0.5

Breakdown of changes in consolidated core business profit (excluding gains on cancellation of investment trusts)



Average balance and yields(non-consolidated)

(Unit : Billions of yen, %)

	Average balance		Yields	
	Mar. 2025	Rate of changes	Mar. 2025	YoY
Loans	6,568.7	6.2%	1.20	0.08
(domestic)	6,202.5	5.4%	0.97	0.07
Securities	2,281.9	▲ 2.7%	1.99	0.47
(domestic)	1,629.2	▲ 10.8%	0.71	0.32
Deposits	8,259.0	2.3%	0.14	0.08
(domestic)	8,104.1	1.7%	0.05	0.05

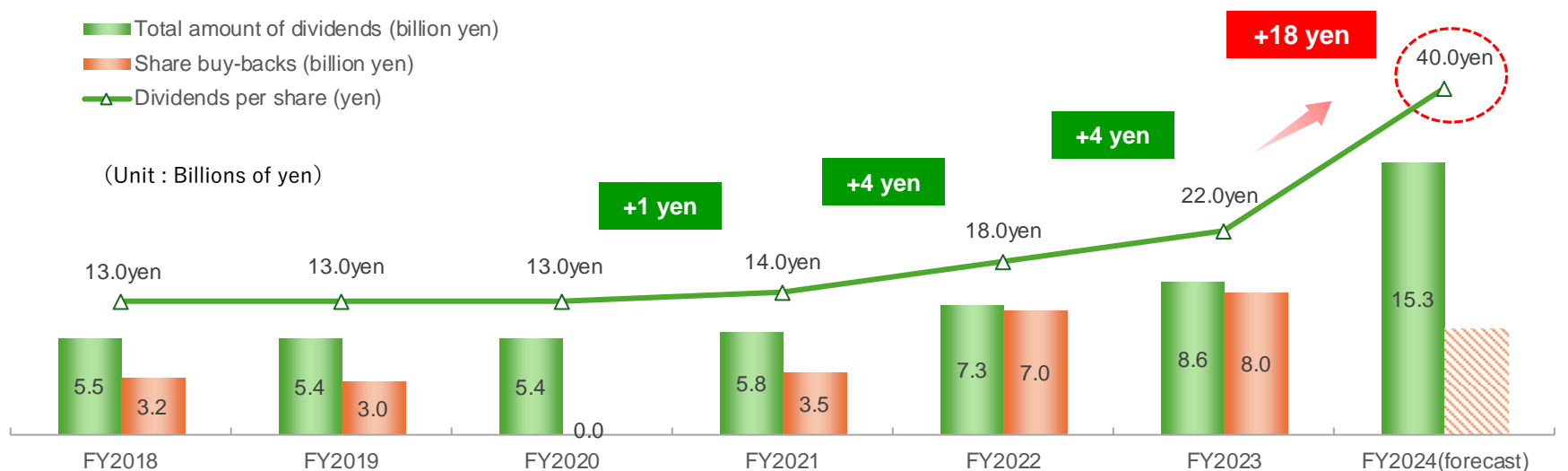
The annual cash dividends per share will be **40 yen** (**interim 20 yen and year-end 20 yen**), due to increases 6 yen in interim and 6 yen in year-end. These are increased by 18 yen compared with FY2023.

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.

Achievements of shareholders return

*In calculating the shareholder return ratio, the amount of treasury stock buybacks rounded off is calculated based on the amount of stock buybacks during the one-year period starting from the date of the annual general meeting of shareholders.



Total amount of dividends (billion yen)		8.7	8.4	5.4	9.3	14.3	16.6	(20.3)
Total shareholders ratio	consolidated	To FY2021 Non-consolidated basis				51.4%	53.6%	(50.9%)
	non-consolidated	41.9%	47.2%	46.8%	39.9%	From FY2022 Consolidated basis		
Dividend payout ratio		24.0%	24.6%	40.4%	22.1%	26.4%	28.1%	(38.6%)
Profit (billion yen)	consolidated	23.3	22.2	13.5	26.4	27.9	31.1	40.0 (forecast)
	non-consolidated	20.9	17.9	11.6	23.3	24.6	28.1	36.0 (forecast)

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