

The Gunma Bank, Ltd.

Financial Results Briefing Session for the nine months ended December 2024

February 10, 2025

Presenter : Takeo Uchibori, Senior managing director



Key Points of the Third Quarter

The achievement rate against the forecast is progressing at 79.6% for profit attributable to owners of parent (40 billion yen). We will strengthen promotion of non-interest business profits in the fourth quarter.

*bn yen= billion yen

		YoY	
➤ Core net business profit (excluding losses on cancellation of investment trusts) (consolidated)	38.9 bn yen (+5.3 bn yen) [achievement rate 72.8%]		• up 5.3 bn yen YoY, due to increases in net interest income and non-interest income, regardless of an increase in expenses. Achievement rate to plan is inline.
➤ Net interest income (non-consolidated)	59.8 bn yen (+8.6 bn yen) *excluding losses on cancellation of investment trusts 62.5 bn yen (+7.0 bn yen) [achievement rate 75.7%]		• Domestic division +6.1 bn yen, International division +2.5 bn yen • In the domestic division, increases in interest on loans resulting from increasing loan balance and yield rising, and in BOJ's interest. (Please P.3 "Analysis of net interest income".)
➤ Non-interest business profit (consolidated)	18.2 bn yen (+0.5 bn yen) [achievement rate 67.4%]		• Corporate service revenue +1.2 bn yen , Deposits financial assets +0.4 bn yen , Dividend of group credit life insurance -0.8 bn yen • To achieve the annual plan of 27 bn yen, we will strengthen promotion in the fourth quarter.
➤ Expenses (consolidated)	41.4 bn yen (+2.1 bn yen) [achievement rate 74.6%]		• Over Head Ratio (excluding losses on cancellation of investment trusts) 51.5% (2.4pt improvement)
➤ Securities (non-consolidated)	8.1 bn yen (+5.1 bn yen) [achievement rate 148.2%]		• Gains (losses) on bonds -11.1 bn yen (Of which, loss on sales : JGB -8.2 bn yen , foreign bonds -2.5bn yen) • Gain (losses) on stocks, etc. 19.3 bn yen (investment securities 15.7 bn yen , strategically held stock 3.5 bn yen)
➤ Net credit costs (non-consolidated)	1.4 bn yen (+2.5 bn yen) [achievement rate 81.2%]		• Annual plan 1.8 bn yen. We will continue to strengthen credit management.
➤ Profit attributable to owners of parent	31.8 bn yen (+7.2 bn yen) [achievement rate 79.6%]		• The progress to announced target (40 bn yen *increased by 10 bn yen from the initial target) is steadily.

Profit and Loss Conditions

Consolidated

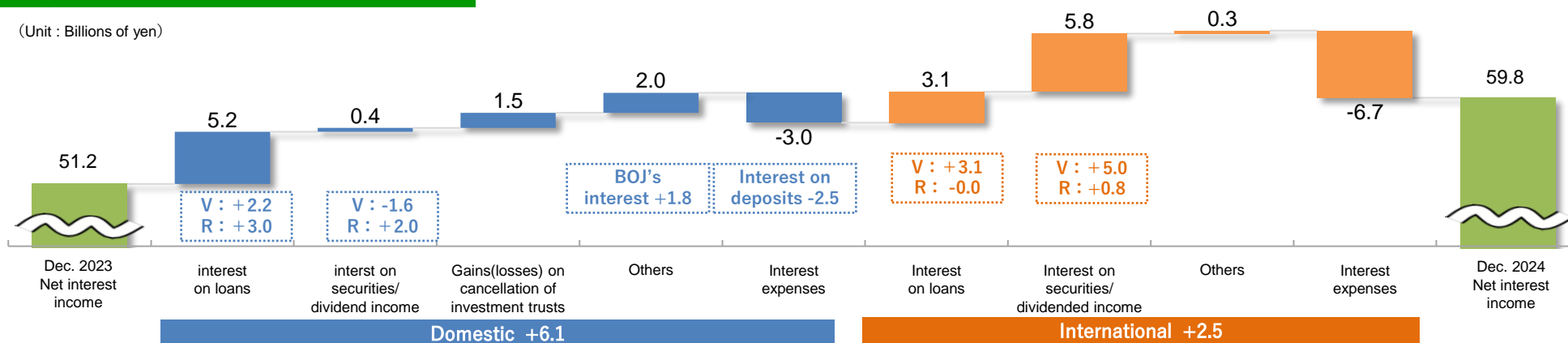
(Unit : Billions of yen)	Dec. 2024	YoY	Progress rate against annual plan	Annual plan Mar.2025
Core gross business profits	77.7	9.0	72.9%	106.5
Net interest income	59.5	8.5	74.8%	79.5
Gains(losses) on cancellation of investment trusts	-2.6	1.5	106.9%	-2.5
Excluding gains(losses) on cancellation of investment trusts	62.2	6.9	75.8%	82.0
Non-interest business profit	18.2	0.5	67.4%	27.0
Expenses	41.4	2.1	74.6%	55.5
Core net business profit	36.2	6.9	71.1%	51.0
Excluding gains(losses) on cancellation of investment trusts	38.9	5.3	72.8%	53.5
Ordinary profit	45.0	11.1	78.3%	57.5
Profit attributable to owners of parent	31.8	7.2	79.6%	40.0

Non-consolidated

(Unit : Billions of yen)	Dec. 2024	YoY	Progress rate against annual plan	Annual plan Mar.2025
Core gross business profits	72.5	8.8	73.6%	98.5
Net interest income	59.8	8.6	74.8%	80.0
Gains(losses) on cancellation of investment trusts	-2.6	1.5	106.9%	-2.5
Excluding gains(losses) on cancellation of investment trusts	62.5	7.0	75.7%	82.5
Non-interest business profit	12.7	0.1	68.6%	18.5
Expenses	39.8	1.9	75.2%	53.0
Core net business profit	32.6	6.8	71.8%	45.5
Excluding gains(losses) on cancellation of investment trusts	35.3	5.3	73.6%	48.0
Gains(losses) on investment securities	8.1	5.1	148.2%	5.5
Net credit costs	1.4	2.5	81.2%	1.8
Others	2.2	1.6	81.9%	2.8
Ordinary profit	41.6	11.1	80.1%	52.0
Profit	29.1	6.6	80.9%	36.0

Analysis of net interest income (non-consolidated)

(Unit : Billions of yen)



Status of Deposits and Loans

- Deposits to individuals and corporations are steadily increasing. Loans continue to increase. New and stock interest rates on housing loans have started to rise.

Breakdown of deposit balance

(Unit : Billions of yen)

	Dec.2024	Change from Mar.2024 (Percentage change)		Change from Dec.2023 (Percentage change)	
Deposits, etc.	8,630.6	108.3	(1.3%)	238.2	(2.8%)
Deposits	8,375.3	59.1	(0.7%)	233.1	(2.9%)
Of which, deposit to individuals	5,823.9	91.2	(1.6%)	56.0	(1.0%)
Of which, deposit to corporations	2,071.9	43.8	(2.2%)	86.5	(4.4%)
Negotiable Certificate deposits	255.2	49.2	(23.9%)	5.0	(2.0%)

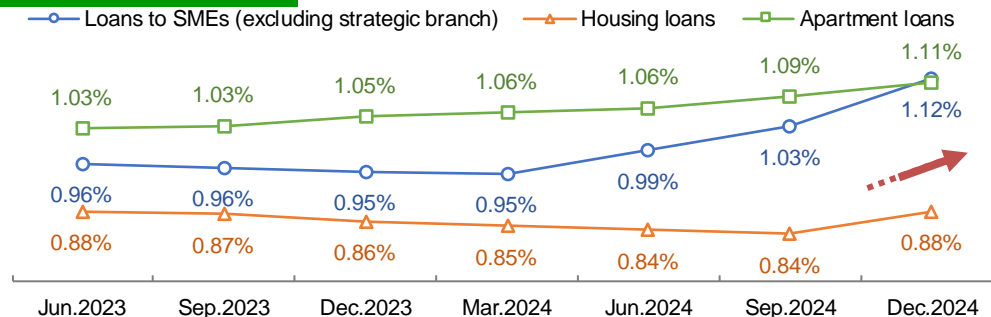
Breakdown of loan balance

(Unit : Billions of yen)

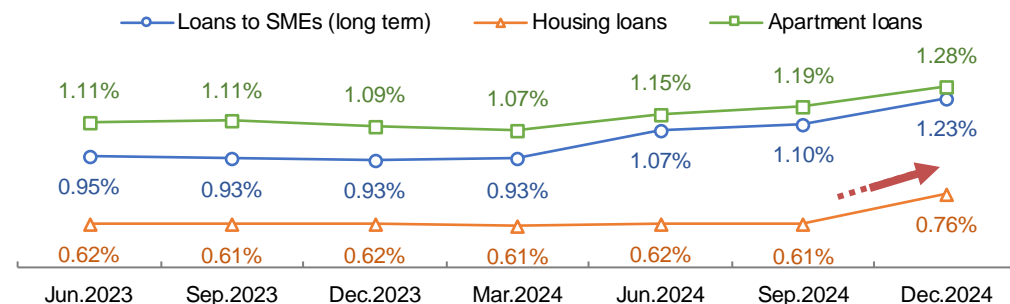
	Dec.2024	Change from Mar.2024 (Percentage change)		Change from Dec.2023 (Percentage change)	
Loans	6,790.4	322.5	(5.0%)	466.1	(7.4%)
Retail	4,923.1	98.5	(2.0%)	148.7	(3.1%)
SMEs	2,453.4	54.4	(2.3%)	86.4	(3.7%)
Individuals	2,469.6	44.1	(1.8%)	62.2	(2.6%)
Of which, Housing loans	1,448.5	32.2	(2.3%)	39.2	(2.8%)
Of which, Apartment loans	688.2	10.8	(1.6%)	19.3	(2.9%)
Of which, Unsecured loans	77.3	6.0	(8.5%)	8.8	(13.0%)
Others	1,605.9	169.5	(11.8%)	258.8	(19.2%)
Cross-border loans	213.9	40.0	(23.0%)	60.0	(39.0%)
Structured finance	166.7	36.0	(27.6%)	56.4	(51.2%)
Domestic large and secondtier enterprises	1,066.9	96.4	(9.9%)	118.6	(12.5%)
Others*	158.2	-3.1	(-1.9%)	23.6	(17.6%)
Overseas branches	135.4	31.7	(30.6%)	43.6	(47.6%)
Public	125.9	22.7	(22.0%)	14.8	(13.4%)

*Local public corporations and Tokyo and Osaka branch accounts are classified as "Others".

Yield on loans(domestic)



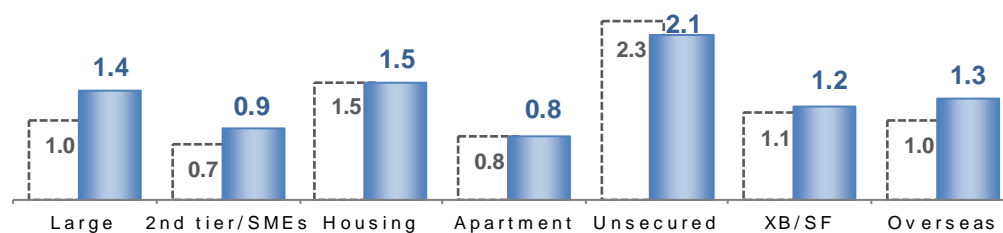
Interest rates of new loans granted



Loans' RORA

Dec. 2023 Dec. 2024

(Unit : %)



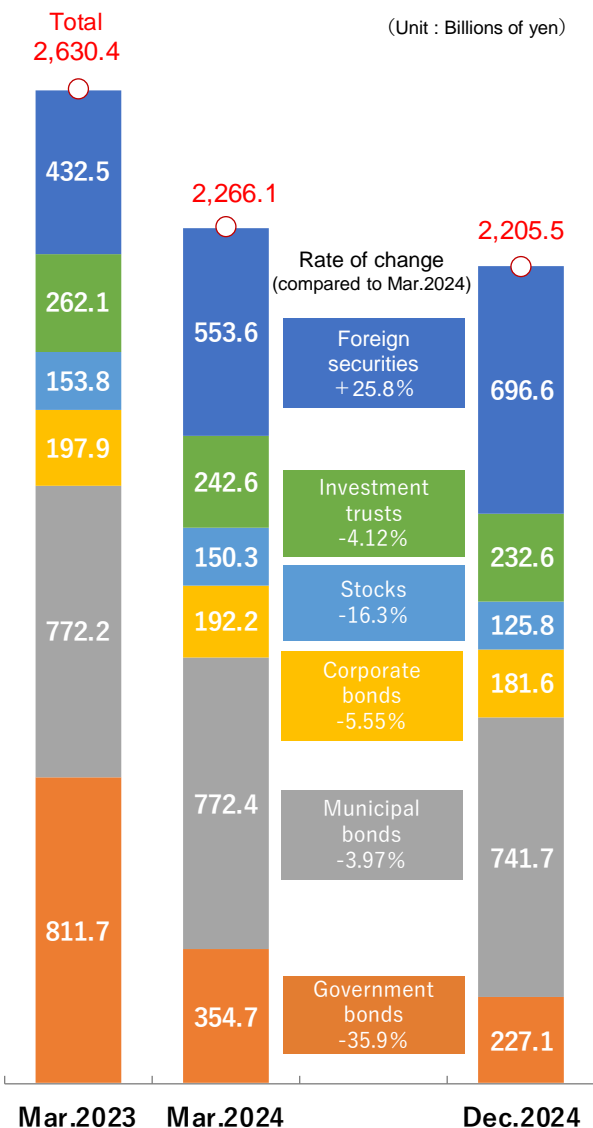
※RORA = (net interest income + non-interest business profit - expenses - credit cost) × (1-30.5%)/risk weighted assets

Status of Securities

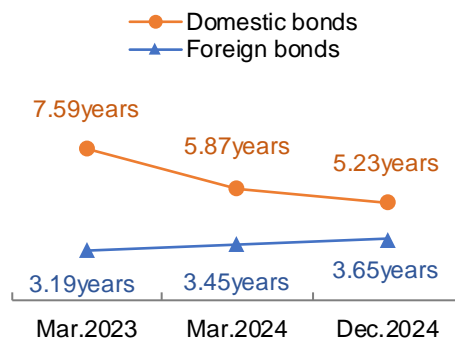
The Bank continues to sell low-yielding JGB, and maintain sufficient capacity to purchase bonds while assessing the interest rate environment.

Balance of securities (Book value basis)

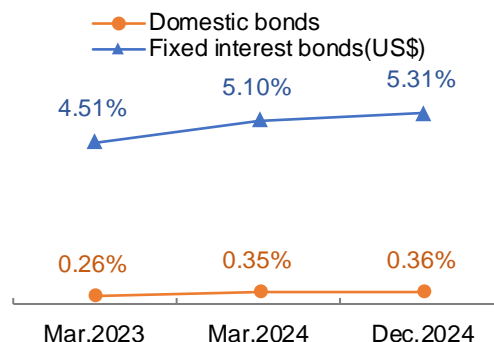
(Unit : Billions of yen)



Duration



Bond yield



Unrealized gains (losses) valuation

(Unit : Billions of yen)

	Mar.2024	Dec.2024	compared to Mar.2024
Unrealized gains (losses) from valuation	30.5	0.1	-30.3
Excluding domestic bonds	58.9	39.1	-19.8
Foreign securities	3.6	2.4	-1.2
Of which, fixed-interest bonds(US\$)	-5.2	-6.2	-1.0
Investment trust, etc.	-20.6	-20.0	0.5
Stocks	75.9	56.7	-19.1
Strategically held stocks	71.1	59.7	-11.4
Investment securities	4.7	-2.9	-7.7
Domestic bonds	-28.3	-38.9	-10.5
Of which, government bonds	-14.2	-12.5	1.7
Of which, municipal bonds	-7.7	-16.5	-8.8

(Unit : Billions of yen)

Gains (losses) on sales

	Dec.2023	Dec.2024	YoY
Gains (losses) on investment securities①	2.9	8.1	5.1
Gains(losses) on bonds	-24.4	-11.1	13.3
Of which, losses on sales	-25.3	-10.7	14.5
Of which, losses on JGB	-23.3	-8.2	15.0
Of which, losses on foreign bonds	-2.0	-2.5	-0.5
Gains(losses) on stocks, etc.	27.4	19.2	-8.1
Gains(losses) on sale of stocks, etc.	27.4	19.3	-8.1
Strategically held stock	12.8	3.5	-9.2
Investment securities	14.6	15.7	1.0
Losses on devaluation of stock, etc.	0.0	0.0	0.0
Gains(losses) on cancellation of investment trusts②	-4.2	-2.6	1.5
Total(① + ②)	-1.2	5.4	6.7

Status of Non-interest Business Profit

Non-interest business profit amounted to 18.2 billion yen, up 0.5 billion yen YoY.

To achieve the annual plan of 27 billion yen, we will strengthen promotion in the fourth quarter.

Consolidated non-interest business profit

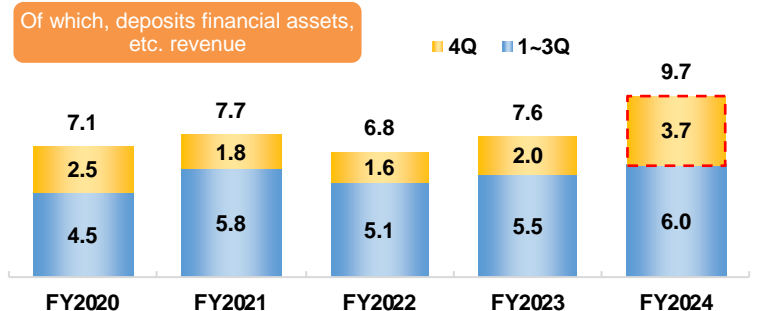
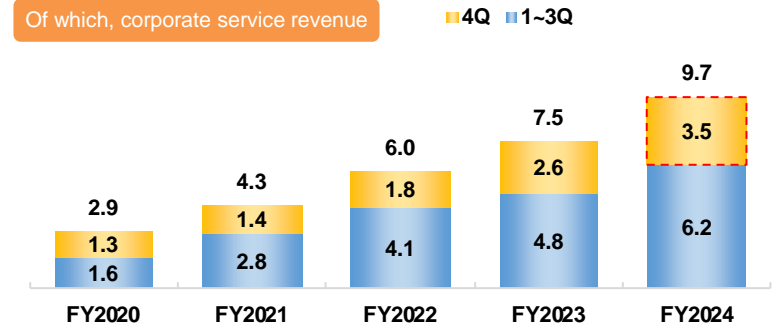
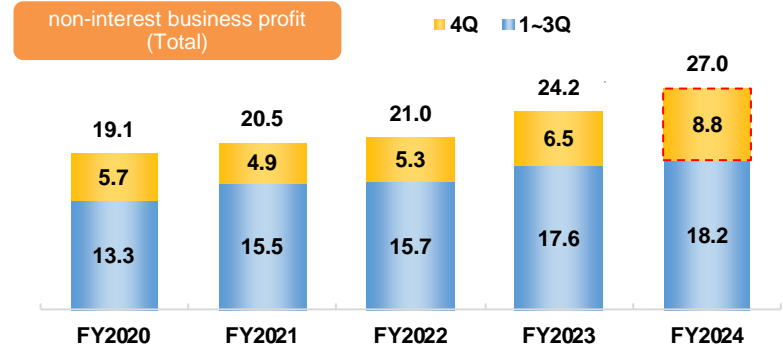
(Unit : Billions of yen)

	Dec.2024	YoY	Progress rate against annual plan	Annual plan Mar.2025
Consolidated non-interest business profit	18.21	0.51	67.6%	27.0
Corporate service revenue	6.16	1.27	63.4%	9.7
Of which, syndicate loans	0.90	0.03	68.5%	1.3
Of which, business matching	0.63	0.09	67.2%	0.9
Of which, M&A	0.36	-0.00	40.7%	0.9
Of which, Gungin Consulting	0.40	0.07	68.1%	0.6
Of which, derivatives	2.02	0.77	66.4%	3.0
Deposits financial assets, etc. revenue	6.02	0.45	62.1%	9.7
Of which, investment trusts commissions	1.70	0.18	59.6%	2.8
Of which, insurance sales commissions(individuals)	1.86	-0.14	58.9%	3.2
Of which, Gungin Securities	2.15	0.37	66.1%	3.3
Others	6.02	-1.21	80.0%	7.6
Of which, dividends of group credit life insurance	1.19	-0.88	100.5%	1.2
Of which, basis services*	6.18	0.14	75.0%	8.2

*Domestic exchange, agency affairs etc.

Trend in non-interest business profit in the fourth quarter

(Unit : Billions of yen)



Initiatives to promote corporate consulting

Practice of "Full-Spec Approach"

~Connecting Process~

⇒Clarify deal status management,
build PDCA cycle mechanism.

⇒Proposed to a cumulative total of approx. 8,300 clients (approx. 23,000 identifies needs).
A large percentage of needs like business facility expansion, SDGs, Human resources, DX, IT, transfer of treasury stock, etc.

Initiatives by Gungin Securities

■ Increase deposits financial assts revenue by clarifying the roles of the bank and the securities (clarification of customer segments)

・Increase the number of sales staff by 29 (16 in the first half of FY2024, 13 in Oct. 2024).

・Aim to increase profits through advisory-style sales to wealthy customers that make use of our high level of expertise.

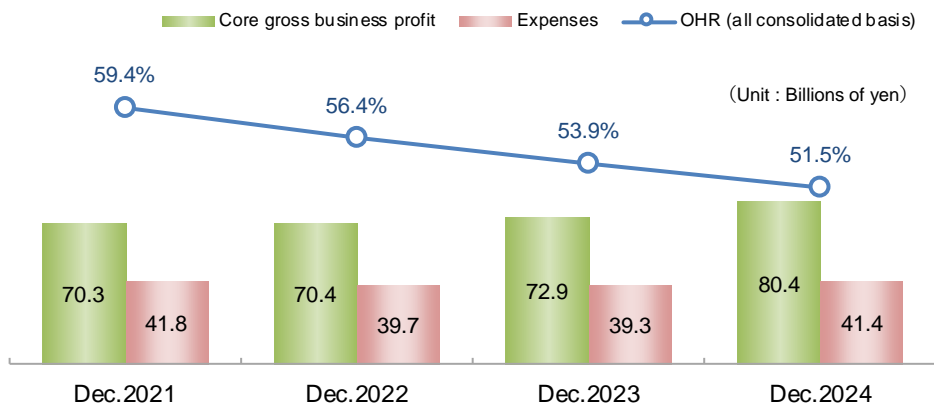
・In August, opened the first "Fukaya Representative Office" outside the Gunma prefecture in Saitama Prefecture.

Status of Expenses and Net credit costs

Over head ratio continues to improve. Net credit costs amounted to 1.4 billion yen.
Status of customer bankruptcy in Gunma Prefecture in 2024 are at the same level as 2023.

Status of expenses and OHR

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



Main Factors of Increase/Decrease in Expenses (non-consolidated)

Strengthen strategic investments necessary for growth, such as implementing of base-up for two consecutive years and transitioning to a personnel system.

(Unit : Billions of yen)

	Dec. 2024	YoY	Main factors
Personnel exp.	21.8	0.8	Base-up+0.5, Personnel system reform+0.58
Non-personnel exp.	15.6	0.8	machinery rental fee + 0.18, Advertising expenses + 0.17 depreciation& amortization(buildings and personal property)+0.22, others
Taxes	2.3	0.1	Size based business tax+0.1
Total	39.8	1.9	

Breakdown of net credit costs(non-consolidated)

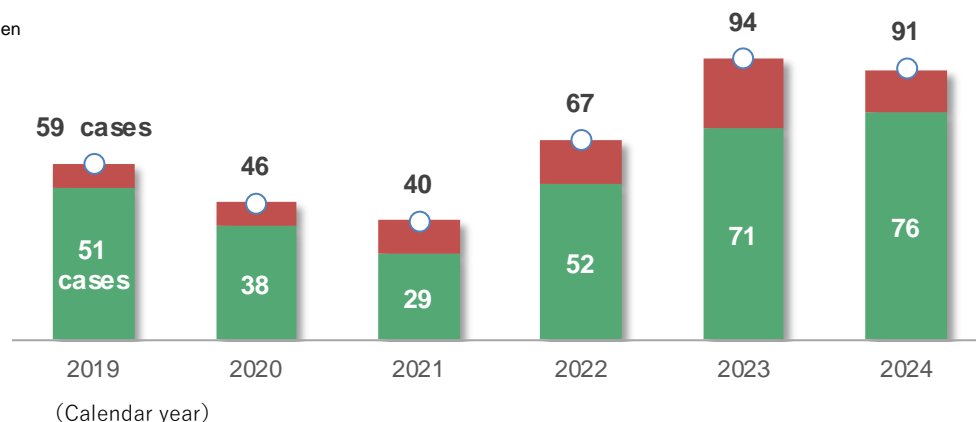
(Unit : Billions of yen)

	Mar. 2022	Mar. 2023	Mar. 2024	Dec. 2024	Mar. 2025 Annual plan
Net credit costs	7.3	1.0	0.6	1.4	1.8
Provision of general allowance for loan losses	-1.5	-1.8	-1.5	-0.3	*Initial 3 billion yen
Change to the actual rate	-0.3	-0.8	-0.1	-0.1	
DCF	-0.9	-0.7	-0.9	0.2	
Others	-0.2	-3.0	-0.5	-0.4	
Disposal of non-performing loans	8.9	2.9	2.1	1.8	
Downgrade	12.0	7.2	6.1	3.4	
Collection, upgrade, etc.	-3.8	-4.5	-4.2	-1.9	
Others	0.7	0.2	0.2	0.3	
Recoveries of written off receivables (-)	0.0	0.0	0.0	0.0	

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.

■ Less than 50 million yen ■ 50 million yen or more ○ Number of bankruptcies, etc.



Plan period : April 2025 ~ March 2028

Basic Policy I . Achieving a virtuous cycle of economic value and social value

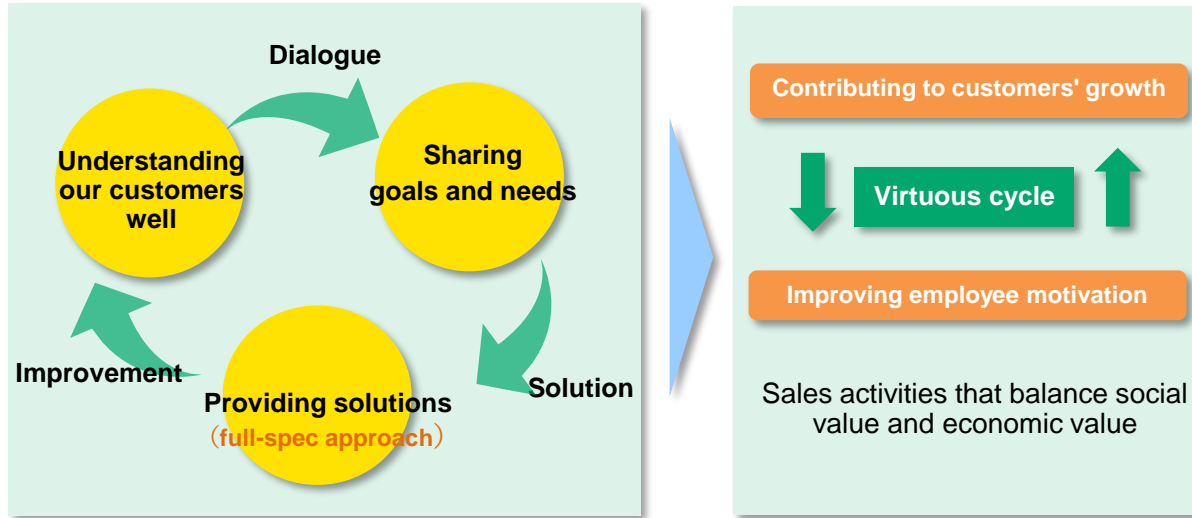


Basic Policy II . Strengthen the business foundation to support sustainable growth

①DX and business reform ②Data utilization ③Human capital ④RORA management
⑤Governance ⑥Collaboration within the group and external collaboration

Strengthening the business foundation, Enhance **the ability to “connect”** as stated in the purpose

Deepen “purpose-driven sales” (Strategic theme①)



Items to be covered in the plan

Improving sales quality

- Reorganizing the consulting structure
- Allocating resources to growth areas (M&A, inheritance, asset formation, etc.)
- Improving consulting skills
- AI and Data utilization
- DX and business reform

Expanding the full-spec approach

- Expanding customer base (data utilization)
- Development of solution menu
- Collaboration within the group and external collaboration
- Explore new business areas

Challenge to build a sustainable regional economic zone (Strategic theme②)

The Bank's group will serve as a regional hub, connecting people, goods, money, information, and other resources within and outside the region to build a virtuous cycle of economic activity in the region
⇒ Building **three ecosystems** from a medium- to long-term perspective

An ecosystem to enhance sustainability of local industry

⇒ Strengthen support for key industries in the region, and initiatives for startups and business succession

An ecosystem to enhance productivity of local companies

⇒ Building a common regional platform in cooperation with local businesses and financial institutions

An ecosystem that enriches local life

⇒ Promote cashless payment, DX and data utilization in the region.

< Related Materiality >

1. Sustainable development of the regional economy
2. Addressing shrinking and aging population
3. Support for DX
4. Preservation and creation of the global environment



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Contact for inquiries on this matter:

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

E-mail address : ***gbir@gunmabank.co.jp***