

Company Name: The Gunma Bank, Ltd.
Representative: Kazuo Saito, President
Stock Exchange Listing: Tokyo (code: 8334)
For Inquiry: Hiroyuki Irisawa, Managing Executive Officer and General Manager,
Corporate Planning Department

**Announcement regarding the introduction of Restricted Stock Remuneration Plan and
Performance-linked Stock Remuneration Plan**

At the Board of Directors' Meeting held on April 25, 2019, The Gunma Bank, Ltd. (the "Bank") resolved to revise the executive remuneration plan and introduce a Restricted Stock Remuneration Plan and Performance-linked Stock Remuneration Plan (collectively referred to as the "Plan"), and decided to submit a proposal concerning the Plan at the 134th Annual General Meeting of Stockholders to be held on June 25, 2019 (the "General Meeting of Stockholders"), as follows.

1. Objective of the introduction of the Plan, etc.

(1) Objective of the introduction of the Plan

The Plan shall be introduced to replace the existing Stock Remuneration-type Stock Option Plan, in order to give Directors of the Bank who are not Outside Directors (the "Eligible Directors") an incentive to work to sustainably enhance the corporate value of the Bank, and promote increased shared values with stockholders. By introducing the Plan, the Bank shall strengthen beyond previous levels the link between medium- to long-term management results and executive remuneration.

(2) Conditions for the introduction of the Plan

Under the Plan, monetary claims (the "Monetary Remuneration Claims") shall be paid as remuneration in order to grant stock to Eligible Directors, and therefore the payment of this remuneration shall be subject to approval by stockholders at the General Meeting of Stockholders when introducing the Plan.

At the 127th Annual General Meeting of Stockholders held on June 26, 2012, stockholders approved an amount of remuneration for Directors of up to 360 million yen per year, including bonuses, and an amount of Stock Remuneration-type Stock Option remuneration of up to 120 million yen per year for Directors who are not Outside Directors, but at the General Meeting of Stockholders, the Bank intends to propose the new introduction of the Plan and the establishment of an amount of remuneration for the Plan for Eligible Directors of the Bank.

2. Overview of the Plan

The Plan consists of “Restricted Stock Remuneration (Restricted Stock)” delivered before the target period, subject to continuous service as a Director of the Bank for a certain period, and “Performance-linked Stock Remuneration (Performance Shares)” delivered after the target period, subject to the level of achievement of performance indicators of business results, etc., as determined in advanced by the Board of Directors, in addition to the above criteria.

Eligible Directors shall pay as property contributed in kind all Monetary Remuneration Claims paid to them by the Bank based on the Plan, and shall receive the issuance or disposal of common shares of the Bank.

The total amount of Monetary Remuneration Claims to be paid to Eligible Directors based on the Plan shall be no more than 120 million yen per year, including the “Restricted Stock Remuneration” and “Performance-linked Stock Remuneration” (however, this does not include salaries for service as an employee paid to Directors serving concurrently as employees). The specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors. Furthermore, if the introduction of the Plan is approved at the General Meeting of Stockholders, the Bank shall abolish the amount of remuneration for allotting stock acquisition rights as Stock Remuneration-type Stock Options, excluding those that have already been granted, and shall not issue any new stock acquisition rights as Stock Remuneration-type Stock Options.

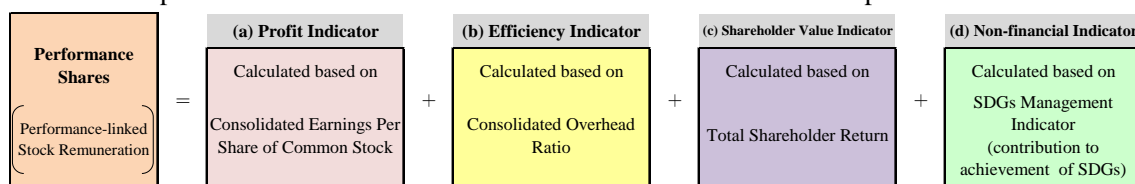
The total number of common shares to be newly issued or disposed by the Bank under the Plan shall be no more than 500,000 shares per year (however, if a share split or share consolidation of the Bank’s common shares is conducted with an effective date on or after the date of the resolution at the General Meeting of Stockholders (including a gratis allotment of common shares of the Bank), the Bank shall adjust the total number of shares as necessary, within a reasonable range in accordance with the split or consolidation ratio, etc., from the effective date onward).

The amount to be paid for each share shall be determined by the Board of Directors, within a range that is not particularly advantageous to the Eligible Directors receiving the common shares, based on the closing price of the Bank’s common shares on the Tokyo Stock Exchange on the business day preceding the date of each resolution by the Board of Directors (if there are no trades on that day, the closing price on the most recent prior trading day).

The issuance or disposal of common shares of the Bank through the Restricted Stock Remuneration Plan component of the Plan shall be subject to the Bank entering into a Restricted Stock Allotment Agreement with Eligible Directors that includes (a) provisions prohibiting the transfer to a third party, creation of security interests, or any other form of disposal of the shares within 30 years of the

day they are allotted; and (b) provisions stating that the Bank shall acquire the shares without consideration if certain circumstances arise. During the transfer restriction period, these shares shall be managed in dedicated accounts opened by Eligible Directors at Nomura Securities Co., Ltd., to ensure that Eligible Directors cannot transfer, create security interests on, or otherwise dispose of them during the transfer restriction period.

Under the Performance-linked Stock Remuneration Plan component of the Plan, each fiscal year, the Bank shall deliver a number of common shares of the Bank equivalent to the amount of remuneration determined in accordance with the level of achievement of performance indicators during the business results evaluation period (the most recent three fiscal years), fluctuating within a range of 0-200%, in principle. There shall be no transfer restrictions attached to these shares. The first business results evaluation period shall last from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022, and the first delivery of common shares based on the Performance-linked Stock Remuneration Plan is expected to take place around July 2022. Furthermore, the Board of Directors shall determine the performance indicators and calculation methods used to calculate the amount of remuneration, but the following four indicators are expected to be used as performance indicators for the first business results evaluation period.



3. Establishment of return and extinguishment provisions in the Remuneration Rules

When introducing the Plan, the Bank intends to establish provisions in the Remuneration Rules to the effect that it may force the return or extinguishment of all or part of the stock remuneration if certain circumstances arise (a so-called clawback provision and malus provision), in order to control excessive risk-taking and ensure sound management, while also working in advance to prevent accounting fraud and other major scandals and large-scale revisions to previous fiscal years' financial results that may be caused by excessive incentives.

4. Introduction of Restricted Stock Remuneration Plan for Executive Officers

When introducing the Plan, the Bank also intends to introduce a Restricted Stock Remuneration Plan for Executive Officers of the Bank who are not concurrently serving as Directors by resolution of the Board of Directors, subject to approval by stockholders at the General Meeting of Stockholders.