

Company Name: The Gunma Bank, Ltd.
Representative: Akihiko Fukai, President
Stock Exchange Listing: Tokyo (code: 8334)
For Inquiry: Takeo Uchibori, Managing Executive Officer and General Manager,
Corporate Planning Department

Announcement regarding the issuance of Basel III-compliant Subordinated Bonds (Sustainability Bond)

The Gunma Bank, Ltd. hereby announces that it has filed an amended shelf registration statement for the issuance of Basel III-compliant Subordinated Bonds (Sustainability Bond) (hereinafter referred to as “this bond”) with the Director-General of the Kanto Local Finance Bureau on September 27, 2021. This is the first issuance of Sustainability bond among regional banks in Japan.

1. Background and purpose of the Issuance of This Bond

The Bank formulated and publicly released “The Gunma Bank Group SDGs Declaration” in February 2019. Based on our declaration of SDGs, we are making efforts to achieve the SDGs relevant to social and environmental issues, and proactively grapple with initiatives through our business activities as well as to realize a sustainable society and create economic value.

We became the first regional bank in Japan to issue a green bond in November 2019. We have been contributed to resolve environmental issues such as climate change by playing an active role in handling loans for projects which contribute to CO₂ reduction. Moreover, in June 2021, We created the Environmentally and Socially Conscious Investment and Loan Policy in order to help solve environmental and social issues with a regard for sustainability. Furthermore, with the aim of supporting our customers’ sustainability-oriented management, we began offering sustainability-linked loans. This time, We have decided to issue this bond to further accelerate the our efforts social and environmental issues.

2. Outline of This Bond

Bond name	The Gunma Bank, Ltd. 6th Issuance of Basel III-compliant Subordinated Bonds (Sustainability Bond)
Issuance amount	10 billion yen
Maturity	10 years (with Early Redemption Clause)
Issuance time	October 2021

Use of proceeds	<p>Funds raised from the issuing of this bond shall be appropriated to new or existing investments / loans that meet following Green / Social projects*1</p> <p><Green Projects></p> <p>① Renewable energy ② Energy efficiency ③ Clean transportation ④ Green buildings</p> <p><Social Projects></p> <p>① Maintenance and generation of employment ② Support for reconstruction and recovery from disasters ③ Support for revitalization and sustainability of regional economies ④ Support for medical and welfare services</p>
Lead Manager	Nomura Securities Co., Ltd.
Structuring Agent*2	Nomura Securities Co., Ltd.

We issue this bond based on The Gunma Bank Group Green/Social/Sustainability Bond Framework formulated on May 19, 2021. This framework has received a second party opinion from the Rating and Investment Information Inc. (R&I), a third-party assessor, and has been found to be in compliance with the standards laid out in the 2018 Green Bond principles, 2020 Social Bond Principles, and 2018 Sustainability Bond Guidelines, all published by the International Capital Market Association and the Green Bond Guidelines 2020 published by the Ministry of the Environment. For the details of this framework and the Second Party Opinion, see our website as below.

(<https://www.gunmabank.co.jp/ir/framework/index.html>)

<Sustainability Bond>

"Sustainability bond" is a type of ESG bond, where the proceeds will be exclusively applied to investments / loans to a combination of both green and social projects.

Green bond (November, 2019)	Investments / loans to Green projects Projects for resolving environmental issues such as climate change and CO ₂ reduction.
Social bond	Investments / loans to Social projects Projects for resolving social issue such as generation of employment and support for reconstruction and recovery from disasters.
Sustainability bond (This bond)	Investments / loans to Green / Social projects

*1 The details of Green / Social projects are as below

<Green Projects>

① Renewable energy

Loans for the following power generation businesses, including the leasing, purchase, construction, operation and expansion of power generation facility assets

- i. Solar power generation business (including expenses related to leasing business conducted by Gungin Leasing Co., Ltd., a group company of Gunma Bank)
- ii. Biomass power generation business (Limited to businesses using waste-derived biomass)
- iii. Hydropower generation business (Limited to businesses with capacity of less than 25MW)

② Energy efficiency

Loans and expenses for installation and renovation of equipment that contributes to improving energy efficiency, including LED lighting, upgrade of air conditioning equipment and refurbishment of buildings. The loans applicable to the category of green buildings are exempted, however.

③ Clean transportation

Loans and expenses for the purchase or maintenance of electric vehicles (EVs), fuel-cell vehicles (FCVs), and supporting infrastructure, including the following businesses or initiatives:

- i. Loans offered by The Gunma Bank, Ltd.
- ii. Car leasing business by Gungin Leasing Co., Ltd., a group company of Gunma Bank.
- iii. Promotion of the introduction of eco-cars as companies' cars, in group companies

④ Green buildings

Loans for the construction, purchase or repair of buildings that have obtained, or are scheduled to obtain, green building certification recognized nationally, or that meet standards equivalent to the following:

- i. CASBEE: S, or A
- ii. DBJ Green Building Certification: five stars, or four stars
- iii. BELS: five stars, or four stars

<Social Projects>

① Maintenance and generation of employment

Loans that help reduce the socioeconomic impact of epidemics (e.g., COVID-19) or prevent the spread of infectious diseases

- i. Loans to customers affected by infectious diseases
- ii. Loans for preventing the spread of infectious diseases or otherwise addressing epidemics

② Support for reconstruction and recovery from disasters

Loans for promoting reconstruction and recovery from socioeconomic damage caused by earthquakes, typhoons, heavy rains or other disasters

- i. Loans with a special clause for principal waiver in the event of earthquakes
- ii. Other loans that promote reconstruction and recovery from socioeconomic damage caused by disasters

③ Support for revitalization and sustainability of regional economies

Loans that contribute to the revitalization and sustainability of regional economies in the form of support for business succession, etc. (including investments by Gunma Regional Advanced Solution Partners, a group company of Gunma Bank, through investment funds associated with business succession and business revitalization)

④ Support for medical and welfare services

Loans related to medical care that help enhance local medical services or loans related to welfare offered to support people with disabilities or address the aging society

- i. Loans for the construction of hospitals or other medical institutions, or capital investments therein (including loans for supporting the commencement of business)
- ii. Loans for the construction or operation of welfare facilities (e.g., facilities for people with disabilities, elderly housing with lifestyle support services, pay nursing homes, group homes)

※In the case of existing loans, eligible projects are the loans agreed, and the businesses whose commencement was determined, no more than three years before the issue date of the relevant sustainability bond.

*2 The agent which provides support for the issuance of sustainability bond, primarily by providing advice on setting the sustainability bond framework and obtaining a second-party opinion

Note:

This document is a press release to announce the issuance of The Gunma Bank, Ltd. to the general public. It is not prepared for the purpose of soliciting investment. Investors should review the shelf registration prospectus and supplementary shelf registration prospectus, prepared by The Gunma Bank, Ltd. prior to making any investment decisions, and should make such decisions at their own discretion.