

Company Name: The Gunma Bank, Ltd.
Representative: Akihiko Fukai, President
Stock Exchange Listing: Tokyo (code: 8334)
For Inquiry: Hideyuki Saito, 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 "the bond") with the Director-General of the Kanto Local Finance Bureau on August 24, 2022.

1. Background and purpose of the Issuance of the Bond

The Gunma Bank group(hereinafter referred to as "the Group") established the Purpose which expresses the significance of its social existence, as "We use our strengths in connections to spin the threads of the future for local communities" in November 2021 and has been working to spread it inside and outside the bank.

In addition, the mid-term business plan which has been announced in March 2022 clarifies that we will work on management based on the established Purpose and we named the plan 『Innovation for "Purpose"』 in order to advance the activities in the past three years' Mid-Term Business Plan 『Innovation New Dimension ~Toward delivering Value~』 .

Through this plan, the Group aims to spin the threads of the future for local communities and realize the Purpose by strengthening and demonstrating the ability to "connect" as stated in the Purpose. For further promotion of initiatives of achieving SDGs and strengthening sustainability efforts, we have implemented "Revision of Gunma Bank Group SDGs Declaration," "Establishment of Sustainable Finance Targets," and "Establishment of the Sustainability Committee."

Amid rapidly growing social interests in SDGs and ESG, we have contributed to solve social and environmental issues by issuing a green bond and a sustainability bond ahead of other regional banks and actively engaging in group-wide investment and financing of businesses, etc. that contribute to reducing CO₂ emissions and solving social issues. This time, we have decided to issue the bond in order to raise the funds for strengthening the efforts further to achieve the SDGs and "spinning" the future ("Sustainable Development of the Local Community and the Group") which the Group is aiming for.

2. Outline of the Bond

Bond name	The Gunma Bank, Ltd. 7th Issuance of Basel III-compliant Subordinated Bonds (Sustainability Bond)
Issuance amount	10 billion yen
Maturity	10 years (with Early Redemption Clause)
Issuance time	September 2022
Use of proceeds	<p>Funds raised from the issuing of the Bonds shall be appropriated to new investments / loans / expenses or existing investments / loans that meet following Green / Social projects*¹</p> <p><Green Projects></p> <ul style="list-style-type: none"> a. Energy efficiency b. Clean transportation c. Green buildings d. Renewable energy <p><Social Projects></p> <ul style="list-style-type: none"> a. Maintenance and generation of employment b. Support for revitalization and sustainability of regional economies c. Support for reconstruction and recovery from disasters d. Support for medical and welfare services
Lead Manager	Nomura Securities Co., Ltd., Daiwa Securities Co.Ltd.
Structuring Agent* ²	Daiwa Securities Co.Ltd

We issue the Bonds based on 『The Gunma Bank Group Green/Social/Sustainability Bond Framework for "Purpose"』 announced today. We have expanded the projects and updated this Framework from the former Framework released on May 19th 2021 based on the Group's Purpose, which was announced in November 2021 as the most important concept along with our corporate philosophy, "We use our strengths in connections to spin the threads of the future for local communities", and also based on the Mid-Term Business Plan announced in March 2022 『Innovation for "Purpose" (Plan period: April 2022 - March 2025)』 .

This framework has received a second party opinion from the Rating and Investment Information Inc. (R&I), independent external review provider, and has been found to be in compliance with the standards laid out in the 2021 Green Bond principles, 2021 Social Bond Principles, and 2021 Sustainability Bond Guidelines, all published by the International Capital Market Association, the Green Bond Guidelines 2022 published by the Ministry of the Environment and the Social Bond Guidelines published by the Financial Services Agency. 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 / expenses to a combination of both green and social projects.

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

<Green Projects>

a. Energy efficiency < KPIs in Connections : sustainable finance >

Investments, 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 investments, loans and expenses applicable to the category of green buildings are exempted, however.

b. Clean transportation < KPIs in Connections : sustainable finance >

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

c. Green buildings < KPIs in Connections : sustainable finance / housing loan >

Investments, loans and expenses 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
- iv. ZEH (Net Zero Energy House), or ZEH-M (Net Zero Energy House-Mansion)
(including LCCM House (Life Cycle Carbon Minus House))
- v. Long term excellent housing (certificated after the revision of standards in October 2022)

d. Renewable energy < KPIs in Connections : sustainable finance >

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

- i. Solar power generation business
- 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)
- iv. Wind power generation business
- v. Geothermal power generation business (Limited to businesses whose CO₂ emission is equal or less than 100g CO₂/kWh)
- vi. Others (Limited to businesses with eligibility as Green Projects)

<Social Projects>

a. Maintenance and generation of employment < KPIs in Connections : sustainable finance >

Investments and loans that help reduce the socioeconomic impact of epidemics, etc or prevent the spread of infectious diseases

- i. Investments and loans to customers affected by infectious diseases
 - ii. Investments and loans for preventing the spread of infectious diseases or otherwise addressing epidemics
- b. Support for revitalization and sustainability of regional economies < KPIs in Connections : business succession issues, inheritance-related business / sustainable finance >
Investments and loans that contribute to the revitalization and sustainability of regional economies in the form of support for business succession, etc.
- c. Support for reconstruction and recovery from disasters < KPIs in Connections : sustainable finance >
Investments and 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. Loans with a special clause for principal waiver in the event of heavy rainfall disaster
 - iii. Other investments and loans that promote reconstruction and recovery from socioeconomic damage caused by disasters
- d. Support for medical and welfare services < KPIs in Connections : sustainable finance >
Investments and loans related to medical care that help enhance local medical services or related to welfare offered to support people with disabilities or address the aging society
- i. Investments and loans for the construction of hospitals or other medical institutions, or capital investments therein (including loans for supporting the commencement of business)
 - ii. Investments and 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)

※New and existing investments and loans for each project include investments by Gunma Regional Advanced Solution Partners Co., Ltd. and the new expenses include expenses related to leasing business by Gungin Leasing Co., Ltd.

※In the case of existing investments and loans, eligible projects include the agreed loans and businesses which are determined to commence, 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.