

## Message from the Management



I would like to express our sincere appreciation for your continued patronage towards the Gunma Bank. Since our establishment in 1932, we have been acting as a leading bank in the region where our customers are located, always wishing to contribute to the development of the regional communities, throughout so many social and economic changes. In the meantime, we have strengthened the management structure and successfully established today's business foundations. This could not have been possible without your warm support, which we are very thankful for.

Although Japan's economy has been turning toward a moderate expansion, financially, the Bank of Japan continues to adopt the Negative Interest Rate Policy, while the business environment surrounding the banking industries is becoming much more severe. Additionally, the financial environment has seen increasingly rapid and diverse changes, including the progress of digital technology and the increase of new payment methods. On the other hand, with regard to the regional economy, more activities to support regional revitalization are expected from regional financial institutions, as the lack of successors and labor shortage are becoming huge issues in the growth of regional businesses, leading to great potential demand for business successions, M&As, dispatch

of experts and an increase in operational efficiency.

In such a business environment, in the final year of the Group's "2016 Mid-term Business Plan 'Value for Tomorrow,' or value-added proposals for tomorrow," we are striving to present "value-added proposals" as solutions for various needs and issues, such as management issues and asset management of customers.

As part of initiatives aimed at regional revitalization, we are working toward regional reactivation by supporting commercialization of applicants' business of the Gungin Business Support Grand Award and handling of the "Gunma Bank Private Placement Bond for the Revitalization of Regional Economies." In addition, we strengthened our partnership with local governments and Gunma University. In this way, we are actively participating in regional revitalization.

As part of our initiative towards our corporate customers, we are focusing our efforts on business evaluations, in order to more deeply and accurately grasp management issues. Moreover, for sales branch offices to further contribute to the growth of customers, we have introduced an evaluation process in the business performance evaluation of sales branch offices, and are working to build mid- to long-term relations.

As for our individual customers, we have newly established the "Asset Management Support Department," which manages business operations with focus on the customer. We have also held seminars on asset management for customers, commenced the handling of living trusts, and are working on product enhancement of housing loans and unsecured consumer loans, alongside improving our consulting function with regard to the management of financial assets and inheritance-related operations.

As an initiative towards market expansion, we opened up new customer foundations, such as the "Adachi Branch" established last year, to cultivate new customer bases. Additionally, for non-face-to-face channels, we are planning to expand points of contact with customers, such as establishing the "Privilege Page for Employees," after opening our first online branch.

As an initiative towards improving the Group's comprehensive strength, we continue to offer highly-specialized asset management consultations and securities businesses through the alliance with Gungin Securities Co., Ltd. Furthermore, in alliance with the newly established Gungin Consulting Co., Ltd., we are planning to have even more highly-specialized consulting services.

Furthermore, in an effort to utilize digital technology, we have newly established the "Digitalization Promotion Office," and worked on enhancing the efficiency of operations through the utilization of AI and RPA. Alongside these, we established "FinX DIGITAL Co., Ltd.," a joint venture among seven regional banks, in order to increase customer convenience and quality of banking services.

Through the above initiatives, as well as efforts in opening up more opportunities for profit, we aim to build a business model that can grow sustainably with regional customers.

We will continue to face a wide range of needs from the regional community and customers, provide truly helpful solutions, be worthy of the trust, and live up to the expectations of all of our stakeholders as a regional financial group.

Again, I would like to express our sincere gratitude for your continued support throughout the years and we look forward to your support in the future as well.

July 2018

A handwritten signature in black ink that reads "K. Saito". The signature is written in a cursive, flowing style.

Kazuo Saito  
President