

Initiatives to Revitalize the Regional Economy

(Status of initiatives to improve SME management and revitalize regional economy)

Our “Corporate Philosophy” states that we will “Constantly consider and take actions for the development of regional communities” and “Deepen a creative relationship with customers.” We believe that steady implementation of various measures in the Mid-term Business Plan based on this corporate philosophy leads to “revitalization of the regional economy and regional activation” and “promotion of community-oriented finance.”

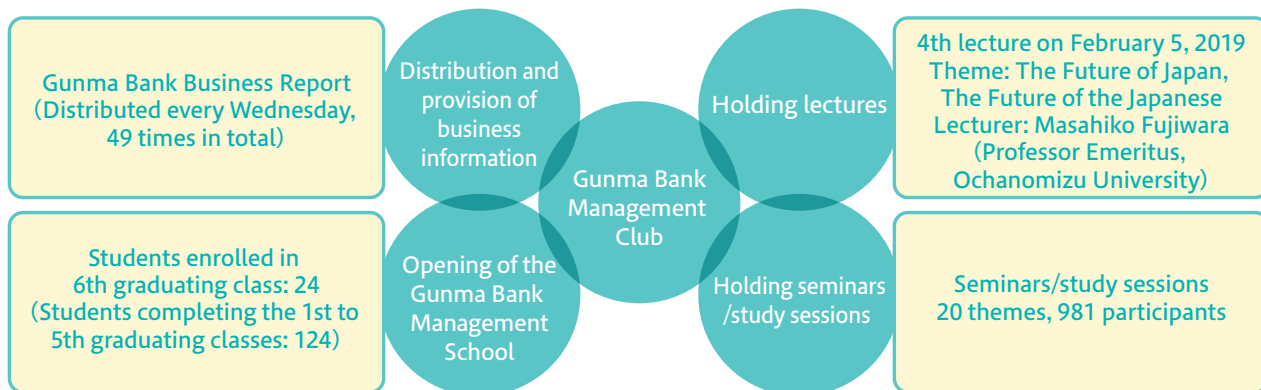
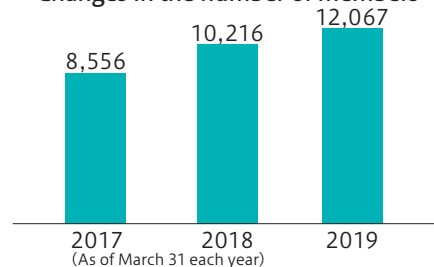
Efforts for regional revitalization through the Gunma Bank Management Club

We regularly disseminate information useful for management through the corporate membership organization “Gunma Bank Management Club (no admission fee or annual fee).” Various events are also held to provide new information and networking opportunities.

Through such corporate management support, we are working to revitalize the regional economy. At present, we have 12,067 members.

In addition, we are striving to develop business successors who will be responsible for the next generation through the opening of the “Gunma Bank Management School”.

Changes in the number of members



Management School
(social gathering)



Management School
(lecture by the president)



Seminar

Efforts for collaborations with local public bodies

We are actively supporting local public bodies by strengthening cooperation between each manager responsible for promoting regional revitalization (sales branch manager) and the related departments at the headquarters. While doing this, we conclude a comprehensive partnership agreement with local public bodies, and present specific proposals for attracting new companies, promotion of settlements, job creation and promotion of tourism in particular for them to work on regional revitalization together.

Local public bodies that have concluded this agreement are as follows: Gunma Prefecture, Maebashi City, Takasaki City, Kiryu City, Isesaki City, Shibukawa City, Fujioka City, Annaka City, Midori City, Shimonita Town, Oizumi Town

Initiatives to promote the creation of a sustainable society through business

We offer a range of private placement bonds and investment trust instruments that can contribute to achieving the SDGs in corporate funding and individuals' asset management to respond to customers' needs for contribution to the achievement of the SDGs.

<<SDGs support private placement bonds by The Gunma Bank>>

We respond to customer needs of contributing to the achievement of the SDGs through their financing. Specifically, we make a donation to schools, local public bodies, or groups that engage in the SDGs efforts by using a part of the fees that are received by the bank for the issuance of SDGs private placement bonds.

In April 2019, we started handling private placement bonds for which we offer fee-preferential treatment for companies* conducting businesses that contribute to the achievement of the SDGs.



*Operating companies contributing to the achievement of the SDGs are as follows: Companies that have received "Management Innovation, Environmental GS Business" certification from Gunma Prefecture, "Eco Action 21" certification from the Ministry of the Environment, ISO certification from the International Organization for Standardization, etc.

As of March 31, 2019

Total amount issued	61 billion yen
Total amount of donations	286 cases; 44,578 thousand yen

<<Investment trusts that support activities for protecting the natural environment and the world heritage site>>

We have a lineup of investment trust products that donate the protection groups with a portion of the fund management expenses (trust fees) received by the bank and the trustee company, and respond to customer's desire to contribute to achieving the SDGs.

As of March 31, 2019

Total amount of donations 19,582 thousand yen

Tomioka Silk Mill, Silk Industrial Heritage Group Protection Activity Support Fund

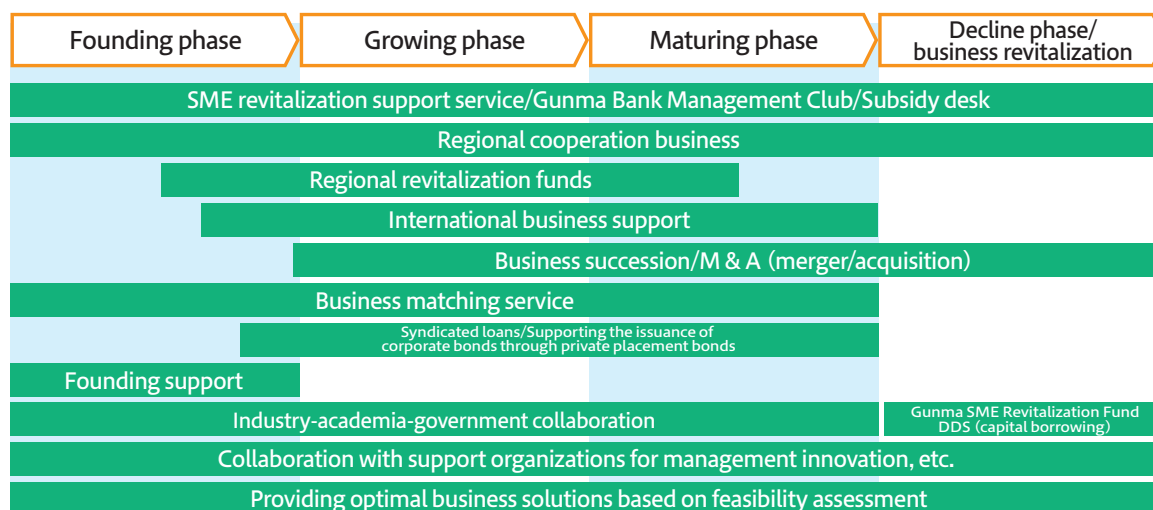
- Product nickname: Silk Inheritance of Gunma
- Donation to Gunma Prefecture World Heritage, Gunma Silk Inheritance Succession Fund

Natural Environment Protection Fund

- Product nickname: Oze Kiko
- Donation to the Oze Preservation Foundation

Consulting functions according to each company's life stage

We strive to enhance our consulting functions to support the management issues of companies in various life stages and assign highly specialized staff members for this purpose.



Initiatives to Revitalize the Regional Economy

Efforts to support business start-ups

We actively support companies that are planning to start-up businesses or have just started, as well as launching new businesses and developing new products.

The 6th “Gungin Business Support Grand Award” in fiscal year 2018 encouraged the revitalization of companies and regional communities by awarding their new products and new business plans. At the 6th competition, there were 340 applications, and 18 companies and individuals received the prizes including the Excellence Award and the Challenging Spirit Award.

In addition, to support physicians employed by hospitals to start-up their own practice in the growing medical industry, the headquarters specialist staff cooperates with external specialist institutions to organize a system that fully supports busy physicians, and this system has been received favorably.

6th “Gunma Bank Business Support Grand Award” in FY 2018

<<Excellence Award: three winners>>

Isaac Co., Ltd.

Development of the world’s first synthetic resin pulverizer usable at room temperature

Coulomb Co., Ltd.

Succeeded in developing PERSONA, the world’s first revolutionary body storage system

Look Tec Co., Ltd.

Development of a non-invasive “blood sugar monitor” that can easily measure glucose at any time without blood sampling

Doctor support loans (results)

FY 2017	133 loan cases; 3.3 billion yen
FY 2018	147 loan cases; 4.2 billion yen

2019 Mid-term Business Plan target

Number of start-up support cases 2,000
(Cumulative total from FY 2019 to FY 2021)

Sales channel development support

We are supporting business matching for companies having management challenges of sales channel development for business growth and stability. We are doing this by attracting participation for open innovation conducted by major companies and holding business meetings in cooperation with matching service providers.



Gunma Local Industry Festa 2019 in Tokyo



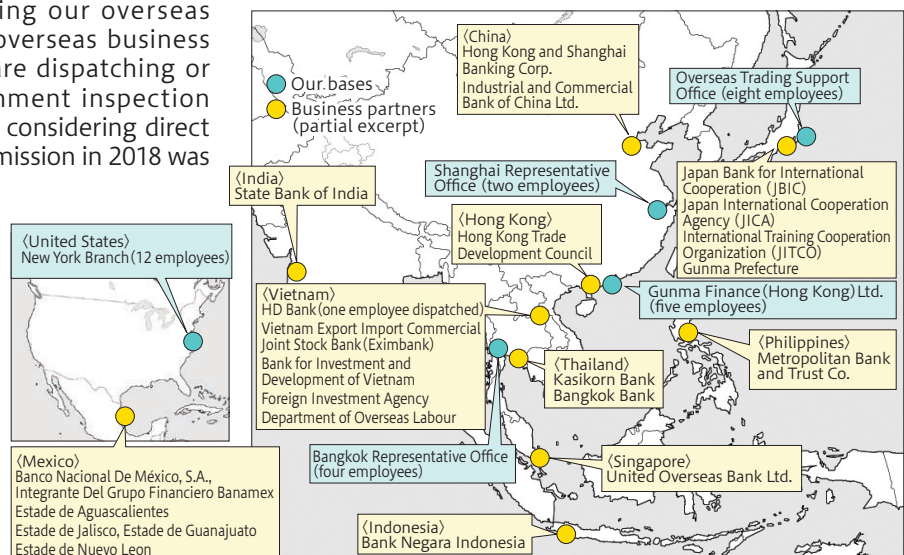
Come on! North Kanto! Ibaraki, Tochigi, and Gunma Fair

Due to the progress of globalization, there is a great need for expanding sales channels overseas. In addition to the support using our overseas support network and holding overseas business meetings (Bangkok, etc.), we are dispatching or supporting investment environment inspection missions consisting of companies considering direct investment overseas. (Inspection mission in 2018 was to Cambodia)



Business meeting of Japanese-affiliated companies in Thailand

<<Overseas expansion support network using our overseas bases and business alliance partners>>



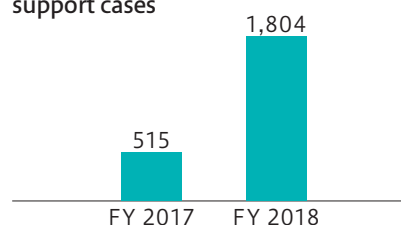
Support for business succession

We provide proposals and advice to our business partners in cooperation with external experts for their business succession needs. In addition, the Gunma Bank Group's support system has been strengthened by establishing our wholly-owned subsidiary, Gungin Consulting Co., Ltd., which opened in October 2018 (see page 27).

While considering issues such as the aging work population and difficulty in finding successors, we believe that "a comprehensive approach to business succession" is particularly important for revitalizing the regional economy.

In fiscal year 2018, we conducted interviews with our 21,000 business partners on shareholder composition and successor information. With the results in mind, we will work to provide optimal solutions for each customer within three years of the new Mid-term Business Plan. We believe that smooth business succession will lead to the preservation and improvement of regional economic vitality.

Number of business succession support cases



2019 Mid-term Business Plan target

Number of support cases 6,000
(Cumulative total from FY 2019 to FY 2021)

Management improvement support

The headquarters and sales branches are actively engaged in promoting smooth financial services and providing support to our business partners for management improvement.

Depending on the management situation of individual companies, we provide them with support and advice on the formulation of management improvement plans through the main efforts of the Internal Review Office at the Credit Department, while collaborating with external organizations to increase the effectiveness of support.

In addition, when necessary, we offer fundamental revitalization support using measures such as the Gunma SME Business Recovery Fund, debt-debt swap (DDS), and asset-based lending (ABL).

Number of major business partner cases with conditions changed 326

Number of above cases with plans formulated 232
(Formulation rate 71%)
As of March 31, 2019

Business feasibility assessment

The headquarters and sales branches work together on business feasibility assessment so that we can offer optimal value propositions to our business partners pursuing business growth while sharing management issues with them.

The headquarters conducts business feasibility assessments of major business partners based on surveys and analyses of general aspects of automobile-related industries, which is a key industry in the region, while sales branches conduct business feasibility assessments based on individual company characteristics.

The headquarters and branch offices work together to provide optimal solutions regarding the management issues through the shared awareness after the dialogue with the corporate managers on business feasibility assessment. In addition, external organizations and specialists are called upon when necessary.

Business feasibility assessment

Number of assessment cases 1,058
As of March 31, 2019

Loan balance based on business feasibility assessment

As of March 31, 2018 215.0 billion yen
As of March 31, 2019 288.5 billion yen

Note: "Initiatives for promoting community-oriented finance" and "Benchmarks for financial intermediary functions" are posted on our website. Please read the QR code to view materials.

○ Initiatives for promoting community-oriented finance



<http://www.gunmabank.co.jp/about/csr/chiiki/chiiki1.html>

○ Benchmarks for financial intermediary functions



<http://www.gunmabank.co.jp/about/csr/benchmark/index.html>