Value Creation Process at the Gunma Bank

• As a comprehensive regional financial service institution, the Gunma Bank promotes businesses by using various management resources, and endeavors to realize a sustainable society and create economic value while providing value to the stakeholders including regional customers, shareholders, investors, employees and regional communities as well as contributing to achieve the SDGs.

• Value creation will result in even a higher value creation through increasing capital of the Bank Group and raising its corporate value.

Utilizing capital resources

Financial capital

- Sound financial portfolio
- Abundant equity capital Consolidated: 11.95% (As of March 31, 2020)
- Human capital

- Number of employees on a consolidated basis: 3,159
- High abilities and strong organizing power
- Extensive specialized human resources 37 SME consultants, 54 securities analysts, 123 Level 1 financial planners, etc. (as of March 31, 2020)
- Corporate culture rich in individuality

Intellectual capital

- Knowledge and systems that are backed by
- our long years of experience and achievements
- Excellent information-collecting ability and ability to create proposals Number of solution proposals: 12,211 (41.4% of all suppliers: FY 2018)
- Ability to meet a variety of financial approaches including financial technology (fintech)
 Fincross DIGITAL initiatives

Regional social capital

- Favorable relations with customers Number of Gungin Management Club members: 13,212 (as of March 31, 2020)
- Resilient networks
- Number of branches: 157 in Japan, 1 overseas
- Overwhelming business base (high shares of deposits and loans)
- Within Gunma Prefecture Loans 35.9%, Deposits 34.7% (as of March 31, 2019)
- (high percentage of major customers) Major customers 18,944 (55.5% of all customers: FY 2018)
- Our service area is a good location for companies.
- Within 1 hour from the Tokyo metropolitan area 4th in Japan for number of locations and location area (2019 Survey of Factory Location Trends)
- Accumulation of companies with significant technologies Manufactured product shipments, etc.: 9,088 billion yen (2018: 13th in Japan), of which transportation equipment was 38.8%

Natural capital

- Blessed with a natural environment
- 46 days with fair weather (2nd in Japan) (2016 Statistics Bureau, Ministry of Internal Affairs and Communications)
- Region has few natural disasters
- mber of earthquakes with seismic intensity of 4 or higher
- (1919-2020: JMA seismic intensity database)
- Gunma 66, Tokyo 564, Chiba 222, Kanagawa 113, Saitama 155, Tochigi 225, Ibaraki 367

Business model of the Gunma Bank Group



Strong management base that supports our business model

Corporate governance

Compliance

External environment (social challenges)

- Initiative for SDGs (building a sustainable society)
- Decreasing birthrate and increasing aging population
- Growing expectations for women and elderly to take active roles in society
- Work style reform
- Progress in digitization
- Slowdown in the pace of business expansion
- Prolonged negative interest rate policy
- Diversification of asset management and fundraising
- Growth in demand for inheritance and business succession services

Products and services provided to customers

Deposits • Ordinary, time, and foreign exchange deposits Retirement allowance Financial | products and Loan products services • All-purpose loan (card loa Reverse mortgage, etc. Financial services Other services for companies Internet banking Cashless settlement

Initiatives to realize a sustainable society allow us to enhance the corporate value and create higher value.



Creating shared value (CSV)

The Gunma Bank Group (image that we aspire to be)



- Financial services that meet their various needs



Shareholders and investors

Maximize shareholder value on a mid- to long-term basis



Employees

- Promotion of a variety of human resources into active



Environment and regional communities

- Preservation and creation of
- Sustainable development of regional economy
 Promotion of the partnership