

## 2. Mid-Term Business Plan

### 2019 Mid-Term Business Plan “Innovation New Dimension” - Toward Delivering Value -

《Duration of plan: Three years from April 2019 to March 2022》

#### Perspectives

Over the past six years, the Bank has posted the “2013 Mid-Term Business Plan: V-Plan - Evolution to becoming a Bank that offers value proposition” and the “2016 Mid-Term Business Plan: Value for Tomorrow” while focusing on growing together with the regional communities and our customers through providing customers with our unique proposals and providing support that is based on the basic concept of “value proposition.”

In a new Mid-Term Business Plan, the Bank mainly addresses ways of realizing value proposition based on our six-year efforts of providing “value proposition” while meeting changes in social conditions. With this in mind, the plan has been termed “Innovation New Dimension” which represents our aspiration to be a “regional financial group that can achieve greater value” through the innovation of services that we provide.

This plan was formulated based on the concept of the “SDGs Declaration,” and by working toward the “realization of value” to achieve this plan, we will realize the development of sustainable local communities and the fulfillment of rich livelihoods that continue into the future, leading to the sound development of the Bank.

#### Company Image and Basic Policies

##### Image of a company that we aspire to be

Becoming a regional financial group that responds to customer needs and delivers value through the innovation of financial services

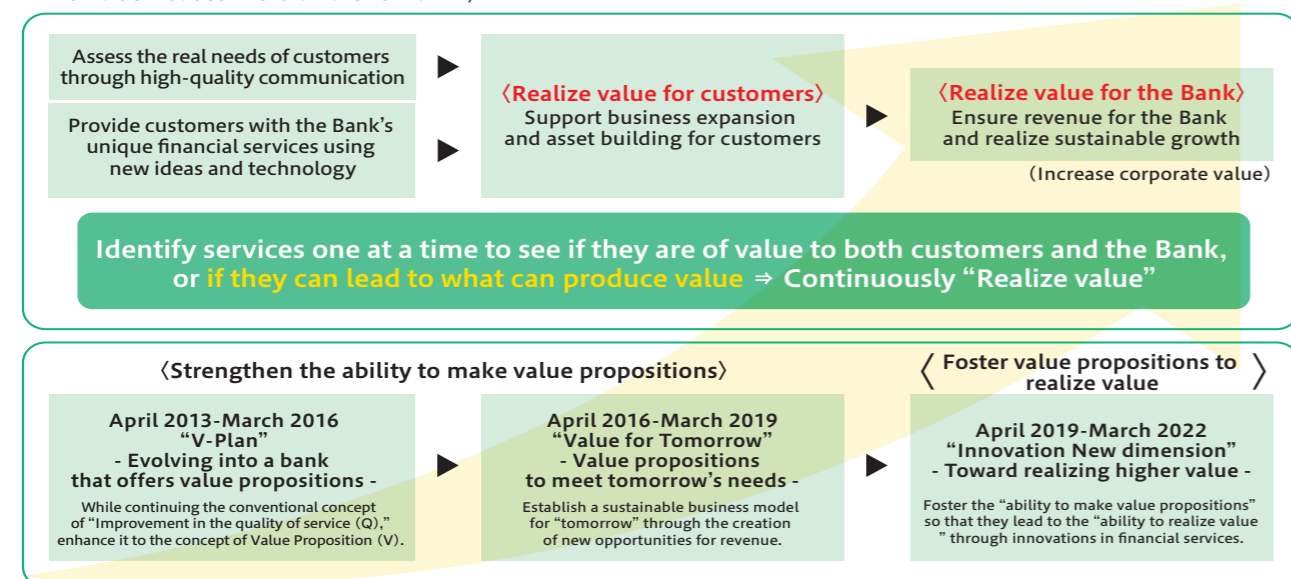
##### Two basic policies

Innovation	New dimension
<p><b>Transform the business platform through three reform initiatives</b></p> <p>This major undertaking tackles the three innovations of (1) the attitude and process of our daily jobs (Process), (2) customer interface channels (Channel) and (3) work-style and career-path which enhances the motivation of staff based on our corporate philosophy (Human Resources) to promote structural reforms to make our new strategies effective.</p>	<p><b>Deliver enhanced value through evolution of business model</b></p> <p>While taking over the “value proposition” that we have fostered thus far, we will carry out high-quality consulting services that meet the needs of individual customers instead of continuing conventional financial services. In this way we can “deliver the best value” to customers and achieve a radical transformation (New Dimension) of our revenue structure.</p>

#### Deliver the “Best Value” that the Bank can Provide

##### Enhance ability to create unique propositions

《Respond to customer needs, provide customers with our unique financial services, and realize value for both customers and the Bank.》



#### Basic Policies and Strategic Themes

##### Transforming our business platform through three reform initiatives

<b>Strategic Theme 1</b>	<b>Innovation of the process to improve the quality of jobs</b> ▶ P.22
	To improve satisfaction between our staff and customers through job abolishment and total job restructuring in addition to increasing the utilization of digital technologies, we allow our staff to concentrate on customer-oriented interactions so that we can establish a mid- to long-term relationship with customers.
<b>Strategic Theme 2</b>	<b>Innovation of the channel to expand customer interface channels</b> ▶ P.23
	Improve convenience to customers and increase communication opportunities by promoting innovation of the bank's network and significant expansion of non-face-to-face channels.
<b>Strategic Theme 3</b>	<b>Innovations in human resources aimed at making the best use of creativity</b> ▶ P.24~25, 37
	We encourage our staff to make the best use of their own creative style and support our customers to the best of their ability by evolving from the traditional practice of fostering human resources with similar abilities to a staff where each person can realize their own unique abilities.

##### Realizing enhanced value through evolution of our business model

<b>Strategic Theme 1</b>	<b>Efforts to foster and revitalize regional industries and support business succession</b> ▶ P.35~36
	We proactively grapple with the challenges involved in supporting regional revitalization and business succession using the Bank's networking ability in order to maintain and improve the vitality of the regional economy.
<b>Strategic Theme 2</b>	<b>Support customers' growth by providing first-rate consulting services</b> ▶ P.28, 30~31, 34
	By correctly understanding the challenges and needs of our customers, we can provide them with optimal solutions and support their growth.
<b>Strategic Theme 3</b>	<b>Promotion of efforts to steadily increase customer assets</b> ▶ P.29, 32~33
	We provide customers with asset building support according to their life stages under our mission of “Increase customer assets on a mid- to long-term basis.”
<b>Strategic Theme 4</b>	<b>Strengthen management structure to meet environmental changes</b> ▶ P.38~57
	We will strengthen our governance system and enhance risk return management as well as enrich measures to achieve the SDGs through our business activities.
<b>Strategic Theme 5</b>	<b>Responding to multifaceted needs by exerting the Group's collective strengths</b> ▶ P.18, 30~35
	We are prepared to respond to customers' multifaceted needs by making the most of the functions of the Group companies, including those involved in lease, securities and consulting services.

#### Quantitative Planning (quantitative targets)

<b>Consolidated quantitative target as of the final fiscal year of the plan (fiscal year ending March 31, 2022)</b>	
《Profitability index》	
Current net income attributable to parent company shareholders	24 billion yen
Non-interest business income	20 billion yen
RORA	0.5% and above
《Efficiency index》	
OHR	Around 65%
《Soundness index》	
Total capital ratio	12% level
<b>Long-term target</b>	
《Profitability index》	
ROE	5% and above
<b>Major quantities for achieving the targets</b>	
《Net interest income》	
Retail loans receivable	4,780 billion yen
Unsecured consumer loans receivable	60 billion yen
《Non-interest business income》	
Proceeds from corporate service provision (consolidated)	4.2 billion yen
Customers' deposited financial assets (consolidated)	1 trillion yen
《Regional vitalization / SDGs》	
Number of problems solved through business feasibility assessment	1,500
Number of companies that received support for business succession	6,000
Number of companies that received support for business start-up	2,000
Number of women in managerial positions (compared to March 31, 2019)	Increase of 20%

\*Please see from P24 to P35 for progress of each target.  
Note: The Gunma Bank website is releasing materials used to explain the Mid-Term Business Plan for a meeting of analysts. Please read the QR code below to view materials.



<https://www.gunmabank.co.jp/ir/hosin/pdf/setsumeikai.pdf>