

THE GUNMA BANK REPORT 2022

Integrated Report

Disclosure magazine [main part]



We use our strengths in connections to spin the threads of the future for local communities



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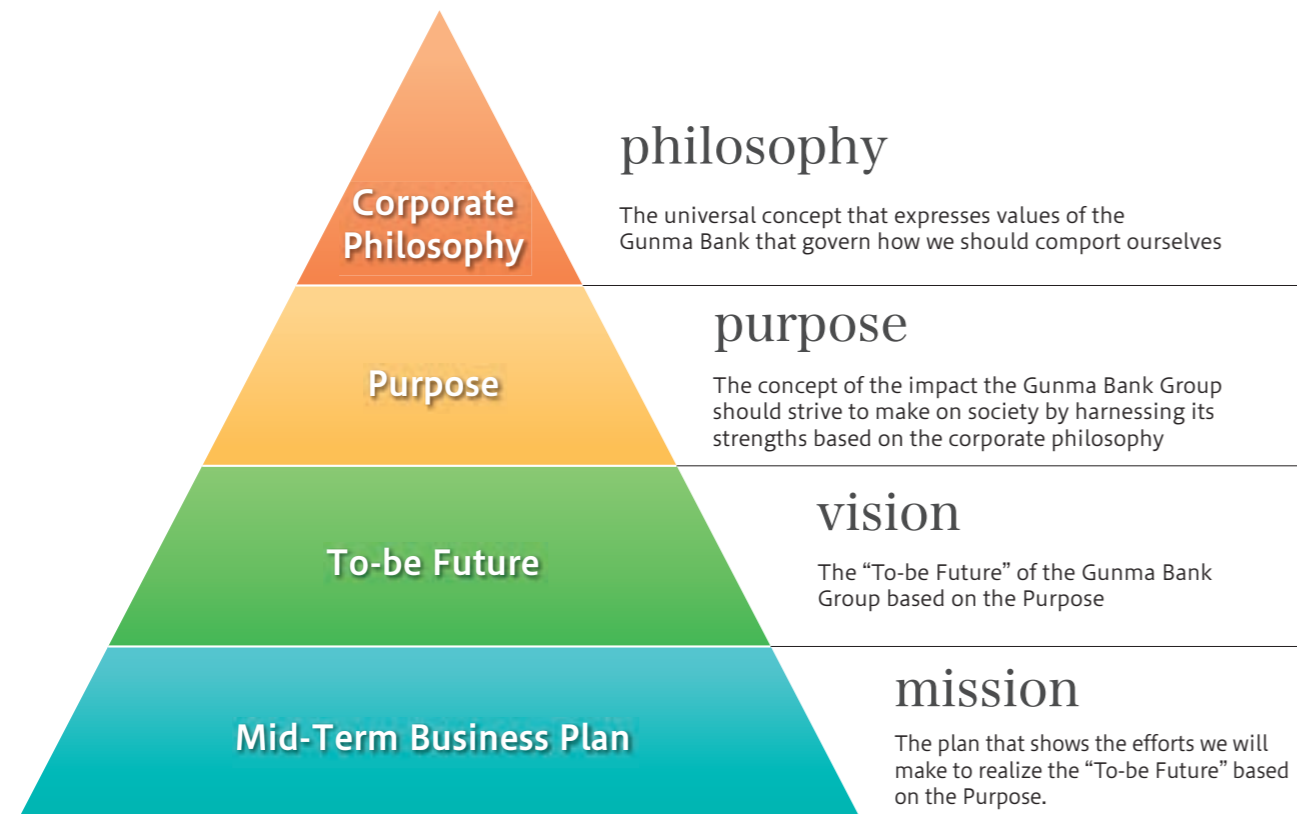
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Corporate Philosophy/Purpose/To-be Future/ Mid-Term Business Plan



Corporate Philosophy

It is our mission to take actions that will foster the development of regional communities.
The foundation of our business is to strengthen a creative relationship with our customers.
Our operations are based on the motto “Be a good citizen first to become a good entrepreneur.”
Our corporate culture is based on the value of face-to-face communication within our organization.

Purpose

We use our strengths in connections to spin the threads of the future for local communities

To-be Future

Sustainable development of local communities and the Gunma Bank Group

Mid-Term Business Plan

Innovation for “Purpose” (Plan period: April 2022–March 2025)

The Gunma Bank Group’s Purpose

We use our strengths in connections to spin the threads of the future for local communities

The Gunma Bank Group established its new Purpose on November 20, 2021. Faced with so many social issues, we reexamined the meaning of our existence and established our Purpose based on the thought, “What is the purpose of our existence in society, and what impact can we have on the future of society?”

Using our strengths in connections

Ever since our establishment as the Gunma Daido Bank in 1932, our roots have always been in connecting lenders and borrowers together. We receive deposits and offer loans to people in order to keep the economy running, and this has been and will continue to be a key role for us.

Apart from our work in finance, we connect local communities, companies and people together, and we also connect them with our services, information, and other resources. Through these efforts, we connect many kinds of value together, and create new value. We believe that this is what society expects from us.

To meet these expectations from society, we will harness our unique strengths that we have nurtured over the years to

engage in initiatives for each and every one of us to connect. For example, we can utilize our networks and information capabilities to connect our customers with our resources and solve management issues. We can also connect customers who have no successor with someone who can lead such customers’ businesses or the like to the next generation, thereby enabling a sustainable future for our customers and the local community. By connecting customers with global investment opportunities, we can also bring them a fulfilling and secure future. Each of these connections may be small by itself, but many of them together can produce a surging momentum like Japan’s mighty Tone River to bring an enriching future to local communities.

Spinning the threads of the future for local communities

By “local communities,” we do not refer only to Gunma Prefecture where our headquarters is located, but also all the regions, companies, people, and other stakeholders within our network.

We aim to utilize our strengths in “Connections” to create a future that is not only economically enriching, but that also brings about a sustainable society through the preservation of the global environment and efforts to tackle social issues including an aging and shrinking population.

Threads are spun using fibers from silkworm cocoons,

and the home of our headquarters in Gunma Prefecture is a central location within the development of the fiber industry, including the Tomioka Silk Mill, a World Heritage Site.

We use the phrase “spinning threads” in our Purpose to signify our desire to create an enriching future for the local community while cherishing and respecting its history.

The Gunma Bank Group will use its strengths in “Connections” to spin the threads of an enriching future while working with everyone in the local community.

Goal of Establishing the Purpose

Sharing of Decision Axes

By stating the meaning of our existence in society in the Purpose, the Group is able to share the decision axes of the Group and its executives and employees, allowing it to respond to change.

Increasing Individual Job Satisfaction

With jobs at the Bank becoming increasingly diverse and complex, clarifying the “Why?” behind each job to the employee performing it will lead to higher job satisfaction.

Empathizing with Stakeholders

Through the active outward dissemination and embodiment of the Purpose, we will be able to engage in business activities with higher empathy for and stronger relationships of trust with stakeholders such as our customers, regional community, shareholders, and executives and employees.

Steps to Purpose-based Management

[Establishment] November 2021

- When considering the Purpose, we solicited and received 755 opinions from Group executives and employees regarding (1) through (3).
 - Essential strengths of the Group
 - Expectations from society
 - The meaning of the Group’s existence
- After repeated discussions based on these opinions, we decided on the Purpose after more than six months of consideration.
- It was announced to all executives and employees by the President in a video.

[Instillment] November 2021 and Beyond

- Individuals
 - Each executive and employee was asked to establish a “Personal Purpose” based on the Purpose.
 - Personal Purposes are shared within each department and branch to encourage mutual support of their realization.
 - Each executive and employee then sets goals based on their Personal Purpose.
- Districts, Branches
 - Regional Strategies are established based on the Purpose.
 - Each branch then sets their mid-term branch management policy based on the Purpose and Regional Strategy.
- Tools for Instilling the Purpose
 - Videos of the President explaining the Purpose to employees
 - Posters at branches and headquarters
 - Printing the Purpose on business cards, newspaper ads

[Implementation] April 2022 and Beyond

- The Mid-Term Business Plan Innovation for “Purpose” was established based on the Purpose.

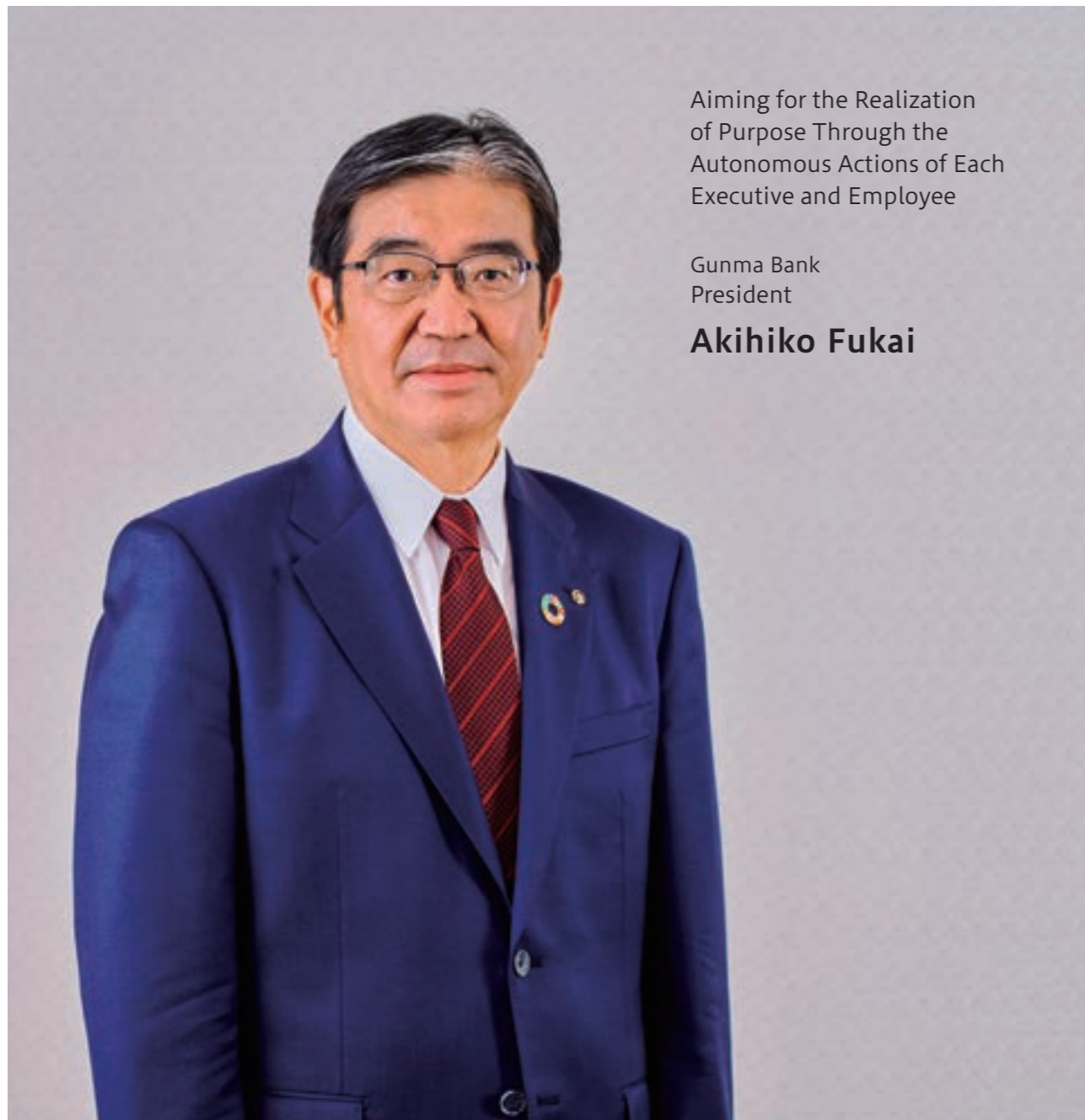
Activities (processes) aimed not only at hitting profit targets, but at achieving the KPIs in Connections (quantitative targets aimed at the realization of the Purpose) and the realization of the Purpose are evaluated and commended.



Discussion between President Fukai and young employees on the formulation of the Purpose

Becoming a Group that achieves balance between “social value” and “economic value”

Message from the President



Aiming for the Realization of Purpose Through the Autonomous Actions of Each Executive and Employee

Gunma Bank
President

Akihiko Fukai

Preface

“We use our strengths in connections to spin the threads of the future for local communities.”

The Bank established this as its Purpose in November 2021 after taking new look at the meaning for our existence. Behind this decision was the turbulent global business environment. This includes the prolonged impact of the worldwide COVID-19 pandemic. It also includes global tensions over the situation in Ukraine, and the sharp rise in the price of resources and other goods. There are also current concerns about a slowdown

in the global economy due to monetary tightening in the United States and elsewhere, as well as the negative impact of the rapid depreciation of the yen. This global situation, as well as trends such as “digitalization” and “decarbonization,” are having a significant impact on our regional communities and economies.

The Gunma Bank Group’s Purpose was born of a desire to answer the question, “In the midst of all this change, for what purpose do we exist in the community, and what impact can we make on the community?”

Impetus for Discussing Our Purpose

Impetus for Discussing

I believe the biggest impetus for starting discussions of our Purpose in January 2021 was COVID-19. I wanted to clearly stipulate the meaning of our existence and the impact we could make on the local community in the midst of the massive outside influences on the regional economy.

Throughout our decisions, I felt that the Purpose needed to be something that all of our stakeholders could empathize with. However, I felt that it was even more important that the Purpose be instilled as the cornerstone of the decisions and actions of executives and employees, and that the entire Group to engage in activities based on the Purpose. No matter how noble or beautiful a Purpose may be, it is meaningless if it remains displayed in a dust-covered frame or tucked away in the depths of a desk drawer. For that reason, we spent a great deal of time discussing our Purpose.

Discussion Process

The Bank produces a video program called “IR for employees” on which I regularly appear to tell our executives and employees about our business situation, the significance of major initiatives, and other topics. It was decided that this program would be how we explain the necessity of and solicit opinions on the Purpose. Despite it being voluntary, we received 755 opinions on topics such as the Bank’s essential strengths, what society and customers expect from the Bank, and the meaning of our existence. I carefully read all the opinions, which included a unique opinion that likened the Bank to the flow of the Tone River, as well as opinions filled with passion for the region. From these opinions, I made many discoveries. As a result of repeated discussions with younger and mid-level employees and deliberations at the Board of Directors, we arrived on “Connections” and “Spinning the Threads,” which are both emblematic of the meaning of our existence.

“Connections” represents business we have built up from the past and the business we should work on for the future. The origins of our business, which was established in 1932 as The Gunma Daido Bank, was as a financial intermediary that formed “Connections” between lenders and borrowers. This remains and will continue to be our most important role. We also felt that playing roles that go beyond finance was extremely important for the future of the region. One role is forming a “Connection” between customers and the Bank’s resources and know-how. Another is forming a “Connection” between people in the community, or between know-how and know-how.

“Spinning the Threads,” meanwhile, expresses our commitment to working with the people of the region to achieve a sustainable future for the region. It is in part a reference to the fact that Gunma Prefecture, where our head office is located, developed around its textile industry, which is best represented by the Tomioka Silk Mill, now a World Heritage Site. As such, we felt that “Spinning the Threads” was a phrase that would express



Presentation of the Purpose by President Fukai during an “IR for employees” webcast

our prefecture’s unique regional character.

Discussion of the Purpose continued until the Board of Directors meeting just before the final decision was made. At the very last minute, we added the subject “We” to the Purpose.

While it is typically rare for a Japanese corporation use the pronoun “We” in its Purpose, we made a point to include it, as we wanted each and every one of our employees to recognize that the Purpose was about them.

Instillment within the Bank

Since the completion of the Purpose in November 2021 after more than six months of work, it has become instilled within the Bank’s culture. We have heard from younger employees that the word “Connections,” and variations such as connect, are frequently heard in a variety of situations at bank branches. This is thanks in part to our selection of simple, straight-forward language for the Purpose.

Based on the Purpose, the Bank is having its 12 business districts revise their regional strategies, and our individual branches revise their mid-term branch management policies. In this way, the Purpose is being incorporated into each district and sales branch-level strategies.

In addition, in April 2022, each executive and employee was asked to establish a “Personal Purpose.” These are statements of the impact they will make on society through their duties, as well as why they perform those duties, based on the Bank’s Purpose. After each executive and employee sets a Personal Purpose, they share them with colleagues, thereby encouraging mutual support of their realization. In discussions with bank employees, we have received feedback that having thought about their Personal Purposes has made them more consider of the Purpose in their daily activities.

One outside board member advised me that, “It’s important that you talk to the executives and employees about the Purpose over and over again, like a broken tape recorder.” I intend to put this advice into practice until each and every executive and employee is able to act autonomously based on the Purpose.

Mid-Term Business Plan “Innovation for Purpose”

2022 Mid-Term Business Plan Innovation for “Purpose” (Plan period: April 2022–March 2025)

Basic policy	① Implementation of Digital Strategies as the Foundation for “Connections and Spinning the Threads”	
	② Reinforce strengths in “Connections” by five reform initiatives	③ “Spinning the Threads” of the future by exercising our strengths in “Connections”
Strategic Theme	<ul style="list-style-type: none"> Sales Process Reforms with Emphasis on Progress and Autonomy Business Process Reforms that Contribute to Increasing Productivity Channel Reforms that Adapt to Changes in the Environment and Customer Needs Innovations in human resources aimed at making the best use of creativity Reforms in Collaboration with External Parties for Improving Strengths 	<ul style="list-style-type: none"> Involvement or the like in Regional Sustainability/Initiatives for SDGs and ESGs Coronavirus-ready Support for Finance, Core Business and Succession of the Businesses Personalized Consulting Service for Each Individual Customer Exploring New Business Opportunities through the Group’s Comprehensive Capabilities and Deepening Existing Businesses Reinforcement of Our Management Structure to Consistently Demonstrate Our Strengths in “Connections”

Reinforce strengths in “Connections” by five reform initiatives in order to “deepen” and “extend (new strengths)”

Spinning the threads of the future by exercising our strengths in “Connections” in order to meet expectations from society and customers, and both apparent and inapparent needs



How we will actually go about realizing our new Purpose was stipulated in “Innovation for Purpose”, the mid-term business plan for the three-year period starting in April 2022.

Three Key Points of the New Mid-Term Business Plan

The new mid-term business plan was formulated with a particular focus on the following three points.

The first point is that the plan be centered around the Purpose. While we will continue to work on the reforms (Innovation) promoted under the previous medium-term business plan, “Innovation New Dimension,” we are concerned that if these reforms themselves become the objective over time, our perspective could narrow and the reforms could end up becoming inward-looking. Therefore, to clarify that the objective is to realize our Purpose and that

reforms (Innovation) are merely a means to that end, we decided to name the new mid-term business plan “Innovation for Purpose,” and to discuss the basic policies and strategic themes and formulate the plan based on this premise.

The second key point was that the plan be formulated from two perspectives. The first of these perspectives is forecasting, i.e., working from the past and the present based on the achievements and challenges of the previous mid-term business plan to determine what should be pursued in depth over the next three years. The second is backcasting, i.e., working backward from the “to-be future” based on the Purpose to determine what should be done in the next three years. When formulating previous mid-term business plans, we may not have done enough consideration and communication of the “to-be future.” When

formulating the Purpose, the Board of Directors had a series of discussions on the “to-be future,” which was explicitly stated the new plan. Our “to-be future” is the sustainable development of local communities and the Group. Realizing this will require exploring non-financial businesses, evolving into comprehensive regional group contributing to solving regional issues, and working on initiatives such as regional decarbonization and support for the sustainable development of local industry.

The third key point is that the plan achieve balance between “social value” and “economic value.” By “social value,” we mean the sustainable development of regional communities and customers based on Purpose. By “economic value,” we mean profits for the Bank. Without acting in alignment with the goals and needs of society and our customers, we will not be able to sustainably generate profits. If we do not sustainably generate profits, it will be difficult for us to realize our Purpose. This means that “social value” and “economic value” are inseparable. We are working to incorporate this idea into the plan and assuring that every executives and employees understand it. To symbolize this idea, we have set quantitative indicators in the plan that we call “KPIs in Connections” (see page 25). For example, we have set a target of “600 business succession issues solved in three years,” as contributing to our customers’ business succession issues will lead to the sustainability of society and, as a result, to profits for the Bank.

Quantitative targets

By achieving balance between “social value” and “economic value,” and working on “KPIs in Connections,” we aim to achieve profit on loans of 54.5 billion yen, (consolidated) revenue from corporate services of 6.5 billion yen, (consolidated) customers’ deposited financial assets of 9.0 billion yen, and consolidated core business profit (excluding gains on cancellation of investment trusts) of 45.0 billion yen (+8.1 billion yen over the fiscal year ended March 2022) for the fiscal year ending March 2025, the final fiscal year of the mid-term business plan. As a result, we hope to achieve profit attributable to owners of parent of 30.0 billion yen, the highest ever, consolidated OHR of around 55%, and consolidated ROE of at least 5%.

Three basic policies

The new mid-term business plan has three basic policies aimed at realizing the Purpose (see page 24 for the framework of the plan).

Basic policy 1 Implementation of Digital Strategies as the Foundation for “Connections and Spinning the Threads”

The digitalization of the world is accelerating, in part due to the impact of the COVID-19 pandemic. I feel that the power of digital in every field is essential to the realization of the Purpose. That is why we have made “digital strategy” our first basic policy. The Bank’s digital strategy divides our digitalization efforts into three areas.

The first is digitalization of the region through things like supporting the digitalization of small and medium companies and efforts to promote cashless payment. The second is the digitalization of customer contact points through things like the Gungin app, which was released in April 2022. The third is the digitalization of internal bank operations to improve operational efficiency and the visualize information for use in making decisions and taking action.

Advanced data utilization is essential to promoting this digital strategy. I mentioned earlier that we solicited opinions from executives and employees on the “the Bank’s essential strengths” in the process of discussing the Purpose. The most common response was our “ability to collect information.” While that information is indeed one of our strengths, I feel that we still have room to improve upon how well we leverage the information we collect. We have divided advanced data utilization into three stages; “building a data accumulation and collection infrastructure (Data Lake),” “building a digital marketing infrastructure,” and “building a data analysis infrastructure.” We aim to complete these three stages by the end of the next fiscal year.

Basic policy 2 Reinforce strengths in “Connections” by five reform initiatives

In aiming at the realization of our Purpose, I feel that it is important that we repeatedly reinforce and exercise our strengths in “Connections.” Our second basic policy is conducting reform initiatives in five areas in order to reinforce our strengths in “Connections”; Sales Process, Business Process, Channel, Human Resources, and External Collaboration. In the previous mid-term business plan, we conducted reforms in three areas; Process, Channel, and Human Resources. This time, however, Process has been divided into Sales Process, which deals with customers, and Operational Process, which deals with internal bank operations. We have also added External Collaboration, which leverages multiple alliance agreements.

Basic policy 3 “Spinning the Threads” of the future by exercising our strengths in “Connections”

Our third basic policy shows how we will exercise our strengths in “Connections” to meet expectations from society and customers. It does so from five perspectives; Region, Companies, Individuals, Group, and Bank.

Characteristics of this basic policy include the fact that, in aiming at the realization of the Purpose, we are strongly aware of sustainability in the region, that we will support customers with the impact of the COVID-19 pandemic taken into account, and that we will reinforce our search for new businesses.

Sustainability initiatives

Establishment of a Sustainability Committee

In April 2022, we established the Sustainability Committee, which I chair. Its goal is to enhance the effectiveness of sustainability measures by developing management strategies regarding sustainability issues such as climate change, the SDGs, and ESG issues from a medium- to long-term perspective. The main matters discussed by the committee include the formulation of policies related to sustainability initiatives and the progress of the plan. By issuing reports to the Board of Directors after every committee meeting, we also develop the governance structure by which the board provides oversight of important sustainability-related matters.

Decarbonization initiatives

In order to further decarbonization in the community, it is important that the Bank take the lead in reducing its greenhouse gas emissions and that we support the decarbonization of our business partners.

The Bank revised its greenhouse gas emission reduction targets in January 2022, setting a new goal of “Net Zero FY2030.” In April 2022, we switched our head office building to renewable electricity. In the future, we will aim to achieve our reduction targets by, among other things, promoting the installation of solar power generation systems at our banks.

During the current fiscal year, we will launch an “SDGs Initiative Support Service” for our business partners to help them align their core businesses with the SDGs.

Initiatives for sustainable finance

We are also actively engaged in sustainable finance, which contributes to solving environmental issues (renewable energy, energy-saving equipment, etc.) and social issues (business start-ups and succession-related issues, BCP, medical care, etc.). Through 1.5 trillion yen in cumulative sustainable financing by the year 2030, including 1.0 trillion yen in the environmental field, we will work with local customers to achieve sustainable society.

CASE-related initiatives for the prefecture's automotive industry

As a bank headquartered in Gunma Prefecture, I believe that supporting the prefecture's automotive industry, one of its key industries, is important from the perspective of the regional community's sustainability. It is expected that the decrease in the number of gasoline-powered vehicles as a result of decarbonization will change the structure of the industry. We have started full-fledged examination of what role we can play regarding this change in the mid- to long-term. We are currently deepening communication with major suppliers and developing a database. Based on this, we plan to make specific proposals and provide support to each company while also promoting cooperation with external organizations.

Alliances

In May 2018, the Bank joined the Fincross Partnership (currently) comprised of eight regional banks. In December 2020, we joined the TSUBASA Alliance, a wide-area cooperation of 10 regional banks. In December 2021, we signed the Gunma and Daishi Hokuetsu Alliance with the Daishi Hokuetsu Bank, Ltd. based in Niigata Prefecture. In January 2022, we signed the Ryomo Regional Revitalization Partnership with the Ashikaga Bank, Ltd., which based in Tochigi Prefecture.

I am sometimes asked if we need more multiple collaboration agreements. However, each of the collaborations has a different purpose, and I believe that each is indispensable to the Bank's contribution to the sustainability of the region. The Fincross Partnership and TSUBASA Alliance are alike in that they are wide-area cooperations involving regional banks from across the country. That said, the former is focused on digitalization of finance, while the TSUBASA Alliance is a wide-ranging collaboration between 10 top regional banks on a variety of shared issues. The Gunma and Daishi Hokuetsu Alliance and the Ryomo Regional Revitalization Partnership, meanwhile, are most notable for being collaborations on the sustainability of adjacent and overlapping regions. (See page 40 for more details on the initiatives.)

For example, while the digitalization goals set forth in the mid-term business plan would be difficult for the Bank to achieve on its own, we expect to be able to build better systems by combining the efforts of multiple banks. We also expect that collaboration will be effective in solving regional issues such as decarbonization. I regularly attend meetings of each of these alliances myself. In addition to such meetings between top management, there are also active meetings and information exchanges at multiple levels, including the department manager level, branch manager level, and staff level. I believe that gathering and engaging in discussions with colleagues who share a common direction of regional revitalization is extremely beneficial from the perspective of human resource development.



(Photo top)
Signing of the Gunma and
Daishi Hokuetsu Alliance
(Photo right)



Signing of the Ryomo Regional
Revitalization Partnership

Conclusion

Strengthen comprehensive human resource capabilities and specialized human resources

While I have so far focused primarily on the Purpose and the mid-term business plan, I believe the driving force to realizing them is each and every one of our executives and employees. As such, I believe it is extremely important to reinforce our human capital.

Though “Digital” is of the basic policies of the mid-term business plan, it is clear that without sufficient basic knowledge, we will not be able to fully share our customers' issues and needs when, for example, making a digitalization proposal to a small or medium company. For that reason, we aim to have 1,000 employees pass the national IT Passport examination in order to raise the level of the Bank's digital capabilities. It is now recognized that IT and digital knowledge is as much a base skill for bankers as financial and tax knowledge. I tell our executives and employees, “After acquiring these base skills as bankers, please improve yourselves and acquire the high level of expertise needed to meet the true needs of our customers.” As customers' needs become increasingly diverse and complex, organizations need both the extensive knowledge to share customers' needs and the expertise to meet those needs. Of course, one person cannot possibly master all of the necessary knowledge and expertise on their own. To handle transactions that require a high level of expertise, we have increased the number of HQ employees who have acquired specialized skills through external training and other means. We are also strengthening cooperation between Group companies and branches.

Combining the abilities of each executive and employee to realize the Purpose

In today's rapidly changing and increasingly uncertain business environment, it is extremely difficult to accurately predict the future. Of course, we formulated the plan with full consideration of the general direction the world is heading in, but it is also extremely important that we be able to respond to unexpected events. Customers' needs are changing rapidly, and our own operations are also changing in light of these needs, deregulation, and other considerations. In this context, it would be impossible to reach our goal by trying to develop homogeneous human resources and follow a predetermined path. In that case, what is our goal, and how will we aim to reach it? The Purpose is important in answering these questions. The Purpose is the goal we must share, as well as the lodestar we must follow so as to not become lost along the route (Process) towards reaching that goal. While the Purpose is a unique and singular thing to us, the process for reaching our goal is not uniform. It is important that each and every executive and employee think autonomously and flexibly about how to reach our goal. This is because driving force for the realization of Purpose is each and every one of our executives and employees. This is why we have asked all of them to take a new look at the meaning for their existence and establish a “Personal Purpose.” Each Personal Purpose is created based on three perspectives; the social perspective (being useful to society), the bank perspective (being aligned with the Purpose of the Gunma Bank Group), and the personal perspective (what the individual wants to do). I believe that if each executive and employee creates and accumulates value based on their own Personal Purpose, it will become a large current like the Tone River, the great river of the region, and eventually lead to a prosperous future for the region.

Last, I would like to express my sincere gratitude for your continued warm support.

July 2022
President

Akihiko Fukai



Message from the Director of Finance



The following is a report on the quantitative targets we have set in the new mid-term business plan (hereinafter, "New Mid-Term"). We will aim to sustainably improve our corporate value by increasing profitability and soundness and enhancing shareholder returns.

Gunma Bank
Managing Director
Takeo Uchibori

Our Performance

(1) Review of FY2021 Performance

In FY2021, the financial and economic environment was seeing a continuous recovery since the beginning of the fiscal year. However, this recovery was weakened by the emergency and quasi-emergency measures implemented in response to the COVID-19 pandemic. Despite the continuing impact of COVID-19, the economy of Gunma prefecture was basically recovering, although slowly. On the financial side, while interest rates had remained low due to Bank of Japan's strong monetary easing, the yield on 10-year government bonds was pushed above 0.2% by the rise in overseas interest rates after the start of the new year.

Given this environment, the Group was united in efforts to implement measures aimed becoming a regional financial group that responds to customer needs and delivers value through the innovation of financial services. This goal was set forth in our mid-term business plan for the three years between April 2019 and March 2022, entitled "Innovation New Dimension - Toward Delivering Value -" (hereinafter, "Last Mid-Term").

As a result, our performance in FY2021 was as follows.

Consolidated core business net income, which indicates the profits of our main businesses, increased by 6.3 billion yen YoY to 37.3 billion yen. One factor in this was an increase in net interest income due to factors such as an increase in interest and dividends on securities. Another was an increase in non-interest business income

from sources including corporate service revenues and customers' deposited financial assets. Efforts to reduce expenses were also a factor. Ordinary profit increased by 19.0 billion yen YoY to 39.1 billion yen. This was achieved despite a decrease in loss (gain) related to securities due to decreases in credit costs, retirement benefit expenses, and other expenses. Profit attributable to owners of parent, meanwhile, increased by 12.9 billion yen YoY to 26.4 billion yen.

(Unit: Hundred millions of yen)

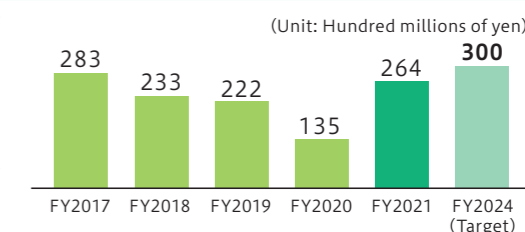
Consolidated	FY2021	YoY Change
Core business gross income (A)	925	61
Net interest income	720	47
Non-interest Business Income	205	13
Corporate service revenues	43	13
Customers' deposited financial assets	77	5
Expenses (B)	552	(2)
Core business net income (A - B)	373	63
Loss (gain) related to securities	96	(30)
Credit costs	83	(141)
Other	4	15
Ordinary profit	391	190
Extraordinary loss (income)	6	9
Income before income taxes	397	199
Total income taxes	133	70
Profit Attributable to Owners of Parent	264	129

(2) Review of Numerical Targets of Previous Mid-Term Business Plan

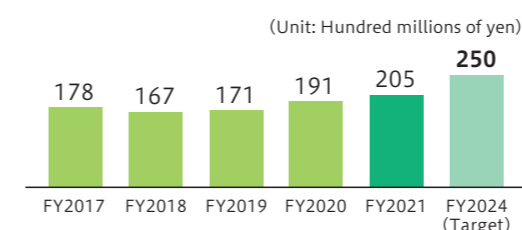
In this section, you will find a report on our performance against the quantitative targets set in the Last Mid-Term. You will also find a report on the quantitative targets set for the new mid-term business plan for the three years from April 2022 to March 2025, entitled "Innovation for "Purpose" (hereinafter, New Mid-Term).

Profit Attributable to Owners of Parent

As explained in the previous section, profit attributable to owners of parent increased by 12.9 billion yen YoY to 26.4 billion yen due to the strong core business performance, low credit costs, and other factors. This is our third ever highest profit levels. As a result, we were able to achieve our Last Mid-Term target of 24.0 billion yen. With the New Mid-Term, we will aim for even greater heights by setting a target of 30.0 billion yen for the final fiscal year of the plan (FY2024).



Non-interest Business Income

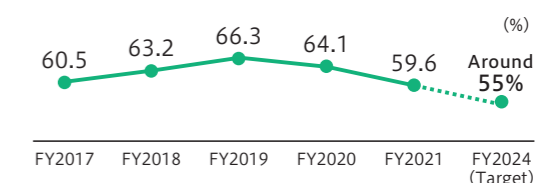


Non-interest business income = Total of fees and commissions and other business income (excluding bonds-related gains (losses))

Non-interest business income increased by 1.3 billion yen YoY to 20.5 billion yen. Factors in this include the strengthening of business succession supports, inheritance-related services, and wealth management services such as customers' deposited financial assets. As a result, we were able to achieve the Last Mid-Term target of 20.0 billion yen. In the three years of the Last Mid-Term, non-interest business income increased by 3.8 billion yen. As such, we recognize that we were able to steadily transform our profit structure in this low interest rates. With the New Mid-Term, we will aim to deepen our consulting business and enhance our digital strategy in an effort to increase non-interest business income towards achieving a quantitative target of 25.0 billion yen.

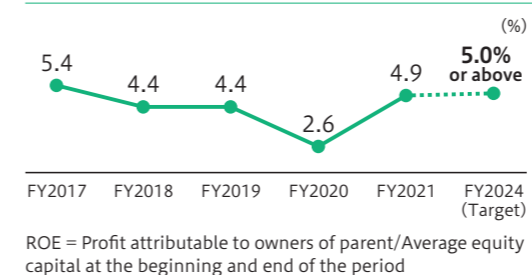
OHR

Our overhead ratio (OHR), which indicates our operational efficiency, improved by 4.5 points YoY to 59.6%. This was due to an increase in core business gross income due to increases in net interest income and non-interest business income, as well as the effects of expense reductions. This fell 5.4 points below the Last Mid-Term goal of "around 65%," showing that our operational efficiency is steadily improving. In the New Mid-Term, we will accelerate operational efficiency improvements and build a lean organization by aiming for a goal of "Around 55%."



OHR = Expenses/Core business gross income

ROE

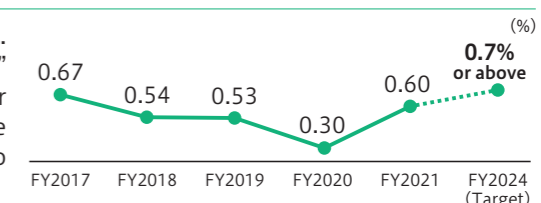


ROE = Profit attributable to owners of parent/Average equity capital at the beginning and end of the period

Our return on equity (ROE), which indicates our capital efficiency, increased by 2.3 points YoY to 4.9%. This was due in part to an increase in profit attributable to owners of parent. With the Last Mid-Term, we set a long-term target of "ROE of 5.0% or above." With the New Mid-Term, we also set "ROE of 5.0% or above" as a three-year target. We hope to consistently maintain an ROE of 5.0% or above by developing an appropriate capital policy while also maintaining high profit levels.

RORA

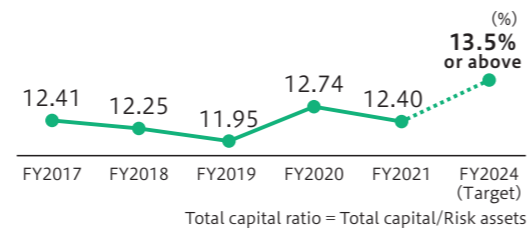
Our return on risk assets (RORA) increased by 0.3 points YoY to 0.6%. As a result, we surpassed the Last Mid-Term goal of "0.5% or above" by 0.1 points. With the New Mid-Term, we will set a goal of "0.7% or above," striving to increase RORA by continuing to take appropriate risks using the Risk Appetite Framework and promoting initiatives to improve the profitability of customers.



RORA = Profit attributable to owners of parent/Risk assets

Total Capital Ratio

Our total capital ratio decreased by 0.34 points to YoY 12.40% due mainly to a decrease in valuation difference on available-for-sale securities. We were able to maintain high soundness by holding to our target of “the 12% level.” With the New Mid-Term, we will aim for a target of “13.5% or above,” striving to strengthen our financial base while reducing cross shareholdings.



(3) Projections for FY2022

The projection for FY2022, the first fiscal year of the New Mid-Term, is as follows. Consolidated core business net income is projected to be 37.3 billion yen, the same level as FY2021. While we project a decrease in net interest income due to factors such as increased

redemption of domestic high-yield bonds and financing expenses, we hope to further increase non-interest business income and reduce expenses. We also project that profit attributable to owners of parent will increase by 600 million yen YoY to 27.0 billion yen.

Shareholder Returns

(1) Shareholder Returns

In May 2022, we changed our shareholder return policy. As shown on the right, begging from FY2022, we changed the profit that is basis for shareholder returns from non-consolidated net income to profit attributable to owners of parent. Compared to the previous policy, the product of the difference between consolidated and non-consolidated profits multiplied by 40% will be added to the return. With the plan for FY2022, we project that profit attributable to owners of parent will be 27.0 billion yen, and non-consolidated net income will be 23.5 billion yen. As such, the amount of around 1.4 billion yen, the product of the difference between these two profits (3.5 billion yen) multiplied by 40%, will be added on top of the return, unlike the previous policy.

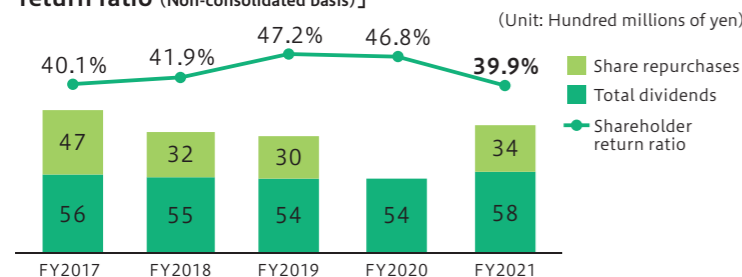
We have also weighted dividends. While FY2021

dividends were set to 14 yen (7 yen interim and 7 yen year-end), a YoY increase of 1 yen, we plan to further increase dividends for FY2022 by 2 yen to 16 yen (8 yen interim and 8 yen year-end). We will continue to strive to increase our equity capita while aiming to expand shareholder returns.

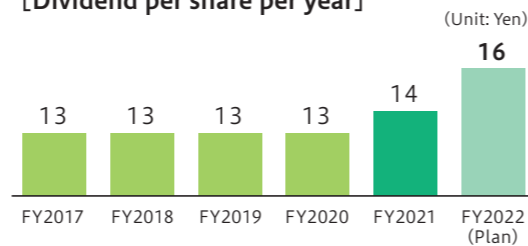
Shareholder return policy for FY2022 and beyond

As a regional financial institution, we will strive to increase our equity capital and expand shareholder returns by balancing profitability, investment for growth, and other considerations. Specifically, we will aim for a shareholder return ratio of 40% of profit attributable to owners of parent through a combination of stable dividends and repurchases of treasury shares.

[Total dividends/share repurchases/shareholder return ratio (Non-consolidated basis)]



[Dividend per share per year]



(2) Shareholder Benefits Program

The Bank has a shareholder benefits program through which we offer shareholders complimentary local specialty items. The catalog includes many local specialties such as foods and crafts and products from our local business partners, and is especially popular with our individual shareholders. Since the end of FY2018, we have introduced the “Donation Course” that contributes to achieving the Sustainable Development Goals (SDGs). From the end of FY2020, we introduced the “Shareholder Benefits TSUBASA Alliance Joint Plan” where shareholders can select from other local specialty items from the joint catalogs of banks participating in

the TSUBASA Alliance. We will continue to strive to enhance our shareholder benefits.

«Shareholder benefits program (shareholder registration as of March 31)» (Local specialties, etc.)

1,000 shares or more and less than 5,000 shares Equivalent to 2,500 yen
 5,000 shares or more and less than 10,000 shares Equivalent to 4,000 yen
 10,000 shares or more Equivalent to 6,000 yen

SDGs and ESG Initiatives

Key measures of the New Mid-Term include SDGs and ESG initiatives such as proactive involvement in regional sustainability. Specifically, we have set our own greenhouse gas emission reduction target of “Net Zero FY2030” and will take the lead in tackling related issues. We will also support local decarbonization through, among other things, the introduction of SDGs initiatives support services. The Bank’s FY2021 greenhouse gas emissions were 10,256 tons of CO₂. This is a 3.7% YoY reduction and a 8.5% reduction from FY2013, the base year used for reduction targets used in Japan.

The Group has also set mid- to long-term finance targets in order to further initiatives within the Group aimed at achieving the SDGs by solving environmental, social, and other issues. Specifically, we will aim for cumulative sustainable financing targets of 500 billion yen (including 300 billion in the environmental

field) by FY2024, the final year of the New Mid-Term, and 1.5 trillion yen (including 1.0 trillion yen in the environmental field) by FY2030.

In addition to this, the Bank will issue ESG bonds, which limit the use of funds to environmental and social purposes. In November 2019, we issued 10 billion yen in green bonds. In October 2021, we issued 10 billion yen in sustainability bonds. These were the first issuances of both types of bonds by a regional bank. The funds raised are being allocated (invested and loaned) to businesses that improve the environment or contribute to social issues. The CO₂ emissions reductions from the Investments and loan in projects such as solar and biomass power generation are equivalent to the CO₂ emissions of approximately 19,000 households (as of the end of March 2022). We believe that we are contributing to environmental improvements in the region.

Policy on Reducing Cross Shareholdings

The Bank has established a basic policy to reduce cross shareholdings where possible and only maintain cross shareholdings in the event that the significance of holding these shares for maintaining and strengthening business relationships with customers and stimulating the regional economy is acknowledged.

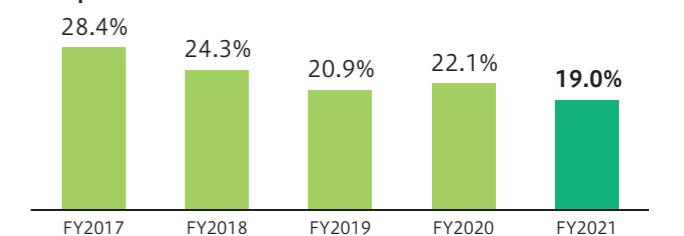
The suitability of individual cross shareholdings is comprehensively determined after an in-depth review of the medium- to long-term business relationship and economic rationality. Further, the Board of Directors regularly examines the suitability of cross shareholdings using indicators such as profits after the deduction of expenses and credit costs, RORA, etc.

Based on the aforementioned policy, the Bank is working to reducing cross shareholdings. The ratio of the balance of cross shareholdings to the total consolidated net assets has been reduced from 32.5% prior to the enactment of Japan’s Corporate Governance

Code (as of the end of FY2014) to 19.0% as of the end of FY2021.

We are currently studying the issue so that we can provide you with specific reduction targets in the future.

[Trends in balance of cross shareholdings (market value) compared to consolidated net assets]



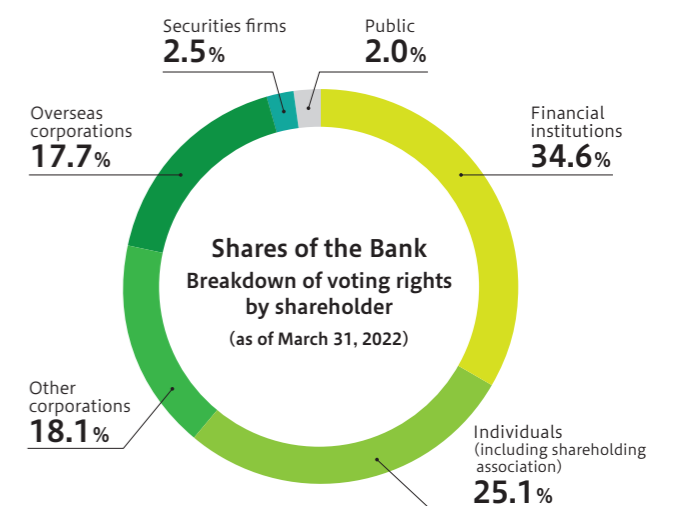
*1 Includes shares in unlisted companies and excludes shares in subsidiaries and affiliates.
 *2 RORA = (Profit After Expenses and Credit Costs + Dividends Received) ÷ Risk Assets of Borrowings and Stock

IR activities

Our IR activities include regularly holding financial briefings for institutional investors and analysts by the President, IR briefings for individual investors and overseas investors, respectively, and small meetings hosted by the directors in charge. In this way, we have set up opportunities to explain our business performance, sales strategies, etc. to the shareholders and investors and to absorb market opinions.

Further, as the portion of voting rights of shares of the Bank held by individual shareholders has increased to 25%, we are considering holding live IR webcasts for individual investors in the future.

As for overseas investors, we intended to actively communicate with them by, among other things, providing English translations of timely-disclosed information and financial results briefing materials, etc. for analysts. By doing so, we hope to enhance our corporate value.



Interview with an Outside Director



The Board Room is a Stadium for Intellectual Combat
At board meetings, we arrive at a higher level of solutions by pitting disparate opinions against each other.

Director
Kazuhito Osugi

Please see the list of executives (page 53) for Kazuhito Osugi's career history.

Q1. What do you think is your role as an Outside Director?

I am very conscious of two things in my role.

I believe that managing a business is a form of intellectual combat. Board of Directors meetings are, to coin a phrase, a stadium for this intellectual combat. There, we pit our disparate ways of thinking against each other. Metaphorically speaking, we issue intellectual challenges to the Internal Directors, who are headed by the President. German philosopher Georg Wilhelm Friedrich Hegel used the term *Aufheben* to describe the dialectic concept of integrating opposing views into a higher conclusion. Though "issuing a challenge" may be a mischaracterization, Outside Directors can deepen the discussion and reach a higher level of solution by daring to ask questions and raise issues that may be perceived negatively. That is the first thing I am conscious of.

The second thing is determining whether the top executives' are exercising their power in a sound manner. President Fukai humbly listens to the opinions of Outside Directors like myself. I also appreciate his vigorous to communicate more closely with employees, such as his establishment of forum for discussing the establishment of the Purpose with younger and mid-level employees. That said, when you are in a position of power like he is, you cannot let your guard down. Management is like politics in that you move many people with words. A major theme in political science is preventing the abuse of power. The same is true of management. I am always keeping a close eye on whether executives use of power is sound.

Q2. What are your thoughts concerning the effectiveness of the Board of Directors?

The establishment of a governance structure is a never-ending effort, so I believe that we have no choice but to steadily proceed with reforms one step at a time. In that sense, I assess that steady progress is being made with the Bank's governance structure. Last fiscal year, we revised the criteria for the Board of Directors' agenda to allow more time for discussion of major management directions and policies. The results of this were the

Purpose established last November and the Mid-Term Business Plan that started this April. I believe both were made possible by the fact that the Board of Directors was able to engage in in-depth, free, and vigorous discussions from the conceptual stage.

Starting this year, Outside Director are provided reports based on the findings of an Outside consulting firm regarding the skills and assessments of each new

candidate for Directors and Executive Officers. I think this is a major feature of the Bank's governance structure. The weakness of Outside Directors is that we do not know the employees. On the other hand, the selection of Director candidates and the appointment of Executive Officers is one of the most important responsibilities of Outside Directors, so this is the most useful information we could receive.

The three Outside Directors are a former chairman

of Subaru, the president of an IT company, and myself. As this includes one woman, the diversity of our attributes is secure. However, diversity of outside members' attributes is not the only thing that matters. Diversification is meaningless if the way we think about things in discussions, our thinking styles, our values, and our experiences are not diverse. From this perspective, as well, the Bank's Outside Directors have been diversified both nominally and substantially.

Q3. What are your thoughts concerning the Bank's sustainability initiatives?

In response to the high expectations for banks to contribute to the realization of a sustainable society, the Bank issued the Gunma Bank Group SDGs Declaration, expressed our support for the TCFD (Task Force on Climate-Related Financial Disclosures) recommendations, and established our philosophy as a bank. We are also engaged in sustainability through finance, such as the issuance of Sustainability Bonds and Sustainability Linked Loans. The Bank's commitment to sustainability is extraordinary, as evidenced by things such as its use of an "SDGs management indicators" as a KPI for performance-linked share remuneration as an incentive to encourage Internal Directors to take action.

This April, a Sustainability Committee chaired by the President was established. I believe it is very significant to have top management lead such progressive initiatives towards to a new era. For my part, I am interested in seeing how this committee will function practically in the future. I believe the key to our sustainability initiatives lies in the degree to which each and every executive and employee of the Group is aware of the importance of sustainability, and the extent they are able to translate this awareness into action. The Board of Directors is keeping a close eye on these initiatives and will give them a push on the back if necessary.

Q4. Last November, the Bank established "We use our strengths in connections to spin the threads of the future for local communities" as its Purpose. What are your thoughts concerning the Purpose?

I believe that the Bank has created a wonderful Purpose for itself that will go down in its history. There are three key points to this, as I see it. The first point is the content of the message. I think "Connections" expresses the function of finance in the most abstract and easy-to-understand terms possible. "Connections" also means that we will enhance the economic value of the Bank as it enhances the social value of the community. This is truly the righteous path for a regional bank. The second point is its memorability. Purpose is a concept that can only be realized when it is incorporated into an individual's behavior. As such, being easy to remember is important. The Bank's Purpose uses seven-and-five-syllable meter (in Japanese), which I feel gives it a rhythm that makes the phrase memorable. The third point is the process of the Purpose's enactment and realization. When establishing the Purpose, the Group solicited opinions on the Purpose from all of its executives and employees. After establishing the Purpose, it incorporated the Purpose into the setting of goals for each of them. I think it is rare to find a corporation that goes this far.

It is also important that the community understand the Purpose. If the Bank can thoroughly explain the

Purpose to local customers, it will gradually take root throughout the community, and the Bank's reputation in the community will likely increase.



History of the Gunma Bank Group

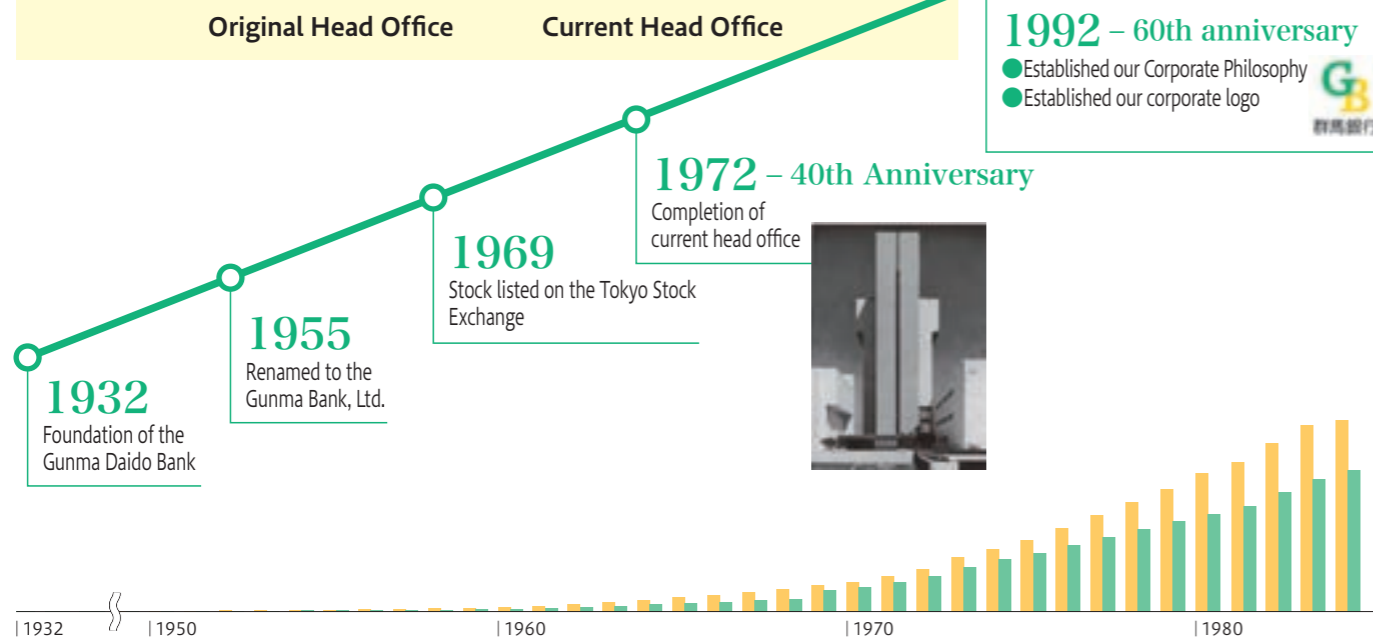
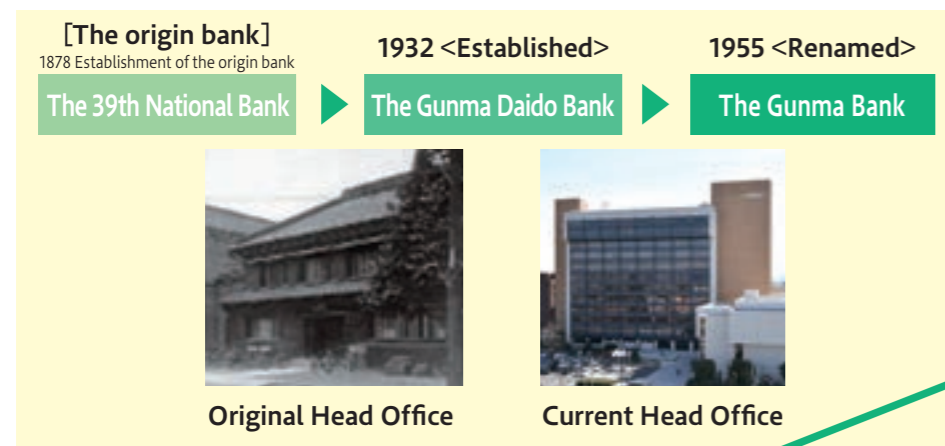
The roots of the Gunma Bank trace back to the establishment of the 39th National Bank in 1878. In 1898, the 39th National Bank became the private 39th Bank. In 1918, it merged with Jomo Commercial Bank to become the (1st) Gunma Bank. While changing its form and name throughout the Meiji and Taisho eras, it remained the largest bank in Gunma Prefecture, supplying funds to companies in the prefecture, especially in the textile industry.

In the early Showa era, banks in the prefecture were divided into three banking blocs centered on the (2nd) Gunma Bank in Maebashi, the Joshu Bank in Takasaki, and the Jomo Bank in Shibukawa, respectively. After the national government adopts a "one prefecture, one bank" policy to stabilize the country's financial system, Gunma Prefecture

established Gunma Prefecture Kinyu, Ltd. with its own capital in 1932. It merged with the Gunma Bank and Joshu Bank and changed its name to the Gunma Daido Bank. The Bank has designated November 20, the date of the shareholders' meeting at which this merger was approved, as the anniversary of its founding.

After surviving the turmoil during and after World War II, the Gunma Daido Bank was renamed to the Gunma Bank in 1955. The current head office was completed in 1972, the 40th anniversary of the Bank's founding.

In 2022, the Bank will celebrate its 90th anniversary. In November 2021, we established our new Purpose. Through business activities based on this Purpose, we will endeavor to realize a sustainable society and create economic value.



Established and invested in Group companies

- Feb. 1971 Gunma Chuo Kogyo Co., Ltd. Transportation of goods, maintenance of automated teller machines (ATM)
- Oct. 1973 Gungin Lease Co., Ltd. Leasing
- Mar. 1982 The Gungin Card Co., Ltd. Credit cards
- Sep. 1983 Gunma Shinyo Hosyo Co., Ltd. Loan guarantee business
- Jul. 1986 Gungin System Service Co., Ltd. System development and sales

- Feb. 2016 Gungin Securities Co., Ltd. Securities dealing
- Jul. 2016 (capital participation) Sky Ocean Asset Management Co., Ltd. Asset management
- Apr. 2018 Gungin Consulting Co., Ltd. Customer consulting services
- Jun. 2018 FinX DIGITAL Co., Ltd. Promotion of digitalization
- Dec. 2020 Gunma Regional Advanced Solution Partners, Co., Ltd. Fund structuring and Operation



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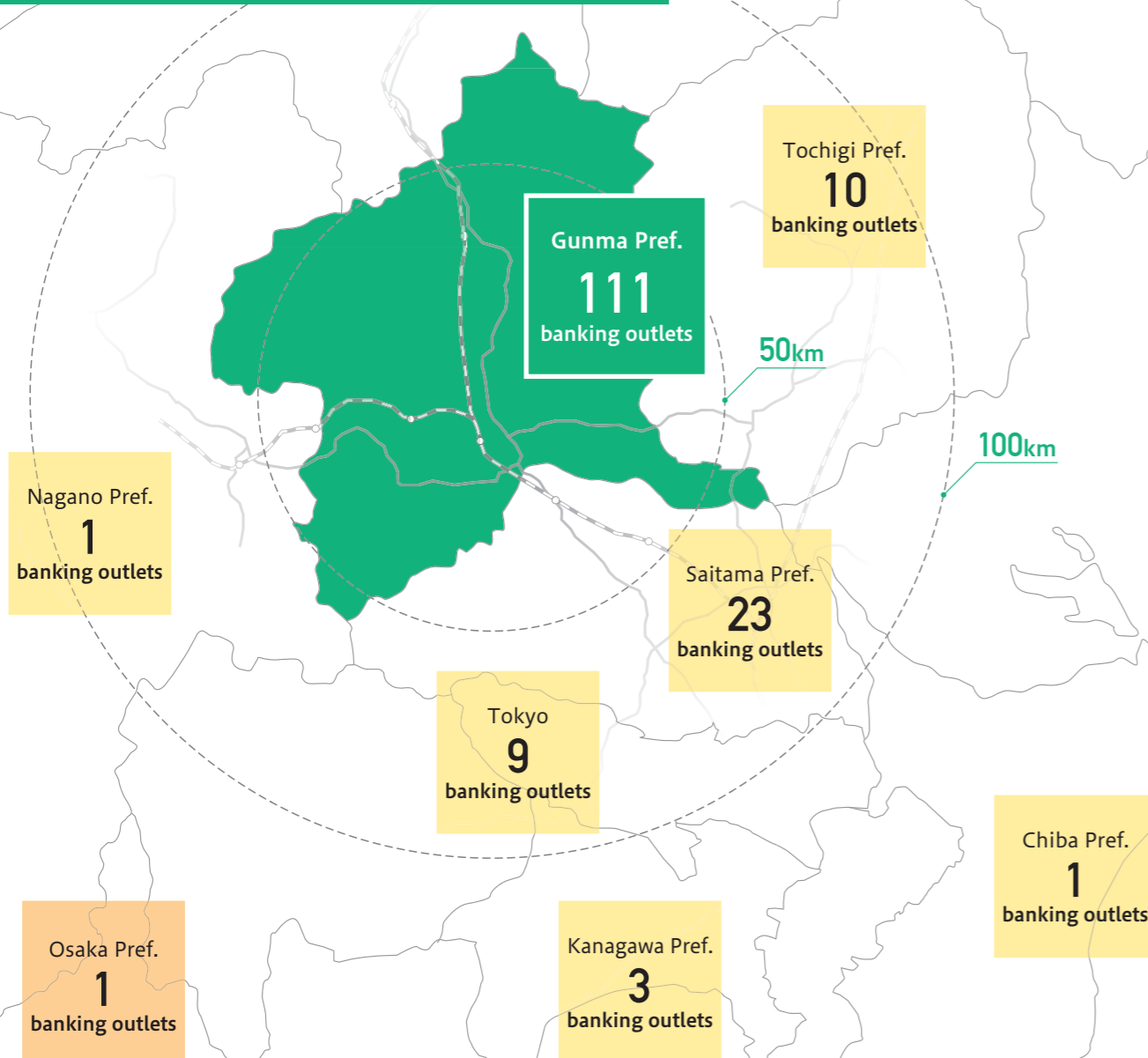
Service Areas and Present State of Gunma Prefecture

The Gunma Bank Group operates in a wide service area that extends to the greater Tokyo area but is centered on Gunma Prefecture. Our share in Gunma is more than 30%, and we have provided services to many customers as a leading bank in the region. Gunma Prefecture, the main area of the Gunma Bank Group, is located in the northern part of the Kanto region. Because of its location in the center of Japan, the region has long flourished as a major transportation hub. Today, the prefecture allows easy access to the Tokyo metropolitan area thanks to a well-developed transportation system including the Shinkansen and expressways. It also notable for its stable climate and for few natural disasters such as earthquakes and floods. Other attractions include its rich natural setting, especially Oze National Park and the Three Mountains of Jomo, as well as abundant tourism resources such as its famous hot springs and World Heritage sites.

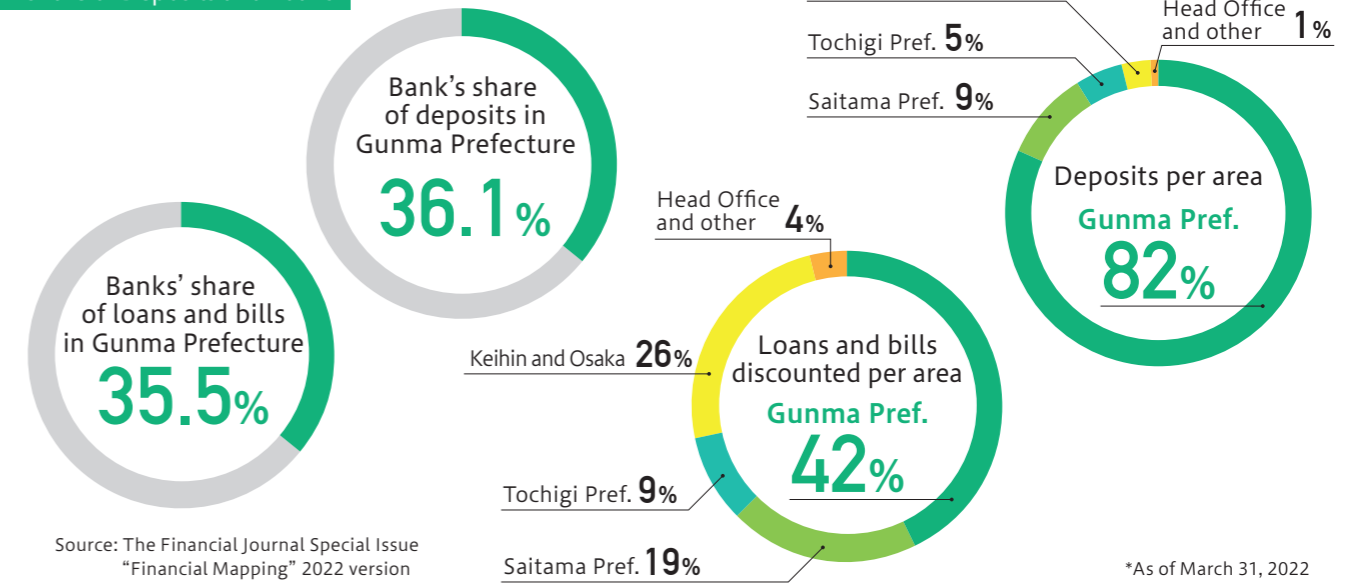
Oze National Park

A network of banks across Kanto and excellent access to Greater Tokyo

(As of June 30, 2022)

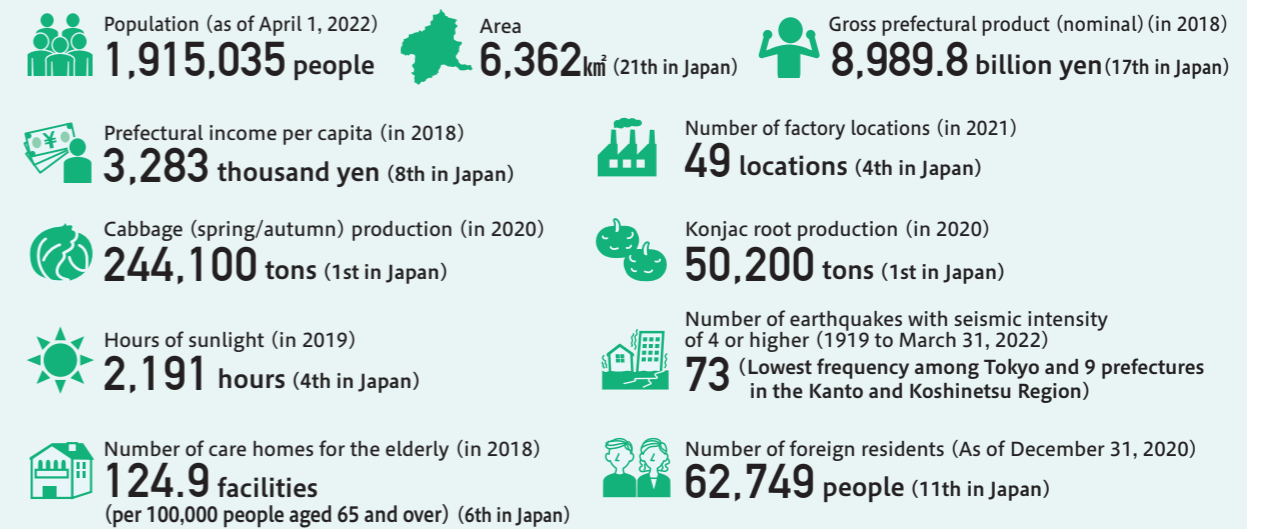


Share of Deposits and Loans



Source: The Financial Journal Special Issue "Financial Mapping" 2022 version

Key Data of Gunma Prefecture



*Source: "Statistics concerning Gunma's characteristics" posted on the Gunma prefectural government's website

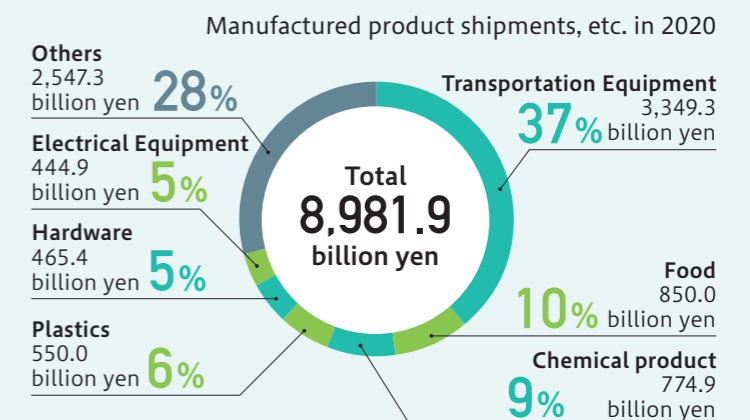
*Source: "IR news on local bonds" released by the Gunma prefectural government in October 2020

*Source: "2021 Survey of Factory Location Trends" by METI

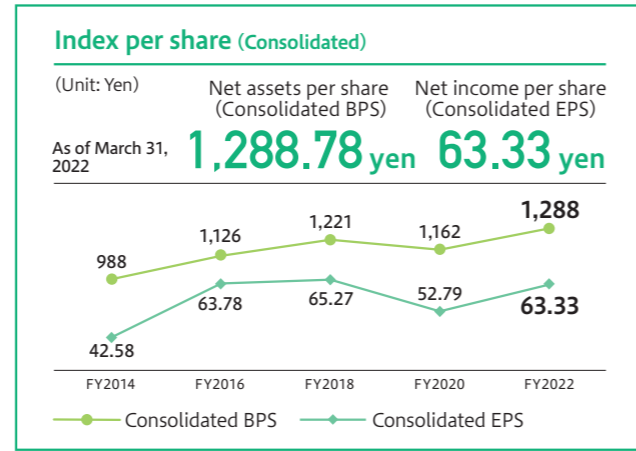
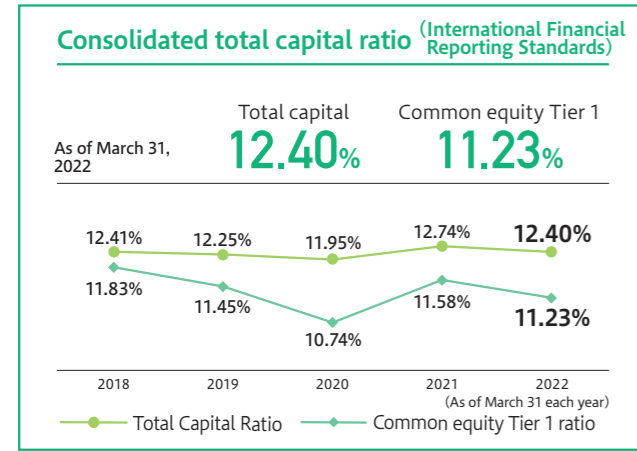
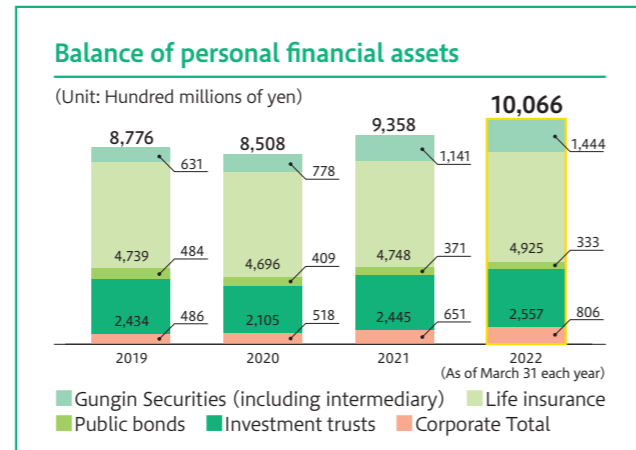
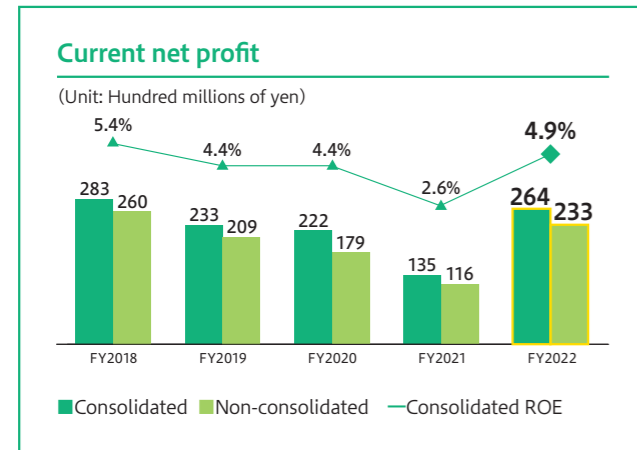
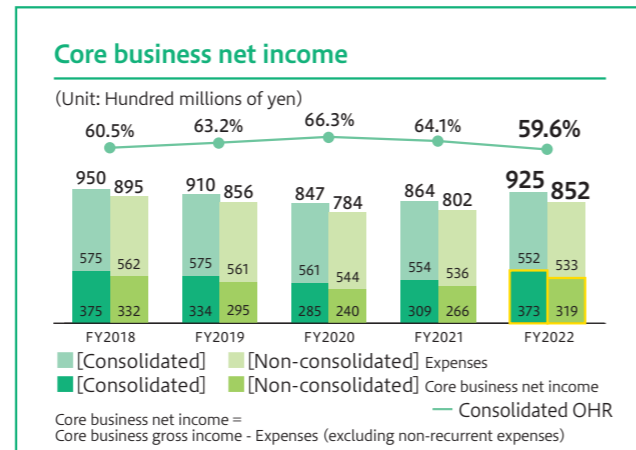
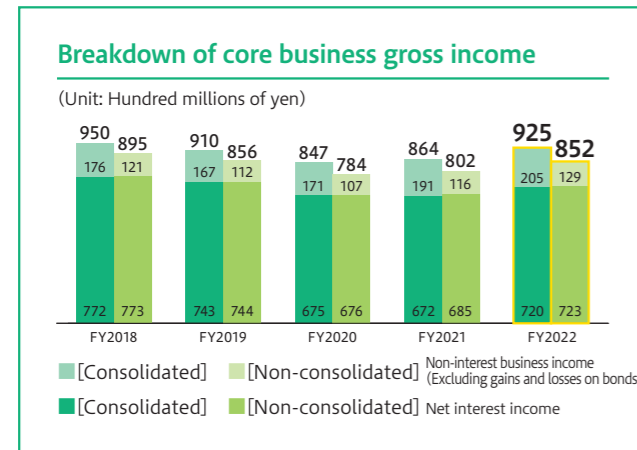
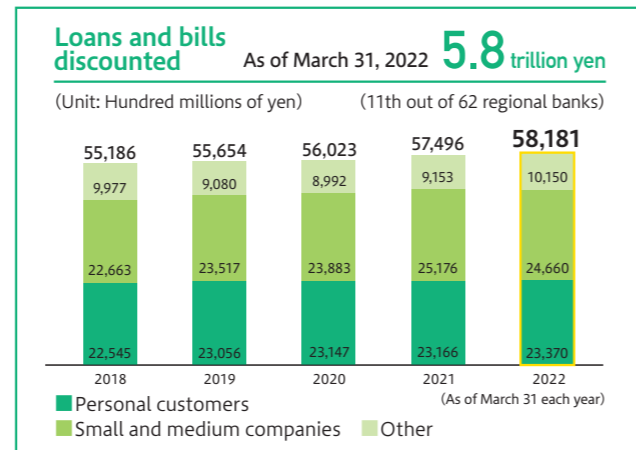
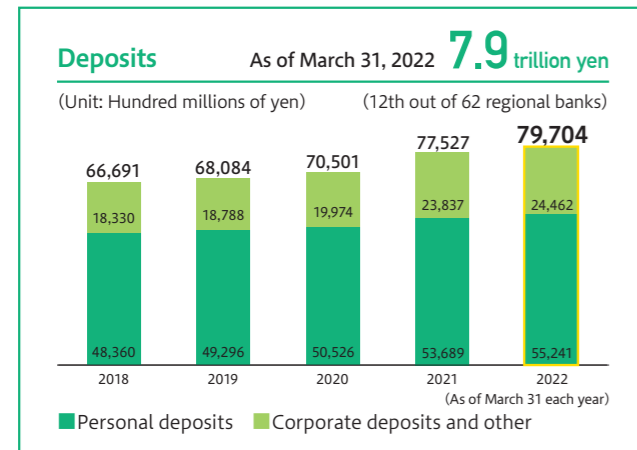
Manufacturing Industry Serving as an Engine for Gunma's Economy

Gunma Prefecture has a thriving manufacturing industry mainly in the automobile and food sectors. Gunma ranks first in Japan in the value of shipments of car bodies, coffee drinks, financial terminals, and tofu. It is home to 4,480 manufacturing facilities, making it 16th in the nation.

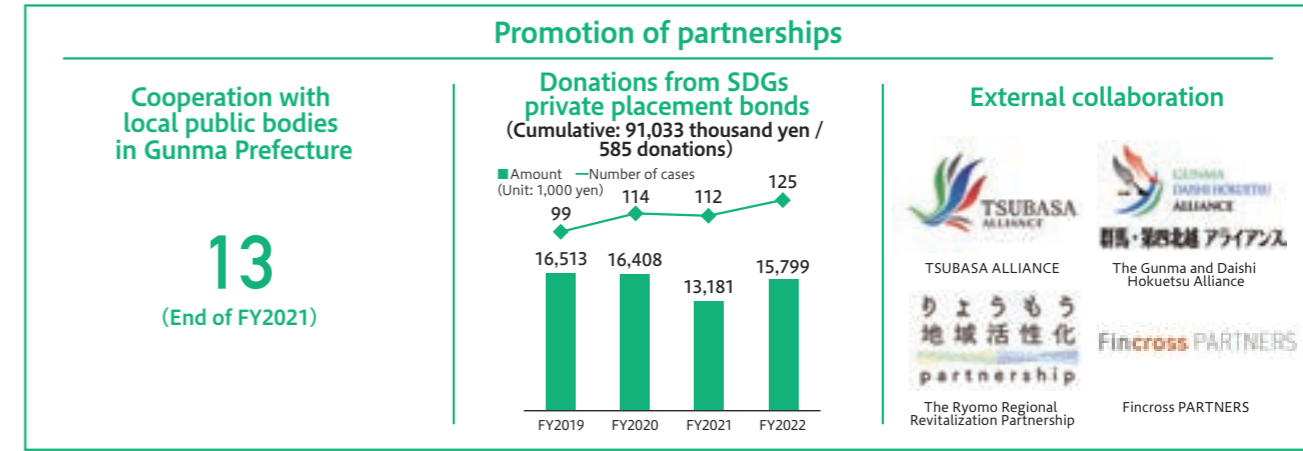
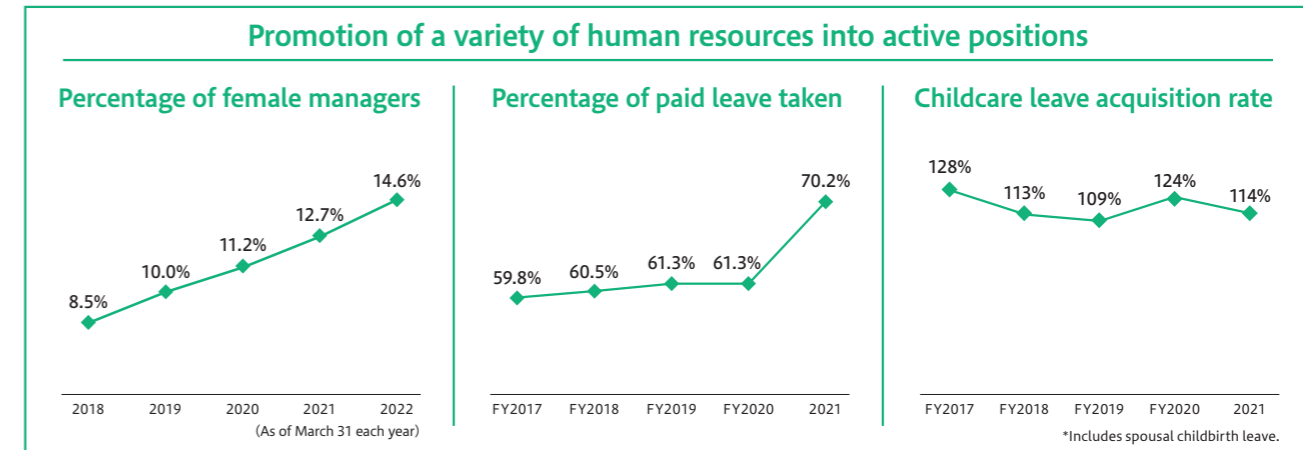
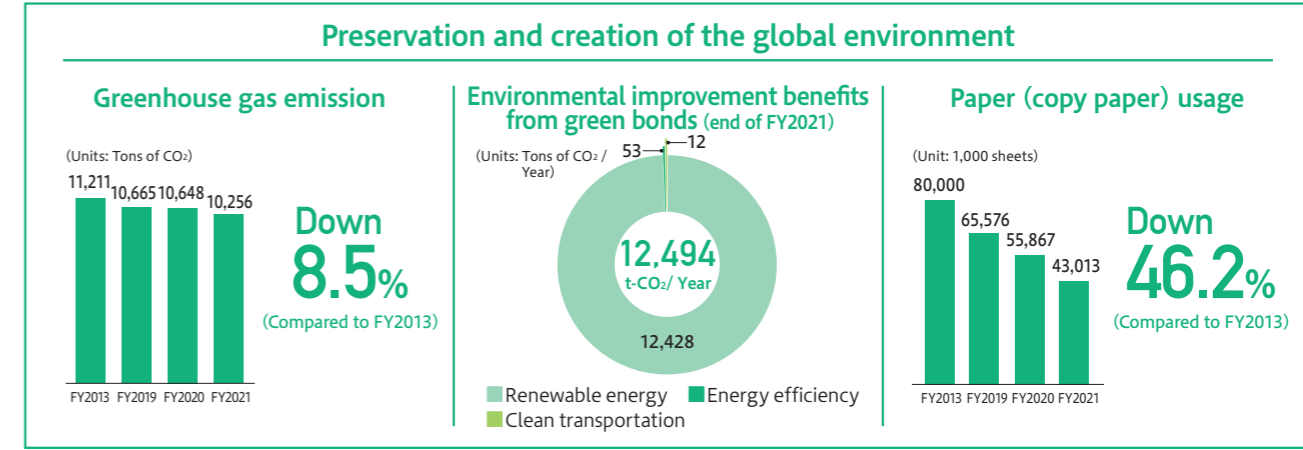
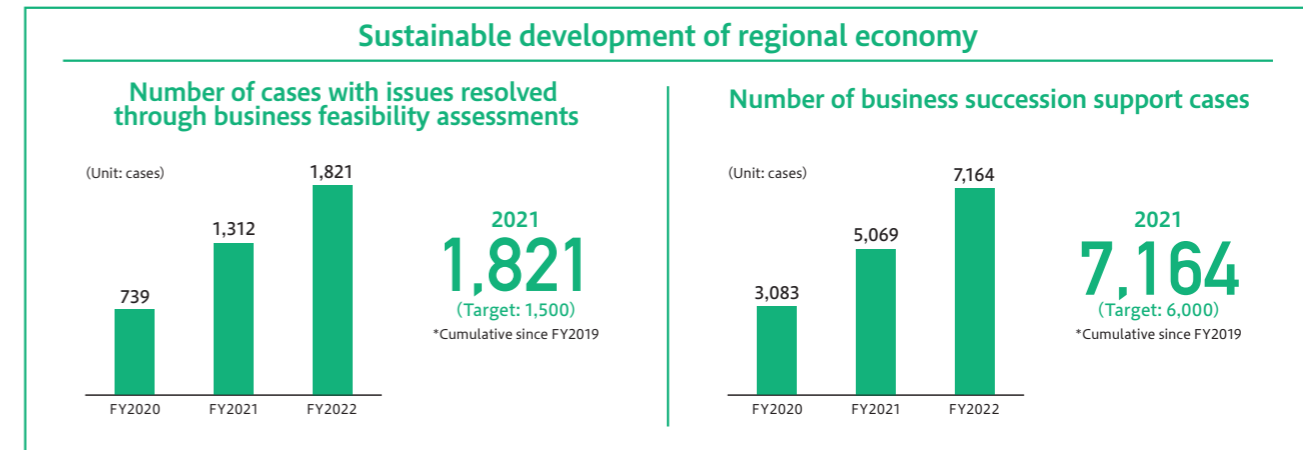
*Source: "Financial State of Gunma Prefecture"



Financial Information Highlights



Non-Financial Information Highlights



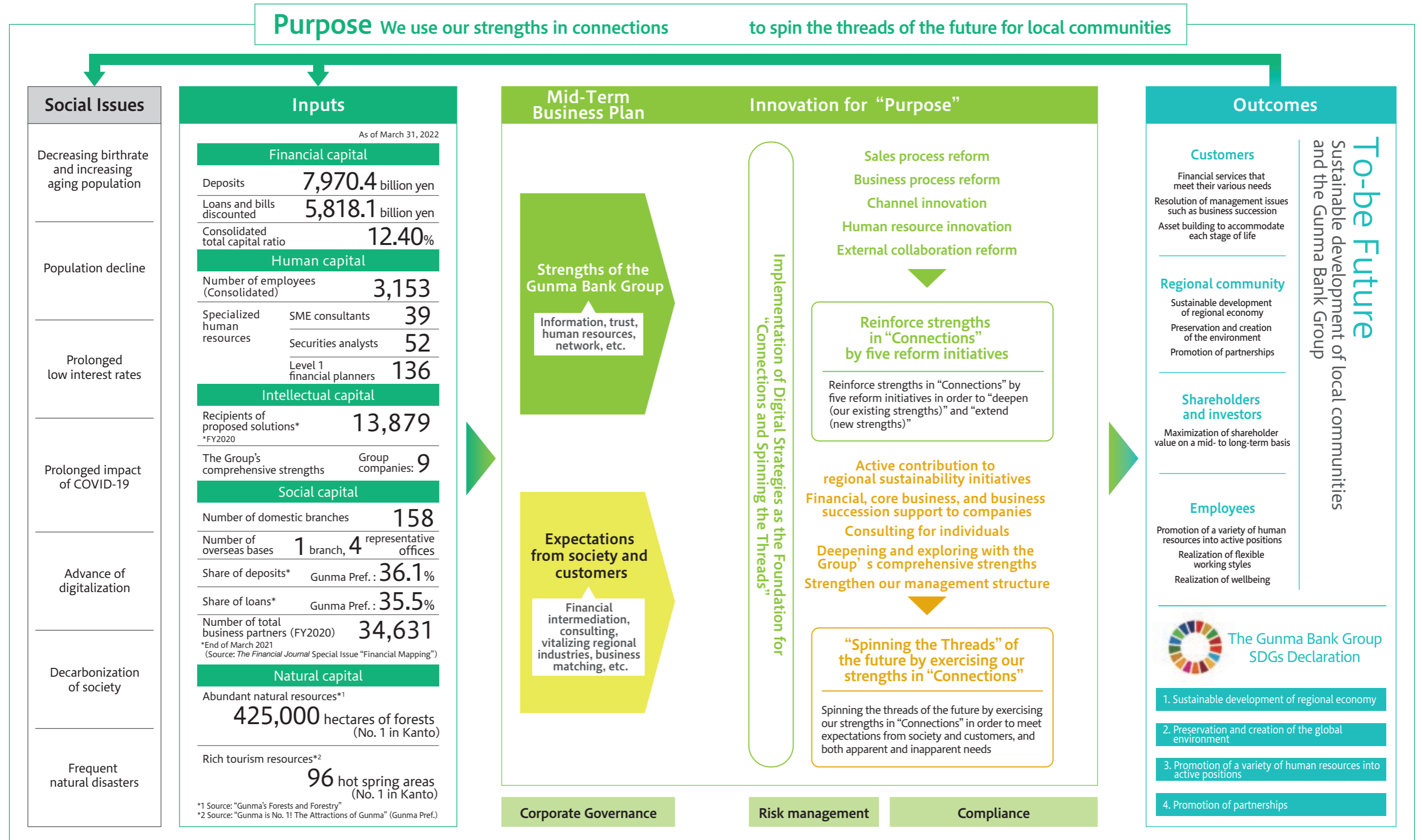
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2 Strategy for Realizing Our Purpose

Through business activities based on our Purpose, the Gunma Bank Group endeavors to realize a sustainable society and create economic value by providing value to the stakeholders including customers, regional communities, shareholders, investors, and employees.

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

Value Creation Process at the Gunma Bank



Mid-Term Business Plan

Mid-Term Business Plan “Innovation for Purpose”

We started a new mid-term business plan for the three years from April 2022 to March 2025, entitled “Innovation for Purpose.” The New Mid-Term clarifies that we will work on management based on the Purpose established in November 2021, “We use our strengths in connections to spin the threads of the future for local communities.” Its goal is to accelerate innovation, which was the goal of the Last Mid-Term.

The Gunma Bank Group will aim to achieve sustainable growth by proactively working to resolve issues faced

by society and customers (social value) and making a reasonable profit (economic value) as a result based on the Purpose.

Under the plan, we will exercise our strengths in “Connections” through investments and loans that contribute to solving social issues in areas including the environment, and through consulting services that contribute to the customer’s future. In this way, we will work to strengthen our profitability and management structure.

Basic policy	① Implementation of Digital Strategies as the Foundation for “Connections and Spinning the Threads” ...P46		
	② Reinforce strengths in “Connections” by five reform initiatives	③ “Spinning the Threads” of the future by exercising our strengths in “Connections”	
Strategic Theme	<ul style="list-style-type: none"> Sales Process Reforms with Emphasis on Progress and Autonomy — P44 Business Process Reforms that Contribute to Increasing Productivity — P44 Channel Reforms that Adapt to Changes in the Environment and Customer Needs — P45 Innovations in Human Resources aimed at Making the Best Use of Creativity — P42 Reforms in Collaboration with External Parties for Improving Strengths — P40 	<ul style="list-style-type: none"> Involvement or the like in Regional Sustainability/Initiatives for SDGs and ESGs — P27 Coronavirus-ready Support for Finance, Core Business and Succession of the Businesses — P34 Personalized Consulting Service for Each Individual Customer — P36 Exploring New Business Opportunities through the Group’s Comprehensive Capabilities and Deepening Existing Businesses — P38 Reinforcement of Our Management Structure to Consistently Demonstrate Our Strengths in “Connections” — P48 	

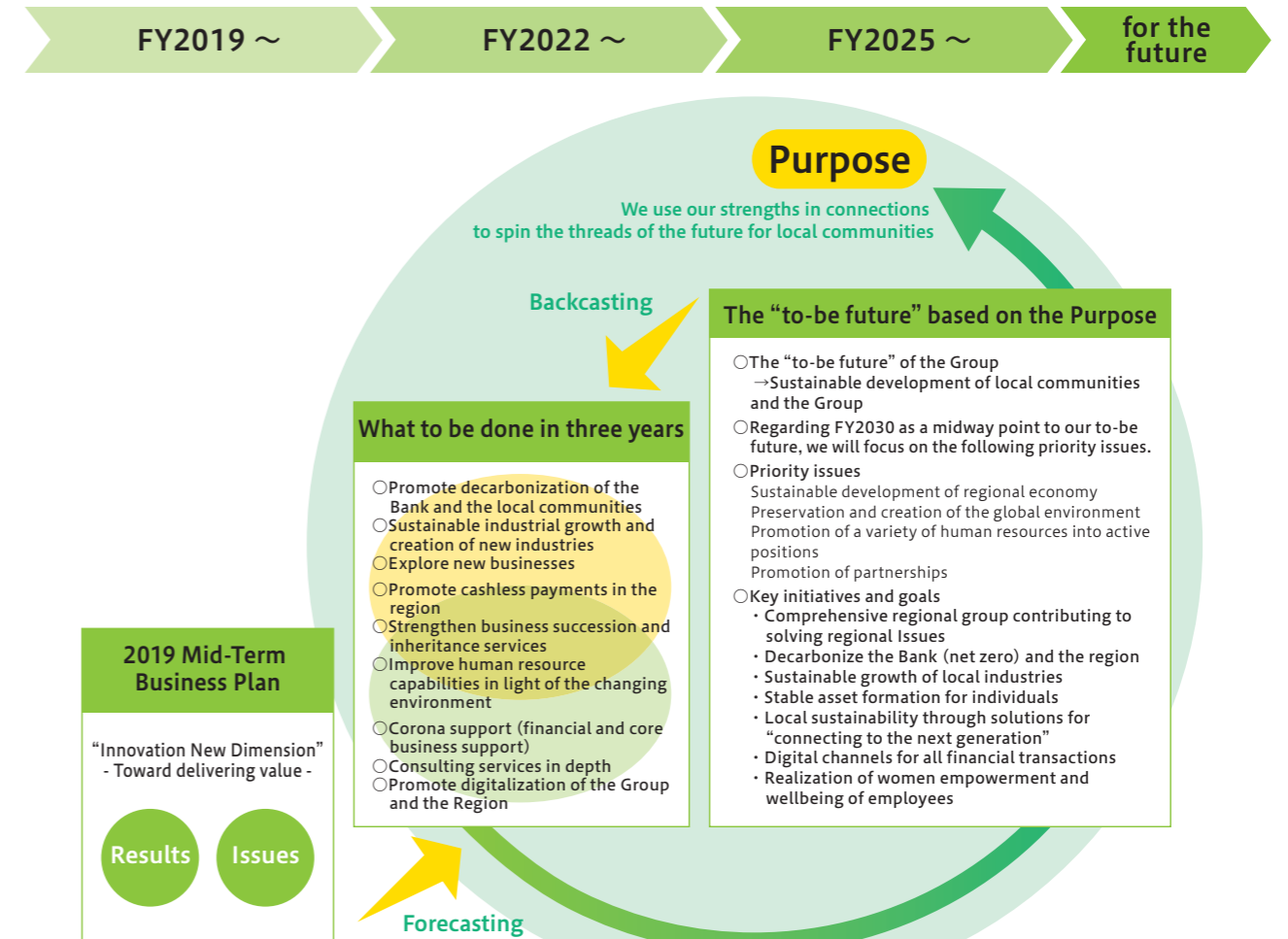
Reinforce strengths in “Connections” by five reform initiatives in order to “deepen (our existing strengths)” and “extend (new strengths)”

Spinning the threads of the future by exercising our strengths in “Connections” in order to meet expectations from society and customers, and both apparent and inapparent needs



Numerical Plan: Consolidated quantitative target as of the final fiscal year of the plan (fiscal year ending March 31, 2025)

Parameter	Target	Change from FY2021
■ Core business net income (excluding gain (loss) on cancellation of investment trusts)	45 billion yen	+ 8.1 billion yen
■ Non-interest business income	25 billion yen	+ 4.4 billion yen
■ Profit attributable to owners of parent	30 billion yen	+ 3.5 billion yen
■ Consolidated final profit	4.0 billion yen	+ 0.9 billion yen
■ RORA	0.7% or higher	+ 0.1%
■ OHR	55% or so	(4.6)%
■ ROE	5% or above	+ 0.1%
■ Total Capital Ratio	13.5% or higher	+ 1.1%



Numerical Plan (KPIs in Connections)*

KPIs in Connections	Parameter	Target
“Connect” lender and borrower	■ Amount of sustainable finance executed (three-year cumulative total)	500.0 billion yen
	■ Amount of housing loan executed (three-year cumulative total)	400.0 billion yen
	■ Balance of unsecured consumer loan (as of March 31, 2025)	75.0 billion yen
“Connect” customers	■ Number of business matching cases (cumulative for three years)	3,000 cases
“Connect” businesses and individuals	■ Number of staffing cases closed (cumulative for three years)	200 cases
	■ Balance of customers’ deposited financial assets (consolidated, as of March 31, 2025)	1,250.0 billion yen
“Connect” customers’ asset with their Future	■ Of which, investment trusts (consolidated, as of March 31, 2025)	400.0 billion yen
	■ Number of business succession issues resolved (cumulative for three years)	600 cases
“Connect” for the next generation	■ Number of contracts for inheritance-related services (cumulative for three years)	1,000 cases
	■ Profit on loans (FY2024)	54.5 billion yen
Key figures for Purpose-based sales operation	■ Corporate service revenue (FY2024, consolidated)	6.5 billion yen
	■ Customers’ deposited financial asset revenue (FY2024, consolidated)	9.0 billion yen

*KPIs in Connections are concrete quantitative targets established in order to achieve both the realization of Purpose and the Bank’s profit targets.

The Gunma Bank Group SDGs Declaration

The Gunma Bank Group SDGs Declaration, which was formulated in February 2019 and revised in April 2022, identifies four priority issues, with a focus on 10 SDGs to which the Group can make a particular contribution, based on the nature of our business and the areas in which we operate. In accordance with the declaration, the Bank is working to address social and environmental issues through its business activities.

The Group believes that working to realize our Purpose, “We use our strengths in ‘Connections’ to spin the threads of the future for local communities,” will contribute to the achievement of the SDGs and lead to the realization of a sustainable society and the creation of economic value.



The Gunma Bank Group SDGs Declaration

(GB Sustainability Policy 2030)



We are working to achieve the SDGs through our business activities that will foster the development of regional communities as well as to realize a sustainable society and create economic value.

Priority Issues	Initiative policy	Main Initiatives
Sustainable development of regional economy	<p>Along with supporting the growth of local business operators and stepping up our efforts to stimulate local economies, we support the sustainable development of local economies by providing financial services tailored to our customers' diverse needs. For the development of the next generation's leaders, we will enhance our finance and economics education with a view to boosting local residents' financial literacy. We will also work to support innovation in local industries to build sustainable infrastructure.</p>	<ul style="list-style-type: none"> ● Enhance support for start-up ● Comprehensive initiatives to address business succession issues ● Provide financial services that facilitate asset building and asset succession ● Conduct finance and economics education courses at high schools and universities ● Solving financial and infrastructure issues through the support of PFIs, etc. <div style="display: flex; justify-content: center; gap: 10px; margin-top: 5px;">     </div>
Preservation and creation of the global environment	<p>We are working to help address climate change by supporting customers who practice environmental conservation and create beautiful environments and by striving to reduce the environmental impact of our business activities.</p>	<ul style="list-style-type: none"> ● Provide standard and energy-saving loans for renewable energy ● Establishment of a fund to support the development of renewable energy ● Setting a target of net zero greenhouse gas emissions for FY2030 ● Support environmental conservation activities through the Gunma Bank Environmental Foundation <div style="display: flex; justify-content: center; gap: 10px; margin-top: 5px;">     </div>
Promotion of a variety of human resources into active positions	<p>In order to build workplaces where women, the young, seniors, and all other staff members are able to play an active part, we will strive to improve officer and employee diversity while providing the necessary training and enabling flexible working styles.</p>	<ul style="list-style-type: none"> ● L-NEXT (Team for female participation and career advancement in the workplace) and other efforts aimed at promoting women's empowerment ● Build systems and environments to facilitate flexible working styles <div style="display: flex; justify-content: center; align-items: center; margin-top: 5px;">  </div>
Promotion of partnerships	<p>Through partnerships with local public bodies, corporations, individuals, and other customers, we will work to achieve sustainable communities.</p>	<ul style="list-style-type: none"> ● Support for activities to provide education and achieve the SDGs using Gungin SDGs private placement bonds ● Work to achieve the SDGs in all communities through collaboration with local public bodies <div style="display: flex; justify-content: center; align-items: center; margin-top: 5px;">  </div>

* (NEW) : Three new SDGs-related goals were added in April 2022. We will continue to review the declaration as we accelerate our efforts to achieve the SDGs.

Environmental Policy

The Gunma Bank continues to take proactive steps to protect the environment. One example of this is working to reduce our impact on the environment based on the Gunma Bank Environmental Policy/Environment Conservation Behavior Code established and announced in May 2009. Another is supporting environmental conservation activities and environmental conservation education through the Gunma Bank Environmental Foundation. Yet another is business activities such as the selling financial products that contribute to environmental protection.

Exercise strengths in “Connections” Sustainability initiatives

Efforts to Address Climate Change

In July, 2020, the Gunma Bank announced its support for TCFD* recommendations as a means to achieve preservation and creation of the global environment, a priority issue in the Gunma Bank Group SDGs Declaration. We actively disclose information on the impact of climate change on the Bank's operations.



*Task Force on Climate-related Financial Disclosures

Governance

Governance Structure

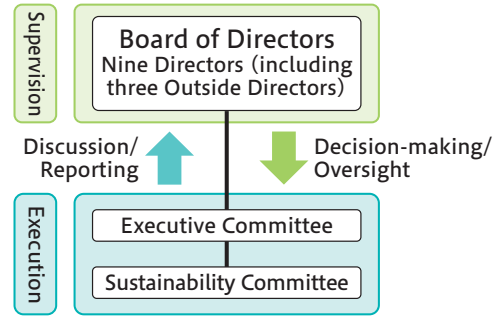
The Bank considers addressing climate change, the SDGs, ESG, and other sustainability-related initiatives as important management issues. We are developing a governance structure to provide oversight of these issues.

In April 2022, we established the Sustainability Committee chaired by the President. Its goal is to reinforce the Bank's sustainability initiatives, develop management strategies from a mid- to long-term perspective, and enhance the effectiveness of measures.

The Sustainability Committee will hold four meetings per year, in principle. The main matters it will discuss and consider include the formulation of policies related to sustainability initiatives and reports on the progress of the plan.

The matters discussed and considered at each Sustainability Committee meeting are submitted for discussion at or reported to the Executive Committee, which is the President's advisory body and discusses important business matters.

The committee will make four reports to the Board of Directors per year, in principle, allowing the Board of Directors to provide oversight. The committee submits important sustainability-related matters for discussion by the Board of Directors, which in turn makes decisions on these matters.



Performance-linked share remuneration

A performance-linked share remuneration system for inside directors was introduced in June 2019. In addition to financial evaluation indicators, the Bank has adopted non-financial indicators for this system that measure contributions towards the achievement of the SDGs, including addressing climate change. These indicators include the Bank's greenhouse gas emissions reduction rates and the amount of loans to renewable energy projects executed.

*See P51 for more on the performance-linked share remuneration system.

Strategies

Identifying climate change-related risks and opportunities

We conduct qualitative analyses of the risks (physical risks and migration risks) and opportunities of climate change on short- (three-year), mid- (10-year), and long-term (30-year) time scales.

Type	Overview (Time Scale)
Physical risk	• Damage to real estate collateral (buildings) due to flooding, etc. (short-to-long term)
	• Increased credit risk due to business stagnation caused by damage to customers' business facilities (short-to-long term)
	• Increased operating costs due to damage to the Bank's business facilities (short-to-long term)
Migration risk	• Increased credit risk due to the negative impact of tighter climate change-related regulations, taxation, etc. on customers' business performance (mid-to-long term)
	• Increased credit risk due to negative impacts on customer performance, e.g. increased migration costs of transitions to low-carbon and decarbonized products, delayed responses to changes in consumer product preferences, etc. (short-to-long term)
	• Damage to the Bank's reputation in the event it is determined we have not provided adequate disclosure (short-to-long term)
Opportunity	• Provision of new financial products and services to support the transition to a decarbonized society (short-to-long term)
	• Reduction of operating costs through resource and energy conservation at the Bank's business locations (short-to-long term)
	• Increased demand for public works projects, corporate capital investment, etc. as a countermeasure for climate change-related disasters (short-to-long term)

Scenario analysis

We estimated the increase in the Bank's credit costs due to physical and transition risks in multiple temperature range scenarios. As shown below, the results of all analyses indicate that the impact on the Bank's finances is limited.

[Scenarios Used]

Scenario	Scenario Expectations	Impact on Risk
"4°C Scenario" IPCC/RCP8.5 (4°C Scenario)	Slow adoption of regulations will lead to further global warming.	Increased physical risk expected
"2°C and Below Scenarios" IEA/NZE2050 (1.5°C Scenario) IPCC/RCP2.6 (2°C Scenario)	The regulations and technological innovations necessary to control temperature increases are adopted.	Increased migration risk expected

Physical risk

The majority of physical risk was due to natural disasters caused by climate change. As floods have a high probability of occurring in Japan, we analyzed the impact of flood damage. The analysis was based on the Intergovernmental Panel on Climate Change (IPCC) 8.5 scenario (4°C scenario). We calculated the increase in the Bank's credit costs through 2050 based on two factors estimated using hazard maps; the amount of damage to the value of real estate collateral held by the Bank, and the number of days of business stagnation for customers due to flooding.

The result of the analysis was a maximum increase in credit costs of 6.3 billion yen through 2050.

Scenario	"4°C Scenario"
Subjects of analysis	Financed small and medium companies with head offices in Japan
Content of analysis	Damage to the value of real estate (buildings and condominiums) collateral held by the Bank estimated using hazard maps/Estimated impact on credit costs of decreased customer revenue due to business stagnation
Period analyzed	Through 2050
Results of analysis	Maximum increase in credit costs through 2050: 6.3 billion yen

Migration risk

Among the sectors identified as vulnerable to climate-related financial impacts in the TCFD recommendations, the automotive sector, a key industry of the region, was selected for analysis in terms of the impact on climate change and the Bank's exposure.

In the analysis, we referred to the NZE scenario (1.5 °C scenario) and other scenarios published in "World Energy Outlook 2021" by the International Energy Agency (IEA). We also assumed that 100% of vehicles sold in 2050 will be electric vehicles. We also considered factors including the introduction of a carbon tax, cost increases due to capital investment, R&D expenses, etc., and changes in components due to the shift to electric vehicles were also taken into account. In addition, we assumed that an increase in the ratio of electric vehicles sold will have an impact on the businesses of automotive parts suppliers. We forecast the performance of suppliers grouped according to factors including the composition ratios of products handled by each company. Based on all these assumptions, considerations, etc. we calculated the increase in the Bank's credit costs through 2050.

The result of the analysis was a cumulative increase in credit costs of 4.8 billion yen through 2050.

Scenario	"2°C and Below Scenarios"
Subjects of analysis	Automobile and automotive part manufacturing industry
Content of analysis	<ul style="list-style-type: none"> Qualitative evaluation of the expected business impact on the sector [Main Business Impacts] Introduction of a carbon tax, higher GHG emissions standards (cost increases) Transition to electric vehicles (increased capital investment, impact on suppliers due to changes in components, etc.) Estimation of the impact on credit costs estimated by projecting future changes in business performance reflecting increased costs (such as the introduction of a carbon tax) based on scenarios and accounting for the results of qualitative analyses <p>*Main factors assumed</p> <ul style="list-style-type: none"> 2035: Suspension of sales of new internal combustion engine-powered (gasoline-powered) vehicles 2050: 100% sales ratio of electric and other next-generation vehicles
Period analyzed	Through 2050
Results of analysis	Cumulative increase in credit costs through 2050: 4.8 billion yen

State of carbon-related assets

Carbon-related assets accounted for approximately 0.9% of the Bank's total credit balance.

(Exposure to the energy and utilities sectors. Total of loans and bills discounted, acceptance of payment, foreign currency, private placements bonds, etc. as of the end of March 2022. Excluding water utility businesses and renewable power generation projects.)

[Reference] Percentage of carbon-related assets* based on revised October 2021 TCFD recommendations: approx. 23.5%

*The October 2021 revision of the TCFD recommendations redefines carbon-related assets as "energy," "transportation," "materials and buildings," and "agriculture, food, and forestry products." The Bank selected and compiled the industries in question based on the Bank of Japan's industry classifications.

Risk management

The Bank recognizes that the physical and migration risks arising from climate change are significant risks that could significantly impact the Bank's business operations and strategic and financial plans. The impact of the various risks identified through scenario analysis, etc. will be assessed for different categories, such as "credit risks" and "operational risks." The Bank will adopt a posture that allows it to manage such risks within the existing framework.

Based on the results of scenario analysis and other factors, we will strengthen our dialogue (engagement) with customers with the aim of addressing climate change and transitioning to a decarbonized society. Deeply understanding the challenges and needs of each of our customers and providing them with solutions will lead to the creation and better management of business opportunities.

Further, the Gunma Bank established the Environmentally and Socially Conscious Investment and Loan Policy* in June 2021 in order to help solve environmental and social issues with a regard for sustainability. The policy clearly states the Bank's stance on providing credit to sectors that have a significant impact on climate change risk, including a principle of not providing investments and loans for the construction of new coal-fired power plants.

Indicators and targets

Sustainable finance

The Group has also set mid- to long-term finance targets for the period through FY2030 in order to further initiatives aimed at achieving sustainability in the region by solving environmental, social, and other issues.

By proactively engaging in sustainable finance, we will uncover and resolve local ESG issues.

Target cumulative amount of sustainable financing*	
FY2024: 5,000 billion yen (including 300 billion yen in the environmental field)	FY2030: 1.5 trillion yen (including 1 trillion yen in the environmental field)
*Accumulated amount executed since FY2022. Sustainable finance refers to finance activities that contribute to solving environmental issues (renewable energy, energy-saving equipment, etc.) and social issues (business start-ups and succession-related issues, medical care, etc.).	

As part of our efforts to decarbonize the region, in October 2021 we established the GB Green Fund, an investment and loan fund totaling 50 billion yen to support the development of renewable energy. Through the fund, we will support the development of renewable energy and contribute to the reduction of greenhouse gas emissions. We will also promote the local production for local consumption of energy and regional revitalization through the spread of distributed power sources and other means.

Cumulative financing by the GB Green Fund	
FY2021 (October 2021-March 2022)	18.3 billion yen

Greenhouse gas emission reduction target and results

Previous targets

FY2025 Reduction of at least 23% compared to FY2013
 FY2030 Reduction of at least 26% compared to FY2013

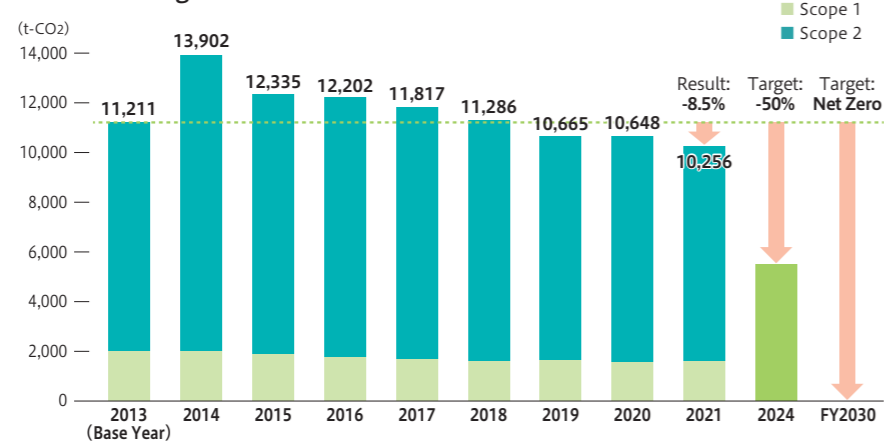
Target

FY2024 Reduction of at least 50% compared to FY2013
FY2030 Net zero

In order to contribute to the realization of a decarbonized society and the sustainable development of society by proactively working to solve local environmental issues, the Bank revised its greenhouse gas emission reduction targets in January 2022, setting a new goal of "Net Zero FY2030." Greenhouse gas emissions in FY2021 were 10,256 tons of CO₂, a reduction of 8.5% from FY2013.

Further, in April 2022, we switched our head office building to renewable electricity. As of today, greenhouse gas emissions from electricity consumption at the head office building are effectively zero. In the future, we will increase the number of banks using electricity derived from renewable energy sources. We will also increase the number of banks equipped with solar power generation systems, which are currently installed at some banks. In addition, we will introduce electric vehicles and upgrade our facilities to energy-saving ones. In these ways and others, we will further strengthen our decarbonization efforts.

[Greenhouse gas emission]



*The scope of the greenhouse gas emissions calculation is part of scope 1 and scope 2 for the Bank's domestic offices.
 *For the purpose of refinement, emissions for previous fiscal years are updated from values calculated with the base year emission factors to values calculated with the emission factors used for statutory reporting for each year.

(Unit: Tons of CO₂)

	FY2013	FY2019	FY2020	FY2021
Scope 1	2,019	1,679	1,527	1,609
Scope 2	9,192	8,986	9,121	8,647
Total	11,211	10,665	10,648	10,256

Scope 1: Direct emissions by the Bank itself (heavy oil, utility gas, gasoline, etc.)

Scope 2: Indirect emissions from the use of electricity, heat, and steam supplied by other companies (electricity, cold water, steam, etc.)

*Calculated in accordance with the periodic reports mandated by the Act on Rationalizing Energy Use. Gasoline emissions are calculated using average annual gasoline prices and emission factors.

Paper (copy paper) usage reduction targets and results

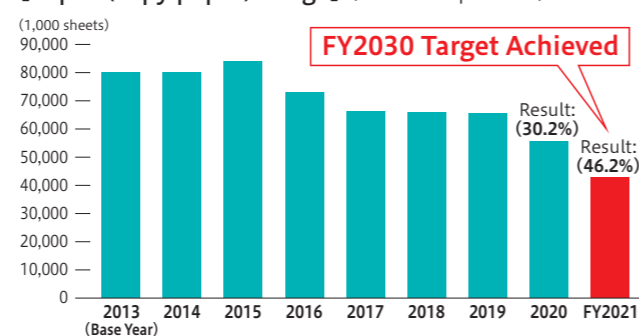
In July 2020, we established targets for reducing the amount of paper (copy paper) we use and are striving to achieve said targets. In FY2021, we achieved a 46.2% reduction compared to FY2013, well ahead of the target for FY2030.

We are currently studying the possibility of calculating Scope 3 as part of our calculations of our greenhouse gas emissions. Among these emissions, we believe that reducing the emissions from paper purchasing is a particularly important measure that is also related to the promotion of business process reform as part of our digital strategy. We will not only continue to reduce greenhouse gas emissions from paper purchasing by promoting the reduction of paper usage, but also enhance our Scope 3 measurements.

Target

FY2025 Reduction of at least 30% compared to FY2013
FY2030 Reduction of at least 40% compared to FY2013

[Paper (copy paper) usage] (A4 sheet equivalent)



[Reference] Greenhouse gas emissions from paper (copy paper) purchases in FY2021: 263 tons of CO₂

Feature Article Automotive Sector Initiatives

Rapid changes in the environment around the automotive industry

The environment surrounding the automotive industry is undergoing significant changes, including rapid progress in the electrification of cars. Suppliers in the region, too, are being forced to respond to these changes in a variety of ways. This includes offering products compatible with electric vehicles and reducing greenhouse gas emissions in their manufacturing processes. Due to the reduction in the number of parts it takes to build cars, this also includes entering new fields or changing business models.

FY2021, we have been building a database of suppliers in the prefecture and conducting interviews with individual suppliers, especially Subaru affiliates, on subjects such as their technologies, facilities, and characteristics. Moving forward, we will expand the scope of these interviews to include more suppliers. Based on the results of the interviews and other factors, we will provide mid- to long-term accompanying support tailored to each supplier, such as support for electrification and productivity improvement, working with external organizations as necessary.



Interviews conducted with branches aimed at enhancing our support system (November 2021)

Expanding the support system for business partners and providing mid- to long-term accompanying support

The Bank has striven to expand its support structure by inviting automaker alumni to help improve the sustainability of the automotive-related industry. Since

Initiatives for sustainable finance

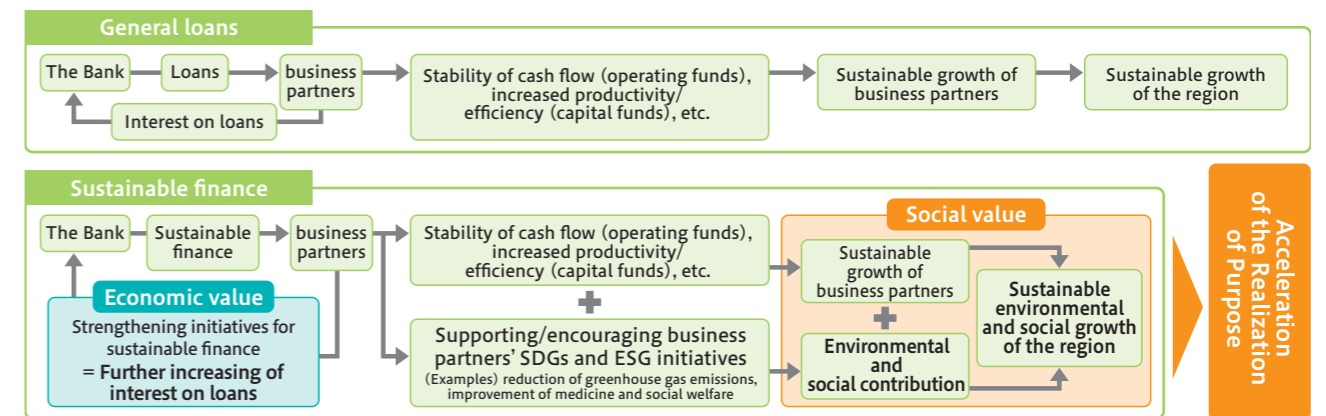
With the urgent need to address social issues such as climate change and population decline, sustainable finance, finance that provides funds and advice to help solve social problems, is becoming increasingly important. The Bank offers a variety of sustainable finance services. This includes Sustainability Linked Loans, Gungin SLLs, structured covenant loans for business successions, SDGs

Private Placement Bonds, loans for renewable energy projects, and Financing with Special Clause for Waiver in the event of Torrential Rain and Earthquake. The Bank takes appropriate actions according to each customer's phase to encourage their use of services such as these sustainable finance and our business matching services.

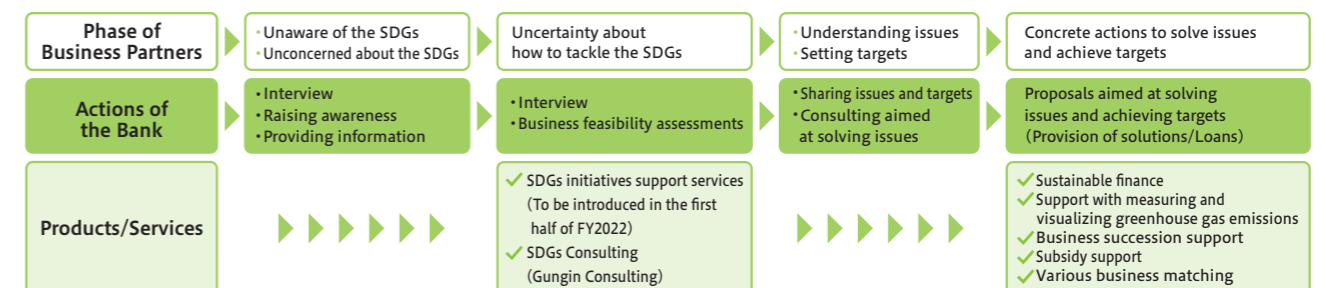
The significance of sustainable finance initiatives

Sustainable finance can make a significant environmental and social contribution and lead to the sustainable growth in the region (increase of social value). For the Bank, strengthening sustainable finance initiatives will lead to an

increase in interest on loans (increase in economic value). We believe that this increase in both social and economic value will accelerate the realization of our Purpose.



System Diagram



The Gunma Bank Group's Support for Customers' SDGs Initiatives

Raising Understanding of the SDGs and Their Necessity

SDGs initiatives support services (To be introduced in the first half of FY2022)

- Confirm current state of initiatives based on interview sheets
- Ascertain issues, etc. through dialog with business partners using feedback sheets
- Support formulation of SDGs declarations tailored to business partners' businesses
- Contributing to social trust and the improvement of employee satisfaction by declaring commitment to initiatives

Deciding on priority issues

Environment	Human Rights/Labor	Fair Business Practices Organizational Structure	Products Service	Social Contribution Regional Contribution
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Proposing Solutions that "Connect" to Solving Issues

Parameter	Main Services, Etc.	Group companies
SDGs-related Consulting	SDGs-related KPI setting, training, etc.	Gungin Consulting Co., Ltd.
Carbon-related		
Measuring and Visualizing Greenhouse Gas Emissions	Greenhouse Gas Emission Visualization Cloud Service	
Carbon Offsets	Sale of J-Credits	
Introduction of Renewable Energy Facilities	Support of installation of solar equipment, etc.	
Support for Solving Other Social Issues		
Business Succession	Support of business succession plan formulation Provision of capital funds, hands-on support	Gungin Consulting Co., Ltd. Gunma Regional Advanced Solution Partners Co., Ltd.
Hiring of High-level Human Resources	Staffing service	
BCP Consulting	Support with BCP formulation and BCP training	
Human and Labor Affairs/Training and Development	Formulation of personnel and labor regulations, training and development	Gungin Consulting Co., Ltd.
Demand Forecasting Service	Demand forecasting using weather and sales data, etc.	

Financing, Subsidies, Etc. Based on Proposed Solution

Sustainable finance	Sustainability-Linked Loans, Gungin SLLs Structured covenant loans for business successions, SDGs private placement bonds Loans for renewable energy projects Financing with Special Clause for Waiver in the event of Torrential Rain/Earthquake, etc.
Subsidy support	Support for leading decarbonization initiatives in construction and business sites Subsidies for advanced energy efficiency investment promotion and support projects Projects to reduce the prices of solar power generation equipment, etc.
Interest subsidy	Subsidy for Energy Efficiency Investments

Feature Article The Gunma Bank Group Green/Social/Sustainability Bond Framework

As a step towards achieving the SDGs, in November 2019 the Gunma Bank formulated the Green Bond Framework, which sells bonds for green projects that stand out in areas such as renewables energy, energy performance, and clean transportation, and became the first regional bank in Japan to issue green bonds. In addition, we formulated the Gunma Bank Group Green/Social/Sustainability Bond Framework in May 2021, which added social projects that contribute to solving as one of the uses of the funds. Based on the above frameworks, in October 2021, we became the first regional bank to issue a sustainability bond (amount issued: 10 billion yen).

<p>Green projects Renewable energy Energy efficiency Clean transportation Green buildings</p> 	<p>Social projects Keep and create jobs Support reconstruction and rehabilitation from disasters Support regional economy revitalization and sustainability Medical and welfare services</p> 
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	Green bonds		Sustainability Bond (Green projects)	
	Allocated funds (million yen)	CO2 Reduction (Tons CO2/Year)	Allocated funds (million yen)	CO2 Reduction (Tons CO2/Year)
Total allocated funds/reductions	9,950	12,494	2,759	23,368
Renewable energy	9,884	12,428	2,673	23,324
Solar power generation business	9,435	4,376	2,388	899
Hydroelectric power generation business	449	8,052	—	—
Biomass power generation	—	—	285	22,425
Energy efficiency	25	53	27	37
Clean transportation	40	12	58	6
Household equivalent (*1)	6,645 households		12,429 households	

(*1) Annual electricity consumption per household converted into CO2 emissions (Calculated based on MOE "Summary of FY2020 Statistical Survey on CO2 Emissions from the Household Sector (Confirmed Figures)")
(*2) Prior to third-party evaluation

Regional sustainability initiatives

Comprehensive collaborative agreement for community revitalization

Collaboration with local governments in Gunma Prefecture aimed at regional revitalization

The Bank has established a Regional Revitalization Office within the Corporate Consulting Department to work on regional revitalization, primarily in cooperation with local governments in Gunma Prefecture.

In September 2021, we signed the Comprehensive Collaboration Agreement on Regional Revitalization in Minakami Town with Minakami Town, Open House Co., Ltd., and the University of Tokyo. The four parties to this industry-academia-government-finance collaboration agreement will work together to develop the regional community in the low uplands, revitalize the regional economy, and improve services for the residents of the town.

Striving to realize the Purpose through regional revitalization

We believe that by transcending the boundaries between industrial, government, academic, and financial institutions and leveraging their strengths to address issues common to all hot spring towns in Japan, this can lead to innovative town development and the creation of tourism industries. In the future, we aim to revitalize the region by horizontally expanding this initiative to other tourist destinations in the prefecture.



Signing of the Comprehensive Collaboration Agreement on Regional Revitalization in Minakami Town (September 2021)

Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation

Creating and fostering industries that will build a future for Gunma Prefecture

In March 2021, the Bank signed the Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation. The agreement aims to create and cultivate new next-generation industries based on the technological seeds possessed by universities, companies, and other entities in Gunma Prefecture and the R&D capabilities of local companies.

Through the agreement, the Bank will work to create and foster new industries and revitalize the region through organic collaboration between industrial, government, academic, and financial institutions while leveraging the strengths of each.

Tech Planter, a support program to discover science and technology generated by universities, technical colleges, and companies, and to promote their social implementation. We support the social implementation of these technological seeds by providing accommodating support to the teams that enter the event.

Through the continuous implementation of such efforts, we aim to create the seedbed for new industries to emerge and make the region a place where business continue to be created.



Press conference on the Gunma Next-Generation Industry Creation and Cultivation Consortium (March 2021)

Implementation of the Gunma Tech Planter, which promotes the discovery and social implementation of science and technology

Since FY2021, the Bank has implemented the Gunma

Other support activities

The Gunma Bank Environmental Foundation Activities

The Gunma Bank Environmental Foundation was established with the aim of securing an environment where nature and humans can coexist in harmony and to contribute to the development of local communities. It is engaged in education and subsidy programs for environmental conservation and environmental research.

As a subsidy program, the Gunma Bank Environmental Foundation Education Award is presented annually to Gunma Prefecture elementary, junior high, and high schools that have made outstanding activities for environmental improvement and conservation. In addition, the Gunma Bank Environmental Foundation Award is presented annually to organizations that have made outstanding achievements in conservation activities and research on the natural environment. As awareness raising activities, we hold the Eco-kids Camp in Akagi-yama for elementary school students and the Environmental Expedition Group for junior high school students. (2020-2021 programs cancelled due to the COVID-19 pandemic)

Donations to Oze Preservation Foundation

We operate a natural protection fund, "Oze Kiko." "Oze Kiko" is a fund that donates part of the trust fees received by the Bank and its trustee companies to the Oze Preservation Foundation, which conducts environmental preservation activities in Oze. We also handle donations made to the foundation through the donation course of the shareholder benefits program.

<FY2021 Results>

- Donations from the "Oze Kiko" 821,364 yen (Gunma Bank and Gungin Securities Total) (cumulative total: 16,494,664 yen)
- Donations from the donation course of the shareholder benefits program 289,500 yen (cumulative total: 684,500 yen)

Maintenance Activities for Gungin Forest

In 2011, as part of our environmental conservation activities, we named a forest as the Gungin Forest based on the designation in the Prefectural Forest Maintenance Partner Project Implementation Agreement signed with Gunma Prefecture, and are working on its maintenance and conservation activities.

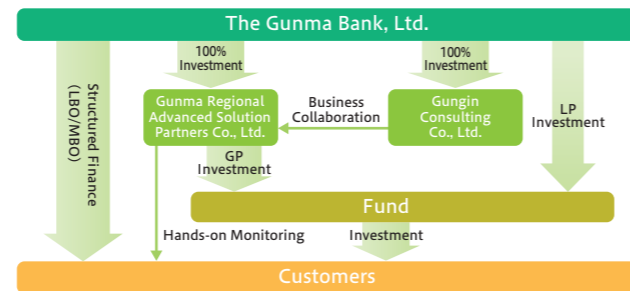
Measures for Protect Customers

Financial support

The Bank's branches and headquarters are working closely together to provide financial facilitation and business revitalization support to business partners affected by the COVID-19 pandemic and other factors.

The Bank's Credit Department Internal Review Office is playing a central role in providing support and advice to business partners regarding the formulation of business improvement plans. The Bank also collaborates with external organizations such as the Small and Medium Business Revitalization Council and external experts to enhance the effectiveness of the support we provide. We are also working with Group companies like Gungin Consulting and Gunma Regional Advanced Solution Partners to provide fundamental support for revitalization utilizing revitalization funds, capitalized borrowing, and other methods according to the business conditions of our business partners.

We also conduct problem-solving loan proposals based on business feasibility assessments, and are involved in capital investment in business restructuring, refinancing, and other related financial activities. We also offer proposals for lease-based capital investment in collaboration with Group company Gungin Lease.



Core business support

Staffing

In addition to labor shortages and difficulties in finding business successors, local companies are facing major challenges in responding to the changing business environment. We support the resolution of these management issues in terms of securing the human resources they need.

In January 2020, the Gunma Bank received licensing to act as a fee-charging employment agency, and has launched a staffing service. In April 2022, the Gunma Bank was selected by the Cabinet Office as an indirectly-subsidized service provider for the 2021 Leading Human Resource Matching Project. After ascertaining the management issues and human resource needs of our business partners, the HQ's Staffing Service team works with our affiliated staffing agencies to match our partners with human resources to fill a wide variety of positions. This includes everything from executives and managers to professional and technical staff. By doing so, the Bank helps our business partners expand their businesses and improve productivity.



Corporate Consulting Department Staffing Team

KPIs in Connections

Number of staffing cases closed (cumulative for three years)	200 cases
Number of business matching cases (cumulative for three years)	3,000 cases

Business matching

Business matching is an area where the Bank can exercise its strength in "Connections" by utilizing its information and networks.

We utilize our wide-area network of bank clients, external partners, and alliances to match the clients of other banks with solutions to business needs such as sales channel expansion and finding business partners.

The Bank has also introduced the Gungin Business Matching System to enhance our consulting sales capabilities, improve administrative efficiency, and enable more sophisticated business matching.

Subsidy support

As an organization supporting business innovation, the Bank provides useful information on subsidies as well as assistance with subsidy applications to business partners that need it.

To stimulate the latent equipment demand of our business partners, the Bank also provides useful information on interest subsidies and support with matters such as interest subsidy applications.

Support for overseas transactions

▶ See P67 for information on our overseas bases.

The Bank actively supports the overseas expansions of our business partners in collaboration with our overseas bases (one branch and four representative offices) and external partners.

The Corporate Consulting Department Overseas Trade Support Office is playing a central role in providing packages of services for business partners considering expanding overseas or looking to develop their overseas sales channels. In the case of the former, this can include providing advice on business locations as well as practical

support with things like opening local bank accounts. In the case of the latter, this can include developing lists of candidate sites and arranging business meetings.



Seminar on the latest trends in Vietnam February 22, 2022

We will spin the threads of the future by connecting the various values of the Group and the region to businesses.

Business succession support

Management issues related to the business succession of local companies will have a significant impact on local economies in terms of passing down technology, maintaining supply chains, and maintaining employment. Business succession has become a major issue with implications for the sustainability of the region.

Our HQ and sales branches cooperate to understand the business succession and M&A needs of our business partners and provide them with appropriate proposals and advice, collaborating with external partners to do so when appropriate. We are also collaborating with our alliance partners in the fields of business succession and M&As.

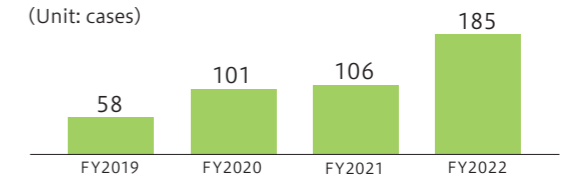
In the previous Mid-Term Business Plan, we set a quantitative target for the number of business succession support cases. In three years, we gave presentations to approximately 7,000 customers on the valuation of their company's stock. In the three years of the current Mid-Term Business Plan, we will make proposals to business partners who received these presentations on how to resolve their issues. We will work to both realize the resolution of these issues and to make the Bank more profitable.

KPIs in Connections

Number of business succession issues resolved (cumulative for three years) 600 cases

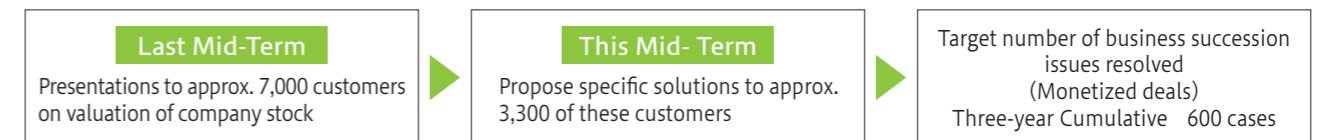
[Number of business succession issues resolved]

(Unit: cases)

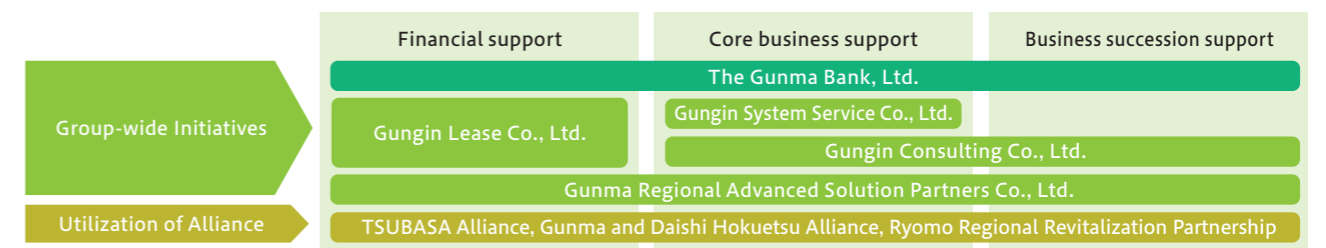


Main partners

Gungin Consulting Co., Ltd.
Deloitte Tohmatsu Tax Co.
Gunma Prefecture Business Succession Support Center
Nihon M&A Center Inc.



Demonstrate our ability to "connect" through collaboration with the Gunma Bank Group and Alliances



Feature Article Establishment of the Specialized Finance & International Department

In April 2022, the Bank established a Specialized Finance & International Department based on the International Department, as well as a Specialized Finance Office within the new department.

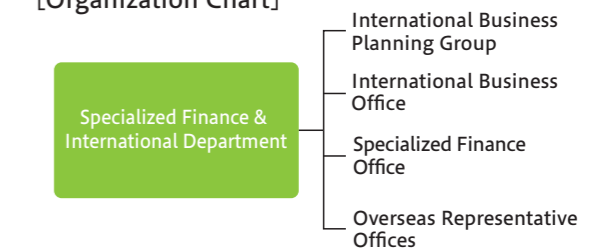
This move centralized the structured finance-related functions that were previously dispersed across multiple departments. By increasing the number of staff engaged in structured finance operations, we strengthened our ability to provide a variety of financing methods, including project finance for renewable energy and other projects, as well as leveraged buyout (LBO) finance to support business succession and M&A.

By providing structuring and lending for structured finance deals, we are able to do more than just meet the needs of customers. We are also able to actively contribute through one of our core businesses to solving local social issues such as bringing about a decarbonized society and solving the succession problem.

Main Functions of the Specialized Finance & International Department

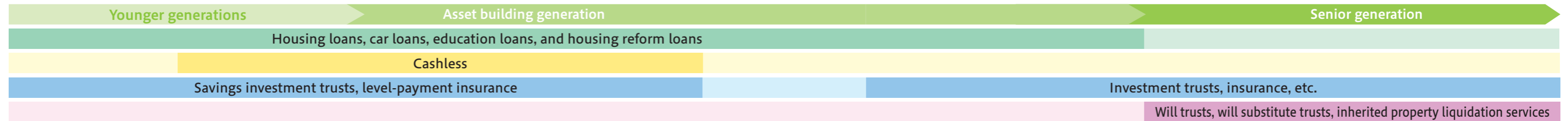
- Structured finance (Structuring and lending)
- Cross-border loans
- Management of the New York Branch and other overseas bases
- Foreign exchange business

[Organization Chart]



Measures for Individual Customers

Contribute to the prosperous future of individuals by supporting them according to their life-stage



Supporting stable asset formation for individuals

The Bank provides each individual customer with products and services according to their life events and life-stage, whether this be acquiring a home, purchasing a car, or building assets. By providing the appropriate products and services at the appropriate time and through the appropriate channels, we support customers' prosperous futures.

Lending for individual customers

The Bank is strengthening its efforts in areas such as housing loans and unsecured consumer loans to support customers in building prosperous lives. Providing combined services tailored to a customer's life plan, starting with loans, leads to lifelong business with the customer. As housing loans and unsecured consumer loans are highly profitable relative to risk, we believe this is an area in which we will aggressively pursue opportunities from the perspective of strengthening our management structure.

In order to respond to the diverse needs of customers, we are working to improve the quality of our loan products. We are also promoting digitization to increase customer convenience and improve the Bank's operational efficiency. In October 2021, we introduced an E-contract service that allows customers to complete housing loan contract procedures anywhere and anytime online. More than 90% of new housing loan contracts are now signed through the E-contract service.

Customers' deposited financial asset services

Realization of stable asset formation for customers

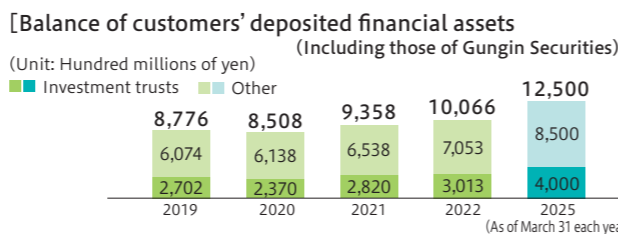
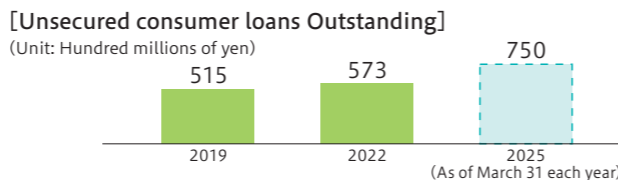
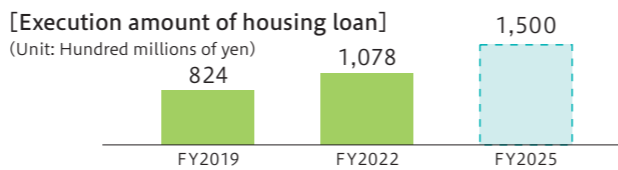
In accordance with our initiative policy on Customer-Oriented Business Conduct, the Bank proposes the diversification and accumulation of investment assets as the means to realize stable asset formation for customers. We support customers asset formation by proposing long-term, accumulated, diversified investment. This includes proposing "core-satellite management" of investment trusts, which aims to raise the overall investment efficiency of assets from a long-term perspective. It also includes savings investment trusts utilizing the "Tsumitate NISA" system, which provides long-term tax benefits. [Core/Satellite (Asset) Management]

This investment management method balances core assets, which refers to stable, diversified medium- to long-term investments, and satellite assets, which refers to investments in specific fields aimed at high returns.

Support for an era of people living to age 100

In an era of people living to age 100, many customers have concerns regarding retirement, particularly about asset formation and living expenses. To assuage those concerns, the Bank provides comprehensive consulting based on the customer's asset situation, family structure, life plan, and other factors.

KPIs in Connections	
Amount of housing loan executed (three-year cumulative total)	400.0 billion yen
Balance of unsecured consumer loan (as of March 31, 2025)	75.0 billion yen
Balance of customers' deposited financial assets (consolidated, as of March 31, 2025)	1,250.0 billion yen
Of which, investment trusts (consolidated, as of March 31, 2025)	400.0 billion yen



One of the risks that the elderly may face is the risk of longevity. The Bank supports customers in preparing for this risk with products such as investment trusts that extend the life of money through asset management, as well as whole life annuities that complement public pensions.

Collaboration with Gungin Securities

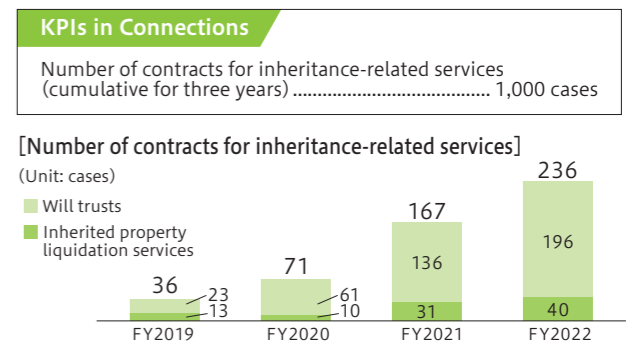
The Gunma Bank launched Gungin Securities as a fully-owned subsidiary in October 2016. It has established a Head Office Sales Department (Maebashi City) as well as four other locations (Takasaki Branch, Ota Branch, Shibukawa Representative Office, Kiryu Representative Office) in Gunma Prefecture. There, it provides a wide range of financial products and services, including stocks, bonds, and investment trusts, as well as asset management proposals.

The sales locations are located inside of branches of the Gunma Bank. Since its establishment, Gungin Securities has collaborated with the Bank to practice customer-oriented asset formation support and propose optimal financial solutions.



Support in "Connecting" to the next generation

With the increasing need to smoothly "Connect" assets to the next generation in light of the decreasing birthrate and increasing aging population, the Bank offers a variety of services such as will trusts, will substitute trusts, and inherited property liquidation services. The Wealth Management Group (see below) at our HQ has asset succession advisors who are familiar with these matters and provide consulting services that align with the wishes of customers.



Will trusts	This services covers everything from answering questions about writing a will to the storage and execution of a will.
Will substitute trusts	This service invests and manages your assets so that the necessary funds can be passed quickly to your designated family members when the time comes.
Inherited property liquidation services	This service includes the inheritance surveys and help with the preparation of inheritance partition agreements.

Expansion of Individual Consulting Plazas as a holiday sales base

The Maebashi, Takasaki, Isesaki, and East branches meet the asset management and insurance consultation needs of asset building customers who are not able to visit other branches on weekdays. Additionally, the Bank has set up a holiday-only inheritance consultation service at Individual Consulting Plaza Maebashi, where the Bank's specialists answer customers' questions.

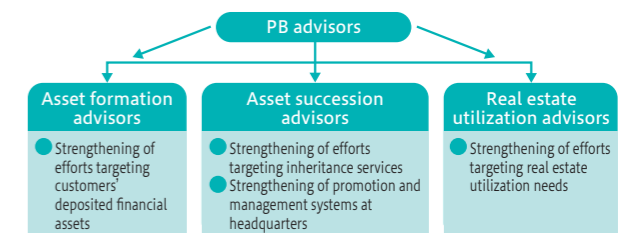


Individual Consulting Plaza Isesaki, which opened in June 2022

Feature Article Initiatives of the Wealth Management Group

The Bank established a Wealth Management Group within the Personal Consulting Department in an effort to strengthen its wealth management services. The Group is staffed with experts in fields including asset formation, asset succession, and real estate utilization, allowing it to respond to consultations on these and other matters received from customers at our sales branches.

The Wealth Management Group at our HQ and our sales branches will work together to strengthen our consulting services to resolve customer issues that are increasingly diverse and advanced.



Structure	Target segment	Direction
Private banking advisors	Upper class	Strengthening of services for the upper class and integrated personal-corporate services
Asset formation advisors	Middle - Upper Middle class	Station at branches to train branch staff and respond to customers' investment needs
Asset succession advisors	Middle - Upper Middle class	Reinforce inheritance-related operations, and strengthen proposals to real estate and corporate owners, etc.
Real estate utilization advisors	Real estate owner	Strengthen proposals for real estate utilization to owners of real estate whose market has growth potential

Initiatives of the Gunma Bank Group

The Gunma Bank Group consists of the Bank, six consolidated subsidiaries, two non-consolidated equity-method subsidiaries, and one equity-method affiliate. In addition to our core banking services, we provide a wide range of financial products and services. In our new Mid-Term Business Plan, we will aim to realize our Purpose by demonstrating the Group's comprehensive capabilities of exploring new businesses and deepening our existing businesses.

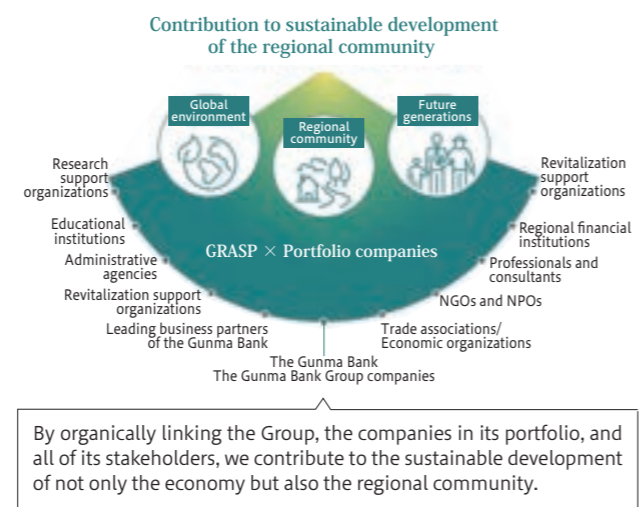


Gunma Regional Advanced Solution Partners Co., Ltd.

Boosting the regional economy and business value through investment and management support
Gunma Regional Advanced Solution Partners is a "region-building producer" that creates excitement through investment. Through investment and hands-on management support, we will engage in initiatives including the creation of new businesses that help revitalize the regional economy, as well as the facilitation of smooth business succession to the next generation. At the same time, we will encourage businesses essential to the region to rebuild their competitiveness. In this way, we will strive to boost the regional economy and our corporate value. Some of our other initiatives include the revitalization of areas such as tourism, the building of a recycling-based society through promotion of locally produced and locally consumed energy, and the building of a system for addressing the hiring and human resource development challenges shared by companies in the region.

Our mission is to spin the threads of a more prosperous and livable sustainable society by connecting the strengths of every individual person and company in the region.

We want to be your partner in spinning the threads of your hopes and desires.



Gungin Lease Co., Ltd.

Providing diverse added value through support for equipment installation

As a member of the Gunma Bank Group, Gungin Lease helps customers install equipment by providing leasing services. We also provide diverse added value through the mechanism of leasing. Here are a few specific examples. First, customers do not require large amounts of capital to install equipment. Second, lease payments are fixed, making it easy for customers to track costs. Third, customers

are freed from administrative tasks such as paying property taxes and insuring the equipment. Fourth, the leased equipment is simply returned to the leasing company at the end of the lease, meaning customers need not worry about environmental regulations related to waste disposal, etc.

Gungin Lease will continue to spin the threads of a prosperous future for the region by carefully connecting the needs of each customer with the right leasing solution.

We will contribute to the future of local communities by providing value that goes beyond existing business areas as a Groupwide effort.

Gungin Consulting Co., Ltd.

Supporting customers' business expansions as a Groupwide effort

As a business strategy partner that is rooted in the region and supports the growth of customers, Gungin Consulting strives to provide what the Bank cannot on its own. Namely, more specialized consulting services, proposals for solutions to issues, and support with their implementation.

More specifically, we provide solution proposals with business succession support as a starting point, as well core business support in collaboration with the Gunma Bank and Gunma Regional Advanced Solution Partners. We also conduct study sessions and provide consulting services on goal-setting in support of SDGs initiatives.

Moving forward, the Group as a whole will continue to spin the threads of a prosperous future by exploring new business areas while deepening existing businesses in order to solve customers' problems and help realize their goals.



Gungin System Service Co., Ltd.

Supporting the digitalization of the region, our customers, and the Bank

As the Group's systems company, Gungin System Service plays an important role within our digital strategies that are the foundation for "Connections and Spinning the Threads."

In the digitalization of the community, it provides support in a number of ways, including actually going to customers' places of business to set up and operate their

systems. In the digitalization of customer contact points, meanwhile, it works with the Gunma Bank on system development and also provides operational support. In the digitalization of internal bank operations, it provides its insights and know-how as a systems company and works with the Bank to plan and manage a number of initiatives including the promotion of paperless operations and the automation of routine operations.

Gungin Securities ▶ P36

Feature Article Explore new business areas

In order to respond to the increasingly diverse and complex issues and needs of local communities, the Group is working to provide new value not limited to its existing business areas focused on financial services. In order to make the most of the Group's accumulated know-how and management resources, we are considering expanding into the following business areas.

Human resources solution business

In addition to expanding our existing staffing business, we will provide new services such as temporary staffing and employment placement dispatching. We will contribute to sustainable region-building by connecting local companies suffering from a shortage of human resources with people who want to demonstrate their abilities in Gunma Prefecture and other regions where the Bank operates.

Regional trading company business

We will support the development of new products and businesses based on the superior technologies, services, and local resources of local companies. In addition, we will aim to enhance the value of the region by widely providing local products to people within and without the region through the operation of an e-commerce mall.

ICT/DX solutions business

In order to promote the digitalization of the region, we will work to support the introduction of ICT and digitalization at local companies. We will enhance the support we provide to customers according to their actual situations and needs, including groupware and other business support systems.

Promote local cashless society

We will create a sustainable regional digital ecosystem by connecting payments and settlements across the region with the power of digital.

Expansion of cashless (Gungin Card) member stores

We will expand our cashless (Gungin Card) member stores by growing the number of stores, offices, clinics, and other businesses in the region with multi-payment terminals. In this way, we aim to make the region a place where cashless payment can be used everywhere.

Expansion of cashless payment users

By expanding our credit card membership, enhancing QR code account linkage, and other means, we aim to create an environment where anyone can use cashless payment. We will also consider new services to expand the number of cashless payment users, such as branded debit cards.

Reinforce strengths in “Connections” Reforms in Collaboration with External Parties for Improving Strengths

The Gunma Bank Group is working on wide-area collaborations such as the TSUBASA Alliance and the Fincross Partnership, regional collaborations such as the Gunma and Daishi Hokuetsu Alliance and the Ryomo Regional Revitalization Partnership, and collaborations with financial institutions in the prefecture. We will enhance our strengths in “Connections” by leveraging outside resources.

TSUBASA Alliance



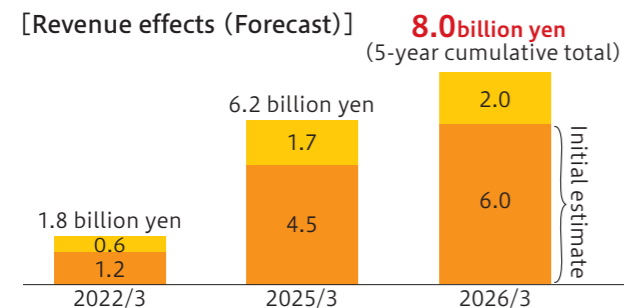
The Bank joined the TSUBASA Alliance, a wide-area collaborative effort among 10 top regional banks, in 2020. The goal of the TSUBASA Alliance is to achieve the sustainable growth of the region and enhance its financial system while improving the top line and reducing the costs of participating banks by collaborating on common issues. Distinct from mergers or business integrations, it promotes collaboration in a broad range of areas while respecting the individuality of each participating bank. These areas include the harmonization of administrative procedures and systems, joint arrangement of financing, matching customers with each other, regional revitalization, and more.

Going forward, we will further enhance the functions of the Gungin App, which was jointly developed with participating banks and launched in April 2022, to improve convenience for customers. At the same time, we will strengthen our efforts in the area of sustainability, such as decarbonization.

We will continue to share insights and information with participating banks and broadly collaborate in an effort to provide financial services with higher added value.

Participating Banks (In order of participation)

The Chiba Bank, Ltd. / The Daishi Hokuetsu Bank, Ltd. /
The Chugoku Bank, Ltd. / The Iyo Bank, Ltd. / The Toho Bank, Ltd. /
The North Pacific Bank, Ltd. / The Musashino Bank, Ltd. /
The Shiga Bank, Ltd. / The Ryukyu Bank, Ltd. / The Gunma Bank, Ltd.



Fincross Partnership

Fincross PARTNERS

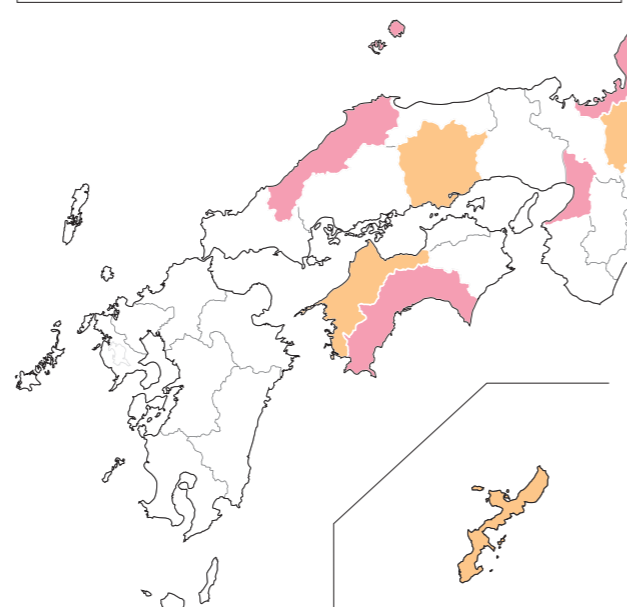
The Fincross Partnership was concluded among seven (currently eight) regional banks in 2018 to form FinX DIGITAL Co., Ltd. in order to promote collaboration on research and development aimed at the digitalization of finance.

The eight participating banks have collaborated on development efforts while allocating resources proportionally. To date, the Bank has introduced new AI-based systems including a financial product recommendation system and an internal digital document retrieval system.

Moving forward, we will build a cloud-based data lake and data analysis infrastructure (data accumulation and collection infrastructure) to aggregate data from multiple banks. By doing so, we will promote advanced data analysis and other measures that cannot be implemented by the Bank alone.

Participating Banks (Alphabetical order)

The Chiba Kogyo Bank, Ltd. / The Fukui Bank, Ltd.
The Gunma Bank, Ltd. / The Ikeda Senshu Bank, Ltd.
The Kiraboshi Bank, Ltd. / The San-in Godo Bank, Ltd.
The Shikoku Bank, Ltd. / The Tsukuba Bank, Ltd.



Enhancing the Gunma Bank Group’s strengths in “Connections” by leveraging outside resources

The Gunma and Daishi Hokuetsu Alliance



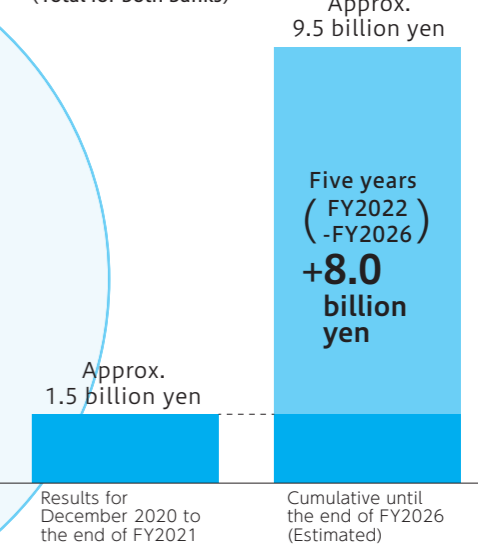
The Gunma and Daishi Hokuetsu Alliance

On December 2, 2021, the Bank and the Daishi Hokuetsu Bank concluded the Gunma and Daishi Hokuetsu Alliance. The purpose of the alliance is to further contribute to the region and to sustainably enhance corporate value by further deepening cooperation in a way that leverages the geographical characteristics of the two banks’ adjacent business areas. Efforts to date include jointly hosting seminars and mutually promoting the local specialties of each region.

We have plans to open our first joint branch in the spring of 2023 by moving the Daishi Hokuetsu Bank’s Takasaki Branch inside of the Bank’s Takasaki-Tamachi Branch.

Going forward, the two banks will collaborate in a wide range of areas, including joint development of new products, joint arrangement of financing, matching customers with each other, and regional and tourism promotion projects.

[Revenue effects (Forecast)] (Total for both banks)



The Ryomo Regional Revitalization Partnership



On January 24, 2022, the Bank and the Ashikaga Bank concluded the Ryomo Regional Revitalization Partnership. The objective of the partnership is to increase our contribution to the region more than ever before through collaborations in the overlapping business areas of the two banks, particularly the Ryomo region (southeastern Gunma and southwestern Tochigi). Specifically, these collaborations will be aimed at revitalizing industry and solving issues, and at improving customer service.

Until now, the two banks have collaborated in a wide range of areas, including joint arrangement of financing, joint underwriting of private placement bonds, and joint investment by a specialized investment subsidiary. Moving forward, we will further contribute to the region by working together to support local industries, particularly the automotive sector, and to resolve issues in the area of sustainability, such as decarbonization.

Cooperation with financial institutions in the Gunma prefecture

The Bank is advancing cooperative efforts with financial institutions in Gunma Prefecture.

[Main Recent Initiatives]

- March 2020** Signed the Gunma Future Co-Creation Declaration with Gunma Prefecture and the Towa Bank
Concluded an M&A Business Partnership Agreement with Takasaki Shinkin Bank, Kiryu Shinkin Bank, and Shinonome Shinkin Bank
- August 2022** Partial Sharing of ATMs Kiosks with Shinonome Shinkin Bank (Planned)
- September 2022** ATM Collaboration with Kiryu Shinkin Bank (Planned)

Innovations in human resources aimed at making the best use of creativity

Basic policy

As customers' needs are becoming increasingly sophisticated and diverse, we will nurture employees who can exercise their creativity to truly meet customers needs with an aim to reinforce our strengths in "Connections." To achieve this, we are shifting from uniform personnel development to personnel development that is tailored to the motivations, abilities, and aptitudes of each individual employee. We are accomplishing this through, amongst other things, the formulation of a professional personnel development

plan, the solicitation of Career Goals Declarations, and the implementation of one-on-one meetings. In this way, we aim to realize our Purpose.

Moreover, as values regarding work and career-building are becoming increasingly diverse, we will strive to create an environment in which each individual can maximize their abilities. We will do this by proactively working to reform work styles and increase diversity and inclusion while also realizing the well-being of each and every employee.

Strengthen comprehensive human resource capabilities and specialized human resources

Supporting the creation of specialists by creating an impetus to pursue specialized fields

We have developed a professional personnel development plan aimed at developing the specialized human resources that each of the departments at our headquarters requires. The plan describes the skills they must acquire, how these human resources will be developed, the qualifications they require, and other information. The plan is updated every year and disclosed to all employees to provide an impetus and motivation to pursue specialized fields.

In addition, we give employees opportunities to deepen their understanding of their career options by providing them with video content about specialized fields, as well as venues to interact with employees working in these fields. We also provide opportunities for those employees who wish to work as specialized human resources to express their intentions by soliciting "Career Goals Declaration" every year. Those who submit declarations are selected for assignment to specialized fields or dispatched to external training programs. We develop those who are assigned to specialized fields into highly specialized human resources based on a development management chart in a number of ways, including actively supporting their attendance of external training and their acquisition of qualifications.

Multi-faceted career development support

In order that employees can have a more positive outlook toward their work and gain a sense of fulfillment from it, we are supporting the career development of employees in two

ways. Namely, by having supervisors support the growth of their subordinates through one-on-one meetings (starting in October 2020) and by having Personnel Department staff visit workplaces to conduct individual interviews.

In addition, from April 2020, we will "visualize" and centrally manage employee skill data by incorporating it into our talent management system. This skill data will be used for a number of purposes, including understanding the characteristics of each individual and department/branch, as well as appropriately assigning and training personnel.

To support the growth of employees pursuing specialized fields, in April 2021 we established a "Skill Check Compass" that provides at-a-glance information on training, video content, etc. aimed at improving their work skills in their respective fields.

We have created an online environment where employees can select the videos they need based on their own Compass from more than 200 videos created by each of the departments of the headquarters, and learn at home.

Striving to realize the Purpose by fostering a rich corporate culture

By fostering a corporate culture that respects the will of the individual and encourages employees to take on new challenges in their jobs autonomously, we will refine our human resources, which is one of our strengths, and foster human resources that connect the community and the Bank. In this way, we will realize our Purpose.

Expanding our digital professional human resources - Raising the level of digital capabilities

Due to factors such as the growing digitalization needs of customers and the digitization of banking operations, there is an increased need to improve our IT consulting capabilities and the productivity of our internal operations.

Given this situation, the Bank is encouraging Group executives and employees to earn the IT Passport certification as a means improving their IT literacy, and aims to have 1,000 executives and employees earn the certification by March 2025. We are also establishing a support system that includes in-house training and seminars on digital-related topics.



Refining the Gunma Bank's human resources to enhance our strength in "Connections"



Enhance the organization by realizing the wellbeing of each executive and employee

Creating an environment where each individual can feel satisfaction in their work

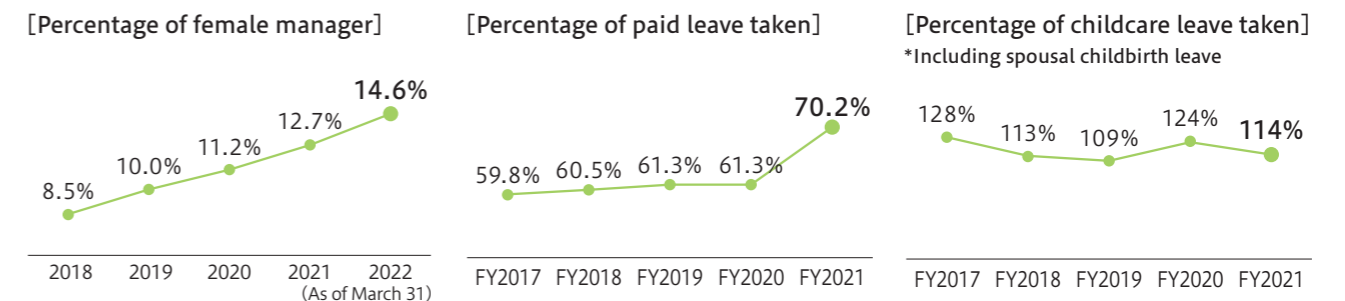
Well-being refers to a state of physical, mental, and social fulfillment.

We believe that there are three things that will lead to the strengthening of our organizational capabilities, the improvement of the Bank's performance and corporate value, and the realization of the Group's Purpose and the Personal Purposes of executives and employees. The first is understanding individuals' mental and physical conditions, lifestyles, career ideas, values, etc. in an integrated manner amidst the increasing diversification of work styles and values. The second is creating an environment in which each and every executive and employee can work more vigorously than ever while feeling a sense of satisfaction. The third is develop a system that enables diverse human resources to maximize their individual abilities.

Addressing health issues as a leading regional company

In the future, we will deepen the workstyle reforms we have undertaken to date in order to expand the infrastructure (systems, facilities, etc.) that allows us to meet the needs of diverse work styles. Further, as a leading regional company in the area of health management (we were selected for the White 500 list of Excellent Health and Productivity Management Enterprises), we will continue to proactively address the health issues of our employees to improve our corporate vitality. In these ways, we will aim to further promote job satisfaction and make it easier to work.

Through the promotion of diversity and inclusion, we will ensure organizational diversity by creating opportunities for diverse human resources including women, seniors, mid-career hires, and people with disabilities, to succeed. At the same time, we will also promote initiatives that leverage our diversity. In addition, we will actively work to support career development with a recognition of the fact that we are in an era of people living to age 100.



Feature Article Set up a Personal Purpose

Incorporating the Purpose at the individual level through the setting of Personal Purposes

Since April 2022, each executive and employee has set a "Personal Purpose." Personal Purposes are a statement of what each employee hopes to do and accomplish for society through their work, why they do their work, and other matters. It is set from a far-looking viewpoint, not a short-term one, based on three different perspectives. These are the Social Perspective (what is useful to society and contributes to the sustainability of the community), the Personal Perspective (what the employee is good at, likes, and wants to accomplish), and the Bank Perspective (what aligns with the Group's Purpose and what is expected in the workplace).

The process of having each individual set a Personal Purpose allows us to incorporate the Bank's Purpose into individual-level activities. It is also an opportunity for our employees to rethink and express things such as how they can contribute to local society and the community's future, and what they should do as employees of the Bank to put "Connections" and "Spinning the Threads" into practice.

In addition, the Personal Purposes employees set are

shared with their supervisors by recording them on their goal management sheets each year. During their regular interviews, employees talk with and receive advice from their supervisors about topics such as the state of their personal initiatives. This leads to employees taking concrete action.

Sharing of Personal Purposes within departments and branches

We believe that each employees' realization of their Personal Purpose and performance of their daily duties with an awareness of their Personal Purpose will lead to the realization of the Group's Purpose.

Employees' Personal Purposes are shared with all of the employees at each department and branch by, among other things, posting them in a place where they can be seen by everyone at any time. This makes it possible for every employee to support the realization of others' Personal Purposes.



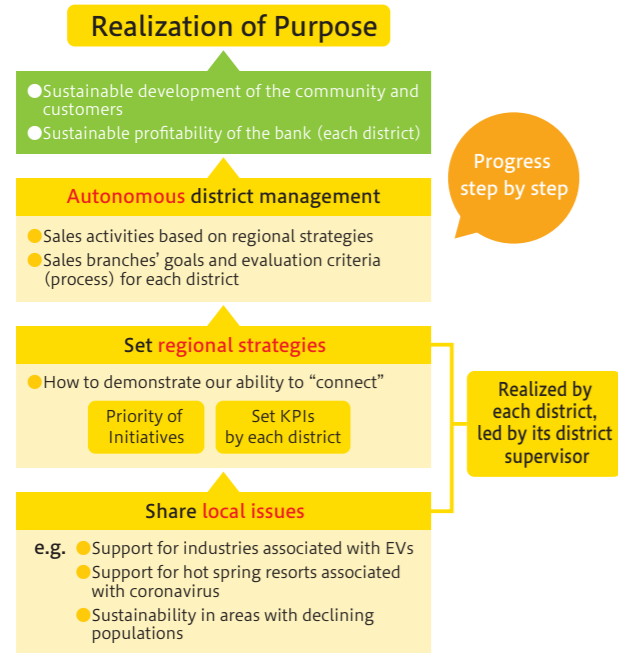
Sharing of Personal Purposes at a branch

Sales Process Reform

Enhance our strengths to “connect” with customers by building an effective sales force

Establish “District Governance Structure”

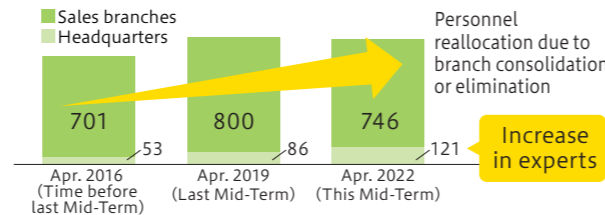
We assigned four District Supervisors for each area to strengthen our District Governance Structure. By engaging in bottom-up autonomous district management, in which districts are delegated a certain level of authority to develop regional strategies, set goals, etc., we aim to ensure sustainable growth of the region and customers and the sustainable profitability of the Bank in each district.



Effective division of functions between branches and headquarters

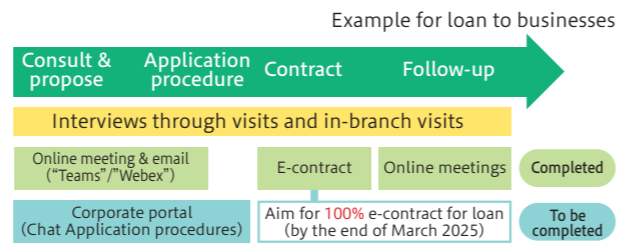
We are responding to customers' increasingly diversified, specialized, and long-term needs by strengthening cooperation between branches and headquarters. In order to further increase the expertise of headquarters, we are increasing the number of specialized personnel at headquarters by reassigning personnel whose branches have been consolidated, closed, etc. to headquarters.

[Changes in the number of sales person]



Establish a new sales style based on the New Normal

By conducting effective sales activities utilizing tools such as online meeting and E-contracts, we are responding to the needs of more customers.



Business process reform

Invest management resources for our strengths to “connect” by streamlining process

Branch administrative reforms

We are implementing administrative reforms centered on in-branch tablets to be introduced in 2023. Functions such as account creation and various notifications will be incorporated into the in-branch tablets in stages. In the future, we plan to link them with the digital channel.



Optimize systems

We will classify the system into priority areas and areas that do not require differentiation from other financial institutions in order to build a more balanced system. While aiming to reduce the cost of existing systems by 40% on a cumulative basis over the next 10 years, we will make proactive investments in apps, the corporate portal, and other systems in areas such as strengthening contact with customers and information utilization.

Business reform project

As part of the Business Reform Project implemented during the previous mid-term business plan period, we solicited 6,096 suggestions about the abolition and revision of bank operations. 1,306 of their suggestions were adopted, saving 670,000 work hours over the course of a year.

We will continue the Business Reform Project during the current mid-term business plan period. A cross-divisional working group at headquarters will take the lead in working on business reforms. In the current mid-term business plan period, we will further improve operational efficiency by working to deepen two themes: zeroing out reporting work and eliminating operational waste.

Accounting system	For renewal in 2029, expect to streamline business with a view to cloud computing
Informational system	Maximize data utilization for marketing and business management
Sub system	Consolidation and elimination of non-focus areas

Channel innovation

Enhance our strengths to “connect” by reconstructing the existing branch network and expanding consultation centers and digital channels

Branch strategy

Even as the number of customers who visit bank service counters declines, the number of customers using internet banking is increasing each year. In addition, there is a growing need for more specialized consultation in areas such as inheritance and asset formation. In order to respond to these changes in the business environment, we are restructuring our branch network and expanding our consultation centers and digital channels.

As to the restructuring of our branch network, we have consolidated or eliminated 37 branches since 2016. In the current mid-term business plan, we plan to consolidate or eliminate another 10-15 branches. As for consultation centers, we currently have four Individual Consulting Plazas, which are open on holidays, and plan to establish another two or so in the future.

Restructuring of branch functions

Flagship branches, which are the core branches in each region, and satellite branches, which have a lighter operation load, are working together to provide optimal financial services to customers by leveraging the regional branch network.

Selection and consolidation of bank network

We are promoting branch consolidation and elimination (branch-in-branch) while making a comprehensive assessment of trends in the number of customers visiting our banks, the need to renovate existing neighboring banks, and other factors.

Newly built banking outlets in recent years

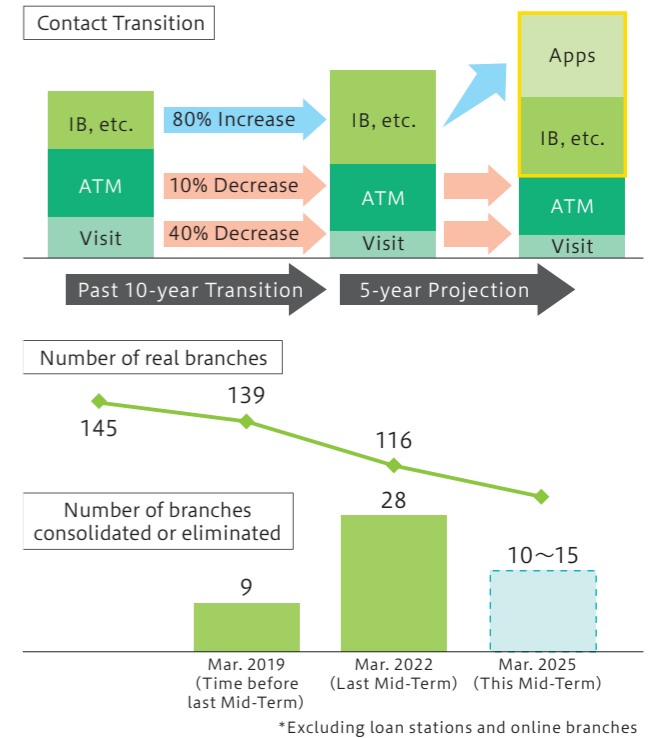
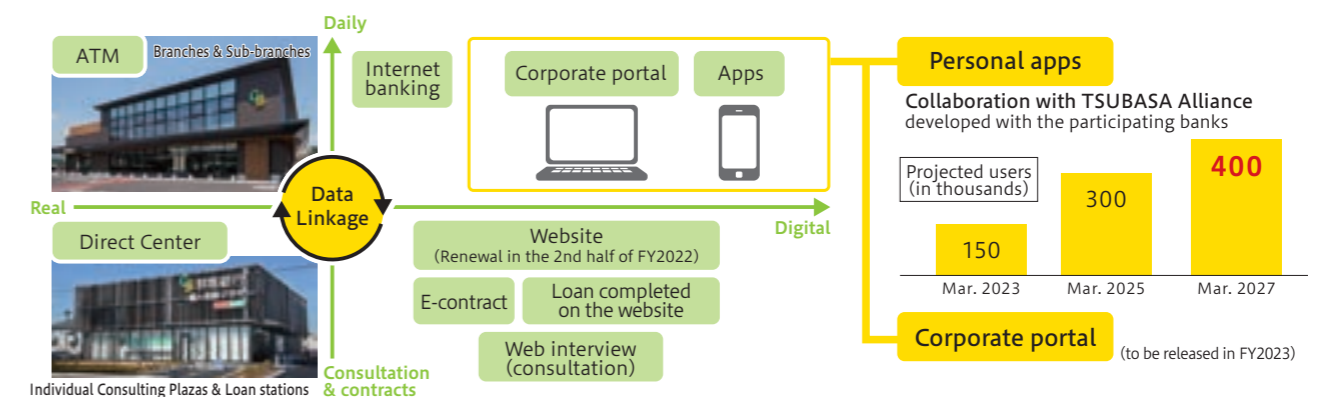


Evolution of DigiCal Strategy

We are working to link banking services with non-financial services to provide a unique customer experience that effectively mixes the digital and the physical.

In April 2022, we launched the Gungin App, a smartphone app for personal customers. In the future,

we plan to add functions such as receipt of notices, payment of taxes and other public funds, and mutual fund transactions. As for corporate customers, we plan to introduce a corporate portal some time in FY2023.



Digital Strategies as the Foundation for “Connections and Spinning the Threads”

Concept of digital strategy

The basic concept of our digital strategy is the digitalization of three areas: the community, customer contact points, and internal bank operations. The various policies that the Gunma Bank will pursue moving forward are closely connected to the digitalization of these three areas. The

promotion of digitization in all three is fundamental to the realization of the Gunma Bank’s management strategy. We will also develop the human resources needed to support these digitalization efforts. (For more on our digital human resource development, see P42.)

Furthering initiatives such as advanced data utilization and organizational reforms to promote digitalization in three areas

- Digitalization of the community**
 - Support for local digitalization, including SMEs, etc.
 - Build a digital ecosystem in the region (cashless, data distribution, etc.)
- Digitalization of customer contact points**
 - New customer experience using digital technology
 - Complete all transactions digitally
 - Provide financial services that are integrated into daily Life
- Digitalization of internal bank operations**
 - Visualize various information and data to reflect them in management and staff decisions and actions
 - Go paperless, automate routines

Promoting digitalization is essential to effectively advance all strategic themes

Sales process reform	Communication through digital tools Competency analysis of sales activities	Sustainability in the region	Digitalization of the region in collaboration with industry, government and academia
Business process reform	Data-driven decision making Promotion of paperless and seal-less operations	Financial, core business, and succession support to companies	Digitalization support for local SMEs
Channel innovation	Digital channel expansion (e.g., apps) Strengthen channel collaboration through data utilization	Consulting for individuals	One-to-one marketing* practices Optimal face-to-face proposals based on data
Human resource innovation	Digital human resource development Data-driven talent management	The Group’s comprehensive strengths	Explore new business in the digital field Efforts to build regional ecosystems
External collaboration reform	Strengthen digital capabilities through alliances External collaboration using API infrastructure	Strengthen our management structure	Optimize systems Strengthen cybersecurity

*Propose and provide optimal value to each and every customer through the development of a data infrastructure

Digitalization of the community

We support the digitalization efforts of our customers, especially local small and medium companies, from a variety of aspects. This includes IT consulting and support with the introduction of communication tools, groupware, and accounting, attendance, and payroll software aimed at improving customers’ business efficiency.

We will also help build a digital ecosystem in the region by creating new value in a number of ways, such as making the region cashless and utilizing payment data for advertising and attracting customers .

Digitalization of internal bank operations

Beginning in January 2021, we introduced mobile PCs that allow employees to work in the same environment whether they are inside or outside the bank. In August 2021, we introduced Office365, replacing our traditional face-to-face, telephone, and paper-based communications with chat, web conferencing, and other tools, enabling employees to work when and where they chose.

Going forward, we will continue to further improve operational efficiency and implement work style reforms in a number of ways, including going paperless, automating tasks through RPA, and centralizing branch administrative tasks.

Digitalization of customer contact points

In April 2022, the Gunma Bank launched the Gungin App as the closest point of contact between the Bank and our customers. Moving forward, we will continue to enhance customer convenience by improving the app and adding new functions such as the ability to pay taxes and other public funds, conduct mutual fund transactions, and file notices.

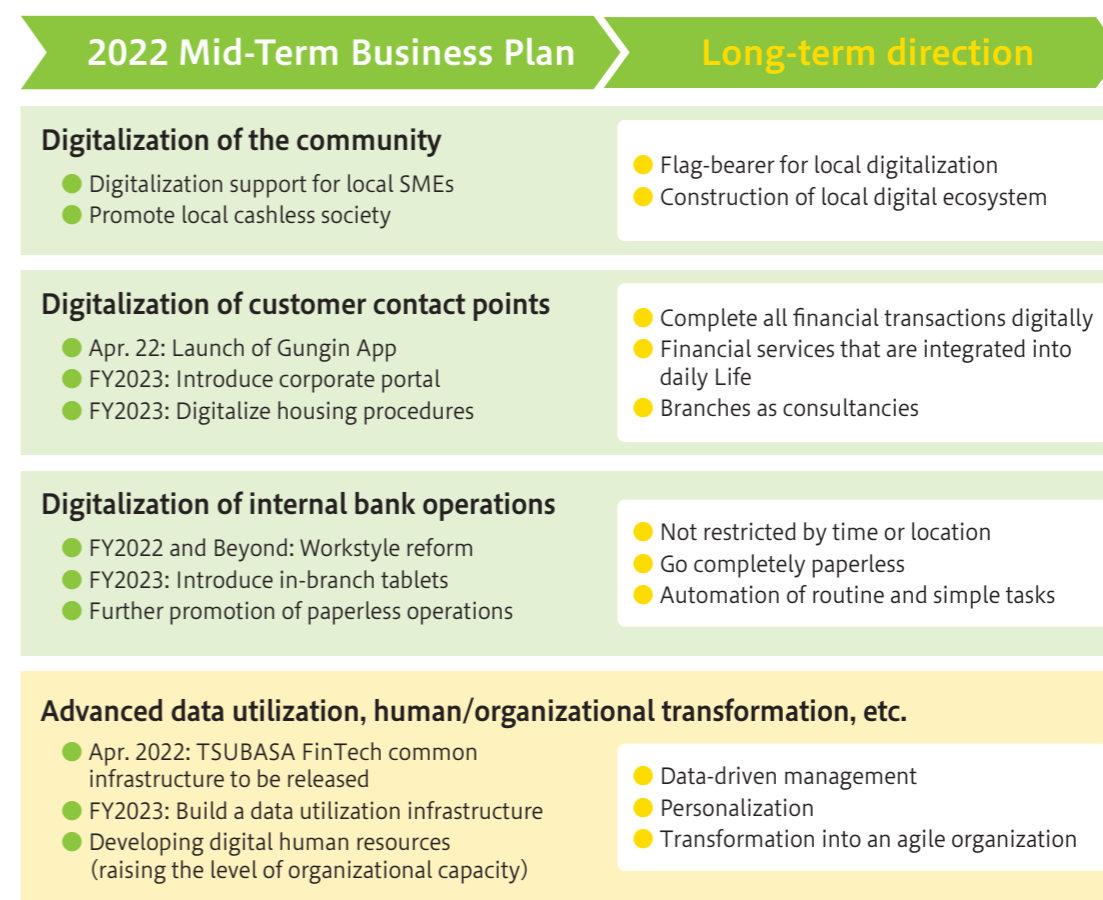
The bank will also promote efforts to digitize our contact points with customers in various fields in a number of ways. This includes renovating the Bank’s website, constructing a portal site for corporate customers, digitizing our home loan procedures, and introducing in-branch tablets.



Gungin App Launched in April 2022

Promote digitalization as a base for each strategic theme in order to reinforce strengths in “Connections” and spin the threads of the future

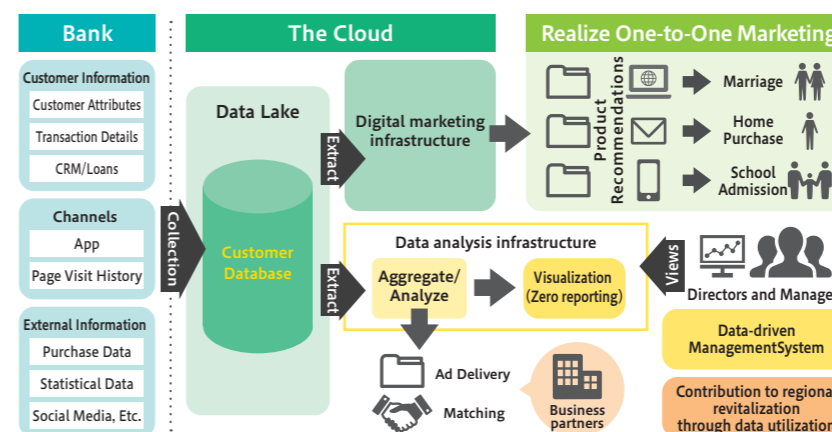
Roadmap for Realizing Digital Strategies



Feature Article Advanced data utilization

The necessity of advanced data utilization
The Bank accumulates and stores a vast amount of data, including customer transaction histories. By analyzing these data, we can gain insights into a wide range of things, including the products customers are truly seeking, their financial needs, and so on. We are working on a number of initiatives aimed at furthering advanced data utilization. One such initiative is building a data cycle that solves problems and creates value by collecting, accumulating, and analyzing data.

Building a digital marketing infrastructure with a data lake
We believe that advanced data utilization requires three infrastructures. The first is a data accumulation and collection infrastructure (data lake) capable of storing on secure cloud a variety of data including customer transaction histories and external data from social media and other sources. The second is a digital marketing infrastructure capable of utilizing the data accumulated in this data lake to deliver to customers the optimal products and services at the right time. The last is a data analysis infrastructure that allows information to be easily extracted and analyzed. By building these infrastructures, we will work to achieve things including data-driven management decision making and the reduction of reporting tasks.



Connecting to the future for local communities by utilizing data

We will further strengthen the connection between the Bank and its customers in a number of ways, including transforming data into valuable information through data utilization, and delivering optimal information to customers. At the same time, we will promote cashless payments in the region and create a virtuous circle in the local economy through the use of payment and other data. In this way, we have to contribute to a revitalization of the region.

Corporate Governance

Basic Perspective

While always keeping in mind the development of regional communities, the Bank's basic policy is to respond appropriately to the financial needs of customers, enhance corporate value by ensuring asset soundness and strengthening its profitability, and to be highly evaluated by shareholders and the market. To realize this basic policy, we have positioned the enhancement of corporate governance as the most important management challenge, and are

working on the following three points:

- (1) Decision-making for appropriate management and establishment of an efficient business operations system
- (2) Enhancement of compliance and risk management systems that form the basis of sound management
- (3) Timely and appropriate disclosure of corporate information and active IR activities aimed at transparent management

Corporate Governance System

The Bank has a corporate auditor system with the five members of the Audit and Supervisory Board (including three Outside Auditors).

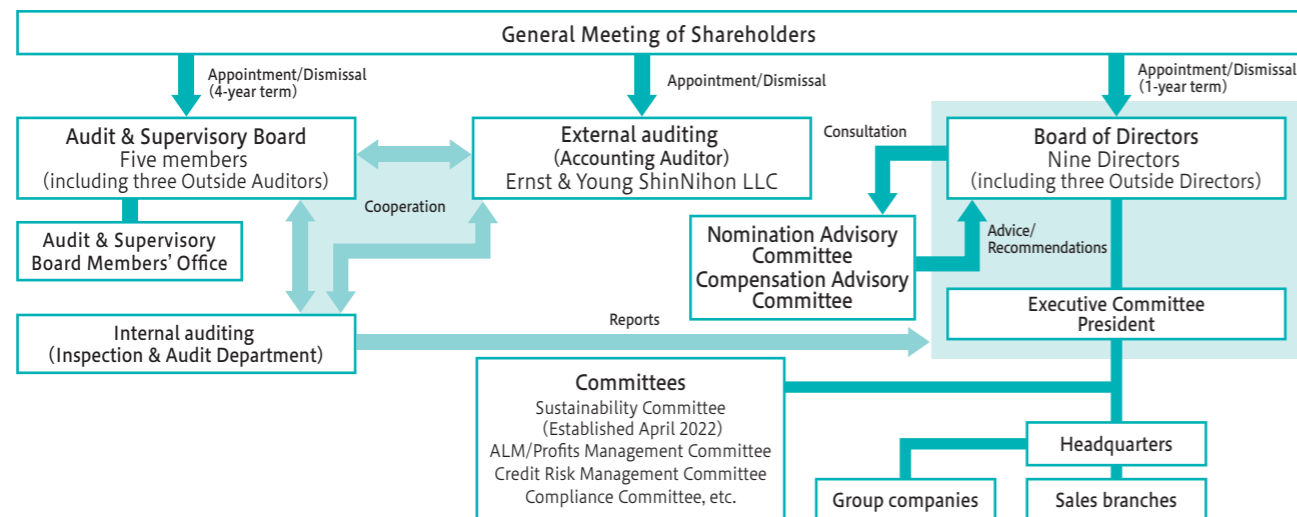
The Board of Directors consists of nine Directors, including three Outside Directors.

To achieve our management goals, we believe that it is effective to enhance the corporate auditor system by appointing Inside and Outside Auditors, as well as to strengthen management oversight functions by the presence of Outside Directors and Outside Auditors.

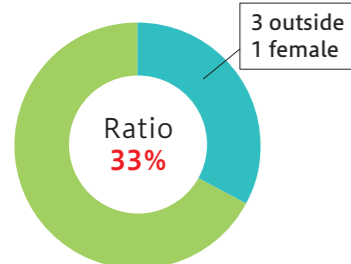
Outside Directors are responsible of management oversight for the Board of Directors, and Outside Auditors are responsible of the auditing in the corporate auditor system, and all have the role of management monitoring and supervising for corporate governance.

In addition, to enhance corporate governance and manage oversight functions of the entire Group, the Group Management Meeting is held every six months to report and discuss management policies and operational status of each Group company on the executive level.

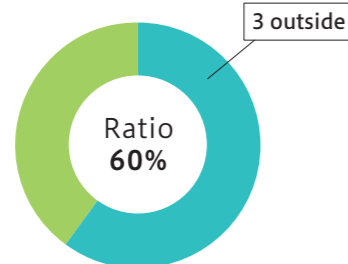
[Corporate Governance System]



<Ratio of Outside Directors>



<Ratio of Outside Auditors>



Fiscal Year	Main Governance Initiatives
2005	• Appointment of Outside Directors
2012	• Introduction of share remuneration-type stock options
2015	• Start of effectiveness assessments for Board of Directors
2018	• Establishment of Nomination Advisory Committee • Establishment of Compensation Advisory Committee
2019	• Release of basic policy for executive remuneration • Introduction of "Restricted Share Remuneration Plan and Performance-linked Share Remuneration Plan"
2020	• Appointment of female Outside Director • Elevation of the Outside Director ratio to one-third
2021	• Preparation and disclosure of skills matrix

Board of Directors

The Board of Directors consists of six Inside Directors and three Outside Directors (one third of total are Outside Directors), makes decisions on basic management related matters and important business operations, and supervises the performance duties of each Director.

In order to execute important business operations based on management policies determined by the Board of Directors, the Executive Committee, which is a consultative body to the President, meets once a week in principle to conduct thorough deliberations for decision-making to ensure prompt and smooth execution.

The term of Directors is limited to one year to build a management system that can respond more quickly to changes in the business environment.

In nominating Outside Director candidates, we are strongly aware that the structure of the Board of Directors should consist of members with diverse values and perspectives based on different types of knowledge, experience, and attributes.

Nomination and Compensation Advisory Committees

In order to establish a system in which Independent Outside Directors are appropriately involved in the decision-making process for nomination and remuneration of the Directors, to increase the objectivity and transparency of the process, and to enhance corporate governance, the Nomination Advisory Committee and the Compensation Advisory Committee were established as advisory bodies to the Board of Directors. The majority of the members of both committees are independent Outside Directors.

Audit & Supervisory Board

The Audit & Supervisory Board meets once a month in principle, and its members make decisions based on discussions on how to resolve various issues. Additionally, each member of the Audit & Supervisory Board reports on the results of audits, and shares information, and exchanges opinions with the others when necessary.

Also, the Audit & Supervisory Board Office consisting of dedicated staff members, has been set up directly under the Audit & Supervisory Board, and is working to maintain a more effective audit system.

The members of the Audit & Supervisory Board conduct audits in accordance with the auditing policies, audit plans, and assignment of audit duties established by the Audit & Supervisory Board. The performance of duties by the Directors is monitored and verified through attendance at the Board of Directors and other important meetings, audits of the headquarters, visits to branch offices, investigations of Group company operations, examinations of important documents, and surveys of the operations and assets of the Bank. In addition, the Bank is working to share awareness of management policies, management issues, and important auditing issues by meeting regularly with the President and Outside Directors.

Executive Officer System

The Bank has adopted an executive officer system to enhance corporate governance and separate management decision-making from business operations and promote the role of the Board of Directors.

Accounting Audit

Our accounting auditor is Ernst & Young ShinNihon LLC. The firm conducts accounting audits in accordance with the Companies Act and the Financial Instruments and Exchange Act. There are no special interests between the executive officers of Ernst & Young ShinNihon LLC and the Bank.

• Accounting audit fee for fiscal year 2021 paid by us	71 million yen
• Total amount of remuneration paid by our Group	92 million yen

Internal Audit

For internal audits, the Inspection & Audit Department, which is independent of the audited departments, conducts audits of the headquarters, sales branches, and the entire Group based on the audit plan and audit policy determined by the Board of Directors each fiscal year.

Support System for Outside Directors and Outside Auditors

The Secretariat, which is responsible as the secretariat of the Board of Directors, has a key role in supporting Outside Directors while distributing materials for the Board of Directors in advance. In order to allow for sufficient time to prepare for deliberations, the Outside Directors receive the materials at the same time as Inside Directors. Along with supplying information on the Bank's new initiatives in advance, they are also provided with opportunities for information exchange with the President and Auditors. Through these efforts, we are working to create an environment where the Outside Directors can always make useful recommendations to the Board.

Outside Audit & Supervisory Board members are also provided with the materials for the Board of Directors in advance, and the dedicated staff in the Audit & Supervisory Board Members' Office offers the necessary support for auditing operations by distributing materials for the Audit & Supervisory Board in advance.

In addition, at the Audit & Supervisory Board, the Standing Audit & Supervisory Board member explains the agenda of the Board of Directors and minutes of the Executive Committee in detail to the Outside Audit & Supervisory Board Member to share information such as reports on the status of audits conducted by the Standing Audit & Supervisory Board Member.

Evaluation Criteria for Independence of Outside Directors and Outside Auditors

Candidates for Outside Director or Outside Auditor of the Bank are deemed to be independent from the Bank when they do not come under any of the following conditions

- (1) A person whose main business partner is the Bank, or, if it is a corporate or legal entity, its executive officer,
- (2) A person who is a major business partner of the Bank, or, if it is a corporate or legal entity, its executive officer,
- (3) A consultant, professional accountant or legal professional who has gained a "large amount" (Note 1) of fees or other properties in addition to executive remuneration from the Bank,
- (4) A person who "recently" (Note 2) fell under (1), (2), or (3), and
- (5) A "close relative" (Note 4) of a person who falls under any of the following items from A to D (excluding those who are not considered "important" (Note 3)).
 - A. A person who falls under (1) to (4) above
 - B. An executive officer of the Bank's subsidiary
 - C. A director who is not an executive officer of the Bank's subsidiary
 - D. A person who "recently" fell under B or C above or was an executive officer of the Bank

Note 1: "Large amount" refers to an amount of 10 million yen or more on average over the past three years.

Note 2: "Recently" can be regarded as being almost equal to "presently." For example, at the time when the content of the proposals was determined for the General Meeting of Shareholders where the person was elected as an Outside Director or Outside Auditor.

Note 3: "Important" refers to those who are directors, general managers and the like (executive officers); and certified public accountants and lawyers (accounting professionals and legal experts).

Note 4: "Close relative" refers to first and second-degree relatives.

Ensuring the Effectiveness of the Board of Directors

Every fiscal year, the Bank analyzes and evaluates each of the directors and auditors based on their respective self-analyses in order to evaluate the effectiveness of the Board of Directors as a whole.

For the fiscal 2021 effectiveness evaluation, we conducted a questionnaire survey using the opinions of external consultants on items such as “Composition and operation of the Board of Directors,” “Management and business strategy,” “Corporate ethics and risk management,” “Evaluation and remuneration of management,” and “Dialogue with shareholders, etc.” Furthermore, in order to ensure anonymity and objectivity, we outsourced the collection and analysis to an external consultant. Based on the results, an evaluation was made at the Board of Directors held in March 2022, and we confirmed that the effectiveness of the Board of Directors has been ensured.

Regarding “deepen discussions on themes that should be addressed from a medium- to long-term perspective,” which was shared as an issue for FY2021, we aimed to make improvements in a number of ways. This included “discussion of the direction of the mid-term business plan” and “revisions to the operation of the Board of Directors meetings aimed at appropriately allocating time for discussions on matters of high importance.” Meanwhile, we continue to recognize the need to “deepen free and vigorous discussions on themes that should address from a broader perspective” and have decided to continue to work on this issue. Furthermore, the “revisions to the operation of the Board of Directors” implemented are described below.

(1) Establishing of a new means of reporting

A new means of reporting that allows all of the directors and auditors, both internal and external, to view reports at any time was established. A portion of the reporting items submitted to the Board of Directors have been transferred to this new means of reporting. The Board of Directors will now have a separate question-and-answer period for these reports.

(2) Revision of the Board of Directors Regulations

The agenda/reporting criteria for the Board of Directors were revised with the aim of improving the efficiency and appropriateness of the Board of Directors meetings.

Executive Remuneration

The remuneration of the Directors, excluding the Outside Directors, is comprised of fixed-amount remuneration, bonus, and share remuneration. As for share remuneration plan, we reviewed the Directors’ remuneration system in June 2019 to further encourage our management to operate from the same perspective as our shareholders and to provide appropriate incentives for the sustainable improvement of the Bank’s performance and value. Therefore, we abolished the conventional share remuneration-type stock option plan and introduced restricted share remuneration plan and performance-linked share remuneration plan.

The Outside Directors and Auditors receive only fixed-amount remuneration, taking into account that they are required to play a role of auditing and supervising.

The remuneration limit was determined by the resolutions of the General Meeting of Shareholders in 2012 and 2019 as follows:

<Remuneration Limit>

	Fixed-amount remuneration	Bonus	RS and PS
Directors	Total 360 million yen per year	—	120 million yen per year, 500,000 shares
Auditors	80 million yen per year	—	—

Note: RS stands for “Restricted Share Remuneration,” and PS stands for “Performance-linked Share Remuneration.”

<Total amount of remuneration, etc. by board member category, total amount by type of remuneration, etc., and number of eligible board members>

Board member category	Total compensation (millions of yen)					Number of eligible board members (people)
	Monthly compensation (non-performance linked)	Bonus (performance linked)	Stock compensation with transfer restrictions (non-performance linked)	Performance share (performance linked)		
Directors (excluding Outside Directors)	281	177	59	44	—	6
Auditors (excluding Outside Auditors)	43	43	—	—	—	2
Outside board members	46	46	—	—	—	7

Basic Policy for Executive Remuneration

We formulated the “Basic policy for executive remuneration,” and the Bank determines the Directors’ and Auditors’ remuneration in accordance with the perspectives and procedures based on this policy.

Basic Policy for Executive Remuneration

1. Basic perspective on the directors’ remuneration system

• In order to create a directors’ remuneration system that contributes to realization of the Bank’s management policy, our basic perspective on the directors’ remuneration system is based on the principles of the Corporate Governance Code as follows:

- ① To further motivate the Directors to contribute to sustainable growth of the Bank and increase the corporate value of the Bank over the mid- to long-term,
- ② To share profit awareness with shareholders and raise management awareness focusing on shareholders,
- ③ To maintain proper linkage with business performance and give a sound incentive,
- ④ To avoid inappropriate risk taking,
- ⑤ To be able to hire or secure excellent managerial talent,
- ⑥ Because the Directors are primarily responsible for the performance of the entire Bank, individual evaluation for incentive remuneration is more focused on contributing to the overall performance of the Bank than the performance of the business in which the Director is in charge, and
- ⑦ To show an objective and transparent decision-making process.

2. Governance for determining remuneration

• In accordance with the Compensation Advisory Committee Regulations set forth separately, the Board of Directors determines the following items based on the advice and recommendations from the Compensation Advisory Committee consisting of three or more members (at least half of them are independent Outside Directors) after the committee has deliberated the items in response to the request by the Board of Directors.

- ① Proposal for the General Meeting of Shareholders on Director and Auditor Remuneration,
- ② Policy for remuneration of Directors (including this policy),
- ③ Remuneration system for Directors (including amount of remuneration by individuals),
- ④ Items such as policies needed when deliberating each of the above items, which are deemed necessary by the Compensation Advisory Committee, and
- ⑤ Remuneration for Auditors is determined through discussions by the Audit & Supervisory Board Members.

3. Remuneration structure

(1) Directors, excluding Outside Directors

[Summary of remuneration structure]

Features of remuneration	Base remuneration	Variable remuneration		
		Short-term incentive remuneration	Mid- to long-term incentive remuneration	
Cash/Share	Cash remuneration		Share remuneration	
Performance-linked remuneration	Non-performance-linked remuneration	Short-term performance-linked remuneration	Non-performance-linked remuneration	Mid- to long-term performance-linked remuneration
Type of remuneration	Monthly remuneration	Bonus	Restricted share	Performance-linked share

• The executive remuneration for individuals shall be set at a ratio of 3:1:1 in the following order: 1) Base remuneration, 2) Short-term incentive remuneration, and 3) Mid- to long-term incentive remuneration, taking into account the absolute amount of remuneration.

(2) Outside Directors and Auditors

• Remuneration for Outside Directors and Auditors shall consist of only base remuneration, considering their role and independent status.

4. Remuneration level

• The Bank determines the appropriate amount of remuneration based on its business performance, the environment surrounding the Bank, social and economic conditions, and industry trends.

• Also, as a leading company in the region, we are aware of the appropriate level of remuneration received by executives of regional businesses through survey data from obtained by regularly participating in surveys conducted by external research organizations (so-called executive remuneration survey, etc.) and use this information as a reference in determining our own remuneration.

5. Performance-linked remuneration

(1) Bonus

• Due to the nature of short-term incentive remuneration, consolidated current net income is adopted as an evaluation indicator with the aim of increasing motivation to contribute to business performance for each fiscal year. For the performance-linked portion, the amount of remuneration is determined within the range of 0 to 200% depending on the status of achievement of consolidated current net income.

(2) Performance-linked share

• The following four indicators are adopted as evaluation indicators, with the aim of enhancing corporate value over the mid- to long-term as well as sharing profit awareness with shareholders and raising management awareness that values the shareholders. The amount of remuneration is determined within the range of 0 to 200% depending on the status of achievement.

Performance share (Amount of performance-linked share remuneration)	
① Profit indicator	Calculated based on consolidated current net income per share
+	
② Efficiency indicator	Calculated based on consolidated over-head-ratio (OHR)
+	
③ Shareholder value indicator	Calculated based on total shareholder return
+	
④ Non-financial indicator	Calculated based on SDGs management indicators (contribution to achieving SDGs)

• In principle, the Bank issues the Bank’s common shares equivalent to the above remuneration in each fiscal year after being reasonably adjusted in accordance with the executive tenure during the evaluation period (the immediately preceding three fiscal years).

[Evaluation indicators to calculate the amount of remuneration for performance-linked share]

- ① Consolidated earnings per share (Consolidated EPS/Earnings Per Share)
We have set profit as our number one indicator for measuring medium- to long-term results, and we have set consolidated EPS, which is a key indicator for shareholders, as our benchmark.
- ② Consolidated over-head-ratio (Consolidated OHR/Over Head Ratio)
We will use consolidated OHR, which is also a key indicator in the numerical targets of our mid-term business plan, as a benchmark.
- ③ Total shareholder return (TSR/Total Shareholders Return)
The Bank’s shareholder value index, which shows the return on investment, will be used to raise awareness of the benefits to shareholders and the importance of shareholder-oriented management.
- ④ SDGs management indicator (indicator that measures our contribution to achieving the SDGs)
The Bank’s evaluation indicators will be selected from among management indicators associated to the ten goals set out in our SDGs declaration.

6. Perspective on the forfeiture and recovery clauses for remuneration

• To prevent excessive risk taking and ensure the soundness of management, and to prevent serious scandals, such as accounting fraud or significant corrections required for past fiscal year financial statements, which may be caused by excessive incentives, we established the clauses (Clawback clause and Malus clause) for the recovery and forfeiture of all or part of the share remuneration in the event of the circumstances.

7. Perspective on holding treasury shares

• In order to share awareness of the interest with shareholders and raise awareness of management with the emphasis on shareholders, we introduce a share remuneration plan to the Directors, excluding Outside Directors, and encourage them to hold a certain amount or more of the Bank’s common shares depending on their positions in accordance with the “Share Ownership Guidelines.”

8. Disclosure policy

• We release this disclosure policy publicly to the stakeholders appropriately through media and the following disclosure materials: securities reports, reference documents for the General Meeting of Shareholders, reports on corporate governance, our website, etc.

Executives

Directors



Nobuyuki Horie		Chairman
Apr. 1978	Joined the Bank	Jun. 2011
Feb. 2000	General Manager, Fukaya-Kamishiba Branch	Executive Officer and General Manager, Personnel Department
Mar. 2002	Deputy General Manager, Personnel Department	Jun. 2012
Jun. 2004	Senior Deputy General Manager, Personnel Department	Director, Executive Officer and General Manager, Personnel Department
Jun. 2005	General Manager, Kumagaya Branch	Jun. 2013
Jun. 2007	General Manager, Corporate Banking Department	Director and General Manager, Personnel Department
Jun. 2009	Executive Officer and General Manager, Utsunomiya Branch	Jun. 2014
		Managing Director and General Manager, Compliance Department
		Jun. 2015
		Managing Director
		Jun. 2017
		Senior Managing Director
		Jun. 2019
		Director and Executive Vice President
		Jun. 2022
		Chairman (current position)



Akihiko Fukai		President
Apr. 1984	Joined the Bank	Jun. 2013
Jun. 2003	General Manager, Osaka Branch	Director and General Manager, Corporate Planning Department
Jun. 2005	General Manager, Kiryu Branch	Jun. 2014
Jun. 2007	General Manager, Ota Branch	Managing Director and General Manager, Business Planning & Administration Department
Jun. 2009	General Manager, Risk Management Department	Jun. 2015
Jun. 2011	General Manager, Corporate Planning Department	Managing Director
		Jun. 2017
		Senior Managing Director
		Jun. 2019
		President (current position)



Hiroyuki Irisawa		Senior Managing Director
Apr. 1984	Joined the Bank	Jun. 2011
Oct. 2003	Administration Deputy Manager, Takasaki Branch	General Manager, Kumagaya Branch
Jun. 2005	Chairman, Opening Preparation Committee, Tokorozawa Corporate Sales Office (Sub-branch)	Jun. 2014
Oct. 2006	General Manager, Tokorozawa Branch	General Manager, General Affairs Department
Dec. 2006	Deputy General Manager, Credit Department	Jun. 2016
Jun. 2009	General Manager, Internal Review Office, Credit Department	Executive Officer and General Manager, Corporate Planning Department
		Jun. 2018
		Managing Executive Officer and General Manager, Corporate Planning Department
		Jun. 2019
		Managing Director
		Jun. 2022
		Senior Managing Director (current position)



Akihiro Goto		Managing Director
Apr. 1986	Joined the Bank	Jun. 2016
Oct. 2005	General Manager, Kasakake Branch	General Manager, Inspection & Audit Department
Aug. 2008	Deputy General Manager, Personnel Department	Jun. 2017
Oct. 2010	Senior Deputy General Manager, Personnel Department	Executive Officer and General Manager, Inspection & Audit Department
Jun. 2012	Senior Deputy General Manager, Corporate Planning Department	Jun. 2018
Jun. 2014	General Manager, Isesaki Branch	Executive Officer and General Manager, Personnel Department
		Jun. 2019
		Managing Executive Officer and General Manager, Personnel Department
		Jun. 2022
		Managing Director (current position)



Tsutomu Takei		Managing Director
Apr. 1986	Joined the Bank	Jun. 2019
Apr. 2008	General Manager, Kawagoe Branch	Managing Executive Officer and General Manager, Business Planning & Administration Department
Apr. 2010	General Manager, Human Resource Development Office, Personnel Department	Sep. 2019
Jun. 2012	Senior Deputy General Manager, Personnel Department	Managing Executive Officer and General Manager, Head Office Sales Department
Jul. 2013	General Manager, Secretariat	Jun. 2021
Jun. 2015	General Manager, Shibukawa Branch	Managing Executive Officer and Area General Manager (Maebashi, Isesaki and Hokumou)
Jun. 2017	Executive Officer and General Manager, Utsunomiya Branch	Jun. 2022
		Managing Director (current position)



Takeo Uchibori		Managing Director
Apr. 1987	Joined the Bank	Jun. 2019
Aug. 2009	Deputy General Manager, Corporate Planning Department	Managing Executive Officer and General Manager, Corporate Planning Department
Jun. 2011	General Manager, Takasaki-higashi Branch	Dec. 2020
Jul. 2013	General Manager, Business Strategy Office, Business Planning & Administration Department	Managing Executive Officer and General Manager, Corporate Planning Department; President, Gunma Regional Advanced Solution Partners, Co., Ltd.
Jun. 2014	Senior Deputy General Manager, Corporate Planning Department	Apr. 2021
Jun. 2016	General Manager, Ota Branch	Managing Executive Officer and General Manager, Corporate Planning Department
Jun. 2018	Executive Officer and General Manager, Credit Department	Jun. 2022
		Managing Director (current position)



Jun Kondo		Outside Director
Apr. 1976	Joined Fuji Heavy Industries Ltd. (present Subaru Corp.)	Apr. 2007
Jun. 2003	Executive Officer, Chief General Manager, Subaru Manufacturing Division, and Plant Manager, Gunma Plant of the company	Managing Executive Officer, Chief General Manager, Strategy Development Division, and Chief General Manager, Subaru Cost Planning and Management Division of the company
May 2004	Executive Officer, Chief General Manager, Subaru Cost Planning and Management Division, and General Manager, Cost Planning Department of the company	Jun. 2008
Jun. 2004	Managing Executive Officer, Chief General Manager, Subaru Cost Planning and Management Division of the company	Director, Senior Managing Executive Officer, and Chief General Manager, Strategy Development Division of the company
Jun. 2006	Managing Executive Officer, Chief General Manager, Subaru Cost Planning and Management Division and Vice General Manager, Subaru Purchasing Division of the company	Apr. 2009
		Director and Senior Managing Executive Officer of the company
		Jun. 2010
		Outside Director, Gunma Television Co., Ltd.
		Jun. 2011
		Executive Vice President, Subaru Corp.
		Jun. 2016
		Director of the Bank (current position)
		Jun. 2017
		Chairman, Subaru Corp.
		Apr. 2021
		Director, Gunma University (current position)



Kuniko Nishikawa		Outside Director
Apr. 1986	Joined Citibank, N.A.	May 2017
Feb. 1996	Joined A.T. Kearney	President, FRONTEO Healthcare, Inc.
Sep. 2000	President, Super Nurse Co., Ltd.	Jun. 2018
Aug. 2010	President, FIRSTSTAR Healthcare Co., Ltd. (current position)	Outside Corporate Auditor, AIG Japan Holdings KK
Apr. 2013	Outside Director, Regional Economy Vitalization Corporate of Japan	Jun. 2020
Jun. 2013	President, Benesse MCM Corp.	Director of the Bank (current position)
Jun. 2015	Outside Director, OMRON Corporation	Jun. 2020
		Outside Director, Solasto Corp.
		Jun. 2020
		Outside Director, AIG Japan Holdings KK (current position)
		April 2022
		Outside Director, Panasonic Corp. (current position)



Kazuhito Osugi		Outside Director
Apr. 1977	Joined the Bank of Japan	May 2006
Nov. 1986	Economist, Bank for International Settlements (BIS)	Internal Auditor and Director-General of Internal Auditors' Office, Bank of Japan
Jun. 1999	General Manager of Matsumoto Branch, Bank of Japan	Apr. 2007
May 2001	Assistant General Manager of Osaka Branch, Bank of Japan	Director-General of Secretariat of the Policy Board, Bank of Japan
May 2003	RM Controlling Senior Director, Industrial Revitalization Corporation of Japan	Apr. 2009
Jul. 2005	Deputy Director-General of Financial System and Bank Examination Department and Head of Center for Advanced Financial Technology, Bank of Japan	Visiting Professor, Ochanomizu University
		Sep. 2011
		Auditor, Bank of Japan
		Oct. 2015
		Advisor of Security Transport Business Division, NIPPON EXPRESS CO., LTD.
		Jun. 2016
		Independent Outside Director of the Board, Nissha Co., Ltd. (then trade name at the time: Nissha Printing Co., Ltd.) (current position)
		Aug. 2018
		Outside Director of the Board, Frontier Management Inc. (current position)
		Jun. 2021
		Director of the Bank (current position)

Executives

Auditors



Shinya Koitabashi		Standing Audit & Supervisory Board Member	
Apr. 1984	Joined the Bank	Jun. 2016	General Manager, General Affairs Department
Aug. 2007	Deputy General Manager, Inspection & Audit Department	Jun. 2017	Executive Officer and General Manager, General Affairs Department
Jun. 2008	Senior Deputy General Manager, Kencho Branch	Jun. 2019	Managing Executive Officer and General Manager, General Affairs Department
Feb. 2010	Senior Deputy General Manager, Personal Financial Assets Department	Jun. 2020	Standing Audit & Supervisory Board Member (current position)
Jun. 2012	General Manager, Kencho Branch		
Jun. 2014	General Manager, Corporate Banking Department		



Keita Muto		Standing Audit & Supervisory Board Member	
Apr. 1985	Joined the Bank	Jun. 2017	Executive Officer and General Manager, International Department
Aug. 2007	General Manager, International Business Office, Market and International Affairs Department	Jun. 2018	Executive Officer and General Manager, Inspection & Audit Department
Oct. 2009	General Manager, Ikebukuro Branch	Jun. 2019	Managing Executive Officer and General Manager, Inspection & Audit Department
Jun. 2012	Senior Deputy General Manager, Corporate Banking Department	Jun. 2021	Dispatched, treated as Managing Executive Officer; President, Gungin Consulting Co., Ltd.
Jun. 2014	General Manager, Market and International Affairs Department	Jun. 2022	Standing Audit & Supervisory Board Member (current position)
Feb. 2017	General Manager, International Department		



Makoto Tanaka		Outside Audit & Supervisory Board Member	
Apr. 1978	Joined Tokio Marine & Fire Insurance Co., Ltd.	Apr. 2007	Comprehensive External Auditor, Gunma Prefecture
Aug. 1993	Registered as a certified public accountant Opened Makoto Tanaka Certified Public Accountant Office	Jul. 2010	Director, The Japanese Institute of Certified Public Accountants Tokyo Chapter
Nov. 1993	Registered as a certified tax accountant	Nov. 2010	Vice President, Shibukawa Chamber of Commerce and Industry (current position)
Mar. 1998	Established Suiran Joint Certified Public Accountant Office	Mar. 2016	Established Susei Audit Corporation; Representative Partner (current position)
Sep. 2002	Representative certified public accountant Established Tanaka Tax Accounting Office (currently Tucks Tax Accounting Office); Representative certified tax accountant (current position)	Jun. 2016	Audit & Supervisory Board Member of the Bank (current position)
		Jun. 2016	Outside Audit and Supervisory Board Member, Hochiki Corp. (current position)
		Apr. 2022	Representative Audit Committee Member, Shibukawa City (current position)



Yasuo Kamiya		Outside Audit & Supervisory Board Member	
Apr. 1981	Registered as a lawyer (Gunma Bar Association)	Nov. 2009	Member of Gunma Prefectural Pollution Review Board
Apr. 1983	Established Kamiya Law Office (currently Ryomo Law Office) (current position)	Jul. 2012	Member of the Gunma Prefectural Public Safety Commission
Oct. 2003	Member of Gunma Dispute Coordinating Committee, the Ministry of Health, Labour and Welfare	Jul. 2014	Chairman, Gunma Prefectural Public Safety Commission
Apr. 2008	Chairman, Gunma Bar Association Executive Governor, Japan Federation of Bar Association Managing Director, Kanto Federation of Bar Association	Nov. 2018	Chairman, Gunma Prefectural Pollution Review Board
		Jun. 2020	Audit & Supervisory Board Member of the Bank (current position)



Hiroshi Kasahara		Outside Audit & Supervisory Board Member	
Apr. 1978	Joined Gunma Prefectural Office	Apr. 2016	Superintendent of Education, Gunma Prefectural Board of Education
Apr. 2011	Director, Finance Division, General Affairs Department, Gunma Prefectural Government	Jun. 2021	Chairman, Gunma Prefecture Foundation for Education and Culture (current position)
Apr. 2013	Executive Director, Gunma Prefectural Hospitals Bureau	Mar. 2022	Director, Gunma Prefecture Foundation for Longevity Society (current position)
Apr. 2014	General Manager, Corporate Planning Department, Gunma Prefectural Government	Jun. 2022	Audit & Supervisory Board Member of the Bank (current position)

Executive Officer

Managing Executive Officer	Area General Manager (Kumagaya, Omiya, Keihin and Osaka)	Shinsuke Kuwabara	Executive Officer	General Manager, Inspection & Audit Department	Yoshihisa Okada
Managing Executive Officer	Area General Manager (Ota, Kiryu, Tatebayashi and Tochigi)	Akihiko Horie	Executive Officer	General Manager, Business Planning & Administration Department	Takashi Ishizeki
Managing Executive Officer	Area General Manager (Takasaki and Seimou)	Nobuyuki Kitamura	Executive Officer	General Manager, Head Office Sales Department and General Manager, Soja Branch	Takeshi Hasegawa
Managing Executive Officer	Area General Manager (Maebashi, Isesaki and Hokumou)	Atsushi Hirota	Executive Officer	General Manager, Takasaki Branch and Toyooka Branch	Yuki Yokota
Managing Executive Officer	General Manager, Risk Management Department	Kimitoshi Mashimo	Executive Officer	General Manager, Isesaki Branch	Shiro Maki
Managing Executive Officer	General Manager, Corporate Planning Department	Hideyuki Saito	Executive Officer	General Manager, Corporate Consulting Department	Naofumi Takahashi
Managing Executive Officer	General Manager, Credit Department	Satomi Nagaoka			

Specialties and experience of Inside Directors and Audit & Supervisory Board members (skills matrix)

Name	Position	Expertise							
		Corporate governance/Sustainability	Regional Economy	Sales	Market Operations	Corporate strategy/Planning/Compliance with regulations/New business development	Personnel	Risk management	Systems
Nobuyuki Horie	Director and Chairman	●	●	●			●	●	
Akihiko Fukai	President	●	●	●	●	●		●	●
Hiroyuki Irisawa	Senior Managing Director	●		●	●	●			●
Akihiro Goto	Managing Director	●		●		●	●		
Tsutomu Takei	Managing Director	●	●	●			●		
Takeo Uchibori	Managing Director	●		●		●			●
Shinya Koitabashi	Audit & Supervisory Board Member			●	●				
Keita Muto	Audit & Supervisory Board Member			●				●	

Specialties and experience of Outside Directors and Audit & Supervisory Board members (skills matrix)

Name	Position	Number of concurrent positions at listed companies	Expertise							
			Corporate Management	Financials (Theories/Administration/Regulations)	Corporate finance & accounting (Practices/Theories)	Corporate legal affairs (Practices/Theories)	Macro-economics	Sustainability	IT/Digitals/Fintech	Regional economy/Administration
Jun Kondo	Director	—	●		●					●
Kuniko Nishikawa	Director	—	●					●	●	
Kazuhiro Osugi	Director	2		●				●		
Makoto Tanaka	Audit & Supervisory Board Member	1			●					●
Yasuo Kamiya	Audit & Supervisory Board Member	—				●				●
Hiroshi Kasahara	Audit & Supervisory Board Member	—						●		●

Compliance Management System

With a view to fulfilling the social responsibility and public mission of a bank, it is indispensable to establish and implement a compliance management system. Thus, we regard compliance as one of the most important management tasks and will work together with all of our executives and employees to foster a corporate culture that emphasizes the importance of compliance.

Compliance Management System

The Board of Directors is the highest organization responsible for compliance, and its authorized Compliance Committee deliberates on important matters related to compliance. In addition, managers and personnel in charge of compliance are assigned to all departments and branches to ensure thorough compliance by raising compliance awareness of the executives and employees and providing

educational guidance to them. The Risk Management Department that oversees compliance, centrally manages compliance-related matters, and strives to develop and establish a system for compliance with applicable laws and regulations and a management system to protect our customers.

Compliance in Practice

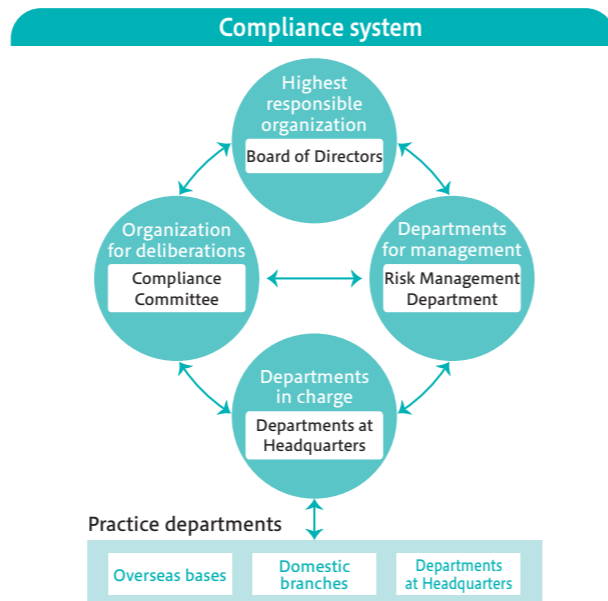
In order to put our “Corporate Philosophy” into practice, we have established “Corporate Ethics” as a basic policy for compliance and “Action Guidelines” as the criteria for compliance.

Further, we established “Compliance Guidelines” summarizing all matters considered to be necessary for practicing compliance, including “Corporate Ethics” and “Action Guidelines.” By using these Compliance Guidelines in our training programs and study sessions, we aim to

ensure the thorough practice of compliance. In addition, the “Compliance Action Plan,” which is a specific practical plan for fulfilling compliance requirements, is formulated annually by the Board of Directors, based on which measures should be taken. We are striving to further enhance and reinforce our compliance practices, such as providing trainings at each department and branch, checking and monitoring compliance status using checklists and conducting consultations and guidance by visiting branches.

Contents of “Corporate Ethics” and “Action Guidelines”

- | | |
|-------------------|--|
| Corporate Ethics | <ol style="list-style-type: none"> 1. Awareness of social responsibility and public mission 2. Strict compliance with laws and regulations 3. Transparency in management and openness to society 4. Measures to deal with anti-social forces (crime syndicates) |
| Action Guidelines | <ol style="list-style-type: none"> 1. Understanding and complying with laws, regulations, and rules 2. Maintaining and improving confidence 3. Reporting, communicating, and consulting 4. Drawing a line between public and private matters 5. Honesty and sincerity in customer service 6. Steadfast actions against anti-social forces 7. Strict management of customer information 8. Prevention of money laundering |



Themes of Training Sessions for Each Department and Branch (FY2021)

- April: The FY2021 Compliance Action Plan
- June: “Corporate Ethics” and “Action Guidelines”
- November: Harassment prevention

Internal Whistleblowing System

We have established a system (Compliance Hotline) that allows all executives and employees to report violations of laws and regulations directly to the Risk Management Department and outside lawyers. This system has an important mechanism for protecting the confidentiality of whistleblowers and prohibiting disadvantageous handling of them, which results in ensuring the effectiveness of the system by protecting whistleblowers, and encouraging early detection of violations of laws and regulations.

Compliance Action Plan

The Board of Directors formulates a Compliance Action Plan every year as a specific practical plan for enhancing and reinforcing compliance. In the Compliance Action Plan, the highest priority items are listed as common themes across the Bank. The Compliance Committee confirms the implementation status of the Compliance Action Plan every quarter, and the Board of Directors confirms the implementation status of the plan every six months.

<FY2022 Compliance Action Plan Bank-wide Common Themes>

- ① Prevention of fraud
- ② Eradication of harassment
- ③ Prevention of money laundering
- ④ Customer-oriented sales activities
- ⑤ Appropriate management of customer information

Measures to Protect Customers

In addition to announcing a “Customer Protection Management Policy,” the Bank assigns personnel in charge of customer protection management to each department and branch, allowing them to offer sufficient explanations about this to customers and handle consultations, requests, and complaints from customers in a timely manner. We are working to develop and establish an enhanced customer protection management system.

Our “Customer Support Office” handles customer complaints. In addition, we support the financial Alternative Dispute Resolution (ADR) system in which a designated dispute resolution organization settles conflicts from a fair and neutral position.

<Contacts and phone numbers for suggestions or complaints>

	Customer Support Office, Gunma Bank	Designated dispute resolution organization	
		Consultation Office, Japanese Bankers Association (JBA)	Investors Consultation Office, The Investment Trusts Association, Japan
Phone Numbers	0120-203041 (Domestic toll free) +81-(0)27-252-1111 (key number)	0570-017109 (Navi Dial (NTT's Japan-wide call handling service)) +81-(0)3-5252-3772	0120-817335 (Domestic toll free) +81-(0)3-6206-3988
Reception Time	09:00 -17:00	09:00 -17:00	09:00 -17:15
Reception Date	Monday to Friday (excluding public holidays and Dec 31-Jan 3)		

We have also announced that we would conduct foreign exchange operations adequately in compliance with the Global Code of Conduct for Foreign Exchange, and have released publicly our “Basic Policy on Foreign Exchange Transactions,” which stipulates how to conduct foreign exchange transactions with customers and how to protect customer information within the transactions.

Measures to Protect Business Partner Information (Personal Information)

The Bank published a “Personal Information Protection Declaration” as our policy for appropriate protection and use of personal information obtained in connection with our operations by assigning personnel responsible for managing and supervising business partner information, including personal information throughout the Bank, and developing and establishing a management system to implement meticulous safety management measures and supervise outsiders.

To protect specific information on corporate entities acquired by executives and employees, we have established measures to communicate and manage such information, and aim to prevent unfair transactions using such information.

Measures to Manage Conflicts of Interest

Together with announcing a “Conflict of Interest Management Policy,” we perform our business operations so as not to unduly harm our customers' profits, by properly managing transactions that may cause conflicts of interest between customers and the Bank or its Group as well as between customers of the Bank or its Group companies.

Severing Ties with Anti-social Forces

Unfair intervention by anti-social forces can lead to a decline in confidence of a bank, making it difficult to ensure the suitability and soundness of business operations.

Based on the importance of the social responsibility of a bank, we take a firm position against anti-social forces in accordance with the three principles of “Prevent access to our funds, prevent use of their funds, and do not fear such anti-social forces and groups.” We are working to suspend relationships with such anti-social forces.

Specifically, starting new solicitation and transaction activities for anti-social forces is banned, and transactions already made are reduced and eventually stopped when such transactions are discovered. In addition, we have introduced stipulations to exclude anti-social forces in contracts.

In order to eliminate unreasonable claims from anti-social forces and transactions with such groups, we ensure the safety of executives, employees and related parties. The Bank and its Group companies take measures together and cooperate, on a daily basis, with external organizations such as the police and lawyers.

Other Measures

The Bank has established “Guidelines for Gifts and Entertainment” to eliminate acts that may lead to suspicion, distrust, misunderstanding, and criticism from society, and maintains sincere, fair, and transparent relationships with our business partners, and will strive to prevent a loss of social trust and confidence. The guidelines stipulate the type of gifts and entertainment that the Bank may give and the type of gifts and entertainment that the Bank may receive from business partners.

Risk management

Basic Perspective

The risks facing banks in Japan are becoming increasingly diversified and complicated amid major changes taking place in the business environment. Under such circumstances, in order to improve the corporate value while ensuring soundness and stability of management, it is necessary that we appropriately manage and control risks according to the characteristics of operations and risks.

The Bank understands adequate risk management as one of the most important managerial tasks. The Board of Directors has established the Basic Policy on Risk Management and strengthens and improves the risk management system, including the risk management following this basic policy.

Overview of Risk Management System

The Board of Directors fully recognizes the importance of risk management, determines the risk management policy based on the Bank's management policy, etc., and strives to foster a corporate culture that places emphasis on risk management.

In addition, the Risk Management Department has been established as an integrated risk management organization for the entire bank, which comprehensively grasps and manages the status of various risks including risk measurement results from a cross-sectional perspective.

The Risk Management Department and various

risk management-related departments work together concerning risk situations and challenges and report the results to the Executive Committee and the Board of Directors based on discussions and reviews by the ALM/Profits Management Committee, the Credit Risk Management Committee, and the Operational Risk Management Committee.

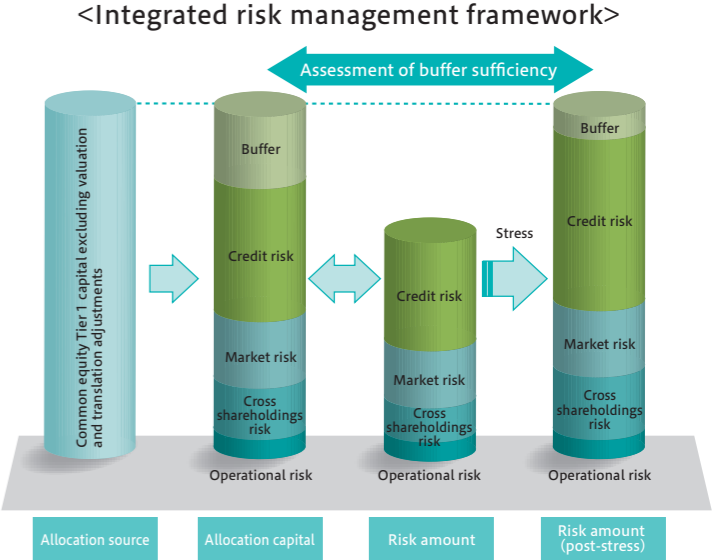
The Inspection & Audit Department examines and evaluates the appropriateness of risk management from an independent standpoint and provides advice regarding improvement in response to the issues identified.

Integrated Risk Management

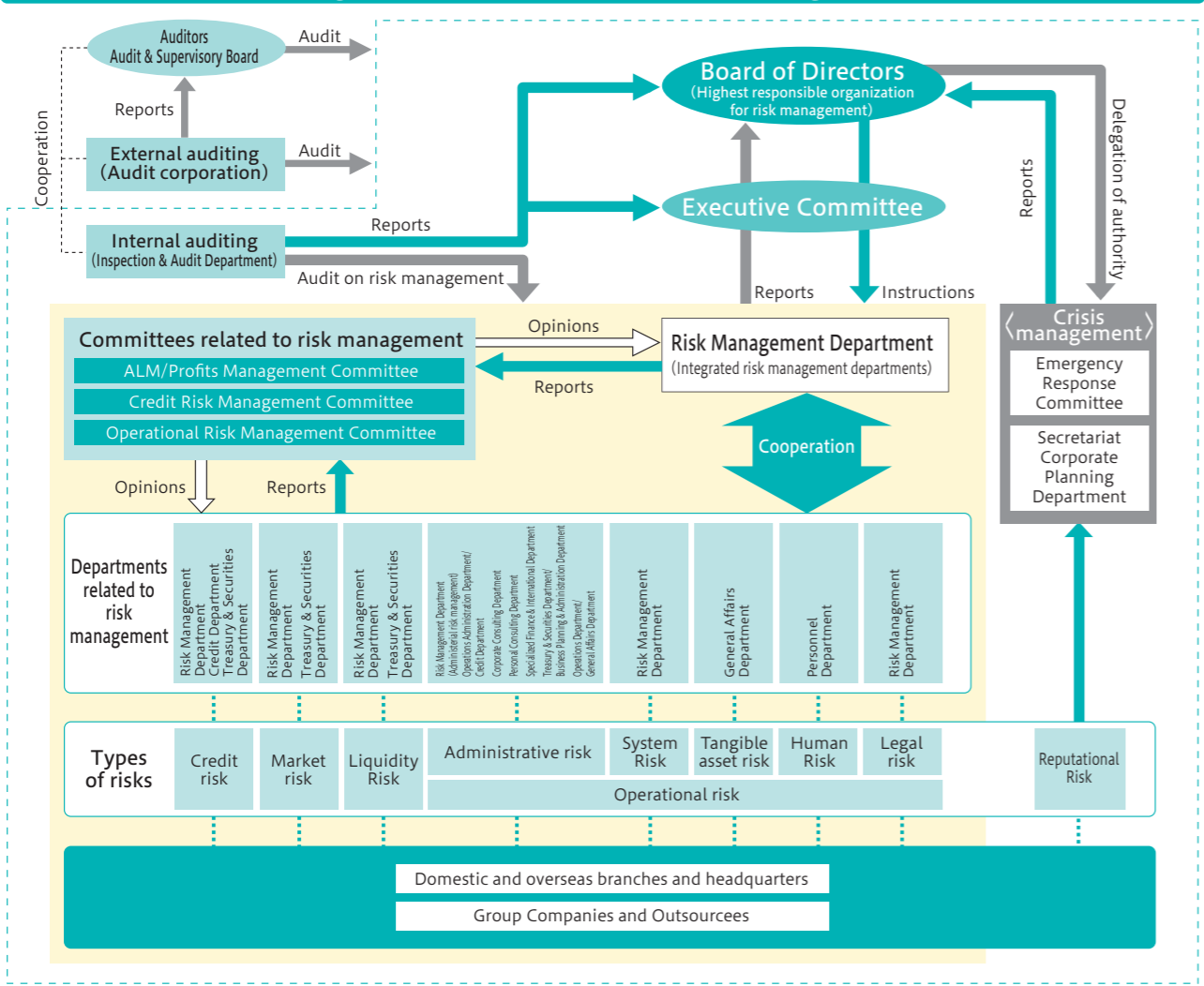
(1) Basic perspective
 In addition to managing individual risks such as credit, market, and liquidity risks, it is necessary to comprehensively manage risks such as overall risk of the Bank as a whole, and to compare and contrast these risks with management vitality. For this reason, the Risk Management Department is taking the lead in developing a system for integrated risk management, strengthening the management of various risks, and promoting the advancement of integrated risk management.

(2) Integrated risk management framework
 As one of the methods for integrated risk management, we implemented a system of integrated risk management to measure the amount of risk by each category such as credit risk and market risk using a unified framework (value at risk (VaR), etc.) and integrate them to be compared with management vitality (equity capital).
 In specific terms, the Board of Directors determines allocation of risk capital by risk category every six months, with the amount obtained by subtracting valuation and translation adjustments, etc. from common equity Tier 1 capital as the allocation source.

The Bank regularly monitors the risk amount to determine whether it is within the allocated risk capital, and reports findings every month to the Asset Liability Management (ALM) / Profits Management Committee as well as the Executive Committee.



Organizational framework of risk management



Management by Risk Category

Credit Risk Management

Credit risk refers to the possible loss that a bank may suffer because a bank's business partner or securities issuer cannot repay/redeem interest and/or principal as promised due to worsening business conditions, etc.
 At the Bank, asset-based lending accounts for the majority of credit risk, and ensuring the soundness of asset-based lending is an important task in managing credit risk in the future.
 In order to perform strict credit risk management,

mutual checks on credit risks between related departments are necessary. At the Bank, the Risk Management Department is independent from the sales promotion departments and the examination departments, and plans and verifies the management system that forms the basis of credit risk management, such as a credit rating system, asset self-assessment, and amortization and depreciation system, which all work as a regular check function.

Market Risk Management

Market risk refers to the possible loss that a bank may suffer due to fluctuations in market factors such as interest rates, exchange rates, and share prices.
 In addition to management by the Risk Management Department, for the Treasury & Securities Department in charge of market transactions, the department in charge of trading (front office) is separated from the department in charge of risk management and the department in charge of routine paperwork (middle and back offices) to provide a check and balance system.

The Risk Management Department manages and analyzes the situation of risk amounts for VaR and valuation gain/loss and the impact that changes in market factors have on gain/loss on valuation and capital ratio, and reports its findings to the Asset Liability Management (ALM)/Profits Management Committee. The Treasuries and Securities Department invests in stocks and bonds within the appropriate trading scope under sufficient risk management.

Liquidity Risk Management

Liquidity risk consists of cash flow risk and market liquidity risk.

Cash flow risk means the possible loss that a bank may suffer if the Bank is unable to secure the necessary funds due to mismatches between operating and funding periods or unexpected capital outflows or is forced to raise funds at significantly higher rates than usual.

Market liquidity risk refers to the possible loss that a bank may suffer due to an inability to trade because of market turmoil, etc. or a trade where the Bank is forced to accept significantly unfavorable price.

The Bank stipulates the Treasury & Securities

Department as the department in charge of cash flow and it manages cash flow strictly on a daily, weekly and monthly basis including that of overseas branches. The Risk Management Department monitors and analyzes cash flow situation, balance of investment and funding, identifies and analyzes interest rate trends, and then reports to the Asset Liability Management (ALM)/Profits Management Committee as well as the Executive Committee. Furthermore, the Bank has formulated a Contingency Plan to prepare for various contingencies and has put into place a system that can address various cases.

Operational Risk Management

Operational risk is the possible loss that the Bank may suffer due to inadequate operational processes, activities of workers such as executives, employees, and temporary employees, and functions of systems, or exogenous events. The Bank divides operational risk into five categories in order to effectively manage risks in accordance with the organizational structure and content of operations. These five categories are: ① Administrative risk; ② System risk; ③ Tangible asset risk; ④ Human risk; and ⑤ Legal risk.

The Board of Directors has established a Basic Policy on Risk Management and Basic Regulations on Operational

Risk, which stipulate basic matters concerning operational risk management. The Director in charge of the Risk Management Department is designated as the person in charge of supervising overall operational risks and the Risk Management Department is designated as the integrated operational risk management division. The Risk Management Department plans and supervises the overall management of operational risk under the direction and supervision of the director in charge, and each risk management-related department manages each risk from a specialized standpoint.

Crisis Management

Based on our social responsibility and public mission as a regional financial institution, the Bank has developed a system that can respond to emergencies quickly and appropriately in the event of a major natural disaster, system failure, novel coronavirus pandemic, etc. and convey relevant information to everyone within the organization.

Specifically, in order to ensure the safety of our customers, executives and employees, and to perform

operations smoothly, we have a crisis management plan (business continuity plan (BCP)). We conduct regular training to ensure its effectiveness and periodically review its contents. We have also established a system to convene an emergency response committee chaired by the President in the event of a crisis. In particular, for major earthquake disasters, we have developed measures such as backup offices and backup systems based on the expected impact.

Cyber Security Management

In order to cope with cyber-attacks, we are implementing multi-layered measures to prevent unauthorized entry into the system and to detect viruses. We are continuously reviewing these measures to ensure their effectiveness.

The Gungin CSIRT* installed in the Risk Management Department plays a central role in dealing with cyber attacks. We are continuously strengthening our security management system through the collection of information from outside organizations and conducting classes and training in cyber security and cyber-attacks.

* CSIRT: Abbreviation for "Computer Security Incident Response Team"

Risk Management for Anti-Money Laundering and Combating the Financing of Terrorism

The Bank considers anti-money laundering and combating the financing of terrorism to be one important task of management and has established the Financial Crime Countermeasures Office in the Risk Management Department and it is enhancing system to centrally manage and cope with money laundering. Based on the Required Actions for a Financial Institution indicated by the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism issued by the Financial Services Agency, the Bank has taken a risk-based approach to identify and assess risks and enhance risk mitigation measures.

Specifically, we analyze each suspicious transaction report by category such as reason of notification, area of occurrence, and type of entity, and prepare our own money laundering risk assessment report. This money laundering

risk assessment report not only analyzes the details of the suspicious transactions reported, but also describes the risk factors for each product/service, customer attributes, and the counterparty country. The report describes a series of anti-money laundering measures, including the implementation of risk reduction measures according to the level of risk and regularly updating customer information according to the level of risk.

Furthermore, the Bank began participating in the TSubasa Alliance in December 2020. In strengthening its anti-money laundering system, the Bank, without limiting itself to standalone measures, will respond proactively and broadly, including review of information sharing and sharing relevant operations with other banks participating in this alliance.

Financial crime prevention service

The Bank has set up the following toll free numbers in Japan as consultation windows for financial crimes.

Gunma Bank "Financial Crime Prevention Service"

Toll free number: 0120-788511

Hours: 09:00-17:00 (excluding bank holidays)

Establishment of a Risk Appetite Framework (RAF)

As the management environment surrounding financial institutions becomes more severe, to achieve sustainable profitability regional financial institutions must undertake business model reforms and develop their governance system for supporting strategies and managing risk appropriately.

Given this, the Bank clarifies types and amounts of risk acceptable to achieving the business plan and builds a risk appetite framework (RAF) for business management and risk management.

The new mid-term business plan, "Innovation for Purpose," was formulated after conducting an analysis of the risk and return of each of our business areas based on RORA and setting a risk-taking policy aimed at increasing earnings. In addition, we have conducted stress tests to verify that the risk-taking in the New Mid-Term is appropriate, taking into account the risk events we will face. Going forward, the Bank aims to optimize risk and returns and effectively utilize capital and management resources through the gradual development of the RAF.

Risk-Taking Policy

- Invest management resources to solve issues to revitalize the local economy and achieve sustainable growth/actively engage in risk-taking
- Aim to expand earnings by taking on risks in growth areas such as decarbonization, while securing equity capital to supply funds to the region
- In securities management, build a long-term stable portfolio by diversifying assets under management with a focus on diversification and securing liquidity

Initiatives to improve customer satisfaction

Customer-Oriented Business Conduct

In June 2017, the Bank, together with Gungin Securities, established the Customer-Oriented Business Conduct Policy and Action Plan based on Customer-Oriented Business Conduct Policy, and regularly announces the status of its efforts, including performance indicators.

Note: Please refer to our website for the overall status of initiatives for customer-oriented business conduct.



Realization of stable asset formation for customers

The Gunma Bank and Gungin Securities think about what is best for customers and strive to realize stable asset formation for them based on our corporate philosophy and Purpose.

Selection of Useful Products for Customers

When selecting new products or proposing products to customers, we base our decisions on whether they will be useful for customers' asset formation and asset management without considering factors such as the amount of commissions we receive or our relationship with the company providing said product.

Improved Transparency of Bank Commissions, etc.

In order to help customers make informed decisions when selecting products, we will improve the transparency of fees and commissions for each product and provide detailed explanations to assure that customers understand the products and their costs.

Provision of Important Information in an Easy-to-understand Manner

○When providing information on products, we will explain basic matters such as the risks and returns of the product, as well as the terms and conditions of the transaction, in an easy-to-understand manner.

○To assure that customers can use their own judgment in selecting the products that best meet their needs, we will provide information that is clear, plain, and truthful in a manner that is not misleading.

Provision of Suitable Products and Services Available for Customers

- The Group will work as one to provide optimal products and services that are appropriate for the customer's knowledge, experience, financial situation, objectives, and needs.
- We will actively provide financial and economic information to improve the financial literacy of people in the region.
- We will strive follow-up with customers in a timely and appropriate manner, including providing the information customers need to make investment decisions, such as information on the market environment and the state of customers' investments.

Human Resource Development and Evaluation

In order to provide optimal consulting services that meet the diverse needs of customers, we will strive to develop human resources with both expertise and advanced proposal skills. We will do this in a number of ways, including enhancing our training programs, supporting employees acquire professional qualifications, and emphasizing the accuracy of employee evaluations.

Efforts to Help Elderly Customers and Customers with Disabilities

Installation of Communication Tools at All Branches

Various communication tools that can be used by customers who are elderly or those who need hearing or writing assistance are available at the counters of all branches, including hearing aids, writing tablets, and communication boards.

Introduction of a Remote Sign Language Interpretation Service

A remote sign language interpretation service in which sign language operators provide interpretation via videophone using dedicated mobile PCs is now available at 26 of our branches.

Telephone-based Communication Relay Service

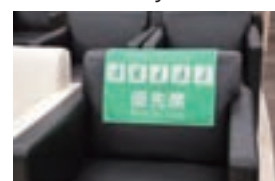
We have handled part of our operations through a telephone-based communication relay service, which enables the hard of hearing to communicate with the hearing through an interpreter.

Barrier-free branches and ATMs

We are promoting the creation of a banking service environment that is safe and convenient for the elderly or customers with disabilities, such as by eliminating steps

inside and outside banking outlets, installing parking areas convenient for disabled people and having wheelchairs available for customer use.

In order that visually impaired or elderly customers can use ATMs smoothly, ATMs with handsets have also been installed at all branches, and we are also proceeding with installing universal design ATMs.



Other Measures

- The transfer fee at the counter for visually impaired customers will be the same as that for ATM transfer fees.
- For customers who are visually impaired or have difficulty reading, our staff will do the procedure by reading or writing on behalf of the customer.
- We will send notifications in braille by postal mail upon request from the customer.
- We use braille business cards for visually impaired customers.
- Our website is equipped with a voice reading function.
- We are training dementia supporters.

Social Contribution Activities

At the Gunma Bank, our mission is to be a good citizen and contribute to the development of local industry and culture, as well as to the enrichment of people's lives. As such, we are committed to supporting the arts, culture, sports, and financial and economic education, and to protecting local cultural heritage.

Donations to Gunma Prefecture World Heritage, Gunma Silk Inheritance Succession Fund

We work with the Silk Inheritance of Gunma, which donates part of the trust fee received by the Bank and the trustee company for the protection of the World Cultural Heritage site of the Tomioka Silk Mill and related sites.

<FY2021 Results>

- Donations from the Silk Inheritance of Gunma investment trust (Gunma Bank and Gungin Securities Total) 769,975 yen (cumulative total: 8,454,876 yen)
- Donations from the donation course of the shareholder benefits program 51,000 yen (cumulative total: 156,000 yen)

Support for Finance Education

(1) Dispatching of instructors to Gunma University

Since fiscal 2017, we have been conducting collaborative seminars with Gunma University. In fiscal 2021, we dispatched three instructors to teach the Finance Literacy course on economics and finance.

(2) Financial education classes by younger employees

As part of training younger bank employees, we have them conduct financial education classes for high school students. In FY2021, the class was held online and focused on the theme of "being smart with money."

(3) Admission of elementary, junior high, and high school students for experiential learning

We admit local elementary and junior high school students for experiential learning courses conducted at our branches, as well as a company tour for high school students at our head office.

(4) Economics Koshien

In order to provide opportunities for high school students to enjoy learning about finance and the economy and acquire financial literacy while having fun, we organize the Gunma Tournament of the National High School Finance and Economics Quiz Championship "Economics Koshien."

Support for Sports Activities

The Gunma Bank Green Wings were the runner-up last season in the V2 level of the Women's V League for volleyball. The team narrowly lost in the exchange match against a V1 team, and their promotion to the V1 League was unfortunately postponed.

The team will continue to play in the V. League and other national-level competitions, as well as actively contribute to the local community through activities such as volleyball classes.



(Above) New team logo
(Right) A 2021-2022 season match



Support for Arts and Cultural Activities

We support activities such as sponsoring regular concerts for the Gunma Symphony Orchestra.

The Gunma Symphony Orchestra is engaged in artistic activities closely connected to regional communities and contributes to the improvement of regional music culture by holding traveling music classes for elementary and junior high school students in addition to regular concerts.

Installation of Vending Machines in Support of the Gold Ribbon Campaign

As a means to support childhood cancer research and development through the gold ribbon network, an authorized NPO, Gunma Bank has installed Gold Ribbon Support Vending Machines. A portion of the proceeds from the sale of each vending machine goes to support children with cancer.

Company Information

Company Overview

(as of March 31, 2022)

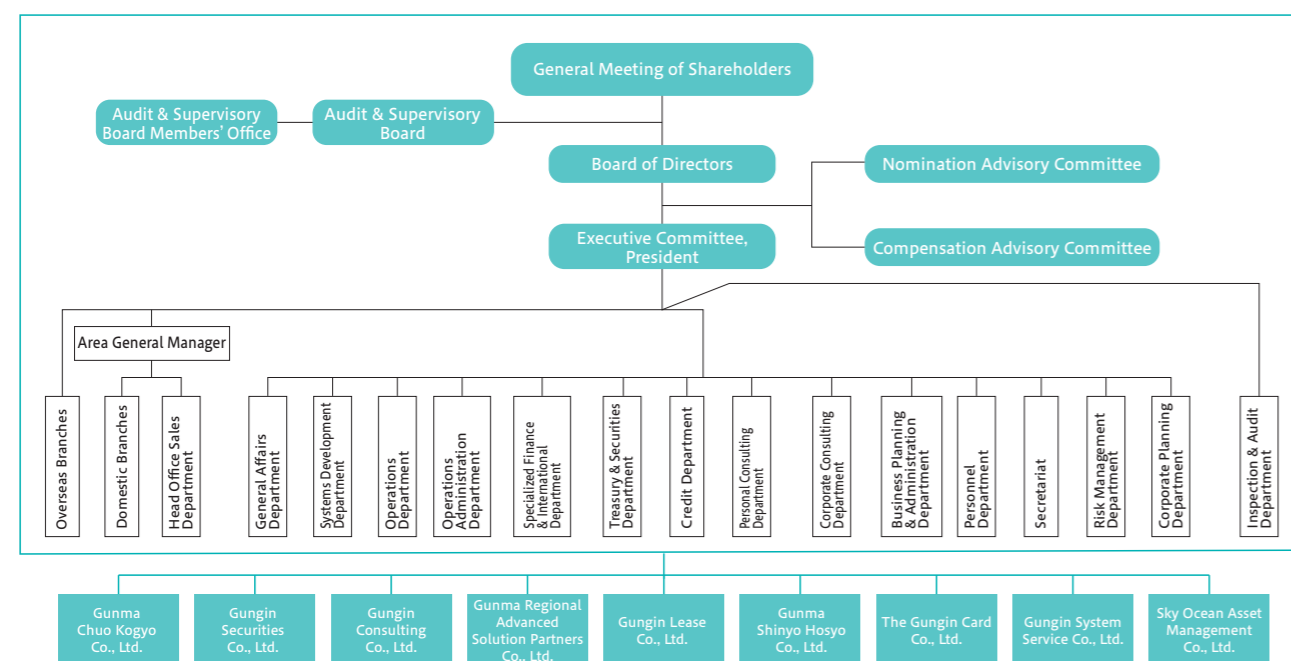
Name:	The Gunma Bank, Ltd.
Date of establishment:	September 1932
Location of head office:	194 Motosojamachi, Maebashi, Gunma
Capital:	48.6 billion yen
Number of employees:	2,988 (excluding temporary employees)
Number of bases Domestic:	158 banking outlets in Japan (110 in Gunma, 48 outside Gunma)
	Overseas: one banking outlet in New York; Four offices (Hong Kong, Shanghai, Bangkok, and Ho Chi Minh)
Subsidiaries Domestic:	Eight companies
Affiliates Domestic:	One company
Total assets:	11,126.9 billion yen
Deposits:	7,970.4 billion yen
Loans and bills discounted:	5,818.1 billion yen
Net assets:	492.8 billion yen
Total capital adequacy ratio:	(uniform international standards) Consolidated 12.40%, Non-consolidated 11.76%
Ratings:	JCR AA R&I A+ Moody's A3 S&P A-



Note: Number of employees in the consolidated companies is 3,153 (2,953 for the Gunma Bank and 200 for its subsidiaries). Employees of the Gunma Bank include "locally hired overseas employees and secondees to the Bank" and exclude "secondees from the Bank," etc., indicating the number of employees based on the establishment employment.

Organization Chart

(As of June 30, 2022)



General Meeting of Shareholders

For the general meeting of shareholders held in June, we issue a convocation notice before the meeting and post a notice at the stock exchanges and the Bank's website. We have also striven to improve the voting environment by enabling shareholders to exercise their voting rights via the Internet and participate in the voting platform. After the general meeting, a notice of resolutions and results of the exercise of voting rights (extraordinary report) are immediately posted on our website.

	2019	2020	2021	2022
Date	Jun. 25 (Tue.)	Jun. 24 (Wed.)	Jun. 24 (Thu.)	Jun. 24 (Fri.)
Number of shareholders in attendance	197	50*	46*	52*
Voting rights exercise ratio	83.0%	85.1%	85.7%	83.9%
Dispatch date of notice	Jun. 3 (Mon.)	Jun. 2 (Tue.)	Jun. 2 (Wed.)	Jun. 2 (Thu.)
Posting date of notice on website	May 28 (Tue.)	May 27 (Wed.)	May 27 (Thu.)	May 27 (Fri.)

* To prevent the spread of COVID-19, in 2020 and 2022 we gave top priority to the safety and security of our shareholders and have asked them to avoid coming to meetings as much as possible.

Key Operations

Deposit services

(1) Deposits
Current deposits, ordinary deposits, savings deposits, deposits at notice, fixed deposits, periodic deposits, separate deposits, earmarked deposits for taxes, foreign currency deposits
(2) Certificates of deposit
Negotiable certificates of deposit

Loan services

(1) Loans
Loans on bills, loans on deeds, overdrafts
(2) Bill discounting
Discounts on bank acceptance, commercial bills, documentary bills

Trading of trading account securities

Trading of public bonds such as national government bonds

Portfolio investments

Investments in government bonds, municipal bonds, corporate bonds, stocks, and other securities for bank reserves and fund management

Domestic exchange transactions

Transfers, debt collection, etc.

Foreign exchange business

Various services related to foreign exchange transactions for purposes such as exports, imports, foreign remittances, currency exchanges, etc.

Over-the-counter sales of investment trusts

Over-the-counter sales of public bonds such as national government bonds and investment trusts

Services as a trustee of bonds and debentures and an issuing and paying agent

Services as a trustee of bonds and debentures under the Secured Bond Trust Act, in addition to floating public bonds, and conducting agency services for issuances and payments

Trust business

Trust as a substitute for a will, land trust, real estate management trust, specific charitable trust, charitable public trust. Also, we handle inheritance-related services (will trust and liquidation of inheritance property services).

Handling of defined contribution pension plans

Operations and management of defined contribution pension plans under the Defined Contribution Pension Act

Supplementary services

- (1) Agency services
 - ① Acting branch of the Bank of Japan, acting revenue branch of the Bank of Japan
 - ② Handling of public funds for local public bodies
 - ③ Agency services for the Workers' Retirement Allowance Mutual Aid Organization
 - ④ Agency services for receipt of paid-in advances on stocks and payments of share dividends and the principal and interest of public and corporate bonds
 - ⑤ Agency service for loans from the Japan Finance Corporation
 - ⑥ Trust agent services for pension trusts
 - ⑦ Non-life insurance agent services
 - ⑧ Life insurance agent services
- (2) Safe deposit box
- (3) Loan of securities
- (4) Loan guarantee (acceptance of payment)
- (5) Financial instruments brokerage
- (6) Underwriting of public bonds
- (7) Credit card services
- (8) Derivative transactions of interest rates and currencies
- (9) Handling of commercial papers
- (10) Staffing

Group companies

Names	*1	Key operations	Location	Date of establishment:	Capital (Millions of yen)	Ratio of ownership of voting rights by the Group (%)		
						(%)	Gunma Bank	Subsidiaries, etc.
Gunma Chuo Kogyo Co., Ltd.	CS	Transportation of goods, maintenance of automated teller machines (ATM), etc.	226 Motosojamachi, Maebashi, Gunma	Feb. 24, 1971	10	100.00	100.00	—
Gungin Securities Co., Ltd.	CS	Securities dealing	2-2-11 Honmachi, Maebashi, Gunma	Feb. 12, 2016	3000	100.00	100.00	—
Gungin Consulting Co., Ltd.	CS	Customer consulting services	194 Motosojamachi, Maebashi, Gunma	Apr. 18, 2018	100	100.00	100.00	—
Gunma Regional Advanced Solution Partners Co., Ltd.	CS	Fund structuring and operation	194 Motosojamachi, Maebashi, Gunma	Dec. 25, 2020	100	100.00	100.00	—
Gungin Lease Co., Ltd.	CS	Leasing	171-1 Motosojamachi, Maebashi, Gunma	Oct. 1, 1973	180	100.00	50.00	50.00
Gunma Shinyo Hosyo Co., Ltd.	CS	Assurance engagements	194 Motosojamachi, Maebashi, Gunma	Sep. 28, 1983	30	100.00	45.45	54.54
The Gungin Card Co., Ltd.	ES	Credit cards	194 Motosojamachi, Maebashi, Gunma	Mar. 12, 1982	30	66.67	42.14	24.53
Gungin System Service Co., Ltd.	ES	System development and Sales	171-1 Motosojamachi, Maebashi, Gunma	Jul. 26, 1986	30	75.00	20.00	55.00
Sky Ocean Asset Management Co., Ltd.	EA	Investment trust management business	3-1-1 Minatomirai, Nishi-ku, Yokohama, Kanagawa	Nov. 25, 2014	300	15.00	15.00	—

*1 CS (Consolidated subsidiary), ES (Equity-method subsidiary), EA (Equity-method affiliate)

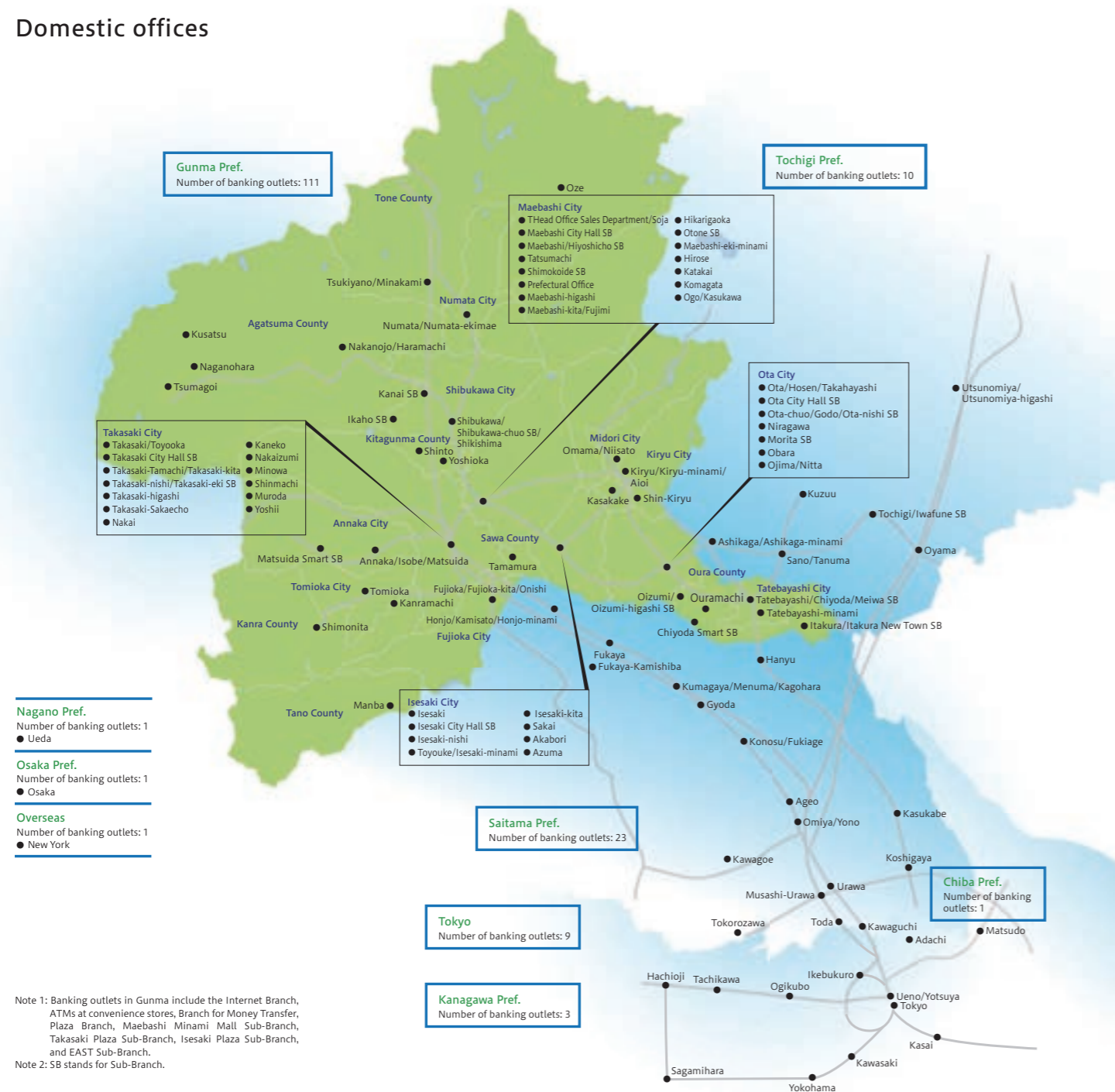
*2 Gunma Finance (Hong Kong) Ltd. was excluded from the scope of consolidation from the consolidated second quarter of the fiscal year due to liquidation.

*3 Ratios of ownership of voting rights are rounded down to the second decimal place.

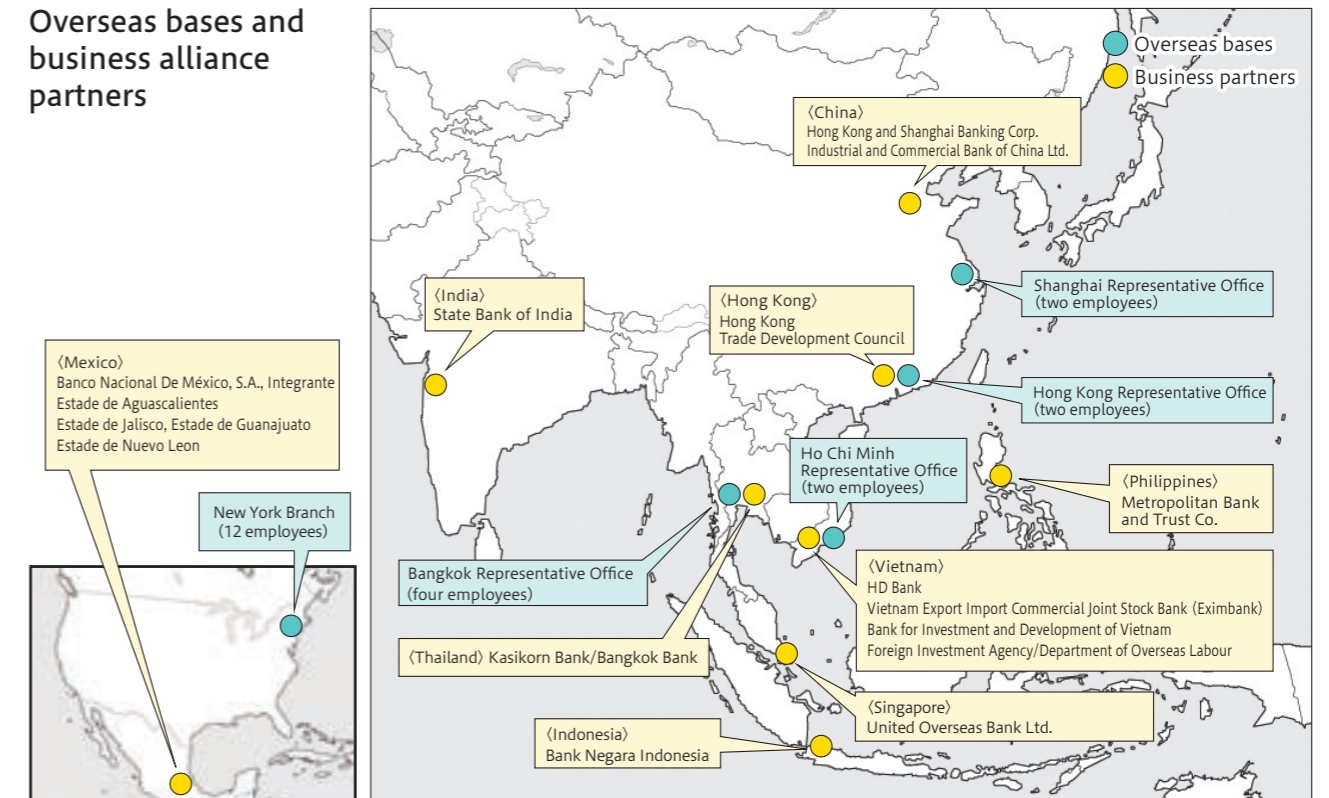
Service Network

(as of June 30, 2022)

Domestic offices



Overseas bases and business alliance partners



New York Branch
780 Third Avenue,
6th Floor New York,
NY 10017



Hong Kong Representative Office
Suite 1803, Tower 1,
The Gateway,
Harbour City, 25
Canton Road,
Tsim Sha Tsui,
Kowloon, Hong Kong



Shanghai Representative Office
18th Floor, Hang
Seng Bank Tower,
1000 Lujiazui Ring
Road, Pudong New
Area, Shanghai,
P.R. China



Bangkok Representative Office
689 Bhiraj Tower at
EmQuartier, 16th
Floor Unit 1612,
Sukhumvit Road,
Klongton-nue,
Wattana, Bangkok
10110 Thailand



Ho Chi Minh Representative Office
Zen Plaza 904, 54-56
Nguyen Trai St., Ben
Thanh ward, Dist. 1,
Ho Chi Minh City,
Vietnam

Individual Consulting Plazas



Individual Consulting Plaza Maebashi



Individual Consulting Plaza Takasaki
(Takasaki-Tamachi Branch)
(To be relocated December 2022)



Individual Consulting Plaza Isesaki



Individual Consulting Plaza EAST
(Oizumi Branch)

Editorial Policy

This Integrated Report has been prepared to provide stakeholders with an easy-to-understand overview of the Gunma Bank Group, its management policies, business strategies, its mid- to long-term vision, and other financial and non-financial information.

When editing the report, we referred to the International Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation formulated by the Ministry of Economy, Trade and Industry (METI).

This integrated report was confirmed by our management to be appropriately created and information disclosed according to our "disclosure policy."

Coverage of Reporting

Period: FY2021 (April 2021–March 2022)

Also includes some information for April 2022 and later.

Scope: The Gunma Bank, Ltd. and its subsidiaries (The Gunma Bank Group)

This integrated report acts as a main part of the disclosure magazine (explanatory documents pertinent to business and financial status) prepared pursuant to the Banking Act Article 21. When using this integrated report as a disclosure magazine, please refer, at the same time, to "The Gunma Bank Report 2022 (Annex)." This integrated report includes "descriptions about future performance" relating to the financial situation and operating results of the Gunma Bank and its Group Companies. These descriptions have been based on the information available at the date when this integrated report was prepared and some preconditions (assumptions) that might influence future results. They do not guarantee the described future results of the Bank and its Group and may involve risks and uncertainties.

The Gunma Bank, Ltd.

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