

The Mid-Term Business Plan 2025

(Plan period: April 2025–March 2028)



Growth with
“Purpose”

March 3, 2025

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The Gunma Bank, Ltd.

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

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I . Summary of the previous Mid-term Business plan



Items	Main achievements and issues (Issues are underlines)
[Marketing Process]	<ul style="list-style-type: none"> ○ Established purpose-driven sales activities (goal- and needs-based approach) ○ Reformed the profit structure (increased non-interest business income and established RORA management) → <u>To strengthen efforts to deepen purpose-driven sales, maximize profits while coping with interest rate changes, and enhance risk management.</u>
[Digital Channels]	<ul style="list-style-type: none"> ○ Made progress in developing digital channels and other platforms, such as the Gungin App and the Gungin Business Portal for corporate customers ○ Promoted cashless payments by issuing debit cards and expanding transactions with membership stores → <u>To strengthen initiatives to promote DX by utilizing data (in operations within the Bank and with customers) as the next step after developing digital platforms, etc.</u>
[Human Capital]	<ul style="list-style-type: none"> ○ Made progress in the visualization of tasks under the newly introduced occupation-specific personnel system and the appointment of the right person to the right position → <u>To strengthen human resource development in order to maximize human capital and recruit human resources with expertise, etc.</u>
[Environment Protection (Decarbonization)]	<ul style="list-style-type: none"> ○ Achieved the Bank's target to reduce GHG emissions by 57% from the level in FY2013 one year ahead of the schedule defined in the Mid-Term Business Plan ○ Achieved a cumulative total of 800 billion yen in sustainable finance over three years, way exceeding the figure targeted in the Mid-Term Business Plan→ <u>To strengthen efforts to reduce GHG emissions at customers.</u>
[New Business]	<ul style="list-style-type: none"> ○ Increased investment in venture companies and expanded business inheritance support, etc., through a subsidiary specializing in investment ○ Started personnel agency and regional trading and marketing businesses through a consulting subsidiary → <u>To improve profitability at existing businesses and launch new businesses that are expected to contribute to solving social problems.</u>

Summary of the figures from the previous Mid-term Business plan

Consolidated quantitative targets

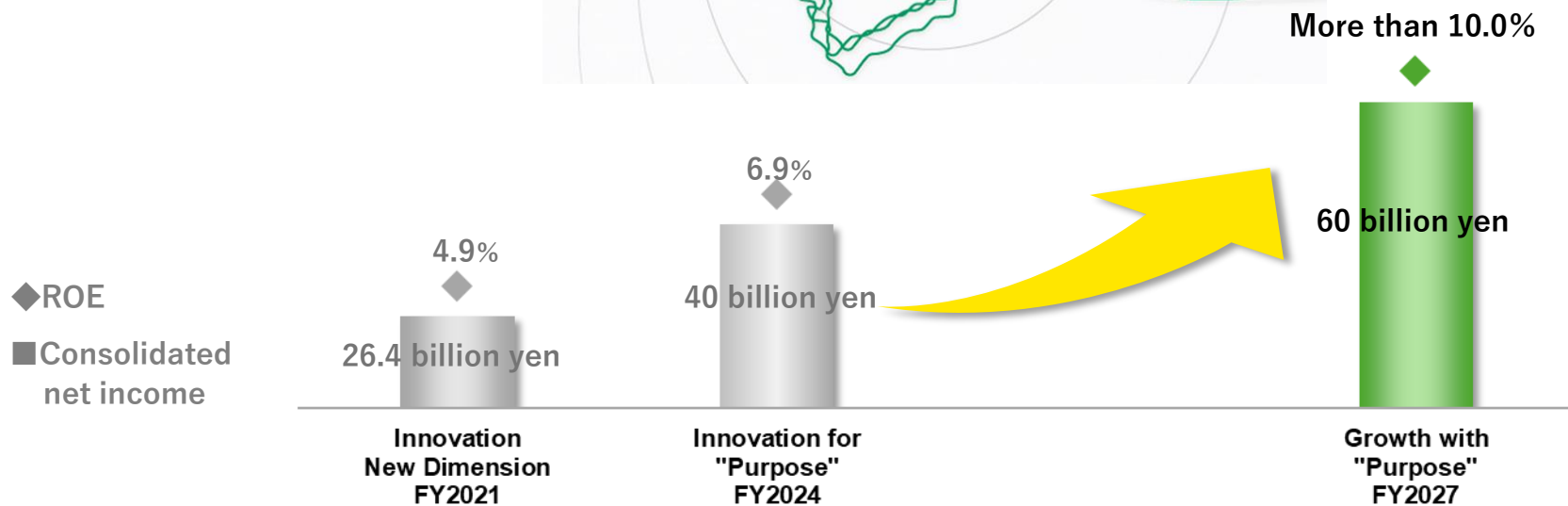
	FY2022 (Result)	FY2023 (Result)	FY2024 (Forecast)	FY2024 (Target)	compared to target
Core business net profit (excluding gains or losses on cancellation of the investment trust)	¥39.9 billion	¥45.4 billion	¥53.5 billion	¥45.0 billion	¥8.5 billion
Non-interest business profit	¥21.0 billion	¥24.2 billion	¥27.0 billion	¥25.0 billion	¥2.0 billion
Profit attributable to owners of parent	¥27.9 billion	¥31.1 billion	¥40.0 billion	¥30.0 billion	¥10.0 billion
Group companies's profit	¥3.3 billion	¥2.9 billion	¥4.0 billion	¥4.0 billion	–
RORA	0.7%	0.8%	0.9%	0.7% or more	0.2%
OHR	56.6%	53.4%	50.9%	about 55%	-4.1%
ROE	5.3%	5.7%	6.9%	5% or more	1.9%
Consolidated total capital ratio	13.8%	14.8%	13.2%	13.5% or more	-0.3%

KPIs in Connections

	FY2022 (Result)	FY2023 (Result)	FY2024 (Forecast)	FY2024 (Target)	compared to target
“Connect” lender and borrower					
① Amount of sustainable finance executed	¥266.2 billion	¥680.9 billion	¥1,110.0 billion	¥800.0 billion	¥310.0 billion
② Amount of housing loan executed	¥113.5 billion	¥237.0 billion	¥380.0 billion	¥400.0 billion	¥-20.0 billion
③ Balance of unsecured consumer loan	¥62.9 billion	¥71.3 billion	¥78.0 billion	¥75.0 billion	¥3.0 billion
“Connect” customers					
④ Number of business matching cases closed	1,000 cases	2,099 cases	3,300 cases	3,000 cases	300 cases
“Connect” businesses and individuals					
⑤ Number of staffing cases closed	82 cases	182 cases	290 cases	200 cases	90 cases
“Connect” customers’ asset with their future					
⑥ Balance of consolidated deposit financial assets	¥1,059.2 billion	¥1,154.2 billion	¥1,280.0 billion	¥1,250.0 billion	¥30.0 billion
⑦ Of which, balance of investment trusts	¥296.1 billion	¥411.4 billion	¥480.0 billion	¥400.0 billion	¥80.0 billion
“Connect” for the next generation					
⑧ Number of business succession issues resolved	330 cases	744 cases	1,280 cases	600 cases	680 cases
⑨ Inheritance-related business contracts	298 cases	648 cases	1,070 cases	1,000 cases	70 cases



II. Overview of the Mid-Term Business Plan



Purpose | We use our strengths in "connections" (*tsunagu* in Japanese) to spin the threads of the future for local communities

Purpose-driven **Vision**

Sustainable growth of the local community and our Group

Materiality

(Priority issues for realizing our purpose)

(1) Sustainable development of the regional economy (2) Responding to an aging and declining population with a low birthrate (3) Responding to digital transformation (DX) (4) Preservation and creation of the global environment (5) Enhancing human capital (6) Establishing robust governance

Back-casting

Three years of continuous challenges for the sustainable **growth** of the region, the Bank, and its executives and employees

2025 Mid-Term Business Plan

Growth with Purpose

- For the sustainable growth of the region and the Gunma Bank Group -

Fore-casting

Three years to capture **growth** after six years of **innovation**

Our history	Key results	Trends in key financial indicators (consolidated)	FY18 Results	FY21 Results	FY24 Forecast	FY27 Plan
<p>2019 Mid-Term Business Plan New sphere of Innovation</p> <p>Establishment of our Purpose</p> <p>2022 Mid-Term Business Plan Innovation to achieve the Purpose</p>	<ul style="list-style-type: none"> ○ Progress in reforming the profit structure (see right) ○ Progress in reforming the sales process (Promotion of purpose-driven sales) ○ Restructuring of the store network ○ Development of digital channels * Data utilization is still in the developmental phase. ○ Progress in reforming the business processes ○ Human resources reform (job-based personnel system) ○ Conclusion of multiple alliances ○ Initiatives for new businesses 	<p>Core business net profit (excluding gains/losses on the cancellation of investment trusts)</p> <p>Non-interest business income</p> <p>Net income attributable to owners of the parent</p> <p>ROE</p>	<p>¥29.8 billion</p> <p>¥16.7 billion</p> <p>¥23.3 billion</p> <p>4.4%</p>	<p>¥36.8 billion</p> <p>¥20.5 billion</p> <p>¥26.4 billion</p> <p>4.9%</p>	<p>¥53.5 billion</p> <p>¥27.0 billion</p> <p>¥40.0 billion</p> <p>6.9%</p>	<p>¥80.0 billion</p> <p>¥35.0 billion</p> <p>¥60.0 billion</p> <p>10%</p>

2025 Mid-Term
Business Plan

Growth with Purpose - For the sustainable growth of the region and the Gunma Bank Group -

Planned period: April 2025 – March 2028

Basic Policy I | Creating a Virtuous Cycle of Social and Economic Values



Basic Policy II | Strengthening the Business Foundation to Support Sustainable Growth (Strategic Theme(1)~(6))

- (1) DX/Business Process Reform
- (2) Data Utilization
- (3) Human Capital
- (4) RORA Management
- (5) Governance
- (6) Group Collaboration/External Collaboration

Strengthen our business foundation and **enhance our Connection ability** as stated in our purpose

Purpose penetration model

Purpose

[Why was it established?]

Sharing of judgment criteria
 Job satisfaction improvement
 Empathy with stakeholders



[Vision]

for each company,
 department, and branch



[Policy]

for each office and section



[Personal Purpose]

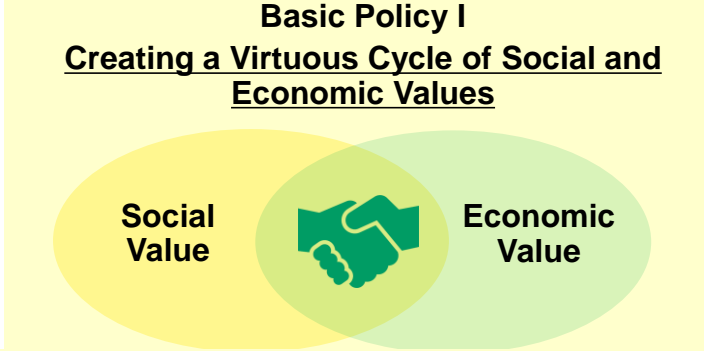
for each executive and employee
 of the Group

Mid-term management plan

Growth with "Purpose"

The Bank aims to promote **purpose**-driven management to achieve the three **growths**.

- Growth of our customers and the local community
- Growth of our Group
- Growth of every one of our executives and employees



A model that embodies the Bank's Purpose

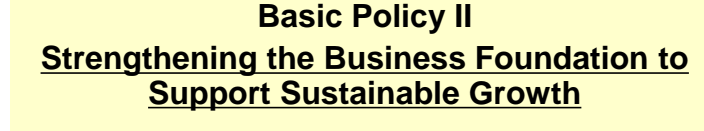
Set quantitative targets that contribute to both social and economic values

[Sustainability Indicators]

⇒ p. 16

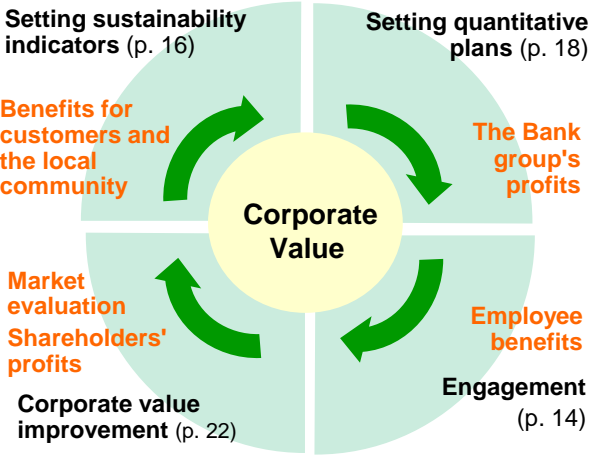
[KPIs in Connections]

⇒ p. 20



Outcome

We will simultaneously achieve the four goals below.



Sustainable growth of the local community and our Group
[Vision]



Realization of our Purpose

* The Gunma Bank Group established its purpose in November 2021, based on 755 opinions from its executives and employees.

Purpose
Redefining our purpose and business

The Gunma Bank Group's business
[Finance] [Connections] including finance

Profit structure
Interest income + **Commission income**
as an outcome of helping customers
Deposit and loan business **Growth driver**

Concept of purpose-driven sales



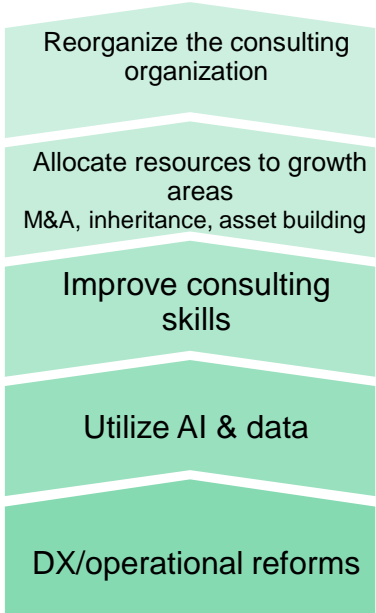
The Bank's focus in its Mid-Term Business Plan

Strengthen purpose-driven sales

Expand the virtuous cycle of social and economic values



Sales quality improvement

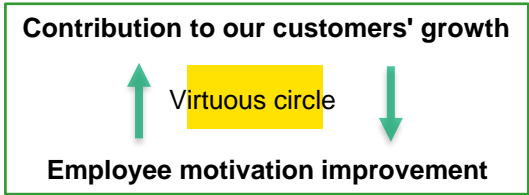


Creation of an organization that can better meet customer needs

Personnel reallocation plan
→ See p. 21

Enhancement of consulting and digital talent

Enhancement of human capital
→ See p. 14-15



Sales activities that balance social and economic values



● Expansion of full-spec approach

Our idea of a sustainable regional ecosystem

The Group will function as a regional hub that connects resources, such as people, goods, money and information in and outside the region to create a virtuous cycle of regional economic activities.

In order to create a sustainable regional ecosystem, we will build the following **three ecosystems** from a medium- to long-term perspective:

① An ecosystem that increases the sustainability of regional industries

Strengthening support to key industries in the region, and introducing support services to startup companies and for business succession

- Directly approach regional industries, such as automobile, food, and spa
- Provide support to startup companies and match them with regional businesses in coordination with local governments, local businesses, funds, etc.
- Attract businesses in coordination with local governments
- Facilitate business succession by utilizing a fund

② An ecosystem that increases the productivity of regional businesses

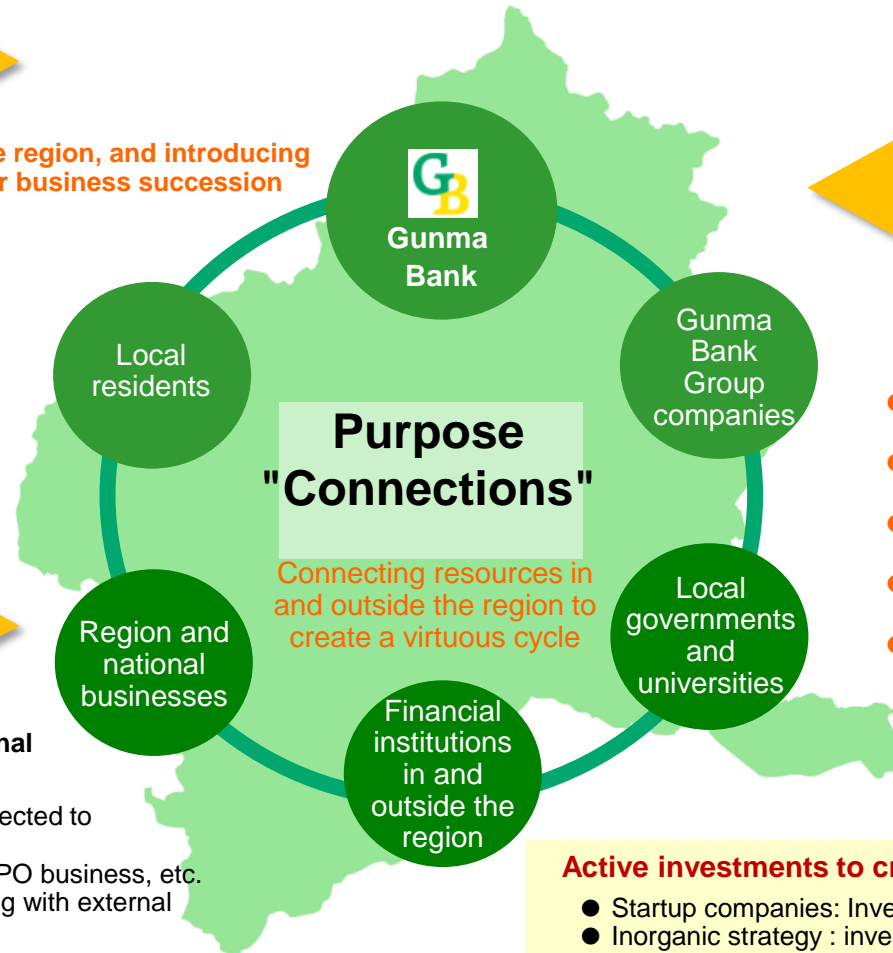
Solve local problems within the region by expanding business domains through external collaboration.

- Consider new business domains that are expected to help improve productivity at local businesses
- Build a regional platform by developing the BPO business, etc.
- Promote an inorganic strategy by collaborating with external businesses

③ An ecosystem that enriches regional life

Promoting cashless transactions, DX, and data utilization within the region

- Conduct more efficient and transparent economic activities within the region
- Provide cashless payment and data utilization
- Increase the productivity of regional businesses
- Increase the convenience for local residents
- Increase the efficiency of local governments, schools, etc.



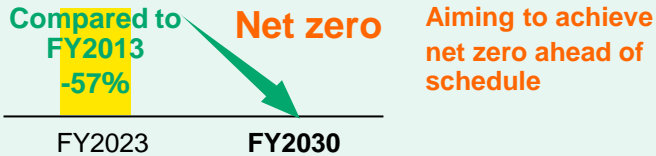
Active investments to create a sustainable regional ecosystem

- Startup companies: Investment in venture funds, etc.
- Inorganic strategy : investing to expand new business domains
- Investment through Gunma Regional Advanced Solution Partners
- Investments in major industries (automobile, tourism, etc.) and the environmental area

Decarbonization of the Bank

The Bank's greenhouse gas emissions (Scopes 1 and 2)

We have achieved the targets of the previous Mid-Term Business Plan (-50% compared to FY2013) one year ahead of schedule.



Customers' and regional decarbonization support

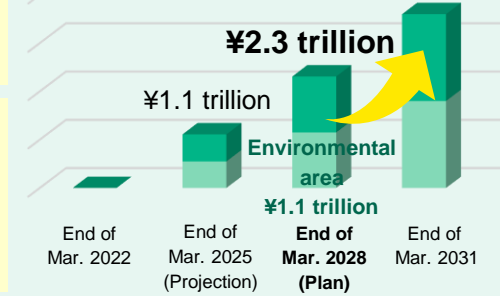
Provide solutions according to the phase on which our client is working

Evaluation	<ul style="list-style-type: none"> ✓ SDGs initiative support service ✓ SDGs/ESG management evaluation and diagnostic service
Measurement	<ul style="list-style-type: none"> ✓ SDGs/ESG management evaluation and diagnostic service (measurement of Scope 1 and Scope 2 emissions is available free of charge) ✓ Greenhouse gas emission visualization service
Reduction	<ul style="list-style-type: none"> ✓ Sustainable finance ✓ Business matching <p>(In coordination with J-Credit, decarbonization consultants, and regional power producers)</p>

KPI

- ✓ Number of decarbonization support projects: 1,000
- ✓ Sustainable finance

(Cumulative total amount of execution)



Strengthening the decarbonization initiative by obtaining the ZEB certification at newly constructed branches, utilizing the J-Credit scheme, and introducing EVs



Regional decarbonization to achieve net zero

- Reduction in Scope 3, Category 15 emissions (portfolio emissions)
- Continuing to reduce our clients' greenhouse gas emissions (a sustainability indicator)



Natural capital/Biodiversity

- Environmental preservation through finance and the sale of investment trusts
- Disclosure based on the TNFD framework
- Maintenance activities for Gungin Forest, donation to the Oze preservation foundation
- Through Gungin Foundation, provision of awards and grants to activities that contribute to the regional environment and environmental education for local children



* Provide support with regional activities in such areas as arts, culture, sports, and environmental protection, and engage in other social welfare initiatives through the Gungin Foundation.

Each officer and employee in the Group is the driving force to help the region and the Group achieve sustainable growth and realize their purposes and is the source of value creation (capital). We will execute human capital strategies that are linked to our management strategy in order to enrich our human capital.

Mid-Term Business Plan Growth with the Purpose: Achieve sustainable growth of the region and the Gunma Bank Group

Basic policy I
Creating a Virtuous Cycle of Social and Economic Values

Basic policy II
Strengthening the Business Foundation to Support Sustainable Growth

Gaps and issues for achieving the goal

● Reconstruction of our human capital portfolio

- Enhance **consulting human capital** to realize a virtuous cycle of social and economic values
- Enhance digital human capital to reinforce our business foundation that supports our sustainable growth

Allocate human resources to priority areas, and encourage the improvement of necessary skills for each person and autonomous career development

Use diverse human capital, create a more comfortable workplace, and increase job satisfaction for each individual

● Human capital strategies to address the issues

- Construct a human capital portfolio that is linked to management strategy
- Implement recruitment, development, and career-development support based on our job-based personnel system
- Promote diversity, equity, and inclusion (DE&I)
 Implement initiatives to improve the well-being of our executive and employees

Higher engagement



Human capital development policy

To achieve our Purpose, we will support employees so that they can build their careers independently and take on challenges based on each individual's personal purpose to improve the value of our human resources.

Internal environment improvement policy

We will create an environment in which every officer and employee, who is the source of value creation, can continue to work actively in good physical and mental health, while mutually recognizing the individuality and capabilities of one another, to realize his or her well-being.



Constructing a human capital portfolio that is linked to management strategy

Area	Current situation	Reallocation (3 years)	Percentage of higher-ranking employees in terms of skill level (3-year plan)
Corporate consulting	550 employees	50 employees	30% or more
Consulting for individuals	450 employees	80 employees	30% or more

Digital human capital
(3-year plan)



Core human capital
30 employees

Middle human capital
300 employees

Base human capital
1,500 employees



- Reallocate human capital to the consulting area through sales structure reorganization and business reforms and by increasing mid-career hires, while working to increase the percentage of higher-ranking employees in terms of skills.
- Work to develop human capital that leads DX within the Group (core human capital and middle human capital) and to raise the digital skill levels of all other employees (base human capital).

Recruitment, development, and career-development support based on our job-based personnel system

Visualization of internal human capital

Job posting
(based on **personal purpose**)

Career development support

A **50% increase** in investments in training expenses, etc. (3 years)

Recruitment of **specialists** who are suited to a particular job

A clear picture of jobs

· Change the name of the Personnel Department to **the HR Management Department** in April 2025. Assign an outside person to lead the HR Management Department (executive officer) to step up related efforts.

Development of next-generation leaders

(Corporate Human Resources Development Committee)

Establishment of a succession plan



KPI item	FY2024 (projection)	FY2027 (plan)
Number of employees appointed to specialist positions	140 employees	250 employees
Ratio of mid-career hires	23%	30%

Promotion of DE&I and initiatives to improve the well-being of executive and employees

Create an environment in which diverse human capital can work energetically to have job satisfaction

Health management



Work-life balance support



Active use of diverse human capital



Elimination of gender gaps
Active use of senior citizens and persons with disabilities
Increasing mid-career hires, etc.

KPI item	FY2024 (projection)	FY2027 (plan)
Percentage of female managers	23%	30%
Percentage of female department and branch managers	13%	20%
Percentage of female employees engaged in corporate services	12%	30%
Average length of childcare leave, etc., taken by men	22days	30 days or more

Jobs appreciated by the regions and clients



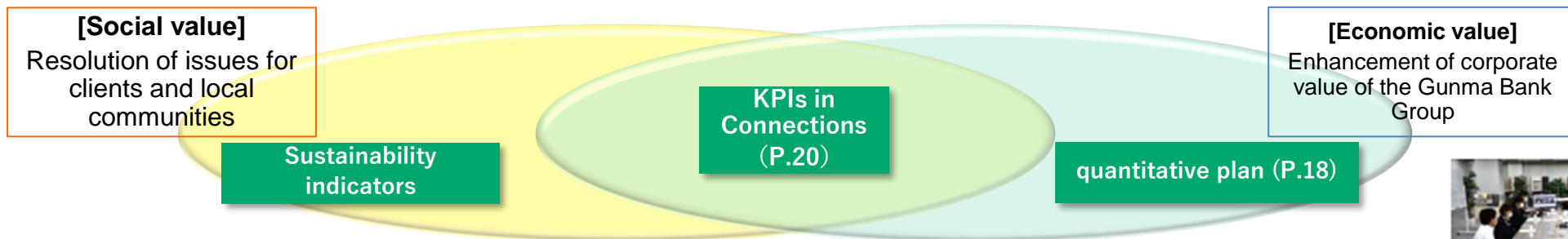
Comfortable workplace + Job satisfaction

Higher salary



(※) Percentage of female managers, Percentage of female department and branch managers → Figures as of the following April 1

Strategy and positioning of each quantitative plan



Sustainability indicators

Indicators for **long-term targets (for the next 10 years)** that we aim to achieve in order to **create social value**.

Targets have been set based on **materiality (priority issues for the realization of our Purpose)**.

Relationship with Materiality	Item	FY2027 Targets	Long-term targets	Supplementary explanations
Sustainable development of the regional economy	Labor productivity index per corporate client - Disclose changes by setting the index value at 100 as of the end of FY2024.	108.0 (Increase) +8% from FY2024	Continue to increase at an annual rate of 2.5%	Labor productivity : (Ordinary profit + Personnel expenses + Rent + Depreciation + Financial expenses + Taxes and dues) ÷ employees - The targets have been set at levels that are above domestic labor productivity (which has increased at an average annual rate of 1.2% during the last 5 years*) and the price stabilization target
Responding to DX				
Responding to an aging and declining population with a low birthrate	Financial asset balance index per individual client - Disclose changes by setting the index value at 100 as of the end of FY2024.			Financial assets: Deposits + Financial assets under custody (including Gungin Securities) -The 3-year target has been set based on the Group's plans for personal deposits and financial assets under custody. -The long-term target has been set at levels above the price stabilization target.
Preservation and creation of the global environment	The Bank's greenhouse gas emissions	Net zero (FY2030)		Broken down into Scope 1 and Scope 2. Strive to increase the number of measurable clients (business partners) and to ensure reduction in their emissions compared to the previous year.
	Percentage reduction in clients' greenhouse gas emissions compared to the previous year - Disclose average percentage reduction in emissions for measurable clients.	Continued reduction		
Enhancing human capital	Employee engagement index - Disclose changes by setting the index value at 100 as of the end of FY2024.	Continued improvement		Disclose the results of engagement surveys that are widely used both in Japan and overseas.

* Calculated from "Labor Productivity Trends in Japan 2024," Japan Productivity Center

Strengthening Collaboration within Our Group

Aiming to maximize group profit by leveraging group functions and strengthening group governance

Group company functions and main KPIs

Company name	key KPI	FY2024 Forecasts	FY2027 Targets	unit
[Finance]				
Gungin Leasing	<ul style="list-style-type: none"> Number of new lease and instalment agreements(FY2027) Balance of lease receivables (as of March 31, 2028) 	44.0	60.0	billion yen
Gunma Regional Advanced Solution Partners	<ul style="list-style-type: none"> Total assets under management by funds (as of March 31, 2028) 	90.0	120.0	
Gunma Credit Guarantee	<ul style="list-style-type: none"> Insurance premium income (FY2027) Balance of guarantee obligations (as of March 31, 2028) 	14.0	20.0	
		2.3	2.5	
		1,380.0	1,450.0	
[Consulting solutions]				
Gungin Consulting	<ul style="list-style-type: none"> Consulting (FY2027) Staffing (FY2027) 	130	150	cases
		115	130	
Gungin Card	<ul style="list-style-type: none"> Total card payment amount (FY2027) 	250.0	350.0	billion yen
[Asset management]				
Gungin Securities	<ul style="list-style-type: none"> Balance of financial assets under custody (as of March 31, 2028) 	317.0	400.0	billion yen
[Systems]				
Gungin System Service	<ul style="list-style-type: none"> Number of business matching transactions (cumulative total) 	20	50	cases

Group companies' profit (FY2027): **6.0 billion yen** (Compare from FY2024: +2.0 billion yen)

Strengthening group governance

Our group governance structure was strengthened as a result of an organizational reform in April 2024 as follows:

1. Establishment of a **Group Business Strategy Department**
 2. Establishment of a **Group Risk Governance Office** within the Risk Management Department
 3. **Increase in the number of employees engaging in group audits in the Inspection & Audit Department**
- We will work to further strengthen group governance under the current Mid-Term Business Plan.

① Group Business Strategy Dep.

→ Further enhance the unification of sales strategies between the Bank and group companies.

② Group Risk Governance Office (Risk Management Department)

→ Strengthen our risk management capabilities concerning the execution of business plans, sales measures, etc.

③ group audit (Inspection & Audit Dep.)

→ Increase the sophistication of group audits by, for example, conducting audits on themes that are applicable across departments.

Gungin Leasing

Gungin Securities

Gungin Card

Consolidated quantitative targets for the final year of the plan (FY2027)

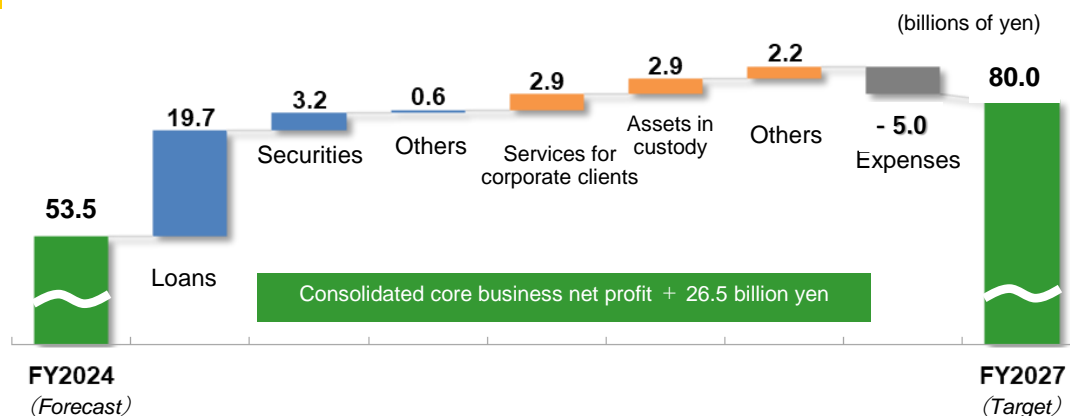
(Unit: billions of yen)

Items (consolidated basis)	Previous Mid-term Business plan (FY2024)		
	Initial target	① Forecast (FY2024)	compared to initial target
Consolidated core business net profit	45.0	53.5	8.5
of which, Non-interest income	25.0	27.0	2.0
Net income	30.0	40.0	10.0
Group companies' profit	4.0	4.0	—
RORA	0.7% or more	0.9%	0.2%
OHR	about 55%	50.9%	-4.1%
ROE	5% or more	6.9%	1.9%
Capital adequacy ratio	13.5% or more	13.2%	-0.3%
Core CET1 ratio	—	12.0%	—

Mid-term Business plan (FY2027 target)			
② Announced in the IR in May 2024	③ Target	③ - ①	③ - ②
70.0	80.0	26.5	10.0
32.0	35.0	8.0	3.0
50.0	60.0	20.0	10.0
6.0	6.0	2.0	—
1.0%	1.2% or more	0.3%	0.2%
—	about 45%	-5.9%	—
8.0%	10.0%	3.1%	2.0%
13.4%	about 13.5%	0.3%	0.1%
11.5%	11.5%	-0.5%	—

* Excluding gains (losses) on cancellation of the investment trust

Breakdown of changes in consolidated core business net profit



Interest rate assumption

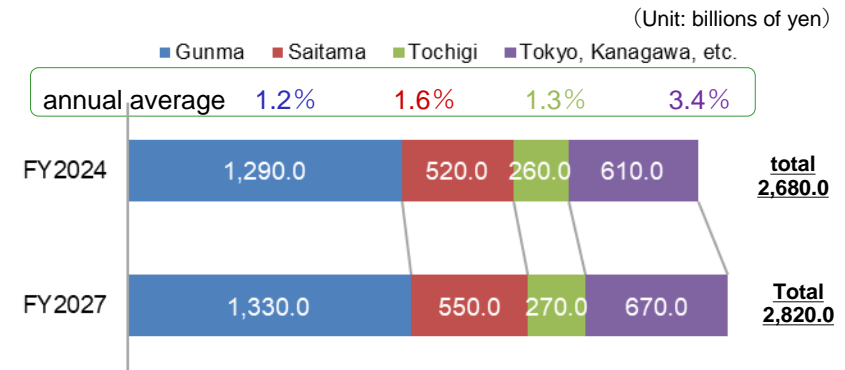
(The plan assumes a policy interest rate of 0.75%)

	FY2024	FY2025					FY2026		FY2027		
	Mar.	Apr.	Jun.	Sep.	Oct.	Dec.	Mar.	H1	H2	H1	H2
Policy interest rate	0.50				0.75						
10Y JGB	1.20				1.40						
FF interest rate	4.50		4.25			4.00		3.85	3.60	3.35	3.10

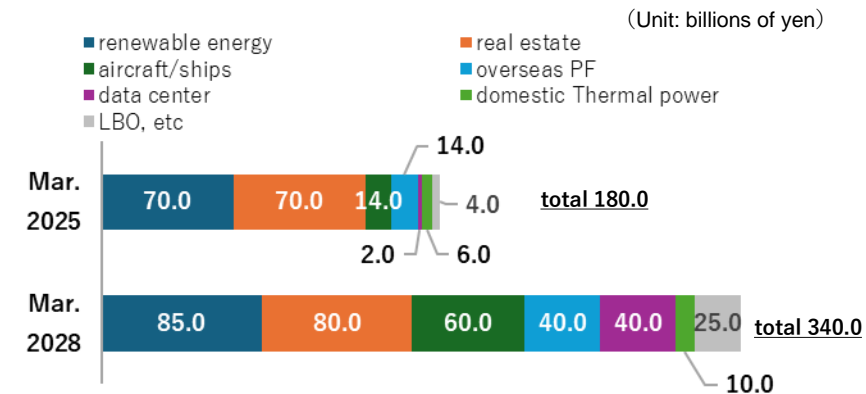
Balance targets

(Unit: billions of yen)	FY2024 Forecast	FY2027 Target	compared to FY 2024	annual average
Loans	6,830.0	7,400.0	570.0	2.7%
Domestic branches	6,280.0	6,580.0	300.0	1.6%
Enterprises	3,680.0	3,900.0	220.0	2.0%
Large enterprises	1,000.0	1,080.0	80.0	2.5%
Second-tier enterprises · SMEs	2,680.0	2,820.0	140.0	1.8%
Individuals	2,500.0	2,580.0	80.0	1.2%
of which, housing loan	1,470.0	1,540.0	70.0	1.5%
of which, unsecured loans	78.0	100.0	22.0	8.6%
Public	100.0	100.0	-	-
Loan from Headquarters	390.0	600.0	210.0	15.4%
XB (Cross-border loans)	210.0	260.0	50.0	7.3%
SF (Structured finance)	180.0	340.0	160.0	23.7%
NY Branch	160.0	200.0	40.0	8.2%
Loans to new business domains	-	20.0	20.0	-
Securities	2,170.0	2,220.0	50.0	0.8%
Deposits, etc (Deposits + NCD)	8,800.0	9,570.0	770.0	2.8%

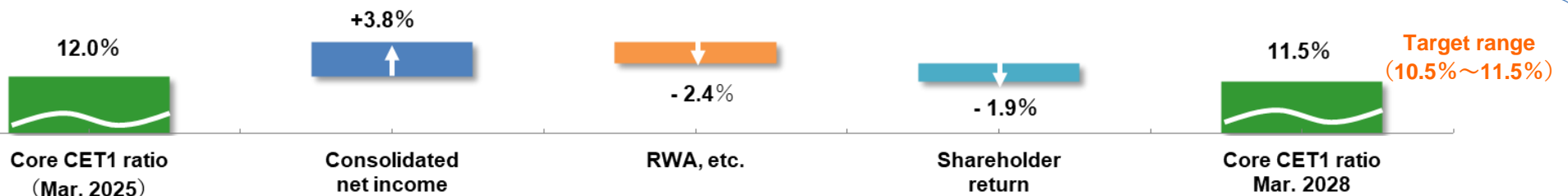
Increase in loans to SMEs & second-tier enterprises by region



Breakdown of increase in structured finance



Capital allocation



KPIs in Connections

KPIs in Connections have been established as quantitative targets for the next three years that we will focus on in order to strengthen **purpose-driven sales** (achieving balance between social and economic values).

	Item	Previous Mid-Term Business Plan projection	Target	Supplementary explanations
Connecting clients' businesses to the future	Number of business succession issues resolved (cumulative for 3 years)	1,280	1,500	Number of cases of resolving issues that generated revenue by contributing to business succession
	Number of business matching cases (cumulative for 3 years)	3,300	4,000	Excluding matches between companies of the Group
	Number of staffing cases closed (cumulative for 3 years)	290	350	Number of "one-handed" or "two-handed" agreements concluded
Connecting clients' assets to the future	Mortgage loan execution amount (cumulative for 3 years)	380 billion yen	350 billion yen	Execution amount of mortgage loan
	Unsecured consumer loan balance (as of March 31, 2028)	78 billion yen	100 billion yen	Unsecured consumer loan balance, including car loans
	Financial assets under custody (consolidated, as of March 31, 2028)	1,280 billion yen	1,600 billion yen	Including Gungin Securities
	Of which, investment trusts (consolidated, as of March 31, 2028)	480 billion yen	700 billion yen	Including Gungin Securities
	Monthly amount of savings investment trust agreements (as of March 31, 2028)	3 billion yen	6 billion yen	Including Gungin Securities
	Number of active NISA account holders (as of March 31, 2028)	60,000 clients	100,000 clients	Number of NISA account holders with a balance (including Gungin Securities)
	Inheritance-related business contracts (cumulative for 3 years)	1,070	2,000	Number of testamentary trusts or estate liquidation contracts signed
Connecting a prosperous environment and society to the future	Amount of sustainable finance executed (cumulative for 3 years)	1,110 billion yen	1,200 billion yen	Amount of investments and loans for the purpose of solving environmental and social issues
	Number of decarbonization support projects (cumulative for 3 years)	470	1,000	Number of decarbonization-related support projects that generated revenue
Connecting money in the region	Amount of cashless payments handled (FY2027)	250 billion yen	350 billion yen	Amount of payments using Gungin Card

We will reallocate approximately **250 employees** over the next 3 years based on the strategic themes of our Mid-Term Business Plan.

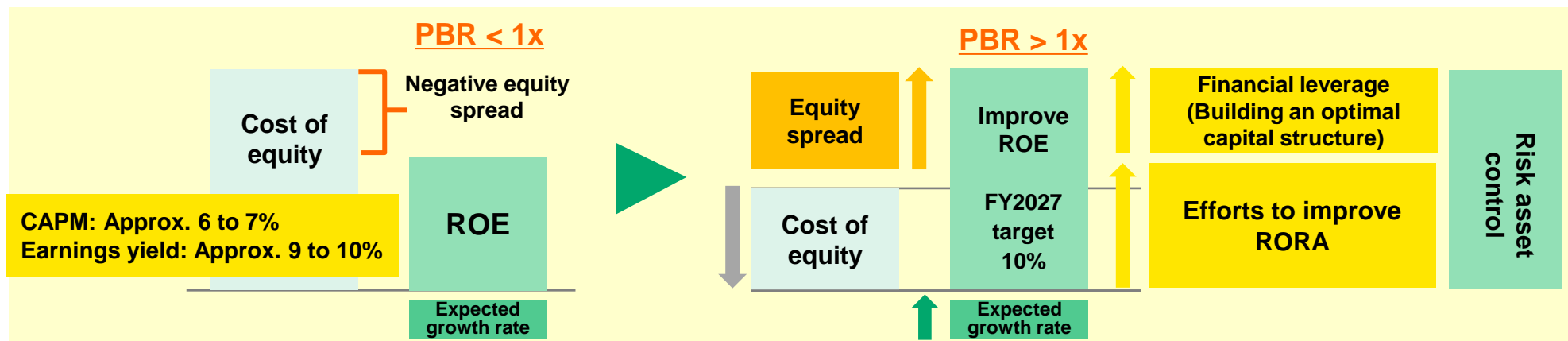
Strategic themes		Areas for reallocating personnel	Number of reallocated personnel			
			1st year	2nd year	3rd year	Total
I-(1)	Strengthening purpose-driven sales	Corporate consulting (M&A, group companies, etc.)	20	20	10	50
		Consulting for individual clients (inheritance, Gungin Securities, etc.) * A sales structure reorganization is scheduled for the first year	60	10	10	80
I-(2)	Building regional ecosystems	New businesses, regional revitalization, payment area, etc.	15	15	10	40
II-(1) II-(2)	DX and business reforms Data utilization	AI/data utilization, system-related areas, centralization of administrative functions, etc.	10	20	20	50
II-(4)	RORA-based management	XB/SF (including risk management and credit screening), overseas locations, etc.	10	10	0	20
II-(5)	Governance	Group risk governance, internal audit, etc.	5	5	0	10
Total			120	80	50	250

* Establish in seven districts a “Regional Individual Sales Department” that specializes in consulting for individual customers as a part of efforts to deepen purpose-driven sales in line with the start of the Mid-Term Business Plan. In addition, newly establish a “DX Promotion Group” and “AI & Data Strategy Office” within the Digital Innovation Department to promote DX and data utilization.

* Reallocation will be implemented through mid-career recruitment, sales structure reorganization, and streamlining of indirect departments.

* Such reallocation will promote the autonomous career development of each individual using his or her personal purpose as a starting point by utilizing job postings under our job-based personnel system (creating a clear picture of jobs).

We will reverse the negative equity spread by **improving ROE** and **suppressing the cost of equity** to improve PBR.



Initiatives to improve RORA

- Build high RORA assets by considering areas with interest rates.
- Further increase non-interest business income to 35 billion yen in FY2027.

→ **RORA to 1.2% in FY2027**

Suppress the cost of equity

- Reduce information asymmetry by enhancing IR activities.
- Promote the understanding of the Gungin Group's purpose and vision.
- Increase the number of layers in our capital structure by issuing subordinated bonds (AT1 bonds and B3T2 bonds).

Shareholder return policy

From total shareholder return to dividend payout ratio (**progressive dividend system**)

The bank's basic policy on dividends is a progressive dividend system that aims to maintain or increase dividends.

The bank strives to achieve a payout ratio of 40% of profit attributable to owners of parent and will increase dividends through profit growth.

In addition, the bank will flexibly implement acquisition of treasury shares based on capital levels, capital efficiency, growth investment opportunities, and market trends.

Build an optimal capital structure

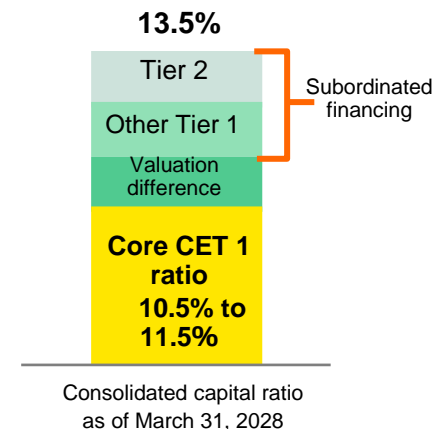
⇒ Raise the core CET 1 ratio to the range of **10.5% to 11.5%**.

Reduce cross-shareholdings

⇒ Reduce the percentage of cross-shareholdings (market price) in consolidated net assets to **10%** as of March 31, 2028.

Improving expected growth rate

- Sustainable growth of the regional economy and the Gungin Group
 - Realize a virtuous cycle of social and economic values.
 - Strengthen our business foundation. (Initiatives concerning DX, human capital, sustainability, etc.)



Shareholder Return

The bank changed its shareholder return policy from total shareholder return to dividend payout ratio in Feb. 2025. (The change will be applied from the current year.) The bank introduced a **progressive dividend system** that aims to maintain or increase dividends.

Before
The Bank is setting a target of **40% of profit** attributable to owners of parent for **the ratio of total payout to shareholders** combining stable cash dividend payments and the acquisition cost of treasury shares.

After
The Bank strives to achieve a **payout ratio of 40% of profit** attributable to owners of parent.
The bank will **flexibly implement acquisition of treasury shares**.

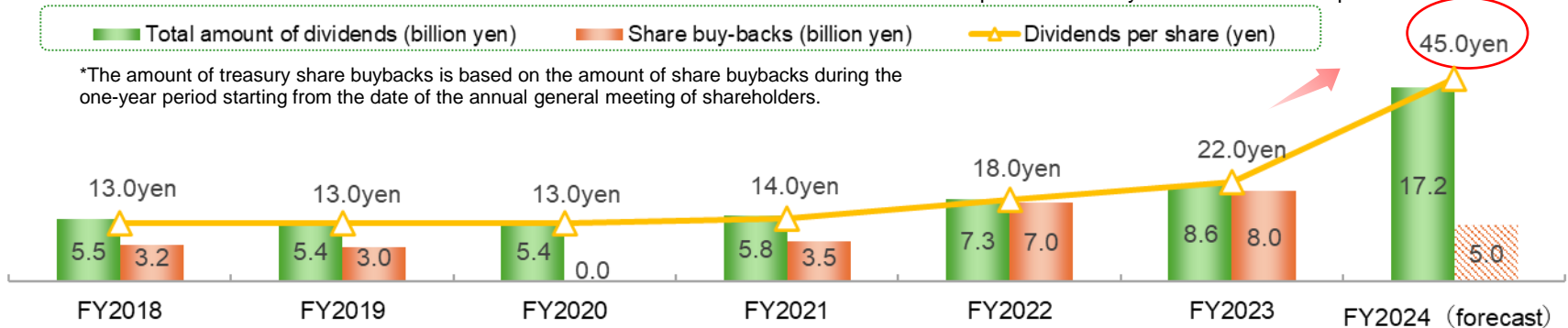
Dividends

		Interim	Year-end	Total	
FY2023		10yen	12yen	22yen	
FY 2024	Announced in May 2024	14yen	14yen	28yen	
	Announced in Nov. 2024	20yen	20yen	40yen	
	Announced in Feb. 2025	20yen	25yen	45yen	

Buy-backs

Acquisition	period	Aug.29, 2024 - Oct.18, 2024	
	Number of shares / Total cost	5.3 million shares / 5 billion yen	
Cancellation	Date of cancellation	Oct. 2024	Mar. 2025(plan)
	Number of shares to be cancelled	10 million shares	10 million shares

※The amount of acquisition treasury shares is rounded up.



*The amount of treasury share buybacks is based on the amount of share buybacks during the one-year period starting from the date of the annual general meeting of shareholders.

Total amount of dividends (billion yen)

8.7

8.4

5.4

9.3

14.3

16.6

22.2

Total shareholder ratio

41.9%

47.2%

46.8%

39.9%

51.4%

53.6%

(55.6%)

Dividend payout ratio

24.0%

24.6%

40.4%

22.1%

26.4%

28.1%

(43.4%)

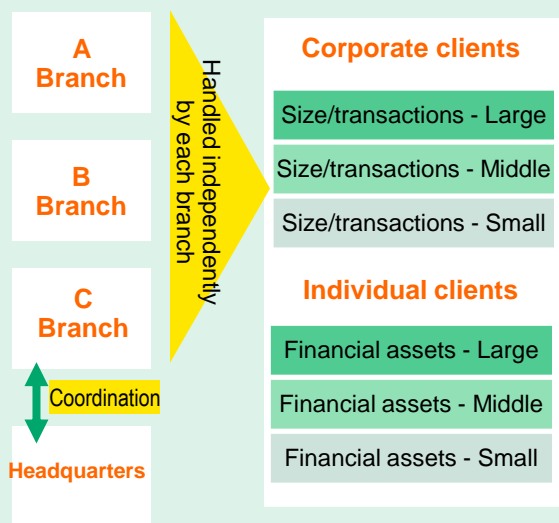
III. Details of Measures

Reorganization of sales structure

Building a structure that enables us to respond to client needs broadly, deeply, appropriately, and on a timely basis in order to strengthen purpose-driven sales

Former structure

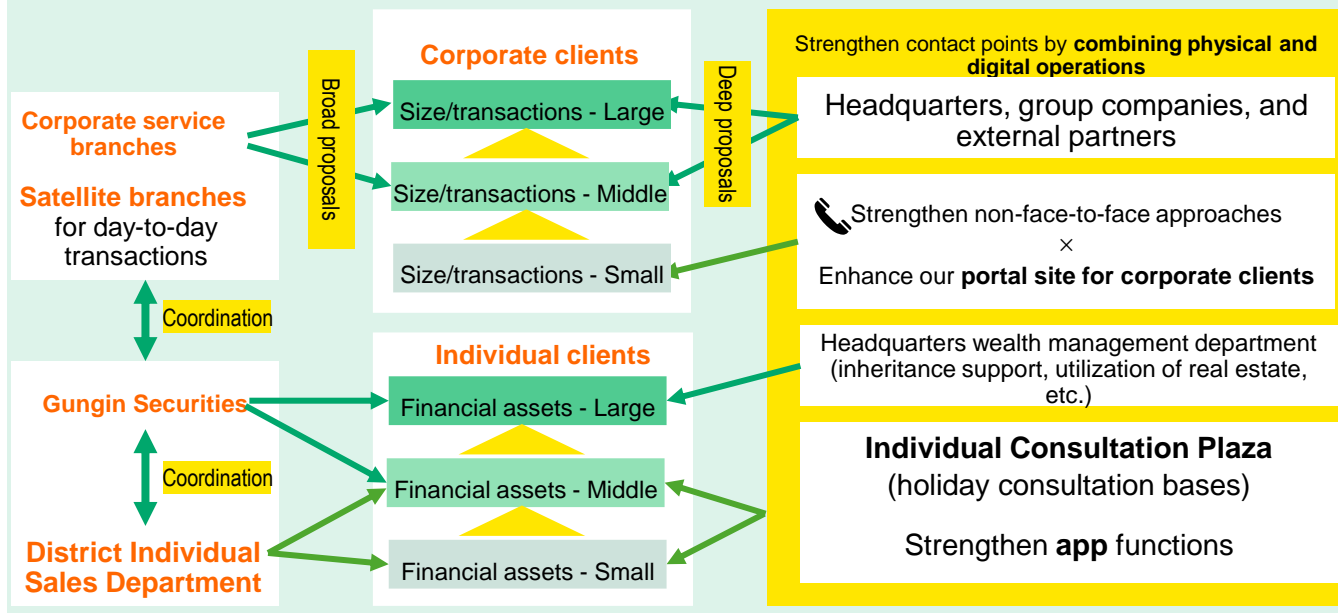
All customers within the same regions are approached independently by multiple branches.
⇒ **Discrepancy in contact points and suboptimization**



New structure

- Increase the number of contact points that are suitable to each segment. (**Quantity**↑)
- Strengthen data utilization and implement more sophisticated CRM. (**Quality** ↑)
- Concentrate sales forces and improve their know-how through branch consolidation. (**Quantity**↑ **Quality**↑)

Higher income per employee (Improved productivity)



Functional improvements

Further strengthen the following areas (increase the number of dedicated employees) because they face significant social issues and we can expect income from them:

Business succession, M&A

Staffing

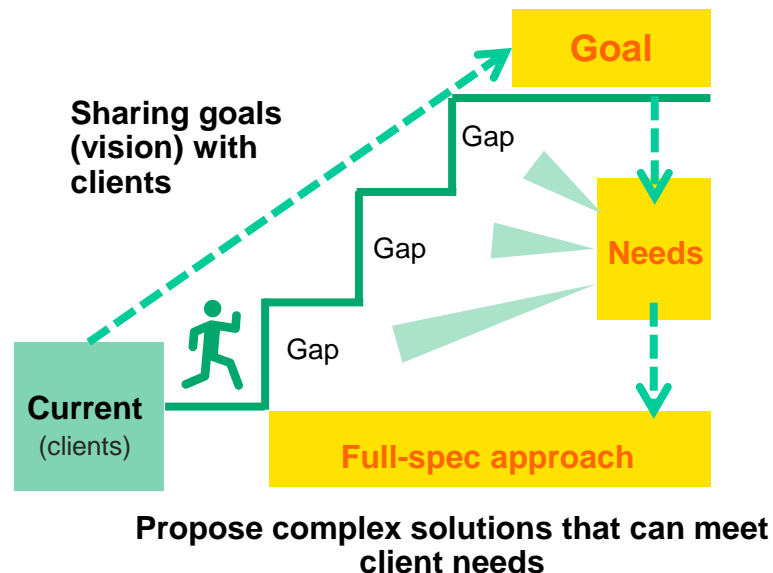
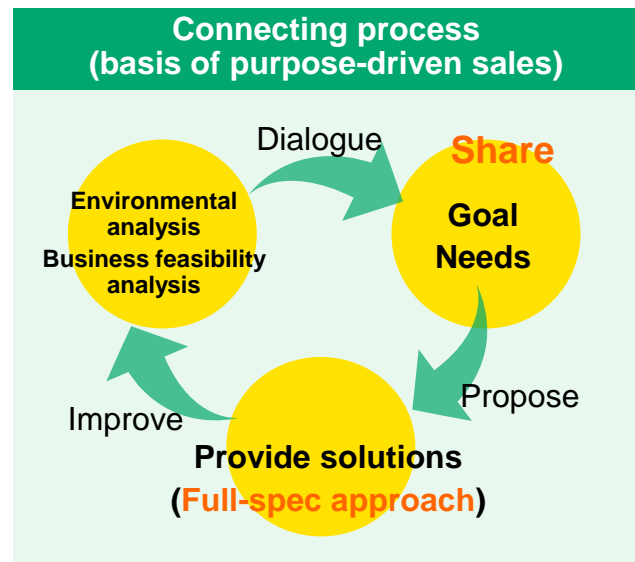
Inheritance

Growth in non-interest business income

* Consolidated	FY2024 (projection)	FY2027 (plan)
Income from corporate services	9.7 billion yen	12.6 billion yen
Income from financial assets under custody, etc.	9.7 billion yen	12.6 billion yen

Strengthening Purpose-driven Sales (Corporate Consulting)

Providing high-quality solutions by deeply understanding the goals and needs of our clients using our connecting process as a starting point



Number of connecting process implemented	Approx. 7,500 clients
Number of needs	Approx. 21,000

- Top needs**
- Reinforcement of business facilities
 - SDG initiatives
 - Securing human resources
 - Business efficiency improvement
 - Business succession (consultation, M&A, etc.)

Needs base

Will reinforce the following areas in the next 3 years

- M&A/business succession-related areas
- Finance (facilities, environment)
- Human resources, DX

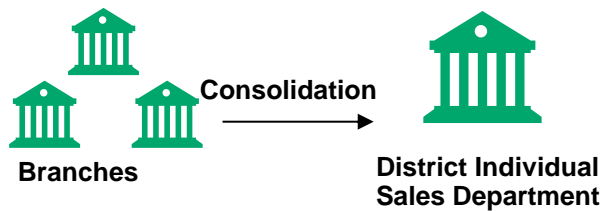
Area	Quantitative plan (FY2027)	Main solutions and measures
Corporate information & M&A	1.7 billion yen	<ul style="list-style-type: none"> • Proposing M&A with plan formulation as a starting point (in coordination with Gungin Consulting) • Increasing the quantity and quality of matching by improving information sharing between branch managers and the HQ promotion team
Finance	8.1 billion yen	<ul style="list-style-type: none"> • Making liquidity proposals and solution proposals centered around sustainable finance • Deal origination through closer communication among branches, headquarters, regional financial institutions, etc. • Proposing complex solution with capital investment as a starting point • Responding to exchange rate hedging needs
Research and consulting	2.8 billion yen	<ul style="list-style-type: none"> • Utilization of group functions (leasing, consulting, staffing, surplus funds management, etc.) • DX support (e.g., coordination with external businesses) • Business insurance • Subsidies • Overseas business support • Decarbonization support • Strengthening payment and deposit-related solutions
Total	12.6 billion yen	

Strengthening Purpose-driven Sales (Consulting for Individual Clients)

Supporting asset building/management and smooth asset succession for clients through bank-securities coordination initiatives

Reorganization of the consulting structure for individual clients

- Establish a District Individual Sales Department. (April 2025)
 - Build medium- to long-term relationships with clients.
 - Improve the ability to make proposals.
- Strengthen bank-securities coordination based on segment strategies.



Strengthening inheritance-related businesses

- Increase the number of asset succession advisors (from 18 to 28 by April 2025).
- Strengthen the ability to meet inheritance needs using testamentary trust and insurance products.

Increase **profitability** to achieve Mid-Term Business Plan targets by strengthening bank-securities coordination and inheritance-related businesses.

Strengthening initiatives for investment base expansion and asset building support

- Strengthen complex proposals combining NISA, savings investment trusts, fund wrap, deposits, etc.
- Expand transactions with asset-building clients starting with housing loans.
 - Strengthen approaches to the young by, for example, utilizing Individual Consultation Plazas (holiday bases) and apps and conducting various campaigns.



More advanced marketing approaches according to life stage



Channel building and external coordination to increase contact points

- Improve branch layout based on likely client movement within the branch and strengthen non-face-to-face channels.
- Cooperate with online securities companies and payment service providers.

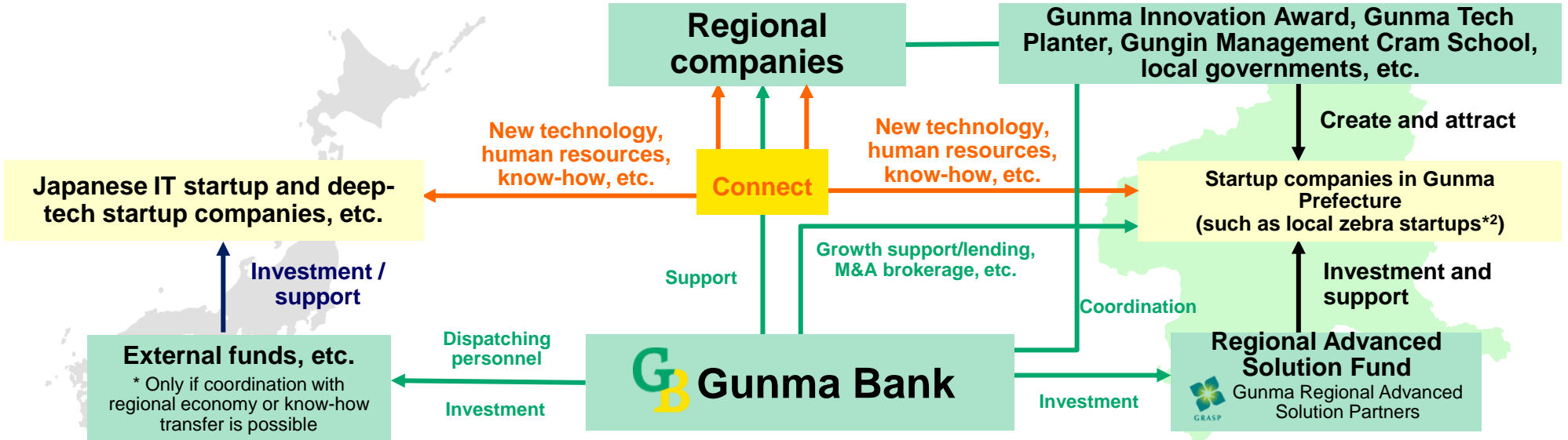


Expand our future **client base** and build a **highly adherent deposit base** by expanding transactions with asset-building clients, building channels, and coordinating with external parties.

Sustainable Regional Ecosystem: An Ecosystem to Increase the Sustainability of Regional Industries

Growth of regional industries driven by startup companies as a starting point

Providing support to startup companies and promoting open innovation with regional companies*1 through coordination with funds and others inside and outside the Group



*1 Creating innovative products, services, new businesses, etc., by incorporating the new technologies, ideas, and know-how of startup companies

*2 Companies aiming to secure profit while creating impact on society by working to resolve regional issues through their businesses with new value creation, technology utilization, etc.

Business succession support initiatives

Improving the sustainability of regional industries through initiatives for smooth business succession

Succession support to **relatives**

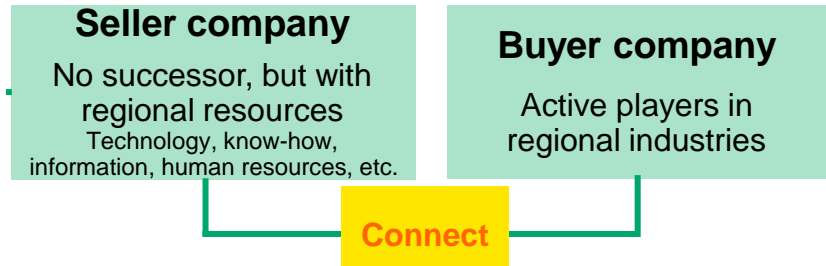
- Smooth succession of company shares (e.g., utilization of a holding company)
- Development of successors

Succession support to **non-relatives**

- M&A (regional businesses and funds)
- PMI (integration process after M&A)

Common

- Coordination with business succession funds (GRASP and external funds)
- Inheritance-related services (testamentary trust, insurance)
- Finance

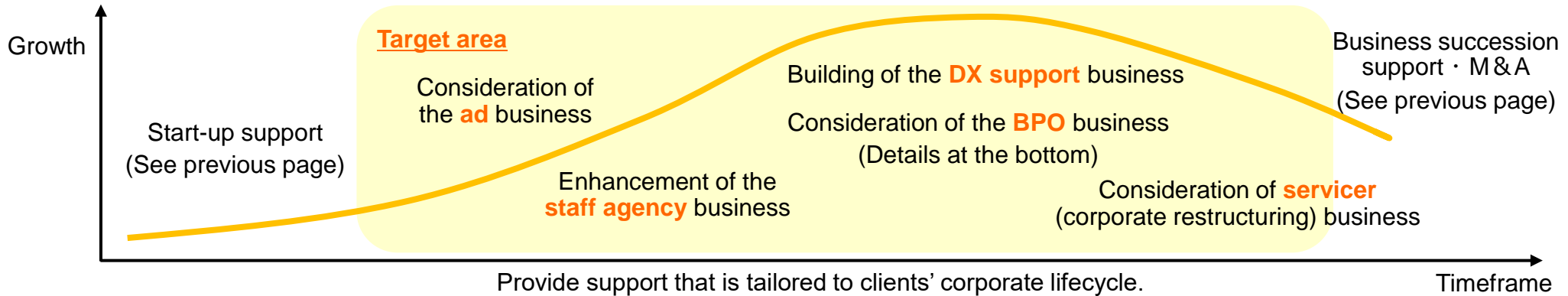


Sustainable Regional Economic Zone: Ecosystem to Increase the Productivity of Regional Companies

Businesses for regional companies

Consideration of new businesses that are expected to lead to the productivity of regional companies and the Group's new revenue source

Promotion of inorganic strategy (collaboration with external businesses)



Initiatives for deploy a BPO business

Aim to build a platform that increases the productivity of regional companies.

STEP 1

Further streamline and concentrate banking operations

Streamline and concentrate administrative work within the group (reimbursement of expenses, other labor-related operations)



STEP 2

Accumulate business know-how

Actively engage senior and handicapped employees

Consider spin-offs



STEP 3

Collaborate with and undertake operations from other regional financial institutions

Undertake administrative work from regional companies



Image of operations at regional companies

Operations that can be digitalized

Operations that are hard to digitalize

Propose **digitalization**

Propose **BPO**

The Bank aims to **help the entire region increase productivity and to secure earnings** in the entire region by providing comprehensive solutions through the utilization of group functions (consulting, digital technologies, payments, etc.) and collaborating with external companies.

Sustainable Regional Ecosystem: Ecosystem to Enrich Regional Life

Working to revitalize the regional economy by promoting cashless transactions within the region and analyzing and utilizing payment data

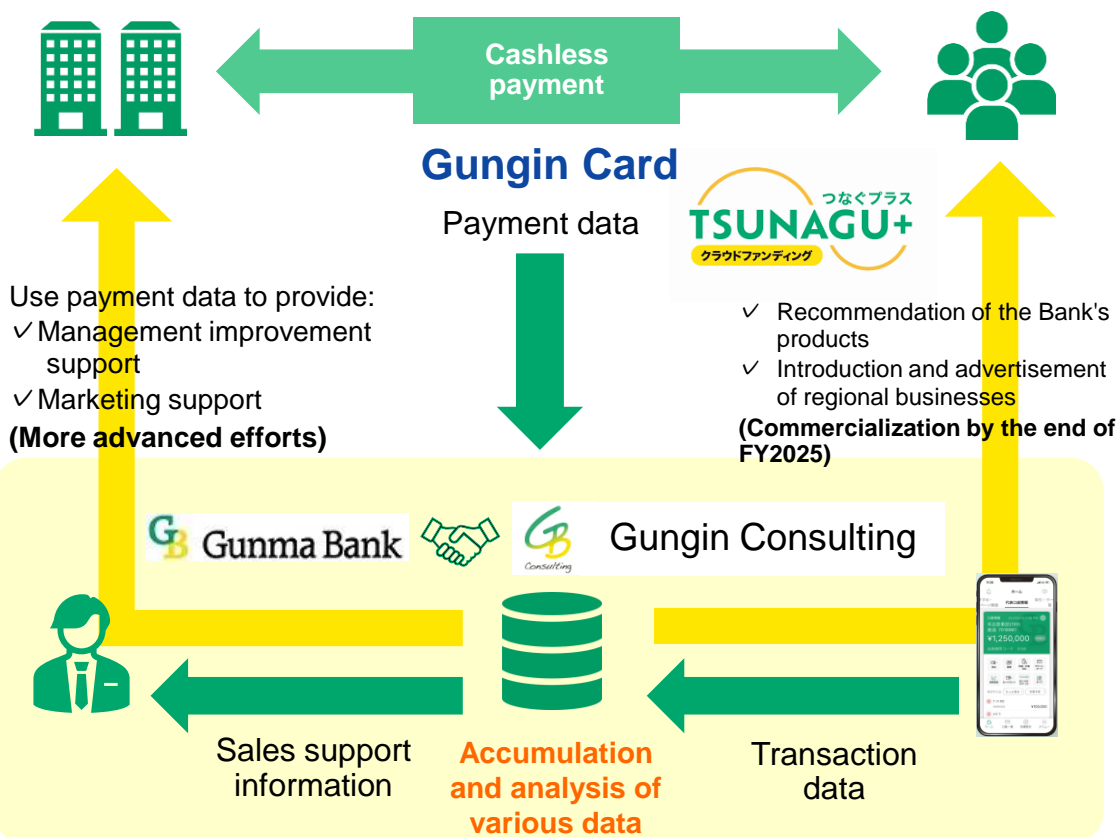
An ecosystem that enriches regional life

Regional businesses, local governments, etc.

- ↑ Improving business efficiency and productivity
- ↑ Increasing unit price and sales

Regional residents

- ↑ More convenient payment
- ↑ Acquiring useful regional information



Promoting cashless services to support the ecosystem

● Corporate clients

- Creating a region where **cashless payment is available everywhere** by **expanding the network of member stores**
- Providing **productivity improvement support** using **corporate cards** and **system linkage**
- Providing **diverse payment services** to increase the efficiency of accounting work



● Individual clients

- Creating an environment in which **cashless payment is available for everybody** (high school students, senior citizens, foreigners, etc.) by **increasing the issuance of debit cards**
- **Improving product features and use benefits** by, for example, affiliating with **V Point**
- Enhancing our card lineup according to needs



● Local governments, schools, etc.

- **Increasing the efficiency** of payment and settlement work by **utilizing corporate cards**
- **Promoting online direct debit services** to improve efficiency and collection rate
- **Promoting cashless money collection** at public institutions and schools

Strengthen customer touchpoints and sales activities

Supporting employees at sales branches with their sales activities

The Bank aims to strengthen customer touchpoints through digital channels and enhance and standardize its sales activities by utilizing generative AI and other technologies.

Gungin App

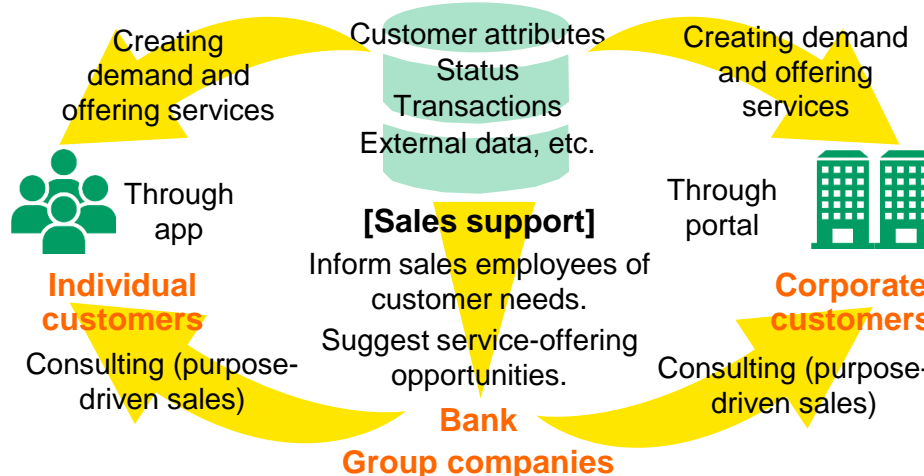


Phase in features that improve convenience and profitability. Enhance UI/UX thoroughly.

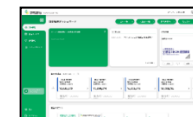
Features/services to be introduced

- App loans (FY2025)
- Point service/family account book service (FY2026)
- Smartphone ATM (FY2026)

Strengthen digital marketing



Gungin Business Portal



Phase in features that facilitate daily transactions and simple procedures, as well as help customers solve problems.

Features/services to be introduced

- Provision of subsidy-related information (FY2025)
- Collaboration with call centers (FY2026)
- Online lending (FY2027)

Concentrate operations within the Bank and eliminate administrative work

Reducing the workload of employees at sales branches

Streamline and systematize administrative work

Build a structure that allows fewer employees to deal with over-the-counter sales

(Vision) Eliminate backoffice operations

✓ Expand operations for which the Bank aims to eliminate paper, seals, operations.

✓ Concentrate and streamline operations by setting up middle offices, etc.

✓ Increase productivity at the counter.

✓ Increase remote meetings with customers.

✓ Concentrate lending operations to the headquarters.

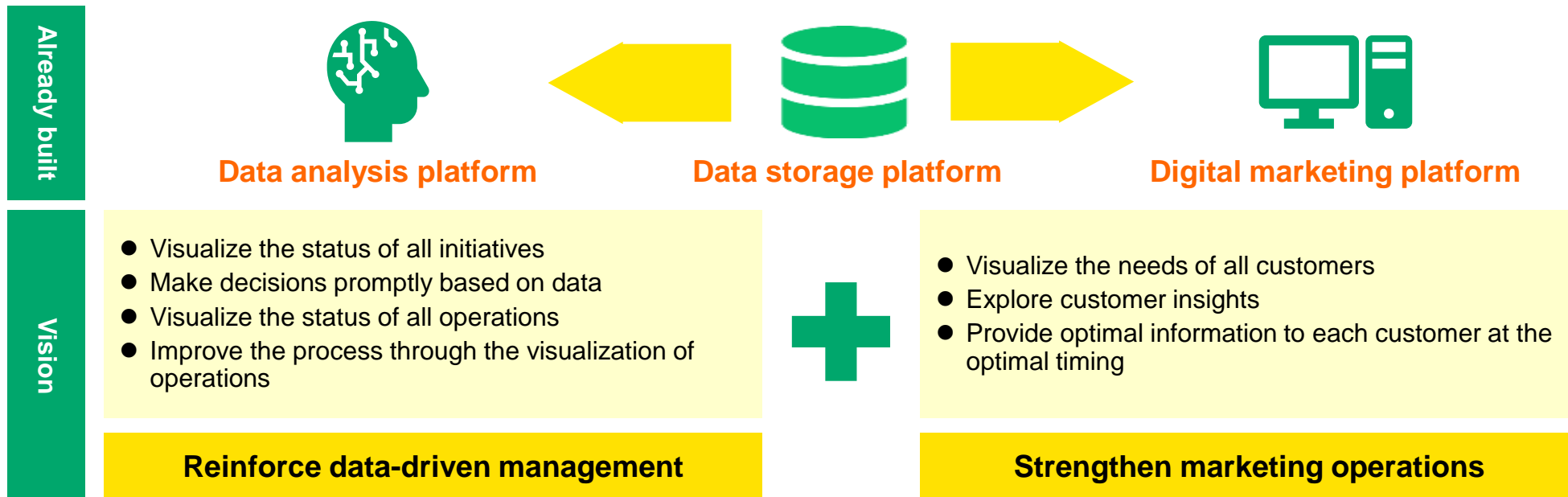


Business Reform Project (since May 2019): The Bank has reduced a total of 700,000 hours of operations annually.

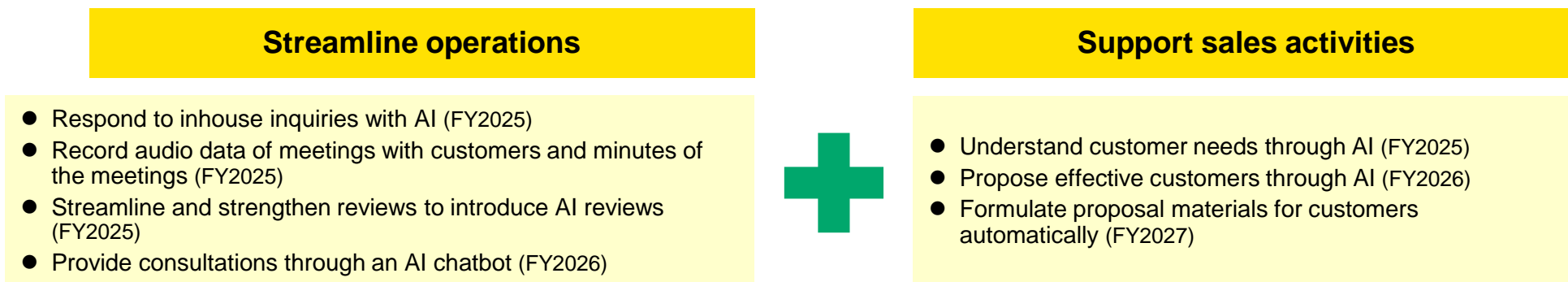
→ The Bank has concentrated and reduced products and ledgers, and streamlined operations by utilizing digital technologies.

- ✓ Concentrate complex procedures and various consultation work to the headquarters.
- ✓ Expand semi-self-service procedures. (No receipts or operations)

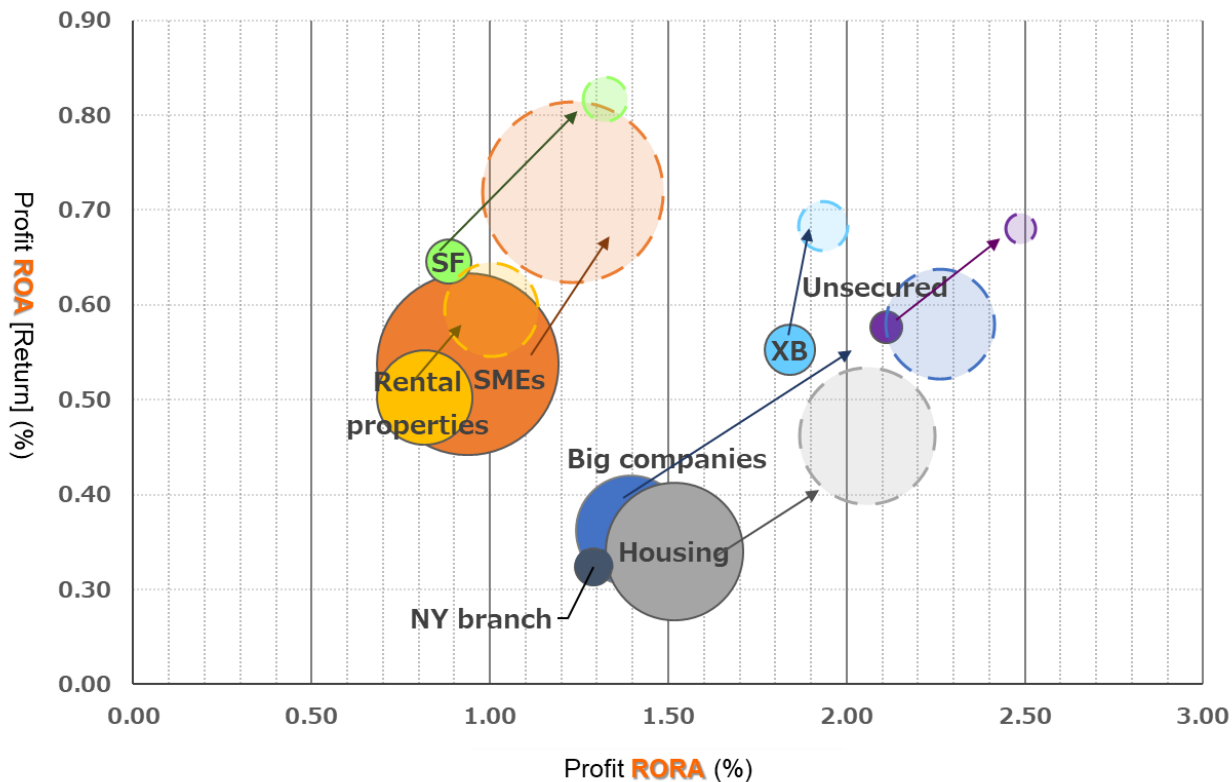
- The Bank plans to establish a new organization as the new Mid-Term Business Plan starts (in April 2025): **AI and Data Strategic Office (Workforce of 8)** in the Digital Innovation Department.
- The new organization will spearhead the initiative to enable all executives and employees to make full use of AI and data.



Strengthen all sections through the utilization of AI (primary use case examples)



Loans



*The size of the bubble indicates the balance.

Negative interest rates

- Building assets with high RORA has helped improve profitability, while maintaining financial health.

Positive interest rates

- Shift to loan management **focusing on** not only RORA, but also **returns (ROA)** to utilize deposits more effectively.
- **Aim for higher RORA** because rising interest rates raise expectations for ROE.

Deposits

Negative interest rates

- Concerns that increased deposits may lead to negative interest rates being applied on deposits (and results in a decrease in interest income)

Positive interest rates

- Increased significance of deposits to secure funds at low interest rates
- Implement steps to secure **high-retention deposits**.
- Consider strategic **deposit interest rate pricing**.

Securities

Negative interest rates

- Secure interest income by increasing bonds.
- Invest more on securities and other financial products with higher returns than bonds.

Positive interest rates

- Establish bond portfolio management focusing on **valuation profit/loss and returns**.
- Introduce **RORA management** in securities and other financial products.

Risk Management

Negative interest rates

- The market has long been in an environment of lower interest rates and minimal fluctuations.

Positive interest rates

- Concerns that various risks (interest rate risk, credit risk, and liquidity risk) may become prominent due to changes in the market environment

⇒ **Advanced risk management**

The Bank aims to further contribute to the local community and its customers and increase its profitability by collaborating with alliance banks.

Wide-area collaboration

TSUBASA Alliance (since December 2020)



- Collaboration among the nation's top 10 regional banks
- Its strengths lie in its broad coverage and large scale

■ Future collaborations

- ✓ Improving the top line (syndicated loans, introduction of customers, etc.)
- ✓ Strengthening operations and reducing costs by introducing joint systems

Regional collaboration

Gunma and Daishi Hokuetsu Alliance (since December 2021)



群馬・第四北越 アライアンス

- Collaboration between two banks whose sales areas are adjacent to each other
- Improvement of the corporate value of both banks and contribution to the region

■ Future collaborations

- ✓ Collaborating and cooperating by taking advantage of the proximity of the banks
- ✓ Reducing costs by introducing joint branches, etc.



Fincross DIGITAL (since June 2018)



- Collaboration and cooperation among 8 regional banks across Japan in digital technologies

■ Future collaborations

- ✓ Providing mutual support in data analysis, online advertising management, etc.
- ✓ Holding training sessions in digital marketing and other areas

Ryomo Regional Revitalization Partnership (since January 2022)



- Collaboration between two banks located in the Ryomo district
- Customer problem solving and regional revitalization

■ Future collaborations

- ✓ Collaborating and cooperating in offering support to the automobile industry
- ✓ Offering syndicated loans and introducing customers through sales branch collaborations

Management of Risks Associated with the Implementation of the Mid-Term Business Plan

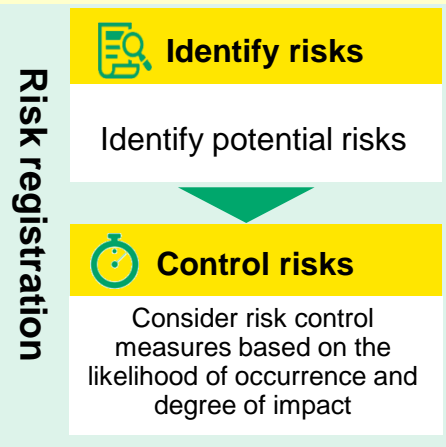
Risk Management Process

- During the formulation of the Mid-Term Business Plan, identify potential risks associated with its implementation, and assess the risks.
- Monitor the occurrence status of potential risks during the implementation of the Mid-Term Business Plan and understand the risk situation.
- Report the monitoring status to the management (the Board of Directors) on a regular basis.

Formulation Phase

Implementation Phase

Risk management by related departments of the headquarters/Group companies (demonstrate risk ownership)



List of potential risks (some of them are shown below)

[Bank]	Conduct risks	Credit risks	...
<p>■ : Strategic themes; ○ : Major initiatives</p> <p>■ Strengthen purpose-driven sales</p> <ul style="list-style-type: none"> ○ Restructure the consulting framework for individuals and strengthen the banking-securities collaboration 	H (High)	L (Low)	M (Medium)
<p>■ Promote DX and business reforms</p> <ul style="list-style-type: none"> ○ Concentrate operations within the Bank, reduce administrative work. 	<p>Risk categories to be considered</p> <p>A total of 16 risk items including:</p> <ul style="list-style-type: none"> • Conduct risks • Credit risks • System risks • Money laundering 		
<p>[Group companies] ○ Major initiatives</p> <p>Gungin Lease Co., Ltd.</p> <ul style="list-style-type: none"> ○ Increase profitability (enhance mediated and non-mediated processes, secure appropriate interest rates, etc.) 			

To realize proactive risk management

Reach a management decision at the appropriate timing

Management (Board of Directors)

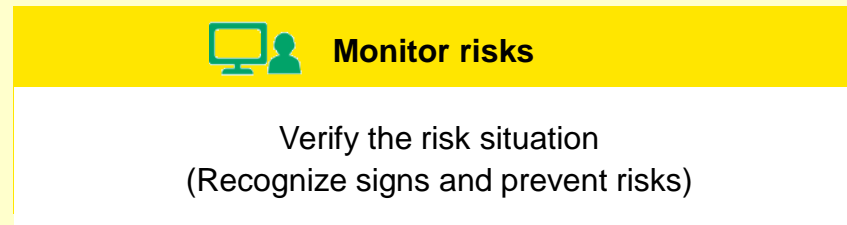
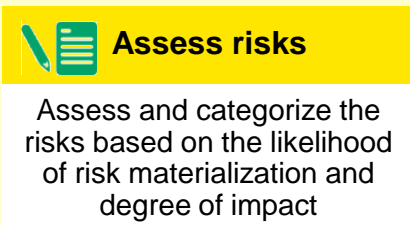
Understand both the implementation progress and the risk situation

Report the monitoring situation

Risk communication

Monitoring

Risk management by the Risk Management Department and other related departments



Basic Policy I: Creating a Virtuous Cycle of Social and Economic Values

Strengthen purpose-driven sales

- Corporate**
- Restructure the sales framework in accordance with segment strategies to deliver optimal value
 - Strengthen goal- and needs-based sales activities following the Connecting Process
 - Reinforce sales that contribute to solving regional problems such as business succession, decarbonization, labor shortage, and DX
 - Strengthen sales to increase deposit transactions and payment transactions
 - Enhance overseas business support services

- Individual**
- Restructure the consulting framework for individuals and strengthen the banking-securities collaboration
 - Enhance proposals and inheritance-related operations for wealthy customers
 - Expand the scope of investment and increase recurring revenue to build an investment-driven country
 - Increase transactions with asset-building customers through the promotion of housing loans
 - Strengthen marketing operations for the mass market to increase deposits and loan transactions
 - Build channels and collaborate with external businesses to increase customer touchpoints

- Promote purpose-driven sales across the group and improve customer satisfaction (CS)

Challenge to build a sustainable regional economic zone

- Rehabilitate regional industries and enhance the collaboration with start-up companies
- Solve regional problems in cooperation with alliance partners such as local governments and universities
- Build a regional ecosystem based on the "cashless and information" strategy
- Reinforce decarbonization and other initiatives to tackle sustainability-related challenges
- Strengthen efforts to improve the region's financial literacy
- Advance into new business domains and set up businesses

Basic Policy II: Strengthening the Business Foundation to Support Sustainable Growth

Promote DX and business reforms

- Strengthen customer touchpoints by utilizing digital technologies, and collaborate with various channels
- Enhance businesses that utilize digital technologies
- Concentrate operations within the Bank and reduce administrative work
- Continue with the ongoing Business Reform Project
- Develop a forward-looking system infrastructure

Strategic theme

Strategic theme

○ → Key measures

Strengthen data utilization

- Promote data-driven management headed by dedicated departments
- Strengthen face-to-face sales by utilizing data
- Reinforce digital marketing
- Promote the utilization of AI

Enhance human capital

- Construct a human capital portfolio that is linked to management strategy
- Implement recruitment, development, and career-development support based on our job-based personnel system
- Promote diversity, equity and inclusion (DE&I) initiatives
- Improve the well-being of our executives and employees

Implement RORA management

- Implement the ALM in a world with interest rates
- Accumulate strategic assets at policy branches in Japan and abroad, and through cross-border and structured finance transactions
- Implement effective market management to cope with changes in the market environment
- Implement an optimal capital policy to improve corporate value

Enhance governance

- Strengthen organizational development and group governance in accordance with management strategies
- Enhance risk management
- Strengthen cyber security
- Promote initiatives to enhance operational resilience
- Engage in operations with top priority on compliance
- Enhance measures against money laundering, etc., and ensure appropriate and timely compliance with laws and regulations
- Enhance internal audit
- Strengthen communication with stakeholders

Reinforce collaboration within the group and external collaboration

- Enhance collaborations and functions to maximize group revenue
- Strengthen the collaboration with other banks based on multiple alliances
- Strengthen collaborations with businesses across sectors

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