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GUNMA BANK NEWS

January 19, 2024

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(Securities code: 8334; Tokyo Stock Exchange Prime Market)
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Announcement regarding the determination of terms and conditions for the issuance Unsecured Perpetual Subordinated Bonds with Write-down Clause

The Gunma Bank, Ltd. hereby announces that it has determined the following terms and conditions for the issuance of Unsecured Perpetual Subordinated Bonds with Write-down Clause (“the bond”).

「JPY 10,000,000,000 Unsecured Perpetual Subordinated Bonds with Write-Down Clause」

Issuance amount	10 billion yen
Denomination of each bond	100 million yen
Interest rate	① From the day immediately following January 25, 2024 until June 15, 2029: 2.244% per annum ② From the day immediately following June 15, 2029: 6-month JPY TIBOR plus 1.630%
Issue price	100% of the denomination of each bond
Term	Perpetual (Provided, however, that the issuer may at its discretion, redeem the bonds on any interest payment date on June 15, 2029 or thereafter or upon the occurrence of a tax event or a capital event.)
Interest payment dates	June 15 and December 15 each year
Type of offering	Public offering in Japan
Payment date	January 25, 2024
Summary of interest cancellation clause	(1) Optional cancellation of interest payments: The Gunma Bank may cancel all or part of the interest payments on the bonds on any interest payment date when it deems necessary at its absolute discretion, in which case, until such time that The Gunma

	<p>Bank determines to pay or cancel all or part of the interest on the bonds due on the next interest payment date, The Gunma Bank shall not make any resolutions at its board of directors, or present its own proposal at a general meeting of shareholders, to (i) pay dividend on its common stock and stock of other classes which are qualified as its Additional Tier1 capital under the capital inclusion criteria of the capital adequacy requirements or (ii) pay dividend on its preferred stock which ranks the most senior as to dividend payments and is qualified as its Additional Tier1 capital, in excess of the amount obtained by multiplying one-half of the amount of preferred dividend per share of each class qualified as its Additional Tier1 such preferred stock by a ratio of the amount of the interest which The Gunma Bank determines to pay on the bonds among the amount of the interest payable on the bonds on the same interest payment date.</p> <p>(2) Interest payable amount limitation:</p> <p>The amount of the interest payable on any interest payment date on each bond shall not exceed the Interest Payable Amount, and The Gunma Bank shall not pay any amount of the interest on each bond in excess of the Interest Payable Amount.</p> <p>The “Interest Payable Amount” means the amount apportioned to each bond calculated by dividing the adjusted distributable amount as of the interest payment date, on a <i>pro rata</i> basis among (i) the total amount of the interest payable on the bonds on the same interest payment date and (ii) the total amount of dividends and interest payable on the same interest payment date on its preferred stock which ranks the most senior as to dividend payments as well as the Parity Securities.</p> <p>The “Adjusted Distributable Amount” means the distributable amount under the Companies Act as of the interest payment date less the total amount of dividends and interest of the bonds, the Parity Securities and the Junior Securities paid during the period from the beginning of the fiscal year in which such interest payment date falls to the day immediately preceding such interest payment date.</p> <p>The amount of the interest which has not been paid pursuant to (1) or (2) above shall not be deferred and payment obligation thereof shall be discharged thereafter.</p>
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Summary of Write-down Clause	<p>(1) Write-down upon the occurrence of a loss absorption event: When The Gunma Bank's consolidated Common Equity Tier1 capital ratio reported or published by it falls below 5.125%, the principal amount of each bond, together with the interest on the part of the principal amount so written down, shall be written down in the amount apportioned to each bond calculated by dividing such amount as determined by The Gunma Bank in consultation with the Financial Services Agency of Japan and other relevant Japanese regulatory authorities necessary to make The Gunma Bank's consolidated Common Equity Tier1 capital ratio exceed 5.125% by the write-down or conversion to common stock of all or part of the bonds and its other Additional Tier1 liabilities, etc., on a <i>pro rata</i> basis among the total principal amount of the bonds and the total principal amount of its other Additional Tier1 liabilities, etc.</p> <p>(2) Write-down upon the occurrence of a non-viability event: All of the principal amount of and interest on the bonds shall be written down to zero when it is officially confirmed that the "item 2 measures (dai nigou sochi)," or "item 3 measures (dai sangou sochi)," or "specified item 2 measures (tokutei dai nigou sochi)," which are the measures set forth in the Deposit Insurance Act, need to be applied to The Gunma Bank.</p> <p>(3) Write-down upon the occurrence of an insolvency proceedings commencement event: All of the principal amount of and interest on the bonds shall be written down to zero when it is adjudicated that The Gunma Bank has entered into the bankruptcy and other insolvency proceedings.</p>
Summary of Reinstatement Clause	<p>After part of the principal amount of the bonds has been written down upon the occurrence of a loss absorption event, such principal amount of the bonds shall be reinstated upon the occurrence of a Reinstatement Event to the extent of the amount to be determined by The Gunma Bank in consultation with the Financial Services Agency of Japan and any other relevant Japanese regulatory authorities.</p> <p>The "Reinstatement Event" occurs when The Gunma Bank determines that the principal amount of the bonds that has been written-down be reinstated after obtaining prior confirmation of the Financial Services Agency of Japan and any other relevant Japanese regulatory</p>

	authorities that The Gunma Bank's consolidated Common Equity Tier1 capital ratio remains at a sufficiently high level after giving effect to the relevant reinstatement of the bonds.
Liquidation preference	The bonds effectively rank, as to the payment of liabilities in the liquidation proceedings (excluding special liquidation proceedings), junior to the general creditors and dated subordinated creditors of The Gunma Bank, senior to The Gunma Bank's common stock
Use of proceeds	The Gunma Bank plans to allocate the proceeds towards general operational purposes, including providing loans to its clients by the end of FY 2023.
Issuing and paying agent	The Gunma Bank, Ltd.
Book-entry transfer institution	Japan Securities Depository Center, Inc.
Underwriters	Nomura Securities Co., Ltd. Daiwa Securities Co., Ltd. SMBC Nikko Securities Inc. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Securities Co., Ltd.
Rating	A (Japan Credit Rating Agency, Ltd.)

Note:

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