

## Message from the Management



I would like to express our sincere appreciation for your continuing patronage of the Gunma Bank. Since its establishment in 1932, the Bank has, throughout the many intervening social and economic changes, played the role of a leading regional bank, always giving consideration to the development of local communities through its activities, while strengthening its management culture and creating the foundation the Bank has today. This has been entirely thanks to the warm understanding and support of all of our clients and customers, to whom we offer our deepest gratitude.

With regard to the economic outlook in Japan, while attention must be paid to economic trends in emerging nations and resource-rich nations, and developments in the European debt crisis, the economy is expected to recover moderately as the employment and income situation continues on an improvement trend. Meanwhile, the environment surrounding regional financial institutions is becoming even more severe, including signs of movement toward management integration of regional banks amid changes in the social structure due to the maturation of domestic industries and advancement in the declining birthrate and aging of the population.

In this financial and economic environment, we entered the final year of the three-year mid-term business plan that started in April 2013: "V-Plan – Evolution to the bank for proposals with value," and we have

been implementing various measures to realize the corporate image targeted under the plan of being "the leading regional bank offering customers proposals with value."

As part of our initiatives towards our corporate customers, we have been enhancing consulting functions to match the life stage of each customer, including providing support for our customers' growth and meeting their overseas expansion needs, as well as enhancing corporate rehabilitation support. Specifically, we are stepping up our corporate support through efforts such as launching the "SME Revitalization Support Service," which selects and dispatches experts who can appropriately carry out support for the core business of SMEs; holding the "Gunma Bank New Senior Leader Exchange Meeting," which matches SMEs with former employees of large companies, etc. who have extensive knowledge and experience; establishing the "Gunma Bio-engineering Company Partnership Revitalization Fund," which supports companies engaged in healthcare-related manufacturing; and furthermore, setting up the "Gunma Bank Business Support Fund," which supports the commercialization of new business plans through the "Gunma Bank Business Support Grand Prize." With regard to new branches, the Ogikubo Branch was opened as the seventh location within Tokyo Metropolitan area. In addition, we have further enhanced our overseas development support system by conducting a new business partnership with a major commercial bank in Singapore.

As for our individual customers, we are working to reinforce our personalized marketing and enhance our consulting functions to match the life stage of each customer. Specifically, we are providing financial instruments that respond to the life plans and needs of customers by expanding our line-up of investment trusts in conjunction with the commencement of "NISA (the Japanese version of the ISA, tax exemption for small amount investment)," and by stepping up our efforts to promote housing loans and building up unsecured consumer loans. With regard to activities to contribute to regional society, we are implementing a range of initiatives mainly aimed at promoting local tourism, such as the launch of "Silk Heritage of Gunma," an investment trust in which a portion of management fees (custodial fees) is donated to activities to safeguard the Tomioka Silk Mill and Related Sites in conjunction with its registration as a World Heritage site.

As measures to enhance profitability, we will reinforce loan management and build up the fee business, and will strengthen unsecured consumer loans and corporate service fee transactions in addition to our three main fields of loans to SMEs, loans to individuals and sales of financial assets under custody. Furthermore, we will strive to open new branches and expand loan stations in growth markets.

In addition, we are pursuing low cost operations through efforts to reduce costs, mainly non-personnel expenses, and increase operational efficiency by reviewing the business processing system. At the same time, we will continue promoting reinforcement of the compliance system and enhancement of customer protection management system, as well as upgrading the risk management system.

By realizing these initiatives one by one, we hope to respond to the needs of our customers, our shareholders, our employees, and everyone in the community as a leading regional bank. We humbly ask for your continuing support in the years ahead.

July 2015

A handwritten signature in blue ink that reads "K. Saito".

Kazuo Saito  
President