

Message from the Management



I would like to express our sincere appreciation for your continuing patronage towards the Gunma Bank. Since our establishment in 1932, we have been acting as a leading bank in the region where our customers located, always wishing to contribute to the development of the regional communities, throughout so many social and economic changes. In the meantime, we have strengthened the management structure and successfully established the today's business foundations. I suppose this be entirely appreciation for your warm support expressed to our deepest gratitude.

Japan's economy has been turning toward a moderate expansion, while there are uncertainties in the global economy.

The business environment surrounding the financial industries is becoming much more severe since the Bank of Japan adopted the Negative Interest Rate Policy.

On the other hand, in order to counteract the aging and declining population problem, regional financial institutions are expected more activities to support regional revitalization.

In such a business environment, in the second year of our "2016 Mid-term Business Plan 'Value for Tomorrow,' or value-added proposals

for tomorrow", we are implementing various measures to become "a regional financial group that supports the regional community and customers in the future and grows up together," which is our ideal enterprise image.

As part of initiatives aimed at regional revitalization, we are working toward regional reactivation by supporting commercialization of applicants' business of the Gungin Business Support Grand Award and commencing handling of the "Gunma Bank Private Placement Bond for the Revitalization of Regional Economies". In addition, we concluded partnership agreements with local governments and Gunma University. In this way, we are actively participating in regional revitalization.

As part of our initiatives towards our corporate customers, we are expanding our one-stop support structure, the "team to promote corporate customer consulting," and focusing on various support for funding, business matching, M&A and business succession support. In addition, we are undertaking efforts to support our customers' core business through assisting international business and holding various seminars. We also implement full-scale initiatives towards the business potential assessment, in order to practice more appropriate value-added proposals.

As for our individual customers, we are responding to various needs in asset formation and asset management including entering into a business alliance with HOKEN NO MADOGUCHI GROUP INC. and commencing handling of new plans for individual-type Defined Contribution pension plans (iDeCo). Furthermore, we are working on product enhancement of housing loans and unsecured consumer loans as well as the expansion of non-face-to-face services.

As initiatives towards market expansion, we are enhancing interface with customers by establishing new "Adachi Branch" in July 2017 as well as extending business hours and increasing the number of locations for the "Loan Hoken Soudan Plaza," which also opens for business on Saturdays and Sundays.

As initiatives towards improving the Group's comprehensive strength, we are working to provide a wide range of financial services, including conducting full-scale banking and securities alliances through the launch of business of Gungin Securities Co., Ltd. and making Sky Ocean Asset Management Co., Ltd. through capital participation based on the business alliance.

Through above initiatives, we will work to strengthen our lending capability and further to enhance our fee business.

Furthermore, we will pursue to improve the productivity by means of enhancing operation efficiency while also working on reinforcement of the compliance system and enhancement of the customer protection management system, as well as advancing the risk management system.

We will continue to face a wide range of needs of the regional community and customers, truly provide helpful financial solutions, be worthy of the trust, and live up to the expectations of all of our stakeholders as a regional financial group.

I would like to express our gratitude for your continuing support in the years ahead.

July 2017

A handwritten signature in dark ink, reading "K. Saito". The signature is fluid and cursive, with a large initial "K" and a stylized "Saito".

Kazuo Saito
President