

# Overview of the Gunma Bank

Name	The Gunma Bank, Ltd.
Location of head office	Maebashi City, Gunma Prefecture
Listing	Tokyo Stock Exchange Prime Market (securities code 8334)
Date of establishment	September 1932
Representative	Akihiko Fukai, President & CEO
Number of employees	4,281 (including temporary employees)
Capital	JPY 48.6 bn
Total number of issued shares	425,888 k
Total assets	JPY 10,552.3 bn (consolidated)
Net assets	JPY 522.3 bn (consolidated)
Rating	A3 (Moody's), A- (S&P), AA (JCR), A+ (R & I)

\*As of September 2023

## Features of Gunma Prefecture, our main operational base

Population  
1.91 mn "18<sup>th</sup> in Japan (Oct.2022)"

Prefectural product  
JPY 8.6 tn "17<sup>th</sup> in Japan(FY2020)"

Prefectural income per capita  
JPY 3.2 mn "8<sup>th</sup> in Japan(FY2019)"

Number of industrial locations  
39 cases "6<sup>th</sup> in Japan(2022)"

Low seismic hazard risk,  
low flood risk, stable climate



Characterized by a strong  
economy such as the  
automobile  
industry



Attractive  
tourism  
resources



Most popular  
hot spring resort

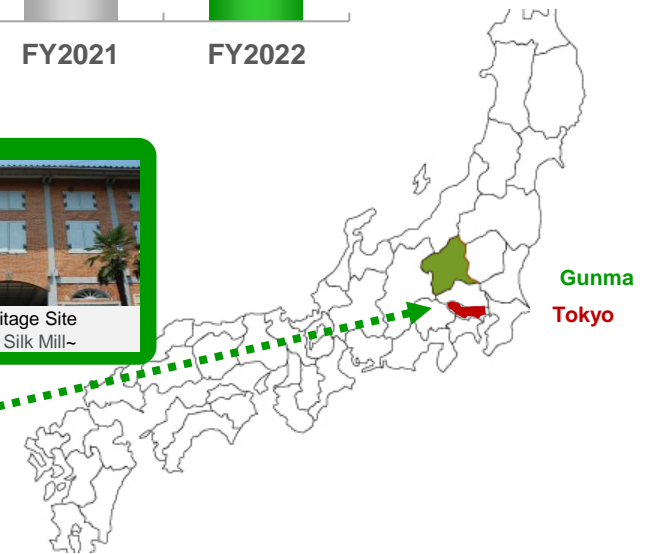


Beautiful  
mountains & highlands



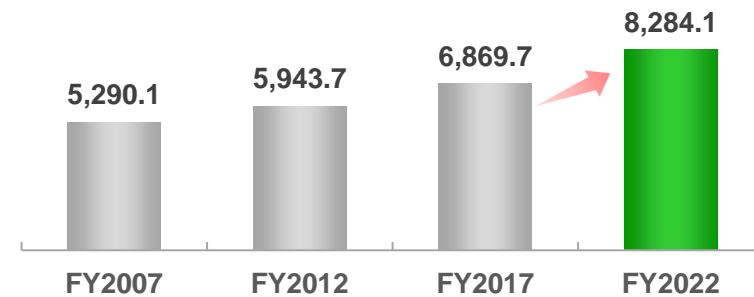
World Heritage Site  
~Tomioka Silk Mill~

Well-developed transportation network  
~Located about 60 miles from Tokyo~



## Deposits, etc. \* "scale"

trends every 5 years

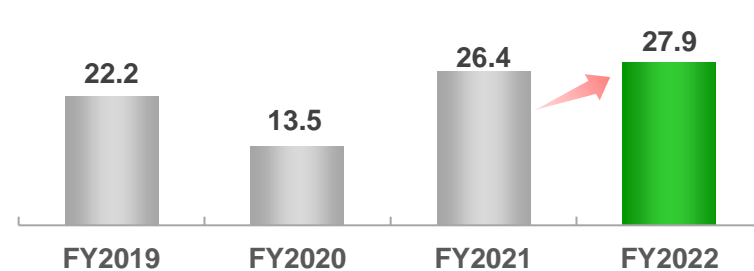


\* deposits + negotiable certificates of deposit

(Unit : JPY bn)

12<sup>th</sup>  
out of the 62 regional  
banks across Japan

## Consolidated profit (attributable to owners of parent) "profitability"



(Unit : JPY bn)

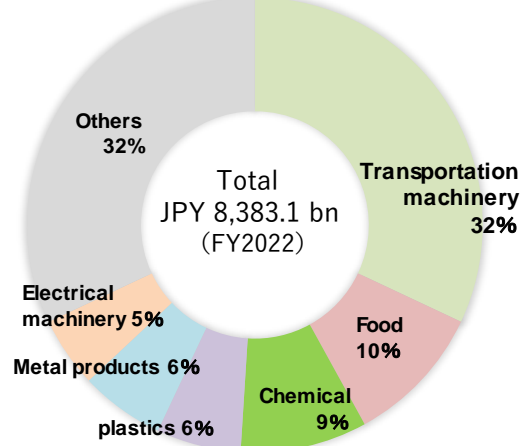
6<sup>th</sup>  
out of the 62 regional  
banks across Japan

# Strengths of the Gunma Bank

## Regional characteristics with high economic strength and resilience

- Among the manufactured goods shipment, etc., transportation machinery account for a large share of shipments.  
With basic technology cultivated over a long history, **Gunma pref. ranked high in the number of industrial locations in the country.**

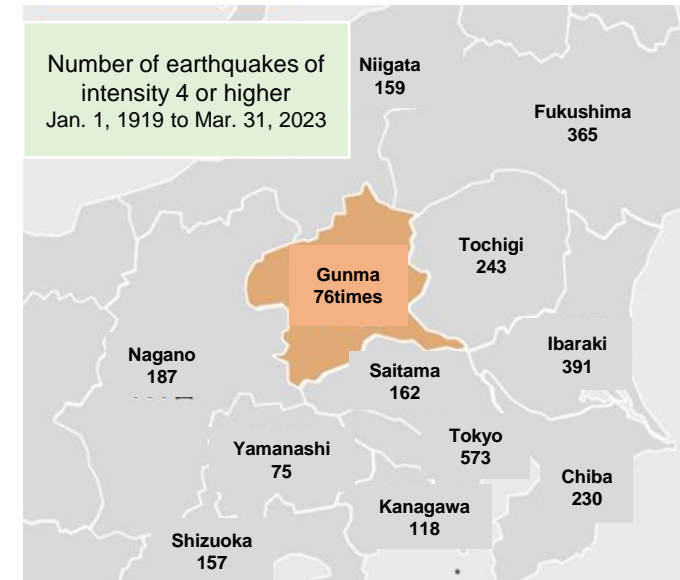
【Manufactured goods shipment, etc.】



National ranking in prefectures  
"number of industrial locations"

2017	2nd
2018	2nd
2019	4th
2020	4th
2021	4th
2022	6th

Statistically, it is an area with relatively few earthquakes (76 earthquakes at an intensity 4 or higher over a period of 100 years) and indicates **favorable conditions for establishing factories and logistics base.**



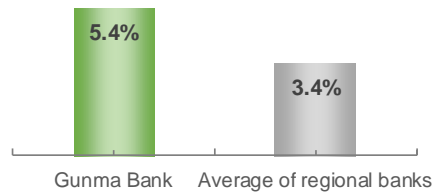
Sources : Gunma Pref. 「IR information of Gunma Prefecture(Oct. 2023 edition)」

## Initiatives for RORA (return on risk weighted asset) management ahead of other regional banks

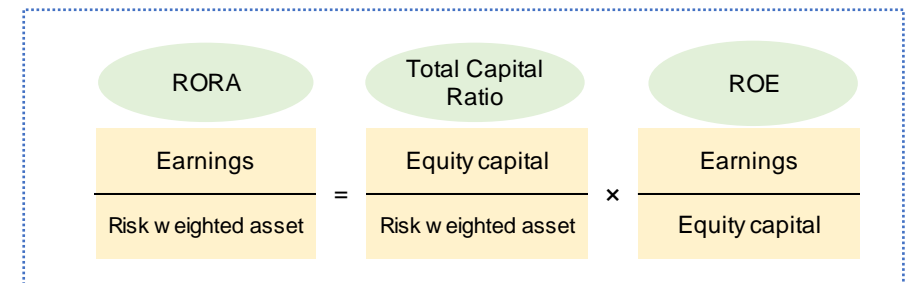
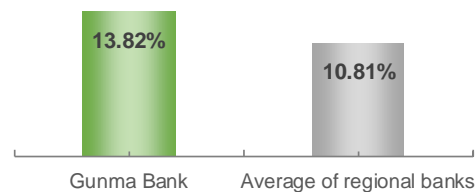
- The Gunma Bank has set RORA as a important management target since FY2019 and began utilizing RORA as a key profitability indicator for all banking business ahead of other regional banks.
- As a result, initiatives have spread not only to the headquarters but also to sales branches. The Bank is making steady progress in improving the balance between risk and return.

- Achieve a good balance between **improving ROE** and **ensuring sound management**

ROE (FY2023 forecast)



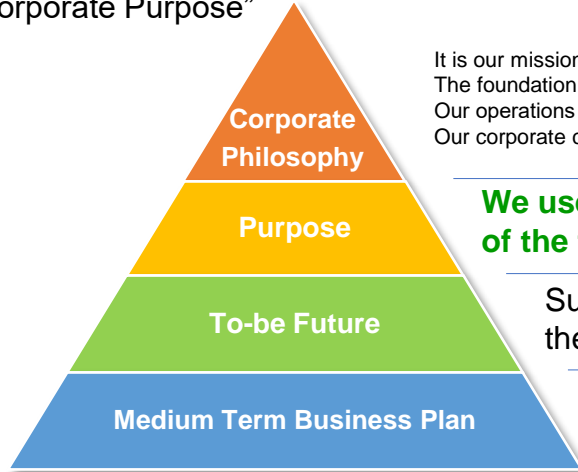
Consolidated capital adequacyratio (FY2022)



# Strengths of the Gunma Bank

## Purpose-based Management

- The Gunma Bank Group  
“Corporate Purpose”



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.

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

Sustainable development of local communities and the Gunma Bank Group

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

- Personnel “Purpose” Each officer and employee states what they will work on based on their purposes.

## Strong emphasis on Human capital improvement

- Autonomous career development



Personnel development policy

“We will support the autonomous career development and challenge of each individual, **starting from their own personnel purpose**, to realize their personnel purposes and increase the value of our human capital.”

- Transitioning to **a job-based personnel system**

- Promote the placement of **the right personnel in the right positions** based on their capabilities, regardless of their ages.
- Totally abolished the job structure. Managers work based on **full job-type** employment with wages based on job performance.

- Improve employees’ engagement
- Strengthen comprehensive personnel capabilities
- Develop specialist personnel

Revitalize  
The whole bank  
organization

- Proactively recruit mid-career specialist personnel



**Goal of Establishing the Purpose**

Faced with so many social issues, we reexamined the meaning of our existence and established our Purpose based on the thought, “What is the value of our existence in society, and what impact can we have on the future of the regional community?”

“Sharing of Decision Axes”  
“Increasing Individual Job Satisfaction”  
“Understanding Stakeholders’ Interest”



# Initiatives for Corporate Value Improvement

## Targeted ROE level

Final year of next mid-term plan(FY2027) to **7%-8%**

Aim is equity spread (ROE – capital cost) > 0 to PBR one or more.

## Mid-to-long term plan

### Current Mid-term Plan

(Unit : JPY bn)

	Mar. 2024 Plan	Mar. 2025 Final year
Consolidated core business net profit*	41.4	45.0
Non-interest income	22.8	25.0
Net income	28.0	30.0
Total capital ratio	13.2%	13.1%
core CET1 ratio	12.0%	11.9%
ROE	5.4%	5.6%
RORA	0.7%	0.7%

### Next Mid-term Plan

	Mar. 2028 Final year
Consolidated core business net profit*	67.0
Non-interest income	30.0
Net income	47.0
Total capital ratio	13.5%
core CET1 ratio	11.4%
ROE	7.7%
RORA	1.0%

\*excluding gains(losses) on cancellation of the investment trust

### Measures to improve ROE

- Initiatives to improve RORA (targeting **1.0% or more** in FY 2027)
- Establish optimal capital structure ⇒ core CET1 ratio to **10.5% - 11.5%**  
⇒ **First issuance of the Additional Tier 1 eligible bonds** among regional banks in Japan. (Utilize subordinated bonds)
- Provide sufficient **shareholder returns**
- Reduce policy shareholdings (To **8%-9%** of consolidated net assets at the end of FY2026)

### Reduce cost of equity

- Reduce information asymmetry ⇒ Enhance IR activities (increase dialogue with capital markets)
- Strengthen sustainability initiatives

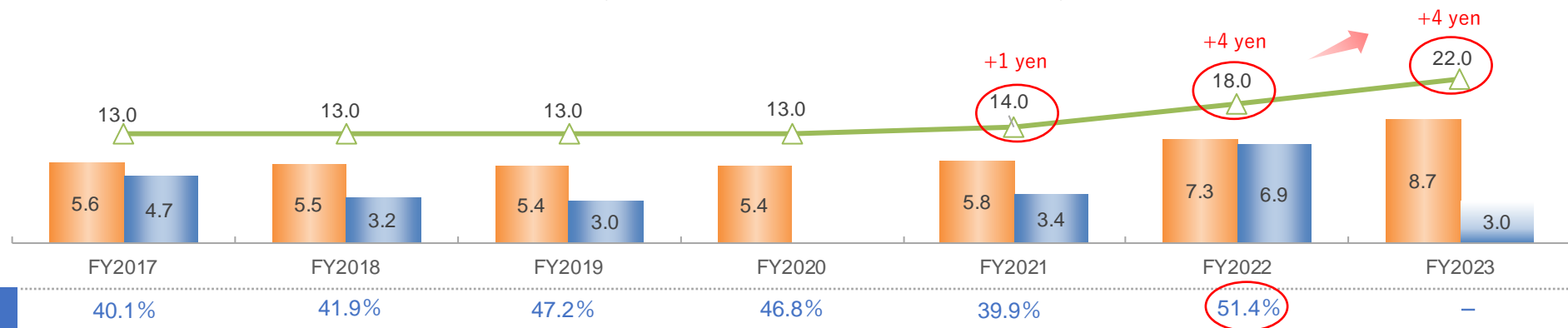
### Stable profit growth

- Sustainably grow core business earnings
- Effectively utilize capital, including investment for growth

## Shareholder Return

The dividend has increased for three consecutive fiscal years, and actively acquired treasury stock.

■ Total amount of dividends (JPY bn) ■ Share buy-backs(JPY bn) ▲ Dividends per share (yen)



### Shareholder return policy

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.

Total shareholders ratio