

THE GUNMA BANK REPORT 2023

Integrated Report

Disclosure magazine [main part]



We use our strengths in “Connections” to spin

the threads of the future for local communities

Establishment of the Gunma Bank Group’s Purpose (Established on November 20, 2021)



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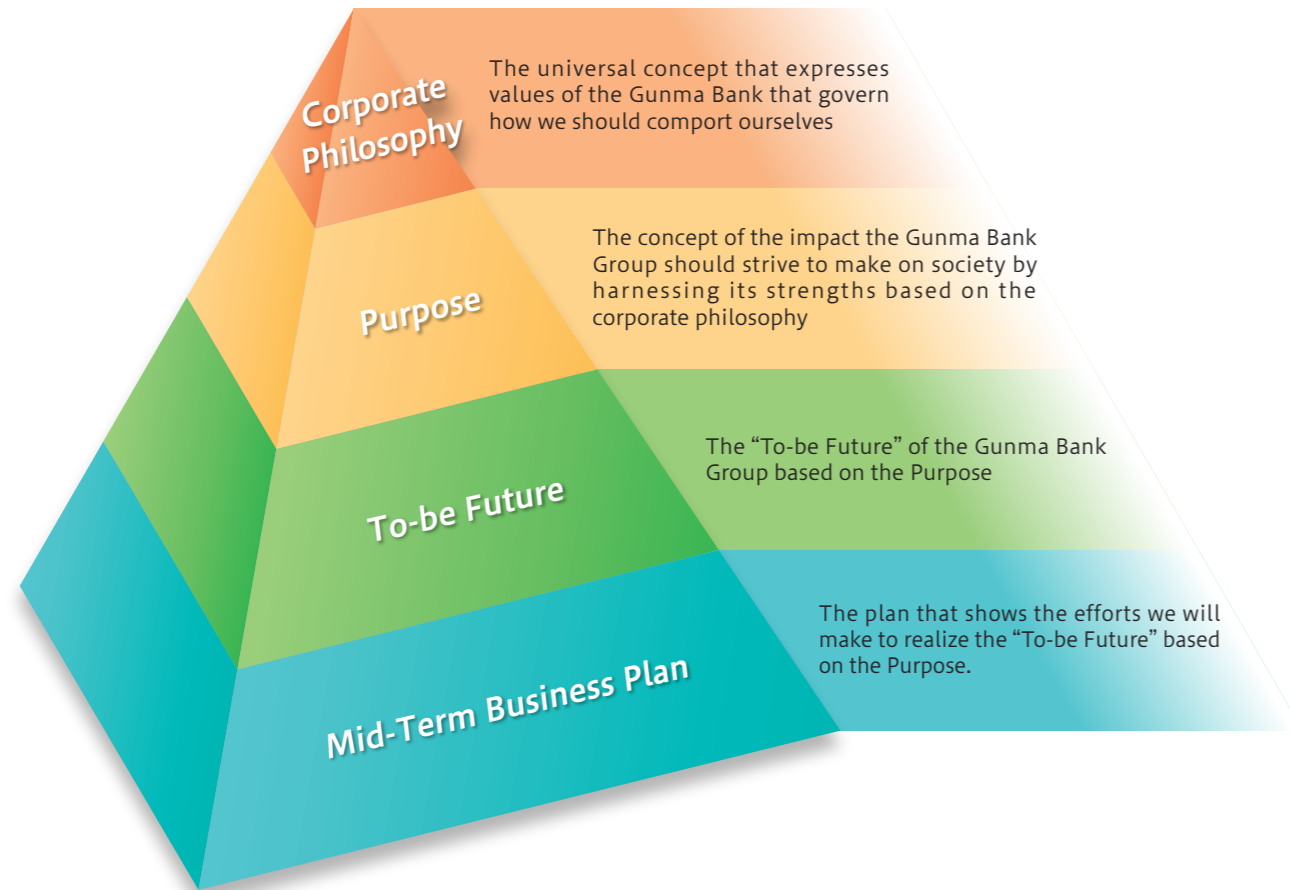
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Corporate Philosophy / Purpose / To-be Future / Mid-Term Business Plan



Corporate Philosophy

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.

Purpose

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

To-be Future

Sustainable development of local communities and the Gunma Bank Group

Mid-Term Business Plan

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

The Gunma Bank Group’s Purpose

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

The Gunma Bank Group established its new Purpose on November 20, 2021. Faced with so many social issues, we reexamined the meaning of our existence and established our Purpose based on the thought, “What is the purpose of our existence in society, and what impact can we have on the future of society?”

Using Our Strengths in Connections

Ever since our establishment as the Gunma Daido Bank in 1932, our roots have always been in connecting lenders and borrowers together. We receive deposits and offer loans to people in order to keep the economy running, and this has been and will continue to be a key role for us.

Apart from our work in finance, we connect local communities, companies and people together, and we also connect them with our services, information, and other resources. Through these efforts, we connect many kinds of value together, and create new value. We believe that this is what society expects from us.

To meet these expectations from society, we will harness our unique strengths that we have nurtured over the years to

engage in initiatives for each and every one of us to connect. For example, we can utilize our networks and information capabilities to connect our customers with our resources and solve management issues. We can also connect customers who have no successor with someone who can lead such customers’ businesses or the like to the next generation, thereby enabling a sustainable future for our customers and the local community. By connecting customers with global investment opportunities, we can also bring them a fulfilling and secure future. Each of these connections may be small by itself, but many of them together can produce a surging momentum like Japan’s mighty Tone River to bring an enriching future to local communities.

Spinning the Threads of the Future for Local Communities

By “local communities,” we do not refer only to Gunma Prefecture where our headquarters is located, but also all the regions, companies, people, and other stakeholders within our network.

We aim to utilize our strengths in “Connections” to create a future that is not only economically enriching, but that also brings about a sustainable society through the preservation of the global environment and efforts to tackle social issues including an aging and shrinking population.

Threads are spun using fibers from silkworm cocoons,

and the home of our headquarters in Gunma Prefecture is a central location within the development of the fiber industry, including the Tomioka Silk Mill, a World Heritage Site.

We use the phrase “spinning threads” in our Purpose to signify our desire to create an enriching future for the local community while cherishing and respecting its history.

The Gunma Bank Group will use its strengths in “Connections” to spin the threads of an enriching future while working with everyone in the local community.

Goal of Establishing the Purpose

Sharing of Decision Axes

By stating the meaning of our existence in society in the Purpose, the Group is able to share the decision axes of the Group and its executives and employees, allowing it to respond to change.

Increasing Individual Job Satisfaction

With jobs at the Bank becoming increasingly diverse and complex, clarifying the “Why?” behind each job to the employee performing it will lead to higher job satisfaction.

Empathizing with Stakeholders

Through the active outward dissemination and embodiment of the Purpose, we will be able to engage in business activities with higher empathy for and stronger relationships of trust with stakeholders such as our customers, regional community, shareholders, and executives and employees.

Steps to Purpose-Based Management

[Establishment] November 2021

- When considering the Purpose, we solicited and received 755 opinions from Group executives and employees regarding (1) through (3).
 - Essential strengths of the Group
 - Expectations from society
 - The meaning of the Group’s existence
- After repeated discussions based on these opinions, we decided on the Purpose after more than six months of consideration.
- It was announced to all executives and employees by the President in a video.



Discussion between President Fukai and young employees on the formulation of the Purpose

[Instillment] November 2021 and Beyond

- Individuals
 - Each executive and employee was asked to establish a “Personal Purpose” based on the Purpose.
 - Personal Purposes are shared within each department and branch to encourage mutual support of their realization.
 - Each executive and employee then sets goals based on their Personal Purpose.
- Districts, Branches
 - Regional Strategies are established based on the Purpose.
 - Each branch then sets their mid-term branch management policy based on the Purpose and Regional Strategy.
- Tools for Instilling the Purpose
 - Videos of the President explaining the Purpose to employees
 - Posters at branches and headquarters
 - Printing the Purpose on business cards, newspaper ads

[Implementation] April 2022 and Beyond

- The Mid-Term Business Plan Innovation for “Purpose” was established based on the Purpose.

Activities (processes) aimed not only at hitting profit targets, but at achieving the KPIs in Connections (quantitative targets aimed at the realization of the Purpose) and the realization of the Purpose are evaluated and commended.

Becoming a Group that achieves balance between “social value” and “economic value”

Message from the President



Aiming to realize our Purpose
for a sustainable future
for the region

July 2023
President

Akihiko Fukai

Preface

All employees working as self-starters to respond to the changing times

The mid-term business plan, Innovation for “Purpose,” got underway in fiscal 2022. Despite the impact of interest rate hikes in Europe and the United States, we were able to make steady progress in terms of our financial results and various measures, and so I would like to thank you all for your support.

At present, consumption is expected to rise against the backdrop of wage hikes and the status of COVID-19 having been downgraded to Category 5 under the infectious disease prevention law. Meanwhile, the environment surrounding us remains uncertain due to a number of factors including global price rises, the economic impact of monetary policy in Europe and the United States, and geopolitical risks such as those resulting from the war in Ukraine. We also recognize that the evolution of technologies, especially digital technologies, is bringing about a time of great change in which things that until

recently were the norm have now quickly become unreal.

Looking at the region, rising raw material costs and securing human resources are high on the list of management issues for companies. From a medium- to long-term perspective, we cannot shy away from dealing with the declining population and environmental issues.

In the face of such environmental uncertainty and various regional issues, it is vital that each of our executives and employees think about the value of the community and our customers on a daily basis and act as self-starters. As the cycle of change is fast and customer needs become more diversified, it is important for each and every one of us to fully understand and respond to those needs. However, acting as a self-starter is not the same as acting independently without a purpose. The kind of goals we are aiming for as an organization are based on the Purpose we established in November 2021, to “use our strengths in connections to spin the threads of the future for local communities.”

Changes Born within the Bank One and a Half Years on from Establishing Our Purpose

Bringing our Purpose into everyday sales activities

Since it was first established in November 2021, we have been communicating the Purpose throughout the Group and trying to get all executives and employees to internalize and personalize it, but to make this happen, two approaches are needed.

The first is for senior management to continue to communicate the significance of the Purpose. I appear in a video called Investor Relations for Bank Employees where I regularly explain the business situation and the significance of the main measures to all executives and employees. In the video, I am conscious of clearly communicating to our younger employees in particular, that the measures of the Bank are being implemented in line with our Purpose. Similarly, it is also important to convey information to manager-level employees, which is why I reiterated at a meeting held in April for branch managers that, in terms of our Purpose, social value and economic value are inseparable. It is not sustainable if we focus on product sales solely for the Bank’s bottom line, but even if the products we sell are deemed good for society, we can’t say that they will be sustainable if we cannot generate the right kind of profit. The basic idea of earning acceptable profits as a result of contributing to society and customers is extremely important from the perspective of sales activities based on our Purpose.

The second approach is to link the various systems and measures within the Bank with our Purpose to incorporate it into our daily routine. The essence of our Purpose is to make the future of the region sustainable

through the “connections” we make, such as through our loans and consulting work. To achieve this, it is important to understand what is really necessary for our customers so that we can provide the many different “connections” they need. In October of last year, we introduced a system called the Connecting Process in order to spread these kinds of sales activities. Over the course of six months, we engaged in in-depth dialogue with 2,548 corporate customers using newly created interview sheets, and as a result we were able to identify more than 7,000 needs. The Connecting Process is characterized by understanding not only the customer’s immediate needs, but also through dialogue that looks back to the customer’s future goals and values to ascertain their needs from a long-term perspective. And the Group works together to find out what kind of solutions we can provide to meet those needs for our customers.

Our mid-term business plan is also based on our Purpose. In the plan we have set figures that contribute to both resolving social issues and generating profits for the Bank as KPIs in Connections. We are also linking the achievement of these figures and outstanding examples of Purpose initiatives to an award system.

One and a half years have passed since we first established our Purpose, but now, from my constant communicating and associating our sales activities with the Purpose, I feel that it has changed from something employees just look at, like a picture on the wall, to something more concrete and embedded in our daily sales activities.

Progress and Future Challenges for the Mid-Term Business Plan
Innovation for Purpose

The Innovation for Purpose mid-term business plan, which started in April 2022, sets out three basic policies for realizing our Purpose. It attempts to reinforce our strength in our ability to “connect,” and it attempts to demonstrate our ability to “connect.” One year has passed, and the key measures outlined in the plan have been implemented or started, and we can see that progress is on track. I want to now talk about the status of our efforts regarding our digital strategy, the Group’s comprehensive strengths, alliances, sustainability, and human capital, which are all key points in the plan.

Although we recognize that the KPIs in Connections that I mentioned earlier have on the main part progressed as planned, there is still a lot of room for growth in the balance of sustainable finance for small and medium-sized enterprises in the corporate sector and in the balance of funds and investment trusts in the personal sector. We will strengthen our efforts by utilizing the SDGs Initiative Support Service that started in September last year and by responding to the new NISA system.

▶ See P.24 for the Mid-Term Business Plan

Digital Strategy

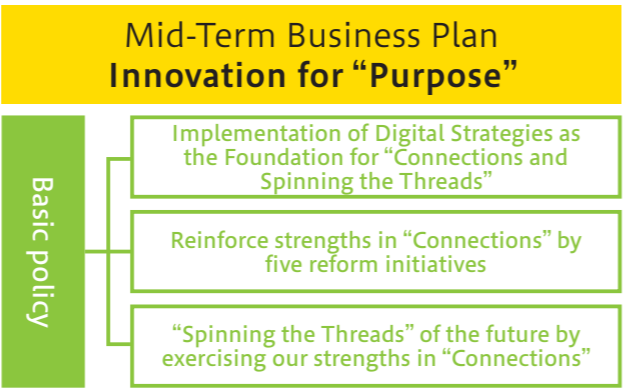
As a digital strategy, the mid-term business plan calls for digitalization in three areas. The first is digitalization of the community, the second is digitalization of customer contact points, and the third is digitalization of internal bank operations.

1 Digitalization of the community

As regional populations decline and labor shortages become major issues, we, as regional financial institutions, recognize that our major role is to actively bring digitalization to the region to improve regional productivity. Currently, we are introducing services aimed at supporting digital transformation at small and medium-sized enterprises, and we are also working to develop more cashless merchants. We also plan to introduce debit cards in January 2024, encouraging the move toward a digital, cashless society.

2 Digitalization of customer contact points

The needs of our customers in terms of the channels required are changing, so it is essential that we effectively combine digital with face-to-face business to provide a customer experience unique to the Gunma Bank Group. The core of our digital channel is the Gungin app, which was launched in April 2022. It has been well received for its ease of use, and the number of users has



President Fukai talking with branch employees on the mid-term business plan and Purpose (June 2022)

already surpassed 150,000 in one year. For our corporate customers, we launched the Gungin Business Portal service in July 2023. We will continue to add functionality to these services while also integrating digital and face-to-face channels.

3 Digitalization of internal bank operations

One of the Bank’s themes is to promote the digitalization of internal operations to improve productivity. As a specific initiative, we plan to use tablet devices in our branches from January 2024 for procedures that often require some time, with for example, opening a new account. Shorter processing times are a win-win for both the customer and for us. At the same time, we are also promoting changes to the way we work, such as through the use of Office 365.

In tandem with digitalization in these three areas, we are also developing a data use platform. Various data collected from inside and outside the Bank will be stored together to be used for marketing and other purposes. The future we envision is to build an ecosystem for the region through digitalization, going cashless, and data use.

▶ See P.50 Digital strategies as the foundation for “Connections and Spinning the Threads”

Exerting the Collective Strengths of the Group

Our mid-term business plan has been formulated along two approaches: working forward from the current issues (forecasting), and working backward from an ideal future state (backcasting). From a backcasting perspective, the key point is to explore new businesses for commercialization under our strategic theme of “Exploring new businesses and deepening existing businesses by leveraging the Group’s collective strength.”

Gungin Consulting’s new business

In terms of new business, we are currently putting particular effort into the human resources solutions business and the regional trading company, marketing and advertising business for which we established a new dedicated organization in Gungin Consulting, beginning operations in April 2023.

Staffing services were handled by the banks from the outset, and we set a goal of closing 200 contracts (introducing human resources to companies) in three years (one of our KPIs in Connections). However, there was more demand than expected, and so we were able to close 82 contracts in the first year alone. Securing human resources is an extremely important management issue for local companies, which is why we have decided to establish a dedicated organization at Gungin Consulting to expand and improve our services. We also plan to

gradually start employment placement dispatching and secondment/dispatching of human resources from the Gunma Bank Group.

As a regional trading company, marketing and advertising business, we will launch a purchasing-type crowdfunding site TSUNAGU+ with the aim of creating new products and services in the region, disseminating them widely both internally and externally. The Bank will also earmark certain work to Gungin Consulting, such as digital marketing and advertising planning related to loan products, etc. Building up expertise in this area will lead to marketing and advertising business aimed at local businesses.

Gunma Regional Advanced Solution Partners’ initiatives
A typical initiative by Gunma Regional Advanced Solution Partners was the acquisition of all the shares of JOETSU Co., Ltd. through the Gunma Regional Co-Creation Fund, which it manages. The company’s main business is marketing using various types of print media and the internet. The main purpose of the stock acquisition is to support business succession, but we also hope to accelerate digitalization in the region through collaboration with the company and Gungin Consulting.

▶ See P.38 Initiatives of the Gunma Bank Group

Strengthening Cooperation through Alliances

Strengthening our ability to “connect” through multiple partnership agreements with regional banks nationwide
One of the features of our management strategy is multiple partnership agreements that we have signed with regional banks across the country. I sometimes receive questions about the need for multiple partnership agreements, but a certain amount of time has passed since we first signed these agreements, and I feel that each partnership has fully demonstrated its unique characteristics.

The Gungin app mentioned earlier was developed jointly with banks participating in the TSUBASA Alliance, and we are also enjoying a variety of other benefits that are difficult to quantify, such as the sharing of know-how and exchange of human resources. The Gunma and Daishi Hokuetsu Alliance makes full use of the strengths of collaboration between the two banks in neighboring regions. Indeed, it is producing results off the back of a number of collaborations such as joint product development and the establishment of joint branches. The Ryomo Regional Revitalization Partnership also has many examples of creating new

value by making use of overlapping sales areas to connect customers and information across the whole region. In the Fincross Partnership, participating banks work together to analyze and acquire knowledge, especially regarding the use of data.

These types of collaborative efforts have significantly increased our ability to connect, which is at the very heart of our Purpose. They are a major driving force, spurring us on to achieve our Purpose.

▶ See P.42 Reforms in collaboration with external parties for improving strengths



A joint branch with the Daishi Hokuetsu Bank (March 2023)

Sustainability Initiatives

Sustainability Committee

The Sustainability Committee was established in April 2022 to enhance the effectiveness of sustainability measures and to build management strategies from a medium- to long-term perspective on sustainability, such as climate change, the SDGs, and ESG issues. I serve as chairperson of the committee where we discuss important sustainability issues.

Decarbonization initiatives

In order to contribute to the realization of a decarbonized society and the sustainable development of society by proactively working to solve local environmental issues, the Bank has set a greenhouse gas emissions reduction target of net zero by fiscal 2030.

As a major initiative toward decarbonization, we jointly established with local business operators, Kanto Yawaragi Energy Co., Ltd., a regional power generation company whose core business is in renewable energy generation, through the Gunma Regional Co-creation Fund operated by Gunma Regional Advanced Solution Partners. The Bank has concluded a power purchase agreement with the company and will install solar panels on the roof of a building shared between Gunma Bank’s Takasaki-Tamachi Branch and the Daishi Hokuetsu Bank’s Takasaki Branch.

And as well as acquiring the naming rights to the Oze Katashina Power Plant operated by The Tokyo Electric Generation Co., Ltd., we will also procure carbon-free renewable energy generated by the power plant. Electricity supply is scheduled to begin in January 2024, and I understand that we are the first domestic financial institution to undertake such a scheme. At the same time, we are promoting the use of eco-friendly electric vehicles at all of our banking outlets.

Broadening our Human Capital

Formulation of a personnel development policy

Based on our Purpose and mid-term business plan, we have established a personnel development policy. The policy states, “To achieve our Purpose, we will support employees to build their careers independently and take on challenges based on each Personal Purpose to improve the value of our human resources.” As I mentioned at the beginning, in the face of environmental uncertainty and various regional issues, it is essential to develop bank employees who can act independently as self-starters based on our Purpose to respond to the true needs of our customers.

Initiatives for sustainable finance

In order to further promote initiatives to address environmental and social issues toward realizing regional sustainability, the Group has set a cumulative sustainable financing target of 500 billion yen by fiscal 2024, in the middle of the mid-term business plan (of which 300 billion yen for the environmental field), and a target of 1.5 trillion yen by fiscal 2030 (of which 1 trillion yen for the environmental field). However, in fiscal 2022 we provided financing to the tune of 266.2 billion yen (of which 116 billion yen was in the environmental field), confirming that this is an area where customer needs are extremely high.

Initiatives to improve sustainability for automotive-related supplier customers

In order to improve the sustainability of the automobile-related industry, which is a major industry in the region, the Gunma Bank has been building a database of suppliers in the prefecture and conducting interviews with each company regarding their technology, equipment, and characteristics.

In July 2022, we were selected as a financial institution supported by the Ministry of the Environment’s FY2022 ESG Regional Finance Promotion Project, and received support for sharing issues with customers based on the results of interviews.

We will develop these initiatives and work with external organizations to provide medium- to long-term support for each supplier, such as support for electrification and productivity improvement.

▶ See P.27 Sustainability initiatives

of the new personnel system is to visualize our work and jobs. By clearly specifying the role of the post and the skills required to fill the position in the job description, it becomes easier for each employee to imagine designing their career as self-starters. At the same time, we will strive to visualize our human resources by creating a system in which each executive and employee can show what skills they have and what job they want. By visualizing our work and human resources, we will be able to get the right person for the right job, and so improve employee engagement, thereby helping to revitalize the whole organization. In anticipation of such revisions to the personnel system, I am calling on executives and employees to take actions aimed at realizing their own

Personal Purpose to develop their own careers, and I am calling on managers to deepen their understanding and support their subordinates by communicating with them on the basis of their Personal Purpose, as to what kind of careers they want to pursue.

The Gunma Bank plans to set and disclose multiple non-financial KPIs in line with our human resources strategy, but we also plan to measure and disclose engagement and the degree to which Personal Purpose is put into practice as an indicator purely unique to the Bank.

▶ See P.44 Innovations in human resources aimed at making the best use of creativity

Conclusion

On November 20th of last year, the Gunma Bank celebrated its 90th anniversary. I would like to give my appreciation for all your support.

I have mentioned Purpose many times, but the word “connect” in our Purpose encompasses the value we provide to local communities and customers. In the early Showa era, when we were established as the Gunma Daido Bank, the “connect” that we could provide centered on connecting customers’ money, or in other words, acting as a financial intermediary. Times have changed, and we can now provide not only money, but also a variety of

“connections” such as information, expertise, and human resources. And the possibilities for “connecting” will no doubt further expand in the future. I want to weave a prosperous and sustainable future for the region by bringing together all the possible “connections” we could make with the wisdom and knowledge of every member of the Group to create and build many more connections to come.

Last, I would like to express my sincere gratitude for your continued warm support.



Message from the Director of Finance

Spinning the threads of the future for local communities by achieving both social and economic value through business activities centered on our Purpose

The Gunma Bank
Managing Director

Takeo Uchibori



Our Performance

(1) Summary of business results for the fiscal year ended March 2023

In April 2022, the Gunma Bank Group launched a mid-term business plan called Innovation for “Purpose,” which is centered around our Purpose to “use our strengths in connections to spin the threads of the future for local communities.” Based on this plan, we have developed various measures aimed at creating a sustainable future for local communities and the Gunma Bank Group, including deepening our strengths and working to resolve issues faced by society and our customers.

Consolidated business results for the fiscal year ended March 2023, the first year of the mid-term business plan, are as follows.

Core business net income, which represents the profits of our main businesses, was 40.2 billion yen, an increase of 2.9 billion yen compared to the previous fiscal year and a 2.2 billion yen increase compared to announced figures. This was due to an increase in non-interest business income mainly from corporate business and the effect of cost reductions. Moreover, core business net income excluding gains and losses on cancellation of investment trusts increased by 3.0 billion yen from the previous fiscal year to 39.9 billion yen.

Ordinary profit amounted to 38.3 billion yen, 800 million yen more than the announced profit of 37.5 billion yen, due to factors including a reduction in credit costs, despite a decrease in securities-related gains and losses.

Securities-related gains and losses decreased by 11.3 billion yen from the previous fiscal year due to the restructuring of our portfolio, mainly through the replacement of foreign bonds reflecting the rise in overseas

interest rates. However, the yield on foreign bonds and the valuation gain on marketable securities improved significantly.

As a result, profit attributable to owners of parent was 27.9 billion yen, an increase of 1.4 billion yen year-on-year, and an increase of 900 million yen compared to announced profit.

(Unit: Hundred millions of yen)

[Consolidated]	FY2023 (Results)	YoY Change	FY2023 (Plan)
Core business gross income	924	(0)	911
Net interest income	714	(5)	695
Non-interest business income	210	4	216
Corporate service revenues	60	16	61
Revenue from financial assets held in custody	68	(8)	70
Expenses	522	(29)	531
Core business net income	402	29	380
Excluding gains/losses on cancellation of investment trusts	399	30	
Loss (gain) related to securities	(17)	(113)	
Credit costs	12	(70)	
Other	10	6	
Ordinary profit	383	(7)	375
Extraordinary loss (income)	5	(0)	
Income before income taxes	389	(8)	
Total income taxes	109	(23)	
Profit attributable to owners of parent	279	14	270

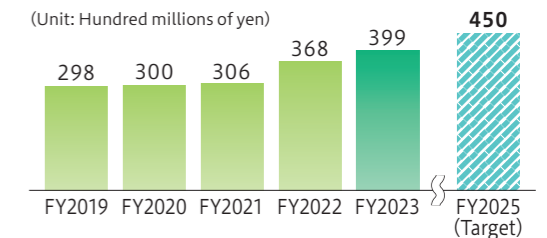
(2) Progress of numerical targets in mid-term business plan

Next, I will report on the results for the fiscal year ended March 31, 2023 regarding the numerical targets set out in the mid-term business plan.

Core Business Net Income (Excluding Gains/Losses on Cancellation of Investment Trusts)

Despite a decrease in net interest income mainly due to an increase in financing costs associated with rising overseas interest rates, core business net income (excluding gains/losses on cancellation of investment trusts) increased by 3.0 billion yen year-on-year to 39.9 billion yen, mainly due to an increase in non-interest business income and a reduction in expenses. As shown in the graph on the right, core business net income has been increasing steadily every year.

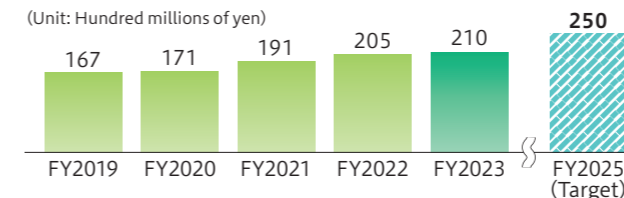
We will continue to work to strengthen our earning power and control expenses, aiming to achieve our target of 45 billion yen for the final year of the mid-term business plan.



Non-interest Business Income

Non-interest business income reached a record high of 21 billion yen thanks to an increase in income mainly from corporate business, such as syndicated loan-related fees and derivative income.

In terms of corporate business, we will continue to focus



Non-interest business income = Total of fees and commissions and other business income (excluding bonds-related gains (losses))

on M&A and business matching, including collaboration within our banking alliances. We will also work to strengthen financial support and business succession support rooted in our goal-based and needs-based sales activity, Connecting Process, which was introduced in October 2022. In addition, in the field of financial assets under custody, we will strive to respond to diverse customer needs through asset management-type sales and stronger collaboration on securities.

We will continue to provide financial, key business, and business succession support to corporate customers, and provide consulting services tailored to the individual needs of our personal customers.

Profit Attributable to Owners of Parent and Consolidated Final Profit

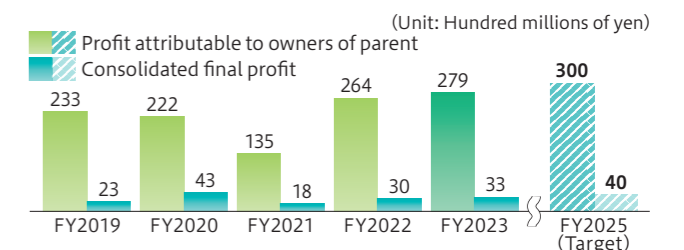
Profit attributable to owners of parent increased 1.4 billion yen year-on-year to 27.9 billion yen due to an increase in core business net income and a decrease in credit costs, marking our third highest profit level ever.

Additionally, consolidated final profit increased by 200 million yen from the previous fiscal year to 3.3 billion yen, mainly due to increased profits at Gungin Lease.

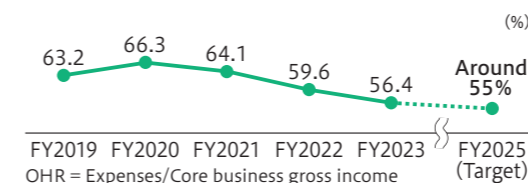
Furthermore, Gungin Consulting has obtained approval as an advanced banking service company, and has been rolling out new consulting-related businesses (human resources solutions business, regional trading company, marketing and advertising business) since April 2023. Going forward, we will further strengthen the earning power of our

Group companies by generating new revenue sources.

We will continue to leverage the Group's comprehensive strengths and aim to achieve our final year of plan targets of 30 billion yen for profit attributable to owners of parent, and 4 billion yen for consolidated final profit.



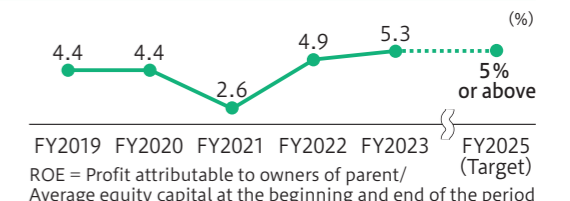
OHR



Our overhead ratio (OHR), which indicates our operational efficiency, improved by 3.2 percentage points from the previous fiscal year to 56.4%, thanks mainly to a decrease in expenses. The OHR level continues to improve, showing steady improvement for how efficient our operations are. We will continue to promote efficient management in terms of both increasing core business gross income and reducing expenses in order to achieve our target of approximately 55% for the final year of the plan.

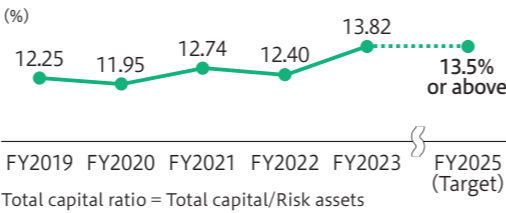
ROE

Return on equity (ROE), which indicates our capital efficiency, was 5.3%, up 0.4 percentage points from last year. This level exceeds our 5% or above target for the final year of the plan. We will continue to promote effective use of capital and strengthen profitability to improve our ROE.

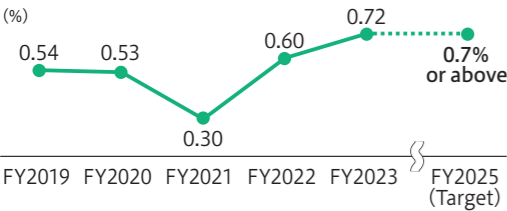


Total Capital Ratio

Our total capital ratio rose 1.42 percentage points from the end of the previous fiscal year to 13.82%, due to a decrease in risk assets owing primarily to the impact of the early adoption of finalized Basel III banking reforms. This has exceeded our target of 13.5% or above for the final year of the plan. We will continue to strive for sound management by strengthening our financial base by accumulating profits through appropriate risk-taking.



RORA



RORA = Profit attributable to owners of parent/Risk assets

Our return on risk assets (RORA), which shows profitability in relation to risks, rose 0.12 percentage points year-on-year to 0.72%, due to an increase in profit attributable to owners of parent as well as a decrease in risk assets. Our RORA was at the same level as our 0.7% or above target for the final year of the plan. Going forward, we will continue to manage and operate income, risk, and capital in an integrated manner, aiming to achieve even higher levels by improving profitability with our business partners.

(3) Business outlook for the fiscal year ending March 2024

The consolidated business performance forecast for the fiscal year ending March 31, 2024, which marks the halfway point of the mid-term business plan, is as follows.

Core business net income is expected to decrease by 1.9 billion yen from fiscal 2023 to 38.3 billion yen due to a decline in net interest income owing primarily to continued high funding costs in the international sector and an increase in expenses with the issuance of new banknotes. In addition, profit attributable to owners of parent is expected to be 28.0

billion yen, about the same level as in the fiscal year ended March 2023.

Although there are signs of a recovery in economic activity, the business environment remains uncertain, with for example, high energy and resource prices and labor shortages, but we will spin the threads of the future for local communities by achieving both social and economic value through business activities centered on our Purpose.

Shareholder Returns

(1) Shareholder returns

Our shareholder return policy was revised in May 2022. As per the shareholder return policy below, we have changed the profit that forms the basis of shareholder returns from a non-consolidated basis to a consolidated basis, increasing the amount of shareholder returns.

The dividend per share for the fiscal year ended March 2023 was 18 yen, an increase of 4 yen from the previous fiscal year (interim dividend of 8 yen, and year-end dividend of 10 yen). Furthermore, in the fiscal year ending March 2024, we plan to increase the dividend by 2 yen to 20 yen (interim dividend of 10 yen, and year-end dividend of 10 yen). This is the third consecutive year we have increased dividends since the fiscal year ended March 2022, showing how the Gunma Bank is implementing shareholder returns with an emphasis on dividend levels. We will continue to strive to increase our equity capital while aiming to expand shareholder returns.

Our shareholder return ratio for the fiscal year ended

March 2023, made up of 7.3 billion yen in total dividends and 6.9 billion yen in repurchases of treasury stock (1.9 billion yen already acquired and acquisition limit of 5.0 billion yen announced in May 2023), was 51.4%, exceeding the 40% stated in our shareholder return policy.

(2) Shareholder benefits program

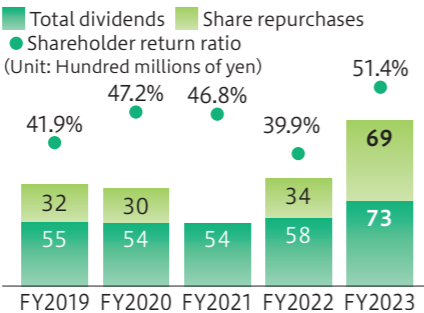
The Bank has a shareholder benefits program through which we offer shareholders complimentary local specialty items. The catalog includes many local specialties such as foods and crafts and products from our local business partners, and is especially popular with our individual shareholders.

Shareholders can also choose from special products from other regions in our Donation Course (introduced in FYE3/2019) that contributes to achieving the SDGs, and from our joint catalog with TSUBASA Alliance member banks (introduced in FYE3/2021). We will continue to strive to enhance our shareholder benefits.

Shareholder Return Policy (from FYE3/2023)

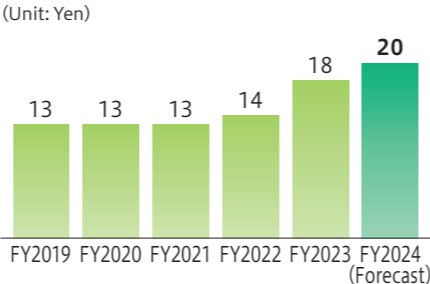
As a regional financial institution, we will strive to increase our equity capital and expand shareholder returns by balancing profitability, investment for growth, and other considerations. Specifically, we will aim for a shareholder return ratio of 40% of profit attributable to owners of parent through a combination of stable dividends and repurchases of treasury shares.

[Total dividends/share repurchases/ shareholder return ratio]



Note: The shareholder return ratio for the fiscal year ended March 2023 is on a consolidated basis.

[Dividend per share per year]

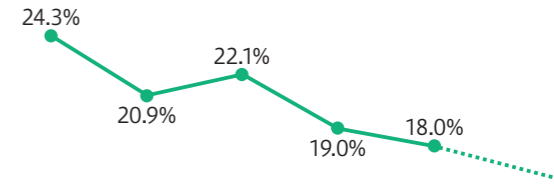


Policy on Reducing Cross Shareholdings

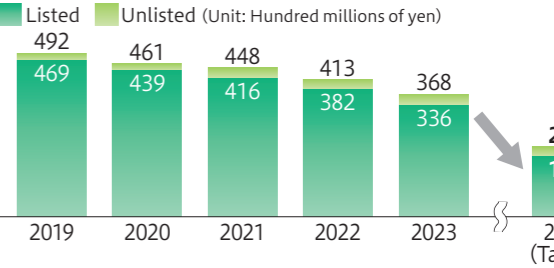
The Bank has established a basic policy to reduce cross shareholdings where possible and only maintain cross shareholdings in the event that the significance of holding these shares for maintaining and strengthening business relationships with customers and stimulating the regional economy is acknowledged. The suitability of individual cross shareholdings is comprehensively determined after an in-depth review of the medium- to long-term business relationship and economic rationality.

In November 2022 we stated our aim to reduce the book value balance of listed cross shareholdings by 20 billion yen (approximately 50% of the book value balance of cross shareholdings as of the end of March 2022) by the fiscal year ending March 31, 2027 for the purposes of sound development of the capital market, further improvement of capital efficiency, and strengthening of our financial position. As of the end of March 2023, we have achieved a reduction of 4.6 billion yen. The ratio of the market value of cross shareholdings to the amount of consolidated net assets decreased from 32.5% prior to the enactment of Japan's Corporate Governance Code (as of the end of fiscal 2014) to 18.0% as of the end of fiscal 2023, showing that reductions are steadily progressing.

[Ratio of cross-shareholdings (market value) to consolidated net assets]



[Book value balance of cross-shareholdings]



* Includes shares in unlisted companies and excludes shares in subsidiaries and affiliates. Additionally, there are no deemed shares held as of the end of March 2023.

Efforts to Improve Corporate Value

▶ See P.60

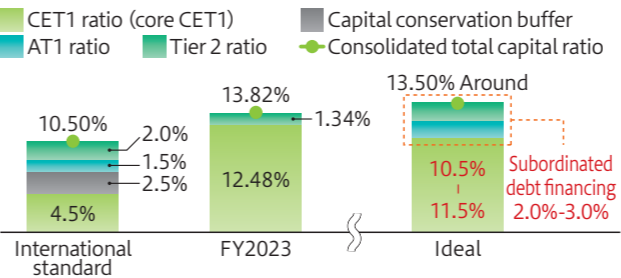
The Gunma Bank Group strives to realize a sustainable society and create economic value through business activities centered on its Purpose.

As part of our efforts to increase corporate value, we will strive to improve the equity spread (ROE - cost of capital) by increasing ROE and reducing the cost of shareholders' equity, while aiming to build an optimal capital structure.

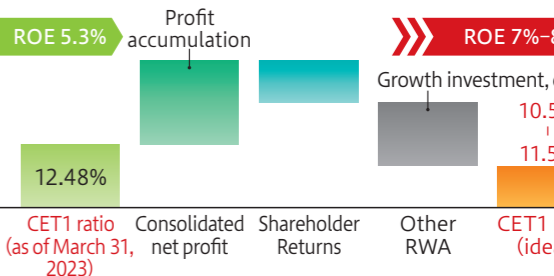
In building an optimal capital structure, we use the core CET1 ratio (calculated by deducting the valuation difference on securities from Common Equity Tier 1 capital) as a perspective for capital management with the medium- to

long-term target set at 10.5% to 11.5%.

As part of our efforts to improve ROE, we will increase our equity capital by further strengthening profitability, for example, by expanding risk assets through growth investments (risk-taking) and achieving our KPIs in Connections in the mid-term business plan. As such, we will aim for a ROE of 7% to 8% over the medium to long term. And in order to reduce capital costs, we will actively disclose financial and non-financial information, improve our investor relations, and strengthen initiatives for ESG and the SDGs.



[Capital allocation for our ideal]



Dialogue with Shareholders and Investors

▶ See P.61

Along with the timely and appropriate disclosure of corporate information with the aim of transparent management, the Gunma Bank regards the active development of investor and shareholder-related activities as one of its key management issues. Our investor relations include regular financial briefings for institutional investors and analysts, company briefings for individual investors, overseas investor relations, and quarterly small meetings. In this way, we provide opportunities for investors to hear explanations on our business performance and management strategies, as well as market opinions, etc. In addition, as part of our shareholder relations, we hold regular meetings with voting advisory companies, major shareholder institutional

investors, and others to share our understanding of current issues. The information and knowledge gained through our investor and shareholder relations, as well as the opinions of shareholders and investors, are fed back to the Board of Directors where they are used to lead to initiatives that contribute to increasing corporate value.

An investor relations briefing in action



Note: In principle, figures in financial statements are rounded down to the nearest whole number.

Interview with an Outside Director

Participating in discussions with an outsider's eye, a third-party perspective, to fulfill the supervisory function.

Director

Jun Kondo



Please see the list of executives (page 57) for Jun Kondo's career history.

What do you think is your role as an Outside Director?

I believe that the role of an Outside Director is to participate in discussions at the Board of Directors with an outsider's eye, a third-party perspective, to fulfill the supervisory function over management. The role is to take a neutral and objective standpoint, to stimulate debate from multiple perspectives to improve the quality of discussions without getting dragged into the logical dynamic that pervades in the Bank. I have been working in Gunma Prefecture for many years and have also been involved in management in the manufacturing industry. Even now, as a manager of the Gunma Prefecture Professional Human Resources Strategy Center, I visit many small and medium-sized enterprises in Gunma Prefecture. I think Outside Directors need to be aware

of the viewpoints of all the many different stakeholders, including shareholders, but based on my own experience, I try to be particularly conscious of the customer and local community perspective. As the business environment for SMEs undergoes major changes, such as changes in the fabric of society, rapid advances in IT, and tackling environmental problems, the way of thinking and values of business owners is also changing. This trend will only become more pronounced as new generations of entrepreneurs and business owners emerge. Whether the Gunma Bank is fully aware of changes in the world and whether it is living up to the expectations and is worthy of the community and customers, is something I am keenly conscious of.

What are your thoughts concerning governance at the Gunma Bank?

More than seven years have passed since I became an Outside Director at Gunma Bank, and I feel that its governance is steadily evolving. Assessments on the effectiveness of the Board of Directors are carried out with the support of an external organization, but what is important is that the Board talks about the issues identified in order to make improvements. In that sense, I believe executives at the Gunma Bank are seriously

facing up to the issues and making efforts to improve. There are three Outside Directors here at the Gunma Bank: myself, a former employee at the Bank of Japan well-versed with finance, and a person with experience in management of IT companies. I believe that diversity in the Board of Directors comes not only from different backgrounds, but also from the different viewpoints and ways of thinking.

In what way specifically do you think Gunma Bank's governance is evolving?

For example, in terms of the agenda items at the Board of Directors, we now spend more time discussing the topics that need to be addressed from a medium- to long-term perspective, such as business direction. What is important is setting out what topics to discuss at Board meetings. The Bank's Purpose, mid-term business plan, revisions to the personnel system, all these topics have been under discussion at the Board of Directors. Moreover, the Board of Directors' documents include minutes of the discussions that take place at the Executive Committee, which is the Gunma Bank's management meeting. By understanding the content and process of what was

said at the Executive Committee is also meaningful from the perspective of deepening discussions at Board meetings. In terms of increasing the effectiveness of the Nomination Advisory Committee, we now receive reports on the skills and assessments of director and executive officer candidates while also taking advice from a consulting firm. We also interview the candidates, but there is a limit to how much we can know about their qualities and abilities. Having an objective comparative assessment of the different candidates, can lead to mixed and varied discussions.

More than a year has passed since the Bank established "We use our strengths in connections to spin the threads of the future for local communities" as its Purpose. What are your thoughts concerning the Purpose?

The point of the Purpose is to give employees a benchmark for action. Through "connections", employees can spin the threads, or interweave, the future for local communities. By putting this into practice repeatedly as something specific and concrete, employees can get a greater sense of what they are working for. To drive the whole organization forward, I believe it is more effective to establish specific standards or benchmarks than it is to set out abstract philosophies. Conversely, the Purpose is something that conveys the message that the Bank must

change, and to do that employees should behave in a certain way. For example, we are appointing area general managers to build a regional governance system, and reviewing our personnel system to encourage employees to take on challenges. In this way, we are taking the necessary measures to realize our Purpose, but what is important is whether these measures are working properly. Implementing this PDCA cycle will, I believe, lead to greater corporate value for the Gunma Bank and the realization of its Purpose.

What needs to be done to increase the value of human capital?

It is said that a company is made up of its people, and I agree because human resources are the source of corporate value creation. The Gunma Bank Group's business domain has expanded significantly, with Gungin Consulting Co., Ltd., a Group company, obtaining approval as an advanced banking service company and operating a regional trading company business. As we focus not only on working as a financial intermediary but also on business that does not involve interest rates, we will be required to offer services that call for more specialized skills, and will need to have a deeper understanding of our customers' businesses. In that event, we will need human resources with skills and experience that are different from those of conventional bankers. The personnel system will be reviewed, but we will have no choice but to change how we train and develop our human resources, such as by providing new training opportunities. From now on, employees will be required to continue their self-development regardless of age. It will also be important to have a system in place so the Bank can encourage these employees to take on challenges. How to nurture a new generation of bankers will be the key to realizing our Purpose, so this is something I would like to discuss at the Board of Directors.



1 The Gunma Bank

Oze National Park

Operational Base of the Gunma Bank Group

The Gunma Bank Group operates in a wide service area that extends to the greater Tokyo area but is centered on Gunma Prefecture. Our share in Gunma is more than 30%, and we have provided services to many customers as a leading bank in the region. Gunma Prefecture, the main area of the Gunma Bank Group, is located in the northern part of the Kanto region. Because of its location in the center of Japan, the region has long flourished as a major transportation hub. Today, the prefecture allows easy access to the Tokyo metropolitan area thanks to a well-developed transportation system including the Shinkansen and expressways. It also notable for its stable climate and for few natural disasters such as earthquakes and floods. Other attractions include its rich natural setting, especially Oze National Park and the Three Mountains of Jomo, as well as abundant tourism resources such as its famous hot springs and World Heritage sites.

Tomioka Silk Mill

Kusatsu Onsen

A Network of Banks across Kanto and Excellent Access to Greater Tokyo

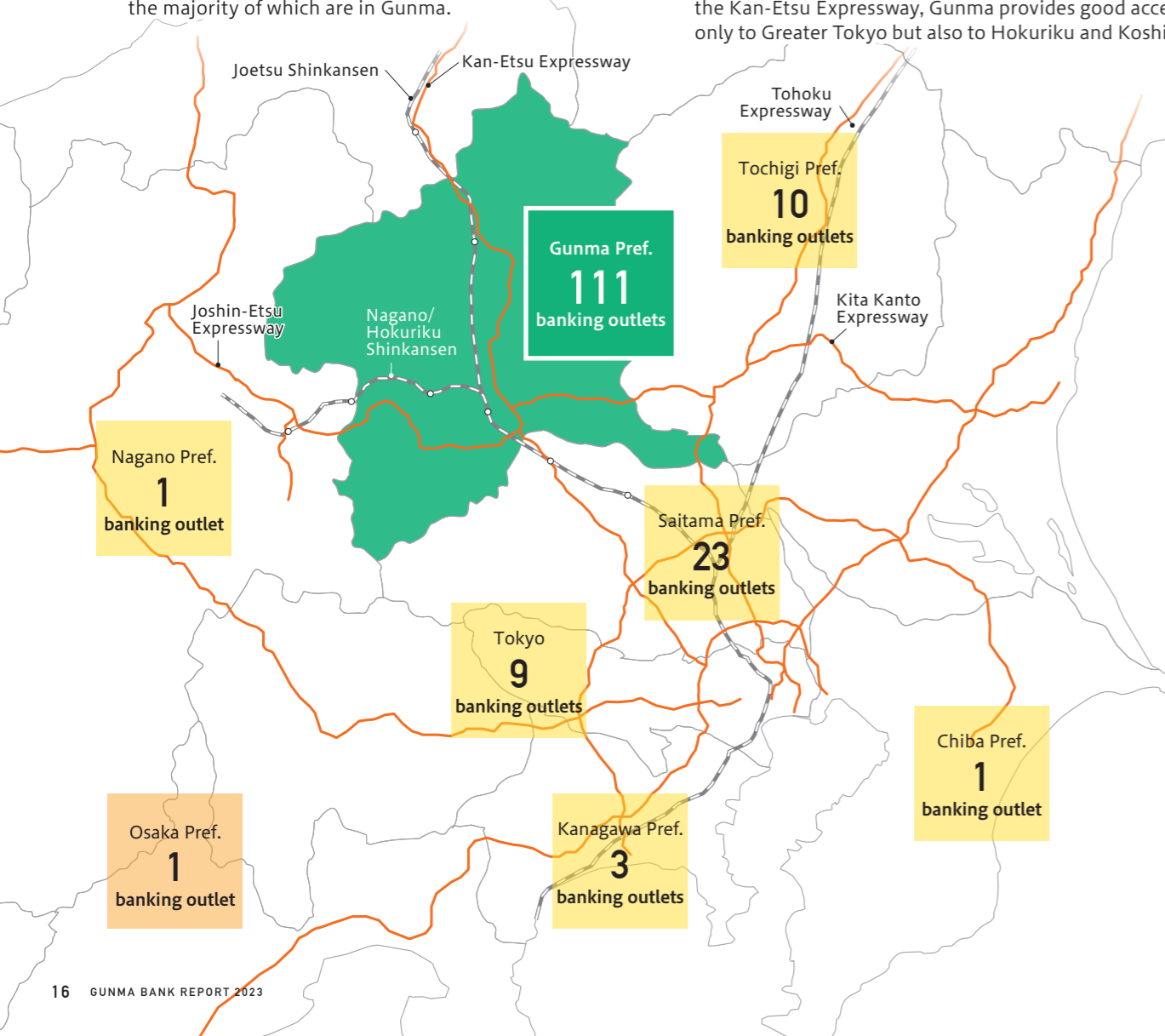
(As of June 30, 2023)

A network of branches throughout the Kanto region

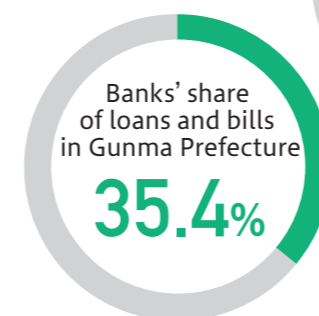
The Gunma Bank conducts business by utilizing its wide network of branches in Tokyo, Osaka and six prefectures, the majority of which are in Gunma.

Gunma Prefecture as a key transportation hub

With a railway network centered on the Joetsu, Nagano, and Hokuriku Shinkansen lines, and a road network centered on the Kan-Etsu Expressway, Gunma provides good access not only to Greater Tokyo but also to Hokuriku and Koshinetsu.

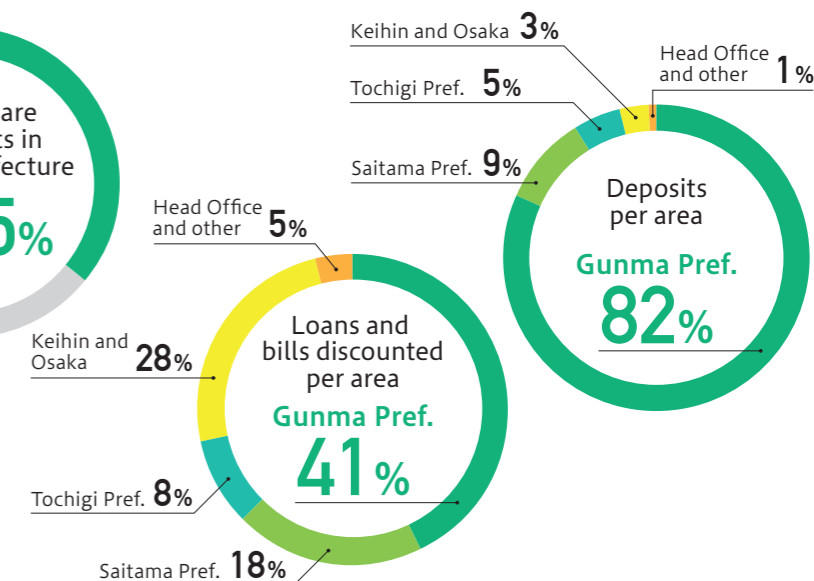
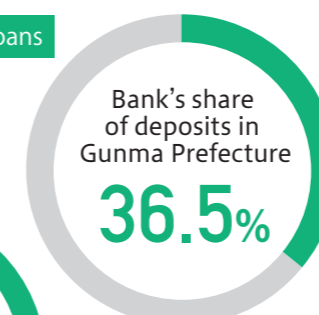


Share of Deposits and Loans



* As of March 31, 2022

Source: Financial Mapping, The Financial Journal Special Issue, 2023



* As of March 31, 2023

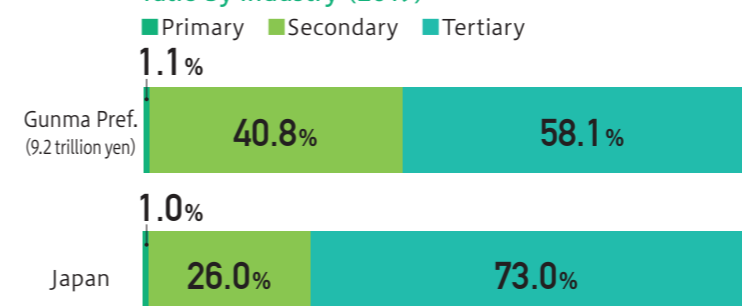
Key Data of Gunma Prefecture

Parameter	Value	National ranking
Population (as of October 1, 2022)	1,913,000 people	18th
Prefectural income per capita (in 2019)	3,298,000 yen	8th
Gross prefectural product (nominal) (in 2019)	9,308.3 billion yen	15th
Agricultural output (in 2021)	240.4 billion yen	12th

Source: IR Materials of Gunma Prefecture (June 2023) and "Statistical Characteristics (Industry)," Gunma Prefecture

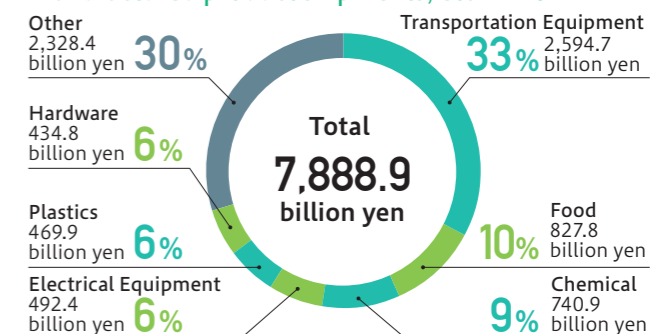
Manufacturing Industry Serving as an Engine for Gunma Prefecture's Economy

Nominal prefectural (domestic) gross production ratio by industry (2019)



Of the 9.2 trillion yen of nominal prefectural gross production, Gunma Prefecture's secondary industry accounts for about 40% which when compared to the national average of about 26% shows that the secondary industry is thriving.

Manufactured product shipments, etc. in 2021



Among them are many manufacturing industries centered on automobiles and food products with shipments of semiconductor/IC measuring instruments, instant noodles, and tofu ranking highest in Japan.

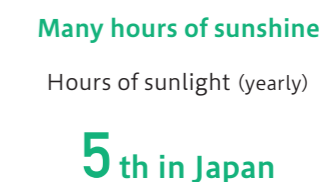
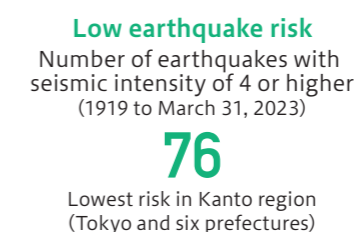
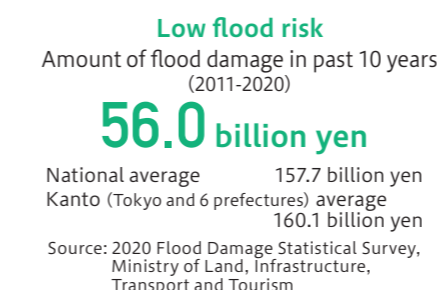
Source: IR Materials of Gunma Prefecture (June 2023)

Abundant Natural Conditions and Top Factory Locations in Japan

Number of factory locations in Gunma Prefecture

	2017	2018	2019	2020	2021	2022
National ranking	2	2	4	4	4	6
Number of cases	62	69	59	52	49	39

Gunma Prefecture ranks among the top in terms of the number of factory locations in Japan due to its low risk of flooding and earthquake, as well as its favorable sunshine.

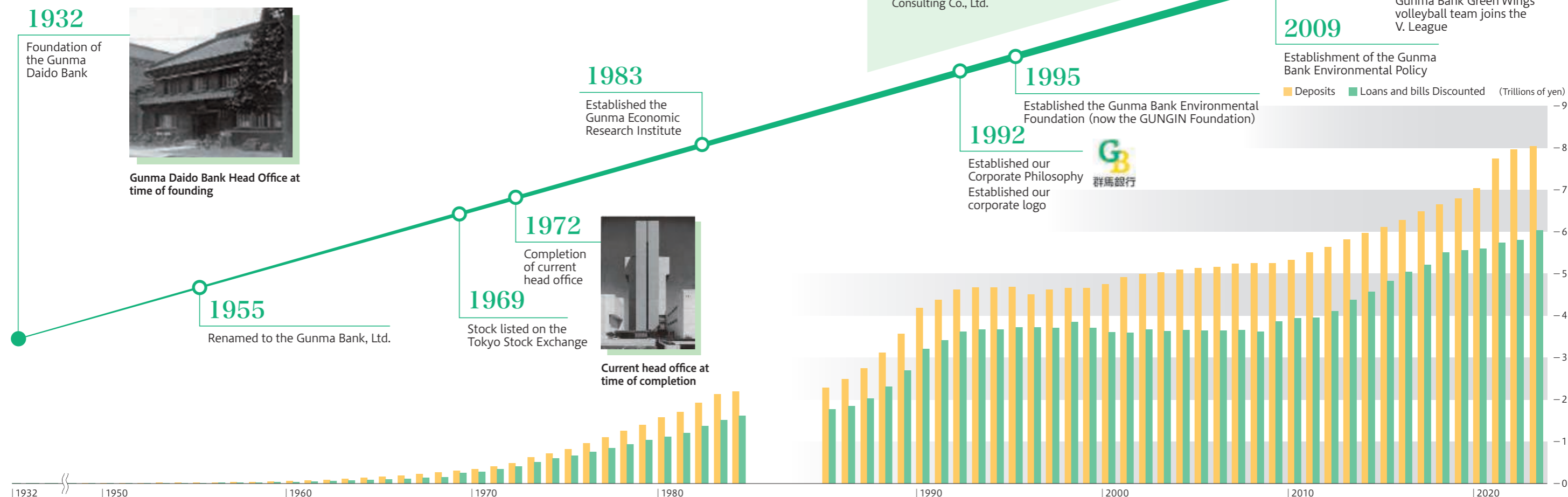


Source: IR Materials of Gunma Prefecture (June 2023)

History of the Gunma Bank Group

The roots of the Gunma Bank trace back to the establishment of the 39th National Bank in 1878. In 1898, the 39th National Bank became the private 39th Bank, and although its name and form changed, it remained the largest bank in Gunma Prefecture, providing funds to companies in the prefecture, especially in the textile industry. In the early Showa era, banks in the prefecture were divided into three banking blocs centered on the (2nd) Gunma Bank in Maebashi, the Joshu Bank in Takasaki, and the Jomo Bank in Shibukawa, respectively. After the national

government adopted a one prefecture, one bank policy to stabilize the country's financial system, Gunma Prefecture established Gunma Prefecture Kinyu, Ltd. with its own capital in 1932. It merged with the (2nd) Gunma Bank and Joshu Bank and changed its name to the Gunma Daido Bank. The Bank has designated November 20, the date of the shareholders' meeting at which this merger was approved, as the anniversary of its founding. After surviving the turmoil during and after World War II, the Gunma Daido Bank was renamed to the Gunma Bank in 1955.



Established and invested in Group companies

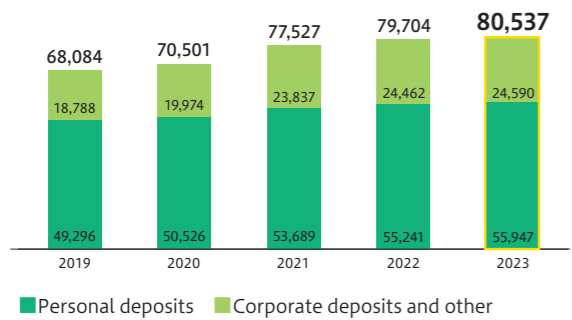
- Feb. 1971 Gunma Chuo Kogyo Co., Ltd. Transportation of goods, maintenance of automated teller machines (ATM)
- Oct. 1973 Gungin Lease Co., Ltd. Leasing
- Mar. 1982 The Gungin Card Co., Ltd. Credit cards
- Sep. 1983 Gunma Shinyo Hosyo Co., Ltd. Loan guarantee business
- Jul. 1986 Gungin System Service Co., Ltd. System development and sales
- Feb. 2016 Gungin Securities Co., Ltd. Securities dealing
- Jul. 2016 (capital participation) Sky Ocean Asset Management Co., Ltd. Asset management
- Apr. 2018 Gungin Consulting Co., Ltd. Consulting, human resources solutions, marketing and advertising services
- Jun. 2018 FinX DIGITAL Co., Ltd. Promotion of digitalization
- Dec. 2020 Gunma Regional Advanced Solution Partners, Co., Ltd. Fund structuring and operation

Financial Information Highlights

Non-Financial Information Highlights

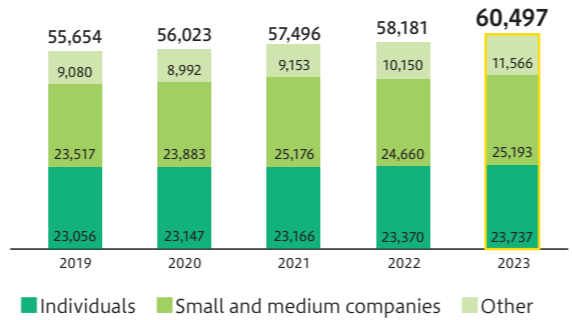
Deposits As of March 31, 2023 8.0 trillion yen

(Unit: Hundred millions of yen) (12th out of 62 regional banks)



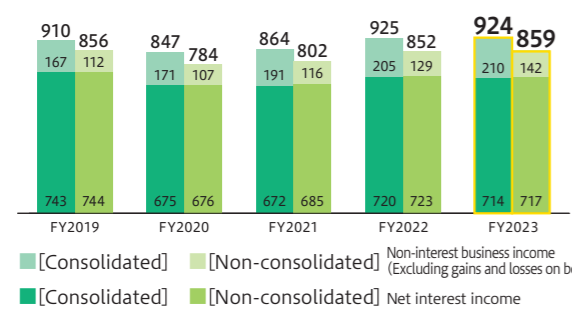
Loans and bills discounted As of March 31, 2023 6.0 trillion yen

(Unit: Hundred millions of yen) (11th out of 62 regional banks)



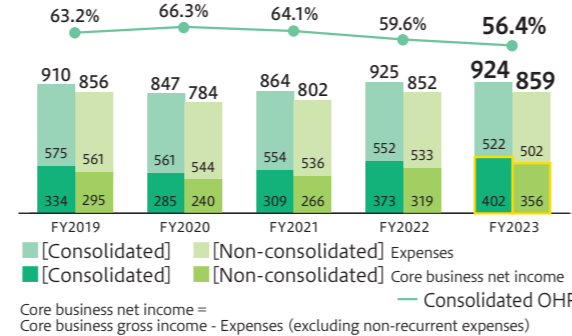
Breakdown of core business gross income

(Unit: Hundred millions of yen)



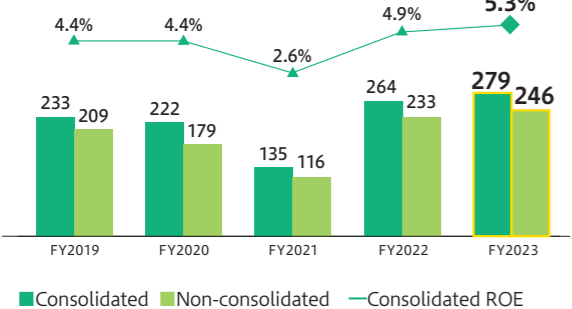
Core business net income

(Unit: Hundred millions of yen)



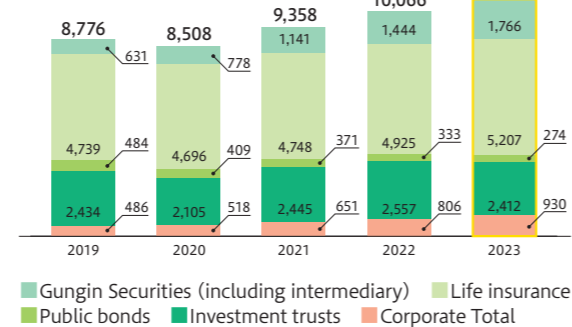
Current net profit

(Unit: Hundred millions of yen)



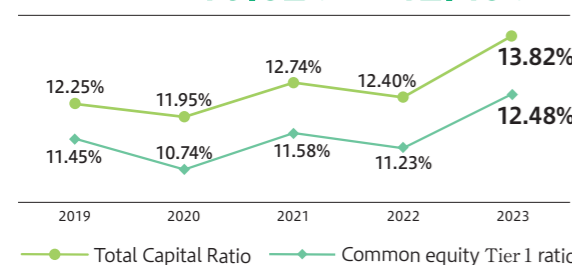
Balance of personal financial assets

(Unit: Hundred millions of yen)



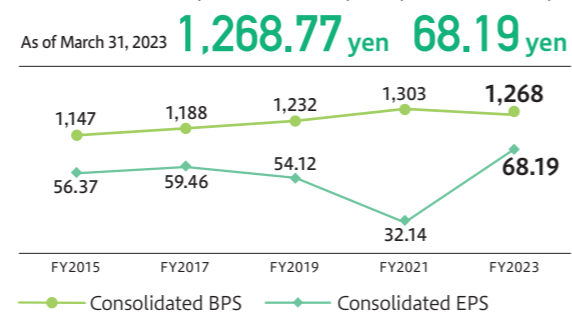
Consolidated total capital ratio (International Financial Reporting Standards)

As of March 31, 2023 Total capital 13.82% Common equity Tier 1 12.48%



Index per share (Consolidated)

(Unit: Yen) Net assets per share (Consolidated BPS) Net income per share (Consolidated EPS)



Sustainable development of regional economy

Number of business matching cases

FY2022
1,000 cases
(Target: 3,000 cases)
* cumulative total from FY2022 to FY2024

Number of business succession issues resolved

FY2022
330 cases
(Target: 600 cases)
* cumulative total from FY2022 to FY2024

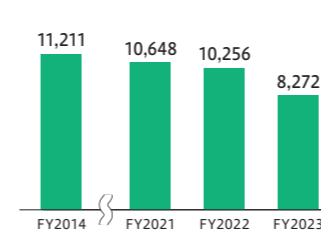
Number of contracts for inheritance-related services

FY2022
298 cases
(Target: 1,000 cases)
* cumulative total from FY2022 to FY2024

Preservation and creation of the global environment

Greenhouse gas emission

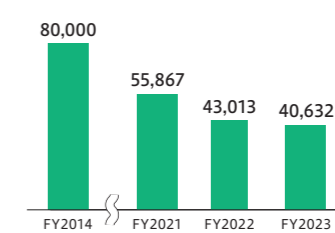
(Units: Tons of CO₂)



Down
26.2%
(Compared to FY2013)

Paper (copy paper) usage

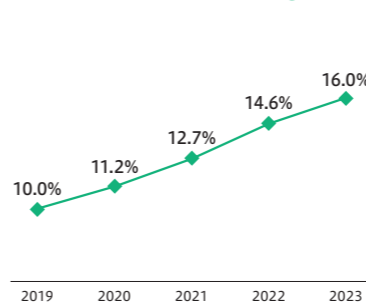
(Unit: 1,000 sheets)



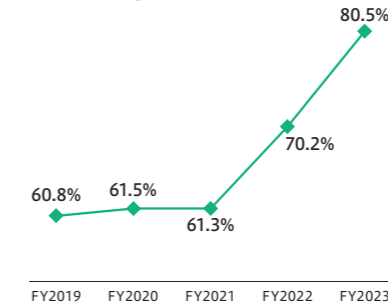
Down
49.2%
(Compared to FY2013)

Promotion of a variety of human resources into active positions

Ratio of female managers



Percentage of paid leave taken



Number of IT passport holders

FY2024 Target: 1,000 holders
1,073 people
(As of May 31, 2023)

Promotion of partnerships

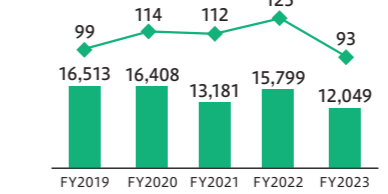
Cooperation with local public bodies in Gunma Prefecture

13
(As of March 31, 2023)

Donations from SDGs private placement bonds

(Cumulative: 103,082 thousand yen / 678 donations)

Amount Number of cases (Unit: 1,000 yen)



Note: Donations from the Gungin SDGs private placement bond, the Green & Food Support Plan (81 donations amounting to 11,080,000 yen) are not included in the above as they fall under FY2023 donations.

External collaboration

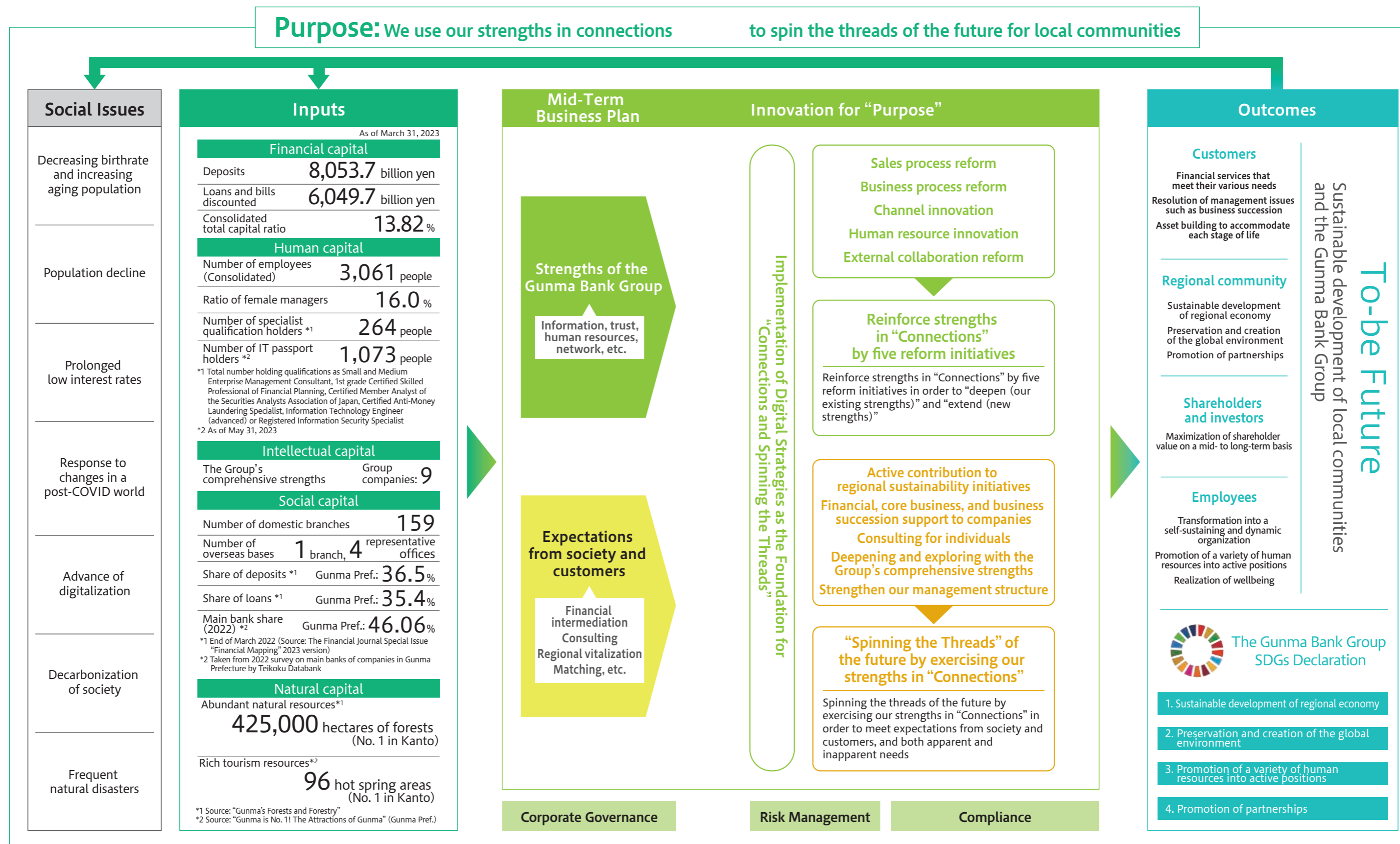


2 Strategy for Realizing Our Purpose

Value Creation Process at the Gunma Bank Group

Through business activities based on our Purpose, the Gunma Bank Group endeavors to realize a sustainable society and create economic value by providing value to the stakeholders including customers, regional communities, shareholders, investors, and employees.

Value creation will result in even a higher value creation through increasing capital of the Bank Group and raising its corporate value.



Mid-Term Business Plan

Mid-Term Business Plan “Innovation for Purpose”

We have entered the second year of our Innovation for Purpose mid-term business plan which runs from April 2022 to March 2025. The New Mid-Term clarifies that we will work on management based on the Purpose established in November 2021, “We use our strengths in connections to spin the threads of the future for local communities.” Its goal is to accelerate innovation, which was the goal of the Last Mid-Term.

The Gunma Bank Group will aim to achieve sustainable growth by proactively working to resolve issues faced by so-

ciety and customers (social value) and making a reasonable profit (economic value) as a result based on the Purpose.

Along with working to strengthen our ability to “connect” by implementing five reforms while making use of digital technology, with this plan we are making efforts to demonstrate our ability to “connect” through investments and loans, and consulting activities, that help to solve the issues faced by society and our customers.

Basic Policy	① Implementation of Digital Strategies as the Foundation for “Connections and Spinning the Threads” ...P50		
	② Reinforce Strengths in “Connections” by Five Reform Initiatives	③ “Spinning the Threads” of the Future by Exercising Our Strengths in “Connections”	
Strategic Theme	<ul style="list-style-type: none"> ● Sales Process Reforms with Emphasis on Progress and Autonomy ————— P48 ● Business Process Reforms that Contribute to Increasing Productivity ————— P48 ● Channel Reforms that Adapt to Changes in the Environment and Customer Needs ————— P49 ● Innovations in Human Resources aimed at Making the Best Use of Creativity ————— P44 ● Reforms in Collaboration with External Parties for Improving Strengths ————— P42 	<ul style="list-style-type: none"> ● Involvement or the like in Regional Sustainability /Initiatives for SDGs and ESGs ————— P27 ● Coronavirus-ready Support for Finance, Core Business and Succession of the Businesses ————— P34 ● Personalized Consulting Service for Each Individual Customer ————— P36 ● Exploring New Business Opportunities through the Group’s Comprehensive Capabilities and Deepening Existing Businesses — P38 ● Reinforcement of Our Management Structure to Consistently Demonstrate Our Strengths in “Connections” ————— P52 	

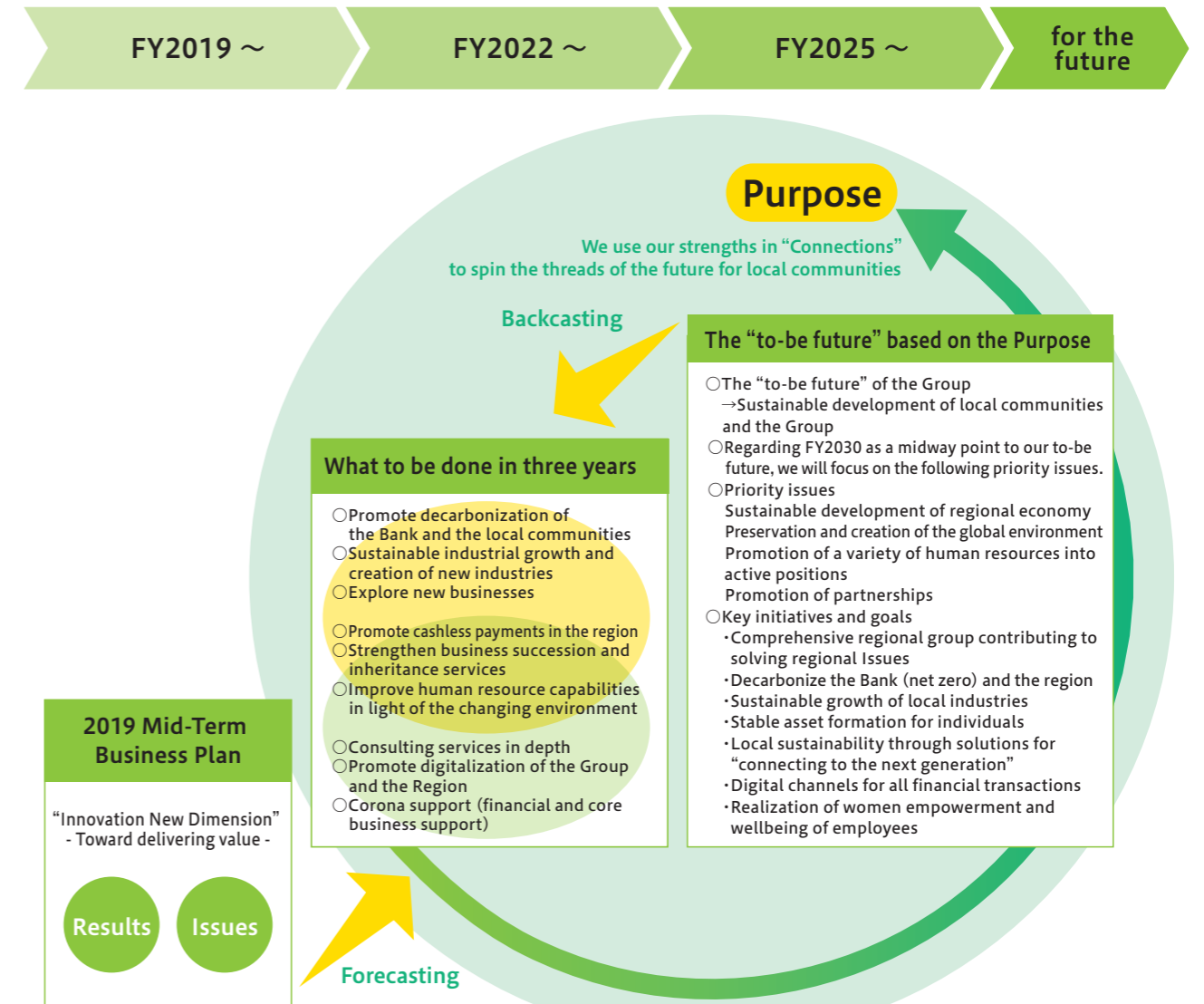
Reinforce strengths in “Connections” by five reform initiatives in order to “deepen” and “extend (new strengths)”

Spinning the threads of the future by exercising our strengths in “Connections” in order to meet expectations from society and customers, and both apparent and inapparent needs



Numerical Plan: Consolidated quantitative target as of the final fiscal year of the plan (fiscal year ending March 31, 2025)

Parameter	Target	Results (Mar. 2023)
Core business net income (excluding gain (loss) on cancellation of investment trusts)	45 billion yen	39.9 billion yen
Non-interest business income	25 billion yen	21.0 billion yen
Profit attributable to owners of parent	30 billion yen	27.9 billion yen
Consolidated final profit	4.0 billion yen	3.3 billion yen
RORA	0.7% or above	0.72%
OHR	Around 55%	56.4%
ROE	5% or above	5.3%
Total capital ratio	13.5% or above	13.82%



Numerical Plan (KPIs in Connections)*


KPIs in Connections	Parameter	Target	Results (Mar. 2023)
“Connect” lender and borrower	Amount of sustainable finance executed (three-year cumulative total)	500.0 billion yen	266.2 billion yen
	Amount of housing loan executed (three-year cumulative total)	400.0 billion yen	113.5 billion yen
	Balance of unsecured consumer loan (as of March 31, 2025)	75.0 billion yen	62.9 billion yen
“Connect” customers	Number of business matching cases (cumulative for three years)	3,000 cases	1,000 cases
“Connect” businesses and individuals	Number of staffing cases closed (cumulative for three years)	200 cases	82 cases
“Connect” customers’ asset with their Future	Balance of customers’ deposited financial assets (consolidated, as of March 31, 2025)	1,250.0 billion yen	1,059.2 billion yen
	Of which, investment trusts (consolidated, as of March 31, 2025)	400.0 billion yen	296.1 billion yen
“Connect” for the next generation	Number of business succession issues resolved (cumulative for three years)	600 cases	330 cases
	Number of contracts for inheritance-related services (cumulative for three years)	1,000 cases	298 cases
Key figures for Purpose-based sales operation	Profit on loans (FY2024)	54.5 billion yen	53.4 billion yen
	Corporate service revenue (FY2024, consolidated)	6.5 billion yen	6.0 billion yen
	Customers’ deposited financial asset revenue (FY2024, consolidated)	9.0 billion yen	6.8 billion yen

* KPIs in Connections are concrete quantitative targets established in order to achieve both the realization of Purpose and the Bank’s profit targets.

The Gunma Bank Group SDGs Declaration


The Gunma Bank Group SDGs Declaration, which was formulated in February 2019 and revised in April 2022, identifies four priority issues, with a focus on 10 SDGs to which the Group can make a particular contribution, based on the nature of our business and the areas in which we operate. In accordance with the declaration, the Bank is working to address social and environmental issues through its business activities.

The Group believes that working to realize our Purpose, “We use our strengths in ‘Connections’ to spin the threads of the future for local communities,” will contribute to the achievement of the SDGs and lead to the realization of a sustainable society and the creation of economic value.







The Gunma Bank Group SDGs Declaration

(GB Sustainability Policy 2030)



We are working to achieve the SDGs through our business activities that will foster the development of regional communities as well as to realize a sustainable society and create economic value.

Priority Issues	Initiative Policy	Main Initiatives
Sustainable development of regional economy	Along with supporting the growth of local business operators and stepping up our efforts to stimulate local economies, we support the sustainable development of local economies by providing financial services tailored to our customers' diverse needs. For the development of the next generation's leaders, we will enhance our finance and economics education with a view to boosting local residents' financial literacy. We will also work to support innovation in local industries to build sustainable infrastructure.	<ul style="list-style-type: none"> ● Comprehensive initiatives to address business succession issues ● Provide financial services that facilitate asset building and asset succession ● Conduct finance and economics education at high schools and universities ● Contribute to regional revitalization through hands-on support and investment by Group companies 
Preservation and creation of the global environment	We are working to help address climate change by supporting customers who practice environmental conservation and create beautiful environments and by striving to reduce the environmental impact of our business activities.	<ul style="list-style-type: none"> ● Efforts toward net zero greenhouse gas emissions by FY2030 ● Sustainable finance ● Support for customers in their transition to carbon-free ● Support environmental conservation activities through the GUNGIN Foundation 
Promotion of a variety of human resources into active positions	In order to build workplaces where women, the young, seniors, and all other staff members are able to play an active part, we will strive to improve officer and employee diversity while providing the necessary training and enabling flexible working styles.	<ul style="list-style-type: none"> ● L-NEXT (team for female participation and career advancement in the workplace) and other efforts aimed at promoting diversity and inclusion ● Efforts to improve the wellbeing of each executive and employee 
Promotion of partnerships	Through partnerships with local public bodies, corporations, individuals, and other customers, we will work to achieve sustainable communities.	<ul style="list-style-type: none"> ● Support for activities to provide education and achieve the SDGs using Gungin SDGs private placement bonds ● Work to achieve the SDGs in all communities through collaboration with local public bodies 

Environmental Policy

As well as working to reduce our impact on the environment based on the Gunma Bank Environmental Policy/Environment Conservation Behavior Code established and announced in May 2009, the Gunma Bank continues to implement environmental conservation initiatives, such as supporting activities and providing education on environmental conservation through the GUNGIN Foundation, and providing financial products and services that help protect the environment through business activities.

Sustainability Initiatives: Exercising Strengths in “Connections”

Efforts to Address Climate Change

In July, 2020, the Gunma Bank announced its support for the TCFD Recommendations as a means to preserve and create the global environment, a priority issue in the Gunma Bank Group SDGs Declaration. The Gunma Bank analyzes the impact of climate change on its business and reduces our greenhouse gas emissions, and supports its customers in their efforts to go carbon-free.

As for the automotive sector, a key industry in the region, the environment surrounding it has changed significantly due to the rapid growth in electrification, etc. Consequently, as a sector open to transition risk, we are performing a scenario analysis on the industry. Moreover, by engaging with local automotive suppliers on an individual basis, we are working to provide medium- to long-term accompanying support for each supplier.

By strengthening our efforts to tackle climate change, we hope to create and piece together a future for the region.

Supporting the TCFD Recommendations

Disclosures related to governance, strategy, risk management, and indicators and targets based on the TCFD* Recommendations are as follows.



* Task Force on Climate-related Financial Disclosures

Governance

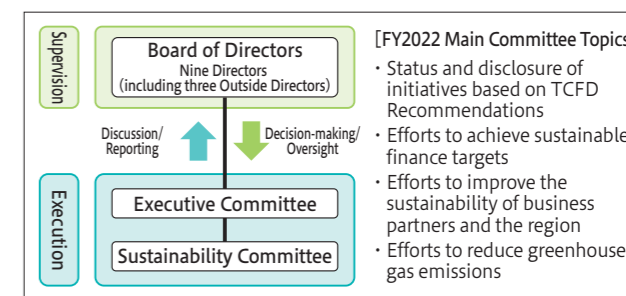
Governance structure

The Bank considers addressing climate change, the SDGs, ESG, and other sustainability-related initiatives as important management issues. We are developing a governance structure to provide oversight of these issues.

We established the Sustainability Committee chaired by the President. Its goal is to reinforce the Bank's sustainability initiatives, develop management strategies from a mid- to long-term perspective, and enhance the effectiveness of measures.

The Sustainability Committee will hold four meetings per year, in principle. The main matters it will discuss and consider include the formulation of policies related to sustainability initiatives and reports on the progress of the plan.

The matters discussed and considered by the Sustainability Committee are submitted and reported to the Executive Committee, an advisory body to the president, which discusses important business matters each time the committee is convened. The committee will make four reports to the Board of Directors per year, in principle, allowing the Board of Directors to provide oversight. The committee submits important sustainability-related matters for discussion by the Board of Directors, which in turn makes decisions on these matters.



Performance-linked share remuneration

A performance-linked share remuneration system for inside directors was introduced in June 2019. In addition to financial evaluation indicators, the Bank has adopted non-financial indicators for this system that measure contributions towards the achievement of the SDGs, including addressing climate change. These indicators include the Bank's greenhouse gas emissions reduction rates and the amount of loans to renewable energy projects executed.

* See P55 for more on the performance-linked share remuneration system.

Strategy

Identifying climate change-related risks and opportunities

We conduct qualitative analyses of the risks (physical risks and transition risks) and opportunities of climate change on short- (three-year), mid- (10-year), and long-term (30-year) time scales.

Type	Overview (Time Scale)
Physical risk	• Damage to real estate collateral (buildings) due to flooding, etc. (short-to-long term)
	• Increased credit risk due to business stagnation caused by damage to customers' business facilities (short-to-long term)
	• Increased operating costs due to damage to the Bank's business facilities (short-to-long term)
Transition risk	• Increased credit risk due to the negative impact of tighter climate change-related regulations, taxation, etc. on customers' business performance (mid-to-long term)
	• Increased credit risk due to negative impacts on customer performance, e.g. increased transition costs of transitions to low-carbon and decarbonized products, delayed responses to changes in consumer product preferences, etc. (short-to-long term)
	• Damage to the Bank's reputation in the event it is determined we have not provided adequate disclosure (short-to-long term)
Opportunity	• Provision of new financial products and services to support the transition to a decarbonized society (short-to-long term)
	• Reduction of operating costs through resource and energy conservation at the Bank's business locations (short-to-long term)
	• Increased demand for public works projects, corporate capital investment, etc. as a countermeasure for climate change-related disasters (short-to-long term)

Scenario Analysis

We estimated the increase in the Bank’s credit costs due to physical and transition risks in multiple temperature range scenarios. As shown below, the results of all analyses indicate that the impact on the Bank’s finances is limited.

Physical risk

The majority of physical risk was due to natural disasters caused by climate change. As floods have a high probability of occurring in Japan, we analyzed the impact of flood damage. The analysis was based on the Intergovernmental Panel on Climate Change (IPCC) 8.5 scenario (4°C scenario). We calculated the increase in the Bank’s credit costs through 2050 based on two factors estimated using hazard maps; the amount of damage to the value of real estate collateral held by the Bank, and the number of days of business stagnation for customers due to flooding.

The result of the analysis was a maximum increase in credit costs of 5.3 billion yen through 2050.

Scenario	IPCC/RCP8.5 (4°C Scenario) Scenario Expectations Slow adoption of regulations will lead to further global warming.
Subjects of analysis	Financed small and medium companies with head offices in Japan
Content of analysis	Damage to the value of real estate (buildings and condominiums) collateral held by the Bank estimated using hazard maps/Estimated impact on credit costs of decreased customer revenue due to business stagnation
Results of analysis	Maximum increase in credit costs through 2050: 5.3 billion yen

Transition risk

Among the sectors identified as vulnerable to climate-related financial impacts in the TCFD recommendations, the automotive and energy (electric power, oil and gas) sectors were selected for analysis in terms of the impact on climate change and the Bank’s exposure. Based on the 2°C or less scenario, publicly disclosed information of model companies set for each sector and scenario forecast data was used to estimate the increase in credit costs due to customers’ worsening financial situation associated with the transition to a carbon-free world.

The result of the analysis was a cumulative increase in credit costs of 7.1 billion yen through 2050.

Scenario	IEA/NZE2050 (1.5°C scenario), IPCC/RCP2.6 (2°C scenario) Scenario Expectations The regulations and technological innovations necessary to control temperature increases are adopted.
Subjects of analysis	Automotive and Energy (electric power, oil and gas) sectors
Content of analysis	• Qualitative evaluation of the expected business impact on the sector • Based on qualitative analysis, model companies are selected for each sector with future performance changes predicted from scenario forecast data, public information, etc. • Above analysis results rolled out for entire sector while considering the business and products handled, etc. to estimate increase in credit costs
Results of analysis	Cumulative increase in credit costs through 2050: 7.1 billion yen

State of Carbon-Related Assets

Carbon-related assets accounted for approximately 23.8% of the Bank’s total credit balance.

(Exposure to the energy, transportation, materials and buildings, and agriculture, food and forestry products sectors. Total of loans, acceptances, foreign exchange, private placement bonds, etc. at the end of March 2023. Excludes waterworks and renewable energy business.)

Risk Management

The Bank recognizes that the physical and transition risks arising from climate change are significant risks that could significantly impact the Bank’s business operations and strategic and financial plans. The impact of the various risks identified through scenario analysis, etc. will be assess for different categories, such as “credit risks” and “operational risks.” The Bank will adopt a posture that allows it to manage such risks within the existing framework.

Based on the results of scenario analysis and other factors, we will strengthen our dialogue (engagement) with customers with the aim of addressing climate change and transitioning to a decarbonized society. Deeply understanding the challenges and needs of each of our customers and providing them with solutions will lead to the creation and better management of business opportunities.

The Bank also established its Environmentally and Socially Conscious Investment and Loan Policy in June 2021. The policy clearly states the Bank’s stance on providing credit to sectors that have a significant impact on climate change risk, including a principle of not proving investments and loans for the construction of new coal-fired power plants.

Indicators and Targets

Sustainable Finance

The Group has also set mid- to long-term finance targets for the period from FY2022 through to FY2030 in order to further initiatives aimed at achieving sustainability in the region by solving environmental, social, and other issues. By proactively engaging in sustainable finance, we will uncover and resolve local ESG issues.

Target cumulative amount of sustainable financing*		Sustainable finance results
FY2030	FY2024	FY2022
1.5 trillion yen (including 1 trillion yen in the environmental field)	500 billion yen (including 300 billion yen in the environmental field)	266.2 billion yen (including 116.0 billion yen in the environmental field)

* Accumulated amount executed since FY2022. Sustainable finance refers to finance activities that contribute to solving environmental issues (renewable energy, energy-saving equipment, etc.) and social issues (business start-ups and succession-related issues, medical care, etc.).

As part of our efforts to decarbonize the region, in October 2021 we established the GB Green Fund, an investment and loan fund totaling 50 billion yen to support the development of renewable energy. Through the fund, we will support the development of renewable energy and contribute to the reduction of greenhouse gas emissions. We will also promote the local production for local consumption of energy and regional revitalization through the spread of distributed power sources and other means.

GB Green Fund
Cumulative financing amount FY2021*-FY2022
46.1 billion yen

* October 2021–March 2022

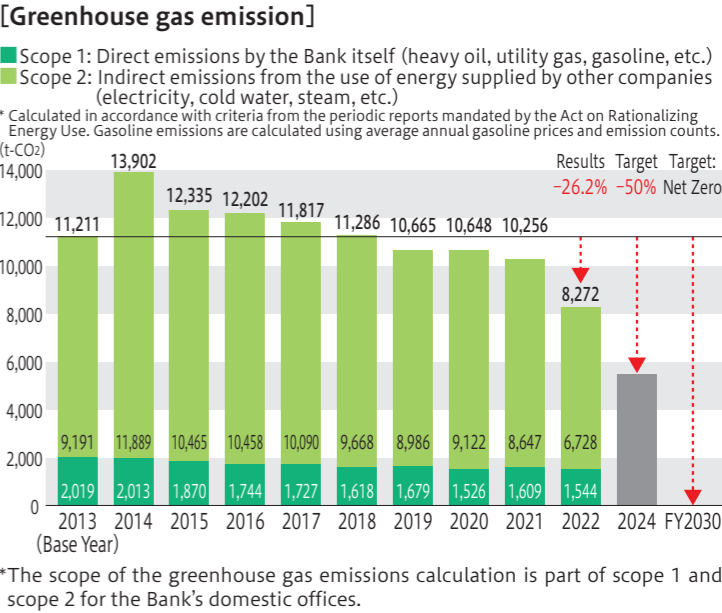
Greenhouse Gas Emission

To help create a carbon-free world and contribute to the sustainable development of society, the Bank has set targets for reducing greenhouse gas emissions. Greenhouse gas emissions in FY2022 were 8,272 tons of CO₂, a reduction of 26.2% from FY2013. All electricity at the Bank’s head office building and at its computer center has been switched to electricity derived from renewable energy. These buildings now have virtually zero greenhouse gas emissions associated with the electricity used there.

Going forward, we will continue to work on local renewable energy production for local consumption through the Gungin Oze Katashina Power Plant, for which we have acquired the naming rights, and by installing solar panels at our banks with power purchase agreements (PPA) in place. We will also further strengthen our efforts toward decarbonization through the use of electric vehicles.

Target FY2024: 50% reduction compared to FY2013
Net Zero by 2030

Main Initiatives	
April 2022	All electricity for head office building was switched to electricity derived from renewable energy
November 2022	Decided to use electric vehicles for all banks (excluding those where vehicles are not used). Initiative still ongoing.
April 2023	All electricity for computer center was switched to electricity derived from renewable energy
October 2023	Scheduled start of Takasaki-Tamachi Branch PPA power supply
January 2024	Planned switch to renewable energy derived from the Gungin Oze Katashina Power Plant for all electricity used at the nine branches in the Hokumou area and a portion for the electricity used at the computer center



Efforts to Reduce Greenhouse Gas Emissions through Financing

The Gunma Bank issued green bonds in November 2019, and then in October 2021 issued sustainability bonds. These were the first issuances of both types of bonds by a regional bank. Of the 30 billion yen raised through the issuance of green bonds and sustainability bonds, 20 billion yen has been allocated to green projects. This will result in a greenhouse gas reduction of 60,537t-CO₂/year, equivalent to the annual greenhouse gas emissions (electricity) of approximately 33,000 households. This reduction

(Calculated based on MOE “Summary of FY2021 Statistical Survey on CO₂ Emissions from the Household Sector (Confirmed Figures)”)

also greatly exceeds the Bank’s FY2022 greenhouse gas emissions of 8,272t-CO₂.

Renewable energy			Energy efficiency	Clean transportation	Total
Solar power	Hydroelectric power	Biomass power generation			
6,197	21,922	32,193	157	65	60,537

The Gunma Bank is working to expand the scope of how it measures greenhouse gas emissions, and this fiscal year we started to calculate the emissions associated with employee business trips and commuting. Going forward, we will continue to look at how we measure the Bank's emissions.

(Units: Tons of CO₂)

	Measurement item	FY2021	FY2022
Scope 3	Some of Category 1 (purchase of copy paper)	263	249
	Category 6 (business travel)	43	58
	Category 7 (commuting)	1,069	1,013

[Measurement methods]
Category 1: Emissions =
Value of purchased products x Emissions intensity
Category 6, 7: Emissions =
Total amount of transportation expenses paid for each mode of transport x Emissions intensity
Measurements were made using the Japanese Ministry of the Environment and the Ministry of Economy, Trade and Industry's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain (ver.2.5) and the Ministry of the Environment's Emissions Intensity Database for Calculating an Organization's Greenhouse Gas Emissions Throughout the Supply Chain (ver.3.3).

Scope 3 Category 15

Since Scope 3 Category 15 (financed emissions) is considered to be important for financial institutions in understanding the risks and opportunities in climate change, calculations were made, based on the PCAF* standard measurement method, for investments and loans to domestic business loan recipient corporations as of the end of March 2023.

In the future, we will continue to look at how to improve measurements.

* Partnership for Carbon Accounting Financials. An international initiative to develop standards for standardizing the measurement and disclosure of financed emissions.

[Calculation formula for emissions]
Financed emissions are calculated by multiplying the ratio of the Bank's investments and loans to the total amount of funds raised by the investment and loan recipient (attribution factor) by the greenhouse gas emissions* of the investment and loan recipient.

* Disclosed information is used for companies listed on the TSE Prime Market that disclose emissions on their own websites, etc., and estimated values are used for other companies.

Financed Emissions = \sum_i Attribution Factor_i x Emissions_i

Attribution Factor_i = $\frac{\text{Investment amount}_i}{\text{Funding total amount}_i}$

(i is each investment and loan recipient)

[Emissions by industry (carbon-related sectors based on TCFD recommendations)]

Industry	Carbon intensity (t-CO ₂ /million yen)	Emissions (t-CO ₂)
Agriculture	5.37	36,269
Paper/Forestry	3.52	139,840
Food/Beverage	3.64	586,674
Metals/Mining	4.52	695,871
Chemical product	4.75	231,483
Oil/Gas	3.21	323,833
Building materials/ Capital goods	4.85	1,560,283
Automotive	3.09	420,622
Electric energy	24.51	461,867
Real estate management and development	0.87	155,956
Land transportation	2.90	484,818
Sea transportation	9.39	24,583
Air transportation	12.38	480
Other	1.64	3,674,053
Total		8,796,632

[Calculation formula for carbon intensity by industry]
Carbon intensity by industry is derived by the following formula for each industry.
 Σ (Carbon intensity of individual company x Investment and loan amount of individual company) / Total investment and loan amount of individual company

SDGs Initiative Support Service

Since September 2022, we have been providing the SDGs Initiative Support Service which evaluates the status of our customers' initiatives toward the SDGs. We objectively assess the status of our customers' SDGs initiatives through a prescribed interview sheet, and clarify the strengths and weaknesses of our customers through a feedback sheet. The service has been used by 181 companies so far. (As of March 31, 2023)

Raising Understanding of the SDGs and Their Necessity

Deciding on priority issues

Proposing Solutions that "Connect" to Solving Issues

Financing, Subsidies, Etc. Based on Proposed Solution

SDGs Initiative Support Service

- Confirm current state of initiatives based on interview sheets
- Ascertain issues, etc. through dialog with business partners using feedback sheets
- Support formulation of SDGs declarations tailored to business partners' businesses
- Contributing to social trust and the improvement of employee satisfaction by declaring commitment to initiatives


Environment	Human Rights/Labor	Fair Business Practices Organizational Structure	Products Service	Social Contribution Regional Contribution
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Parameter	Main Services, Etc.	Group Companies
SDGs-Related Consulting	SDGs-Related KPI Setting, Training, Etc.	Gungin Consulting Co., Ltd.
Carbon-Related	Measuring and Visualizing Greenhouse Gas Emissions	Greenhouse Gas Emission Visualization Cloud Service
	Carbon Offsets	Purchase of J-Credits
	Introduction of Renewable Energy Facilities	Support of Installation of Solar Equipment, Etc.
	Support for Solving Other Social Issues	
	Business Succession	Support of Business Succession Plan Formulation Provision of Capital Funds, Hands-on Support
	Hiring of High-level Human Resources	Staffing Service
	BCP Consulting	Support with BCP Formulation and BCP Training
	Human and Labor Affairs/ Training and Development	Formulation of Personnel and Labor Regulations, Training and Development
	Demand Forecasting Service	Demand Forecasting Using Weather and Sales Data, Etc.
Sustainable Finance	Sustainability-Linked Loans, Gungin SLLs Structured covenant loans for business successions, SDGs private placement bonds Loans for renewable energy projects Financing with Special Clause for Waiver in the event of Torrential Rain/ Earthquake, etc.	
	Subsidy Support	Project to promote leading decarbonization initiatives in construction and business sites Subsidies for energy efficiency investment promotion and support projects Projects to reduce the prices of solar power generation equipment, etc.
	Interest Subsidy	Subsidy for Energy Efficiency Investments

TOPIC Use of Renewable Energy Derived from the Gungin Oze Katashina Power Plant

Local renewable energy production for local consumption using environmental value
As an initiative for decarbonization in the region, we procure carbon-free renewable energy generated at the Oze Katashina Power Plant (operated by The Tokyo Electric Generation Co., Ltd.) through TEPCO Energy Partner, Inc.
We have also acquired the naming rights for the power plant, naming it the Gungin Oze Katashina Power Plant. The procured electricity will be used by the Bank's nine branches in the Hokumou area and the computer center.

Logo:



ぐんぎん尾瀬片品発電所
群馬銀行

Location: Tsuchiide, Katashina-mura, Tone-gun, Gunma Prefecture
Start of power supply: January 2024 (scheduled)
Annual power generation: Approx. 3,700 MWh (about 20% of the Bank's annual power consumption)




Image of completed power plant (provided by The Tokyo Electric Generation)

TOPIC Automotive Sector Initiatives

Rapid changes in the environment around the automotive industry
The environment surrounding the automotive industry is undergoing significant changes, including rapid progress in the electrification of cars. Suppliers in the region, too, are being forced to respond to these changes in a variety of ways. This includes offering products compatible with electric vehicles and reducing greenhouse gas emissions in their manufacturing processes. Due to the reduction in the number of parts it takes to build cars, this also includes entering new fields or changing business models.

Expanding the support system for business partners and providing mid- to long-term accompanying support
In order to improve the sustainability of the automobile-related industry, Gunma Bank has expanded its support system by inviting former employees of automakers, building a database of suppliers in the prefecture, and conducting individual company-specific interviews with SUBARU-affiliated suppliers, focusing on the technologies, equipment, and characteristics of each company.
In FY2022, we were selected as a financial institution supported by the Ministry of the Environment's FY2022 ESG Regional Finance Promotion Project, and received support for sharing issues with customers based on the results of interviews.
Going forward, we will continue to work closely with external organizations to provide medium- to long-term support for each supplier, such as support for electrification and productivity improvement.

30 GUNMA BANK REPORT 2023

GUNMA BANK REPORT 2023 31

1 The Gunma Bank

2 Strategy for Realizing Our Purpose

3 Management Base That Supports the Realization of Purpose

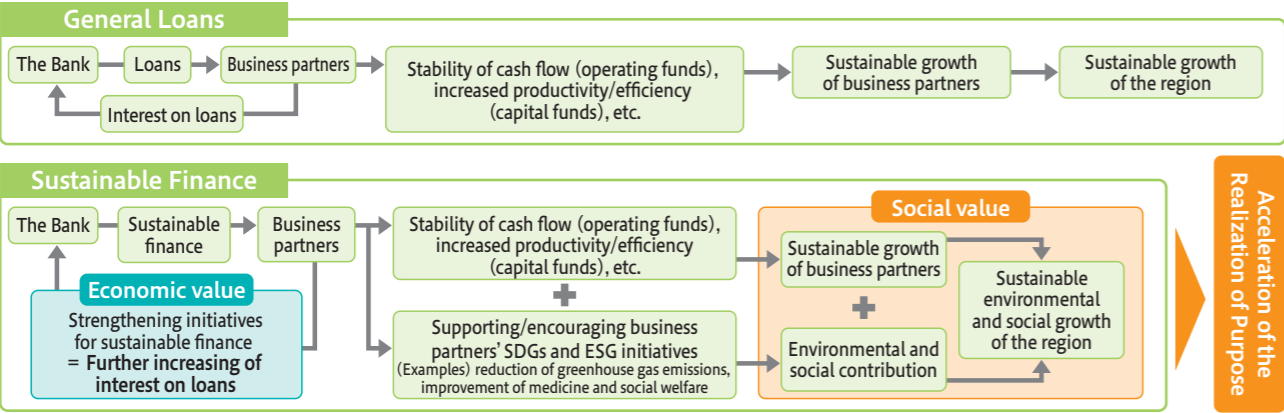
Sustainability Initiatives ▶ See page 29 for target cumulative amount of sustainable financing

With the urgent need to address social issues such as climate change and population decline, sustainable finance, finance that provides funds and advice to help solve social problems, is becoming increasingly important.

The Gunma Bank has set medium- to long-term sustainable finance cumulative disbursement targets as KPIs for FY2030, and will take appropriate actions according to each customer's phase. This has led to various business matches and sustainable finance services which includes Sustainability-Linked Loans, Gungin SLLs, structured covenant loans for business successions, SDGs Private Placement Bonds, loans for renewable energy projects, and Financing with Special Clause for Waiver in the event of Torrential Rain and Earthquake.

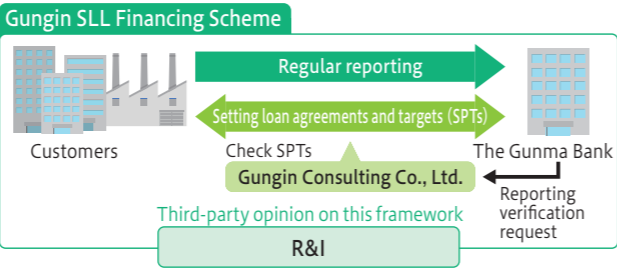
The significance of sustainable finance initiatives

Sustainable finance can make a significant environmental and social contribution and lead to the sustainable growth in the region (increase of social value). By strengthening these sustainable finance initiatives, the Bank will be able to increase interest on loans (increase in economic value). We aim to realize our Purpose by improving social and economic value.



Gungin SLL

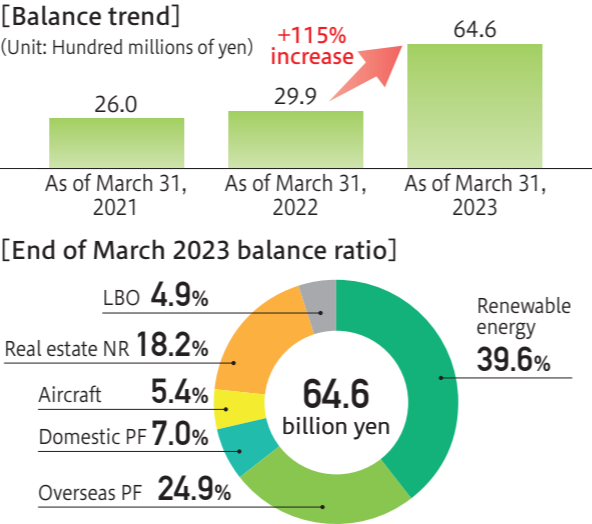
In June 2022, we established the Sustainability Performance Target (SPTs), which is an initiative target consistent with our customers' SDGs and ESG strategies, and began offering the Gungin SLL, a self-rated sustainability-linked loan. This loan is a lending product with a mechanism that fluctuates interest rates according to how well targets are being met.



TOPIC Initiatives in Structured Finance

The Bank is actively engaged in structured finance utilizing sophisticated financial technology. We are mainly working on projects related to renewable energy that contribute to the SDGs with about 40% of the loan balance of 64.6 billion yen (up 115% year-on-year) as of the end of March 2023 related to renewable energy.

In terms of structure, in April 2022, we established the Specialized Finance & International Department based on the existing International Department, increasing the number of personnel involved in structured finance operations. Furthermore, through the organizational reform in April 2023, we are working to build a promotion system that focuses on human resource development and accumulation of know-how that can respond to advanced finance, for example, by making this a specialist department for structured finance.



Regional Sustainability Initiatives

Comprehensive Collaborative Agreement for Community Revitalization

Collaboration with local governments in Gunma Prefecture aimed at regional revitalization

Gunma Bank has concluded comprehensive partnership agreements with 13 local governments in Gunma Prefecture and other prefectures, and works to improve the appeal of the region by collaborating with related departments, mainly with the Regional Revitalization Office in the Corporate Consulting Department, as well as with sales branches and Group companies. Specifically, the Group is engaged in activities such as the revitalization of Minakami Onsen with Minakami Town among four types of organizations (industry, academia, government and financial institutions) as well as revitalization support through the corporate version of the hometown tax, encouraging companies to relocate to the region, promote immigration and permanent residence.

We will continue to address the challenges facing the region and work with the community to continue our efforts toward regional revitalization.

Striving to realize the Purpose through regional revitalization

Through dialogue with local governments and local residents, the Bank supports the creation of a sustainable society for the kind of future local communities are aiming for.

Using the industry-academia-government-financed efforts in Minakami Town as a model case, we aim to revitalize the region by expanding the efforts outward to other regions in the prefecture.



Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation

Creating and fostering industries that will build a future for Gunma Prefecture

Through the Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation concluded in March 2021, the Bank will work to create and foster new industries and revitalize the region through organic collaboration between industrial, government, academic, and financial institutions while leveraging the strengths of each.

The agreement aims to create and cultivate new next-generation industries based on the technological seeds possessed by universities, companies, and other entities in Gunma Prefecture and the R&D capabilities of local companies.

technical colleges, and companies, and to promote their social implementation has been held twice in FY2021 and FY2022. We support the social implementation of these technological seeds by providing accommodating support to the teams that enter the event.

Through the continuous implementation of such efforts, we aim to create the seedbed for new industries to emerge and make the region a place where business continue to be created.

Implementation of the Gunma Tech Planter which promotes the discovery and social implementation of science and technology

The Gunma Tech Planter, a support program to discover science and technology generated by universities,



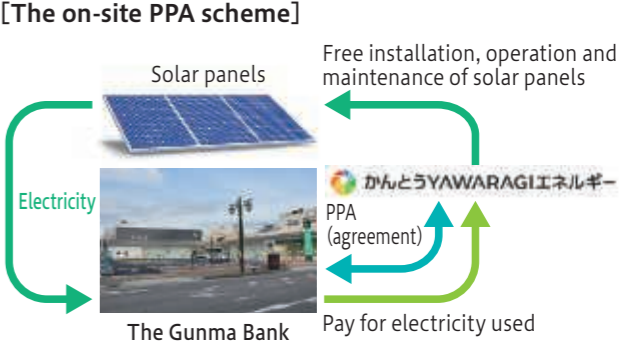
Kanto Yawaragi Energy Co., Ltd.

Making the region carbon-free through renewable energy

In July 2022, through a fund operated by Gunma Regional Advanced Solution Partners Co., Ltd., a wholly owned subsidiary, we jointly established with local business operators a regional power generation company, Kanto Yawaragi Energy Co., Ltd.

The reason why this company was created is to contribute to the decarbonization of the region through the development of renewable energy power sources.

The Bank has concluded a PPA* with the company and is proceeding with the installation of solar panels on the roof of a building shared between Gunma Bank's Takasaki-Tamachi Branch and the Daishi Hokuetsu Bank's Takasaki Branch.



* Power Purchase Agreement. Energy companies install solar panels on the roofs of companies (energy users) or on idle land free of charge. Companies can then benefit from the generated electricity, enabling the use of renewable energy without having to own the power generation facilities. On-site PPA is a scheme in which the power generation facility is located on the energy user's premises.

Measures for Corporate Customers

Connecting Process

Since October 2022, the Gunma Bank has been developing a series of sales activities as a “connecting process”, starting with dialog with customers, sharing goals and needs, and providing appropriate solutions to customers. We share our customers’ vision (goals), their direction for the future of their business, and their story of creating business value, offering solutions based on understanding the needs and management issues to fill any gaps with the current situation. In the six months since we began this connecting process, we have talked with 2,548 companies and identified more than 7,000 needs.



Financial Support

The Gunma Bank’s branches and headquarters are working closely together to provide support for the financial facilitation and business improvement. The Bank’s Credit Department Internal Review Office is playing a central role in providing support and advice to business partners regarding the formulation of business improvement plans. The Bank also collaborates with external organizations, such as the Small and Medium Business Revitalization Council and the Regional Economy Vitalization Corporation of Japan (REVIC), as well as external experts, to enhance the effectiveness of the support we provide. We are also working with Group companies like Gungin Consulting and Gunma Regional Advanced Solution Partners to provide fundamental support for revitalization utilizing revitalization funds, capitalized borrowing, and other methods according to the business conditions of our business partners.

〈Responding to the Guidelines for Personal Guarantee Provided by Business Owners〉

Based on a full understanding of the meaning of the Guidelines for Personal Guarantee Provided by Business Owners (published by the Working Group of the Guidelines for Personal Guarantee Provided by Business Owners, on December 5, 2013), Gunma Bank strives to respond faithfully and flexibly in accordance with these guidelines when a guarantee contract is entered into with a customer, when a customer requests a review of an existing guarantee contract, or when a customer requests to settle their guarantee obligations. In addition, when a customer enters into a guarantee contract, the Bank endeavors to explain in detail so that customers have a full understanding on what is lacking, why the guarantee is needed, and what improvements could be made to increase the likelihood of changing or canceling the guarantee contract. Furthermore, the Bank strives to ensure that this response is permeated and established as integral to our lending practices, working to provide loans that do not rely excessively on collateral or guarantees.

Core Business Support

■ Staffing

▶ See page 38 for details on Gungin Consulting

In addition to labor shortages and difficulties in finding business successors, local companies are facing major challenges in responding to the changing business environment. To help resolve these management issues in terms of securing the human resources businesses need, in January 2020, the Gunma Bank received licensing to act as a fee-charging employment agency, and launched a staffing service.

Until now, the Staffing Service team at headquarters has been working to find the right human resources for businesses, from executives and managers to professional and technical staff, but since the Group company Gungin Consulting obtained approval as a company to advance banking services in other industries in April 2023, it is now engaged in the human resource solutions business.

■ Business matching

Business matching is an area where the Bank can exercise its strength in “Connections” by utilizing its information and networks.

We utilize our wide-area network of bank clients, external partners, and alliances to match the clients of other banks with solutions to business needs such as sales channel expansion and finding business partners. The Bank has also

KPIs in Connections

	Target (FY23-FY25 cumulative)	Results (FY2023)
Staffing cases closed	200 cases	82 cases
Number of business matching cases	3,000 cases	1,000 cases

introduced the Gungin Business Matching System to enhance our consulting sales capabilities, improve administrative efficiency, and enable more sophisticated business matching by creating a database of information on the needs of our business partners. In January 2023, we launched a service to introduce our business partners among financial institutions, etc. that use the same system as the Gunma Business Matching System.

■ Subsidy support

As an organization supporting business innovation, the Bank provides useful information on subsidies as well as assistance with subsidy applications to business partners that need it.

To stimulate the latent equipment demand of our business partners, the Bank also provides useful information on interest subsidies and support with matters such as interest subsidy applications.

We will spin the threads of the future by connecting the various values of the Group and the region to businesses.

Business Succession Support

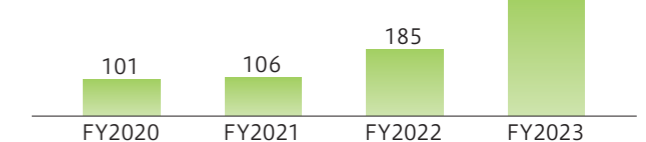
Management issues related to the business succession of local companies have become major issues related to the sustainability of the region in terms of passing down technology, maintaining supply chains, and maintaining employment. Our HQ and sales branches cooperate to understand the business succession and M&A needs of our business partners and provide them with appropriate proposals and advice, collaborating with external partners to do so when appropriate. We are also collaborating with our alliance partners in the fields of business succession and M&As.

In the previous Mid-Term Business Plan, we set a quantitative target for the number of business succession support cases. In three years, we gave presentations to approximately 7,000 customers on the valuation of their company’s stock. In the three years of the current Mid-Term Business Plan, we will make proposals to business partners who received these presentations on how to resolve their issues. We will work to both realize the resolution of these issues and to make the Bank more profitable.

KPIs in Connections

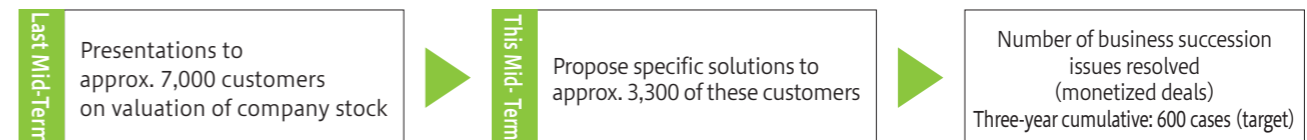
	Target (FY23-FY25 cumulative)	Results (FY2023)
Number of business succession issues resolved	600 cases	330 cases

[Number of business succession issues resolved]
(Unit: cases)



Main partners

Gungin Consulting Co., Ltd.
Deloitte Tohmatsu Tax Co.
Gunma Prefecture Business Succession Support Center
Nihon M&A Center Inc.
Strike Co., Ltd.



Support for Overseas Transactions ▶ See P73 for information on our overseas bases.

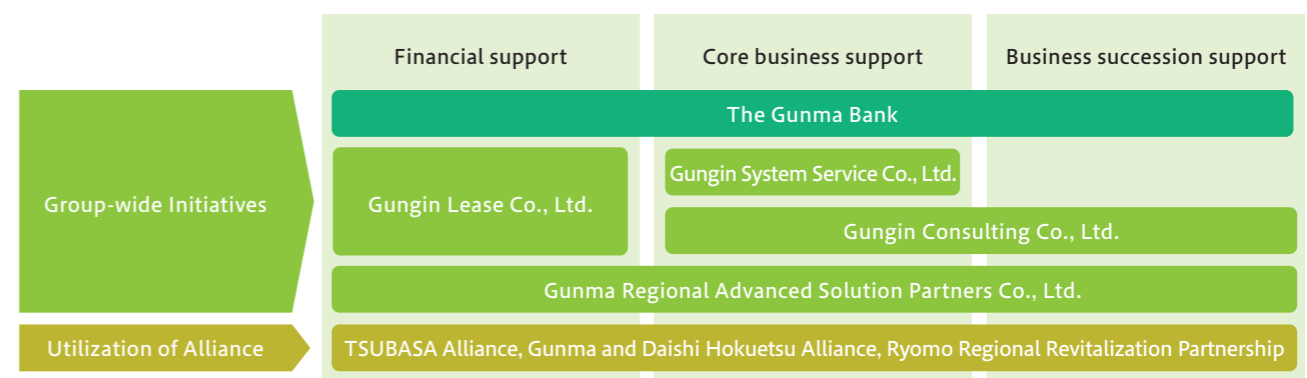
The Bank actively supports the overseas expansions of our business partners in collaboration with our overseas bases (one branch and four representative offices) and external partners. The Corporate Consulting Department Overseas Trade Support Office is playing a central role in providing packages of services for business partners considering expanding overseas or looking to develop their overseas sales channels. In the case of the former, this can include providing advice on business locations as well as practical support with things like opening local bank accounts. In the case of the latter, this can include developing lists of candidate sites and arranging business meetings.



ASEAN Automotive Seminar, January 2023

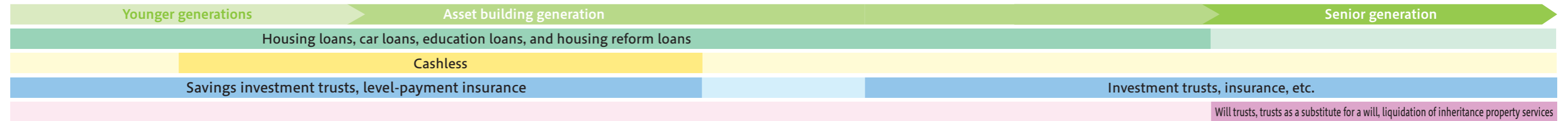
Collaboration with the Gunma Bank Group and Alliances

In addition to maximizing the resources of the Gunma Bank Group, we are also utilizing alliances to support our customers.



Measures for Individual Customers

Contribute to the prosperous future of individuals by supporting them according to their life-stage



Supporting Stable Asset Formation for Individuals

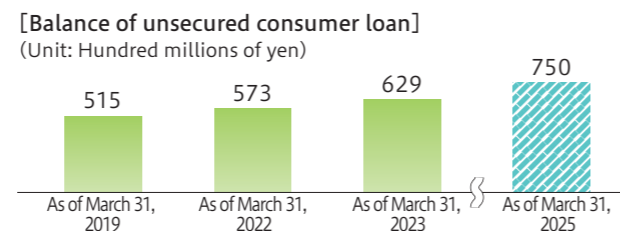
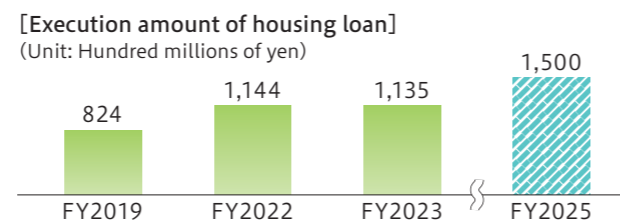
The Bank provides each individual customer with products and services according to their life-stage, whether this be acquiring a home, purchasing a car, or building assets. By providing the appropriate products and services at the appropriate time and through the appropriate channels, we support customers' prosperous futures.

Lending for individual customers

The Bank is strengthening its efforts in areas such as housing loans and unsecured consumer loans to support customers in building prosperous lives. Providing combined services tailored to a customer's life plan, starting with loans, leads to lifelong business with the customer. As housing loans and unsecured consumer loans are highly profitable relative to risk, we believe this is an area in which we will aggressively pursue opportunities from the perspective of strengthening our management structure.

In order to respond to the diverse needs of customers, we are working to improve the quality of our loan products. We are also promoting digitization to increase customer convenience and improve the Bank's operational efficiency. Approximately 80% of new contracts for unsecured consumer loans are contracted through a completely online service, which allows customers to complete everything online from initial application to contract procedures. We have also introduced an E-contract service for housing loans that allows contract procedures to be completed online. (See page 48 for details on the E-contract service)

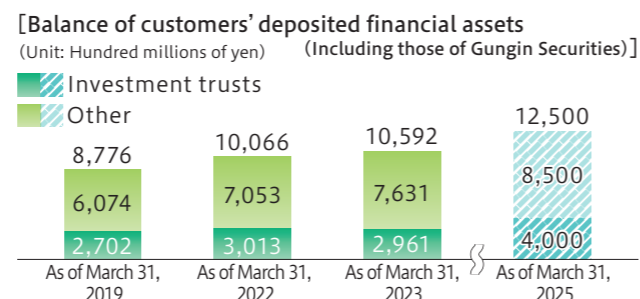
KPIs in Connections		
Execution amount of housing loan	Target (FY3/23-FY3/25 cumulative)	Results (FY2023)
	400.0 billion yen	113.5 billion yen
Unsecured consumer loans Outstanding	Target (As of March 31, 2025)	Results (As of March 31, 2023)
	75.0 billion yen	62.9 billion yen



Customers' deposited financial asset services Supporting asset formation through asset management-type sales

In accordance with our initiative policy on Customer-Oriented Business Conduct, the Bank proposes asset formation through diversification and accumulation of investment assets. We support our customers' asset formation through asset management-type sales centered on long-term, accumulated, and diversified investments. This includes proposals for investment trusts that aim to raise the overall investment efficiency of assets from a long-term perspective, and proposals for accumulation funds that make use of the Tsumitate NISA system, which provides long-term tax benefits. We also actively provide financial and economic information by holding seminars for customers to improve the financial literacy of people in the region.

KPIs in Connections		
	Target (consolidated, as of March 31, 2025)	Results (consolidated, as of March 31, 2023)
Customers' deposited financial Assets	1,250.0 billion yen	1,059.2 billion yen
Of which, investment trusts	400.0 billion yen	296.1 billion yen



Support for an era of people living to age 100

In an era of people living to age 100, many customers have concerns regarding retirement, particularly about asset formation and living expenses. To assuage those concerns, the Bank provides comprehensive consulting based on the customer's asset situation, family structure, life plan, and other factors.

One of the risks that the elderly may face is the risk of longevity. The Bank supports customers in preparing for this risk with products such as investment trusts that extend the life of money through asset management, as well as personal annuities that complement public pensions.

Collaboration with Gungin Securities

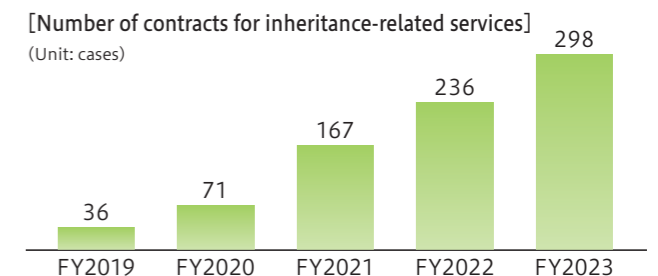
The Gunma Bank launched Gungin Securities as a wholly owned subsidiary in October 2016. It has established a Head Office Sales Department (Maebashi City) as well as four other locations (Takasaki Branch, Ota Branch, Shibukawa Representative Office, Kiryu Representative Office) in Gunma Prefecture. There, it provides a wide range of financial products and services, as well as asset management proposals. The sales locations are located inside of branches of the Gunma Bank. Since its establishment, Gungin Securities has collaborated with the Bank to practice customer-oriented asset formation support and propose optimal financial solutions.

Support in "Connecting" to the Next Generation

With the increasing need to smoothly "Connect" assets to the next generation in light of the decreasing birthrate and increasing aging population, the Bank offers a variety of services such as will trusts, will substitute trusts, and inherited property liquidation services. The Wealth Management Group (see below) at our HQ has asset succession advisors who are familiar with these matters and provide consulting services that align with the wishes of customers.

Will trusts	This services covers everything from answering questions about writing a will to the storage and execution of a will.
Trusts as a substitute for a will	This service invests and manages your assets so that the necessary funds can be passed quickly to your designated family members when the time comes.
Liquidation of inheritance property services	This service includes the inheritance surveys and help with the preparation of inheritance partition agreements.

KPIs in Connections		
Number of contracts for inheritance-related services	Target (FY3/23-FY3/25 cumulative)	Results (FY2023)
	1,000 cases	298 cases



Expansion of Individual Consulting Plazas as a Holiday Sales Base

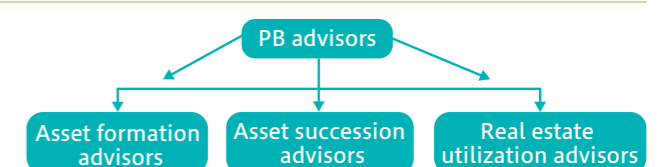
The Maebashi, Takasaki, Isesaki, and East branches meet the asset management and insurance consultation needs of asset building customers who are not able to visit other branches on weekdays. Additionally, the Bank has set up a weekend-only inheritance consultation service at Individual Consulting Plaza Maebashi, where the Bank's specialists answer customers' questions about inheritance.

Individual Consulting Plaza Takasaki, which moved in December 2022



Initiatives of the Wealth Management Group

The Bank has established a Wealth Management Group within the Personal Consulting Department. The Group is staffed with experts in fields including asset formation, asset succession, and real estate utilization, allowing it to respond to consultations on these and other matters received from customers at our sales branches. The Wealth Management Group at our HQ and our sales branches work together to resolve the increasingly diverse and sophisticated issues of our customers.



Initiatives of the Gunma Bank Group

The Gunma Bank Group consists of the Bank, six consolidated subsidiaries, two non-consolidated equity-method subsidiaries, and one equity-method affiliate. In addition to our core banking services, we provide a wide range of financial products and services. We aim to realize our Purpose by demonstrating the Group's comprehensive capabilities of exploring new businesses and deepening our existing businesses. Here, we introduce the initiatives of five companies. (See page 37 for details on Gungin Securities)

Gungin Consulting Co., Ltd.

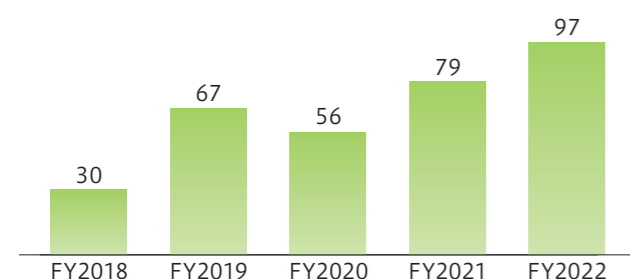
As a business strategy partner that is rooted in the region and supports the growth of customers, Gungin Consulting strives to provide what the Bank cannot on its own. Namely, more specialized consulting services, proposals for solutions to issues, and support with their implementation. Gungin Consulting offers an optimal consulting service for problem solving from the perspective of business succession support and provides core business support in collaboration with the Gunma Bank and Gunma Regional Advanced Solution

Partners.

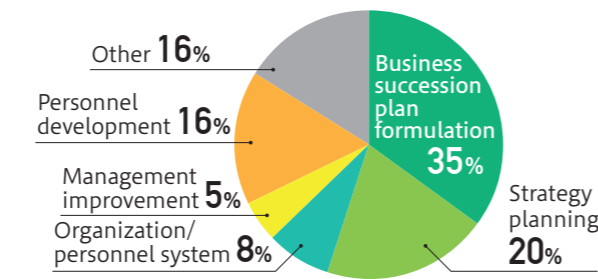
After receiving approval from the Financial Services Agency to provide advanced banking services in other industries, Gungin Consulting established the Human Resources Solutions Department and the Regional Trading Business Department in April 2023 to expand its business areas. Going forward, Gungin Consulting will continue to contribute to regional revitalization by providing solutions that help customers solve their problems and grow.

Consulting Efforts to Date (October 2018 to March 2023)

[Number of contracted projects]



[Ratio of projects in FY2022]



Expanding Business Areas as the Core of the Group's Corporate Non-financial Business

President Masashi Amada

– Please tell us about your business.

In our Consulting Business we provide consulting services with a focus on business succession, management strategy planning, organizational and personnel system construction, human resource development and training, etc., and have steadily increased the number of contracted projects since we first opened.

In our new Human Resources Solutions Business, we will strengthen the conditions needed to transfer the recruitment business that was previously handled by the Bank to us, so that we can connect local companies seeking new human resources with those who want to play an active role in the region.

Another new business, the Regional Trading Company, Marketing and Advertising Business, is gradually rolling out consulting services related to operating e-commerce sites and purchase-type crowdfunding, and consulting on digital marketing and advertising in order to develop new businesses and products originating in the region and expand sales channels.

– Please tell us about the significance of Gungin Consulting working on new businesses.

The expansion of our business areas is a second founding

At a press conference announcing the new businesses (March 2023)

for us. In consulting, there are many cases where management issues such as a lack of human resources, executives for example, and a lack of marketing know-how are raised, and we recognize that there is a very close relationship between our new businesses and existing consulting business. By working on new businesses, we have expanded the range of solutions we can provide, and so I hope to contribute more than ever to solving our customers' management issues.

– Please tell us about your aspirations for the future.

We are positioned at the core of the Gunma Bank Group's corporate non-financial business. As well as maximizing the use of the Gunma Bank Group's network and resources, and by demonstrating mutual synergies between new businesses and existing consulting businesses, will lead to the growth of regional companies and the creation of sustainable regional economies.



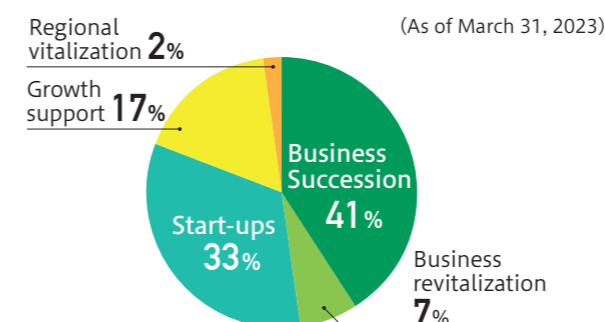
We will contribute to the future of local communities by providing value that goes beyond existing business areas as a Groupwide effort.

Gunma Regional Advanced Solution Partners, Co., Ltd.

Gunma Regional Advanced Solution Partners (GRASP) is working to create new businesses that contribute to the revitalization of regional economies and smooth business succession for the next generation through investment and hands-on management support. In addition to strengthening our competitiveness in businesses that are essential to the region to improve business value, other initiatives include the extensive revitalization of areas such as tourism, the building of a recycling-based society through promotion of

locally produced and locally consumed energy, and the building of a system for addressing the hiring and human resource development challenges shared by companies in the region. Based on the concept of working hand in hand with people to create more prosperous and better local communities to live in, we aim to be a regional creation producer that creates excitement by connecting local people, organizations, and information.

Overview by Investment Theme



Examples of Business Succession Support

Support for JOETSU Co., Ltd. (Maebashi City, Gunma Pref.)

- GRASP, wholly owned by The Gunma Bank, acquired all shares of JOETSU Co., Ltd. through a fund operated by GRASP.
- JOETSU runs a solutions business that integrates digital and print media.
- GRASP helps to improve the company's corporate value by ensuring the shares are transferred adequately. JOETSU, GRASP, and Gungin Consulting are also working together to promote digitalization in the region, for example, by encouraging local companies to use data and digital marketing.



Aiming to Improve the Value of the Entire Region by Fulfilling Our Role as a Hub for Regional Cooperation

President Hideo Kagamiyama

– What areas are you investing in?

We invest according to the company's stage (business expansion, succession, revitalization, etc.) and business challenges. We have also established a regional power company with the aim to develop and make renewable energy sources more widespread, and we are focusing our efforts on initiatives to solve such regional issues. GRASP is a wholly owned subsidiary of The Gunma Bank, but as "Gunma Regional" suggests in the company name, we deal with a wide range of customers as an investment recipient, not just those of Gunma Bank.

– What are the defining features of GRASP?

The purpose of our business is to make the region better through investment. Although we are an investment company, we do not believe that we should pursue only profit for ourselves, or in other words, purely maximize returns. We must increase business value through investment and hands-on accompanying support. It's important to know how much we can increase the value of the entire region, including the business partners and employees of the companies we invest in, as well as the local residents. I believe this is the role of our company as a fund rooted in the region.

– How will you increase the corporate value of the companies you invest in?

We position ourselves as a hub that functions for cooperation in the region. The management issues faced by the companies we invest in are diverse. As there are many management issues that cannot be solved solely by GRASP, we are working to increase the corporate value of our investment partners by not only supporting the collaboration among them, but also organically connecting them with the Gunma Bank's network, various professional bodies, consultants, universities, and government agencies. We believe that combining the knowledge and know-how of experts who are well versed in each field will lead to the revitalization of the region.

– What ambitions do you have for the future?

We want to be a partner that together with companies is able to generate business and build communities. There is a limit to how much regional revitalization and problem-solving can be achieved purely by a single entity, so we need to have new frameworks that include collaboration, co-creation, and platforms to make it happen. I hope you will be able to work with us to be a role model for the community.

The Gungin Card Co., Ltd.

Aiming to build a local digital ecosystem

As well as proving worthy of customers' trust by providing high-quality services in the credit card business, Gungin Card seeks to contribute to the development of society and the economy through appropriate business operations and sound growth in business performance.

As society rapidly becomes more cashless, payment needs are diversifying and becoming more sophisticated. Gungin Card is working with banks to connect payments and settlements throughout the region using digital means in an effort to build a sustainable local digital ecosystem.

By increasing the number of credit card holders and expanding the number of Gungin Card merchants through more multi-payment terminals in local stores, offices, and clinics, etc., we aim to create a community where cashless payments can be made anywhere by anyone.

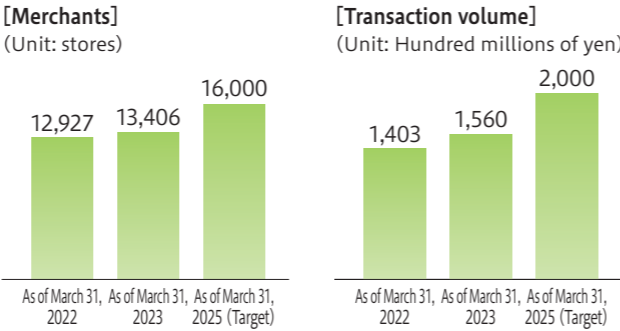


Gungin Card Head Office
(Maebashi City)

Promoting cashless payments in cooperation with banks

In April 2022, we took over the credit card member business of the main bank, strengthening our structure. In terms of acquiring new merchants, we are working with banks to make proposals for new business partners and non-member clients.

As of the end of March 2023, the Gunma Bank Group has about 13,400 merchants with a shopping transaction volume of about 156 billion yen. We will continue to work on increasing the number of affiliated stores to promote cashless payments in the region.



Gungin Lease Co., Ltd.

Providing diverse added value through leasing

Gungin Lease has five bases (Isesaki City, Ota City, Kumagaya City, Saitama City, and Utsunomiya City) in addition to its head office (Maebashi City) where it provides all sorts of added value through leasing.

The main business is leasing. Gungin Lease handles a wide range of leased properties, including vehicles, industrial and machine tools, office equipment, commercial equipment, and medical equipment. We support our business partners through proposals such as reducing initial costs when introducing equipment and making effective use of funds, as well as keeping admin labor and costs down to a minimum.

And in order to make the most of our in-house leasing business expertise within the Gunma Bank Group, we make proposals to our business partners in cooperation with banks, for example, by sending employees to Gunma Bank.



Gungin Lease Head Office
(Maebashi City)

Gungin System Service Co., Ltd.

Supporting the digitalization of the region, our customers, and the Bank

As the Group's systems company, Gungin System Service plays an important role within our digital strategies that are the foundation for "Connections and Spinning the Threads." In the digitalization of the community, the company provides support in a number of ways, including actually going to customers' places of business to help set up and operate their computers and systems.

In the digitalization of customer contact points, meanwhile, it works with the Gunma Bank on system development and also provides operational support. In the digitalization of internal bank operations, it provides its insights and know-how as a systems company and works with the Bank to plan and manage a number of initiatives including the promotion of paperless operations and the automation of routine operations.

In addition, employees seconded to the Gunma Bank Corporate Consulting Department serve as a point of contact, helping business partners to transform digitally.



Gungin System
Service Head Office
(Maebashi City)

The Gunma Bank Group Companies

Gunma Chuo Kogyo Co., Ltd. CS			
Established	February 24, 1971		
Location	226 Motosojamachi, Maebashi, Gunma		
Key operations	Transportation of goods, maintenance of automated teller machines (ATM), etc.		
Capital	10 million yen		
Ratio of ownership of voting rights by the Group		100.00%	
Gunma Bank	100.00%	Subsidiaries, etc.	—

Gungin Consulting Co., Ltd. CS			
Established	April 18, 2018		
Location	194 Motosojamachi, Maebashi, Gunma		
Key operations	Consulting, human resources solutions, regional trading company, marketing and advertising business		
Capital	100 million yen		
Ratio of ownership of voting rights by the Group		100.00%	
Gunma Bank	100.00%	Subsidiaries, etc.	—

Gungin Lease Co., Ltd. CS			
Established	October 1, 1973		
Location	171-1 Motosojamachi, Maebashi, Gunma		
Key operations	Leasing		
Capital	180 million yen		
Ratio of ownership of voting rights by the Group		100.00%	
Gunma Bank	50.00%	Subsidiaries, etc.	50.00%

The Gungin Card Co., Ltd. ES			
Established	March 12, 1982		
Location	194 Motosojamachi, Maebashi, Gunma		
Key operations	Credit cards		
Capital	30 million yen		
Ratio of ownership of voting rights by the Group		66.67%	
Gunma Bank	42.14%	Subsidiaries, etc.	24.53%

Sky Ocean Asset Management Co., Ltd. EA			
Established	November 25, 2014		
Location	3-1-1 Minatomirai, Nishi-ku, Yokohama, Kanagawa		
Key operations	Asset management		
Capital	300 million yen		
Ratio of ownership of voting rights by the Group		15.00%	
Gunma Bank	15.00%	Subsidiaries, etc.	—

Gungin Securities Co., Ltd. CS			
Established	February 12, 2016		
Location	2-2-11 Honmachi, Maebashi, Gunma		
Key operations	Securities dealing		
Capital	3,000 million yen		
Ratio of ownership of voting rights by the Group		100.00%	
Gunma Bank	100.00%	Subsidiaries, etc.	—

Gunma Regional Advanced Solution Partners, Co., Ltd. CS			
Established	December 25, 2020		
Location	194 Motosojamachi, Maebashi, Gunma		
Key operations	Fund structuring and operation		
Capital	100 million yen		
Ratio of ownership of voting rights by the Group		100.00%	
Gunma Bank	100.00%	Subsidiaries, etc.	—

Gunma Shinyo Hosyo Co., Ltd. CS			
Established	September 28, 1983		
Location	194 Motosojamachi, Maebashi, Gunma		
Key operations	Assurance engagements		
Capital	30 million yen		
Ratio of ownership of voting rights by the Group		100.00%	
Gunma Bank	45.45%	Subsidiaries, etc.	54.54%

Gungin System Service Co., Ltd. ES			
Established	July 26, 1986		
Location	171-1 Motosojamachi, Maebashi, Gunma		
Key operations	System development and sales		
Capital	30 million yen		
Ratio of ownership of voting rights by the Group		75.00%	
Gunma Bank	20.00%	Subsidiaries, etc.	55.00%

*1 CS (Consolidated subsidiary), ES (Equity-method subsidiary), EA (Equity-method affiliate)
*2 Ratios of ownership of voting rights are rounded down to the second decimal place.

Reinforce strengths in “Connections” Reforms in Collaboration with External Parties for Improving Strengths

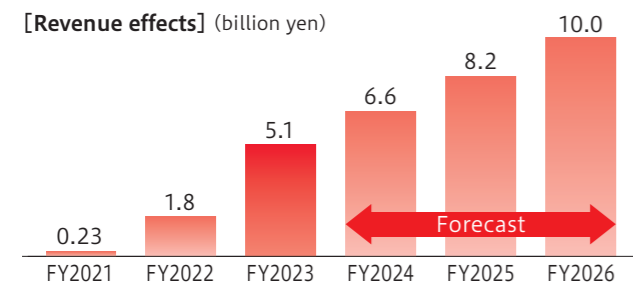
The Gunma Bank Group is working on wide-area collaborations such as the TSUBASA Alliance and the Fincross Partnership, regional collaborations such as the Gunma and Daishi Hokuetsu Alliance and the Ryomo Regional Revitalization Partnership, and collaborations with financial institutions in the prefecture. We will enhance our strengths in “Connections” by leveraging outside resources.

TSUBASA Alliance

The Bank joined the TSUBASA Alliance, a wide-area collaborative effort among 10 top regional banks, in 2020. The goal of the TSUBASA Alliance is to achieve the sustainable growth of the region and enhance its financial system while improving the top line and reducing the costs of participating banks by collaborating on common issues. Distinct from mergers or business integrations, the alliance promotes collaboration in a broad range of areas while respecting the individuality of each participating bank.

As well as achieving results in syndicated loan joint arrangements and M&A in FY2022, we launched the Gungin App and the TSUBASA electronic-exchange-compatible package jointly developed with participating banks.

Going forward, we will continue to strive to provide financial services with higher added value by harnessing knowledge from every participating bank and taking advantage of economies of scale.



Main alliance dealings

- Joint arrangement of various types of finance
- Shared office work and systems
- Matching between customers
- Joint seminars for customers
- Joint training for executives and employees

Fincross Partnership

The Fincross Partnership was concluded among seven (currently eight) regional banks in 2018 to form FinX DIGITAL Co., Ltd. in order to promote collaboration on research and development aimed at the digitalization of finance.

The eight participating banks have collaborated on development efforts while allocating resources proportionally. To date, the Bank has introduced new AI-based systems including a financial product recommendation system and an internal digital document retrieval system.

The partnership is currently building a cloud-based data lake and data analysis infrastructure (data accumulation and collection infrastructure) to aggregate data from multiple banks. By doing so, it will promote advanced data analysis and other measures that cannot be implemented by the Bank alone.

Fin**cross** DIGITAL

Participating Banks (Japanese syllabary order)

The Senshu Ikeda Bank, Ltd. The Kiraboshi Bank, Ltd.
The Gunma Bank The San-in Godo Bank, Ltd.
The Shikoku Bank, Ltd. The Chiba Kogyo Bank, Ltd.
The Tsukuba Bank, Ltd. The Fukui Bank, Ltd.

Enhancing the Gunma Bank Group's strengths in “Connections” by leveraging outside resources

The Gunma and Daishi Hokuetsu Alliance

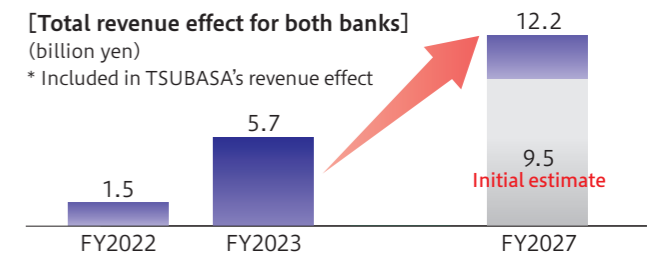
In December 2021, we concluded the Gunma and Daishi Hokuetsu Alliance together with the Daishi Hokuetsu Bank. The purpose of the alliance is to utilize the geographical characteristics of the two banks' adjacent business areas to work together to promote regional revitalization, thereby achieving sustainable growth in both Gunma and Niigata prefectures.

In FY2022, the two banks jointly offered an SDGs private placement bond (donation support type) called the Green & Food Support Plan, issuing bonds at a total amount of 16.4 billion yen. As well as partnering up to provide free use of their ATMs during weekdays, the two banks joined forces in March 2023 to open the first joint branch by moving the Daishi Hokuetsu Bank's Takasaki Branch inside the premises of the Gunma Bank's Takasaki-Tamachi Branch.



Main alliance dealings

- Cooperation on tourism and product promotion, and regional revitalization in both prefectures
- Business succession, M&A, and business matching utilizing the customer bases of both banks
- Collaboration and mutual use of expertise in both banking Groups
- Shared use of banking outlets owned by both branches



The Ryomo Regional Revitalization Partnership

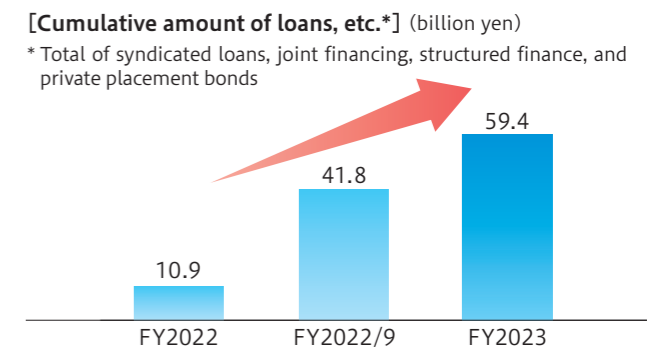
In January 2022, we concluded the Ryomo Regional Revitalization Partnership with Ashikaga Bank. The objective of the partnership is to increase our contribution to the region more than ever before through collaborations in the overlapping areas of the two banks, particularly the Ryomo region (southeastern Gunma and southwestern Tochigi). Specifically, these collaborations will be aimed at revitalizing industry and solving issues, and at improving customer service.

By utilizing the overlapping sales regions, not only have we jointly financed up to 59.4 billion yen (see chart), but we are also working together to solve issues in the field of sustainability with, for example, decarbonization and support for regional industries with a focus on the automobile industry.



Main alliance dealings

- Partnerships on syndicate loans and sustainable finance, etc.
- Support for growth, management improvement, business revitalization, change of business, etc. for regional companies by utilizing the two banks' specialist investment arms, etc.
- Cooperation in core business support such as business succession and M&A support



Cooperation with Financial Institutions in the Gunma Prefecture

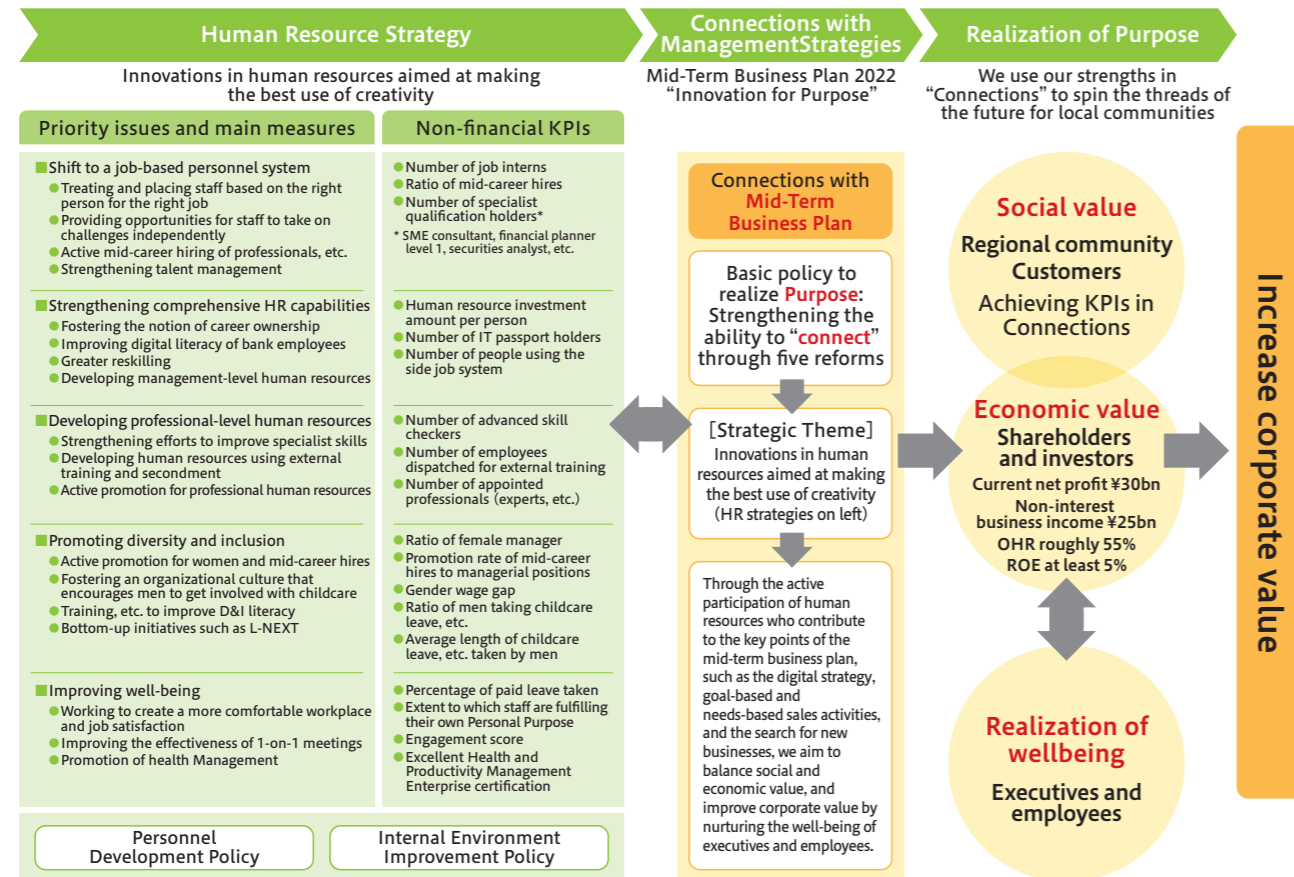
[Main Initiatives in Recent Years]

March 2020 Signed the Gunma Future Co-Creation Declaration with Gunma Prefecture and the Towa Bank
Concluded an M&A Business Partnership Agreement with Takasaki Shinkin Bank, Kiryu Shinkin Bank, and Shinonome Shinkin Bank
August 2022 Partial Sharing of ATMs Kiosks with Shinonome Shinkin Bank
September 2022 ATM Collaboration with Kiryu Shinkin Bank

Innovations in Human Resources Aimed at Making the Best Use of Creativity (Improving Human Capital)

To realize our Purpose and achieve sustainable growth for the Group, it is important to enhance human capital.

To enhance our human capital, the Gunma Bank will work on personnel reforms to demonstrate its creative power based on the human resource strategy of the mid-term business plan which was formulated from two perspectives, forecasting (working forward from the current issues) and backcasting (working backward from an ideal future state).



The Personnel Development Policy and Internal Environment Improvement Policy that serve as the foundation for our human resource strategy are as follows.

Personnel Development Policy

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

In November 2021, the Gunma Bank Group established "We use our strengths in connections to spin the threads of the future for local communities" as its Purpose.

As the needs of customers and communities become more sophisticated and diversified, we will provide all executives and employees with opportunities to independently improve their abilities and gain motivation in order to strengthen their ability to "connect" to meet such oncoming demands. We will work with stakeholders both inside and outside the Group to demonstrate creativity and collective strength to develop human resources who can realize the Group's Purpose. Furthermore, each of our executives and employees will create innovations to spin the threads of the future for local communities by growing sustainably together with local communities.

Internal Environment Improvement Policy

We will create an environment where every executive and employee, who are the source of value creation, can continue to work in good physical and mental health while recognizing each other's individuality and abilities to create a sense of well-being.

As values related to work and career development diversify, we will build a healthy and comfortable working environment where all executives and employees can continue to work both actively and with satisfaction, aiming to create a sense of well-being for each and every employee. We will do this not only through work style reforms and proactive initiatives on diversity and inclusion, but also by providing opportunities for the right person in the right job to maximize their own unique abilities.

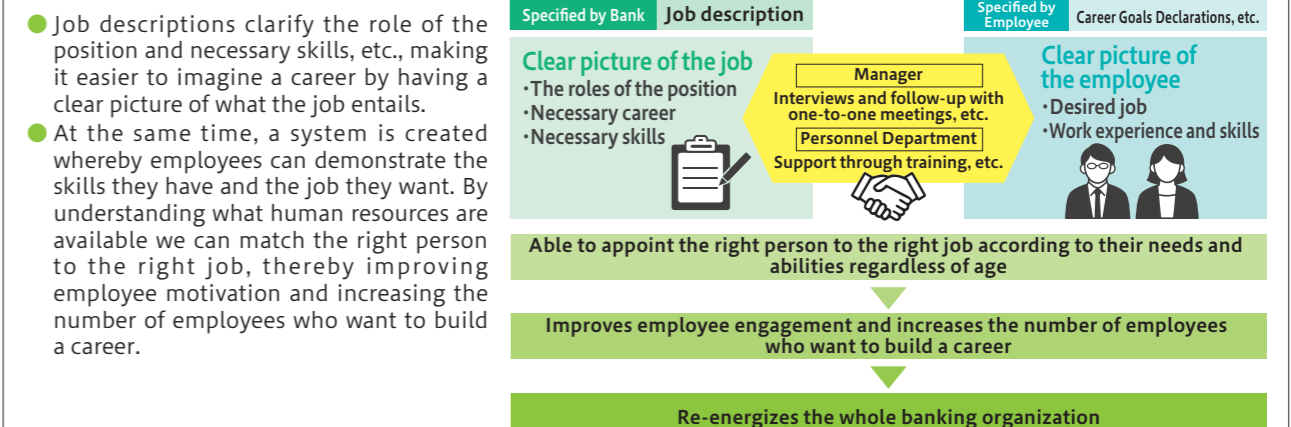
Refining the Gunma Bank's human resources to enhance our strength in "Connections"

Aiming to Transform into a Self-Sustaining and Dynamic Organization through a Job-Based Personnel System

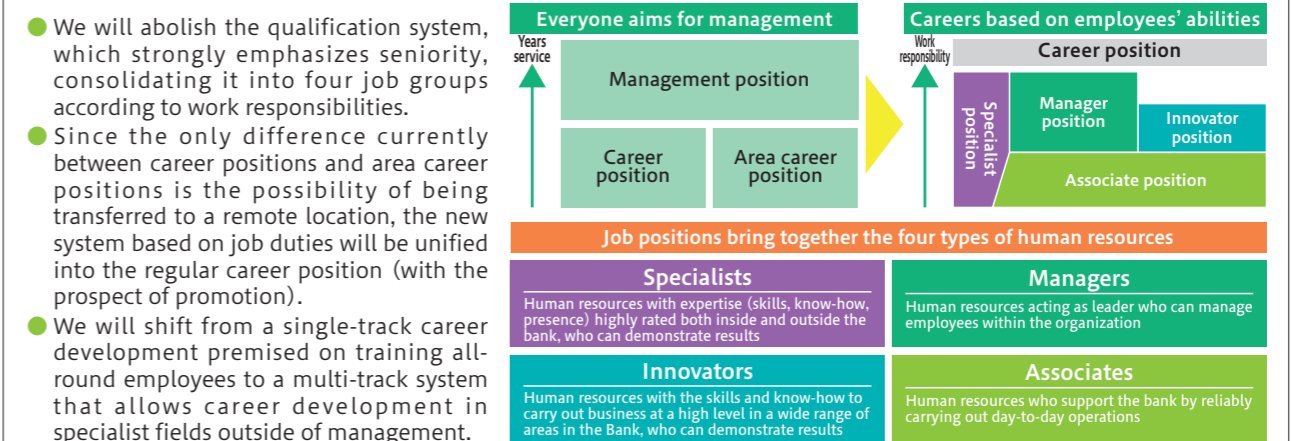
Until now, the Bank has used a personnel system based on abilities and grading with the aim of cultivating all-round employees who can play an active role in a wide range of fields, such as managers at branches and headquarters. However, with the current personnel system, various problems have become apparent, including a strong sense of seniority that leads to inflexible operation of the system and a passive sense of career development for bank employees.

To resolve these issues, we plan to make revisions in FY2024 to make a job-based personnel system so that we can appoint the right person to the right position, thereby improving employee engagement and reenergizing the whole banking organization.

The Concept of the New Personnel System



Shift to a Multi-Track System



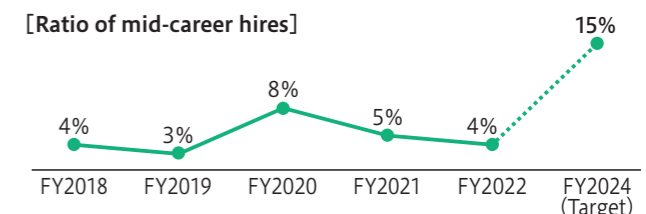
In light of the move to a new personnel system, we are offering job internships that allow employees to experience highly specialized work at the headquarters, etc., with the aim of providing opportunities for employees to take on challenges independently.

The new personnel system will make it easier to accept external employees with greater expertise, and in light of the expansion of recruitment opportunities due to the fluidity of the labor market, we will further strengthen mid-career hiring with the goal of increasing our mid-career recruitment ratio, which is currently at around 5%, to 15% by FY2024.

We will increase the number of people with specialist qualifications to strengthen our ability to "connect" by supporting career development and qualification acquisition for these employees and strengthening mid-career recruitment.

Parameter	Results		Target
	FYE2021	FYE2022	FYE2024
Number of job interns	33	49	80
Number of specialist qualification holders*	257	264	290

* Total number holding qualifications as Small and Medium Enterprise Management Consultant, 1st grade Certified Skilled Professional of Financial Planning, Certified Member Analyst of the Securities Analysts Association of Japan, Certified Anti-Money Laundering Specialist, Information Technology Engineer (advanced) or Registered Information Security Specialist



Strengthening the Comprehensive Capabilities of Human Resources That Contribute to the Needs of Society and Customers

To support the self-directed career development of our employees, the Gunma Bank will foster career ownership and increase the amount invested in human resources per person to strengthen human capital.

As a result of the support we provided under the mid-term business plan with the target of 1,000 IT passport holders by the end of FY2024 to ultimately improve IT literacy of Group executives and employees, we achieved this goal ahead of schedule in April 2023. We will continue to work to increase the number of IT passport holders and hold digital-related in-house training and seminars.

The Bank will reassign the personnel in charge of operations and management, including staff at branches and headquarters, to personnel with a prospect of sales promotion after reskilling based on a streamlining of operations through a reorganization of our branches and

digitalization. And in light of the fact that the number of people over the age of 60 who continue to work as senior staff is increasing, we will focus on reskilling older employees and those with experience in managerial positions, such as branch managers.

Parameter	Results			Target
	FY2020	FY2021	FY2022	FY2024
Human resource investment amount per person	88,000 yen	80,000 yen	109,000 yen	130,000 yen

* Human resource investment amount per person = Expenses related to training (qualifications, expenses for dispatched trainees, training centers, etc.) ÷ average annual number of full-time employees

Parameter	FYE2021	FYE2022	May 2023
Number of IT passport holders	109	785	1,073

TOPIC Side Job System

In August 2022 we introduced a side job system. The idea of the system is to help employees realize the Purpose by creating an environment that makes it easy to take on challenges in businesses other than banking. It also attempts to encourage growth by increasing the diversity and expertise of our employees through wider experience and personal connections that cannot be gained from working at the bank alone.

As of the end of March 2023, 21 people had other jobs making use of their qualifications and skills by doing work such as giving lectures and writing, selling paintings and crafts, working as an artist, sports coach or referee, etc.



Strengthening the Development of Professional-Level Human Resources in Light of the Changing Environment

In addition to actively recruiting mid-career personnel with specialist knowledge, we will also focus on in-house training.

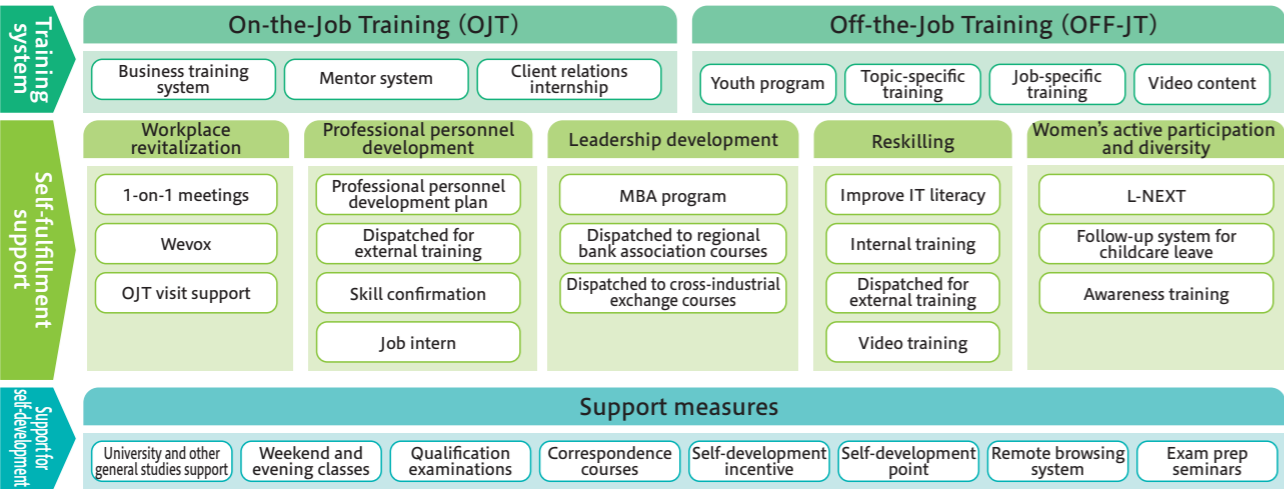
In order to develop human resources with expertise that can meet the needs of our customers, the Gunma Bank has been increasing the number of advanced skill checkers in six areas, namely, financial assets in custody, screening, corporate sales, personal loans, administrative work (sales), and administrative work (financing and foreign exchange). To acquire a high level of expertise that is difficult to gain through in-house training and work experience alone, we actively dispatch employees to external specialist agencies, financial institutions, and graduate schools, etc.

The Gunma Bank has also established a professional human resource system, appointing human resources with particularly high levels of expertise as experts or senior experts.

Parameter	Results			Target
	FY2020	FY2021	FY2022	FY2024
Number of employees dispatched for external training	45	64	68	100
Number of advanced skill checkers (total)	426	654	767	850

Parameter	Results			Target
	April 2021	April 2022	April 2023	April 2025
Number of appointed professionals	3	8	11	15

Overall Picture of Talent Development



Working to Foster a Corporate Culture by Promoting Diversity and Inclusion

The Gunma Bank will ensure organizational diversity by creating opportunities for diverse human resources including women, seniors, mid-career hires, and people with disabilities, to succeed. At the same time, we will also promote initiatives that leverage our diversity.

In terms of women's active participation in the workplace, since FY2022 we have added male members to the L-NEXT team (promoting women's advancement). We also conducted surveys on job satisfaction for all employees and exchanged information with the Daishi Hokuetsu Bank, with which we have an alliance agreement. In April 2023, the ratio of female managers reached 18.6%, surpassing the 2024 target of 18%. And we are also aiming to reduce or eliminate the wage gap between men and women by actively appointing women to higher positions.

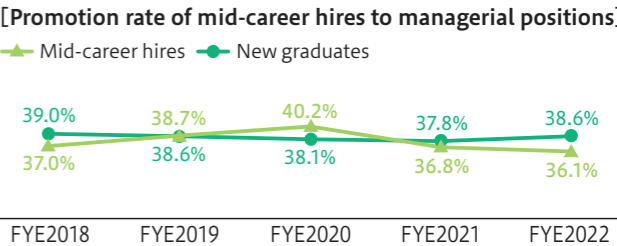
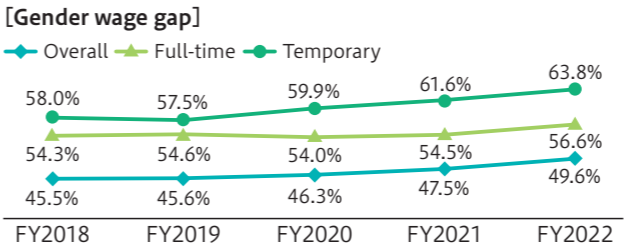
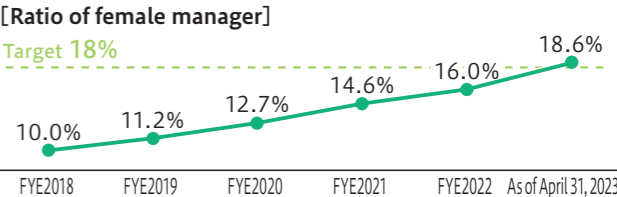
Mid-career hires are also actively being promoted to managerial positions with the rate of promotion remaining at the same level as that of new graduates. In December 2022, we introduced an alumni hiring system, which provides reentry opportunities for former employees, with the alumni who have used this system making the most of their experience outside the Bank. An alumni website was also launched in March 2023 as a place for former employees to interact.

L-NEXT (team to promote women's advancement) main initiatives

- 2015 Career talks before maternity leave, return-to-work support seminars, talks before returning to work started
- 2018 New timely leave (one hour increments) system introduced
- 2019 Creation of WLB handbook
Elimination of specific working hour days (set start time and work hours as standard)
- 2021 Quicker unofficial notification on job transfer

Parameter	Results			Target
	FY2020	FY2021	FY2022	FY2024
Percentage of childcare leave taken, etc.*	123.8%	113.6%	116.2%	100.0%
Ratio of men taking childcare leave, etc.*	158.9%	130.1%	133.3%	100.0%
Days of male childcare leave, etc.	3.5	6.5	10.8	6.5 or more

* Includes paternity leave (spousal childbirth leave)

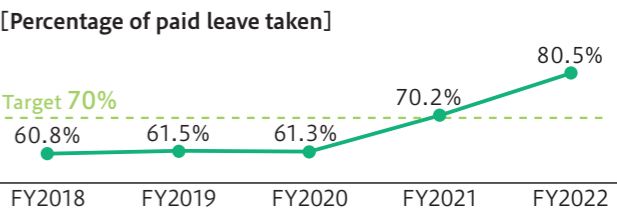


Strengthening Efforts to Improve the Wellbeing of Each Executive and Employee

The Gunma Bank defines well-being as "a good working environment where each and every executive and employee is in good shape, physically, mentally, and socially, and satisfied in their job by independently following the carer path of their choice while achieving a good work-life balance." As such, we are working to create an environment where each and every employee can maximize their abilities. We believe that efforts to improve well-being will strengthen the organization and improve our performance and corporate value, leading to a realization of the Group's Purpose and the individual's Personal Purpose.

To visualize the state of employee engagement, we use the Wevox engagement survey to measure the effectiveness of surveys and one-on-one meetings. And from the perspective of increasing engagement by having employees attain their own Personal Purpose, we plan to measure the extent to which staff are fulfilling their own Personal Purpose in the future.

In addition, as a leading health management company (White 500 of Excellent Health and Productivity Management Enterprise) in the region, we will continue to actively address employees' health issues, thereby improving corporate vitality and further promoting job satisfaction and ease of work.



Sales Process Reform

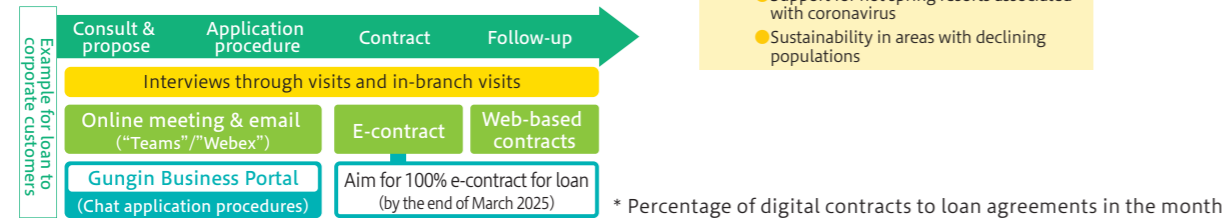
Enhance our strengths to “connect” with customers by building an effective sales force

Establish “District Governance Structure”

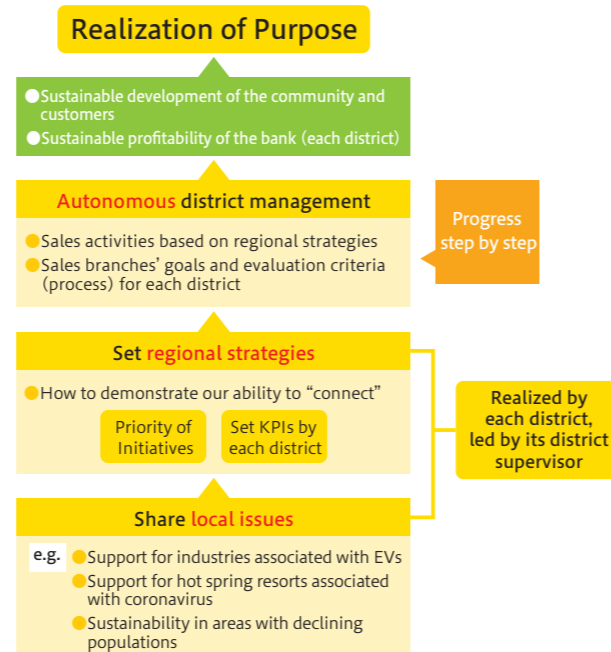
We assigned four District Supervisors for each area to strengthen our District Governance Structure. By engaging in bottom-up autonomous district management, in which districts are delegated a certain level of authority to develop regional strategies, set goals, etc., we aim to ensure sustainable growth of the region and customers and the sustainable profitability of the Bank in each district.

Establishing a New Digitally-Based Sales Style

To address the more varied needs of our customers resulting from the pandemic, we are working to shift to more effective sales activities by utilizing Office 365 and e-contracts which allow us to complete loan contracts online. The rate at which e-contracts* are being used is trending favorably at 99% for mortgages and 67% for ordinary loans in March 2023. Going forward, we will strive to further improve efficiency by making more widespread use of web conferencing tools and the Gungin Business Portal (launched in July 2023).



Overview of the District Governance Structure



Business Process Reform

Invest management resources for our strengths to “connect” by streamlining process

Branch Administrative Reforms

We are implementing administrative reforms centered on in-branch tablets scheduled to be introduced in January 2024. By building a customer-focused user interface and carrying out a fundamental review of administrative work, we will be able to go paperless, operation-less, and signature stamp (seal)-less. Administrative processing times will be greatly shortened after the system is introduced, and we hope to significantly reduce costs and the number of terminals when the branch system is scheduled for renewal in FY2027.



In-branch tablet image

In-Branch Tablet Rollout Schedule



Business Reform Project

In the Business Reform Project that started in 2019, a cross-divisional working group at headquarters takes the lead in working on business reforms. In the current mid-term business plan, we will further improve operational efficiency by working to deepen two themes: eliminating operational waste and zeroing out reporting work.

In terms of eliminating operational waste, or cutting down on wasted work, out of the 6,731 suggestions we received from employees regarding the cancellation or review of work operations, 1,229 were adopted, saving 690,000 work hours over the course of the year.

And in terms of zeroing out, or eliminating, reporting work, we are reviewing the reports that branch offices are required to submit, doing away with any reports that are deemed less important or superfluous to requirements. In July 2023 we started to use a dashboard that visualizes data and status of measures, so rather than having branch offices send a report, we created an environment in which executives and headquarters can see information in real time. Going forward, we will promote further use of this dashboard, continuing to work on initiatives that simplify or do away with the reporting process.

Channel Reform

Enhance our strengths to “connect” by reconstructing the existing branch network and expanding consultation centers and digital channels

Branch Strategy

While the number of customers who visit our branches declines, the number of customers using internet banking and the Gungin App is increasing. In addition, there is a growing need for specialized consultation in areas such as inheritance and asset formation. In order to respond to these changes in the business environment, we are restructuring our branch network and expanding our consultation centers and digital channels.

Since we began to reorganize our network of branches in 2016, we have consolidated 44 branches as of the end of March 2023. As for consultation centers, we currently have four Individual Consulting Plazas, which are open on holidays, with plans to open more in the future.

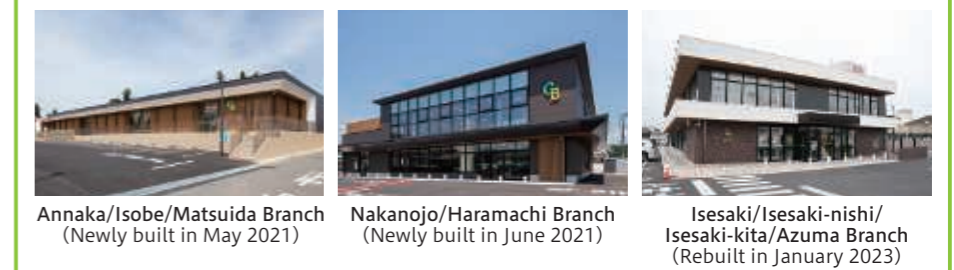
Restructuring of branch functions

Flagship branches, which are the core branches in each region, and satellite branches, which have a lighter operation load, are working together to provide optimal financial services to customers by leveraging the regional branch network.

Selection and consolidation of bank network

We are promoting branch consolidation and elimination (branch-in-branch) while making a comprehensive assessment of trends in the number of customers visiting our banks, the need to renovate existing neighboring banks, and other factors.

Newly Built Banking Outlets in Recent Years

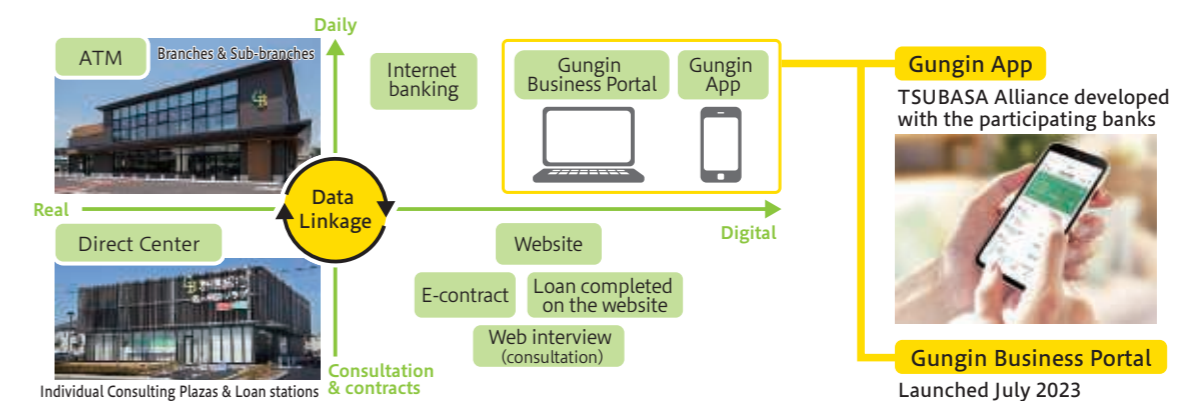


Evolution of DigiCal Strategy

We are working to link banking services with non-financial services to provide a unique customer experience that effectively mixes the digital and the physical.

In April 2022 we launched the Gungin App, a smartphone app for individual customers. In March 2023

we will add the function to pay taxes and public money, and in the future we plan to add more functions such as the ability to buy investment trusts and funds. For corporate customers, we launched the Gungin Business Portal in July 2023.



Digital Strategies as the Foundation for “Connections and Spinning the Threads”

Concept of Digital Strategy

The basic concept of our digital strategy is the digitalization of three areas: the community, customer contact points, and internal bank operations. The various policies that the Gunma Bank will pursue are closely connected to the digitalization of these three areas. The promotion of

digitalization in all three is fundamental to the realization of the Gunma Bank's management strategy. We will also develop the human resources needed to support these digitalization efforts. (For more on our digital human resource development, see P46.)

Furthering initiatives such as advanced data utilization and organizational reforms to promote digitalization in three areas

- 1 Digitalization of the community
- 2 Digitalization of customer contact points
- 3 Digitalization of internal bank operations

Status of Main Initiatives

Digitalization of the community

The Gunma Bank supports digitalization for customers through help implementing IT and IT consulting that contributes to work efficiency for customers in the community. As well as promoting a cashless society by starting to handle debit cards in January 2024 (scheduled), we are building a digital ecosystem in the community by providing new value such as advertising and customer referrals that utilize payment data.

Digitalization of customer contact points

We are adding new functions to the Gungin App, launched in April 2022, to improve convenience for customers. And as well as launching the Gungin Business Portal in July 2023, a portal site for corporations and sole proprietors, we are creating more digital customer contact points, with for example, the introduction of in-branch tablets (scheduled for January 2024).

Digitalization of internal bank operations

With the introduction of Office 365, we are promoting paperless operations, creating a work style not restricted by time or place. Moreover, from July 2023, we have been using a dashboard to visualize all necessary information, such as figures and progress of all various measures. In

the future, we will gradually add more features to the dashboard so reports will no longer need to be submitted.

[Main Recent Initiatives]

- Launch of the Gungin App (April 2022)
- Gunma Bank Mikatano Works
Gunma Bank Mikatano Financial Management
Launch of Gunma Bank Mikatano Invoice Management (December 2022)
- Website renewal (December 2022)
- Certified as a DX-certified operator (Ministry of Economy, Trade and Industry; January 2023)



- Launched the Gungin Business Portal, a portal site for corporate and sole proprietor customers (July 2023)

[Planned Initiatives]

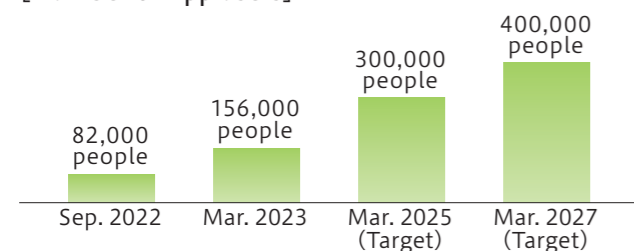
- In-branch tablets (January 2024) [▶ See page 48](#)
- Debit card service (January 2024)

Added features to the Gungin App

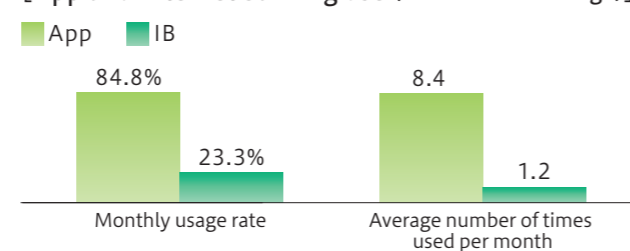
Launched in April 2022, the Gungin App is positioned as the main channel for customers to use as their closest point of contact with the Bank. As of the end of March 2023, about 156,000 people have been using the app, with both the usage rate (percentage of users who have logged in at least once) and the average number of times used

greatly exceeding that of our existing Internet banking channels. As well as adding the functionality in March 2023 to collect tax and public money and view standing orders, we have plans to add functions for dealing in investment trusts (scheduled for September 2023), and document digitalization (FY2024).

[Number of App users]



[App and Internet banking use (March 2023 average)]



Promote digitalization as a base for each strategic theme in order to reinforce strengths in “Connections” and spin the threads of the future

Launch of the Gungin Business Portal

In July 2023, we launched the Gungin Business Portal, a portal site for corporations and sole proprietors.

The portal comes with a range of features including a function whereby users can see graphs of transactions from multiple bank accounts, the ability to carry out various tasks without the need to visit a branch, and a function that recommends the best products, services and information tailored to each customer.

We will continue to add functions in the future, for example with the ability to apply for various products and services within the portal.

Picture shown is an image



Advanced data utilization

The Bank accumulates and stores a vast amount of data, including customer transaction histories. By analyzing these data, we can gain insights into a wide range of things, including the products customers are truly seeking, their financial needs, and so on. We are working on a number of

initiatives aimed at furthering advanced data utilization. One such initiative is building a data cycle that solves problems and creates value by collecting, accumulating, and analyzing data.

Contribution to Revitalization through Data Utilization

Providing new services using data

- As well as promoting cashless payments within the region, we are working to circulate and expand the local ecosystem by providing new services for customers' business expansion through data utilization.
- The start of a debit card service to build up payment data, and combining it with account information, etc., will lead to more advanced marketing and cooperation with businesses in the local community.

Realize One-to-One Marketing

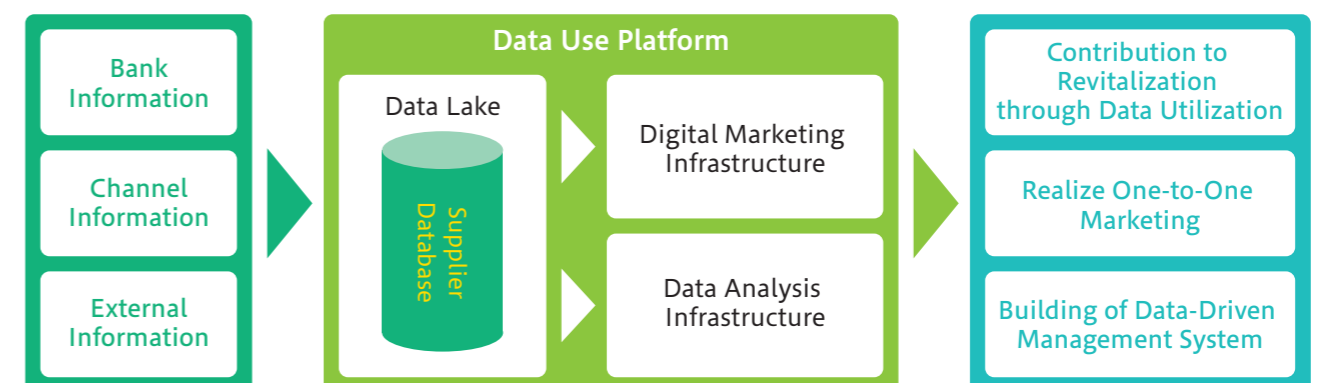
Delivery of information tailored to customers at the best time

- We will build a digital marketing platform to provide the services and information that customers need at the best time according to their own life events.
- We will recommend services that meet the customer's life plan and needs through the most suitable channel for each customer.

Building of Data-Driven Management System

Utilizing visualized data for decision making

- We are working to visualize necessary information by automatically aggregating data taken from Data Lake on a dashboard which includes figures and progress of various measures.
- Bank employees themselves use analysis tools to build an analysis PDCA cycle (analysis, effect verification, and policy planning based on the analysis results) to work out how best to use the data.





Corporate Governance

Basic Perspective

While always keeping in mind the development of regional communities, the Bank's basic policy is to respond appropriately to the financial needs of customers, enhance corporate value by ensuring asset soundness and strengthening its profitability, and to be highly evaluated by shareholders and the market. To realize this basic policy, we have positioned the enhancement of corporate governance as the most important management challenge, and are

working on the following three points:

- (1) Decision-making for appropriate management and establishment of an efficient business operations system
- (2) Enhancement of compliance and risk management systems that form the basis of sound management
- (3) Timely and appropriate disclosure of corporate information and active IR activities aimed at transparent management

Corporate Governance System

The Bank has a corporate auditor system with the five members of the Audit and Supervisory Board (including three Outside Auditors).

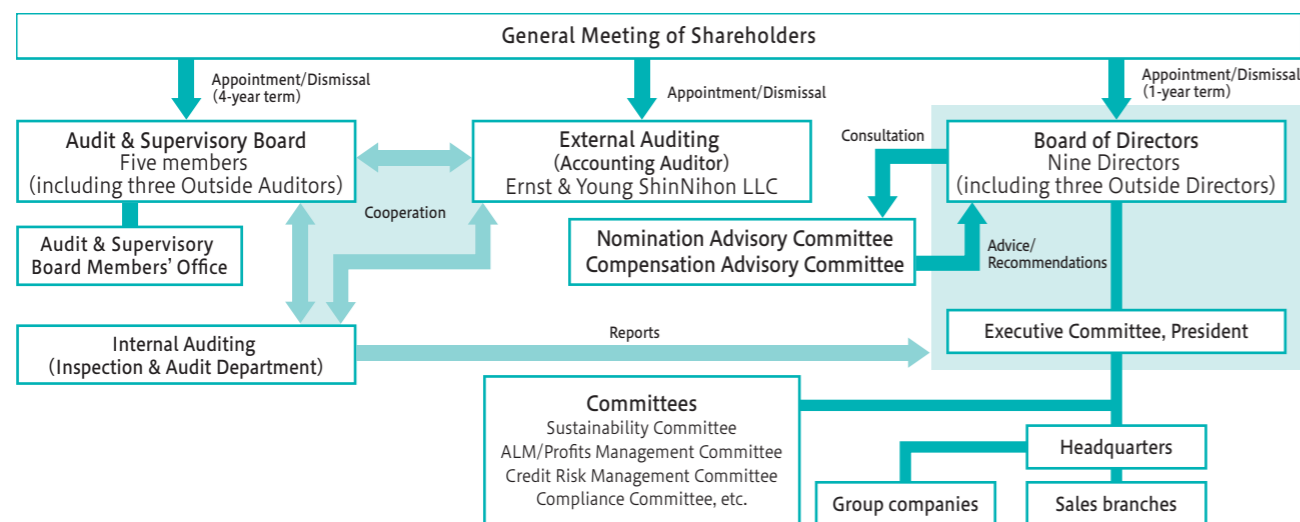
The Board of Directors consists of nine Directors, including three Outside Directors.

To achieve our management goals, we believe that it is effective to enhance the corporate auditor system by appointing Inside and Outside Auditors, as well as to strengthen management oversight functions by the presence of Outside Directors and Outside Auditors.

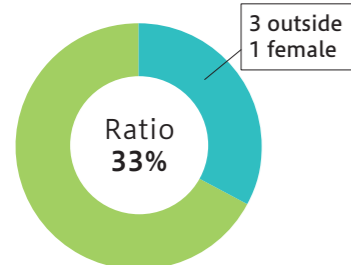
Outside Directors are responsible of management oversight for the Board of Directors, and Outside Auditors are responsible of the auditing in the corporate auditor system, and all have the role of management monitoring and supervising for corporate governance.

In addition, to enhance corporate governance and manage oversight functions of the entire Group, the Group Management Meeting is held every six months to report and discuss management policies and operational status of each Group company on the executive level.

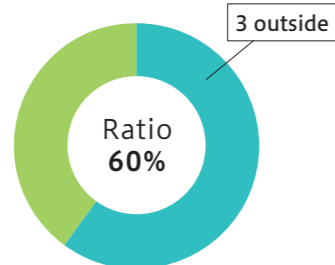
[Corporate Governance System]



<Ratio of Outside Directors>



<Ratio of Outside Auditors>



Fiscal Year	Main Governance Initiatives
2005	• Appointment of Outside Directors
2012	• Introduction of share remuneration-type stock options
2015	• Start of effectiveness assessments for Board of Directors
2018	• Establishment of Nomination Advisory Committee • Establishment of Compensation Advisory Committee
2019	• Release of basic policy for executive remuneration • Introduction of "Restricted Share Remuneration Plan and Performance-linked Share Remuneration Plan"
2020	• Appointment of female Outside Director • Elevation of the Outside Director ratio to one-third
2021	• Preparation and disclosure of skills matrix
2022	• Establishment of a Sustainability Committee

Board of Directors

The Board of Directors consists of six Inside Directors and three Outside Directors (one third of total are Outside Directors), makes decisions on basic management related matters and important business operations, and supervises the performance duties of each Director.

In order to execute important business operations based on management policies determined by the Board of Directors, the Executive Committee, which is a consultative body to the President, meets once a week in principle to conduct thorough deliberations for decision-making to ensure prompt and smooth execution.

The term of Directors is limited to one year to build a management system that can respond more quickly to changes in the business environment.

In nominating Outside Director candidates, we are strongly aware that the structure of the Board of Directors should consist of members with diverse values and perspectives based on different types of knowledge, experience, and attributes.

Nomination and Compensation Advisory Committees

In order to establish a system in which Independent Outside Directors are appropriately involved in the decision-making process for nomination and remuneration of the Directors, to increase the objectivity and transparency of the process, and to enhance corporate governance, the Nomination Advisory Committee and the Compensation Advisory Committee were established as advisory bodies to the Board of Directors. The majority of the members of both committees are independent Outside Directors.

Audit & Supervisory Board

The Audit & Supervisory Board meets once a month in principle, and its members make decisions based on discussions on how to resolve various issues. Additionally, each member of the Audit & Supervisory Board reports on the results of audits, and shares information, and exchanges opinions with the others when necessary.

Also, the Audit & Supervisory Board Office consisting of dedicated staff members, has been set up directly under the Audit & Supervisory Board, and is working to maintain a more effective audit system.

The members of the Audit & Supervisory Board conduct audits in accordance with the auditing policies, audit plans, and assignment of audit duties established by the Audit & Supervisory Board. The performance of duties by the Directors is monitored and verified through attendance at the Board of Directors and other important meetings, audits of the headquarters, visits to branch offices, investigations of Group company operations, examinations of important documents, and surveys of the operations and assets of the Bank. In addition, the Bank is working to share awareness of management policies, management issues, and important auditing issues by meeting regularly with the President and Outside Directors.

Executive Officer System

The Bank has adopted an executive officer system to enhance corporate governance and separate management decision-making from business operations and promote the role of the Board of Directors.

Accounting Audit

Our accounting auditor is Ernst & Young ShinNihon LLC. The firm conducts accounting audits in accordance with the Companies Act and the Financial Instruments and Exchange Act. There are no special interests between the executive officers of Ernst & Young ShinNihon LLC and the Bank.

• Accounting audit fee for fiscal year 2022 paid by us	67 million yen
• Total amount of remuneration paid by our Group	88 million yen

Internal Audit

For internal audits, the Inspection & Audit Department, which is independent of the audited departments, conducts audits of the headquarters, sales branches, and the entire Group based on the audit plan and audit policy determined by the Board of Directors each fiscal year.

Support System for Outside Directors and Outside Auditors

The Secretariat, which is responsible as the secretariat of the Board of Directors, has a key role in supporting Outside Directors while distributing materials for the Board of Directors in advance. In order to allow for sufficient time to prepare for deliberations, the Outside Directors receive the materials at the same time as Inside Directors. Along with supplying information on the Bank's new initiatives in advance, they are also provided with opportunities for information exchange with the President and Auditors. Through these efforts, we are working to create an environment where the Outside Directors can always make useful recommendations to the Board.

Outside Audit & Supervisory Board members are also provided with the materials for the Board of Directors in advance, and the dedicated staff in the Audit & Supervisory Board Members' Office offers the necessary support for auditing operations by distributing materials for the Audit & Supervisory Board in advance.

In addition, at the Audit & Supervisory Board, the Standing Audit & Supervisory Board member explains the agenda of the Board of Directors and minutes of the Executive Committee in detail to the Outside Audit & Supervisory Board Member to share information such as reports on the status of audits conducted by the Standing Audit & Supervisory Board Member.

Evaluation Criteria for Independence of Outside Directors and Outside Auditors

Candidates for Outside Director or Outside Auditor of the Bank are deemed to be independent from the Bank when they do not come under any of the following conditions

- (1) A person whose main business partner is the Bank, or, if it is a corporate or legal entity, its executive officer,
- (2) A person who is a major business partner of the Bank, or, if it is a corporate or legal entity, its executive officer,
- (3) A consultant, professional accountant or legal professional who has gained a "large amount" (Note 1) of fees or other properties in addition to executive remuneration from the Bank,
- (4) A person who "recently" (Note 2) fell under (1), (2), or (3), and
- (5) A "close relative" (Note 4) of a person who falls under any of the following items from A to D (excluding those who are not considered "important" (Note 3)).
 - A. A person who falls under (1) to (4) above
 - B. An executive officer of the Bank's subsidiary
 - C. A director who is not an executive officer of the Bank's subsidiary
 - D. A person who "recently" fell under B or C above or was an executive officer of the Bank

Note 1: "Large amount" refers to an amount of 10 million yen or more on average over the past three years.

Note 2: "Recently" can be regarded as being almost equal to "presently." For example, at the time when the content of the proposals was determined for the General Meeting of Shareholders where the person was elected as an Outside Director or Outside Auditor.

Note 3: "Important" refers to those who are directors, general managers and the like (executive officers); and certified public accountants and lawyers (accounting professionals and legal experts).

Note 4: "Close relative" refers to first and second-degree relatives.

Ensuring the Effectiveness of the Board of Directors

Every fiscal year, the Bank analyzes and evaluates each of the directors and auditors based on their respective self-analyses in order to evaluate the effectiveness of the Board of Directors as a whole.

Regarding deepening discussions on themes that should be addressed from a medium- to long-term perspective, which was assessed as an issue in FY2021, we worked to improve the situation by creating opportunities to deepen discussions on medium- to long-term themes and by providing multiple opportunities to discuss key measures depending on the stage of consideration.

For the fiscal 2022 effectiveness evaluation, we conducted a questionnaire survey using the opinions of external consultants on items such as “Composition and operation of the Board of Directors,” “Management and business strategy,” “Corporate ethics and risk management,” “Evaluation and remuneration of management,” and “Dialogue with shareholders, etc.” Furthermore, in order to ensure anonymity and objectivity, we outsourced the collection and analysis to an external consultant.

Based on the results and analysis of the survey, an evaluation was made at the Board of Directors held in April 2023 where it was confirmed that the effectiveness of the Board of Directors has been ensured.

To further enhance the effectiveness of the Board of Directors, Gunma Bank will engage in free and open discussions on themes that should be addressed from a broader perspective, and will review the content and volume of discussion materials to ensure smooth operation and better discussions so that the Board of Directors can perform their duties properly.

Executive Remuneration

The remuneration of the Directors, excluding the Outside Directors, is comprised of fixed-amount remuneration, bonus, and share remuneration. As for share remuneration plan, we reviewed the Directors’ remuneration system in June 2019 to further encourage our management to operate from the same perspective as our shareholders and to provide appropriate incentives for the sustainable improvement of the Bank’s performance and value. Therefore, we abolished the conventional share remuneration-type stock option plan and introduced restricted share remuneration plan and performance-linked share remuneration plan.

The Outside Directors and Auditors receive only fixed-amount remuneration, taking into account that they are required to play a role of auditing and supervising.

The remuneration limit was determined by the resolutions of the General Meeting of Shareholders in 2012 and 2019 as follows:

<Remuneration Limit>

	Fixed-amount remuneration	Bonus	RS and PS
Director	Total 360 million yen per year		120 million yen per year, 500,000 shares
Audit & Supervisory Board Member	80 million yen per year	—	—

Note: RS stands for “Restricted Share Remuneration,” and PS stands for “Performance-linked Share Remuneration.”

<Total amount of remuneration, etc. by board member category, total amount by type of remuneration, etc., and number of eligible board members>

Board member category	Total compensation (millions of yen)					Number of eligible board members (people)
		Monthly compensation (non-performance linked)	Bonus (performance linked)	Stock compensation with transfer restrictions (non-performance linked)	Performance share (performance linked)	
Directors (excluding Outside Directors)	287	174	56	43	11	10
Auditors (excluding Outside Auditors)	44	44	—	—	—	3
Outside board members	46	46	—	—	—	7

Basic Policy for Executive Remuneration

We formulated the “Basic policy for executive remuneration,” and the Bank determines the Directors’ and Auditors’ remuneration in accordance with the perspectives and procedures based on this policy.

Basic Policy for Executive Remuneration

1. Basic perspective on the directors’ remuneration system
- In order to create a directors’ remuneration system that contributes to realization of the Bank’s management policy, our basic perspective on the directors’ remuneration system is based on the principles of the Corporate Governance Code as follows:
 - (1) To further motivate the Directors to contribute to sustainable growth of the Bank and increase the corporate value of the Bank over the mid- to long-term,
 - (2) To share profit awareness with shareholders and raise management awareness focusing on shareholders,
 - (3) To maintain proper linkage with business performance and give a sound incentive,
 - (4) To avoid inappropriate risk taking,
 - (5) To be able to hire or secure excellent managerial talent,
 - (6) Because the Directors are primarily responsible for the performance of the entire Bank, individual evaluation for incentive remuneration is more focused on contributing to the overall performance of the Bank than the performance of the business in which the Director is in charge, and
 - (7) To show an objective and transparent decision-making process.
2. Governance for determining remuneration
- In accordance with the Compensation Advisory Committee Regulations set forth separately, the Board of Directors determines the following items based on the advice and recommendations from the Compensation Advisory Committee consisting of three or more members (at least half of them are Independent Outside Directors) after the committee has deliberated the items in response to the request by the Board of Directors.
 - (1) Proposal for the General Meeting of Shareholders on Director and Auditor Remuneration,
 - (2) Policy for remuneration of Directors (including this policy),
 - (3) Remuneration system for Directors (including amount of remuneration by individuals),
 - (4) Items such as policies needed when deliberating each of the above items, which are deemed necessary by the Compensation Advisory Committee, and
 - (5) Remuneration for Auditors is determined through discussions by the Audit & Supervisory Board Members.

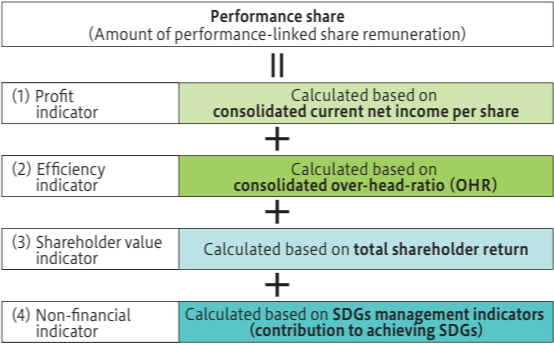
3. Remuneration structure

(1) Directors, excluding Outside Directors

[Summary of remuneration structure]

Features of remuneration	Base remuneration	Variable remuneration		
		Short-term incentive remuneration	Mid-to long-term incentive remuneration	
Cash/Share	Cash remuneration		Share remuneration	
Performance-linked remuneration	Non-performance-linked remuneration	Short-term performance-linked remuneration	Non-performance-linked remuneration	Mid-to long-term performance-linked remuneration
Type of remuneration	Monthly remuneration	Bonus	Restricted share	Performance-linked share

- The executive remuneration for individuals shall be set at a ratio of 3:1:1 in the following order: 1) Base remuneration, 2) Short-term incentive remuneration, and 3) Mid- to long-term incentive remuneration, taking into account the absolute amount of remuneration.
- (2) Outside Directors and Auditors
- Remuneration for Outside Directors and Auditors shall consist of only base remuneration, considering their role and independent status.
4. Remuneration level
- The Bank determines the appropriate amount of remuneration based on its business performance, the environment surrounding the Bank, social and economic conditions, and industry trends.
 - Also, as a leading company in the region, we are aware of the appropriate level of remuneration received by executives of regional businesses through survey data from obtained by regularly participating in surveys conducted by external research organizations (so-called executive remuneration survey, etc.) and use this information as a reference in determining our own remuneration.
5. Performance-linked remuneration
- (1) Bonus
- Due to the nature of short-term incentive remuneration, consolidated current net income is adopted as an evaluation indicator with the aim of increasing motivation to contribute to business performance for each fiscal year. For the performance-linked portion, the amount of remuneration is determined within the range of 0 to 200% depending on the status of achievement of consolidated current net income.
- (2) Performance-linked share
- The following four indicators are adopted as evaluation indicators, with the aim of enhancing corporate value over the mid- to long-term as well as sharing profit awareness with shareholders and raising management awareness that values the shareholders. The amount of remuneration is determined within the range of 0 to 200% depending on the status of achievement.



- In principle, the Bank issues the Bank’s common shares equivalent to the above remuneration in each fiscal year after being reasonably adjusted in accordance with the executive tenure during the evaluation period (the immediately preceding three fiscal years).

- [Evaluation indicators to calculate the amount of remuneration for performance-linked share]
- (1) Consolidated earnings per share
(Consolidated EPS/Earnings Per Share)
We have set profit as our number one indicator for measuring medium- to long-term results, and we have set consolidated EPS, which is a key indicator for shareholders, as our benchmark.
- (2) Consolidated over-head-ratio (OHR)
(Consolidated OHR/Over Head Ratio)
We will use consolidated OHR, which is also a key indicator in the numerical targets of our mid-term business plan, as a benchmark.
- (3) Total shareholder return
(TSR / Total Shareholders Return)
The Bank’s shareholder value index, which shows the return on investment, will be used to raise awareness of the benefits to shareholders and the importance of shareholder-oriented management.
- (4) SDGs management indicator
(Metric that measures our contribution to achieving the SDGs)
The Bank’s evaluation indicators will be selected from among management indicators associated to the ten goals set out in our SDGs declaration.
6. Perspective on the forfeiture and recovery clauses for remuneration
- To prevent excessive risk taking and ensure the soundness of management, and to prevent serious scandals, such as accounting fraud or significant corrections required for past fiscal year financial statements, which may be caused by excessive incentives, we established the clauses (Clawback clause and Malus clause) for the recovery and forfeiture of all or part of the share remuneration in the event of the circumstances.
7. Perspective on holding treasury shares
- In order to share awareness of the interest with shareholders and raise awareness of management with the emphasis on shareholders, we introduce a share remuneration plan to the Directors, excluding Outside Directors, and encourage them to hold a certain amount or more of the Bank’s common shares depending on their positions in accordance with the “Share Ownership Guidelines.”
8. Disclosure policy
- We release this disclosure policy publicly to the stakeholders appropriately through media and the following disclosure materials: securities reports, reference documents for the General Meeting of Shareholders, reports on corporate governance, our website, etc.



Executives

Directors



Nobuyuki Horie		Chairman	
Apr. 1978	Joined the Bank	Jun. 2011	Executive Officer and General Manager, Personnel Department
Feb. 2000	General Manager, Fukaya-Kamishiba Branch	Jun. 2012	Director, Executive Officer and General Manager, Personnel Department
Mar. 2002	Deputy General Manager, Personnel Department	Jun. 2013	Director and General Manager, Personnel Department
Jun. 2004	Senior Deputy General Manager, Personnel Department	Jun. 2014	Managing Director and General Manager, Compliance Department
Jun. 2005	General Manager, Kumagaya Branch	Jun. 2015	Managing Director
Jun. 2007	General Manager, Corporate Banking Department	Jun. 2017	Senior Managing Director
Jun. 2009	Executive Officer and General Manager, Utsunomiya Branch	Jun. 2019	Executive Vice President
		Jun. 2022	Chairman (current position)



Akihiko Fukai		President	
Apr. 1984	Joined the Bank	Jun. 2013	Director and General Manager, Corporate Planning Department
Jun. 2003	General Manager, Osaka Branch	Jun. 2014	Managing Director and General Manager, Business Planning & Administration Department
Jun. 2005	General Manager, Kiryu Branch	Jun. 2015	Managing Director
Jun. 2007	General Manager, Ota Branch	Jun. 2017	Senior Managing Director
Jun. 2009	General Manager, Risk Management Department	Jun. 2019	President (current position)
Jun. 2011	General Manager, Corporate Planning Department		



Hiroyuki Irisawa		Senior Managing Director	
Apr. 1984	Joined the Bank	Jun. 2011	General Manager, Kumagaya Branch
Oct. 2003	Administration Deputy Manager, Takasaki Branch	Jun. 2014	General Manager, General Affairs Department
Jun. 2005	Chairman, Opening Preparation Committee, Tokorozawa Corporate Sales Office (Sub-branch)	Jun. 2016	Executive Officer and General Manager, Corporate Planning Department
Oct. 2006	General Manager, Tokorozawa Branch	Jun. 2018	Managing Executive Officer and General Manager, Corporate Planning Department
Dec. 2006	Deputy General Manager, Credit Department	Jun. 2019	Managing Director
Jun. 2009	Manager, Internal Review Office, Credit Department	Jun. 2022	Senior Managing Director (current position)



Akihiro Goto		Managing Director	
Apr. 1986	Joined the Bank	Jun. 2016	General Manager, Inspection & Audit Department
Oct. 2005	General Manager, Kasakake Branch	Jun. 2017	Executive Officer and General Manager, Inspection & Audit Department
Aug. 2008	Deputy General Manager, Personnel Department	Jun. 2018	Executive Officer and General Manager, Personnel Department
Oct. 2010	Senior Deputy General Manager, Personnel Department	Jun. 2019	Managing Executive Officer and General Manager, Personnel Department
Jun. 2012	Senior Deputy General Manager, Cooperate Planning Department	Jun. 2022	Managing Director (current position)
Jun. 2014	General Manager, Isesaki Branch		



Tsutomu Takei		Managing Director	
Apr. 1986	Joined the Bank	Jun. 2019	Managing Executive Officer and General Manager, Business Planning & Administration Department
Apr. 2008	General Manager, Kawagoe Branch	Sep. 2019	Managing Executive Officer and General Manager, Head Office Sales Department
Apr. 2010	General Manager, Human Resource Development Office, Personnel Department	Jun. 2021	Managing Executive Officer and Area General Manager (Maebashi, Isesaki and Hokumou)
Jun. 2012	Senior Deputy General Manager, Personnel Department	Jun. 2022	Managing Director (current position)
Jul. 2013	General Manager, Secretariat		
Jun. 2015	General Manager, Shibukawa Branch		
Jun. 2017	Executive Officer and General Manager, Utsunomiya Branch		



Takeo Uchibori		Managing Director	
Apr. 1987	Joined the Bank	Jun. 2019	Managing Executive Officer and General Manager, Corporate Planning Department
Aug. 2009	Deputy General Manager, Corporate Planning Department	Dec. 2020	Managing Executive Officer and General Manager, Corporate Planning Department; President, Gunma Regional Advanced Solution Partners, Co., Ltd.
Jun. 2011	General Manager, Takasaki-higashi Branch	Apr. 2021	Managing Executive Officer and General Manager, Corporate Planning Department
Jul. 2013	General Manager, Business Strategy Office, Business Planning & Administration Department	Jun. 2022	Managing Director (current position)
Jun. 2014	Senior Deputy General Manager, Cooperate Planning Department		
Jun. 2016	General Manager, Ota Branch		
Jun. 2018	General Manager, Credit Department		



Jun Kondo		Outside Director	
Apr. 1976	Joined Fuji Heavy Industries Ltd. (present Subaru Corp.)	Apr. 2007	Managing Executive Officer, Chief General Manager, Strategy Development Division, and Chief General Manager, Subaru Cost Planning & Management of the Company
Jun. 2003	Executive Officer, Chief General Manager, Subaru Manufacturing Division, and Plant Manager, Gunma Plant of the Company	Jun. 2008	Director, Senior Managing Executive Officer, and Chief General Manager, Strategy Development Division of the Company
May 2004	Executive Officer, Chief General Manager, Subaru Cost Planning and Management Department, and General Manager, Cost Planning Department of the Company	Apr. 2009	Director and Senior Managing Executive Officer of the Company
Jun. 2004	Managing Executive Officer, Chief General Manager, Subaru Cost Planning and Administration Division of the Company	Jun. 2010	Outside Director, Gunma Television Co., Ltd.
Jun. 2006	Managing Executive Officer, Chief General Manager, Subaru Cost Planning and Administration Division and Vice General Manager, Subaru Purchasing Division of the Company	Jun. 2011	Executive Vice President, Subaru Corp.
		Jun. 2016	Director of the Bank (current position)
		Jun. 2017	Chairman, Subaru Corp.
		Apr. 2021	Director, Gunma University (current position)



Kuniko Nishikawa		Outside Director	
Apr. 1986	Joined Citibank, N.A.	May 2017	President, FRONTEO Healthcare, Inc.
Feb. 1996	Joined A.T. Kearney	Jun. 2018	Outside Corporate Auditor, AIG Japan Holdings KK
Sep. 2000	President, Super Nurse Co., Ltd.	Jun. 2020	Director of the Bank (current position)
Aug. 2010	President, FIRSTSTAR Healthcare Co., Ltd. (current position)	Jun. 2020	Outside Director, Solasto Corp.
Apr. 2013	Outside Director, Regional Economy Vitalization Corporate of Japan	Jun. 2020	Outside Director, AIG Japan Holdings KK (current position)
Jun. 2013	President, Benesse MCM Corp.	April 2022	Outside Director, Panasonic Corp. (current position)
Jun. 2015	Outside Director, OMRON Corporation		



Kazuhito Osugi		Outside Director	
Apr. 1977	Joined the Bank of Japan	May 2006	Internal Auditor and Director-General of Internal Auditors' Office, Bank of Japan
Nov. 1986	Economist, Bank for International Settlements (BIS)	Apr. 2007	Director-General of Secretariat of the Policy Board, Bank of Japan
Jun. 1999	General Manager of Matsumoto Branch, Bank of Japan	Apr. 2009	Visiting Professor, Ochanomizu University
May 2001	Assistant General Manager of Osaka Branch, Bank of Japan	Sep. 2011	Auditor, Bank of Japan
May 2003	RM Controlling Senior Director, Industrial Revitalization Corporation of Japan	Oct. 2015	Advisor of Security Transport Business Division, NIPPON EXPRESS CO., LTD.
Jul. 2005	Deputy Director-General of Financial System and Bank Examination Department and Head of Center for Advanced Financial Technology, Bank of Japan	Jun. 2016	Independent Outside Director of the Board, Nissha Co., Ltd. (then trade name at the time: Nissha Printing Co., Ltd.) (current position)
		Aug. 2018	Outside Director of the Board, Frontier Management Inc. (current position)
		Jun. 2021	Director of the Bank (current position)

Auditors



Shinya Koitabashi		Standing Audit & Supervisory Board Member	
Apr. 1984	Joined the Bank	Jun. 2014	General Manager, Corporate Banking Department
Aug. 2007	Deputy General Manager, Inspection & Audit Department	Jun. 2016	General Manager, General Affairs Department
Jun. 2008	Senior Deputy General Manager, Prefectural Office Branch	Jun. 2017	Executive Officer and General Manager, General Affairs Department
Feb. 2010	Senior Deputy General Manager, Personal Financial Assets Department	Jun. 2019	Managing Executive Officer and General Manager, General Affairs Department
Jun. 2012	General Manager, Prefectural Office Branch	Jun. 2020	Standing Audit & Supervisory Board Member (current position)



Keita Muto		Standing Audit & Supervisory Board Member	
Apr. 1985	Joined the Bank	Jun. 2017	Executive Officer and General Manager, International Department
Aug. 2007	General Manager, Overseas Transaction Support Office, Market and International Affairs Department	Jun. 2018	Executive Officer and General Manager, Inspection & Audit Department
Oct. 2009	General Manager, Ikebukuro Branch	Jun. 2019	Managing Executive Officer and General Manager, Inspection & Audit Department
Jun. 2012	Senior Deputy General Manager, Corporate Banking Department	Jun. 2021	Dispatched, treated as Managing Executive Officer; President, Gungin Consulting Co., Ltd.
Jun. 2014	General Manager, Market and International Affairs Department	Jun. 2022	Standing Audit & Supervisory Board Member (current position)
Feb. 2017	General Manager, International Department		



Makoto Tanaka		Outside Audit & Supervisory Board Member	
Apr. 1978	Joined Tokio Marine & Fire Insurance Co., Ltd.	Apr. 2007	Comprehensive External Auditor, Gunma Prefecture
Aug. 1993	Registered as a certified public accountant; Opened Makoto Tanaka Certified Public Accountant Office	Jul. 2010	Director, The Japanese Institute of Certified Public Accountants Tokyo Chapter
Nov. 1993	Registered as a certified tax accountant	Nov. 2010	Vice President, Shibukawa Chamber of Commerce and Industry (current position)
Mar. 1998	Established Suiran Joint Certified Public Accountant Office; Representative certified public accountant	Mar. 2016	Established Suisai Audit Corporation; Representative Partner (current position)
Sep. 2002	Established Tanaka Tax Accounting Office (currently Taksu Tax Accounting Office); Representative certified tax accountant (current position)	Jun. 2016	Audit & Supervisory Board Member of the Bank (current position)
		Jun. 2016	Outside Audit and Supervisory Board Member, Hochiki Corp. (current position)
		Apr. 2022	Representative Audit Committee Member, Shibukawa City (current position)



Yasuo Kamiya		Outside Audit & Supervisory Board Member	
Apr. 1981	Registered as a lawyer (Gunma Bar Association)	Nov. 2009	Member of Gunma Prefectural Pollution Review Board
Apr. 1983	Established Kamiya Law Office (currently Ryomo Law Office) (current position)	Jul. 2012	Member of the Gunma Prefectural Public Safety Commission
Oct. 2003	Member of Gunma Dispute Coordinating Committee, the Ministry of Health, Labour and Welfare	Jul. 2014	Chairman, Gunma Prefectural Public Safety Commission
Apr. 2008	Chairman, Gunma Bar Association Executive Governor, Japan Federation of Bar Association Managing Director, Kanto Federation of Bar Association	Nov. 2018	Chairman, Gunma Prefectural Pollution Review Board
		Jun. 2020	Audit & Supervisory Board Member of the Bank (current position)



Hiroshi Kasahara		Outside Audit & Supervisory Board Member	
Apr. 1978	Joined Gunma Prefectural Office	Apr. 2016	Superintendent of Education, Gunma Prefectural Board of Education
Apr. 2011	Director, Finance Division, General Affairs Department, Gunma Prefectural Government	Jun. 2021	Chairman, Gunma Prefecture Foundation for Education and Culture (current position)
Apr. 2013	Executive Director, Gunma Prefectural Hospitals Bureau	Mar. 2022	Director, Gunma Prefecture Foundation for Longevity Society (current position)
Apr. 2014	General Manager, Corporate Planning Department, Gunma Prefectural Government	Jun. 2022	Audit & Supervisory Board Member of the Bank (current position)

Executive Officers

Senior Managing Executive Officer	General Manager, Business Planning & Administration Department	Akihiko Horie
Managing Executive Officer	Area General Manager (Takasaki and Seimou)	Nobuyuki Kitamura
Managing Executive Officer	Area General Manager (Kumagaya, Omiya, Keihin and Osaka)	Atsushi Hirota
Managing Executive Officer	General Manager, Risk Management Department	Kimitoshi Mashimo
Managing Executive Officer	General Manager, Corporate Planning Department	Hideyuki Saito
Managing Executive Officer	General Manager, Credit Department	Satomi Nagaoka
Managing Executive Officer	Area General Manager (Ota, Kiryu, Tatebayashi and Tochigi)	Takashi Ishizeki

Executive Officer	General Manager, Corporate Consulting Department	Takeshi Hasegawa
Executive Officer	General Manager, Head Office Sales Department and General Manager, Soja Branch	Yuki Yokota
Executive Officer	Area General Manager (Maebashi, Isesaki and Hokumou)	Shiro Maki
Executive Officer	General Manager, Takasaki Branch and Toyooka Branch	Naofumi Takahashi
Executive Officer	General Manager, Treasury & Securities Department	Toru Sasaki
Executive Officer	General Manager, Personnel Department	Masayoshi Watanabe

Specialties and experience of Inside Directors and Audit & Supervisory Board members (skills matrix)

Name	Position	Expertise							
		Corporate Governance/ Sustainability	Regional Economy	Sales	Market Operations	Corporate Strategy/ Planning/ Compliance with Regulations/ New Business Development	Personnel	Risk Management	Systems
Nobuyuki Horie	Director and Chairman	●	●	●			●	●	
Akihiko Fukai	President	●	●	●	●	●		●	●
Hiroyuki Irisawa	Senior Managing Director	●	●	●	●	●			●
Akihiro Goto	Managing Director	●		●		●	●	●	
Tsutomu Takei	Managing Director	●	●	●			●		
Takeo Uchibori	Managing Director	●		●	●	●			●
Shinya Koitabashi	Audit & Supervisory Board Member			●	●				
Keita Muto	Audit & Supervisory Board Member			●				●	

Specialties and experience of Outside Directors and Audit & Supervisory Board members (skills matrix)

Name	Position	Number of Concurrent Positions at Listed Companies	Expertise							
			Corporate Management	Financials (Theories/ Administration/ Regulations)	Corporate Finance & Accounting (Practices/ Theories)	Corporate Legal Affairs (Practices/ Theories)	Macro economics	Sustainability	IT/Digitals/ Fintech	Regional Economy/ Administration
Jun Kondo	Director	—	●		●					●
Kuniko Nishikawa	Director	—	●					●	●	
Kazuhiro Osugi	Director	2		●			●			
Makoto Tanaka	Audit & Supervisory Board Member	1			●					●
Yasuo Kamiya	Audit & Supervisory Board Member	—				●				●
Hiroshi Kasahara	Audit & Supervisory Board Member	—						●		●

Optimal Capital Structure and Increased Corporate Value

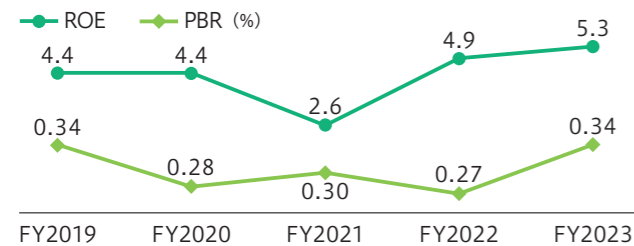
The Gunma Bank Group strives to realize a sustainable society and create economic value through business activities centered on its Purpose.

As a specific initiative to increase corporate value, we will aim to build an optimal capital structure, improve ROE, reduce the cost of shareholders' equity, and improve the equity spread.

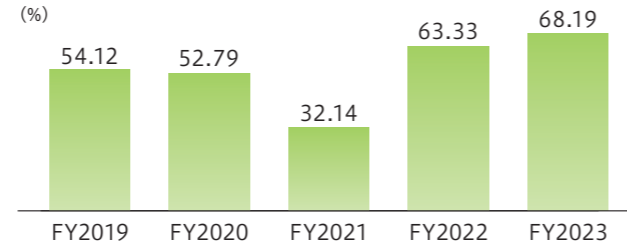
Equity spread ↑ = ROE ↑ - Capital cost ↓ ➡ PBR ↑

Striving for a sustained increase in corporate value, we will implement a flexible and effective capital policy, taking into consideration the balance between risk taking, financial soundness, and shareholder returns.

Changes in ROE, PBR and EPS



[EPS]



Optimal Capital Structure and Ideal ROE

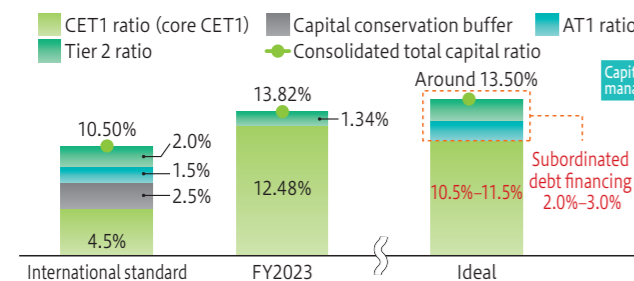
With the core CET1 ratio (calculated by deducting the valuation difference on securities from Common Equity Tier 1 capital) used as a perspective for capital management, the medium- to long-term target has been set at 10.5% to 11.5%.

As part of our efforts to improve ROE, we will increase capital efficiency by implementing flexible shareholder returns, while further strengthening our profitability by achieving the KPIs in Connections in the Mid-Term

Business Plan and by making growth investments (risk-taking). As such, we will aim for a ROE of 7% to 8% over the medium to long term.

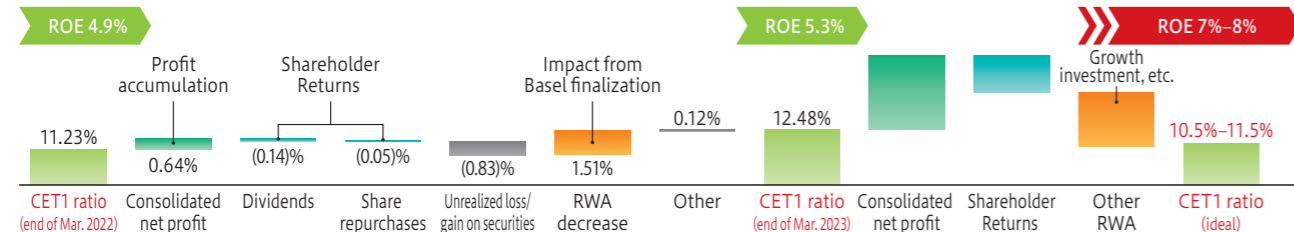
And in order to reduce capital costs, we will actively disclose financial and non-financial information, improve our investor relations, and strengthen initiatives for ESG and the SDGs.

Optimal capital structure and capital management



Core CET1 ratio	Operation
Over 11.5%	<ul style="list-style-type: none"> Implement flexible shareholder returns Capital utilization to strengthen profitability
Target range: 10.5%~11.5%	<ul style="list-style-type: none"> Maintain stable dividends, flexibly acquire treasury stock Use and accumulate capital to strengthen profitability
8.0%~10.5%	<ul style="list-style-type: none"> Continue stable dividends and control risk assets Capital accumulation to improve core CET1
Less than 8.0%	<ul style="list-style-type: none"> Revise return policy, reduce risk, increase capital

Capital allocation for our ideal ROE



Utilizing RORA

We recognize that efforts to improve RORA are an effective means of improving our capital adequacy ratio (soundness) and ROE (profitability). Gunma Bank will aim to achieve the ROE target, while suppressing the decline in the

capital adequacy ratio through risk-taking, by actively accumulating high-RORA assets and improving low-RORA assets, thereby improving the RORA of the Bank as a whole.

$$\text{RORA} = \frac{\text{Earnings}}{\text{Equity capital}} \times \frac{\text{Earnings}}{\text{Equity capital}}$$

Note: Earnings refers to net income for the bank-wide RORA target.

Target RORA: 0.7%; set from medium-term target (total capital ratio, ROE)		
Target 0.7%	Total capital ratio (long-term target)	13.5%
	ROE (long-term target)	5.0%

Communication with Our Shareholders and Investors

IR Activities

Our IR activities include regularly holding financial briefings for institutional investors and analysts by the President, IR briefings for individual investors and overseas investors, respectively, and small meetings hosted by the directors in charge. In this way, we have set up opportunities to explain our business performance, sales strategies, etc. to the shareholders and investors and to absorb market opinions.

Looking at the distribution of voting rights of the Bank's shares by ownership, individual shareholders account for more than 25% of the voting rights, which is a large

percentage. In FY2022, in order to increase contacts with a diverse range of individual investors, we expanded our IR activities for individuals, which were previously available to limited locality, and held the first IR briefing session for individual investors across Japan via an online live streaming session.

As for overseas investors, we intended to actively communicate with them by, among other things, providing English translations of timely-disclosed information and financial results briefing materials, etc. for analysts. By doing so, we hope to enhance our corporate value.

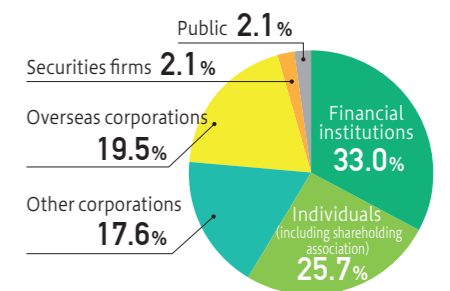


FY2022 interim large meeting (Tokyo, November 2022)



Briefing session for individual investors (online, February 2023)

[Breakdown of voting rights by shareholder (FY2023)]



Annual Results of Major IR Activities (FY2022)

		Target	Led By	Main Theme
April 2022	Briefing session for new mid-term business plan (for analysts)	Japan	President	Overview and background of the mid-term business plan Purpose
May	FY2021 results large meeting (for institutional investors and analysts)	Japan	President	Financial results, management strategy, capital policy and ESG initiatives, etc.
June	FY2021 results small meeting (for analysts)	Japan	President	Q&A session on financial results Exchange of opinions with analysts
August	FY2022 Q1 small meeting (for analysts)	Japan	Top executive (managing director)	Q&A session on financial results Exchange of opinions with analysts
September	Briefing session for individual investors (online live streaming for local individual investors)	Japan	President	Corporate profile, financial results, shareholder returns, etc. (approx. 120 participants)
September	Debt IR (related to subordinated bonds) (for institutional investors)	Japan	Head of Business Management Office	Financing background, overview of corporate bonds, financial results and ESG initiatives, etc.
October	SR meeting	Overseas	Head of Business Management Office	Corporate profile, financial results, capital policy and ESG initiatives, etc.
November	FY2022 interim large meeting (for institutional investors and analysts)	Japan	President	Financial results, management strategy, capital policy and ESG initiatives, etc.
December	FY2022 interim small meeting (for analysts)	Japan	President	Q&A session on financial results Exchange of opinions with analysts
December	Individual talks with overseas institutional investors (online)	Overseas	President	Operational base, corporate profile, financial results, etc.
December	SR meeting (for institutional investors (ESG personnel))	Japan	General Manager, Corporate Planning Department	Stewardship talk (results, strategy, shareholder returns, ESG)
February 2023	Briefing session for individual investors (online live streaming for individual investors across the country)	Japan	President	Overview of Gunma Prefecture and corporate profile Financial results, etc. (approx. 810 participants)
February	FY2022 Q3 small meeting (for analysts)	Japan	Top executive (managing director)	Q&A session on financial results Exchange of opinions with analysts
March	Online briefing session (online live streaming for local individual investors)	Japan	President	Corporate profile, financial results, shareholder returns, etc. (approx. 230 participants)
March	Overseas roadshow (non-deal) (overseas institutional investors)	Overseas	President	Overview of Gunma Prefecture and corporate profile Financial results, etc.



Compliance Management System

With a view to fulfilling the social responsibility and public mission of a bank, it is indispensable to establish and implement a compliance management system. Thus, we regard compliance as one of the most important management tasks and will work together with all of our executives and employees to foster a corporate culture that emphasizes the importance of compliance.

Compliance Management System

The Board of Directors is the highest organization responsible for compliance, and its authorized Compliance Committee deliberates on important matters related to compliance. In addition, managers and personnel in charge of compliance are assigned to all departments and branches to ensure thorough compliance by raising compliance awareness of the executives and employees and providing

educational guidance to them. The Risk Management Department that oversees compliance, centrally manages compliance-related matters, and strives to develop and establish a system for compliance with applicable laws and regulations and a management system to protect our customers.

Compliance in Practice

In order to put our “Corporate Philosophy” into practice, we have established “Corporate Ethics” as a basic policy for compliance and “Action Guidelines” as the criteria for compliance.

Further, we established “Compliance Guidelines” summarizing all matters necessary for practicing compliance, including “Corporate Ethics” and “Action Guidelines.” By using these Compliance Guidelines in our training programs and study sessions, we aim to ensure the thorough practice

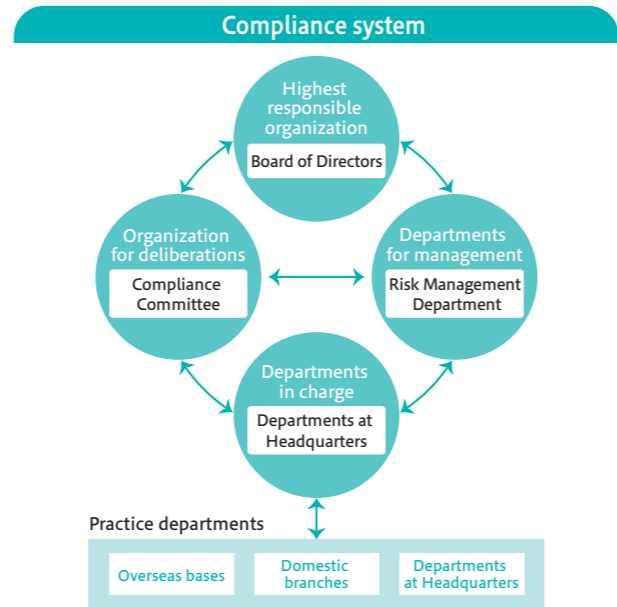
of compliance. In addition, the “Compliance Action Plan,” which is a specific practical plan for fulfilling compliance requirements, is formulated annually by the Board of Directors, based on which measures should be taken. We are striving to further enhance and reinforce compliance by, for example, giving training at each department and branch, checking and monitoring compliance status using checklists and conducting consultations and guidance by visiting branches.

Contents of “Corporate Ethics” and “Action Guidelines”

Corporate Ethics	1. Awareness of social responsibility and public mission
	2. Strict compliance with laws and regulations
	3. Transparency in management and openness to society
	4. Measures to deal with anti-social forces (crime syndicates)
Action Guidelines	1. Understanding and complying with laws, regulations, and rules
	2. Maintaining and improving confidence
	3. Reporting, communicating, and consulting
	4. Drawing a line between public and private matters
	5. Honesty and sincerity in customer service
	6. Steadfast actions against anti-social forces
	7. Strict management of customer information
	8. Prevention of money laundering

Themes of Training Sessions for Each Department and Branch (FY2022)

- April: The FY2022 Compliance Action Plan
- June: “Corporate Ethics” and “Action Guidelines”
- July: Preventing Fraud and Unjust Acts
- September: Whistleblower Protection Act



Internal Whistleblowing System

We have established a system (Compliance Hotline) that allows all executives and employees to report violations of laws and regulations directly to the Risk Management Department and outside lawyers. This system has an important mechanism for protecting the confidentiality of whistleblowers and prohibiting disadvantageous handling of them, which results in ensuring the effectiveness of the system by protecting whistleblowers, and encouraging early detection of violations of laws and regulations.

Compliance Action Plan

The Board of Directors formulates a Compliance Action Plan every year as a specific practical plan for enhancing and reinforcing compliance. In the Compliance Action Plan, the highest priority items are listed as common themes across the Bank. The Compliance Committee confirms the implementation status of the Compliance Action Plan every quarter, and the Board of Directors confirms the implementation status of the plan every six months.

- 《FY2023 Compliance Action Plan Bank-wide Common Themes》
1. Prevention of fraud
 2. Eradication of harassment
 3. Prevention of money laundering
 4. Customer-oriented sales activities
 5. Appropriate management of customer information

Measures to Protect Customers

In addition to announcing a “Customer Protection Management Policy,” the Bank assigns personnel in charge of customer protection management to each department and branch, allowing them to offer sufficient explanations about this to customers and handle consultations, requests, and complaints from customers in a timely manner. We are working to develop and establish an enhanced customer protection management system.

Our “Customer Support Office” handles customer complaints. In addition, we support the financial Alternative Dispute Resolution (ADR) system in which a designated dispute resolution organization settles conflicts from a fair and neutral position.

《Contacts and Phone Numbers for Suggestions or Complaints》			
	Customer Support Office, Gunma Bank	Designated Dispute Resolution Organization	
		Consultation Office, Japanese Bankers Association (JBA)	Investors Consultation Office, The Investment Trusts Association, Japan
Phone Numbers	0120-203041 (Domestic toll free) +81-(0)27-252-1111 (key number)	0570-017109 (Navi Dial (NTT's Japan-wide call handling service)) +81-(0)3-5252-3772	0120-817335 (Domestic toll free) +81-(0)3-6206-3988
Reception Time	09:00-17:00	09:00-17:00	09:00-17:15
Reception Date	Monday to Friday (excluding public holidays and Dec 31-Jan 3)		

We have also announced that we would conduct foreign exchange operations adequately in compliance with the Global Code of Conduct for Foreign Exchange, and have released publicly our “Basic Policy on Foreign Exchange Transactions,” which stipulates how to conduct foreign exchange transactions with customers and how to protect customer information within the transactions.

Measures to Protect Business Partner Information (Personal Information)

The Bank published a “Personal Information Protection Declaration” as our policy for appropriate protection and use of personal information obtained in connection with our operations by assigning personnel responsible for managing and supervising business partner information, including personal information throughout the Bank, and developing and establishing a management system to implement meticulous safety management measures and supervise outsiders.

To protect specific information on corporate entities acquired by executives and employees, we have established measures to communicate and manage such information, and aim to prevent unfair transactions using such information.

Measures to Manage Conflicts of Interest

Together with announcing a “Conflict of Interest Management Policy,” we perform our business operations so as not to unduly harm our customers' profits, by properly managing transactions that may cause conflicts of interest between customers and the Bank or its Group as well as between customers of the Bank or its Group companies.

Severing Ties with Anti-social Forces

Unfair intervention by anti-social forces can lead to a decline in confidence of a bank, making it difficult to ensure the suitability and soundness of business operations.

Based on the importance of the social responsibility of a bank, we take a firm position against anti-social forces in accordance with the three principles of “Prevent access to our funds, prevent use of their funds, and do not fear such anti-social forces and groups.” We are working to suspend relationships with such anti-social forces.

Specifically, starting new solicitation and transaction activities for anti-social forces is banned, and transactions already made are reduced and eventually stopped when such transactions are discovered. In addition, we have introduced stipulations to exclude anti-social forces in contracts.

In order to eliminate unreasonable claims from anti-social forces and transactions with such groups, we ensure the safety of executives, employees and related parties. The Bank and its Group companies take measures together and cooperate, on a daily basis, with external organizations such as the police and lawyers.

Other Measures

The Bank has established “Guidelines for Gifts and Entertainment” to eliminate acts that may lead to suspicion, distrust, misunderstanding, and criticism from society, and maintains sincere, fair, and transparent relationships with our business partners, and will strive to prevent a loss of social trust and confidence. The guidelines stipulate the type of gifts and entertainment that the Bank may give and the type of gifts and entertainment that the Bank may receive from business partners.

Risk Management

Basic Perspective

The risks facing banks in Japan are becoming increasingly diversified and complicated amid major changes taking place in the business environment. Under such circumstances, in order to improve the corporate value while ensuring soundness and stability of management, it is necessary that we appropriately manage and control risks according to the characteristics of operations and risks.

The Bank understands adequate risk management as one of the most important managerial tasks. The Board of Directors has established the Basic Policy on Risk Management and strengthens and improves the risk management system, including the risk management following this basic policy.

Overview of Risk Management System

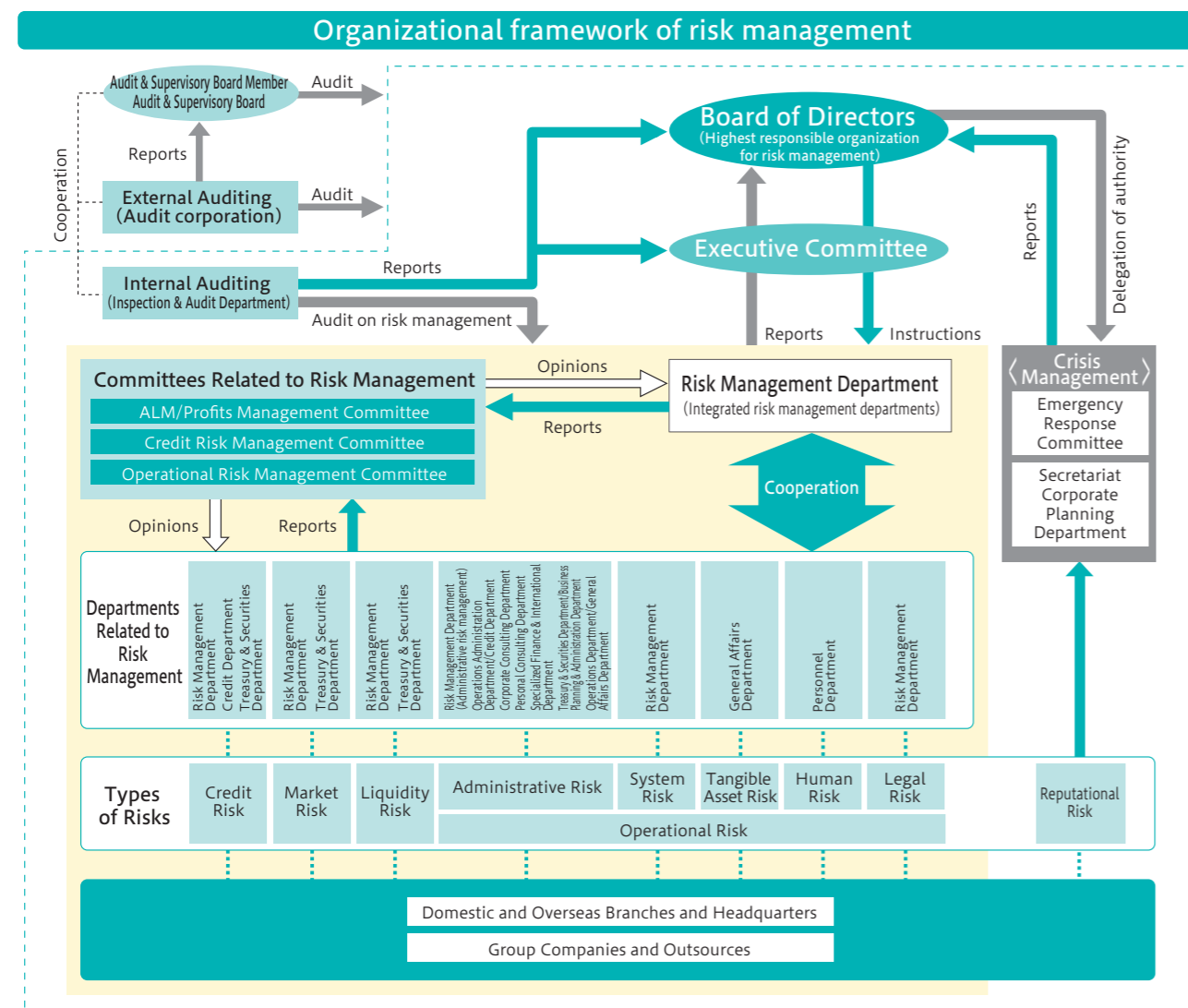
The Board of Directors fully recognizes the importance of risk management, determines the risk management policy based on the Bank's management policy, etc., and strives to foster a corporate culture that places emphasis on risk management.

In addition, the Risk Management Department has been established as an integrated risk management organization for the entire bank, which comprehensively grasps and manages the status of various risks including risk measurement results from a cross-sectional perspective.

The Risk Management Department and various

risk management-related departments work together concerning risk situations and challenges and report the results to the Executive Committee and the Board of Directors based on discussions and reviews by the ALM/Profits Management Committee, the Credit Risk Management Committee, and the Operational Risk Management Committee.

The Inspection & Audit Department examines and evaluates the appropriateness of risk management from an independent standpoint and provides advice regarding improvement in response to the issues identified.



Integrated Risk Management

(1) Basic perspective

In addition to managing individual risks such as credit, market, and liquidity risks, it is necessary to comprehensively manage risks such as overall risk of the Bank as a whole, and to compare and contrast these risks with management vitality. For this reason, the Risk Management Department is taking the lead in developing a system for integrated risk management, strengthening the management of various risks, and promoting the advancement of integrated risk management.

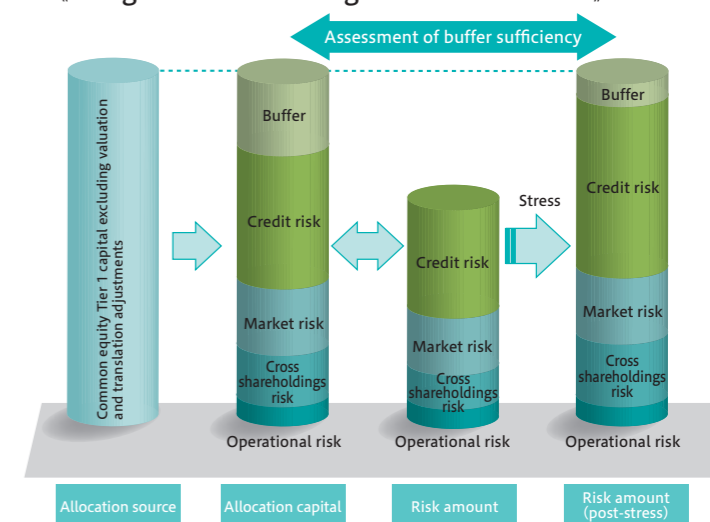
(2) Integrated risk management framework

As one of the methods for integrated risk management, we implemented a system of integrated risk management to measure the amount of risk by each category such as credit risk and market risk using a unified framework (value at risk (VaR), etc.) and integrate them to be compared with management vitality (equity capital).

In specific terms, the Board of Directors determines allocation of risk capital by risk category every six months, with the amount obtained by subtracting valuation and translation adjustments, etc. from common equity Tier 1 capital as the allocation source.

The Bank regularly monitors the risk amount to determine whether it is within the allocated risk capital, and reports findings every month to the Asset Liability Management (ALM) / Profits Management Committee as well as the Executive Committee.

《Integrated Risk Management Framework》



Management by Risk Category

Credit Risk Management

Credit risk refers to the possible loss that a bank may suffer because a bank's business partner or securities issuer cannot repay/redeem interest and/or principal as promised due to worsening business conditions, etc.

At the Bank, asset-based lending accounts for the majority of credit risk, and ensuring the soundness of asset-based lending is an important task in managing credit risk in the future.

In order to perform strict credit risk management,

mutual checks on credit risks between related departments are necessary. At the Bank, the Risk Management Department is independent from the sales promotion departments and the examination departments, and plans and verifies the management system that forms the basis of credit risk management, such as a credit rating system, asset self-assessment, and amortization and depreciation system, which all work as a regular check function.

Market Risk Management

Market risk refers to the possible loss that a bank may suffer due to fluctuations in market factors such as interest rates, exchange rates, and share prices.

In addition to management by the Risk Management Department, for the Treasury & Securities Department in charge of market transactions, the department in charge of trading (front office) is separated from the department in charge of risk management and the department in charge of routine paperwork (middle and back offices) to provide a check and balance system.

The Risk Management Department manages and analyzes the situation of risk amounts for VaR and valuation gain/loss and the impact that changes in market factors have on gain/loss on valuation and capital ratio, and reports its findings to the Asset Liability Management (ALM)/Profits Management Committee. The Treasuries and Securities Department invests in stocks and bonds within the appropriate trading scope under sufficient risk management.

Liquidity Risk Management

Liquidity risk consists of cash flow risk and market liquidity risk.

Cash flow risk means the possible loss that a bank may suffer if the Bank is unable to secure the necessary funds due to mismatches between operating and funding periods or unexpected capital outflows or is forced to raise funds at significantly higher rates than usual.

Market liquidity risk refers to the possible loss that a bank may suffer due to an inability to trade because of market turmoil, etc. or a trade where the Bank is forced to accept significantly unfavorable price.

The Bank stipulates the Treasury & Securities

Department as the department in charge of cash flow and it manages cash flow strictly on a daily, weekly and monthly basis including that of overseas branches. The Risk Management Department monitors and analyzes cash flow situation, balance of investment and funding, identifies and analyzes interest rate trends, and then reports to the Asset Liability Management (ALM)/Profits Management Committee as well as the Executive Committee. Furthermore, the Bank has formulated a Contingency Plan to prepare for various contingencies and has put into place a system that can address various cases.

Operational Risk Management

Operational risk is the possible loss that the Bank may suffer due to inadequate operational processes, activities of workers such as executives, employees, and temporary employees, and functions of systems, or exogenous events. The Bank divides operational risk into five categories in order to effectively manage risks in accordance with the organizational structure and content of operations. These five categories are: (1) Administrative risk; (2) System risk; (3) Tangible asset risk; (4) Human risk; and (5) Legal risk.

The Board of Directors has established a Basic Policy on Risk Management and Basic Regulations on Operational

Risk, which stipulate basic matters concerning operational risk management. The Director in charge of the Risk Management Department is designated as the person in charge of supervising overall operational risks and the Risk Management Department is designated as the integrated operational risk management division. The Risk Management Department plans and supervises the overall management of operational risk under the direction and supervision of the director in charge, and each risk management-related department manages each risk from a specialized standpoint.

Crisis Management

Based on our social responsibility and public mission as a regional financial institution, the Bank has developed a system that can respond to emergencies quickly and appropriately in the event of a major natural disaster, system failure, novel coronavirus pandemic, etc. and convey relevant information to everyone within the organization.

Specifically, in order to ensure the safety of our customers, executives and employees, and to perform

operations smoothly, we have a crisis management plan (business continuity plan (BCP)). We conduct regular training to ensure its effectiveness and periodically review its contents. We have also established a system to convene an emergency response committee chaired by the President in the event of a crisis. In particular, for major earthquake disasters, we have developed measures such as backup offices and backup systems based on the expected impact.

Cyber Security Management

In order to cope with cyber-attacks, we are implementing multi-layered measures to prevent unauthorized entry into the system and to detect viruses. We are continuously reviewing these measures to ensure their effectiveness.

The Gungin CSIRT* installed in the Risk Management Department plays a central role in dealing with cyber attacks. We are continuously strengthening our security management system through the collection of information from outside organizations and conducting classes and training in cyber security and cyber-attacks.

* CSIRT: Abbreviation for "Computer Security Incident Response Team"

Combating Money Laundering and Terrorist Financing

Money laundering and terrorist financing refer to the act of making it appear that funds obtained through crime or unjust transactions have been obtained through legitimate means. The source of funds is often disclosed after funds have been diverted via numerous banks, and/or funds are provided to terrorists with the aim to commit terrorist acts, etc.

The Bank considers anti-money laundering and combating the financing of terrorism to be a key task for management. It has therefore established the Financial Crime Countermeasures Office in the Risk Management Department and is enhancing its systems to centrally

manage and cope with money laundering. Based on the Required Actions for a Financial Institution indicated by the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism issued by the Financial Services Agency, the Bank has taken a risk-based approach to identify and assess risks and enhance risk mitigation measures. The Bank regularly reports to the Financial Crimes Prevention Committee and the Executive Committee on details of its efforts to prevent money laundering, etc., working to further enhance anti-money laundering and terrorist financing measures with the involvement of management.

Financial Crime Prevention Service

The Bank has set up the following toll free numbers in Japan as consultation windows for financial crimes.

Gunma Bank "Financial Crime Prevention Service"

Toll free number: 0120-788511

Hours: 09:00-17:00 (excluding bank holidays)

Establishment of a Risk Appetite Framework (RAF)

As the management environment surrounding financial institutions becomes more severe, to achieve sustainable profitability regional financial institutions must undertake business model reforms and develop their governance system for supporting strategies and managing risk appropriately.

Given this, the Bank clarifies types and amounts of risk acceptable to achieving the business plan and builds a risk appetite framework (RAF) for business management and risk management.

The new mid-term business plan, "Innovation for Purpose," was formulated after conducting an analysis of

the risk and return of each of our business areas based on RORA and setting the following risk-taking policy aimed at increasing earnings.

In light of the current market environment, in order to keep to a manageable level the decline in gains on securities valuation due to an increase in interest rates, the Bank has set target values for the amount of interest rate risk in the bond portfolio to prevent a decline in the capital adequacy ratio.

Going forward, the Bank aims to optimize risk and returns and effectively utilize capital and management resources through the gradual development of the RAF.

Risk-Taking Policy

- Invest management resources to solve issues to revitalize the local economy and achieve sustainable growth/actively engage in risk-taking.
- Aim to expand earnings by taking on risks in growth areas such as decarbonization, while securing equity capital to supply funds to the region.
- In securities management, build a long-term stable portfolio by diversifying assets under management with a focus on diversification and securing liquidity.



Initiatives to Improve Customer Satisfaction

Customer-Oriented Business Conduct

In June 2023, the Bank reviewed and revised the Customer-Oriented Business Conduct Policy and Action Plan based on Customer-Oriented Business Conduct Policy which were both formulated together with Gungin Securities in June 2017. The Policy and Action Plan, along with the status of related initiatives and KPIs (shared and independent KPIs) are published on the Bank's website.

Initiative Policy

Preface

The Gunma Bank and Gungin Securities (hereafter the Gunma Bank Group) uphold the corporate philosophy of always taking actions that will foster the development of regional communities, and strengthening a creative relationship with our customers. And based on our Purpose to "use our strengths in connections to spin the threads of the future for local communities," we will actively work to resolve social issues faced by society and customers (social value), and as a result, aim to achieve sustainable growth together by making a reasonable profit (economic value). Based on this corporate philosophy and Purpose, we will work to improve financial services predicated on the following policies.

Realization of Customers' Best Interests

1. Based on our corporate philosophy and Purpose, the Gunma Bank Group considers what products and services are most suitable for customers, striving to realize their best interests.
2. In order to realize customers' best interests, Gunma Bank will be responsible for providing comprehensive support for the various needs that arise depending on the life stage of our customers, and Gungin Securities will be responsible for broadly supporting their asset management needs.

Selection of Useful Products and Services for Customers

When selecting new products and services, or proposing products and services to customers, we base our decisions on what product or service is most suitable for the customer, not on the amount of commission we receive or our relationship with the company providing the product or service.

Improved Transparency of Bank Commissions, Etc.

In order to help customers make informed decisions when selecting products and services, we will improve the transparency of fees and commissions for each product and

service and provide detailed explanations to ensure that customers understand all the costs involved.

Provision of Important Information in an Easy-to-Understand Manner

1. When providing information on products and services, we will use IT and other tools to provide easy-to-understand explanations on the underlying returns or losses and other risks of the product or service, as well as the terms and conditions.
2. To ensure that customers can use their own judgment in selecting the product or service that best meets their needs, we will provide information that is clear, plain, and truthful in a manner that is not misleading.

Provision of Suitable Products and Services Available for Customers

1. The Group will work together to propose the most suitable product or service according to the customer's knowledge, experience, financial situation, objectives, and needs.
2. We will actively provide financial and economic information to improve the financial literacy of people in the region.
3. We will follow-up with customers in a timely and appropriate manner, including providing the information customers need to make investment decisions, such as information on the market environment and the state of customers' investments.

Human Resource Development and Evaluation

In order to provide optimal consulting services that meet the diverse needs of customers, we will strive to develop human resources with both expertise and advanced proposal skills. We will do this in a number of ways, including enhancing our training programs, giving support to employees to obtain professional qualifications, and placing importance on appropriate evaluations for employees.

Efforts to Help Elderly Customers and Customers with Disabilities

Installation of Communication Tools at All Branches

Various communication tools that can be used by customers who are elderly or those who need hearing or writing assistance are available at the counters of all sales branches, including hearing aids, ear mark plates, and writing boards for communication.

Remote Sign Language Interpretation Service

A remote sign language interpretation service in which sign language operators provide interpretation via videophone using dedicated mobile PCs is now available at 26 of our branches.

Telephone-Based Communication Relay Service

We have handled part of our operations through a telephone-based communication relay service, which enables the hard of hearing to communicate with the hearing through an interpreter.

Barrier-Free Branches and ATMs

We are promoting the creation of a banking service environment that is safe and convenient for the elderly or

customers with disabilities, such as by eliminating steps inside and outside banking outlets, installing parking areas convenient for disabled people and having wheelchairs available for customer use.

In order that visually impaired or elderly customers can use ATMs smoothly, ATMs with handsets have also been installed at all branches, and we are also proceeding with installing universal design ATMs.

Other Measures

- The transfer fee at the counter for visually impaired customers will be the same as that for ATM transfer fees.
- For customers who are visually impaired or have difficulty reading, our staff will do the procedure by reading or writing on behalf of the customer.
- Braille notification service, use of Braille business cards.
- Text-to-speech function on the Bank's website.
- Participation in the Dementia Supporters Program.



Social Contribution Activities

GUNGIN Foundation Initiatives

The Gunma Bank Environmental Foundation, established in 1995, changed its name to the GUNGIN Foundation in November 2022, and is now working on social welfare projects in addition to its existing environmental conservation projects.

The GUNGIN Foundation Environmental Education Award and the GUNGIN Foundation Environmental Award are presented as subsidies, and the Eco-kids Camp and Environmental Expedition Group are held as activities to raise awareness.

The GUNGIN Foundation also carries out the "Connect Together Future Project: Everyone has a dream," supporting activities that lead to a prosperous future for the region under a different theme each year. In FY2022, the GUNGIN Foundation donated 3 million yen to the Children's Cafeteria Network Gunma with the theme of supporting children's cafeterias.

We will continue to contribute to the sustainable development of local communities through our business activities.

Biodiversity Initiatives

Maintenance Activities for Gungin Forest

In 2011, as part of our environmental conservation activities, we named a forest as the Gungin Forest based on the designation in the Prefectural Forest Maintenance Partner Project Implementation Agreement signed with Gunma Prefecture, and are working on its maintenance and conservation activities. In addition, as part of the training given to new employees, they take part in forest conservation activities to raise awareness.

Donations to Oze Preservation Foundation

Part of the trust fees received by Gunma Bank and its contractors are handled as part of the Oze Kiko, a natural environment protection fund that donates to the Oze Preservation Foundation, which conducts environmental preservation activities in Oze. We also handle donations made to the foundation through the donation course of the shareholder benefits program.

- Total amount donated to the Oze Preservation Foundation by the Gunma Bank Group: 18,217,000 yen

Other Measures

Support for Finance Education

Dispatching of instructors to Gunma University

Since fiscal 2017, we have been conducting collaborative seminars with Gunma University. In FY2022, we dispatched three instructors to give lectures on financial literacy.

Financial education classes

To help improve financial literacy in the region, Bank employees go to schools and conduct financial education classes.

Classes are also given to high school students, as part of training for the Bank's younger employees. (Classes were held online in fiscal 2022.)

Admission of elementary, junior high, and high school students for experiential learning

We admit local elementary and junior high school students for experiential learning courses conducted at our branches, as well as a company tour for high school students at our head office.

Economics Koshien

In order to provide opportunities for high school students to enjoy learning about finance and the economy and acquire financial literacy while having fun, we organize the Gunma Tournament of the National High School Finance and Economics Quiz Championship "Economics Koshien."

Support for Arts and Cultural Activities

We support activities such as sponsoring regular concerts for the Gunma Symphony Orchestra.

The Gunma Symphony Orchestra is engaged in artistic activities closely connected to regional communities and contributes to the improvement of regional music culture by holding traveling music classes for elementary and junior high school students in addition to regular concerts.

Donations to Gunma Prefecture World Heritage, Gunma Silk Inheritance Succession Fund

We work with the Silk Inheritance of Gunma, which donates part of the trust fee received by the Bank and the trustee company for the protection of the World Cultural Heritage site of the Tomioka Silk Mill and related sites. We also handle donations to funds through the donation course of the shareholder benefits program.

- Total amount donated by the Gunma Bank Group to Gunma Prefecture World Heritage/Gunma Silk Inheritance Succession Fund: 9,298,000 yen

Support for Sports Activities

The Gunma Bank Green Wings were the runner-up last season (for the second consecutive year) in the V2 level of the Women's V League for volleyball. The Bank also actively contributes to the local community through volleyball classes and other activities.

In addition, the Bank supports local sporting events, for example, by sponsoring the Gunma Marathon held in November every year.



[Gunma Bank Green Wings] 2022-23 season



Company Information

Company Overview

(as of March 31, 2023)

Name:	The Gunma Bank, Ltd.
Date of establishment:	September 1932
Location of head office:	194 Motosojamachi, Maebashi, Gunma
Capital:	48.6 billion yen
Number of employees:	2,903 (excluding temporary employees)
Number of bases Domestic:	159 banking outlets in Japan (111 in Gunma, 48 outside Gunma)
	Overseas: one banking outlet in New York; Four offices (Hong Kong, Shanghai, Bangkok, and Ho Chi Minh)
Subsidiaries Domestic:	Eight companies
Affiliates Domestic:	One company
Total assets:	10,633.1 billion yen
Deposits:	8,053.7 billion yen
Loans and bills Discounted:	6,049.7 billion yen
Net assets:	473.3 billion yen
Total capital adequacy ratio: (uniform international standards)	Consolidated 13.82% Non-consolidated 13.23%
Ratings:	JCR AA R&I A+ Moody's A3 S&P A-

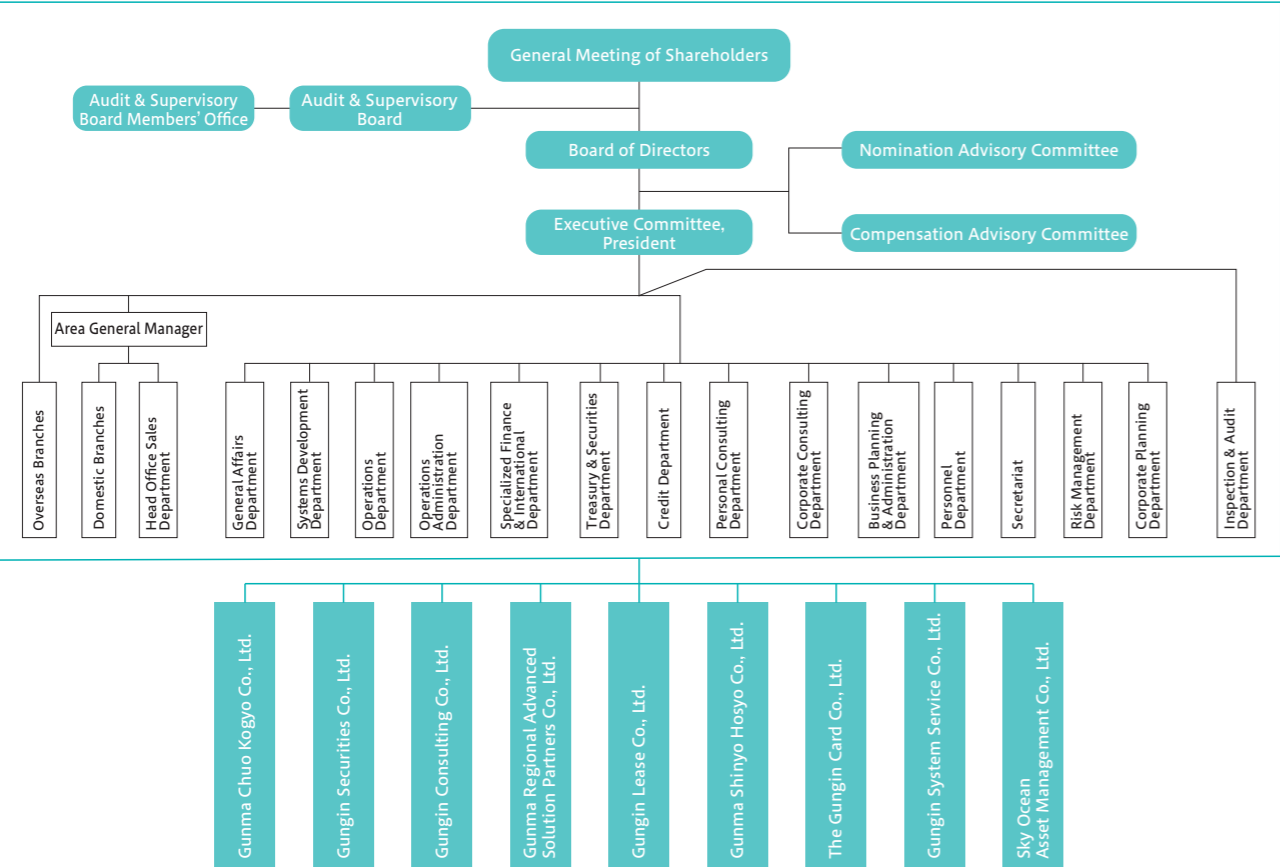


Note: Number of employees in the consolidated companies is 3,061 (2,860 for the Gunma Bank and 201 for its subsidiaries). Employees of the Gunma Bank include "locally hired overseas employees and secondees to the Bank" and exclude "secondees from the Bank," etc., indicating the number of employees based on the establishment employment.

▶ For details on subsidiaries and affiliates, see page 41.

Organization Chart

(As of June 30, 2023)



Key Operations

Deposit services	Deposits	Offering current deposits, ordinary deposits, savings deposits, fixed deposits, separate deposits, foreign currency deposits, etc.
	Certificates of deposit	Negotiable certificates of deposit
Loan services	Loans	Loans on bills, loans on deeds, overdrafts
	Bill discounting	Discounts on bank acceptance, commercial bills, documentary bills
Trading of trading account securities		Trading of public bonds such as national government bonds
Portfolio investments		Investments in government bonds, municipal bonds, corporate bonds, stocks, and other securities for bank reserves and fund management
Domestic exchange transactions		Transfers, debt collection, etc.
Foreign exchange business		Various services related to foreign exchange transactions for purposes such as exports, imports, foreign remittances, etc.
Over-the-counter sales of investment trusts		Over-the-counter sales of public bonds such as national government bonds and investment trusts
Services as a trustee of bonds and debentures and an issuing and paying agent		Services as a trustee of bonds and debentures under the Secured Bond Trust Act, in addition to floating public bonds, and conducting agency services for issuances and payments
Trust business		Trust as a substitute for a will, land trust, real estate management trust, specific charitable trust, charitable public trust. Also, we handle inheritance-related services (will trust and liquidation of inheritance property services).
Handling of defined contribution pension plans		Operations and management of defined contribution pension plans under the Defined Contribution Pension Act
Supplementary services	(1) Agency services	#1 Acting branch of the Bank of Japan, acting revenue branch of the Bank of Japan #2 Handling of public funds for local public bodies #3 Agency services for the Workers' Retirement Allowance Mutual Aid Organization #4 Agency services for receipt of paid-in advances on stocks and payments of share dividends and the principal and interest of public and corporate bonds #5 Agency service for loans from the Japan Finance Corporation #6 Trust agent services for pension trusts #7 Non-life insurance agent services #8 Life insurance agent services
	(2) Safe deposit box (3) Loan of securities (4) Loan guarantee (acceptance of payment) (5) Financial instruments brokerage	(6) Underwriting of public bonds (7) Derivative transactions of interest rates and currencies (8) Handling of commercial papers (9) Staffing

General Meeting of Shareholders

For the general meeting of shareholders held in June, we issue a convocation notice before the meeting and post a notice at the stock exchanges and the Bank's website. We have also striven to improve the voting environment by enabling shareholders to exercise their voting rights via the Internet and participate in the voting platform. After the general meeting, a notice of resolutions and results of the exercise of voting rights (extraordinary report) are immediately posted on our website.

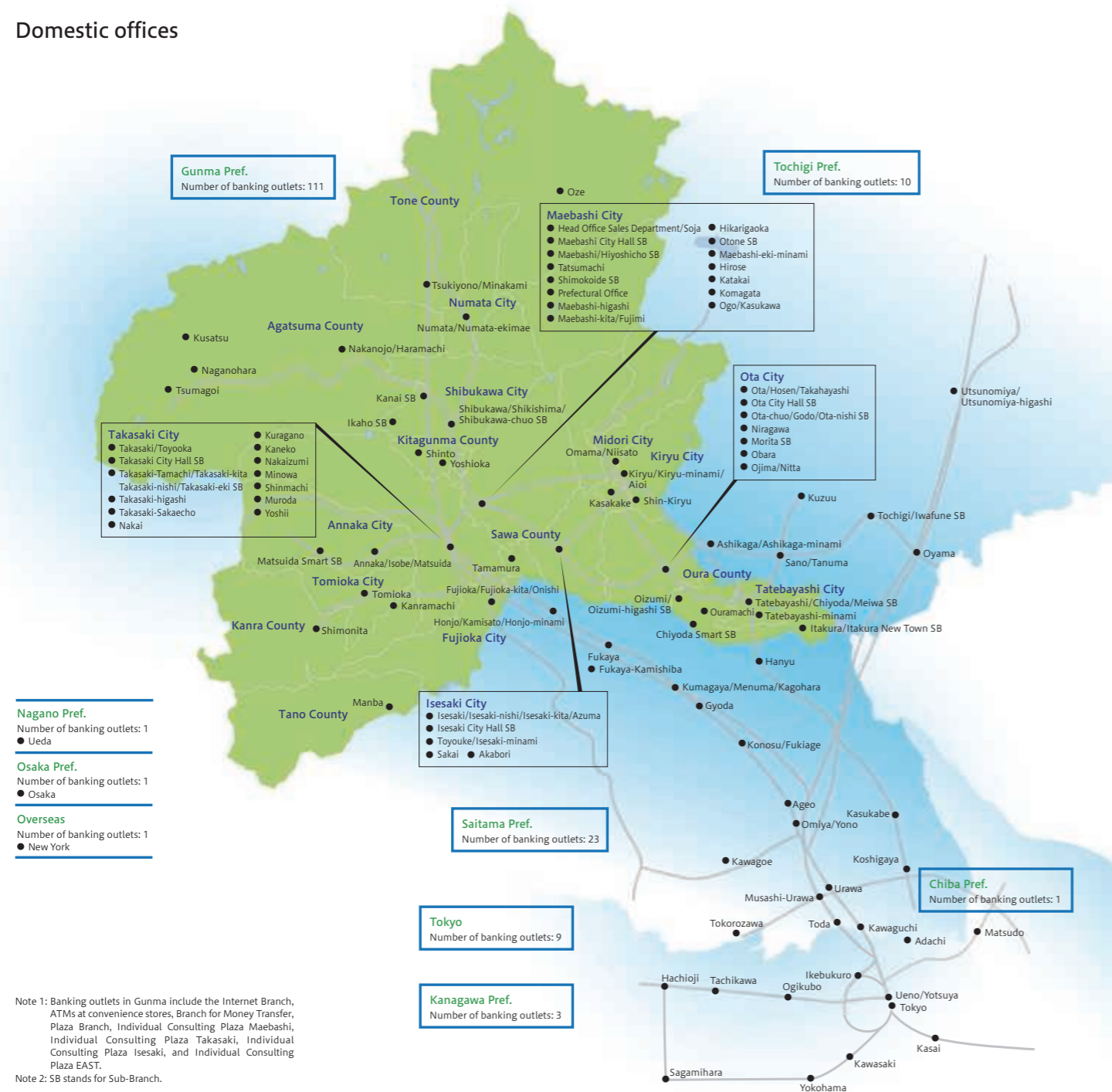
	2020	2021	2022	2023
Date	Jun. 24 (Wed.)	Jun. 24 (Thu.)	Jun. 24 (Fri.)	Jun. 27 (Tue.)
Number of shareholders in attendance	50*	46*	52*	98
Voting rights exercise ratio	85.1%	85.7%	83.9%	82.2%
Dispatch date of notice	Jun. 2 (Tue.)	Jun. 2 (Wed.)	Jun. 2 (Thu.)	Jun. 5 (Mon.)
Posting date of notice on website	May 27 (Wed.)	May 27 (Thu.)	May 27 (Fri.)	May 29 (Mon.)

* To prevent the spread of COVID-19, in 2020 and 2022 we gave top priority to the safety and security of our shareholders and have asked them to avoid coming to meetings as much as possible.

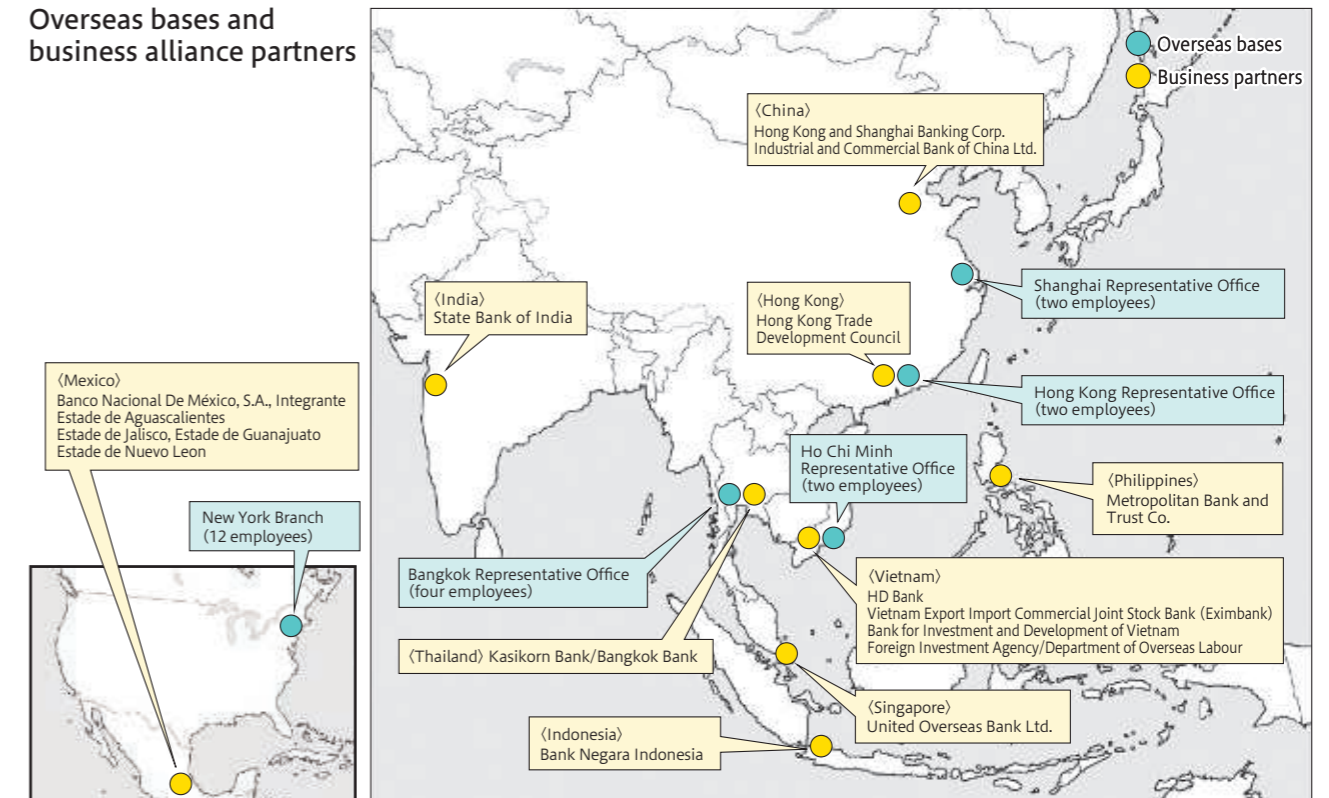
Service Network

(as of June 30, 2023)

Domestic offices



Overseas bases and business alliance partners



New York Branch
780 Third Avenue,
6th Floor New York,
NY 10017 U.S.A.



Hong Kong Representative Office
Suite 1803, Tower 1,
The Gateway, Harbour
City, 25 Canton Road,
Tsim Sha Tsui,
Kowloon, Hong Kong



Shanghai Representative Office
18th Floor, Hang
Seng Bank Tower,
1000 Lujiazui Ring
Road, Pudong New
Area, Shanghai,
P.R. China



Bangkok Representative Office
689 Bhiraj Tower at
EmQuartier, 16th
Floor Unit 1612,
Sukhumvit Road,
Klongton-nue,
Wattana, Bangkok
10110 Thailand



Ho Chi Minh Representative Office
Zen Plaza 904, 54-56
Nguyen Trai St., Ben
Thanh ward, Dist. 1,
Ho Chi Minh City,
Vietnam

Editorial Policy

This Integrated Report has been prepared to provide stakeholders with an easy-to-understand overview of the Gunma Bank Group, its management policies, business strategies, its mid- to long-term vision, and other financial and non-financial information.

When editing the report, we referred to the International Financial Reporting Standards Foundation's Integrated Reporting Framework and the Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation.

This integrated report was confirmed by our management to be appropriately created and information disclosed according to our "disclosure policy."

Coverage of Reporting

Period: FY2022 (April 2022 to March 2023)

Also includes some information for April 2023 and later.

Scope: The Gunma Bank, Ltd. and its subsidiaries (The Gunma Bank Group)

This integrated report acts as a main part of the disclosure magazine (explanatory documents pertinent to business and financial status) prepared pursuant to the Banking Act Article 21. When using this integrated report as a disclosure magazine, please refer, at the same time, to "The Gunma Bank Report 2023 (Annex)."

This integrated report includes "descriptions about future performance" relating to the financial situation and operating results of the Gunma Bank and its Group Companies. These descriptions have been based on the information available at the date when this integrated report was prepared and some preconditions (assumptions) that might influence future results. They do not guarantee the described future results of the Bank and its Group and may involve risks and uncertainties.

Individual Consulting Plazas



Individual Consulting Plaza Maebashi



Individual Consulting Plaza Takasaki



Individual Consulting Plaza Isesaki



Individual Consulting Plaza EAST (Oizumi Branch)

