

THE GUNMA BANK REPORT 2024

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)



THE GUNMA BANK REPORT 2024

Integrated Report Disclosure magazine [main part]

CONTENTS

Introduction

- 02 Corporate Philosophy/Purpose/To-be Future/
Mid-Term Business Plan
- 04 Message from the President
- 10 Message from the Director of Finance
- 14 Outside Director Roundtable Discussion

1. The Gunma Bank

- 18 Efforts to Improve Corporate Value
- 22 Operational Base of the Gunma Bank Group
- 24 History of the Gunma Bank Group
- 26 Financial and Non-financial Information Highlights

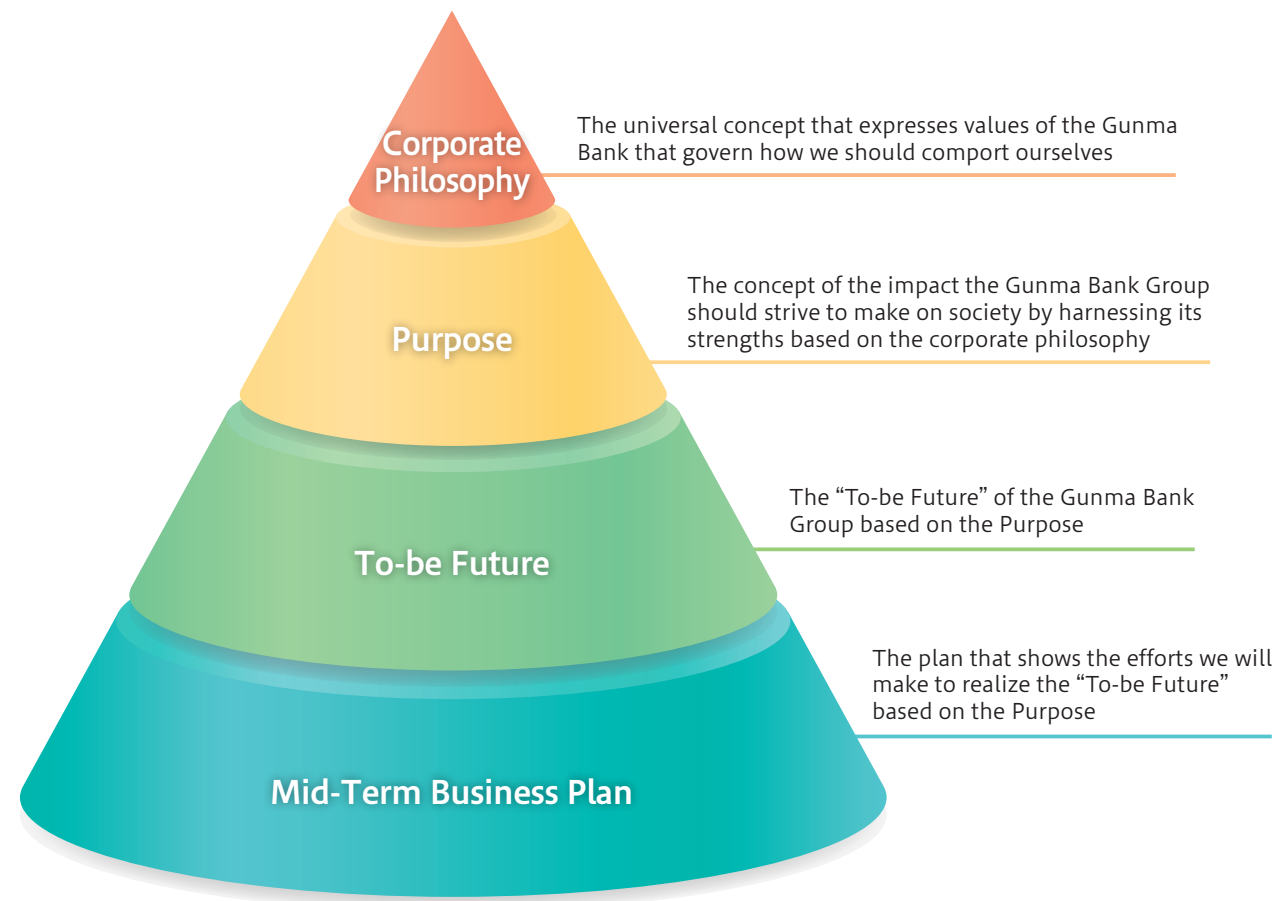
2. Strategy for Realizing Our Purpose

- 28 Value Creation Process at the Gunma Bank Group
- 30 Mid-Term Business Plan “Innovation for Purpose”
- Exercise strengths in “Connections”
- 32 Sustainability Initiatives
- 42 Measures for Corporate Customers
- 44 Measures for Individual Customers
- 46 Initiatives to Improve Customer Satisfaction
- 48 Initiatives of the Gunma Bank Group
- Reinforce strengths in “Connections”
- 52 Reforms in Collaboration with External Parties for
Improving Strengths
- 54 Innovations in Human Resources Aimed at Making
the Best Use of Creativity (Improving Human Capital)
- 60 Sales Process Reform/Business Process Reform/
Channel Reform
- 62 Digital Strategies as the Foundation for “Connections
and Spinning the Threads”

3. Management Base That Supports the Realization of Purpose

- 64 Corporate Governance
- 68 Executives
- 72 Compliance Management System
- 74 Risk Management
- 78 Social Contribution Activities
- 79 Company Information
- 80 Service Network

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 co-

cons, 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).
- (1) Essential strengths of the Group
- (2) Expectations from society
- (3) 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.
- The Personal Purpose Award was held to recognize efforts toward one’s own purpose. (July 2023)

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 for sustainable growth of the Gunma Bank Group and the community by realizing our Purpose

July 2024

Akihiko Fukai
President

Preface

Looking at recent economic developments, the environment surrounding us continues to change. We have seen socio-economic activities return to normal following the pandemic, greater expectations for higher consumer spending thanks to companies paying higher wages, rising prices due to the depreciating yen, and a change in monetary policy by the Bank of Japan.

Turning toward the Gunma region, a major issue is now the need for improved productivity through the use of digital technology in the fight against the

growing labor shortage. And along with this is the need to further promote environmentally friendly initiatives as momentum toward decarbonization gains pace.

In this environment, the Gunma Bank is working to resolve customer and regional challenges. Our aim is to achieve sustainable growth of the Gunma Bank Group and the community based on our Purpose “Using our strengths to connect, we will spin the threads of the future for local communities.”

Improving Corporate Value

For the Gunma Bank Group to grow sustainably and increase its corporate value, it is vital that we meet the expectations of all our stakeholders, including customers, local communities, executives and employees, and shareholders. In other words, the Group’s corporate value will increase as a result of solving the challenges our customers face to support the sustainable growth of the local community. It will increase as we give more opportunity and create the environment to motivate employees and improve their skills. Our corporate value will improve as we encourage each and every employee to take pride in their work with a sense of job satisfaction, and it will improve as we build a relationship of trust with our shareholders and investors by returning stable profits and providing information through our investor relations. This idea also connects with the aims of the Purpose we established: sharing of decision axes, increasing individual job satisfaction, and a shared understanding with stakeholders.

Turning our attention to the stock market, many Japanese companies, in response to a request from the Tokyo Stock Exchange, are drawing interest as they run their businesses mindful of capital costs and introduce initiatives aimed at improving their price-to-book ratio (PBR). However, as I mentioned earlier, we believe that meeting the expectations of our stakeholders is the fastest way to improve corporate value, and, therefore, this mindset and attitude remain unchanged. Nevertheless, I feel that this increased interest in improving corporate value has provided a good opportunity for us, as a publicly listed company, to reaffirm the importance of increasing profits while increasing capital efficiency.

Aiming for ROE of 8% with RORA in Mind

A company’s price-to-book ratio (PBR) can be broken down into price per earnings ratio (PER) and return on equity (ROE). To improve our PER, it is important that we strive for stable profit growth and eliminate any information-asymmetry through investor relations. This is why I have personally taken the initiative in holding dialogues with many of our investors. However, since PER reflects a market view, it can be

difficult to control within the company. On the other hand, ROE can be improved through our own efforts, so the Bank is putting particular emphasis on this.

Based on this idea, Gunma Bank has set an ROE target of 8% for the fiscal year ending March 2028, and is working on various measures to achieve this target. But what is important here is our approach to RORA, an indicator of return on risk assets.

The most effective way to improve RORA, is to accumulate assets with high RORA and improve the profitability of assets with low RORA. Assets with a high RORA include highly profitable project finance such as renewable energy and low-risk housing loans. Gunma Bank is therefore working to strengthen the balance of these assets by increasing the number of personnel involved in promoting these fields. Meanwhile, since the RORA on loans to small and medium-sized enterprises (SMEs), which are important for the sustainability of our business and the region, tends to be low due to the relatively high risks and competition, we are working to improve profitability by improving interest rates in response to the Bank of Japan’s policy change and, as I will explain later, by boosting non-interest business income through consulting proposals. In order to improve the profitability of loans to SMEs, the Bank has introduced a unique metric, our so-called “Standard Profit Margin”, in order to share profitability targets with branches and headquarters. Since this Standard Profit Margin is based on the Bank’s overall RORA target, improving the profitability of transactions with each customer will directly lead to an increase in the Bank’s RORA, which in turn will lead to an increase in ROE.

These measures, unique to Gunma Bank, were introduced even before current efforts to increase corporate value, such as improving PBR, made it into the spotlight. Indeed, one of the characteristics and strengths of Gunma Bank is that we have been one of the first banks which has been trying to improve RORA as a whole.

▶ See P.18 Efforts to Improve Corporate Value

■ Resolving Customer Challenges by Exercising Our Strengths in “Connections”

To achieve sustainable growth and development of local communities based on our Purpose, the Gunma Bank Group is working to resolve customer challenges by providing a variety of solutions. In this way, the value we provide to our customers and the community can be expressed in the word “connections.”

Initiatives Geared Toward the Connecting Process

Since October 2022, the Gunma Bank has been developing a series of sales activities called “Connecting Process,” starting with dialog with customers, sharing goals and understanding what is needed to realize these goals, and providing appropriate solutions to our customers. This Connecting Process is characterized not only by immediate needs but also by understanding needs from a long-term perspective through sharing our customers’ goals. After one year and six months since we started the Connecting Process, we have talked with 6,085 companies and identified more than 17,000 needs. Gunma Bank branches, headquarters, and group companies work together to provide a variety of solutions in response to the needs that have been identified.

Deploying a Full-Spec Approach

Throughout our history, we have supported our customers’ asset building formation and business expansion through money connections, or in other words, through financing. But now, in order to respond to the increasingly sophisticated and diversified needs

of our customers, we are making all sorts of efforts to “Connect”. For example, we provide business succession support that connects businesses with next generation managers, business matching support that connects customers with each other, and staffing support that connects companies with the right human resources.

What is important to us when providing solutions to our customers is that we do not carry out each proposal in a separate manner, for example, a financing, business succession support, or staffing proposal, but instead, we view it as a process towards achieving the customer’s goals whereby we make a wide range of proposals as a series from a long-term perspective. At Gunma Bank, we call this the full-spec approach.

For example, when we receive inquiries from customers about new business or installing equipment, we don’t consider it to be merely a loan project. Rather, we offer various proposals in all stages from the pre-loan to the post-loan stage. So, if it is a new business, we verify the appropriateness of the business plan through Gungin Consulting, and if the customer is installing equipment such as building a new factory, we introduce suppliers and sales partners to expand their business, and introduce any necessary management personnel. The deployment of this full-spec approach not only leads to sustainable growth for our customers, but also helps to increase the Bank’s profits, so it truly is an activity rooted in our Purpose.

▶ See P.42 Measures for Corporate Customers

■ Realizing a Sustainable Regional Community by Expanding the Field of “Connections”

As well as solving the problems faced by our customers by exercising our strengths in “Connections,” the Gunma Bank Group is also working on activities based on a long-term perspective, namely expanding the field of “Connections,” in order to make the region more sustainable.

Initiatives Towards a Cashless Society

Promoting cashless payments in the region is one of the key initiatives we can do to revitalize the local economy. Helping to create a society where cash is used less will not only make it more convenient for customers, but will also help to increase spending across the region as useful information is shared with customers in the region through the use of payment data and other information collected by the Bank. With this idea in mind, Gunma Bank has been working in collaboration with Gungin Card on a new debit card released in January 2024, and the more widespread use of card machines at local stores, offices, clinics and other places.

Initiatives to Create Regional Products and Services

As many products and services are becoming more

commoditized, efforts to discover, create, and widely disseminate appealing products and services in the region are also important in helping to boost local consumption and sustainable growth for businesses. Based on this idea, Gungin Consulting launched the crowdfunding site TSUNAGU+ in July 2023 as part of its regional trading company business, and in February 2024 established the online shopping site TSUNAGU+ Store. Through these two websites, we are striving to revitalize the local economy by connecting local businesses with consumers who want to support projects originating in the region.

Initiatives to Revitalize Core Industries in the Region

To make the region more sustainable, it is vital that we take steps to revitalize the core industries that drive regional economic growth. With the aim to revitalize Ikaho Onsen (hot spring resort), the Bank established, through a fund managed by Gunma Regional Advanced Solution Partners (GRASP), an urban development company, Sekiraku Co., Ltd., in December 2023 in collaboration with local businesses. As well as acquiring and renovating an old *ryokan* (Japanese-style inn), Sekiraku is also working to create a bustling

community by encouraging restaurants and shops to open that are in short supply in the area. This is just one example of the initiatives we are carrying out. We are also working to revitalize the core industries in the region through initiatives such as the revitalization of Minakami Town through collaboration with businesses, local government, and universities, as well as support for the automobile industry focusing on suppliers to Subaru.

▶ See P.48 Initiatives of the Gunma Bank Group

■ Enriching Human Capital

So far, I have talked about our efforts to solve customer challenges and create sustainable local communities. I also believe that human resources are the starting point of all our activities. In June 2023, Gunma Bank formulated its Personnel Development Policy which 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.” In line with this policy, all executives and employees have set out their own Personal Purpose which they are diligently working towards. As a bank, we want Personal Purpose initiatives to lead to the career development of each executive and employee, and to support this, we are revising our personnel system and improving the training we offer, which I will talk about later.

Job-based Personnel System based on Occupational Standards

In June 2024, the Bank fundamentally reviewed its existing personnel system and introduced a new job-based personnel system based on occupational standards. To give some background, our previous personnel system was built around the ideas of seniority and lifetime employment. It was a system based on occupational qualifications with the goal of developing generalist employees who could play an active role



The old Ichikawa Ryokan (building on the left) acquired by Sekiraku Co., Ltd.

in a variety of fields. However, due to changes in the environment and more diversified work styles, 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.

The key points of the new personnel system are to appoint the right person to the right position according to ability, to treat employees appropriately with the formulation of job descriptions, and to give a clear career picture. Appointing the right person to the right position according to their ability means flexibly appointing talented people regardless of their years of service. As such, we aim to improve the performance of the organization as a whole by providing opportunities for young bank employees to be promoted, and for employees who would otherwise lose their position under the old system based on their years of service to continue to play an active role. In addition, by clearly stating the role, required skills, and required career of managers and supervisors in the newly drawn up job descriptions, we hope to not only ensure appropriate treatment commensurate with the value of the job, but also to clarify the career image of bank employees by disclosing job descriptions within the bank, or in other words, by creating a clear picture of what the job entails.

▶ See P.54 Innovations in human resources aimed at making the best use of creativity

■ Progress of the Mid-Term Business Plan and Future Challenges

Under the mid-term business plan titled Innovation for “Purpose,” which started in April 2022, we are working to realize a vision for the future based on our Purpose. Based on the digital strategy that I will talk about next, we are taking various measures such as building an effective sales system, strengthening contact with customers, providing financial, core business, and business succession support to companies, and consulting tailored to individual customers. Two years have passed since the formulation of the mid-term business plan. We are seeing that many of our measures are bearing fruit, and that we are making steady progress on our KPIs in Connections, such as the number of customer business succession issues resolved and the number of staffing contracts filled. As a result, we have been able to achieve our profit targets

for the final year of the plan one year ahead of the original schedule.

On the other hand, exerting the collective strengths of the Group will become a challenge for us as we aim to further increase our corporate value going forward. So far, I have talked about the group companies such as Gungin Card, Gungin Consulting, and Gunma Regional Advanced Solution Partners. Going forward, we will cement and integrate Group business through collaboration with other group companies, notably Gungin Securities, to improve our ability to make asset management proposals to individual customers, and further strengthening collaboration with Gungin Lease to support business customers with new equipment and facilities.

▶ See P.30 for the Mid-Term Business Plan

■ Executing our Digital Strategy

Gunma Bank has set its digital strategy as one of the basic policies of the mid-term business plan, and is working on various measures from three perspectives: digitalization of the community, digitalization of customer contact points, and digitalization of internal bank operations. Specific measures include creating an app for individual customers, a portal site for corporate/business customers, and improving non-face-to-face channels, for example, with in-store tablets that allow customers to complete procedures such as opening an account by themselves. The app for individual customers was developed in collaboration with members of the TSUBASA Alliance. After continuous modifications and added functions, the

number of users is now at more than 270,000 two years after the app was first launched.

This enhancement of non-face-to-face channels has led to improved convenience for customers and the streamlining of our operations. This has also led to stronger contact with customers by allocating the time freed up from streamlining operations to face-to-face interactions with customers, and by shifting bank employees who were previously doing office work to consulting with customers. We will continue to strive to improve customer satisfaction by effectively utilizing both non-face-to-face and face-to-face channels.

▶ See P.62 Digital strategies as the foundation for “Connections and Spinning the Threads”

■ Sustainability Initiatives

Decarbonization Initiatives

Gunma Bank has set a goal of achieving net zero Scope 1 and 2 greenhouse gas emissions by fiscal 2030, and is undertaking various initiatives toward decarbonization. Specifically, we entered into power purchase agreements (PPA) for many of our branches where solar panels were installed with the help of Kanto Yawaragi Energy Co., Ltd., which was jointly established with local businesses through a fund managed by Gunma Regional Advanced Solution Partners. And in January 2024, we began procuring renewable energy from a newly opened hydroelectric power plant in Oze which has been providing power to nine branches in the northern part of Gunma Prefecture.

Furthermore, the Bank has acquired the naming rights to this hydroelectric power plant and is working to foster momentum toward decarbonization by widely sharing information in the region. Consequently, the Gungin Oze Katashina Power Plant is now widely known. As a result of these efforts, the Bank’s greenhouse gas emissions have reduced at a faster pace than the original plan. We have achieved our reduction target for fiscal 2024, the final year of the mid-term business plan, one year ahead of schedule.



Gungin Oze Katashina Power Plant

Initiatives for Sustainable Finance

To improve sustainability in the region, we must not only work on our own efforts, but also work on solving the environmental and social issues of our customers. Gunma Bank has been providing financial support, such as sustainable finance, to solve these customer issues, and so far, we have been able to confirm customer needs that exceed our expectations. As such, I feel that there is now greater awareness of environmental and social issues and higher expectations for financial institutions.

In light of this situation, we have raised our medium- to long-term sustainable finance target from 1.5 trillion yen to 3 trillion yen by fiscal 2030, and we are working to improve sustainability for our customers and local communities by expanding our product lineup of sustainable finance.

Initiatives to Preserve Natural Capital and Biodiversity

To date, Gunma Bank has been working to preserve natural capital and biodiversity by supporting environmental conservation activities through the Gungin Foundation. Through our investment trust fund Oze Kiko, we have donated a portion of the trust fees to a foundation that carries out environmental conservation activities in Oze. In order to further advance these efforts, we joined the Task Force on Nature-related Financial Disclosures (TNFD) Forum in April 2024. As well as tackling climate change by reducing greenhouse gas emissions, we will continue to contribute to the realization of a sustainable society by working to resolve a broader range of sustainability issues.

▶ See P.32 Sustainability initiatives

■ Conclusion

Roughly 2 years and 6 months have passed since we first created our Purpose, and I feel that achieving both social and economic value based on this Purpose is steadily taking root. The fact that we were able to achieve our mid-term business plan profit target one year ahead of schedule as a result of our efforts to solve customer and community challenges through the use of our Connecting Process from dialog with customers, and the development of our Full-Spec Approach through the provision of various solutions, is a testament to the value of our Purpose.

Through these Purpose-based sales activities,

the Gunma Bank Group will support the sustainable growth of customers and local communities, and will strive to achieve the medium- to long-term target of ROE 8% by enhancing employee engagement and building relationships of trust with our many stakeholders, including shareholders. In this way we will continue to work to further improve our corporate value.

In closing, I would like to ask for your continued support for the growth and development of the Gunma Bank Group.





Message from the Director of Finance



Aiming to achieve ROE in excess of the cost of shareholder’s equity by implementing a corporate value enhancement story rooted in our Purpose

Takeo Uchibori
Senior Managing Director,
The Gunma Bank

Our Performance

(1) Summary of business results for the fiscal year ended March 31, 2024

(Unit: Hundred millions of yen)

Based on our mid-term business plan called Innovation for “Purpose,” which is centered around our Purpose, the Gunma Bank Group is implementing various measures for the sustainable future of local communities and our Group. The results for the fiscal year ended March 31, 2024, which marks the second year of the mid-term plan, are as follows.

Core business net income, which represents the profits of our main businesses, increased 5.5 billion yen year-on-year to 45.4 billion yen. This is mainly due to an increase in interest income from a rise in loans and bills discounted, and an increase in non-interest business income.

Ordinary profit amounted to 43.7 billion yen, a year-on-year increase of 5.4 billion yen due primarily to an increase in securities-related gains and losses and a reduction in credit costs. As a result, profit attributable to owners of parent was 31.1 billion yen, a 3.1 billion yen increase year-on-year, marking our highest profit level ever in excess of the previous record of 28.6 billion yen in fiscal 2016.

[Consolidated]		FY2024	YoY Change
Core business gross income (Excluding gains/losses on cancellation of investment trusts)		902	(22)
Net interest income		660	(54)
Interest on loans (Japan)		527	16
Non-interest Business Income		242	31
Corporate service revenues		75	15
Revenue from financial assets held in custody		76	7
Expenses		521	(0)
Core business net income		380	(22)
Excluding gains/losses on cancellation of investment trusts		454	55
Loss (gain) related to securities		57	74
Credit costs		11	(0)
Other		11	0
Ordinary profit		437	54
Extraordinary loss (income)		(8)	(13)
Income before income taxes		429	40
Total income taxes		118	8
Profit attributable to owners of parent		311	31

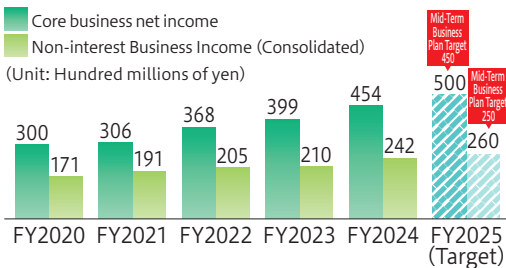
(2) Progress of numerical targets in mid-term business plan

Next, I will report on the results for the fiscal year ended March 31, 2024, the second year of the plan, regarding the numerical targets set out in the mid-term business plan.

Core Business Net Income (Excluding Gains/Losses on Cancellation of Investment Trusts) and Non-interest Business Income

Core business net income (excluding gains/losses on cancellation of investment trusts) increased 5.5 billion yen year-on-year to 45.4 billion yen, meaning we successfully achieved the mid-term plan target of 45.0 billion yen one year ahead of time.

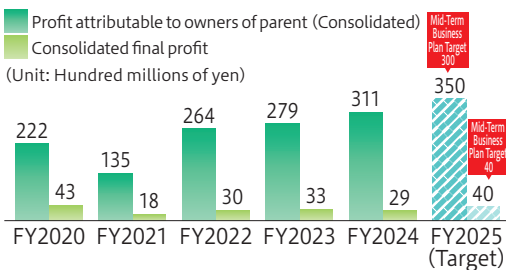
Under the prolonged negative interest rate policy, the Bank has been working to fundamentally change our profit structure by increasing non-interest business income and improving operational efficiency. Resultingly, non-interest business income increased 3.1 billion yen year-on-year to 24.2 billion yen, marking a new all-time-high for the fifth consecutive year. For our corporate clients, we developed the “Connecting Process,” a business feasibility assessment, and implemented full-specification solution proposals that start from an understanding of client needs and management issues. For retail customers, we responded to diverse needs by implementing asset management-type sales for financial assets under custody and collaborating more closely on securities. We will continue implementing efforts to realize our Purpose through tailored consulting sales to our customers.



Profit Attributable to Owners of Parent and Consolidated Final Profit

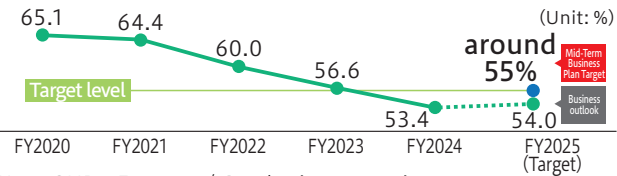
Profit attributable to owners of parent increased 3.1 billion yen year-on-year to 31.1 billion yen, reaching the mid-term target of 30 billion yen one year ahead of schedule along with core business net income (excluding gains/losses on cancellation of investment trusts).

Consolidated final profit (for the six consolidated subsidiaries and three equity-method affiliates) was 2.9 billion yen, a year-on-year decrease of 300 million yen due to a temporary increase in credit costs at the lease subsidiary. However, through our consulting subsidiary, we have been steadily expanding businesses, including the human resources business and regional trading company, which markets products and services outside the region utilizing local specialties and tourism resources. We will continue our efforts to further strengthen the collective strength of the Group.



OHR

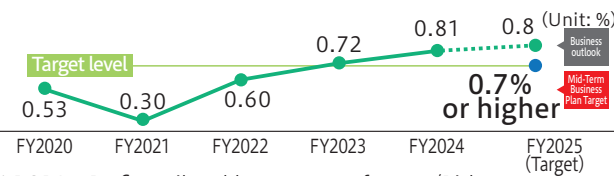
The OHR, which indicates management efficiency, improved by 3.2 percentage points year-on-year to 53.4% due to an increase in core business gross income (excluding gains/losses on cancellation of investment trusts) including an increase in non-interest business income, as well as efforts to reduce expenses. Thus, we have achieved efficient management under the mid-term plan target of “around 55%.”



Note: OHR = Expenses / Core business gross income (excluding gains/losses on cancellation of investment trusts)

RORA

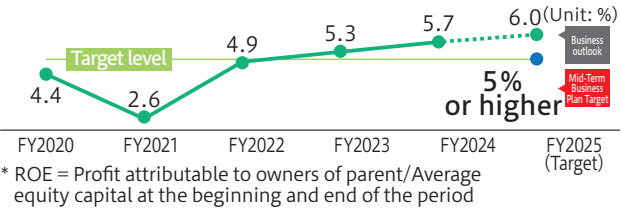
RORA, which indicates profitability relative to risk, increased 0.09 percentage points year-on-year to 0.81%. The Bank is taking the lead as a regional bank promoting sales activities with an awareness of RORA. Profitability-conscious sales for loan transactions have taken root at branches, and we have exceeded the target of “0.7% or higher” for the second consecutive year.



* RORA = Profit attributable to owners of parent/Risk assets

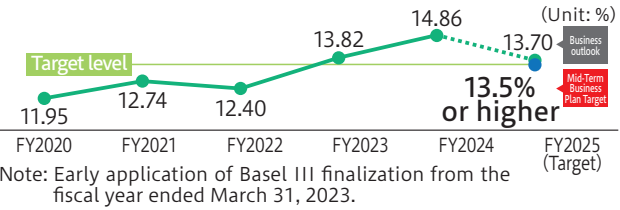
ROE

Return on equity (ROE), which indicates our capital efficiency, was 5.7%, up 0.4 percentage points from last year. Through efforts to raise RORA and to establish an optimal capital structure as described on the following page, we have exceeded our target of “5% or higher” for the second consecutive year.



Total capital ratio

The total capital ratio increased 1.04 percentage points year-on-year to 14.86%. The amount of total capital increased due to factors including an accumulation of profits and an increase in valuation differences on securities, and we ended with a ratio that sufficiently exceeds the target of “13.5% or higher.” We will continue working to ensure sound management through the strengthening of our financial foundations.



(3) Business outlook for the fiscal year ending March 31, 2025

The business outlook for the fiscal year ending March 31, 2025, which is the final year of the mid-term business plan, forecasts an increase in interest income due to an increase in outstanding balance and improved yield, and a continued increase in non-interest business income. Therefore, we estimate that core business net income (excluding gains/losses on cancellation of investment trusts) will increase by 4.6 billion yen year-on-year to 50 billion yen, exceeding the mid-term plan target by 5 billion yen. Also, profit attributable to owners of parent is expected to increase 3.9 billion yen year-on-year to 35 billion yen, which would exceed the mid-term plan target by 5 billion yen.

Efforts to Improve Corporate Value

(1) Mid- to long-term vision (disclosure of final targets for next mid-term business plan)

At the IR briefing in November 2023, we announced the next mid-term plan, for which the final fiscal year will be the year ending March 31, 2028. We provided an update on the plan at the IR briefing in May 2024, announcing our plan to raise targets for the final fiscal year to 50 billion yen in profit attributable to owners of parent and 8.0% ROE.

We are working together as a unified Group toward achieving 50 billion yen in profit attributable to owners of parent. We will work to increase loans and bills discounted by strengthening the growth fields of cross-border loans and structured finance and to strength non-interest business income.

[Key figures]	Current Mid-Term Business Plan			Next Mid-Term Business Plan			
	FY2024 results	FY2025 forecast	Vs. Mid-Term Plan Target	FY2026	FY2027	FY2028 Final fiscal year	Vs. November IR publication
(Unit: Hundred millions of yen)							
Consolidated core business net income*	454	500	50	550	635	700	30
Net interest income	734	780		820	885	935	
Non-interest Business Income	242	260	10	280	300	320	20
Current net profit	311	350	50	390	460	500	30
Consolidated profit	29	40	—	45	50	60	10
Capital ratio	14.8%	13.7%	0.2%	13.9%	13.8%	13.4%	—
Core CET1 ratio	12.9%	12.0%		12.1%	12.0%	11.5%	0.1%
ROE	5.7%	6.0%	1.0%	6.4%	7.5%	8.0%	0.3%
RORA	0.8%	0.8%	0.1%	0.9%	1.0%	1.0%	—

(*) Excluding gains/losses on cancellation of investment trusts

(2) Capital allocation

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, we have set the mid- to long-term target

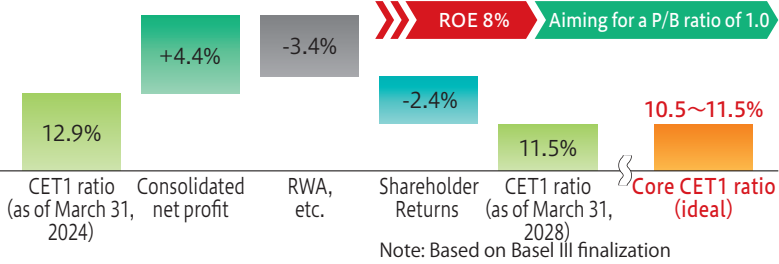
at 10.5% to 11.5%. Leveraging the Bank’s status as a bank adhering to the uniform international standard, we are working to build an optimal capital structure while also considering subordinated debt financing

such as AT1 and B3T2 bonds. Specifically, in addition to Tier 2 bonds, in January 2024 we became the first regional bank to issue 10 billion yen of AT1 bonds.

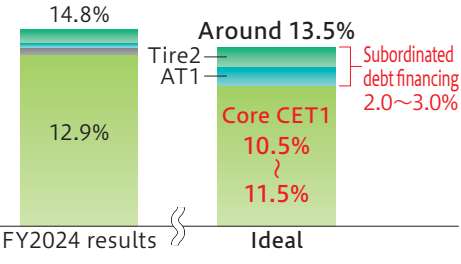
In parallel with the diversification of the capital structure, we will increase profitability by accumulating risk-weighted assets with high RORA and increasing

non-interest business income, while at the same time enhancing shareholder returns. We will enhance corporate value with an awareness of leveraging capital to increase ROE and mitigate capital costs, while pursuing an optimal balance between financial soundness, risk taking, and shareholder returns.

[Capital allocation]



[Consolidated total capital ratio]



(3) Management with an awareness of capital cost and stock price

We, the Gunma Bank Group, aim to increase the corporate value through realizing of our Purpose. For increasing the corporate value, we are focusing on business management in consideration of capital cost and stock price by valuing dialogue with capital markets as well as sharing issues as a result of current analysis and opinions provided by shareholders and investors among the Board of Directors.

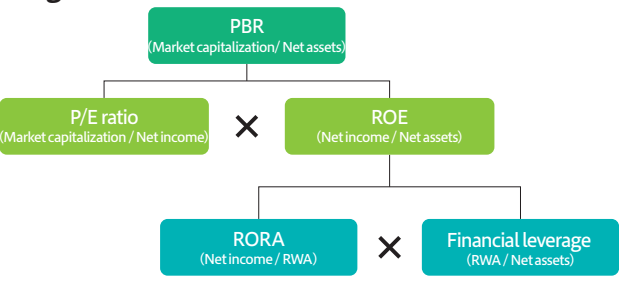
As shown in the diagram at right, ROE must be increased and cost of shareholder’s equity must be reduced in order to raise the P/B ratio.

We will raise ROE by increasing RORA, where we are a leader among the other banks, as well as building an optimal capital structure and expanding shareholder returns. We recognize that the Bank’s cost of shareholder’s equity is approx. 8% - 9% (earnings yield) looking at the current share price as of May 2024, and approx. 6% - 7% based on the capital asset pricing model (CAPM). Though proactive IR

activities (mitigation of information asymmetry), steady implementation of mid-term plan measures, and posting stable profits, we hope to deepen our stakeholders’ understanding of the Bank and increase our corporate value.

Over the medium- to long-term we will aim for a P/B ratio of 1.0 by achieving ROE in excess of the cost of shareholder’s equity (elimination of negative equity spread).

[Logic tree]

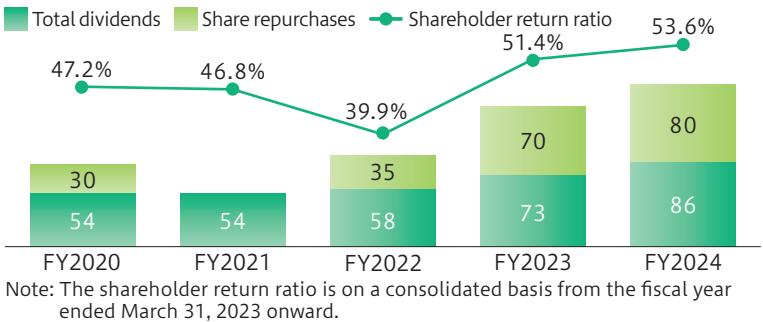


Shareholder Returns

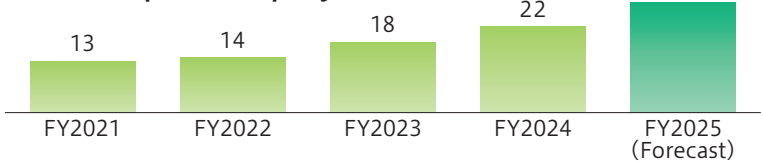
At the Gunma Bank Group, under our shareholder return policy we aim for a shareholder return ratio of 40% of profit attributable to owners of parent through a combination of stable dividends and share repurchases.

The dividend per share for the fiscal year ended March 31, 2024 was 22 yen, an increase of 4 yen from the previous fiscal year (dividend payout ratio: 28.1%) with a total of 8.6 billion yen in dividends paid. Also, the total amount of share repurchases was 8.0 billion yen. As a result, the total amount of returns was 16.6 billion yen, for a shareholder return ratio of 53.6%—a 2.2 percentage point increase year-on-year. This marks the second consecutive fiscal

[Shareholder Returns]



[Dividend per share per year]



■ Message from the Director of Finance

year with a ratio exceeding 50%, which significantly surpasses our shareholder return policy of 40%. In addition, for the fiscal year ending March 31, 2025, we are planning to pay dividends per share of 28 yen, an increase of 6 yen year-on-year (dividend payout ratio: 31.4%).

We provide shareholder returns with a close eye on the level of dividends, and this will be the fourth consecutive year since the fiscal year ended March 31, 2022 that we will have increased dividends. We will continue aiming to expand shareholder returns while taking into consideration the balance between increasing equity capital, profitability, and growth investment.

We also have a shareholder benefits program as part of our shareholder returns. The catalog includes a variety of items such as regional foods and craft items, a donation course for contributing to the achievement of the SDGs, and more. Shareholders can also choose from a joint catalog created with the TSUBASA Alliance participating banks. We will continue to strive to enhance our shareholder benefits.

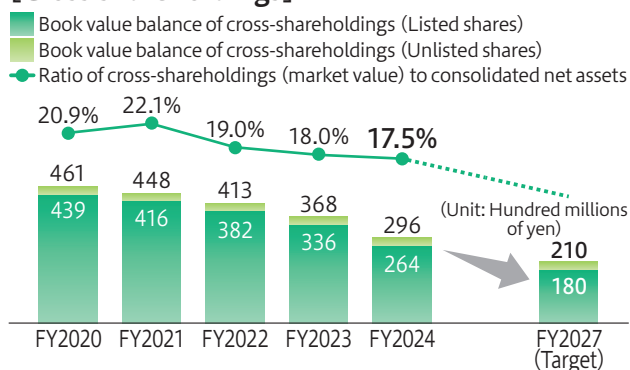
Cross shareholdings

The Bank's basic policy is to reduce cross shareholdings, except in cases where the appropriateness of holding such shares is judged on a case-by-case basis and the significance of holding such share is recognized.

In order to clarify our policy and targets for this reduction, 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) over the five years ending March 31, 2027.

As of the end of fiscal 2024, which was the second year of this initiative, we have reduced 11.8 billion yen in cross shareholdings, for a progress rate of 59%. In addition, the ratio of the market value of cross shareholdings to the amount of consolidated net assets has decreased to 17.5%, showing that reductions are steadily progressing.

[Cross shareholdings]



Dialogue with Shareholders and Investors

Aiming for transparent management and the reduction of cost of shareholder's equity, along with timely and appropriate disclosures the Bank is engaged in proactive investor and shareholder relations activities. In our IR activities, we hold various types of briefings for investors, including institutional investors and individuals, where we communicate our business performance, management strategy, and other information, and also leverage these as opportunities to receive feedback. In February 2024, in light of the high level of overseas interest in the Japanese banking sector, we began uploading video messages from the President in English with the aim of creating more points of contact with overseas investors. As part of our shareholder relations activities, we hold regular meetings with voting advisory companies, 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.



Outside Director Roundtable Discussion



Kazuhito Osugi
Outside Director

Jun Kondo
Outside Director

Kuniko Nishikawa
Outside Director

Improving governance and contributing to sustainable growth and improved corporate value over the medium to long-term

Gunma Bank’s three outside directors exchanged opinions on topics such as the overall effectiveness of the Board of Directors, initiatives to achieve the Bank’s Purpose, and issues and expectations for improving corporate value.

Effectiveness of the Board of Directors

How do you assess the effectiveness of the Board of Directors? And how do you see your role as an outside director?

Kondo The effectiveness of the Board of Directors has been increasing year by year. Many companies conduct evaluations of the effectiveness of their Board of Directors, but what is important is that effectiveness evaluations lead to substantive improvements in the functioning of the Board. Gunma Bank repeats this process every year, in which internal directors scrutinize the issues identified through effectiveness evaluations, consider specific improvement measures, and steadily implement them. I believe this is a major factor in advancing governance in an organization.

I have been involved in the manufacturing industry

for many years. I am also a manager at the Gunma Prefecture Professional Human Resources Strategy Center, so I still have the opportunity to talk to many small and medium-sized business owners. Based on this experience and position, I am particularly conscious of the customer and local community perspective. As times change, the way of thinking and values of business owners also change. Whether Gunma Bank has a firm grasp of the trends and changes in society, or whether it is getting caught up in past successes, is something I also pay close attention to.

Nishikawa Board meetings tend to be a place where inside directors explain proposals to outside directors, or where inside directors answer questions from outside directors. But at Gunma Bank, these

meetings are a place for constructive discussion. The atmosphere is one where outside directors can express their opinions freely without reservation. In terms of management, efforts are being made to bridge the information gap with internal directors, for example, by recording statements made by inside directors at management meetings in Board briefing materials. I believe that initiatives like this are also helping to reenergize the Board of Directors.

For a company to grow sustainably, it is essential that management understands the risks and continues to take on challenges with an appropriate risk management structure in place. Governance has both offensive and defensive aspects to it. My focus is more on the offensive role, which is the role of supporting internal directors in taking appropriate risks. What is important here is that discussions take place at board meetings from a range of different perspectives. From this viewpoint, I believe that the specialist knowledge of outside directors with our different backgrounds brings added value to discussions. I run a venture company, and I have also worked for a foreign company. So, I want to use my experience to encourage discussion from a more offensive perspective.

Osugi Looking at the process of evaluating and improving the effectiveness of the Board of Directors, I get a sense of the level of commitment of the Chairman, Nobuyuki Horie, the President, Akihiko Fukai, and the other internal directors who are trying to enhance the effectiveness of the Board of Directors. I believe that the key to increasing effectiveness is the level of commitment of the internal directors. For example, the agenda to be discussed by the Board of Directors was revised based on the issues identified in the effectiveness assessment. This reduced the number of agenda items, which were relatively low in importance. Now, more time can be spent on medium- to long-term issues such as business direction and policy, including the establishment of the Bank’s Purpose and formulation of a mid-term business plan. The fact that we are now able to engage in spirited discussions at Board of Directors meetings is no doubt the result of everyone’s tireless efforts to make improvements.

One of the key functions of the Board of Directors that I am conscious of is supervising management. In other words, to put a brake on any hasty management behavior. Another function I am focused on is to bring depth to Board discussions so that we can come to more exhaustive, exacting conclusions. I believe that the Board of Directors is a place for intellectual combat, so I intentionally try to pose negative questions and opinions to internal directors at Board meetings. I hope to improve the quality of discussions by incorporating this dialectical way of thinking, which brings together conflicting opinions to produce more comprehensive outcomes.

What are your thoughts on the effectiveness of the Nomination Advisory Committee and the development of management-level human resources?

Nishikawa A defining initiative of the Gunma Bank is that the skills and assessments of new candidates for director and executive officer positions are reported to outside directors. Since evaluations are quantified in this report, the information is easy for us as outside directors to digest. Although we conduct one-on-one interviews with candidates, it is difficult to gauge a candidate’s qualities through interviews alone, so this report is a useful resource for outside directors. In addition to one-on-one interviews and reports, observing candidates’ behavior in groups, such as what they say in meetings, can also help evaluate candidates.

Kondo Reports are created from the objective perspective of a third-party consulting firm. They provide information not only on the candidate’s skills, but also on their personality and behavioral characteristics, which is extremely useful in terms of getting to know the candidate. However, the evaluation is only relative, so it does not mean that candidates with high scores are good at everything. When considering the balance of the Board of Directors, I believe we must focus not only on whether a candidate has the required skills, but also on understanding the strengths and weaknesses of candidates and how this impacts their business execution.



Osugi Developing the next generation of management-level human resources is an important topic for the Board of Directors. The Corporate Human Resources Development Committee was established in March 2024. This committee aims to develop management-level human resources on a medium- to long-term basis with development geared toward employees at every level of the company, not just candidates for directors or executive officers, to ensure the balance and diversity of the Board of Directors as a whole going forward. Matters discussed by the committee are also reported to the Board of Directors and the Nomination Advisory Committee. However, given changes in the business environment, I want to advance discussions on the development of management-level human resources, including issues such as how to define the skills that a Board of Directors should possess and how to ensure diversity on the Board.

■ Purpose Initiatives

The Gunma Bank established “We use our strengths in connections to spin the threads of the future for local communities” as its Purpose in November 2021. How do you feel about the initiatives that have taken place to date for this Purpose?

Nishikawa Many companies have established a purpose or drawn up a mission statement, but Gunma Bank takes its Purpose down to the strategic and tactical level, such as by setting specific KPIs to realize its Purpose. That is to say, the Bank has connected its Purpose with activities in the workplace to create a system that allows employees to act in line with the Purpose. And this is something very special. I don't think many companies have taken their mission so far beyond the concept stage, embedding it so deeply into the workplace.



Osugi When the Bank formulated its Purpose, I said that from now on, senior management must continue to communicate this Purpose at every available opportunity, and this is exactly what has happened over the past two and a half years. The words “connections and spinning the threads,” while fairly abstract, accurately express the essential functions that a regional bank should fulfill, but more than that, the words are very pleasing to the ear in the Japanese language. Placing this Purpose at the heart of its business activities has, I believe, changed the way Gunma Bank Group employees act. Gunma Bank's corporate value has improved over the past two years, no doubt thanks to the establishment of its Purpose.

Kondo The point of the Purpose is to give employees a benchmark for action. Not letting this Purpose fade will lead to the sustainable growth of the Gunma Bank Group. However, as new employees join the group every year, it is no easy feat to convince every one of the more than 4,000 group employees of the idea behind the Purpose and have them all act by it. To keep it from being diluted, a link between the Purpose and business activities has been established, and I believe senior management will continue to spread the message of the Purpose. I also think it will become even more important to have a framework or system in place for regularly checking and following up on the level of penetration and status of initiatives in the workplace.

■ Improving Corporate Value

In terms of further improving the corporate value of the Gunma Bank, what hopes or challenges lie ahead?

Osugi Although Gunma Bank's return on equity (ROE) is already one of the best among regional banks, it is no time to be complacent. The Bank should continue to make bold efforts to further improve capital efficiency. Based on the judgment that the Bank's current capital adequacy ratio is somewhat high from the perspective of capital efficiency, the Bank is aggressively taking risks to accumulate high-quality assets that contribute to growth, while also returning 50% to shareholders, exceeding the 40% shareholder returns target. To increase corporate value, the Bank must not only increase its ROE but also its price-per-earnings ratio (PER). Increasing the PER means acquiring greater trust from the market and expectations for Gunma Bank, bringing down the cost of capital required by the market. To this end, the Bank needs to actively engage in dialogue with the market. In this regard, I rate highly the initiative of President Akihiko Fukai, who is actively engaged in a wide range of investor relations activities, including dialogue not only with domestic investors but also with overseas investment funds. Gunma Bank conducts investor relations in a wide range of countries, including the

United States, Europe, and Asia. These efforts are possibly the most advanced among regional banks in Japan. Indeed, such investor relations will definitely contribute to lowering capital costs. As an outside director, I fully support Gunma Bank's strategic capital cost management and will do everything I can to help achieve a price-to-book ratio of 1.0.



Nishikawa As with its Purpose, Gunma Bank also links the improvement of ROE to sales activities in the workplace. The key point is that the Bank's overall target RORA is translated into profitability targets for each customer. I think it is worth noting that the branches carry out sales activities sharing the same measure of profit with headquarters.

From the perspective of increasing corporate value, a major issue is how to connect human capital to improved corporate value. In these times of rapid change, accepting diverse human resources and

creating an organization in which they can thrive are important elements for a company to survive. When we talk about diversity, equity, and inclusion, we tend to focus on women, but when we focus solely on women, discussions tend to get played down. So, I believe we also need to talk more about how to enrich and utilize minority human resources, such as mid-career hires and professionals.

Kondo I believe that banks have tended to be more conservative in their efforts, but in recent years, Gunma Bank has been willing to take on new challenges, such as fundamentally reviewing its previous approach. For example, the Bank has changed its personnel system from one based on occupational qualifications to a so-called job-based personnel system. The background to this is that the previous personnel system, which had a strong emphasis on seniority, was no longer able to respond to the various needs of customers, and also employees' values toward work have changed. However, there are both advantages and disadvantages to the job-based personnel system. Yet, instead of stopping there, the Bank needs to forge ahead while also considering the risks. I appreciate Gunma Bank's attitude, and believe that in these times of drastic change in the business environment, senior management's spirit to take on challenges will be pivotal for improving corporate value.



Efforts to Improve Corporate Value

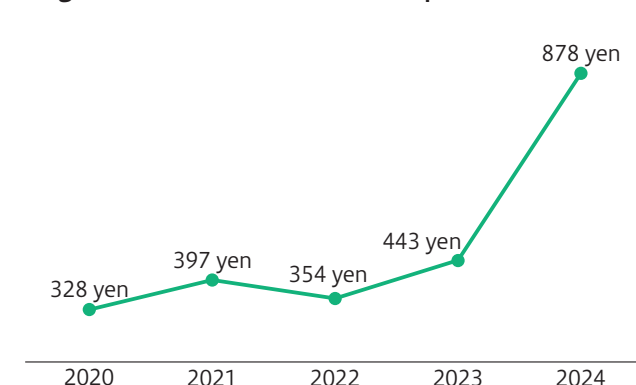
The Gunma Bank strives to realize a sustainable society and create economic value through business activities centered on its Purpose. By emphasizing dialogue with the capital markets and sharing with the Board of Directors issues based on analysis of the status quo and opinions from shareholders and investors, we practice management that is conscious of capital cost and stock price in order to increase corporate value.

Evaluation and Analysis of Current Status

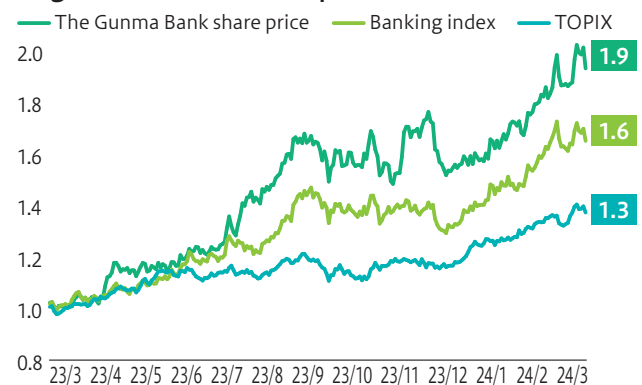
As of March 2024, the Gunma Bank's share price was ¥878, approximately double the ¥443 at the end of March 2023 (see Figure 1), with a rate of increase surpassing both the TOPIX and the average TOPIX of regional banks (see Figure 2). Although ROE for the fiscal year ending March 2024 was 5.7%, which ranks 4th among 73 listed regional banks, it is still below the cost of shareholders' equity recognized by the Bank.

Additionally, the PBR as of March 2024 stands at 0.6x, significantly above the average of 0.37x for the 73 listed regional banks, although there is still some distance from reaching a PBR of 1.0x.

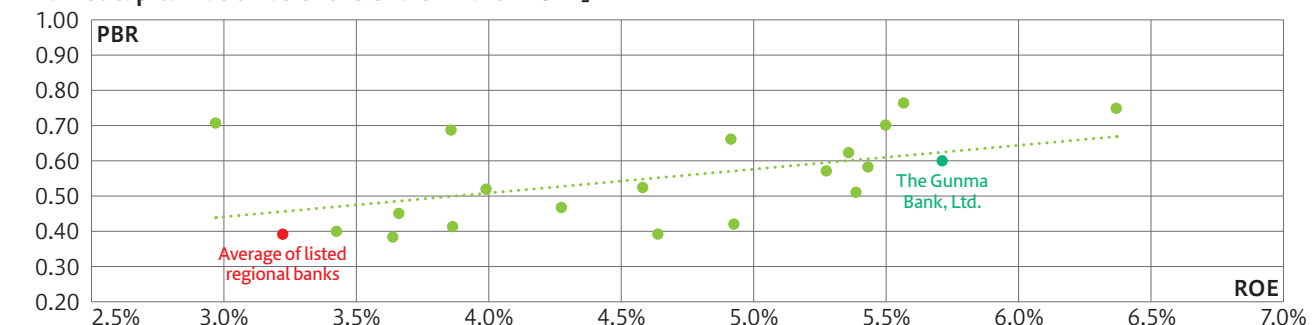
[Figure 1. The Gunma Bank's share price]



[Figure 2. Stock index comparison]



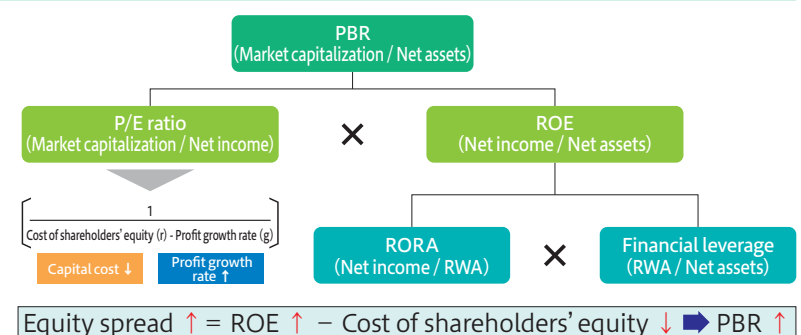
[Scatter chart of PBR and ROE (as of end of March 2024) the Gunma Bank's position among the top 20 banks by market capitalization as of the end of March 2024]



Improving Equity Spreads

The Gunma Bank will eliminate negative equity spreads and improve PBR over the medium to long term by taking steps to improve ROE and reduce the cost of shareholders' equity.

The main steps are as follows in 1 to 9.



1 Utilizing RORA

RORA (Return on Risk-Weighted Assets) is an indicator that measures how much profit is generated relative to the risks associated with lending to businesses and other activities. It is calculated using the formula on the right.

By focusing on high RORA activities, such as large corporate loans and cross-border structured finance, which exceed the target RORA of 1.0%, we aim to improve the overall RORA of the Bank. For loans to small and medium-sized enterprises (SMEs), which are crucial for the sustainability of our business and the region but tend to have higher risk weights and lower RORA, we will utilize our standard profit margin,

[RORA calculation formula]

$$\text{RORA (\%)} = \text{Profit} \div \text{Risk assets}$$

* Profit = (net interest income + non-interest business income - expenses - credit cost) \times (1-30.5%)

Target RORA	Current mid-term plan targets (April 2022 to March 2025)	Next mid-term plan targets (April 2025 to March 2028)
	0.7%	1.0%

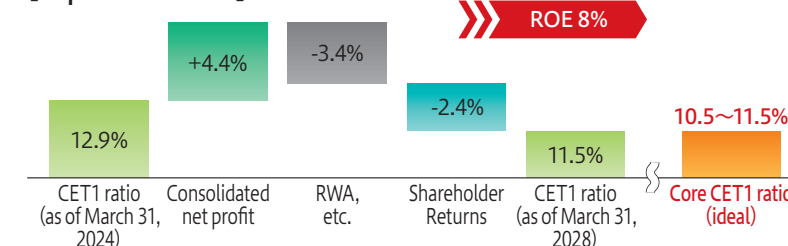
an internal metric derived from the target RORA. By implementing goal-based and needs-based consulting sales, we will work to enhance the RORA level.

2 Building an optimal capital structure

We will focus on the Core CET1 Ratio as our capital management perspective, setting a medium- to long-term target range of 10.5% to 11.5%. Additionally, we will consider the procurement of subordinated debt such as B3T2 bonds and AT1 bonds while working towards optimizing our capital structure.

* The Core CET1 Ratio is calculated by subtracting the valuation difference of securities from the amount of common equity tier 1 (CET1) capital (this difference is not subtracted if negative).

[Capital allocation]



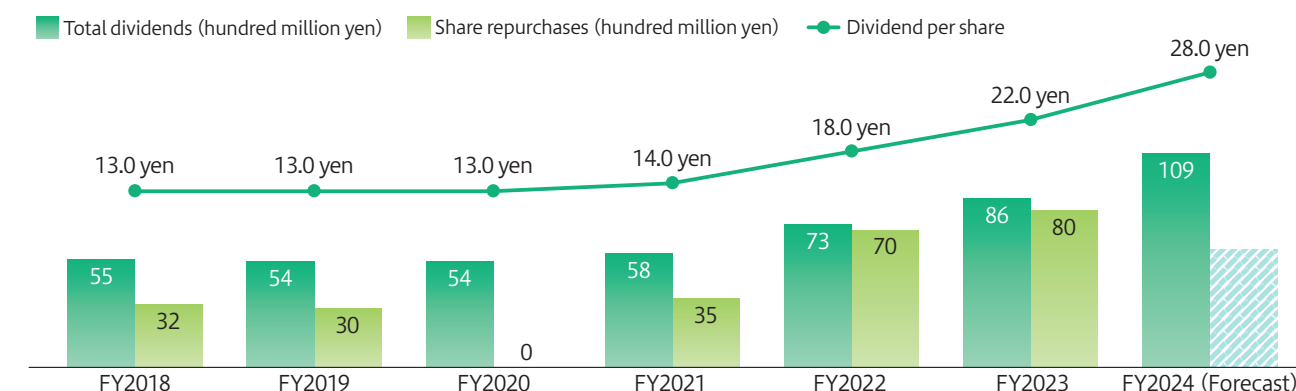
3 Providing substantial shareholder returns

Shareholder returns

- The annual dividend per share for fiscal 2023 has been increased by 4 yen from the previous fiscal year to 22 yen. Additionally, the dividend per share forecast for fiscal 2024 is 28 yen, an increase of 6 yen from the previous fiscal year (marking the fourth consecutive year of dividend increases).
- Starting from fiscal 2022, the basis for returns was changed from non-consolidated to consolidated profits in an effort to expand the base profits for returns. Additionally, the total return ratio exceeded 50% for two consecutive years, with 51% in fiscal 2022 and 53% in fiscal 2023.

Shareholder Returns Policy

- As a regional financial institution, we will strive to increase treasury stock 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.

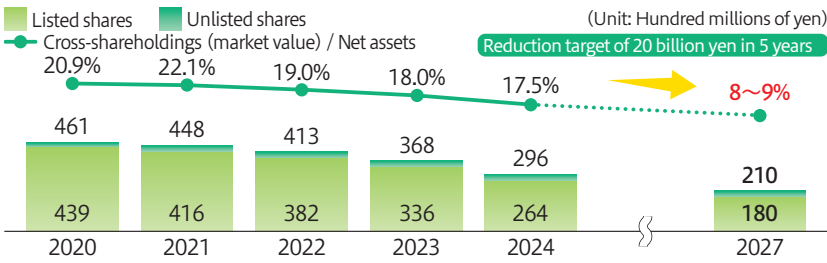


■ Efforts to Improve Corporate Value

4 Reducing cross-shareholdings

Over a five-year period (from the end of March 2022 to the end of March 2027), we are reducing the book value of our cross-shareholdings by 50%, amounting to a reduction of 20 billion yen.

We are 59% toward achieving this target as of the end of March 2024 (after two years) with a reduction of 11.8 billion yen.



5 Issuing subordinated bonds (B3T2 & AT1 bonds)

We will utilize subordinated bonds (debt) with lower costs than shareholders’ equity (diversifying capital requirements) to build an optimal capital structure and diversify our financing methods.

6 Improving IR activities and reducing information asymmetry

We are expanding our engagement with domestic and international investors by publishing CEO messages in English, sharing information via email, and regularly holding small meetings.



7 Promoting sustainable growth of the regional economy

- We will strive to promote sales activities based on our Purpose and uncover needs through our “Connecting Process.”

8 Strengthening sustainability initiatives

- We are working to bolster our sustainability initiatives, including strengthening sustainable finance and providing support for decarbonization.

9 Strengthening human capital management initiatives and alliances

- We will strive to improve employee engagement by converting to a job-based personnel system.
- We will achieve mutual sustainable growth through cooperation with alliance banks.

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, overseas investors account for over 20%, making up a significant portion along with individual shareholders. In fiscal 2023, we expanded our IR activities to increase engagement with overseas investors. This included releasing English message videos from the CEO and conducting overseas IR in Europe, the US, and Asia.

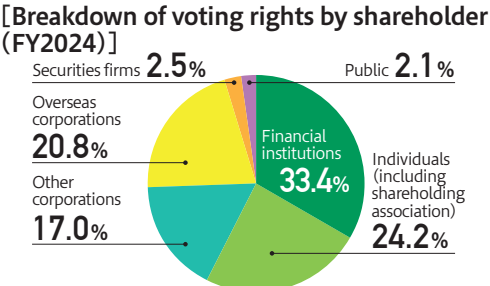
Additionally, we plan to continue enhancing our timely disclosure of information and IR-related materials in English, actively communicating with our shareholders and investors to further increase our corporate value.



FY2024 interim large meeting (Tokyo, November 2023)



Meeting with overseas (US) investors (July 2023)



Annual Results of Major IR Activities (FY2023)

		Target	Led By	Main Theme
June 2023	FY2023 results large meeting <for institutional investors and analysts>	Japan	President	Financial results, management strategy and capital policy ESG initiatives, etc.
June	FY2023 results small meeting <for analysts>	Japan	President	Q&A session on financial results Exchange of opinions with analysts
July	Overseas roadshow (non-deal) <overseas institutional investors>	Overseas (US)	President	Overview of Gunma Prefecture and corporate profile Financial results, etc.
August	FY2024 Q1 small meeting <for analysts>	Japan	Top executive (Managing Director)	Q&A session on financial results Exchange of opinions with analysts
September	Regional bank top seminar sponsored by SBI Securities Co., Ltd. <For buy-side investors>	Japan	President	Q&A session on financial results and strategy
September	Briefing session for individual investors <online live streaming for local individual investors>	Japan	President	Corporate profile, financial results, shareholder returns, etc. (100 participants)
September	Briefing session for individual investors <online live streaming for local individual investors>	Japan	President	Corporate profile, financial results, shareholder returns, etc. (114 participants)
November	FY2024 interim large meeting <for institutional investors and analysts>	Japan	President	Summary of financial results, initiatives to improve corporate value The Bank's strengths and management strategies, etc.
November	SR meeting	Japan	IR manager	Stewardship talk (results, strategy, human capital, ESG)
December	FY2024 interim small meeting <for analysts>	Japan	President	Q&A session on financial results Exchange of opinions with analysts
December	Overseas roadshow (non-deal) <overseas institutional investors>	Overseas (Asia)	President	Overview of Gunma Prefecture and corporate profile Financial results, etc.
January 2024	Debt IR (related to perpetual subordinated bonds) <for institutional investors>	Japan	IR manager	Financing background, overview of corporate bonds and financial results ESG initiatives, etc.
February	FY2024 Q3 small meeting <for analysts>	Japan	Top executive (managing director)	Q&A session on financial results Exchange of opinions with analysts
March	Overseas roadshow (non-deal) <overseas institutional investors>	Overseas (Europe)	President	Overview of Gunma Prefecture and corporate profile Financial results, etc.
As required	One-on-one meetings with institutional investors	Japan and Overseas	IR manager	Financial results, management strategy, capital policy, etc.

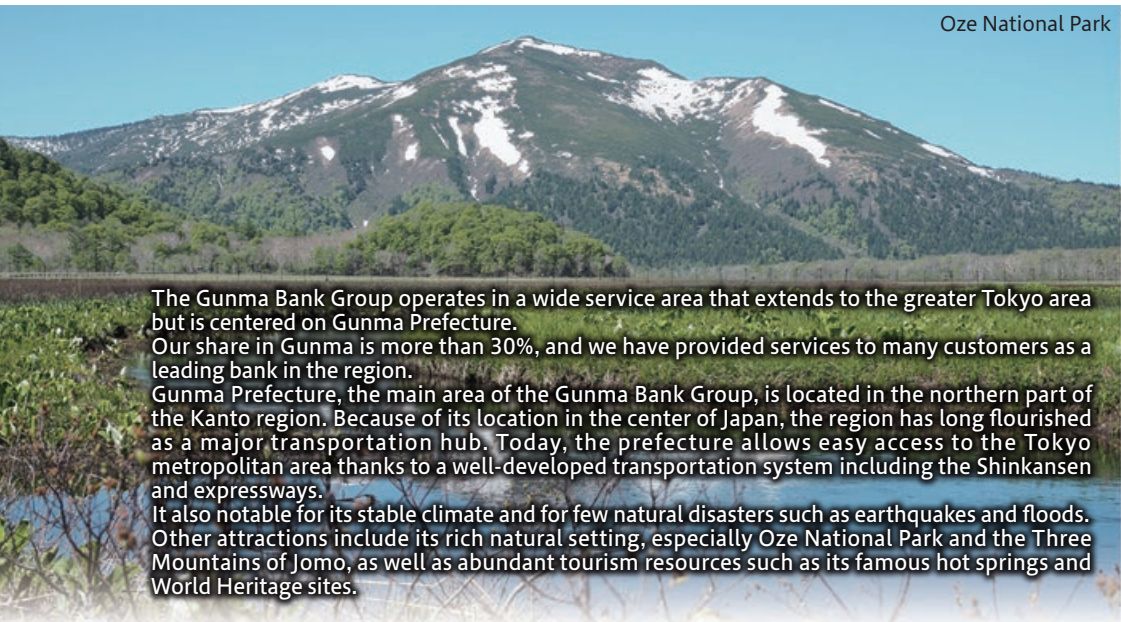
General Meeting of Shareholders

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.

	2021	2022	2023	2024
Date	Jun. 24 (Thu.)	Jun. 24 (Fri.)	Jun. 27 (Tue.)	Jun. 20 (Thu.)
Number of shareholders in attendance	46*	52*	98	89
Voting rights exercise ratio	85.7%	83.9%	82.2%	82.4%
Dispatch date of notice	Jun. 2 (Wed.)	Jun. 2 (Thu.)	Jun. 5 (Mon.)	May 30 (Thu.)
Posting date of notice on website	May 27 (Thu.)	May 27 (Fri.)	May 29 (Mon.)	May 22 (Wed.)

* To prevent the spread of COVID-19, from 2020 to 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.

Operational Base of the Gunma Bank Group

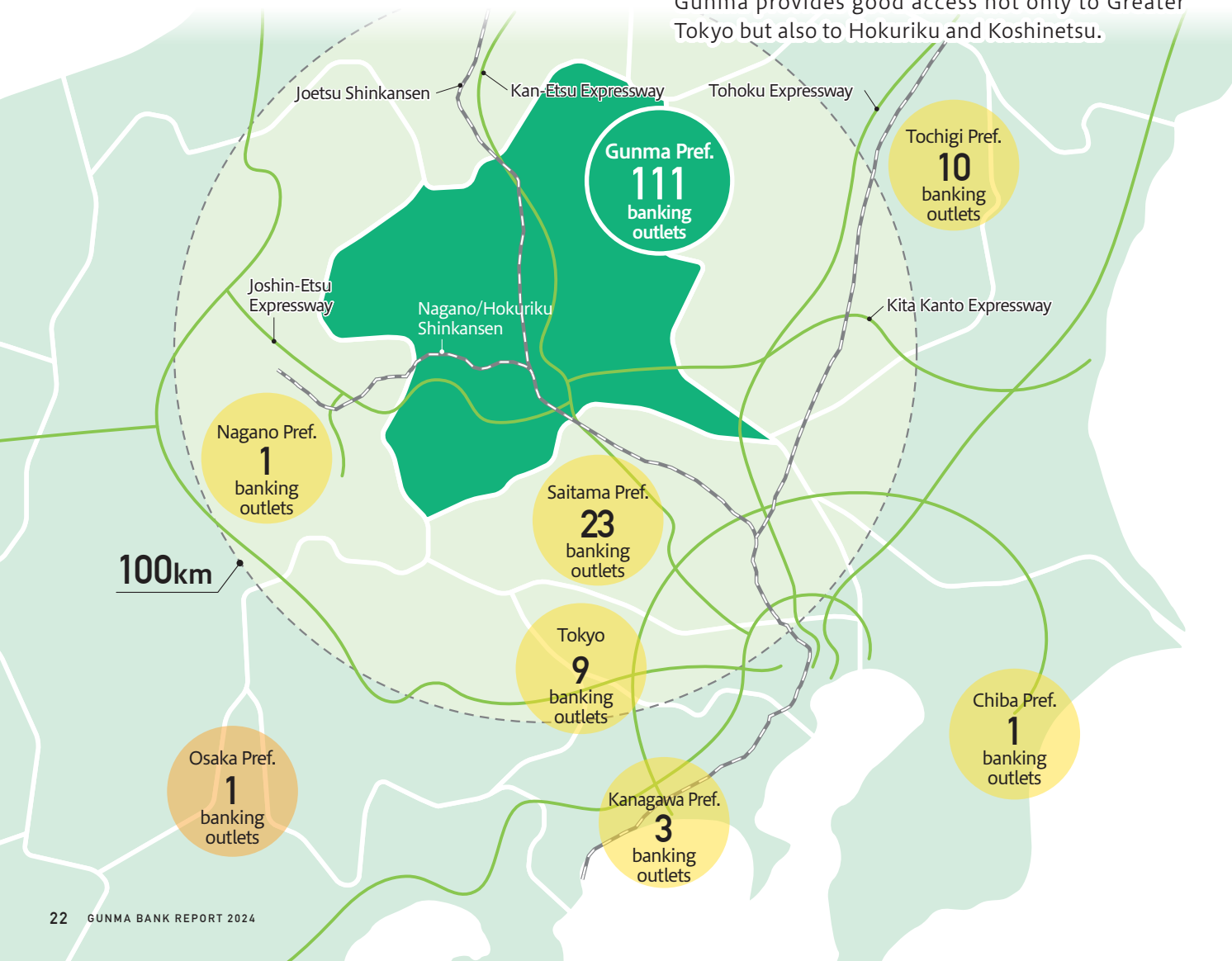


A Network of Banks across Kanto and Excellent Access to Greater Tokyo

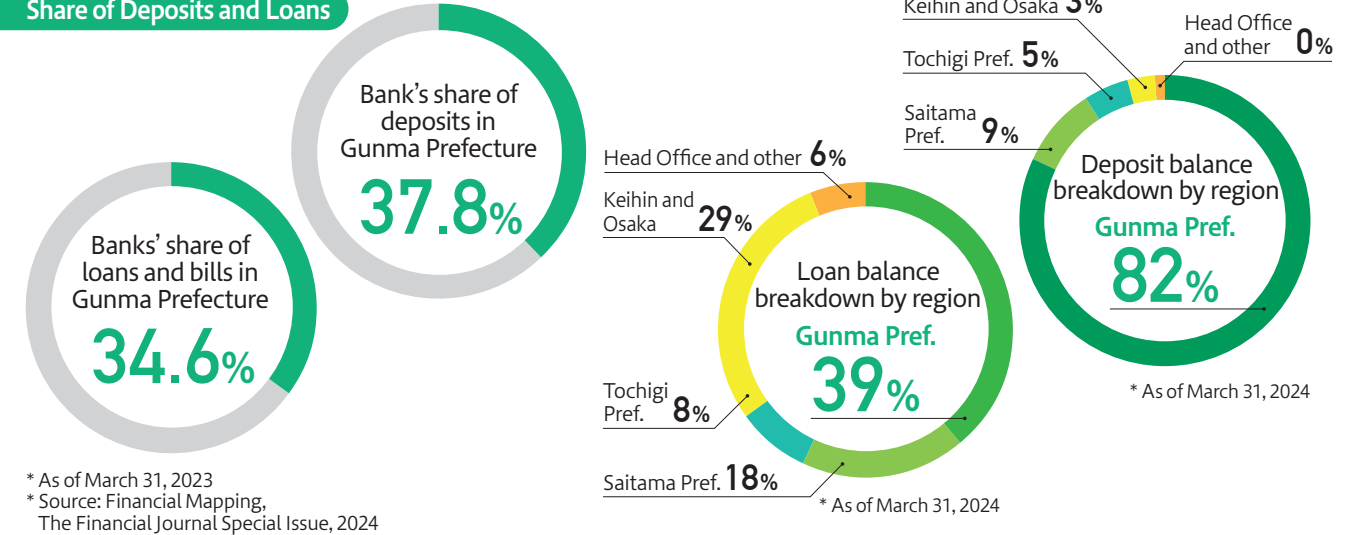
(As of June 30, 2024)

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



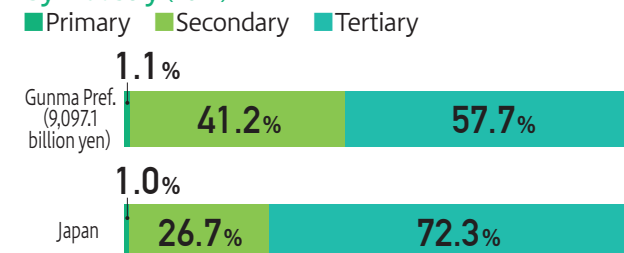
Key Data of Gunma Prefecture

Parameter	Value	National ranking
Population (as of October 1, 2023)	1,902,000 people	18th
Prefectural income per capita (in 2020)	2,937,000 yen	16th
Gross prefectural product (nominal) (in 2020)	8,653.5 billion yen	17th
Agricultural output (in 2021)	240.4 billion yen	12th

* Source: IR Materials of Gunma Prefecture (June 2024), Statistical Characteristics (Industry), Gunma Prefecture, and Gunma Prefecture based on Major Economic Indicators, Gunma Economic Research Institute

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

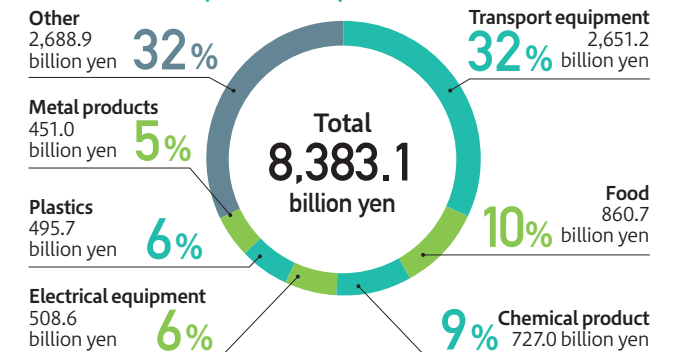
Nominal prefectural (domestic) gross production ratio by industry (2021)



No. 1 product nationwide in terms of manufactured product shipment value (2021)

Instant noodles Tofu Ballpoint pens * Source: IR Materials of Gunma Prefecture (June 2024)

Manufactured product shipments, etc. in 2021



Rich natural environment

Gunma Prefecture has been chosen as the location for new factories and for the relocation of headquarters due to its low risk of floods and earthquakes, as well as its accessible transport links.

Low flood risk

Amount of flood damage in past 10 years (2012-2021)
51.9 billion yen

National average 149.8 billion yen
Kanto (Tokyo and 6 prefectures) average 157.1 billion yen

Source: 2021 Flood Damage Statistical Survey, Ministry of Land, Infrastructure, Transport and Tourism

Low earthquake risk

Number of earthquakes with seismic intensity of 4 or higher (1919 to March 31, 2024)
78

Lowest risk in Kanto region (Tokyo and six prefectures)

Many hours of sunshine

Hours of sunlight (yearly)
5th in Japan

* Source: IR Materials of Gunma Prefecture (June 2024)

Parameter	National ranking	
	2022	2023
Number of factory locations	6th	4th
Number of companies that have relocated their headquarters*	5th	8th

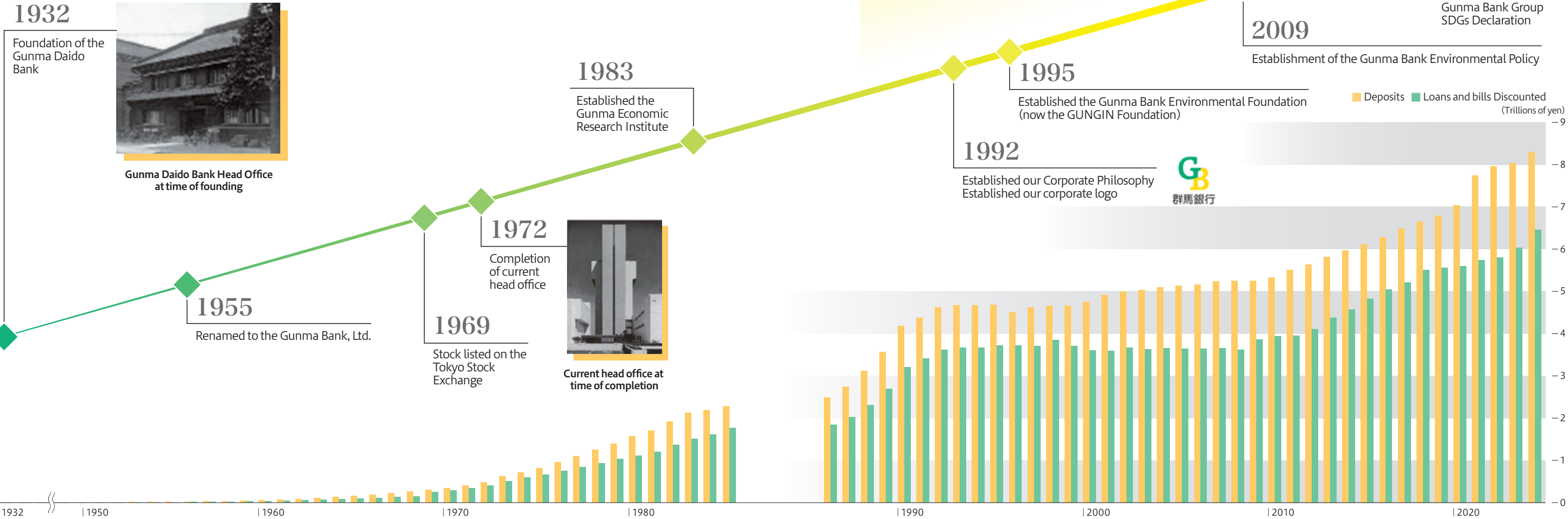
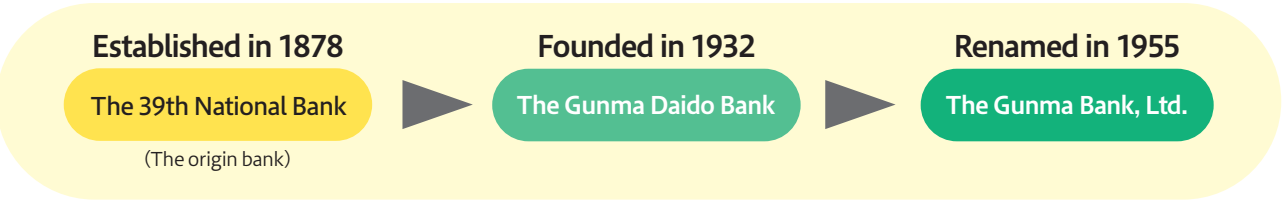
* Source: Teikoku Databank survey (The number of companies relocating to Gunma Prefecture minus the number of companies relocating to other prefectures)



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 while 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
- Dec. 2020 Gunma Regional Advanced Solution Partners, Co., Ltd. Fund structuring and operation

1 The Gunma Bank

2 Strategy for Realizing Our Purpose

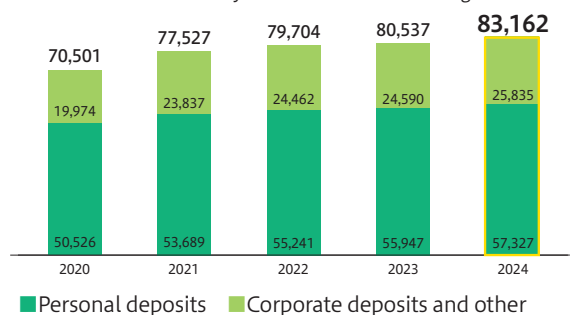
3 Management Base That Supports the Realization of Purpose



Financial Information Highlights

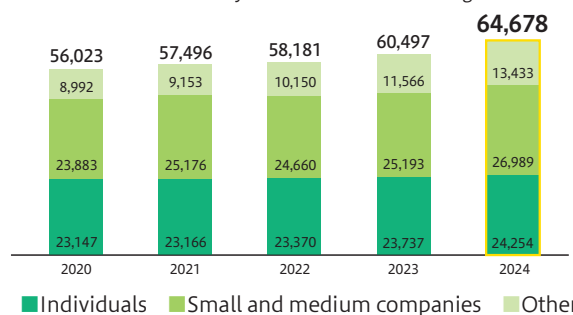
Deposits As of March 31, 2024 **8.3 trillion yen**

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



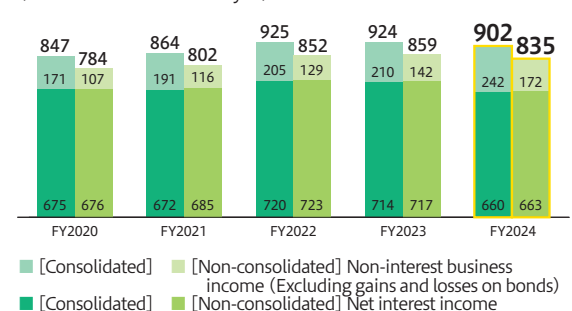
Loan balance As of March 31, 2024 **6.4 trillion yen**

(Unit: Hundred millions of yen) (10th out of 62 regional banks)



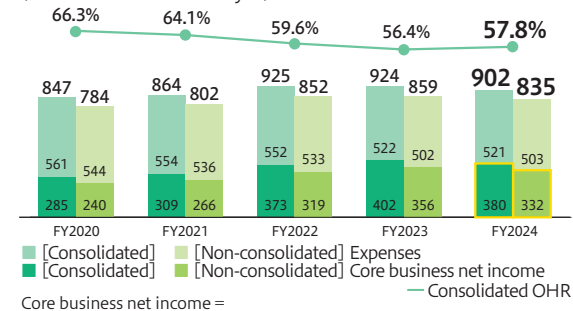
Breakdown of core business gross income

(Unit: Hundred millions of yen)



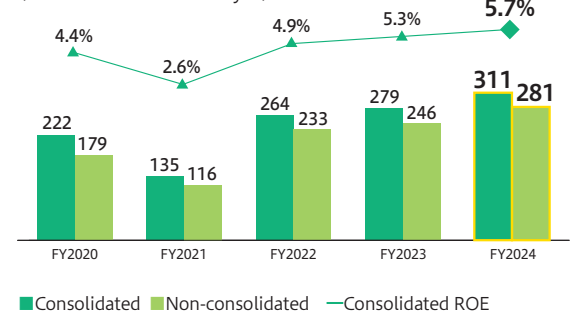
Core business net income

(Unit: Hundred millions of yen)



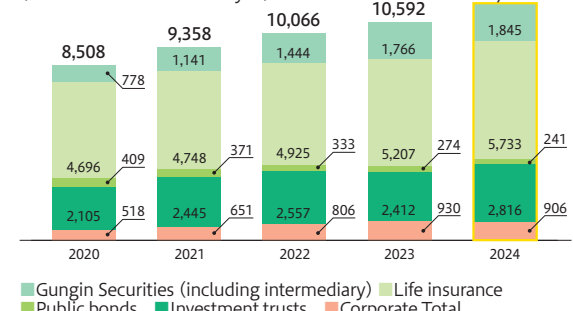
Current net profit

(Unit: Hundred millions of yen)

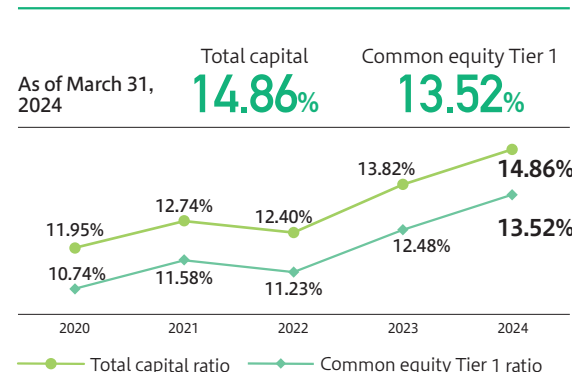


Balance of personal financial assets (including those of Gungin Securities)

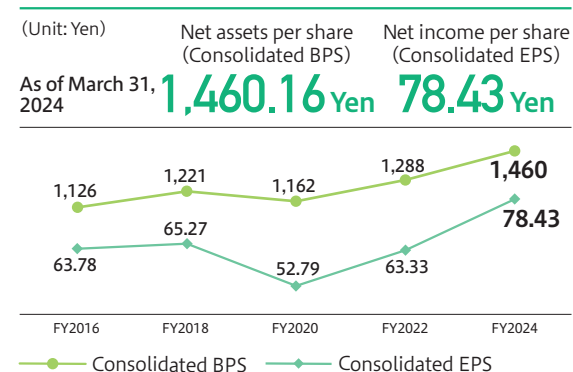
(Unit: Hundred millions of yen)



Consolidated total capital ratio (International Financial Reporting Standards)



Index per share (Consolidated)



Non-Financial Information Highlights

Sustainable development of regional economy

Staffing cases closed

FY2022 to FY2023 (cumulative)

182 cases

(Target: 200)

* cumulative total from FY2022 to FY2024

Number of business succession issues resolved

FY2022 to FY2023 (cumulative)

774 cases

(Target: 600 cases)

* cumulative total from FY2022 to FY2024

Number of contracts for inheritance-related services

FY2022 to FY2023 (cumulative)

648 cases

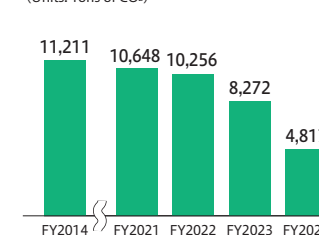
(Target: 1,000 cases)

* cumulative total from FY2022 to FY2024

Preservation and creation of the global environment

Greenhouse gas emission

(Units: Tons of CO₂)



Down **57.0%**
(Compared to FY2013)

Cumulative amount of sustainable financing

FY2022 to FY2023 (cumulative)

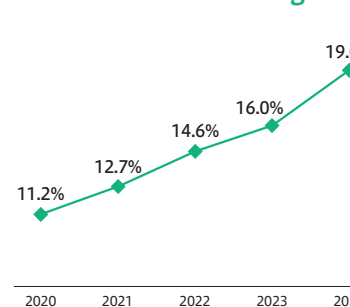
680.9 billion yen

(including 318.2 billion yen in the environmental field)

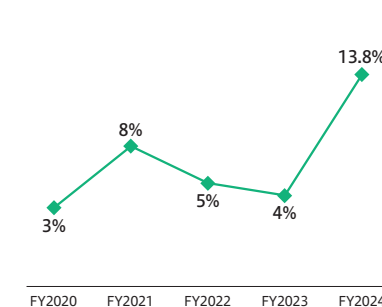
* Accumulated amount executed since FY2022. Sustainable finance refers to finance activities that contribute to solving environmental issues (renewable energy, energy-saving equipment, etc.) and social issues (business start-ups and succession-related issues, medical care, etc.).

Promotion of a variety of human resources into active positions

Ratio of female managers



Ratio of mid-career hires



Number of IT passport holders

FY2024 Target: 1,000 holders

1,224 people

(As of March 31, 2024)

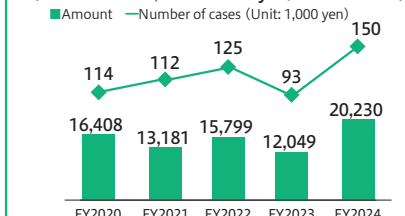
Promotion of partnerships

Cooperation with local public bodies in Gunma Prefecture

13
(As of March 31, 2024)

Donations from SDGs private placement bonds

(Cumulative: 123,311 thousand yen / 828 donations)



Note: Donations from the Gungin SDGs private placement bond, the Green & Food Support Plan 2 (116 donations amounting to 8,140,000 yen) are not included in the above as they fall under FY2024 donations.

External collaboration

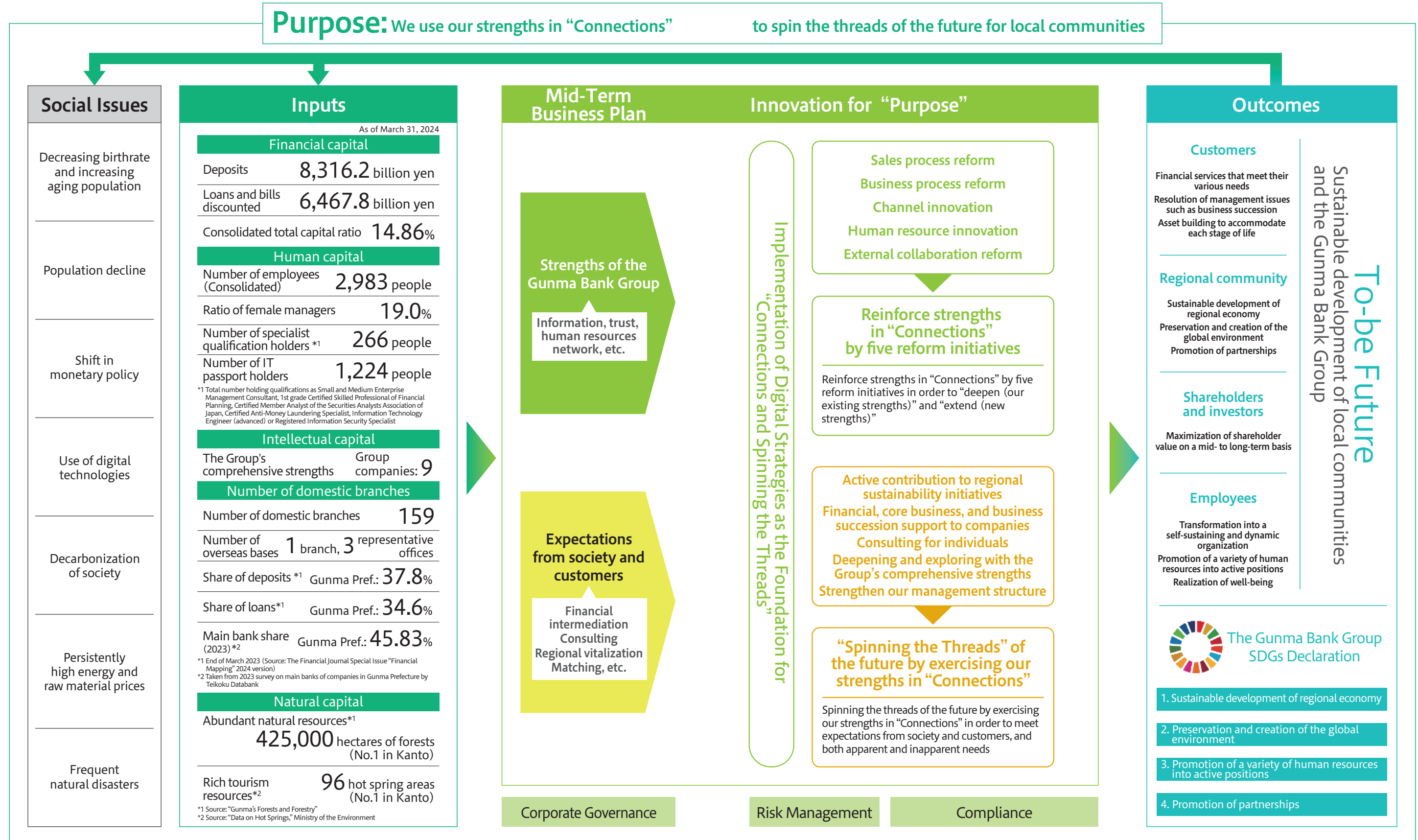


2 Strategy for Realizing Our Purpose

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 final year of our Innovation for Purpose mid-term business plan which runs from April 2022 to March 2025. The mid-term plan 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 plan.

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

ety and customers (social value) based on our Purpose, and as a result, generate appropriate profits (economic value).

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” ...P62		
	2 Reinforce Strengths in “Connections” by Five Reform Initiatives	3 “Spinning the Threads” of the Future by Exercising Our Strengths in “Connections”	
Strategic Theme	● Sales Process Reforms with Emphasis on Progress and Autonomy ————— P60	● Involvement or the like in Regional Sustainability /Initiatives for SDGs and ESGs ————— P32	
	● Business Process Reforms that Contribute to Increasing Productivity ————— P60	● Coronavirus-ready Support for Finance, Core Business and Succession of the Businesses ————— P42	
	● Channel Reforms that Adapt to Changes in the Environment and Customer Needs ————— P61	● Personalized Consulting Service for Each Individual Customer ————— P44	
	● Innovations in Human Resources aimed at Making the Best Use of Creativity ————— P54	● Exploring New Business Opportunities through the Group's Comprehensive Capabilities and Deepening Existing Businesses ————— P48	
	● Reforms in Collaboration with External Parties for Improving Strengths ————— P52	● Reinforcement of Our Management Structure to Consistently Demonstrate Our Strengths in “Connections” ————— P64	

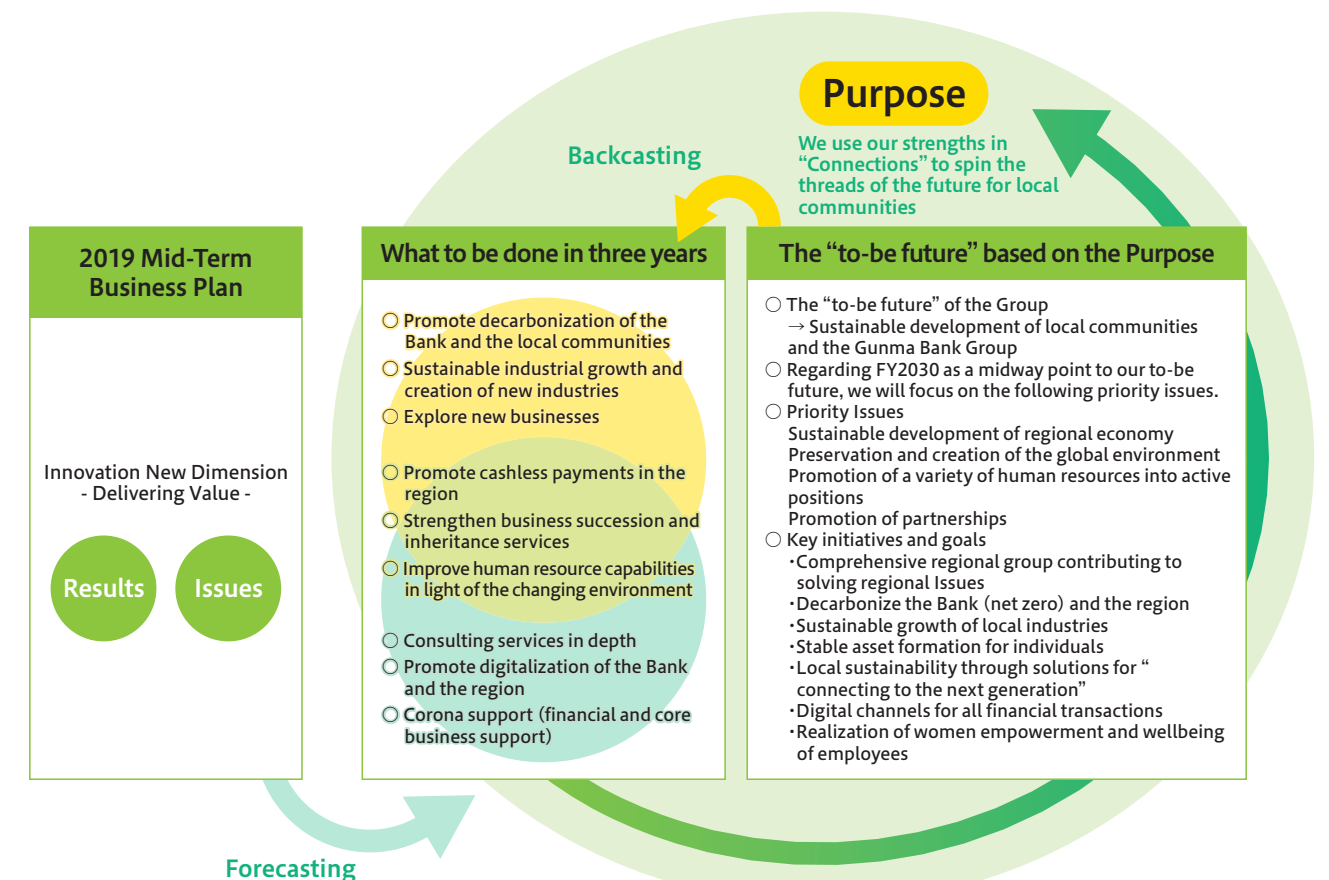
Reinforce strengths in “Connections” by five reform initiatives in order to “deepen” and “extend (new strengths)”

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. 2024)
Core business net income (excluding gain (loss) on cancellation of investment trusts)	45 billion yen	45.4 billion yen
Non-interest Business Income	25 billion yen	24.2 billion yen
Profit attributable to owners of parent	30 billion yen	31.1 billion yen
Consolidated final profit	4.0 billion yen	2.9 billion yen
RORA	0.7% or above	0.81%
OHR	Around 55%	53.4%
ROE	5% or above	5.7%
Total capital ratio	13.5% or above	14.86%



Numerical Plan (KPIs in Connections)*1

KPIs in Connections	Parameter	Target	Results (Mar. 2024)
“Connect” lender and borrower	Amount of sustainable finance executed (three-year cumulative total)	800.0 billion yen*2	680.9 billion yen (two-year cumulative total)
	Amount of housing loan executed (three-year cumulative total)	400.0 billion yen	236.9 billion yen (two-year cumulative total)
	Balance of unsecured consumer loan (as of March 31, 2025)	75.0 billion yen	71.3 billion yen
“Connect” customers	Number of business matching cases (cumulative for three years)	3,000 cases	2,099 cases (cumulative for two years)
“Connect” businesses and individuals	Number of staffing cases closed (cumulative for three years)	200 cases	182 cases (cumulative for two years)
“Connect” customers’ asset with their Future	Balance of customers’ deposited financial assets (consolidated, as of March 31, 2025)	1,250.0 billion yen	1,154.2 billion yen
	Of which, investment trusts (consolidated, as of March 31, 2025)	400.0 billion yen	411.4 billion yen
“Connect” for the next generation	Number of business succession issues resolved (cumulative for three years)	600 cases	774 cases (cumulative for two years)
	Number of contracts for inheritance-related services (cumulative for three years)	1,000 cases	648 cases (cumulative for two years)
Key figures for Purpose-based sales operation	Profit on loans (FY2025)	54.5 billion yen	55.8 billion yen
	Corporate service revenue (FY2025, consolidated)	6.5 billion yen	7.5 billion yen
	Customers’ deposited financial asset revenue (FY2025, consolidated)	9.0 billion yen	7.6 billion yen

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

*2 Revised upward from 500 billion yen in September 2023.

1 The Gunma Bank

2 Strategy for Realizing Our Purpose

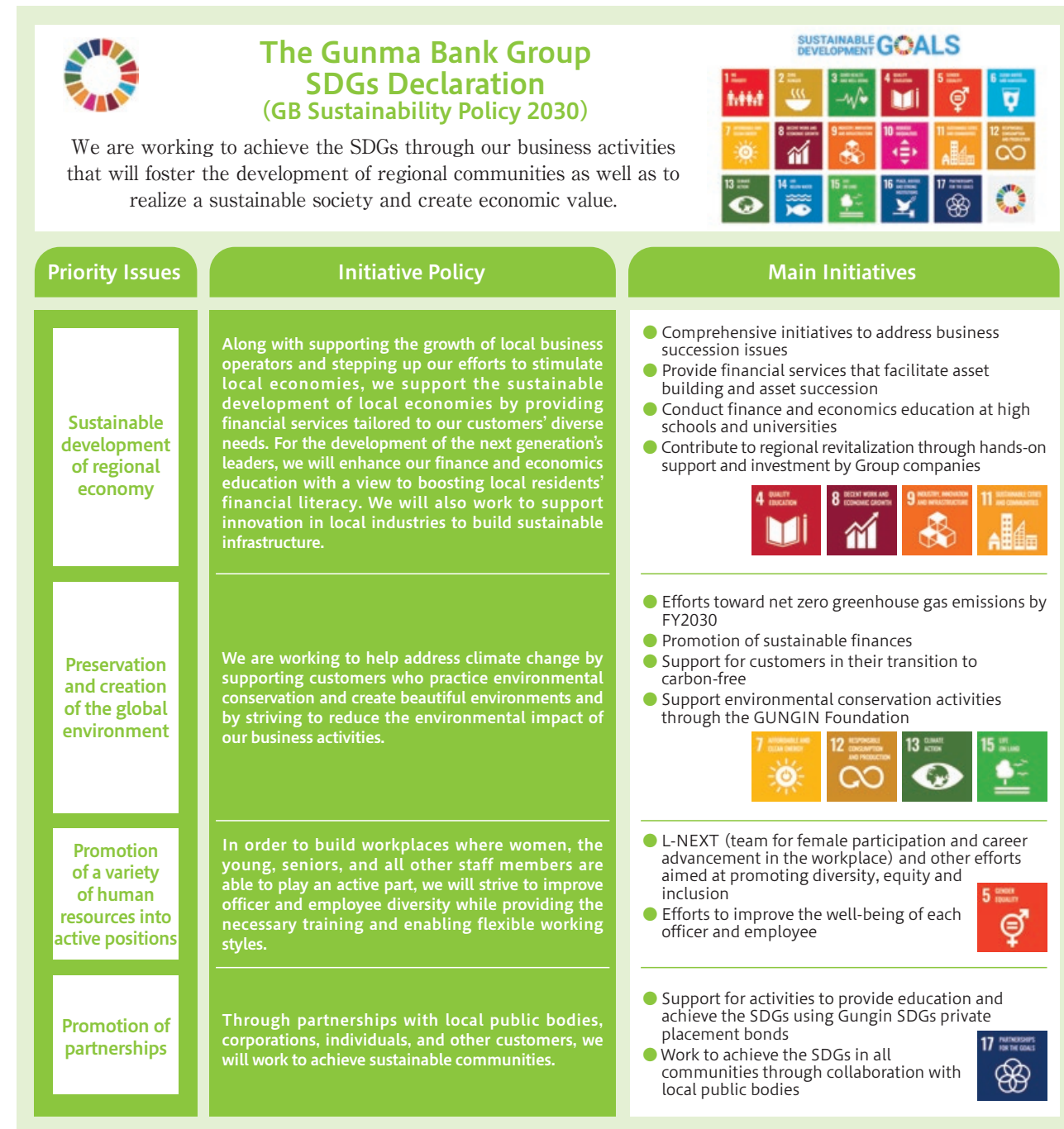
3 Management Base That Supports the Realization of Purpose

Sustainability Initiatives: Exercising Strengths in “Connections”

With the understanding that sustainability initiatives are an important management issue, the Gunma Bank has formulated the Gunma Bank Group SDGs Declaration, and is working to address social and environmental issues in order to achieve sustainability in the region.

The Gunma Bank Group SDGs Declaration 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.



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.

* Please see here for more details on the Gunma Bank Environmental Policy
(<https://www.gunmabank.co.jp/about/csr/environment-policy.html>)



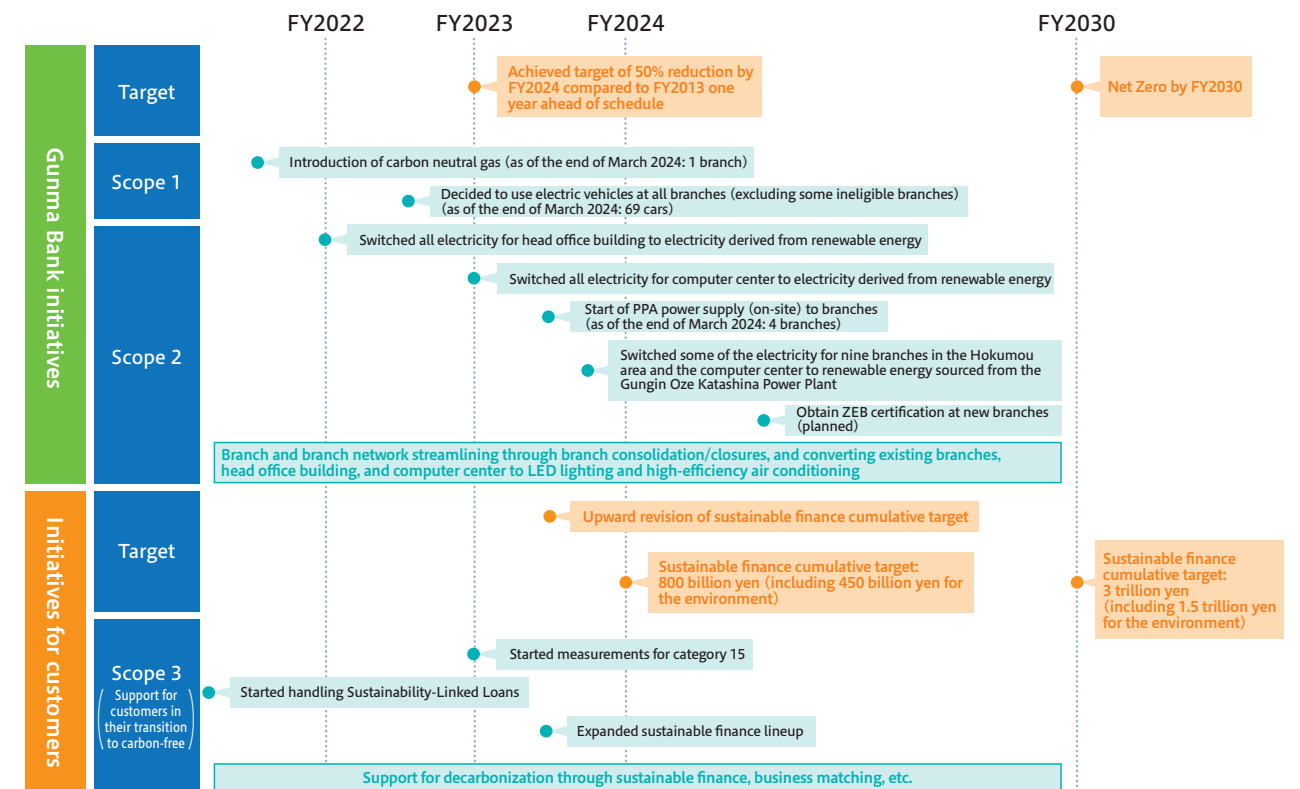
Long-term Sustainability KPIs

- FY2030: Net zero greenhouse gas emissions at the Gunma Bank (Scope 1 and 2)
- FY2030: 3 trillion yen cumulative sustainable finance* (including 1.5 trillion 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.).

Decarbonization Initiatives

In order to achieve sustainability in the region, the Gunma Bank not only promotes its own decarbonization efforts, but also supports customers who are actively working on carbon-free initiatives by providing a variety of solutions.



Helping to create a sustainable society by working to resolve local environmental and social issues

Corporate Planning Department Head of SDGs & ESG Office Sayaka Shimizu

The Gunma Bank has identified “Preservation and creation of the global environment” as one of the key issues in the Gunma Bank Group SDGs Declaration. As such, we have set ambitious goals which the entire Group is working towards, including achieving net-zero greenhouse gas emissions by FY2030 and executing a cumulative total of 3 trillion yen in sustainable finance also by FY2030.

To elaborate on specific initiatives, starting in January 2024, we began procuring renewable energy from the newly established Oze Katashina Power Plant through TEPCO Energy Partner, Inc. This energy is used in nine branches in the Hokumou area, including at our Oze Branch near the power plant. In addition to procuring electricity, we have also acquired the naming rights for the power plant, naming it the Gungin Oze Katashina Power Plant. This is the first time a domestic financial institution has obtained the naming rights for a hydro-

electric power plant as part of a local renewable energy production-for-local consumption initiative that leverages environmental value. The power plant, designed with the idea of being Japan's most beautiful hydroelectric power plant, aims to work in harmony with the local community, including being used as a place for environmental education and as a tourist attraction. At the Gunma Bank, we hope to promote such initiatives widely, working with the community to advance decarbonization efforts.

In our branches, we are also installing solar panels, adopting electric vehicles, and working towards obtaining ZEB certification.

Organizationally, we established the Sustainability Committee in April 2022, chaired by the President, to discuss the Bank's sustainability measures and customer initiatives aimed at sustainability in the region.

Moving forward, we will continue to support our customers in solving environmental and social issues while strengthening our own initiatives to contribute to the realization of a sustainable society in the region.

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.

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

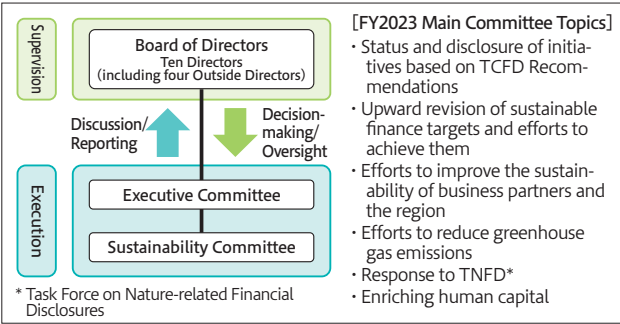
Governance structure

The Bank considers addressing climate change, the SDGs, ESG, and other sustainability-related initiatives as important management issues, and as such, is 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 cumulative amount of sustainable financing.

* See page 67 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.

Risks and Opportunities	Overview	Time Scale
Risk		
Physical risk	Credit risk	• Damage to real estate collateral (buildings) due to flooding, etc.
		• Business stagnation and performance deterioration caused by damage to customers’ business facilities
	Operational risk	• Business interruption caused by damage to the Bank’s business facilities
	Transition risk	
	Credit risk	• Deterioration in customer performance due to stronger regulations and tax systems related to climate change
Opportunity	Credit risk	• Deterioration in customer performance due to increased costs of transitioning to low-carbon and carbon-free products, and delays in responding to changes in consumer product preferences, etc.
	Reputational Risk	• Damage to the Bank’s reputation in the event it is determined we have not provided adequate disclosure
	Increased business opportunities	• Greater opportunity to provide new financial products and services to support the transition to a decarbonized society
Opportunity	Cost reductions	• Increased demand for public works projects, corporate capital investment, etc. as a countermeasure for climate change-related disasters
	Cost reductions	• Reduction of operating costs through resource and energy conservation at the Bank’s business locations

Opportunity

As we transition to a decarbonized society, we believe that actively supporting our customers in responding to climate change—through meeting their funding needs and offering new financial products and services—will strengthen their business foundations. This, in turn, will expand our revenue opportunities and lead to sustainable growth. With this mindset, we are engaging in dialogue with our customers through initiatives such as the Connecting Process, sharing goals and needs, and providing solutions like sustainable finance.

* See pages 39-40 for more on our initiatives for customers.

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 4.3 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: 4.3 billion yen

Transition risk

Among the sectors that are considered to be susceptible to climate-related financial impacts according to the TCFD recommendations, sectors were selected for analysis in terms of the impact on climate change and the Bank’s exposure. **Starting this year, in addition to the automotive and energy (electric power, oil and gas) sectors, we have newly selected the land transportation sector for analysis.**

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.

In our analysis of the automotive sector, which is one of the core industries in the region, we are working to refine the results. This includes estimating the increase in credit costs for business partners other than model companies based on sales forecasts according to the degree of impact of the products handled, etc.

The result of the analysis was a cumulative increase in credit costs of 15.4 billion yen through 2050.

Scenario	NGFS/NetZero2050 (1.5° C 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, Energy (electric power, oil and gas), Land transportation 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 to estimate increase in credit costs
Results of analysis	Cumulative increase in credit costs through 2050: 15.4 billion yen

State of Carbon-Related Assets

Carbon-related assets accounted for approximately 24.6% 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 2024. 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 assessed 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 providing investments and loans for the construction of new coal-fired power plants.

* The Environmentally and Socially Conscious Investment and Loan Policy has been published on our website. It can be viewed at the following URL.
(<https://www.gunmabank.co.jp/about/csr/investment-policy.html>)



Automotive Sector Initiatives

Background to initiative

In Gunma Prefecture, the automobile industry plays a central role in the local economy with transport equipment, such as automobiles, accounting for approximately 30% of all manufactured goods shipped. The environment surrounding the automotive industry is also undergoing significant changes, including rapid development 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.

Against this background, the Gunma Bank considers the automotive sector to be one of its most important sectors.

Expanding support system and engaging with the automotive sector

In order to improve the sustainability of the automobile-related industry, the 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. Based on the interview results, we created individual datasheets and summarized them in a positioning map for customer support. Additionally, we engage with the management of the companies we interviewed by providing information on the external environment, returning interview results, sharing issues, and offering support for those issues. At the start of this engagement, we were selected as a support institution for the 2022 ESG Regional Financial Promotion Project conducted by the Ministry of the Environment and received support for creating materials to benefit our customers.

Going forward, we will continue to strengthen collaboration with external organizations and work together to provide mid- to long-term support for customers' decarbonization and electrification efforts.

The database and interview results we have developed are also being used to enhance analysis, such as scenario analysis of transition risks in the automotive sector.

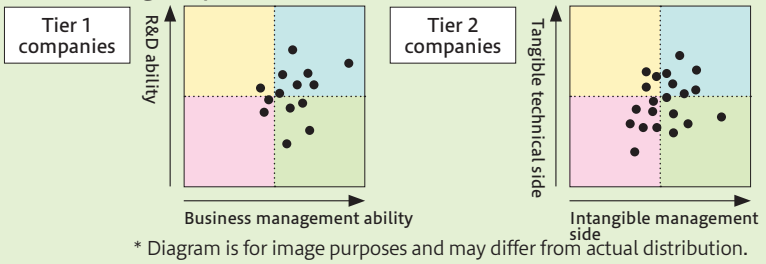
[Overview of initiative]



[Individual datasheet]

- Main details of datasheet
 - Main products and number of shipments
 - Ratio for automobiles
 - Ratio by manufacturer
 - Owned technology
 - Owned equipment
 - CASE compatibility
 - Impact of electrification
 - Production and inventory management
 - Use of IT
 - Certifications, etc.

[Positioning maps]



Indicators and Targets

Greenhouse Gas Emission

Scope 1 and Scope 2

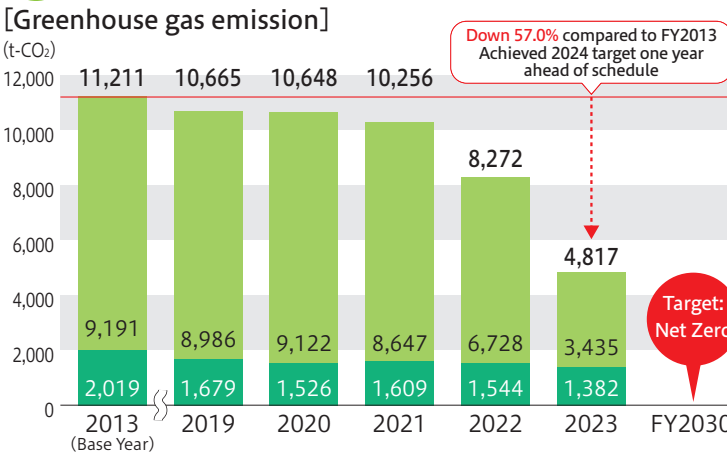
To help create a carbon-free world and contribute to the sustainable development of society, the Bank has set targets for reducing greenhouse gas emissions.

By switching to renewable energy derived from the Gungin Oze Katashina Power Plant, for which we acquired naming rights, our GHG emissions in FY2023 were 4,817 tons of CO₂, representing a 57.0% reduction compared to FY2013. This achievement surpassed our FY2024 target by one year.

Moving forward, we will continue to strengthen our efforts to be net zero by FY2030 by creating environmentally friendly branches, for example, by obtaining ZEB* certification and driving electric vehicles.

* ZEB (Net Zero Energy Building) refers to buildings that aim to balance primary energy consumption with energy produced on-site through the use of energy-saving and energy-generating equipment while ensuring a comfortable indoor environment.

Target FY2024: 50% reduction compared to FY2013 Net Zero by FY2030



■ Scope 1: the Gunma Bank direct emissions (heavy oil, utility gas, gasoline, etc.)
■ Scope 2: Indirect emissions from the use of energy supplied by other companies (electricity, cold water, steam, etc.)

* Calculated in accordance with criteria from the periodic reports mandated by the Act on Rationalizing Energy Use. Gasoline emissions are calculated using average annual gasoline prices and emission counts.
* The scope of the greenhouse gas emissions calculation is part of scope 1 and scope 2 for the Bank's domestic offices.

Scope 3

The Gunma Bank is expanding the scope of greenhouse gas emissions measurement and has calculated all applicable categories starting this fiscal year. The measurement method has been changed from last year due to the expanded scope.

(Units: Tons of CO₂)

Parameter	FY2021	FY2022	FY2023
Category 1 (purchased goods and services)	13,909	12,035	13,220
Category 2 (capital goods)	7,018	3,653	5,621
Category 3 (fuel- and energy-related activities not included in Scopes 1 and 2)	1,697	1,547	1,216
Category 4 (upstream transportation and distribution)	304	220	269
Category 5 (waste generated in operations)	184	166	146
Category 6 (business travel)	232	272	303
Category 7 (employee commuting)	3,847	3,481	3,284
Total	27,191	21,375	24,060

* Categories 8 to 14 not applicable due to the nature of the business.

[Measurement methods]

- Category 1: The amount of purchased products and services is multiplied by the respective emissions intensity. For calculation, we use data obtained from the expense management system used by the Bank, and determine the necessity of the calculation and the appropriate emissions intensity to use based on account items and description codes.
- Category 2: The amount of tangible fixed assets and intangible fixed assets acquired in each fiscal year is multiplied by the emissions intensity.
- Category 3: The amount of electricity used is multiplied by the emissions intensity. The consumption of gasoline, city gas, propane gas, heavy oil, and steam (including chilled water) is multiplied by the emissions intensity of the LCI database IDEAv2 (for calculating supply chain greenhouse gas emissions).
- Category 4: Postage costs are multiplied by the emissions intensity.
- Category 5: Expenditures for waste collection and treatment are multiplied by the emissions intensity.
- Category 6 and 7: The amount of transportation expenses paid for each mode of transport is multiplied by each 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.2.6) and the Ministry of the Environment's Emissions Intensity Database for Calculating an Organization's Greenhouse Gas Emissions Throughout the Supply Chain (Ver.3.4).

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, Category 15 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 2024. We have started to measure data quality scores for the first time this fiscal year. In the future, we will continue to look at ways to expand the scope and improve measurements.

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

[Emissions by industry (18 carbon-related sectors based on TCFD recommendations)]

Industry	Carbon intensity (t-CO ₂ /million yen)	Emissions (t-CO ₂)	Weighted average data quality score
Oil/Gas	3.28	357,187	3.50
Coal	—	—	—
Electric/Utilities	21.86	435,413	3.34
Air freight	12.14	437	4.00
Passenger air transportation	—	—	—
Marine transportation	7.45	30,045	1.26
Rail transportation	0.95	27,125	1.64
Trucking services	3.78	466,484	3.91
Automobiles and components	2.42	389,242	2.56
Metals/Mining	4.62	803,320	2.80
Chemical product	4.54	276,146	2.19
Construction materials	14.57	271,057	2.66
Capital goods	3.56	1,279,925	3.54
Real estate management and development	0.83	177,741	3.19
Beverages	1.62	51,273	2.90
Agriculture	6.26	83,250	4.00
Packaged food and processed meats	5.50	831,076	3.89
Paper and forest products	3.70	145,800	2.86
Other	1.60	3,835,618	3.43
Total		9,461,139	

[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.

* For listed companies, disclosed information is used where it can be obtained, and for other companies, estimated values are used.

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)

[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

[Data quality score]

Scores are assigned on a 5-point scale based on the content of available data. A score of 1 is the highest quality data, and a score of 5 is the lowest quality.

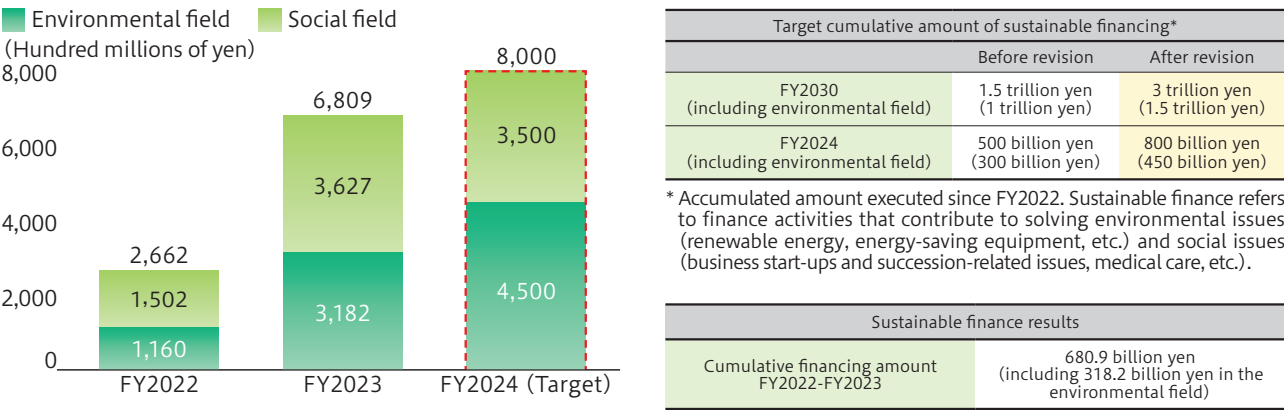
* Calculation results may change due to expanded disclosure of financed emissions, updates to carbon intensity data, and more sophisticated calculation methods.

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 social, environmental, and other issues. In order to further advance our efforts to realize a sustainable society, **we raised our sustainable finance goals in September 2023**. By proactively engaging in sustainable finance, we will uncover and resolve local ESG issues.

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.

In June 2023, we achieved the investment and loan limit of 50 billion yen. We will continue to work towards achieving our sustainable finance goals.



Contributing to Regional Decarbonization Through Finance

To realize a sustainable society, the Gunma Bank is actively engaging in sustainable finance initiatives such as sustainability-linked loans, the Gungin SLL, and green loans. The renewable energy projects financed by the Gunma Bank have generated 6,433,821 MWh of renewable energy. Furthermore, customers utilizing sustainable finance products like sustainability-linked loans and the Gungin SLL have reduced their greenhouse gas emissions by 1,360,293 tons of CO₂. The Gunma Bank also 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. Moving forward, the Gunma Bank will continue to support customers who are actively working towards decarbonization by providing financial support, thereby contributing to decarbonization in the region.

[Environmental improvement results through sustainable finance (April 2022 to March 2024)]

Parameter	Result	Household equivalent*
Amount of renewable energy generated by financing renewable energy projects	6,433,821 MWh	Approx. 1.63 million households
Reduction in greenhouse gas emissions for customers using sustainable finance products	1,360,293 t-CO ₂	Approx. 780,000 households
Total		Approx. 2.41 million households (Number of households in Gunma Prefecture: 820,000 households)*2

Sustainable finance projects (environmental field) are selected where quantitative effects can be identified. These effects are then calculated based on the Gunma Bank's criteria.

Notes:
1. Calculated from annual greenhouse gas emissions (electricity) per household based on the Results of Survey on the Actual Conditions of Carbon Dioxide Emissions from Residential Sector in FY2022 (Final Figures), Ministry of the Environment
2. Source: 2023 Gunma Prefecture Population Movement Survey Results (Annual Report), Gunma Prefecture

Biodiversity and Natural Capital Initiatives

To achieve a sustainable society, we believe it is essential not only to address climate change but also to halt and restore the loss of natural capital, achieving a “nature-positive” outcome. The Gunma Bank is committed to tackling environmental challenges through its business activities and corporate initiatives.

■ **Participation in the Taskforce on Nature-related Financial Disclosures Forum**
In April 2024, we endorsed the initiatives of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum. By participating in the TNFD Forum, we aim to contribute to the development of a framework for disclosing nature-related financial information. Additionally, we will actively engage in the conservation of natural capital and biodiversity within our region.

* Please see page 78 for information on our biodiversity initiatives.



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 444 companies to date (as of March 31, 2024).

Gungin SDGs/ESG Management Evaluation and Diagnostic Service (Scheduled Launch August 2024)

Starting in August 2024, we plan to launch the Gungin SDGs/ESG Management Evaluation and Diagnostic Service, which provides a high-level assessment of our customers' SDGs and ESG initiatives. This service uses a scoring model to quantify customers' SDGs and ESG efforts, allowing for industry comparisons and objective evaluations. Additionally, customers can utilize a detailed diagnostic report created through AI analysis and evaluation of their initiatives.

Raising Understanding of the SDGs/ESG and Their Necessity

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

Gungin SDGs/ESG Management Evaluation and Diagnostic Service (Scheduled Launch August 2024)

- Confirm current status of SDGs/ESG initiatives based on advanced evaluation using a scoring model
- Understand issues in detail with AI-generated diagnostics reports
- Contribute to more advanced SDGs/ESG management through continuous efforts and understanding of the current situation regarding SDGs/ESG

Deciding on priority issues

Environment	Human Rights/Labor	Fair Business Practices Organizational Structure	Products Service	Social Contribution Regional Contribution
-------------	--------------------	---	---------------------	--

Proposing Solutions that “Connect” to Solving Issues

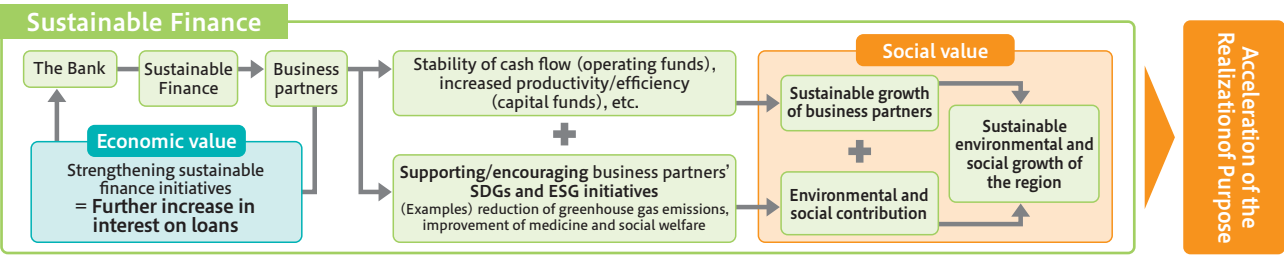
Parameter	Main Services, Etc.	Group Companies
SDGs/ESG-Related Consulting	SDGs/ESG-Related KPI Setting, Training, Etc.	Gungin Consulting Co., Ltd.
Carbon-Related		
Measuring and Visualizing Greenhouse Gas Emissions	Greenhouse Gas Emission Visualization Cloud Service	
Carbon Offsets	Support Creating and trading 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	Gungin Consulting Co., Ltd. Gunma Regional Advanced Solution Partners Co., Ltd
Hiring of High-level Human Resources	Staffing Service	Gungin Consulting Co., Ltd.
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	Gungin Consulting Co., Ltd.
Demand Forecasting Service	Demand Forecasting Using Weather and Sales Data, Etc.	

Financing, Subsidies, Etc. Based on Proposed Solution

Sustainable Finance	Various sustainable finance products (P.40) Loans for renewable energy projects Loans, etc. for business succession measures
Subsidies and Tax Benefit Support	Subsidies for large-scale growth investments such as labor-saving measures aimed at raising wages for small and medium companies Business restructuring subsidies, tax system to encourage future regional investment, etc.
Interest Subsidy	Subsidy for Energy Efficiency Investments

Initiatives for Sustainable Finance ▶ See P.38 for target cumulative amount of sustainable financing

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.



Sustainable finance products

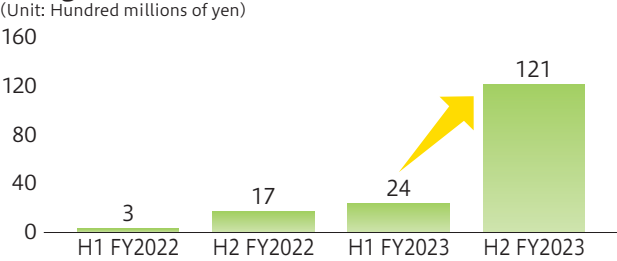
The Gunma Bank offers a variety of sustainable finance products that help drive progress in sustainability management.

Compliant with international principles (third party evaluation required)	Other
<p>Positive Impact Finance</p> <ul style="list-style-type: none">● The Gunma Bank comprehensively analyzes and evaluates the impact that corporate activities have on ESG● KPIs are set and monitored by the Bank regarding increase/mitigation of impact <p>Sustainability-Linked Loans</p> <ul style="list-style-type: none">● Ambitious sustainability performance targets are set and certified by a third-party evaluation organization● Incentives available, including interest rates that fluctuate depending on progress toward targets <p>Green Loans</p> <ul style="list-style-type: none">● Use of funds is limited to green projects● Once a year, customers report on environmental improvement effects, etc. <p>Social Loans</p> <ul style="list-style-type: none">● Use of funds is limited to social projects● Once a year, customers report on social improvement effects, etc.	<p>Carbon Neutral Loans</p> <ul style="list-style-type: none">● Financing products for customers who are working, or plan to work, towards carbon neutrality <p>Gungin SDGs Private Placement Bonds (donation support type)</p> <ul style="list-style-type: none">● Private placement bonds for customers looking to make a donation or gift● A portion of corporate bond issuance fees is donated to organizations working on SDGs <p>Gungin SDGs Private Placement Bonds (issuer support type)</p> <ul style="list-style-type: none">● Private placement bonds for customers working on projects to achieve SDGs● Helps improve corporate image and employee motivation <p>Financing with Special Clause for Waiver in Event of Earthquake</p> <ul style="list-style-type: none">● If an earthquake with a seismic intensity of 6 or higher occurs at a predetermined place, the loan principal is waived at a predetermined rate <p>Financing with Special Clause for Waiver in Event of Torrential Rain</p> <ul style="list-style-type: none">● If heavy rain exceeding a certain amount occurs at a predetermined place, the loan principal is waived at a predetermined rate <p>Doctor Support Loans</p> <ul style="list-style-type: none">● Can be used for equipment and working capital when opening a new or branch general practice or dental clinic

Gungin SLL

Since June 2022, we have been offering Gungin SLL, a loan product where the interest rate fluctuates based on the achievement of specific goals, to support our customers' efforts to address environmental challenges. Initially, the selectable KPIs were limited to the environmental field, such as greenhouse gas emissions. However, starting in April 2024, we will expand the selectable KPIs to include the social field, such as use of annual paid leave and male parental leave, thereby also supporting our customers' efforts to tackle social issues.

[Gungin SLL execution amount]



Regional Sustainability Initiatives

Comprehensive Collaborative Agreement for Community Revitalization

Collaboration with local governments in Gunma Prefecture aimed at regional revitalization

The Gunma Bank has concluded comprehensive partnership agreements with Gunma Prefecture and 13 local governments in the prefecture. Centered around the Regional Revitalization Office within the Corporate Consulting Department, we collaborate with related departments, branches, and Group companies to enhance the appeal of the region through initiatives such as promoting tourism, revitalization support through the corporate version of the hometown tax, revitalizing agriculture, and attracting businesses.

Revitalization of Minakami Onsen in collaboration with industry, academia, government and financial institutions

The Gunma Bank is actively involved in the revitalization of Minakami Onsen through a collaboration between four key sectors: industry, academia, government, and finance. In FY2023, we organized events such as markets to boost local engagement. Additionally, we are working on a project to transform an abandoned hot spring inn into a tourist facility. Using the industry-academia-government-financed efforts in Minakami Town as a model case, we aim to revitalize the region by expanding efforts outward to other regions in the prefecture.



Facilities being revitalized through public proposals in Minakami Town

Gunma Next Generator

Matching young entrepreneurs with SMEs facing challenges

On June 13, 2024, the Gunma Bank, along with Venture for Japan and Gunma Regional Advanced Solution Partners, Co., Ltd., jointly undertook the Gunma Next Generator project, commissioned by Gunma Prefecture.

The Gunma Next Generator project is a program designed to match talented and motivated young people with small and medium-sized enterprises (SMEs) in the prefecture that face challenges, providing support and collaboration. Through participation as project leaders in tackling the companies' issues, the young people gain opportunities for growth, while the companies benefit from the fresh perspectives brought by the young participants, potentially enhancing their corporate value.

By actively participating in initiatives promoted by local governments, the Gunma Bank aims to contribute to the development of regional industries and develop talent that supports the community.



Gunma Next Generator project partners
From left to right: Shinichiro Nakagawa, President of Gunma TV, Masataka Sakamoto, Representative Secretary of Gunma Association of Corporate Executives, Akihiko Fukai, President of the Gunma Bank, Yosuke Komatsu of Venture for Japan, Hideo Kagamiyama, President of Gunma Regional Advanced Solution Partners

Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation

Participation in projects aimed at discovering and implementing scientific and technological innovations

In 2021, the Gunma Bank signed a Collaboration Agreement on Gunma Next-Generation Industry Creation and Cultivation and has been working on the Gunma Tech Planter project. Through organic collaboration among industry, academia, government, and finance, we focus on discovering scientific and technological innovations emerging from universities and providing supportive assistance. Our goal is to create an environment conducive to the birth of new industries and to foster a region where startups can always thrive.



The 4th Gunma Tech Plan Grand Prix

Measures for Corporate Customers

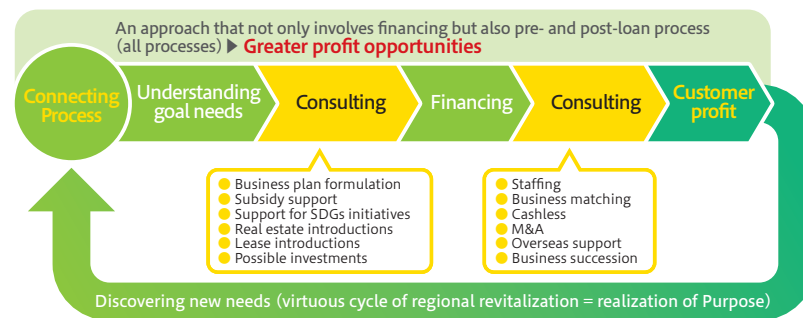
Connecting Process

Since October 2022, the Gunma Bank has been implementing a comprehensive sales activity framework known as the Connecting Process. This process begins with dialogue with our customers, continues through the sharing of goals and needs, and culminates in providing accurate solutions. We aim to share our customers' envisioned goals, future business directions, and the stories that generate business value. We offer tailored solutions by identifying the needs and management challenges necessary to bridge the gap between their current situation and their goals. In the 18 months since the initiative's launch, we have held meetings with 6,085 clients and identified over 17,000 needs.



Full-Spec Approach

In addition to meeting our customers' financial needs, we are expanding the Group's earnings by approaching both the preliminary and post-loan processes through the Connecting Process to offer solutions that leverage the full capabilities of the Group. We believe that this approach not only benefits our customers but also helps uncover new needs and by addressing them, ultimately contributes to regional revitalization.



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), the 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 P.48 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.

Currently, Gungin Consulting, a Group company, has obtained approval as an advanced banking service company and is engaged in the human resources solutions business.

KPIs in Connections		
	Target (FY2023-FY2025 cumulative)	Results (FY2023-FY2024 cumulative)
Staffing cases closed	200 cases	182 cases
Number of business matching cases	3,000 cases	2,099 cases

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

■ 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 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.

■ 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. In August 2023, we introduced Post-Subsidy Support, a total service designed to assist with the entire process of utilizing subsidies, from the initial application to the final reporting on status of commercialization. Additionally, in January 2024, we launched Tax Incentive Application Support, which aids in the preparation of applications and other documents related to tax incentives to be submitted to national and local governments.

Business Succession Support

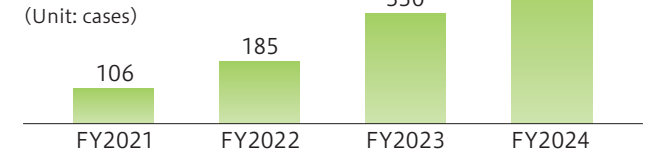
Management issues related to the business succession of local companies have become major issues related to the sustainability of the region in terms of passing down technology, maintaining supply chains, and maintaining employment. Our HQ and sales branches cooperate to understand the business succession 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.

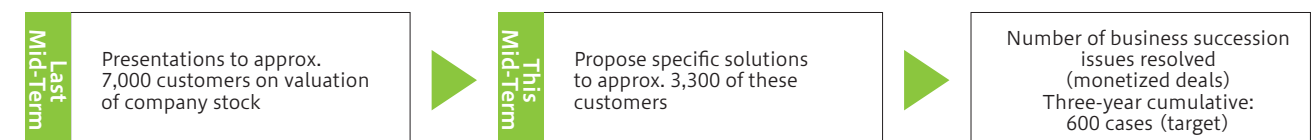
KPIs in Connections

	Target (FY2023-FY2025 cumulative)	Results (FY2023-FY2024 cumulative)
Number of business succession issues resolved	600 cases	774 cases

[Number of business succession issues resolved]



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 P.81 for information on our overseas bases.

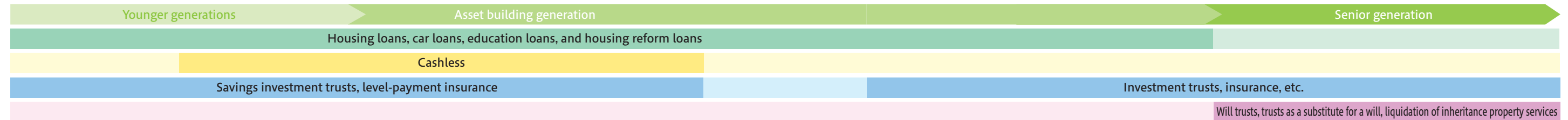
The Bank actively supports the overseas expansions of our business partners in collaboration with our overseas bases (one branch and three representative offices), Gungin Consulting, and external partners. The Corporate Consulting Division's Overseas Trade Support Office takes the lead in providing various services, including conducting inspections on the environment for overseas investment, offering advice on establishing bases for clients considering expanding overseas, support with opening local bank accounts, and assisting clients looking to develop international sales channels by listing potential local partners and arranging business meetings.



Visiting a local factory as part of the Vietnam Investment Environment Visit co-sponsored with Gunma Prefecture (October 2023)

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.

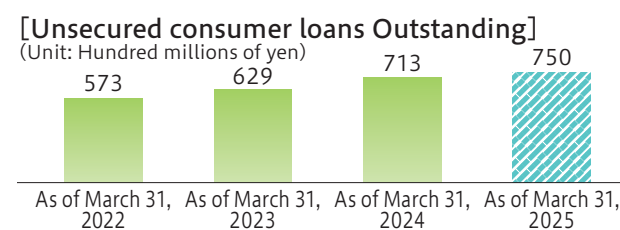
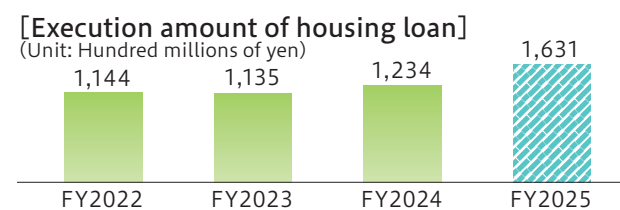
In order to respond to the diverse needs of customers, we are working to improve the quality of our loan products. We are also promoting digitization to increase customer convenience and improve the Bank's operational efficiency. Approximately 80% of new contracts for unsecured consumer loans are contracted 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)

Customers' deposited financial asset services

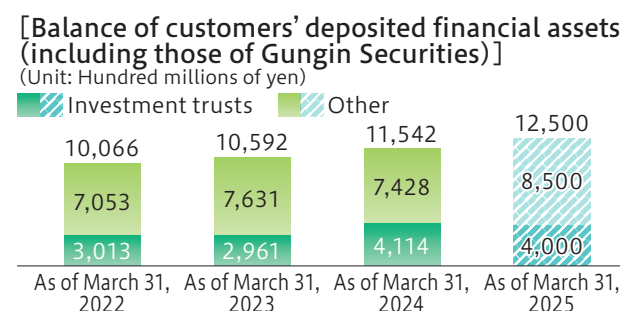
Supporting asset formation through asset management-type sales

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-based sales centered on long-term, accumulated, and diversified investments. This includes proposals for investment trusts with a focus on growth portfolios that aim to improve overall asset management efficiency from a long-term perspective, and proposals for accumulation funds that make use of the allowance for systematic, regular investments. 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		
Execution amount of housing loan	Target (FY2023-FY2025 cumulative)	Results (FY2023-FY2024 cumulative)
	400.0 billion yen	236.9 billion yen
Unsecured consumer loans Outstanding	Target (As of March 31, 2025)	Results (As of March 31, 2024)
	75.0 billion yen	71.3 billion yen



KPIs in Connections		
	Target (consolidated, as of March 31, 2025)	Results (consolidated, as of March 31, 2024)
Customers' deposited financial Assets	1,250.0 billion yen	1,154.2 billion yen
Of which, investment trusts	400.0 billion yen	411.4 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.

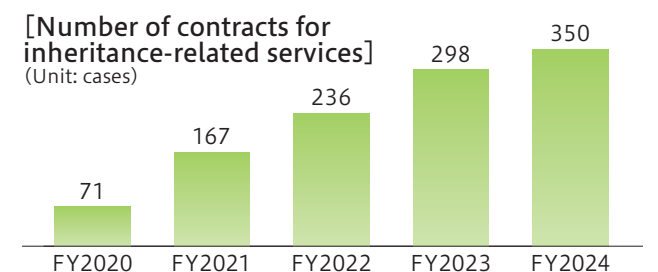
* Fukaya Representative Office scheduled to open in August 2024

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 Office (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 service 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 (FY2023-FY2025 cumulative)	Results (FY2023-FY2024 cumulative)
	1,000 cases	648 cases



Expansion of Consultation Centers—Individual Consulting Plazas

The Maebashi, Takasaki, Isesaki, and East branches meet the asset management, insurance and loan 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.

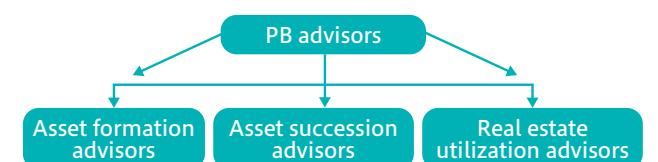
* Individual Consulting Plaza Takasaki scheduled to open in August 2024



Individual Consulting Plaza Takasaki, which moved in December 2022

Initiatives of the Wealth Management Office

The Bank has established a Wealth Management Office within the Consulting Sales Division. The Office 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 Office at our HQ and our sales branches work together to resolve the increasingly diverse and sophisticated issues of our customers.



Initiatives to Improve Customer Satisfaction

Initiatives to Promote Sales Activities Based on Our Purpose

In line with our Purpose, “We use our strengths in connections to spin the threads of the future for local communities” and with the aim of deepening our sales activities based on this Purpose, we established the CS & Purpose Sales Promotion Group within the Group Sales Strategy Department in April 2024. This group will enhance the connection between our Purpose and sales activities, contributing to the sustainable growth of the Bank.



Aiming for a Positive Cycle Starting from Purpose-Based Sales Activities

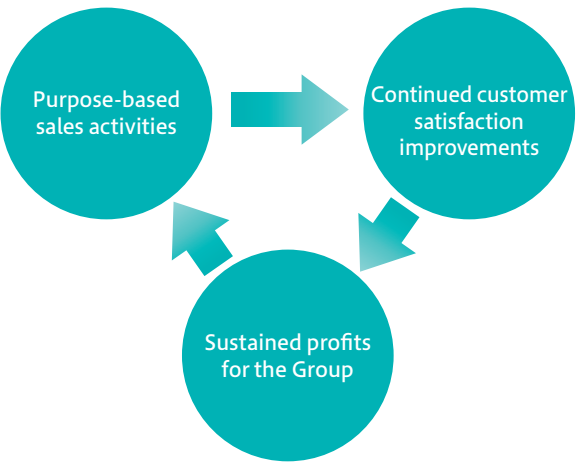
Miki Sato
Associate Manager, Group Sales Strategy Department
In charge of CS & Purpose Sales Promotion

At the Gunma Bank, each branch and Group company engages in sales activities based on our Purpose. This purpose-driven sales activity involves employees understanding the essence of our Purpose and taking a multifaceted approach from the perspective of the local community and our customers. By consistently implementing such approaches, we aim to enhance customer satisfaction, which in turn leads to sustainable revenue growth for the Gunma Bank Group. Furthermore, the increased revenue of our Group will further promote Purpose-driven sales activities and improve customer satisfaction, creating a virtuous cycle. I believe that achieving this virtuous cycle is the mission of the CS & Purpose Sales Promotion Group.

To carry out sales activities that serve as the starting point for a virtuous cycle, it's crucial for each employee to perceive the Purpose as their own and to connect the purpose with their daily tasks. The role of the CS & Purpose Sales Promotion Group is to support these employee efforts. Specifically, we plan to conduct branch visits and training sessions to repeatedly convey the connections and importance of putting the Purpose into practice, improving customer satisfaction, and revenue growth for the Bank. Additionally, we will share examples of successful Purpose-driven practices from branches to further this initiative.

It's crucial for the entire workplace to collaboratively promote sales activities based on our Purpose. In conversations with employees working at branches, most understand the significance and goals of the Purpose, but some still feel disconnected from how their actions align with it. For example, employees involved in customer service or administrative tasks at sales branches might feel that their work doesn't contribute to the Purpose. We want these employees to be more aware of the virtuous cycle between the Purpose and customer satisfaction. To ensure customers leave satisfied after visiting our branches, it is essential to provide an understanding service and accurate, prompt administrative procedures. This is also considered sales activity based on our Purpose. We aim to foster conversations within the workplace where employees are reminded that their current actions are actually contributing toward the Purpose.

We will advance our activities to ensure that customer-centric sales activities, which are based on our Purpose, are implemented throughout the entire Group, so that we can realize a virtuous cycle based on our Purpose.



Customer-Oriented Business Conduct

The Gunma Bank publicly discloses its Customer-Oriented Business Conduct Policy and Action Plan based on Customer-Oriented Business Conduct Policy, along with progress and KPIs (both shared and independent KPIs), on the Bank's website.

* Please see here for more details.



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, the 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 video-phone 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 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.

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. Here, we introduce the initiatives of five companies. (See page 45 for details on Gungin Securities)

Gungin Consulting Co., Ltd.



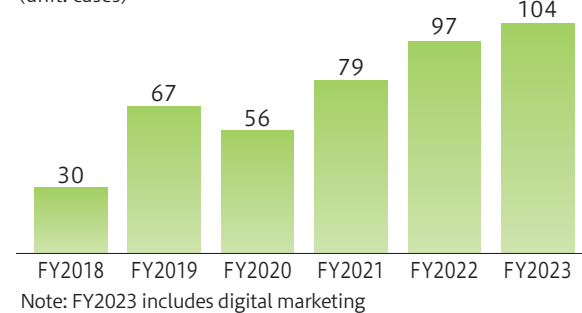
Expanding Business Areas as the Core of the Group's Corporate Non-financial Business

Nobuhito Saito President

- 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 increased the number of contracted projects since we first opened in 2018. 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 from 2023 to us, so that we can provide an introduction service that connects local businesses 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, has been gradual-

[Number of contracted consulting projects]
(unit: cases)



ly rolling out consulting services since 2023 related to operating e-commerce sites and purchase-type crowd-funding, as well as consulting on digital marketing and advertising. The aim is to discover new businesses and products originating from the region, as well as to expand sales channels and increase recognition.

- Please tell us about the significance of Gungin Consulting's efforts to expand its business domain.

Expanding our business domain involves addressing increasingly sophisticated and diverse management challenges, such as seeking executive-level talent or wanting to develop marketing strategies, within our consulting services. By integrating new businesses with our existing consulting operations and implementing goal-based comprehensive solution proposals, we believe we can contribute even more effectively to solving our clients' challenges.

- 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. We are committed to providing solutions by making the most of our specialized knowledge, expertise, and the networks and resources of the Group. Our goal is to contribute to the growth of regional businesses and the development of a sustainable regional economy.

Case Study Promoting Regional Businesses through Regional Trading Company Expansion

We have launched our own platform for purchase-based crowd-funding and e-commerce, called TSUNAGU+. The goal of the purchase-based crowd-funding is to create new regional products and services and promote them widely both domestically and internationally. The e-commerce site not only permanently sells new regional products and services that originated from crowd-funding but also introduces unique and attractive regional products divided into four zones: LOVE IT, FEEL GOOD, HAVE FUN, and IT'S COOL. It is hoped that TSUNAGU+ will add new value to the region through our ability to connect.

In addition to marketing support through the above platform, we also provide support for corporate rebranding and product branding as well as digital marketing and advertising support for businesses in the region.



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.



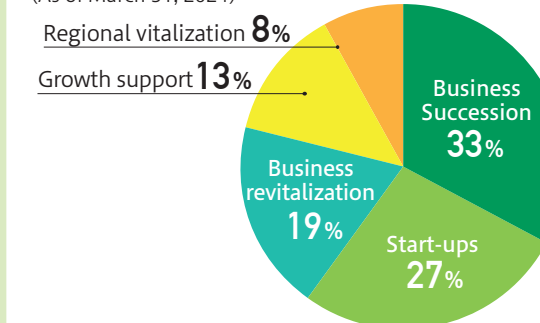
Aiming to Improve the Value of the Entire Region by Fulfilling Our Role as a Hub for Regional Cooperation

Hideo Kagamiyama President

- Please tell us about your business.

We are working to create new businesses that contribute to the revitalization of the local economy through investment, as well as business expansion, growth, and smooth business succession to the next generation. In addition, we provide hands-on accompanying support that meets the needs of the business. We make investments in accordance with 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.

[Overview by Investment Theme]
(As of March 31, 2024)



- What are the defining features of Gunma Regional Advanced Solution Partners?

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.

We also position ourselves as a hub that functions for cooperation in the region. 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.

Case Study Collaborating with Local Stakeholders to Revitalize Ikaho Onsen

In Ikaho, through a fund managed by our company, we have established an urban development company called Sekiraku Co., Ltd. in partnership with local businesses in the Ikaho region. Sekiraku has acquired the former Ichikawa Ryokan, which ceased operations over 40 years ago. The acquired building will undergo renovation that preserves the charm of the over 100-year-old wooden ryokan (Japanese style inn), with plans to include restaurants and retail stores. The aim is to utilize the building's location halfway up the Ikaho Stone Steps to function as a central house where people can relax. The opening is planned for the fall of 2024.

We will continue to work closely with regional stakeholders, including Shibukawa City and the Shibukawa Ikaho Onsen Tourism Association, using this fund as a starting point to contribute to the revitalization of the Ikaho Onsen resort.



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.

Promoting cashless payments in cooperation with banks
In April 2022, we strengthened our framework by taking over the credit card member business, which was previously handled by the Bank itself, consolidating the card-related businesses within the Group into our company.
In terms of acquiring new merchants, we are working



Gungin Card Head Office (Maebashi City)

with the Bank to make proposals for new business partners and non-member clients. In the fiscal 2023, we acquired 2,428 new merchants (an increase of 1,605 from the previous year), and the annual transaction volume grew to 170.8 billion yen (up 14.8 billion yen year-on-year).
In January 2024, we launched the Gungin Debit Visa/ JCB card (co-issued with the Bank). This card can be issued free of charge to customers who newly open a regular savings account or to those who already have an account, allowing anyone aged 15 and above (excluding junior high school students) to easily make cashless payments and transactions.
Moving forward, we will continue to work on expanding our merchant base through more multi-payment terminals in local stores, businesses, and clinics, as well as increasing the number of credit and debit card holders. Our goal is to create a region where cashless payments can be made anywhere by anyone.



The Gungin Debit Visa/JCB cards

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, from vehicles and industrial and machine tools, to 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 Sales Department serve as a point of contact and help 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 Ratio of ownership of voting rights held is rounded down to two decimal places.

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

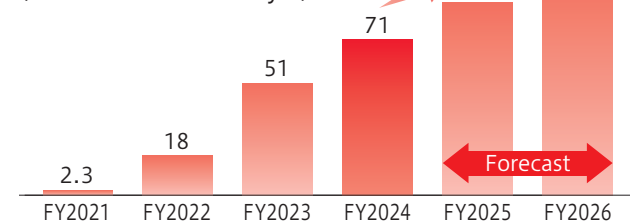
The Bank joined the TSUBASA Alliance, a wide-area collaborative effort among 10 top regional banks, in 2020. The goal of the TSUBASA Alliance is to achieve the sustainable growth of the region and enhance its financial system while improving the top line and reducing the costs of participating banks 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.

In fiscal 2023, we focused on collaboration in financing, such as syndicated loans, and undertook various initiatives aimed at improving the top line, reducing costs, and sharing know-how. These efforts included the joint handling of promissory notes and check issuance, as well as the mutual dispatch and reception of employees with participating alliance banks for trainee purposes.

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.

[Revenue effects]

(Unit: Hundred millions of yen)



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 Fincross DIGITAL Co., Ltd. in order to promote collaboration on research and development aimed at the digitalization of finance.

The eight banks have been working together by contributing data to develop a data analysis infrastructure and build AI models. Currently, Fincross Digital supports the advancement of data utilization across the banks and offers digital

marketing solutions, such as web advertising and social media management, through information exchange meetings and training sessions with each bank.

The Gunma Bank plans to leverage the expertise accumulated through Fincross Digital to continue executing its digital strategy, focusing on the advanced use of data and other digital initiatives.

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.

Fincross DIGITAL

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

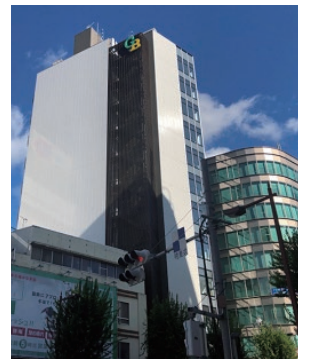
The Gunma and Daishi Hokuetsu Alliance

Since December 2021, we have entered into the Gunma and Daishi Hokuetsu Alliance with Daishi Hokuetsu Bank. The goal of this alliance is to leverage the geographical proximity of our business areas to further contribute to the local community and sustainably enhance the corporate value of both banks.

In fiscal 2023, we jointly handled the second issuance of SDG private placement bonds under the Green & Food Support Plan, issuing a total of 10.4 billion yen between the two banks. Additionally, in November 2023, we co-hosted a training session in Minakami Town, Gunma Prefecture, aimed at regional revitalization. From January 2024, Daishi Hokuetsu Bank's Ikebukuro branch will relocate to the Gunma Bank Ikebukuro Building, where our Ikebukuro branch is already located, and will begin operations there. These efforts demonstrate our collaboration across various fields.



群馬・第四北越 アライアンス



The Gunma Bank Ikebukuro Building

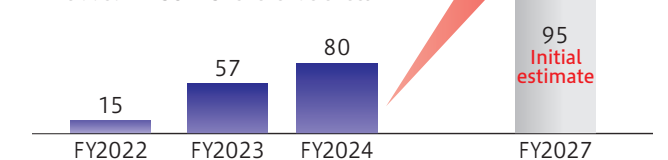
Main alliance dealings

- 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
- Cooperation on tourism and product promotion, and regional revitalization in both prefectures

[Total revenue effect for both banks]

(Unit: Hundred millions of yen)

* Included in TSUBASA's revenue effect



The Ryomo Regional Revitalization Partnership

Since January 2022, we have entered into 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.

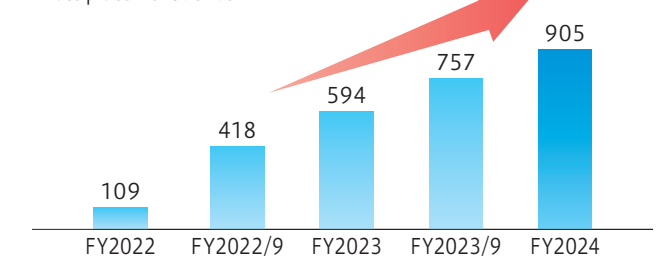
By utilizing the overlapping sales regions, not only have we jointly financed up to 90.5 billion yen (see chart), but we are also working together to solve issues in the field of sustainability with, for example, decarbonization and support for regional industries with a focus on the automobile industry.



[Cumulative amount of loans, etc.*]

(Unit: Hundred millions of yen)

* Total of syndicated loans, joint financing, structured finance, and private placement bonds



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

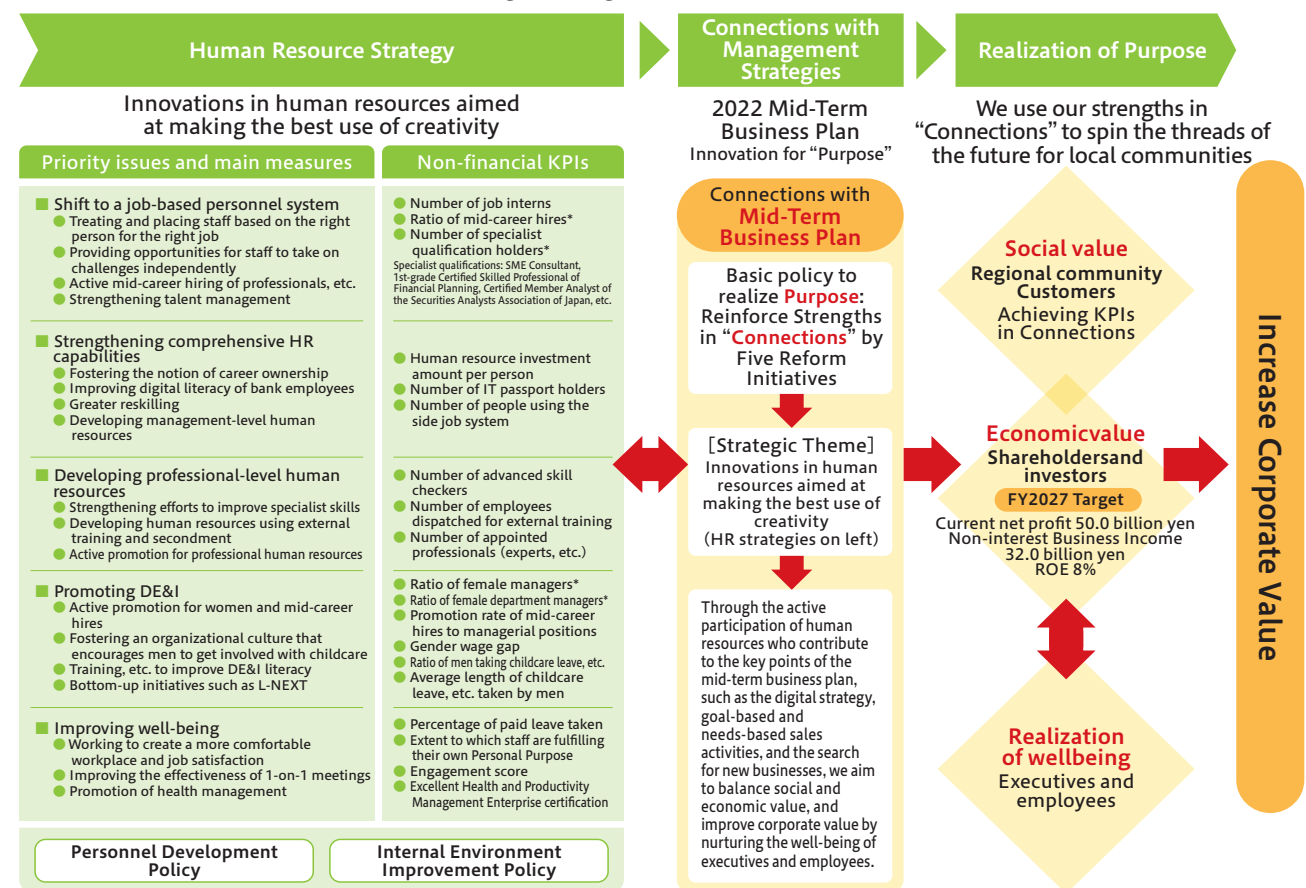
Cooperation with Financial Institutions in the Gunma Prefecture

[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 The 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
- April 2024 Sharing of inheritance procedures with The Takasaki Shinkin Bank, Kiryu Shinkin Bank, and Shinonome 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).



* New medium- to long-term KPIs set in April 2024

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.

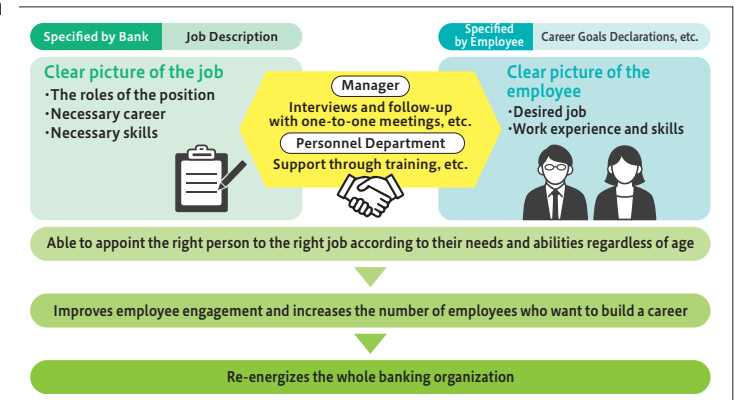
Refining the Gunma Bank's human resources to enhance our strength in "Connections"

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

For a long time, 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. We have therefore revised our personnel system and introduced a job-based personnel system as of June 1, 2024. By revising our personnel system, we will be able to appoint the right person to the right job, which will lead to improved employee engagement and re-energize the whole banking organization.

The Concept of the New Personnel System

- Job descriptions clarify the role of the position and necessary skills, etc., making it easier to imagine a career by having a clear picture of what the job entails.
- At the same time, a system is created whereby employees can demonstrate the skills they have and the job they want. By understanding what human resources are available we can match the right person to the right job, thereby improving employee motivation and increasing the number of employees who want to build a career.



Shift to a Multi-Track System

- We have abolished the qualification system, which strongly emphasizes seniority, consolidating it into four job groups according to work responsibilities.
- The new system, which is based on job duties, has consolidated the career tracks into a single regular career position category.
- We have shifted from a single-track career development premised on training all-round employees to a multi-track system that allows career development in specialist fields outside of management.
- In fiscal 2024, we appointed 144 employees to specialist positions that require professional skills.



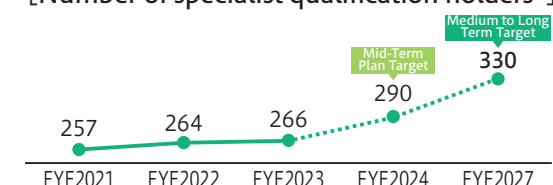
In light of the revision to the job-based personnel system, we are expanding the scope and frequency of job internships where employees can gain experience in highly specialized work at the headquarters, etc., with the aim of providing opportunities for employees to take on challenges independently. Additionally, in September 2023, we established a career support desk where employees of all ages can seek career advice, helping to enhance daily job satisfaction and the desire for personal growth. Furthermore, we are expanding support measures for obtaining specialized qualifications such as the SME Consultant and 1st-grade Certified Skilled Professional of Financial Planning, and are introducing new video content to encourage self-directed challenges. The number of employees holding specialized qualifications reached 266 by the end of fiscal 2023, with targets raised to 290 by fiscal 2024 and 330 by fiscal 2027.

With the new personnel system, we will further strengthen mid-career recruitment, taking into account that it will be easier to hire more specialist employees from outside the company, and the increased opportunities for recruitment due to the fluidity of the labor market. We aim to increase the mid-career recruitment ratio from 13.8% in fiscal 2023 (up 9.8% from the previous year) to 15% in fiscal 2024, and further to 30% by fiscal 2027.

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.

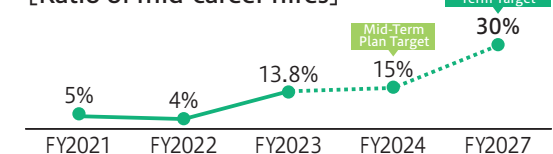
Parameter	Results			Target
	FYE2021	FYE2022	FYE2023	FYE2024
Number of job interns	33	49	64	80

[Number of specialist qualification holders*]



* Total number holding qualifications as SME 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

[Ratio of mid-career hires]



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

At the Gunma Bank, we are committed to supporting the self-directed career development of our employees by expanding training programs aimed at fostering career ownership. To strengthen our human capital, we have increased our investment in personnel development to 127,000 yen per employee and a total of 368 million yen for the fiscal 2023.

In addition, to improve the digital literacy of the Group's executives and employees, we set a goal of 1,000 IT Passport holders by the end of fiscal 2024. However, by the end of fiscal 2023, we had already surpassed this goal with 1,224 certified employees. We will continue to provide digital-related training and seminars to further strengthen our overall workforce capabilities.

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. From the perspective of promoting self-directed career development, we have established a new learning platform that enables em-

ployees to learn anytime, anywhere. In addition, recognizing the increasing number of senior staff who continue to contribute beyond the age of 60, we are also focusing on reskilling initiatives for older employees and those with experience in managerial positions, such as branch managers.

Parameter	Results			Target
	FY2021	FY2022	FY2023	FY2024
Human resource investment amount per person*	80,000 yen	109,000 yen	127,000 yen	130,000 yen
(Total investment)	(244 million yen)	(327 million yen)	(368 million 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	FY2021	FY2022	FY2023	FY2024
Number of IT passport holders	109	785	1,224	1,000

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 introduce course-based recruitment for new graduates, and 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 increased 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). Going forward, in line with the job-based personnel system, we plan to enhance the current skill checks and assess abilities across five levels for each of the ten career categories based on internal job classifications. We will develop and expand the training programs necessary to develop and produce skilled professionals who can lead the Bank in each of its major fields in the future, strengthening the development of specialized human resources. To acquire a high level of expertise, we actively dispatch employees to external specialist agencies, financial institutions, and graduate schools, etc.

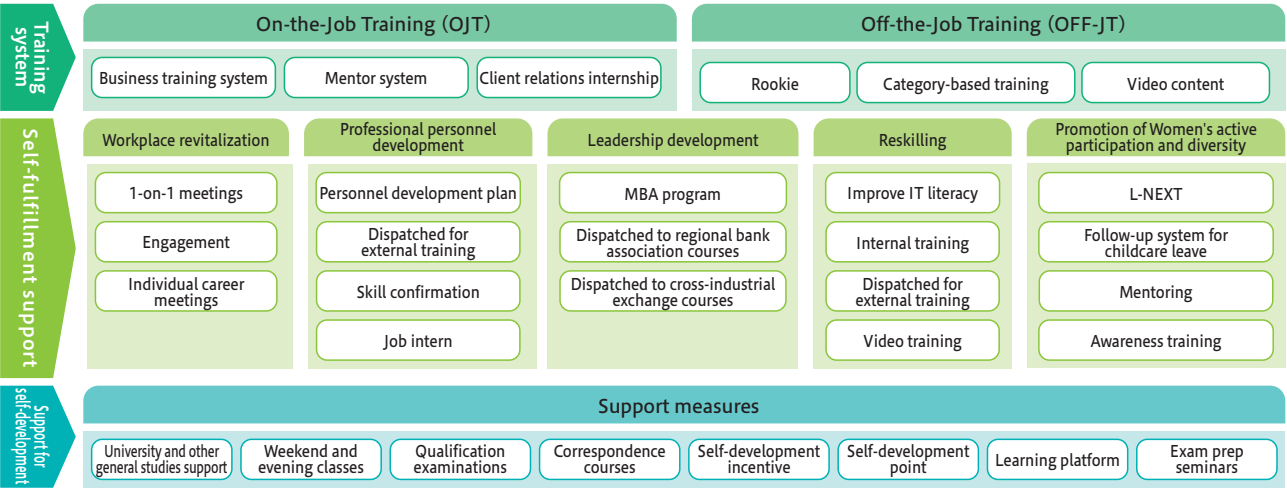
Additionally, the Gunma Bank has previously established

a specialized personnel system, appointing 12 individuals with high levels of expertise as specialists. However, with the revision of our personnel system, we are transitioning from the specialized personnel system to a professional job posting system, and are actively working on the promotion of specialists to specialist positions.

Parameter	Results			Target
	FY2021	FY2022	FY2023	FY2024
Number of employees dispatched for external training	64	68	107	100
Number of advanced skill checkers (total)	654	767	898	850

Parameter	Results			Target
	April 2022	April 2023	April 2024	April 2025
Number of appointed professionals	8	11	12	15

Overall Picture of Talent Development



Strengthening Corporate Culture by Promoting Diversity, Equity and Inclusion

In April 2024, we appointed a Group Diversity, Equity & Inclusion Promotion Manager in order to ensure organizational diversity by creating opportunities for diverse human resources to play an active role, and to strengthen initiatives that utilize this diversity.

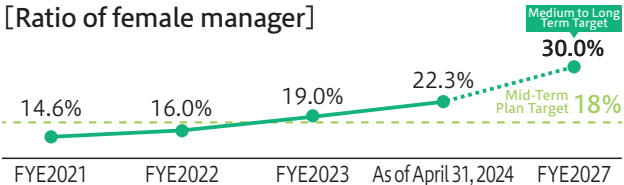
In terms of women's empowerment, the women's empowerment promotion team L-NEXT co-hosted a cross-industry networking event for all six companies with Daishi Hokuetsu Bank, with which we have an alliance. As of April 2024, the ratio of female managers has reached 22.3%, exceeding the 18% target for the fiscal 2024. To further advance this, we have set a target of 30% for fiscal 2027 and will continue to actively promote women to senior positions and other leadership roles. Additionally, we have set a new target of 15% for the ratio of female branch managers by fiscal 2027. We will also strengthen our organizational culture by introducing a new program for the development of female managers and addressing unconscious gender biases within the Bank.

In terms of gender wage disparity, we are aiming to reduce or eliminate the wage gap between men and women by actively appointing women to higher positions. There is no difference in pay for the same role based on gender.

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

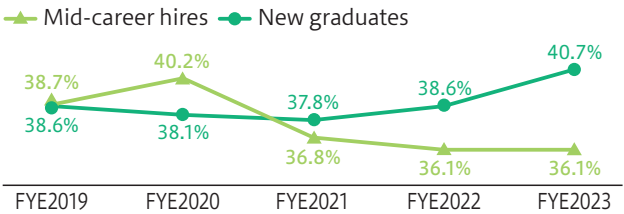
2022, we introduced an alumni hiring system, which provides reentry opportunities for former employees, with the alumni who have used this system making the most of their experience outside the Bank.

[Ratio of female manager]



* Calculation based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace

[Promotion rate of mid-career hires to managerial positions]



Parameter		Results				
		FY2019	FY2020	FY2021	FY2022	FY2023
Gender wage gap	Overall	45.6%	46.3%	47.5%	49.6%	47.7%
	Full-time	54.6%	54.0%	54.5%	56.6%	56.5%
	Temporary	57.5%	59.9%	61.6%	63.8%	57.8%

Parameter	Results			Target
	FY2021	FY2022	FY2023	FY2024
Percentage of childcare leave taken, etc.	113.6%	116.2%	103.8%	100%
Ratio of men taking childcare leave, etc.	130.1%	133.3%	104.8%	100%
Average length of childcare leave, etc. taken by men	6.5	10.8	22.4	6.5 or more

* Includes paternity leave (spousal childbirth leave)



Building a Vibrant Workplace and Organization that Respects Diversity

Yuko Taguchi
Assistant Department Manager, Personnel Department
Group Diversity, Equity & Inclusion Promotion Manager

I believe there are two main perspectives for empowering women in the workplace. One is to ensure that women can fully realize their abilities, work with motivation, and thrive in their careers. The other is to encourage men to take childcare leave and actively participate in child-rearing and household responsibilities, enabling their partners to continue pursuing their careers.

The Gunma Bank has seen the ratio of female managers rise to 22.3%, but to further advance women's participation, we have set new goals to achieve a 30% ratio of female managers and a 15% ratio of female department and branch managers by the end of fiscal 2027. To achieve these goals, we have started mentoring programs for female managers from this fiscal year to support the career advancement of women.

In terms of parental leave for men, there has been an increase in the number of long-term childcare leave takers, and the average duration of parental leave taken by male employees has extended to 22.4 days. I believe this is the result of creating an environment in which it is easy for men to take childcare leave.

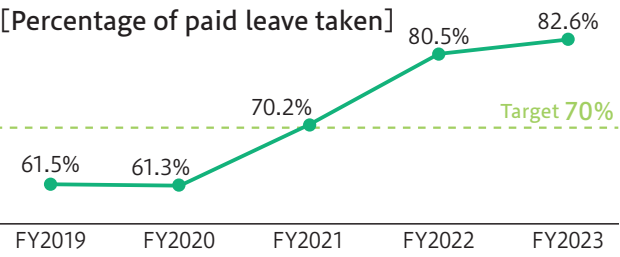
The challenge for the future is to further promote diversity, equity and inclusion. I hope we can foster a workplace culture in which, not only women, but also mid-career hires, seniors, people with disabilities, and other people with diverse experiences and perspectives can thrive within the organization. Through these activities, I hope to enrich our human capital and ultimately realize our Purpose.

Striving for the Well-being of Each Executive and Employee and Increase Job Satisfaction

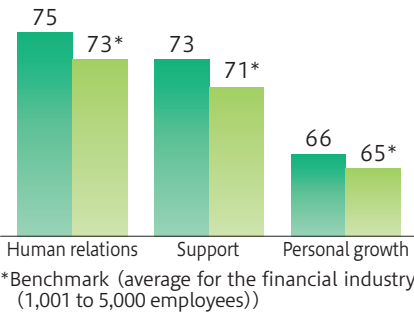
The Gunma Bank defines well-being as “a good working environment where each and every executive and employee is in good shape, physically, mentally, and socially, and satisfied in their job by independently following the carer path of their choice while achieving a good work-life balance.” As such, we 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 from fiscal 2023 we began measuring the extent to which staff are fulfilling their own Personal Purpose as this is seen as a factor in increasing engagement. The measurement involves conducting a 5-point scale survey for all employees on three aspects: Understanding, Empathy, and Action. Since employees began making their own Personal Purpose from fiscal 2022, we have promoted understanding through initiatives such as training, town hall meetings, and

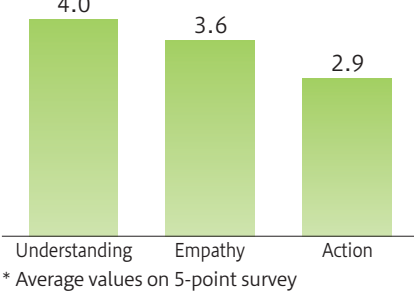
recognizing successful examples of implementation with the Personal Purpose Awards. As a result, the survey showed a high level of ‘Understanding’ at 4.0. However, further efforts are needed to deepen ‘Empathy’ and ‘Action’. Therefore, in April 2024, we appointed a CS & Purpose Sales Promotion Manager in the Group Sales Strategy Department (see page 46 for details) to continue strengthening the penetration of purpose-driven sales activities. We will continue to measure and work towards achieving well-being for all Gunma Bank employees.



[Engagement score]



[Extent to which staff are fulfilling their own Personal Purpose]



Aspect	Example Question
Understanding	Ability to clearly explain Personal Purpose
Empathy	How the Bank's Purpose and Personal Purpose lead to job satisfaction
Action	Actions with the Bank's Purpose and Personal Purpose in mind in daily sales activities

Promotion of Health Management

At the Gunma Bank, we believe that the physical and mental well-being of our employees and their families is crucial not only for enhancing job satisfaction and engagement but also as a key element in realizing our Purpose. Therefore, we actively promote health management. To sustainably contribute to the revitalization and development of the local community through our business, it is essential to create an environment where employees can thrive in good physical and mental health, fostering a dynamic organization and a workplace culture where people find their work fulfilling. By raising health awareness among employees and encouraging healthy lifestyles, we aim to reduce the risk of disease, lower medical costs, and improve productivity through better health. Additionally, we seek to energize the organization through the implementation of health management initiatives. Furthermore, by optimizing working hours and creating a good work-life balance, we strive to enhance employee satisfaction.



New Initiatives

Expanding new vacation and leave system

■ Health support leave

Can be used for infertility treatment, attending medical appointments for menopausal symptoms or disorders, follow-up tests after health checkups, specific health guidance, and other non-statutory medical examinations.

■ Career continuation support leave

Can be used for privately funded enrollment in universities, graduate schools, junior colleges, specialized schools, or equivalent educational institutions abroad, concentrating on infertility treatment, or for accompanying a spouse's relocation due to job transfer.

Cancer prevention

■ Strengthening support for breast cancer screenings

As part of cancer prevention measures for younger age groups, we provide points that can be exchanged for gift certificates or other rewards to encourage participation in health screenings.

External evaluations

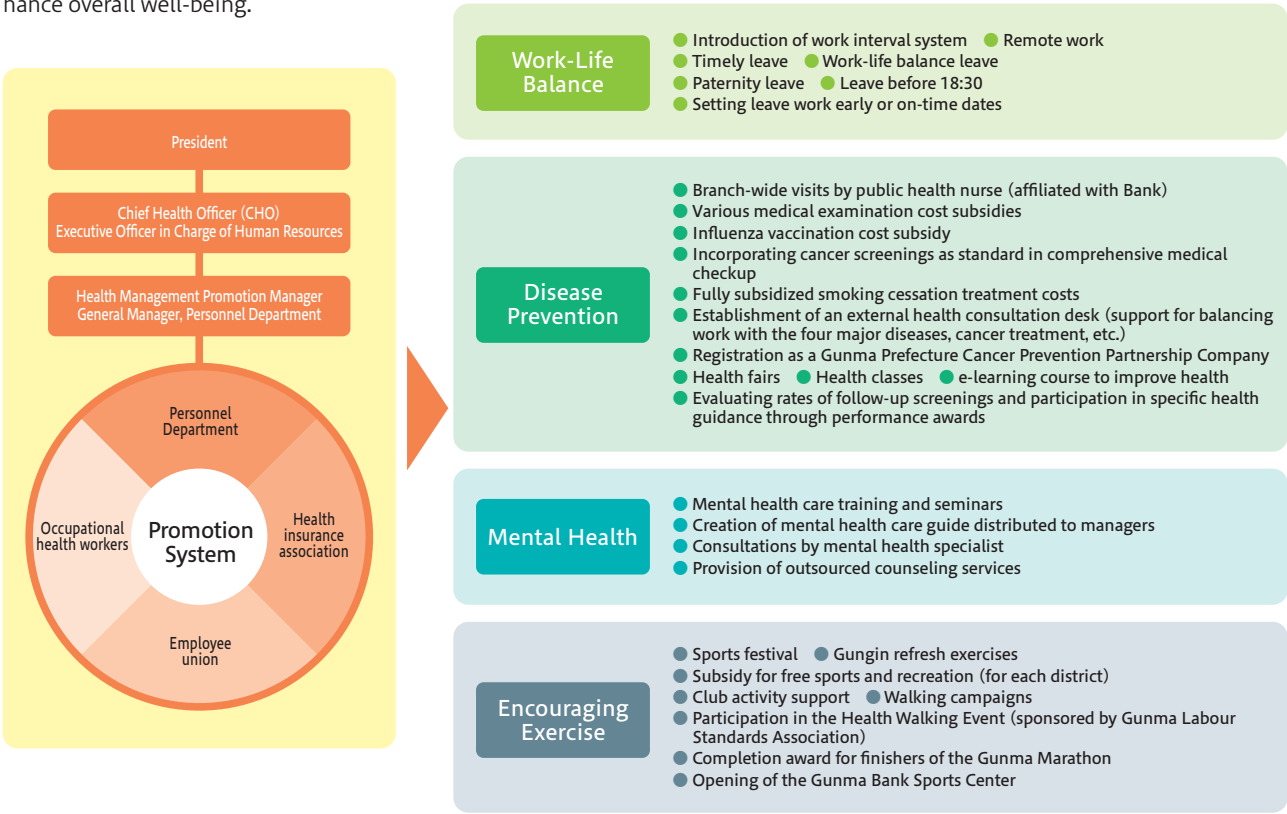
At the Gunma Bank, we have obtained external certifications as part of our efforts to evaluate the internal environment that supports employees in achieving well-being at various life stages.

We have been recognized as a Health & Productivity Management Outstanding Organization for six consecutive years, and we are the only institution in Gunma Prefecture to have received the White 500 certification for six consecutive years.



Supporting Employee and Family Health

At the Gunma Bank Group, the management team, employee union, health insurance association, occupational health professionals, and the Personnel Department work together to develop and implement various initiatives aimed at safeguarding the physical and mental health of employees and their families. These efforts are designed to support a fulfilling lifestyle and enhance overall well-being.



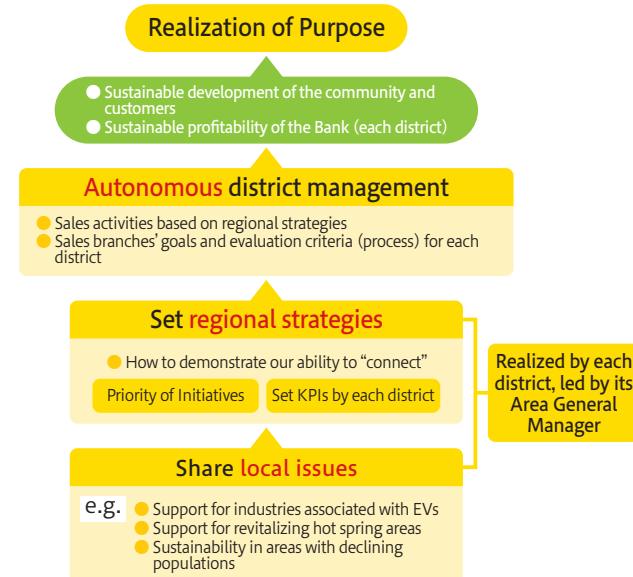
Sales Process Reform

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.

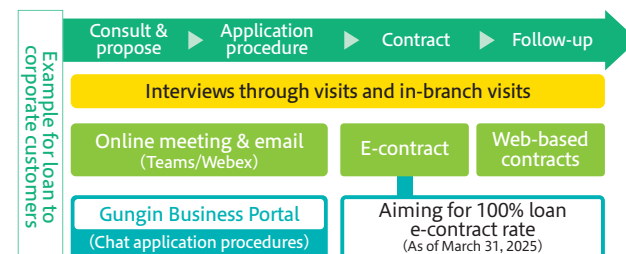
Overview of the District Governance Structure



Establishing a New Digitally-Based Sales Style

To address the more varied needs of our customers, 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 e-contract rate* as of March 2024 is 96.4% for housing loans and 73.8% for ordinary loans. In July 2023, we introduced the Gungin Business Portal to further improve efficiency.

* Percentage of digital contracts to loan agreements in the month



Business Process Reform

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

Branch Administrative Reforms

In March 2024, we introduced tablets to our branches that allow for paperless, operation-less, and seal-less processes for tasks such as opening regular savings accounts and changing addresses or phone numbers. Moving forward, we will continue to expand the range of procedures covered by these tablets and pursue administrative reforms centered around them, aiming to reduce processing times and cut down on terminal and cost expenses during the upgrade of branch systems scheduled for fiscal 2027.



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 6,905 suggestions we received from employees regarding the cancelation or review of work operations, 1,274 were adopted, saving 690,000 work hours over the course of the year.

In terms of zeroing out reporting work, we are eliminating the reports that are less important or no longer

required. Additionally, in 2023, we introduced a dashboard that visualizes figures and the progress status of each measure. With the introduction of a dashboard, branch offices can now input information related to their initiatives and project management directly onto the dashboard. This system allows executives and the head office to check overall progress and performance in real-time. As a result, we are working towards eliminating the need for branches to create reports for updates.

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

With the increasing adoption of digital channels such as internet banking and the Gungin app, the number of customers visiting bank branches has been steadily declining. However, to meet a wide range of needs—such as specialized consultations on inheritance and asset management, as well as the still prevalent demand for cash transactions—we are optimizing our branch network and functions, while expanding our consultation hubs and ATM partnerships.

Optimization of branch network and functions

We have already consolidated 44 branches through a Branch-in-Branch approach. Moving forward, we will continue with branch consolidations while considering regional characteristics comprehensively and in conjunction with renovations of existing branches.

In terms of branch functionality, we have introduced a flagship system* in four regions. This system allows us to provide optimal financial services to our customers by leveraging the regional branch network.

* The “flagship branch,” which serves as the central branch in the region, works in tandem with “satellite branches,” where certain operations have been streamlined, to create an efficient branch system across the region.

Expansion of consultation centers

We have established four Individual Consulting Plazas in Gunma Prefecture, which are open even on Saturdays, Sundays, and holidays. In addition, in August 2024, we will open our first Fukaya Individual Consulting Plaza outside of Gunma Prefecture, in Fukaya City, Saitama Prefecture.

Expanding ATM partnerships

In addition to individual partnerships and collaborations with 20 regional financial institutions, we are enhancing customer convenience by expanding the ATM network accessible with the Bank's cash card through partnerships with Japan Post Bank and ATMs at convenience stores.

Newly Built Banking Outlets in Recent Years

The Annaka/Isobe/Matsuida Branch
(Newly built in May 2021)



The Nakanojo/Haramachi Branch
(Newly built in June 2021)



The Isesaki/Isesaki-nishi/Isesaki-kita/Azuma Branch
(Rebuilt in January 2023)



ATM partner financial institutions

(In order of financial institution code, as of the end of April 2024)

Toho Bank, Ashikaga Bank, Joyo Bank, Yokohama Bank, Daishi Hokuetsu Bank, Yamanashi Chuo Bank, Hachijuni Bank, Tochigi Bank, The Takasaki Shinkin Bank, Kiryu Shinkin Bank, IO Shinkin Bank, Tonegun Shinkin Bank, Tatebayashi Shinkin Bank, Kita Gunma Shinkin Bank, Akagi Credit Union, Gunma Prefecture Credit Union, Gunma Mirai Credit Union

ATM cooperative financial institutions

(In order of financial institution code, as of the end of April 2024)

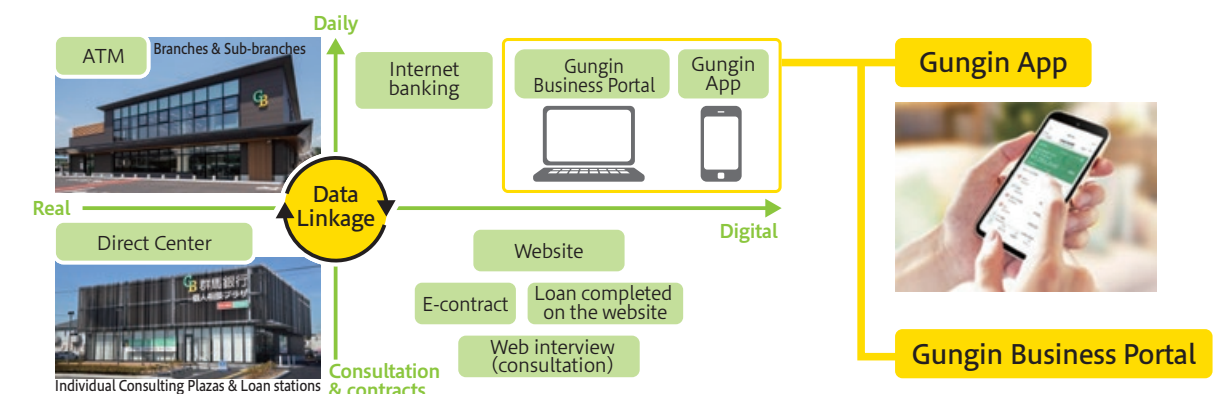
Towa Bank (1 location), The Takasaki Shinkin Bank (1 location), Shinonome Shinkin Bank (6 locations), Tano Fujioka Agricultural Cooperative (2 locations)

* Shinonome Shinkin Bank is a financial institution managed by Tano Fujioka Agricultural Cooperative Association, which includes one joint use ATM

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. The Gungin smartphone app for individual customers, which was launched

in April 2022, added a tax and public fee payment function in March 2023, and an investment trust transaction service function in September 2023. 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 digitization 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 page 56)

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, 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 in March 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)
- Launch of Gunma Bank Mikatano Works, Mikatano Financial Management, and 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)
- Debit card service (January 2024)
- In-branch tablets (March 2024)
- Introduction of generative AI (May 2024)

[Planned Initiatives]

- Introduction of smartphones for work (FY2024)

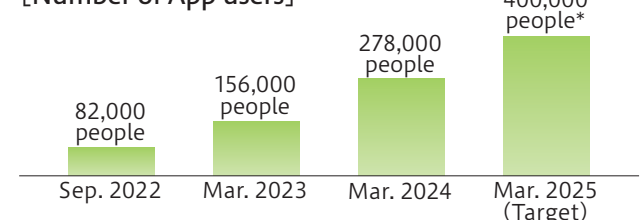
Added features to the Gungin App

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 2024, approximately 278,000 people have used the app with banking transactions increasingly. Transactions are moving away from the

in-branch and internet banking to the app.

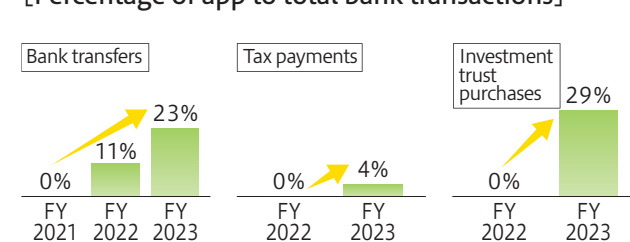
As well as adding the functionality in September 2023 for dealing in investment trusts, we have plans to add a digital document service and in-app loan functions in fiscal 2024.

[Number of App users]



* Target for end of March 2027 (400,000 app users) set ahead of schedule

[Percentage of app to total bank transactions]



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 where-by 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.

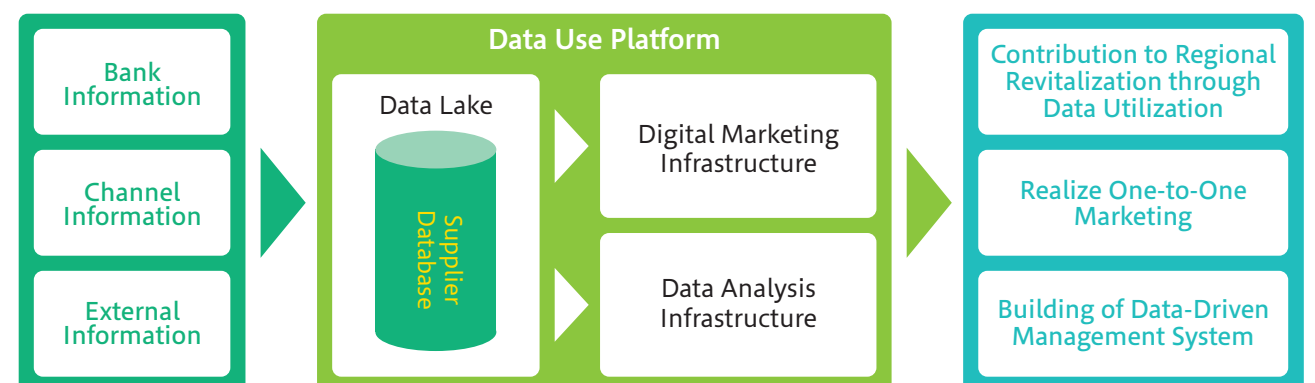


The Gungin Business Portal website

Introduction of In-branch Tablets ▶ See P.60

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.



3 Management Base That Supports the Realization of Purpose



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).

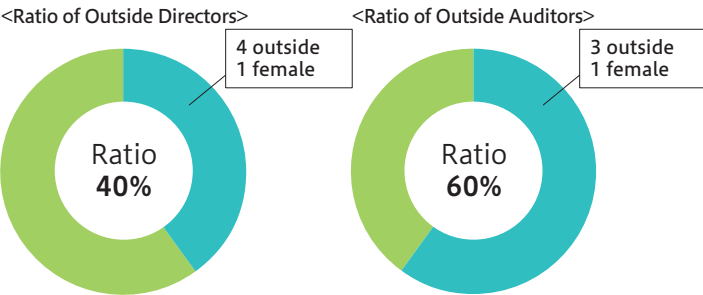
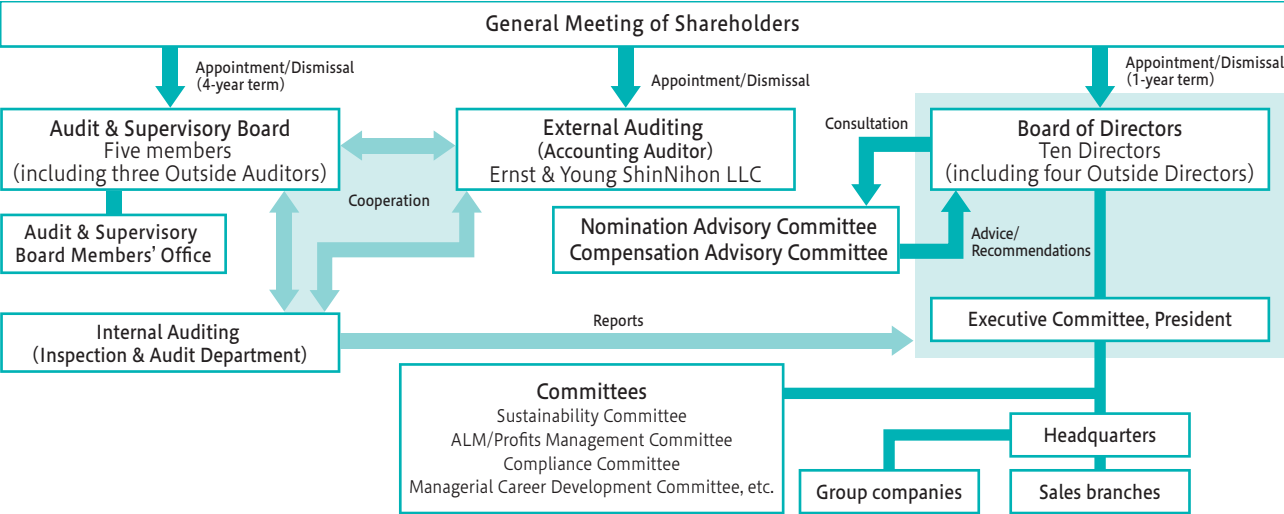
The Board of Directors consists of 10 Directors, including four Outside Directors.

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 monitoring 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 management monitoring 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]



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
2021	• Preparation and disclosure of skills matrix
2022	• Establishment of a Sustainability Committee
2023	• Establishment of the Corporate Human Resources Development Committee

Board of Directors

The Board of Directors consists of six Inside Directors and four Outside Directors (Outside Director ratio: 40%), 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 Members' 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.

- FY2023 accounting audit fee paid by Bank: 66 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. Additionally, we provide advance information on the Bank's new initiatives that will be announced in news releases, as well as on internal investor relations for employees. We also ensure opportunities for information exchange with the President and Auditors, and we organize informal meetings for Outside Directors to facilitate the sharing of information. 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-assessments in order to evaluate the effectiveness of the Board of Directors as a whole.

In response to the previous evaluation, which identified the need to “deepen open and constructive discussions,” we have made efforts to improve by creating opportunities for in-depth discussions on mid- to long-term topics and by holding multiple discussions at various stages of consideration for important initiatives.

For the 2023 fiscal year effectiveness evaluation, we conducted a survey of all directors on items such as Board composition and operations, management and business strategies, corporate ethics and risk management, evaluation and compensation of management, dialogue with shareholders and others, and Group governance. To ensure the anonymity of responses and the objectivity of the analysis, we entrusted the collection and aggregation of the survey results to an external consultant.

Based on the aggregated and analyzed results of the survey, an evaluation was made at the Board meeting held in April 2024, confirming that the effectiveness of the Board of Directors is being maintained.

Going forward, to further enhance effectiveness, the Board of Directors will work on strengthening the Group governance system by supervising the efficient and effective operation of the entire Group and will review the content of meeting materials to ensure smooth operations and enriched discussions, thereby enhancing the Board’s functionality.

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
Directors	Total 360 million yen per year		120 million yen per year, 500,000 shares
Auditors	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)	Restricted Stock Remuneration (non-performance linked)	Performance share (performance linked)		
Directors (excluding Outside Directors)	289	172	61	43	11	9
Auditors (excluding Outside Auditors)	43	43	—	—	—	2
Outside board members	45	45	—	—	—	6

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.

Details of 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
- 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.

Performance share (Amount of performance-linked share remuneration)	
(1) Profit indicator	Calculated based on consolidated current net income per share
+	
(2) Efficiency indicator	Calculated based on consolidated over-head-ratio (OHR)
+	
(3) Shareholder value indicator	Calculated based on total shareholder return
+	
(4) Non-financial indicator	Calculated based on SDGs management indicators (contribution to achieving SDGs)

- 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 mid- 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 (Claw-back 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



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		Executive Vice President	
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
		Jun. 2024	Executive Vice President (current position)



Akihiro Goto		Senior 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
Jun. 2014	General Manager, Isesaki Branch	Jun. 2024	Senior Managing Director (current position)



Tsutomu Takei		Senior 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, Area General Manager (Maebashi, Isesaki and Hokumou)
Jun. 2012	Senior Deputy General Manager, Personnel Department	Jun. 2022	Managing Director
Jul. 2013	General Manager, Secretariat	Jun. 2024	Senior Managing Director (current position)
Jun. 2015	General Manager, Shibukawa Branch		
Jun. 2017	Executive Officer and General Manager, Utsunomiya Branch		



Takeo Uchibori		Senior 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
Jun. 2014	Senior Deputy General Manager, Cooperate Planning Department	Apr. 2024	Managing Director, Appointed as General Manager of Digital Innovation Department
Jun. 2016	General Manager, Ota Branch		
Jun. 2018	Executive Officer and General Manager, Credit Department	Jun. 2024	Senior Managing Director (current position)



Akihiko Horie		Managing Director	
Apr. 1985	Joined the Bank	Jun. 2020	Managing Executive Officer and General Manager, Business Planning & Administration Department
Jun. 2005	General Manager, Nakaizumi Branch	Jun. 2021	Managing Executive Officer, Area General Manager (Ota, Kiryu, Tatebayashi and Tochigi)
Jun. 2007	General Manager, Shinjuku Yotsuya Branch	Jun. 2023	Senior Managing Executive Officer and General Manager, Business Planning & Administration Department
Jun. 2010	Deputy General Manager, Ota Branch	Apr. 2024	Senior Managing Executive Officer, General Manager, Corporate Consulting Headquarters
Oct. 2011	General Manager, Maebashi Branch	Jun. 2024	Managing Director, Appointed General Manager, Corporate Consulting Headquarters (current position)
Jul. 2013	General Manager, Omiya Branch		
Jun. 2016	Executive Officer and General Manager, Corporate Consulting Department		
Jun. 2018	Managing Executive Officer and General Manager, Ota Branch		



Jun Kondo		Outside Director	
Apr. 1976	Joined Fuji Heavy Industries Ltd. (currently Subaru Corp.)	Apr. 2007	Managing Executive Officer, Chief General Manager, Strategy Development Division, and Chief General Manager, Subaru Cost Planning & Management
Jun. 2003	Executive Officer, Chief General Manager, Subaru Manufacturing Division, and Plant Manager, Gunma Plant	Jun. 2008	Director, Senior Managing Executive Officer, and Chief General Manager, Strategy Development Division
May 2004	Executive Officer, Chief General Manager, Subaru Cost Planning and Management Department, and General Manager, Cost Planning Department	Apr. 2009	Director and Senior Managing Executive Officer
Jun. 2004	Managing Executive Officer, Chief General Manager, Subaru Cost Planning and Administration Division	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	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 Corporation of Japan	Jun. 2020	Outside Director, AIG Japan Holdings KK (current position)
Jun. 2013	President, Benesse MCM Corp.	Apr. 2022	Outside Director, Panasonic Corp. (current position)
Jun. 2015	Outside Director, OMRON Corporation	Feb. 2024	Outside Director, Kewpie Corporation (current position)



Kazuhito Osugi		Outside Director	
Apr. 1977	Joined the Bank of Japan	Apr. 2007	Director-General of Secretariat of the Policy Board, Bank of Japan
Nov. 1986	Economist, Bank for International Settlements (BIS)	Apr. 2009	Visiting Professor, Ochanomizu University
Jun. 1999	General Manager of Matsumoto Branch, Bank of Japan	Sep. 2011	Auditor, Bank of Japan
May 2001	Assistant General Manager of Osaka Branch, Bank of Japan	Oct. 2015	Advisor of Security Transport Business Division, NIPPON EXPRESS CO., LTD.
May 2003	RM Controlling Senior Director, Industrial Revitalization Corporation of Japan	Jun. 2016	Independent Outside Director of the Board, Nissha Co., Ltd. (trade name at the time: Nissha Printing Co., Ltd.) (current position)
Jul. 2005	Deputy Director-General of Financial System and Bank Examination Department and Head of Center for Advanced Financial Technology, Bank of Japan	Aug. 2018	Outside Director of the Board, Frontier Management Inc.
May 2006	Internal Auditor and Director-General of Internal Auditors' Office, Bank of Japan	Jun. 2021	Director of the Bank (current position)
		Mar. 2024	Outside Director (Audit and Supervisory Committee Member), Frontier Management Inc. (current position)



Takuji Kanai		Outside Director	
Apr. 1981	Joined Asahi Accounting Company (currently KPMG AZSA LLC)	Jul. 2011	Head, Division 4, Tokyo Office of KPMG AZSA LLC
Mar. 1984	Registered as Certified Public Accountant	Jul. 2015	Executive Board Member, KPMG AZSA LLC, Head of Audit & Assurance, KPMG Japan
Aug. 1996	Employee, KPMG AZSA LLC KPMG Japan, Head of Audit & Assurance	Apr. 2016	Head of Audit & Assurance, KPMG Asia Pacific (current position)
Aug. 2001	Representative Partner (currently Partner), KPMG AZSA LLC (current position)	Jun. 2019	Deputy Chairman, KPMG AZSA LLC
Jun. 2008	Board Member, KPMG AZSA LLC	Jun. 2024	Outside Director, Eisai Co., Ltd. (current position)
Sep. 2009	Chair, Upper Review Board, KPMG AZSA LLC	Jun. 2024	Director of the Bank (current position)

1

The Gunma Bank

2

Strategy for Realizing Our Purpose



Management Base That Supports the Realization of Purpose

Auditors



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, Gungin Consulting Co., Ltd. President
Jun. 2014	General Manager, Market and International Affairs Department	Jun. 2022	Standing Audit & Supervisory Board Member (current position)
Feb. 2017	General Manager, International Department		



Kimitoshi Mashimo		Standing Audit & Supervisory Board Member	
Apr. 1987	Joined the Bank	Jun. 2018	Executive Officer and General Manager, Shibukawa Branch
Feb. 2009	General Manager, Maebashikita Branch	Jun. 2019	Executive Officer and General Manager, Omiya Branch
Jun. 2012	General Manager, Business Strategy Office, Business Planning & Administration Department	Jun. 2020	Managing Executive Officer and General Manager, Omiya Branch
Jul. 2013	Senior Deputy General Manager, Personnel Department	Jun. 2021	Managing Executive Officer and General Manager, Inspection & Audit Department
Jun. 2015	General Manager, Prefectural Office Branch	Jun. 2022	Managing Executive Officer and General Manager, Risk Management Department
Jun. 2017	General Manager, Shibukawa Branch	Jun. 2024	Standing Audit & Supervisory Board Member (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)



Sumiko Suzuki		Outside Audit & Supervisory Board Member	
Apr. 2001	Joined Chuo Aoyama Audit Corporation (currently Misuzu Audit Corporation)	Jul. 2020	Councilor, Public Interest Foundation International Manpower Development Organization, Japan (current position)
Apr. 2004	Registered as Certified Public Accountant	Jun. 2021	Auditor, Japan Greenery Research and Development Center
Jan. 2007	Opened Suzuki Certified Public Accountant Office (current position)	Jun. 2024	Audit & Supervisory Board Member of the Bank (current position)
Apr. 2007	Registered as a certified tax accountant		

Executive Officers

Senior Managing Executive Officer	Area General Manager (Takasaki and Seimou)	Nobuyuki Kitamura	Executive Officer	General Manager, Takasaki Branch and Toyooka Branch	Naofumi Takahashi
Managing Executive Officer	Area General Manager (Kumagaya, Omiya, Keihin and Osaka)	Atsushi Hirota	Executive Officer	General Manager, Treasury & Securities Department	Toru Sasaki
Managing Executive Officer	General Manager, Credit Department	Satomi Nagaoka	Executive Officer	General Manager, Risk Management Department	Masayoshi Watanabe
Managing Executive Officer	Area General Manager (Ota, Kiryu, Tatebayashi and Tochigi)	Takashi Ishizeki	Executive Officer	General Manager, Tokyo Branch	Junya Kosaka
Executive Officer	General Manager, Head Office Sales Department and General Manager, Soja Branch	Yuki Yokota	Executive Officer	General Manager, Personnel Department	Yuichi Sumidagawa
Executive Officer	Area General Manager (Maebashi, Iseaki and Hokumou)	Shiro Maki	Executive Officer	General Manager, Corporate Planning Department	Shizuo Otani

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
Akihiko Fukai	President	●	●	●	●	●		●	●
Hiroyuki Irisawa	Executive Vice President	●	●	●	●	●			●
Akihiro Goto	Senior Managing Director	●		●		●	●	●	
Tsutomu Takei	Senior Managing Director	●	●	●			●		
Takeo Uchibori	Senior Managing Director	●		●	●	●			●
Akihiko Horie	Managing Director		●	●					
Keita Muto	Audit & Supervisory Board Member			●				●	
Kimitoshi Mashimo	Audit & Supervisory Board Member			●			●	●	

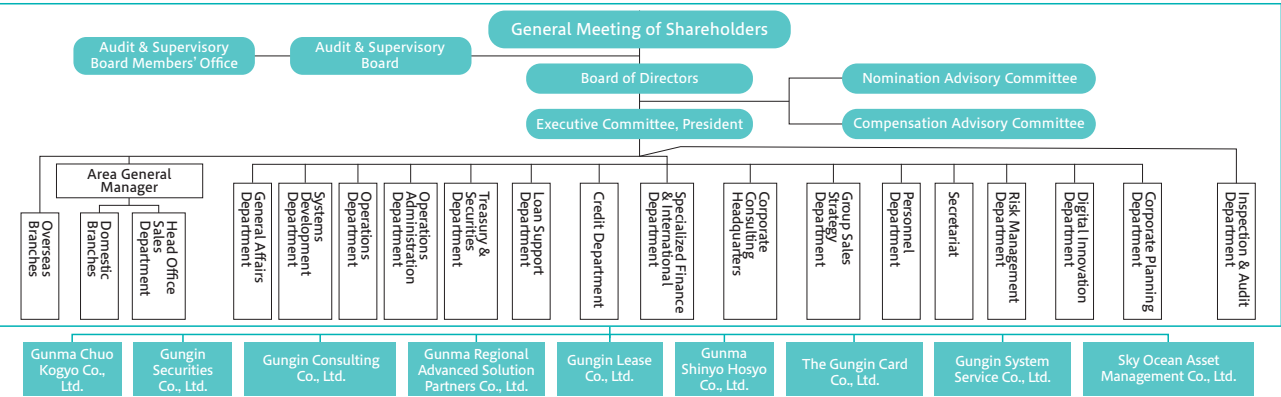
Specialties and experience of Outside Directors and Audit & Supervisory Board members (skills matrix)

Name	Position	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	●					●	●	
Kazuhito Osugi	Director		●			●			
Takuji Kanai	Director	●		●					
Yasuo Kamiya	Audit & Supervisory Board Member				●				●
Hiroshi Kasahara	Audit & Supervisory Board Member						●		●
Sumiko Suzuki	Audit & Supervisory Board Member			●					

The above does not represent all of the expertise, experience, and knowledge possessed by directors and corporate auditors.

Organization Chart

(As of June 30, 2024)





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

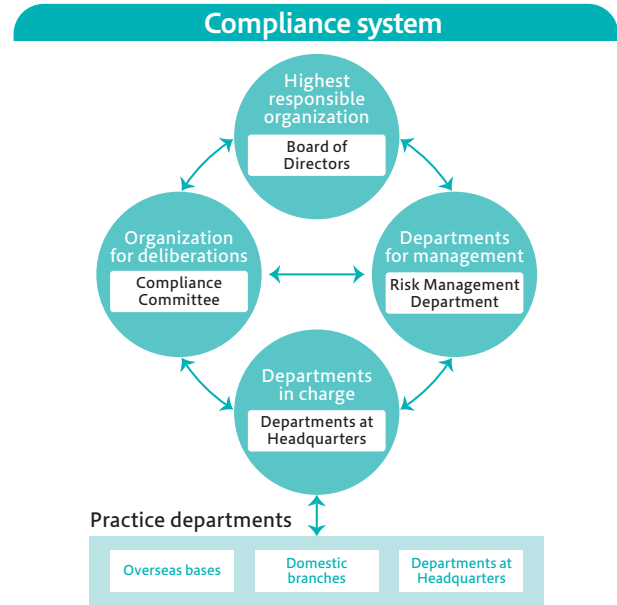
practice of compliance. In addition, the “Compliance Action Plan,” which is a specific practical plan for fulfilling compliance requirements, is formulated annually by the Board of Directors, based on which measures should be taken. We are striving to further enhance and reinforce compliance by, for 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 (FY2023)

- April: The FY2022 Compliance Action Plan
- June: “Corporate Ethics” and “Action Guidelines”
- July: Case studies of misconduct incidents
- October: The internal whistleblowing system



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.

《FY2024 Compliance Action Plan Bank-wide Common Themes》

1. Prevention of fraud
2. Eradication of harassment
3. Anti-money laundering measures
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 outsourcers.

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 antisocial 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.

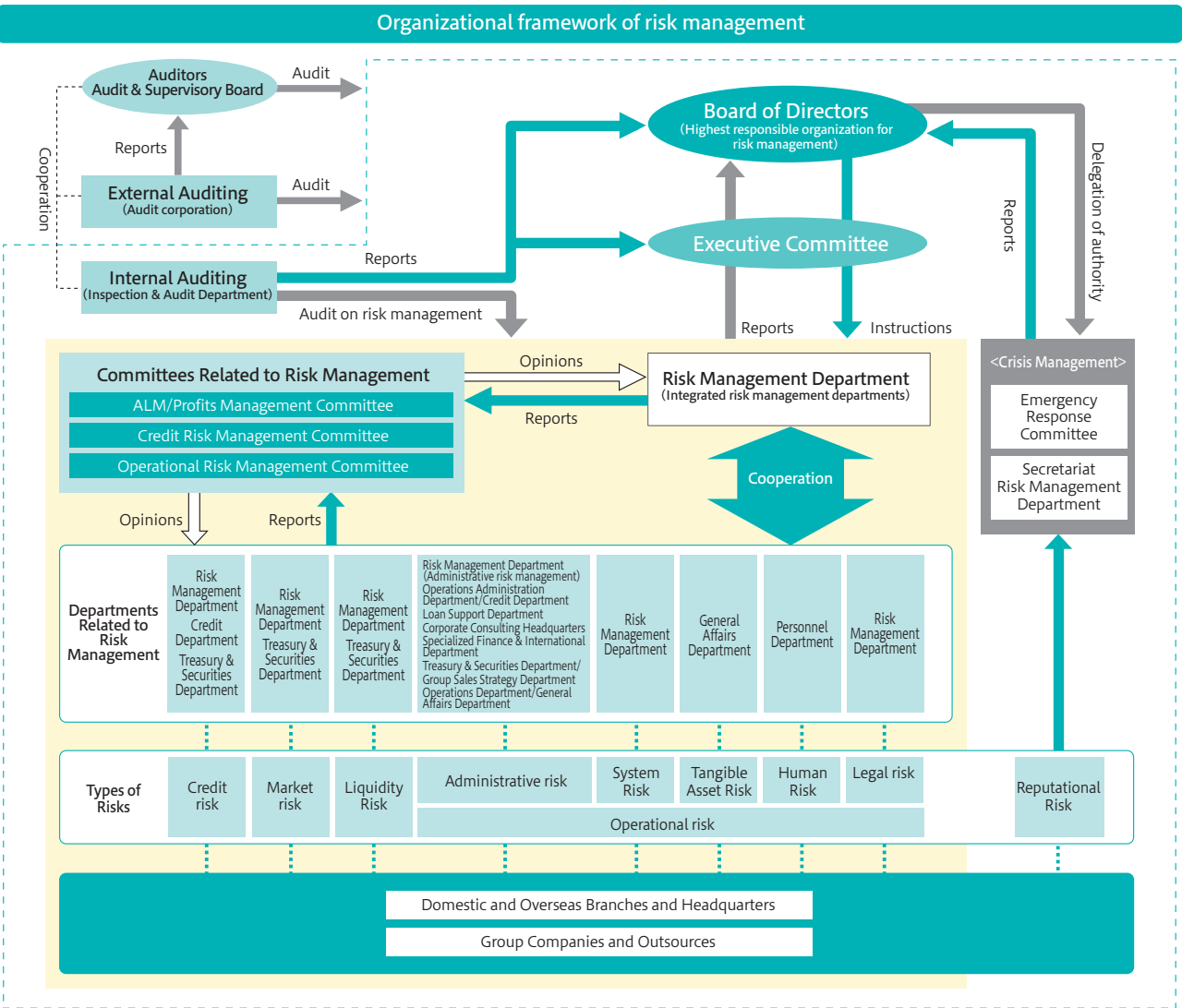
Overview of Risk Management System

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

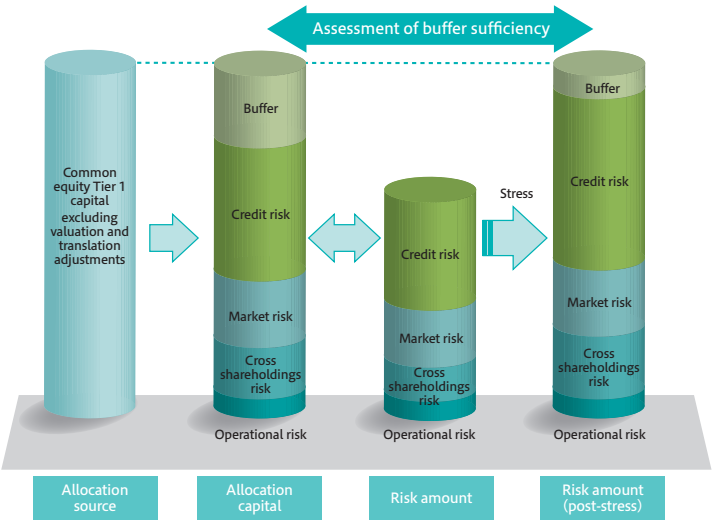
(1) Basic perspective
In addition to managing individual risks such as credit, market, and liquidity risks, it is necessary to comprehensively manage risks such as overall risk of the Bank as a whole, and to compare and contrast these risks with management vitality. For this reason, the Risk Management 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 & 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 De-

partment 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 Opera-

tional 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 opera-

tions 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"

Countermeasures against Money Laundering and Related Issues

Countermeasures against money laundering and related issues refer to actions taken to combat financial crimes, including money laundering, terrorist financing, corruption, bribery, proliferation financing, and other violations of economic sanctions.

At the Gunma Bank, we prioritize these countermeasures as one of our most critical management issues. We have established the Financial Crime Countermeasures Office within the Risk Management Department to enhance our approach to money laundering and related issues. In addition, we comply with relevant laws and regulations, such as the Act on Prevention of Transfer of Crim-

inal Proceeds, and adhere to the Guidelines on Combating Money Laundering and Terrorist Financing published by the Financial Services Agency. We implement a risk-based approach to identify and assess risks and verify the effectiveness of risk mitigation measures to ensure effective countermeasures against money laundering and related issues. The Bank regularly reports to the Financial Crimes Countermeasures Committee and the Executive Committee on details of our efforts to prevent money laundering, etc., working to further enhance countermeasures against money laundering and related issues with the involvement of senior 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)

Risk Appetite Framework

At the Gunma Bank, we are developing a Risk Appetite Framework (RAF) that clearly defines the types and levels of risk (risk appetite) we are willing to accept in order to achieve our business plans, and we use this framework for business management and risk management. The mid-term business plan "Innovation for 'Purpose'" was formulated by comparing and analyzing risk and return across different business sectors using RORA (Return on Risk-Weighted Assets) and then establishing a risk-taking

policy aimed at enhancing profitability, as outlined below.

We also position RORA as a key indicator for achieving increased corporate value and use it to guide the accumulation of high-RORA assets, improve low-RORA assets, and formulate asset allocation policies.

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.



Social Contribution Activities

GUNGIN Foundation Initiatives

Established in 1995, the Gunma Bank Environmental Foundation changed its name to the GUNGIN Foundation in November 2022 and is engaged in two key areas: environmental conservation and social welfare.

In the field of environmental conservation, the foundation supports activities such as the GUNGIN Foundation Environmental Award and the GUNGIN Foundation Environmental Education Award, as well as awareness programs like the Eco Kids Camp. For social welfare, the foundation runs the Connect Together Future Project: Everyone Has a Dream, which each year focuses on a specific theme to support activities that contribute to a prosperous future for the community. In fiscal 2023, the foundation donated 3 million yen to Gunma Prefecture to support young carers.

Moving forward, we remain committed to contributing to the development of local communities and the realization of a sustainable society through these activities.

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 fiscal 2023, we dispatched one instructor to give lectures on financial literacy.

Financial education classes
To help improve financial literacy in the region, the 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.

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 the fund 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: ...9,953,603 yen

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.

Donations to Oze Preservation Foundation

Part of the trust fees received by the Gunma Bank and its contractors are handled as part of the Oze Kiko, an investment trust 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: ...19,221,675 yen

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 Sports Activities

We support the volleyball team Gunma Green Wings as a main supporter. Additionally, we organize the Gungin Cup women's volleyball tournament for teams within Gunma Prefecture, contributing to the community through sports.

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

Food Drive

The Gunma Bank participated in the Prefectural Government and Local Institutions Joint Food Drive organized by Gunma Prefecture. Employees brought surplus food from their homes to the workplace where the collected items are delivered to designated locations by Gunma Prefecture. The food is then distributed through Gunma Prefecture to various food banks and other organizations across the region.



Company Information

Company Overview

(as of March 31, 2024)

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:	2,830 (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; Three offices (Shanghai, Bangkok, and Ho Chi Minh)
Subsidiaries Domestic:	Eight companies
Affiliates Domestic:	One company
Total assets:	10,763.5 billion yen
Deposits	8,316.2 billion yen
Loans and bills Discounted	6,467.8 billion yen
Net assets:	512.1 billion yen
Total capital adequacy ratio: (uniform international standards)	Consolidated 14.86% Non-consolidated 14.14%
Ratings:	JCR AA R&I A+ Moody's A3 S&P A-



Note: Number of employees in the consolidated companies is 2,983 (2,767 for the Gunma Bank and 216 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 P.49.

Key Operations

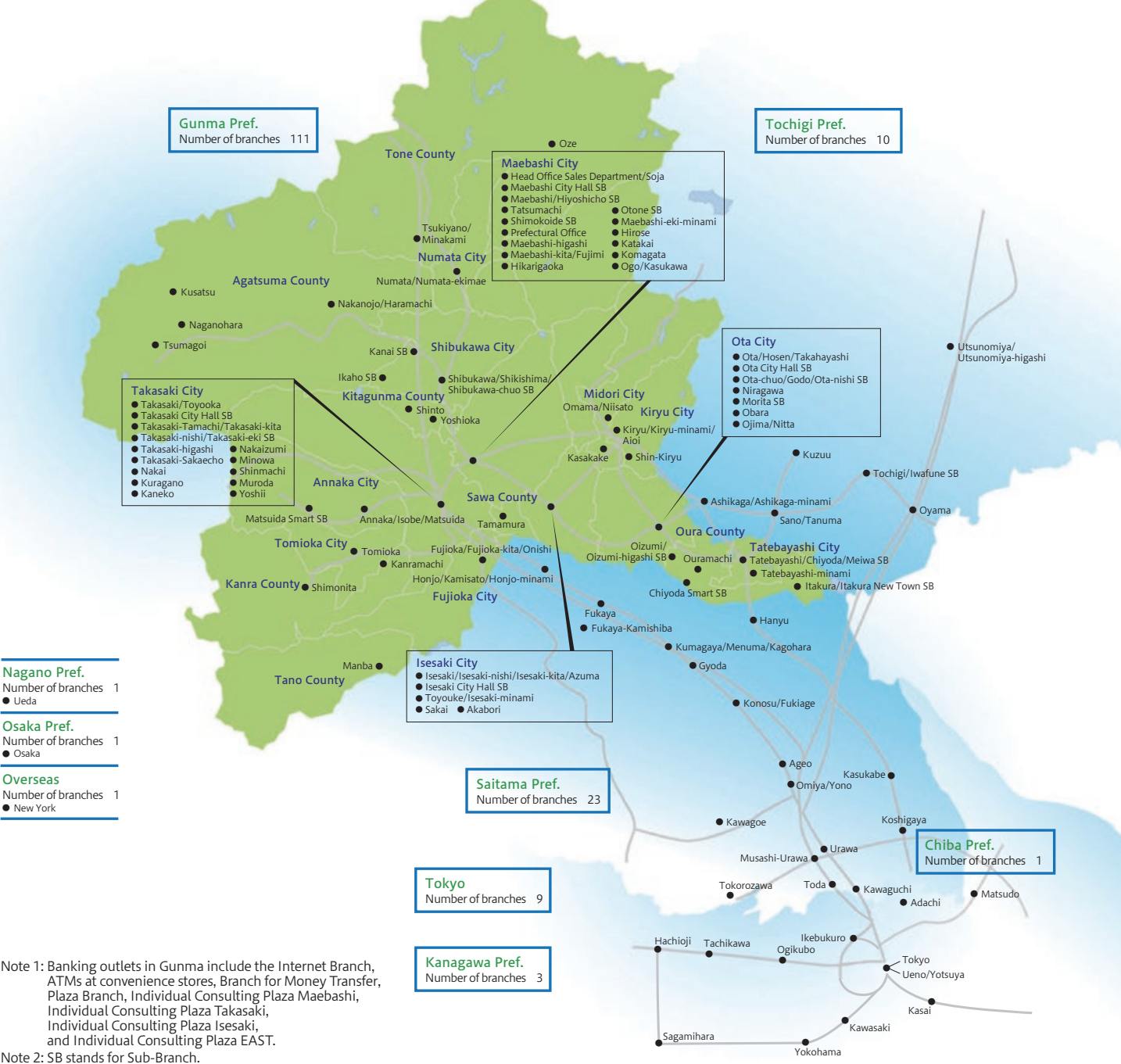
Deposit services	Deposits	Offering current deposits, ordinary deposits, savings deposits, fixed deposits, separate deposits, foreign currency deposits, etc.
	Certificates of deposit	Negotiable certificates of deposit
Loan services	Loans	Loans on bills, loans on deeds, overdrafts
	Bill discounting	Discounts 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 #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



Service Network

(as of June 30, 2024)

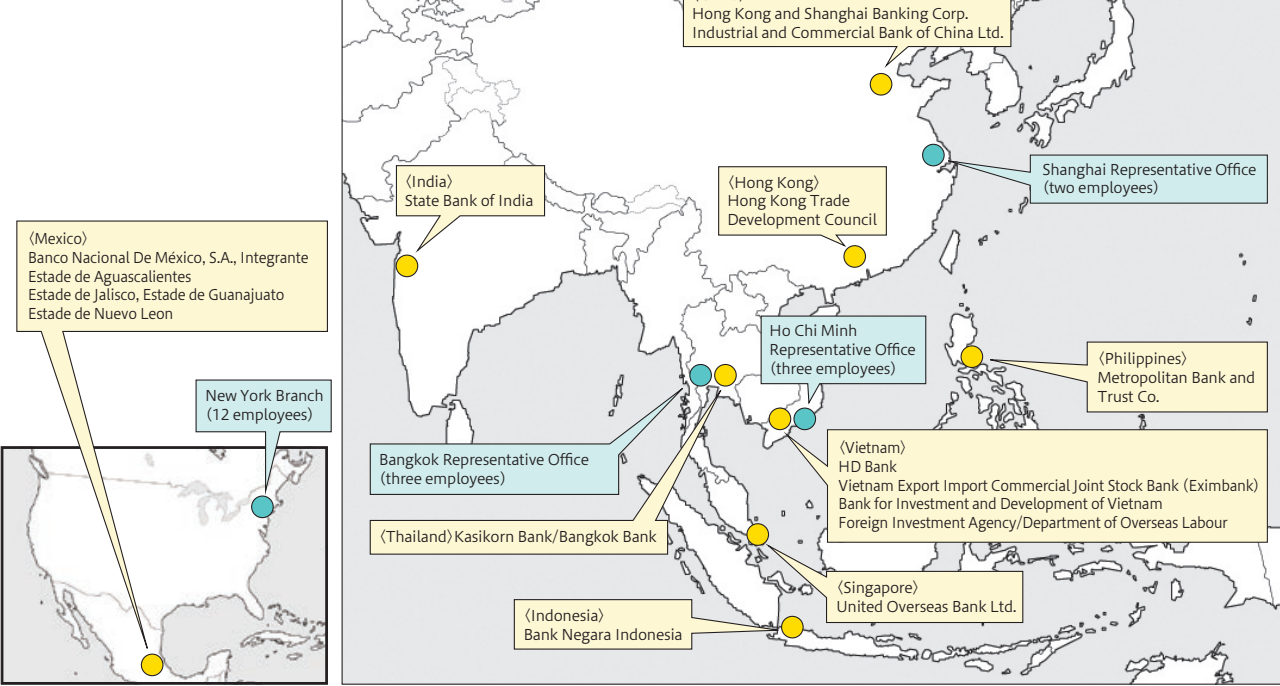
Domestic offices



Note 1: Banking outlets in Gunma include the Internet Branch, ATMs at convenience stores, Branch for Money Transfer, Plaza Branch, Individual Consulting Plaza Maebashi, Individual Consulting Plaza Takasaki, Individual Consulting Plaza Isesaki, and Individual Consulting Plaza EAST.

Note 2: SB stands for Sub-Branch.

Overseas bases and business alliance partners



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



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



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

Individual Consulting Plazas



Individual Consulting Plaza
Maebashi



Individual Consulting Plaza
Takasaki



Individual Consulting Plaza
Isesaki



Individual Consulting Plaza
EAST (Oizumi Branch)

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 nonfinancial 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 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 2024 (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.

Coverage of Reporting

Period: FY2023 (April 2023 to March 2024)
Also includes some information for April 2024 and later.

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

