

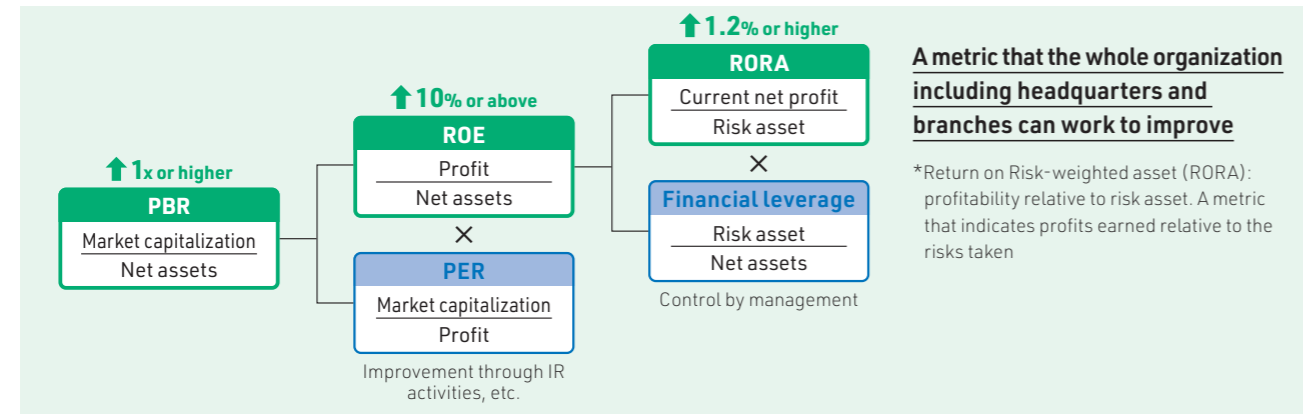
RORA Management to Improve Corporate Value

Strategies for improving corporate value

The Gunma Bank Group has implemented corporate management with a focus on RORA to improve corporate value (with a target of achieving a price-to-book ratio (PBR) of 1x or higher), ahead of other regional banks.

To improve PBR, it is necessary to improve return on equity (ROE) and price earnings ratio (PER). As the PER is significantly affected by external factors and is therefore difficult to control, we prioritize the improvement of the ROE, which can be improved by a company's own management efforts.

The return on risk-weighted asset (RORA) represents profitability relative to risk assets and is a metric that the whole organization including front-line employees can work to improve with the aim of increasing the ROE. We will strive to increase our RORA and thereby improve our PBR and corporate value.



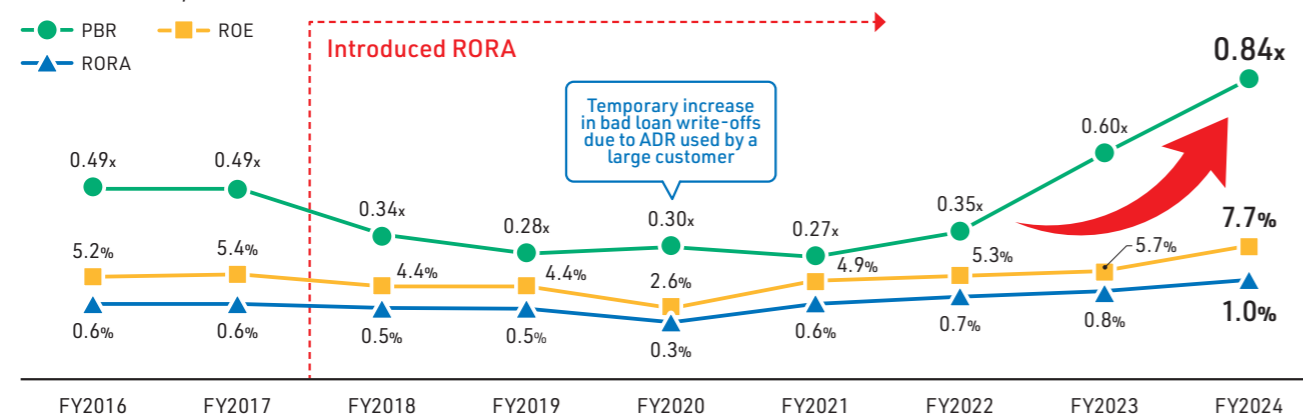
History of efforts to instill RORA

The Gunma Bank has adopted RORA as a management target since the Mid-Term Business Plan preceding the previous one (launched in FY2019), using the metric for management strategy planning, ahead of other regional banks. At branches, we have conducted RORA-focused sales activities by using the standard profit margin, which is a profitability target for each customer translated from the RORA target.

As a result of implementing RORA-focused management strategies and sales activities, our RORA has been on an upward trend, while our PBR has also been increasing strongly.

2019	● Set RORA as a management target in our Mid-Term Business Plan preceding the previous one, "Innovation New Dimension" (RORA of 0.5% or higher).
2020	● Introduced the standard profit margin, a profitability metric based on the RORA target, to measure project profitability and customer profitability, and launched sales activities using the profitability assessment sheet. ● Introduced RORA management into strategic branches, the New York Branch, and loans from headquarters (cross-border loans (XB) and structured finances (SF)).
2021	● Redefined customer profitability as Gunma Bank Group aggregate profitability, which includes leasing profit.
2022	● Set our RORA and other targets at higher levels in the previous Mid-Term Business Plan "Innovation for 'Purpose'" (RORA of 0.7% or higher). ● Newly set profitability stage-based targets and launched a stage-up campaign.
2025	● Set our RORA and other targets at higher levels in the new Mid-Term Business Plan "Growth with 'Purpose'" (RORA of 1.2% or higher).

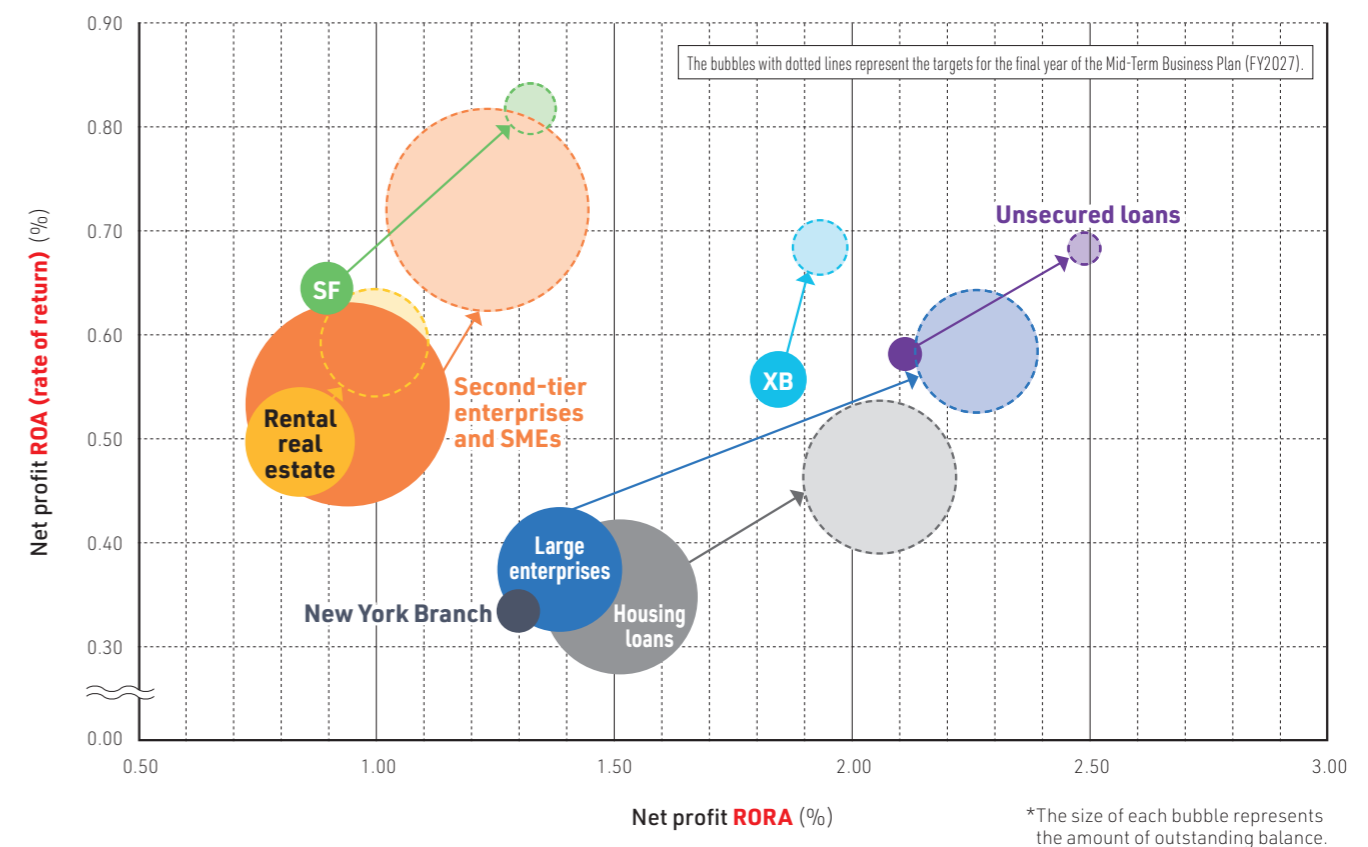
[Trends in PBR, ROE and RORA]



Efforts to improve RORA

We have taken measures for the improvement of RORA for each business area to improve the Bank's overall RORA.

[RORA and ROA by business area (FY2024)]



[Measures for the improvement of RORA]

① Building high-RORA assets

- Large enterprises, New York Branch, SF, and XB
- Actively undertaking high-RORA projects
- Housing loans and unsecured loans

- Accumulating outstanding balances by strengthening the promotion system and introducing new products
- Increasing lifetime value through cross-selling to further improve RORA

② Enhancing non-interest business profit by providing consulting services

- For corporate consulting, we will dig deep into customers' goals and needs based on the "connecting process" and provide high-quality solutions.
- For customers' financial assets under custody, we will support customers' asset building, asset management, and smooth asset succession through efforts implemented in collaboration with Gungin Securities.

See P.38 Corporate consulting

See P.40 Individual consulting

The enhancement of non-interest business profit contributes to the improvement of RORA. We will work as one group.

③ Accumulating high-quality assets and improving customer profitability

- Second-tier enterprises, SMEs, and rental real estate

- Standard profit margin-based sales activities have taken root in the business areas of second-tier enterprises and SMEs.
- We have studied profitability improvement measures by using the profitability assessment sheet, by which it is possible to simulate how much profitability may improve as a result of efforts in loan projects and growth in commission income.

Standard profit margin

- A profitability target that we aim to achieve for customers of cash flow-based lending. We set the standard profit margin according to customers' credit ratings, based on the RORA that the Gunma Bank Group aims to achieve (the Mid-Term Business Plan target of 1.2% or higher).
- As the gap between the current profitability and the standard profit margin differs depending on customers, we also set targets according to the current state of each customer (profitability stage-based targets).