

THE GUNMA BANK REPORT



2025

Integrated Report

Disclosure magazine [main part]

Weaving Better Future for Our Communities



# By connecting the strands of resources, people, and generations, we weave better futures for our communities

The Gunma Bank Group's Purpose (Established on November 20, 2021)

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# Message from the President

**Akihiko Fukai**

July 2025  
President and Representative Director

## Our Commitment to “Purpose-Driven Business” and Becoming a Top Regional Financial Group.

### FY2024 results of the mid-term business plan “Innovation for ‘Purpose’”

#### Reached record high profits for the second consecutive year

For the fiscal year ended March 31, 2025, the final year of the previous mid-term business plan, consolidated net income increased 41% year-on-year to 43.9 billion yen, achieving the highest profit level ever for the second consecutive year.

The primary reason for this increase is the rise in net interest income. Loan balances have steadily increased for both corporations and individuals, mainly driven by retail loans. Additionally, there was significant growth in the loan balances of high RORA levels, such as large corporate loans in the Tokyo metropolitan area, cross-border loans to foreign companies, and structured finance. The rise in interest rates has also contributed significantly to our profits. Approximately half of our corporate loans are tied to floating interest rates linked to market fluctuations, making them highly sensitive to interest rate changes. Thus the

shift towards higher interest rates has been advantageous.

Moreover, non-interest income, particularly from corporate consulting sales, have reached a record high for the sixth consecutive year.

In fact, at the beginning of formulating the previous mid-term business plan, we had concerns that we were setting targets that were too ambitious and challenging. However, we successfully converted our efforts into results, such as building asset allocation based on RORA management, enhancing the profitability of individual companies, and increasing non-interest income by promoting widespread awareness of a full-spec approach using our “connecting process” as a starting point.

[See P.50 About RORA](#)

[See P.38 Connecting process and full-spec approach](#)

#### Significant progress in transforming our profit structure and establishing a robust profit structure resilient to interest rate changes

Over the past six years, since the mid-term business plan preceding the previous one, we have implemented various initiatives under the theme of Innovation, leading to substantial reforms to our profit structure. In a continuously low-interest-rate environment, our primary focus has been on enhancing non-interest income, including revenues derived from corporate services and financial assets under custody. This approach has enabled us to establish a resilient profit framework that can adapt to interest rate fluctuations.

In terms of service channel innovation, we have improved digital platforms, such as the Gungin App and the Business Portal for corporate customers, providing more convenience to our customers. We have also accelerated digitalization by equipping all branches with tablets to boost operational productivity. Simultaneously, we have advanced initiatives to effectively

integrate digital and direct sales strategies while diligently managing costs. These initiatives involve optimizing our branch network while maintaining a high quality of service for customers, and establishing Individual Consultation Plazas, which provide one-stop, high-value-added services on Saturdays, Sundays, and national holidays, not only within the Prefecture, but also outside it for the first time.

Through these efforts, we believe that we have made significant advancements in reforming our profit structure by enhancing non-interest income and improving expense efficiency.

Secondly, regarding human capital, we have implemented a job-based personnel system designed to visualize tasks and to ensure that qualified individuals are appointed to appropriate positions. We have laid a solid foundation for the new mid-term business plan, which includes



## Message from the President

strengthening external collaborations through multiple alliances and investing resources in new businesses and growth areas.

Looking back at the previous mid-term business plan, a significant highlight has been the execution of sales activities centered on our Purpose (hereinafter referred to as purpose-driven business), “By connecting the strands of resources, people, and generations, we weave better futures for our communities.” Since establishing this Purpose in 2021, we have successfully integrated purpose-driven business throughout the organization over the past three years. These business practices start by sharing goals that focus on understanding our customers’ thoughts and

objectives. By engaging in business activities that emphasize the “connecting process,” I have consistently stressed the importance of delivering high-quality solutions to address the challenges faced by our customers and local communities. This approach involves leveraging the Bank’s management resources, such as services and information, beyond traditional financial functions, and I have been committed to executing it. As a result of these efforts, I have observed a significant improvement in our earning power over the past three years.

See P.36 Purpose Driven Business

## Changes in the external environment and recognition of challenges

### Sudden increase in uncertainty about the future due to geopolitical risks and trade issues

The landscape surrounding banks is undergoing rapid transformation due to various factors, such as shrinking population, advancements in digital technology, increasing focus on sustainability, escalating labor shortage, and rising costs of raw materials.

In the financial sector, the Bank of Japan’s decision to change its negative interest rate policy has facilitated a transition towards higher interest rates. This shift has intensified competition, particularly with the emergence of new financial services from various industries, significantly altering the business landscape.

Moreover, in April 2025, the United States announced the implementation of reciprocal tariffs on all countries and regions, sending shockwaves across the globe and further increasing uncertainties about the future.

In Gunma Prefecture, where secondary industries primarily in manufacturing play a significant role, the automobile sector is thriving, with supply chains concentrated around major manufacturers. Given the high proportion of finished vehicle exports to the United States, the potential for prolonged high tariffs can have further-reaching impacts on the entire supply chain than initially anticipated.

### Understanding our customers and supporting the region with all available resources

How can we adapt to the recent shifts in the external environment as a financial institution? I believe that the experience of the 2008 financial crisis, often described as a “once-in-a-century crisis,” offers valuable lessons. During that period, I served as General Manager at a branch. I was able to respond promptly to the needs and concerns of our customers even amidst the turmoil because I had always focused on communication and had a deep understanding of their business models.

From this experience, I have come to believe that a fundamental responsibility of bank employees is to thoroughly understand our customers’

businesses, gather information from diverse perspectives, and feel confident in offering informed opinions on their business strategies.

Regional banks, committed to supporting local communities, have a critical mission to foster the sustainable growth of both our customers and the communities we serve. We will contribute to the development of the region by deepening our efforts in purpose-driven business and the connecting process we have developed over time, ensuring that we stay closely connected to our customers and continuously provide tailored services and solutions.

## Gunma Bank’s strategic focus for the next three years (new mid-term business plan “Growth with ‘Purpose’”)

### Concentrating on deepening our commitment to purpose-driven business and building three ecosystems

Since April 2025, we have started implementing a new mid-term business plan titled “Growth with ‘Purpose.’” This plan builds upon the precedents established over the past six years of innovation to develop management strategies and initiatives centered on our Purpose. The plan will accelerate sustainable growth within the region and the Gunma Bank Group, ensuring that the next three-year period becomes a pivotal time to achieve growth.

In the new mid-term business plan, “materiality” has been newly established as a priority issue for the realization of our Purpose. We will address these matters from a medium- to long-term perspective, confronting the challenges associated with achieving sustainable growth of our customers, the region, the Gunma Bank Group, and our executives and employees.

Furthermore, several strategic themes have been established under the basic policies, which aim to deepen our efforts in purpose-driven business developed to date and to create a virtuous cycle of social and economic values. Given the changes in the external environment, the needs and challenges faced by local customers have become increasingly diverse and complex. It is crucial to provide valuable services through proactive dialogue with customers, forming the basis of purpose-driven business, and to resolve the customers’ issues while contributing to the Bank’s financial performance. We believe that achieving both objectives must be prioritized for sustainable growth.

Additionally, in the new mid-term business plan, we strive to establish three sustainable regional economic zones (Ecosystems).

The first Ecosystem increases the sustainability of regional industries. Gunma Bank will collaborate with leading companies of the regional industry to offer support to companies facing business succession challenges, thereby promoting the sustainability of local industries. For instance, Gunma Regional Advanced Solution Partners, a subsidiary specializing in investment within the Gunma Bank Group, established the Gunma Green Growth

Fund in March 2025 in partnership with a large local construction company to foster sustainable development in the regional construction sector. Through business succession initiatives facilitated by this fund, the aim is to support the restructuring and integration of the construction industry’s value chain.

While enhancing the sustainability of existing industries is vital, it is equally important to foster the creation of new businesses and provide support to startups. Gunma Prefecture, as our base of operations, boasts a low risk of flood and earthquake disasters, and offers transportation advantages. We will leverage these regional characteristics to facilitate the establishment of new business opportunities and connect venture companies outside the region with local firms, thereby enhancing the sustainability of regional industries.

The second Ecosystem increases the productivity of regional business. Utilizing IT and digital transformation is crucial to enhance productivity. Therefore, we will assist local businesses in improving productivity levels and addressing human resource shortages by collaborating with external partners that possess specialized expertise in supporting digitalization, while also exploring the development of BPO business and other solutions for challenges that cannot be resolved through digital means.

The third Ecosystem enriches regional life. By utilizing data derived from deposit transactions and cashless services, we will provide valuable and timely information services tailored to the specific needs of each customer, ultimately expanding consumption within the region and benefiting both regional businesses and local residents.

We will build upon the foundations established during the previous mid-term business plan to further deepen our commitment to purpose-driven business and construct sustainable regional Ecosystems over the next three years.

See P.37 Sustainable regional economic zone (Ecosystems)

### Aiming for a new stage, simultaneously achieving four key goals. (Benefits for customers and the region, the Gunma Bank Group, employees, and shareholders and investors)

For the fiscal year ending March 2028, the final year of the new mid-term business plan, we have established a target for consolidated net income of 60.0 billion yen and ROE of 10%. While several megabanks and regional banks have also set ROE

targets of 10% as their long-term goal, Gunma Bank has defined a clear three-year timeline leading up to the final year of the new mid-term business plan. To reach this new stage and fulfill the goals of our business plan by the final year, it is essential to



## Message from the President

deepen our commitment to purpose-driven business and build the three Ecosystems. These initiatives aim to foster consistent growth in our main businesses, particularly in profit on loans. We aspire to achieve an industry-leading ROE, driven by increased revenues from corporate services and financial assets under custody.

Furthermore, the new mid-term business plan aims to achieve four key objectives simultaneously for our stakeholders: our customers and the regions we serve, the Gunma Bank Group, our employees, and our shareholders and investors. By leveraging purpose-driven business as a foundation, we seek to address challenges and provide valuable services to our customers and the

regions in which we operate. The results will be linked to the profit of Gunma Bank, and its increased profits will contribute to higher employee incomes. Moreover, when our customers are satisfied with our services, it boosts employee motivation. Companies that prioritize strong profitability and employee well-being are often highly regarded in the market, leading to favorable outcomes for shareholders and investors. To create this virtuous cycle, we must achieve these four goals simultaneously, which is a commitment we take seriously in fulfilling our Purpose.

See P.35 Mid-term business plan numerical targets

## Capital policy and shareholder returns

In February 2025, we revised our shareholder return policy from total shareholder return to dividend payout ratio and introduced a progressive dividend system. These changes were applied from the fiscal year ended March 31, 2025. Our objective is to deliver sustainable profit growth to shareholders and investors while consistently meeting their expectations.

Regarding our engagement with shareholders and investors, we have been participating more actively in Investor Relations and Shareholder Relations events. We have incorporated opinions and feedback obtained through our dialogue with institutional investors and analysts into our strategic policies.

For example, the “CEO Message” videos on our website explain our financial results and mid-term business plan in English. These videos were

created following a recommendation from an analyst at a foreign-affiliated company to publish a brief five-minute video in an easily accessible location on our website. This initiative has substantially increased awareness of Gunma Bank among numerous overseas institutional investors, thereby enhancing our corporate value.

The financial results for the fiscal year ended March 31, 2025, show that various initiatives undertaken over the past six years have produced positive outcomes. We are confident that a solid foundation has been established for the successful execution of the new mid-term business plan. All members of Gunma Bank are committed to working together to further enhance corporate value through the execution of initiatives that take us to higher levels, aligned with our Purpose.

## Basic agreement for the business integration with Daishi Hokuetsu Financial Group

### Background regarding this integration

Gunma Bank and Daishi Hokuetsu Financial Group (hereinafter referred to as Daishi Hokuetsu FG) have reached a basic agreement for a business integration scheduled for April 2027.

The background for this integration is rooted in our participation in the TSUBASA Alliance in 2020. Following this involvement, we recognized the potential for a partnership, given our geographical proximity and the ability to leverage each bank's regional characteristics. In December 2021, the Gunma Daishi Hokuetsu Alliance was formed, further strengthening our relationship.

Over the nearly three years since forming the alliance, Gunma Bank has significantly exceeded initial expectations by achieving the planned

collaborative benefits ahead of schedule. This success can be attributed to the distinct nature of our business territories and strengths of the two companies, which complement each other and create synergistic effects.

Meanwhile, various environmental changes have been accelerating, including a shrinking population, advancements in digital transformation, and an increasing focus on sustainability. The financial sector has also been experiencing a shift back to higher interest rates. Consequently, the landscape surrounding financial institutions, along with the challenges faced by customers and local communities, has become increasingly diverse and complex.

In light of these changing conditions, we have concluded that reaching this basic agreement is essential for pursuing new growth strategies. As leading banking groups in Gunma and Niigata

### Aiming for maximization of growth synergies

The primary objective of the business integration is to maximize growth synergies. We represent leading banking groups based in Gunma and Niigata Prefectures, and by leveraging our respective strengths, we aim to expand our operating territory from Niigata to the Tokyo metropolitan area and international markets. By uniting our customer bases, we seek to enhance growth, thereby further improving profitability and corporate value. This integration represents a unique approach that has not been previously observed in regional bank reorganizations.

During a recent press conference, I expressed our aspiration by stating, “We aim to enhance the scale and quality of management to create a new financial group that ranks among the top regional banks.” As required by the Tokyo Stock Exchange, Gunma Bank has demonstrated outstanding performance as a regional bank by focusing on management with an awareness of capital cost and stock price. However, through engagement with international institutional investors, it has become evident that scale, not just quality, is a crucial determinant of corporate value.

The forthcoming business integration will allow both companies to collaborate and complement each other's expertise and strengths, ultimately delivering higher-value-added products and services to a broader customer base across multiple regions, while addressing diverse needs and challenges. Furthermore, as our capital base grows, our capacity for risk-taking will increase, enabling us to explore dynamic inorganic strategies, including the establishment of new ventures in non-financial sectors and potential mergers and acquisitions.

This business integration will also enhance operational efficiencies. In accordance with the basic agreement, Gunma Bank announced its intention to transition to the TSUBASA core banking system, which is scheduled for implementation after January 2029. By integrating with Daishi Hokuetsu FG, which already utilizes this system, we will be able to standardize business subsystems and applications, facilitating the unification and streamlining of back-office operations that were previously unattainable through the alliance.

Looking ahead, we will work together to demonstrate our superiority in scale, network, and information connectivity, capitalizing on our individual strengths. To maximize synergies and ensure the sustainable development of our customers, the

Prefectures, the integration aims to advance toward becoming a new financial group among the top regional banks in terms of both management scale and quality.

region, and both companies, we are committed to leading this integration to success.

Assuming the business integration process progresses smoothly, we will become one integrated company by FY2027, the final year of the new mid-term business plan. We will implement management with an awareness of capital cost, enhance corporate value, and embrace this transitional period with full readiness.

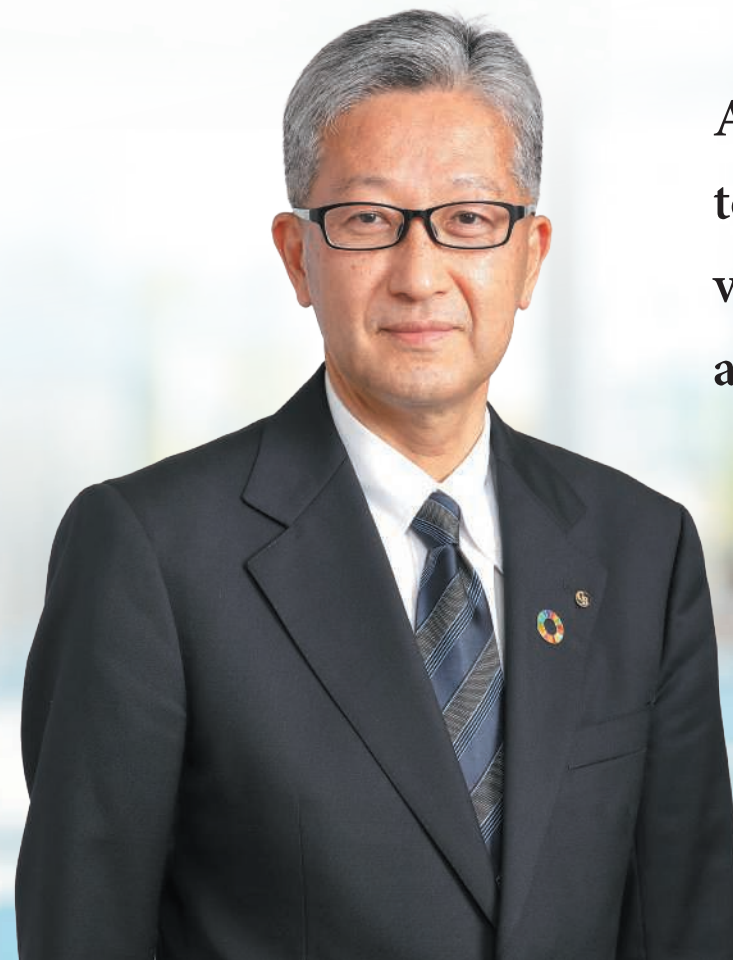
We sincerely appreciate your continued support and look forward to your ongoing cooperation.

See P.53 Business integration synergies





# Message from the Director of Finance



Accelerating efforts  
to increase corporate  
value and striving to  
achieve a 10% ROE.

**Takeo Uchibori**  
Senior Managing Director,  
The Gunma Bank

## Preface

In the fiscal year ended March 31, 2025, the Bank of Japan implemented an increase on its interest rate policy, resulting in an end to zero interest rates, as well as substantial changes to the financial and economic landscape.

Under the mid-term business plan titled "Innovation for 'Purpose'" (plan period: from April 2022 to March 2025, hereinafter referred to as the Mid-Term Plan), the Gunma Bank Group has been establishing a lean management system by significantly reforming our profit structure, including enhancing non-interest income and improving our Overhead Ratio (OHR). In the fiscal year ended March 31, 2025, the final year of the Mid-Term Plan, we marked the

highest profit level ever, which was further boosted by the rise in interest rates, thereby achieving the key objectives of our Mid-Term Plan.

Since April 2025, we have started implementing the new mid-term business plan titled "Growth with 'Purpose'" (plan period: from April 2025 to March 2028, hereinafter referred to as the New Mid-Term Plan). While aiming to promote sustainable growth of the region, the Gunma Bank Group, and our officers and employees, we will strive to deepen our previous initiatives further, ensuring that this three-year period becomes a pivotal time for achieving growth.

## Business Performance

### Core Business Net Profit

In the fiscal year ended March 31, 2025, **core business net profit**, which represents the profits of our main businesses, exhibited a positive trend, increasing 10.0 billion yen year-on-year to 55.5 billion yen.

This strong performance can be attributed to two primary factors: (1) net interest income increased 11.2 billion yen year-on-year to 84.7 billion yen, mainly due to a steady rise in loan balance and an increase in loan interest rates, and (2) **non-interest business profit** increased 1.3

billion yen year-on-year to 25.6 billion yen, driven by the success of our needs- and goal-oriented consulting based on our Purpose. Notably, non-interest business profit marked a new all-time high for the sixth consecutive year.

Regarding expenses, we have been diligent in managing our base expenses while advancing investments in human capital as well as digital and IT initiatives. As a result, **OHR** has fallen below 50%, achieving 49.6%, which represents the lowest level recorded to date.

## Profit Attributable to Owners of Parent, ROE, and RORA

Profit attributable to owners of parent (hereinafter referred to as consolidated net income) increased 12.7 billion yen year-on-year to 43.9 billion yen. This figure represents the highest profits for the second consecutive year, primarily due to low credit costs and an increase in interest and dividends on securities, in addition to robust core business net profit.

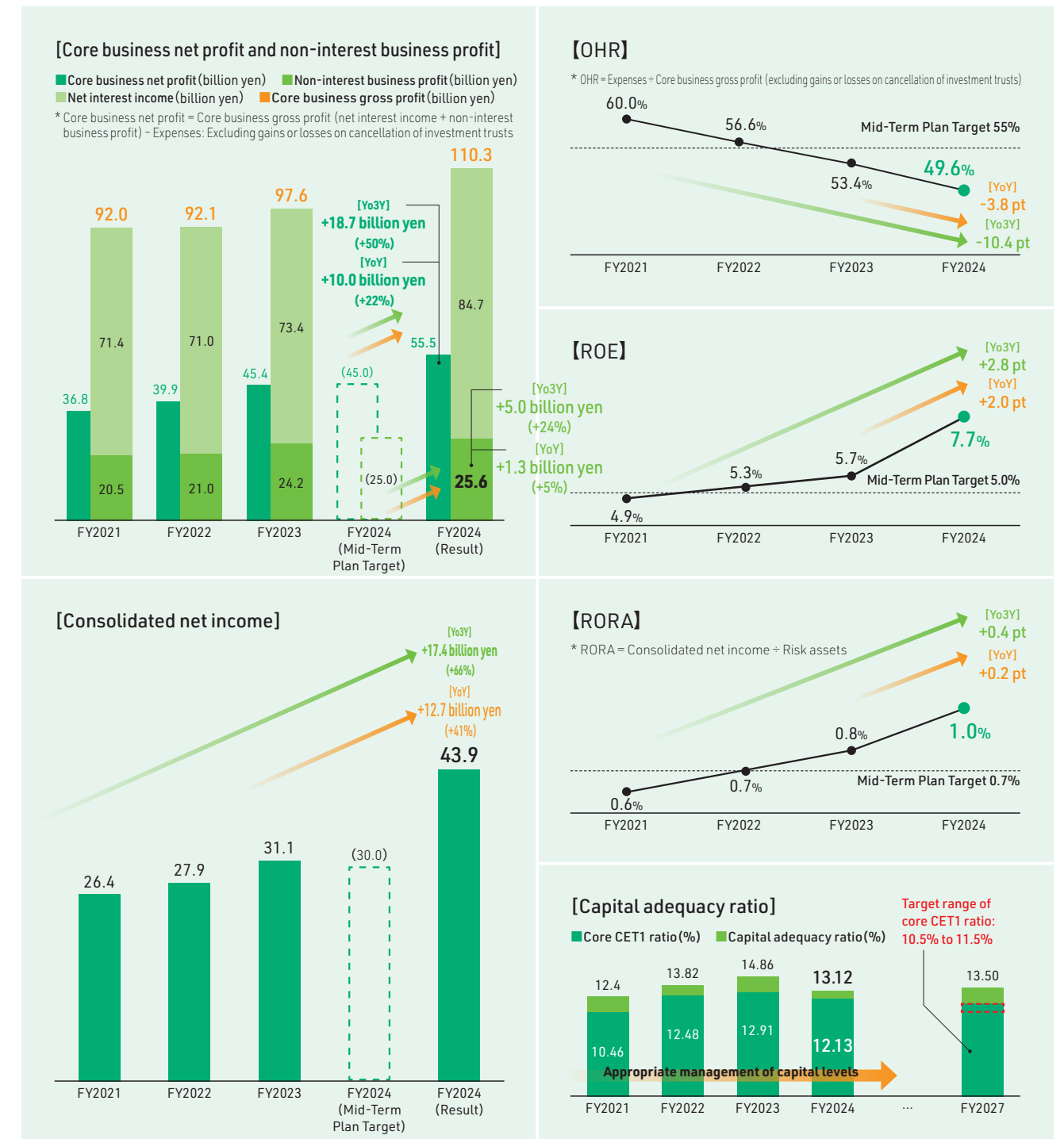
ROE increased 2.0 percentage points year-on-year to 7.7%, which is among the highest within the regional banking sector. RORA also improved by 0.2 percentage points to 1.0%. The consolidated net income, ROE, and RORA all significantly surpassed the targets outlined in the Mid-Term Plan.

## Capital adequacy ratio

Capital adequacy ratio decreased 1.74 percentage points year-on-year to 13.12%. Similarly, the core CET1 ratio also declined 0.78 percentage points year-on-year to 12.13%. The Bank aims to maintain its consolidated capital adequacy

ratio around a target of approx. 13.5% and its core CET1 ratio within a range of 10.5% to 11.5%. We are committed to pursuing soundness and capital efficiency while leveraging subordinated bonds (AT1 and B3T2 bonds).

## Results and Targets





Numerical targets in the new mid-term business plan

In the New Mid-Term Plan, we are committed to increasing net interest income (see [Topic] below) while deepening the expertise we have developed over time in delivering full-spec solutions for corporations and providing asset management consulting for individuals. Additionally, we will continue to actively invest in the development of human capital, digital transformation, and business reform, all while strengthening control over our base expenses.


To support these objectives, we have established the following targets: non-interest business profit of 35.0 billion yen (an increase of 9.4 billion yen compared to the fiscal year ended March 31, 2025), OHR of approx. 45% (a decrease of 4.6 percentage points from the same fiscal year), and core business net profit of 80.0 billion yen (an increase of 24.5 billion yen from the same fiscal year).

For our group companies, we aim to maximize group profit by further leveraging group functions and

strengthening group governance, including initiatives such as providing asset management proposals through bank-securities coordination, promoting cashless payments in the region, and ensuring the sustainability of regional businesses.

Through these initiatives, we aim to achieve the targets outlined in the New Mid-Term Plan as follows: consolidated net income of 60.0 billion yen (an increase of 16.1 billion yen compared to the fiscal year ended March 31, 2025), and ROE of 10% (an increase of 2.3 percentage points from the same fiscal year) or higher.

See below for details of our previous financial results.



Financial Summary Report

See below for details of the new mid-term business plan.



IR Briefing Session

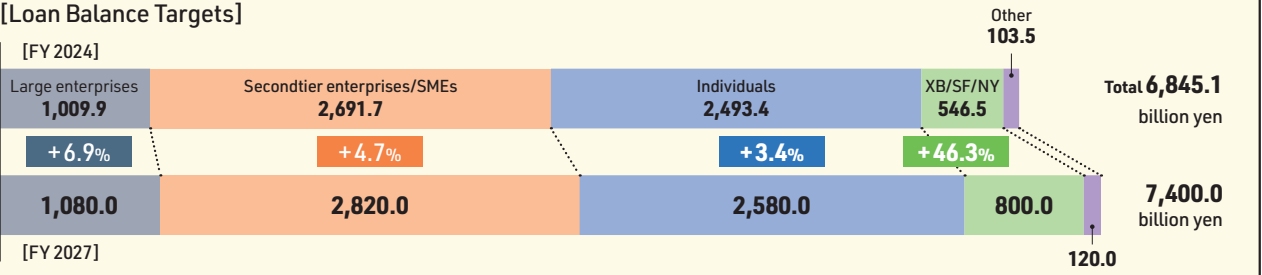
[Numerical targets in the new mid-term business plan]

	FY2021 Result	FY2024 Result	FY2027 Target
	Innovation New Dimension	Innovation for "Purpose"	Growth with "Purpose"
Core business net profit (Excluding gains or losses on cancellation of investment trusts)	36.8 billion yen	55.5 billion yen	80.0 billion yen
Non-interest business profit	20.5 billion yen	25.6 billion yen	35.0 billion yen
Consolidated current net income	26.4 billion yen	43.9 billion yen	60.0 billion yen
Group companies' profit	3.0 billion yen	3.4 billion yen	6.0 billion yen
OHR (Excluding gains or losses on cancellation of investment trusts)	60.0%	49.6%	approx. 45%
ROE	4.9%	7.7%	10.0% or more
RORA	0.6%	1.0%	1.2% or more
Capital adequacy ratio	12.4%	13.1%	approx. 13.5%
Core CET1 ratio	10.4%	12.1%	11.5%

[Topic] Loan Balance Targets for the New Mid-Term Plan

With higher interest rates, it has become increasingly critical to focus on accumulating high-quality asset-based lending. Historically, the Bank has advanced high RORA lending activities, such as **large corporate loans**, **cross-border loans (XB)**, **structured finance (SF)**, and loan portfolio increases at the **New York Branch**. Additionally, we have promoted market interest rate-linked loans for our corporate customers and established a portfolio that is highly sensitive to interest rate changes.

For the next three years under the New Mid-Term Plan, we will continue to focus on these initiatives and aim to enhance net interest income through the synergistic effects of both an increase in the outstanding balance and rising interest rates. In the small and medium-sized enterprise sector, we are committed to further enhancing RORA by strengthening non-interest business profit and improving credit quality through our purpose-driven sales.



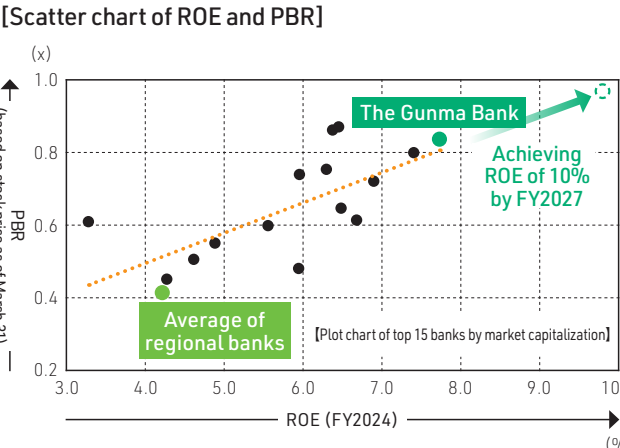
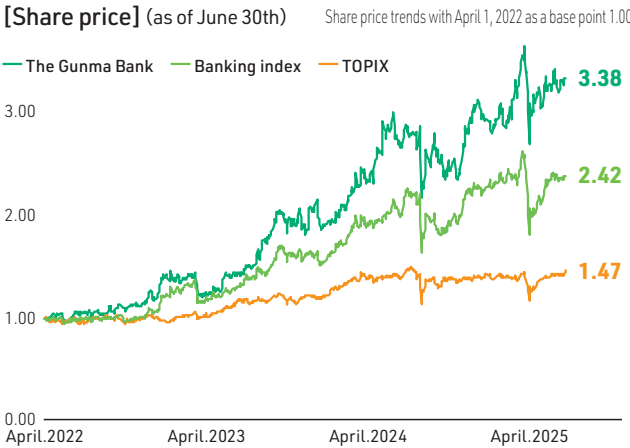
Efforts to Improve Corporate Value

Management with an awareness of capital cost and stock price

The Bank values engaging in dialogue with capital markets. We are focusing on business management to increase corporate value by sharing issues identified through current analysis and opinions from shareholders and investors during Board of Directors meetings.

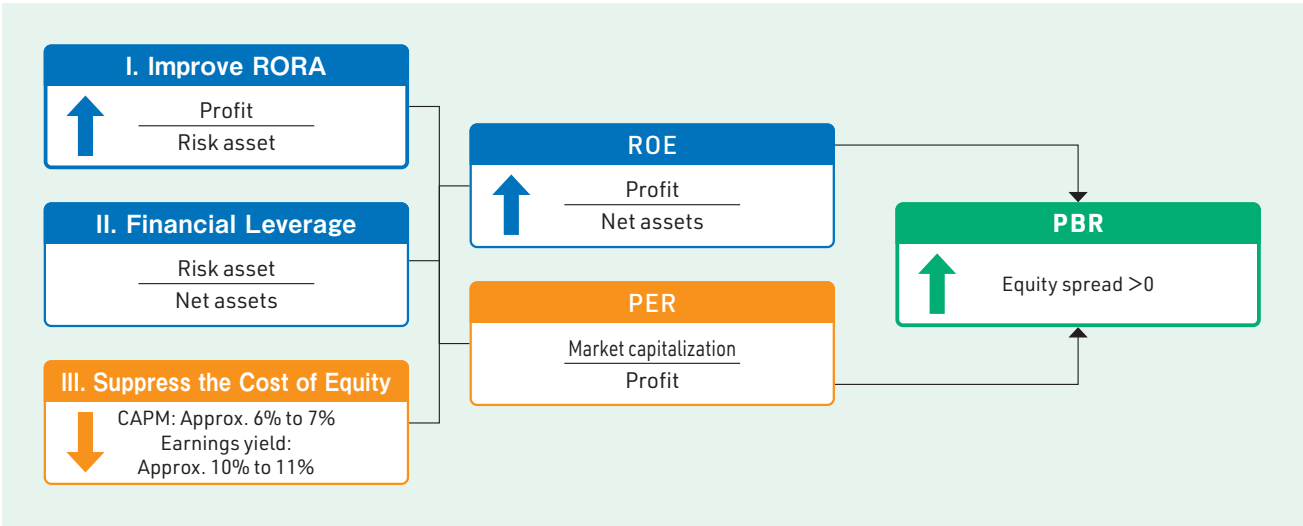
As shown in the chart below, over the past three years of the Mid-Term Plan, the Bank's share price has significantly exceeded both the banking index and TOPIX. For the fiscal

year ended March 31, 2025, ROE was 7.7%, which is among the highest within the regional banking sector. However, it remains below the capital cost implied by the share price (approx. 10% to 11% on an earning yield basis), and there is still some progress to be made to reach a PBR of 1.0x. Our objective is to eliminate negative equity spreads by achieving ROE of 10% or higher, in line with the targets of the New Mid-Term Plan.



Strategies for improving corporate value

Enhancing ROE and PER is critical to the improvement of PBR. To elevate corporate value, the Gunma Bank Group is dedicated to advancing three key strategies: "I. Improve RORA," "II. Control Financial Leverage," and "III. Suppress the Cost of Equity" to enhance PER.



I. Improve RORA

The Bank has long recognized RORA as a vital management indicator. Currently, initiatives to improve RORA are effectively integrated at all operational levels, from management to employees in the workplace, and the entire organization is engaged in sales and business

activities with a focus on RORA and ROE considerations. For a detailed overview of our RORA initiatives, see "RORA Management to Improve Corporate Value" on page 50. It outlines our previous efforts as well as the strategic direction moving forward.



## II. Control Financial Leverage

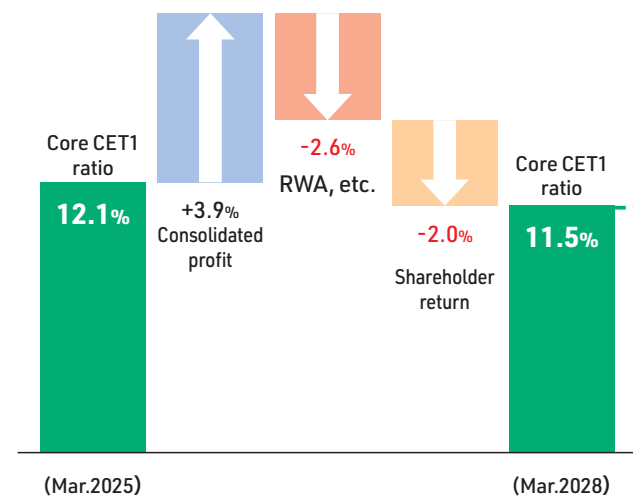
### Efforts to build an optimal capital structure

As previously mentioned, we focus on the core CET1 ratio as our capital management perspective, setting a target range of 10.5% to 11.5%.

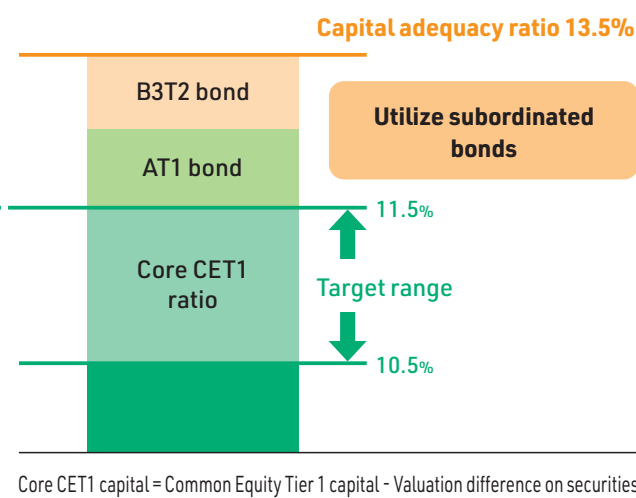
Leveraging the Bank's status as a bank adhering to the uniform international standard, we are working to utilize AT1 bonds (with an outstanding balance of 20.0 billion

yen as of the end of March 2025) and B3T2 bonds (also totaling 20.0 billion yen at the same date) to enhance the diversification of our capital structure. Furthermore, we are committed to establishing an optimal capital structure that emphasizes soundness and a reduction to the cost of equity.

#### [Capital allocation]



#### [Building an optimal capital structure]



## III. Suppress the Cost of Equity

### Enhancing IR activities and reducing information asymmetry

The Gunma Bank Group is committed to reducing information asymmetry through proactive efforts to engage in open and transparent dialogue with market participants, as well as IR activities aimed at suppressing the cost of equity.

Our IR initiatives include a range of activities, such as regular meetings with institutional investors of all sizes and IR briefings for local individual investors. Notably, our February briefing session marked our first collaboration with local listed companies. Additionally, we participated in seminars organized by rating agencies to deliver presentations.

Furthermore, we place significant emphasis on IR for overseas institutional investors. In addition to regular non-deal roadshows conducted abroad, we are expanding our content offerings to include English-language CEO messages available on the Bank's website and on YouTube, along with a comprehensive array of disclosure documents in English. These measures aim to strengthen our connections with international investors.

Our efforts have been well received; in January 2025, the Bank was recognized as an eligible participant in the Award for Excellence in Corporate Disclosure by the Securities Analysts Association of Japan.

IR serves as a vital platform for actively communicating our business results and management strategies while also facilitating the collection of market opinions and feedback. We remain committed to the continuous enhancement of our IR activities as we engage with the evolving market landscape.

### Shareholder relations (SR) activities

In addition to our IR efforts, we actively participate in SR activities. These initiatives involve regular communications with institutional investors (specifically those responsible for exercising voting rights) and with voting advisory companies. Our objective is to share our business conditions and any relevant challenges, thereby fostering a deeper mutual understanding. By continuously enhancing our communication strategies, we aim to improve our corporate value.



IR briefing session in action

#### Results of IR Activities (FY2024)

<b>For domestic institutional investors</b> Large IR (May, Nov.)/Mid-Term Plan IR (Mar.) Small MTG (Jun., Aug., Dec., Feb.)	<b>For overseas institutional investors</b> IR in U.S. (Jul.) Asia (Mar.) Securities firm conference (Mar.)
<b>For individual investors</b> (Sep., Feb.)	<b>Other various activities</b> (1on1 MTG, SR MTG, etc.)

Details for IR activity list



CEO Messages



## Shareholder Returns

The Gunma Bank Group has previously implemented a shareholder return policy that focuses on a shareholder return ratio (targeting 40% of the consolidated net income), which combines stable cash dividend payments and the acquisition cost of treasury shares. However, we have revised our policy to focus on the dividend payout ratio (targeting 40% of the consolidated net income), effective from the fiscal year ended March 31, 2025. Furthermore, we have introduced a progressive dividend system.

Consequently, the dividend per share for the fiscal year ended March 31, 2025 was 45 yen (an increase of 23 yen from the previous fiscal year), and the dividend payout ratio was

#### Shareholder return policy

(Starting from the fiscal year ended March 31, 2025)

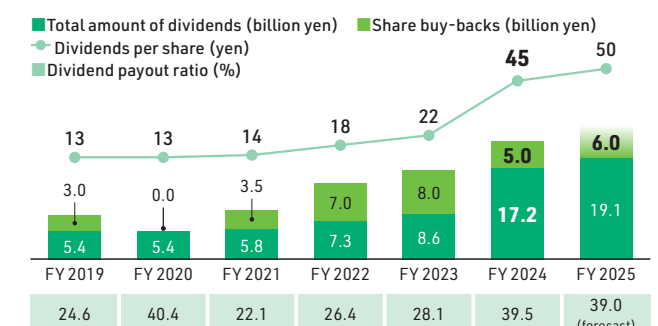
The bank's basic policy on dividends is a progressive dividend system that aims to maintain or increase dividends. The bank strives to achieve a payout ratio of 40% of profit attributable to owners of parent and will increase dividends through profit growth. In addition, the bank will flexibly implement acquisition of treasury shares based on capital levels, capital efficiency, growth investment opportunities, and market trends.

39.5%. When incorporating the acquisition cost of treasury shares, which stood at 5.0 billion yen, the shareholder return ratio reached 50.7%, exceeding 50% for three consecutive fiscal years.

For the current fiscal year (ending March 31, 2026), we plan to increase the dividend per share by 5 yen to distribute the annual dividend of 50 yen, marking the fifth consecutive year of dividend growth. Additionally, in July we resolved to acquire treasury shares (up to 6 billion yen).

We remain committed to enhancing shareholder returns while carefully balancing our profit levels, risk-taking, and capital levels.

#### [Results of shareholder returns]



## Reduction Target of Shares for Policy Purposes

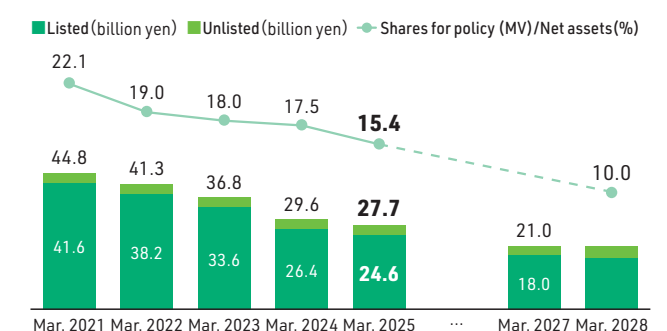
In November 2022, the Gunma Bank Group announced its objective to reduce the book value balance of listed shares by 20.0 billion yen (a 50% reduction on a book value basis) over five years, commencing at the end of March 2022. As of the end of March 2025, we have reduced it by 13.6 billion yen, achieving a progress rate of 68%. When considering all shares with agreed termination, the progress rate exceeds 80%.

Additionally, the market value ratio of shares for policy purposes to consolidated net assets has decreased to 15.4%. Under the New Mid-Term Plan, we are committed to lowering this ratio to less than 10% by the end of March 2028.

The reduction of shares for policy purposes plays a crucial role in releasing capital and is a vital strategy for risk-taking to approach growth areas. Additionally, this initiative has contributed to an enhancement in asset quality, including the restructuring of the securities portfolio, which leverages gains from the sale of shares for policy purposes. Moving

forward, we will continue to negotiate termination agreements with holders to ensure a steady reduction.

#### [Changes in book value of shares for policy purposes and market value ratio to consolidated net assets]



## Conclusion

In light of both domestic and international developments, the environment in which we operate has experienced significant shifts due to abrupt changes and increased uncertainty. The New Mid-Term Plan, "Growth with 'Purpose,'" envisions a future where both the Gunma Bank Group and the communities we serve can achieve sustainable growth by strengthening purpose-driven sales and establishing a sustainable regional ecosystem.

In April 2025, we announced a basic agreement regarding the business integration with Daishi Hokuetsu Financial Group. Based on the fundamental principles of mutual trust and equal integration, we aim to achieve not just an "addition," but a "multiplication" of our efforts to maximize growth synergies.

As we move forward, the Gunma Bank Group will continue to implement strategies aimed at enhancing corporate value and will strive to fulfill the expectations of our stakeholders. We sincerely appreciate your continued support.





# Challenge to Become a Front Runner in Shaping the Future of Regional Finance and Upcoming Issues



Outside Director  
**Takuji Kanai**

Outside Director  
**Kuniko Nishikawa**

Outside Director  
**Jun Kondo**

Outside Director  
**Kazuhito Osugi**

In April 2025, Gunma Bank began implementing its new Mid-Term Business Plan, "Growth with 'Purpose'" (hereinafter referred to as the New Mid-Term Plan). We asked Outside Directors how the New Mid-Term Plan was formulated and what kinds of discussions the Board of Directors had to enhance corporate value. We also asked them how they evaluate the effectiveness of Gunma Bank's governance, human resource development, and dialogues with shareholders and investors from the perspective of Outside Directors. Lastly, we discussed the basic agreement regarding the business integration with Daishi Hokuetsu Financial Group (hereinafter referred to as Daishi Hokuetsu FG), which we announced in April 2025.

## Participation in discussions to formulate the New Mid-Term Plan, focusing on consistency in Purpose and management



—First, please explain the discussions held by the Board of Directors during the formulation of the New Mid-Term Plan. Could you also share the considerations you took into account while participating in these discussions as an outside director?

**Kondo** In formulating the New Mid-Term Plan, I participated in discussions at the Board of Directors meetings from an early stage, working with all board members to refine the strategy. My involvement in formulating the Bank's Mid-Term Plan spans two terms, totaling six years. I have placed particular emphasis on ensuring that the New Mid-Term Plan aligns with our "Purpose" as we move into the next three years, focusing on achieving "Growth" following our previous emphasis on "Innovation." I view the New Mid-Term Plan as the final step in deepening purpose-driven management, which we have consistently pursued, and promoting widespread awareness of this approach throughout the organization.

**Nishikawa** In formulating the New Mid-Term Plan, I was attentive to ensure continuity and effectiveness. I assessed the progress of the initiatives outlined in the previous Mid-Term Plan, diligently identified key issues, and confirmed how the management incorporated these considerations into the New Mid-Term Plan. Given the importance of understanding among employees, the Mid-Term Plan needs to be structured logically, concretely, and in a manner that is easily comprehensible. Throughout the discussions regarding the Mid-Term Plan, I focused on two main questions: "What are the future goals of regional banks?" and "How can we enhance corporate value?"

**Osugi** In formulating the New Mid-Term Plan, I have consistently emphasized the thorough practice of purpose-driven management, as Mr. Kondo mentioned. The Bank's Purpose was established in 2021 when I assumed the position of outside director. What impressed me at the time was the way the President engaged in conversations with each employee in the workplace, allowing us to create a strong Purpose from the bottom up. This Purpose, rooted in the voices of the workplace, truly embodies the philosophy connecting the workplace with management. In the New Mid-Term Plan, I believe that greater awareness of the Purpose is of utmost importance, and I have consistently emphasized its significance. I am confident that the New Mid-Term Plan aligns closely with this concept.

**Kanai** This was my first time being involved in formulating the Bank's Mid-Term Plan. In developing the New Mid-Term



Plan, I emphasized the importance of storytelling and consistency. My focus was on ensuring a coherent flow, starting from the Purpose to the basic policies, which include creating a virtuous cycle of social and economic values, strengthening the business foundation, and achieving numerical targets. As a regional financial institution, it is also crucial for us to consider our contributions to the community and the satisfaction of our employees. Considering all these factors, I believe the New Mid-Term Plan is well balanced for people in the region, employees, shareholders, and the Bank itself.

## A management pioneer in capital cost efficiency: Ensuring leadership's vision permeates the entire organization.

—What discussions are currently being held to enhance corporate value? Furthermore, how would you assess the current position of Gunma Bank?

**Osugi** I believe that the Bank stands as a front-runner among regional financial institutions in terms of management with a clear understanding of capital costs. We disclose our capital cost levels and have set a clear objective for ROE, targeting 10% or more for FY2027. As I regularly state at the Board of Directors meetings, the foundation of the financial industry lies in the asset business. To enhance corporate value, assessing the return generated from the amount of risk assets is definitely essential. In this context, the Bank has placed the concept of RORA at the core of its sales promotion strategy, and the understanding of earning returns that match the level of risk has been effectively spread throughout the organization. Moreover, strategic consideration of equity capital levels is crucial to increase ROE. I highly commend the Bank's strong commitment to managing two objectives simultaneously, pursuing ROE to the maximum while ensuring soundness, as a significant strength. Furthermore, the concepts of ROE, RORA, and capital costs must not only be acknowledged by the management team but also understood by our employees in the sales field to achieve effective management with an awareness of capital costs. To facilitate this understanding, we have

made investor relations videos in which the President himself explains what management with an awareness of capital cost means in a clear and approachable way to our employees. Through these initiatives, I have observed that the perspective of senior management has been steadily instilled throughout the entire workforce. Additionally, in February 2025, we decided to implement a progressive dividend system as part of our shareholder return policy, marking a significant advancement in our approach to management with an awareness of capital costs. I expect that our investors have received this decision favorably.

**Nishikawa** I was engaged in risk management at a foreign-owned financial institution, where the primary focus was on how the banking industry identifies and quantifies risks. From this perspective, I observe that the Bank has thoroughly demonstrated management practices that consider profitability in alignment with risk. As Mr. Osugi mentioned, the Bank's management approach in recent years has a narrative, and I am confident that this diligent management has contributed to an enhancement in ROE and has been positively received by our shareholders.

**Kanai** What strikes me is that the Bank confidently states its commitment to target values. We clearly and precisely present our targets, such as ROE and profit. The President is ready to take responsibility by saying, "If we fail to achieve these targets, it falls on me." This serious stance



is observable at board meetings. This commitment itself is a defining characteristic of the Bank.  
**Kondo** Senior management not only presents the direction, perspective, and process, but also conveys these in

### Incorporating feedback from outside directors into policies with advanced governance and a sincere approach.

— It has been ten years since the Corporate Governance Code was established. How would you evaluate the effectiveness of Gunma Bank's governance?

**Kondo** I believe that the Bank has an effective governance system. The Board of Directors comprises members from diverse backgrounds. In addition, the Nomination Advisory Committee and the Compensation Advisory Committee consist of one internal member and four external members, respectively, which means there are significantly more outside directors than inside ones.  
**Kanai** One standout aspect of the Bank is its serious approach to governance. For instance, whenever I express an opinion during the Board of Directors meetings, I often receive a thoughtful response at the next meeting.

their own words to ensure that their vision reaches all employees in the workplace. I believe this shows the accumulated outcome over the past six years.

They say, "We have considered your previous comment, and here is what we have done about it." This sincere and prompt approach to addressing issues raised by outside directors has become a strong part of our culture.  
**Nishikawa** Since joining the Board, I've also observed the Bank's sincere commitment to governance. In the past, there seemed to be little reaction to suggestions concerning mid- to long-term issues, but this has noticeably changed recently. The Bank is currently reviewing measures, such as its personnel system, and many of these initiatives incorporate points raised by outside directors during Board of Directors meetings, after thoroughly discussing them as an organization. This change shows that the Bank is growing, and I genuinely appreciate its progress.

### Recognized for excellence in human resource development. Gunma Bank should articulate and share its unique approach to sustainability.

— How would you evaluate Gunma Bank's sustainability efforts, particularly its initiatives to enhance human capital? What challenges do you think the Bank might face in the future?

**Nishikawa** Regarding sustainability management, I appreciate the Bank's efforts in addressing key initiatives of the Mid-Term Plan, particularly its focus on enhancing human capital and prioritizing employee well-being. However, there is still room for improvement in terms of diversity. While promoting the advancement of women is crucial, it is also essential to

expand the range of perspectives, such as utilizing external talent and young employees. In this regard, this business integration presents a valuable opportunity to enhance diversity. Additionally, ongoing developments in international regulations concerning sustainability mean that the Bank needs to establish its sustainability framework that aligns with global trends.  
**Osugi** In response to Ms. Nishikawa's observation, I acknowledge that the Bank has initiated various measures based on our feedback, including the introduction of a job-based personnel system. However, we need to take further steps by clearly defining and sharing the ideal state for the Bank's sustainability, ensuring it is rooted in our corporate culture and mission as a regional financial institution.  
**Kondo** To further increase corporate value, developing human resources is critical. Recently, we have made significant changes by actively sending young employees to external organizations and group companies. They need to gain real-world business experience early in their careers, which the Bank actively encourages.  
**Kanai** Providing employees with the opportunity to work outside the Bank and take on challenges in different environments is an excellent strategy for developing their management skills. We hope that young employees will step up and embrace these challenges.

### New initiatives have been launched domestically and globally. Proactive investor relations efforts are highly commended.

— As an outside director, how would you evaluate Gunma Bank's engagement with shareholders and investors?

**Osugi** When it comes to engagement with shareholders and investors, the Bank is working to enhance both the quality and quantity of its engagement efforts by actively incorporating new initiatives. A significant step in this direction has been the distribution of the "CEO Message," delivered in English by the Bank's President to overseas investors, which started in February 2024. This message outlines the Bank's business conditions and highlights the unique characteristics of Gunma Prefecture. As the first regional bank to implement such a practice, the video distribution of the President's message has received considerable praise from investors. In addition, we are diligently working to expand our connections with international

investors through investor relations activities held in Europe, the United States, and Asia. Domestically, we conduct investor relations briefings with local listed companies and develop strategies to expand the base of individual investors. These efforts, both in Japan and overseas, have been well received. In January 2025, the Bank was officially recognized as an eligible participant in the Award for Excellence in Corporate Disclosure. I firmly believe that the Bank holds a distinguished position within the regional banking sector.  
**Kondo** In our engagement with shareholders and investors, we strive to set ourselves apart from other banks by implementing innovative initiatives both domestically and internationally. By providing clear explanations to our stakeholders, they will recognize the steady growth of Gunma Bank, ultimately enhancing our corporate value.

### Business integration as a model for envisioning the future of regional financial institutions

— Lastly, please share your views and expectations regarding the basic agreement regarding the business integration with Daishi Hokuetsu FG, announced in April 2025.

**Kondo** Daishi Hokuetsu FG and the Bank possess significant potential as partners. By combining our respective strengths, we can work together to achieve even greater growth. An auspicious aspect of this partnership is the complementary nature of our market positions. For instance, although Gunma Prefecture lacks direct access to the ocean, expanding our business base to Niigata Prefecture will enable us to access a new logistics hub, specifically a port. This strategic expansion will open up new business opportunities for our customers from perspectives we have never explored before.  
**Nishikawa** I believe this agreement will enhance the corporate value of both parties. During my time as a consultant, I researched trends in regional banks and investment banks in the United States. At that time, the prevailing trend was for regional financial institutions to expand their scale through mergers and acquisitions (M&A) while remaining rooted in their respective regions. This agreement aligns with that trend and is a key part of our growth strategy. The integration offers more than just scale advantages. It is appealing because the two companies possess distinct strengths that complement each other. For example, Daishi Hokuetsu FG excels in non-interest businesses, whereas we have a high loan-to-deposit ratio and strong capital efficiency. By merging our strengths, we can build a stronger regional financial group.  
**Osugi** If this business integration is successful, I believe it can serve as a role model for regional financial institutions as they envision their future management strategies. This initiative may inspire other regional financial institutions

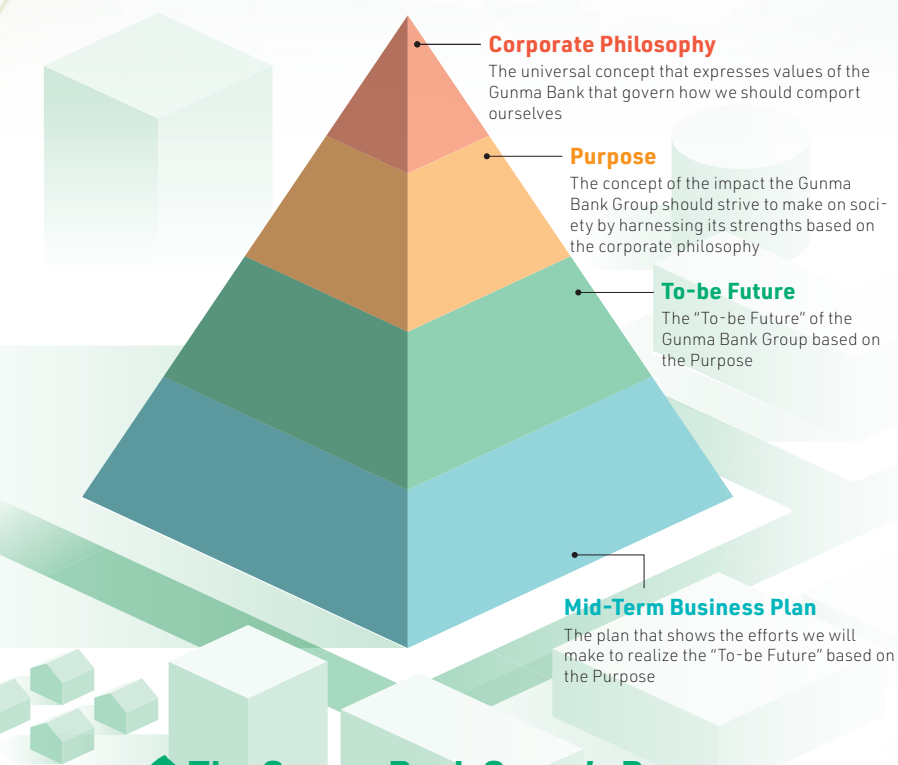


across Japan to consider crossing prefectural borders and pursuing business integration. Therefore, I believe this agreement carries substantial significance.  
**Kanai** Generally, businesses across all industries seek to expand their organizations. When I first encountered the concept of business integration with Daishi Hokuetsu FG, I straightforwardly questioned its purpose and potential benefits to the Bank. I expressed opinions from various angles during the Board of Directors meetings and engaged in in-depth conversations with the President and other directors. I sensed the President's strong determination to ensure the success of this integration and to lead the future of regional finance. His rationale behind this decision and his vision for local communities were clear and convincing. I look forward to working together to support the success of this integration and maximize its benefits.



## 2 The Gunma Bank

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



### The Gunma Bank Group's Purpose

By connecting the strands of resources, people, and generations, we weave better futures for our communities

#### Connecting the strands of resources, people, and generations

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 the unique strengths we have nurtured over the years, as each one of us engages in initiatives 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.

#### Weaving better futures for our communities

By "our 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 "connecting" to create a future that is not only economically enriching, but that also brings about a sustainable society through the preservation of the global environment and efforts to tackle social issues including an aging and shrinking population. Threads are spun using fibers from silkworm cocoons, and Gunma Prefecture, where our headquarters is located, is a region that has developed primarily around the textile industry, symbolized by the Tomioka Silk Mill, a World Heritage Site. We use the word "weaving" in our Purpose to signify our desire to create an enriching future for our communities while cherishing and respecting their history.

The Gunma Bank Group will connect the strands of resources, people, and generations to weave better futures while working with everyone in our communities.

(Established on November 20, 2021)

#### Corporate Philosophy

Our mission is 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

By connecting the strands of resources, people, and generations, we weave better futures for our communities

#### To-be Future

Sustainable development of local communities and the Gunma Bank Group

#### Mid-Term Business Plan

Growth with "Purpose"

(Plan period: April 2025–March 2028)

## The Gunma Bank Group's Purpose-Driven Management

By connecting the strands of resources, people, and generations, we weave better futures for our communities

The Gunma Bank Group established its new Purpose on November 20, 2021. Faced with numerous 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?"

Under the new Mid-Term Business Plan "Growth with 'Purpose'" that we launched in April 2025, we will work to take our purpose-driven management implemented under the previous Mid-Term Business Plan to a higher level.

See P.34 New Mid-Term Business Plan

#### Model for Instilling the Purpose

##### Purpose

##### Goal of establishing the Purpose

• **Sharing of decision axes**  
By stating the Purpose, the meaning of our existence in society, 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 communities, shareholders, and executives and employees.

"Vision" for each company, department, and branch

"Policy" for each office and section

"Personal Purpose" for each executive and employee of the Group

#### Mid-Term Business Plan

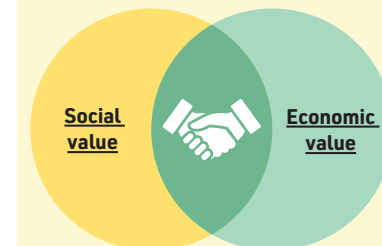
##### Growth with "Purpose"

Taking purpose-driven management to a higher level and achieving three kinds of growth

Growth of our customers and local communities  
Growth of our Group  
Growth of every one of our executives and employees

##### Basic policy I

Creating a virtuous cycle of social and economic values

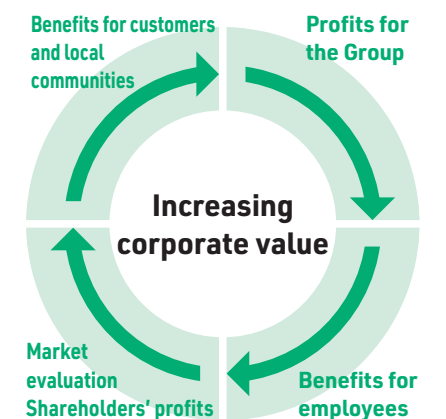


A model that embodies the Bank's Purpose

##### Basic policy II

Strengthening the business foundation to support sustainable growth

#### Outcomes



Simultaneously achieving profits and benefits in all these four areas

Sustainable growth of local communities and the Gunma Bank Group

"Vision"

Toward the realization of the Purpose

### Steps to purpose-driven management

#### [Establishment] November 2021

- When considering the Purpose, we solicited and received 755 opinions from Group executives and employees regarding (1) through (3).
  - Essential strengths of the Group
  - Expectations from society
  - The meaning of the Group's existence



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

#### [Instillation] November 2021 and beyond

- Individuals
  - Each executive and employee established 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

- In April 2022, the previous Mid-Term Business Plan "Innovation for 'Purpose'" was established based on the Purpose.
- In July 2023, the Personal Purpose Award was held to recognize efforts toward one's own purpose.
- In April 2025, the new Mid-Term Business Plan "Growth with 'Purpose'" was established.

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

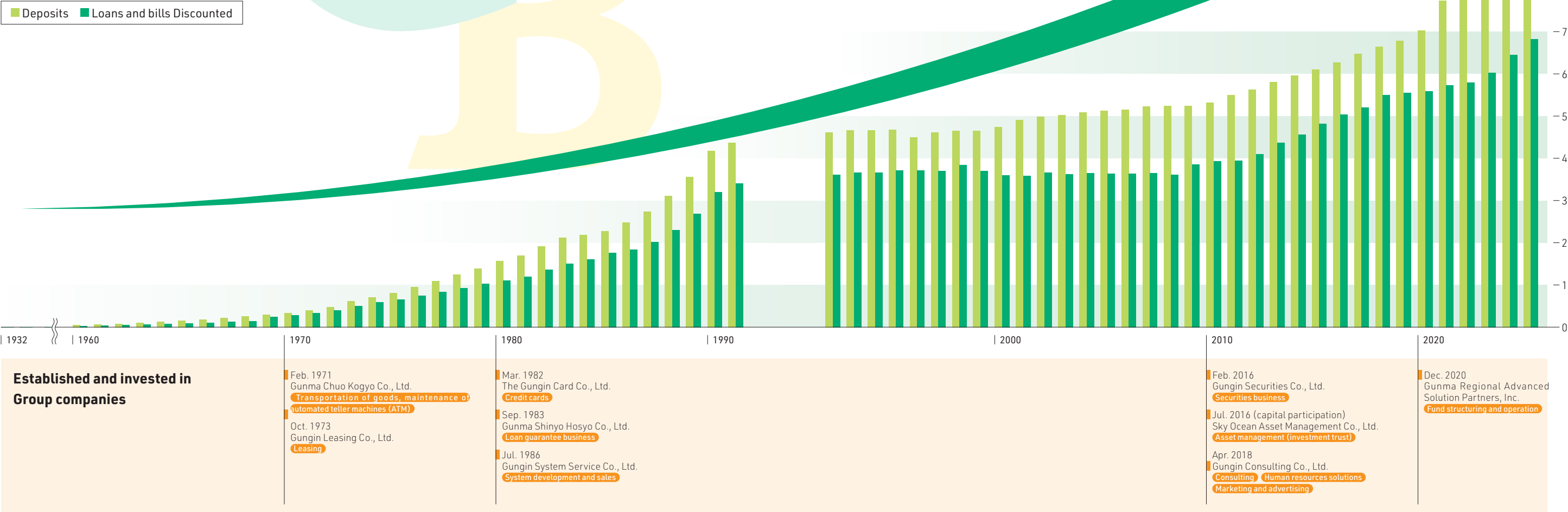
Becoming a Group that achieves a balance between "social value" and "economic value"



# 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.



## Major events

From foundation

From the 1960s

From the 1980s

From the 2000s

From the 2020s

1932

Foundation of the Gunma Daido Bank

1955

Renamed to the Gunma Bank, Ltd.

Gunma Daido Bank Head Office at time of founding

1969

Stock listed on the Tokyo Stock Exchange

1972

Completion of current head office

Current head office at time of completion

1983

Established the Gunma Economic Research Institute

1992

Established our Corporate Philosophy

Established our corporate logo

1995

Established the Gunma Bank Environmental Foundation

(now the GUNGIN Foundation)

Established our corporate logo

2009

Establishment of the Gunma Bank Environmental Policy

2019

Establishment of the Gunma Bank Group SDGs Declaration

Sustainable Development Goals (SDGs) icons

2020

The Bank joins the TSUBASA Alliance, a wide-area cooperation of 10 regional banks

2021

Establishment of the Gunma Bank Group's Purpose

Signing of the Gunma and Daishi Hokuetsu Alliance through a collaboration agreement with Daishi Hokuetsu Bank, Ltd.

2022

Signing of the Ryomo Regional Revitalization Partnership through a collaboration agreement with the Ashikaga Bank, Ltd.

2025

Establishment of the Gunma Bank Group's Sustainability Policy

Signing of a memorandum of understanding for the business integration with Daishi Hokuetsu Financial Group

At a press conference announcing the Bank's Purpose

Basic agreement between the Gunma Bank and Daishi Hokuetsu Financial Group

Left: Akihiko Fukai, President, the Gunma Bank

Right: Michiro Ueguri, President, Daishi Hokuetsu Financial Group

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GUNMA BANK REPORT 2025

GUNMA BANK REPORT 2025

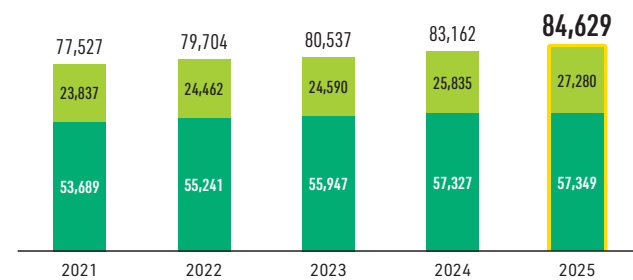
21



# Financial Information Highlights

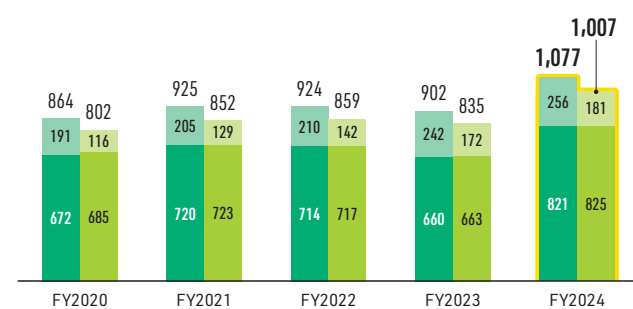
## Deposits As of March 31, 2025 **8.4 trillion yen**

(Unit: Hundred millions of yen) (12th out of 61 regional banks)  
 ■ Personal deposits ■ Corporate deposits and other



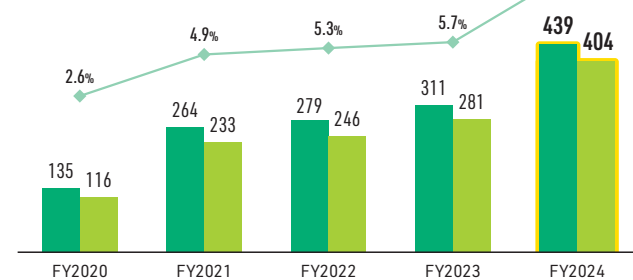
## Breakdown of core business gross profit

(Unit: Hundred millions of yen)  
 ■ [Consolidated] ■ [Non-consolidated] Non-interest business profit (Excluding gains or losses on bonds)  
 ■ [Consolidated] ■ [Non-consolidated] Net interest income



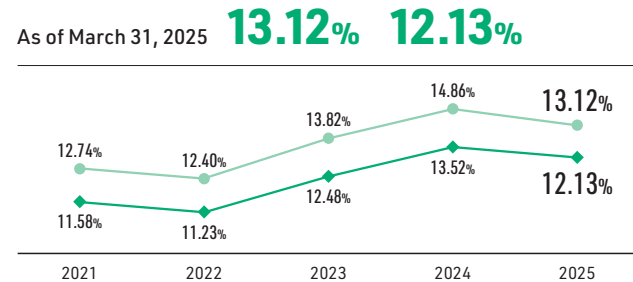
## Profit

(Unit: Hundred millions of yen)  
 ■ Consolidated ■ Non-consolidated ◆ Consolidated ROE



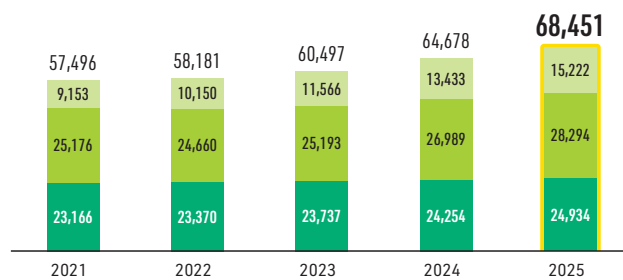
## Consolidated capital adequacy ratio (uniform international standards)

◆ Capital adequacy ratio ◆ Common equity Tier 1 ratio  
 Total capital Common equity Tier 1



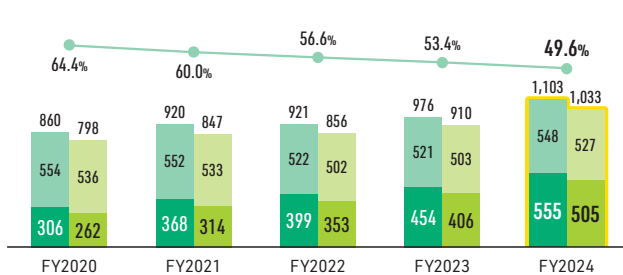
## Loan balance As of March 31, 2025 **6.8 trillion yen**

(Unit: Hundred millions of yen) (10th out of 61 regional banks)  
 ■ Individuals ■ Small and medium companies ■ Other



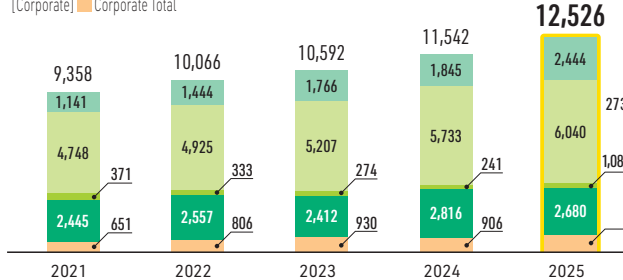
## Core business net profit (excluding gains or losses on cancellation of investment trusts)

(Unit: Hundred millions of yen)  
 ■ [Consolidated] ■ [Non-consolidated] Expenses ◆ Consolidated OHR  
 ■ [Consolidated] ■ [Non-consolidated] Core business net profit (excluding gains or losses on cancellation of investment trusts)  
 Core business net profit = Core business gross profit - Expenses (excluding non-recurring expenses) - Gains or losses on cancellation of investment trusts



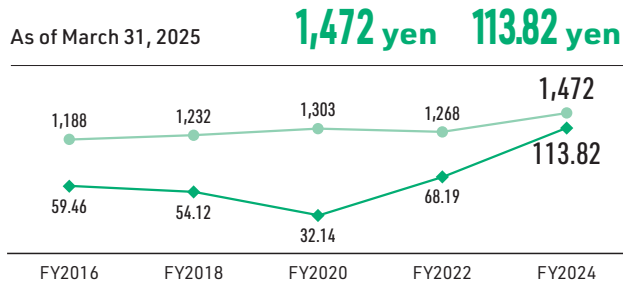
## Balance of customers' financial assets under custody (including Gungin Securities)

(Unit: Hundred millions of yen)  
 ■ Individuals ■ Gungin Securities (including intermediary) ■ Life insurance ■ Public bonds ■ Investment trusts  
 (Corporate) ■ Corporate Total



## Index per share (Consolidated)

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



# Non-Financial Information Highlights

## Sustainable development of regional economy

### Number of business succession issues resolved

FY2022 to FY2024 (cumulative)

**1,391 cases**

cumulative total from FY2025 to FY2027  
 Target: 1,500 cases

### Number of contracts for inheritance-related services

FY2022 to FY2024 (cumulative)

**1,105 cases**

cumulative total from FY2025 to FY2027  
 Target: 2,000 cases

### Volume of cashless transactions

FY2024

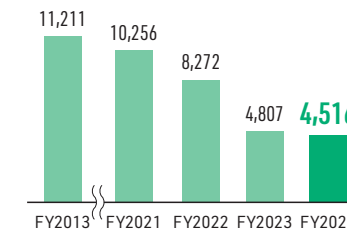
**267.0 billion yen**

FY2027  
 Target: 350.0 billion yen

## Preservation and creation of the global environment

### Greenhouse gas emission

(Units: Tons of CO<sub>2</sub>)



**Down 59.7%**  
 (Compared to FY2013)

### Cumulative amount of sustainable financing

FY2022 to FY2024 (cumulative)

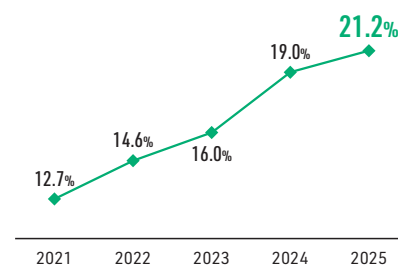
**1,128.4 billion yen**

(including 581.3 billion yen in the environmental field)  
 FY2025 to FY2027 Target: 1,200.0 billion yen

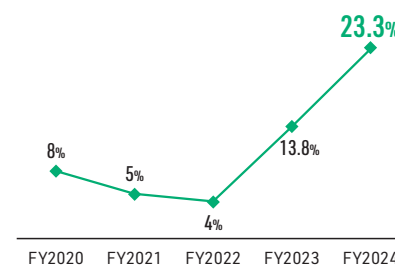
\*Accumulated amount executed since FY2022. Sustainable finance refers to finance activities that contribute to solving environmental issues (renewable energy, energy-saving equipment, etc.) and social issues (business start-ups and succession-related issues, medical care, etc.).

## Promotion of a variety of human resources into active positions

### Ratio of female managers



### Ratio of mid-career hires



### Number of employees appointed to specialist positions

FY2024 results  
 (Number of employees in the position as of April of the next fiscal year)

**181**

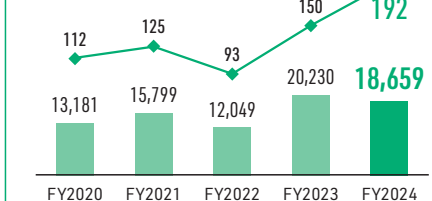
## Promotion of partnerships

### Cooperation with local public bodies in Gunma Prefecture

**13**  
 (As of March 31, 2025)

### Donations from SDGs private placement bonds (Cumulative: 141,970 thousand yen/1,020 donations)

(Unit: Thousands of yen) ■ Amount ◆ Number of cases



### External collaboration





# 3 Value Creation Story at the Gunma Bank Group

## Value Creation Process at the Gunma Bank Group

### Materiality Priority issues for the realization of the Purpose

Sustainable development of regional economy

Response to decreasing birthrates and a declining, aging population

Response to digital transformation

Preservation and creation of the global environment

Enhancement of human capital

Establishment of robust governance

### Inputs

See P.28 and P.30 Strengths

#### Financial capital

As of March 31, 2025

Deposits ..... **8,462.9 billion yen**  
Loan balance ..... **6,845.1 billion yen**  
Consolidated capital adequacy ratio ..... **13.12%**

#### Human capital

Number of employees (Consolidated) ..... **2,927 people**  
Ratio of female managers ..... **21.2%**  
Number of specialist qualification holders\*1 ..... **294 people**  
Ratio of mid-career hires ..... **23.3%**

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

#### Intellectual capital

The Group's comprehensive strengths ..... **9 companies**

#### Social capital

Number of domestic branches ..... **160 branches**  
Number of overseas bases ..... **1 branch, 3 representative offices**  
Share of deposits\*1 ..... **38.3%**  
Share of loans\*1 ..... **34.6%**  
Main bank share\*2 ..... **45.29%**

\*1 End of March 2024 (Source: The Financial Journal Special Issue "Financial Mapping" 2025 version)

\*2 Taken from 2024 survey on main banks of companies in Gunma Prefecture by Teikoku Databank

#### Natural capital

Area of forests\*1 ..... **427,000 hectares (No.1 in Kanto)**  
Tourism resources (hot spring areas)\*2 ..... **97 locations (No.1 in Kanto)**

\*1 Source: "Gunma's Forests and Forestry"

\*2 Source: "Data on Hot Springs," Ministry of the Environment

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 higher value creation through increasing capital of the Bank Group and raising its corporate value.

### Activities Mid-Term Business Plan "Growth with 'Purpose'"

#### Basic policy I

**Creating a virtuous cycle of social and economic values**

##### Strategic theme 1

#### Deepening purpose-driven sales

Deepening the purpose-driven sales implemented under the previous Mid-Term Business Plan (the achievement of a balance between social and economic values)

[Social value]

[Economic value]

##### Strategic theme 2

#### Striving to establish sustainable regional economic zones

Enhancing earnings by promoting initiatives that contribute to solving local issues from a medium- to long-term perspective

+

#### Basic policy II

**Strengthening the business foundation to support sustainable growth**

##### Strategic themes

- ① Digital transformation and business reform
- ② Data utilization
- ③ Human capital
- ④ RORA management
- ⑤ Governance
- ⑥ Group collaboration and external collaboration

### Outcomes

#### Purpose-driven sales Sustainability

Benefits for customers and local communities

#### Numerical plan

Profits for the Gunma Bank

Increasing corporate value

Market evaluation  
Shareholders' profits

Benefits for employees

Increasing corporate value

Enhancing human capital

Sustainable growth of local communities and the Gunma Bank Group

**"Vision"**

**Toward the realization of the Purpose**



# Materiality (Priority Issues for the Realization of the Purpose) and Initiatives

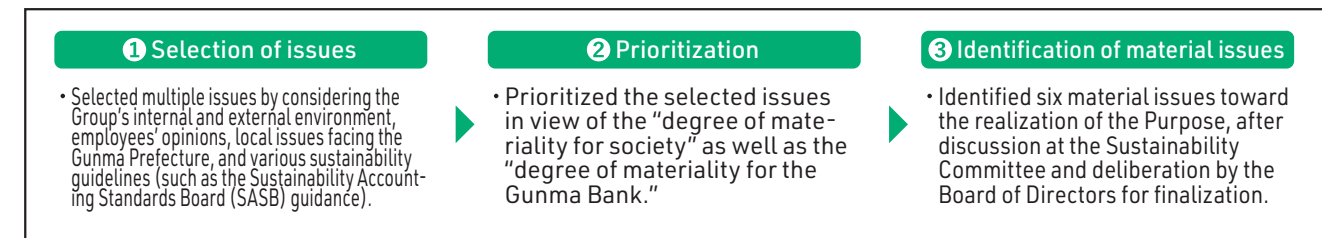
As we formulated the Mid-Term Business Plan “Growth with ‘Purpose,’” which we launched in April 2025, we defined materiality as priority issues for the realization of our Purpose and identified six material issues in view of the “degree of materiality for society” as well as the “degree of materiality for the Gunma Bank.”

\*The Gunma Bank Group has established the Gunma Bank Group's Sustainability Policy, which stipulates the Group's materiality and the policy for implementing initiatives.

See P.58 Sustainability Policy

Materiality	Risks and opportunities	Major initiatives under the Mid-Term Business Plan	Related KPIs	Related SDGs
Sustainable development of regional economy	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Greater, expanded opportunity to provide solutions for customers, who face management issues that become more diversified and more advanced</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>A slowdown or deteriorated performance of customers' businesses and a slump of the regional economy as a result of failing to respond in a timely manner to changes in social structure and industry structure</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring the sales structure based on segment strategy, with the aim of delivering optimized value</li> <li>Deepening goal-based, needs-based sales activities built on the “connecting process”</li> <li>Strengthening sales capabilities that contribute to solving local issues, such as business succession, decarbonization, human resource shortages, and digital transformation</li> <li>Revitalizing local industries and strengthening collaborations with start-ups</li> <li>Cooperating with alliance partners such as local governments and universities to solve local issues</li> </ul> <p>and others</p>	<ul style="list-style-type: none"> <li>Number of business succession issues resolved</li> <li>Number of business matching cases</li> <li>Number of staffing cases closed and others</li> </ul>	
Response to decreasing birthrates and a declining, aging population	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Greater opportunity to provide new financial products and services that meet the needs of the era of the 100-year life</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>A decrease in the customer base due to decreasing birthrates and a declining, aging population</li> <li>A decrease in the Gunma Bank's competitiveness as a result of failing to meet each generation's needs that become more diversified and more advanced</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring the consulting structure for individuals and strengthening the collaboration with Gungin Securities</li> <li>Strengthening proposal capabilities targeted at high-net-worth individuals and strengthening inheritance-related services</li> <li>Expanding the base of investors and enhancing recurring revenue in line with the government policy to promote economic growth driven by asset management</li> <li>Increasing transactions with the asset building generation, starting with promoting housing loans</li> <li>Implementing more advanced marketing for mass-market customers aimed at increasing deposits and loan transactions</li> </ul> <p>and others</p>	<ul style="list-style-type: none"> <li>Customers' financial assets under custody</li> <li>Balance of unsecured consumer loans</li> <li>Number of inheritance-related support cases</li> </ul> <p>and others</p>	
Response to digital transformation	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Greater opportunity to provide consulting to meet new needs arising from the advances of digitalization</li> <li>Greater opportunity to contact new customers through non-face-to-face channels and higher productivity due to improved operational efficiencies</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>A decrease in the Gunma Bank's competitiveness as a result of failing to respond in a timely manner to the rapid advance of digital society</li> </ul>	<ul style="list-style-type: none"> <li>Establishing regional ecosystems built on the combination of cashless transactions and information</li> <li>Strengthening customer touch points and collaborating across channels by leveraging digital technology</li> <li>Efforts to centralize internal bank operations and reduce administrative operations</li> <li>Strengthening digital marketing</li> <li>Enhancing the use of AI</li> </ul> <p>and others</p>	<ul style="list-style-type: none"> <li>Volume of cashless transactions</li> <li>Number of app users</li> <li>Target number of employees with digital expertise</li> </ul> <p>and others</p>	
Preservation and creation of the global environment	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Greater opportunity to provide new financial products and services to support decarbonization and biodiversity efforts</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>A slowdown or deteriorated performance of customers' businesses as a result of the occurrence of natural disasters and the strengthening of various regulations</li> <li>Damage to the Gunma Bank's reputation in the event it is determined we have not provided adequate disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Proposing financing products and solutions with sustainable finance at their core</li> <li>Enhancing the range of decarbonization-related solutions and financing products</li> <li>Addressing new issues such as natural capital and biodiversity</li> <li>Supporting environmental conservation activities through the GUNGIN Foundation</li> </ul> <p>and others</p>	<ul style="list-style-type: none"> <li>Amount of sustainable finance executed</li> <li>Number of decarbonization support cases</li> <li>Greenhouse gas emission</li> </ul> <p>and others</p>	
Enhancement of human capital	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Employment of human resources, cultivation of corporate culture, and maximization of human capital by promoting the empowerment of diverse human resources</li> <li>Creation of new value by enhancing human capital</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>A decline in employees' motivation and talent drain as a result of failing to respond to diverse values and flexible work styles</li> </ul>	<ul style="list-style-type: none"> <li>Building human capital portfolio in ways aligned with management strategy</li> <li>Implementing recruitment, talent development, and career development support based on a job-based personnel system</li> <li>Promoting diversity, equity, and inclusion</li> <li>Efforts to improve the well-being of executives and employees</li> </ul> <p>and others</p>	<ul style="list-style-type: none"> <li>Ratio of mid-career hires</li> <li>Ratio of female managers</li> <li>Average number of days of child-care leave, etc. taken by men</li> </ul> <p>and others</p>	
Establishment of robust governance	<p><b>Opportunity</b></p> <ul style="list-style-type: none"> <li>Diversification and strengthening of the revenue base through the acceleration of the decision making process, the improvement of organizational efficiency, and other efforts</li> <li>Improvement of the level of customer satisfaction through the improvement of transparency and credibility</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>Loss of the Bank's social credibility and deterioration of the Bank's performance due to a failure in governance</li> <li>A delay in decision making and decreased capital efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Building organizations and strengthening group governance in ways aligned with management strategy</li> <li>Strengthening cyber security</li> <li>Efforts to secure operational resilience</li> <li>Advancing business conduct putting compliance first</li> <li>Enhancing communication with stakeholders</li> </ul> <p>and others</p>	<p>—</p>	

## ○Process for identifying material issues



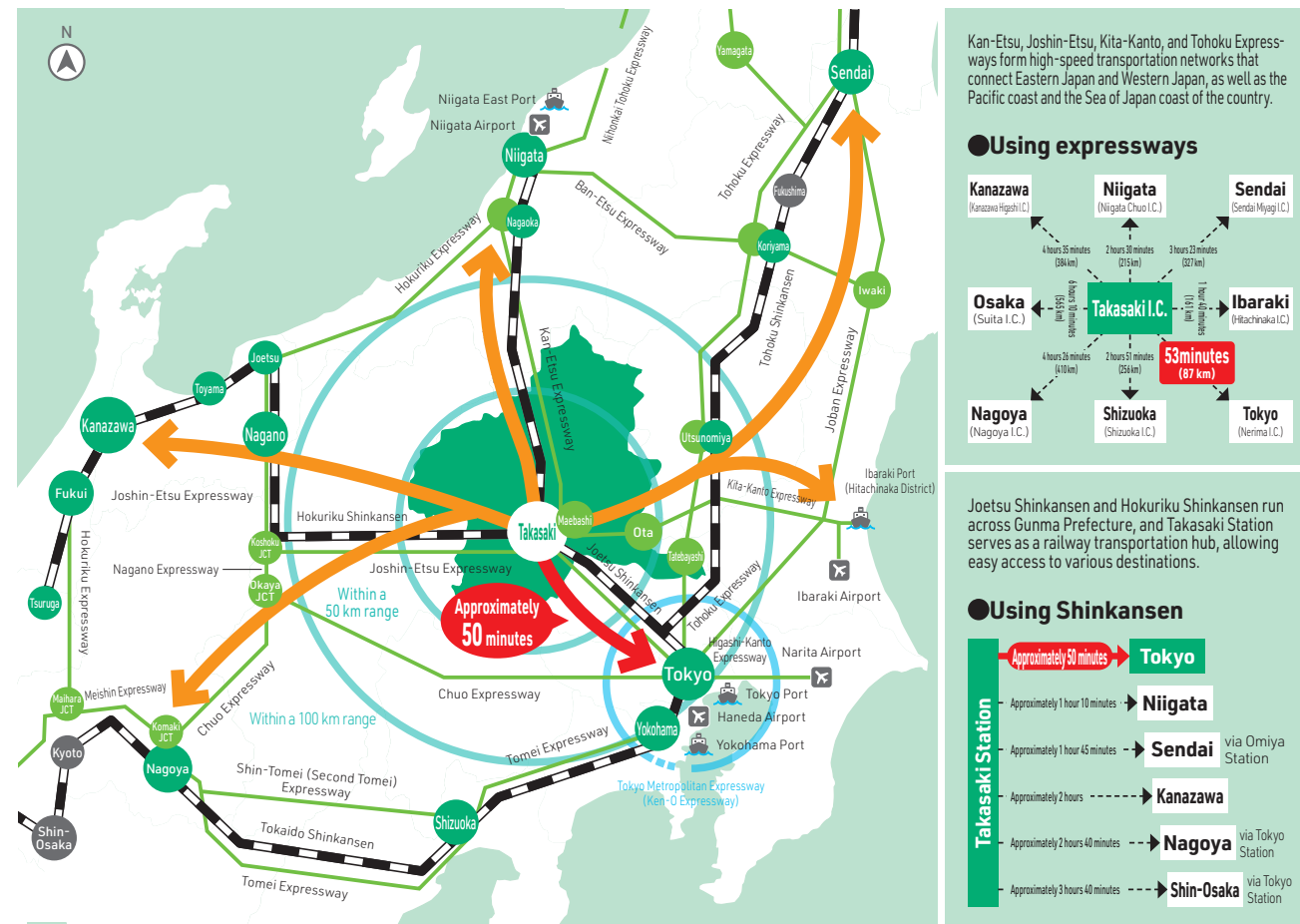


# Strengths of Gunma Prefecture

## Excellent access to Greater Tokyo and a rich natural environment

### 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.



### Rich natural environment

Gunma has had 78 earthquakes with seismic intensity of 4 or higher over the past 106 years, the least number among the prefectures in the Kanto region of Japan, while the number of households affected by natural disasters has been at the lowest level in the country.

Besides, Gunma ranks second among all the prefectures of Japan in hours of sunlight per year, and the amount of snowfall in the wintertime is relatively small in its lowland areas. Gunma has a rich natural environment.

[Number of earthquakes with seismic intensity of 4 or higher]  
(January 1, 1919 to March 31, 2025)

Ranking	Prefecture	Number of occurrences
1	Gunma Pref.	78
2	Kanagawa Pref.	122
3	Saitama Pref.	166
4	Chiba Pref.	240
5	Tochigi Pref.	248
6	Ibaraki	399
7	Tokyo	580

Source: IR Materials of Gunma Prefecture (June 2025)

[Number of households affected by natural disasters, etc.]  
(2014 to 2023)

Ranking	Prefecture	Number of households affected
1	Gunma Pref.	443
2	Tokyo	2,397
3	Kanagawa Pref.	3,075
4	Saitama Pref.	5,795
5	Tochigi Pref.	7,434
6	Chiba Pref.	8,654
7	Ibaraki Pref.	8,720

[Hours of sunlight (yearly)]  
(FY2023)

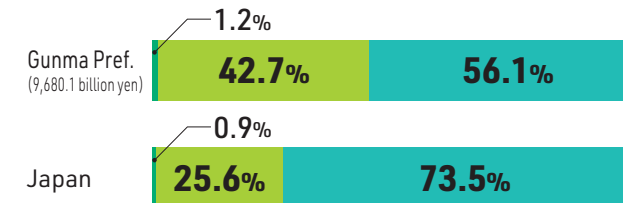
Ranking	Prefecture
1	Saitama Pref.
2	Gunma Pref.
3	Yamanashi Pref.
4	Shizuoka Pref.
5	Ibaraki Pref.

## Gunma's rich natural environment attracting investment and creating a strong economic base

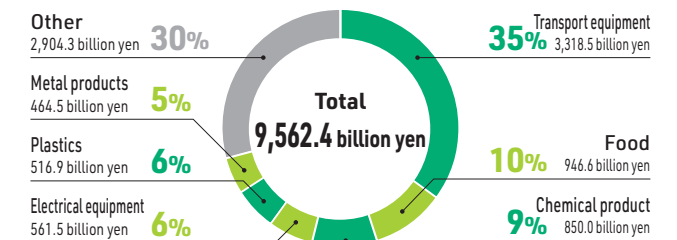
## Manufacturing industry serving as an engine for Gunma Prefecture's economy

[Nominal prefectural (domestic) gross production ratio by industry] (2022)

Primary Secondary Tertiary



[Manufactured product shipments, etc.] (2022)



[No. 1 product nationwide in terms of manufactured product shipment value] (2022)

Instant noodles Tofu Ballpoint pens \*Source: IR Materials of Gunma Prefecture (June 2025)

## Attractive tourism resources

- Gunma has 97 hot spring areas, ranking first in the Kanto region of Japan and eighth in the country.
- World Heritage Site of the Tomioka Silk Mill and related sites
  - Began operation as Japan's first government-run model silk mill factory. Became the first industrial heritage designated as a national treasure of Japan.
- Leveraging its rich water resources, Gunma ranks sixth in Japan in the maximum output of hydro-electric power.



Sources: "2023 State of Use of Hot Springs," the Ministry of the Environment, and 2024 Electric Power Survey Statistics (the number of power plants and output by prefecture, February 2025), the Ministry of Economy, Trade and Industry

## Key data of Gunma Prefecture

Population  
1,890,000 people  
Ranking 18th in Japan  
(October 1, 2024)

Agricultural output  
265.5 billion yen  
Ranking 12th in Japan  
(2023)

Ranking of best places for relocation  
Ranking 1st in Japan  
(2024)

Working-age population ratio  
58.1%  
Ranking 15th in Japan  
(October 1, 2024)

Manufactured product shipments  
9,562.4 billion yen  
Ranking 13th in Japan  
(2022)

Number of factory locations  
41 locations  
Ranking 4th in Japan  
(2023)

Ranking high in the number of factory locations every year

2018	2019	2020	2021	2022	2023
2nd	4th	4th	4th	6th	4th

Source: IR Materials of Gunma Prefecture (June 2025)



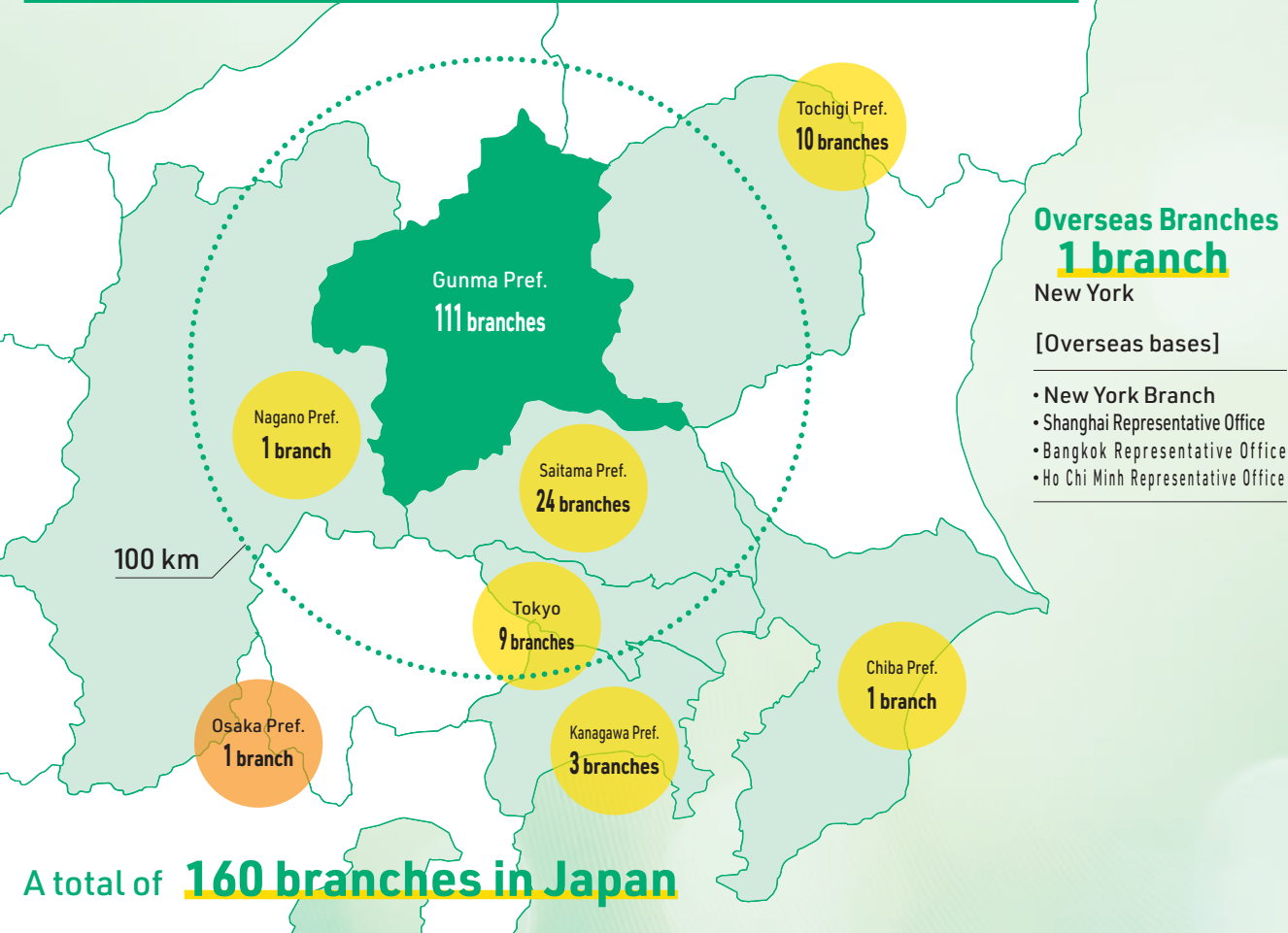
## Strengths of the Gunma Bank Group

### Strong domestic and overseas networks of branches and bases

In Japan, the Gunma Bank conducts business by utilizing its network of branches spanning the Kanto region that include branches in Tokyo, Osaka and six prefectures, the majority of which are in Gunma.

Outside of Japan, the Bank has one branch in the U.S. and three representative offices in China, Thailand and Vietnam. Operating a branch in New York is a distinguishing characteristic of the Bank. These overseas bases support the overseas operations of the Bank's customers in Japan by collaborating with local financial institutions.

### A network of branches throughout the Kanto region



### Collaboration in the Gunma Bank Group

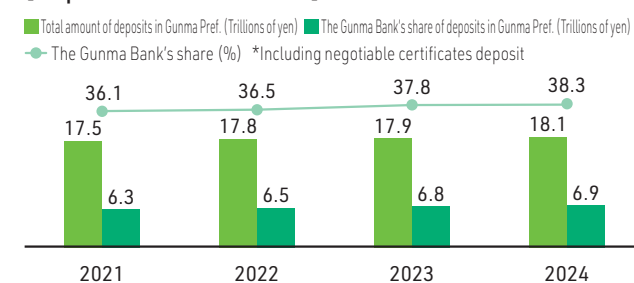
The Gunma Bank Group consists of the Bank, six consolidated subsidiaries, two non-consolidated equity-method subsidiaries, and one equity-method affiliate. In addition to our core banking services, we provide a wide range of financial products and services. The Group will strive to maximize its revenue by utilizing the Group function and strengthening the Group consolidation and will also work as one to create and provide value that goes beyond its existing business domains to contribute to the development of local communities.



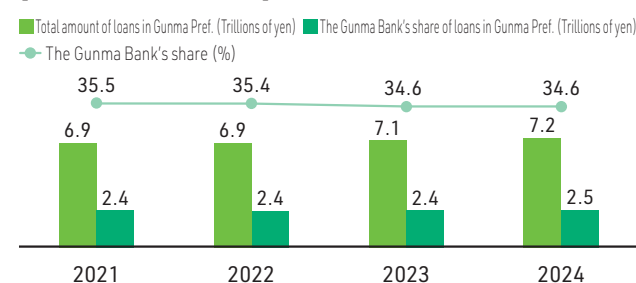
### Strong customer base

The Bank's share of deposits and share of loans in Gunma Prefecture both stand at more than 30%, a testament to the relationship of trust that the Bank has built with customers over many years.

#### [Deposits in Gunma Pref.\*]



#### [Loans in Gunma Pref.]



Source: The Financial Journal

### Sound financial foundations

Implementing RORA management, the Bank has achieved high management efficiency, as demonstrated by its ROE, which is at the highest level among regional banks, as well as low OHR. (The data shown below are the data for FY2024 or as of the end of March 2025.)

#### [Capital]

Capital adequacy ratio (consolidated)	13.12%
Common equity Tier 1 ratio (consolidated)	12.13%

#### [Profitability ranking high among regional banks]

Profit attributable to owners of parent	43.9 billion yen
ROE (consolidated)	7.7%
RORA	1.0%

#### [Low overhead ratio (efficient management)]

OHR	49.6%
[Sound loan assets]	
Non-performing loan ratio (consolidated)	1.35%



## Review of the Mid-Term Business Plan

Forecasting

After the six-year reform carried out under the Mid-Term Business Plan "Innovation New Dimension" launched in 2019, the Gunma Bank Group established its new Mid-Term Business Plan "Growth with 'Purpose'" in April 2025. Under this new Mid-Term Business Plan, we will work to take to a higher level the purpose-driven management that we have implemented, while also striving to achieve growth of customers and local communities, the Gunma Bank Group, and each of our executives and employees.

2019

Mid-Term Business Plan before the Previous Mid-Term Business Plan  
**Innovation New Dimension**

Achieving **growth** after the six-year "Innovation (**reform**)"

Basic policy

**Transforming the management platform by three reform initiatives**

- ① Process reform
- ② Channel reform
- ③ Human resource reform

**Achieving advanced value creation by evolving the business model**

2022

Previous Mid-Term Business Plan  
**Innovation for "Purpose"**

Basic policy

Implementing digital strategies as the foundation for  
**"connections and weaving better futures"**

**Reinforcing strengths in "connections" by five reform initiatives**

- ① Sales process reform
- ② Business process reform
- ③ Channel reform
- ④ Human resource reform
- ⑤ External collaboration reform

**"Weaving better futures" by exercising our strengths in "connections"**

2025

New Mid-Term Business Plan  
**Growth with "Purpose"**

Taking **purpose**-driven management to a higher level and achieving **three kinds of growth**

Growth of our customers and local communities  
Growth of our Group  
Growth of every one of our executives and employees

Basic policy I

**Creating a virtuous cycle of social and economic values**

Strategic theme 1  
**Deepening purpose-driven sales**

[Social value]

Strategic theme 2

[Economic value]

**Striving to establish sustainable regional economic zones**

+

Basic policy II

**Strengthening the business foundation to support sustainable growth**

Strategic themes

- ① Digital transformation and business reform
- ② Data utilization
- ③ Human capital
- ④ RORA management
- ⑤ Governance
- ⑥ Group collaboration and external collaboration

To-be Future

**Sustainable development of local communities and the Gunma Bank Group**

November 2021 Established the Purpose:

By connecting the strands of resources, people, and generations, we weave better futures for our local communities.

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2027
Core business net profit (Hundred millions of yen) (excluding gains or losses on cancellation of investment trusts)	300	306	368	399	454	555	80.0 billion yen
Non-interest business profit (Hundred millions of yen)	171	191	205	210	242	256	35.0 billion yen
Profit attributable to owners of parent (Hundred millions of yen)	222	135	264	279	311	439	60.0 billion yen
OHR (%)	65.1	64.4	60.0	56.6	53.4	49.6	Around 45%
ROE (%)	4.4	2.6	4.9	5.3	5.7	7.7	10% or above

Backcasting



# The Mid-Term Business Plan “Growth with ‘Purpose’”

## Mid-Term Business Plan (outline)

Under the new Mid-Term Business Plan, we will work to take to a higher level the purpose-driven management implemented under the previous Mid-Term Business Plan. With “sustainable growth of local communities and the Gunma Bank Group” set as “what we aim

to achieve” and “growth” as the theme of the plan, we will strive to accomplish sustainable growth of “customers and local communities,” “the Gunma Bank Group,” and “each of executives and employees” in order to deliver profits for shareholders and other stakeholders.

2025

Mid-Term Business Plan

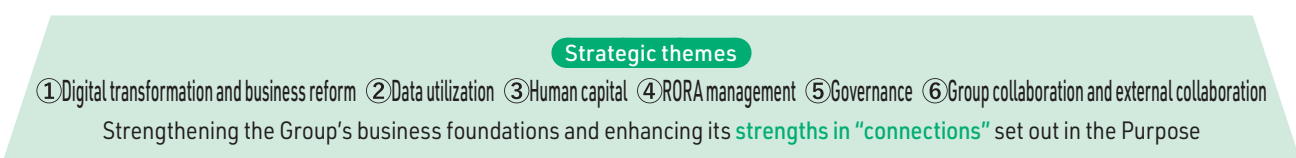
**Growth with “Purpose” –Toward Achieving Sustainable Growth of Local Communities and the Gunma Bank Group–**

Plan period: April 2025 to March 2028

## Basic policy I: Creating a virtuous cycle of social and economic values



## Basic policy II: Strengthening the business foundation to support sustainable growth

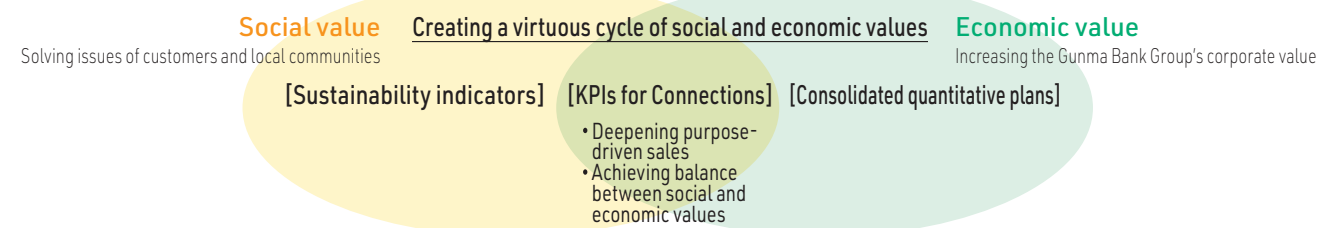


## Quantitative plans in the Mid-Term Business Plan

We have set the quantitative plans with the aim of achieving the goal of “creating a virtuous cycle of social and economic values,” one of the basic policies in the Mid-Term Business Plan. Sustainability indicators have been set for social value, which is achieved by solving issues of customers and local communities, and consolidated quantitative targets for economic value, which is achieved by increasing the Gunma

Bank Group’s corporate value. In addition, we have also set quantitative targets that we will focus on in the three year plan period in order to realize a balance between social and economic values, as “KPIs for Connections.” Accordingly, the plan is designed so that efforts to achieve our KPIs will lead to the creation of a virtuous cycle of social and economic values.

### [Positioning of the strategies and the quantitative plans]



1 Message from Management

2 The Gunma Bank

3 The Gunma Bank Group's Value Creation Story

4 Management Base That Supports Sustainable Growth

[Consolidated quantitative targets for the final fiscal year of the plan (FY2027)] Interest rate assumption: Targets set with the policy rate at 0.75% (for the second half of FY2025 and after)

Item (on a consolidated basis)	Mid-Term Business Plan (FY2028)		Supplementary explanations
	Target	vs. FY2025	
Core business net profit	80.0 billion yen	24.5 billion yen	Net interest income + Non-interest business profit – Expenses *Excluding gains or losses on cancellation of investment trusts
Non-interest business profit	35.0 billion yen	9.4 billion yen	Fees and commissions + Other ordinary income (excluding gains or losses on bonds)
Profit attributable to owners of parent	60.0 billion yen	16.1 billion yen	Profit attributable to owners of parent in the statement of income
Group companies' profit	6.0 billion yen	2.6 billion yen	Profit attributable to owners of parent–non-consolidated profit of the Bank
RORA	1.2% or more	0.2%	Profit attributable to owners of parent/Average of the beginning and ending balances of risk assets for the period
OHR	Approximately 45%	-4.6%	Expenses/(Business gross profit – Gains or losses on bonds) *Excluding gains or losses on cancellation of investment trusts
ROE	10% or above	2.3%	Profit attributable to owners of parent/Average of the beginning and ending balances of capital for the period
Capital adequacy ratio	Approximately 13.5%	0.4%	Total capital/Risk assets
Core CET1 ratio	11.5%	-0.6%	(Common equity Tier 1 capital – Valuation difference on securities (gain))/Risk assets

[Sustainability indicators] Indicators that the Group will work to achieve in the long term (for the next ten years) to deliver social value. Set by considering the materiality (priority issues for the realization of the Purpose).

Related materiality	Item	FY2027 target	Long-term target	Supplementary explanations
Sustainable development of regional economy	Labor productivity index per corporate customer *To disclose changes in the index, with the value as of the end of FY2024 set to a base of 100	108.0 [an increase of 8% from FY2024]	Sustained increase at 2.5% annually	Labor productivity: (Ordinary profit + Personnel expenses + Rent + Depreciation + Financial expenses + Taxes and duties)/Number of employees *The targets have been set at levels higher than Japan's labor productivity, which has increased at an average of 1.2% annually over the past five years*) and price stability target
Response to digital transformation	Financial asset balance index per individual customer *To disclose changes in the index, with the value as of the end of FY2024 set to a base of 100	108.0 [an increase of 8% from FY2024]	Sustained increase at 2.5% annually	Financial assets: Deposits + Financial assets under custody (including Gungin Securities) *The target for the three-year plan period has been set by considering the Group's plan for personal deposits and financial assets under custody. *The long-term target has been set at a level higher than Japan's price stability target.
Response to decreasing birthrates and a declining, aging population	The Bank's greenhouse gas emissions	Net zero (by FY2030)		Scope-1 and scope-2 emissions
Preservation and creation of the global environment	The rate of year-on-year reduction in customers' greenhouse gas emissions *To disclose the rate of reduction in the average emissions of customers whose emissions are measurable	Sustained reduction		To strive to increase the number of customers whose emissions are measurable and reduce their emissions year on year
Enhancement of human capital	Employee engagement index *To disclose changes in the index, with the value as of the end of FY2024 set to a base of 100	Sustained improvement		To disclose engagement survey results that are widely used in and outside of Japan

\*Calculated from data in “2024 Trend of Japan's Labor Productivity,” Japan Productivity Center

[KPIs for Connections] KPIs for Connections have been set as quantitative priority targets that the Group will work to achieve in the three year plan period with the aim of deepening purpose-driven sales (realizing a balance between social and economic values)

Item	Indicator	Target	vs. previous Mid-Term Business Plan	Supplementary explanations
Connecting customers' businesses to the future	Number of business succession issues resolved (cumulative for three years)	1,500 cases	109 cases	Number of cases that generated revenue by resolving business succession issues
	Number of business matching cases (cumulative for three years)	4,000 cases	497 cases	Excluding business matching cases between Gunma Bank Group companies
	Number of staffing cases closed (cumulative for three years)	350 cases	43 cases	Number of “one-handed” or “two-handed” agreements concluded
Connecting customers' assets to the future	Amount of housing loan executed (three-year cumulative total)	350.0 billion yen	-25.2 billion yen	Execution amount of housing loan
	Balance of unsecured consumer loan (as of March 31, 2028)	100.0 billion yen	20.7 billion yen	Balance of unsecured consumer loans, including car loans
	Customers' financial assets under custody (consolidated, as of March 31, 2028)	1,600.0 billion yen	347.4 billion yen	Including Gungin Securities
	Of which, investment trusts (consolidated, as of March 31, 2028)	700.0 billion yen	251.3 billion yen	Including Gungin Securities
	Monthly amount of periodic investments in investment trusts (as of March 31, 2028)	6.0 billion yen	3.04 billion yen	Including Gungin Securities
	Number of active NISA account holders (as of March 31, 2028)	100,000 holders	38,000 holders	Number of NISA account holders with a balance (including Gungin Securities)
Connecting a prosperous environment and society to the future	Number of inheritance-related support cases (three-year cumulative total)	2,000 cases	895 cases	Number of testamentary trusts and estate liquidation service contracts signed
	Amount of sustainable finance executed (three-year cumulative total)	1,200.0 billion yen	71.6 billion yen	Amount of investments and loans executed for the purpose of solving environmental and social issues
	Number of decarbonization support projects (three-year cumulative total)	1,000 projects	447 projects	Number of projects that generated revenue by providing support related to decarbonization
Connecting money in the region	Volume of cashless transactions (FY2027)	350.0 billion yen	83.0 billion yen	Amount of payments using Gungin Card



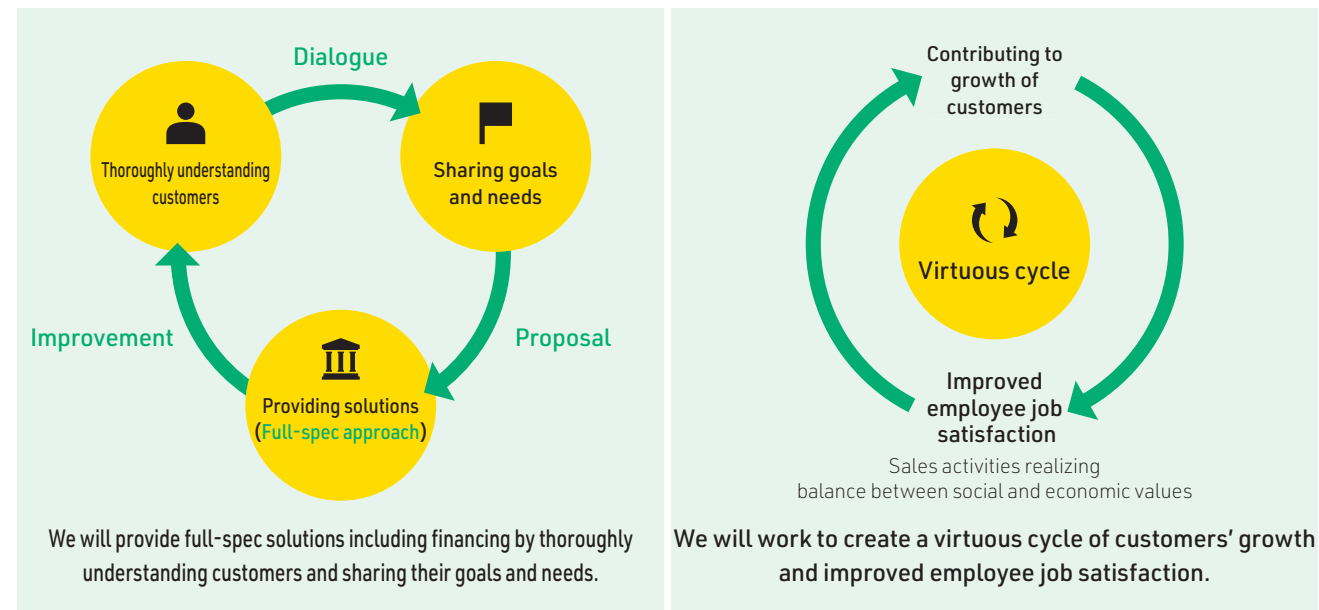
## Mid-Term Business Plan basic policy I: Creating a virtuous cycle of social and economic values

The Gunma Bank Group considers that realizing a balance between social value, namely, "solving issues of customers and local communities," and economic value, "increasing the Gunma Bank Group's corporate value," and creating a virtuous cycle of these two kinds of value is essential to achieving the Purpose. Accordingly, we have set "creating a virtuous cycle of social and economic values" as the first basic policy of the Mid-Term Business Plan.

### Strategic theme 1: Deepening purpose-driven sales

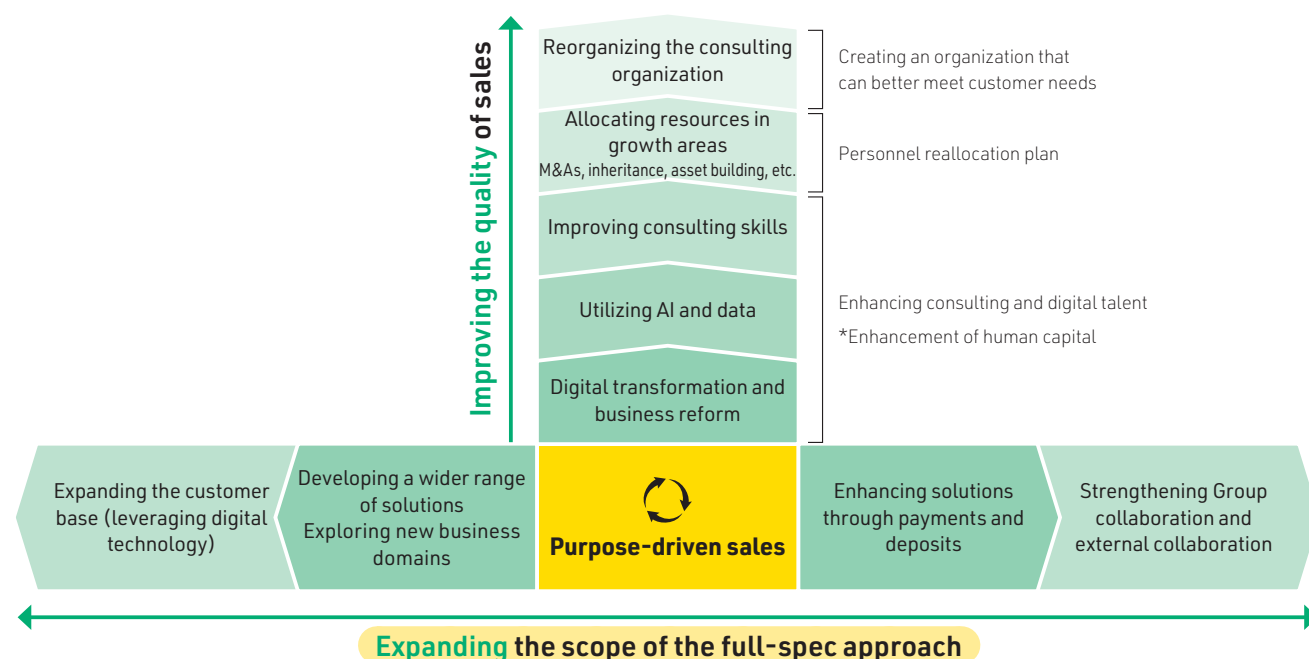
For the strategic theme 1, "Deepening purpose-driven sales," we are working to expand the scope and improve the quality of our solutions by carrying out sales activities that realize a balance between social and economic values, the efforts that we have made since the establishment of the Purpose.

#### [Concept of purpose-driven sales]



#### [Deepening purpose-driven sales]

We will strive to expand the scope of our full-spec approach (the scope of our sales) by providing new solutions and expanding our customer base as shown along the horizontal axis, while also working to improve the quality of our sales by reforming our sales system and leveraging AI and data as shown along the vertical axis.



## Strategic theme 2: Striving to establish sustainable regional economic zones

For the strategic theme 2, "Striving to establish sustainable regional economic zones," we are working to establish "an ecosystem that increases the sustainability of regional industries," "an ecosystem that increases the productivity of regional business," and "an ecosystem that enriches regional life" by serving as a regional hub, with the aim of achieving sustainable growth of local communities and the Gunma Bank Group from a medium- to long-term perspective.

### Our idea of a sustainable regional ecosystem

The Group will function as a regional hub that connects resources, such as people, goods, money and information in and outside the region to create a virtuous cycle of regional economic activities.

In order to create a sustainable regional ecosystem, we will build the following **three ecosystems** from a medium- to long-term perspective.

#### An ecosystem that increases the sustainability of regional industries

Strengthening support to key industries in the region, and introducing support services to startup companies and for business succession

- Directly approaching regional industries, such as automobile, food, and spa
- Providing support to startup companies and matching them with regional businesses in coordination with local governments, local businesses, funds, etc.
- Attracting businesses in coordination with local governments
- Facilitating business succession by utilizing a fund

#### An ecosystem that increases the productivity of regional businesses

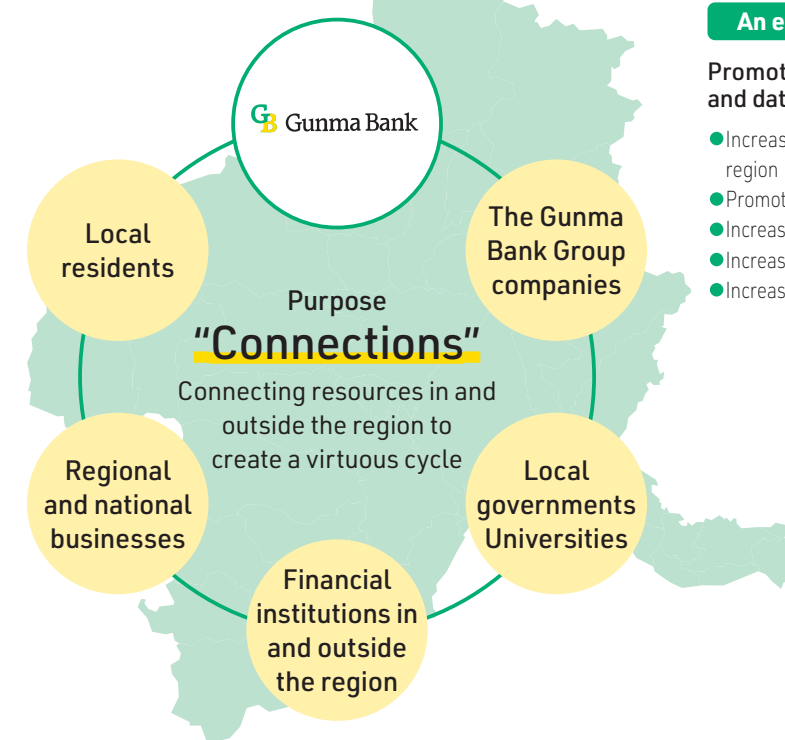
Solving local problems within the region by expanding business domains through external collaboration

- Considering new business domains that are expected to help improve productivity at local businesses
- Building a regional platform by developing the BPO business, etc.
- Promoting an inorganic strategy by collaborating with external businesses

#### An ecosystem that enriches regional life

Promoting cashless transactions, digital transformation, and data utilization in the region

- Increasing the efficiency and transparency of economic activities in the region
- Promoting cashless payment and data utilization
- Increasing the productivity of regional businesses
- Increasing convenience for local residents
- Increasing the operational efficiency of local governments, schools, etc.



#### Active investment to establish a sustainable regional ecosystem

- Start-ups: Investment in venture funds, etc.
- Inorganic strategy: Investment to expand new business domains
- Investment through Gunma Regional Advanced Solution Partners Inc. (P.55)
- Investment in major industries (automobiles, tourism, etc.) and the environmental area

## Mid-Term Business Plan basic policy II: Strengthening the business foundation to support sustainable growth

In order to create the virtuous cycle of social and economic values laid out in the basic policy I and achieve sustainable growth, it is necessary to strengthen the Group's business foundations that drive our growth.

Therefore, we have set "strengthening the business foundation to support sustainable growth" as the second basic policy of the Mid-Term Business Plan, and will focus on six strategic themes.

Six priority themes	Page for reference
① Advancing digital transformation and business reform	P.42
② Enhancing data utilization	P.43
③ Enhancing human capital	P.44
④ Implementing RORA management	P.50
⑤ Taking governance to a higher level	P.70
⑥ Strengthening Group collaboration and external collaboration	P.52 and P.54



# Deepening Purpose-Driven Sales

## Corporate consulting

### Connecting process

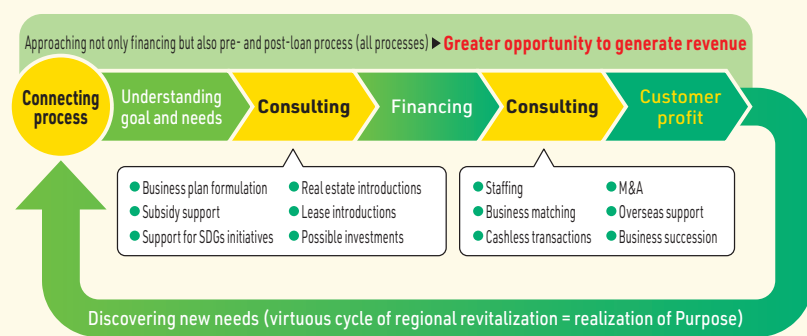
Since October 2022, the Gunma Bank has implemented our “connecting process.” The “connecting process” means carrying out sales activities as an integrated process that begins with dialogue with our customers, continues through the sharing of goals and needs, and culminates in providing accurate solutions. Through dialogue with customers, we share our customers’ envisioned goals, future business directions, and the stories that generate business value. We then identify the needs and management challenges necessary to bridge the gap between their current situation and their goals, which become a starting point for our proposal

of solutions. In the two years and six months since the initiative’s launch, we have held meetings with 8,965 clients and identified over 24,000 needs.



### Full-spec approach

In addition to meeting our customers’ financing needs, we are expanding the Group’s earnings by approaching both the pre-loan 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.

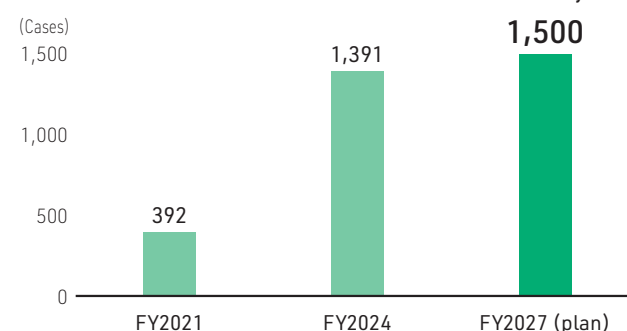


### Business succession support

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 headquarters and sales branches cooperate to understand the business succession and M&A needs of our customers 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 issues resolved. In three years, we worked with approximately 1,300 customers to realize the resolution of their business succession issues. In the three years of the current Mid-Term Business Plan, we will continue to make proposals regarding the many needs identified in our dialogue with customers in order to resolve their issues, and will work to both realize the resolution of these issues and to make the Bank more profitable.

[Number of business succession issues resolved (cumulative for three years)]

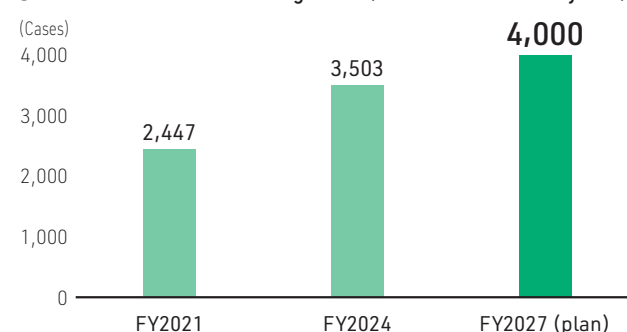


### Business matching

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.

[Number of business matching cases (cumulative for three years)]

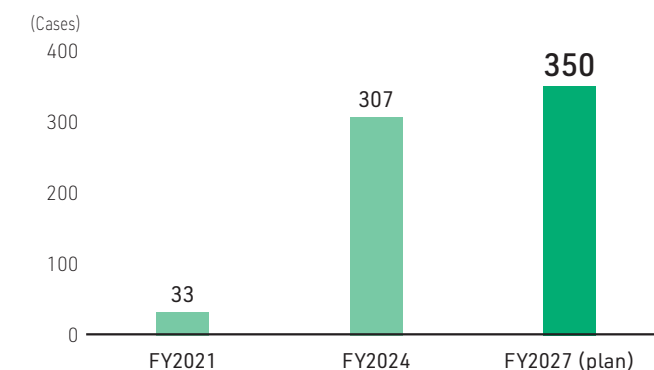


### Staffing

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, is engaged in the human resources solutions business. By meeting needs such as staffing executives and expert talent necessary to solve management issues, we aim to help regional businesses achieve growth and increase productivity.

[Number of staffing cases closed (cumulative for three years)]



### Subsidies and tax benefit support services

As an organization supporting business innovation, the Bank provides useful information on subsidies as well as assistance with the preparation of subsidy applications to customers who need it. In addition to the assistance with subsidy application preparation, we support customers after they are selected as a subsidy recipient, providing a comprehensive service covering the whole process from the entrance (filing applications) to the exit (reporting progress of business development). Moreover, we also provide support for application for tax benefits, assisting customers with preparation of tax benefits applications that are filed with national and local governments.

### Support for overseas transactions

The Bank actively supports the overseas expansions of our customers in collaboration with our overseas bases (one branch and three representative offices), Gungin Consulting, and external partners. The Customer Consulting Department'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.

See P.89 Overseas bases

### Facilitating financing and supporting management improvement

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 Credit Operations Office is playing a central role in providing support and advice to customers 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 clients.

### Status of our efforts to implement 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 en-

deavors to explain in detail so that customers have a full understanding of 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.

Status of our efforts up to the end of March 2025 is as follows:

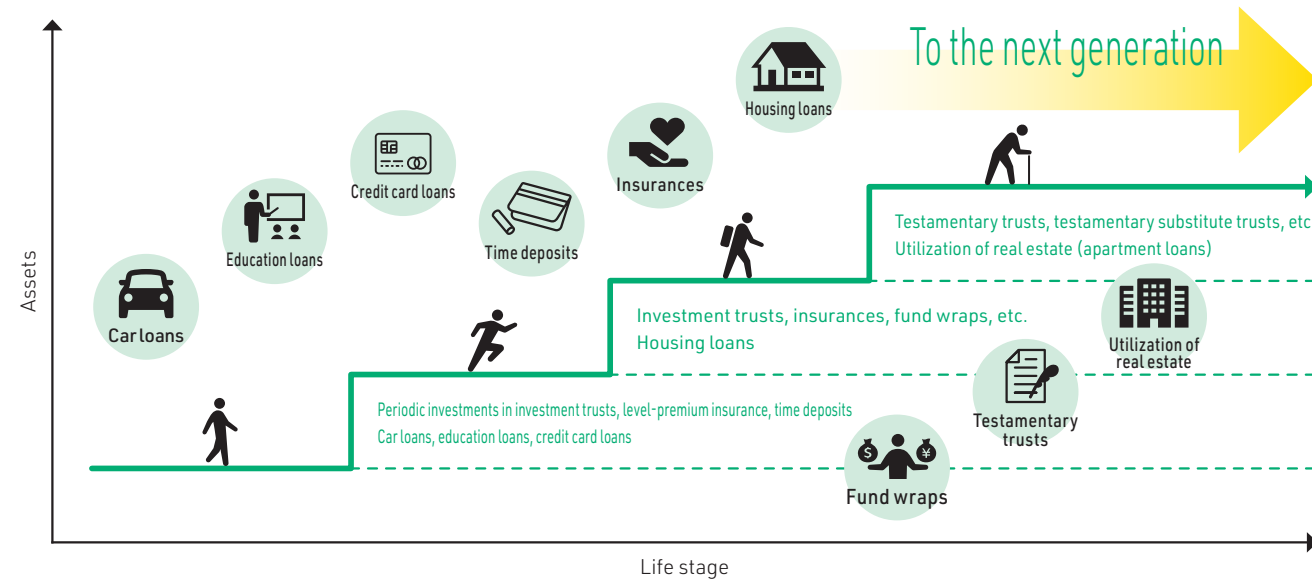
	H1 FY2022	H2 FY2022	H1 FY2023	H2 FY2023	H1 FY2024	H2 FY2024
Number of new loans (no guarantee)	4,293 cases	5,114 cases	7,479 cases	7,677 cases	8,077 cases	8,432 cases
Number of new loans	11,622 cases	12,194 cases	10,956 cases	10,604 cases	9,825 cases	9,917 cases
Ratio of loans not dependent on personal guarantee provided by business owners in new loans	36.9%	41.9%	68.3%	72.4%	75.9%	79.3%
Ratio of guarantee contracts for business succession (involving personal guarantee by both the former business owner and the successor)	0.3%	0.0%	0.3%	0.0%	1.3%	0.2%
Ratio of guarantee contracts for business succession (involving personal guarantee by the former business owner only)	41.0%	46.9%	64.1%	63.2%	69.9%	62.0%
Ratio of guarantee contracts for business succession (involving personal guarantee by the successor only)	54.1%	45.7%	27.2%	27.0%	18.6%	26.2%
Ratio of guarantee contracts for business succession (involving no personal guarantee by the former business owner or the successor)	4.6%	7.4%	8.4%	9.8%	10.3%	11.6%

\*The data published here only represent the data that have been collected and may change in the future as a result of close examination.



## Individual consulting

For customers who want to receive advice about asset building and living expenses, the Bank will work to meet their diverse needs by providing comprehensive consulting services based on their financial standing and family composition.

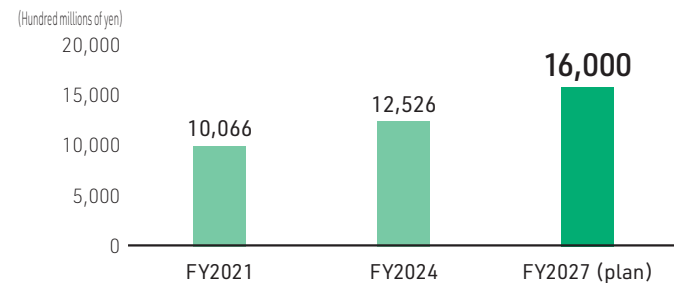


### Enhancing efforts to expand the base of investors and support asset building

In accordance with our initiative policy on Customer-Oriented Business Conduct, the Bank proposes portfolio investments and long-term diversified investments using periodic investments in investment trusts.

We are supporting customers' asset building by implementing asset management-oriented sales centered on long-term, periodic, and diversified investments, which include proposing investment trusts utilizing the NISA tax-free investment program. We are also actively working to improve the financial literacy of people in the region by giving various seminars.

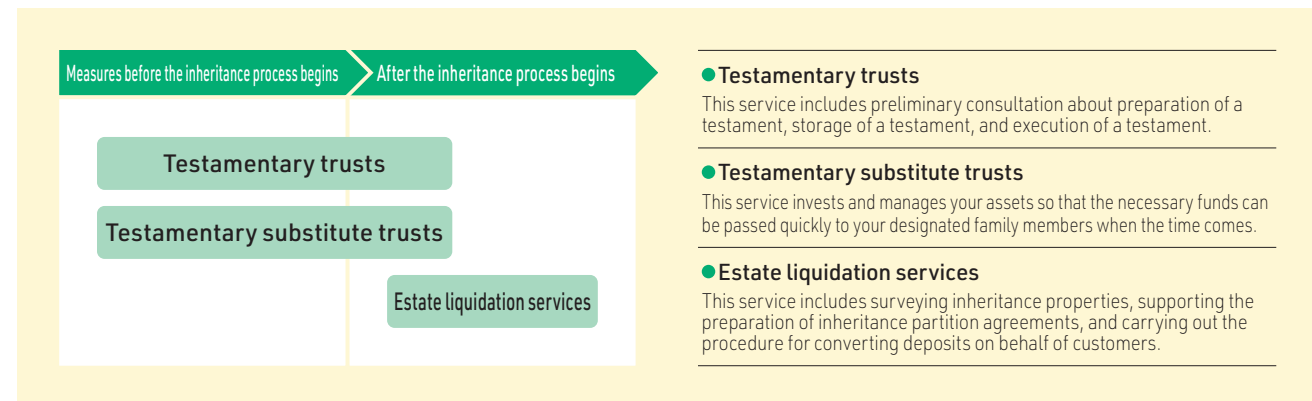
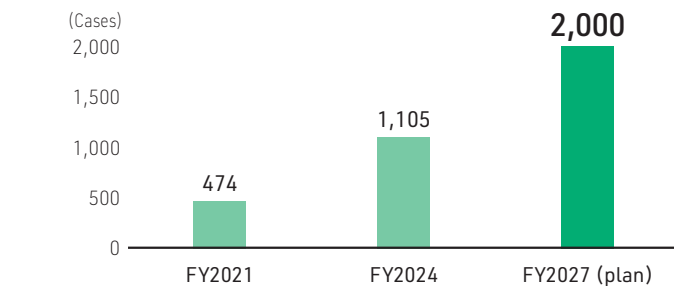
[Balance of customers' financial assets under custody (including Gungin Securities)]



### Enhancing efforts to step up inheritance-related services

With the growing interest in inheritance and end-of-life planning and the increasing need to "connect assets to the next generation," the Bank offers testamentary trusts, testamentary substitute trusts, and estate liquidation services to support customers' smooth asset succession. At our headquarters, we have in place dedicated staff (asset succession advisors) who are familiar with these matters to step up our efforts to meet customer needs, and we provide consulting services that align with each individual customer's situation.

[Number of contracts for inheritance-related services (cumulative for three years)]



#### ● Testamentary trusts

This service includes preliminary consultation about preparation of a testament, storage of a testament, and execution of a testament.

#### ● Testamentary substitute trusts

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.

#### ● Estate liquidation services

This service includes surveying inheritance properties, supporting the preparation of inheritance partition agreements, and carrying out the procedure for converting deposits on behalf of customers.

## Expanding consultation centers—Individual Consulting Plazas

In August 2024, we opened Individual Consulting Plaza Fukaya\*, the first Plaza opened outside of Gunma Prefecture. At five branches including this and those in Maebashi, Takasaki, Isesaki, and East, we 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.

\*The Fukaya Representative Office of Gungin Securities Takasaki Branch (our first office outside of Gunma Prefecture) is also located on the same floor, enabling us to provide one-stop service to meet customer needs.

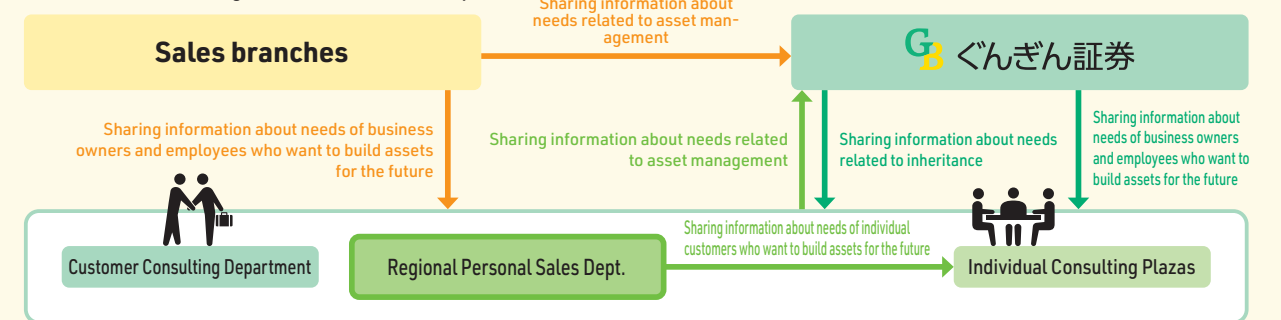


We are working to strengthen collaboration between branches and plazas by establishing Individual Consulting Plaza Fukaya in the newly established Fukaya Branch and the relocated Fukaya-Kamishiba Branch.

## Newly established Regional Personal Sales Dept.

In April 2025, in order to provide higher-quality financial products and services and meet individual customers' needs that have become more diversified and more advanced, we newly established Regional Personal Sales Dept. in seven out of 12 districts as sales bases that specialize in consulting services for asset building, asset management and asset succession. We are stepping up efforts to support asset building, promote collaboration with Gungin Securities, and enhance inheritance-related services. For example, to meet various needs that arise according to each customer's life stage, we have in place dedicated staff who provide advice and propose products and services that align with each individual customer's situation and help solve their issues.

[Schematic chart of Regional Personal Sales Dept.]



### <Collaboration with Gungin Securities>

Based on its corporate philosophy and Purpose, the Gunma Bank Group considers what products and services are most suitable for customers, striving to realize their best interests.

The Gunma Bank provides comprehensive support for customers to meet various needs that arise according to their individual life stage, such as those

related to asset building, asset management, and asset succession as well as preparation for risks.

Gungin Securities has in place professional staff with a higher level of expertise to provide support to meet customers' needs related to asset management that have become more diversified.

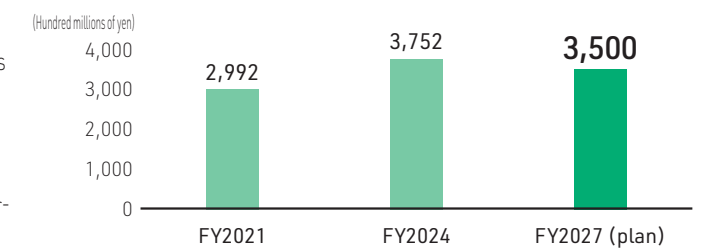
## Efforts to promote loans for individual customers

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 these products 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.

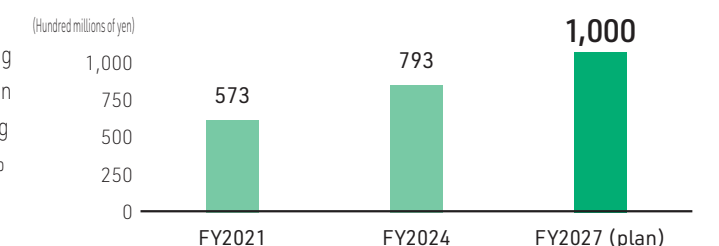
Additionally, we are working to increase transactions with asset building customers by providing composite services, offering housing loans as a starting point.

In order to respond to the diverse needs of customers, we are working to improve the quality of our products. We are also promoting digitization to increase convenience and improve operational efficiency. For housing loans, the E-contract service has now been widely used, and about 80% of contracts for unsecured consumer loans have been made through a completely online service.

[Amount of housing loan executed (three-year cumulative total)]



[Balance of unsecured loans]



# Advancing Digital Transformation and Business Reform and Enhancing Data Utilization

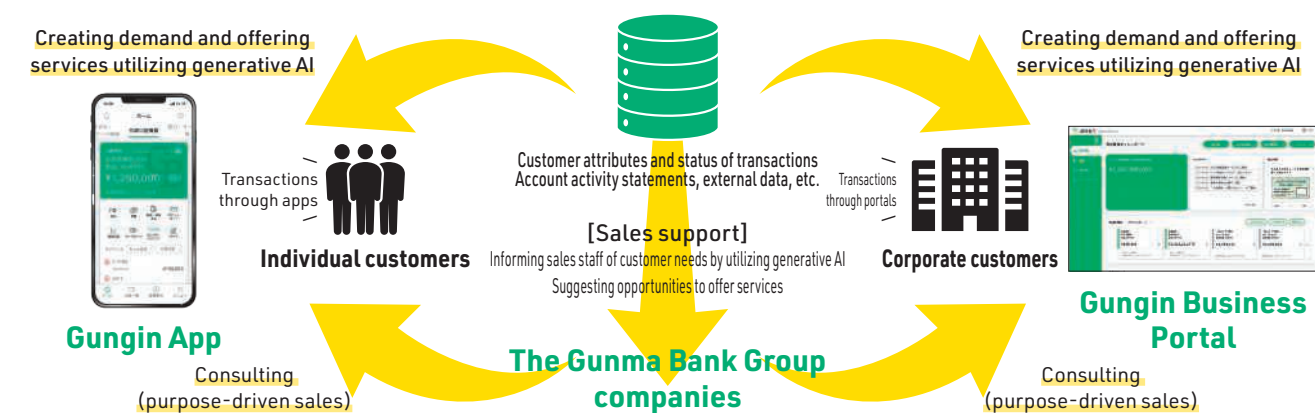
## Concept of digital transformation and data utilization that support sustained growth

Under the new Mid-Term Business Plan, we will work to advance digital transformation and business reform and enhance data utilization, with “strengthening customer touch points and increasing the efficiency of internal bank operations” set as key concepts. The various policies that the Gunma Bank will pursue are closely connected to these concepts and they are essential to the realization of the Bank’s management strategy. We will also strive to develop digital talent that support these efforts. **See P.46 Development of digital talent**

## Advancing digital transformation and business reform

### Strengthening customer touch points and enhancing sales activities

We will work to strengthen customer touch points, with digital channels at the core, by utilizing AI and other digital technologies and to enhance and standardize sales activities by leveraging generative AI and other technologies.

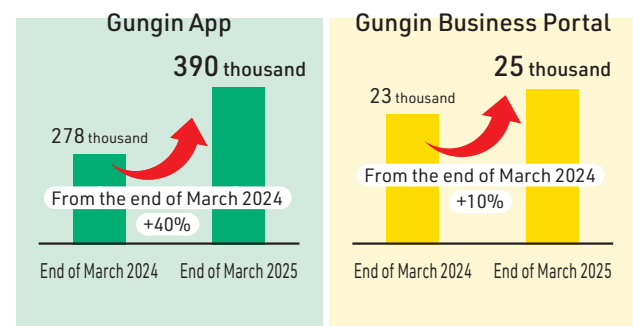


#### Increasing convenience for customers Improving UI/UX of non-face-to-face channels

Since April 2022, the Gunma Bank has made Gungin App available for individual customers as the most easily accessible one of the Bank’s non-face-to-face channels that connect the Bank and customers. Additionally, since July 2023, we have introduced the Gungin Business Portal, a portal site for corporations and sole proprietors. In both channels, the number of users has continued to increase year by year.

Going forward, we will work to add new functions and improve operability for each service to improve UI/UX for customers.

#### [Change in the number of users] (as of the end of March 2025)



	Functions added to date	Functions and services to be introduced
Gungin App	<ul style="list-style-type: none"> <li>Tax and fee payment function (added in March 2023)</li> <li>Investment trusts purchase function (added in September 2023)</li> <li>Homepage layout change function (added in February 2025)</li> </ul>	<ul style="list-style-type: none"> <li>App loan (FY2025)</li> <li>Electronic document provision function (FY2025)</li> <li>Personal bookkeeping function (FY2026)</li> </ul>
Gungin Business Portal	<ul style="list-style-type: none"> <li>Invoice system-compliant invoice preparation function (added in August 2023)</li> </ul>	<ul style="list-style-type: none"> <li>Providing information about subsidy programs (FY2025)</li> <li>Procedure support function (FY2026)</li> </ul>

### Efforts to centralize internal bank operations and reduce administrative work

In March 2024, we introduced tablets to our branches to make various processes paperless and speed them up and increase the efficiency of over-the-counter services in our branches. Going forward, we will fundamentally centralize, streamline, and systematize administrative work in internal bank operations to establish a smarter branch sales system supported by an efficient administrative work processing system. As we work to streamline our operations, we will work to free up human resources and reallocate them to efforts to strengthen our consulting function and support the digitalization of local communities.

## Enhancing data utilization

In March 2023, we introduced a data analysis platform and a data storage platform to establish an environment that allows us to carry out advanced analyses in multiple departments in-house. In July 2023, we also introduced a digital marketing platform to strengthen our one-to-one marketing efforts. Going forward, we will utilize these platforms for repeating a cycle of data collection, analysis, and utilization from a goal-driven perspective and thereby strive to create a virtuous cycle of effective data collection, advanced analysis, and improved effectiveness of our measures and continue the cycle with greater speed. In addition, we introduced Gungin AI Chat, a system that enables secure in-house use of generative AI in May 2024. We are using it to support the development of plans and proposals and the drafting of documents.

In April 2025, we established the AI and Data Strategic Office within the Digital Innovation Department to further increase the effectiveness of our efforts to enhance data utilization.

### Personalized information provision

To provide solutions that satisfy customers, we conduct analyses that combine financial data and non-financial data including personal interests and values and visualize customers’ needs and issues. Based on the analyses, we provide information personalized to meet customers’ needs through such channels as email and Gungin App’s push notification at the right time in order to help customers solve their issues.

### Creating an environment that allows us to focus on customer support

To focus more on customer support, our sales staff will work to increase their operational efficiency by utilizing generative AI for such tasks as preparing meeting reports and scheduling visits.



### Establishing a generative AI-aided platform for inquiries about internal operations

We will introduce a platform that can respond to various inquiries about internal operations. On the platform, generative AI will answer inquiries by referring to internal rules and manuals on behalf of our expert staff who have addressed such inquiries. This will save time and also lead to greater uniformity in the accuracy of answers. With this new platform, we aim to achieve greater speed and higher quality of our customer support.



A screen display of generative AI-aided Gungin AI Chat

### Promoting data-driven operations and sales activities by visualizing and sharing data

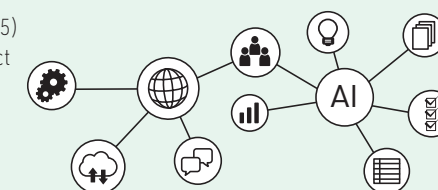
In July 2023, we introduced a dashboard, a system that helps sales staff save labor in reporting their sales results while also streamlining the processes of sales staff reporting to managers and managers reviewing sales reports. Going forward, we will use the dashboard in broader areas, applying it to other types of operations, and will also work to establish a platform that focuses on streamlining reporting lines in order to enhance data-driven management.



A screen display of the dashboard to be introduced

#### Functions and services to be introduced

- Establishing a generative AI-aided platform for inquiries about internal operations (FY2025)
- Establishing an in-house knowledge base for streamlining and enhancing financing project formation operations (FY2025)
- Establishing a platform to analyze customer needs utilizing non-financial data (FY2025)
- Function to support the preparation of meeting reports utilizing voice data, etc. (FY2025)
- Introducing AI dialogue chatbot for customers (FY2027)
- Generative AI-aided automatic preparation of materials for proposals to customers (FY2027)





# Enhancing Human Capital

We believe that it is each of our executives and employees that drives the sustainable growth of local communities and the Gunma Bank Group and the realization of our Purpose and that each of them is a source of value, or capital.

To further enhance human capital, we will implement human capital strategies that are aligned with our management strategy.



Creating an environment in which every one of diverse employees can perform at their best

Hideko Tatsukawa

Executive Officer and General Manager,  
HR Management Department

—You joined the Gunma Bank from another company in April 2025. What do you feel about the Bank?

I feel that employees are strongly committed to the organization. A sense of belonging and attachment to the region and the Gunma Bank Group have been developed among employees, which I think lead to their determination to contribute to local communities and the Bank and willingness to help each other.

At the Gunma Bank, with the new personnel system in place, recruitment of mid-career hires has been promoted. DE&I is instilled across the workplace. I feel that mid-career hires with different sets of experience are warmly welcomed.

—What are the issues the Group needs to address to achieve the objective of enhancing human capital set out in the Mid-Term Business Plan?

In the Mid-Term Business Plan, we have established human capital strategies aligned with our management strategy. One of them is “implementing recruitment, talent development, and career development support based on a job-based personnel system.” To ensure that a job-based personnel system is implemented organically, I think self-directed career development is essential. Self-directed career development means that each one looks into their career and takes charge of developing their own future path. It is said that people who demonstrate a high degree of autonomy in their career development are likely to have a high level of job satisfaction.

Career development is not just about considering what kind of position you want to reach in three years from now. It is also about various values such as how you approach your daily work and the direction of personal growth, as well as how you demonstrate the value of your existence and influence within the organization and how you build a good working relationship with your colleagues. I would like to support our executives and employees so that each of them can fully demonstrate career ownership by leveraging the job-based personnel system.

—Going forward, what would you like to focus on?

In April 2025, the Gunma Bank received Platinum Eruboshi certification in recognition of its high-level efforts to empower women at work. In addition, we are also working to

enhance employee well-being and make our workplace more comfortable. In March 2025, the Bank was selected under the KENKO Investment for Health Stock Selection program for its outstanding commitment to health-oriented business management. In December 2024, the Bank obtained Platinum Kurumin Plus certification in recognition of its status as a company that provides strong childcare support.

Going forward, I would like to further advance these efforts, which have been highly rated in external evaluations, in ways that help all employees, male or female, achieve their full potential in their own different manner. To this end, I strive to provide opportunities for success and environments that enable growth in a manner that is fair and equitable.

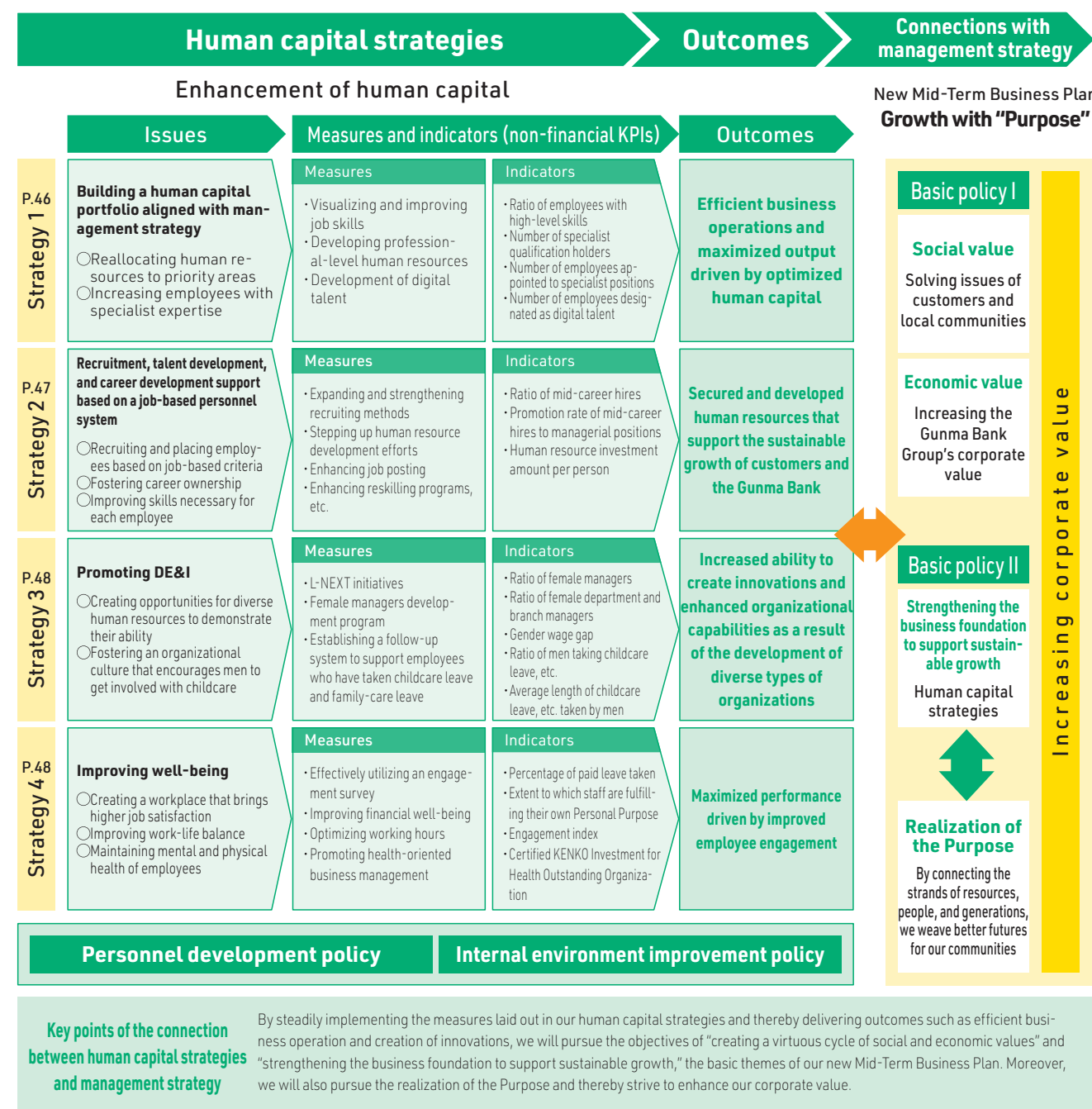
—What ambitions do you have for the future?

As I have been engaged in human resource management for many years, I have learned from experience that a new system poses challenges not just in the development and introduction phases but also in the implementation and consolidation phases. Currently, we are in a transitional period in which various human resource management measures are changing. To ensure that these new measures are properly implemented and take root in the Bank, I would like to make trials and errors and carry out improvement measures that may become necessary by working with employees.

In addition, I would also like to step up communication efforts to let people in and outside of the Gunma Bank Group know that the Group's human capital strategies are attractive.



## Human capital strategies aligned with management strategy and value creation process



The Personnel Development Policy and Internal Environment Improvement Policy that serve as the foundations for our human capital strategies 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 “By connecting the strands of resources, people, and generations, we weave better futures for our 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 weave better futures 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, equity and inclusion, but also by providing opportunities for the right person in the right job to maximize their own unique abilities.

Strategy 1 Building a human capital portfolio aligned with management strategy

We consider that, as we implement our human capital strategies based on our management strategy, it is necessary to determine an appropriate number of employees engaged in each operational area, carry out reallocation, and eliminate the gap with what we should aim to achieve, and we will implement efforts to build a human capital portfolio that is aligned with our management policy.

Visualizing and improving employees' job skills

Job skills assessment system

At the Gunma Bank, in order to visualize each employee's job skills and develop human resources with specialist expertise, we have introduced our job skills assessment system in which the jobs in the Bank are categorized into ten career categories and each employee's skills are assessed with a three-level scale. To strengthen human resource reallocation to and human resource development in the consulting area in particular, we will, among other initiatives, reorganize our sales system and strengthen the recruitment of mid-career hires, while also increasing employees with high-level skills by providing training programs and other support.

Developing and strengthening professional-level human resources

Supporting the learning of professional knowledge, etc.

As we believe that in order to respond to changes in the environment surrounding the Bank, it is important to secure and develop human resources with specialist expertise, we actively recruit mid-career hires, while also working to develop such human resources in-house. To help learn higher-level specialist expertise and increase the number of specialist qualification holders, we actively dispatch employees to external specialist agencies and graduate schools and provide other support.

Professional job posting system

At the Gunma Bank, in line with the revision of the personnel system in June 2024, we have shifted to a multi-track personnel system that allows employees to develop a career path and to be treated appropriately using their specialist expertise. Under our professional job posting system, we appoint employees with specialist expertise to specialist positions as specialist human resources. As of April 1, 2025, 181 employees have been appointed to the positions.

Developing and strengthening digital talent

Digital talent designation system

At the Gunma Bank, we have implemented our digital talent designation system in which we designate employees who make changes in the Bank by utilizing information technology as "digital talent" based on their role and level of expertise, in an effort to meet customers' issues and needs that continue to change because of the rapid advance of information technology in recent years. We have also implemented various digital talent development initiatives such as providing support for employees who work to obtain specialist qualifications as well as sending employees to external training programs.

[Ratio of employees with high-level skills]

	Results	Target
Item	FY2024	FY2027
Ratio of employees with high-level skills*		
Corporate consulting	24.5%	30%
Individual consulting	26.9%	30%

\*Ratio of employees who have been recognized as standing at the highest level in the in-house assessment that evaluates their job skills and attributes with a three-level scale.

Corporate consulting: Human resources who can contribute to enhancing the customer's corporate value by providing consulting services utilizing high-level skills (1st grade Certified Skilled Professional of Financial Planning, Small and Medium Enterprise Management Consultant, etc.)  
Individual consulting: Human resources who have high-level professional knowledge about asset management and can conduct business in a customer-centric manner (1st grade Certified Skilled Professional of Financial Planning, Certified Member Analyst of the Securities Analysts Association of Japan, etc.)

[Number of specialist qualification holders]

	Results	Target
Item	FY2024	FY2027
Number of specialist qualification holders*	294	330

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

[Number of employees appointed to specialist positions]

	Results	Target
Item	FY2024	FY2027
Number of employees appointed to specialist positions*	181	250

\*Number of employees in the position as of April of the next fiscal year

[Digital talent]

	Results	Target
	FY2024	FY2027
Role of digital talent		
Digital core talent	10	30
Digital middle talent	174	300
Digital base talent	996	1,500

Strategy 2 Implementing recruitment, talent development, and career development support based on a job-based personnel system

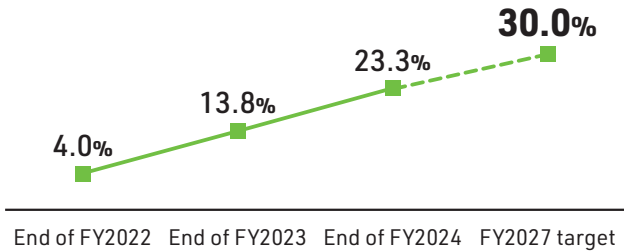
With the aim of transforming into a self-sustaining and dynamic organization, the Gunma Bank reformed its personnel system in June 2024, introducing a job-based personnel system. We will strive to improve employee engagement and re-energize our whole organization by properly implementing the new personnel system.

Expanding and strengthening recruiting methods to secure diverse human resources and helping employees perform at their best

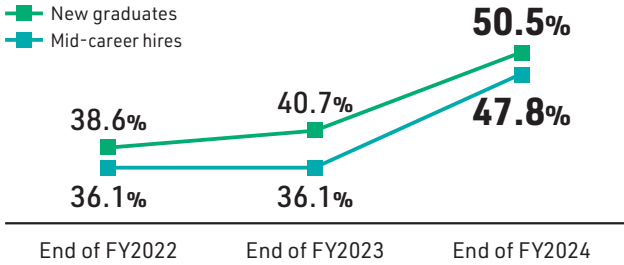
Strengthening mid-career hiring

Considering that, with the new personnel system in place, it is now easier for us to hire human resources with high-level specialist expertise, we will strengthen mid-career recruitment by utilizing methods such as direct recruiting, by which staffing service companies or the Bank directly approach candidates. Additionally, we will provide the same opportunities for mid-career hires as those for new graduates to demonstrate their ability in order to enhance the creation of innovations and reinforce our strengths in "connections."

[Ratio of mid-career hires]



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



Alumni hiring system

As part of efforts to expand hiring methods, in December 2022, we introduced an alumni hiring system, which provides reentry opportunities for former employees. Alumni who have re-entered the Bank by using this system are delivering a great performance by making the most of their experience outside the Bank.

Course-based hiring system

For hiring new graduates, we have introduced a course-based hiring system in which new graduates are appointed to dedicated departments at headquarters immediately after joining the Bank and are developed as specialist human resources. We will utilize this system to hire human resources with diverse sets of experience and backgrounds.

Strengthening special course-based hiring	• Wealth management course • System and digital course • Risk management and market course
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Stepping up human resource development efforts and supporting self-directed career development

Active investment in human resource development

At the Gunma Bank, in order to strengthen our human capital, we support the self-directed career development of our employees by expanding talent development programs such as training programs aimed at fostering career ownership. We have set a target of increasing our investment in personnel development to 250,000 yen per employee and a total of 730 million yen by FY2027. We will continue to provide various training programs and support for employees' self-directed learning.

[Human resource investment amount per person]

	Results	Target
Item	FY2024	FY2027
Human resource investment amount per person (Total investment)	169,920 yen (488 million yen)	250,000 yen (730 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

Job posting system

As an effort to support self-directed and diverse career development, we have implemented a job posting system in which we seek employees who wish to be appointed to posted jobs. We seek employees who want to be appointed to dedicated departments at headquarters as well as other various jobs such as Branch General Manager and deployment to an outside organization and place them in those positions.

Appointments to designated positions implemented in the job posting system	• Appointed to the position of Branch General Manager or Branch Deputy General Manager for the first time	10 employees
	• Appointed to the position of Deputy Section Chief or Section Chief or other managerial positions for the first time	13 employees
	• Appointed to dedicated departments at headquarters	7 employees
	Total	30 employees

\*Among the employees who were transferred to different positions as of April 1, 2025, the number of those who were appointed in the job posting system

Overall picture of talent development

Training system	On-the-Job Training (OJT)			Off-the-Job Training (OFF-JT)		
	Business training system	Mentor system	Client relations internship	Rookie	Category-based training	Job intern trainee
Self-fulfillment support	Workplace revitalization	Professional personnel development	Next-generation leadership development	DE&I promotion support	Reskilling	
	1-on-1 meetings	Job skills assessment	MBA program	L-NEXT	Internal training	
	Career support desk	Personnel development plan	Dispatched to regional bank association courses	Follow-up system for employees who have taken childbirth leave and childcare leave	Dispatched for external training	
	Engagement survey	Digital skills training program, etc.	Female managers development program	Female managers networking event	Video training	
		Job posting				
Support for self-development	Support measures					
	Weekend and evening classes	Correspondence courses	Qualification examinations	Exam prep seminars		
	Self-development incentive	Self-development point	Learning platform (Career+Lab)			



## Strategy 3 Promoting diversity, equity, and inclusion

We consider that fostering a workplace culture in which employees with diverse sets of experience and different perspectives can demonstrate their ability as well as creating opportunities for them to do so are essential to further enhancing our human capital. We will step up efforts to secure and take advantage of diversity in our organization.

### Promotion of a variety of human resources into active positions and support to help them demonstrate their ability

#### ○L-NEXT initiatives

The project team “L-NEXT\*” leads initiatives to create an environment in which a variety of human resources can perform at their best and to pass down the advantages of such environments to the next generation. The team has carried out various initiatives, such as organizing networking events with alliance banks and its effort to identify and analyze the Bank’s issues and make proposals to the management team based on the results. Many measures have been developed from these initiatives and already implemented.

#### ○Female managers development program

We have implemented a female managers development program to increase motivation and foster awareness about career development. Additionally, we have stepped up efforts to foster an organizational culture that contributes to the further empowerment of female employees by, among others, implementing an initiative to eliminate unconscious gender biases in the Bank and hosting networking events for female managers. We will continue to actively promote female employees to senior positions and other leadership roles.

#### ○Establishing a follow-up system to support employees who have taken childcare leave and family-care leave

Since April 2025, we have implemented a trial run of our Sales Branch Support Team initiative, an effort to support sales branches in the event of their members taking short-term leave due to childcare, family care, or other reasons. We will utilize this program to create an environment in which employees can play a major, active role in their childcare and family care. We will also work to foster a culture of the mother and father cooperating in childcare by encouraging male employees to take childcare leave and strive to create a virtuous cycle of work and family life and help female employees demonstrate their ability.

#### [Past results]

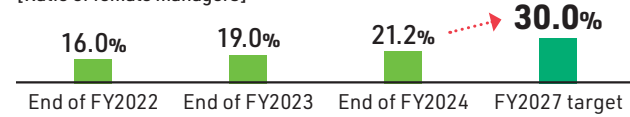
Measures developed from L-NEXT initiatives and implemented	• Introduction of hourly leave • Change of prescribed working hours • Follow-up system for employees who have taken childbirth leave and childcare leave
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\*Origin of L-NEXT

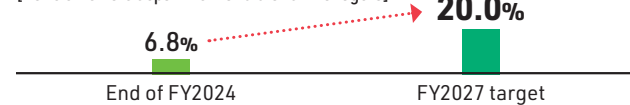
“L” represents luminous (to shine), life (respect for each individual’s life), liberty (thinking freely, without being bound by formality), and local (contribution to local communities).

“NEXT” represents our commitment to connection to the next generation.

#### [Ratio of female managers]



#### [Ratio of female department and branch managers]



#### [Ratio of men taking childcare leave, etc./Average length of childcare leave, etc. taken by men]

Item	Results	Target
	FY2024	FY2027
Ratio of men taking childcare leave, etc.	101.8%	100%
Average length of childcare leave, etc. taken by men	24.9 days	30 days or more

\*Includes paternity leave (spousal childbirth leave)

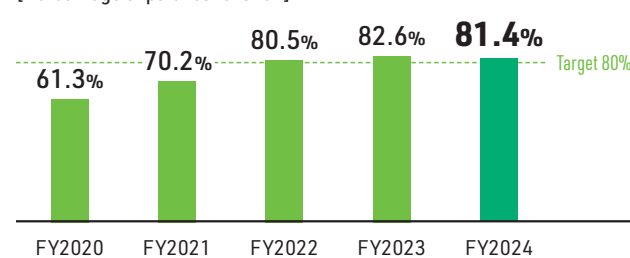
## Strategy 4 Efforts to improve the well-being of executives and employees

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 career 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 by improving their well-being.

#### ○Conducting an engagement survey

To visualize the state of employee engagement, we have conducted an engagement survey. Using the results of the engagement survey carried out in FY2024 as the baseline (setting the results to an index of 100), we will work to achieve continuous improvement in employee engagement. To accomplish continuous improvement, we will implement a variety of initiatives such as continuing to hold one-on-one meetings and taking measures to improve the percentage of paid leave taken.

#### [Percentage of paid leave taken]



#### ○Improving financial well-being

We believe that improving employees’ financial well-being leads to the improvement of their motivation and well-being. At the Gunma Bank, we have introduced an employee stock ownership plan, a defined contribution pension plan, an employee asset-building saving plan, and other programs for improving employees’ financial well-being. Through these efforts and also by implementing various training programs and providing relevant information to promote employees’ understanding of asset building, we will work to support their self-directed asset building toward the future.

## Advancing health-oriented business management

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-oriented business management. We have issued our Health-Oriented Business Management Declaration and are committed to achieving each employee’s well-being, creating a dynamic organization, and fostering a corporate culture that brings employees a high level of job satisfaction by actively supporting employees’ efforts to prevent disease and enhance health through collaboration with our health insurance association (Collab Health). 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-oriented business management initiatives. Furthermore, by optimizing working hours and creating a good work life balance, we strive to enhance employee satisfaction.

### [Outline of health-oriented business management]



### 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.

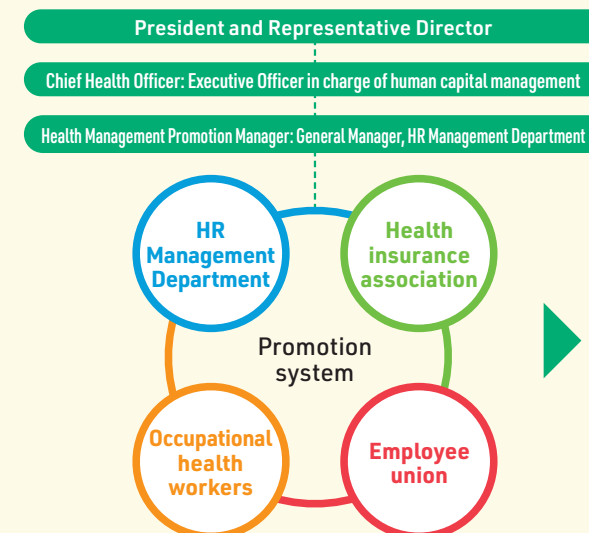
We have been recognized as a KENKO Investment for Health Outstanding Organization for seven consecutive years, and we are the only institution in Gunma Prefecture to have received the White 500 certification for seven consecutive years. Moreover, in March 2025, the Bank was for the first time selected under the KENKO Investment for Health Stock Selection program, which is the joint project of the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select, out of the White 500 enterprises, corporations that consider employee health management from a business perspective and work on the issue strategically.

Furthermore, in April 2025, the Gunma Bank obtained Platinum Eruboshi certification, becoming the first company in Gunma Prefecture certified as a general employer that conforms to standards as provided for in the Act on the Promotion of Women’s Active Engagement in Professional Life.



### Supporting employees’ and their families’ health

At the Gunma Bank Group, the management team, employee union, health insurance association, occupational health professionals, and the HR Management 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.



Work-life balance	• Introduction of work interval system • Timely leave • Paternity leave • Setting leave work early or on-time dates
Disease prevention	• Branch-wide visits by public health nurse (affiliated with Bank) • Various medical examination cost subsidies • Influenza vaccination cost subsidy • Incorporating cancer screenings as standard in comprehensive medical checkup • Fully subsidized smoking cessation treatment costs • Establishment of an external health consultation desk (support for balancing work with the four major diseases, cancer treatment, etc.) • Registration as a Gunma Prefecture Cancer Prevention Partnership Company • Health fairs • Health classes • E-learning course to improve health • Evaluating rates of follow-up screenings and participation in specific health guidance through performance awards
Mental Health	• Mental health care training and seminars • Creation of mental health care guide distributed to managers • Consultations with mental health specialist • Provision of outsourced counseling services
Encouraging Exercise	• Sports festival • Gungin refresh exercises • Subsidy for free sports and recreation (for each district) • Club activity support • Walking campaigns • Participation in the Health Walking Event (sponsored by Gunma Labour Standards Association) • Completion award for finishers of the Gunma Marathon • Opening of the Gunma Bank Sports Center

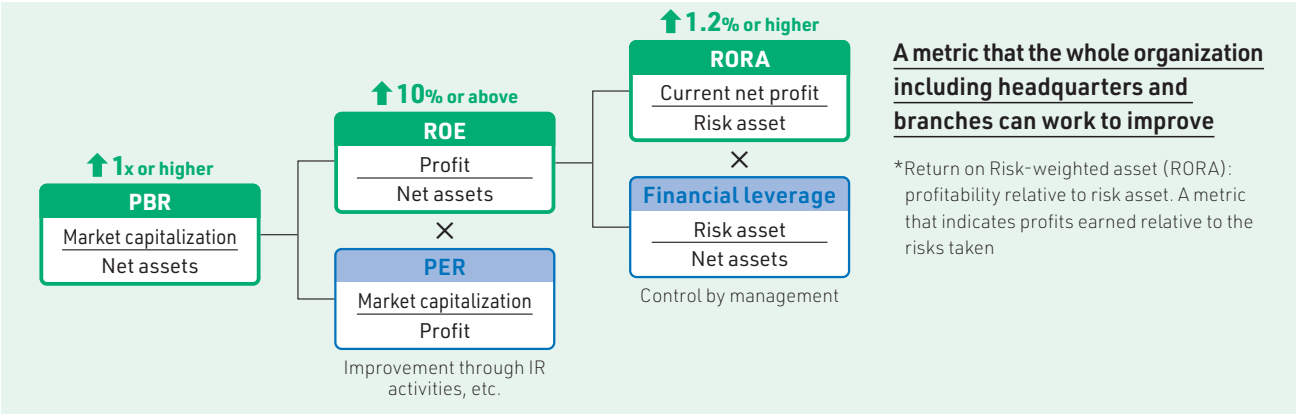
# RORA Management to Improve Corporate Value

## 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.



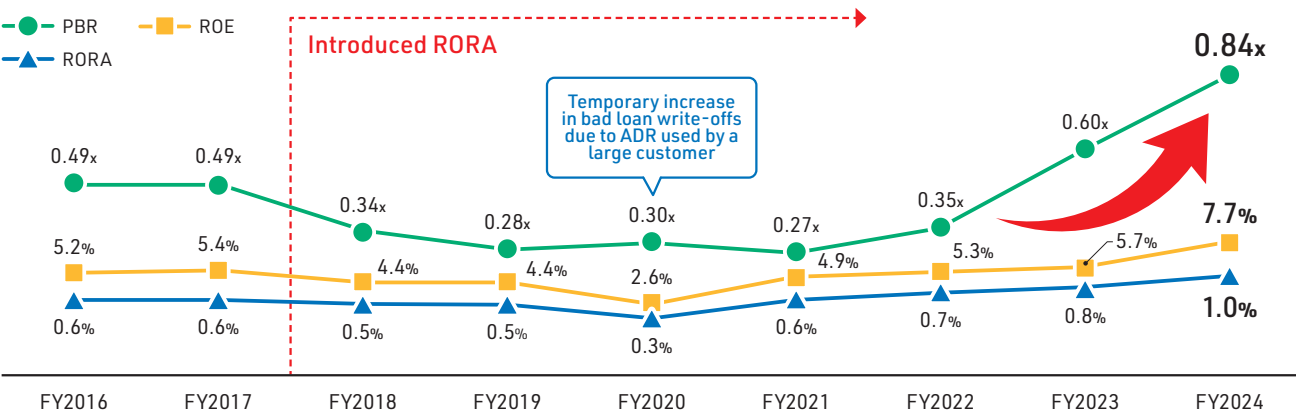
## History of efforts to instill RORA

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).

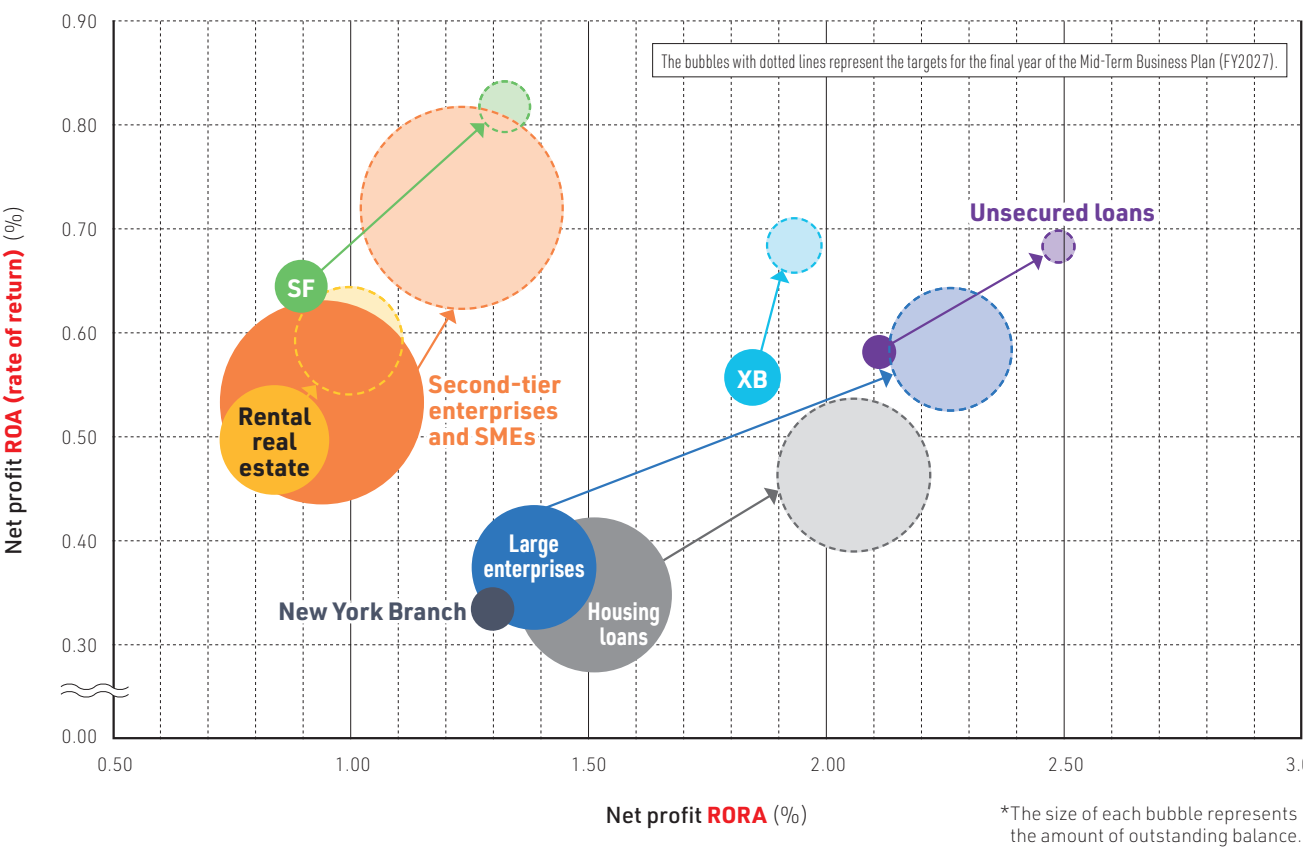
[Trends in PBR, ROE and RORA]



## 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]

- ①Building high-RORA assets

Large enterprises, New York Branch, SF, and XB

  - Actively undertaking high-RORA projects
  - Accumulating outstanding balances by strengthening the promotion system and introducing new products
  - Increasing lifetime value through cross-selling to further improve RORA
- ②Enhancing 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.
- ③Accumulating 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.

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.

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).



## External Collaboration

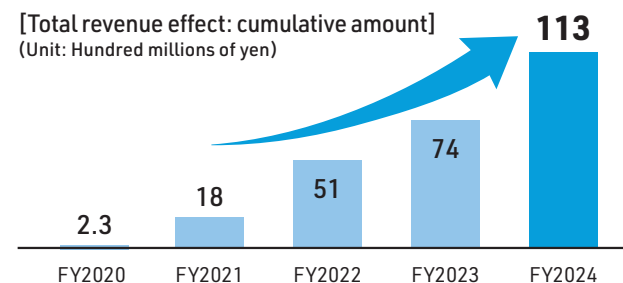
The Gunma Bank Group is working on wide-area collaborations such as the TSUBASA Alliance and the Fincross Partnership and regional collaborations such as the Gunma and Daishi Hokuetsu Alliance and the Ryomo Regional Revitalization Partnership. We will enhance our strengths in "connections" by leveraging outside resources.

### Wide-area collaboration 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 FY2024, the top line improved as syndicated loan contracts were concluded and M&A deals were closed under the alliance, and moreover, we launched training programs with the alliance banks, in which we mutually send and receive employees as trainees. Furthermore, the Bank and the alliance banks have organized joint seminars for customers to share know-how.

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



#### Main alliance dealings

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

### Wide-area collaboration 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.

## Fincross DIGITAL

#### Participating Banks (Japanese syllabary order)

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

### Regional alliance 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.

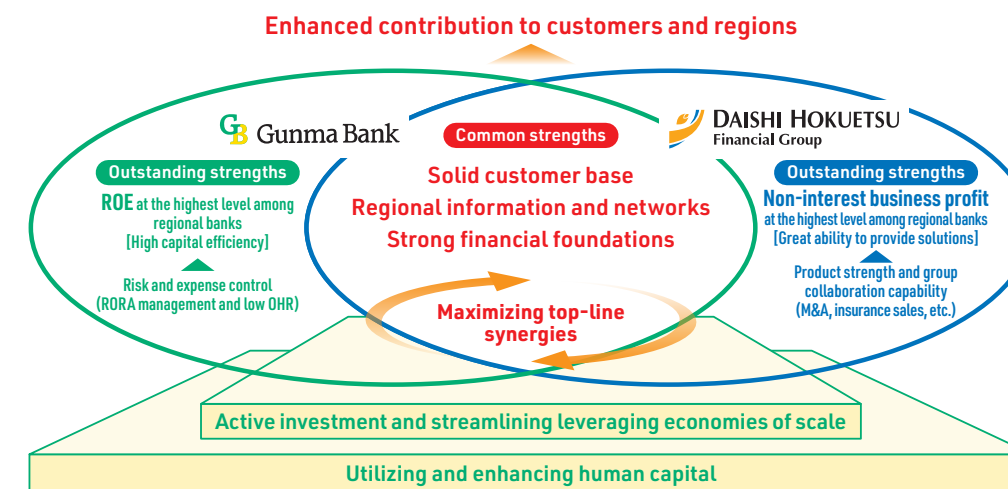


群馬・第四北越 アライアンス

○Basic agreement for the business integration with Daishi Hokuetsu Financial Group  
We concluded a memorandum of understanding for business integration with Daishi Hokuetsu Financial Group in April 2025 and launched discussions and studies toward the execution of business integration, which is scheduled for April 2027. This is based on our recognition that, given the benefits that our alliance has brought up to now, in order to make sustainable contributions to local communities, we need to advance toward becoming a new financial group that ranks among the top regional banks in terms of both management scale and quality.

The Gunma Bank Group and Daishi Hokuetsu Financial Group will work together by bringing together the strengths we have in common and the unique strengths we each have and strive to maximize top-line synergies by leveraging economies of scale and the advantages of our wide networks and information connectivity.

#### [Synergistic effects of the two groups]

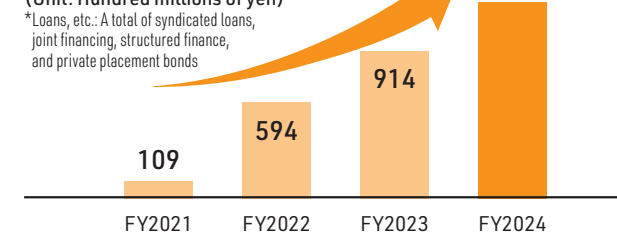


### Regional alliance The Ryomo Regional Revitalization Partnership

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. In this partnership, we have stepped up information exchange primarily between branches located in overlapping sales regions and executed joint financing of 121.6 billion yen in total. Furthermore, we have provided business succession support for customers that the two banks serve.



[Cumulative amount of loans, etc.\*]  
(Unit: Hundred millions of yen)



#### Main alliance dealings

- Partnerships on syndicated 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

# Initiatives of the Gunma Bank Group

**Gungin Consulting Co., Ltd.**

**ぐんぎんコンサルティング**



## 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, overseas business support, etc., and have increased the number of contracted projects. In the Human Resources Solutions Business launched in April 2023, we have stepped up efforts to connect local companies seeking highly skilled human resources with human resources who want to demonstrate their abilities in local communities.

In the Regional Trading Company, Marketing and Advertising Business, we have enhanced efforts to meet demand for digital advertising and corporate and product branding, in addition to crowdfunding and the operation of e-commerce sites, with the aim of discovering new businesses and products originating from the region, as well as expanding sales channels and increasing recognition.

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

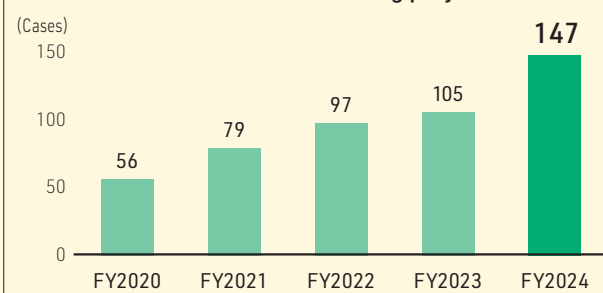
By enhancing the range of solutions that we provide on our own and expanding our business domain in collaboration with other companies, we will be able to make comprehensive solution proposals that combine solutions offered in new businesses and those offered in our existing consulting business to address local

companies' management issues that have become more diversified and more complex. As a result, we will be better able to contribute to solving our customers' management issues.

### —Please tell us about your aspirations for the future.

We are positioned at the core of the Gunma Bank Group's corporate non-financial business that is committed to a full-spec approach. We will remain committed to providing advanced solutions by making full use of our specialist human resources, expertise, and networks. By doing so, we will strive to establish local ecosystems and contribute to the growth of businesses and the development of a sustainable economy.

[Number of contracted consulting projects]

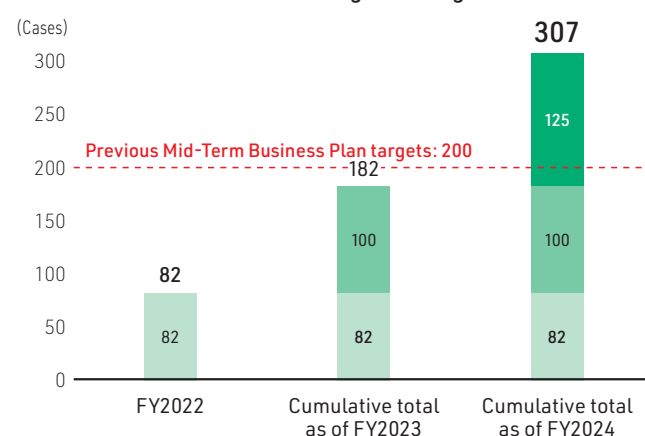


(Note) Excludes the number of staffing matching cases concluded

## Case study Enhancing the Human Resources Solutions Business

In the Human Resources Solutions Business, with the staffing business operated by the Gunma Bank transferred to Gungin Consulting in April 2023, we have been working to strengthen our capacity. By meeting needs such as staffing executives and expert talent necessary to solve management issues, we aim to help regional businesses achieve growth and increase productivity. Moreover, in this business, we provide a professional sharing service to share professional human resources, while also making proposals about the use of human resources engaged in side jobs. As for the KPIs for Connections set in the previous Mid-Term Business Plan, the three-year cumulative number of staffing matching cases we concluded was 307 against the target of 200 cases. By leveraging the Gunma Bank Group's networks, we will continue to connect regional businesses and people and contribute to the revitalization of the regional economy.

[Trend in the number of staffing matching cases concluded]



1 Message from Management

2 The Gunma Bank

3 The Gunma Bank Group's Value Creation Story

4 Management Base That Supports Sustainable Growth

**Gunma Regional Advanced Solution Partners, Inc.**

**ぐんま地域共創パートナーズ**  
Gunma Regional Advanced Solution Partners



## Bringing together each partner's areas of strength and striving to increase the value of the whole region

**Hideo Kagamiyama**  
President

### —Please tell us about your business.

We are working to create new businesses that contribute to the revitalization of the regional 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.

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

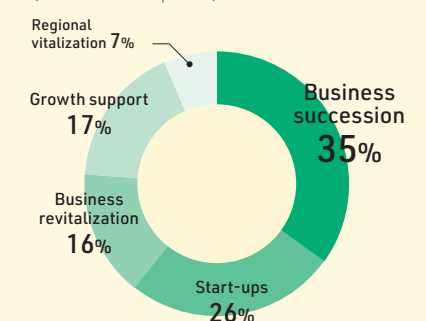
The purpose of our business is to make the region better through investment. Although we are an investment company, we do not believe that we should pursue only profit for ourselves, or in other words, purely maximize returns. We must increase business value through investment and hands-on accompanying 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 that manages a fund rooted in the region.

### —Please tell us about your aspirations for the future.

We want to be a partner that together with companies is able to generate business and build communities. What one can do alone to revitalize regions and solve regional issues is limited. Our goal is to build a partnership in which a variety of participants work closely together to create a new ecosystem. By bringing together each partner's areas of strength and building a partnership aimed at achieving a big thing, we would like to develop ways for each region to survive and thrive. To achieve this, we plan to form funds in collaboration with other businesses and expand successful models. We would like to work with partners who have approved of our existing models and do business together on a greater scale.

[Overview by investment theme]

(As of March 31, 2025)



## Case study Collaborating with local stakeholders to revitalize the Ikaho Onsen resort

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 in December 2023. We acquired a more than 100-year-old wooden building, and after anti-earthquake reinforcement work and renovation, we invited restaurants, souvenir shops featuring hands-on experience, and other tenants and opened IKAHO HOUSE 166 in December 2024. This facility, sitting halfway up the Ikaho Stone Steps, takes advantage of its location and serves as a central house where people can relax, and it is beginning to be known as a new tourism spot in Ikaho.

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.



Appearance of IKAHO HOUSE 166



## 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.

To serve corporate customers, we offer a variety of cards such as corporate credit cards and purchasing cards and make proposals and provide introduction support in

ways that help address customers' issues and needs. In April 2025, to support the efforts of the government of Chiyoda, Gunma Prefecture to streamline and digitalize their administrative operations, we issued corporate credit cards for the departments of the city government, which became the first corporate credit cards dedicated to a local government in Japan.

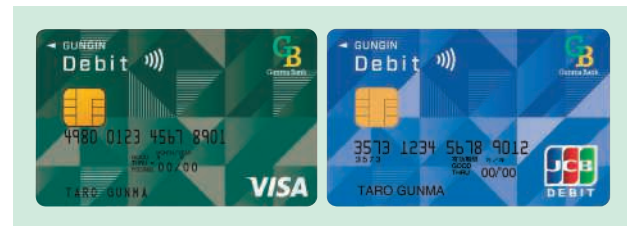
Meanwhile, as for the Gungin Debit Visa/JCB cards, which we have issued jointly with the Gunma Bank for individual customers, the number of card members reached 51,000 and the amount of payments using the cards exceeded 3.5 billion yen as of the end of March 2025. When the user makes a payment on the cards, funds are immediately transferred from the user's bank account for settlement, so that the user is less likely to overspend. The cards are used by a wide range of customers, from high-school students who travel abroad to senior customers who are not used to smartphones.

We will further promote cashless payments in the region and strive to contribute to streamlining customers' operations and increasing convenience for them as well as to the development of the regional economy.



株式会社 群銀カード

Gungin Card Head Office  
(Maebashi City)



The Gungin Debit Visa/JCB cards

## Gungin Leasing Co., Ltd.

### Providing diverse added value through leasing

Gungin Leasing 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 Leasing handles a wide range of leased properties, from vehicles, industrial machine 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 administrative labor and costs down to a minimum.

And in order to make the most of our 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.



ぐんぎんリース株式会社  
GUNGIN LEASING CO., LTD.

Gungin Leasing 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 weaving better futures."

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 Customer Consulting Department serve as a point of contact and help the Bank's customers to transform digitally.



ぐんぎんシステムサービス株式会社  
Gungin System Service Co., Ltd.

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 voting rights owned 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 voting rights owned by the Group	100.00%		
Gunma Bank	100.00%	Subsidiaries, etc.	—

### Gungin Leasing Co., Ltd.

CS

Established	October 1, 1973		
Location	171-1 Motosojamachi, Maebashi, Gunma		
Key operations	Leasing		
Capital	180 million yen		
Ratio of voting rights owned 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 voting rights owned 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 (investment trust)		
Capital	300 million yen		
Ratio of voting rights owned 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 business		
Capital	3,000 million yen		
Ratio of voting rights owned by the Group	100.00%		
Gunma Bank	100.00%	Subsidiaries, etc.	—

### Gunma Regional Advanced Solution Partners, Inc.

CS

Established	December 25, 2020		
Location	194 Motosojamachi, Maebashi, Gunma		
Key operations	Fund structuring and operation		
Capital	100 million yen		
Ratio of voting rights owned 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	Guarantee business		
Capital	30 million yen		
Ratio of voting rights owned 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 voting rights owned 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 voting rights owned is rounded down to two decimal places.

# 4 Management Base That Supports Sustainable Growth

## Sustainability Initiatives

With the understanding that sustainability initiatives are an important management issue, in February 2019, the Gunma Bank formulated the Gunma Bank Group SDGs Declaration. We have been working as one to carry out business activities based on the declaration to contribute to the achievement of the SDGs and the creation of a sustainable society.

In February 2025, in order not only to contribute to the achievement of the SDGs but also to advance a broader range of sustainability initiatives, we renamed the declaration as the Gunma Bank Group Sustainability Policy and also defined the Group's materiality as "priority issues for the realization of the Purpose" and set six material issues and initiative policies for addressing those issues.

Based on the policy, we at the Gunma Bank are implementing our initiatives to contribute to the region's sustainable development and solve environmental and social issues.

See P.26 Materiality

## The Gunma Bank Group Sustainability Policy (GB Sustainability Policy)

Through business activities based on its Purpose "By connecting the strands of resources, people, and generations, we weave better futures for our communities," the Gunma Bank Group will work to contribute to the sustainable development of the regional economy and solve environmental and social issues, and strive to help create a sustainable society and improve its corporate value. We will also promote dialogue with stakeholders and step up disclosures to enhance their understanding of our initiatives and make our trusting relationship with stakeholders even stronger.

### Materiality (priority issues for the realization of the Purpose) and initiative policies <Related major SDGs>

#### 1. Sustainable development of regional economy

- We will step up our efforts to revitalize local communities, such as supporting the growth of local business operators, innovation, and start-ups, and provide financial services tailored to customers' diverse needs to support the sustainable development of the regional economy.
- Through partnerships with local public bodies, corporations, individuals, and other customers, we will work to achieve sustainable communities.



#### 2. Response to decreasing birthrates and a declining, aging population

- To develop next-generation leaders, we will enhance our finance and economics education aimed at increasing local residents' financial literacy. We will also provide appropriate financial services aligned with each customer's life cycle to create a prosperous, secure future for customers.



#### 3. Response to digital transformation

- By utilizing digital technology, we will support local business operators working to improve their productivity, establish sustainable regional ecosystems and infrastructure, and enhance accessibility to financing.



#### 4. Preservation and creation of the global environment

- We will support customers working to conserve the environment and create beautiful environments, and we will also reduce the environmental impact of our business activities and strive to address climate change and maintain natural capital.



#### 5. Enhancement of human capital

- In order to create a workplace environment in which all staff members can perform vibrantly, we will strive to enhance the diversity of executives and employees, work on human resource development, and achieve flexible work styles.
- By enhancing human capital, we will strive to better serve customer needs that have become more diversified while also working to solve regional issues.



#### 6. Establishment of robust governance

- In order to meet customer needs and support the sustainable development of regions and customers, we at the Gunma Bank Group will work as one to take our governance to a higher level and thereby strive to achieve a more stable, more robust management base.



## 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, in addition to providing financial products and services that help protect the environment through business activities.

Please see here for the Gunma Bank Environmental Policy.



(<https://www.gunmabank.co.jp/about/csr/environment-policy.html>)

## Efforts to address climate change

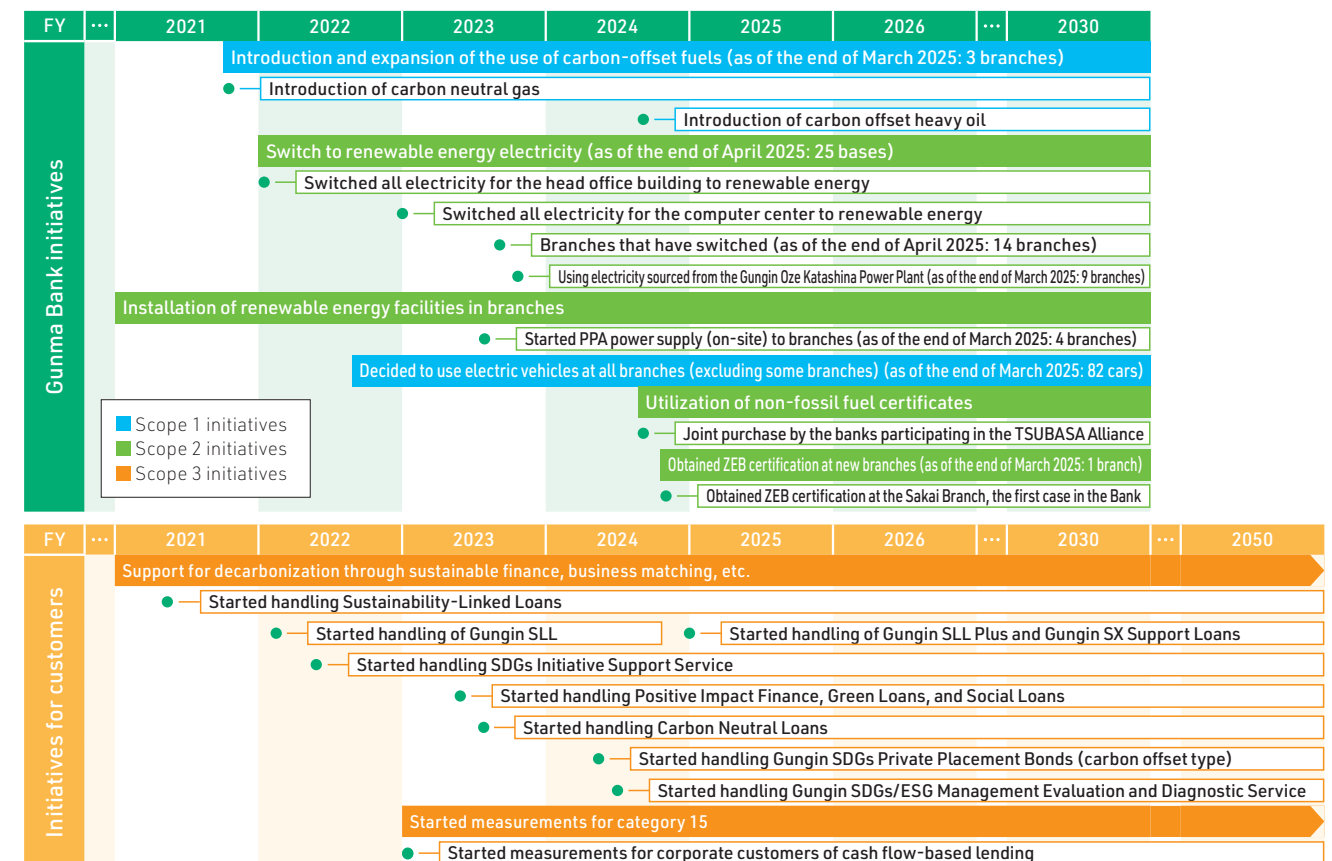
In July 2020, the Gunma Bank announced its support for the TCFD\* recommendations as a means to preserve and create the global environment, one of the priority issues in the Gunma Bank Group Sustainability Policy. The Gunma Bank analyzes the impact of climate change on its business.

We will continue to step up our efforts to address climate change and work to enhance our disclosures according to the provisions of the TCFD recommendations.

Moreover, in order to achieve decarbonization of the region, the Gunma Bank not only promotes its own decarbonization efforts, but it also provides a variety of solutions to support customers who are actively working on carbon-free initiatives.

\*Task Force on Climate-related Financial Disclosures (TCFD)

### [Decarbonization roadmap]



## Gungin Oze Katashina Power Plant

In January 2024, we started using carbon-free renewable energy sourced from the Oze Katashina Power Plant operated by The Tokyo Electric Generation Co., Ltd., and in addition, named the hydro power plant the Gungin Oze Katashina Power Plant by exercising the naming rights that we had acquired. In January 2025, the "regional co-existence project using a power plant with advanced design (the Gungin Oze Katashina Power Plant)," which has been jointly undertaken by the Gunma Bank, The Tokyo Electric Generation Co., Ltd., TEPCO Energy Partner, Inc., Katashina Village Office, and Norihiko Dan and Associates, received the New Energy Foundation Chairman Award in the regional co-existence sector of the 2024 New Energy Award sponsored by New Energy Foundation.





## Supporting the TCFD recommendations

Disclosures related to governance, strategy, risk management, and metrics and targets based on the TCFD recommendations are as follows.

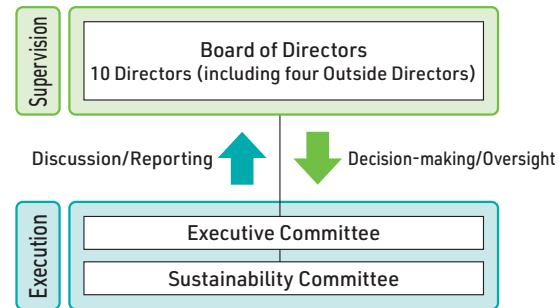
### Governance

#### Governance structure

The Bank considers SDGs, ESG and sustainability-related initiatives, including measures to address the issues of climate change, natural capital, and biodiversity, as important management issues, and has established its governance structure based on this understanding.

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 to be discussed and considered 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.



#### [FY2024 Main Committee Topics]

- Revision of the Gunma Bank Group SDGs Declaration
- Response to TCFD recommendations and TNFD\* recommendations
- Efforts to improve the sustainability of customers and the region
- Efforts to reduce greenhouse gas emissions
- Actual performance against the targets of non-financial KPIs related to human capital and setting of new KPIs

\*Taskforce on Nature-related Financial Disclosures (TNFD)

#### Performance-linked share remuneration

A performance-linked share remuneration system (hereinafter referred to as Performance Shares) 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 P.73 Performance Shares

### 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
<strong>Risk</strong>		
<strong>Physical risk</strong>		
	<strong>Credit risk</strong>	• Damage to real estate collateral (buildings) due to flooding, etc. • Business stagnation and performance deterioration caused by damage to customers' business facilities
	<strong>Operational risk</strong>	• Business interruption caused by damage to the Bank's business facilities
<strong>Transition risk</strong>		
<strong>Credit risk</strong>		• Deterioration in customer performance due to stronger regulations and tax systems related to climate change
		• 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.
	<strong>Reputational risk</strong>	• Damage to the Bank's reputation in the event that it is determined we have not provided adequate disclosure
<strong>Opportunity</strong>		
<strong>Increased business opportunities</strong>		• Greater opportunity to provide new financial products and services to support the transition to a decarbonized society
		• Increased demand for public works projects, corporate capital investment, etc. as a countermeasure for climate change-related disasters
<strong>Cost reductions</strong>		• Reduction of operating costs through resource and energy conservation at the Bank's business facilities

### Opportunity

As demand heightens for the transition to a decarbonized society and action to address the issue of biodiversity, customers' management issues have become more diversified. At the Gunma Bank, we are committed to deepening purpose-driven sales in the Mid-Term Business Plan, and to address an increasingly diversified selection of management issues faced by customers, we are striving to dig deep into customers' goals and needs and provide high-quality solutions based on the connecting process, such as offering new financial products and services and meeting new demand for financing.

We believe that actively supporting our customers in addressing the issues of climate change and natural capital will lead to the strengthening of their business foundations and that it will eventually result in greater profit opportunities for the Gunma Bank and contribute to the Bank's sustainable growth.

See P.38, P.67 and P.68 Initiatives for customers

### Scenario analysis

We analyzed physical and transition risks for the Bank in multiple temperature range scenarios. Our evaluation of the results indicates 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 the Bank's real estate collateral, and the number of days of business stagnation for customers due to flooding.

In addition, **we calculated the amount of damage to the Bank's business facilities through 2050 using the same scenario, a new measure that we launched in FY2024.**

<strong>Scenario</strong>	IPCC/RCP8.5 (4°C Scenario) Assumed major trend: Slow adoption of regulations will lead to further global warming.	
<strong>Subjects of analysis</strong>	Financed small- and medium-sized companies with head offices in Japan	The Gunma Bank's business facilities
<strong>Content of analysis</strong>	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	Estimated the amount of damage to the Bank's business facilities (buildings, equipment, etc.) and the ratio of bases that may suffer damage due to flooding estimated using hazard maps
<strong>Results of analysis</strong>	Maximum increase in credit costs through 2050: 4.3 billion yen	Maximum amount of damage through 2050: 0.2 billion yen Ratio of bases that may suffer damage due to flooding: 19%

#### 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. **In FY2024, we newly added the metal and mining sector.**

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 customers other than model companies based on sales forecasts according to the degree of impact of the products handled, etc.

<strong>Scenario</strong>	NGFS/NetZero2050 (1.5°C scenario), IEA/NZE2050 (1.5°C scenario), IPCC/RCP2.6 (2°C scenario) Assumed major trend: The regulations and technological innovations necessary to control temperature increases are adopted.	
<strong>Subjects of analysis</strong>	Automotive, energy (electric power, oil and gas), trucking services, and metal and mining	
<strong>Content of analysis</strong>	• 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	
<strong>Results of analysis</strong>	Cumulative increase in credit costs through 2050: 19.8 billion yen	

### State of carbon-related assets

Carbon-related assets accounted for approximately 24.8% of the Bank's total credit balance.

	Energy	Transportation	Materials and buildings	Agriculture, food, and forest products	Total
Amount of exposure	77.0 billion yen	307.9 billion yen	1,141.2 billion yen	188.8 billion yen	1,714.9 billion yen
Ratio	1.1%	4.5%	16.5%	2.7%	24.8%

(Total of loans, acceptances, foreign exchange, private placement bonds, etc. at the end of March 2025. 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.

In its Environmentally and Socially Conscious Investment and Loan Policy established in June 2021, the Bank clearly states its 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.

Please see here for more details on the Environmentally and Socially Conscious Investment and Loan Policy.



(<https://www.gunmabank.co.jp/about/csr/investment-policy.html>)

Metrics and targets

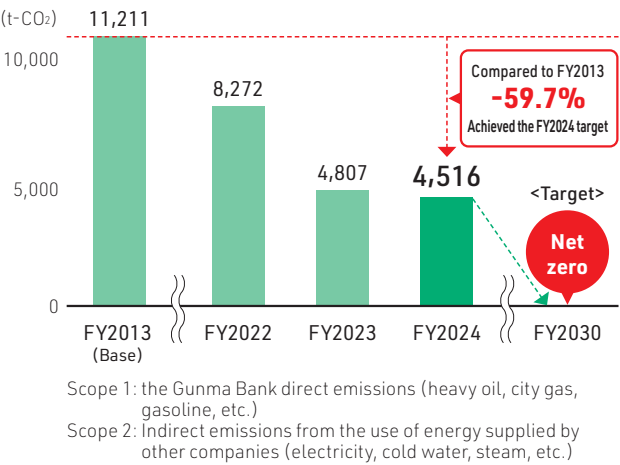
Greenhouse gas emission

○Scope 1 and Scope 2

To help create a carbon-free world and contribute to the sustainable development of society, the Bank is committed to its greenhouse gas emission reduction target of achieving net zero by FY2030. As a result of the installation of solar power generation facilities in our branches under PPAs, the use of renewable energy sourced from the Gungin Oze Katashina Power Plant, for which we acquired naming rights, the introduction of carbon-offset fuels, and other initiatives, **our GHG emissions in FY2024 were 4,516 tons of CO<sub>2</sub> (after offsetting), representing a 59.7% reduction compared to FY2013.** We achieved the target of 50% reduction by FY2024 compared to FY2013 in FY2023, one year ahead of schedule.

We will continue to step up our efforts to be net zero by FY2030, including creating environmentally friendly branches and introducing electric vehicles.

[The Gunma Bank's greenhouse gas emission]



(Units: Tons of CO <sub>2</sub> )				
Item	FY2013	FY2022	FY2023	FY2024
Scope 1	2,019	1,544	1,381	1,402
Scope 2	9,191	6,728	3,435	3,447
Scope 1 + Scope 2	11,211	8,272	4,816	4,849
(Offset)	-	-	(9)	(333)
Scope 1 + Scope 2 (after offsetting)	11,211	8,272	4,807	4,516

\*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 factor.

\*The scope of the greenhouse gas emissions calculation is scope 1 and scope 2 emissions from the Bank's domestic offices.

Obtained ZEB certification at the Sakai Branch, the first case in the Bank

The Sakai Branch, which started operations at a new outlet in March 2025, has earned six stars in the Building-Housing Energy Efficiency Labeling System (BELS), the highest rating in the evaluation, and obtained ZEB\* certification, becoming the first branch in the Bank to do so. With solar panels installed on its roof, the outlet has a combination of functional beauty created through maximizing its energy saving performance, the atmosphere of a resting spot for travelers retained in the town, and the traditional design of redbrick buildings scattered in the area.

\*Net Zero Energy Building (ZEB) 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. A ZEB is a building whose annual primary energy consumption is net zero or negative, and it represents the highest rank in ZEB certification.



○Scope 3

The Gunma Bank has been working to expand the scope of greenhouse gas emissions measurement. Starting FY2023, the Bank has calculated its emissions in all applicable categories.

(Units: Tons of CO<sub>2</sub>)

Item	FY2022	FY2023	FY2024
Category 1 (purchased goods and services)	13,202	13,876	14,726
Category 2 (capital goods)	10,713	16,132	11,526
Category 3 (fuel- and energy-related activities not included in Scopes 1 and 2)	1,537	1,482	1,212
Category 4 (upstream transportation and distribution)	280	310	314
Category 5 (waste generated in operations)	166	146	206
Category 6 (business travel)	287	450	739
Category 7 (employee commuting)	3,481	3,242	3,147
Total	29,666	35,638	31,870

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

\*Starting with its greenhouse gas emissions in FY2024, the Bank is working to obtain third-party assurance. As a result, the Bank has changed measurement methods, and is therefore re-measuring the emissions in the past fiscal years.

[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 IDEAv2.3 (for calculating supply chain greenhouse gas emissions).

Category 4: Postage costs and transportation costs (excluding intra-group transactions) 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. 2.7) and the Ministry of the Environment's Emissions Intensity Database for Calculating an Organization's Greenhouse Gas Emissions Throughout the Supply Chain (Ver. 3.5).

○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 2025.

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 <sub>2</sub> /million yen)	Emissions (t-CO <sub>2</sub> )	Weighted average data quality score	Industry	Carbon intensity (t-CO <sub>2</sub> /million yen)	Emissions (t-CO <sub>2</sub> )	Weighted average data quality score
Oil/Gas	6.38	727,079	3.34	Chemicals	11.86	436,105	2.19
Coal	-	-	-	Construction materials	12.08	298,026	2.83
Electric utilities	27.70	648,292	2.81	Capital goods	4.16	1,545,658	3.54
Air cargo	12.14	214	4.00	Real estate management and development	1.43	376,638	3.37
Passenger air transport	-	-	-	Beverages	3.19	89,430	3.94
Maritime transport	12.40	23,544	1.82	Agriculture	6.26	51,168	4.00
Rail transportation	2.02	80,496	1.79	Packaged food and processed meats	5.62	809,745	3.81
Trucking services	3.07	529,945	3.96	Paper and forest products	4.88	187,871	2.86
Automobiles and components	6.98	972,620	3.33	Other	2.75	6,130,955	3.43
Metals and mining	7.13	1,116,639	2.99	Total		14,024,425	3.36

[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 companies whose disclosed information has been obtained, disclosed information is used, and for other companies, estimated values are used.

Financed Emissions =

$$\sum_i \text{Attribution Factor } i \times \text{Emission } i$$

$$\text{Attribution Factor } i = \frac{\text{Investment and loan amount } i}{\text{Total funding amount } i}$$

(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.

$$\frac{\sum (\text{Carbon intensity of individual company} \times \text{investment and loan amount of individual company})}{\text{Total investment and loan amount of individual company}}$$

[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.

\*Since FY2024, the Bank has been working to obtain third-party assurance and has changed measurement methods. Calculation results may change in the future due to expanded disclosure of financed emissions, updates to carbon intensity data, and more sophisticated calculation methods.



## Obtaining third-party assurance

Since FY2024, we have been working to obtain third-party assurance of our measurement and disclosure of greenhouse gas emissions to ensure the credibility of our data. For our greenhouse gas emissions in FY2024, we have obtained independent third-party assurance by SOCOTEC Certification Japan Co., Ltd. We will continue to have our emission data verified by a third-party organization to enhance the credibility and transparency of our disclosures.

Please see here for the Third-Party Assurance Report.



([https://www.gunmabank.co.jp/about/csr/torikumi/pdf/kikohendo\\_hosyou.pdf](https://www.gunmabank.co.jp/about/csr/torikumi/pdf/kikohendo_hosyou.pdf))

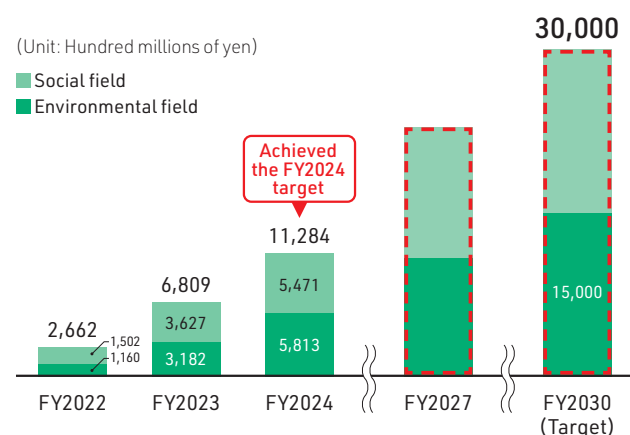
## Sustainable finance

To further initiatives aimed at achieving sustainability in the region by solving environmental, social and other issues, we have set the target of executing sustainable finance\* worth a cumulative total of 3 trillion yen (including 1.5 trillion yen in the environmental field) for the period from FY2022 through FY2030.

**In FY2024, the cumulative total of sustainable finance executed was 1,128.4 billion yen (including 581.3 billion yen in the environmental field), exceeding the FY2024 target of 800.0 billion yen (including 450.0 billion yen in the environmental area).**

To achieve the FY2030 target, in the Mid-Term Business Plan we have set the target of executing sustainable finance worth a cumulative total of 1,200.0 billion yen (including 600.0 billion yen in the environmental field) for the period from FY2025 through FY2027.

By proactively engaging in sustainable finance, we will uncover and resolve local ESG issues.



\* Sustainable finance refers to financing 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 of customers and the region]

### ◇Support for customers in their transition to carbon-free

Reducing Scope 3 Category 15 emissions (greenhouse gas emissions from investment and loan recipients) is an essential initiative for financial institutions because it leads to decarbonization of the regions where they operate, and the Gunma Bank has been working on initiatives such as engagement using the “connecting process.”

In particular, the automobile industry, which plays a central role in the local economy, is faced with dramatic changes in the business environment, such as a rapid advance of electrification. Local suppliers also need to respond to various challenges, including the electrification of their products and the reduction of greenhouse gas emissions from their manufacturing process. Accordingly, we have positioned the automobile sector as one of the important sectors in our decarbonization efforts and are working to enhance our support structure by, for example, hiring employees who have experience working for automobile manufacturers. We have also interviewed each of our customers in this sector and, based on the results, put together data and prepared a positioning map to use for supporting them.

Furthermore, based on a sectoral analysis of investment and loan recipients' greenhouse gas emissions, we have selected sectors that we prioritize and are working to provide the most appropriate solutions that fit customers' needs and situations.

### ◇Contributing to regional decarbonization through finance

To support regional decarbonization efforts, the Gunma Bank is actively engaging in sustainable finance initiatives such as Sustainability-Linked Loans, the Gungin SLL Plus, and Gungin SX Support Loans. The loans for renewable energy businesses that the Gunma Bank handled from FY2022 to FY2024 have contributed to generating renewable energy of 7,731,268 MWh.

Greenhouse gas emission reductions made by customers who used our sustainable finance products, such as Sustainability-Linked Loans, totaled 1,737,165 t-CO<sub>2</sub>. On an annualized basis, this is 128 times more than the Gunma Bank's greenhouse gas emission (Scope 1 and Scope 2), and it translates into an estimated reduction of 45,910 t-CO<sub>2</sub> of the Bank's Scope 3 Category 15 emission (investment and loan recipients' greenhouse gas emissions).<sup>\*1</sup>

### Environmental improvement results through sustainable finance (April 2022 to March 2025)

Item	Result <sup>*1</sup>	Household equivalent <sup>*2</sup>
Amount of renewable energy generated by financing renewable energy projects	7,731,268 MWh	Approx. 1.98 million households
Reduction in greenhouse gas emissions for customers using sustainable finance products	1,737,165 t-CO <sub>2</sub>	Approx. 1.00 million households
<b>Total</b>		<b>Approx. 2.98 million households (Number of households in Gunma Prefecture: 830,000 households)<sup>*3</sup></b>

<sup>\*1</sup> 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.

<sup>\*2</sup> 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 FY2023 (Preliminary Figures), Ministry of the Environment

<sup>\*3</sup> Source: 2024 Gunma Prefecture Population Movement Survey Results (Annual Report), Gunma Prefecture

## [Engagement in initiatives and external evaluation]

To help achieve a sustainable society, the Gunma Bank has supported the Paris Agreement and endorsed and engaged in related industry organizations and various initiatives. When deciding to endorse or engage in an initiative, or to continue such endorsement or engagement, we deliberate by considering the relevance to the Gunma Group Sustainability Policy and our businesses, the consistency with developments in Japan, and other factors.

### ◇Task Force on Climate-related Financial Disclosures (TCFD)



### ◇Principles for Financial Action Towards a Sustainable Society (Principles for Financial Action for the 21st Century)



### ◇Sustainability Data Standardization Consortium (SDSC)



### ◇Taskforce on Nature-related Financial Disclosures (TNFD) Forum



### ◇The GX League sponsored by the Ministry of Economy, Trade and Industry



### ◇CDP



## External collaboration

### Joint publication of Survey on Progress of Carbon Neutrality Initiatives in Gunma Prefecture

In March 2025, the Gunma Bank, the Gunma Economic Research Institute, the Development Bank of Japan, and the Japan Economic Research Institute jointly published a survey report titled Survey on Progress of Carbon Neutrality Initiatives in Gunma Prefecture. The Gunma Economic Research Institute surveys and researches industry trends in Gunma Prefecture, and the Development Bank of Japan and Japan Economic Research Institute have deep insight into industry trends and decarbonization in Japan.

This report describes the current status of carbon neutrality efforts of major industries in Gunma Prefecture, while also outlining an introduction scenario for Gunma Prefecture in which hydrogen and ammonia are positioned as major energy sources and studying a structure of collaboration with energy supply bases in and outside of the region. In interviews, involved parties maintain that to achieve carbon neutrality, it is essential not only that local businesses step up their efforts but also that the national and local governments, regional financial institutions, and industry organizations work together to support local initiatives. This report emphasizes the necessity of cooperation and presents possible specific support measures for future collaborations.

We will continue to provide relevant information for customers by using this report and other resources and support customers who work on decarbonization, thereby contributing to the achievement of regional decarbonization.

Please see here for the report Survey on Progress of Carbon Neutrality Initiatives in Gunma Prefecture.



(<https://www.gunmabank.co.jp/info/news/pdf/20250321d.pdf>)

### Utilization of non-fossil fuel certificates in collaboration with TSUBASA Alliance member banks

In March 2025, the Gunma Bank and other TSUBASA Alliance member banks purchased a 5 million kWh-worth of FIT non-fossil fuel certificates created in sales areas of the banks, in an effort to locally use locally produced environmental value, invigorate the renewable energy value trading market, and promote widespread use of FIT non-fossil fuel certificates.<sup>\*</sup> The purchased non-fossil fuel certificates were used to offset the banks' greenhouse gas emissions due to electricity use, resulting in a reduction of a total of approximately 2,100 t-CO<sub>2</sub>.

<sup>\*</sup>A certificate that represents the environmental value portion of the electricity generated from non-fossil energy sources (greenhouse gas emission-free renewable electric power sources such as solar power, wind power, and biomass-derived electricity) to which the feed-in tariff (FIT) system, a system to purchase renewable energy at fixed prices, applies. Non-fossil fuel certificates can be used for the reduction of greenhouse gas emissions due to electricity use.



## Natural capital and biodiversity 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. Since April 2024, we have endorsed the TNFD initiatives and engaged in the TNFD Forum.

At the Gunma Bank we will actively work to conserve regional natural capital and biodiversity while also exploring ways to enhance our disclosures based on the TNFD recommendations.

## Response to the TNFD recommendations

Gunma Prefecture, a major geographic area in which the Gunma Bank operates, is rich in nature. It has notable natural sites such as Oze National Park and the Three Mountains of Jomo and serves as home to a variety of animals and plants. At the Gunma Bank, we also consider that addressing the issues of natural capital and biodiversity is one of the priority issues for the Bank. We discuss and study these matters at the Sustainability Committee. [See P.70 Governance structure](#)

In the TNFD recommendations, it is recommended that businesses consider making disclosures in accordance with the LEAP approach,<sup>\*</sup> and the Gunma Bank will follow the recommendations.

\*An approach to identify and assess nature-related dependencies, impacts, risks, and opportunities by following the Locate, Evaluate, Assess, and Prepare phases.

## Strategy

Most companies including the Gunma Bank are doing business activities while engaging with nature. We understand that financial institutions do not only have connections with natural capital in their own business, but customers' connections with natural capital are also important to us as we serve customers through investments and loans.

Accordingly, at the Gunma Bank we analyzed 12 sectors that we considered as potentially having important connections with nature and prepared heat maps, by using the ENCORE tool\* for analyzing loan recipients' dependencies and impacts on natural capital.

\*A tool that enables assessing and visualizing how the economy depends on nature and how it may impact nature as well as how environmental changes may produce risks to businesses.

From the analysis, which considered our portfolio, it was found that we primarily have a high dependence and a high impact on water-related items. Going forward, we will carry out a closer analysis by, for example, taking Gunma Prefecture's local characteristics into account, and work to determine priority sectors and identify risks and opportunities.

Furthermore, to achieve sustainability in the region, we will step up efforts to support customers who work on environmental and social issues by providing sustainable finance and other solutions while also actively engaging in nature conservation.

**See P.62 Metrics and targets**

**See P.85 Biodiversity initiatives**

[Dependencies and impacts on natural capital by sector]

[illegible]

Level of dependence and impact: VL < L < M < H < VH

## Supporting customers' SDGs and ESG initiatives

The Gunma Bank Group strives to contribute to the growth and development of regional businesses by providing various solutions to environmental and social issues facing customers in the region.

Since we started handling SDGs Initiative Support Service in September 2022, we have offered solutions from both financial and non-financial perspectives to support our customers' sustainability management.

In August 2024, we launched the Gungin SDGs/ESG Management Evaluation and Diagnostic Service, which provides a high-level assessment of our customers' SDGs and ESG initiatives. This service visualizes the status of customers' efforts and compares the results with the performance of others in the same industry by using a scoring model, so that customers can assess their own performance objectively and qualitatively. In addition, to support customers' decarbonization efforts, we offer, free of charge, a simplified version of the Assessment and Scoring of the Status of Efforts to Address Environmental Items tool that enables measuring greenhouse gas emissions.

As a regional financial institution, we will continue to step up support for customers' sustainability management and decarbonization efforts.

## SDGs Initiative Support Service

- Confirm current state of initiatives based on interview sheets
- Ascertain issues, etc. through dialog with customers using feedback sheets
- Support formulation of SDGs declarations tailored to customers' businesses

## Gungin SDGs/ESG Management Evaluation and Diagnostic Service

- Enable measuring Scope 1 and Scope 2 greenhouse gas emissions of customer companies
- Confirm current status of SDGs/ESG initiatives based on advanced evaluation using a scoring model
- A detailed assessment report prepared by AI that helps customers understand where their companies stand in the industry and their strengths and weaknesses
- The Gunma Bank supports customers in formulating and implementing SDGs/ESG management, based on the assessment results.

Decarbonization efforts	Human capital initiatives	Productivity improvement
<b>Item</b>	<b>Main services, etc.</b>	<b>Group companies</b>
SDGs-related consulting	SDGs-related KPI setting, training, etc.	Gungin Consulting Co., Ltd.
Carbon-related		
Measuring and visualizing greenhouse gas emissions	Greenhouse gas emission visualization cloud service	
Carbon offsets	Support creating, selling and purchasing J-Credits	
Introduction of renewable energy facilities	Support for installation of solar equipment, etc.	
Support for solving other social issues		
Hiring of high-level human resources	Staffing service	Gungin Consulting Co., Ltd.
Human and labor affairs/training and development	Formulation of human resource and labor regulations, training and development	Gungin Consulting Co., Ltd.
Health-oriented business management	Support for obtaining KENKO Investment for Health Outstanding Organization certification	
Streamlining of operations through digital transformation	Introduction of accounting and labor management systems	
Business succession	Support of business succession plan formulation Provision of capital funds, hands-on support	Gungin Consulting Co., Ltd. Gunma Regional Advanced Solution Partners, Inc.
Sustainable finance	Various sustainable finance products (page 68) 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 New business launching subsidies, tax system to encourage future regional investment, etc.	
Interest subsidy	Subsidy for energy efficiency investments	



## Sustainable finance

### Initiatives for sustainable finance

In the three years of the previous Mid-Term Business Plan, we worked to enhance the range of finance products and launched Positive Impact Finance, Carbon Neutral Loans, and Gungin SDGs Private Placement Bonds (carbon offset type).

Going forward, we will strive to achieve the target of executing sustainable finance worth a cumulative total of 1,200.0 billion yen (including 600.0 billion yen in the environmental field) by utilizing our finance products including Gungin SLL Plus, which we started handling in April 2025.

In addition to sustainable finance, we will also work to achieve the target for the number of decarbonization support cases, a new KPI of ours, of a three-year cumulative total of 1,000, in order to strengthen our support for customers' decarbonization efforts.

### Sustainable finance products

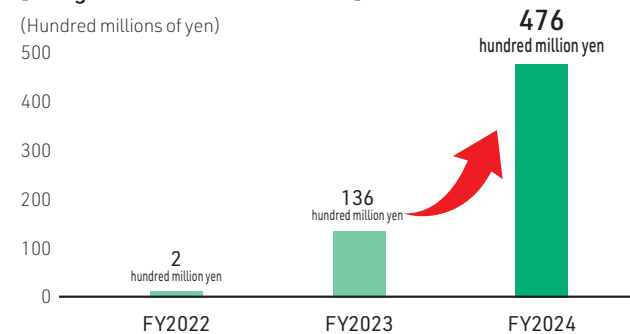
Products compliant with international principles	Other
<b>Gungin SLL Plus</b> <ul style="list-style-type: none"> <li>Sustainability performance targets for greenhouse gas emission reduction are set and certified by Gungin Consulting</li> <li>Incentives available, including interest rates that fluctuate depending on progress toward targets</li> </ul>	<b>Carbon Neutral Loans</b> <ul style="list-style-type: none"> <li>Financing products for customers who are working, or plan to work, towards carbon neutrality</li> </ul>
<b>Positive Impact Finance</b> <ul style="list-style-type: none"> <li>The Gunma Bank comprehensively analyzes and evaluates the impact that corporate activities have on ESG</li> <li>KPIs are set and monitored by the Bank regarding increase/mitigation of impact</li> </ul>	<b>Gungin SDGs Private Placement Bonds (donation support type)</b> <ul style="list-style-type: none"> <li>Private placement bonds for customers looking to make a donation or gift</li> <li>A portion of corporate bond issuance fees is donated to organizations working on SDGs</li> </ul>
<b>Sustainability-Linked Loans</b> <ul style="list-style-type: none"> <li>Ambitious sustainability performance targets are set and certified by a third-party evaluation organization</li> <li>Incentives available, including interest rates, etc. that fluctuate depending on progress toward targets</li> </ul>	<b>Gungin SDGs Private Placement Bonds (issuer support type)</b> <ul style="list-style-type: none"> <li>Private placement bonds for customers working on projects to achieve SDGs</li> <li>Help improve corporate image and employee motivation</li> </ul>
<b>Green Loans/Social Loans</b> <ul style="list-style-type: none"> <li>Use of funds is limited to green/social projects</li> <li>Once a year, customers report on environmental improvement effects, etc.</li> </ul>	<b>Gungin SDGs Private Placement Bonds (carbon offset type)</b> <ul style="list-style-type: none"> <li>The Gunma Bank purchases carbon credits and implements carbon offsetting for bond-issuing companies and Gunma Prefecture</li> </ul>
<b>Products with the Bank framework</b>	<b>Financing with Special Clause for Waiver in Event of Earthquake</b> <ul style="list-style-type: none"> <li>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</li> </ul>
<b>Gungin SX Support Loans</b> <ul style="list-style-type: none"> <li>Ambitious sustainability performance targets are set and verified by Gungin Consulting</li> <li>Incentives available, including interest rates that fluctuate depending on progress toward targets</li> </ul>	<b>Financing with Special Clause for Waiver in Event of Torrential Rain</b> <ul style="list-style-type: none"> <li>If heavy rain exceeding a certain amount occurs at a predetermined place, the loan principal is waived at a predetermined rate</li> </ul>

### Gungin SLL Plus and Gungin SX Support Loans

Since June 2022, we have offered Gungin SLL, a loan product where the interest rate fluctuates based on the achievement of specific goals, and the amount of the loan executed has steadily increased as demand for SDGs and ESG initiatives heightens.

With the Green Finance Guideline of the Ministry of the Environment revised, in April 2025 we stopped handling Gungin SLL and started handling Gungin SLL Plus and Gungin SX Support Loans to meet customers' diverse needs.

#### [Gungin SLL execution amount]



Product	Product	SSL principles*	Goal of launching the product
Gungin SLL	Gungin SLL Plus	Compliant	To further accelerate customers' decarbonization efforts
	Gungin SX Support Loans	Non-compliant	To meet customers' diverse needs related to SDGs and ESG efforts

\*Sustainability-Linked Loan Principles and Green Loan and Sustainability-Linked Loan Principles

## Regional sustainability initiatives

### Comprehensive partnership agreement for community revitalization

#### Collaboration with local governments in Gunma Prefecture aimed at regional revitalization

We have concluded comprehensive partnership agreements with Gunma Prefecture and 13 local governments in the prefecture. Centered around the Regional Revitalization Office within the Customer 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.

#### Initiative in Minakami Town

We engage in an initiative jointly implemented by four parties from the business, academic, public, and financial sectors (the Gunma Bank, Minakami Town, Open House Group, and a graduate school of Tokyo University) to revitalize Minakami Town, which is a pioneering project of Regional Revitalization 2.0. In this initiative, we are currently implementing a project to transform abandoned buildings into lodging facilities and hot bath facilities. The Gunma Bank will continue to work with various businesses to help regional economic zones thrive in a sustainable way.



Facilities being revitalized through public proposals in Minakami Town

### Efforts toward achieving carbon neutrality

#### Collaboration to create J-Credits

On April 25, 2025, the Gunma Bank concluded a tripartite collaboration agreement with Midori City and BYWILL Inc. to work together toward the achievement of carbon neutrality.

The three parties will cooperate to promote the creation and distribution of J-Credits in an effort to help Midori City achieve decarbonization.

Through this project, we will strengthen our financial support for the region's sustainable growth and contribute to reducing environmental impact.



The partners of the collaboration toward achieving carbon neutrality. From left: Mr. Horie, Managing Director of the Gunma Bank; Mr. Sudo, Mayor of Midori City; Mr. Shimomura, President of BYWILL

### Gunma Next Generator project

#### Matching young entrepreneurs with SMEs facing challenges

The Gunma Bank, VENTURE FOR JAPAN, and Gunma Regional Advanced Solution Partners, Inc. have jointly undertaken 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.

In the previous fiscal year, five matching cases were concluded, in which 14 students worked to solve issues facing participating companies. In this fiscal year, building on the results from the previous year, we will strive to match more businesses and young people and contribute to the development of the regional economy.



The top page of the dedicated website of the Gunma Next Generator project opened in October 2024

# 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:

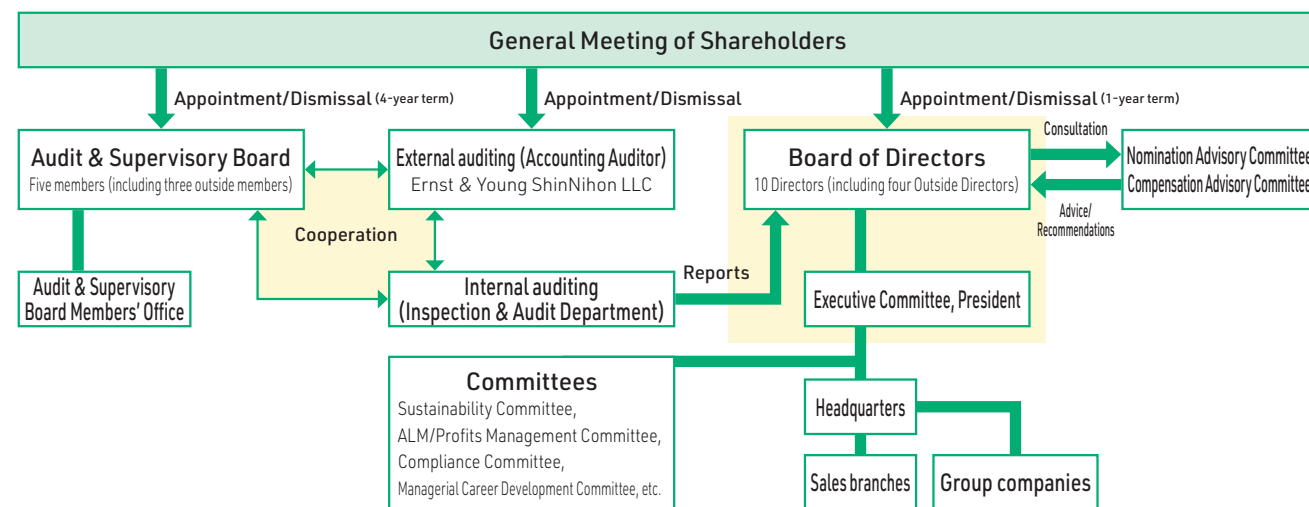
- (1) Decision-making for appropriate management and the establishment of an efficient business execution system
- (2) Enhancement of compliance and risk management systems that form the basis of sound management
- (3) Timely and appropriate disclosure of corporate information and active IR activities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

## Corporate governance system

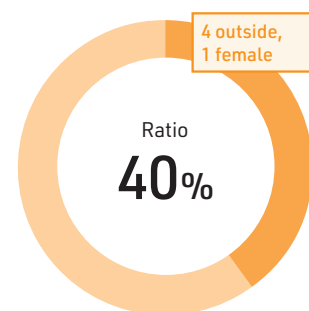
The Bank has a Audit & Supervisory Board Member system with the five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members). The Board of Directors consists of 10 Directors, including four Outside Directors. To achieve our management goals, we believe that it is effective to enhance the system for audits by Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members, as well as to further strengthen management monitoring functions by the presence of Outside Directors and Outside Audit & Supervisory Board Members. Outside Directors are responsible for management oversight for the Board of Directors, and Outside Audit & Supervisory Board Members are responsible for audits by Audit & Supervisory Board Members, 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.

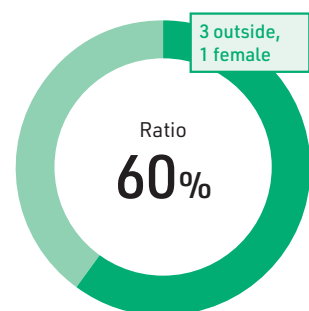
### [Corporate Governance System]



### <Ratio of Outside Directors>



### <Ratio of Outside Audit & Supervisory Board Members>



### <Main Governance Initiatives>

FY	Initiative
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 the Sustainability Committee
2023	Establishment of the Managerial Career Development Committee
2024	Establishment of Group Business Strategy Department and Group Risk Governance Office (in the Risk Management Department)

## 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 business execution 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 Audit & Supervisory Board Member 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 Audit & Supervisory Board Members 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 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.

• FY2024 accounting audit fee paid by Bank:	68 million yen
• Total amount of remuneration paid by our Group:	93 million yen

## Internal audit

For internal audits, the Inspection & Audit Department, which is independent of the audited departments and reports directly to the Board of Directors, 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 Audit & Supervisory Board Members

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 in 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 Audit & Supervisory Board Members, 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, Standing Audit & Supervisory Board Members explain the agenda of the Board of Directors and minutes of the Executive Committee in detail to Outside Audit & Supervisory Board Members to share information such as reports on the status of audits conducted by Standing Audit & Supervisory Board Members.

## Evaluation criteria for independence of Outside Directors and Outside Audit & Supervisory Board Members

Candidates for Outside Director or Outside Audit & Supervisory Board Members 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 (if the party who has gained such properties is a corporation, an association, or any other organization, a person who belongs to such organization),
- (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: "A large amount" means a past three-year average annual amount that is 10 million yen or more if the party who has gained such properties is an individual, and if the party is an organization, a past three-year average amount that is equal to or more than the higher of 2% of the organization's consolidated net sales or 10 million yen.

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 Audit & Supervisory Board Member.

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 Director and Audit & Supervisory Board Member based on their respective self-assessments in order to evaluate the effectiveness of the Board of Directors as a whole.

For the FY2024 effectiveness evaluation, we conducted a survey making use of external consultants' opinions to examine items such as Board composition and operations, management and business strategies, corporate ethics and risk and crisis management, evaluation and compensation of management, dialogue with shareholders and others, and Group governance. Moreover, to ensure anonymity and objectivity, we commissioned external consultants to collect and aggregate survey results.

Based on the analyzed and evaluated results of the survey, an evaluation was made at the Board meeting held in April 2025, confirming that the effectiveness of the Board of Directors is being maintained. Regarding the strengthening of the Group governance structure, which was identified as an issue in the previous evaluation, we established Group Business Strategy Department and Group Risk Governance Office (in the Risk Management Department) in April 2024 to demonstrate the Group's comprehensive strengths, and have been implementing initiatives to make the operations of the whole Group more efficient and more effective.

In addition to the efforts described above, the Board of Directors will check to see how well the Group's new system for the promotion of digital transformation performs its function as the Group works to advance digital transformation and business reform and enhance data utilization, and will give instructions for improvement. Moreover, the Board of Directors will work to enhance training programs to help newly appointed Outside Directors understand the background and history of management issues facing the Group. By carrying out these initiatives, the Board of Directors will strive to further increase its effectiveness.

Executive remuneration

The remuneration of Directors, excluding Outside Directors, is comprised of fixed-amount remuneration, bonus, and share remuneration. As for the 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 the restricted share remuneration plan and the performance-linked share remuneration plan.

The Outside Directors and Audit & Supervisory Board Members receive only fixed amount remuneration, taking into account that they are required to play the role of auditing and supervising.

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

<Remuneration limit>

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

Note: RS stands for "Restricted Share Remuneration," and PS stands for "Performance Share Plan."

<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 remuneration (millions of yen)					Number of eligible board members (People)
		Monthly remuneration (Non-performance-linked)	Bonus (Performance-linked)	Restricted share remuneration (Non-performance-linked)	Performance Shares (Performance-linked)	
Directors (excluding Outside Directors)	327	191	77	46	11	10
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	47	47	—	—	—	3
Outside Directors and Outside Audit & Supervisory Board Members	61	61	—	—	—	8

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 the 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 Directors to contribute to the 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 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 businesses in which Directors are 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 remuneration for Directors and Audit & Supervisory Board Members,
- 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 Audit & Supervisory Board Members 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 Shares

- 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 Audit & Supervisory Board Members
- Remuneration for Outside Directors and Audit & Supervisory Board Members 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 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 profit 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 profit.
- (2) Performance Shares
- 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 Shares (Amount of performance-linked share remuneration)	
II	
① Profit indicator	Calculated based on consolidated profit 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 sustainability indicators

- 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 used to calculate the remuneration amount under Performance Share Plan]

- ① Consolidated profit 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 (Consolidated OHR)  
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)  
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 Sustainability indicators  
The Bank's evaluation indicators will be selected from among management indicators associated with the 13 goals set out in the Gunma Bank Group Sustainability Policy.

6. Perspective on the forfeiture and recovery clauses for remuneration

- To prevent excessive risk taking and ensure the soundness of management, and to prevent serious scandals, such as accounting fraud or significant corrections required for past fiscal year financial statements, which may be caused by excessive incentives, we established the clauses (Clawback clause and Malus clause) for the recovery and forfeiture of all or part of the share remuneration in the event of the circumstances.

7. Perspective on holding treasury shares

- In order to share awareness of the interest with shareholders and raise awareness of management with the emphasis on shareholders, we introduce a share remuneration plan to the Directors, excluding Outside Directors, and encourage them to hold a certain amount or more of the Bank's common shares depending on their positions in accordance with the Share Ownership Guidelines.

8. Disclosure policy

- We disclose this policy to stakeholders through the following disclosure materials and media in an appropriate way: securities reports, reference documents for the General Meeting of Shareholders, Corporate Governance Report, our website, etc.



# Executives

## Directors



### Akihiko Fukai

#### President and Representative Director

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



### Hiroyuki Irisawa

#### Deputy President and Representative Director

Apr. 1984	Joined the Bank	Jun. 2014	General Manager, General Affairs Department
Oct. 2003	Administration Deputy Manager, Takasaki Branch	Jun. 2016	Executive Officer and General Manager, Corporate Planning Department
Jun. 2005	Chairman, Opening Preparation Committee, Tokorozawa Corporate Sales Office (Sub-branch)	Jun. 2018	Managing Executive Officer and General Manager, Corporate Planning Department
Oct. 2006	General Manager, Tokorozawa Branch	Jun. 2019	Managing Director
Dec. 2006	Deputy General Manager, Credit Department	Jun. 2022	Senior Managing Director
Jun. 2009	General Manager, Credit Operations Office, Credit Department	Jun. 2024	Deputy President and Representative Director (current position)
Jun. 2011	General Manager, Kumagaya Branch		



### Akihiro Goto

#### Senior Managing Director

Apr. 1986	Joined the Bank	Jun. 2017	Executive Officer and General Manager, Inspection & Audit Department
Oct. 2005	General Manager, Kasakake Branch	Jun. 2018	Executive Officer and General Manager, Personnel Department
Aug. 2008	Deputy General Manager, Personnel Department	Jun. 2019	Managing Executive Officer and General Manager, Personnel Department
Oct. 2010	Senior Deputy General Manager, Personnel Department	Jun. 2022	Managing Director
Jun. 2012	Senior Deputy General Manager, Cooperate Planning Department	Jun. 2024	Senior Managing Director (current position)
Jun. 2014	General Manager, Isesaki Branch		
Jun. 2016	General Manager, Inspection & Audit Department		



### 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	Dec. 2020	Managing Executive Officer and General Manager, Corporate Planning Department; Representative Director, Gunma Regional Advanced Solution Partners, Inc.
Aug. 2009	Deputy General Manager, Corporate Planning Department	Apr. 2021	Managing Executive Officer and General Manager, Corporate Planning Department
Jun. 2011	General Manager, Takasaki Higashi Branch	Jun. 2022	Managing Director
Jul. 2013	General Manager, Sales Strategy Office, Business Planning & Administration Department	Apr. 2024	Managing Director, Commissioning General Manager of Digital Innovation Department
Jun. 2014	Senior Deputy General Manager, Cooperate Planning Department	Jun. 2024	Senior Managing Director (current position)
Jun. 2016	General Manager, Ota Branch		
Jun. 2018	Executive Officer and General Manager, Credit Department		
Jun. 2019	Managing Executive Officer and General Manager, Corporate Planning Department		

## 1 Message from Management

## 2 The Gunma Bank

## 3 The Gunma Bank Group's Value Creation Story

## 4 Management Base That Supports Sustainable Growth



### Akihiko Horie

#### Managing Director

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



### Jun Kondo

#### Outside Director

Apr. 1976	Joined SUBARU CORPORATION (Former trade name: Fuji Heavy Industries Ltd.)	Apr. 2007	Corporate Senior Vice President, Chief General Manager, Strategy Development Division, and Chief General Manager, Subaru Cost Planning & Management Division
Jun. 2003	Corporate Vice President, Chief General Manager, Subaru Manufacturing Division and Chief General Manager, Gunma Plant	Jun. 2008	Director of the Board, Corporate Executive Vice President, and Chief General Manager, Strategy Development Division
May 2004	Corporate Vice President, Chief General Manager, Subaru Cost Planning & Management Division, and General Manager, Cost Planning Department	Apr. 2009	Director of the Board and Corporate Executive Vice President
Jun. 2004	Corporate Senior Vice President, Chief General Manager, Subaru Cost Planning & Management Division	Jun. 2010	Outside Director, Gunma Television Co., Ltd.
Jun. 2006	Corporate Senior Vice President, Chief General Manager, Subaru Cost Planning & Management Division and Senior General Manager, Subaru Purchasing Division	Jun. 2011	Representative Director of the Board and Deputy President, SUBARU CORPORATION
		Jun. 2016	Director of the Bank (current position)
		Jun. 2017	Director of the Board and Chairman, SUBARU CORPORATION
		Apr. 2021	Director, National University Corporation Gunma University (current position)



### Kuniko Nishikawa

#### Outside Director

Apr. 1986	Joined Citibank, N.A.	May 2017	President and Representative Director, FRONTEO Healthcare, Inc.
Feb. 1996	Joined A.T. Kearney	Jun. 2018	Outside Auditor, AIG Japan Holdings KK
Sep. 2000	President and Representative Director, Supernurse Co., Ltd.	Jun. 2020	Director of the Bank (current position)
Aug. 2010	President and Representative Director, FIRSTSTAR Healthcare Inc. (current position)	Jun. 2020	Outside Director, Solasto Corporation
Apr. 2013	Outside Director, Regional Economy Vitalization Corporation of Japan	Jun. 2020	Outside Director, AIG Japan Holdings KK
Jun. 2013	President and Representative Director, Benesse MCM Corp. (Current trade name: Benesse Careeros Co., Ltd.)	Apr. 2022	Outside Director, Panasonic Corporation
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. (Former trade name: 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 KPMG AZSA LLC (Former trade name: Asahi Accounting Firm)	Jul. 2011	Head of No. 4 Division, Tokyo Office, KPMG AZSA LLC
Mar. 1984	Registered as certified public accountant	Jul. 2015	Senior Executive Board member, KPMG AZSA LLC, Head of Audit & Assurance, KPMG Japan
Aug. 1996	Partner, KPMG AZSA LLC	Apr. 2016	Head of Audit & Assurance, KPMG Asia Pacific
Aug. 2001	Representative Partner, KPMG AZSA LLC	Jun. 2019	Vice CEO, KPMG AZSA LLC
Jun. 2008	Headquarters Executive Board member, KPMG AZSA LLC	Jun. 2024	Outside Director, Eisai Co., Ltd. (current position)
Sep. 2009	Chairperson of the Senior Consultation Board, KPMG AZSA LLC	Jun. 2024	Director of the Bank (current position)



## Executives

### Audit & Supervisory Board Members



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



#### Kimitoshi Mashimo

#### Standing Audit & Supervisory Board Member

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



#### 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	Nov. 2018	Chairman, Gunma Prefectural Pollution Review Board
Apr. 2008	Executive Governor, Japan Federation of Bar Association	Jun. 2020	Audit & Supervisory Board Member of the Bank (current position)
Apr. 2008	Managing Director, Kanto Federation of Bar Association		



#### Hiroshi Kasahara

#### Outside Audit & Supervisory Board Member

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



#### Sumiko Suzuki

#### Outside Audit & Supervisory Board Member

Apr. 2001	Joined Misuzu Audit Corporation (Former trade name: Chuo Aoyama 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 Officer

Managing Executive Officer	Area General Manager (Kumagaya, Omiya, Keihin and Osaka)	Satomi Nagaoka
Managing Executive Officer	Area General Manager (Ota, Kiryu, Tatebayashi and Tochigi)	Takashi Ishizeki
Managing Executive Officer	Area General Manager (Maebashi, Isesaki and Hokumou)	Yuki Yokota
Managing Executive Officer	Area General Manager (Takasaki and Seimou)	Shiro Maki
Executive Officer	General Manager, Takasaki Branch and Toyooka Branch	Naofumi Takahashi
Executive Officer	General Manager, Financial Markets & International Department	Toru Sasaki
Executive Officer	General Manager, Risk Management Department	Masayoshi Watanabe
Executive Officer	General Manager, Inspection & Audit Department	Junya Kosaka
Executive Officer	General Manager, Head Office Sales Department and General Manager, Soja Branch	Yuichi Sumidagawa
Executive Officer	General Manager, Corporate Planning Department	Shizuo Otani
Executive Officer	General Manager, Group Business Strategy Department	Masashi Amada
Executive Officer	General Manager, Business Management Office, Corporate Planning Department	Kazunori Nishimura
Executive Officer	General Manager, Credit Department	Ryoji Ichinoseki
Executive Officer	General Manager, HR Management Department	Hideko Tatsukawa

## 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	Deputy 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 Audit & Supervisory Board Members.

# 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

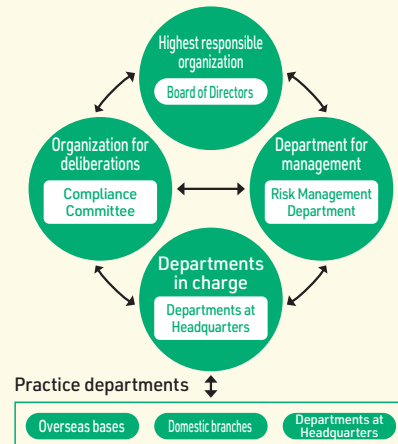
#### Corporate Ethics

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

### Compliance system



## Themes of training sessions for each department and branch (FY2024)

April:	The FY2024 Compliance Action Plan
May:	Response to customer harassment
July:	Corporate Ethics and Action Guidelines
December:	Strict handling of customer information
February:	Prevention of misconduct incidents

## 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.

### <FY2025 Compliance Action Plan bank-wide common themes>

- ① Strict observance of laws and regulations, internal rules, etc.
- ② Eradication of harassment
- ③ Customer-oriented sales activities
- ④ 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 appropriately. 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	
		Customer Relations Center, Japanese Bankers Association (JBA)	Trust Consultation Center, Trust Companies Association of 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 hours	9:00 to 17:00	9:00 to 17:00	9:00 to 17:15
Reception days	Monday to Friday (excluding public holidays and Dec 31 to Jan 3)		

We have also announced that we would conduct foreign exchange operations adequately in compliance with the FX Global Code, 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 customer 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, and assigns personnel responsible for managing and supervising customer information, including personal information throughout the Bank, thereby 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 antisocial forces is banned, and transactions already made are reduced and eventually stopped when such transactions are discovered. In addition, we have introduced stipulations to exclude anti-social forces in contracts.

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

## Other measures

As a measure to prevent bribery and corruption, we have established our Guidelines for Gifts and Entertainment, which aims to eliminate acts that may lead to suspicion, distrust, misunderstanding, and criticism from society, maintain sincere, fair, and transparent relationships with our customers, and gain a high level of trust and confidence from society. We are also working to enhance our system for preventing the occurrence of bribery and corruption cases by, among others, providing training for executives and employees and operating a consultation desk in the Risk Management Department, which handles matters related to gift-giving and entertainment.



# 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 the 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

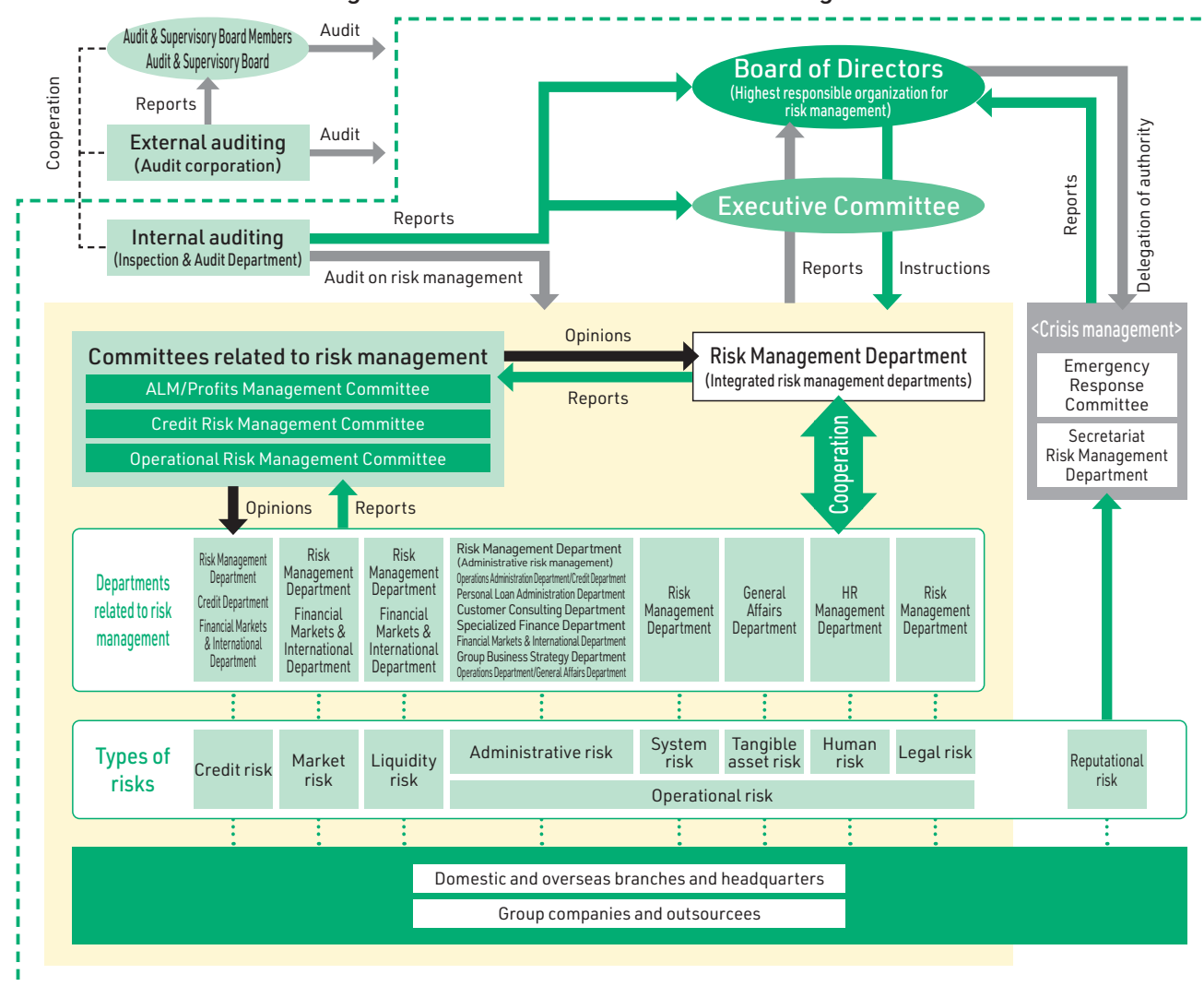
The Board of Directors fully recognizes the importance of risk management, determines the risk management policy based on the Bank's management policy, etc., and strives to foster a corporate culture that places emphasis on risk management.

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.

### <Organizational framework of risk management>



## 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 the 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.

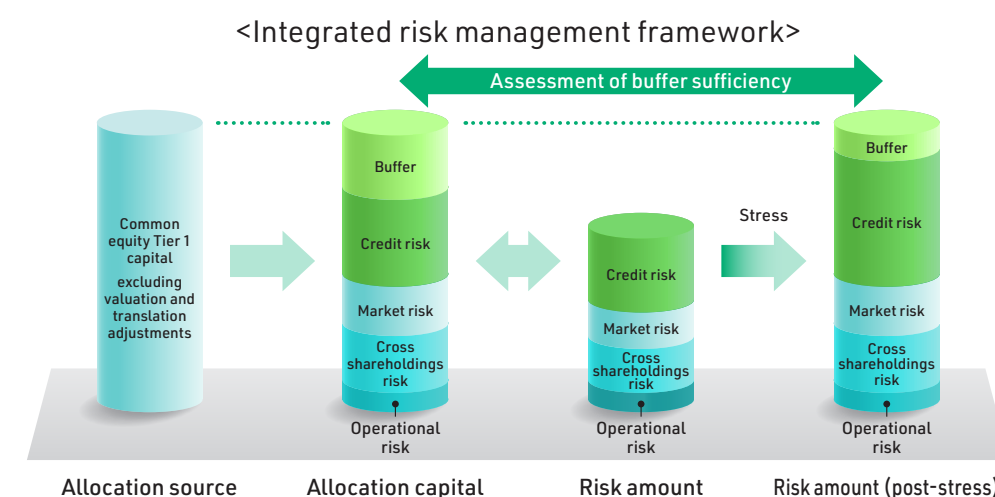
### (2) Integrated risk management

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.



## Management by risk category

### Credit risk management

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

At the Bank, loan assets account for the majority of credit risk, and ensuring the soundness of loan assets 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, self-assessment of assets, and write-off and reserve systems, 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 Financial Markets & International 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 ALM/Profits Management Committee and the Executive Committee. The Financial Markets & International 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 investing 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 a significantly unfavorable price.

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

Operational risk management

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

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

Crisis management

Based on our social responsibility and public mission as a regional financial institution, the Bank has developed a system that can respond to emergencies quickly and appropriately in the event of a major natural disaster, system failure, novel coronavirus pandemic, etc. and convey relevant information to everyone within the organization. Specifically, in order to ensure the safety of our customers, executives and employees, and to perform operations smoothly, we have a crisis management plan (business continuity plan (BCP)). We conduct regular training to ensure its effectiveness and periodically review its contents.

We have also established a system to convene an emergency response committee chaired by the President in the event of a crisis. In particular, for major earthquake disasters, we have developed measures such as backup offices and backup systems based on the expected impact. Furthermore, since FY2024, we have been implementing initiatives to secure operational resilience (the ability to continue essential operations at least at the minimum level that should be maintained in the event of system failures, cyber-attacks, natural disasters, etc.).

Cyber security management

In order to cope with cyber-attacks that have become more advanced and more sophisticated year by year, we are implementing multi-layered measures to prevent unauthorized entry into the system and to detect viruses. We are also working to ensure the effectiveness of these measures by, for example, introducing new security measures and conducting a periodic penetration test. In addition, to enhance all executives' and employees' understanding of cyber security, we are regularly providing training on how to identify suspicious emails while

also continuously implementing an awareness raising campaign to ensure that they properly handle emails from unknown sources. 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 Criminal 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 Crime 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" ☎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. We have formulated our Mid-Term Business Plan "Growth with 'Purpose'" by comparing and analyzing risk and return across different business sectors using RORA (Return on Risk-Weighted Assets) and then determining the sectors in which we take more risks to enhance profitability.

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.



# Customer-Oriented Business Conduct

## Customer-Oriented Business Conduct Policy

With the Customer-Oriented Business Conduct Principles revised in September 2024, we reviewed and revised the Customer-Oriented Business Conduct Policy and Action Plan based on Customer-Oriented Business Conduct Policy, which were jointly established by the Gunma Bank and Gungin Securities in June 2017, in June 2025. The Policy and the Action Plan, along with progress and KPIs (both shared and independent KPIs), are published on the Bank's website.

### Initiative Policy

#### 1. Preface

We at the Gunma Bank and Gungin Securities (hereafter the Gunma Bank Group) are committed in our corporate philosophy to always taking actions that will foster the development of regional communities and strengthening a creative relationship with our customers, while we are also committed to our Purpose, "By connecting the strands of resources, people, and generations, we weave better futures for our communities." With the corporate philosophy and the Purpose in mind, and based on the following policy, we will provide products and services most suitable for customers (social value) and make reasonable profits (economic value) from doing so, and will thereby strive to improve sustainable financial services.

#### 2. 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.

#### 3. Selection of Useful Products and Services for Customers

- (1) 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.
- (2) We mutually share information with product and service provider companies, depending on the complexity of products as well as properties of products such as risk. In addition, based on the shared information, we analyze, among others, whether the assumed customer attributes match the attributes of the customers who have purchased products and improve products and services as needed.

#### 4. 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.

#### 5. 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.

#### 6. 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.

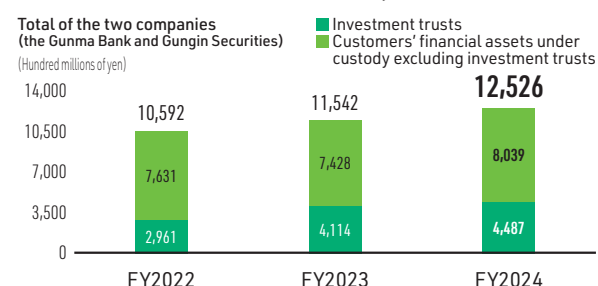
#### 7. Human Resource Development and Evaluation

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.

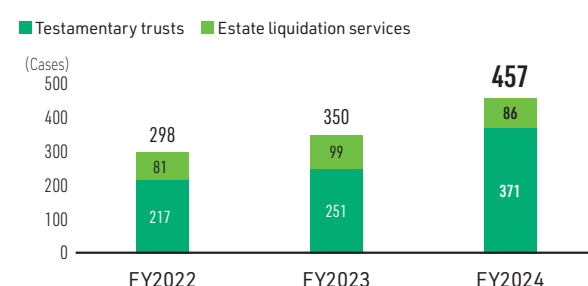
## Status of initiatives

The Gunma Bank Group as a whole achieved an improvement year on year in various performance indicators such as the balance of customers' financial assets under custody and the number of contracts for inheritance-related services.

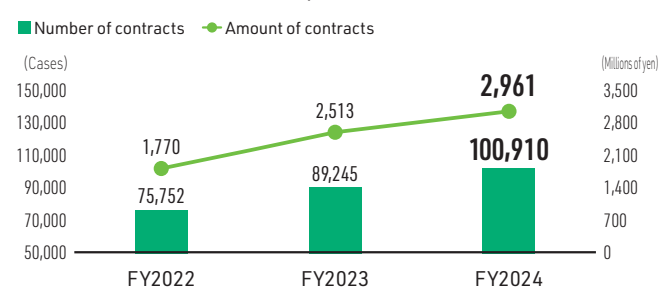
[The balance of customers' financial assets under custody and the balance of investment trusts]



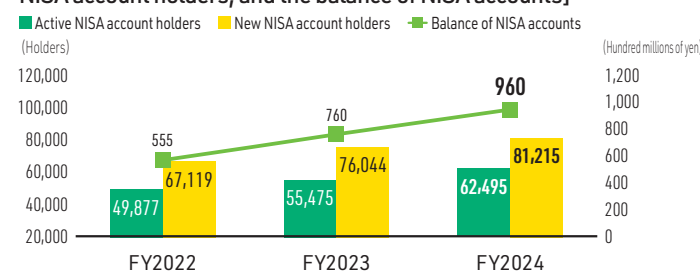
[Number of contracts for inheritance-related services]



[Number and amount of contracts for periodic investments in investment trusts]



[The number of new NISA account holders, the number of active NISA account holders, and the balance of NISA accounts]



# Social Contribution Activities

## The GUNGIN Foundation's 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 FY2024, the foundation donated 5 million yen to Gunma Prefecture to support care leavers, while also contributing 300 eco-bags to the 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 FY2017, we have been conducting collaborative seminars with Gunma University. In FY2024, we dispatched an instructor three times 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 handle donations made through the donation course of the Bank's shareholder benefit program to Gunma Prefecture World Heritage/Gunma Silk Inheritance Succession Fund for the protection of the World Cultural Heritage site of the Tomioka Silk Mill and related sites.

### Total amount donated by the Gunma Bank Group to Gunma Prefecture World Heritage/Gunma Silk Inheritance Succession Fund

..... 10,668,544 yen\*

\*Breakdown: Donations made through the donation course of the Bank's shareholder benefit program: 336,500 yen  
Donations made from part of the trust fee received from the investment trust, the Silk Inheritance of Gunma: 10,332,044 yen  
(The investment trust will be redeemed early on June 24, 2025.)

## Biodiversity initiatives

### Maintenance activities for Gungin Forest

In 2011, as part of our environmental conservation activities, we named the forest designated by the Prefectural Forest Maintenance Partner Project Implementation Agreement signed with Gunma Prefecture, the Gungin Forest, and have been working on its maintenance and conservation activities.

### Donations to Oze Preservation Foundation

We handle an investment trust, the Oze Kiko, in which part of the trust fees received by the Gunma Bank and the management company is donated 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

..... 20,417,520 yen

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

We admit local elementary and junior high school students to 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 learn 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 the 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, 2025)

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:	2,797 (excluding temporary employees)
Number of bases:	160 branches in Japan (111 in Gunma, 49 outside Gunma) Overseas: one branch in New York; Three offices (Shanghai, Bangkok, and Ho Chi Minh)
Subsidiaries:	Eight companies in Japan
Affiliates:	One company in Japan
Total assets:	10,504.6 billion yen
Deposits	8,462.9 billion yen
Loans and bills discounted	6,845.1 billion yen
Net assets	496.1 billion yen
Total capital adequacy ratio (uniform international standards)	Consolidated: 13.12% Non-consolidated: 12.39%
Ratings:	JCR AA R&I A+ Moody's A3 S&P A-

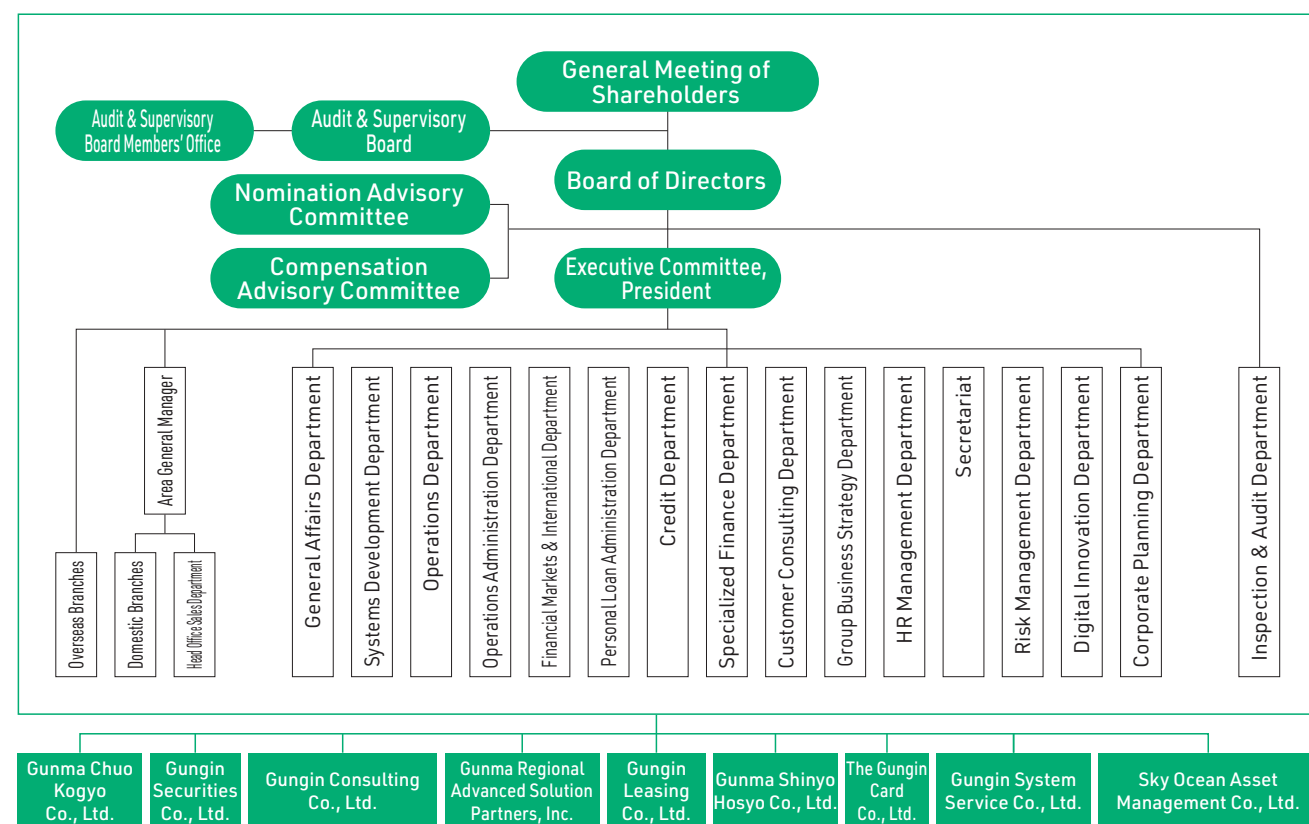


Note: The number of employees in the consolidated companies is 2,927 (2,705 for the Gunma Bank and 222 for its subsidiaries). Employees of the Gunma Bank include locally hired overseas employees and secondees to the Bank and exclude secondees from the Bank, etc., indicating the number of employees based on the establishment employment.

See P.57 Subsidiaries and affiliates

## Organization chart

(as of June 30, 2025)



1 Message from Management

2 The Gunma Bank

3 The Gunma Bank Group's Value Creation Story

4 Management Base That Supports Sustainable Growth

## 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, and 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 an issuing and paying agent		Services as a trustee of bonds under the Secured Bond Trust Act, in addition to the offering of public bonds (entrusted), and conducting agency services for issuances and payments
Trust business		Testamentary substitute trust, land trust, real estate management trust, specific charitable trust, and charitable public trust. Also, we handle inheritance-related services (testamentary trust and estate liquidation 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 Organization for Workers' Retirement Allowance Mutual Aid, etc. ④ Agency services for receipt of paid-in advances 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, etc. ⑥ Trust agent services for pension trusts ⑦ Non-life insurance agency service ⑧ Life insurance agency service
	(2) Safe deposit box (3) Lending 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

## General meeting of shareholders

For the general meeting of shareholders held in June, we send a convocation notice at an early stage and, prior to the dispatch, post the notice on the websites of the stock exchanges and the Gunma Bank. We also strive 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.

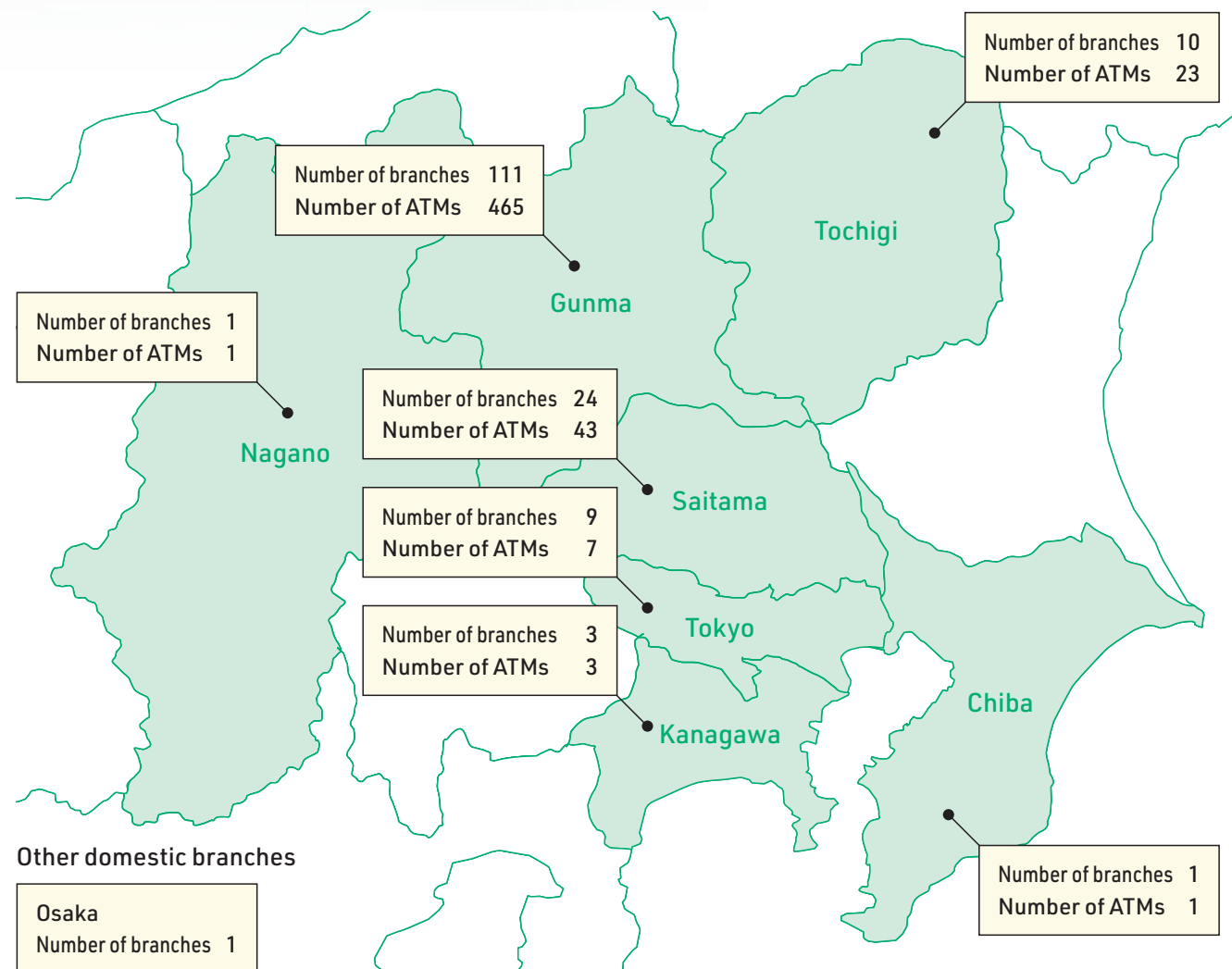
	2022	2023	2024	2025
Date	Jun. 24 (Fri.)	Jun. 27 (Tue.)	Jun. 20 (Thu.)	Jun. 20 (Fri.)
Number of shareholders in attendance	52*	98	89	107
Voting rights exercise ratio	83.9%	82.2%	82.4%	82.2%
Dispatch date of notice	Jun. 2 (Thu.)	Jun. 5 (Mon.)	May 30 (Thu.)	May 30 (Fri.)
Posting date of notice on website	May 27 (Fri.)	May 29 (Mon.)	May 22 (Wed.)	May 21 (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.



# Branch and ATM Network (as of June 30, 2025)

## Domestic branches



Total number of branches **160**      Number of ATMs **543**

		In Gunma Pref.	Outside of Gunma Pref.	Total
Sales branches	Branches	89	47	136
	Sub-branches	22	2	24
	<b>Total</b>	<b>111</b>	<b>49</b>	<b>160</b>
ATMs	Inside branches	257	57	314
	Outside branches	208	21	229
	<b>Total</b>	<b>465</b>	<b>78</b>	<b>543</b>

\*In addition to the above, the Bank has 10 outlets of loan stations (one in Gunma Pref. and nine outside of Gunma Pref.) and one moving outlet car.  
 \*Branches in Gunma Pref. 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.  
 \*Branches outside of Gunma Pref. include Individual Consulting Plaza Fukaya.

## Other financial institutions' ATMs that Gunma Bank account holders can use

■ **Partner financial institutions' ATMs**  
 (ATMs of the financial institutions that are Multi Integrated Cash Service members  
 Regional banks, city banks, secondary regional banks, shinkin banks, credit unions, labor banks, Agricultural Cooperatives and Credit Federations of Fishery Cooperatives, and trust banks

■ **ATMs of JAPAN POST BANK and AEON Bank**

■ **ATMs of convenience store chains**  
 ATMs of Seven Bank, ATMs of Lawson Bank, and ATMs of E-net

\*Gunma Bank account holders may not be able to use the above ATMs, depending on the ATM opening hours of each financial institution or transaction type. Each of the ATM counters has different opening days and hours.

For details about the location and opening hours of our branches and ATMs, please see the Gunma Bank's website.

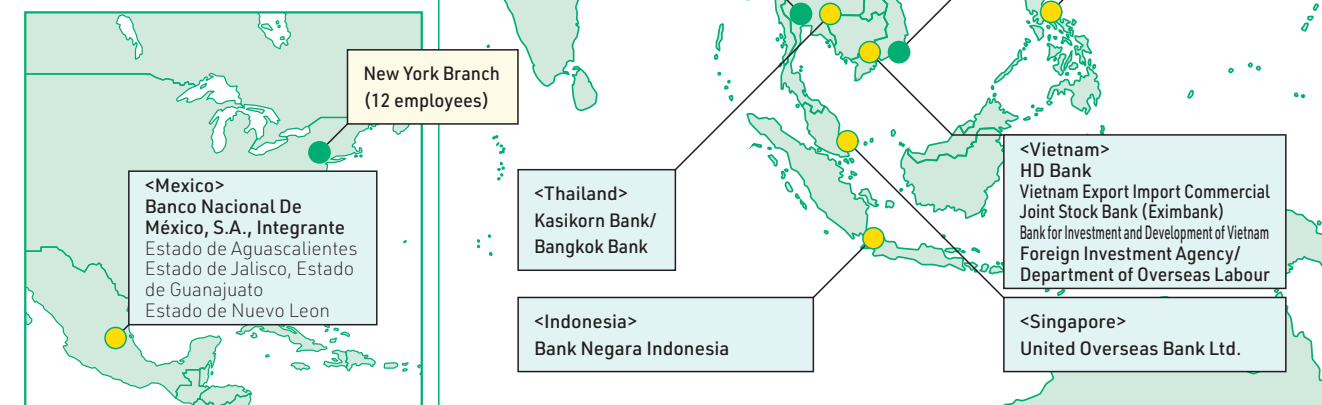


(<http://sasp.mapion.co.jp/b/gunmabank/>)

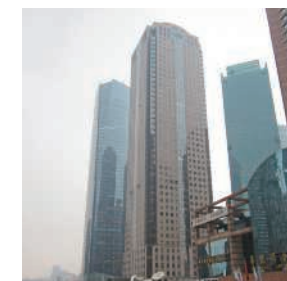
## Overseas bases and business alliance partners

(as of June 30, 2025)

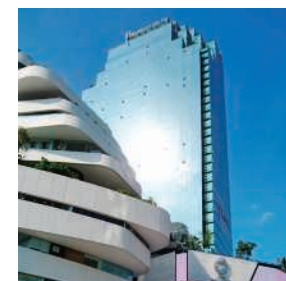
● Overseas bases  
● Business partners



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## 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.

## Coverage of reporting

Period: FY2024 (April 2024 to March 2025)  
Also includes some information for April 2025 and later.

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

This integrated report acts as a main part of the disclosure magazine (explanatory documents pertinent to business and financial status) prepared pursuant to the Banking Act Article 21. When using this integrated report as a disclosure magazine, please refer, at the same time, to The Gunma Bank Report 2025 (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.





Gunma Bank

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