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.

Sustainability Policy ▶ P.64

Process for identifying material issues

❶ Selection of issues
- Selected multiple issues by considering the Group's internal and external environment, employees' opinions, local issues facing the Gunma Prefecture, and various sustainability guidelines (such as the Sustainability Accounting Standards Board (SASB) guidance).

❷ Prioritization
- Prioritized the selected issues in view of the "degree of materiality for society" as well as the "degree of materiality for the Gunma Bank."

❸ Identification of material issues
- Identified six material issues toward the realization of the Purpose, after discussion at the Sustainability Committee and deliberation by the Board of Directors for finalization.

Materiality	Risks and opportunities	Major initiatives under the Mid-Term Business Plan	Sustainability indicators: Item	FY2027 target (final fiscal year of the Mid-Term Business Plan)	Long-term target	FY2025 results (first fiscal year of the Mid-Term Business Plan)	Progress during the Mid-Term Business Plan
Sustainable development of regional economy	Opportunity ● Greater, expanded opportunity to provide solutions for customers, who face management issues that become more diversified and more advanced Risk ● 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	● Restructuring the sales structure based on segment strategy, with the aim of delivering optimized value ● Deepening goal-based, needs-based sales activities built on the "connecting process" ● Strengthening sales capabilities that contribute to solving local issues, such as business succession, decarbonization, human resource shortages, and digital transformation ● Revitalizing local industries and strengthening collaborations with start-ups ● Cooperating with alliance partners such as local governments and universities to solve local issues and others	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	104.7 [an increase of 4.7% from FY2024]	58.7%
Response to digital transformation	Opportunity ● Greater opportunity to provide consulting to meet new needs arising from the advances of digitalization ● Greater opportunity to contact new customers through non-face-to-face channels and higher productivity due to improved operational efficiencies Risk ● 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	● Establishing regional ecosystems built on the combination of cashless transactions and information ● Strengthening customer touch points and collaborating across channels by leveraging digital technology ● Efforts to centralize internal bank operations and reduce administrative operations ● Strengthening digital marketing ● Enhancing the use of AI and others					
Response to decreasing birthrates and a declining, aging population	Opportunity ● Greater opportunity to provide new financial products and services that meet the needs of the era of the 100-year life Risk ● A decrease in the customer base due to decreasing birthrates and a declining, aging population ● 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	● Restructuring the consulting structure for individuals and strengthening the collaboration with Gungin Securities ● Strengthening proposal capabilities targeted at high-net-worth individuals and strengthening inheritance-related services ● Expanding the base of investors and enhancing recurring revenue in line with the government policy to promote economic growth driven by asset management ● Increasing transactions with the asset building generation, starting with promoting housing loans ● Implementing more advanced marketing for mass-market customers aimed at increasing deposits and loan transactions and others	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	103.6 [an increase of 3.6% from FY2024]	45.0%
Preservation and creation of the global environment	Opportunity ● Greater opportunity to provide new financial products and services to support decarbonization and biodiversity efforts Risk ● A slowdown or deteriorated performance of customers' businesses as a result of the occurrence of natural disasters and the strengthening of various regulations ● Damage to the Gunma Bank's reputation in the event it is determined we have not provided adequate disclosure	● Proposing financing products and solutions with sustainable finance at their core ● Enhancing the range of decarbonization-related solutions and financing products ● Addressing new issues such as natural capital and biodiversity ● Supporting environmental conservation activities through the GUNGIN Foundation and others	The Bank's greenhouse gas emissions	Net zero (by FY2030)		$3{,}212t\text{-}CO_2$ [-71.3% from FY2013]	—
			The rate of year-on-year reduction in customers' greenhouse gas emissions	Sustained reduction		-1.5%	—
Enhancement of human capital	Opportunity ● Employment of human resources, cultivation of corporate culture, and maximization of human capital by promoting the empowerment of diverse human resources ● Creation of new value by enhancing human capital Risk ● A decline in employees' motivation and talent drain as a result of failing to respond to diverse values and flexible work styles	● Building human capital portfolio in ways aligned with management strategy ● Implementing recruitment, talent development, and career development support based on a job based human resource system ● Promoting diversity, equity, and inclusion ● Efforts to improve the well-being of executives and employees and others	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		102.8	—
Establishment of robust governance	Opportunity ● Diversification and strengthening of the revenue base through the acceleration of the decision making process, the improvement of organizational efficiency, and other efforts ● Improvement of the level of customer satisfaction through the improvement of transparency and credibility Risk ● Loss of the Bank's social credibility and deterioration of the Bank's performance due to a failure in governance ● A delay in decision making and decreased capital efficiency	● Building organizations and strengthening group governance in ways aligned with management strategy ● Strengthening cyber security ● Efforts to secure operational resilience ● Advancing business conduct putting compliance first ● Enhancing communication with stakeholders and others	—				