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(Securities Code: 8334)
June 3, 2019

To Stockholders with Voting Rights:

Kazuo Saito
President
The Gunma Bank, Ltd.
194 Motosojamachi, Maebashi,
Gunma, Japan

**NOTICE OF CONVOCATION OF
THE 134TH ANNUAL GENERAL MEETING OF STOCKHOLDERS**

You are cordially invited to attend the 134th Annual General Meeting of Stockholders of The Gunma Bank, Ltd. (the “Bank”). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights by either one of the following two methods. Please review the Reference Documents for the General Meeting of Stockholders (described hereinafter) and exercise your voting rights by 5:00 p.m. on Monday, June 24, 2019 Japan time.

[Exercise of Voting Rights in Writing]

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it so that it is received by the time stated above.

[Exercise of Voting Rights via the Internet, etc.]

Please access the Bank’s designated voting website (<https://www.e-sokai.jp>) using the “Voting Rights Exercise Code” and “Password” enclosed with the Voting Rights Exercise Form, follow the instructions on the voting website, and indicate your vote for or against the proposals by the time stated above.

- 1. Date and Time:** Tuesday, June 25, 2019 at 10:00 a.m. Japan time
- 2. Place:** 3F, Main Conference Room, Head Office of the Bank,
194 Motosojamachi, Maebashi, Gunma, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. The Business Report and Non-consolidated Financial Statements for the Bank's 134th Fiscal Year (from April 1, 2018 to March 31, 2019)
 2. Consolidated Financial Statements for the Bank's 134th Fiscal Year (from April 1, 2018 to March 31, 2019) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Nine (9) Directors
- Proposal No. 3:** Decision on Remuneration regarding Restricted Stock and Performance-linked Stock Remuneration Plans for Directors

4. Exercise of Voting Rights and Other Notices:

- (1) If you vote both in writing on the Voting Rights Exercise Form and via the Bank's designated voting website on the Internet, etc., only your vote placed via the Internet, etc. will be valid. In addition, if you submit your vote multiple times via the Internet, etc., only the last vote will be valid.
- (2) Of the documents needed to be provided along with this notice of convocation, items in 1) to 3) below are, in accordance with laws and regulations as well as Article 16 of the Articles of Incorporation of the Bank, posted on the Bank's website (<https://www.gunmabank.co.jp/ir/>) and are therefore not included in the documents attached to this notice of convocation.
 - 1) Matters regarding stock acquisition rights, etc., of the Bank in the Business Report
 - 2) Non-Consolidated Statements of Changes in Net Assets and Notes to Non-consolidated Financial Statements in the Non-consolidated Financial Statements
 - 3) Consolidated Statements of Changes in Net Assets and Notes to Consolidated Financial Statements in the Consolidated Financial StatementsThe Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements audited by the Audit & Supervisory Board Members include the Business Report, Non-consolidated Financial Statements, and Consolidated Financial Statements attached to this notice of convocation, in addition to the items in 1) to 3) above. The Non-consolidated Financial Statements and Consolidated Financial Statements audited by the Accounting Auditor include the Non-consolidated Financial Statements and Consolidated Financial Statements attached to this notice of convocation, in addition to the items in 2) and 3) above.
- (3) Please note that any updates to the Reference Documents for the General Meeting of Stockholders, the Business Report, the Non-consolidated Financial Statements and Consolidated Financial Statements will be posted on the Bank's website (<https://www.gunmabank.co.jp/ir/>).

End

- ◎ When attending the meeting, please submit the enclosed "Voting Rights Exercise Form" at the reception desk. In the case of attendance by proxy, please appoint a stockholder holding voting rights of the Bank as a proxy. You can appoint only one stockholder as your proxy.
- ◎ Semiformal dress code (Cool Biz) will be implemented on the day of the meeting. We appreciate your understanding.

Reference Documents for the General Meeting of Stockholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

Concerning return of profits to shareholders, under the basic policy of a stable payment of dividends with the effort for improvement of financial standing, the Bank implements return of profits to shareholders linked with its business results. Additionally, the rate of return to shareholders, the total of dividends and acquisition of treasury stock, will have a target of 40% versus non-consolidated net income for the meantime.

In regards to the appropriation of surplus for the fiscal year, the Bank considers the profitability conditions of the fiscal year and internal reserves. Furthermore, the rate of return to shareholders during the fiscal year, the total of annual dividends and acquisition of treasury stock, will have a target of 41.9% versus non-consolidated net income.

1. Matters concerning year-end dividends
 - (1) Type of dividend property
Cash
 - (2) Matters concerning the allotment of dividend property to stockholders and the total amount
7.00 yen per stock of common stock, for a total of 2,987,759,376 yen
(Furthermore, as 6.00 yen per stock was paid as an interim dividend, annual dividends will be 13.00 yen per stock.)
 - (3) Effective date of distribution of surplus
June 26, 2019
2. Matters concerning appropriation of other retained earnings
 - (1) Item and the amount of surplus to be increased
General reserve 15,000,000,000 yen
 - (2) Item and the amount of surplus to be decreased
Retained earnings brought forward 15,000,000,000 yen

Proposal No. 2: Election of Nine (9) Directors

The terms of office of all nine (9) Directors will expire at the conclusion of this Annual General Meeting of Stockholders. Accordingly, the election of nine (9) Directors is proposed.

The candidates are as follows:

Candidates for Director

No.	Name	Current position at the Bank	Attendance at Board of Directors meetings
1	<input type="checkbox"/> Reelection Kazuo Saito	President	14/14 (100%)
2	<input type="checkbox"/> Reelection Akihiko Fukai	Senior Managing Director	14/14 (100%)
3	<input type="checkbox"/> Reelection Nobuyuki Horie	Senior Managing Director	14/14 (100%)
4	<input type="checkbox"/> Reelection Satoshi Hanasaki	Managing Director	11/11 (100%)
5	<input type="checkbox"/> New candidate Yukio Yuasa	Managing Executive Officer	-
6	<input type="checkbox"/> New candidate Satoshi Inoue	Managing Executive Officer	-
7	<input type="checkbox"/> New candidate Hiroyuki Irisawa	Managing Executive Officer	-
8	<input type="checkbox"/> Reelection Eiji Muto <input type="checkbox"/> Candidate for Outside Director	Outside Director	14/14 (100%)
9	<input type="checkbox"/> Reelection Jun Kondo <input type="checkbox"/> Candidate for Outside Director	Outside Director	14/14 (100%)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
1	Kazuo Saito (January 12, 1949) <u>Reelection</u>	April 1972 Joined the Bank June 1995 General Manager, Otanishi Branch April 1998 Senior Deputy General Manager, Corporate Planning Department June 2001 General Manager, Secretariat June 2003 General Manager, Tokyo Branch June 2004 Executive Officer and General Manager, Credit Department June 2005 Director, Executive Officer and General Manager, Credit Department June 2006 Managing Director and General Manager, Credit Department July 2006 Managing Director, General Manager, Credit Department and in charge of Secretariat June 2007 Managing Director and in charge of Risk Management Department and Secretariat June 2009 Senior Managing Director and in charge of Corporate Planning Department, Personnel Department and Secretariat June 2011 President and in charge of General Operations and Inspection & Audit Department June 2015 President and in charge of General Operations (current position)	40,484 shares
<p>[Reasons for selection as a candidate for Director] Aside from the credit division and corporate planning division, Mr. Kazuo Saito has a wealth of operational experience through involvement in the personnel and secretariat divisions, etc., and is well-versed in the operations of the Bank. Additionally, he has served as Director from June 2005 and as President from June 2011, and is appropriately fulfilling these duties and responsibilities. To utilize this experience and knowledge as Director, the Bank has judged that he is a person that can continue to contribute to the management of the Bank, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
2	Akihiko Fukai (November 3, 1960) <u>Reelection</u>	<p>April 1984 Joined the Bank</p> <p>June 2003 General Manager, Osaka Branch</p> <p>June 2005 General Manager, Kiryu Branch</p> <p>June 2007 General Manager, Ota Branch</p> <p>June 2009 General Manager, Risk Management Department</p> <p>June 2011 General Manager, Corporate Planning Department</p> <p>June 2013 Director and General Manager, Corporate Planning Department</p> <p>June 2014 Managing Director and General Manager, Business Planning & Administration Department</p> <p>June 2015 Managing Director and in charge of Corporate Planning Department, Systems Development Department and Tokyo Liaison Office</p> <p>June 2016 Managing Director and in charge of Corporate Planning Department, Systems Development Department, Tokyo Liaison Office and Secretariat</p> <p>June 2017 Senior Managing Director and in charge of Corporate Planning Department, Systems Development Department, Tokyo Liaison Office and Secretariat</p> <p>October 2017 Senior Managing Director and in charge of Corporate Planning Department, Systems Development Department and Secretariat</p> <p>June 2018 Senior Managing Director and in charge of Corporate Planning Department, Personnel Department and Secretariat (current position)</p>	12,058 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Aside from the corporate planning division and system division, Mr. Akihiko Fukai has a wealth of operational experience through involvement in the sales division, risk management division and personnel and secretariat division etc., and is well-versed in the operations of the Bank. Additionally, he has served as Director from June 2013, and is appropriately fulfilling these duties and responsibilities. To utilize this experience and knowledge as Director, the Bank has judged that he is a person that can continue to contribute to the management of the Bank, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
3	Nobuyuki Horie (January 10, 1956) <u>Reelection</u>	<p>April 1978 Joined the Bank</p> <p>February 2000 General Manager, Fukayakamishiba Branch</p> <p>March 2002 Deputy General Manager, Personnel Department</p> <p>June 2004 Senior Deputy General Manager, Personnel Department</p> <p>June 2005 General Manager, Kumagaya Branch</p> <p>June 2007 General Manager, Corporate Banking Department</p> <p>June 2009 Executive Officer and General Manager, Utsunomiya Branch</p> <p>June 2011 Executive Officer and General Manager, Personnel Department</p> <p>June 2012 Director, Executive Officer and General Manager, Personnel Department</p> <p>June 2013 Director and General Manager, Personnel Department</p> <p>June 2014 Managing Director and General Manager, Compliance Department</p> <p>June 2015 Managing Director and in charge of Risk Management Department, Compliance Department and General Affairs Department</p> <p>June 2016 Managing Director and in charge of Personnel Department and Risk Management Department</p> <p>June 2017 Senior Managing Director and in charge of Business Planning & Administration Department, Personal Loan Department and Customer Consulting Department</p> <p>October 2017 Senior Managing Director and in charge of Business Planning & Administration Department, Personal Loan Department, Customer Consulting Department and Asset Management Support Department(current position)</p>	14,335 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Aside from the personnel division, Mr. Nobuyuki Horie has a wealth of operational experience through involvement in the sales division and compliance division, etc., and is well-versed in the operations of the Bank. Additionally, he has served as Director from June 2012, and is appropriately fulfilling these duties and responsibilities. To utilize this experience and knowledge as Director, the Bank has judged that he is a person that can continue to contribute to the management of the Bank, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
4	Satoshi Hanasaki (September 21, 1958) <u>Reelection</u>	April 1981 Joined the Bank October 2001 General Manager, Honjominami Branch October 2003 Deputy General Manager, Business Planning & Administration Department February 2006 General Manager, Kasukabe Branch June 2008 General Manager, Fukaya Branch June 2010 General Manager, Corporate Banking Department June 2011 General Manager, Omiya Branch June 2013 Executive Officer and General Manager, Omiya Branch July 2013 Executive Officer and General Manager, Ota Branch June 2016 Executive Officer and General Manager, Tokyo Branch June 2017 Managing Executive Officer and General Manager, Tokyo Branch June 2018 Managing Director and in charge of Treasury & Securities Department and International Department (current position) October 2018 President, Gunma Finance (Hong Kong) Limited (current position)	40,808 shares
<p>[Reasons for selection as a candidate for Director] Mr. Satoshi Hanasaki served as the person responsible for the Keihin Block as Managing Executive Officer and General Manager, Tokyo Branch, has served as the person responsible for the Ota Block and Omiya Block, etc., and has a strong sense for branch operations and is well-versed in the operations of the Bank. Additionally, he has served as Director from June 2018, and is appropriately fulfilling these duties and responsibilities. To utilize this experience and knowledge as Director, the Bank has judged that he is a person that can continue to contribute to the management of the Bank, and has selected him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
5	Yukio Yuasa (August 9, 1959) <u>New candidate</u>	<p>April 1983 Joined the Bank</p> <p>October 2002 General Manager, Fukiage Branch</p> <p>August 2005 Deputy General Manager, Personnel Department</p> <p>July 2006 Deputy General Manager, Business Planning & Administration Department</p> <p>June 2008 Senior Deputy General Manager, Business Planning & Administration Department and General Manager, Business Strategy Office</p> <p>June 2009 General Manager, Omiya Branch</p> <p>June 2011 General Manager, Personal Financial Products Department</p> <p>October 2012 General Manager, Personal Banking Department</p> <p>June 2014 Executive Officer and General Manager, Personnel Department</p> <p>June 2016 Dispatched, treated as Executive Officer President and Representative Director, Gungin Securities Co., Ltd.</p> <p>June 2017 Dispatched, treated as Managing Executive Officer President and Representative Director, Gungin Securities Co., Ltd. (current position)</p>	12,000 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Yukio Yuasa serves as President and Representative Director of our group company Gungin Securities Co., Ltd., and has a wealth of operational experience through involvement in the personnel division and sales division, etc., and is well-versed in the operations of the Bank. To utilize this experience and knowledge as Director, the Bank has judged that he is a person that can contribute to the management of the Bank, and has selected him as a new candidate for Director.</p>			
6	Satoshi Inoue (April 2, 1960) <u>New candidate</u>	<p>April 1983 Joined the Bank</p> <p>February 2003 General Manager, Nakaizumi Branch</p> <p>June 2005 General Manager, Musashiurawa Branch</p> <p>April 2007 Senior Deputy General Manager, Tokyo Branch</p> <p>February 2010 General Manager, Tomioka Branch</p> <p>June 2011 General Manager, Corporate Banking Department</p> <p>June 2014 Executive Officer and General Manager, Takasaki Branch</p> <p>June 2017 Managing Executive Officer and General Manager, Business Planning & Administration Department (current position)</p>	8,300 shares
<p>[Reasons for selection as a candidate for Director]</p> <p>Mr. Satoshi Inoue served as the person responsible for sales division as Managing Executive Officer and General Manager, Business Planning & Administration Department and has served as the person responsible for the Takasaki Block and Seimo Block, etc. He has a wealth of operational experience and is well-versed in the operations of the Bank. To utilize this experience and knowledge as Director, the Bank has judged that he is a person that can contribute to the management of the Bank, and has selected him as a new candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
7	Hiroyuki Irisawa (June 26, 1960) <u>New candidate</u>	April 1984 Joined the Bank October 2003 Administration Deputy Manager, Takasaki Branch June 2005 Chairman, Opening Preparation Committee, Tokorozawa Corporate Sales Office (Sub-branch) October 2006 General Manager, Tokorozawa Branch December 2006 Deputy General Manager, Credit Department June 2009 General Manager, Credit Operations Office, Credit Department June 2011 General Manager, Kumagaya Branch June 2014 General Manager, General Affairs Department June 2016 Executive Officer and General Manager, Corporate Planning Department June 2018 Managing Executive Officer and General Manager, Corporate Planning Department (current position)	10,000 shares
<p>[Reasons for selection as a candidate for Director] Aside from the corporate planning division, Mr. Hiroyuki Irisawa has a wealth of operational experience through involvement in the credit division and general affairs division, etc., and is well-versed in the operations of the Bank. To utilize this experience and knowledge as Director, the Bank has judged that he is a person that can contribute to the management of the Bank, and has selected him as a new candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
8	Eiji Muto (January 2, 1949) <u>Reelection</u> Candidate for Outside Director	July 1971 Joined Bank of Japan May 1993 General Manager, Shimonoseki Branch, Bank of Japan September 1998 General Manager, Examination Department, Bank of Japan May 2000 General Manager, Nagoya Branch, Bank of Japan February 2002 Director, Bank of Japan June 2006 Chairman, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, Inc. May 2007 Outside Corporate Auditor, Takashimaya Company, Limited (current position) June 2010 Outside Director, Mizuho Trust & Banking Co., Ltd. November 2010 Chairman, Organization for Promoting Urban Development June 2015 Director of the Bank (current position)	5,300 shares
<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Mr. Eiji Muto has advanced specialization and wide insights on overall finance, having served as General Manager, Examination Department and Director, etc., of the Bank of Japan. Additionally, he has served as Outside Director from June 2015, and is appropriately fulfilling these duties and responsibilities. The Bank has judged that he is a person who can utilize this experience and knowledge as Outside Director to contribute to the management of the Bank, and has selected him as a candidate for Director. His term of office as Outside Director of the Bank will be four years at the conclusion of this Annual General Meeting of Stockholders. As he satisfies the standards for independence for Independent Directors stipulated by the Tokyo Stock Exchange, Inc. and the Standards for Determining Independence of Outside Officers of the Bank and has been judged to not have potential for conflicts of interest with ordinary shareholders, the Bank has submitted him as an Independent Director to the Tokyo Stock Exchange, Inc.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of stocks of the Bank held
9	Jun Kondo (July 20, 1950) <u>Reelection</u> Candidate for Outside Director	<p>April 1976 Joined SUBARU CORPORATION (trade name at the time: Fuji Heavy Industries Ltd.)</p> <p>June 2003 Corporate Vice President, Chief General Manager of Subaru Manufacturing Division and Chief General Manager of Gunma Plant, Fuji Heavy Industries Ltd.</p> <p>May 2004 Corporate Vice President, Chief General Manager of Subaru Cost Planning & Management Division and General Manager of Cost Planning Department, Fuji Heavy Industries Ltd.</p> <p>June 2004 Corporate Senior Vice President, Chief General Manager of Subaru Cost Planning & Management Division, Fuji Heavy Industries Ltd.</p> <p>June 2006 Corporate Senior Vice President, Chief General Manager of Subaru Cost Planning & Management Division and Senior General Manager of Subaru Purchasing Division, Fuji Heavy Industries Ltd.</p> <p>April 2007 Corporate Senior Vice President, Chief General Manager of Strategy Development Division and Chief General Manager of Subaru Cost Planning & Management Division, Fuji Heavy Industries Ltd.</p> <p>June 2008 Director of the Board and Corporate Executive Vice President, Chief General Manager of Strategy Development Division, Fuji Heavy Industries Ltd.</p> <p>April 2009 Director of the Board and Corporate Executive Vice President, Fuji Heavy Industries Ltd.</p> <p>June 2010 Outside Director of Gunma Television Co., Ltd.</p> <p>June 2011 Representative Director of the Board and Deputy President, SUBARU CORPORATION</p> <p>June 2016 Director of the Bank (current position)</p> <p>June 2017 Director of the Board and Chairman, SUBARU CORPORATION</p>	10,800 shares
<p>[Reasons for selection as a candidate for Outside Director]</p> <p>Mr. Jun Kondo serves as Director of the Board and Chairman of SUBARU CORPORATION, and has a wealth of experience and wide insights on corporate management. Additionally, he has served as Outside Director from June 2016, and is appropriately fulfilling these duties and responsibilities. The Bank has judged that he is a person who can utilize this experience and knowledge as Outside Director to contribute to the management of the Bank, and has selected him as a candidate for Director. His term of office as Outside Director of the Bank will be three years at the conclusion of this Annual General Meeting of Stockholders. As he satisfies the standards for independence for Independent Directors stipulated by the Tokyo Stock Exchange, Inc. and the Standards for Determining Independence of Outside Officers of the Bank and has been judged to not have potential for conflicts of interest with ordinary shareholders, the Bank has submitted him as an Independent Director to the Tokyo Stock Exchange, Inc.</p>			

- (Notes)
1. There is no special interest between each of the candidates and the Bank.
 2. Mr. Eiji Muto and Mr. Jun Kondo are candidates for Outside Director.
 3. The Bank has regular sales transactions with SUBARU CORPORATION. Mr. Jun Kondo retired as a Director of SUBARU CORPORATION in June 2018, and is appointed as Special Advisor of the same company.
 4. SUBARU CORPORATION, where Mr. Jun Kondo served as a Director until June 2018, acknowledged the business improvement instructions issued by the Ministry of Land, Infrastructure and Transportation concerning “Inappropriate Handling with Regard to Final Vehicle Inspection” that came to light in October 2017, and submitted the results of its investigation to the Ministry in December 2017. In addition, SUBARU CORPORATION reported the “Inappropriate Alteration of Data on the Measurement of Fuel Economy and Emissions” that came to light during the inspection process to the Ministry of Land, Infrastructure and Transportation in April 2018.
 5. About liability limitation agreements
The Bank stipulated in its Articles of Incorporation that it may conclude liability limitation agreements with Outside Directors to allow them to adequately fulfill their expected duties. The Bank has concluded liability limitation agreements with both Mr. Eiji Muto and Mr. Jun Kondo, and if their reelection is approved, the Bank plans to continue with this agreement with each of them.
Furthermore, a summary of that agreement is as follows.

- Concerning liability as described in Article 423, Paragraph 1 of the Companies Act, the maximum amount of liability borne under the agreement shall be limited to the lower limit amount stipulated in Article 425, Paragraph 1 of the Companies Act, assuming that there is no willful misconduct or gross negligence during the execution of duties.

(Reference) The Standards for Determining Independence of Outside Officers of the Bank is provided on page 14.

(Reference)

< Summary of the Standards for Determining Independence of Outside Officers >

• Candidates for Outside Directors and Outside Audit & Supervisory Board Members of the Bank will be determined to possess independence toward the Bank in the event that none of the following items applies.

- (1) The party holds the Bank as a major transaction partner, or if the party is a corporation, etc., a business executor thereof.
- (2) The party is a major transaction partner of the Bank, or if the party is a corporation, etc., a business executor thereof.
- (3) The party is a consultant, accounting specialist, or legal specialist that receives a significant amount (Note 1) of cash or other assets from the Bank aside from officer remuneration.
- (4) (1), (2), or (3) applied recently (Note 2) to the party.
- (5) A close relative (Note 4) of a party to which any of A to D below applies (excludes non-significant (Note 3) parties).
 - A. Parties to which (1) to (4) above apply
 - B. A business executor of a subsidiary of the Bank
 - C. A Director that is not a business executor of a subsidiary of the Bank
 - D. A party to which B or C above applied, or who was a business executor of the Bank recently

(Note 1) Significant amount: An amount of 10 million yen or more averaged over the past three years.

(Note 2) Recent: A case where the timing can be seen as essentially the present time; i.e., the time at which the content of a proposal to elect an Outside Director or Outside Audit & Supervisory Board Member of the Bank at a General Meeting of Stockholders is determined.

(Note 3) Significant: For business executors, persons who are executive or managerial class, and for accounting specialists and legal specialists, persons who hold certified public accountant and attorney certifications.

(Note 4) Close relative: A relative to within the second degree.

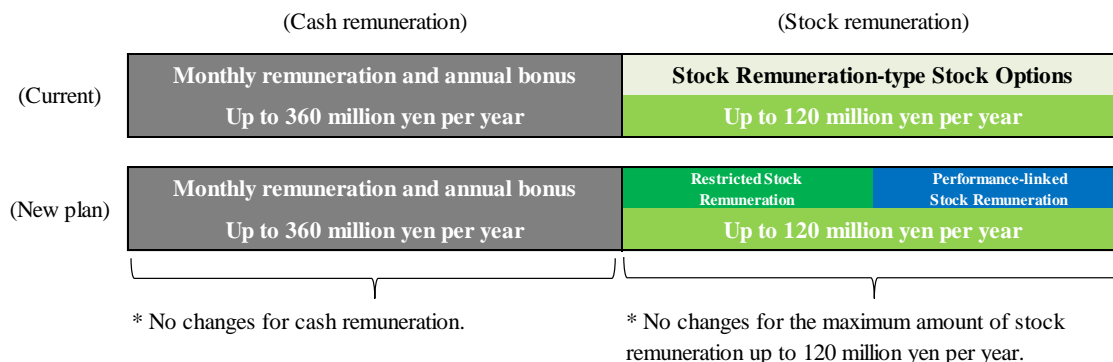
Proposal No. 3: Decision on Remuneration regarding Restricted Stock and Performance-linked Stock Remuneration Plans for Directors

Objective and overview of this proposal

This proposal is to change stock remuneration for Directors who are not Outside Directors to strengthen link between the stock value and the business results of the Bank. The introduction of the plan contributes to the Bank’s management from the same perspective as the stockholders. We consider it suitable for promoting the interests of the stockholders in the medium- to long-term.

There is no change for the maximum amount of stock remuneration of 120 million yen per year.

[Image of remuneration plan for Directors who are not Outside Directors is as follows:]



At the 127th Annual General Meeting of Stockholders held on June 26, 2012, stockholders approved an amount of remuneration for Directors of up to 360 million yen per year, including bonuses, and an amount of Stock Remuneration-type Stock Option remuneration of up to 120 million yen per year for Directors who are not Outside Directors.

As part of revision for executive remuneration plan, the Bank will introduce new “Restricted Stock Remuneration” and “Performance-linked Stock Remuneration” plans (collectively referred to as the “Plan”) to Directors who are not Outside Directors (the “Eligible Directors”) to replace the existing Stock Remuneration-type Stock Option Plan, in order to give Eligible Directors an incentive to work to sustainably enhance the corporate value of the Bank, and promote increased shared values with stockholders.

Accordingly, the Bank would like to newly pay Monetary Remuneration Claims to Eligible Directors in order to grant “Restricted Stock Remuneration” subject to continuous service as a Director of the Bank for a certain period, and “Performance-linked Stock Remuneration” subject to the level of achievement of performance indicators of business results, etc., as determined in advanced by the Board of Directors of the Bank, in addition to the above criteria. Consequently, subject to the approval as originally proposed, the Bank shall abolish the current amount of remuneration for allotting stock acquisition rights as Stock Remuneration-type Stock Options, excluding those that have already been granted.

The total amount of Monetary Remuneration Claims to be paid to Eligible Directors based on this proposal will be no more than 120 million yen per year, including the “Restricted Stock Remuneration” and “Performance-linked Stock Remuneration” as an amount considered equivalent based on the above purpose. The specific timing of payment and allocation to each Eligible Director shall be determined by the Board of Directors.

The above remuneration amount does not include salaries for service as an employee paid to Directors serving concurrently as employees.

The current number of Directors are nine (of which two are Outside Directors). If Proposal No. 2 “Election of Nine (9) Directors” is approved as originally proposed, the number of Directors will be nine (of which two are Outside Directors), and the Eligible Directors will be seven.

Below is the content of the Plan.

Content of the Plan

Eligible Directors shall pay as property contributed in kind all Monetary Remuneration Claims paid to them pursuant to the resolution at the Board of Directors by the Bank based on the Plan, and shall receive the issuance or disposal of common shares of the Bank. The total number of common shares of the Bank to be newly issued or disposed by the Bank under the Plan shall be no more than 500,000 shares per year. However, on or after the approval date of this proposal, if an adjustment of total number of shares to be issued or disposed based on the Plan such as a share split, etc. of the Bank's common shares is required, the Bank shall adjust the total number of shares in accordance with the split ratio, etc.

The amount to be paid for each share shall be determined by the Board of Directors, within a range that is not particularly advantageous to the Eligible Directors receiving the common shares, based on the closing price of the Bank's common shares on the Tokyo Stock Exchange on the business day preceding the date of resolution above by the Board of Directors (if there are no trades on that day, the closing price on the most recent prior trading day).

(1) Outline of the Restricted Stock Remuneration Plan

In the Restricted Stock Remuneration Plan, the Bank shall issue or dispose the common shares of the Bank to Eligible Directors every fiscal year in principle, and require them to hold for transfer restriction period as provided in (i) below. Accordingly, the Plan shall be subject to the Bank entering into a Restricted Stock Allotment Agreement (the "Allotment Agreement") with Eligible Directors that include the following.

(i) Transfer restriction period

For common shares of the Bank that are allotted by the Allotment Agreement (the "Allotted Shares"), Eligible Directors may not transfer it to a third party, create security interests, or any other form dispose the shares (the "Transfer Restriction") within 30 years of the day they are allotted (the "Transfer Restriction Period").

(ii) Treatment at the resignation

If Eligible Director resigns from a position as a Director of the Bank before the expiration of the office during the period after the conclusion of the Annual General Meeting of Shareholders of each year to the conclusion of the Annual General Meeting of Shareholders of the following year (the "Service Provision Period"), the Bank shall acquire the Allotted Shares rightfully without consideration, except for the cases of death or other due cause of resignation.

(iii) Release of transfer restriction

Subject to Eligible Director being in the position of a Director continuously during the Service Provision Period, in principle, the Bank shall release the transfer restriction at the time of the expiration of the Transfer Restriction Period for all the Allotted Shares. However, when such Eligible Director is not reelected before the expiration of its office, the transfer restriction for all Allotted Shares shall be released at the resignation, in general. In addition, if such Eligible Director resigns from the position of a Director of the Bank before the expiration of the Service Provision Period for due cause as provided in (ii) above, the transfer restriction for the number of Allotted Shares in accordance with the period in office shall be released at the resignation, in general.

(iv) Treatment at corporate reorganization, etc.

Despite of the provision of (i) above, if certain corporate reorganization such as merger agreements that the Bank will be the merged company or others is approved at the General Meeting of Shareholders of the Bank or the Board of Directors of the Bank during Transfer Restriction Period, upon resolution at the Board of Directors meeting of the Bank, transfer restriction for the number of Allotted Shares in accordance with the period from the start date of Transfer Restriction Period to the approval date of such corporate reorganization, etc. shall be released prior to the effective date of such corporate reorganization, etc.

(v) Other matters

Other matters on the Allotment Agreement shall be determined at the Board of Directors of the Bank.

Subject to the approval of this proposal as originally proposed, the Bank will introduce the Restricted Stock Remuneration Plan to Executive Officers of the Bank.

(2) Outline of the Performance-linked Stock Remuneration Plan

In the Performance-linked Stock Remuneration Plan, for standard amount of variable remuneration based on the title of Eligible Director, eligible period is set for three fiscal years. After the end of the eligible period, the Bank will deliver the number of common shares of the Bank equivalent to the amount adjusted within a range of 0-200% in accordance with the level of achievement at the end of eligible period of the performance indicators such as business results as determined in advance by the Board of Directors. This plan is called Performance Shares.

The initial eligible period is from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022, and afterward, the eligible period will be the three consecutive fiscal years starting from the following fiscal year of the first fiscal year of the previous eligible period. If Eligible Director resigns during the eligible period, the number of common shares of the Bank adjusted in accordance with the service years during the eligible period shall be delivered after the end of the eligible period.

Please refer to “Basic Policy for Executive Remuneration” below for eligible period (business results evaluation period), timing of payment of remuneration, content of performance indicators, determination process on specific calculation method of remuneration amount and others for Performance-linked Stock Remuneration Plan.

Although performance indicators and calculation method for calculating remuneration amount shall be determined at the Board of Directors, for the initial eligible period, the Bank will adopt the following four indicators, and calculate the remuneration amount in accordance with the level of achievement. In addition, since the provision of common shares of the Bank to Eligible Directors will be made after the end of eligible period, the number of shares to be delivered is not determined as of the introduction of the Plan.

Indicator category	Performance indicator
Profit Indicator	Consolidated Earnings Per Share of Common Stock (consolidated EPS)
Efficiency Indicator	Consolidated Overhead Ratio (consolidated OHR)
Shareholder Value Indicator	Total Shareholder Return (TSR)
Non-financial Indicator	SDGs Management Indicator (indicator to measure the Bank’s contribution to the achievement of SDGs)

(Reference)

Subject to the approval of this proposal as originally proposed, the Bank will establish the following “Basic Policy for Executive Remuneration” upon resolution at the Board of Directors meeting.

Basic Policy for Executive Remuneration

The Bank shall establish officer remuneration basic policy (the “Policy”) and determine matters on Directors’ remuneration and Audit & Supervisory Board Members’ remuneration in accordance with the concept and procedures based on the Policy.

1. Basic concept on Directors’ remuneration plan

- In order to establish Directors’ remuneration plan that contribute to the achievement of the management policy of the Bank, based on the various principles of corporate governance codes, the Bank shall provide basic concept of Directors’ remuneration plan as follows.
 - To increase contribution incentive for the Bank’s sustainable growth and enhance corporate value in the medium- to long-term
 - To share profit awareness with stockholders and to enhance management awareness centered on the stockholders
 - To maintain link with business results appropriately, and to function as a sound incentive
 - Not to lean on inappropriate risk taking
 - To hire or secure excellent management personnel
 - Since Directors are in the position to be responsible for the business results of the Bank as a whole unambiguously, the evaluation by individuals when paying incentive remuneration shall be to put weight on the contribution of the business results of the Bank as a whole rather than the business results of the operation in charge
 - To be a determination process that is objective and transparent

2. Governance on determining compensation, etc.

- Board of Directors shall determine the below matters based on the advice and suggestions from Remuneration Advisory Committee upon deliberation at the Remuneration Advisory Committee in response to the consult from the Board of Directors. Based on the Regulation on Remuneration Advisory Committee as provided separately, the Remuneration Advisory Committee shall be consisted of three or more members of which more than half shall be Independent Outside Directors.
 - Proposal for the General Meeting of Shareholders on Directors’ remuneration and Audit & Supervisory Members’ remuneration
 - Policy on Directors’ remuneration (including the Policy)
 - System on Directors’ remuneration (including remuneration by individuals)
 - Matters determined necessary by Remuneration Advisory Committee on each matter such as necessary policies to deliberate each matter above
- Audit & Supervisory Members’ remuneration shall be determined upon discussion of Audit & Supervisory Members.

3. Remuneration composition

(1) Directors who are not Outside Directors

[Overview of remuneration composition]

Remuneration characteristic	Basic remuneration		Variable remuneration	
			Short-term incentive remuneration	Medium-term incentive remuneration
Cash/stock	Cash remuneration		Stock remuneration	
Link with business results	Non-link with business results	Short-term link with business results	Non-link with business results	Medium- to long-term link with business results
Name of remuneration	Monthly remuneration	Bonus	Restricted Stock	Performance shares

- Remuneration of Directors who are not Outside Directors will be consisted of “Basic remuneration” as fixed remuneration and “Variable remuneration” that fluctuates by business results, etc.
- “Variable remuneration” is consisted of “Bonus” as short-term incentive remuneration based on the business results by fiscal year, and “Stock remuneration” as medium- to long-term incentive remuneration that results in medium- to long-term and sustainable enhancement of corporate value.
- “Stock remuneration” is further consisted of “Restricted Stock Remuneration” that is delivered before the target period subject to continuous service as a Director of the Bank for a certain period, and “Performance shares” which is performance-linked stock remuneration that is delivered after the target

period subject to the level of achievement of performance indicators of business results, etc., as determined in advanced by the Board of Directors of the Bank, in addition to the above criteria.

- Remuneration composition ratio for each Director shall be the target level of “Basic remuneration: Short-term incentive remuneration: Medium- to long-term remuneration = 3:1:1” in consideration of the absolute amount, etc. of the remuneration.

(2) Outside Directors and Audit & Supervisory Board Members

- Remuneration of Outside Directors and Audit & Supervisory Board Members shall be consisted only by basic remuneration in consideration of the respective roles and independence.

4. Remuneration level

- The Bank shall determine the appropriate level as we consider appropriate, by taking into account our business results conditions as well as environment, social economic situation and industry trend, etc. surrounding the Bank.
- In addition, as a local leading company, the Bank will be conscious so that the remuneration level will be located in the equivalent class of those compared with management remuneration of the local companies. Furthermore, by participating to surveys conducted by external research institutions (so-called officers’ remuneration survey, etc.) periodically, the Bank shall determine the remuneration referring to such research data.

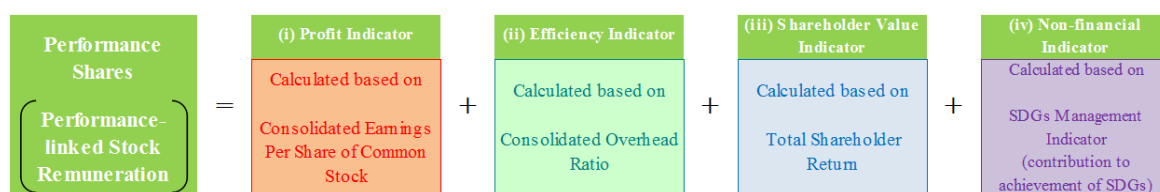
5. Performance-linked remuneration

(1) Bonus

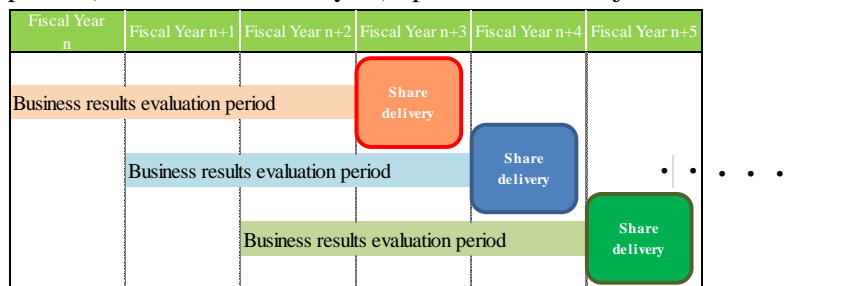
- From the nature of short-term incentive remuneration, for the purpose of enhancing contribution incentive to improve business results for each fiscal year, the Bank will adopt consolidated earnings as a performance indicator. For performance-linked portion, the remuneration amount shall be determined within the fluctuating range of 0-200% in accordance with the level of achievement of consolidated earnings.

(2) Performance shares

- From the nature of medium- to long-term incentive remuneration, for the purpose of enhancing contribution incentive to improve corporate value for medium- to long-term as well as sharing profit awareness with stockholders and enhancing management awareness centered on stockholders, the Bank will adopt the following four indicators as a performance indicator. The remuneration amount shall be determined within the fluctuating range of 0-200% in accordance with the level of achievement.



- In each fiscal year in principle, the Bank shall deliver the common shares of the Bank equivalent to the above remuneration amount in accordance with the service years during the business results evaluation period (the latest three fiscal year) upon reasonable adjustment.



[Selection reasons, etc. of performance indicator that is used in calculating remuneration amount for performance shares]

Performance indicator	Selection reasons, etc.
Consolidated Earnings Per Share of Common Stock (consolidated EPS)	Earnings Per Share (EPS) is a profit indicator that shows profitability of how much earnings are made for one share. The Bank considers Performance Shares as one of the medium- to long-term incentive remuneration. From its nature, with the recognition that the remuneration should reflect “results” for the medium- to long-term, firstly, the Bank raises profit indicator as an indicator to measure such “results.” Moreover, not merely using consolidated earnings, the Bank will adopt how much consolidated EPS, which stockholders place importance, increased as its performance indicator.
Consolidated Overhead Ratio (consolidated OHR)	Consolidated Overhead Ratio (OHR) is a ratio of operating expenses against gross profit that shows as an efficiency indicator. The lower this ratio is, it means that the more gross profit is generated with less operating expenses. Improving productivity and efficiency in the companies is a social requirement especially in Japan. In addition, considering that the banking sector where the Bank belongs is in the situation of under observance of initiatives toward cost reduction, the Bank adopts consolidated OHR, which is also raised in the numerical target in the Medium-Term Management Plan as its performance indicator.
Total Shareholder Return (TSR)	Total Shareholder Return is an indicator that shows investment profitability for shareholders. It shows how much dividends and capital gains (valuation gains/losses) the stockholders, which purchased the shares at the beginning of the fiscal year, acquired against the share price at the beginning of the fiscal year. The Bank considers adopting this stockholder value indicator as performance indicator conform to the introduction intent of the Plan “to share profit awareness with stockholders and to enhance management awareness centered on the stockholders.”
SDGs Management Indicator (indicator to measure the Bank’s contribution to the achievement of SDGs)	Based on “The Gunma Bank Group’s SDGs Declaration,” the Group contributes to the achievement of SDGs through business activities, and strives for realizing sustainable society and creating economic value. Of the 17 SDGs targets that were adopted by the United Nations, the Bank adopts a performance indicator among management indicators that relates to seven targets that the Bank especially determined possible to contribute with this Declaration.

6. Concept on return and extinguishment provisions in the stock remuneration

- The Bank shall establish provisions in the Remuneration Rules to the effect that it may force the return or extinguishment of all or part of the stock remuneration if certain circumstances arise (a so-called clawback provision and malus provision), in order to control excessive risk-taking and ensure sound management, while also working in advance to prevent accounting fraud and other major scandals and large-scale revisions to previous fiscal years’ financial results that may be caused by excessive incentives.

7. Concept on holding shares of the Bank

- In order to share profit awareness with stockholders and to enhance management awareness centered on the stockholders, the Bank shall introduce stock remuneration for Directors who are not Outside Directors. In addition, the Bank shall encourage holding more than certain number of common shares of the Bank (including Stock Remuneration-type Stock Options) in accordance with respective positions based on “Share Ownership Guidelines” as provided separately.

8. Disclosure policy

- The Policy shall be disclosed appropriately to stakeholders through the following disclosure documents and media. (Annual Securities Report, Reference Documents for the General Meeting of Stockholders, Corporate Governance Reports, the Bank’s website, etc.)