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(Securities Code: 8334)  
June 2, 2020

**To Shareholders with Voting Rights:**

Akihiko Fukai  
President  
The Gunma Bank, Ltd.  
194 Motosojamachi, Maebashi,  
Gunma, Japan

## **NOTICE OF CONVOCATION OF THE 135TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

You are cordially informed that we are holding the 135th Annual General Meeting of Shareholders 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 Shareholders (described hereinafter) and exercise your voting rights by 5:00 p.m. on Tuesday, June 23, 2020 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:** Wednesday, June 24, 2020 at 10:00 a.m. Japan time
- 2. Place:** 3F, Main Conference Room, Head Office of the Bank,  
194 Motosojamachi, Maebashi, Gunma, Japan
- 3. Agenda items:**
- Items to be reported:**
1. The Business Report and Non-consolidated Financial Statements for the Bank's 135th Fiscal Year (from April 1, 2019 to March 31, 2020)
  2. Consolidated Financial Statements for the Bank's 135th Fiscal Year (from April 1, 2019 to March 31, 2020) and results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board

**Agenda items to be resolved:**

- Agenda Item No. 1:** Appropriation of Surplus
- Agenda Item No. 2:** Election of Nine (9) Directors
- Agenda Item No. 3:** Election of Three (3) Audit & Supervisory Board Members
- Agenda Item No. 4:** Decision on Remuneration regarding measures for transferring (unexercised portions of) stock acquisition rights that have already been granted to Directors as Stock Remuneration-type Stock Options to Restricted Stock Remuneration

**4. Exercise of Voting Rights, etc.:**

- (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., your vote exercised via the Internet, etc. will be treated as 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 at the time of this notice of convocation, items in 1) to 3) below are, in accordance with applicable 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 the 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 are 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 the 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 Shareholders, 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

# Reference Documents for the General Meeting of Shareholders

## Agenda Items and References

### Agenda Item 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 this 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 47.2% 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 shareholders and an aggregate amount 7.00 yen per share of common stock, with a total of 2,936,586,618 yen  
(As 6.00 yen per share was paid as an interim dividend, annual dividends will be 13.00 yen per share.)
  - (3) Effective date of distribution of dividend of surplus  
June 25, 2020
2. Matters concerning appropriation of other retained earnings
  - (1) Item and amount of surplus to be increased  
General reserve 12,000,000,000 yen
  - (2) Item and amount of surplus to be decreased  
Retained earnings brought forward 12,000,000,000 yen

**Agenda Item 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 Shareholders. Accordingly, the election of nine (9) Directors is proposed.

The nine (9) candidates for Directors are composed of eight (8) men and one (1) woman.

The candidates are as follows:

Candidates for Director

No.	Name	Current position at the Bank	Attendance at Board of Directors meetings
1	<u>Reelection</u> Kazuo Saito	Director and Chairman	13/13 (100%)
2	<u>Reelection</u> Akihiko Fukai	Director and President	13/13 (100%)
3	<u>Reelection</u> Nobuyuki Horie	Director and Deputy President	13/13 (100%)
4	<u>Reelection</u> Yukio Yuasa	Managing Director	13/13 (100%)
5	<u>Reelection</u> Satoshi Inoue	Managing Director	13/13 (100%)
6	<u>Reelection</u> Hiroyuki Irisawa	Managing Director	13/13 (100%)
7	<u>Reelection</u> Eiji Muto	Candidate for Outside Director Independent Officer	Outside Director 13/13 (100%)
8	<u>Reelection</u> Jun Kondo	Candidate for Outside Director Independent Officer	Outside Director 13/13 (100%)
9	<u>New candidate</u> Kuniko Nishikawa	Candidate for Outside Director Independent Officer	-

No.	Name (Date of birth)	Past experience, positions at the Bank, responsibilities, and significant concurrent positions	Number of shares 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 Representative Director and in charge of General Operations and Inspection & Audit Department June 2015    President and Representative Director and in charge of General Operations June 2019    Chairman and Representative Director and in charge of General Operations and Inspection & Audit Department (current position)	68,510 shares
<p>[Reasons for proposal 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, President from June 2011 and Chairman from June 2019, 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 submitted him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions at the Bank, responsibilities, and significant concurrent positions	Number of shares of the Bank held
2	Akihiko Fukai (November 3, 1960) <u>Reelection</u>	April 1984    Joined the Bank June 2003    General Manager, Osaka Branch June 2005    General Manager, Kiryu Branch June 2007    General Manager, Ota Branch June 2009    General Manager, Risk Management Department June 2011    General Manager, Corporate Planning Department June 2013    Director and General Manager, Corporate Planning Department June 2014    Managing Director and General Manager, Business Planning & Administration Department June 2015    Managing Director and in charge of Corporate Planning Department, Systems Development Department and Tokyo Liaison Office June 2016    Managing Director and in charge of Corporate Planning Department, Systems Development Department, Tokyo Liaison Office and Secretariat June 2017    Senior Managing Director and in charge of Corporate Planning Department, Systems Development Department, Tokyo Liaison Office and Secretariat October 2017    Senior Managing Director and in charge of Corporate Planning Department, Systems Development Department and Secretariat June 2018    Senior Managing Director and in charge of Corporate Planning Department, Personnel Department and Secretariat June 2019    President and in charge of general operations (current position)	46,184 shares
<p>[Reasons for proposal as a candidate for Director]            Aside from the corporate planning division and systems development 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 President from June 2019, 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 submitted him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions at the Bank, responsibilities, and significant concurrent positions	Number of shares 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 &amp; Administration Department, Personal Loan Department and Customer Consulting Department</p> <p>October 2017    Senior Managing Director and in charge of Business Planning &amp; Administration Department, Personal Loan Department, Customer Consulting Department and Asset Management Support Department</p> <p>June 2019       Director and Executive Vice President and in charge of Personnel Department, Risk Management Department and Secretariat (current position)</p>	39,303 shares
<p>[Reasons for proposal 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 has appropriately fulfilled these duties and responsibilities. To utilize these 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 submitted him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions at the Bank, responsibilities, and significant concurrent positions	Number of shares of the Bank held
4	Yukio Yuasa (August 9, 1959) <u>Reelection</u>	April 1983    Joined the Bank October 2002    General Manager, Fukiage Branch August 2005    Deputy General Manager, Personnel Department July 2006    Deputy General Manager, Business Planning & Administration Department June 2008    Senior Deputy General Manager, Business Planning & Administration Department and General Manager, Business Strategy Office June 2009    General Manager, Omiya Branch June 2011    General Manager, Personal Financial Products Department October 2012    General Manager, Personal Banking Department June 2014    Executive Officer and General Manager, Personnel Department June 2016    Dispatched, treated as Executive Officer President and Representative Director, Gungin Securities Co., Ltd. June 2017    Dispatched, treated as Managing Executive Officer President and Representative Director, Gungin Securities Co., Ltd. June 2019    Managing Director in charge of Credit Department, Operations Administration Department and Operations Department (current position)	54,611 shares
<p>[Reasons for proposal as a candidate for Director]            Aside from the personnel division and sales division, Mr. Yukio Yuasa served as President and Representative Director of our group company Gungin Securities Co., Ltd., and has a wealth of operational experience and is well-versed in the operations of the Bank. Additionally, he has served as Director from June 2019, and has appropriately fulfilled these duties and responsibilities. To utilize these 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 submitted him as a new candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions at the Bank, responsibilities, and significant concurrent positions	Number of shares of the Bank held
5	Satoshi Inoue (April 2, 1960) <u>Reelection</u>	April 1983    Joined the Bank February 2003    General Manager, Nakaizumi Branch June 2005    General Manager, Musashiurawa Branch April 2007    Senior Deputy General Manager, Tokyo Branch February 2010    General Manager, Tomioka Branch June 2011    General Manager, Corporate Banking Department June 2014    Executive Officer and General Manager, Takasaki Branch June 2017    Managing Executive Officer and General Manager, Business Planning & Administration Department June 2019    Managing Director and in charge of Business Planning & Administration Department, Personal Loan Department, Customer Consulting Department and Asset Management Support Department (current position) September 2019    Managing Director and Acting General Manager, Business Planning & Administration Department (current position)	50,472 shares
<p>[Reason for proposal as a candidate for Director]            Mr. Satoshi Inoue served as the person responsible for sales division as General Manager of the business planning &amp; 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. Additionally, he has served as Director from June 2019, and has appropriately fulfilled these duties and responsibilities. To utilize these 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 submitted him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions at the Bank, responsibilities, and significant concurrent positions	Number of shares of the Bank held
6	Hiroyuki Irisawa (June 26, 1960) <u>Reelection</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 June 2019    Managing Director and in charge of Corporate Planning Department, General Affairs Department and Systems Development Department (current position)	43,669 shares
<p>[Reason for proposal 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. Additionally, he has served as Director from June 2019, and has appropriately fulfilled these duties and responsibilities. To utilize these 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 submitted him as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Bank held
7	<p>Eiji Muto (January 2, 1949) <u>Reelection</u> Candidate for Outside Director Independent Officer</p>	<p>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 and Director, NTT DATA INSTITUTE OF  MANAGEMENT CONSULTING, Inc.  May 2007      Outside Corporate Auditor, Takashimaya Company,  Limited (current position)  June 2010      Outside Director, Mizuho Trust &amp; Banking Co., Ltd.  November 2010 Chairman, Organization for Promoting Urban  Development  June 2015      Director of the Bank (current position)</p>	7,500 shares
<p>[Reason for proposal as a candidate for Outside Director, etc.]  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 Outside Director. His term of office as Outside Director of the Bank will be five years at the conclusion of this Annual General Meeting of Shareholders. As he satisfies the standards for independence for Independent Directors prescribed 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 shares of the Bank held
8	Jun Kondo (July 20, 1950) <u>Reelection</u> Candidate for Outside Director Independent Officer	April 1976    Joined SUBARU CORPORATION (then trade name at the time: Fuji Heavy Industries Ltd.) June 2003    Corporate Vice President, Chief General Manager of Subaru Manufacturing Division and Chief General Manager of Gunma Plant, Fuji Heavy Industries Ltd. 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. June 2004    Corporate Senior Vice President, Chief General Manager of Subaru Cost Planning & Management Division, Fuji Heavy Industries Ltd. 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. 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. June 2008    Director of the Board and Corporate Executive Vice President, Chief General Manager of Strategy Development Division, Fuji Heavy Industries Ltd. April 2009    Director of the Board and Corporate Executive Vice President, Fuji Heavy Industries Ltd. June 2010    Outside Director of Gunma Television Co., Ltd. June 2011    Representative Director of the Board and Deputy President, SUBARU CORPORATION June 2016    Director of the Bank (current position) June 2017    Director of the Board and Chairman, SUBARU CORPORATION	17,200 shares
<p>[Reason for proposal as a candidate for Outside Director]            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. Further, he has served as Outside Director since June 2016, and has been appropriately fulfilling such duties and responsibilities as may be required. 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 Outside Director. His term of office as Outside Director of the Bank will be four years at the conclusion of this Annual General Meeting of Shareholders. As he satisfies the standards for independence for Independent Directors prescribed 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	Kuniko Nishikawa (July 9, 1962) <u>New Candidate</u> Candidate for Outside Director Independent Officer	<p>April 1986      Joined Citibank, N.A.</p> <p>February 1996      Joined A.T. Kearney</p> <p>September 2000      President and Representative Director, SUPERNURSE Co. Ltd.</p> <p>August 2010      President and Representative Director, FIRSTSTAR Healthcare Co. Ltd. (current position)</p> <p>April 2013      Outside Director, Regional Economy Vitalization Corporation of Japan (REVIC)</p> <p>June 2013      President, Benesse MCM</p> <p>June 2015      Outside Director, OMRON Corporation (current position)</p> <p>May 2017      Chief Executive Officer, FRONTEO Healthcare Inc.</p> <p>June 2018      Outside Auditor, AIG Japan Holdings KK (current position)</p>	-
<p>[Reason for proposal as a candidate for Outside Director]</p> <p>Ms. Kuniko Nishikawa has experience of working in foreign financial institutions and foreign consulting companies and serving as President and Representative Director of a temporary staffing and placement company. In addition to currently serving as President of FIRSTSTAR Healthcare, Co. Ltd. which she established in August, 2010, Ms. Kuniko Nishikawa has a wealth of experience as a president or an outside director of several companies, as well as a wealth of experience and wide insights on corporate management. The Bank has judged that she is a person who can utilize this experience and knowledge as Outside Director to contribute to the management of the Bank, and has selected her as a candidate for Outside Director. As she 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 intends to submit her 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, Mr. Jun Kondo and Ms. Kuniko Nishikawa 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.

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. Ms. Kuniko Nishikawa plans to retire as an Outside Director of OMRON Corporation in June 2020.

6. 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. Additionally, if Ms. Kuniko Nishikawa is elected, the Bank plans to conclude liability limitation agreements with her.

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 below.

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

• Candidates for Outside Directors / 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 candidate holds the Bank as a major transaction partner, or if the candidate is a corporation, etc., a managing person thereof.
- (2) The candidate is a major transaction partner of the Bank, or if the candidate is a corporation, etc., a managing person thereof.
- (3) The candidate is a consultant, accounting specialist, or legal specialist who receives a significant amount (Note 1) of money or other considerations from the Bank aside from officer remuneration.
- (4) The candidate to whom (1), (2), or (3) applied recently (Note 2)
- (5) A close relative (Note 4) of the candidate to which any of A to D below applies (excluding non-significant (Note 3) persons).
  - A. A person to whom any of (1) to (4) above applies; or
  - B. A business executor of a subsidiary of the Bank; or
  - C. A director of a subsidiary of the Bank who is not a business executor of such subsidiary; or
  - D. A person to whom 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 for each of over the past three years.

(Note 2) Recently: A case where the timing can be seen as essentially the present time; by way of example, the time at which the content of an agenda item to elect an Outside Director or Outside Audit & Supervisory Board Member of the Bank at a General Meeting of Shareholders is determined.

(Note 3) Significant: For business executor, a person who is executive or at managerial class, and for accounting specialists and legal specialists, a person who holds certified public accountant or attorney certification.

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

**Agenda Item No. 3:** Election of Three (3) Audit & Supervisory Board Members

The terms of office of two (2) Audit & Supervisory Board Members Shusuke Nakamura and Makoto Tanaka will expire at the conclusion of this Annual General Meeting of Shareholders, and Audit & Supervisory Board Member Hirosuke Kobayashi passed away on January 4, 2020 and retired from the office on that day. Accordingly, the election of three (3) Audit & Supervisory Board Members is proposed.

This proposal has received approval from the Audit & Supervisory Board.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions at the Bank, and significant concurrent positions	Number of shares of the Bank held
1	Shinya Koitabashi (March 28, 1961) <u>New Candidate</u>	April 1984    Joined the Bank August 2007    Deputy General Manager, Inspection & Audit Department June 2008    Senior Deputy General Manager, Prefectural Office Branch February 2010    Senior Deputy General Manager , Personal Financial Products Department June 2012    General Manager, Prefectural Office Branch June 2014    General Manager, Corporate Banking Department June 2016    General Manager, General Affairs Department June 2017    Executive Officer and General Manager, General Affairs Department June 2019    Managing Executive Officer and General Manager, General Affairs Department	19,473 shares
[Reason for proposal as a candidate for Audit & Supervisory Board Member] Aside from the general affairs division, Mr. Shinya Koitabashi has a wealth of operational experience through involvement in the inspection & audit division and the sales division, and is well-versed in the operations of the Bank. To utilize this experience and knowledge as Audit & Supervisory Board Member, the Bank has judged that he is a person that can contribute to the management of the Bank, and has submitted him as a new candidate for Audit & Supervisory Board Member.			

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of share of the Bank held
2	<p>Makoto Tanaka (February 12, 1955) <u>Reelection</u> Candidate for Outside Audit &amp; Supervisory Board Member Independent Auditor</p>	<p>April 1978    Joined Tokio Marine &amp; Fire Insurance Co., Ltd.  August 1993    Registered as certified public accountant  November 1993    Established Makoto Tanaka Certified Public Accountant  Office  March 1998    Registered as certified tax accountant  Established Suiran Joint Certified Public Accountant  Office  Representative Certified Public Accountant  September 2002    Established Tanaka Tax Accounting Office (currently  Tucks Tax Accounting Office)  Representative Certified Tax Accountant (current  position)  April 2007    Comprehensive Outside Auditor, Gunma Prefecture  July 2010    Director, Tokyo Association, The Japanese Institute of  Certified Public Accountants  November 2010    Vice President, Shibukawa Chamber of Commerce and  Industry (current position)  March 2016    Established Susei Audit Corporation  Representative Employee (current position)  June 2016    Audit &amp; Supervisory Board Member, the Bank (current  position)  External Audit and Supervisory Board Member,  HOCHIKI CORPORATION (current position)</p>	800 shares
<p>[Reason for proposal as a candidate for Outside Audit &amp; Supervisory Board Member]  Although he has not been directly involved in corporate management, Mr. Makoto Tanaka has a wealth of experience as a certified public accountant and wide insights from serving as the Vice President of Shibukawa Chamber of Commerce and Industry, etc. Additionally, he has served as Outside Audit &amp; Supervisory Board Member of the Bank from 2016, and is appropriately fulfilling these duties and responsibilities. By utilizing this experience and knowledge, the Bank has judged that he is a person that can appropriately fulfill the duties of Outside Audit &amp; Supervisory Board Member, and has selected him as a candidate for Audit &amp; Supervisory Board Member. His term of office as Outside Audit &amp; Supervisory Board Member of the Bank will be four years at the conclusion of this Annual General Meeting of Shareholders. As he satisfies the standards for independence for Independent Auditors 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 Auditor to the Tokyo Stock Exchange, Inc.</p>			

No.	Name (Date of birth)	Past experience, positions, and significant concurrent positions	Number of shares of the Bank held
3	Yasuo Kamiya (June 1, 1950) <u>New Candidate</u> Candidate for Outside Audit & Supervisory Board Member Independent Auditor	April 1981 Registered as lawyer (Gunma Bar Association) April 1983 Established Kamiya Law Office (currently Ryomo Law Office) (current position) October 2003 Member of Dispute Coordinating Committee, Gunma Labor Bureau, Ministry of Health, Labour and Welfare April 2008 Chairman, Gunma Bar Association Executive Governor, Japan Federation of Bar Associations Managing Director, Kanto Federation of Bar Associations November 2009 Member of Gunma Prefectural Pollution Review Board (current position) July 2012 Member of Gunma Prefectural Public Safety Commission July 2014 Chairman of Gunma Prefectural Public Safety Commission November 2018 Chairman of Gunma Prefectural Pollution Review Board (current position)	-
<p>[Reason for proposal as a candidate for Outside Audit &amp; Supervisory Board Member]</p> <p>Although he has not been directly involved in corporate management, Mr. Yasuo Kamiya has a wealth of experience as a lawyer and wide insights from serving as the Chairman of Gunma Bar Association, the Chairman of Gunma Prefectural Public Safety Commission, etc. By utilizing this experience and knowledge, the Bank has judged that he is a person that can appropriately fulfill the duties of Outside Audit &amp; Supervisory Board Member of the Bank, and has selected him as a candidate for Audit &amp; Supervisory Board Member. As he satisfies the standards for independence for Independent Auditors 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 plans to submit him as an Independent Auditor to the Tokyo Stock Exchange, Inc.</p>			

- (Notes)
1. There is no special interest between each of the candidates and the Bank.
  2. Mr. Makoto Tanaka and Mr. Yasuo Kamiya are candidates for Outside Audit & Supervisory Board Member.
  3. About liability limitation agreements  
 The Bank stipulated in its Articles of Incorporation that it may conclude liability limitation agreements with Outside Audit & Supervisory Board Members to allow them to adequately fulfill their expected duties. The Bank has concluded a liability limitation agreement with Mr. Makoto Tanaka, and if his reelection is approved, the Bank plans to continue with this agreement with him. Additionally, if Mr. Yasuo Kamiya is elected, the Bank plans to conclude a liability limitation agreement with him.  
 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.

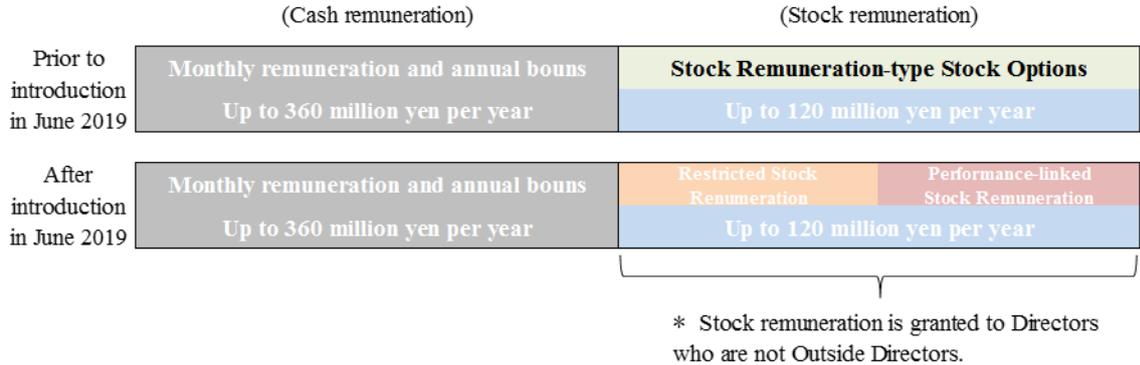
(Reference) The Standards for Determining Independence of Outside Officers of the Bank is provided on page 16.

**Agenda Item No. 4:** Decision on Remuneration regarding measures for transferring (unexercised portions of) stock acquisition rights that have already been granted to Directors as Stock Remuneration-type Stock Options to Restricted Stock Remuneration

**Objective and overview of this proposal**

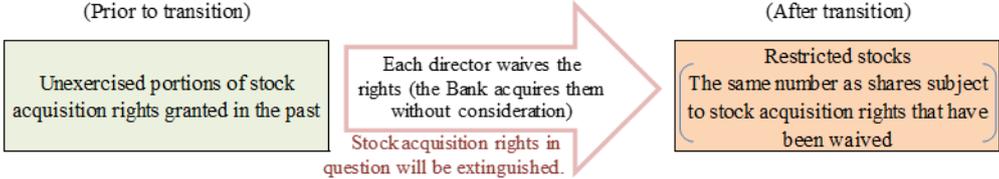
Upon approval at the 134th Annual General Meeting of Shareholders held on June 25, 2019, the Bank made changes in stock remuneration for Directors who are not Outside Directors to strengthen link between the stock value and the business results of the Bank, and newly introduced the “Restricted Stock Remuneration” and “Performance-linked Stock Remuneration” Plans, to replace the previous Stock Remuneration-type Stock Option Plan as follows.

[Image of remuneration plan for Directors is as follows]



At the time of the introduction in the last year (June 2019), the Bank abolished the remuneration plan for allotting stock acquisition rights as Remuneration-type Stock Options, excluding those that had already been granted. Accordingly, Directors who had been elected as Directors prior to the introduction hold unexercised portions of stock acquisition rights as Remuneration-type Stock Options. This proposal is to seek Shareholders’ judgement as to whether each Director who will be reelected at this Annual General Meeting of Shareholders and will remain in his or her respective position shall waive the rights regarding any unexercised portions of the above stock acquisition rights, and instead of acquiring such unexercised stock acquisition rights without consideration, the Bank shall grant the number of restricted shares equivalent to the number of shares subject to the unexercised stock acquisition rights held by each director.

[Image of Transition Measures for Directors (excluding Outside Directors) who will be reelected pursuant to Agenda Item No.2 and will remain in his or her respective position is as follows:]



The above stock acquisition rights will not be exercised and will be extinguished. The Bank believes that this transition measure will contribute to managing and operating the stock remuneration plans in an integrated and efficient manner as well as achieving management from the same viewpoint as Shareholders, thereby helping to serve Shareholders' mid- and long-term interests. The measure is intended to replace those that have already been granted as stock remuneration, and do not intend to provide any new remuneration to each director.

At the 127th Annual General Meeting of Shareholders held on June 26, 2012, it was approved that the amount of remuneration including bonuses for Directors (the "amount of cash remuneration") shall be up to 360 million yen per year, and at the 134th Annual General Meeting of Shareholders held on June 25, 2019, it was approved that the amount of remuneration for Directors who are not Outside Directors, including the "Restricted Stock Remuneration" and "Performance-linked Stock Remuneration" Plans (collectively referred to as the "Plan") (the "amount of stock remuneration") shall be up to 120 million yen per year.

As part of revision to executive remuneration plans, in order to give Directors who are not Outside Directors (the "Eligible Directors") an incentive to work to sustainably enhance the corporate value of the Bank, and promote increased shared values with Shareholders, the Bank proposes that each of the Eligible Directors (the "Reelected Directors") who will be reelected pursuant to Agenda Item No.2 "Election of Nine (9) Directors" and will remain in his or her respective position "waives the rights of unexercised portions of stock acquisition rights that have been granted to them in the Stock Remuneration-type Stock Option Plan in the past fiscal years, and subsequently, instead of acquiring such unexercised stock acquisition rights without consideration, the Bank shall allot the number of restricted stock equivalent to the number of shares subject to the above unexercised stock acquisition rights to each director (the "Transition Measures")."

The Transition Measures are intended to replace the stock acquisition rights that have already been granted to Reelected Directors in the past fiscal years with Restricted Stock Remuneration under the Plan and is not intended to provide any new remuneration to the Reelected Directors. However, upon granting the restricted stock remuneration, the Bank will provide Monetary Remuneration Claims to the Reelected Directors, and the Monetary Remuneration Claims will be contributed in kind.

The total amount of Monetary Remuneration Claims to be paid to Reelected Directors based on this proposal shall be no more than 240 million yen as an amount considered equivalent to the number of shares for the unexercised stock acquisition rights held by each reelected Director. The specific timing on which Monetary Remuneration Claims are paid and allocated to each Reelected Director shall be determined by the Board of Directors.

The Bank intends to set the amount of remuneration under the Plan, separately from the amounts of existing cash remuneration and stock remuneration plans, only for the 136th fiscal year (from April 1, 2020 to March 31, 2021 (the "Fiscal Year")).

The above remuneration amount does not include employee portion of salaries paid to Directors serving concurrently as employees.

The current number of Directors are nine (of which two are Outside Directors). If Agenda Item No.2 "Election of Nine (9) Directors" is approved as originally proposed, the number of Directors will be nine (of which three are Outside Directors), and the Eligible Directors will be six. The six will be Reelected Directors of which three are directors with unexercised portions of stock acquisition rights that have been already granted. The stock acquisition rights held by the three will not be exercised and will be extinguished.

Directors who resign from a position of Director of the Bank at the conclusion of this Annual General Meeting of Shareholders will exercise their stock acquisition rights based on the Stock Acquisition Rights Allotment Agreement that was concluded upon allotment in the past fiscal year.

**Below is the content of the Transition Measures.**

**Content of the Transition Measures**

Reelected Directors shall contribute in kind all Monetary Remuneration Claims paid to them pursuant to the resolution at the Board of Directors by the Bank based on the Transition Measures, and shall receive the issuance or disposal of common stock of shares of the Bank. The total number of common stock of shares of the Bank to be newly issued or disposed by the Bank under the Plan shall be no more than 440,300 shares. However, on or after the approval date of this Agenda Item, if an adjustment of total number of shares to be disposed of based on the Plan such as a share split, etc. of the Bank's common stock of 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 stock of shares, based on the closing price of the Bank's common stock of shares on the Tokyo Stock Exchange on the business day next preceding the date of resolution above by the Board of Directors (if there are no trades on that day, the closing price of the most recent trading day before such day).

**Outline of Restricted Stock of shares allotted based on the Transition Measures**

The Bank shall require Reelected Directors to dispose of the common stock of shares of the Bank and hold them for the 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 each Reelected Director that include the following;

(i) Transfer restriction period

For common stock of shares of the Bank that are allotted under the Allotment Agreement (the "Allotted Shares"), each Reelected Director may not transfer them to a third party, provide security interest therein, or otherwise dispose of them (the "Transfer Restriction") within 30 years of the day they are allotted (the "Transfer Restriction Period").

(ii) Release of Transfer Restriction

Subject to a Reelected Director being in the position of a Director continuously, in principle, the Bank shall release the Transfer Restriction upon expiration of the Transfer Restriction Period for all the Allotted Shares. However, when such Reelected Director is not reelected before the expiration of his/her office or if such Reelected Director dies or resigns from the office of Director of the Bank before the expiration of his/her Service Provision Period for due cause as provided in (ii) above, all the Allotted Shares in respect of the period in office shall be, in principle, released at the retirement.

(iii) Treatment at corporate reorganization, etc.

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

(iv) Other matters

Other matters in respect of the Allotment Agreement shall be determined by the Board of Directors of the Bank.

Subject to the approval of this Agenda Item as originally proposed, the Bank intends to apply the Transition Measures to Executive Officers of the Bank pursuant to the resolution of the Board of Directors in this Fiscal Year.

(Reference)

The Bank establishes the “Basic Policy for Executive Remuneration” as follows.

### Basic Policy for Executive Remuneration

The Bank shall establish a basic policy for executive remuneration (the “Policy”) and shall 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 will 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 Shareholders and to enhance management awareness centered on the Shareholders
  - To maintain link with business results appropriately, and to function as a sound incentive
  - Not to lean on inappropriate risk taking
  - To promote or secure excellent management personnel
  - Since Directors are in the position to be responsible for the business performances 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 comply with a determination process that is objective and transparent

#### 2. Governance on determining remuneration, etc.

- Board of Directors shall procure the matters below to be decided based on the advice and suggestions from Remuneration Advisory Committee upon deliberation at the Remuneration Advisory Committee in response to the request 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 a half shall be Independent Outside Directors.
  - Agenda Item for the General Meeting of Shareholders on Directors’ remuneration and Audit & Supervisory Members’ remuneration;
  - Policy on Directors’ remuneration (including this Policy);
  - System on Directors’ remuneration (including remuneration by individuals); and
  - 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 advance 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 consist only of 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 in surveys conducted by external research institutions (so-called officers’ remuneration survey, etc.) periodically, the Bank shall determine the remuneration referring to such research data.

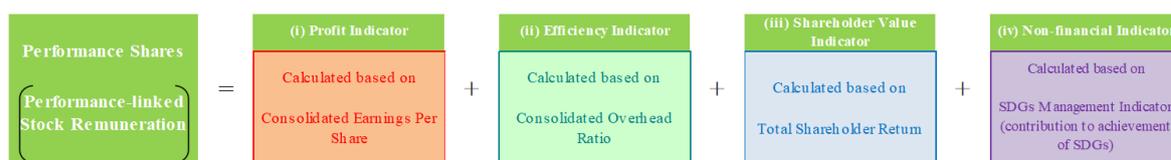
**5. Performance-linked remuneration**

(1) Bonus

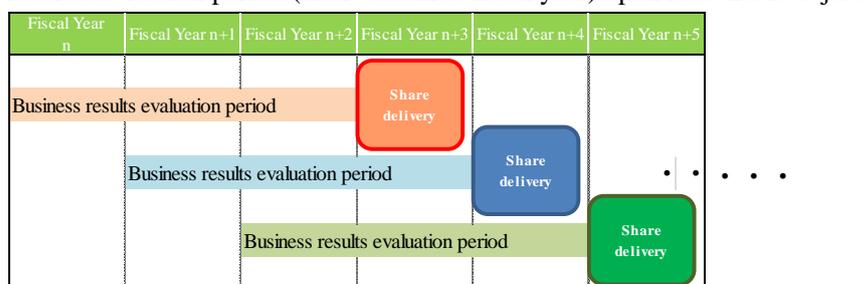
- From the nature of short-term incentive remuneration, for the purpose of enhancing contribution incentive to improve business results for each fiscal year, the Bank will adopt consolidated earnings as a performance indicator. For performance-linked portion, the remuneration amount shall be determined 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 Shareholders and enhancing management awareness centered on Shareholders, 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 stock of 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 Shareholders 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 Shareholders, 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 shareholder value indicator as performance indicator conform to the introduction intent of the Plan “to share profit awareness with Shareholders and to enhance management awareness centered on the Shareholders.”
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 Shareholders and to enhance management awareness centered on the Shareholders, 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 stock of shares of the Bank 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 Shareholders, Corporate Governance Reports, the Bank’s website, etc.)