

October 21, 2016

Company Name: The Gunma Bank, Ltd.
Representative: Kazuo Saito, President
Stock Exchange Listing: Tokyo (code: 8334)
For Inquiry: Hiroyuki Irisawa, Executive Officer and General Manager,
Corporate Planning Department

**Announcement regarding the determination of terms and conditions
for the issuance of Basel III-compliant Subordinated Bonds**

The Gunma Bank, Ltd. hereby announces that it has determined the following terms and conditions for the issuance of Basel III-compliant Subordinated Bonds which will be issued on October 28, 2016.

「 JPY 10,000,000,000 Subordinated Unsecured Bond due 28 Oct 2026 」

- | | |
|-------------------------------------|--|
| 1. Total amount of issue | 10 billion yen |
| 2. Denomination of each bond | 100 million yen |
| 3. Interest rate | (i) For the first five years (until October 28, 2021): 0.40%
per annum (ii) thereafter: 6-month Euroyen LIBOR plus 0.44% |
| 4. Issue price | 100% of the denomination of each bond |
| 5. Redemption price | 100% of the denomination of each bond |
| 6. Term | 10 years |
| 7. Maturity date | October 28, 2026 |
| 8. Callable date | Any interest payment date on or after October 28, 2021 |
| 9. Interest payment date | April 28 and October 28 of each year |
| 10. Type of offering | Public offering in Japan |
| 11. Payment date | October 28, 2016 |
| 12. Book-entry transfer institution | Japan Securities Depository Center, Inc. |
| 13. Underwriters | Nomura Securities Co, Ltd.
Daiwa Securities Co, Ltd
SMBC Nikko Securities Co, Ltd.
Mizuho Securities Co, Ltd
Mitsubishi UFJ Morgan Stanley Securities Co, Ltd. |
| 14. Rating | A (Rating and Investment Information, Inc.) |