

“MCP” Musashino mirai - Creation Plan

Phase 2: 2026.4-2030.3

Medium-Term Management Plan

“MCP 2/3”

More For You

もっと、街・暮らし・笑顔のために



Contents

Review of the Previous Medium-Term Management Plan “MCP 1/3”

- Results of the Previous Medium-Term Management Plan..... P4
- Achievements and Challenges..... P5

Medium-Term Management Plan “MCP 2/3”

- Characteristics of Saitama Prefecture, Our Home Market..... P7
- Business Model of the Musashino Bank Group..... P8
- Environmental Awareness: Changes in external environment..... P9
- Organizing Material Issues (Materialities)..... P10
- Themes to Be Addressed Based on Risks and Opportunities..... P11
- Approach to Formulating the Medium-Term Management Plan “MCP 2/3”..... P13
- Positioning of “MCP 2/3”..... P14
- Three Fundamental Strategies in “MCP 2/3”..... P15
- Overview of “MCP 2/3”..... P16
- Value-Creation Process..... P17

Priority Areas of Focus

- Fundamental Strategy I:
Deepening into value co-creation consulting..... P19
- Fundamental Strategy II:
Contributing to creating new values in Saitama..... P25
- Fundamental Strategy III:
Establishing the foundation that serves as a source of value creation..... P28

Initiatives for Enhancing Corporate Value

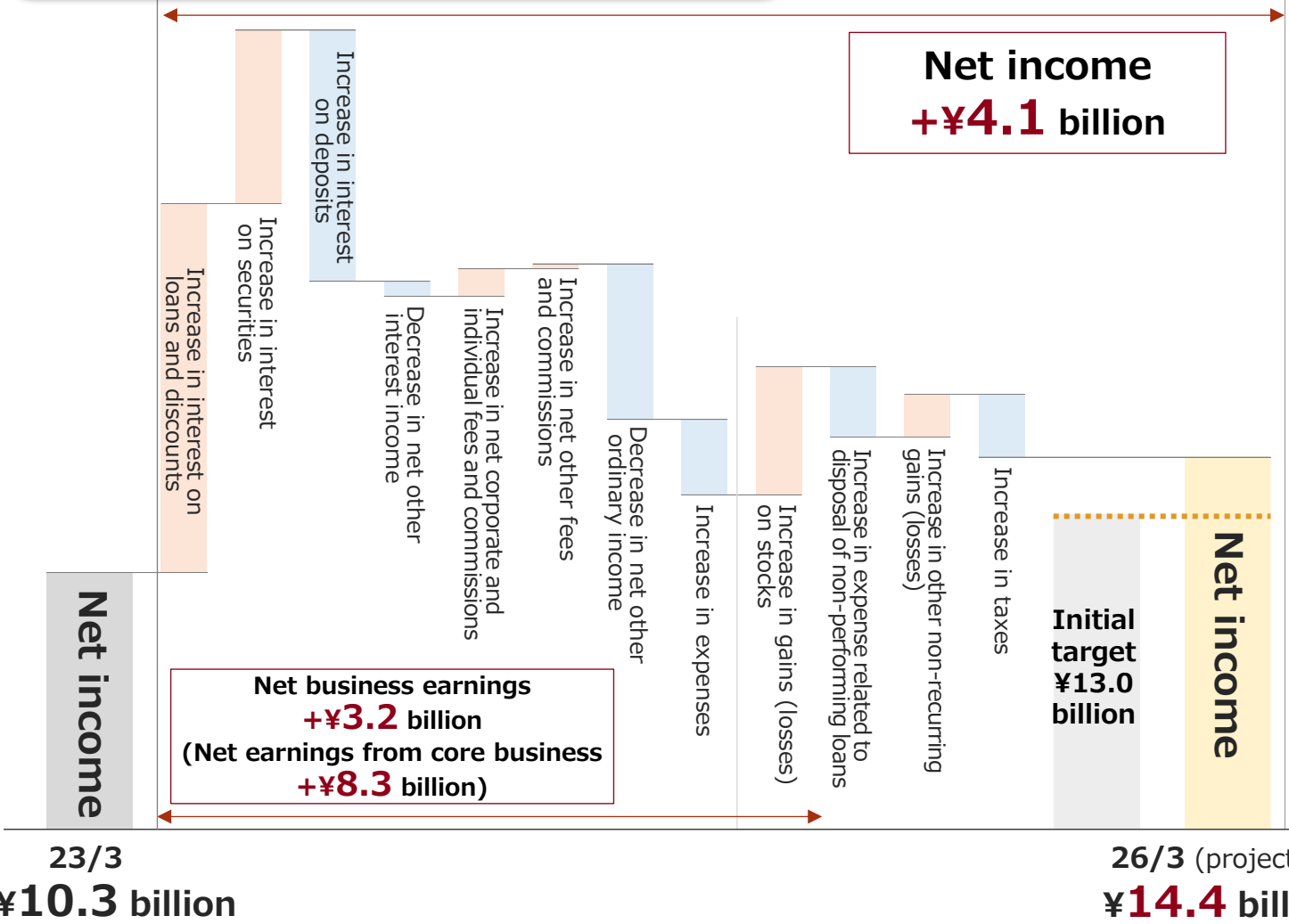
- Logic Tree for Increasing PBR..... P35
- Overall Picture of the Revenue Plan..... P36
- Enhancing Earning Power of Business Portfolio..... P37
- Capital Policy..... P38
- Shareholder Return Policy..... P39
- Plan for Reducing Strategic Shareholdings..... P40

Review of the Previous Medium-Term Management Plan “MCP 1/3”

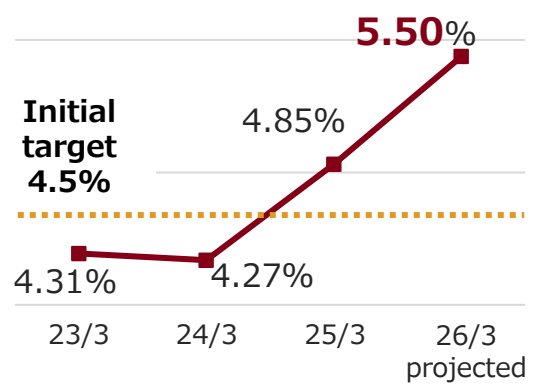
Results of the Previous Medium-Term Management Plan

- During the previous Medium-term Management Plan period, we achieved growth exceeding our target figures, making significant progress in building a solid foundation for realizing our long-term vision.

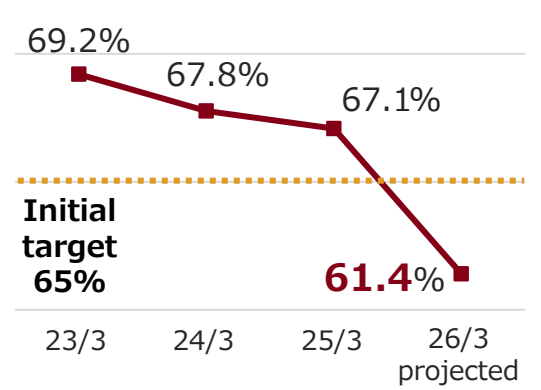
Changes during the previous medium-term plan period



ROE (consolidated)



Core OHR (non-consolidated)



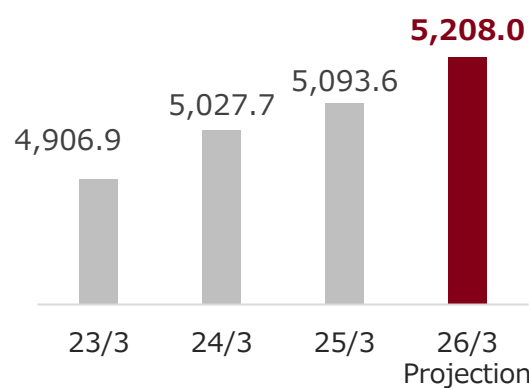
Achievements and Challenges

- While we have achieved various results, we have reaffirmed that realizing sustainable growth in the region requires even deeper, more closely aligned support and the creation of a resilient organization.

Achievements

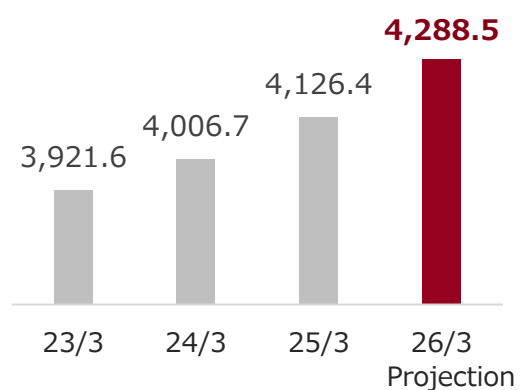
◆ Balance of deposits, etc. (non-consolidated)

(Billion yen)



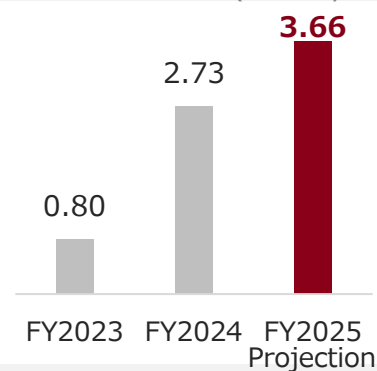
◆ Balance of loans and bills discounted (non-consolidated)

(Billion yen)



◆ Digital investment

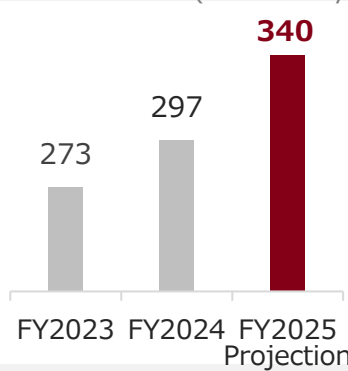
(Billion yen)



* Cumulative during period

◆ Human resources investment

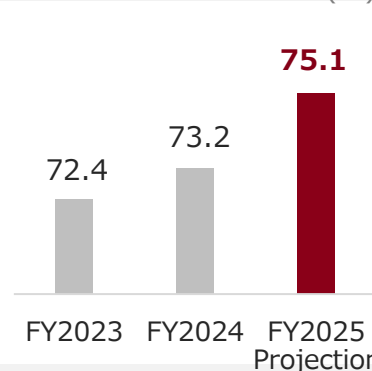
(Thousand yen)



* Per person, single year

◆ Engagement

(%)



Challenges

〈Community〉

- Deepen initiatives to date to realize sustainable local communities

〈Customers〉

- Demonstrate a competitive advantage by being recognized first by customers and generating strong expectations
- Take a step further to realize comprehensive consulting

Provide even more closely aligned support to the region and customers

〈Human resources〉

- Develop systems that maximize each individual's capabilities by leveraging the foundation we have built

〈Management foundation〉

- Enhancement of risk management and governance have been promoted, and will continue to be strengthened going forward

Creating a resilient organization by leveraging the established foundation

Medium-Term Management Plan “MCP 2/3”

Characteristics of Saitama Prefecture, Our Home Market

- Saitama Prefecture has developed an economic zone with a dense concentration of population and industry, supported by its favorable geographic conditions and infrastructure.

Economic indicators

Indicator	Saitama Prefecture	
Gross prefectural domestic product (nominal)	¥23.7 trillion	Ranked 5th
Number of new housing starts	53 thousand	5th
Working-age population	4.49 million	5th
Shipment of manufactured goods, etc.	¥14.8 trillion	8th
Annual merchandise sales	¥17.2 trillion	7th

Source: The State of Saitama Prefecture as Seen from Statistics 2025

Regional characteristics

Living

Well-developed high-speed transport network

The entire prefecture lies within a 100-kilometer radius of the central Tokyo, with a well-developed network of expressways and railways

Nature

Balance of city and nature

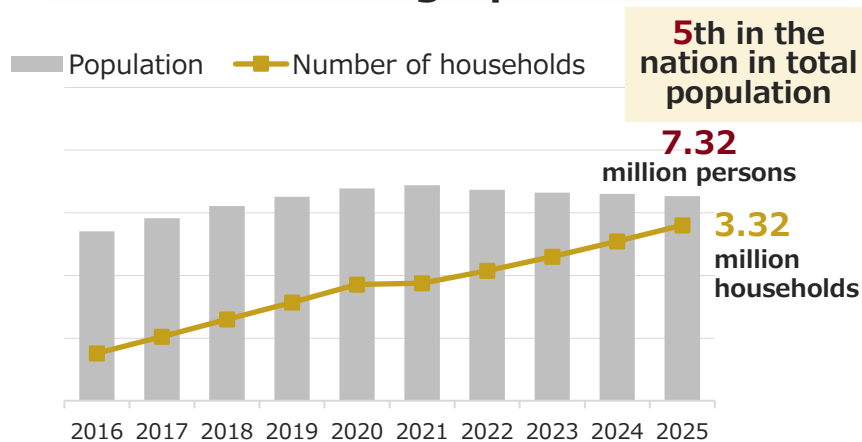
Despite being part of the metropolitan area, about two-thirds of the prefecture is surrounded by green spaces

Culture

Diverse culture rooted in the region

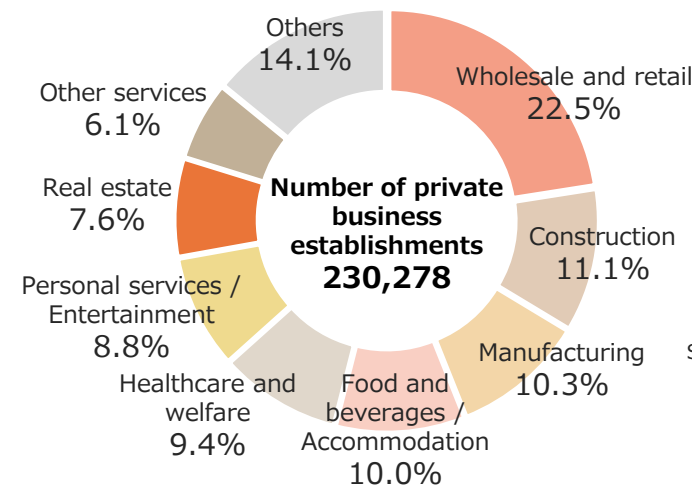
Many fascinating cultural traditions have taken root in the region, including festivals, traditional crafts, and historic buildings

Demographics



Source: Saitama Prefecture Population Estimates (Time Series Data)

Industrial structure



5th nationwide in number of business establishments

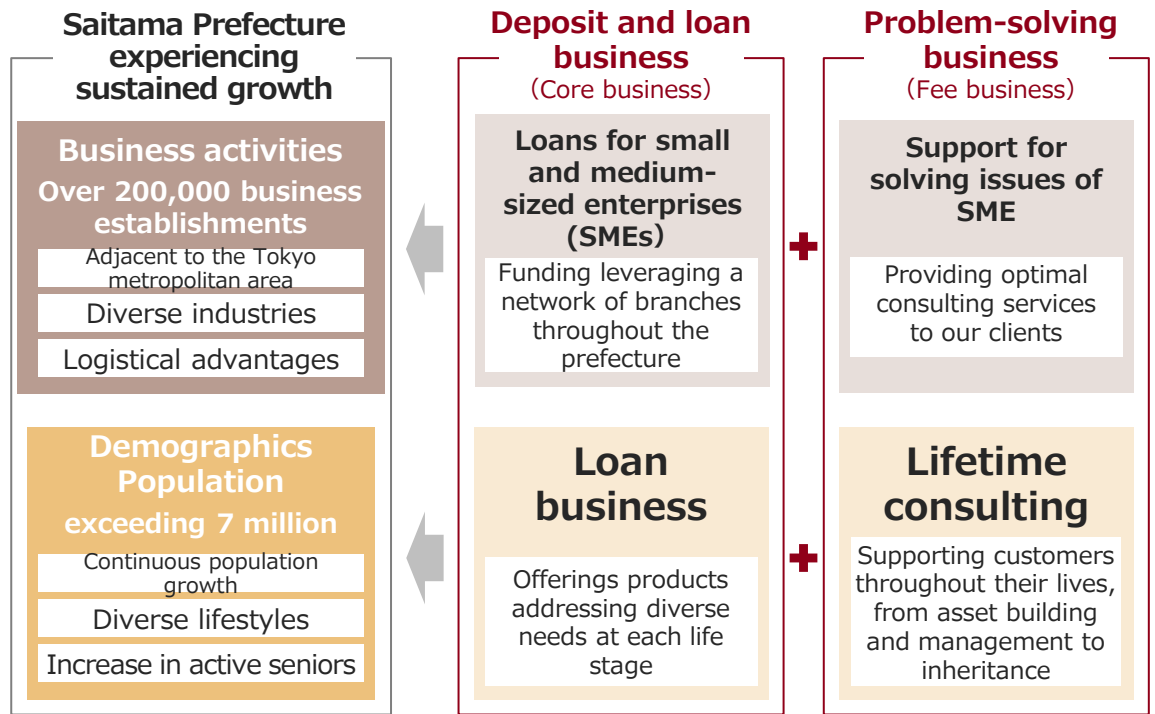
A diverse range of industries are concentrated

Source: Ministry of Internal Affairs and Communications & Ministry of Economy, Trade and Industry "Economic Census for Business Activity"

Business Model of the Musashino Bank Group

- The Group has a solid business foundation in Saitama Prefecture, a region with high market potential, enabling us to realize a business model with competitive advantages.

Business model of the Bank



Operational base

Number of branches
100 branches
(93 within the prefecture, including 2 sub-branches, 7 outside the prefecture)

Housing loan centers:
8 locations

* As of March 2026

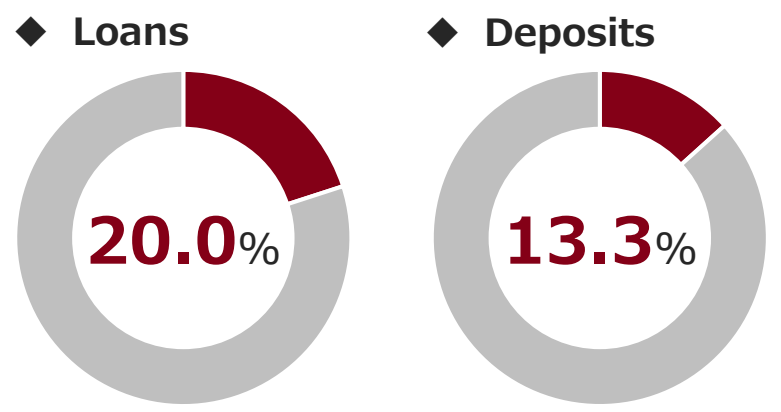
Group companies

- The Bugin General Lease Co., Ltd.
- The Bugin Guarantee Co., Ltd.
- The Musashino Card Co., Ltd.
- The Bugin System Service Co., Ltd.
- The Bugin Economic Research Institute Co., Ltd.
- The Bugin Capital Co., Ltd.
- The Musashino Harmony Co., Ltd.
- Musashino Mirai Partners Co., Ltd.

Total 8 companies

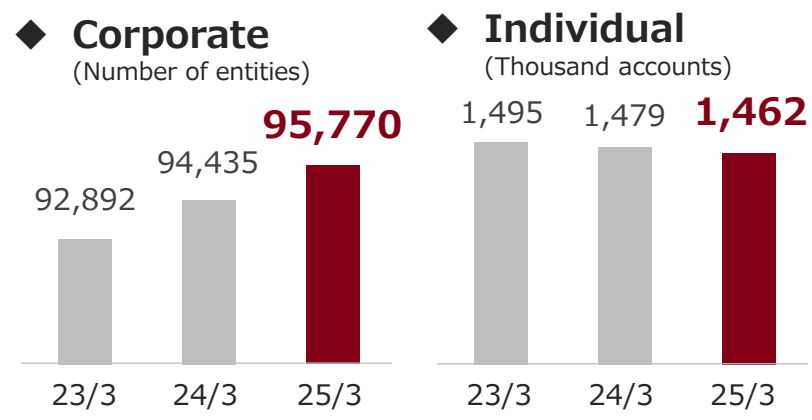
* As of March 2026

Prefectural share



* As of September 2025

Number of customers



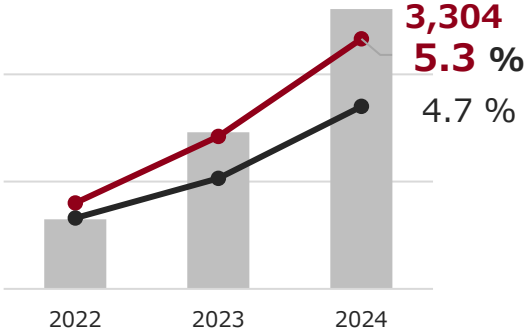
Environmental Awareness: Changes in external environment

- Amid significant environmental changes, businesses are required to accurately seize opportunities while considering risks.

Business continuity of companies in the prefecture

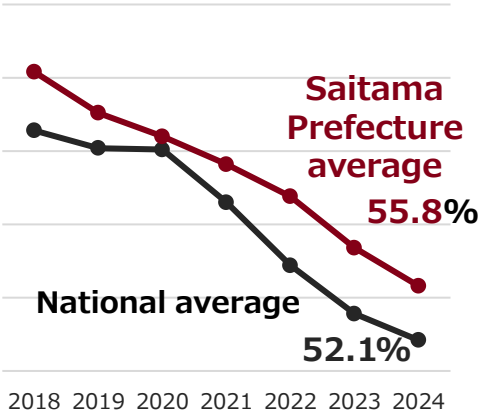
Suspension, closure, and dissolution

- Number of businesses suspended or closed (Saitama)
- Rate of suspension/closure (Saitama)
- Rate of suspension/closure (nation-wide)



Source: Teikoku Databank National Business Suspension, Closure, and Dissolution Trend Survey (2024)

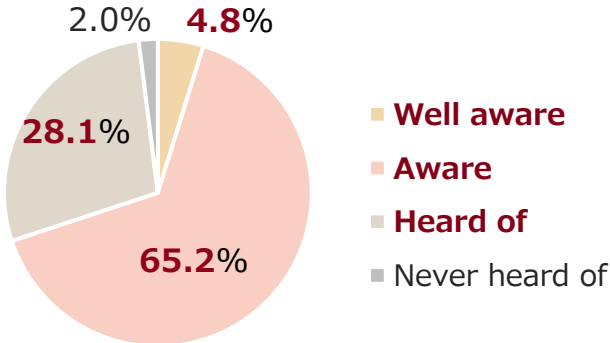
Rate of absence of successors



Source: Teikoku Databank Saitama Prefecture Successor Absence Rate Trend Survey (2024)

Both the rate of business suspension/closure and the rate of absence of successors exceed the national average

Sustainability

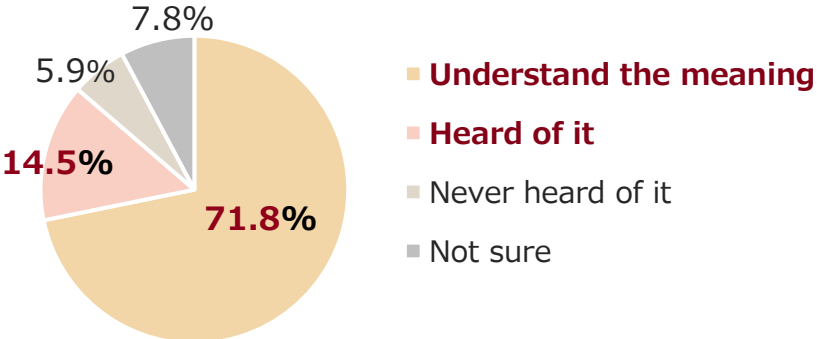


Source: Saitama Prefecture website

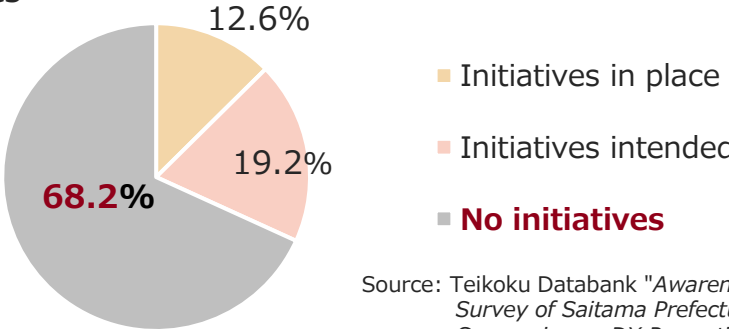
Awareness of sustainability has generally permeated throughout the prefecture

Status of DX (Digital Transformation) penetration

Level of understanding



Initiatives



Source: Teikoku Databank "Awareness Survey of Saitama Prefecture Companies on DX Promotion"

While understanding of DX is growing, few companies have implemented it

Organizing Material Issues (Materialities)

- We have reorganized the Group's material issues and established priority themes for focused initiatives.

We identified social issues of high importance to both the Bank and its stakeholders, based on social issues identified through environmental analysis and ESG issues* that regional banks should address, taking into account their timeframe and impact.



* We identified the issues to be addressed, based on the UN Sustainable Development Goals (SDGs), the Japanese Bankers Association's "Key SDG Initiatives," and various guidelines such as the GRI Standards and SASB Sector Guidelines.

Themes to Be Addressed Based on Risks and Opportunities (1/2)

(1) Sustainable development of the regional economy

Risks	Declining competitiveness of companies and their business partners due to delayed adaptation to social structural changes (DX, human resources investment, etc.)	[Themes to be addressed]
	Falling number of local businesses due to rising rate of succession failures among companies across the prefecture Shrinking business infrastructure caused by regional economic stagnation	
Oppor-tunities	Increased demand for funding and consulting opportunities driven by the diversifying management issues of companies in the prefecture	
	Growing demand for funds to support new businesses and industrial development An increase in opportunities to provide solution services	
<ul style="list-style-type: none"> ● Supporting the growth of companies in the prefecture and solving management issues ● Proactive involvement in smooth business succession ● Contributing to new business creation and industrial development 		

(2) Realizing sustainable local communities

Risks	Shrinking customer base due to population outflow to other prefectures from reduced livability	[Themes to be addressed]
	Outflow of the customer base to online banks and similar institutions, particularly among younger generations, as a result of the growing demand for digital financial services	
Oppor-tunities	Enhancing appeal and revenue opportunities through solutions for seniors and child-rearing generations	
	Capturing new needs for asset formation, management, and succession	
	Maintaining and strengthening the customer base through enhanced digital channels	
<ul style="list-style-type: none"> ● Addressing the rapidly aging society ● Consulting tailored to lifestyles ● Enhancing quality of life through digitalization ● Collaborating with local communities 		

(3) Sustainable conservation and use of the regional natural environment

Risks	Deteriorating financial performance of companies and their business partners due to climate change, leading to higher credit costs	[Themes to be addressed]
	Business contraction in real estate, tourism, and agriculture sectors resulting from reduced prefectural green infrastructure	
Oppor-tunities	Expanding demand for financing and solutions related to decarbonization and biodiversity	
<ul style="list-style-type: none"> ● Contributing to decarbonization through collaboration with local communities ● Maintaining natural capital and green infrastructure 		

Themes to Be Addressed Based on Risks and Opportunities (2/2)

(4) Promoting the success of diverse human resources

Risks	Organizational weakening and decline in service quality due to rigid personnel management	<p>[Themes to be addressed]</p> <ul style="list-style-type: none"> ● Implementing human resources management ● Cultivating a culture that balances job satisfaction and growth ● Promoting and embedding diversity, equity, and inclusion (DE&I)
	Decrease in labor productivity and talent outflow due to insufficient environmental setup and engagement; loss of employment opportunities from a weakened corporate image	
Oppor-tunities	Enhancing business competitiveness through the systematic development, recruitment, and staffing of talent aligned with management strategy	
	Building a resilient organization that attracts talent with diverse knowledge and experience	

(5) Establishing a resilient corporate governance and organizational structure

Risks	Loss of social credibility due to governance failures, lack of thorough compliance, and inadequate risk management and security measures	<p>[Themes to be addressed]</p> <ul style="list-style-type: none"> ● Enhancing governance and ensuring compliance ● Enhancing dialogue via IR and SR activities ● Enhancing productivity through digitalization ● Enhancing cybersecurity and preventing financial crime
	Reputational damage due to lack of information disclosure and insufficient engagement with investors	
Oppor-tunities	Strengthening the capability to execute growth strategies supported by stable operations	
	Enhanced operational efficiency and optimal utilization of human capital through AI adoption and digitalization, along with strengthened risk prediction and monitoring	

Approach to Formulating the Medium-Term Management Plan “MCP 2/3”

- Guided by its unwavering Corporate Philosophy of “working in harmony with the local community it serves” and “maintaining a deep respect toward customers,” the Group has established the Long-term Vision “MCP.” The Medium-term Management Plan “MCP 2/3” represents our efforts to realize this vision.

Mission

Corporate Philosophy / Message

<Brand Message>
More For You

Working in harmony with the local community it serves / Maintaining a deep respect toward customers

As the only regional bank with its head office in Saitama Prefecture, we strive for lasting growth alongside our local community.

Long-Term Vision “MCP”

April 2023 – March 2033

「MCP」 Musashino mirai - Creation Plan

“Bringing together diverse value to create Saitama’s future with the region’s number one solutions”

Evolve into a partner that surpasses the expectations of communities and customers

Maximize the capabilities of the organization and employees

Medium-Term Management Plan

New

April 2026 – March 2030

Medium-Term Management Plan “MCP 2/3”

Strengthening and leveraging the Bank’s capital to address material issues (Materialities)

Strengthening the deposit and loan business

Enhancing the problem-solving business

Strategy

Positioning of “MCP 2/3”

- “MCP 2/3” represents the second phase toward realizing the Long-term Vision and has been positioned as a period to establish a solid presence as the premier partner in addressing regional and customer issues.

「MCP」 Musashino mirai - Creation Plan

Long-Term Vision

Bringing together diverse value to create Saitama’s future
with the region’s number one solutions

FY2023-2025

Build a solid foundation for the future

- Build a foundation to become a partner that surpasses expectations while remaining deeply aligned with local communities and customers
- Enable diverse work styles for our organization and employees and support employees’ proactive initiatives

Phase 1
“MCP 1/3”

FY2026-2029

Establish a solid presence

- Demonstrate a strong presence as **the premier partner for solving issues**, with the deepest understanding of local communities and customers
- Acquire and demonstrate expertise across the organization, enabling each employee to **realize their desired career path**

Phase 2
“MCP 2/3”

FY2030-2032

Become a partner that surpasses expectations

- Deliver value through the region’s number one solutions, becoming a partner that surpasses the expectations of local communities and customers
- Maximize the capabilities of the organization and its employees through organizational diversity and employees’ autonomous actions

Phase 3
Next Medium-Term
Management Plan

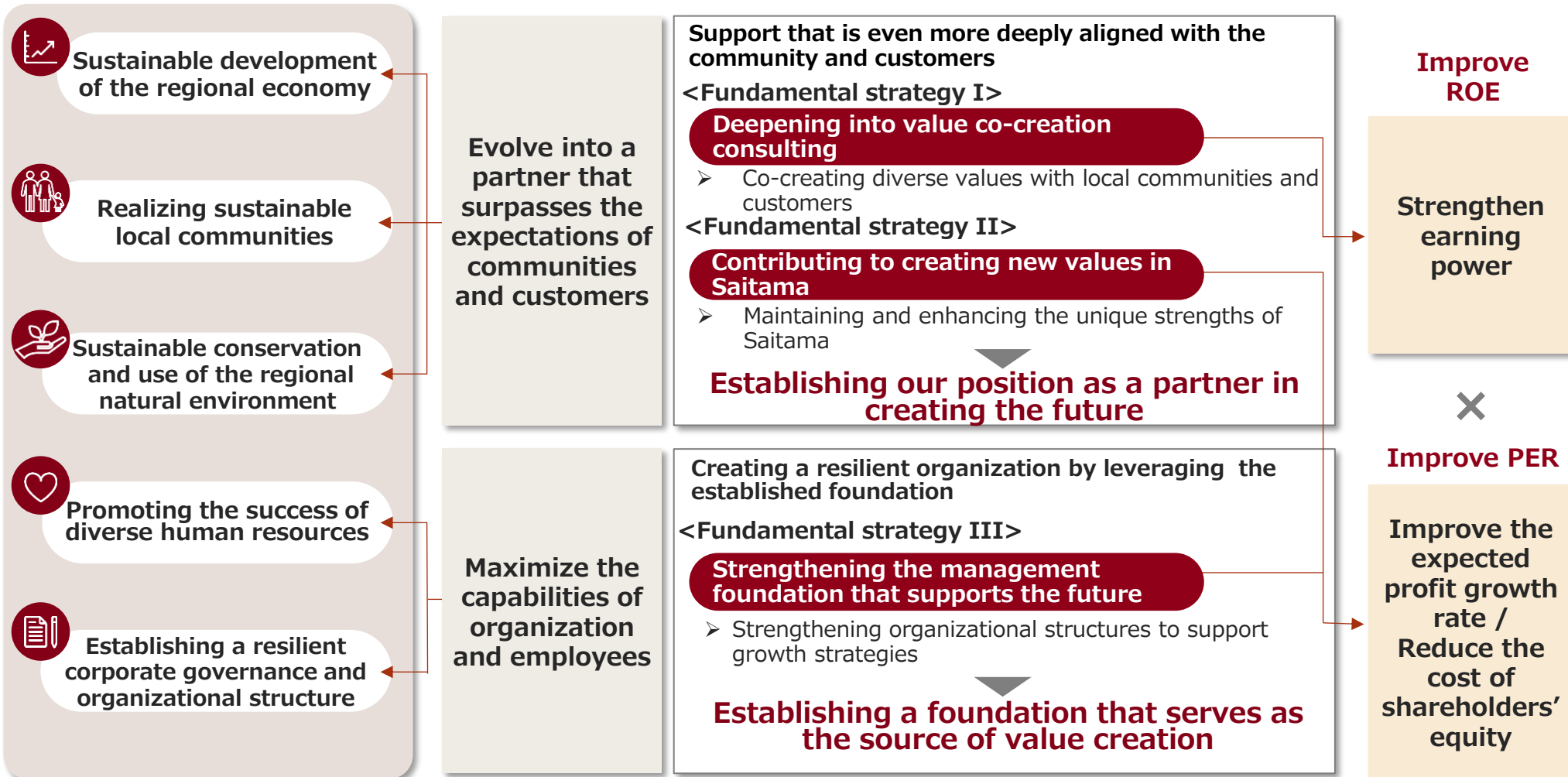
Three Fundamental Strategies in "MCP 2/3"

- To address material issues (Materialities) and enhance corporate value, we will pursue three fundamental strategies in "MCP 2/3."

Material issues
(Materialities)

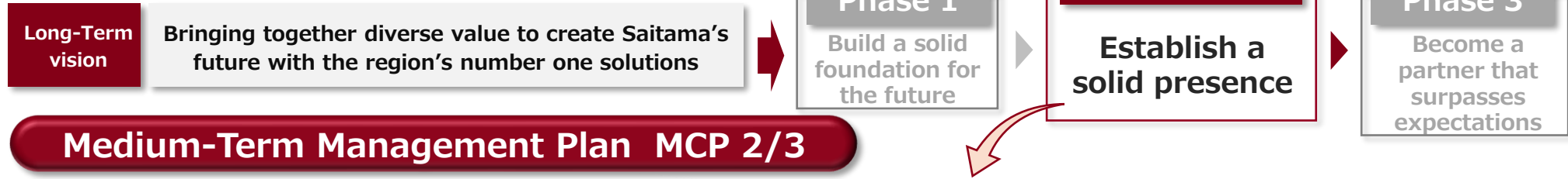
Two themes of
Long-Term Vision

Three fundamental strategies to be addressed in "MCP 2/3"



Overview of "MCP 2/3"

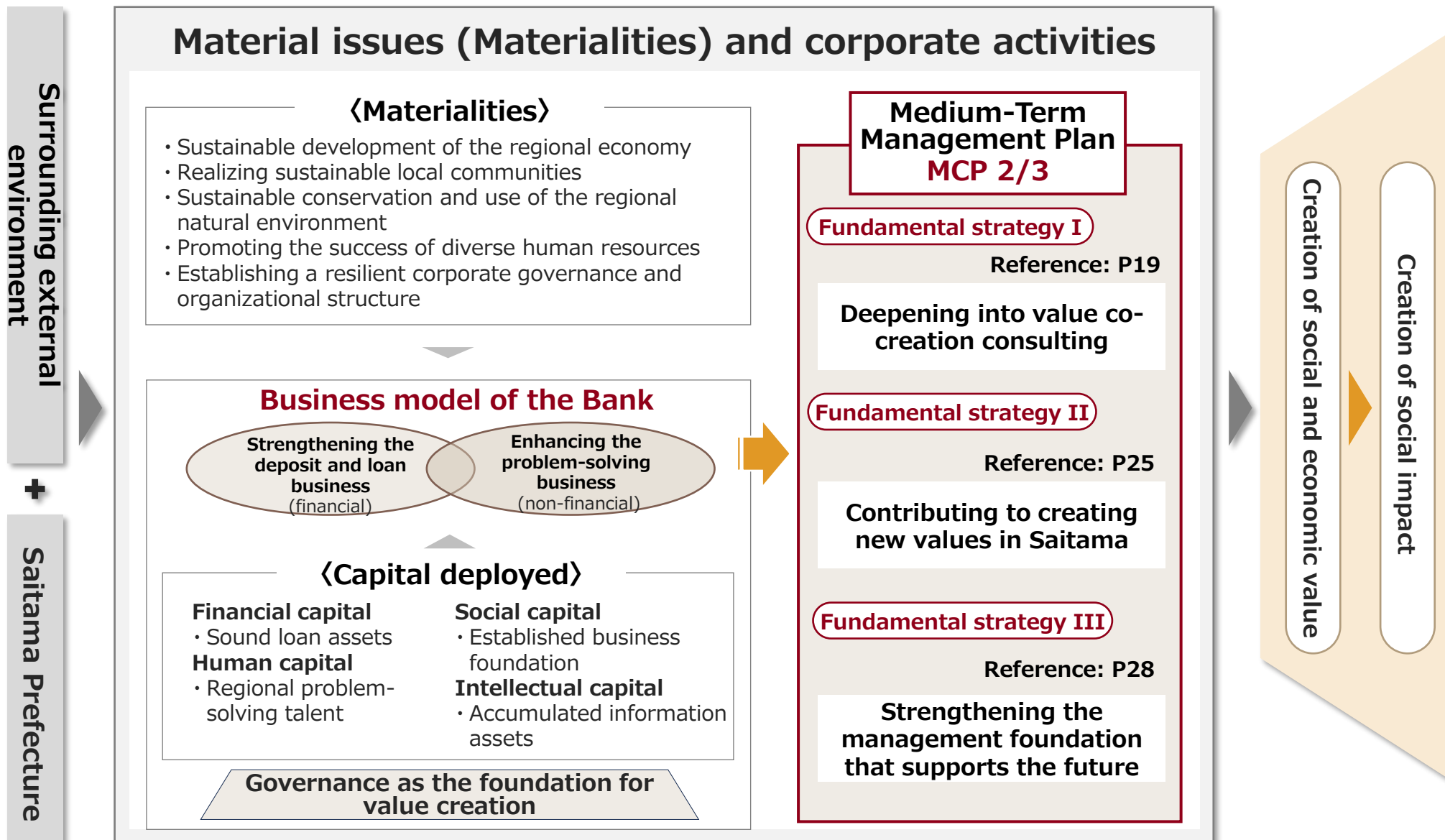
"MCP" Musashino mirai - **C**reation **P**lan



Plan period	April 2026 – March 2030 (4 years)			
Positioning	A period for establishing a solid presence as the premier partner that solves regional and customer issues			
Strategies	Establishing our position as a partner in creating the future Fundamental strategy I Deepening into value co-creation consulting •Corporate •Individual •Digital •Group		Establishing a foundation that serves as the source of value creation Fundamental strategy III Strengthening the management foundation that supports the future •DX •Alliances (Operational streamlining) •Governance •Human resources, DE&I	
	Fundamental strategy II Contributing to creating new values in Saitama •Regional revitalization •Sustainability			
Target levels (in 4 years)	ROE (Consolidated)	Profit attributable to owners of parent	Net earnings from core business	Core OHR (Non-consolidated)
	10% or more	¥30.0 billion or more	¥40.0 billion or more	55% or less

Value Creation Process

- Through the cyclical value creation process, we will achieve sustainable growth for Saitama Prefecture, our home market.



Priority Areas of Focus

Fundamental Strategy I: Deepening into value co-creation consulting

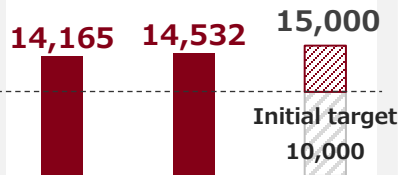
- As a partner creating value together for the future, we aim to establish the Bank's solid presence.

Medium-Term Management Plan "MCP 1/3"

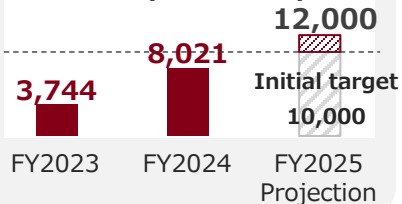
Building a solid foundation for the future

Support based on business insight and life planning has become firmly embedded through customer understanding initiatives

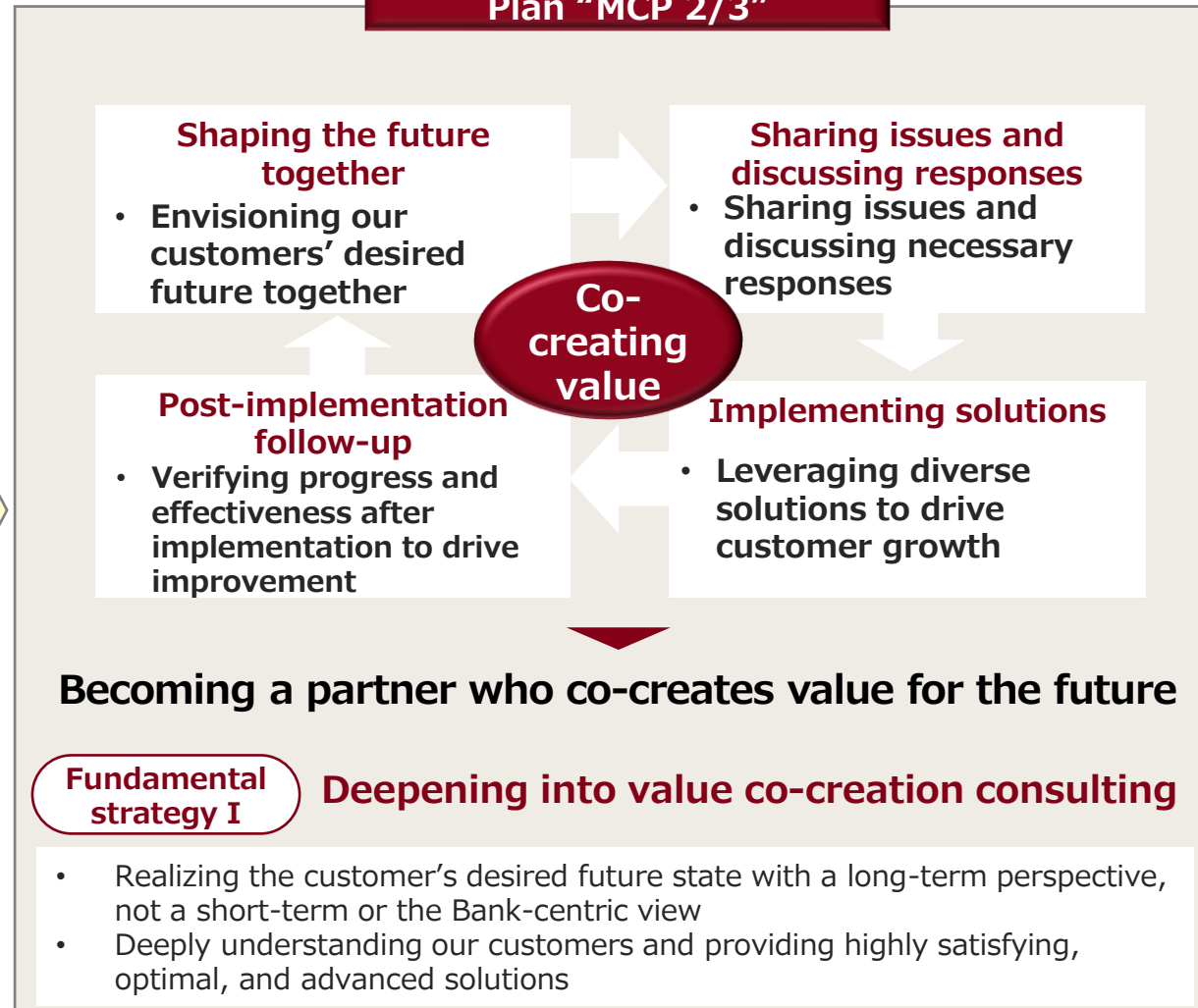
Number of solutions provided based on business evaluations (single fiscal year)



Number of life plan support cases (cumulative)



Medium-Term Management Plan "MCP 2/3"



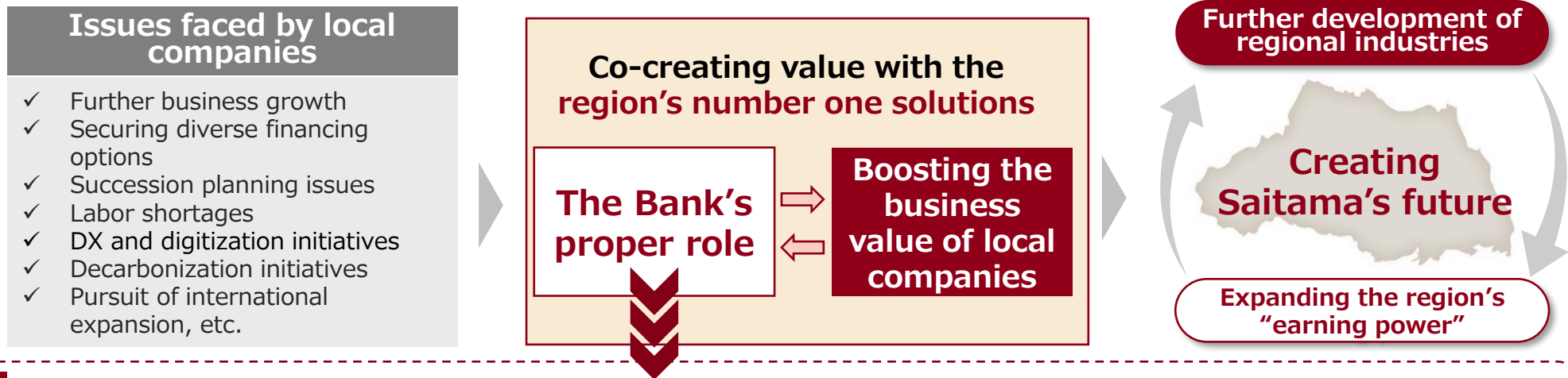
Next Medium-Term Management Plan

Final phase to realize the vision

Fundamental Strategy I: (1) Corporate sector

- We aim to be a partner that stays close to our clients and consistently provides optimal solutions.

Overview



Key initiatives

(i) Deep understanding of clients

- ◆ Developing a deep understanding of customers' management issues and future visions by **enhancing business evaluations** and **identifying ESG-related needs**
- ◆ **Utilizing AI** to uncover the latent needs of a wide range of customers

(ii) Provision of optimal solutions

- ◆ **Enhance and expand collaboration with partners**
- <Focus areas>
- ✓ Sustainable finance & solutions
 - ✓ Structured finance
 - ✓ Support for entrepreneurs and start-ups
 - ✓ Business succession and M&A

(iii) Continuous enhancement of problem-solving capabilities

- ◆ **Establish and enhance programs to develop solution specialists**, elevating the expertise of sales staff
- ◆ Enhancing **strategic staffing and mid-career recruitment** in key focus areas

Accompanying our customers into the future as partners and providing the region's number one solutions

Target levels

Structured finance balance of ¥250 billion or more
(final fiscal year of the Medium-term Management Plan)

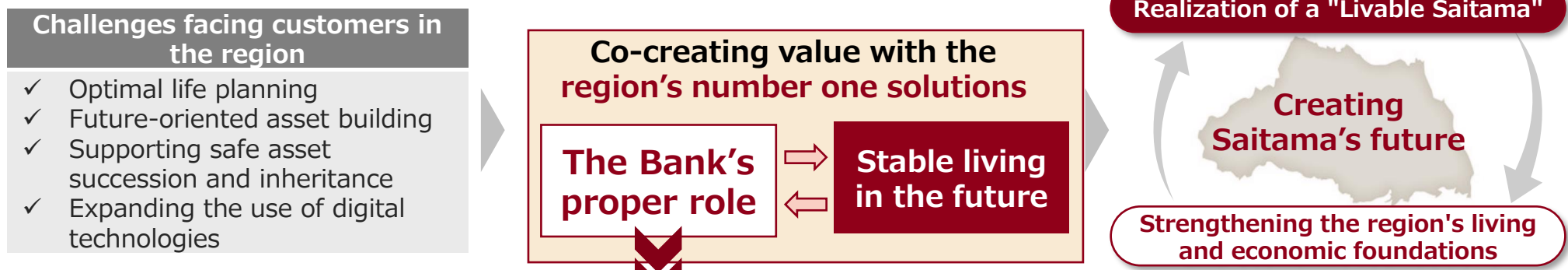
700+ business succession and M&A contracts
(cumulative total of the Medium-term Management Plan)

6,000+ projects supporting entrepreneurs and start-ups
(cumulative total of the Medium-term Management Plan)

Fundamental Strategy I: (2) Individual sector

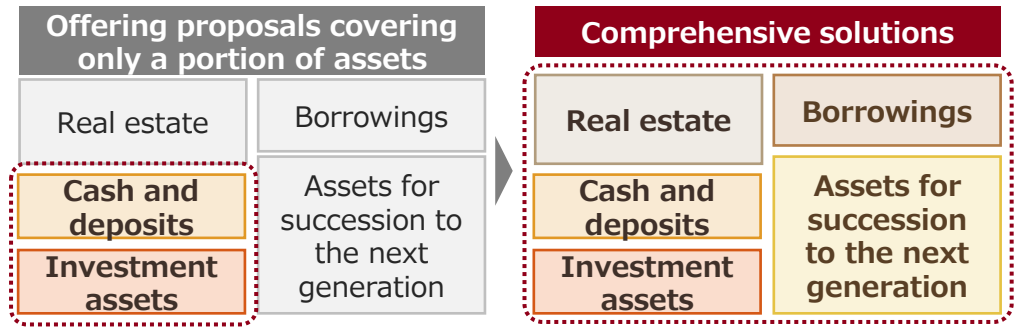
- As the partner that understands our customers best in the region, we provide comprehensive solutions.

Overview



Key initiatives

(i) Implementing comprehensive solutions



(ii) Enhancing non-face-to-face services

- ✓ Utilize the Bank app and add new features
- ✓ Digital marketing initiatives
- ✓ Expand non-face-to-face products and services
- ✓ Expand non-face-to-face approach to inheritors

(iii) Improving problem-solving capabilities

- ✓ Increase headquarter solution personnel and expand support
- ✓ Use AI and digital tools to upskill staff
- ✓ Develop and enhance HR development programs

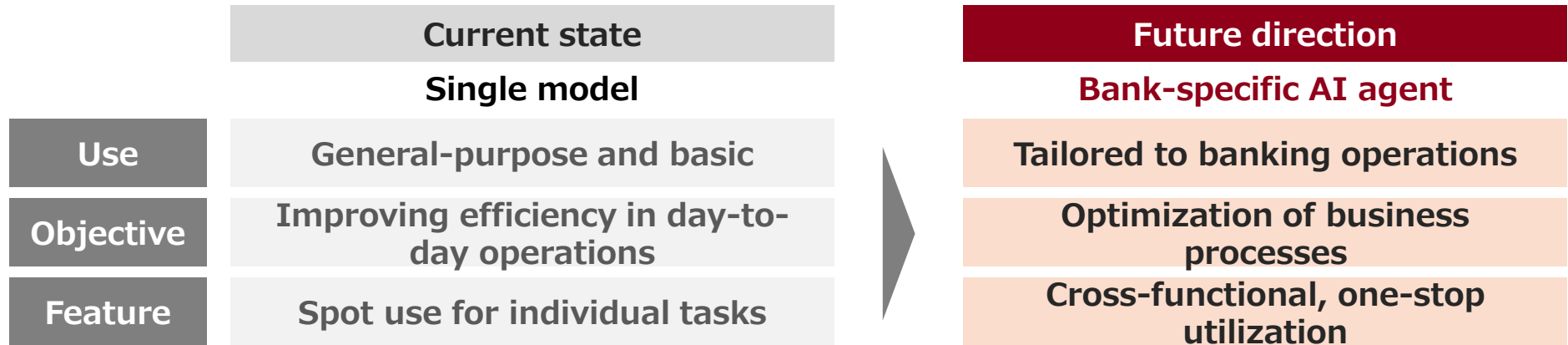
Leverage the **region's number one solutions** to support every aspect of customers' plans for the future

Target levels	2,000+ consulting clients (by the end of the Medium-term Management Plan period)	2,000+ testamentary trusts administered (by the end of the Medium-term Management Plan period)	600,000+ app users (cumulative total of the Medium-term Management Plan)
---------------	--	--	--

Fundamental Strategy I: (3) Digital

- We realize both productivity improvement in internal operations and optimal solutions for our customers through the use of AI and data.

Optimizing business processes through the use of AI



Enhancing proposals through data utilization and digital marketing



Fundamental Strategy I: (4) Group

- We offer a wide range of financial and non-financial services to local communities and customers fully leveraging the Group functions

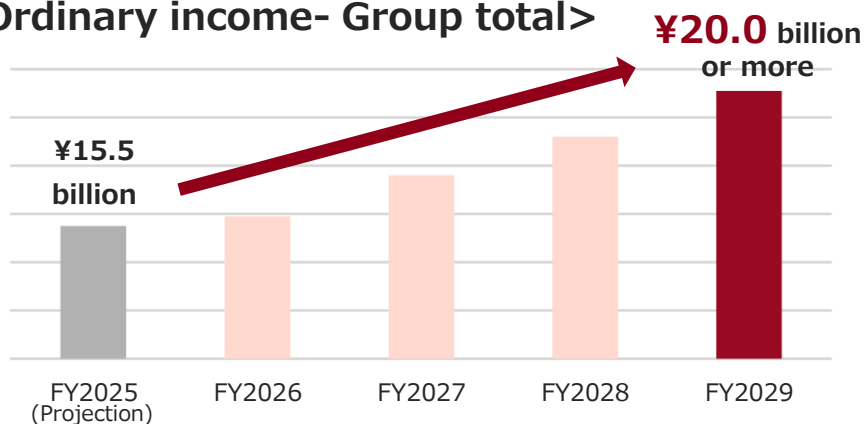
Overview



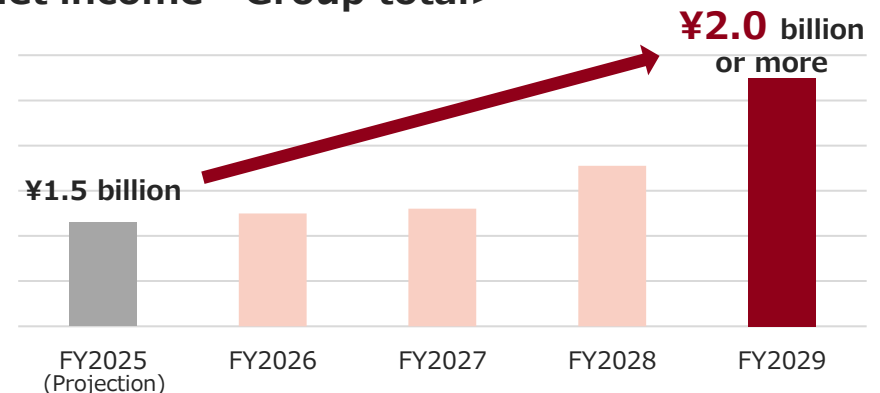
- ◆ **Communication among Group companies**
Expand collaboration among Group companies to provide new solutions
- ◆ **Collaboration with responsible departments**
Utilize the opt-out framework to hold regular meetings with responsible departments for appropriate information-sharing
- ◆ **Strengthening the proposal capabilities of Group companies**
Enhance each company's sales capabilities while delivering value through Group-wide collaboration
- ◆ **Expanding new products and services**
Gradually expand the product lineup to help solve issues faced by local communities and customers
- ◆ **Improving productivity across the Group**
Further promote operational efficiency improvements

Target indicators

<Ordinary income- Group total>



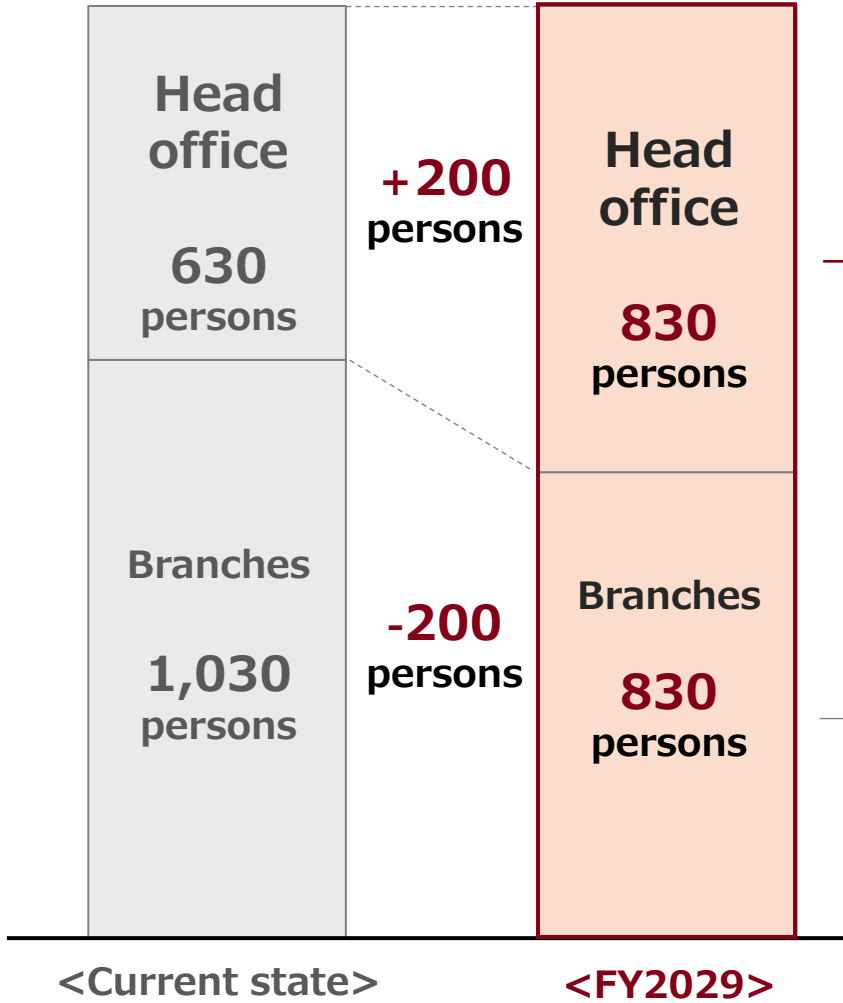
<Net income - Group total>



Fundamental Strategy I: (5) Personnel Plan

- Strategically increase headcount in specific areas and develop personnel with advanced expertise.

Control total headcount to keep it at a similar level



Areas to strengthen Reassign a total of **200** persons

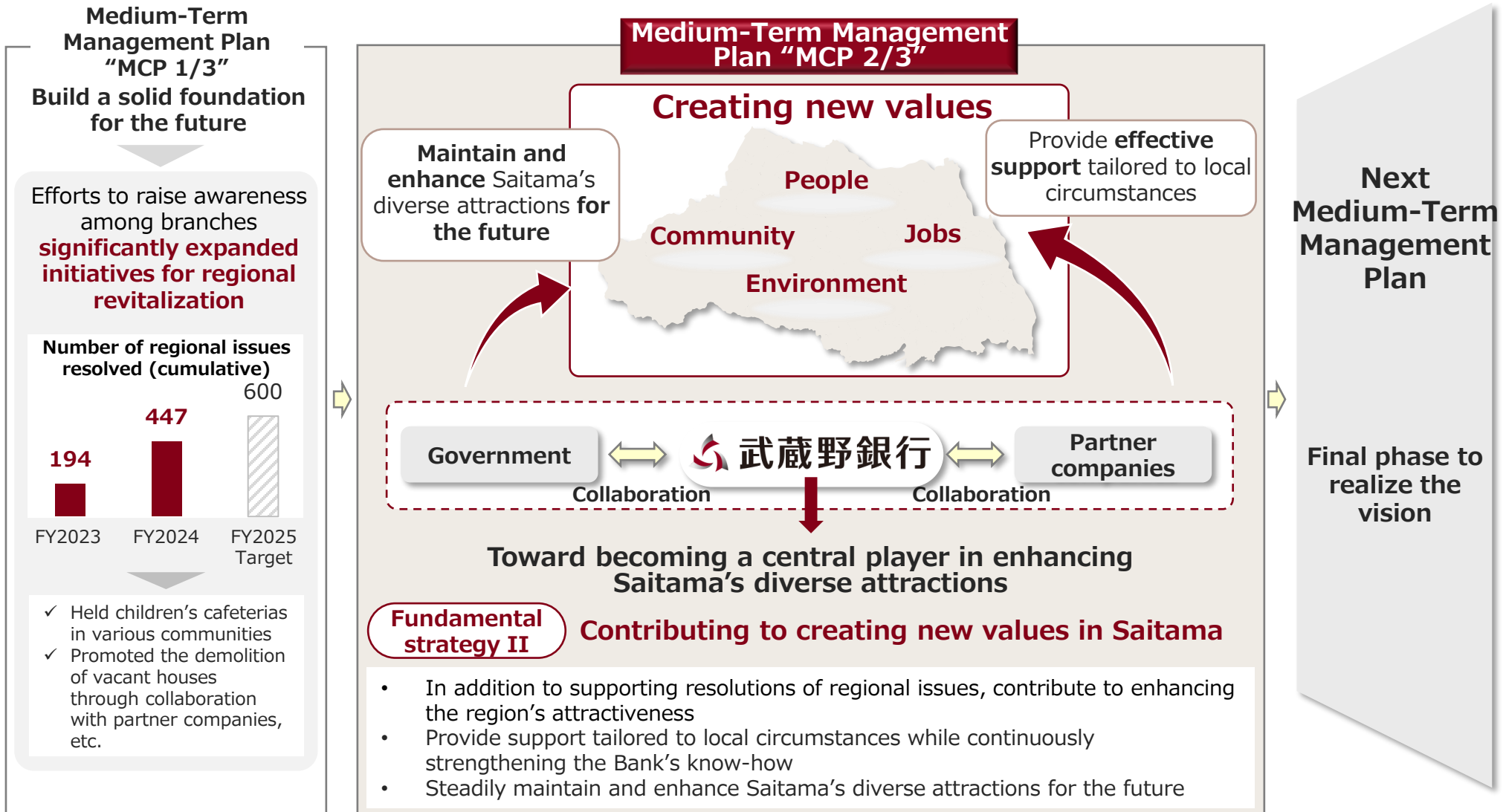
- Solutions staff +170 persons**
 - [Corporate Division +80]**
 - ✓ Structured finance, business succession, M&A, etc.
 - [Individual Division +70]**
 - ✓ Wealth management, private banking, etc.
 - [Strategic development +20]**
 - ✓ Within the head office, develop the solutions staff who will carry the Bank into the future
- Highly specialized talent +30 persons**
 - ✓ Digital, market, risk management
 - ✓ Head office planning divisions
 - ✓ Administratively focused divisions

Staff reallocation

- Admin and other staff -200 persons**
 - ✓ Further operational efficiency through DX
 - ✓ Review sales structure to enhance solutions

Fundamental Strategy II: Contributing to creating new values in Saitama

- We aim to establish a solid presence as a central player in enhancing Saitama's diverse attractions, including its lifestyle, culture, and nature.



Fundamental Strategy II: (1) Regional revitalization

- We will co-create regional value through public-private partnerships across a wide range of fields, thereby contributing to the revitalization of Saitama Prefecture as a whole.

Contributing to community development through public-private partnerships

- Build a safe, secure, inclusive, and sustainable regional society in collaboration with local governments

Public-private partnership projects implemented:

100

Active involvement in revitalizing municipalities under comprehensive partnership agreements

- Region-wide collaborative projects with Saitama Prefecture and Saitama City
- Deepening understanding of needs and developing project concepts for the 16 municipalities under comprehensive partnership agreements

Contribution to regional revitalization across all municipalities in the prefecture

- Regional collaboration initiatives carried out jointly by the head office and branches
- Business engagement leveraging the Group's network

Co-creation of local communities

- Foster local communities capable of overcoming the issues of a declining birthrate and aging society through participation in community activities and the Bank's own initiatives

Support cases implemented in collaboration with governments, etc.:

100

Increase in collaborative partners for resolution of issues:

20

Co-creation networks to be established, etc.:

20

Strengthening regional collaboration in support of children and child-rearing families, etc.

- Support for children and child-rearing households through collaboration with local organizations, etc.
- Collaboration between branches and business partners, and planning of the Bank's own initiatives

Creating new connections by supporting the active participation of the elderly

- Realizing a healthy longevity society and bridging the digital divide
- Supporting the elderly's participation and active engagement in the community as contributors to regional revitalization

Creating a virtuous cycle for regional industries

- Resolve individual issues and promote industrial growth through external partnerships, primarily in manufacturing and agriculture sectors

Manufacturing sophistication
Resolution of agricultural issues:

100 projects

Resolution of agricultural issues:

100 projects

Realizing industrial innovation through support for manufacturing companies

- Supporting the resolution of management issues through collaboration with external expert organizations
- Ongoing information gathering on manufacturing initiatives

Transforming agriculture into a growth industry through management innovation

- Creation of advanced models (Agri-Innovation Project)
- Supporting the resolution of management issues faced by farmers

Fundamental Strategy II: (2) Sustainability

- We aim to realize sustainable local communities by solving mid- to long-term regional issues.

Realizing local communities in harmony with rich nature

- Scope 1 and 2 initiatives
- Scope 3 initiatives
- Contributing to the protection of ecosystems within the prefecture

GHG emissions

-100%
(Compared to FY2013)

Scope 3 reduction

-40%
(Compared to FY2024)

Projects supporting ecosystem protection

50 projects

Implementation of measures toward carbon neutrality

- Energy-saving switchover at branches
- Electric vehicles (EV) adoption promotion
- Renewable energy introduction
- J-Credit purchases and generation

Proactively contributing to a decarbonized society

- Visualizing business partners' carbon emissions
- Providing decarbonization consulting to business partners
- Promoting sustainability-related products (deposits and loans)

Maintaining ecosystem sustainability

- Sharing information on the certification and details of Nationally Certified Sustainably Managed Natural Sites
- Implementing projects in collaboration with local governments, NPOs, and companies

Establishing sustainable foundations for local companies

- Expanding well-being management in the region

Establishing and operating corporate support models

Promoting well-being-oriented management among SMEs

- Implementing support measures for working women
- Offering recurrent education programs
- Developing and introducing consulting products

Initiatives for the 100-year life era

- Enhancing financial literacy

Participants in financial and economic education programs

50 thousand persons

Promoting financial and economic education

- Enhancing financial literacy for working adults
- Offering non-face-to-face financial education using digital tools

Fundamental Strategy III: Strengthening the management foundation that supports the future

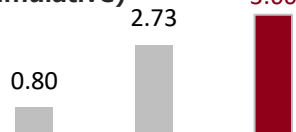
- We will further strengthen the solid management foundation established under the Medium-term Management Plan “MCP 1/3” as a source of future value creation and establish it as the foundation supporting the future.

Medium-Term Management Plan “MCP 1/3”

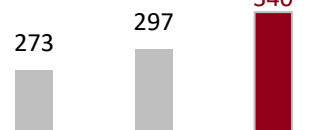
Build a solid foundation for the future

Built a solid foundation through DX, human resources investment and alliances

Digital investment (cumulative) (Billion yen)



Human resources investment per person (single fiscal year) (Thousand yen)



FY2023 FY2024 FY2025 Projection

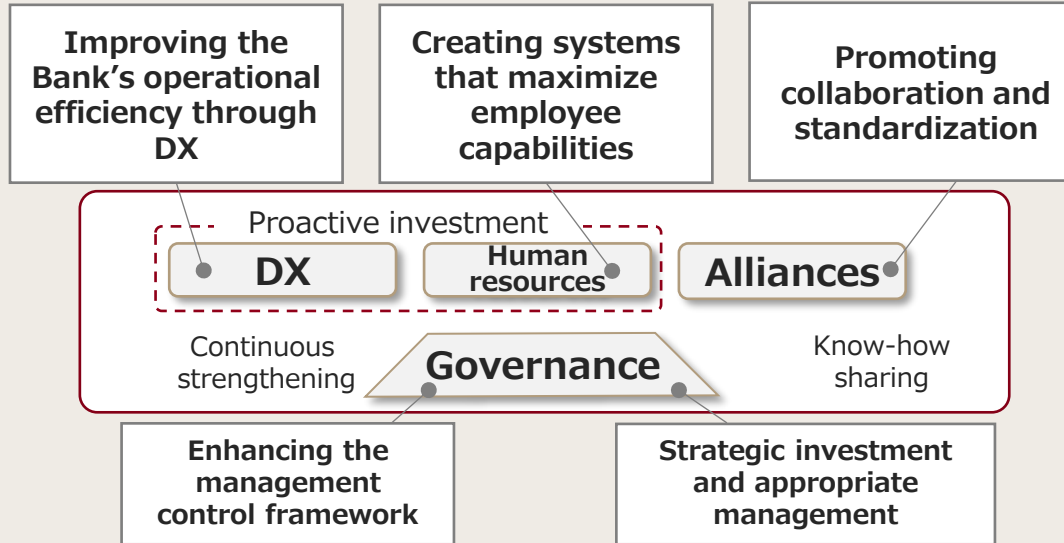
[Alliances]

Implemented various collaboration initiatives

[Governance]

Continuously strengthened governance structures

Medium-Term Management Plan “MCP 2/3”



Establishing a solid foundation that supports the future as a source of value creation

Fundamental strategy III Strengthening the management foundation that supports the future

- Maximizing employee capabilities to accelerate value creation
- Continuously enhancing operational capabilities through DX and alliances
- Continuously strengthening governance to support growth

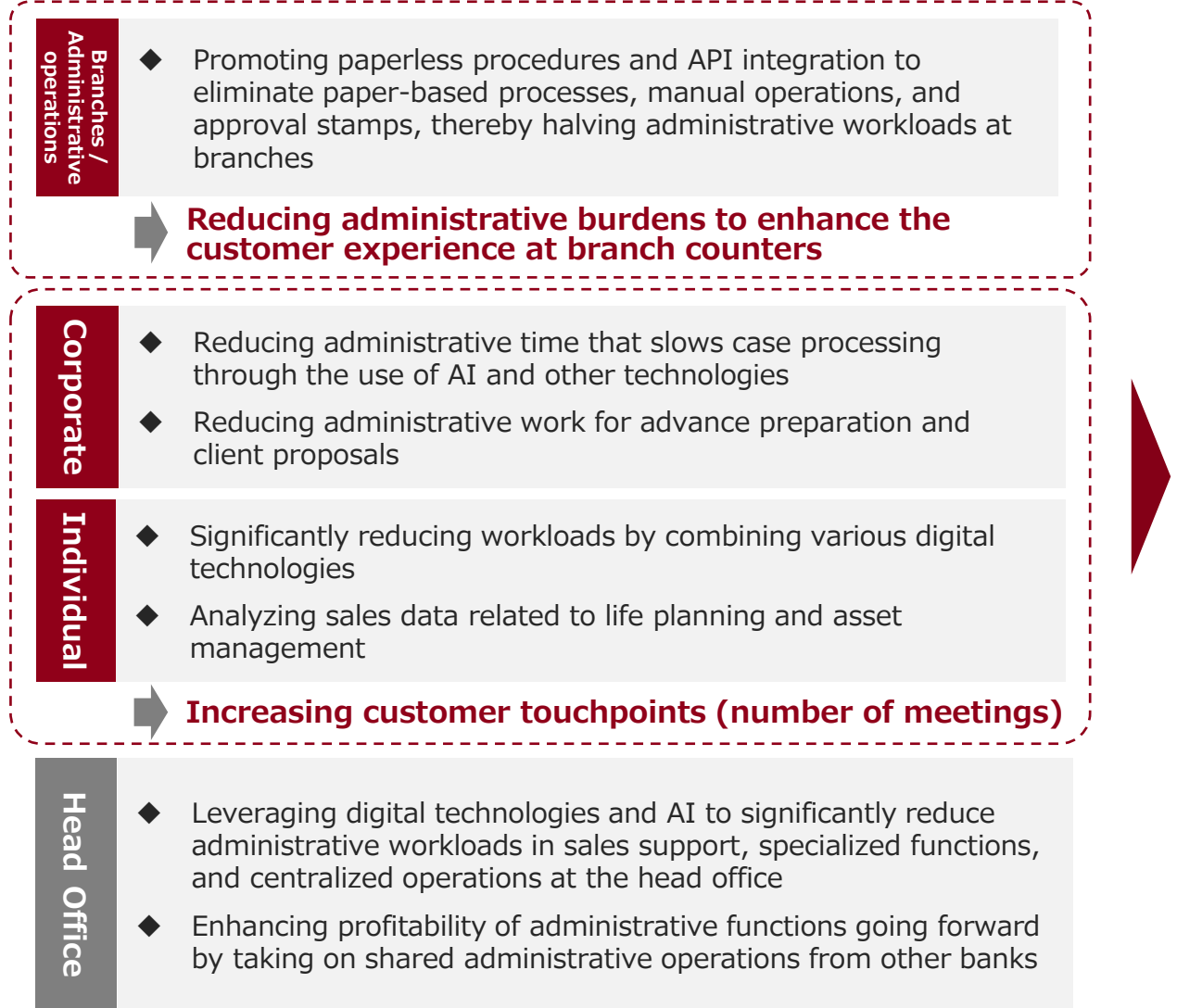
Next Medium-Term Management Plan

Final phase to realize the vision

Fundamental Strategy III: (1) DX (Operational streamlining)

- We will create an environment where employees can focus on solving customer issues by reducing workloads through the use of digital technologies. Additionally, we will promote shared administrative operations as a central player in interbank collaboration.

Improving operational efficiency through digital technologies



Planned outcomes

- 1 **Improved administrative efficiency at branches and head office**
- 2 **Enhanced sales efficiency for field representatives**
- 3 **Identified opportunities for further business centralization**
- 4 **Expanded shared administrative functions through collaboration with other banks**
- 5 **Established revenue streams from our administrative center**

Fundamental Strategy III: (2) Human resources / DE&I

- We aim to be an organization where diverse talent is confident and fully able to maximize their individual capabilities.

Strengthening the foundations of HR

Practicing talent management to maximize human capital value

- Talent management aligned with business strategy
- Securing both the quality and quantity of talent through the recruitment and development of diverse talent
- Developing and utilizing a human capital data platform covering specialized skills and experience

Creating a virtuous cycle where individual challenges drive organizational growth

- Enhancing career support to encourage autonomous challenges
- Expanding opportunities for success through skill development and reskilling support
- Providing appropriate rewards and a supportive working environment

<Target indicators (major KPIs)>

	26/3 (Projection)	30/3
Human resources investment per person	Approx. ¥340 thousand	¥420 thousand or more
No. of mid-career hires	Approx. 80 persons	Around 200 persons
Growth perception(*)	81.3%	90% or more

* Growth perception score: Percentage of employees who gave positive responses to questions related to "work" and "personal development" in statutory stress checks

Developing the organizational environment

Realizing work styles aligned with individual lifestyles

- Enhancing well-being through mutual understanding and respect among employees
- Advancing health and productivity management that enables everyone to work vibrantly
- Promoting DE&I practices to support talent growth and foster a sense of solidarity
- Promoting the success of diverse talent

<Target indicators (major KPIs)>

	26/3 (Projection)	30/3
Engagement(*)	75.1%	80% or more
DE&I score(*)	86.8%	90% or more
Ratio of female managers(*)	16.6%	30% or more

* Engagement: Percentage of employees who gave positive responses to questions related to employee satisfaction in statutory stress checks

* DE&I score: Percentage of employees who gave positive responses to questions related to diversity in statutory stress checks

* Ratio of female managers: Percentage of employees in line positions at the level of section chief or higher

Fundamental Strategy III: (3) Alliances

- Through two alliances, we will further enhance our “regional financial capabilities” and deliver new value to local communities and customers.

Chiba-Musashino Alliance

Rapid implementation of collaboration initiatives between the two banks located in the Tokyo metropolitan area

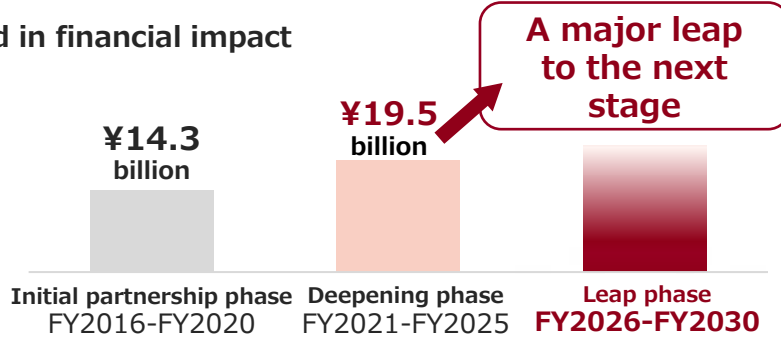


A new five-year plan (Phase 3) launched this fiscal year

We have designated **utilization of AI-centered digital technologies** as a key focus area and will implement various initiatives under the following three basic policies:

<p>Create</p> <p>Dramatically expand creation areas</p>	<p>Match</p> <p>Deepen shared operations</p>	<p>Advance</p> <p>Deepen and expand collaboration with other alliances</p>
--	---	---

Trend in financial impact



TSUBASA Alliance

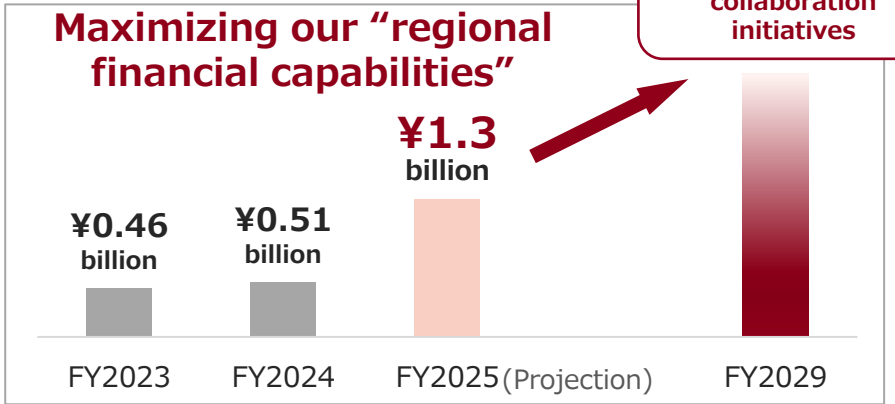
Enhancing financial and non-financial services through wide-area collaboration



Key initiatives

- Joint anti-money laundering operations
- Utilization of a shared FinTech platform
- Introduction of a paperless platform
- Joint hosting of training programs and seminars
- Personnel exchanges among member banks
- Joint purchase of non-fossil fuel certificates, etc.

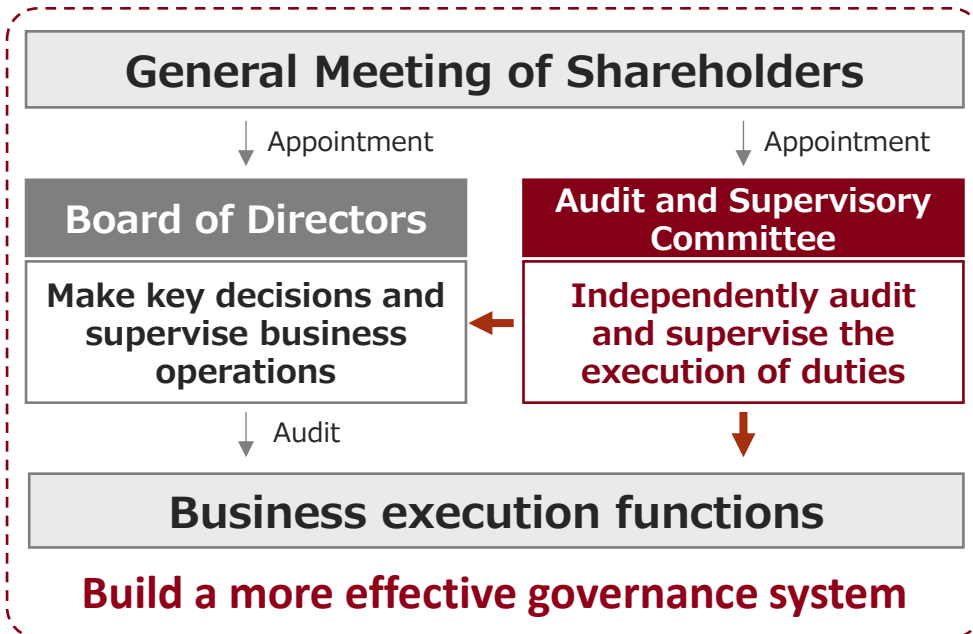
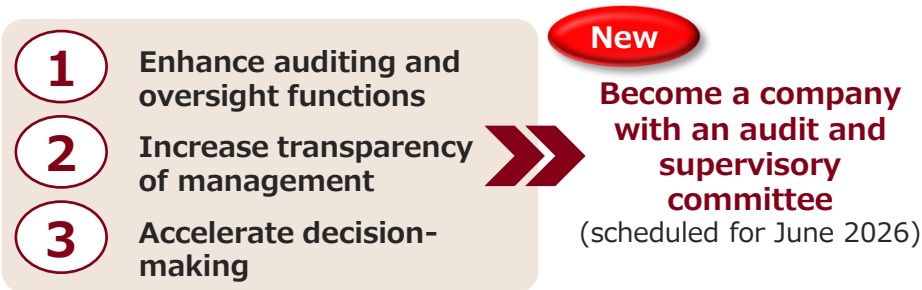
Trend in financial impact (for the Bank)



Fundamental Strategy III: (4) Governance

- Through agile risk management that adapts to change, we aim to continuously deepen and enhance relationships of trust with local communities and customers.

Further enhance corporate governance



Major initiatives

- ◆ **Operations with compliance as the top priority**
 - Instilling the Corporate Philosophy and fostering autonomous compliance awareness
- ◆ **Deepening the risk management framework and integrating it with management strategy**
 - Integrating management strategy with risk management
 - Modernizing rating models to respond to changes in environments
- ◆ **Enhancing Anti-Money Laundering and Counter-Terrorist Financing measures**
 - Strengthening management framework through effectiveness testing
- ◆ **Effective cybersecurity measures**
 - Rapid and planned execution of measures through an enhanced framework
 - Ensuring resilience through the preparation of recovery procedures
- ◆ **Enhancing response with a focus on operational resilience**
 - Improving the continuity and recovery capabilities of critical business operations
- ◆ **Further strengthening and sophistication of the three lines of defense**
 - Improving the accuracy of root cause analysis and responding to emerging risks

Fundamental Strategy III: (5) Investment cost control

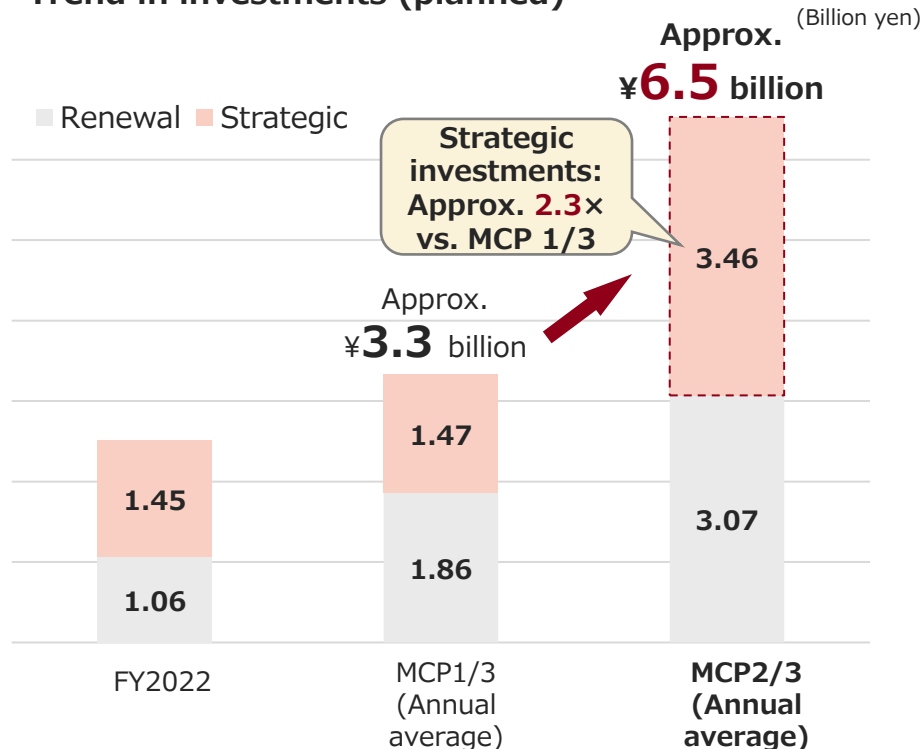
- Through active investments, we will simultaneously strengthen customer relationships and deliver advanced solutions.

Investment plan

- Making strategic investments, focused on digital initiatives, to both strengthen **customer relationships** and enhance **the Bank's service levels**.

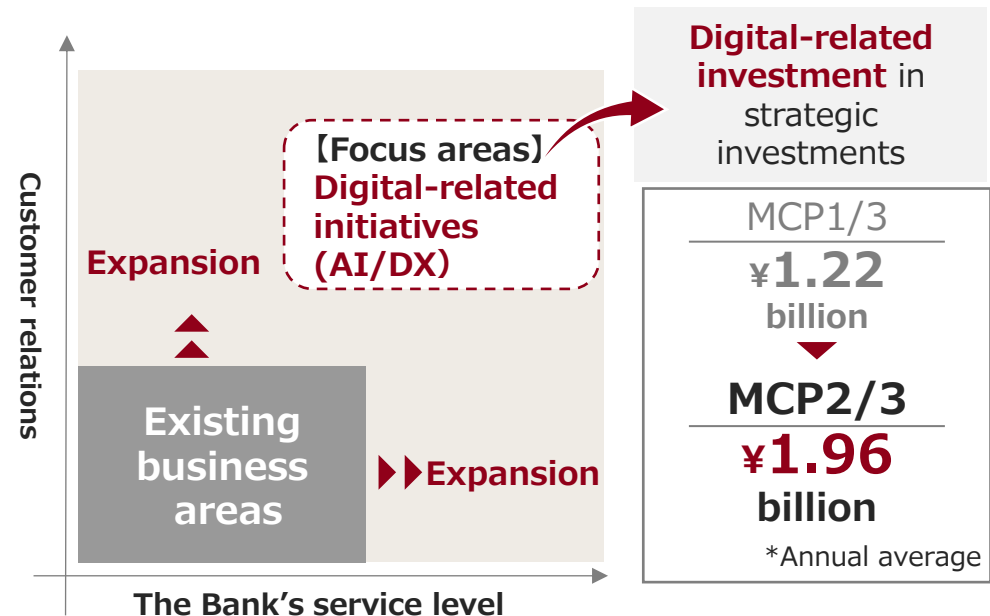
Strategic investments	Investments to strengthen customer touchpoints, enhance revenue, and streamline operations Investments to strengthen customer touchpoints (adding new app functionality, AI-related initiatives), branch construction and relocation, process improvements and operational efficiency initiatives, etc.
Renewal investments	Investments to maintain and upgrade existing facilities Maintenance and renewal of existing facilities (addressing aging), system upgrades due to maintenance deadlines, branch repairs and replacement of fixtures, etc.

◆ Trend in investments (planned)



◆ Strategic investments

Expanding existing business areas to deliver new value



Initiatives for Enhancing Corporate Value

Logic Tree for Increasing PBR

Increase corporate value

Increase ROE
Target 10% or more

Improve RORA

$$\frac{\text{Net income}}{\text{RWA}} \times \frac{\text{RWA}}{\text{Net assets}}$$

Control financial leverage

Steadily strengthen earning power	<ul style="list-style-type: none"> Strengthen the deposit and lending business (core business) Expand the problem-solving business (fee business)
Control costs	<ul style="list-style-type: none"> Control expenses Control credit-related costs
Control RWA	<ul style="list-style-type: none"> Appropriately control the capital adequacy ratio Invest in high-RORA assets Reduce strategic equity holdings
Growth investment (effective use of capital)	<ul style="list-style-type: none"> Strategic investments focused on digital-related initiatives Further investment in human capital
Strengthen shareholder returns	<ul style="list-style-type: none"> Progressive dividends and flexible share buybacks Implement shareholder benefit programs

Fundamental strategy I
Deepening into value co-creation consulting

Reduce the cost of shareholders' equity

Improve the expected profit growth rate

Reduce the cost of shareholders' equity

Steady execution of plan	<ul style="list-style-type: none"> Execute each strategy outlined in the Medium-term Management Plan
Raise the sophistication of sustainability management	<ul style="list-style-type: none"> Support resolutions of issues through collaboration with local communities Initiatives for decarbonization and ecosystem conservation
Strengthen the management foundation	<ul style="list-style-type: none"> Strengthen governance and compliance Utilize alliances
Reduce information asymmetry	<ul style="list-style-type: none"> Strengthen engagement with investors Enhance disclosure information

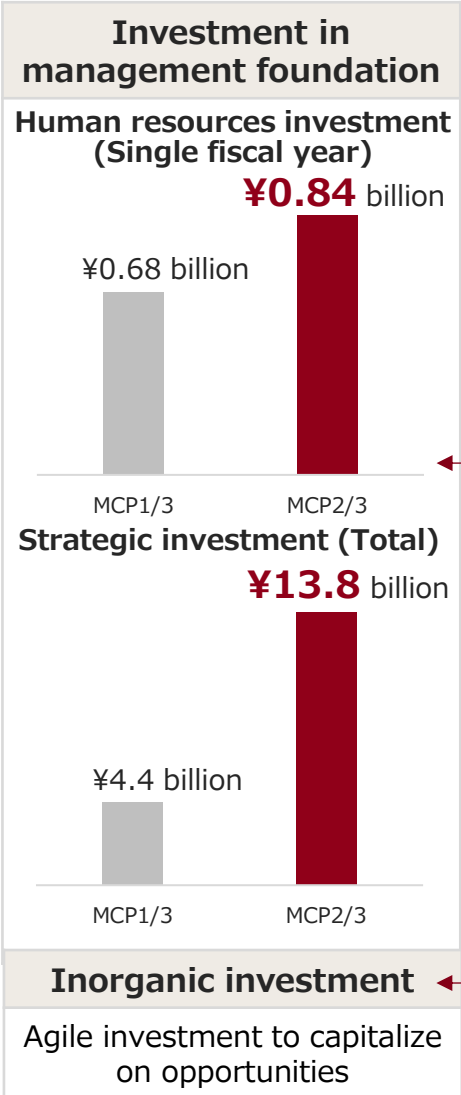
Fundamental strategy II
Contributing to creating new values in Saitama

Fundamental strategy III
Strengthening the management foundation that supports the future

* Cost of capital as recognized by the Bank: 8.0%

Overall Picture of the Revenue Plan

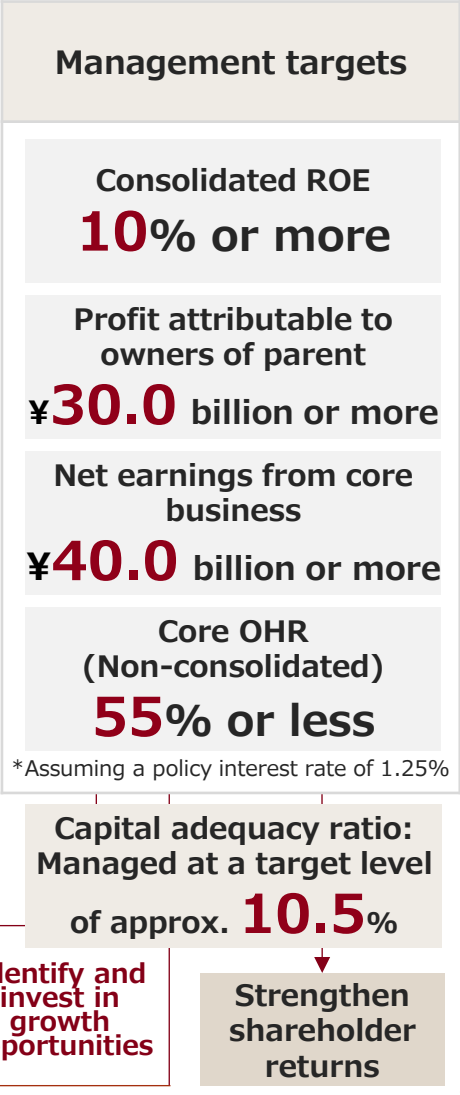
- We will enhance the earning power of our overall business portfolio by “actively investing in the management foundation” and “accumulating risk assets.”
- In addition, we will work to further increase corporate value through appropriate capital allocation, growth investments, and shareholder returns.



Revenue by segment (interest + services) and risk assets

RORA	FY2025		FY2029		
	0.84%		1.20%		
Achieve a Bank-wide RORA of 1.20% or higher					
Revenue from business divisions	Loans	Corporate		Individual	
		FY2025	FY2029	FY2025	FY2029
	Fees and commissions	FY2025	FY2029	FY2025	FY2029
		¥4.8 billion	¥6.2 billion	¥4.6 billion	¥6.1 billion
Increase of ¥37.4 billion through business development, capitalizing on an environment with positive interest rates					
Risk assets	FY2025		FY2029		
	¥1,300.0 billion		¥1,560.0 billion		
Increase of ¥260.0 billion through appropriate risk-taking					

* Figures for FY2025 are projections



Active invest that contributes to increasing corporate value

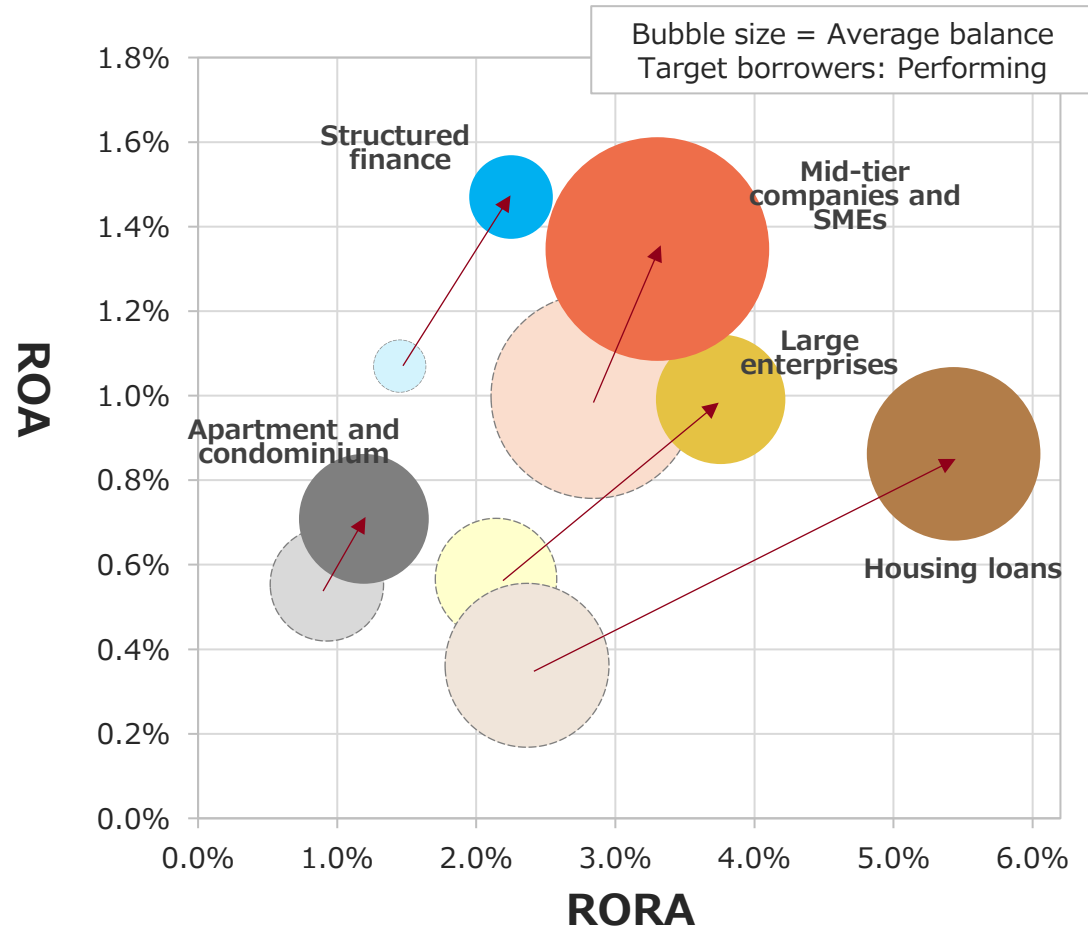
Identify and invest in growth opportunities

Strengthen shareholder returns

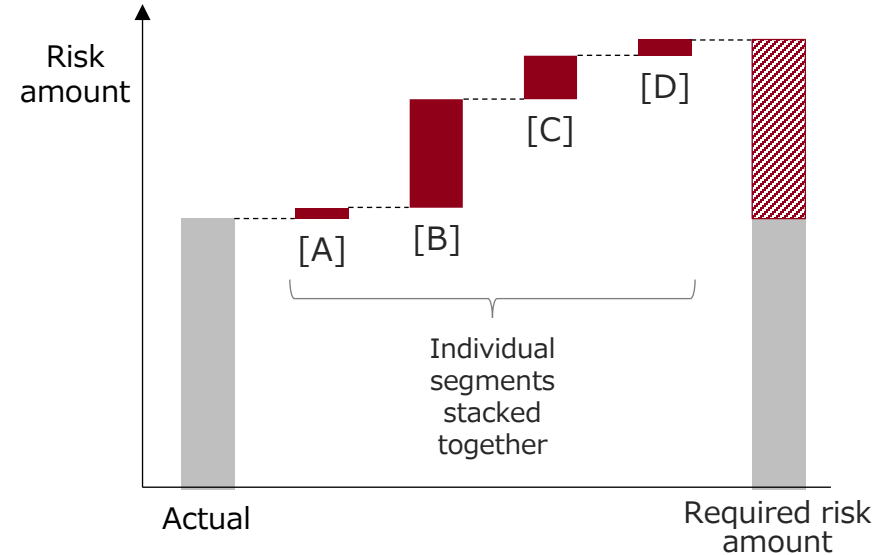
Enhancing Earning Power of Business Portfolio

- With the advent of a world with positive interest rates, we will remain committed to securing appropriate spreads commensurate with credit risks.
- We will instill a RORA-focused mindset to accumulate high-RORA assets and implement sound profitability management.

ROA/RORA by borrower segment



Risk-taking approach



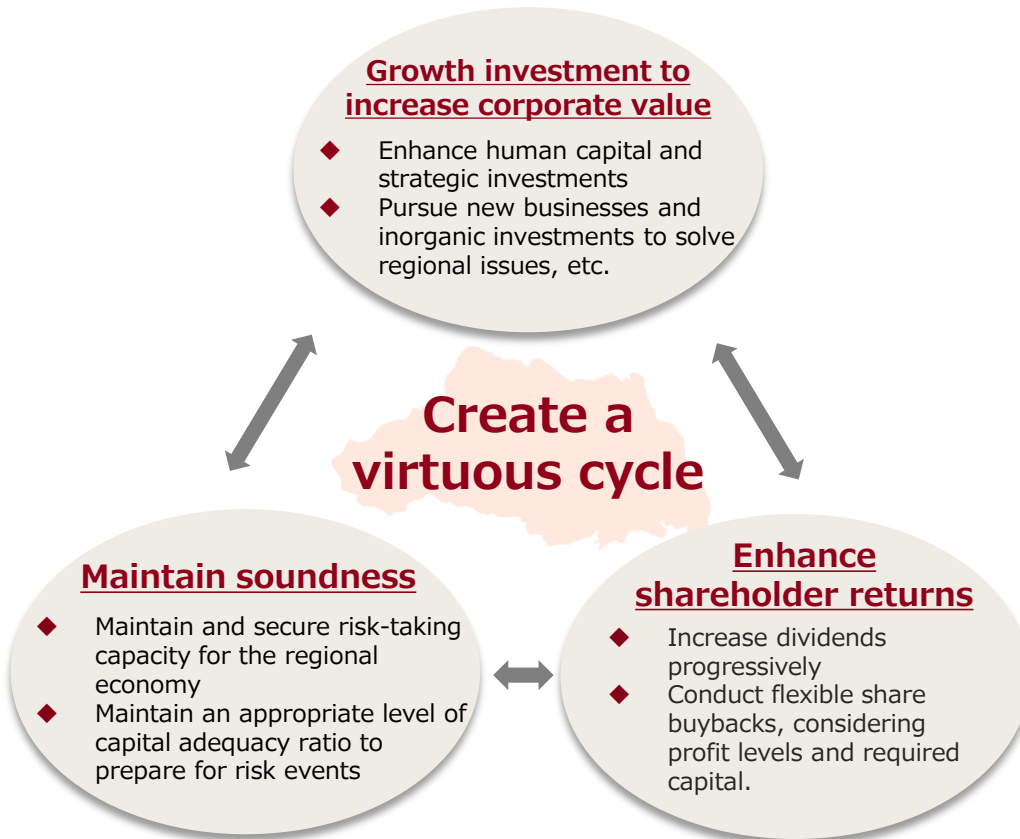
Primary segment	Policy
[A] Large enterprises	✓ Tokyo-based sales leveraging alliances
[B] Mid-tier companies and SMEs	✓ Face-to-face consulting sales
[C] Apartment and condominium	✓ Strengthen sales to high-net-worth individuals
[D] Housing loans	✓ Enhance relationships with real estate agents

Capital Policy

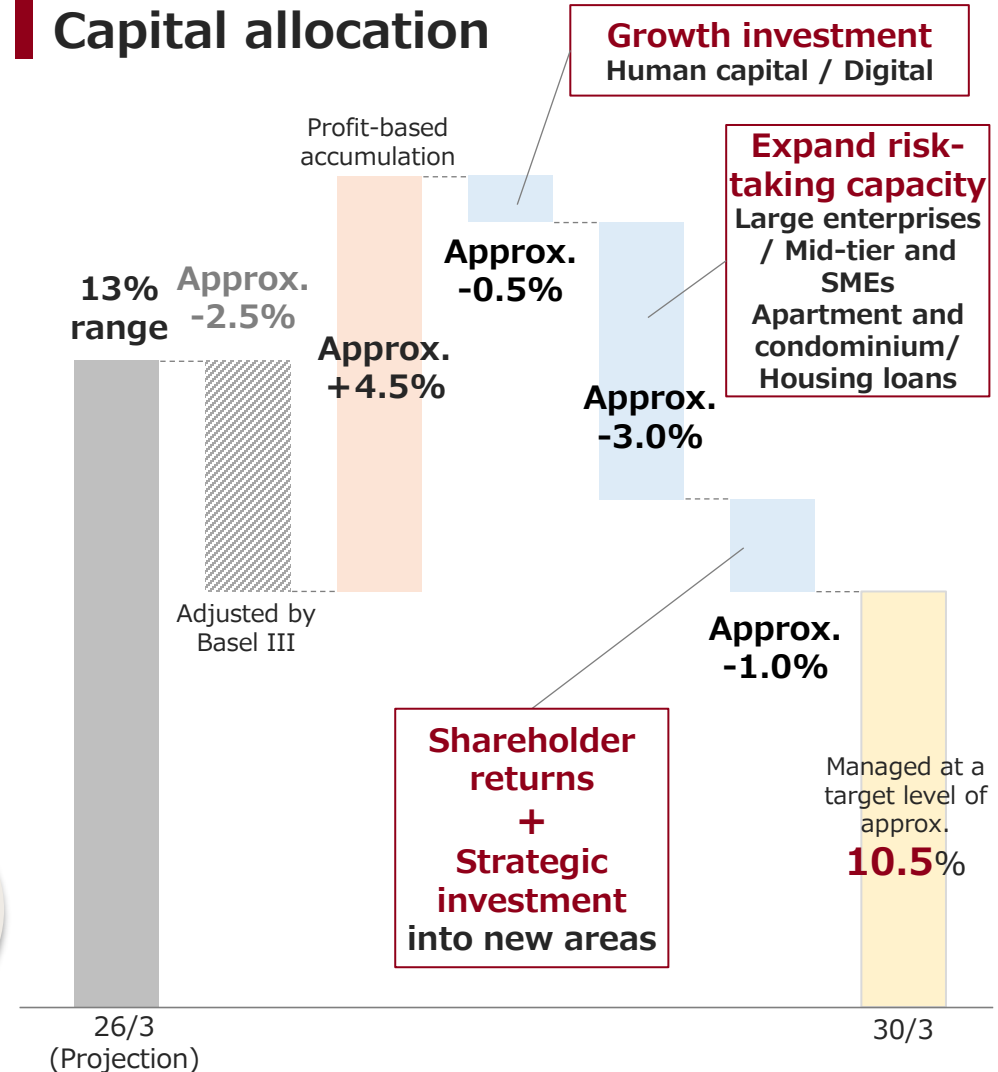
- We will appropriately manage our capital adequacy ratio, targeting approximately 10.5%, including preparations for risk events on the scale of the 2008 global financial crisis.

Basic approach

- Leverage our robust capital base to execute balanced capital management, focusing on: growth investment to increase corporate value, maintaining soundness, and enhancing shareholder returns.



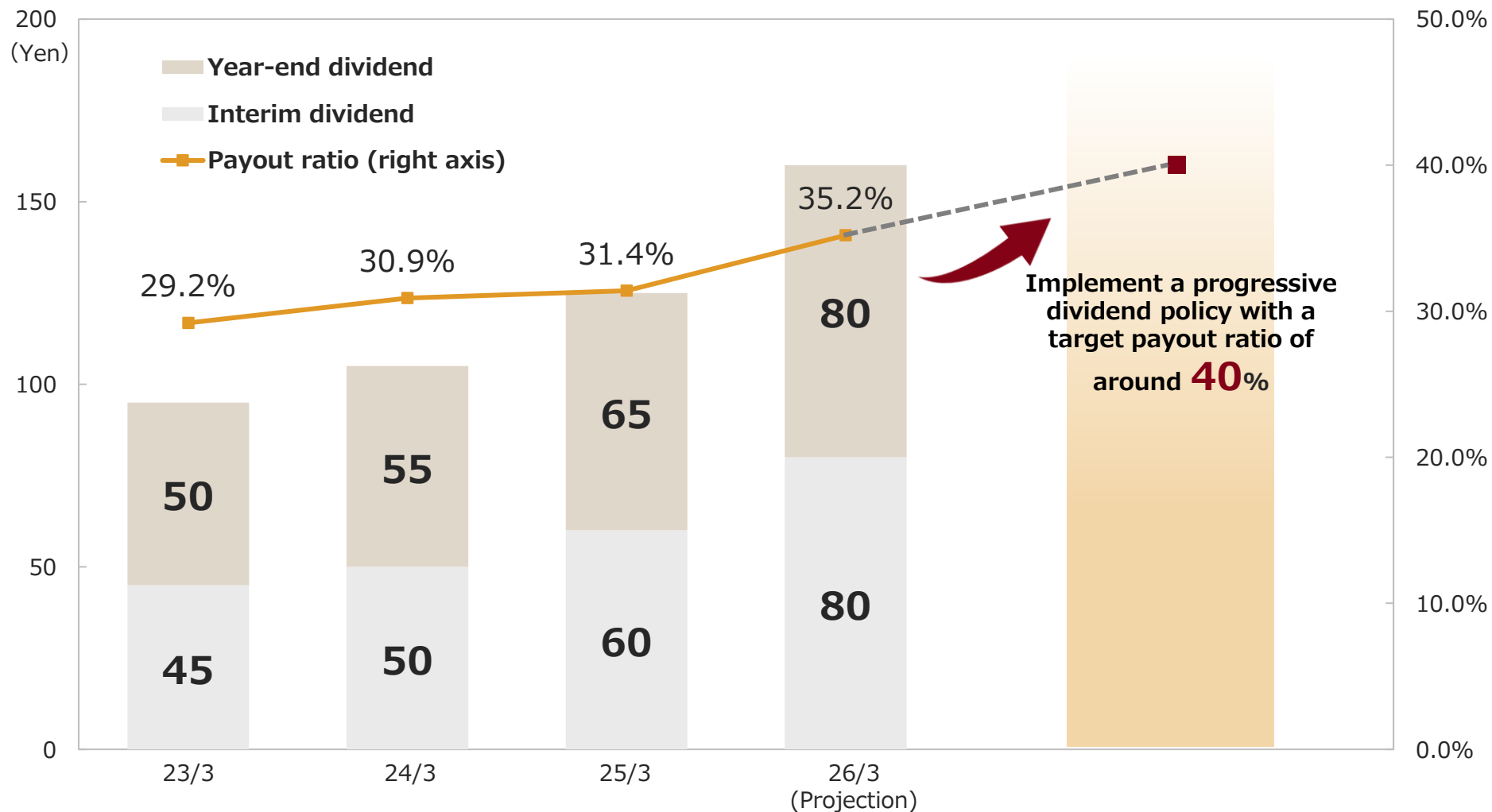
Capital allocation



Shareholder Return Policy

- We adopt a progressive dividend policy as our basic approach, targeting a payout ratio of approximately 40%.
- We will implement share buybacks flexibly, balancing profit growth with necessary capital levels.

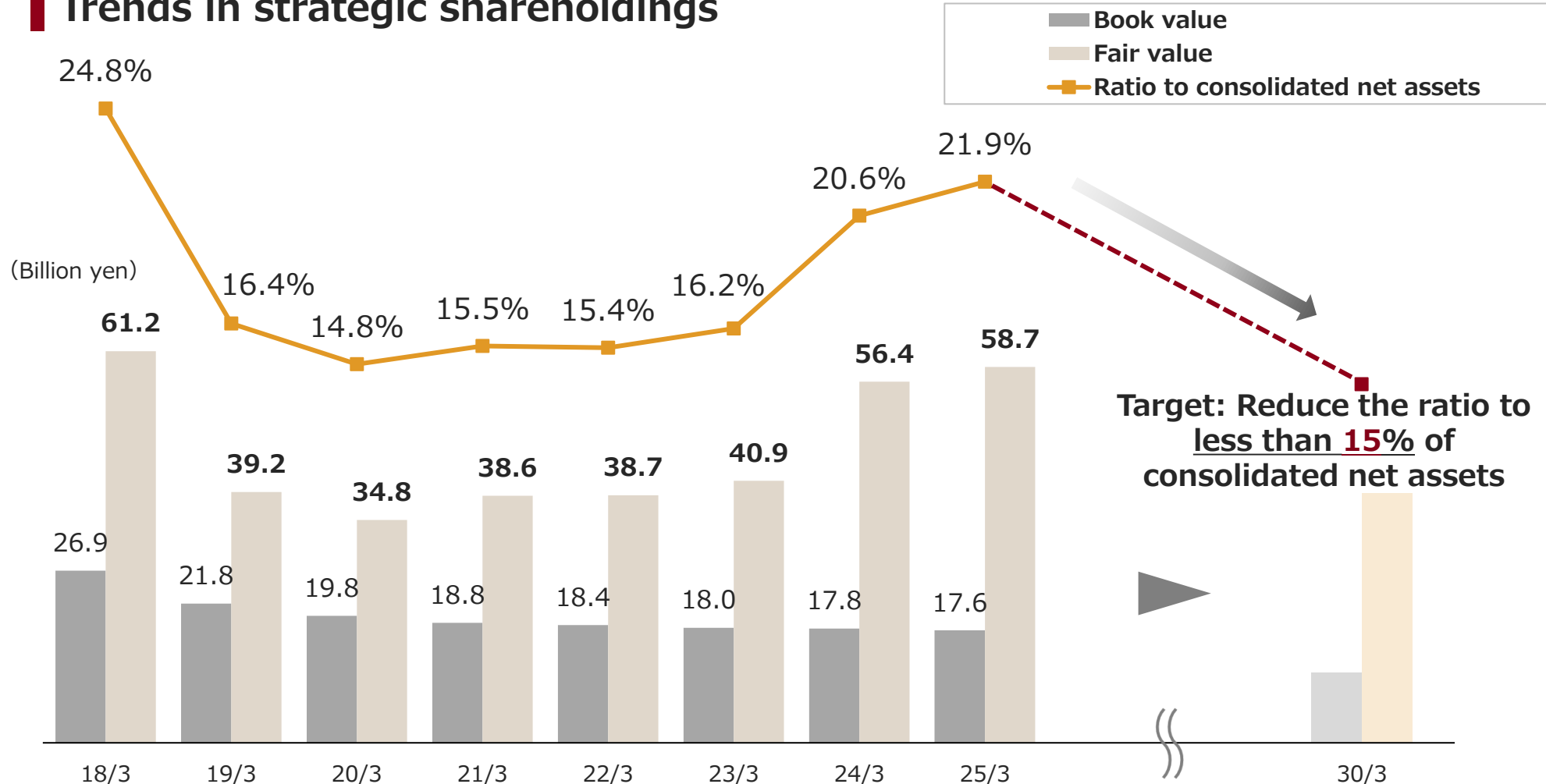
Trends in dividends and payout ratio (consolidated)



Plan for Reducing Strategic Shareholdings

- We will accelerate the reduction of strategic shareholdings through sufficient dialogue, except for those expected to enhance our corporate value or contribute to regional economic development by maintaining or advancing relationships with investees.

Trends in strategic shareholdings



More For You

もっと、街・暮らし・笑顔のために



Contact for inquiries regarding this document:

General Planning and Management Division,
The Musashino Bank, Ltd.
Phone: +81-48-641-6111

This document contains statements regarding future performance. These statements do not guarantee future results and involve risks and uncertainties. Please be aware that future performance may differ from targets due to changes in the business environment.