



MUSASHINO
B A N K

Annual Report 2019

The Musashino Bank, Ltd.

Profile

Musashino Bank is the only regional bank whose operational base consists of Saitama Prefecture in the Tokyo metropolitan area. The prefecture lies immediately to the north of Tokyo, and many of its residents commute to work in the capital. Currently, 7.3 million (estimated) people live in Saitama, making it the country's fifth most populous prefecture after

Tokyo, Kanagawa, Osaka, and Aichi, and the population is still climbing. Since its establishment in 1952, Musashino Bank has been one of Saitama Prefecture's core financial institutions, and has played a major role in supporting the development of the regional economy and local industries for over six decades.

Corporate Philosophy

"Working in harmony with the local community it serves"

To contribute to the prosperity of the local community and to secure growth and development in partnership with the region.

"Maintaining a deep respect toward customers"

To engage in bold management that anticipates change while providing the highest quality services throughout the organization as a whole.



Kikuo Kato
Chairman

Kazumasa Nagahori
President

Bank Data (non-consolidated basis, as of March 31, 2019)

Head Office:	333-13, OLS Building, Sakuragi-cho 4-chome, Omiya-ku, Saitama
Home page:	http://www.musashinobank.co.jp
Established:	March 6, 1952
Networks: (As of October 7, 2019)	Number of branches: 99 (Saitama Prefecture: 93 [of which 2 are sub-branches], outside Saitama Prefecture: 6)
Number of mortgage loan centers:	9
Employees:	2,118
Total assets:	¥4,600.9 billion
Deposits:	¥4,288.4 billion
Loans:	¥3,535.5 billion
Common stock:	¥45.7 billion
Capital adequacy ratio:	8.10%
Number of correspondent arrangements:	119
Issued common stock:	33,805 thousand shares

Subsidiaries and Affiliated Companies

Name	Line of Business
The Bugin General Lease Co., Ltd.	General leases, installment-payment services, auto leasing services
The Bugin Guarantee Co., Ltd.	Loan guarantees for individuals
The Musashino Card Co., Ltd.	Credit card business (JCB, VISA), loans and loan guarantees related to card services
The Bugin System Service Co., Ltd.	Development, sale and maintenance of computer systems
The Bugin Economic Research Institute Co., Ltd.	Research into the regional economy, consultation, information services, and holding of seminars
The Bugin Capital Co., Ltd.	Management support for venture businesses
The Musashino Harmony Co., Ltd.	Outsourcing of operational business

Contents

1 Financial and Non-Financial Highlights	13 Compliance
2 Message from the President	14 Risk Management
5 Long-term Vision/Medium-term Management Plan	15 Consolidated Balance Sheets
6 Alliance Strategy/Operational Base of Saitama Prefecture	17 Consolidated Statements of Income and Comprehensive Income
7 Providing SME Management Assistance	18 Consolidated Statements of Changes in Equity
8 Contributing to the Local Economy	20 Consolidated Statements of Cash Flows
9 ESG/SDGs Initiatives	21 Directory
12 Corporate Governance	

Financial and Non-Financial Highlights

The Musashino Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2019 and 2018

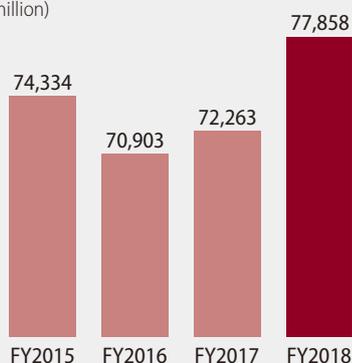
	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Notes 1 and 2)
	2019	2018	2019
At Year-end			
Total Assets.....	¥4,626,044	¥4,560,693	\$41,679,827
Deposits including Negotiable Certificates of Deposit.....	4,282,860	4,194,337	38,587,800
Loans and Bills Discounted.....	3,522,130	3,457,846	31,733,760
Trading Account Securities and Securities.....	654,442	740,540	5,896,405
Total Net Assets.....	239,214	247,043	2,155,275
Capital Adequacy Ratio (based on domestic standards) (%).....	8.40	9.32	
For the Year			
Ordinary Income.....	¥ 77,858	¥ 72,263	\$701,487
Ordinary Expenses.....	66,487	56,530	599,036
Profit before Income Taxes.....	10,917	15,334	98,360
Profit attributable to owners of parent.....	5,345	10,917	48,157

Notes 1. In this annual report, Japanese yen (in millions) and U.S. dollars (in thousands) are indicated with fractions rounded off.

2. U.S. dollar figures have been translated at the rate ¥110.99 to U.S.\$1, the prevailing market rate as of March 31, 2019.

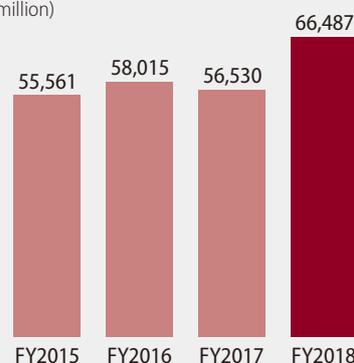
Ordinary income

(¥ million)



Ordinary expenses

(¥ million)



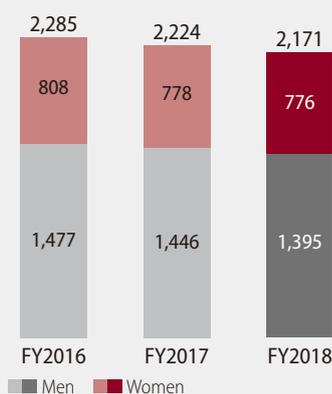
Profit attributable to owners of parent

(¥ million)



Forward-Looking Statements: This annual report contains forward-looking statements regarding the Bank's financial condition and results of operations. These forward-looking statements, which include the Bank's views and assumptions with respect to future events, involve certain risks and uncertainties. Actual results may differ from forecasts due to changes in economic conditions and other factors.

Number of employees



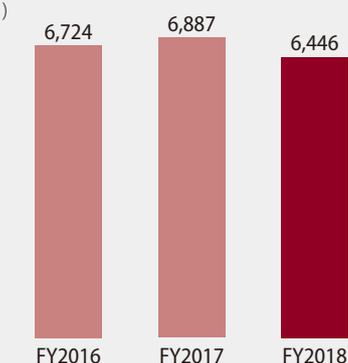
Ratio of female manager

(%)



CO₂ emissions

(t)



Towards becoming “the region’s number one bank that creates new value in Saitama”



The Prefectural Economy

In Saitama Prefecture, the economy is performing strongly as urban redevelopment and the establishment of industries advance, with the Rugby World Cup taking place in autumn of 2019, followed in July and August 2020 by the Tokyo 2020 Olympic and Paralympic Games.

Regional financial institutions are seeing a rapid advance of technological innovation such as FinTech and cashless transactions. Meanwhile, in an environment where financial easing has continued over the long term, they are required to establish sustainable business models.

Long-term vision MVP (Musashino Value-making Plan)

In light of these changing trends, at Musashino Bank we established our ten-year long-term vision, “the region’s number one bank that creates new value in Saitama (The Value-making Bank),” in 2013 as a new vision for the bank to continue contributing to the development of economy

and society, and we have been working to realize it. Under our previous medium-term management plans, “MVP (Musashino Value-Making Plan) 1/3 (One-Third)” (April 2013–March 2016) and “MVP 2/3 (Two-Thirds) (April 2016–March 2019),” we have expanded our branch network centered on areas with growth potential and further enhanced our lineup of products and services, built a solution sales system to meet customers’ expectations, and worked to respond to FinTech and the shift to cashless transactions. By steadily carrying out strategies for realizing the long-term vision over six years, we can now clearly see the path towards reforming our earnings structure through the development of business from fees and commissions for provision of services into an earnings pillar alongside deposit and loan services.

Financial Results for Fiscal 2018

While carrying out these initiatives, as of March 31, 2019 our deposits, etc. were ¥4,288.4 billion, a year-on-year increase of ¥78.9 billion. Assets in custody, such as investment trusts

and insurance products, were ¥822.8 billion, a year-on-year increase of ¥46.1 billion. Loans outstanding increased ¥64.7 billion year on year to ¥3,535.5 billion.

On a non-consolidated basis, profit was ¥4.7 billion, while on a consolidated basis, profit attributable to owners of parent was ¥5.3 billion, reflecting an ongoing contraction in expenses on one hand, and a decline in net interest income mainly due to dividends from interest on marketable securities.

Medium-term Management Plan “MVP 70”

In April 2019, the Bank started a four-year medium-term management plan, “MVP 70.” In April of 2022, the final fiscal year of the plan, the Bank will mark its 70th founding anniversary. The name of the plan embodies the Bank’s promise to continue contributing to an abundant and fulfilling life for the local community as well as a lively economy and society in the 70th anniversary year and beyond.

To continue as a bank to remain close to our customers and communities at all times, and to value people and help them to grow, we aim to further consolidate the business model reforms that we have been working to achieve over the past six years.

We aim to provide optimal solutions that will deliver unrivalled satisfaction for customers. To this end, we will engage in rigorous human resource development to increase the expertise of individual employees, while shifting to a sales system that assigns personnel with responsibility for respective individual and corporate customers to enable swift responses to their needs.

At branches, we will essentially maintain the networks that we have been enhancing to date, while striving to maintain

and increase customer convenience through the use of digital technology and other means. At the same time, we will continue our policy of advancing new branch openings in areas with growth potential. In October 2019, we opened a branch in Ikebukuro, which has deep ties with Saitama Prefecture.

Developing new financial services

The environment for financial institutions both in Japan and overseas continues to change at a dizzying pace. In response to the FinTech and cashless transaction movements, we have established the FinTech Promotion Office in 2016, and made progress in implementing highly convenient functions on the Musashino Bank App, our own smartphone app. Moreover, we have been actively engaged in collaboration with other business types and with development of human resources. Looking ahead, we will continue and accelerate these initiatives.

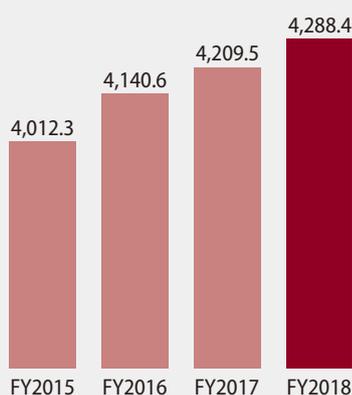
In addition, in order to respond swiftly to the offshore needs of our corporate customers, we have been focusing our efforts on supporting customers in the ASEAN region, mainly through our Representative Office Registered in Singapore, which was opened in August 2018.

For individual customers, we will strive to provide optimal proposals on matters such as family trusts for inheritance, an area where needs have been growing dramatically in the past few years. Here, we will utilize our independent consulting services and our original financial products such as testamentary trusts and monetary trusts.

The Chiba-Musashino Alliance is a comprehensive alliance with Chiba Bank. Now the alliance is in its fourth year, our initiatives have become firmly established, such as financial instruments intermediary business and asset management

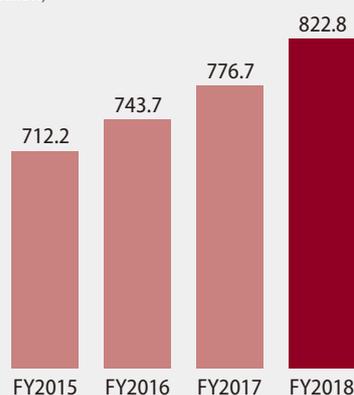
Deposits including negotiable deposits
(non-consolidated)

(¥ billion)



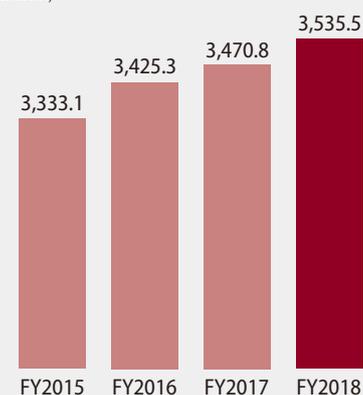
Assets in custody
(non-consolidated)

(¥ billion)



Loans
(non-consolidated)

(¥ billion)



operations for individual investors and cooperative financing, syndicate loans, and support for business succession and business rehabilitation through funds for corporate clients. Whereas we had initially targeted synergy effects totaling ¥10.0 billion for both banks over a five year period, the total currently amounts to ¥11.8 billion.

Moreover, we will make strategic use of the TSUBASA Alliance, which is the largest wide-area alliance of regional banks, newly joined in March 2019, to further enhance our customer services and contribute further to the local community.



Diagram for expected completion of the new head office (Construction to be completed in fall 2021)

Creating sustainable local communities

The Bank has proactively embraced Environment, Social and Governance (ESG) perspectives in regard to its management and has undertaken numerous initiatives. In fiscal 2018, the Bank developed this initiative even further by formulating Musashino Bank Sustainable Development Goals Declaration, which aims to contribute to the achievement of the SDGs and create sustainable local communities.

In our efforts towards regional revitalization and stimulation of the local economy, in addition to our existing partnerships with regional governments, educational institutions, and NPOs, we will also promote collaboration with companies that share our aspirations, aiming to make our initiatives more effective.

Recognizing that corporate governance is the core of bank management, we have taken steps to raise the level of governance even further, increasing the number of outside directors and establishing a Management Advisory Committee.

In July 2019, we started construction of a new Head Office. The new Head Office is designed to be suitable for its location Omiya area, which is known as the gateway to Eastern Japan, and to symbolize the sustainable development of Saitama Prefecture and Musashino Bank.

We have been given the mission of contributing to the revitalization of the local economy and society. Each of the Bank's officers has taken this mission deeply to heart, and we will continue striving to improve with all the enthusiasm and passion we have under a solid management vision.

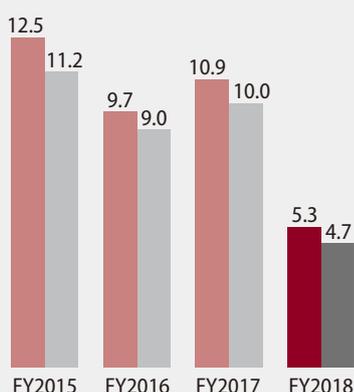
K. Nagahori

Kazumasa Nagahori

President

Profit attributable to owners of parent/ Net income

(¥ billion)



■ Consolidated
■ Non-consolidated

Dividend payout ratio and annual dividend

	FY2015	FY2016	FY2017	FY2018
Dividend payout ratio (%)	26.7	29.7	26.5	57.0
Annual dividend (Yen)	90	80	80	80

Shareholders return ratio

	FY2015	FY2016	FY2017	FY2018
Shareholders return ratio (%)	26.7	29.7	26.5	57.0

5-year average of consolidated ROE



FY2015 FY2016 FY2017 FY2018

■ Long-term Vision/Medium-term Management Plan

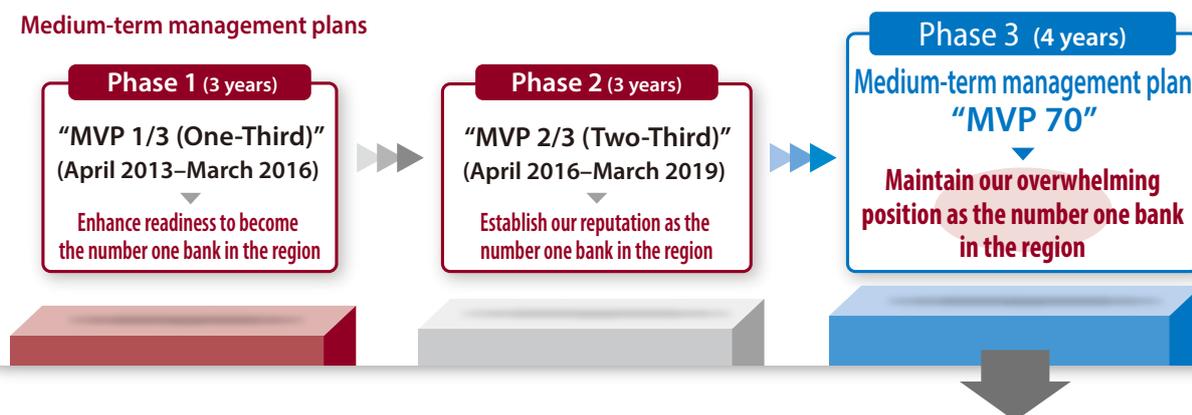
In 2013, the Bank formulated its long-term vision as a management indicator for the next 10 years. In April 2019, we started the medium-term management plan, “MVP 70,” as the final phase in this long-term vision. Aiming as a bank to remain close to our customers and communities at all times, and to value people and help them to grow, we will consolidate the business model reforms that we have carried out to date, and provide new added value to our local customers.

Long-term Vision: “MVP (Musashino Value-making Plan)”

The number one bank in the region that creates value in Saitama ~ The Value-making Bank ~

By creating value in Saitama, lead the economic development of Saitama,
and also grow ourselves by responding to the expectations of our customers

Medium-term management plans



Medium-term management plan “MVP 70” Plan period: April 2019–March 2023

Our Vision

- A bank always close to customers and communities
 - A bank that cherishes employees and helps them grow
- The Bank rigorously pursues a business model that reinvests in community development to earn the overwhelming satisfaction of customers and earnings by resolving issues

Key Strategies

- Growth strategy
- Human resource strategy
- Alliance strategy
- Creation strategy
- Securities strategy
- Group strategy
- Build infrastructure and systems
- Management and administration systems, Compliance, ESG/SDGs

Quantitative Targets	FY2018	FY2022
Net earnings from core business	¥14.2 billion	¥15.0 billion
Earnings	¥4.7 billion	¥10.0 billion
Core OHR	69.87%	70% or less
ROE	1.99%	4% or more
Equity ratio	8.10%	8% level

Alliance Strategy/Operational Base of Saitama Prefecture

Alliance Strategy

Following the Chiba-Musashino Alliance, the Bank has now entered into the TSUBASA Alliance. While fully leveraging the benefits of wide-area partnerships, we will further accelerate strategic alliances, contributing to the sustainable growth of regional society through the provision of high value-added financial services to customers while firmly retaining autonomy in management.

Chiba-Musashino Alliance



As the Chiba-Musashino Alliance that started in March 2016 enters its fourth year, the two banks' coordinated projects and collaborations in many fields are accelerating. We aim to expand our operational alliance even further in areas such as joint establishment of sales offices in Tokyo, including the Ikebukuro Branch (opened in October 2019) and the Hamamatsucho Office (opened in June 2018), and further expand sales collaboration in such areas as securities brokerage, inheritance and international operations. Furthermore, in an effort to resolve regional issues in Saitama and Chiba Prefectures and revitalize their local economies, we will focus on initiatives aiming to provide such revitalization, such as jointly holding relocation seminars and events promoting local consumption of locally produced goods.

- Financial Instruments Intermediary Business
- Asset Management Operations
- Inheritance-Related Services
- International Operations
- Joint Establishment of Sales Branch
- Business Succession Support

TSUBASA Alliance



In March 2019, the Bank joined the TSUBASA Alliance, the largest alliance framework for regional banks. As of May 2019, nine banks are participating. As cashless transactions and digitalization continue to advance through the rise of FinTech, we will cooperate with other alliance partners in a wide range of fields, such as initiatives to increase the sophistication of the financial system, sharing of business operations, and overseas-related business operations.

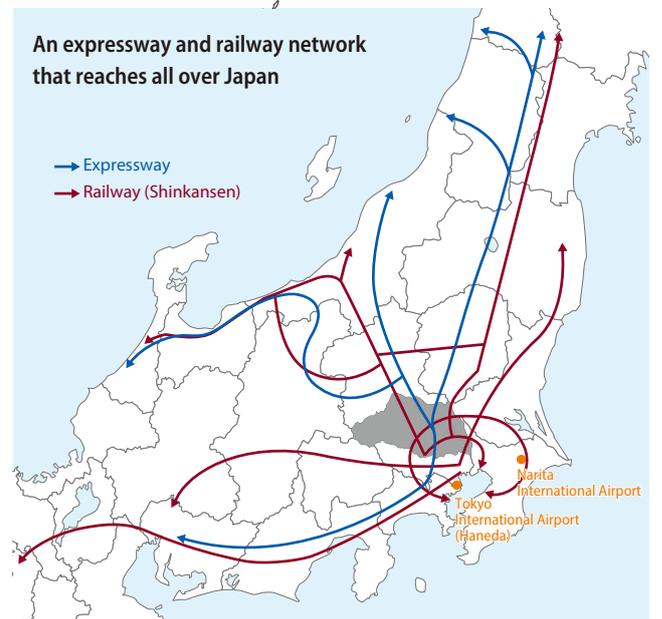
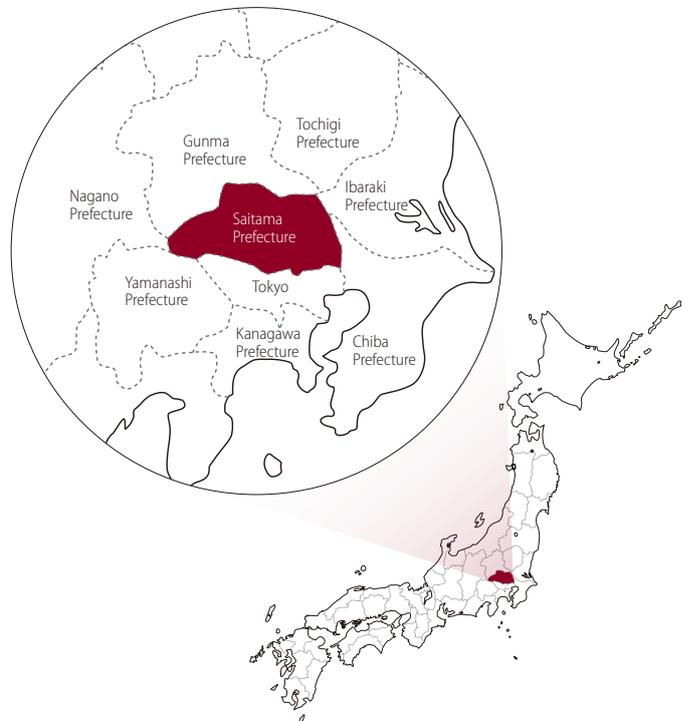
- | | | |
|---------------------|----------------|--------------|
| •Musashino Bank | •Chiba Bank | •Daishi Bank |
| •Chugoku Bank | •Iyo Bank | •Toho Bank |
| •North Pacific Bank | •Hokuetsu Bank | •Shiga Bank |

Main Initiatives

- Create platforms that promote increased service levels and cost reductions
- Initiatives to respond to cashless transactions, FinTech, and digitalization
- Collaboration on overseas-related operations
- Cost reduction through new technologies
- Initiatives for achieving the SDGs

Musashino Bank's Operational Base

The Bank's operating base is Saitama Prefecture, which has a high concentration of logistics and production bases due to its well-developed transportation infrastructure, including a nexus for all six of the bullet train lines in East Japan. Total production in Saitama Prefecture is around ¥22 trillion, making it the fifth largest prefectural economy in Japan. A large number of companies have relocated there from outside the prefecture, with the net increase from corporate relocations over the 10-year period from 2009 to 2018 standing at 743 companies, the highest in the country. In this environment, the Bank recognizes that its mission is to promote locally-rooted finance, and we strive to provide our corporate clients with a smooth supply of funds and other support through our core operations.



■ Providing SME Management Assistance

Strengthening Solution Marketing

Through initiatives led by the Solutions Marketing Division, established in April 2018, the Bank is working to create beneficial cycles in the local economy by providing diverse solutions to meet the needs of corporate clients at various stages in their business development. These include management innovation support through partnerships with external organizations, such as government institutions, as well as support for inheritance and business succession, and support for M&As.



Support for Start-Ups and New Entries

The Bank has developed its own unsecured, unguaranteed financial products for entrepreneurs whose businesses are younger than two years old. We have established a Start-Up Support Desk, and we use our uniquely capable network to provide information, support business plan formulation, and dispatch experts. We also provide detailed support through close cooperation between our “support team for start-ups and new entries” in Head Office and our branches.

Offering a Variety of Financing Methods

The Bank has focused on offering a variety of financing methods, including syndicated loans to diversify procurement methods and implement financial rationalization when a cooperative financing group has been formed by a number of financial institutions, project financing that provides funding after focusing on the cash flow of a business, private placement bonds that result in improving the corporate image of a company conducting fund procurement, and Asset-Based Lending (ABL) that makes use of the customer’s product inventory, accounts receivable or suchlike.

Support for Solving Various Issues by Utilizing Information

At the Information Center located in our Head Office, we collect information about business matching, real estate, the local area, and so forth, and use it to meet needs for sales channel expansion, market development, technology alliances, and establishment of offices, plants, and so forth. In business matching, we have established business alliances with 193 companies as of June 2019

Support for Overseas Expansion

We opened a Representative Office Registered in Singapore in August 2018. Through this office, we offer a wide range of services to support clients’ activities in the ASEAN region, both those carrying out business expansion and those examining the launching of new businesses. Services include providing information through our local networks, and planning and holding various events.



The Musashino Bank, Ltd.,
Representative Office Registered in
Singapore

50 Raffles Place, #10-07 Singapore
Land Tower, Singapore 048623
TEL: +65-6323-6340
FAX: +65-6535-6341
singapore@musashinobank.co.jp

Supporting M&As, Inheritance, and Business Succession

To help customers with issues of inheritance and business succession, our highly knowledgeable expert staff offer proposals that are optimal for each customer. In March 2019, the Bank became the first financial institution based in Saitama Prefecture to acquire a trust license, enabling us to provide a full line of services such as testamentary trusts. In addition, for customers that wish to transfer their companies, we provide M&A support services to provide a smooth business succession.

Business Evaluation

The Bank does not rely excessively on financial data, collateral and guarantees—it is carrying out initiatives that prioritize business evaluation, including the business details and growth possibilities of each individual company. The number of borrowers based on a business evaluation stood at 5,400 companies as of March 2019.

Contributing to the Local Economy

Deposits from the Region

As of March 31, 2019, deposits from the region increased ¥71.3 billion year on year to ¥4,063.1 billion. The ratio of deposits from the region continued to be high, at 98.36% of the total balance of deposits.

The Bank's share of deposits within the prefecture as of March 31, 2019 is 13.18%.

Assets in Custody from the Region

As of March 31, 2019, assets in custody from the region increased ¥46.1 billion year on year to ¥821.9 billion. The breakdown comprises investment trusts of ¥138.2 billion, life insurance of ¥623.2 billion, and government bonds and other assets of ¥60.5 billion.

* Investment trust figures are market value; life insurance figures are total sales.

Loans to the Region

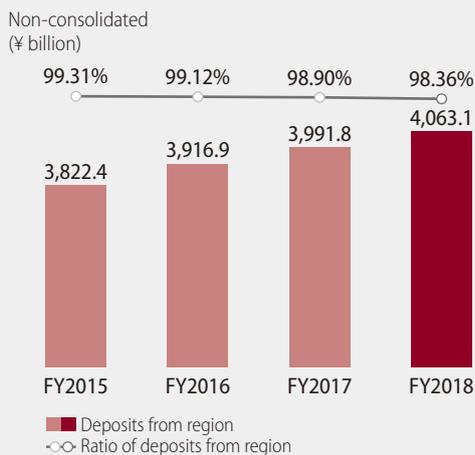
Loans to the region as of March 31, 2019 rose ¥5.4 billion to ¥3,010.5 billion, thereby maintaining a high loan-to-region ratio of 85.15%. The Bank's share of loans in the prefecture is 18.76%.

Towards a Sounder Financial Position

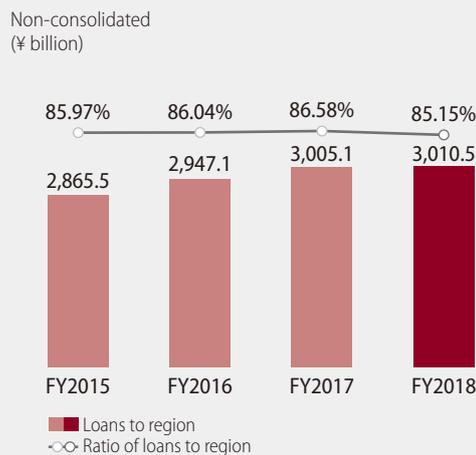
The Bank is strengthening its capital adequacy and reducing non-performing loans. The Bank has maintained a consolidated and non-consolidated capital adequacy ratio (Basel III domestic standard) of 8.40% and 8.10%, respectively, so we have continued to maintain a very sound financial position.

The Bank's non-performing loan ratio based on standards established by the Financial Reconstruction Act, is 1.98%.

Deposits from region/Ratio of deposits from region



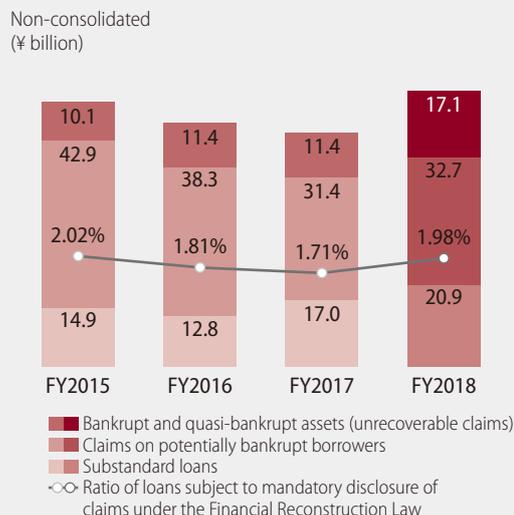
Loans to region/Ratio of loans to region



Assets in custody from region



Non-performing loans



* "Region" refers to Saitama Prefecture and the areas bordering the prefecture which are a part of the economic and local-living sphere (the Kumegawa Branch, Itabashi Branch, and Goka Branch sales areas).

ESG/SDGs Initiatives

The Bank proactively embraces Environmental, Social, and Governance (ESG) perspectives in regard to its management, and focuses on initiatives that take sustainability into consideration. With a view to embedding these initiatives more deeply and making an even greater contribution to the region, in March 2019, we formulated the Musashino Bank Sustainable Development Goals Declaration. Going forward, we will continue to make efforts towards realizing sustainable local communities while responding to our stakeholders.

Musashino Bank Sustainable Development Goals Declaration

The Musashino Bank Group declares that all of its officers and employees will strive to contribute to achieving the objectives of the Sustainable Development Goals (SDGs).

- To contribute to the sustainable development of the regional economy, the Bank always exercises its financial intermediary functions and commitment to customer-oriented business operations.
- To contribute to the creation of a sustainable community including industry and employment, urban development and livability, the Bank engages in partnerships with various bodies, including municipal governments, companies and NPOs.
- The Bank regards issues such as climate change and human rights as having a direct effect on it, and seeks global sustainability.



Vision for the Bank (Key Areas)

Corporate Governance as the Source of Sustainable Growth

The Bank positions corporate governance as the source of sustainable growth, and aims to conduct steadfast bank management grounded on its management philosophy, which has remained unchanged since its founding. (Corresponding SDGs: 16 and 17)



A Society in Which People Can Live Their Own Way for as Long as They Wish

The Bank will actively work to create a society in which all people can live in their own way, healthily and happily. (Corresponding SDG: 3)



Sustainable Regional Economy

The bank will promote innovation in local industry and local production for local consumption, as well as contributing to the development of comfortable, strong towns and working to realize sustainable economic growth. (Corresponding SDGs: 8, 9 and 11)



Responding to Climate Change, Maintaining and Increasing Biodiversity

The Bank will respond to global climate change and make efforts to maintain and improve the rich local biodiversity. (Corresponding SDGs: 13 and 15)



Specific Initiatives

- The Bank will work through investment and loans to encourage sustainable corporate conduct among business partners.
- The Bank will build a platform for industry revival and regional revitalization.
- The Bank will take steps to revitalize towns and suburban residential areas, and promote interest in sightseeing in the upland areas, etc.
- The Bank will implement health and productivity management.
- The Bank will focus on improving the financial literacy of customers of all ages.
- The Bank will lead efforts to pass on Saitama Prefecture's abundant biodiversity to the next generation.

Initiatives for Regional Revitalization

In addition to assisting initiatives by local government, the Bank works with government, corporations, NPOs, educational institutes, and other relevant people to solve various local issues and to create new value. We will make a concerted effort regarding the government's "comprehensive strategy for towns, people, and job revitalization."

In August 2019, the Bank newly formed the Regional Revitalization Consortium as a collaboration platform.

Alliances and Partnerships with Local Government Organizations, Etc.

Prefectures	Saitama Prefecture (October 2013)
Designated Municipalities	Saitama City (January 2016)
Municipalities	Tsurugashima City (December 2014) Toda City (April 2016) Yokoze Town (June 2016) Gyoda City (July 2016) Kumagaya City (September 2016) Kasukabe City (December 2016) Konosu City (June 2017) Hasuda City (September 2017) Kitamoto City (December 2017) Yorii Town (March 2018) Ogano Town (August 2018) Fujimi City (October 2018) Kawagoe City (February 2019) Fujimino City (March 2019)

Initiatives for PPP and PFI

Against the backdrop of a declining population, we are also working to improve public services that utilize PPP and PFI schemes, and to support the creation of private-sector business opportunities, for the matters with which local government organizations are involved, including the improvement of community services, and the maintenance and administration of public facilities.

Environmental Initiatives

Initiatives to Preserve the Environment through Our Main Business

The Bank handles a large number of environment-related products, and conducts investment and financing for projects that contribute to sustainability, such as issuing Green Bonds (Daiwa Securities Group Head Office) and Sustainability Finance (Japan Railway Construction, Transport and Technology Agency).

Environmentally Conscious Branch Management

The Bank strives to construct its branches in consideration of biodiversity and other environmental factors. We practice green procurement at branches, and strive to reduce CO₂. As part of this effort, we have introduced electric vehicles for our Head Office sales vehicle fleet, and have installed electric vehicle charging stations at nine of our branches.

Supporting Efforts to Promote Greening

The Musashino Green Fund public trust has provided ¥70 million in assistance in total to 277 environmental organizations since its creation in 1992, proactively supporting greening activities in Saitama Prefecture and other places.

Musashino Green Fund public trust

Number of environmental organizations provided with assistance:	Amount of assistance:
277	¥70 million

Donation toward greening activities in Saitama Prefecture and other places

Cumulative total amount donated to the Saitama Greenery Commission:	Cumulative total amount donated to the Saitama Greenery Trust Fund:
¥16 million	¥107 million

Environmental Education for Employees

Each year, the Bank conducts natural environment preservation activities such as removing invasive plant species from the Mitsumata-numa Biotope along the Arakawa River in collaboration with Ecosystem Conservation Society – Saitama and the Arakawa Citizens Environmental Supporters.



Diversity Initiatives

Allowing diverse human resources of all genders and ages to advance and participate increases the competitive capabilities of a company and creates a source of new value creation. Based on this idea, the Bank has formulated the Basic Policy Regarding Promotion of Advancement and Participation by Human Resources and the long-term vision relating to promoting participation by human resources. Guided by these, we will focus on promoting the advancement and participation not only of women, but also of people with disabilities and seniors (career veterans).

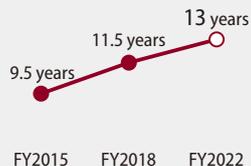
Promoting Women’s Participation and Advancement

The bank has formulated an action plan based on the Act on Promotion of Women’s Participation and Advancement. Initiatives to support women’s career advancement include overseas observation and training, and joint management skills seminars held with Chiba Bank.

Ratio of women in positions of chief or higher



Average length of service for women



Ratio of men taking childcare leave



Ratio of annual paid leave used



Creating a Society Where Diverse Human Resources Can Participate

The Musashino Harmony Co., Ltd. is a special subsidiary established with the goal of increasing opportunities for people with disabilities to play a role. The company currently has six employees and its operations include printing business cards and making novelty items. We will strive to create a workplace that is motivating for all employees by enabling them to use their special talents and providing solid support.

Other Initiatives

Initiatives to Improve Financial Literacy

The Bank actively provides financial literacy classes and workplace experiences where participants can learn about the importance of money and the role of banks in society.



Musashino SDGs Private-Placement Bond “Mirai no Chikara”

We are offering the “Musashino SDGs Private-Placement Bond” which contributes to creating a sustainable regional community. Together with local companies, we are supporting organizations working to achieve SDGs such as educational institutions and NPOs.

Promotion of Culture, Art, and Sports

We are working to promote music, drama, and other aspects of culture and the arts with a view to stimulating local society and raising healthy children.

Number of schools where violin concerts have been held:

44 (as of September 2019)

We are making an effort to promote sports. We support locally based sports teams, including the OMIYA ARDIJA J.LEAGUE (Japan Professional Football League) team, the Saitama Seibu Lions professional baseball team, and the T.T. Saitama professional table tennis team; and we also provide support for local athletes.



Violin concert held at an elementary school music class

Corporate Governance

Enhance Management Oversight Systems

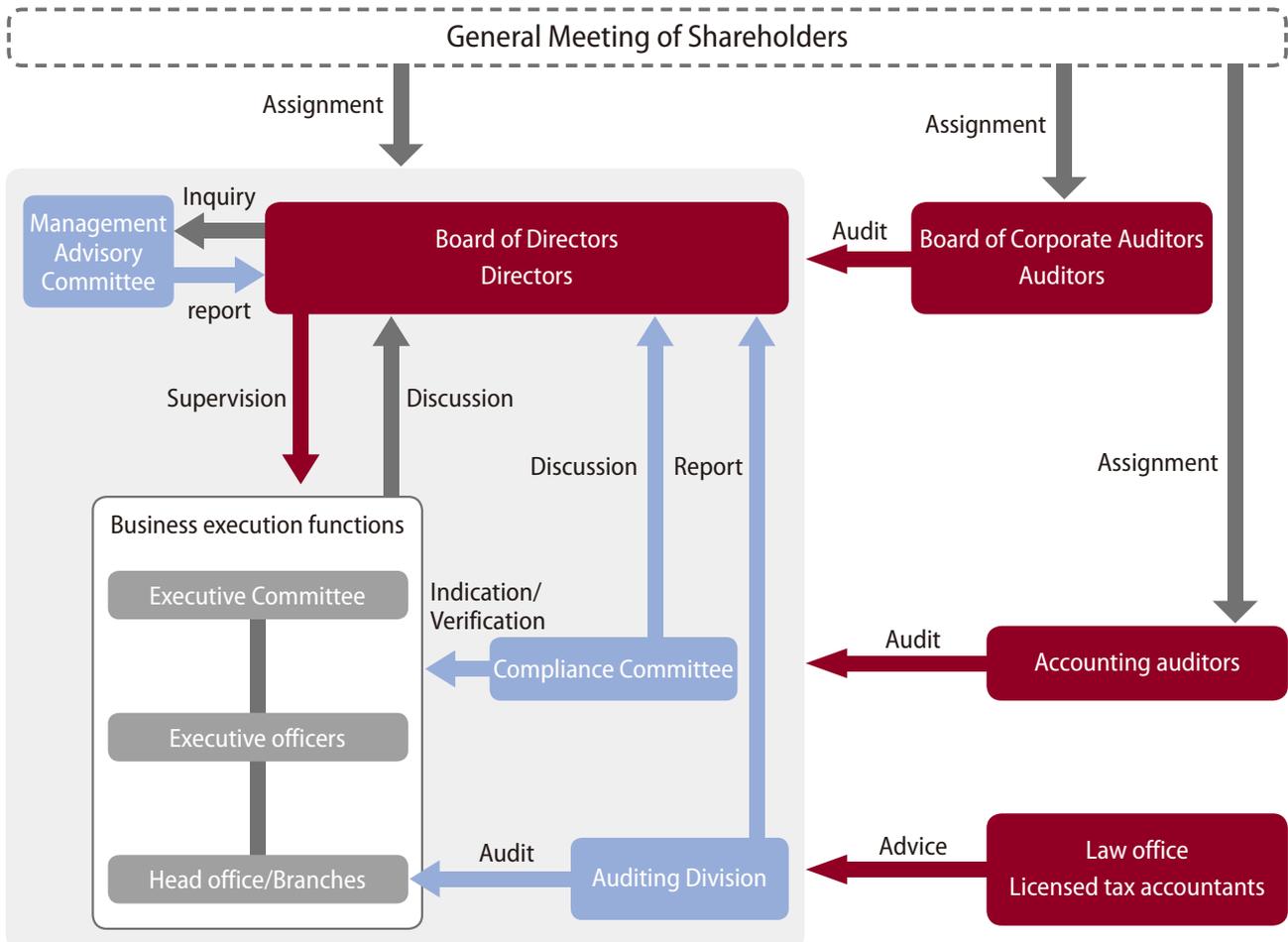
Musashino Bank recognizes that upgrading and expanding its corporate governance capabilities are key priorities of management. In addition to adhering strictly to a policy of compliance with statutory and regulatory requirements as well as in-house rules and regulations, every effort is made to ensure that the Board of Directors and the Board of Corporate Auditors stringently monitor directors in the execution of their duties. Moreover, to further strengthen the governance structure, the number of outside directors has been increased by one to create a system with three. Three outside directors and three outside auditors with abundant knowledge and experience are selected to monitor and audit directors in the execution of their duties. They also take part in meetings of the Board of Directors where they are able to proactively voice their opinions and offer advice on management from a broad, independent and neutral perspective. This ensures that the management monitoring function is both objective and impartial.

Management Advisory Committee

The Management Advisory committee was established as an advisory function to the Board of Directors. The committee is made up of seven people: three outside directors, including the committee chair, two external experts (the Bank's independent outside auditors), and two internal directors. It deliberates on matters related to the selection, dismissal, and remuneration of directors. The Board of Directors reflects the deliberations of the committee in its decision-making.

Corporate Governance Structure

(As of June 30, 2019)



Compliance Framework

The social and public mission of the banking business makes high demands for operations based on fair and transparent corporate activities in compliance with laws, regulations, and social norms and in accordance with the principles of self-discipline and self-responsibility. Accordingly, the Bank considers the thorough compliance of its directors and employees in business operations to be a top priority, and to this end management is actively involved in the fulfillment of the Bank's social and public mission as the Bank works to strengthen its compliance framework through steps such as system improvements and the establishment of teaching methods.

In the future the Bank will further strengthen its corporate activities based on a strong sense of ethics and integrity and its management approach in accordance with principles of self-responsibility as it further strengthens the compliance framework so that the Bank's daily business activities and actions ensure compliance with laws, regulations, and social norms.

Basic Compliance Policy

Musashino Bank's basic compliance policy entails that officers and employees go about their daily duties in accordance with the Bank's two fundamental management guidelines, namely its Corporate Philosophy and Code of Behavior.

Under its unwavering Corporate Philosophy, the Bank strives to work in harmony with the local community it serves while maintaining a deep respect toward customers. As a local bank in Saitama Prefecture, we continue to contribute to the local community and society. Furthermore, the Code of Behavior is founded on "the public mission of the bank" and stipulates "provision of high quality financial services," "compliance with laws, regulations, rules, etc.," "open business management through communication with society," "respecting the personalities of employees," "tackling environmental problems," "tackling social contribution activities," and "resolute responses to anti-social forces," and directors and employees go about their daily duties guided by these basic policies.

Compliance Management Structure

The Legal Affairs Office of the Risk Management Division serves as the compliance management department for the Bank. This Office undertakes the uniform management of all legal issues relating to compliance while providing instructions based on investigation and research. At the same time, the Office coordinates with officers responsible for legal compliance appointed to all branches while working to strengthen the compliance structure. Regular meetings are held with the officers responsible for legal compliance appointed to each branch in order to improve the level of compliance through the sharing of information and training and also, meetings are held each month with the officers responsible for legal compliance in the head office and each

department. These meetings serve as a forum to deliberate on compliance issues and to share information.

In addition to the aforementioned, periodic compliance checks are undertaken at each branch by the officers responsible for legal compliance. In this manner, the Bank has put in place a mechanism that is capable of grasping the status of daily compliance management.

Furthermore, Musashino Bank has established the Compliance Committee with the president of the bank serving as the chairperson, which serves as the organization that checks the status of compliance on a Bank-wide basis while considering any and all other important matters through regular meetings. In addition, the committee evaluates and checks on the progress and implementation status of the "Compliance Program" approved by the Board of Directors.

Compliance Manual

To ensure the compliance of its officers and employees, the Bank has distributed a compliance manual that has been approved by the Board of Directors to all of its officers and employees and is working to ensure that all staff members are fully aware of its contents.

The compliance manual contains sections on the Bank's Corporate Philosophy, Code of Behavior, and basic policies. It contains a section on compliance standards that stipulates the matters officers and employees should comply with, a section on the compliance framework that provides an explanation on various structures at the Bank including education and verification structures, a section on laws and regulations that require directors' and employees' compliance, and which contains an explanation of the laws and regulations that bank employees are required to be knowledgeable of, and a pick-up compliance section that provides a more detailed explanation of the matters that should be prioritized in the conduct of daily work. The compliance manual serves as a standard for making decisions and taking actions in everyday business activities.

Money Laundering—Countermeasures against Anti-Social Forces

The Bank has positioned prevention of money laundering and financing of terrorism as important issues in its management strategy. We strive to implement countermeasures against money laundering and to eliminate anti-social forces, while working to build control structures to help with prevention through basic policies.

In addition, we provide ongoing training for all employees to help ensure that everyone is aware of relevant laws and regulations, and takes appropriate operational measures.

Risk Management Policy

As the risks associated with banking operations become increasingly varied and complex, the Bank has formulated a set of internal management policies that take into consideration the Bank's strategic targets, in order to ensure that the manner in which it manages its business is both sound and pertinent. Guided by these policies, the Bank works diligently to manage risk.

In specific terms, the Bank classifies all pertinent risks according to their nature and attributes. Classifications comprise (1) comprehensive risks; (2) credit risks; (3) market risks; (4) liquidity risks; and (5) operational risks (including administrative and system risks). These individual risks are then managed according to their particular characteristics and requirements.

Management Structure by Type of Risk

(1) Comprehensive Risk Management

In order to appropriately manage the wide variety of risks on a comprehensive basis, the Bank has established the Comprehensive Risk Management Department and is working to develop and improve its management structure. The Comprehensive Risk Management Department puts in place rules and criteria for determining the scope of comprehensive risk management, management methods, evaluation of new products and operations as well as the level of acceptable risk after taking into consideration management strategies, management capacity as well as business scale and characteristics. Based on these rules and criteria the ALM (Asset Liability Management) and other appropriate committees monitor and control risks. The results of these activities are reported to the Board of Directors and other relevant bodies on a regular basis.

(2) Credit Risk Management

Musashino Bank has historically taken steps to maintain the independence of the Credit Screening Division and to build a stringent screening and management structure in order to maintain and strengthen the soundness of its assets. At the same time, the Bank has adopted a ranking system and endeavored to upgrade and expand its credit risk management capabilities as a part of its efforts to establish objective decisions and lending policies on an individual transaction counterparty basis.

(3) Market Risk Management

Musashino Bank has established the Market Risk Management Department in order to appropriately manage market risks. Relevant steps are taken to ensure the independence of the Department from the Market Management Department and Business Promotion Division, and to establish and develop a structure that is capable of harnessing the checks-and-balances function. At the same time, the ALM and Credit Portfolio Management committees deliberate as and when required.

(4) Liquidity Risk Management

Musashino Bank has established the Liquidity Risk Management and Cash Management departments in order to appropriately manage liquidity risk. While ensuring the independence of the Liquidity Risk Management Department from the Cash Management Department, Market Management Department and Business Promotion Division, every effort is made to establish and develop a structure that is capable of harnessing the checks-and-balances function. At the same time, the ALM Committee deliberates as and when required.

(5) Operational Risk Management

Musashino Bank confronts broad and varied operational risks. In addition to classifying risks as (i) administrative risk, (ii) systems risk, and (iii) other operational risks (a. legal risk, b. human risk, c. tangible asset risk, and d. reputation risk), putting in place rules on an individual risk basis and promoting the management of each risk by the appropriate management department, the Bank has established the Operational Risk Management Department to undertake the management of operational risks on a comprehensive basis. The Bank also pushes forward measures aimed at establishing and developing a management structure that is capable of harnessing the checks-and-balances function with respect to each business division. Moreover, the Operational Risk Management Committee deliberates on issues as and when required.

Crisis Management/BCP Framework

To ensure business continuity in the event of a major earthquake or a system failure, the Bank has established a Business Continuity Plan (BCP) and prepared related manuals for handling all situations. We make sure that all bank employees understand the business continuity system in the event of an emergency. Moreover, the Bank holds periodic drills to increase the effectiveness and level of sophistication of the BCP.

A Cyber Security Management Framework

We established the Cyber Security Management Subcommittee as a CSIRT within the Bank, with the aim of ensuring a highly-effective cyber security framework that includes trying to prevent any impact from the occurrence of cyber attacks, and minimizing the damage and achieving an early-stage recovery if there is any. We are developing diverse activities for normal times and for emergencies (if some incident occurs).

***CSIRT: Computer Security Incident Response Team**

A general term for teams responsible for cyber security management within an organization. At the Bank, the "Cyber Security Management Subcommittee" and its secretariat are CSIRTs.

Consolidated Balance Sheets

The Musashino Bank, Ltd. and Consolidated Subsidiaries As of March 31, 2019 and 2018

	Millions of Yen		Thousands of U.S. Dollars*
	2019	2018	2019
Assets			
Cash and due from banks.....	¥ 347,398	¥ 250,530	\$ 3,129,994
Monetary claims bought.....	12,634	10,558	113,830
Trading account securities.....	62	364	559
Money held in trust.....	1,490	1,490	13,425
Securities.....	654,380	740,176	5,895,846
Loans and bills discounted.....	3,522,130	3,457,846	31,733,760
Foreign exchanges.....	2,560	4,951	23,065
Lease receivables and investment assets.....	21,320	20,985	192,089
Other assets.....	34,473	34,455	310,596
Tangible fixed assets.....	36,767	37,374	331,264
Buildings, net.....	9,584	9,999	86,350
Land.....	25,322	25,322	228,147
Lease assets.....	24	—	216
Construction in progress.....	347	244	3,126
Other tangible fixed assets.....	1,488	1,808	13,407
Intangible fixed assets.....	3,910	2,863	35,228
Software.....	3,656	2,688	32,940
Lease assets.....	80	—	721
Other intangible fixed assets.....	173	175	1,559
Net defined benefit asset.....	6,732	6,659	60,654
Deferred tax assets.....	1,004	1,010	9,046
Customers' liabilities for acceptances and guarantees.....	4,200	4,802	37,841
Allowance for loan losses.....	(23,023)	(13,377)	(207,433)
Total assets.....	¥4,626,044	¥4,560,693	\$41,679,827

	Millions of Yen		Thousands of U.S. Dollars*
	2019	2018	2019
Liabilities			
Deposits	¥4,125,430	¥4,030,917	\$37,169,385
Negotiable certificates of deposit	157,430	163,420	1,418,416
Call money and bills sold	30,522	22,187	274,998
Payables under securities lending transactions	21,151	21,629	190,567
Borrowed money	10,933	15,715	98,504
Foreign exchanges	199	239	1,793
Bonds payable	—	15,000	—
Other liabilities	24,519	22,529	220,912
Provision for bonuses	1,148	1,210	10,343
Provision for directors' bonuses	9	11	81
Net defined benefit liability	3,542	3,810	31,913
Provision for directors' retirement benefits	30	29	270
Provision for loss on interest repayment	44	59	396
Provision for reimbursement of deposits	493	651	4,442
Provision for point card certificates	85	78	766
Provision for contingent loss	198	219	1,784
Provision for share-based compensation	67	38	604
Allowance for demolition of non-current assets	611	294	5,505
Deferred tax liabilities	1,983	6,578	17,866
Deferred tax liabilities for land revaluation	4,227	4,227	38,085
Acceptances and guarantees	4,200	4,802	37,841
Total liabilities	4,386,830	4,313,650	39,524,552
Net assets			
Capital stock	45,743	45,743	412,136
Capital surplus	38,291	38,291	344,995
Retained earnings	131,563	128,901	1,185,359
Treasury shares	(906)	(900)	(8,163)
Total shareholders' equity	214,692	212,036	1,934,336
Valuation difference on available-for-sale securities	18,391	28,754	165,700
Deferred gains or losses on hedges	(1,453)	(1,279)	(13,091)
Revaluation reserve for land	8,286	8,286	74,655
Remeasurements of defined benefit plans	(1,087)	(1,105)	(9,794)
Total accumulated other comprehensive income	24,137	34,655	217,470
Subscription rights to shares	66	66	595
Non-controlling interests	318	285	2,865
Total net assets	239,214	247,043	2,155,275
Total liabilities and net assets	¥4,626,044	¥4,560,693	\$41,679,827

* U.S. dollar figures have been translated at the rate ¥110.99 to U.S.\$ 1, the prevailing market rate as of March 31, 2019.

Consolidated Statements of Income and Comprehensive Income

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2019 and 2018

Consolidated Statements of Income	Millions of Yen		Thousands of U.S. Dollars*
	2019	2018	2019
Ordinary income	¥77,858	¥72,263	\$701,487
Interest income	41,193	42,373	371,142
Interest on loans and discounts	33,176	33,731	298,910
Interest and dividends on securities.....	7,794	8,387	70,223
Interest on call loans and bills bought.....	(17)	(4)	(153)
Interest on deposits with banks.....	0	0	0
Other interest income.....	240	259	2,162
Fees and commissions	13,856	13,824	124,840
Other ordinary income.....	1,892	1,365	17,047
Other income.....	20,915	14,699	188,440
Recoveries of written off claims.....	822	568	7,406
Other.....	20,093	14,131	181,034
Ordinary expenses	66,487	56,530	599,036
Interest expenses.....	2,622	1,938	23,624
Interest on deposits.....	788	624	7,100
Interest on negotiable certificates of deposit.....	26	31	234
Interest on call money and bills sold.....	797	301	7,181
Interest on payables under securities lending transactions.....	469	258	4,226
Interest on borrowings and rediscounts.....	57	113	514
Interest on bonds.....	65	91	586
Other interest expenses.....	417	518	3,757
Fees and commissions payments.....	3,958	3,751	35,661
Other ordinary expenses.....	1,646	1,525	14,830
General and administrative expenses	34,923	36,587	314,650
Other expenses.....	23,337	12,727	210,262
Provision of allowance for loan losses.....	11,831	1,716	106,595
Other.....	11,505	11,010	103,658
Ordinary profit	11,371	15,732	102,451
Extraordinary income	1	0	9
Gain on disposal of non-current assets.....	1	0	9
Extraordinary losses	455	399	4,099
Loss on disposal of non-current assets.....	15	7	135
Impairment loss.....	—	1	—
Other.....	439	390	3,955
Profit before income taxes	10,917	15,334	98,360
Income taxes—current	5,905	4,573	53,203
Income taxes—deferred.....	(363)	(207)	(3,271)
Total income taxes.....	5,541	4,366	49,923
Profit	5,376	10,967	48,437
Profit attributable to non-controlling interests	31	50	279
Profit attributable to owners of parent	¥ 5,345	¥10,917	\$ 48,157

* U.S. dollar figures have been translated at the rate ¥110.99 to U.S.\$ 1, the prevailing market rate as of March 31, 2019.

Consolidated Statements of Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars*
	2019	2018	2019
Profit.....	¥ 5,376	¥10,967	\$ 48,437
Other comprehensive income.....	(10,516)	4,787	(94,747)
Valuation difference on available-for-sale securities.....	(10,361)	3,942	(93,351)
Deferred gains or losses on hedges	(173)	119	(1,559)
Remeasurements of defined benefit plans, net of tax.....	18	725	162
Comprehensive income.....	¥ (5,140)	¥15,755	\$(46,310)
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	¥ (5,173)	¥15,703	\$(46,608)
Comprehensive income attributable to non-controlling interests	33	51	297

* U.S. dollar figures have been translated at the rate ¥110.99 to U.S.\$ 1, the prevailing market rate as of March 31, 2019.

Consolidated Statements of Changes in Equity

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2019 and 2018

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2017	¥45,743	¥38,290	¥120,667	¥(907)	¥203,793
Changes of items during period:					
Dividends of surplus			(2,682)		(2,682)
Profit attributable to owners of parent.....			10,917		10,917
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares.....		(0)		18	18
Transfer to capital surplus from retained earnings		0	(0)		—
Sales of shares of consolidated subsidiaries.....		1			1
Net changes of items other than shareholders' equity ...					
Total changes of items during period	—	1	8,233	7	8,242
Balance as of March 31, 2018	45,743	38,291	128,901	(900)	212,036
Changes of items during period:					
Dividends of surplus			(2,682)		(2,682)
Profit attributable to owners of parent.....			5,345		5,345
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares.....		(0)		0	0
Transfer to capital surplus from retained earnings		0	(0)		—
Sales of shares of consolidated subsidiaries.....		—			—
Net changes of items other than shareholders' equity ...					
Total changes of items during period	—	—	2,662	(6)	2,656
Balance as of March 31, 2019	¥45,743	¥38,291	¥131,563	¥(906)	¥214,692

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance as of April 1, 2017	¥24,813	¥(1,399)	¥8,286	¥(1,831)	¥ 29,869	¥ 80	¥230	¥233,974
Changes of items during period:								
Dividends of surplus								(2,682)
Profit attributable to owners of parent.....								10,917
Purchase of treasury shares								(11)
Disposal of treasury shares.....								18
Transfer to capital surplus from retained earnings								—
Sales of shares of consolidated subsidiaries.....								1
Net changes of items other than shareholders' equity ...	3,941	119	—	725	4,786	(14)	54	4,826
Total changes of items during period	3,941	119	—	725	4,786	(14)	54	13,068
Balance as of March 31, 2018	28,754	(1,279)	8,286	(1,105)	34,655	66	285	247,043
Changes of items during period:								
Dividends of surplus								(2,682)
Profit attributable to owners of parent.....								5,345
Purchase of treasury shares								(6)
Disposal of treasury shares.....								0
Transfer to capital surplus from retained earnings								—
Sales of shares of consolidated subsidiaries.....								—
Net changes of items other than shareholders' equity ...	(10,363)	(173)	—	18	(10,518)	—	32	(10,485)
Total changes of items during period	(10,363)	(173)	—	18	(10,518)	—	32	(7,829)
Balance as of March 31, 2019	¥18,391	¥(1,453)	¥8,286	¥(1,087)	¥ 24,137	¥ 66	¥318	¥239,214

	Thousands of U.S. Dollars*				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2018	\$412,136	\$344,995	\$1,161,375	\$(8,109)	\$1,910,406
Changes of items during period:					
Dividends of surplus			(24,164)		(24,164)
Profit attributable to owners of parent.....			48,157		48,157
Purchase of treasury shares				(54)	(54)
Disposal of treasury shares.....		(0)		0	0
Transfer to capital surplus from retained earnings		0	(0)		—
Sales of shares of consolidated subsidiaries.....		—			—
Net changes of items other than shareholders' equity ...					
Total changes of items during period	—	—	23,984	(54)	23,930
Balance as of March 31, 2019	\$412,136	\$344,995	\$1,185,359	\$(8,163)	\$1,934,336

	Thousands of U.S. Dollars*							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance as of March 31, 2018	\$259,068	\$(11,524)	\$74,655	\$(9,956)	\$312,235	\$595	\$2,568	\$2,225,813
Changes of items during period:								
Dividends of surplus								(24,164)
Profit attributable to owners of parent.....								48,157
Purchase of treasury shares								(54)
Disposal of treasury shares.....								0
Transfer to capital surplus from retained earnings								—
Sales of shares of consolidated subsidiaries.....								—
Net changes of items other than shareholders' equity ...	(93,369)	(1,559)	—	162	(94,765)	—	288	(94,468)
Total changes of items during period	(93,369)	(1,559)	—	162	(94,765)	—	288	(70,538)
Balance as of March 31, 2019	\$165,700	\$(13,091)	\$74,655	\$(9,794)	\$217,470	\$595	\$2,865	\$2,155,275

* U.S. dollar figures have been translated at the rate ¥110.99 to U.S.\$ 1, the prevailing market rate as of March 31, 2019.

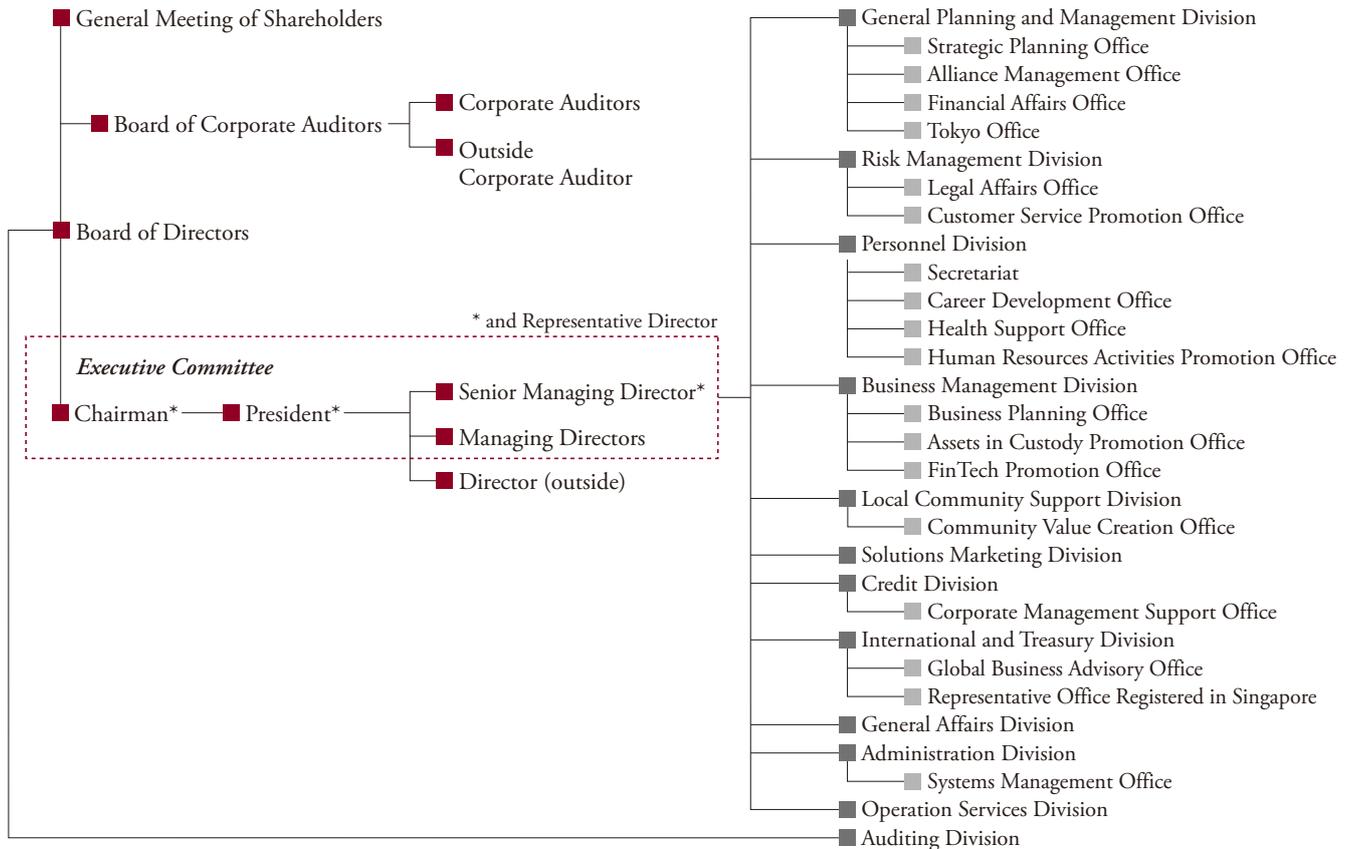
Consolidated Statements of Cash Flows

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2019 and 2018

	Millions of Yen		Thousands of U.S. Dollars*
	2019	2018	2019
Cash flows from operating activities			
Profit before income taxes	¥ 10,917	¥ 15,334	\$ 98,360
Depreciation	2,387	3,271	21,506
Impairment loss.....	—	1	—
Share of (profit) loss of entities accounted for using equity method.....	(11)	(8)	(99)
Increase (decrease) in allowance for loan losses	9,645	(1,998)	86,900
Increase (decrease) in provision for bonuses.....	(61)	(41)	(550)
Increase (decrease) in provision for directors' bonuses.....	(1)	1	(9)
Decrease (increase) in net defined benefit asset.....	(466)	(438)	(4,199)
Increase (decrease) in net defined benefit liability	(269)	(314)	(2,424)
Increase (decrease) in provision for directors' retirement benefits	1	29	9
Increase (decrease) in provision for loss on interest repayment.....	(15)	16	(135)
Increase (decrease) in provision for reimbursement of deposits.....	(158)	(102)	(1,424)
Increase (decrease) in provision for point card certificates.....	6	2	54
Increase (decrease) in provision for contingent loss.....	(21)	(91)	(189)
Increase (decrease) in provision for share-based compensation.....	28	23	252
Increase (decrease) in allowance for demolition of non-current assets	317	294	2,856
Gain on fund management.....	(41,193)	(42,373)	(371,142)
Financing expenses.....	2,622	1,938	23,624
Loss (gain) related to securities	(6,830)	(578)	(61,537)
Loss (gain) on money held in trust	8	6	72
Foreign exchange losses (gains)	(1,872)	2,579	(16,866)
Loss (gain) on disposal of non-current assets	14	7	126
Net decrease (increase) in trading account securities	301	257	2,712
Net decrease (increase) in loans and bills discounted	(64,284)	(45,713)	(579,187)
Net increase (decrease) in deposit	94,512	92,626	851,536
Net increase (decrease) in negotiable certificates of deposit	(5,990)	(25,345)	(53,969)
Net increase (decrease) in payables under securities lending transactions...	(477)	(24,805)	(4,298)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	217	1,062	1,955
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan).....	(10,174)	108	(91,666)
Net decrease (increase) in call loans	(2,075)	(1,932)	(18,695)
Net increase (decrease) in call money	8,334	(2,519)	75,088
Net decrease (increase) in foreign exchanges—assets.....	2,391	(1,092)	21,542
Net increase (decrease) in foreign exchanges—liabilities	(39)	76	(351)
Proceeds from fund management	41,752	42,636	376,178
Payments for finance	(2,583)	(1,904)	(23,272)
Other, net.....	(987)	(9,137)	(8,893)
Subtotal.....	35,946	1,877	323,867
Income taxes paid.....	(4,617)	(3,187)	(41,598)
Net cash provided by (used in) operating activities	31,328	(1,310)	282,260
Cash flows from investing activities			
Purchase of securities.....	(187,262)	(161,253)	(1,687,197)
Proceeds from sales of securities.....	80,015	47,093	720,921
Proceeds from redemption of securities	188,064	162,748	1,694,423
Increase in money held in trust.....	(9)	—	(81)
Decrease in money held in trust	—	0	—
Purchase of tangible fixed assets.....	(775)	(1,945)	(6,983)
Proceeds from sales of property, plant and equipment	1	1	9
Purchase of intangible assets	(1,965)	(892)	(17,704)
Payments for asset retirement obligations	(14)	(2)	(126)
Net cash provided by (used in) investing activities	78,054	45,749	703,253
Cash flows from financing activities			
Decrease in subordinated borrowings.....	(5,000)	(2,500)	(45,049)
Redemption of subordinated bonds.....	(15,000)	—	(135,147)
Cash dividends paid	(2,682)	(2,682)	(24,164)
Dividends paid to non-controlling interests.....	(0)	(0)	(0)
Purchase of treasury shares.....	(6)	(11)	(54)
Proceeds from sales of treasury shares	0	17	0
Proceeds from changes in ownership interests in subsidiaries	—	4	—
Net cash provided by (used in) financing activities.....	(22,689)	(5,172)	(204,424)
Net increase (decrease) in cash and cash equivalents.....	86,694	39,266	781,097
Cash and cash equivalents at beginning of period.....	250,092	210,826	2,253,284
Cash and cash equivalents at end of period.....	¥ 336,786	¥ 250,092	\$ 3,034,381

* U.S. dollar figures have been translated at the rate ¥110.99 to U.S.\$ 1, the prevailing market rate as of March 31, 2019.

Organization Chart (as of July 1, 2019)



Board of Directors, Corporate Auditors and Executive Officers (as of July 1, 2019)

Chairman	Senior Managing Director	Directors	Corporate Auditors	Executive Officers
Kikuo Kato	Kazuya Koyama	Emi Ishida (outside) Takeshi Higuchi (outside) Ryuichi Mitsuoka (outside)	Yoshio Kenmochi (standing) Yuichi Tanaka (standing) Atsumu Kuroishi (outside) Tomio Kezuka (outside) Kenji Tamura (outside)	Ichiro Noda Tsutomu Kainuma Tadashi Uehara Kazuhiro Wakabayashi
President	Managing Directors		Managing Executive Officers	
Kazumasa Nagahori	Toshiyuki Shirai Susumu Kurosawa		Ritsu Kumagai Masaharu Saito Ken Otomo	

Investor Information (as of March 31, 2019)

Common Stock Authorized: 80,000 thousand shares
Issued: 33,805 thousand shares

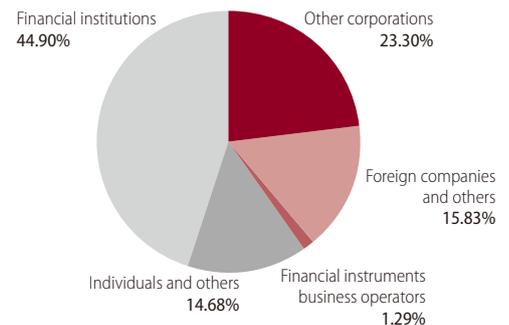
Number of Shareholders: 11,145

Major Shareholders

Name	Number of shares	Shares held as a percentage of total outstanding shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,766,400	8.24
The Master Trust Bank of Japan, Ltd. (trust account)	1,310,700	3.90
Japan Trustee Services Bank, Ltd. (trust account 4)	1,231,700	3.67
The Chiba Bank, Ltd.	925,000	2.75
Japan Trustee Services Bank, Ltd. (trust account 9)	848,400	2.53
Meiji Yasuda Life Insurance Company	735,858	2.19
The Bank of Mitsubishi UFJ, Ltd.	727,587	2.16
Sumitomo Life Insurance Company	702,900	2.09
Musashino Bank Industries Employees' Stockholding Association	686,167	2.04
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank, N.A., Tokyo Branch)	666,300	1.98

* Shareholding percentages are rounded down to two decimal places.

Number of Shares Held by Type of Shareholders



Notes: 1. Some treasury stock is contained in "Individuals and others."
2. "Other corporations" includes a unit of 14 shares under the name of Japan Securities Depository Center, Inc.



The Musashino Bank, Ltd.

333-13, OLS Building, Sakuragi-cho 4-chome,
Omiya-ku, Saitama 330-0854

Phone: +81-48-641-6111

Brand Message

More For You

The Musashino Bank's brand message is "More for You."
The Bank personnel always ask themselves
"What can I do for everyone?" and
"What kind of service do I want to give everyone?"
"Everyone" includes the Bank's customers,
the members of local communities, our shareholders,
and friends of the Bank, together with their families.
Accordingly, the Musashino Bank aspires to provide
everyone with better services and to contribute to
our local communities.
