



ANNUAL REPORT

2023

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, 7.33 million people (estimated) live in Saitama, making it the country's fifth most populous prefecture after

Tokyo, Kanagawa, Osaka, and Aichi. 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 70 years.

## 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.

#### Bank Data (non-consolidated basis, as of March 31, 2023)

Head Office:	10-8, Sakuragi-cho 1-chome, Omiya-ku, Saitama
Home page:	<a href="https://www.musashinobank.co.jp">https://www.musashinobank.co.jp</a>
Established:	March 6, 1952
Networks:	Number of branches: 99 (Saitama Prefecture: 93 [of which 2 are sub-branches], outside Saitama Prefecture: 6)
Number of mortgage loan centers:	8
Employees:	1,920
Total assets:	¥5,309.1 billion
Deposits:	¥4,906.9 billion
Loans:	¥3,921.6 billion
Common stock:	¥45.7 billion
Capital adequacy ratio:	9.01%
Number of correspondent arrangements:	111
Issued common stock:	33,805 thousand shares

#### Musashino Bank Group (subsidiaries)

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
The Musashino Mirai Partners Co., Ltd.	Regional trading company business

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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.

# Continuing to Grow Together with Communities



**Kazumasa Nagahori**  
*President*

## Business Environment in Fiscal 2022

Looking back at fiscal 2022, the year ended March 31, 2023, Japan experienced its seventh and eighth waves of COVID-19 infections, which spread rapidly. Furthermore, the effects of international political and economic turmoil, such as the protracted Russia-Ukraine conflict, and rapidly rising prices centered on raw materials and energy, had profound effects on the daily lives of Saitama Prefecture residents and corporate business activities, regardless of whether those effects were felt directly or indirectly.

Since the beginning of 2023, people have become more hopeful that the economy and society will return to normal. Positive trends have emerged, such as a resurgence in demand

for inbound tourism and consumer spending. In May 2023, COVID-19 was reclassified as a Category V infectious disease. This has hastened the transition from emergency to normalcy, leading us to the present.

In this environment, fiscal 2022 was the final year of the Bank's four-year Medium-term Management Plan "MVP 70." In order to fulfill our responsibility to support the community, as we looked ahead to the advent of a post-pandemic society, we fully served our customers and local communities as a reliable partner and focused on supporting the core businesses of each local company, while striving to identify needs and solve issues in support of the life planning of every customer. As a result of these measures, the balances of deposits and loans remained on a firm growth trajectory. On the profit front, net income on a non-consolidated basis was ¥10.3 billion, surpassing our ¥10.0 billion target laid out in the Medium-term Management Plan.

Regional financial institutions are being called upon to establish sustainable business models that help to revitalize the economy and society by fulfilling even more financial intermediary functions and practicing fiduciary duty. In addition, they must make unceasing efforts to further improve management soundness and transparency, which are preconditions for sustainable business models.

The global economic outlook has remained uncertain mainly due to factors such as inflation in Europe and the U.S. and the monetary tightening policies implemented in response to inflation, as well as the worsening Russia-Ukraine conflict and the rising geopolitical risk associated with China and North Korea.

Meanwhile, in Japan, against this backdrop of international circumstances, a seamless shift to a post-pandemic society has become an urgent priority amid soaring prices for daily necessities and energy.

Saitama Prefecture, the Bank's local market, has hurtled into an era of population decline since 2022. Combined

with the fact that the population is aging at the fastest rate in Japan, Saitama Prefecture is standing at a major turning point. It is now essential for us to develop and implement a unique growth strategy as a regional financial institution.

## **Formulating the New Long-term Vision “MCP—Musashino mirai-Creation Plan—”**

In 2013, we formulated our Long-term Vision “MVP (Musashino Value-making Plan)” —“the number one bank in the region that creates value in Saitama”—in order to achieve sustainable growth together with local communities. To realize this vision, we have been implementing medium-term management plans that span 3 time periods over a 10-year timeframe.

And in March 2023, we formulated our New Long-term Vision “MCP (Musashino mirai-Creation Plan)” —“Bringing together diverse value to create Saitama’s future with the region’s number one solutions”—as our business roadmap for the next 10 years.

As the business environment becomes increasingly complex, our vision establishes the ideal profile we will need to stay true to the reason for our existence: to contribute to the sustainable growth of the economy and society as a bank that is essential to local communities.

In the process of formulating the vision, we asked customers and other stakeholders about their expectations and requests for the Bank, and for the first time in 10 years, we organized a study group comprising primarily younger bank employees. We studied issues and held lively discussions from a variety of perspectives.

Guided by the two basic policies of “Evolve into a partner that surpasses the expectations of communities and customers” and “Maximize the capabilities of the organization and employees,” we will focus on solving customer issues and fostering community vitality through financial and non-financial services. In addition, we will endeavor to build a highly resilient organization, develop a high level of specialization and provide a variety of work styles to maximize the abilities of each employee.

## **Overview of Medium-term Management Plan “MCP 1/3 (One-Third)”**

In April 2023, the Bank started the Medium-term Management Plan “MCP 1/3” as the first stage for realizing the Long-term Vision “MCP.” We have positioned this stage as a period for fully serving our customers and local communities, while laying a solid foundation for the future by enhancing the diversity of the organization and the autonomy of employees.

We will strive to further strengthen our touchpoints with customers and create new services through intensive investment in digital and human capital based on two themes: “Grow together with communities and customers by integrating the real and digital” and “Empower diverse human resources to flourish based on mutual acceptance of many and varied values.” In addition, efforts will be made to develop human resources who have advanced proposal generation and problem-solving capabilities.

### **Initiatives for Corporate Clients and Individual Customers**

The Bank will provide optimal problem-solving proposals with a diverse lineup of products and services and a high level of specialization premised on a thorough understanding of customers.

For corporate clients, we will further enhance our solutions proposal menu to include consulting and recruitment. Furthermore, we will focus on providing support based on the growth stage of each corporate client, through such means as seamless business succession and M&A.

For individual customers, we will redouble our commitment to practicing fiduciary duty. We will also focus on priorities such as enhancing proposal generation capabilities that contribute to long-term, stable asset formation and addressing inheritance and asset succession needs leveraging trust functions.

### **Regional Revitalization Strategy**

The Bank will implement distinctive measures in partnership with local governments, universities, and local companies, in order to achieve regional revitalization unique to Saitama.

In June 2023, we initiated the Musashino

Agri-Innovation Project, which carries out rice cultivation within Saitama City. By engaging in hands-on rice cultivation as part of this project, we will gain knowledge and expertise, with the goal of assisting in the resolution of agricultural issues in Saitama Prefecture.

In this way, the Bank will use its platform for partnership among industry, academia, government, and the financial sector to strengthen tourism and city promotion initiatives, while continuing to concentrate our efforts on discovering and creating local resources, such as the Minuma Tambo “Wheat” Senary (Sixth-Order) Industry Creation Project.

## Digital Strategy

The Bank will utilize cutting-edge digital technology to engage with a sense of urgency in efforts to improve customer convenience and satisfaction. These efforts will be led by the

Digital Promotion Division, which was newly established in conjunction with the start of the Medium-term Management Plan.

We will work to further upgrade and expand our smartphone app's functions and enhance digital services for corporate clients. At the same time, we will accelerate efforts such as shifting to digital account opening and loan application processes.

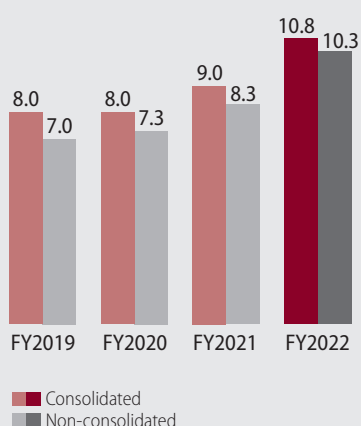
Furthermore, we will actively take steps such as raising the sophistication of customer proposals through the use of AI and big data and strengthening the digital communication platform within the Bank.

## Practicing Human Capital Management

Based on the belief that human capital management is the source of corporate value, the Bank has formulated the Long-term Vision “SOU” for promoting the success of

### Profit attributable to owners of parent/ Net income

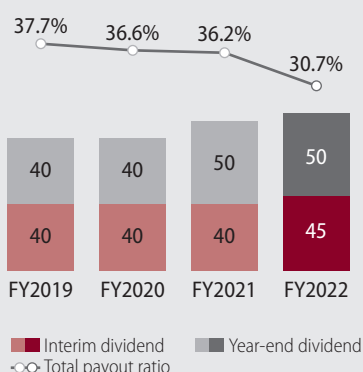
(¥ billion)



### Dividend per share and total payout ratio (Non-consolidated)

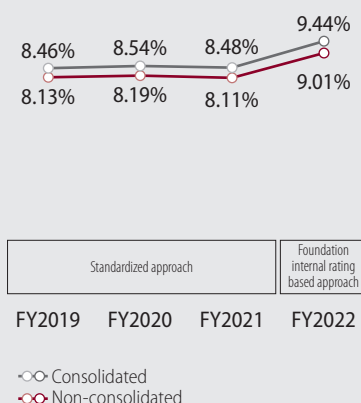
(¥)

(%)

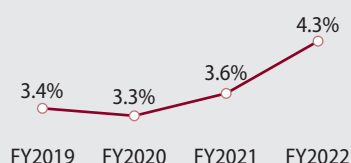


### Trend in the equity ratio

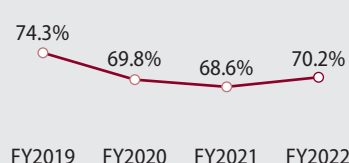
(%)



### Consolidated ROE



### Consolidated core OHR (Over Head Ratio)



\* From fiscal 2022, the Bank changed its credit risk measurement approach from the “standardized approach” to the “foundation internal rating based approach.”

human resources.

We will focus on the development of professionals and digital specialists with exceptional problem-solving skills, while also bolstering our diversity and inclusion initiatives.

Moreover, we will concentrate on reforming various systems, including the personnel system, as well as reskilling employees and increasing their engagement.

## Group Strategy

The Bank will foster even closer collaboration throughout the Group, including The Musashino Mirai Partners Co., Ltd., a regional trading company we established in June 2022, with the aim of maximizing synergies.

We will also work to expand business domains through efforts such as creating a program to call for new business ideas.

With Musashino Mirai Partners, the Bank aims to solve local issues through business and build a local ecosystem that will bring about a beneficial cycle for Saitama Prefecture's economy. Sai Hakken, a fee-based membership service for individuals, and IBUSHIGIN, a purchase-type crowd funding site to support commercial value chains for businesses, were launched in October, and both are gaining market awareness and penetration faster than initially anticipated.

In August 2023, Musashino Mirai Partners opened a new e-commerce website. In the future, it will continue working to enhance services that benefit customers and communities through such means as developing the Sai Hakken app.

## Strengthening Sustainability Management

The Bank will work to continuously strengthen sustainability management that will contribute to the creation of a sustainable regional economy and society under guidelines such as the Musashino Bank SDGs Declaration and the Basic Policy on Sustainability.

Through loans and consulting, which are the Bank's core businesses, we will focus on encouraging sustainable corporate behavior, such as promoting decarbonization measures by businesses. In addition, we will actively work to reduce the environmental impact of our business activities.

Regarding our response to the TCFD recommendations, we are enhancing the disclosure of information to stakeholders, including increasing the precision of global warming scenarios and estimating Scope 3 greenhouse gas emissions.

In the future, we will continue to strengthen the management team's commitment to the TCFD recommendations and direct these efforts toward more effective global warming prevention measures.

Apart from this, the Bank will strengthen initiatives that help to enhance financial and economic literacy and address the issue of child poverty, among other areas.

## Toward Increasing Corporate Value

In March 2023, the Tokyo Stock Exchange requested listed companies to implement management that is conscious of the cost of capital and profitability based on the balance sheet, and to disclose and implement specific actions to raise their stock prices.

As a listed company on the Prime Market, the Bank will continuously enhance measures to improve its profitability based on the balance sheet with a view to achieving a PBR of 1.

The Bank will strive to improve ROE through measures including improving the RORA of lending and investment divisions and raising the sophistication of credit risk management, along with achieving profit growth through steady execution of each strategy laid out in the Medium-term Management Plan as a matter of course. Concurrently, the Bank's policy is to achieve an optimal balance of financial soundness, profitability and shareholder returns and to consistently increase the total payout ratio.

Furthermore, we will endeavor to enhance shareholder returns alongside efforts to increase ROE.

The Bank has declared an annual dividend for fiscal 2022 of ¥95 per share, following an increase in the year-end dividend of ¥5. For fiscal 2023 (the year ending March 31, 2024), the Bank is forecasting an annual dividend of ¥100 per share.

In addition, the Bank is striving to increase the total payout ratio by conducting stock buybacks of up to ¥1.0 billion from May through August 2023.

The total payout ratio for fiscal 2022 was in the lower 30% range. We consider this level to be a bare minimum and will strive to raise it higher.



## Serving Customers and Communities

The Bank started in April 1952 as a regional bank headquartered in Omiya City (currently Saitama City). Responding to expanding demand for finance as the post-war recovery hit full stride, the Bank commenced business with eight branches in Saitama Prefecture, aiming to contribute to the development of the prefectural economy. From that time up to the present, the Bank has remained firmly committed to autonomous, independent management with the support of its stakeholders.

Against this backdrop, the Bank received an administrative action (business improvement order) from the Kanto Local Finance Bureau of the Ministry of Finance in June 2023, in accordance with Article 51-2 of the Financial Instruments and Exchange Act. This was in connection with circumstances in which an investor protection problem was identified in relation to financial intermediary operations involving solicitation and sales of structured bonds.

In light of this administrative action, the Bank submitted a business improvement plan to the Kanto Local Finance Bureau in July. Furthermore, in August, the Bank announced improvement and recurrence prevention measures based on an analysis of the incident's root causes, taking into account the findings of an internal investigation. The Bank also announced the actions taken against the individuals involved in the incident.

The Bank extends its most sincere apologies to all parties involved, including customers with whom it has business relationships, for the tremendous inconvenience and concern this situation has caused.

Currently, we believe that the Bank should give top priority to rigorously enforcing and instilling compliance, taking this administrative action into account, in all aspects of its activities, from bank management to day-to-day operations. In addition, we believe that the Bank should take a fresh look at its corporate atmosphere and culture and devote even more effort than before to creating a corporate atmosphere and culture that embraces a true customer-first philosophy and is primarily committed to contributing to the development of local communities.

The Bank's Corporate Philosophy of "working in harmony with the local community it serves" and "maintaining a

deep respect toward customers" are perennial themes for the Bank. The Bank's Founding Prospectus from the time of its founding states that it will endeavor to be a Bank that truly alleviates Saitama Prefecture's financial difficulties and one that is loved by its residents.

We believe that the process of establishing a corporate atmosphere and culture is synonymous with efforts to place such a Corporate Philosophy and reason for existence at the forefront of all officers' and employees' awareness and behavior, and to embody these principles in our everyday actions.

All officers and employees will make sincere efforts to restore trust and will strive to conduct operations that contribute to the sustained growth of customers and communities.

In closing, we ask for your continued support for and understanding of the Bank from the bottom of our hearts.

*K. Nagahori*

Kazumasa Nagahori  
President



# Financial and Non-Financial Highlights

The Musashino Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2023 and 2022

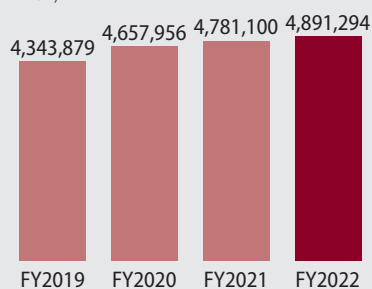
	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Notes 1 and 2)
	2023	2022	2023
<b>At Year-end</b>			
Total assets.....	¥5,327,096	¥5,486,283	\$39,894,376
Deposits including negotiable certificates of deposit.....	4,891,294	4,781,100	36,630,675
Loans and bills discounted .....	3,909,853	3,841,638	29,280,708
Trading account securities and securities .....	810,303	735,266	6,068,322
Total net assets .....	252,917	250,554	1,894,084
Capital adequacy ratio (based on domestic standards) (%) .....	9.44	8.48	
<b>For the Year</b>			
Ordinary income.....	¥ 81,901	¥ 71,186	\$ 613,353
Ordinary expenses .....	66,266	57,693	496,263
Profit before income taxes .....	15,548	13,421	116,438
Profit attributable to owners of parent.....	10,865	9,001	81,367

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 a rate of ¥133.53 to U.S.\$1, the prevailing exchange rate as of March 31, 2023.

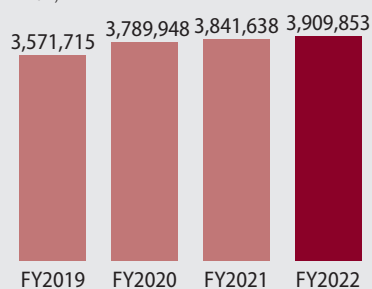
**Deposits including negotiable certificates of deposit**

(¥ million)



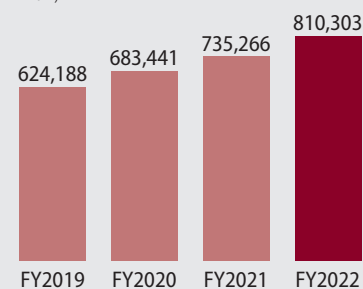
**Loans and bills discounted**

(¥ million)



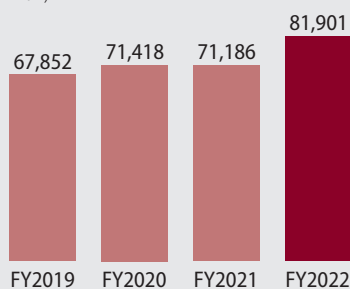
**Trading account securities and securities**

(¥ million)



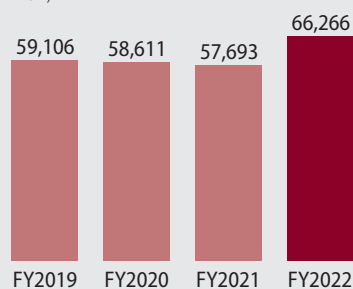
**Ordinary income**

(¥ million)



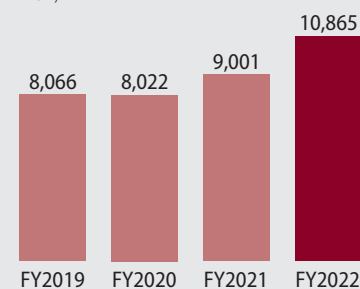
**Ordinary expenses**

(¥ million)



**Profit attributable to owners of parent**

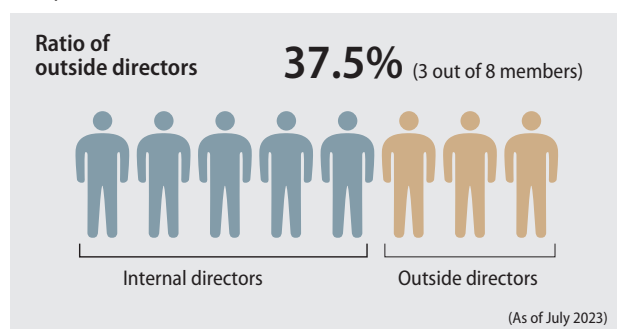
(¥ million)



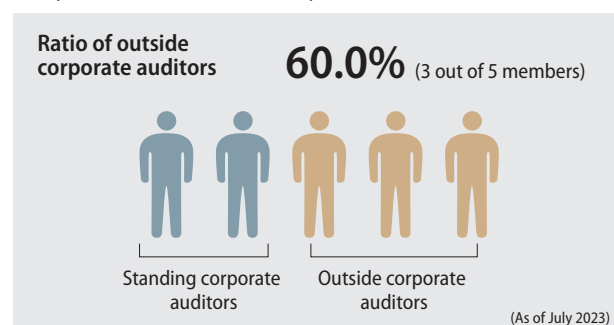


## Governance

Composition of the Board of Directors

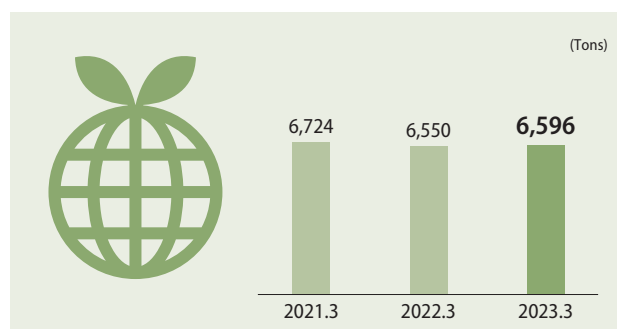


Composition of the Board of Corporate Auditors



## Environment

CO<sub>2</sub> emissions

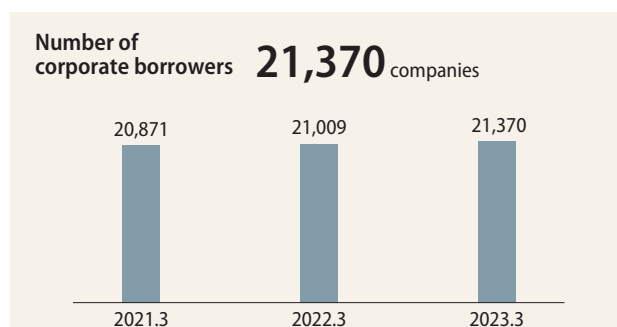


Greening activities

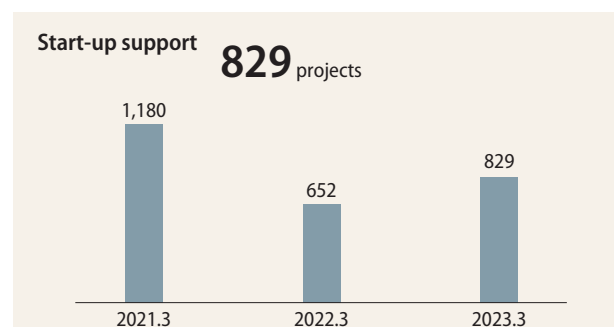


## Social

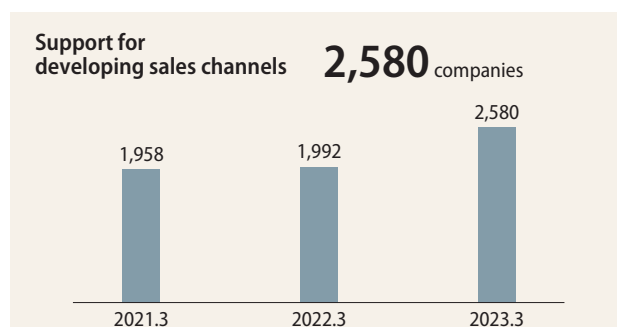
Customer base



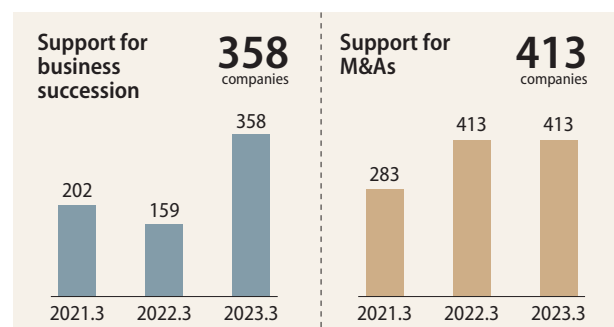
Support for customers' core business activities



Support for customers' core business activities



Solving issues such as business succession



## Support for sustainable management

### Amount of sustainable finance executed



¥188.6 billion

Financing to solve environmental and social issues

(Years ended March 31, 2022 through March 31, 2023)

## Support for sustainable management

### Support for formulating SDGs declarations

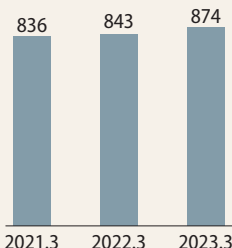


81 companies

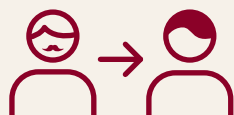
(October 2021 to March 2023)

## Solving inheritance-related issues

### Inheritance-related support



874 cases



2021.3 2022.3 2023.3

## Initiatives for regional revitalization

### Comprehensive alliance agreements with local governments

Saitama Prefecture and 16 municipalities

Number of organizations participating in the Regional Revitalization Consortium

Total of 163 organizations

(local governments, universities, companies, etc.) (As of March 2023)

## Initiatives for regional revitalization

### Promoting local attractions through the local newsletter "Bratte Series"



11 volumes 12 regions  
Number of copies issued  
Over 430,000 copies

(March 2007 to March 2023)

## Support for commercial distribution through regional trading companies

### Crowd funded projects



38 projects

(October 2022 to June 2023)

## Developing specialized human resources

Number of professional qualification holders  
(1st grade Certified Skilled Workers of Financial Planning, Small and Medium sized Enterprise Consultants, securities analyst qualifications, etc.)



185 employees

(As of March 31, 2023, Group-wide)

## Developing specialized human resources

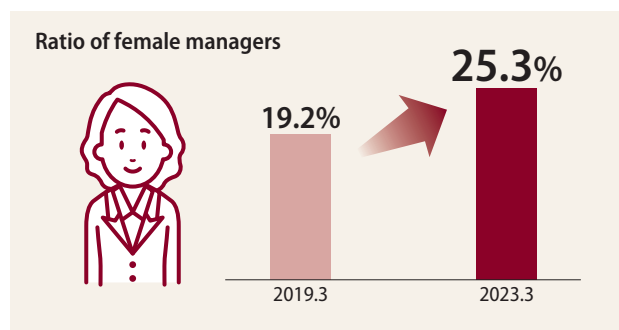
### Number of IT Passport qualification holders



1,062 employees

(As of March 31, 2023, Group-wide)

## Promoting active roles for diverse human resources



## Promoting active roles for diverse human resources



## External assessments of companies promoting active roles for diverse human resources



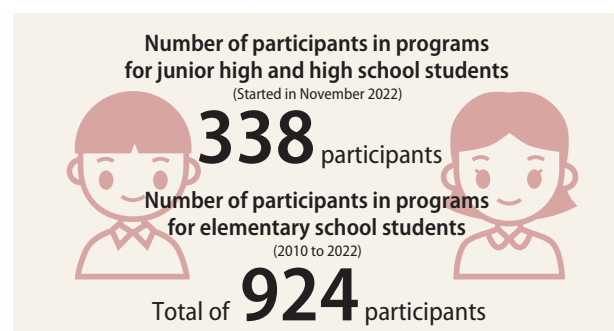
## External assessments of companies conducting health & productivity management



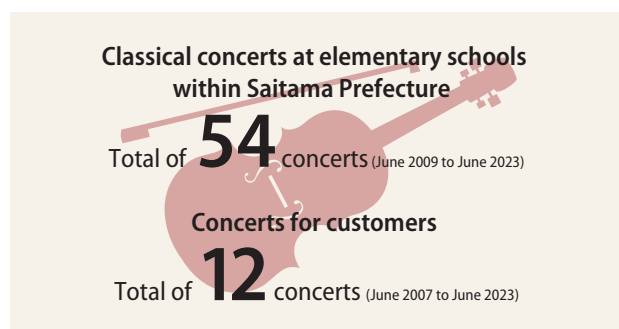
## Creating work opportunities for people with disabilities



## Financial and economic literacy through "Musashino Mirai Academy"



## Support for promotion of local culture and art

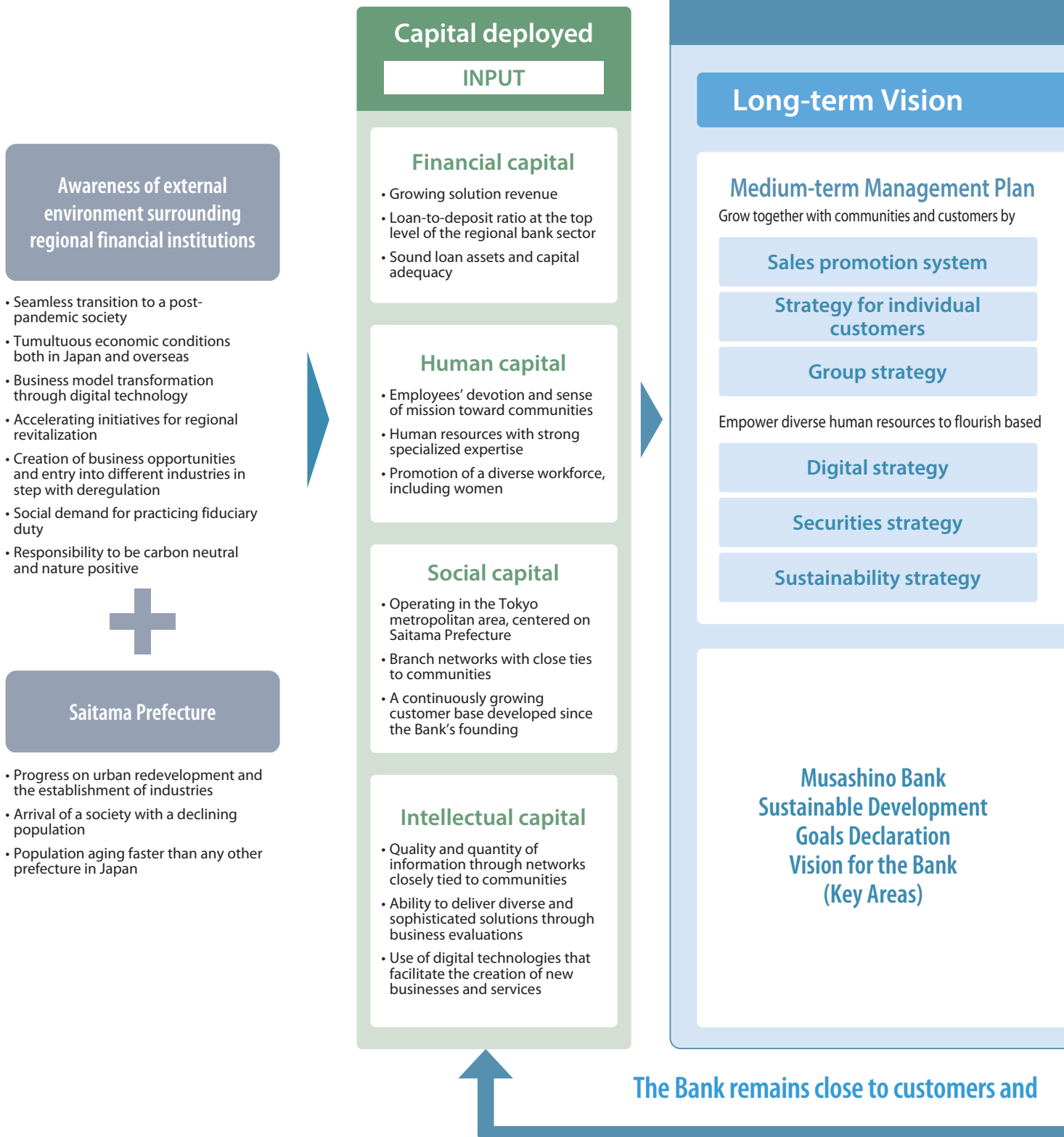


## Regional communication and co-creation



# Musashino Bank's Value Creation Process

As the environment both in Japan and overseas changes significantly, the Bank will strive to capture the full potential of the Tokyo metropolitan area, centered on Saitama Prefecture, which is the Bank's operational base. Guided by the Long-term Vision of "Bringing together diverse value to create Saitama's future with the region's number one solutions," we will establish a sustainable management platform through investment in digital and human capital, with the goal of continuing to grow as a bank that is essential to customers and communities.



## Business model

activities

OUTPUT

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

### "MCP 1/3"

integrating the real and digital

Strategy for corporate clients

Regional revitalization strategy

Channel strategy

on mutual acceptance of many and varied values

Human resource strategy

Alliance strategy

Management and administration systems

Maximize customer satisfaction by improving the service level and reinforcing customer touchpoints

Establish a sustainable management platform through investment in digital and human capital

Corporate Governance as the Source of Sustainable Growth



Responding to Climate Change, Maintaining and Improving Biodiversity



Sustainable Regional Economy



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



Value provided

### OUTCOME

A prosperous future for Saitama Prefecture

### Shareholders and other investors

- Increase shareholder value

### Local communities

- Contribute to innovation for communities as a whole
- Further promote the development of industry

### Customers

- Increase the corporate value of customers
- Stable asset formation and succession

### Employees

- Diverse and highly fulfilling work styles
- Promote diversity
- Create local employment

### Global environment

- Promoting decarbonization through investment and financing
- Store locations with consideration for the environment and biodiversity

solves their issues, thereby achieving growth together with its customers.

## ■ Long-term Vision/Medium-term Management Plan

In March 2023, the Bank formulated its Long-term Vision “MCP (Musashino mirai-Creation Plan)” as a management guideline for the next 10 years, and in April it started the Medium-term Management Plan “MCP 1/3,” which marks the first stage toward realizing the Vision.

### Long-term Vision “MCP (Musashino mirai-Creation Plan)”

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

##### Two basic policies to realize the Vision

###### Basic Policy I

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

- Provide value that surpasses expectations by being deeply involved in customers’ daily lives and businesses from both financial and non-financial perspectives, and by remaining steadfastly committed to solving their problems
- Achieve a prosperous future by assisting communities in solving underlying issues and supporting the development and growth of attractive communities

###### Basic Policy II

##### Maximize the capabilities of the organization and employees

- Establish a highly resilient organization that can address environmental changes as a financial institution essential to communities
- Provide a high level of specialization and diverse work styles in order to enable all employees to share in the joy of working at a banking group and maximize the abilities of individuals

##### Ten years to realize the Vision

###### First stage (3 years)

Medium-term Management Plan  
“MCP 1/3 (One-Third)”  
(April 2023 to March 2026)

Lay a foundation  
for the future

###### Second stage (3 years)

Next Medium-term  
Management Plan  
(April 2026 to March 2029)

Establish a solid position

###### Final stage (4 years)

Medium-term  
Management Plan  
after the next  
(April 2029 to March 2033)

Become a partner that  
surpasses expectations

### Medium-term Management Plan “MCP 1/3 (One-Third)” (April 2023 to March 2026)

#### Two themes

Grow together with communities and customers  
by integrating the real and digital

Empower diverse human resources to flourish based on  
mutual acceptance of many and varied values

#### Targeted business model

Aim to maximize customer satisfaction by improving the service level and reinforcing customer touchpoints while establishing a sustainable management platform through investment in digital and human capital

#### Specific strategies

Sales promotion system

Strategy for corporate clients

Strategy for individual customers

Regional revitalization strategy

Group strategy

Channel strategy

Digital strategy

Human resource strategy

Securities strategy

Alliance strategy

Sustainability strategy

Management and administration systems

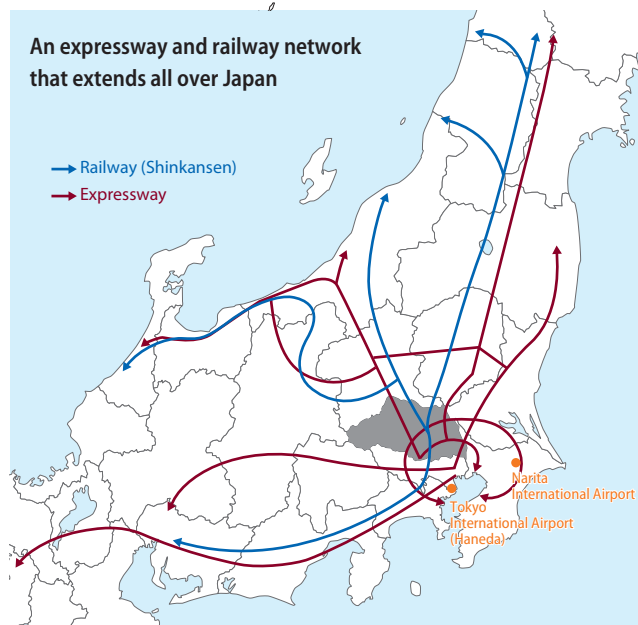
### Targeted management indicators

	Net earnings from core business	Profit attributable to owners of parent	Core OHR (consolidated)	Equity ratio (consolidated)	ROE (consolidated)
<b>Targets for the Fiscal Year Ending March 31, 2026</b>	<b>¥20.0 billion</b>	<b>¥13.0 billion</b>	<b>65% or less</b>	<b>11% or more</b>	<b>4.5% or more</b>
(Reference) Results for the Fiscal Year Ended March 31, 2023	¥15.2 billion	¥10.8 billion	70.29%	9.44%	4.31%



## Musashino Bank's Operational Base

The Bank's operational base is Saitama Prefecture, which has a high concentration of logistics and production bases due to its well-developed transportation infrastructure, including the Ken-O Expressway and a nexus for all six of the Shinkansen bullet train lines in East Japan. Total production in Saitama Prefecture is around ¥23 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 2013 to 2022 standing at 568 companies, the second 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 for their core operations.



## Group Strategy

The Bank will capture synergies with its eight Group companies, including The Musashino Mirai Partners Co., Ltd., a regional trading company it established in June 2022. By providing one-stop solutions through collaboration in financial and non-financial areas, the Bank will make a Group-wide effort to solve the issues of customers and communities.

Furthermore, in October 2023, we began conducting a business contest that calls for new business ideas from within the Bank. Through this initiative, we hope to uncover ideas that will pave the way for resolving community and customer issues, with the goal of turning them into businesses in the future.

## Musashino Mirai Partners

Musashino Mirai Partners will develop two businesses, with the goal of creating a local ecosystem that will serve as a mechanism for resolving community issues within the community.

### Personal (active seniors) support business

As part of Sai Hakken, a fee-based membership service, Musashino Mirai Partners will provide solutions to daily lifestyle-related problems faced by active seniors and other elderly people, along with experiences that enrich their lives.



Newsletter

### Fee-based membership service Sai Hakken

- Solve daily lifestyle-related problems through such means as housekeeping services
- Deliver carefully selected, exceptional products from Saitama Prefecture twice a year
- Conduct members-only events, such as smartphone workshops

### Commercial value chain support business for business operators

Musashino Mirai Partners will provide its client business operators with support throughout the commercial value chain, including the planning, development, and branding phases, so that many more people will become familiar with the superior products and services that they offer.



### Purchase-type crowd funding IBUSHIGIN

Musashino Mirai Partners will support the development of new loyal customer bases, test marketing and other activities by providing a mechanism for garnering widespread empathy, along with highlighting the appeal of products and services and the aspirations of client business operators.

### E-commerce website IBUSHIGIN Official Store

Musashino Mirai Partners will support the sustainable growth of client business operators by providing an online sales channel to businesses that handle attractive merchandise and other items from Saitama Prefecture, and to businesses attempting to newly develop B2C businesses.

## ■ Providing SME Management Assistance

### Promoting Locally Rooted Finance

The Bank recognizes the promotion of locally rooted finance as its mission, and works to implement smooth supply of funds to its customers and to provide core business support.

The Bank has established systems for providing solutions for general management issues that customers face during their growth stages, through united efforts by its branches, Head Office, and Group companies. It also provides finely tuned responses by leveraging its consulting functions while collaborating with external institutions as needed.

### Support for Start-Ups and New Entries

The Bank provides detailed support through close cooperation between our “support team for start-ups and new entries” in our Head Office and branches to assist start-ups and newly established companies.

### Offering a Variety of Financing Methods

The Bank has focused on offering a variety of financing methods, including 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 through Digital Technology and IT

The Bank is working to help its client companies improve their operating efficiency and productivity through the use of digital technology.

Provide cloud services that support digitalization

Business matching with digital solutions providers

Conduct seminars on digital technology utilization

### Recruitment Service

We introduce the most suitable human resources who will contribute to our corporate clients’ business expansion and new business development.

In addition, we have expanded the service to the area of job seeker support to provide comprehensive support for both job seekers and companies looking for personnel.

### Support for Overseas Expansion

We set up a Representative Office Registered in Singapore to support corporate clients’ overseas expansion and business development and address local demands in a flexible manner. Moreover, we provide detailed support through our overseas network based on collaboration and cooperation.

In addition, we dispatch employees to JETRO Saitama, and actively support the expansion of sales channels for companies in Saitama Prefecture while collaborating with the JETRO Saitama center.

Funding

Overseas money transfers

Sales channel expansion

Export and import procedures

Various local information

### Support for Business Succession

We have arranged consulting services to offer comprehensive support to address such concerns as succession issues, business succession and diversification. We also provide support proactively in coordination with specialist institutions.

### M&A Support

We offer corporate clients optimal proposals for their future in collaboration with Nihon M&A Center Inc., the Saitama Prefectural Business Succession and Transfer Support Center, and others.

#### Alliance Strategy—Using Alliances in Various Fields—

The Bank is working to provide management assistance to SMEs through alliances with regional banks. As part of the Chiba-Musashino Alliance, the Bank is implementing partnership and collaboration initiatives with The Chiba Bank, Ltd. in a variety of areas, including the establishment of joint offices and the handling of syndicated loans and joint financing. Furthermore, the Bank is a member of the TSUBASA Alliance, the largest alliance among regional banks with participation from 10 banks from Hokkaido to Okinawa. Through this alliance, the Bank is working to address issues such as increasing the sophistication of financial services and cashless banking, while utilizing the strengths of the wide-area alliance.

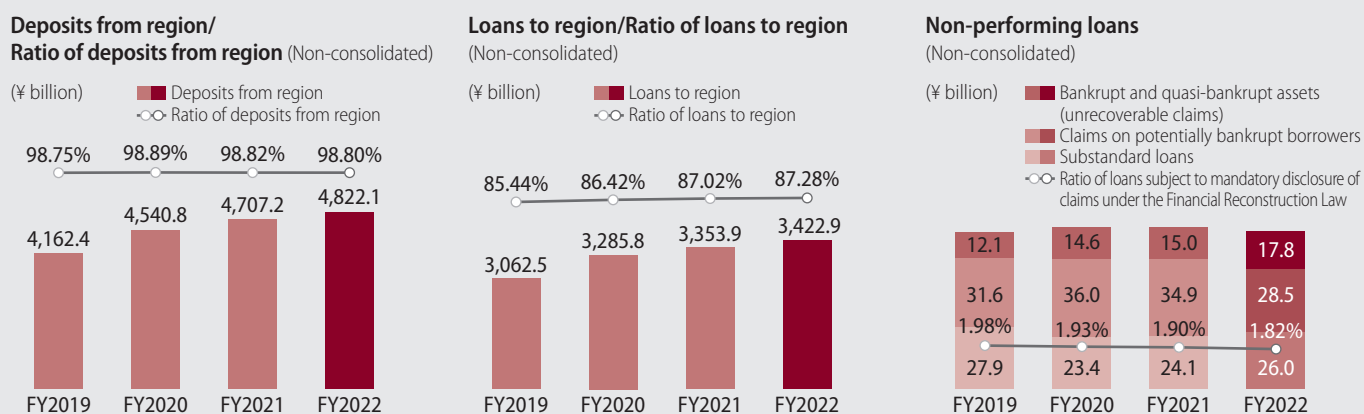


# Contributing to the Local Economy/Initiatives for Regional Revitalization

## Contributing to the Local Economy

The Bank is working to provide various financial services that give consideration to local corporate and individual customers, and continuing to increase both deposits from the region and loans for the region.

The Bank is strengthening its capital adequacy and reducing non-performing loans towards a sounder financial position. Its non-performing loan ratio has gradually decreased, and is at a low level.



\* "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, Ikebukuro Branch, and Goka Branch sales areas).

## Initiatives for Regional Revitalization

The Bank is collaborating with local governments to foster regional revitalization and improve resident services, such as supporting projects that are being promoted by Saitama Prefecture in its aim to create a sustainable community that is comfortable to live in. In addition, the Bank will actively work to solve a variety of community issues through collaboration with companies, NPOs, educational institutions and other partners.

### Alliances and Partnerships with Local Government Organizations, Etc.

Prefecture	Saitama Prefecture	Designated Municipality	Saitama City
Municipalities (in order of alliance formation)	Tsurugashima City, Toda City, Yokoze Town, Gyoda City, Kumagaya City, Kasukabe City, Konosu City, Hasuda City, Kitamoto City, Yorii Town, Ogano Town, Fujimi City, Kawagoe City, Fujimino City, Soka City		

## City promotion initiatives

The Bank strives to communicate the appeal of communities in order to address the issue of growth in non-resident, connected and resident populations faced by local public entities and contribute to the sustained development and revitalization of communities. The Bank has so far taken steps such as holding seminars on relocation and dual residency and organizing study groups to support local governments' efforts to implement the hometown tax donation program.

### Regional revitalization space – M's SQUARE

The Bank actively disseminates information about local governments in Saitama Prefecture from M's SQUARE, a regional revitalization space in the Bank's Head Office building.



### Local newsletter "Bratte Series"

In order to foster regional revitalization through tourism, the Bank produces the "Bratte Series" of town walking maps in collaboration with Rikkyo University. It has published 11 volumes to date.



## Initiatives through the support of agriculture in Saitama Prefecture

We offer solutions that are unique to a regional bank, such as supporting new entrants into agriculture from other industries, with efforts led by a dedicated team specialized in the agriculture sector. Together with members of the community, we are also making continuous efforts to launch unique projects in order to create a virtuous cycle of local production for local consumption.

### Creation of a new industry

We started the Minuma Tambo "Wheat" Senary Industry Creation Project, aiming to create a new industry and revitalize wheat production at Minuma Tambo in Saitama City. The project has been working in collaboration with businesses within Saitama City to develop products and conduct other related activities.



### Solving agricultural issues in Saitama Prefecture

In June 2023, we initiated the Musashino Agri-Innovation Project, which takes on the challenge of rice cultivation.

We will aim to solve community issues around agriculture in Saitama Prefecture based on the expertise and knowledge we gain from activities such as rice cultivation and processed food manufacturing.



# Sustainability Management Initiatives

## 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 practicing fiduciary duty.
- 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.



#### 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.



#### Sustainable Regional Economy

The Bank will promote innovation in local industry and local production for local consumption, as well as contribute to the development of comfortable, strong towns and work to realize sustainable economic growth.



#### Responding to Climate Change, Maintaining and Improving Biodiversity

The Bank will respond to global climate change and make efforts to maintain and improve the rich local biodiversity.



## Sustainability Management Initiatives

### Formulation of the Basic Policy on Sustainability, etc.

We formulated four policies for promoting sustainability management, which we will translate into more practical initiatives.

Name	Overview
Basic Policy on Sustainability	Under its Corporate Philosophy, “working in harmony with the local community it serves” and “maintaining a deep respect toward customers,” the Bank aims to achieve stimulation of the local economy and to provide both economic and social value from a medium- to long-term perspective.
Environmental Policy	All of our officers and employees are engaging with the issues of climate change, decarbonization, and biodiversity through business activities, adopting a global perspective while also giving consideration to the local characteristics of the Saitama region.
Investment and Financing Policy	We will avoid financing industrial and corporate sectors that have a negative impact on environmental, social, and economic sustainability.
Human Rights Policy	In all of our business activities, and provision of products and services, we will respect the human rights and diversity of all of our stakeholders.

## System for Sustainability Promotion

### Governance System

The Bank has a system in which the Sustainability Promotion Committee, whose chair is the president, and the Sustainability Subcommittee, which is under the control of the Sustainability Promotion Committee, carry out activities such as planning and proposal of measures and management of progress. The Board of Directors receives reports on these activities and supervises them.

#### Main agenda items discussed by the Sustainability Promotion Committee

- Information disclosure considering the TCFD recommendations
- Promotion of sustainable finance
- Measures to reduce greenhouse gas emissions

### Management and Promotion of Cross-departmental Initiatives

We have established the Sustainability Promotion Office as a dedicated department responsible for managing and promoting initiatives across the Musashino Bank Group. In addition, three working groups have been formed for each type of sustainability-related issue in an effort to enhance the effectiveness of initiatives.

#### Three working groups

- Revitalization of regional economies
- Revitalization of local communities
- Environmental and diversity initiatives


## Product Lineup to Encourage Customers' Sustainability Management

To encourage sustainability management among local firms, we have enhanced and expanded our lineup of finance and consulting products tailored to the status of initiatives in individual companies.

	2019	2020	2021	2022
Finance and loan products	● Musashino SDGs Private Placement Bonds		● Musashino Sustainability-linked Loans	● Musashino SDGs Friends Loan ● Musashino Sustainability Framework Loans ● Musashino Blue-chip Company Sustainable Fund
Consulting products			● Musashino SDGs Consulting	● Musashino SDGs Assessment Support ● Musashino Decarbonization Consulting

## Employee Education for Sustainability Management

We are working to enhance training and e-learning to allow each and every employee to understand sustainability and apply it to his or her own duties.

Initiative	Description	
Training	Ecology College	The Bank's original environmental course in which trainees can learn about the natural environment and biodiversity from various perspectives, including corporate activities and neighborhood creation 
	Training for corporate sales representatives	Training that allows client companies to understand the background to why sustainability management is necessary and learn about specific sustainability initiatives
	Training using board games	Training that makes use of an SDGs boardgame tailored to Saitama Prefecture, allowing trainees to learn about SDGs initiatives and relationships with communities
e-learning for employees	<ul style="list-style-type: none"> <li>• Launch of an online course that allows trainees to gain comprehensive knowledge of the targets of each SDG, the best practices of companies and other bodies, and more. (74% of employees had completed this course as of the end of March 2023)</li> <li>• Conducting SDGs-related comprehension tests</li> </ul>	
Qualifications and correspondence courses	<ul style="list-style-type: none"> <li>• Encourage the acquisition of sustainability-related qualifications such as "Decarbonization Advisor"</li> <li>• Encourage participation in correspondence courses based on the theme of sustainability</li> </ul>	

## Biodiversity Initiatives

The Bank has focused on maintaining and improving biodiversity through initiatives aimed at promoting further greenery in the region, including the utilization of a public trust scheme. Social demands related to consideration for biodiversity are set to increase going forward, and the Bank aims to enhance its initiatives in this area further.

### Subsidies Provided by Musashino Bank Green Fund Public Trust

The Musashino Bank Green Fund public trust was established in July 1992 with the goal of contributing to the creation of beautiful and comfortable living environments by subsidizing activity funds for businesses that aid the preservation and creation of natural environments within Saitama Prefecture.

In April 2023, we provided a total of ¥2.90 million in subsidies to 15 organizations.

#### Businesses Eligible for Subsidies

1. Businesses that contribute to the preservation or creation of natural environments
2. Businesses related to the spread of awareness considered necessary for preservation or creation of natural environments
3. Investigative research necessary for promoting natural environment preservation and creation activities



## Responding to Climate Change

### Initiatives to Address the TCFD Recommendations

The Bank positions climate change initiatives as an important management issue. Accordingly, we strive to establish governance and risk management systems based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and grasp the opportunities and risks created by climate change. In addition, the Bank has established and disclosed Sustainable Finance Amount Targets and Greenhouse Gas (GHG) Emission Reduction Targets.



#### Sustainable Finance Amount Targets

The Bank has set a target amount for the execution of sustainable finance transactions that contribute to the decarbonization of local communities. We aim to execute a cumulative total of ¥1 trillion in sustainable finance transactions over the 10 years from fiscal 2021 to fiscal 2030.

Through fiscal 2022, the Bank had executed sustainable finance transactions amounting to **¥188.6 billion**.

Sustainable finance is finance in which the funds are used for resolving environmental or social issues and includes finance to support customers' ESG or SDGs initiatives.

#### Trend in CO<sub>2</sub> Emissions (Scope 1 + 2)

The Group's CO<sub>2</sub> emissions are shown in the graph.

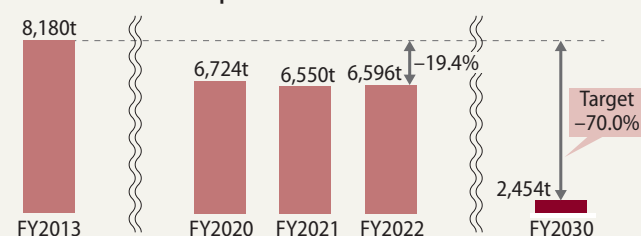
The Group's overall CO<sub>2</sub> emissions for fiscal 2022 (Scope 1 + Scope 2) were down 19.4% from fiscal 2013.

In fiscal 2022, although changes in the branch network contributed to savings in electric power consumption, CO<sub>2</sub> emissions rose due to the opening of the new Head Office building in December 2021, and the impacts of extreme summer heat in 2022.

Electric power consumption at the new Head Office building temporarily increased due to an increase in the building's capacity, which reflected its larger size compared to the former Head Office building. In the future, electric power consumption is expected to decrease over the long-term owing to efforts to centralize business sites through the consolidation and closure of various sites.

The Bank will continue to work on measures such as conserving electricity and switching over to energy-efficient equipment (including business vehicles), with the aim of achieving the Group's CO<sub>2</sub> emissions target for fiscal 2030, which is a reduction of 70% in CO<sub>2</sub> emissions from fiscal 2013 levels.

##### Musashino Bank Group CO<sub>2</sub> emissions



##### Emissions by scope for past years

(t-CO<sub>2</sub>)

	FY2013	FY2020	FY2021	FY2022
Scope 1	1,049	732	773	806
Scope 2	7,131	5,992	5,777	5,790
Scope 3	—	—	—	(See below)
Total CO <sub>2</sub> emissions	8,180	6,724	6,550	6,596

#### Scope 3 Category 15 Estimates Emissions from Commercial Loans

The amount of indirect greenhouse gas emissions through investees and borrowers accounts for a large proportion of the Scope 3 emissions (CO<sub>2</sub> emissions in the supply chain) of financial institutions. For this reason, the Bank has estimated the emissions from its loans to domestic business corporations, referring to the FY2021 PCAF Standard\* measurement methodology. We estimated emissions from commercial loans as a measurement of emissions under Scope 3 Category 15. In the future, we intend to successively expand the scope of calculation. The estimated amounts are presented below.

\* The Partnership for Carbon Accounting Financials (PCAF) is an international initiative to develop methodologies for measuring and disclosing greenhouse gas emissions associated with the investment and finance portfolios of financial institutions.

##### Estimated emissions by industry based on classification of the Bank's borrowers into the TCFD's 14 industries

Industries	Emissions (t-CO <sub>2</sub> )	Industries	Emissions (t-CO <sub>2</sub> )	[Methodology for calculating emissions] Borrower's net sales x emissions per ¥1 million of net sales (by industry) x contribution of the Bank's loan [Time] Loan balance: as of the end of March 2023 Financial indicators such as borrower's net sales: from the latest financial infor- mation for each borrower obtained by the Bank as of the end of March 2023, when the estimates were determined
Capital goods	461,395	Maritime and air transportation	15,469	
Metals and mining	456,106	Electricity	146,720	
Chemicals	297,733	Oil and gas	102,056	
Real estate management and development	243,011	Beverage and food	255,429	
Construction materials	191,282	Paper and forest products	130,651	
Ground transportation	359,353	Agriculture	18,551	
Automobiles	143,230	Others	3,613,860	
		Total	6,434,846	



# Practicing Human Capital Management

Recognizing that human capital is the source of corporate value, the Bank is concentrating on advancing human resources development to increase the specialization of each employee, while also making efforts, such as diversity and inclusion measures, to create worksites where all employees can succeed.

## Long-term Vision “SOU” for Promoting the Success of Human Resources

In April 2023, the Bank formulated the 10-year Long-term Vision “SOU” in an effort to continuously develop an organization that demonstrates a diverse range of abilities and places a premium on diverse values.

Furthermore, the Bank designated the three-year period from fiscal 2023 to fiscal 2025 as Stage 1. During this time, we aim to “Develop a system for autonomous learning and a field for realizing ambitions” and “Foster a culture of understanding a wide range of values and accepting one another.”

**S** (Sustainable) **O** (Only) **U** (Unite)

“SOU” expresses the Bank’s desire for each member to demonstrate their unique individuality and for employees to mutually embrace their differences, cooperate, and pull together in the same direction, thereby contributing to the organization’s sustained development. In Japanese, “SOU” also means harmony, accord, and solidarity, embodying our ambition to create a bank that values diversity and provides a thriving environment for all employees.

### Basic Policy

Autonomy and Ambition
Develop autonomous and ambitious human resources who are committed to personal growth
Diversity and Connections
Develop an organization in which diverse human resources can thrive by understanding and accepting a wide range of values

### Period

Stage 1	Accept one another Fiscal 2023 to fiscal 2025
Stage 2	Connect with one another Fiscal 2026 to fiscal 2028
Stage 3	Grow and Evolve Fiscal 2029 to fiscal 2032

## Specific Measures in Fiscal 2023

Develop a system for autonomous learning and a field for realizing ambitions
<ul style="list-style-type: none"> <li>• Provide career advancement support by strategically assigning women to duties they have not experienced before</li> <li>• Implement health and wellness measures and support initiatives for women in connection with childbirth</li> <li>• Establish systems to personalize skill acquisition</li> </ul>
Foster a culture of understanding a wide range of values and accepting one another
<ul style="list-style-type: none"> <li>• Create opportunities for building networks within the Bank (consider holding internal bank networking meetings and other such events)</li> <li>• Ensure familiarity with men’s childcare leave among branch managers and eligible personnel, and rigorously enforce the systematic acquisition of at least five days of such leave</li> <li>• Provide continuous education aimed at instilling and entrenching an awareness of the importance of understanding diversity and accepting one another, with a view to improving emotional security and maximizing the abilities of diverse personnel</li> </ul>

## Human Resources Development Initiatives

As the issues confronting customers and communities become more diversified, employees must have a broad range of knowledge and skills. In this environment, the Bank encourages employees to acquire a broad range of knowledge and skills, including in fields that are not an extension of traditional banking operations, such as digital technology and IT. In addition to increasing the sophistication of training programs, the Bank is developing its educational environment through e-learning and other programs, as part of efforts to enhance support for each individual to take the initiative to meet challenges.

### Fostering Professional Human Resources

The Bank has long worked to encourage employees to acquire qualifications that aid in financial planning and problem-solving for companies. Under the Medium-term Management Plan “MCP 1/3,” the Bank is redoubling these efforts, along with focusing anew on developing human resources with knowledge and skills in fields such as digital technology and IT.

Field	Qualifications
Financial planning and problem-solving for companies	1st Grade Certified Skilled Professional of Financial Planning, Small and Medium Enterprise Management Consultant
Digital technology and IT	IT Coordinator, Fundamental Information Technology Engineer
Others	Securities Analyst, Certified Internal Auditor, Career Consultant, MBA, etc.

### Number of Personnel with Professional Qualifications



## Initiatives to Develop the Bank's Internal Environment

The Bank is working to develop an internal environment that allows all employees to demonstrate their diverse individuality and abilities.

### Creating Worksites Where Employees Can Work Energetically over the Long Term

The Bank is working to create workplaces where all employees can work energetically in good health over the long term, while fulfilling their roles in their private lives at home and in the community.

Support for balancing work and family (post-reinstatement training, reduced working hours, etc.)	Various types of support for childbirth and childcare (childbirth support leave and reinstatement support program)
Childcare leave comprising five days of paid leave	Senior partner program
Employee rehiring program	Encouraging systematic acquisition of annual paid leave
Work-Life Balance Handbook	Special leave program for encouraging community activities (community leave)

### Health and Productivity Management Initiative

To help strengthen and enhance each employee's health, the Bank arranges for a public health nurse to conduct routine check-ups and health counseling at all branches, and it makes efforts such as strengthening measures against passive smoking and promoting participation in walking events and other health-related activities. As a result of these efforts, the Nippon Kenko Kaigi has recognized the Bank as a 2023 Health and Productivity Management Outstanding Organization (under the large enterprise category).

### Diversity & Inclusion Initiatives

Recognizing that respecting the diverse values of employees will help to establish its resilience as an organization, the Bank is concentrating on diversity and inclusion initiatives.

## Action Plan Based on the Women's Advancement Promotion Act (April 2023 to March 2026)

In April 2023, the Bank formulated its Phase 3 Action Plan for developing employment conditions that will enable a diverse array of human resources to be successful in the workplace regardless of gender. This Action Plan was formulated in accordance with the Women's Advancement Promotion Act (Act on Promotion of Women's Participation and Advancement in the Workplace).

### Awareness of issues

- The ratio of female managers is lower than the ratio of male managers
- Men and those around them have a limited awareness of the significance of their participation in childcare

### Description of targets and activities

#### Target 1

##### Increase the ratio of female managers to 30% or more

- Provide fair remuneration according to expected roles, regardless of age or gender
- Conduct a training program that will lead to career advancement and expanded job duties

#### Target 2

##### Increase the ratio of men taking childcare leave to at least 100%

- Ensure that all personnel eligible for childcare leave are aware of the program and rigorously enforce the systematic acquisition of leave
- Foster an organizational culture that encourages personnel to take childcare leave

### Special Subsidiary The Musashino Harmony Co., Ltd.

The Musashino Harmony Co., Ltd. was established with the goal of increasing opportunities for people with disabilities to play a role. The company currently has nine employees and its operations include printing business cards and making novelty items.

### Employee Engagement Initiatives

In the course of implementing human resources and other measures, the Bank puts emphasis on dialogue by, for example, conducting employee awareness surveys and various questionnaires. In addition, we are striving to improve our operations by proactively reflecting employee feedback via the Operational Improvement Proposal System. Furthermore, the branch working group, whose members are selected through open recruitment, enables us to solicit and listen to candid feedback on a variety of strategies and initiatives in a flat hierarchical setting.

## Indicators and Targets Related to Practicing Human Capital Management (Data Sheet)

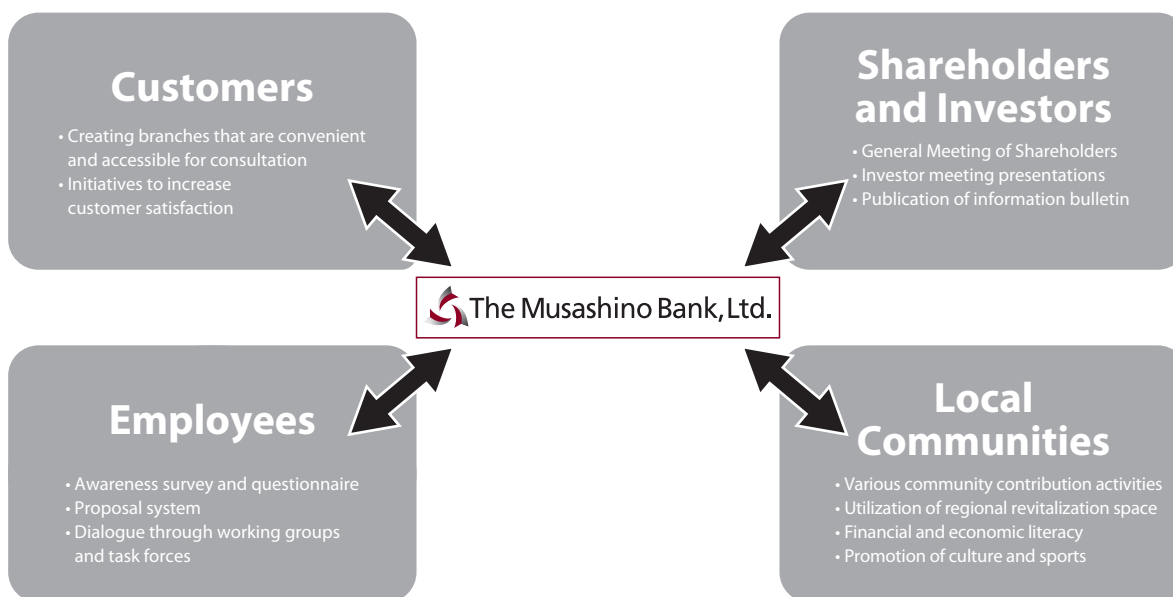
Indicator	2026/3 Target	2023/3 Result
Human resources investment per person	¥85,000	¥62,404
Number of personnel with professional qualifications	300	185
Ratio of "IT Passport" holders	80%	57%
Ratio of female workers in management positions	30% or more	25.3%
Ratio of employees with disabilities	2.6%	2.43%
Ratio of male workers taking childcare leave	100% or more	104.4%
Average number of annual paid leave days taken	15 days	12.6 days
Employee satisfaction (improvement in job fulfillment and engagement)	Consistently improve with a target of 100%	74.4%

Notes: 1. Human resources investment per person is the sum of training, qualification acquisition and other such expenses divided by the number of employees.

2. With employee satisfaction, the Bank will continue efforts to increase every year the ratio of individual employees responding, "I agree" to questions such as "Are you satisfied with working in your current workplace?"

## ■ Communication with Stakeholders

Musashino Bank aims to promote higher quality business operations and corporate activities, and to increase its corporate value through communication with various stakeholders, including customers, shareholders and investors, employees, and local communities.



### Communication with Customers

We will focus on initiatives to enable all customers to use our services with greater confidence and comfort. By listening to customer feedback, we will strive to enhance our services and develop our human resources with a view to increasing customer satisfaction.

### Communication with Shareholders and Investors

We value the dialogue we have at general shareholders' meetings and investor meeting presentations. We also publish an integrated report and mini-disclosure booklet, as well as a website, in order to promote deeper understanding of the Bank and to disclose information appropriately.

### Communication with Employees

We are working to improve our operations by reflecting feedback from our employees through measures such as conducting awareness surveys and questionnaires, as well as operating a proposal system and so forth. We also create opportunities for dialogue between employees and management by calling for participation in working groups and task forces. In this way, we are actively incorporating employees' opinions in management.

### Communication with Local Communities

We actively engage in various community contribution activities, while also using the regional revitalization space, M's SQUARE, at our Head Office to focus on regional communication and co-creation. Moreover, we are also actively engaged in initiatives such as financial and economic literacy and promotion of culture and sports.

#### Communication and Co-creation with Community Members

At the regional revitalization space, M's SQUARE, located on the second floor of the Head Office building, we disseminate information about the attractions of the region and challenges to be addressed, as well as host events that serve as networking forums for community members, in coordination with local governments, companies, organizations and other partners.



Market for products made with wheat grown in Saitama



Parasports Experience Event

#### Toward Solving Social Issues

The Bank organizes a Food Drive Movement in which unused food is collected and donated to volunteer-run children's cafeterias in Saitama Prefecture, in order to support the healthy development of local children. Furthermore, young carers who act as caregivers to family members have become a social concern. Working closely with Saitama Prefecture, support organizations, and other partners, the Bank actively provides support by holding networking meetings for young carers, and seminars for supporters.



Food drive initiative



Networking event for young carers

## 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.

Three outside directors and three outside corporate auditors who pose no risk of any conflict of interests with ordinary shareholders have been 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.

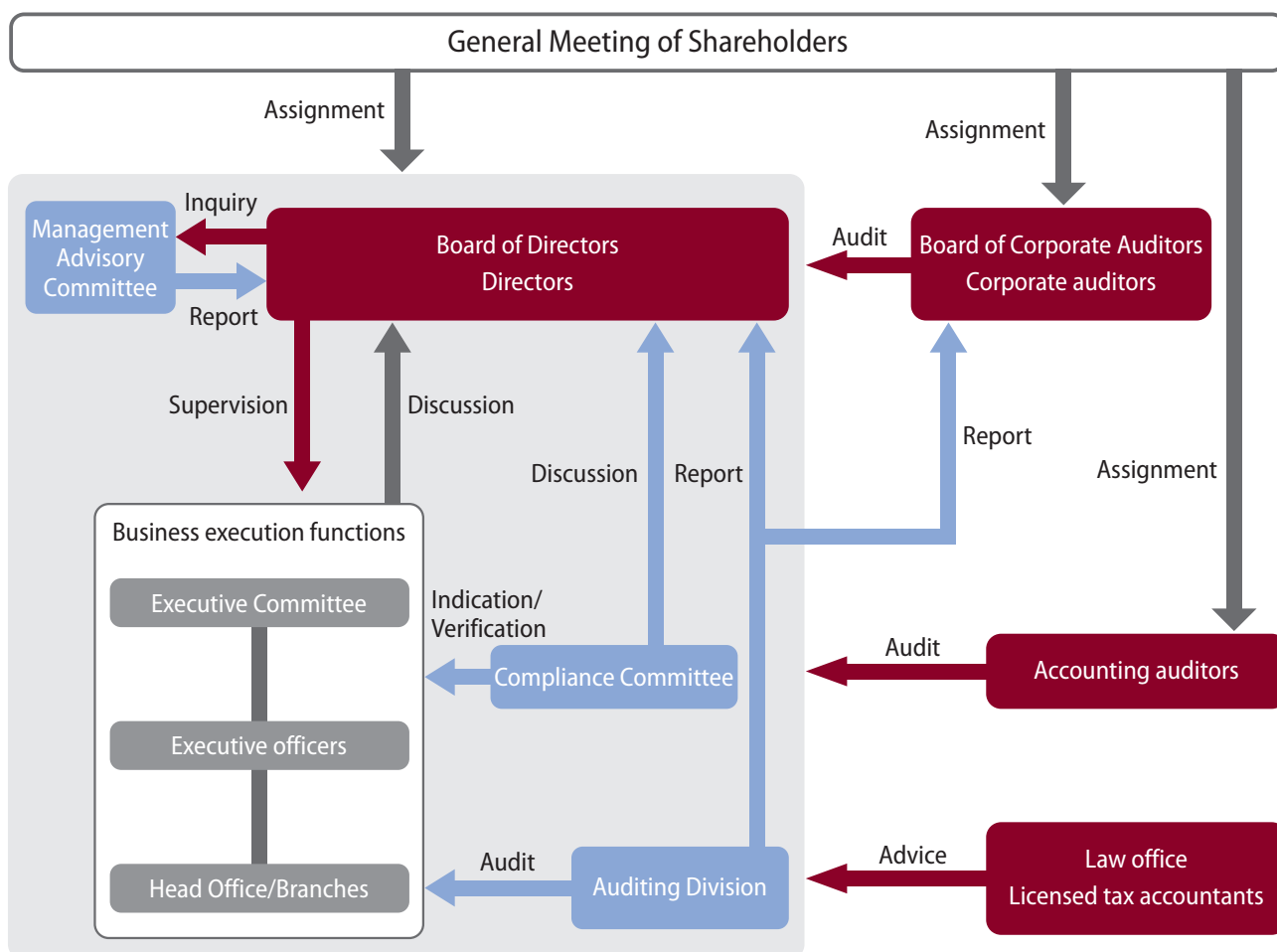
In addition, the introduction of an executive officer system has reduced the number of directors, allowing for rapid management decision-making. The directors have delegated authority to the executive officers. The executive officers' principal responsibility as leaders of the primary departments is to execute business operations in a timely and efficient manner.

## Management Advisory Committee

The Management Advisory Committee, as an advisory body to the Board of Directors, deliberates on matters such as the selection, dismissal, and remuneration of directors and certain other personnel. The Board of Directors reflects the deliberations of the committee in its decision-making. The committee is made up of five people: three outside directors, including the committee chair, and two internal directors.

## Corporate Governance Structure

(As of July 1, 2023)



## 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 instruction 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," "implementing 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 departments and 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 meetings are held each month with the officers responsible for legal compliance in each head office

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

In addition to the aforementioned, the employees of all departments and branches are made to conduct periodic self-compliance checks. In this manner, the compliance management department has adopted a mechanism that enables it to grasp the status of 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. The Compliance Program sets forth a specific action plan for realizing compliance, and it is reviewed every year by the Compliance Committee.

### Compliance Manual

To ensure the compliance of its officers and employees, the Bank uses a compliance manual that has been approved by the Board of Directors to instill awareness in all of its officers and employees.

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, and a section that provides an explanation of the laws and regulations that Bank employees are required to be knowledgeable of. The compliance manual serves as a standard for making decisions and taking actions in everyday business activities.

### Efforts Regarding Anti-Money Laundering and Countering the Financing of Terrorism

The Bank has positioned anti-money laundering and countering the financing of terrorism (hereinafter, "AML/CFT") as important issues in its management strategy. We are working to build control structures for AML/CFT in accordance with our basic policies.

In addition, we provide ongoing training for all officers and employees as part of our efforts to increase their understanding of the importance of AML/CFT, with a view to helping 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 the risks it should manage as (1) comprehensive risks; (2) credit risks; (3) market risks; (4) liquidity risks; and (5) operational risks (including administrative and system risks). The Bank conducts appropriate risk management according to risk characteristics.

## 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 developed and established a management structure by setting up the Comprehensive Risk Management Department. 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 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 Department and Cash Management Department 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. For this reason, the Bank classifies 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), puts in place rules on an individual risk basis and promotes the management of each risk by the appropriate management department. In addition, 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

The Bank has established a Business Continuity Plan (BCP) as part of its contingency planning to ensure operations will continue in case of events such as a major earthquake, system disruption, or outbreak of pandemic influenza. The Bank has compiled manuals that establish concrete codes of behavior and countermeasures. In parallel, the Bank holds systematic drills to improve the responsiveness and awareness of all officers and employees. Additionally, the Bank makes improvements to address issues it identifies and related matters, as part of efforts to further increase the effectiveness of the BCP.

In response to the current coronavirus pandemic, the Bank set up an Emergency Response Headquarters immediately, in order to maintain financial intermediary functions as an essential service that is vital to people's daily lives. We have swiftly implemented response measures in line with constantly changing conditions.

## 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.

This subcommittee is 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, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars*
	2023	2022	2023
<b>Assets</b>			
Cash and due from banks.....	¥ 484,394	¥ 790,922	\$ 3,627,604
Monetary claims bought.....	839	816	6,283
Trading securities.....	7	51	52
Money held in trust.....	1,489	1,491	11,151
Securities.....	810,296	735,215	6,068,269
Loans and bills discounted .....	3,909,853	3,841,638	29,280,708
Foreign exchanges .....	7,257	3,701	54,347
Lease receivables and investments in leases .....	17,469	19,534	130,825
Other assets.....	40,077	38,226	300,135
Tangible fixed assets.....	54,999	56,163	411,885
Buildings, net .....	26,646	27,617	199,551
Land.....	25,363	25,363	189,942
Leased assets, net .....	3	8	22
Other tangible fixed assets .....	2,986	3,174	22,362
Intangible fixed assets.....	4,941	5,125	37,003
Software.....	4,727	4,882	35,400
Leased assets .....	26	52	195
Other intangible fixed assets .....	187	190	1,400
Retirement benefit asset .....	7,596	8,518	56,886
Deferred tax assets.....	2,798	1,103	20,954
Customers' liabilities for acceptances and guarantees .....	4,834	4,965	36,202
Allowance for loan losses .....	(19,756)	(21,191)	(147,952)
<b>Total assets.....</b>	<b>¥5,327,096</b>	<b>¥5,486,283</b>	<b>\$39,894,376</b>

	Millions of Yen		Thousands of U.S. Dollars*
	2023	2022	2023
<b>Liabilities</b>			
Deposits .....	¥4,875,224	¥4,757,810	\$36,510,327
Negotiable certificates of deposit .....	16,070	23,290	120,347
Call money and bills sold .....	57,551	33,657	430,997
Cash collateral received for securities lent .....	10,638	17,476	79,667
Borrowed money .....	68,276	358,392	511,316
Foreign exchanges .....	390	218	2,921
Borrowed money from trust account .....	7,756	5,735	58,084
Other liabilities .....	24,278	24,766	181,817
Provision for bonuses .....	1,129	1,138	8,455
Provision for bonuses for directors (and other officers) .....	37	37	277
Retirement benefit liability .....	2,810	2,964	21,044
Provision for retirement benefits for directors (and other officers) .....	35	27	262
Provision for loss on interest repayment .....	29	44	217
Provision for reimbursement of deposits .....	142	196	1,063
Provision for point card certificates .....	110	109	824
Provision for contingent loss .....	219	307	1,640
Provision for share-based compensation .....	83	80	622
Deferred tax liabilities .....	331	284	2,479
Deferred tax liabilities for land revaluation .....	4,227	4,227	31,656
Acceptances and guarantees .....	4,834	4,965	36,202
<b>Total liabilities .....</b>	<b>5,074,179</b>	<b>5,235,729</b>	<b>38,000,292</b>
<b>Net assets</b>			
Share capital .....	45,743	45,743	342,567
Capital surplus .....	38,353	38,353	287,224
Retained earnings .....	156,284	148,605	1,170,404
Treasury shares .....	(951)	(893)	(7,122)
<b>Total shareholders' equity .....</b>	<b>239,430</b>	<b>231,809</b>	<b>1,793,080</b>
Valuation difference on available-for-sale securities .....	6,500	10,476	48,678
Deferred gains or losses on hedges .....	(152)	124	(1,138)
Revaluation reserve for land .....	8,286	8,286	62,053
Remeasurements of defined benefit plans .....	(1,219)	(210)	(9,129)
<b>Total accumulated other comprehensive income .....</b>	<b>13,415</b>	<b>18,676</b>	<b>100,464</b>
Share acquisition rights .....	38	38	285
Non-controlling interests .....	33	29	247
<b>Total net assets .....</b>	<b>252,917</b>	<b>250,554</b>	<b>1,894,084</b>
<b>Total liabilities and net assets .....</b>	<b>¥5,327,096</b>	<b>¥5,486,283</b>	<b>\$39,894,376</b>

\* U.S. dollar figures have been translated at the rate ¥133.53 to U.S.\$1, the prevailing market rate as of March 31, 2023.

# Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars*
	2023	2022	2023
<b>Consolidated Statements of Income</b>			
<b>Ordinary income</b> .....	<b>¥81,901</b>	<b>¥71,186</b>	<b>\$613,353</b>
Interest income .....	42,569	39,714	318,797
Interest on loans and discounts .....	34,832	33,232	260,855
Interest and dividends on securities .....	7,066	5,591	52,917
Interest on call loans and bills bought .....	(5)	0	(37)
Interest on deposits with banks .....	0	0	0
Other interest income .....	676	889	5,063
Trust fees .....	63	68	472
Fees and commissions .....	14,939	15,172	111,877
Other ordinary income .....	11,109	2,561	83,195
Other income .....	13,218	13,670	98,989
Recoveries of written off receivables .....	396	372	2,966
Other .....	12,822	13,297	96,023
<b>Ordinary expenses</b> .....	<b>66,266</b>	<b>57,693</b>	<b>496,263</b>
Interest expenses .....	3,113	1,053	23,313
Interest on deposits .....	420	433	3,145
Interest on negotiable certificates of deposit .....	2	5	15
Interest on call money and bills sold .....	1,671	140	12,514
Interest expenses on cash collateral received for securities lent .....	325	53	2,434
Interest on borrowings and rediscounts .....	39	41	292
Other interest expenses .....	654	378	4,898
Fees and commissions payments .....	4,041	4,032	30,263
Other ordinary expenses .....	11,116	1,771	83,247
General and administrative expenses .....	35,886	34,845	268,749
Other expenses .....	12,108	15,990	90,676
Provision of allowance for loan losses .....	1,149	2,564	8,605
Other .....	10,958	13,426	82,064
<b>Ordinary profit</b> .....	<b>15,634</b>	<b>13,492</b>	<b>117,082</b>
<b>Extraordinary losses</b> .....	<b>86</b>	<b>70</b>	<b>644</b>
Loss on disposal of non-current assets .....	52	25	389
Impairment losses .....	34	45	255
<b>Profit before income taxes</b> .....	<b>15,548</b>	<b>13,421</b>	<b>116,438</b>
Income taxes—current .....	3,970	4,147	29,731
Income taxes—deferred .....	709	269	5,310
Total income taxes .....	4,679	4,417	35,041
<b>Profit</b> .....	<b>10,868</b>	<b>9,004</b>	<b>81,390</b>
<b>Profit attributable to non-controlling interests</b> .....	<b>3</b>	<b>2</b>	<b>22</b>
<b>Profit attributable to owners of parent</b> .....	<b>¥10,865</b>	<b>¥ 9,001</b>	<b>\$ 81,367</b>

\* U.S. dollar figures have been translated at the rate ¥133.53 to U.S.\$1, the prevailing market rate as of March 31, 2023.

	Millions of Yen		Thousands of U.S. Dollars*
	2023	2022	2023
<b>Consolidated Statements of Comprehensive Income</b>			
<b>Profit</b> .....	<b>¥10,868</b>	<b>¥ 9,004</b>	<b>\$ 81,390</b>
Other comprehensive income .....	(5,261)	(4,957)	(39,399)
Valuation difference on available-for-sale securities .....	(3,975)	(4,623)	(29,769)
Deferred gains or losses on hedges .....	(276)	435	(2,067)
Remeasurements of defined benefit plans, net of tax .....	(1,009)	(769)	(7,556)
<b>Comprehensive income</b> .....	<b>¥ 5,607</b>	<b>¥ 4,046</b>	<b>\$ 41,991</b>
Comprehensive income attributable to			
Owners of parent .....	¥ 5,603	¥ 4,043	\$ 41,961
Non-controlling interests .....	3	2	22

\* U.S. dollar figures have been translated at the rate ¥133.53 to U.S.\$1, the prevailing market rate as of March 31, 2023.

# Consolidated Statements of Changes in Equity

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2023 and 2022

	Millions of Yen				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2021 .....	¥45,743	¥38,352	¥142,286	¥(911)	¥225,471
Changes during period:					
Dividends of surplus .....			(2,682)		(2,682)
Profit attributable to owners of parent.....			9,001		9,001
Purchase of treasury shares .....				(4)	(4)
Disposal of treasury shares.....		1		22	24
Net changes in items other than shareholders' equity ...					
Total changes during period.....	—	1	6,318	18	6,338
Balance as of March 31, 2022 .....	45,743	38,353	148,605	(893)	231,809
Changes during period:					
Dividends of surplus .....			(3,185)		(3,185)
Profit attributable to owners of parent.....			10,865		10,865
Purchase of treasury shares .....				(71)	(71)
Disposal of treasury shares.....		(0)		13	13
Net changes in items other than shareholders' equity ...					
Total changes during period.....	—	(0)	7,679	(58)	7,620
Balance as of March 31, 2023 .....	¥45,743	¥38,353	¥156,284	¥(951)	¥239,430

	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	Share acquisition rights	Non-controlling interests	Total net assets
Balance as of April 1, 2021 .....	¥15,099	¥(311)	¥8,286	¥ 559	¥23,634	¥47	¥26	¥249,179
Changes during period:								
Dividends of surplus .....								(2,682)
Profit attributable to owners of parent.....								9,001
Purchase of treasury shares .....								(4)
Disposal of treasury shares.....								24
Net changes in items other than shareholders' equity ...	(4,623)	435	—	(769)	(4,957)	(8)	2	(4,964)
Total changes during period.....	(4,623)	435	—	(769)	(4,957)	(8)	2	1,374
Balance as of March 31, 2022 .....	10,476	124	8,286	(210)	18,676	38	29	250,554
Changes of during period:								
Dividends of surplus .....								(3,185)
Profit attributable to owners of parent.....								10,865
Purchase of treasury shares .....								(71)
Disposal of treasury shares.....								13
Net changes of items other than shareholders' equity ...	(3,975)	(276)	—	(1,009)	(5,261)	—	3	(5,257)
Total changes during period.....	(3,975)	(276)	—	(1,009)	(5,261)	—	3	2,363
Balance as of March 31, 2023 .....	¥ 6,500	¥(152)	¥8,286	¥(1,219)	¥13,415	¥38	¥33	¥252,917

	Thousands of U.S. Dollars*				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2022 .....	\$342,567	\$287,224	\$1,112,896	\$(6,688)	\$1,736,007
Changes during period:					
Dividends of surplus .....			(23,852)		(23,852)
Profit attributable to owners of parent.....			81,367		81,367
Purchase of treasury shares .....				(532)	(532)
Disposal of treasury shares.....		(0)		97	97
Net changes in items other than shareholders' equity ...					
Total changes during period.....	—	(0)	57,508	(434)	57,066
Balance as of March 31, 2023 .....	\$342,567	\$287,224	\$1,170,404	\$(7,122)	\$1,793,080

	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	Share acquisition rights	Non-controlling interests	Total net assets
Balance as of March 31, 2022 .....	\$ 78,454	\$ 929	\$62,053	\$(1,573)	\$139,864	\$285	\$217	\$1,876,387
Changes during period:								
Dividends of surplus .....								(23,852)
Profit attributable to owners of parent.....								81,367
Purchase of treasury shares .....								(532)
Disposal of treasury shares.....								97
Net changes in items other than shareholders' equity ...	(29,769)	(2,067)	—	(7,556)	(39,399)	—	22	(39,369)
Total changes during period.....	(29,769)	(2,067)	—	(7,556)	(39,399)	—	22	17,696
Balance as of March 31, 2023 .....	\$ 48,678	\$(1,138)	\$62,053	\$(9,129)	\$100,464	\$285	\$247	\$1,894,084

\* U.S. dollar figures have been translated at the rate ¥133.53 to U.S.\$1, the prevailing market rate as of March 31, 2023.

# Consolidated Statements of Cash Flows

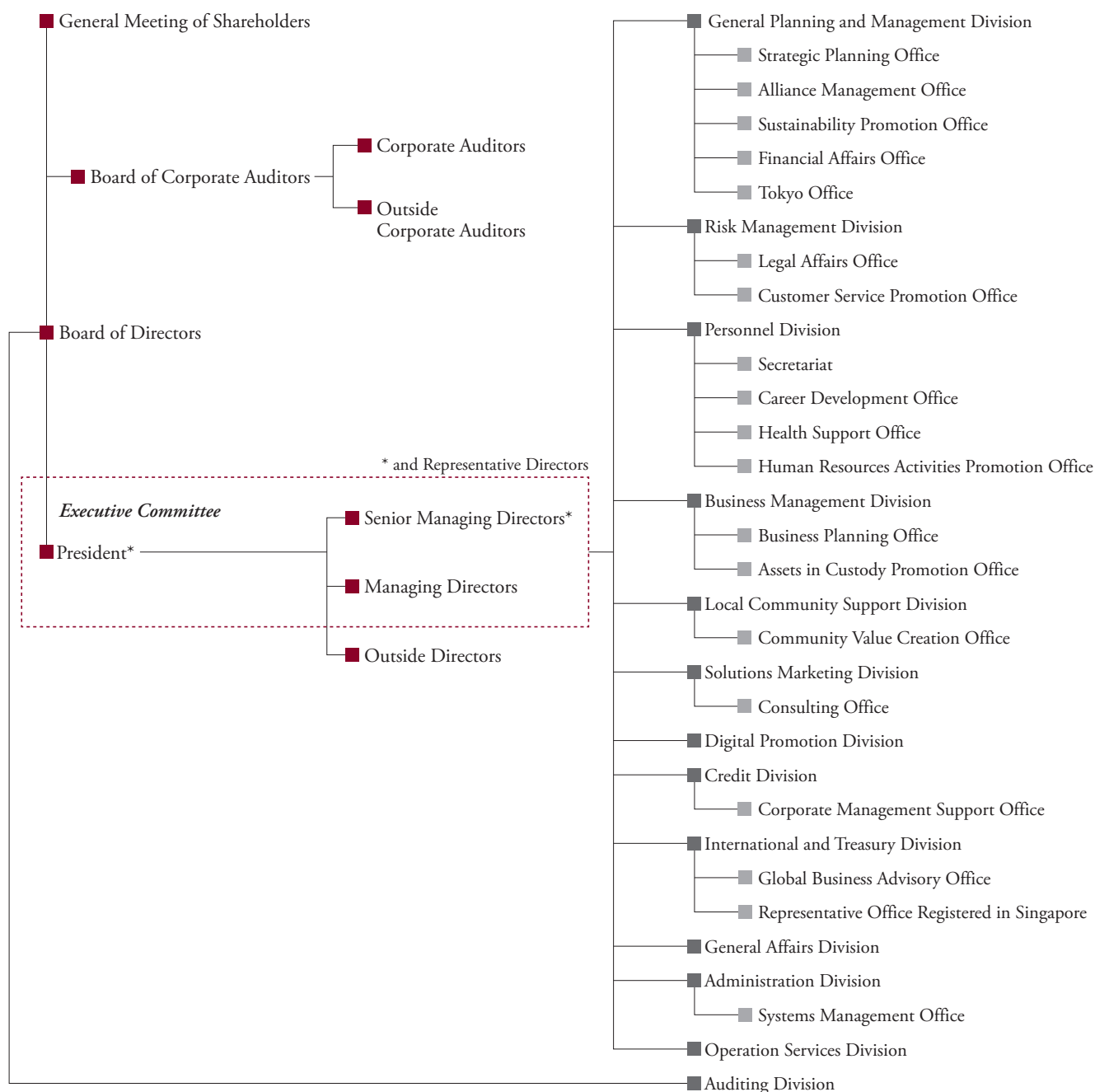
The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2023 and 2022

	Millions of Yen		Thousands of U.S. Dollars*
	2023	2022	2023
<b>Cash flows from operating activities</b>			
Profit before income taxes .....	¥ 15,548	¥ 13,421	\$ 116,438
Depreciation .....	3,730	3,087	27,934
Impairment losses.....	34	45	255
Share of loss (profit) of entities accounted for using equity method.....	(8)	(5)	(60)
Increase (decrease) in allowance for loan losses .....	(1,435)	(538)	(10,747)
Increase (decrease) in provision for bonuses.....	(9)	(13)	(67)
Increase (decrease) in provision for bonuses for directors (and other officers) ...	0	25	0
Decrease (increase) in retirement benefit asset .....	(541)	(552)	(4,052)
Increase (decrease) in retirement benefit liability .....	(166)	(208)	(1,243)
Increase (decrease) in provision for retirement benefits for directors (and other officers)...	8	(4)	60
Increase (decrease) in provision for loss on interest repayment.....	(15)	1	(112)
Increase (decrease) in provision for reimbursement of deposits .....	(53)	(124)	(397)
Increase (decrease) in provision for point card certificates.....	1	12	7
Increase (decrease) in provision for contingent loss.....	(87)	(10)	(652)
Increase (decrease) in provision for share-based compensation.....	3	2	22
Interest income .....	(42,569)	(39,714)	(318,797)
Interest expenses.....	3,113	1,053	23,313
Loss (gain) related to securities .....	11	(89)	82
Loss (gain) on money held in trust .....	7	4	52
Foreign exchange losses (gains).....	(3,456)	(3,377)	(25,882)
Loss (gain) on disposal of non-current assets .....	52	25	389
Net decrease (increase) in trading securities .....	44	10	330
Net decrease (increase) in loans and bills discounted .....	(68,215)	(51,689)	(510,859)
Net increase (decrease) in deposits.....	117,413	171,244	879,301
Net increase (decrease) in negotiable certificates of deposit.....	(7,220)	(48,100)	(54,070)
Net increase (decrease) in borrowed money (excluding subordinated borrowings) ...	(290,116)	47,164	(2,172,665)
Net decrease (increase) in due from banks (excluding due from Bank of Japan)...	46	(95)	344
Net decrease (increase) in call loans.....	(22)	(202)	(165)
Net increase (decrease) in call money .....	23,894	(1,769)	178,941
Net increase (decrease) in cash collateral received for securities lent.....	(6,837)	(2,682)	(51,202)
Net decrease (increase) in foreign exchanges—assets.....	(3,556)	(543)	(26,631)
Net increase (decrease) in foreign exchanges—liabilities .....	172	(5)	1,288
Net increase (decrease) in borrowed money from trust account.....	2,021	2,452	15,135
Interest received .....	41,955	40,087	314,199
Interest paid .....	(2,804)	(1,124)	(20,999)
Other, net .....	(2,258)	1,836	(16,910)
Subtotal.....	(221,315)	129,621	(1,657,418)
Income taxes refund.....	4	23	30
Income taxes paid.....	(4,304)	(5,314)	(32,232)
Net cash provided by (used in) operating activities.....	(225,615)	124,330	(1,689,620)
<b>Cash flows from investing activities</b>			
Purchase of securities.....	(565,412)	(222,577)	(4,234,344)
Proceeds from sale of securities.....	269,334	84,263	2,017,030
Proceeds from redemption of securities .....	220,853	81,021	1,653,958
Increase in money held in trust.....	(8)	(5)	(60)
Purchase of tangible fixed assets.....	(892)	(11,570)	(6,680)
Purchase of intangible assets.....	(1,433)	(1,932)	(10,732)
Payments for asset retirement obligations .....	(62)	(11)	(464)
Net cash provided by (used in) investing activities .....	(77,621)	(70,810)	(581,300)
<b>Cash flows from financing activities</b>			
Dividends paid.....	(3,185)	(2,682)	(23,852)
Purchase of treasury shares .....	(71)	(4)	(532)
Proceeds from sale of treasury shares .....	13	24	97
Net cash provided by (used in) financing activities.....	(3,244)	(2,663)	(24,294)
Net increase (decrease) in cash and cash equivalents.....	(306,481)	50,856	(2,295,222)
Cash and cash equivalents at beginning of period .....	790,130	739,274	5,917,247
Cash and cash equivalents at end of period.....	¥ 483,649	¥ 790,130	\$ 3,622,025

\* U.S. dollar figures have been translated at the rate ¥133.53 to U.S.\$1, the prevailing market rate as of March 31, 2023.



## Organization Chart (as of July 1, 2023)



## Board of Directors, Corporate Auditors and Executive Officers (as of July 1, 2023)

### President

Kazumasa Nagahori

### Senior Managing Director

Toshiyuki Shirai

### Managing Directors

Ken Otomo

Tsutomu Kainuma

Takao Miyazaki

### Directors

Ryuichi Mitsuoka (outside)

Yukimitsu Sanada (outside)

Ayako Kobayashi (outside)

### Corporate Auditors

Susumu Kurosawa (standing)

Kazuhiro Wakabayashi (standing)

Tomio Kezuka (outside)

Hayato Yoshida (outside)

Akira Nakano (outside)

### Managing Executive Officers

Manabu Okabe

Yutaka Amada

### Executive Officers

Masahiro Asano

Yukio Kurosu

Toshitaka Matsuura

Noboru Iijima

Kiyoshi Takizawa

Kenichi Komoriya

Yukinori Watanabe

Hiroshi Takeuchi

Kazuhide Kusao

Masahiro Koyama

## Investor Information (as of March 31, 2023)

### Common Stock

Authorized: 80,000 thousand shares

Issued: 33,805 thousand shares

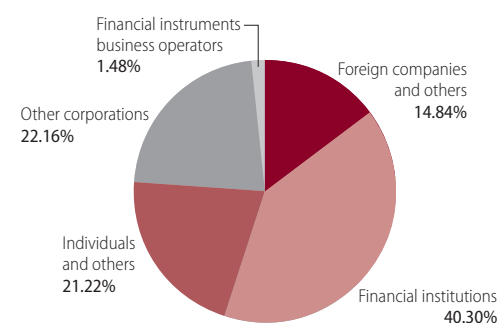
**Number of Shareholders** 13,040

### Major Shareholders

Name	Number of shares (Thousands of shares)	Shares held as a percentage of total outstanding shares (%)
The Master Trust Bank of Japan, Ltd. (trust account)	3,572	10.65
Custody Bank of Japan, Ltd. (trust account)	2,415	7.20
Custody Bank of Japan, Ltd. (trust account 4)	1,209	3.60
The Chiba Bank, Ltd.	925	2.75
QR Fund Investment Limited Partnership, General Partner: QR Investment Co., Ltd.	914	2.72
Meiji Yasuda Life Insurance Company	735	2.19
Musashino Bank Industries Employees' Stockholding Association	716	2.13
SUMITOMO LIFE INSURANCE COMPANY	702	2.09
Maeda Glass Co., Ltd.	602	1.79
Nippon Life Insurance Company	507	1.51

\* 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 shares under the name of Japan Securities Depository Center, Inc.



The Musashino Bank, Ltd.

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## Brand Message

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# *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.

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