

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

May 12, 2017

Company name: The Musashino Bank, Ltd.  
 Stock exchange listing: Tokyo  
 Stock code: 8336 URL <http://www.musashinobank.co.jp>  
 Representative: President Kikuo Kato  
 Executive Officer and General Manager of  
 Inquiries: General Planning and Management Division Susumu Kurosawa TEL 048-641-6111  
 Scheduled date of ordinary general meeting of shareholders: June 28, 2017  
 Scheduled date to file Securities Report: June 28, 2017  
 Scheduled date to commence dividend payments: June 29, 2017  
 Trading accounts: No  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

### 1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Ordinary income		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	70,903	(4.6)	12,887	(31.3)	9,762	(22.2)
Year ended March 31, 2016	74,334	(2.2)	18,772	(3.9)	12,563	(13.1)

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Ordinary profit/ordinary income
	Yen	Yen	%	%	%
Year ended March 31, 2017	291.35	291.12	4.2	0.2	18.1
Year ended March 31, 2016	374.65	374.39	5.5	0.4	25.2

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	4,507,139	233,974	5.1	6,976.35
As of March 31, 2016	4,328,909	229,078	5.2	6,794.31

#### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	107,440	(28,933)	(16,513)	210,826
Year ended March 31, 2016	9,219	(31,892)	(2,694)	148,831

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	40.00	–	50.00	90.00	3,018	24.0	1.3
Year ended March 31, 2017	–	40.00	–	40.00	80.00	2,682	27.4	1.1
Year ending March 31, 2018 (Forecast)	–	40.00	–	40.00	80.00		25.2	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Ordinary income		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	35,600	(0.4)	7,600	2.3	5,200	(14.9)	155.25
Full year	71,500	0.8	15,200	17.9	10,600	8.5	316.48

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2017

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2017	33,805,456 shares	As of March 31, 2016	33,805,456 shares
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Number of treasury shares at the end of the period

As of March 31, 2017	311,831 shares	As of March 31, 2016	270,428 shares
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Average number of shares during the period

Year ended March 31, 2017	33,509,899 shares	Year ended March 31, 2016	33,535,584 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Cash and due from banks	149,402	211,372
Monetary claims bought	11,553	8,626
Trading account securities	495	621
Money held in trust	1,490	1,500
Securities	764,664	781,884
Loans and bills discounted	3,319,167	3,412,133
Foreign exchanges	2,315	3,858
Lease receivables and investment assets	19,125	19,189
Other assets	21,071	29,467
Tangible fixed assets	37,584	37,398
Buildings, net	10,332	10,126
Land	25,146	25,300
Construction in progress	–	133
Other tangible fixed assets	2,105	1,836
Intangible fixed assets	3,176	3,050
Software	2,997	2,875
Other intangible fixed assets	178	175
Net defined benefit asset	5,173	5,843
Deferred tax assets	1,233	1,050
Customers' liabilities for acceptances and guarantees	7,730	6,516
Allowance for loan losses	(15,273)	(15,375)
<b>Total assets</b>	<b>4,328,909</b>	<b>4,507,139</b>
<b>Liabilities</b>		
Deposits	3,845,034	3,938,291
Negotiable certificates of deposit	155,827	188,765
Call money and bills sold	–	24,706
Payables under securities lending transactions	7,257	46,434
Borrowed money	18,494	17,152
Foreign exchanges	336	162
Bonds payable	25,000	15,000
Other liabilities	23,490	20,710
Provision for bonuses	1,253	1,251
Provision for directors' bonuses	10	10
Net defined benefit liability	4,363	4,120
Provision for loss on interest repayment	57	42
Provision for reimbursement of deposits	539	754
Provision for point card certificates	68	76
Provision for contingent loss	412	311
Provision for share-based compensation	–	14
Deferred tax liabilities	5,727	4,616
Deferred tax liabilities for land revaluation	4,227	4,227
Acceptances and guarantees	7,730	6,516
<b>Total liabilities</b>	<b>4,099,830</b>	<b>4,273,164</b>

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Net assets		
Capital stock	45,743	45,743
Capital surplus	38,351	38,290
Retained earnings	113,922	120,667
Treasury shares	(804)	(907)
Total shareholders' equity	197,213	203,793
Valuation difference on available-for-sale securities	27,116	24,813
Deferred gains or losses on hedges	(2,056)	(1,399)
Revaluation reserve for land	8,286	8,286
Remeasurements of defined benefit plans	(2,712)	(1,831)
Total accumulated other comprehensive income	30,633	29,869
Subscription rights to shares	74	80
Non-controlling interests	1,157	230
Total net assets	229,078	233,974
Total liabilities and net assets	4,328,909	4,507,139

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Ordinary income	74,334	70,903
Interest income	46,506	43,331
Interest on loans and discounts	38,416	35,496
Interest and dividends on securities	7,776	7,600
Interest on call loans and bills bought	43	(15)
Interest on deposits with banks	17	0
Other interest income	252	249
Fees and commissions	12,478	12,826
Other ordinary income	2,497	1,487
Other income	12,851	13,257
Recoveries of written off claims	457	1,022
Other	12,393	12,234
Ordinary expenses	55,561	58,015
Interest expenses	2,921	2,132
Interest on deposits	1,660	830
Interest on negotiable certificates of deposit	140	45
Interest on call money and bills sold	5	218
Interest on payables under securities lending transactions	22	143
Interest on borrowings and rediscounts	161	123
Interest on bonds	221	133
Other interest expenses	706	636
Fees and commissions payments	3,926	3,874
Other ordinary expenses	1,337	851
General and administrative expenses	36,206	36,851
Other expenses	11,169	14,306
Provision of allowance for loan losses	1,495	4,239
Other	9,674	10,066
Ordinary profit	18,772	12,887
Extraordinary income	1,345	–
Gain on disposal of non-current assets	0	–
Gain on revision of retirement benefit plan	1,345	–
Extraordinary losses	23	6
Loss on disposal of non-current assets	23	5
Other	–	1
Profit before income taxes	20,095	12,881
Income taxes - current	5,332	3,571
Income taxes - deferred	2,103	(354)
Total income taxes	7,436	3,216
Profit	12,658	9,664
Profit (loss) attributable to non-controlling interests	94	(98)
Profit attributable to owners of parent	12,563	9,762

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	12,658	9,664
Other comprehensive income	(10,287)	(762)
Valuation difference on available-for-sale securities	(5,857)	(2,301)
Deferred gains or losses on hedges	(866)	657
Revaluation reserve for land	222	–
Remeasurements of defined benefit plans, net of tax	(3,785)	881
Comprehensive income	2,371	8,902
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,275	8,998
Comprehensive income attributable to non-controlling interests	96	(96)

## Consolidated statements of changes in equity

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	45,743	38,351	104,042	(802)	187,334
Changes of items during period					
Dividends of surplus			(2,682)		(2,682)
Profit attributable to owners of parent			12,563		12,563
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		(0)		9	8
Transfer to capital surplus from retained earnings		0	(0)		–
Purchase of share of consolidated subsidiaries treasury stock		–			–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	9,880	(1)	9,878
Balance at end of current period	45,743	38,351	113,922	(804)	197,213

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	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			
Balance at beginning of current period	32,976	(1,190)	8,064	1,073	40,922	58	1,061	229,377
Changes of items during period								
Dividends of surplus								(2,682)
Profit attributable to owners of parent								12,563
Purchase of treasury shares								(11)
Disposal of treasury shares								8
Transfer to capital surplus from retained earnings								–
Purchase of share of consolidated subsidiaries treasury stock								–
Net changes of items other than shareholders' equity	(5,859)	(866)	222	(3,785)	(10,288)	16	95	(10,177)
Total changes of items during period	(5,859)	(866)	222	(3,785)	(10,288)	16	95	(298)
Balance at end of current period	27,116	(2,056)	8,286	(2,712)	30,633	74	1,157	229,078

Fiscal year ended March 31, 2017

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	45,743	38,351	113,922	(804)	197,213
Changes of items during period					
Dividends of surplus			(3,018)		(3,018)
Profit attributable to owners of parent			9,762		9,762
Purchase of treasury shares				(104)	(104)
Disposal of treasury shares		0		0	0
Transfer to capital surplus from retained earnings		–	–		–
Purchase of share of consolidated subsidiaries treasury stock		(60)			(60)
Net changes of items other than shareholders' equity					
Total changes of items during period	–	(60)	6,744	(103)	6,580
Balance at end of current period	45,743	38,290	120,667	(907)	203,793

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	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			
Balance at beginning of current period	27,116	(2,056)	8,286	(2,712)	30,633	74	1,157	229,078
Changes of items during period								
Dividends of surplus								(3,018)
Profit attributable to owners of parent								9,762
Purchase of treasury shares								(104)
Disposal of treasury shares								0
Transfer to capital surplus from retained earnings								–
Purchase of share of consolidated subsidiaries treasury stock								(60)
Net changes of items other than shareholders' equity	(2,303)	657	–	881	(764)	6	(926)	(1,684)
Total changes of items during period	(2,303)	657	–	881	(764)	6	(926)	4,895
Balance at end of current period	24,813	(1,399)	8,286	(1,831)	29,869	80	230	233,974

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	20,095	12,881
Depreciation	2,634	2,617
Share of (profit) loss of entities accounted for using equity method	–	(28)
Increase (decrease) in allowance for loan losses	(648)	101
Increase (decrease) in provision for bonuses	24	(1)
Increase (decrease) in provision for directors' bonuses	(0)	(0)
Decrease (increase) in net defined benefit asset	(416)	(356)
Increase (decrease) in net defined benefit liability	(1,769)	(252)
Increase (decrease) in provision for loss on interest repayment	(28)	(14)
Increase (decrease) in provision for reimbursement of deposits	64	214
Increase (decrease) in provision for point card certificates	0	7
Increase (decrease) in provision for contingent loss	(123)	(101)
Increase (decrease) in provision for share-based compensation	–	14
Gain on fund management	(46,506)	(43,331)
Financing expenses	2,921	2,132
Loss (gain) related to securities	(1,673)	(985)
Loss (gain) on money held in trust	7	(1)
Foreign exchange losses (gains)	3,563	114
Loss (gain) on disposal of non-current assets	22	5
Net decrease (increase) in trading account securities	(357)	(126)
Net decrease (increase) in loans and bills discounted	(108,561)	(92,966)
Net increase (decrease) in deposit	13,658	93,256
Net increase (decrease) in negotiable certificates of deposit	56,919	32,938
Net increase (decrease) in payables under securities lending transactions	7,257	39,177
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	907	1,157
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	21,913	24
Net decrease (increase) in call loans	5,060	2,926
Net increase (decrease) in call money	–	24,706
Net decrease (increase) in foreign exchanges - assets	(310)	(1,543)
Net increase (decrease) in foreign exchanges - liabilities	(6)	(174)
Proceeds from fund management	47,318	44,157
Payments for finance	(3,048)	(2,417)
Other, net	(3,798)	(1,602)
Subtotal	15,120	112,532
Income taxes paid	(5,901)	(5,091)
Net cash provided by (used in) operating activities	9,219	107,440

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from investing activities		
Purchase of securities	(226,673)	(171,083)
Proceeds from sales of securities	89,658	30,192
Proceeds from redemption of securities	108,437	114,236
Increase in money held in trust	–	(9)
Decrease in money held in trust	0	–
Purchase of tangible fixed assets	(1,918)	(1,214)
Proceeds from sales of property, plant and equipment	0	–
Purchase of intangible assets	(1,379)	(1,040)
Payments for asset retirement obligations	(17)	(13)
Net cash provided by (used in) investing activities	(31,892)	(28,933)
Cash flows from financing activities		
Decrease in subordinated borrowings	–	(2,500)
Redemption of subordinated bonds	–	(10,000)
Cash dividends paid	(2,682)	(3,018)
Dividends paid to non-controlling interests	(0)	(0)
Purchase of treasury shares	(11)	(104)
Purchase of treasury shares of subsidiaries	–	(890)
Proceeds from sales of treasury shares	–	0
Net cash provided by (used in) financing activities	(2,694)	(16,513)
Net increase (decrease) in cash and cash equivalents	(25,368)	61,994
Cash and cash equivalents at beginning of period	174,200	148,831
Cash and cash equivalents at end of period	148,831	210,826