

Translation

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## Summary of Consolidated Financial Results for the Year Ended March 31, 2018 (Based on Japanese GAAP)

May 11, 2018

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 Ritsu Kumagai TEL 048-641-6111  
 Scheduled date of ordinary general meeting of shareholders: June 27, 2018  
 Scheduled date to file Securities Report: June 27, 2018  
 Scheduled date to commence dividend payments: June 28, 2018  
 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, 2018 (from April 1, 2017 to March 31, 2018)

#### (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, 2018	72,263	1.9	15,732	22.0	10,917	11.8
Year ended March 31, 2017	70,903	(4.6)	12,887	(31.3)	9,762	(22.2)

	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, 2018	325.91	325.71	4.5	0.3	21.7
Year ended March 31, 2017	291.35	291.12	4.2	0.2	18.1

#### (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, 2018	4,560,693	247,043	5.4	7,364.61
As of March 31, 2017	4,507,139	233,974	5.1	6,976.35

#### (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, 2018	(1,310)	45,749	(5,172)	250,092
Year ended March 31, 2017	107,440	(28,933)	(16,513)	210,826

### 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, 2017	–	40.00	–	40.00	80.00	2,682	27.4	1.1
Year ended March 31, 2018	–	40.00	–	40.00	80.00	2,682	24.5	1.1
Year ending March 31, 2019 (Forecast)	–	40.00	–	40.00	80.00		24.1	

3. Forecast of consolidated financial results for the year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

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, 2018	36,400	1.4	9,000	15.7	6,100	13.7	182.11
Full year	70,500	(2.4)	16,200	2.9	11,100	1.6	331.37

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2018

(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: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: Yes

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, 2018	33,805,456 shares	As of March 31, 2017	33,805,456 shares
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Number of treasury shares at the end of the period

As of March 31, 2018	308,515 shares	As of March 31, 2017	311,831 shares
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Average number of shares during the period

Year ended March 31, 2018	33,497,055 shares	Year ended March 31, 2017	33,509,899 shares
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**Consolidated financial statements**  
**Consolidated balance sheets**

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
<b>Assets</b>		
Cash and due from banks	211,372	250,530
Monetary claims bought	8,626	10,558
Trading account securities	621	364
Money held in trust	1,500	1,490
Securities	781,884	740,176
Loans and bills discounted	3,412,133	3,457,846
Foreign exchanges	3,858	4,951
Lease receivables and investment assets	19,189	20,985
Other assets	29,467	34,455
Tangible fixed assets	37,398	37,374
Buildings, net	10,126	9,999
Land	25,300	25,322
Construction in progress	133	244
Other tangible fixed assets	1,836	1,808
Intangible fixed assets	3,050	2,863
Software	2,875	2,688
Other intangible fixed assets	175	175
Net defined benefit asset	5,843	6,659
Deferred tax assets	1,050	1,010
Customers' liabilities for acceptances and guarantees	6,516	4,802
Allowance for loan losses	(15,375)	(13,377)
<b>Total assets</b>	<b>4,507,139</b>	<b>4,560,693</b>
<b>Liabilities</b>		
Deposits	3,938,291	4,030,917
Negotiable certificates of deposit	188,765	163,420
Call money and bills sold	24,706	22,187
Payables under securities lending transactions	46,434	21,629
Borrowed money	17,152	15,715
Foreign exchanges	162	239
Bonds payable	15,000	15,000
Other liabilities	20,710	22,529
Provision for bonuses	1,251	1,210
Provision for directors' bonuses	10	11
Net defined benefit liability	4,120	3,810
Provision for directors' retirement benefits	–	29
Provision for loss on interest repayment	42	59
Provision for reimbursement of deposits	754	651
Provision for point card certificates	76	78
Provision for contingent loss	311	219
Provision for share-based compensation	14	38
Allowance for demolition of non-current assets	–	294
Deferred tax liabilities	4,616	6,578
Deferred tax liabilities for land revaluation	4,227	4,227
Acceptances and guarantees	6,516	4,802
<b>Total liabilities</b>	<b>4,273,164</b>	<b>4,313,650</b>

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Net assets		
Capital stock	45,743	45,743
Capital surplus	38,290	38,291
Retained earnings	120,667	128,901
Treasury shares	(907)	(900)
Total shareholders' equity	203,793	212,036
Valuation difference on available-for-sale securities	24,813	28,754
Deferred gains or losses on hedges	(1,399)	(1,279)
Revaluation reserve for land	8,286	8,286
Remeasurements of defined benefit plans	(1,831)	(1,105)
Total accumulated other comprehensive income	29,869	34,655
Share acquisition rights	80	66
Non-controlling interests	230	285
Total net assets	233,974	247,043
Total liabilities and net assets	4,507,139	4,560,693

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

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Ordinary income	70,903	72,263
Interest income	43,331	42,373
Interest on loans and discounts	35,496	33,731
Interest and dividends on securities	7,600	8,387
Interest on call loans and bills bought	(15)	(4)
Interest on deposits with banks	0	0
Other interest income	249	259
Fees and commissions	12,826	13,824
Other ordinary income	1,487	1,365
Other income	13,257	14,699
Recoveries of written off claims	1,022	568
Other	12,234	14,131
Ordinary expenses	58,015	56,530
Interest expenses	2,132	1,938
Interest on deposits	830	624
Interest on negotiable certificates of deposit	45	31
Interest on call money and bills sold	218	301
Interest on payables under securities lending transactions	143	258
Interest on borrowings and rediscounts	123	113
Interest on bonds	133	91
Other interest expenses	636	518
Fees and commissions payments	3,874	3,751
Other ordinary expenses	851	1,525
General and administrative expenses	36,851	36,587
Other expenses	14,306	12,727
Provision of allowance for loan losses	4,239	1,716
Other	10,066	11,010
Ordinary profit	12,887	15,732
Extraordinary income	–	0
Gain on disposal of non-current assets	–	0
Extraordinary losses	6	399
Loss on disposal of non-current assets	5	7
Impairment loss	–	1
Other	1	390
Profit before income taxes	12,881	15,334
Income taxes - current	3,571	4,573
Income taxes - deferred	(354)	(207)
Total income taxes	3,216	4,366
Profit	9,664	10,967
Profit (loss) attributable to non-controlling interests	(98)	50
Profit attributable to owners of parent	9,762	10,917

## Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	9,664	10,967
Other comprehensive income	(762)	4,787
Valuation difference on available-for-sale securities	(2,301)	3,942
Deferred gains or losses on hedges	657	119
Remeasurements of defined benefit plans, net of tax	881	725
Comprehensive income	8,902	15,755
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,998	15,703
Comprehensive income attributable to non-controlling interests	(96)	51

## Consolidated statements of changes in equity

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)
Sales of shares of consolidated subsidiaries		–			–
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					Share acquisition rights	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)
Sales of shares of consolidated subsidiaries								–
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



Fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	45,743	38,290	120,667	(907)	203,793
Changes of items during period					
Dividends of surplus			(2,682)		(2,682)
Profit attributable to owners of parent			10,917		10,917
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares		(0)		18	18
Transfer to capital surplus from retained earnings		0	(0)		–
Purchase of share of consolidated subsidiaries treasury stock		–			–
Sales of shares of consolidated subsidiaries		1			1
Net changes of items other than shareholders' equity					
Total changes of items during period	–	1	8,233	7	8,242
Balance at end of current period	45,743	38,291	128,901	(900)	212,036

	Accumulated other comprehensive income					Share acquisition rights	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	24,813	(1,399)	8,286	(1,831)	29,869	80	230	233,974
Changes of items during period								
Dividends of surplus								(2,682)
Profit attributable to owners of parent								10,917
Purchase of treasury shares								(11)
Disposal of treasury shares								18
Transfer to capital surplus from retained earnings								–
Purchase of share of consolidated subsidiaries treasury stock								–
Sales of shares of consolidated subsidiaries								1
Net changes of items other than shareholders' equity	3,941	119	–	725	4,786	(14)	54	4,826
Total changes of items during period	3,941	119	–	725	4,786	(14)	54	13,068
Balance at end of current period	28,754	(1,279)	8,286	(1,105)	34,655	66	285	247,043

## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	12,881	15,334
Depreciation	2,617	3,271
Impairment loss	–	1
Share of loss (profit) of entities accounted for using equity method	(28)	(8)
Increase (decrease) in allowance for loan losses	101	(1,998)
Increase (decrease) in provision for bonuses	(1)	(41)
Increase (decrease) in provision for directors' bonuses	(0)	1
Decrease (increase) in net defined benefit asset	(356)	(438)
Increase (decrease) in net defined benefit liability	(252)	(314)
Increase (decrease) in provision for directors' retirement benefits	–	29
Increase (decrease) in provision for loss on interest repayment	(14)	16
Increase (decrease) in provision for reimbursement of deposits	214	(102)
Increase (decrease) in provision for point card certificates	7	2
Increase (decrease) in provision for contingent loss	(101)	(91)
Increase (decrease) in provision for share-based compensation	14	23
Increase (decrease) in allowance for demolition of non-current assets	–	294
Gain on fund management	(43,331)	(42,373)
Financing expenses	2,132	1,938
Loss (gain) related to securities	(985)	(578)
Loss (gain) on money held in trust	(1)	6
Foreign exchange losses (gains)	114	2,579
Loss (gain) on disposal of non-current assets	5	7
Net decrease (increase) in trading account securities	(126)	257
Net decrease (increase) in loans and bills discounted	(92,966)	(45,713)
Net increase (decrease) in deposit	93,256	92,626
Net increase (decrease) in negotiable certificates of deposit	32,938	(25,345)
Net increase (decrease) in payables under securities lending transactions	39,177	(24,805)
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	1,157	1,062
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	24	108
Net decrease (increase) in call loans	2,926	(1,932)
Net increase (decrease) in call money	24,706	(2,519)
Net decrease (increase) in foreign exchanges - assets	(1,543)	(1,092)
Net increase (decrease) in foreign exchanges - liabilities	(174)	76
Proceeds from fund management	44,157	42,636
Payments for finance	(2,417)	(1,904)
Other, net	(1,602)	(9,137)
Subtotal	112,532	1,877
Income taxes paid	(5,091)	(3,187)
Net cash provided by (used in) operating activities	107,440	(1,310)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from investing activities		
Purchase of securities	(171,083)	(161,253)
Proceeds from sales of securities	30,192	47,093
Proceeds from redemption of securities	114,236	162,748
Increase in money held in trust	(9)	–
Decrease in money held in trust	–	0
Purchase of tangible fixed assets	(1,214)	(1,945)
Proceeds from sales of property, plant and equipment	–	1
Purchase of intangible assets	(1,040)	(892)
Payments for asset retirement obligations	(13)	(2)
Net cash provided by (used in) investing activities	(28,933)	45,749
Cash flows from financing activities		
Decrease in subordinated borrowings	(2,500)	(2,500)
Redemption of subordinated bonds	(10,000)	–
Cash dividends paid	(3,018)	(2,682)
Dividends paid to non-controlling interests	(0)	(0)
Purchase of treasury shares	(104)	(11)
Purchase of treasury shares of subsidiaries	(890)	–
Proceeds from sales of treasury shares	0	17
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	4
Net cash provided by (used in) financing activities	(16,513)	(5,172)
Net increase (decrease) in cash and cash equivalents	61,994	39,266
Cash and cash equivalents at beginning of period	148,831	210,826
Cash and cash equivalents at end of period	210,826	250,092