



# MUSASHINOBANK

**ANNUAL REPORT 2009**

The Musashino Bank, Ltd.

# Profile

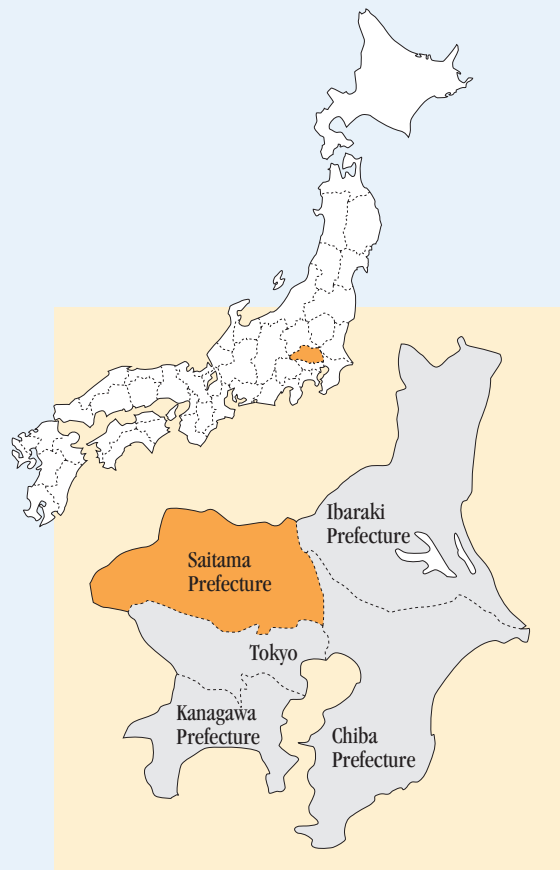
Musashino Bank is the only regional bank whose operational base consists of Saitama Prefecture. The prefecture lies immediately to the north of Tokyo, and many of its residents commute to work in the capital. Currently, 7.15 million people live in Saitama, making it the country's fifth most populous prefecture after Tokyo, Kanagawa, Osaka, and Aichi, and the population is still climbing.

Since its establishment in 1952, Musashino Bank has been one of Saitama Prefecture's core financial institutions, and has played a major role in supporting the development of the regional economy and local industries.

The Bank's paid-in capital as of March 31, 2009 stood at ¥45.7 billion, with total assets of ¥3,423.3 billion, a balance of deposits (excluding CDs) of ¥3,174.6 billion and a balance of loans of ¥2,726.1 billion. The Bank has 91 branches, of which 89 are inside Saitama Prefecture, and a workforce of 1,999.



*Head Office*



# Consolidated Financial Highlights

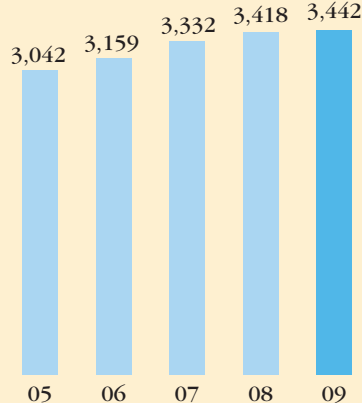
The Musashino Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars*
	2009	2008	2009
<b>At Year-end</b>			
Total Assets.....	¥3,442,506	¥3,418,895	\$35,045,372
Deposits .....	3,192,596	3,146,613	32,501,233
Loans and Bills Discounted.....	2,717,482	2,624,130	27,664,487
Trading Account Securities and Investment Securities.....	470,108	526,835	4,785,795
Total Net Assets.....	147,795	159,826	1,504,591
Capital Ratio (based on domestic standards) (%).....	10.19	10.49	—
<b>For the Year</b>			
Total Income .....	¥ 89,789	¥ 91,133	\$ 914,076
Total Expenses.....	97,123	71,812	988,733
Income (loss) before Income Taxes .....	(7,333)	19,320	(74,657)
Net Income (loss) for Year .....	(4,397)	10,822	(44,763)

\* U.S. dollar figures have been translated at the rate ¥98.23 to U.S.\$1, the prevailing market rate as of March 31, 2009.

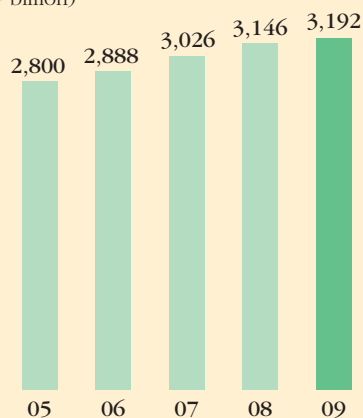
## Total Assets

(¥ billion)



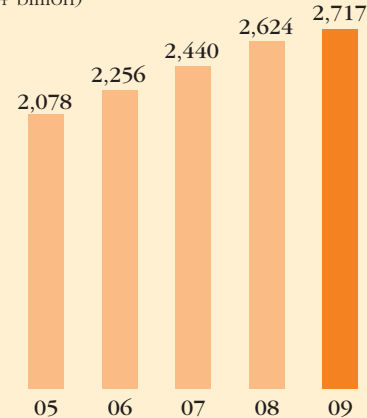
## Deposits

(¥ billion)



## Loans and Bills Discounted

(¥ billion)



# Message from the President



Kikuo Kato,  
President

## Review of the Bank's fiscal 2008 business performance (on a nonconsolidated basis)

During the first half of fiscal 2008, the economy of Saitama Prefecture gradually stagnated as a result of deteriorating corporate earnings due to high raw materials prices, as well as a decline in consumer spending against the backdrop of stagnant household income. In the latter half of the term the worldwide credit crunch and a sharp fall in exports, particularly to the United States, caused production activity in the prefecture's manufacturing sector to stagnate. This led to the freezing of capital investment plans and a further weakening in consumer spending. As a result, the prefecture's economy deteriorated rapidly.

Despite this gloomy situation, a number of factors bode well for the future development of the economy of Saitama Prefecture. These include concerted efforts by the prefectural authorities and the private sector to attract new companies, the economic ripple effect of continued work on the extension of the Metropolitan Intercity Expressway (Ken'odo), the construction of new "industrial parks" for manufacturing and logistics companies and the resultant business concentration, and the "Saitama Green New Deal" environmental program

being promoted by the Saitama prefectural authorities.

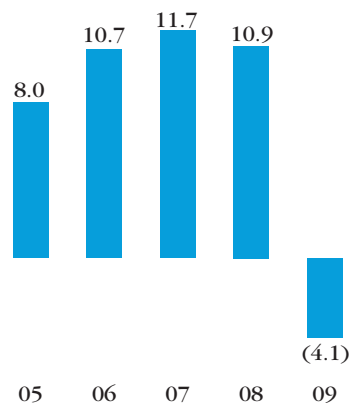
Amid this difficult operating environment, we worked to expand the scale of the Bank's operations, centered on loans, to project a clearer image of the Bank's focus on its home region and enhance its marketing structure so as to strengthen relationship banking functions with the Bank's local customers.

## Net profit on core banking operations came to ¥21,956 million, for the third-highest figure ever.

The Bank's core banking profit, which is the main indicator of the profitability of the mainline banking business, came to ¥21,956 million, for the third-highest figure in its history. Unfortunately, credit costs, including the costs of bad debt disposal, posted an increase due to the global financial system crisis, while the Bank also recognized an increased impairment loss on available-for-sale securities as a result of the weak state of the stock markets. Consequently, the Bank posted an ordinary loss and a net loss, the first such red-ink figures in seven years.

### Net Income (Loss)

(¥ billion)



### Loans to individuals (mortgage loans and loans to apartment building owners) rise by more than ¥100 billion

Regarding the Bank's lending operations during the reporting term, the balance of loans outstanding as of March 31, 2009 was ¥2,726.1 billion, for a year-on-year increase of ¥91.0 billion, or 3.4%. This relatively modest increase is attributable to a reduction in loans to government bodies in order to optimize our loan portfolio. General loans, excluding loans to government agencies, increased by ¥114.0 billion, or 4.7%. This means we succeeded in maintaining a level comparable to that of other regional banks. We enjoyed continued brisk demand for loans to individuals, such as mortgage loans, for which demand is strong in Saitama Prefecture. Loans to individuals rose by ¥101.1 billion, or 10.4% year-on-year.

### Value of deposits (excluding CDs) rises by more than ¥130 billion

In fund-raising activities we continued to record growth in deposits, particularly from individuals, with the term-end balance of loans as of March 31, 2009 reaching ¥3,174.6 billion, a year-on-year increase of ¥131.4 billion, or 4.3%. This compares very favorably with the 2.4% growth average for Japanese regional banks.

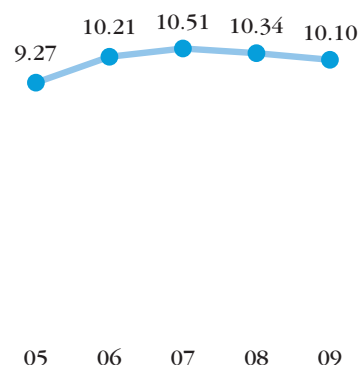
With regard to assets in custody, the weakness of the stock markets and the REIT market has caused a significant decline in sales of investment trusts, resulting in a relatively large slowdown in the growth of assets in custody compared with the solid growth that had been posted over the past few years. Sales of pension insurance policies, however, held firm during the reporting term, contributing to a year-on-year increase in the balance of assets in custody in the amount of ¥37.7 billion, to ¥540.4 billion at term-end.

### Financial position remains healthy

1) **Nonperforming loan (NPL) ratio stands at 2.73%**  
The Bank recorded success in steadily reducing nonperforming loans on its books up to the end of fiscal 2007, but during fiscal 2008 a number of real estate companies, particularly new condominium developers, went into bankruptcy. As a result, nonperforming loans increased by ¥7.1 billion year-on-year, to ¥75.2 billion. The NPL ratio rose by 0.18 percentage point over the previous year, to 2.73%. This level of nonperforming loans is only around half the previous peak of ¥132.7 billion (7.23%) recorded at the end of March 2002. The NPL ratio, meanwhile, is only about one-third of the peak level.

2) **Capital ratio stays over 10% for fourth straight term**  
The Bank's capital ratio for FY2008 declined by 0.24 percentage point from the previous year, to 10.10%. This was due to an increase in loans and the purchase of own shares in the value of ¥1.6 billion. Nevertheless, the Bank has maintained a capital ratio of over 10% for the past four consecutive business terms, and is proof that it suffers from no impediment to its business activities and possesses sufficient financial resources to engage vigorously in the provision of funds.

**Capital Ratio**  
(based on domestic standards)  
(%)



### Bank's securities receive investment grade rating

Musashino Bank has received a credit rating of A+ for its long-term preferred debt securities from the Japan Credit Rating Agency, Ltd. (JCR). This rating indicates an evaluation of the Bank's securities as investment grade, based on the high-level certainty of the Bank's ability to repay its debts.

### Recent Management Initiatives

Under the Bank's VALUE UP 21 medium-term management strategy, (from April 2007 to March 2010), we are working to provide high value-added services to our customers and to strengthen our business base so as to further raise the Bank's enterprise value. The three core strategies of this plan are to become the No. 1 bank in terms of customer satisfaction, to pursue a strategy for achieving continuous long-term growth, and to create a lean corporate structure resistant to rapid changes in the business environment. To realize these strategies, the management and staff of the Bank are working together to make Musashino Bank into the best retail bank in Saitama Prefecture, with the highest rating in terms of customer satisfaction.

However, in view of the rapidly changing financial environment, what Japanese banks need to do now is get back to the basics of banking. We must therefore follow a basic policy of maintaining a good balance between asset soundness and business scale, and revise our numerical targets to ensure that they reflect the economic realities on the ground. Our basic strategies remain unchanged with the exception of revisions to numerical targets. We will further expand our lineup of products and services to earn a higher level of trust among existing customers and attract new customers. We will also strengthen our marketing channels to increase the number of opportunities for customer contact and improve the quality of our services.



We also intend to realize a sophisticated corporate governance system centered on compliance. To this end, we will be undertaking the necessary structural reforms and putting a more intense focus on the training of personnel.

By these means, we aim to establish a competitive business structure while fulfilling our responsibility as a corporate citizen. We believe that the social responsibility we bear as a regional financial institution consists primarily of the realization of continued growth, and that this can be achieved only with the understanding, support, and trust of all the Bank's stakeholders, including shareholders, employees, and the local community as a whole.

I look forward to receiving the continued support and encouragement of all the Bank's stakeholders.

A handwritten signature in black ink that reads "K. Kato".

Kikuo Kato  
President



# Steps to revitalize the regional economy and help preserve the environment

## Support for Entrepreneurs and Venture Businesses

The Bank operates the Musashino Community Revitalization Fund to provide financial support for SMEs and start-ups and the Musashino New Business Fund for companies launching new ventures.

The purpose of the Musashino Community Revitalization Fund is strengthen the Bank's ability to provide funding and IPO support for its customers in general, by providing funds to companies aiming at IPOs or other enterprises deemed to possess good growth potential.

The Musashino New Business Fund aims to take a positive stance to the provision of loans to venture companies and R&D-oriented companies through business alliances with specialist enterprise-evaluation organizations, making full use of the Bank's own credit screening functions supplemented by objective creditworthiness assessments from outside institutions.

## Support for Business Rehabilitation

Since April 2005, the Corporate Management Support Office of the Credit Division, together with our branches, has been working to help borrowers upgrade their borrower categories through the improvement of their financial standing. This is in line with a government program to get regional banks working more closely with their communities.

Specifically, the Corporate Management Support Office and the branches are working together to provide management analysis and advise customers on strategies for improving their performance, as well as helping with the formulation and implementation of management reform plans. We also utilize alliances with external consulting firms to assist customers undergoing business rehabilitation or implementing the aforementioned management reform plans.

## Support for Alliances between Industry and Academia

As part of our strategy of industry-academia collaboration, we have formed alliances with five universities with campuses in Saitama Prefecture.

To meet corporate customers' needs in the fields of R&D and management issues, we have concluded an agreement with Rikkyo University with the aim of revitalizing tourism in Saitama Prefecture. In January of 2009 we concluded the 1st Phase of the Saitama Regional Exchange Footpath Project, conducted together with the Department of Tourism of Rikkyo University, under the name of Satte Town Rambling Map.



*Satte Town Rambling Map*

## Environmental Protection Activities

The Musashino Green Fund Charitable Trust was established as part of events to commemorate the 40th anniversary of the Bank in July 1992, to help foster attractive living environments by supporting businesses that contribute to the protection and creation of the natural environment in Saitama Prefecture. Targeting both groups and individuals, the trust had funded a total of 121 groups, disbursing a total of ¥44 million by the end of the reporting period.



*Volunteers perform environmental beautification work in the Suwa-Hikawa Forest in Fujimi, Saitama Prefecture.*



*Members of the Kamibusbi Satoyamakai, perform forest-thinning work in Iruma, Saitama Prefecture.*

# Consolidated Balance Sheets

The Musashino Bank, Ltd. and Consolidated Subsidiaries As of March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
<b>Assets</b>			
Cash and due from banks .....	¥ 55,239	¥ 73,429	\$ 562,347
Call loans .....	85,954	62,990	875,035
Commercial paper and other debt purchased .....	14,568	23,703	148,307
Trading account securities .....	1,284	727	13,081
Money held in trust .....	1,497	1,490	15,242
Investment securities .....	468,823	526,108	4,772,714
Loans and bills discounted .....	2,717,482	2,624,130	27,664,487
Foreign exchanges .....	2,449	1,449	24,934
Lease receivables and lease investment assets .....	16,292	—	165,866
Other assets .....	27,490	54,534	279,854
Tangible fixed assets .....	35,997	35,045	366,463
Intangible fixed assets .....	2,418	2,524	24,620
Deferred income taxes asset .....	23,916	16,842	243,479
Customers' liabilities for acceptances and guarantees .....	13,915	14,005	141,658
Reserve for possible loan losses .....	(24,824)	(18,085)	(252,715)
Reserve for devaluation of investment securities .....	—	(0)	—
<b>Total assets</b> .....	<b>¥3,442,506</b>	<b>¥3,418,895</b>	<b>\$35,045,372</b>
<b>Liabilities</b>			
Deposits .....	¥3,192,596	¥3,146,613	\$32,501,233
Call money .....	—	1,001	—
Borrowed money .....	28,820	28,496	293,401
Foreign exchanges .....	28	79	289
Bonds .....	18,000	18,000	183,243
Other liabilities .....	27,898	37,472	284,012
Reserve for employees' bonuses .....	1,345	1,453	13,693
Reserve for directors' bonuses .....	19	29	195
Reserve for employees' retirement benefits .....	5,727	5,766	58,304
Reserve for directors' retirement benefits .....	249	200	2,540
Reserve for loss on interest refunded .....	78	60	798
Reserve for reimbursement of dormant deposits .....	326	190	3,328
Reserve for point loyalty programs .....	64	58	655
Deferred income taxes liability on land revaluation .....	5,641	5,641	57,432
Acceptances and guarantees .....	13,915	14,005	141,658
<b>Total liabilities</b> .....	<b>3,294,710</b>	<b>3,259,069</b>	<b>33,540,781</b>
<b>Net assets</b>			
Common stock .....	45,743	45,743	465,682
Capital surplus .....	39,438	39,441	401,494
Retained earnings .....	59,776	66,229	608,538
Treasury stock .....	(2,042)	(442)	(20,794)
<b>Total shareholders' equity</b> .....	<b>142,916</b>	<b>150,971</b>	<b>1,454,920</b>
Unrealized gain (loss) on available-for-sale securities .....	(3,990)	139	(40,622)
Deferred loss under hedge accounting .....	(1,414)	(1,079)	(14,402)
Land revaluation excess .....	6,955	6,955	70,806
<b>Total valuation and translation adjustments</b> .....	<b>1,550</b>	<b>6,015</b>	<b>15,782</b>
Minority interests .....	3,328	2,839	33,889
<b>Total net assets</b> .....	<b>147,795</b>	<b>159,826</b>	<b>1,504,591</b>
<b>Total liabilities and net assets</b> .....	<b>¥3,442,506</b>	<b>¥3,418,895</b>	<b>\$35,045,372</b>



# Consolidated Statements of Operations

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
<b>Income</b>			
Interest income:			
Interest on loans and discounts.....	¥ 55,157	¥53,169	\$561,514
Interest and dividends on securities.....	6,872	8,886	69,968
Other interest income .....	621	727	6,325
Fees and commissions .....	9,399	10,819	95,693
Other operating income.....	3,080	3,025	31,358
Other income .....	14,657	14,505	149,218
<b>Total income</b> .....	<b>89,789</b>	<b>91,133</b>	<b>914,076</b>
<b>Expenses</b>			
Interest expenses:			
Interest on deposits.....	8,587	8,264	87,418
Interest on borrowings and rediscounts .....	509	961	5,183
Other interest expenses .....	1,067	881	10,866
Fees and commissions .....	3,911	3,863	39,822
Other operating expenses.....	8,767	4,175	89,260
General and administrative expenses.....	37,381	36,010	380,555
Other expenses .....	36,897	17,656	375,629
<b>Total expenses</b> .....	<b>97,123</b>	<b>71,812</b>	<b>988,733</b>
<b>Income (loss) before income taxes</b> .....	<b>(7,333)</b>	<b>19,320</b>	<b>(74,657)</b>
<b>Income taxes</b>			
Current.....	599	7,734	6,099
Deferred .....	(4,033)	655	(41,058)
	(3,434)	8,389	(34,959)
<b>Minority interests</b> .....	<b>497</b>	<b>108</b>	<b>5,065</b>
<b>Net income (loss) for year</b> .....	<b>¥ (4,397)</b>	<b>¥10,822</b>	<b>\$ (44,763)</b>
<b>Net Income (loss) per share (yen and dollars)</b> .....	<b>¥(129.04)</b>	<b>¥314.59</b>	<b>\$ (1.31)</b>

# Consolidated Statements of Changes in Net Assets

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
<b>Shareholders' equity</b>			
<b>Common stock</b>			
Balance at end of previous year .....	¥ 45,743	¥ 45,743	\$ 465,682
Changes during the accounting period.....	—	—	—
Balance at end of year .....	¥ 45,743	¥ 45,743	\$ 465,682
<b>Capital surplus</b>			
Balance at end of previous year .....	¥ 39,441	¥ 39,400	\$ 401,517
Changes during the accounting period:			
Disposition of treasury stock .....	(2)	0	(23)
Total changes during the accounting period .....	(2)	0	(23)
Balance at end of year .....	¥ 39,438	¥ 39,441	\$ 401,494
<b>Retained earnings</b>			
Balance at end of previous year .....	¥ 66,229	¥ 57,470	\$ 674,228
Changes during the accounting period:			
Cash dividends.....	(2,055)	(2,064)	(20,927)
Net income (loss) .....	(4,397)	10,822	(44,763)
Reversal of land revaluation excess.....	—	0	—
Total changes during the accounting period .....	(6,452)	8,758	(65,690)
Balance at end of year .....	¥ 59,776	¥ 66,229	\$ 608,538
<b>Treasury stock</b>			
Balance at end of previous year .....	¥ (442)	¥ (207)	\$ (4,505)
Changes during the accounting period:			
Purchase of treasury stock.....	(1,610)	(238)	(16,398)
Disposition of treasury stock .....	10	3	109
Total changes during the accounting period .....	(1,600)	(235)	(16,289)
Balance at end of year .....	¥ (2,042)	¥ (442)	\$ (20,794)
<b>Total shareholders' equity</b>			
Balance at end of previous year .....	¥150,971	¥142,447	\$1,536,922
Changes during the accounting period:			
Cash dividends.....	(2,055)	(2,064)	(20,927)
Net income (loss) .....	(4,397)	10,822	(44,763)
Purchase of treasury stock.....	(1,610)	(238)	(16,398)
Disposition of treasury stock .....	8	4	86
Reversal of land revaluation excess.....	—	0	—
Total changes during the accounting period .....	(8,055)	8,524	(82,002)
Balance at end of year .....	¥142,916	¥150,971	\$1,454,920

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
<b>Valuation and translation adjustments</b>			
<b>Unrealized gain (loss) on available-for-sale securities</b>			
Balance at end of previous year .....	¥ 139	¥ 13,409	\$ 1,420
Changes during the accounting period:			
Net changes in items other than shareholders' equity .....	(4,129)	(13,270)	(42,042)
Total changes during the accounting period .....	(4,129)	(13,270)	(42,042)
Balance at end of year .....	¥ (3,990)	¥ 139	\$ (40,622)
<b>Deferred loss under hedge accounting</b>			
Balance at end of previous year .....	¥ (1,079)	¥ 210	\$ (10,987)
Changes during the accounting period:			
Net changes in items other than shareholders' equity .....	(335)	(1,289)	(3,415)
Total changes during the accounting period .....	(335)	(1,289)	(3,415)
Balance at end of year .....	¥ (1,414)	¥ (1,079)	\$ (14,402)
<b>Land revaluation excess</b>			
Balance at end of previous year .....	¥ 6,955	¥ 6,956	\$ 70,806
Changes during the accounting period:			
Net changes in items other than shareholders' equity .....	—	(0)	—
Total changes during the accounting period .....	—	(0)	—
Balance at end of year .....	¥ 6,955	¥ 6,955	\$ 70,806
<b>Total valuation and translation adjustments</b>			
Balance at end of previous year .....	¥ 6,015	¥ 20,576	\$ 61,239
Changes during the accounting period:			
Net changes in item other than shareholders' equity .....	(4,465)	(14,560)	(45,457)
Total changes during the accounting period .....	(4,465)	(14,560)	(45,457)
Balance at end of year .....	¥ 1,550	¥ 6,015	\$ 15,782
<b>Minority interests</b>			
Balance at end of previous year .....	¥ 2,839	¥ 2,724	\$ 28,907
Changes during the accounting period:			
Net changes in items other than shareholders' equity .....	489	115	4,982
Total changes during the accounting period .....	489	115	4,982
Balance at end of year .....	¥ 3,328	¥ 2,839	\$ 33,889
<b>Total net assets</b>			
Balance at end of previous year .....	¥159,826	¥165,748	\$1,627,068
Changes during the accounting period:			
Cash dividends .....	(2,055)	(2,064)	(20,927)
Net income .....	(4,397)	10,822	(44,763)
Purchase of treasury stock .....	(1,610)	(238)	(16,398)
Disposition of treasury stock .....	8	4	86
Reversal of land revaluation excess .....	—	0	—
Net changes in items other than shareholders' equity .....	(3,975)	(14,445)	(40,475)
Total changes during the accounting period .....	(12,030)	(5,921)	(122,477)
Balance at end of year .....	¥147,795	¥159,826	\$1,504,591

# Consolidated Statements of Cash Flows

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2009 and 2008

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
<b>Cash flows from operating activities</b>			
Income before income taxes .....	¥ (7,333)	¥ 19,320	\$ (74,657)
Depreciation .....	2,365	2,029	24,086
Impairment losses .....	—	1	—
Increase (decrease) in reserve for possible loan losses .....	6,738	(423)	68,599
Increase (decrease) in reserve for devaluation of investment securities ...	(0)	(0)	(6)
Increase (decrease) in reserve for employees' bonuses .....	(108)	45	(1,103)
Increase (decrease) in reserve for directors' bonuses .....	(10)	(47)	(110)
Increase (decrease) in reserve for employees' retirement benefits .....	(39)	3	(400)
Increase (decrease) in reserve for directors' retirement benefits .....	48	(102)	497
Increase (decrease) in reserve for loss on interest refunded .....	17	34	181
Increase (decrease) in reserve for reimbursement of dormant deposits ...	136	190	1,393
Increase (decrease) in reserve for point loyalty programs .....	6	—	64
Interest income .....	(62,651)	(62,783)	(637,807)
Interest expenses .....	10,163	10,107	103,468
Loss (gain) on investment securities .....	9,705	3,249	98,802
Loss (gain) on money held in trust .....	0	8	3
Foreign exchanges loss (gain) .....	(14)	224	(152)
Loss (gain) on disposition of fixed assets .....	48	74	493
Net decrease (increase) in trading account securities .....	(557)	(88)	(5,678)
Net decrease (increase) in loans and bills discounted .....	(93,352)	(183,871)	(950,341)
Net increase (decrease) in deposits .....	45,982	119,626	468,109
Net increase (decrease) in borrowed money .....	324	(1,097)	3,305
Net decrease (increase) in due from banks (excluding due from the Bank of Japan) .....	654	(232)	6,659
Net decrease (increase) in call loans and others .....	(13,828)	(32,700)	(140,774)
Net increase (decrease) in call money and others .....	(1,001)	(9,386)	(10,200)
Net decrease (increase) in foreign exchange, assets .....	(999)	282	(10,180)
Net increase (decrease) in foreign exchange, liabilities .....	(50)	(49)	(516)
Interest received .....	62,579	63,311	637,068
Interest paid .....	(9,657)	(8,358)	(98,313)
Other, net .....	(3,497)	3,458	(35,603)
Subtotal .....	(54,332)	(77,177)	(553,113)
Income taxes paid .....	(8,258)	(7,954)	(84,075)
Net cash used in operating activities .....	(62,590)	(85,131)	(63,188)
<b>Cash flows from investing activities</b>			
Purchase of securities .....	(539,957)	(365,834)	(5,496,874)
Proceeds from sale of securities .....	227,632	269,670	2,317,342
Proceeds from maturities of securities .....	362,945	134,543	3,694,848
Increase in money held in trust .....	(9)	—	(97)
Decrease in money held in trust .....	2	1	25
Purchase of tangible fixed assets .....	(1,123)	(1,871)	(11,440)
Purchase of intangible fixed assets .....	(773)	(20)	(7,874)
Net cash provided by investing activities .....	48,716	36,489	495,940
<b>Cash flows from financing activities</b>			
Proceeds from issuance of subordinated borrowings .....	—	5,000	—
Repayments of subordinated borrowings .....	—	(3,000)	—
Cash dividends paid .....	(2,055)	(2,064)	(20,927)
Cash dividends paid to minority shareholders .....	(3)	(3)	(37)
Purchase of treasury stock .....	(1,610)	(238)	(16,398)
Proceeds from sale of treasury stock .....	8	4	86
Net cash used in financing activities .....	(3,661)	(302)	(37,276)
Net decrease in cash and cash equivalents .....	(17,536)	(48,944)	(178,524)
Cash and cash equivalents at beginning of year .....	71,656	120,601	729,480
Cash and cash equivalents at end of year .....	¥ 54,120	¥ 71,656	\$ 550,956

(As of July 1, 2009)

**General Meeting of Shareholders**

- Corporate Auditors**
- Board of Corporate Auditors**
- Board of Directors**
- Executive Committee**
  - President\***
  - Senior Managing Directors\***
  - Managing Directors**

**Divisions and Offices:**

- Secretariat**
- General Planning and Management Division**
  - Strategic Planning Office
  - Systems Management Office
- Risk Management Division**
  - Credit Risk Management Office
  - Legal Affairs Office
- Personnel Division**
- Branch Operations Division**
  - Customer Service Promotion Office
  - Wealth Management Services Office
  - Direct Banking Center
- Corporate Business Division**
  - Corporate Consulting Office
  - Corporate Business Satellite Office
- Individual Business Division**
  - Loan Repayment Support Center
  - Mortgage Loan Center
- Credit Division**
  - Corporate Management Support Office
- Credit Planning Division**
- Public Sector Marketing Division**
  - Public Funds Management Office
- Capital Markets Division**
- Auditing Division**
  - Asset Auditing Office
- General Affairs Division**
- Administration Division**
  - Administrative Operations Office

**Legend:**

- Head Office** (Solid black square)
- Offices** (Solid black square)

**\* and Representative Director**

<b>President</b>	<b>Corporate Auditors</b>	<b>Managing Executive Officers</b>	<b>Executive Officers</b>
Kikuo Kato	Nobuhiro Fukazawa (standing)	Kenji Kimura	Teiji Komoriya
<b>Senior Managing Directors</b>	Seiichiro Ihara (standing)	Hideo Nomoto	Takeshi Sekiya
	Shozo Nishijima	Shigeyuki Miyahara	Hajime Ozawa
	Emi Yano	Kenichiro Inaba	Koichi Akagi
Masami Kurihara	Atsumu Kuroishi	Soe Iijima	Motonobu Nakamura
<b>Managing Directors</b>		Hiroshi Shimao	Minoru Watanabe
Tsuneshi Kurihara			Kazuya Koyama
Hideo Machida			
Masaaki Okano			
Makoto Ishikawa			

Name	Line of Business
The Bugin Business Service Co., Ltd.	Clerical work for Musashino Bank
The Bugin General Lease Co., Ltd.	Leasing, factoring and corporate financing
The Bugin Guarantee Co., Ltd.	Loan guarantees for individuals
The Musashino Card Co., Ltd.	Credit card business (JCB, VISA), loans and loan guarantees
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





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