

More For You



Annual Report
2015

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

and Aichi, and the population is still climbing.

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

Corporate Philosophy

"Working in harmony with the local community it serves"

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

"Maintaining a deep respect toward customers"

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

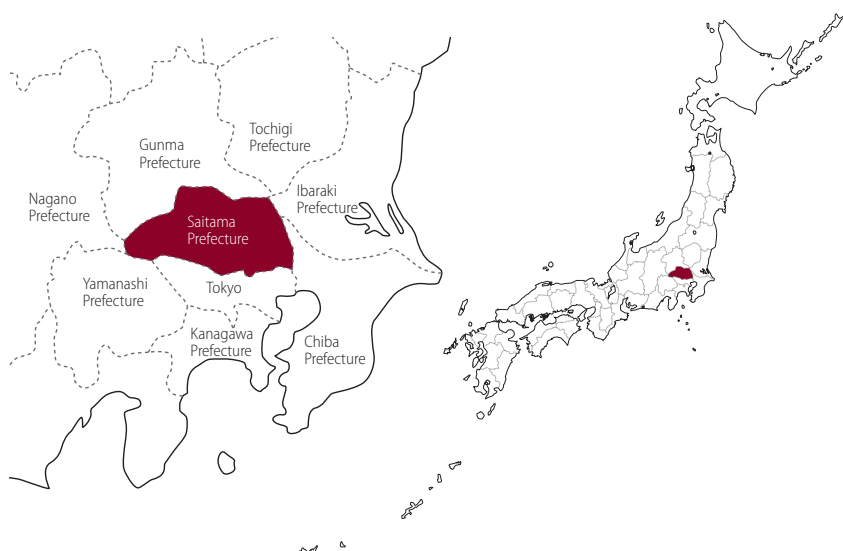
Bank Data (non-consolidated basis, as of March 31, 2015)

Head Office:	10-8, Sakuragi-cho 1-chome, Omiya-ku, Saitama
Home page:	http://www.musashinobank.co.jp/
Security code:	8336 (First section of the Tokyo Stock Exchange)
Established:	March 6, 1952
Networks: (As of September 30, 2015)	Number of branches: 96 (Saitama Prefecture: 92 [of which 1 is a sub-branch], outside Saitama Prefecture: 4) Number of mortgage loan centers: 9
Employees:	2,232
Total assets:	¥4,237.9 billion
Deposits:	¥3,939.7 billion
Loans:	¥3,223.2 billion
Common stock:	¥45.7 billion
Capital adequacy ratio:	10.08%
Number of correspondent arrangements:	184
Issued common stock:	33,805 thousand shares

Subsidiaries and Affiliated Companies

Name	Line of Business
The Bugin Guarantee Co., Ltd.	Loan guarantees for individuals
The Bugin General Lease Co., Ltd.	General leases, installment-payment services, auto leasing 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 Card Co., Ltd.	Credit card business (JCB, VISA), loans and loan guarantees related to card services

Head Office



Contents

- | | |
|---|---|
| 1 Consolidated Financial Highlights | 12 Initiatives Related to Revitalization of the Region |
| 2 Message from the President | 13 Nurturing Growth Fields |
| 5 Long-term Vision/Medium-term Management Plan | 14 Providing SME Management Assistance |
| 6 Corporate Governance | 15 Corporate Social Responsibility |
| 7 Risk Management | 16 Consolidated Balance Sheets |
| 8 Compliance | 17 Consolidated Statements of Income and Comprehensive Income |
| 9 Operational Base of Saitama Prefecture | 18 Consolidated Statements of Changes in Net Assets |
| 10 Contributing to the Local Economy | 20 Consolidated Statements of Cash Flows |
| 11 Measures and Support for Regional Revitalization | 21 Directory |

Consolidated Financial Highlights

The Musashino Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2015 and 2014

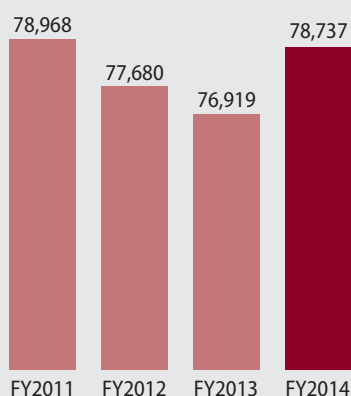
	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Notes 1 and 2)
	2015	2014	2015
At Year-end			
Total Assets	¥4,257,062	¥4,079,797	\$35,425,331
Deposits including negotiable deposits	3,930,283	3,780,337	32,706,028
Loans and Bills Discounted	3,210,605	3,066,023	26,717,194
Trading Account Securities and Investment Securities	748,206	772,397	6,226,231
Total Net Assets	229,377	202,766	1,908,774
Capital Adequacy Ratio (based on domestic standards) (%)	10.32	11.22	
For the Year			
Total Income	¥ 78,737	¥ 76,919	\$ 655,220
Total Expenses	56,645	58,155	471,380
Income before Income Taxes	22,091	18,763	183,839
Net Income	14,467	10,315	120,394

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

2. U.S. dollar figures have been translated at the rate ¥120.17 to U.S.\$1, the prevailing market rate as of March 31, 2015.

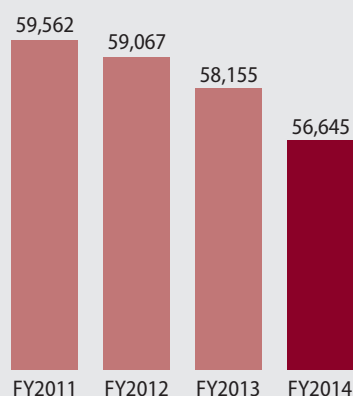
Total income

(¥ million)



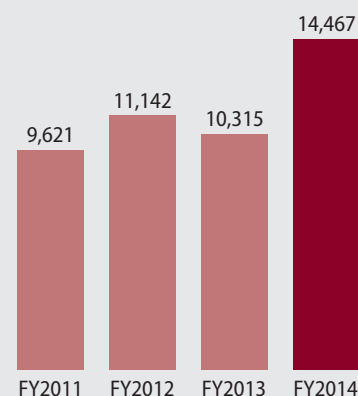
Total expenses

(¥ million)



Net income

(¥ million)



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

Aiming to Become the Region's Number One Bank

Kikuo Kato
President



I would like to sincerely thank all our stakeholders for their continued support of the Musashino Bank Group.

The Prefectural Economy

The economy of Saitama Prefecture has continued to slacken off to the point of standstill in housing construction and capital investment. However, as consumer spending is starting to pick up, mainly due to improvements in employment and income conditions, there are signs of a gentle recovery in business conditions.

Looking forward, the prefectural economy is expected to be further invigorated, especially by improvements to convenience from the new Metropolitan Inter-City Expressway (Ken-O-do) and the JR railway line being directly connected to Tokyo Station—the Ueno-Tokyo Line—and spurs from the development of a variety of facilities related to the upcoming Tokyo Olympics.

Main Initiatives in Fiscal 2014

Under these circumstances, the Bank has been working to realize its long-term vision for turning itself into “the region’s number one bank (a Value-making Bank) that creates new value in Saitama,” as called for by our medium-term management plan “MVP (Musashino Value-making Plan) 1/3.” Fiscal 2014, the fiscal year ended March 31, 2015, was the middle year of this plan, and the Bank has been implementing a variety of initiatives focused on growth and creation strategies.

In terms of growth strategies, the Bank has been opening branches in Tokyo-Saitama border areas that have a strong relationship with Saitama Prefecture, both geographically and economically. In fiscal 2014, the Bank opened the Kumegawa

Branch (Higashimurayama City) and the Itabashi-Nerima Office (Nerima Ward).

Moreover, the Bank has opened the Saitama Shintoshin (Saitama New Urban Center) Personal Plaza as a branch open on weekends and public holidays as well as weekdays that combines a mortgage loan center and a Hoken Plaza (Insurance Plaza). This branch will satisfy a variety of needs of individual customers, including by offering free consultations with permanently available specialists such as tax accountants. In addition, the Bank has renewed the Kasukabe branch to be even more convenient than before.

For individual customers, in order to accurately respond to their needs at each stage of their life cycle, the Bank has commenced various services. These comprise the Musashino Inheritance Fixed Deposit, the first to be offered by a prefectural financial institution, the Musashino ATM Card Loan for which customers can make a contract by merely using an ATM screen, and the Musashino Premium Education Loan that responds to customers who need significant funds for educational purposes.

For corporate customers, the Bank is strengthening its loans that emphasize assessing the business excellence, creativity and other aspects of corporate customers who are small and medium-sized enterprises (SMEs), and in this connection has commenced handling the Musashino SME Active Fund, a loan product. The Musashino NPO Support Loan is directed at supporting NPOs (non-profit organizations) that are working to solve various regional problems.

Moreover, the Bank collects a variety of information, both internally and externally, and has established the Information Center in the Head Office to disseminate this business matching information which is useful in solving various customers’ business management issues.

In addition, the Bank has strengthened its support for corporate customers active in growth fields, including health and welfare, the environment, and high-technology industries.

As for our creation strategies, the Bank has been the first prefectural financial institution to participate in research publications in connection with the “Joint Research Into Policy Issues” project directed at the future of Saitama Prefecture. This participation is one of the Bank’s initiatives arising from the Agreement on Comprehensive Partnership that we concluded with Saitama Prefecture. The Bank has also been cooperating with local government organizations as regards regional invigoration, including by concluding a comprehensive cooperation agreement with Tsurugashima City, the first such agreement with a municipality.

In April 2015, the Bank established the “Team for Promoting Towns, People and Job Revitalization,” and became proactively engaged with formulating the comprehensive regional strategy being undertaken by local government organizations involved with overcoming population decline and vitalizing local economies in Japan.



Saitama Shintoshin (Saitama New Urban Center) Personal Plaza

Financial Results for the Year Ended March 31, 2015

Deposits and assets in custody (non-consolidated)

As a result of efforts to expand our community-based business foundation and promote comprehensive transactions, deposits, etc.,* in fiscal 2014 increased ¥151.0 billion compared with the previous fiscal year, to reach ¥3,939.7 billion.

Assets in custody rose ¥45.0 billion year on year to ¥682.9 billion due to favorable sales of investment trusts and insurance products.

* Deposits, etc., means deposits including CDs.

Loans (non-consolidated)

Loans outstanding increased ¥144.5 billion to ¥3,223.2 billion owing mainly to efforts to respond to the needs of small- and medium-sized enterprises (SMEs) and individual customers within the prefecture.

This marks the first time since the Bank’s founding that the total of deposits and outstanding loans exceeded a figure of ¥7 trillion.

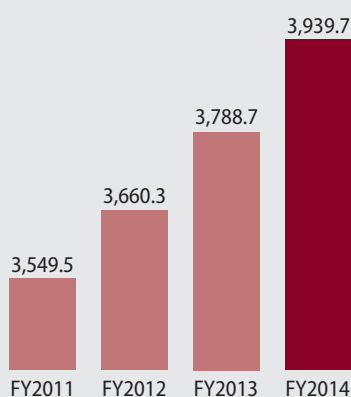
Earnings

Recurring income increased by ¥600 million to ¥17.4 billion, and net income rose by ¥1.0 billion to ¥10.7 billion.

On a consolidated basis, recurring income increased by ¥600 million to ¥19.5 billion, while net income rose by ¥4.1 billion to ¥14.4 billion, as a result of efforts by the entire Group to strengthen its marketing capabilities. Thanks to these efforts, the Bank has posted both record recurring income and record net income.

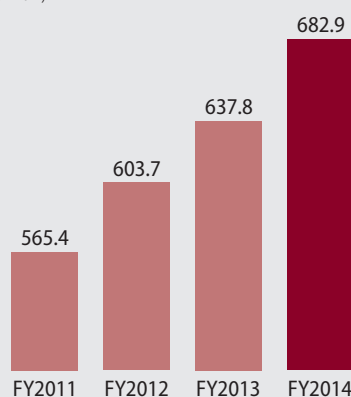
Deposits including negotiable deposits (non-consolidated)

(¥ billion)



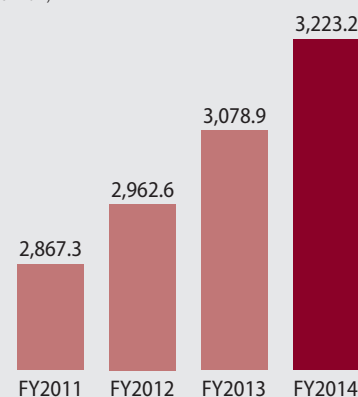
Assets in custody (non-consolidated)

(¥ billion)



Loans (non-consolidated)

(¥ billion)



Return to Shareholders

The Bank's basic policy is to continuously pay stable dividends to all shareholders. In fact, over the 45 years since its listing on the Tokyo Stock Exchange in 1969, the Bank has continuously paid out stable dividends, despite major changes in all aspects of the surrounding environment.

In the fiscal year ended March 31, 2015, we decided to pay a year-end dividend of ¥40 per share (an annual dividend of ¥80 per share) in order to repay the constant support we receive from all of our shareholders. The shareholders' return ratio in fiscal 2014 was 24.8%.

ROE

The consolidated return on equity (ROE) was 5.7% on a 5-year average, and the non-consolidated ROE was 5.2%.

Aiming to be the Region's Number One Bank

The environment surrounding the Bank is changing significantly, and going forward the competition with other banks and business formats is predicted to intensify further. Entering the final year of our medium-term management plan "MVP 1/3 (Musashino Value-making Plan)," we will establish a competitive management structure under which directors and employees unite to achieve this plan by carrying out a variety of measures with a sense of urgency, and under which initiatives are implemented to promote women's careers and improve customer satisfaction, thereby enhancing our earnings capabilities and further improving our financial position.

In our role as a regional financial institution in Saitama Prefecture, we recognize that one of the most important issues is in the area of overcoming population decline and vitalizing local economies in Japan. In this context, the Bank has strengthened its cooperation with local government and NPO organizations, and educational institutions and the like, and is proactively working at solving a wide variety of regional issues.

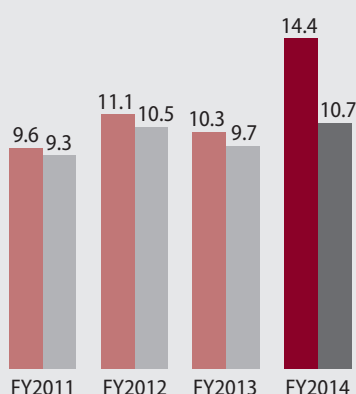
Going forward, we will continue to make the utmost efforts to meet the trust and expectations of all our stakeholders, centered on customers, shareholders and regional communities, as we aspire to become "the region's number one bank." As we work toward achieving our goal, we kindly request your continued support and understanding.

Kikuo Kato
President



Net income

(¥ billion)



■ Consolidated
■ Non-consolidated

Dividend payout ratio and annual dividend

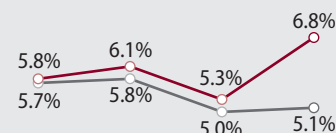
	FY2011	FY2012	FY2013	FY2014
Dividend payout ratio (%)	25.27	22.46	25.79	24.84
Annual dividend (Yen)	70	70	75	80

Shareholders return ratio

	FY2011	FY2012	FY2013	FY2014
Shareholders return ratio (%)	25.2	31.4	25.7	24.8

ROE

Consolidated ROE:
5.7% for 5-year average



Non-consolidated ROE:
5.2% for 5-year average

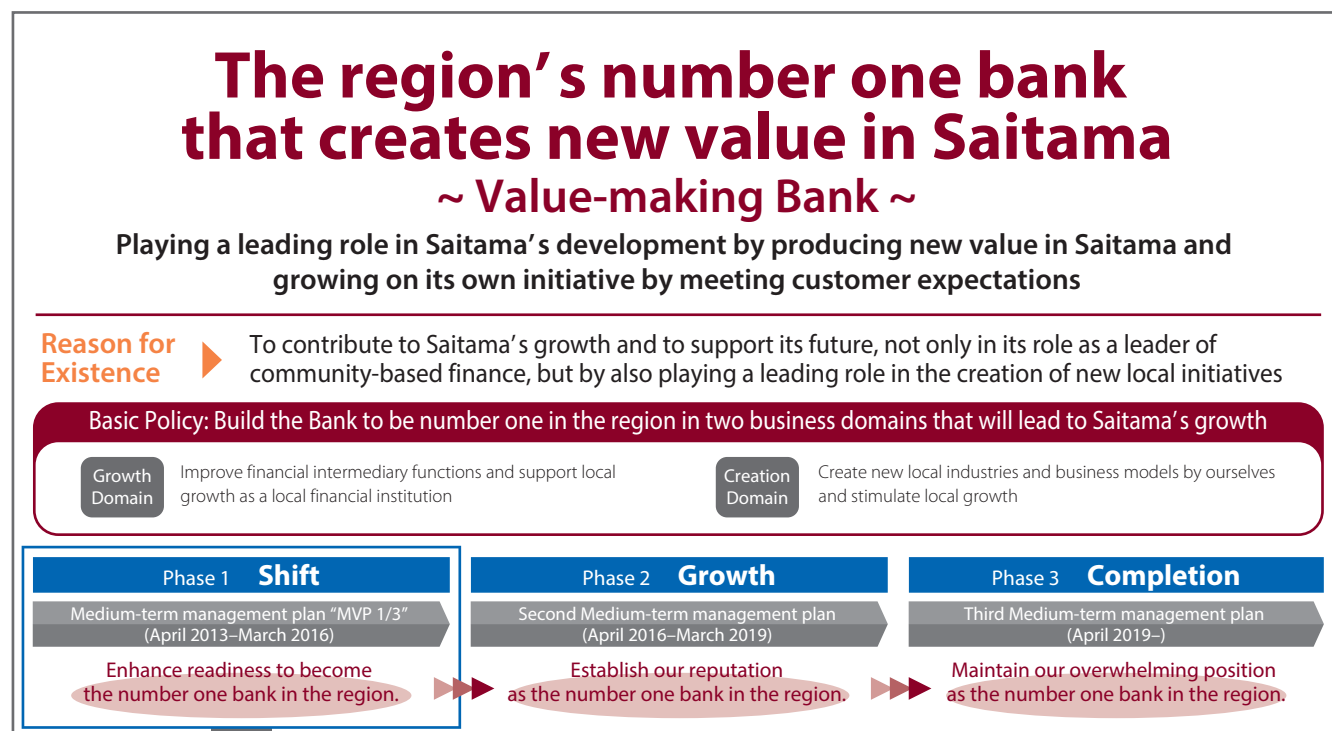
FY2011 FY2012 FY2013 FY2014

—○— Consolidated
—○— Non-consolidated

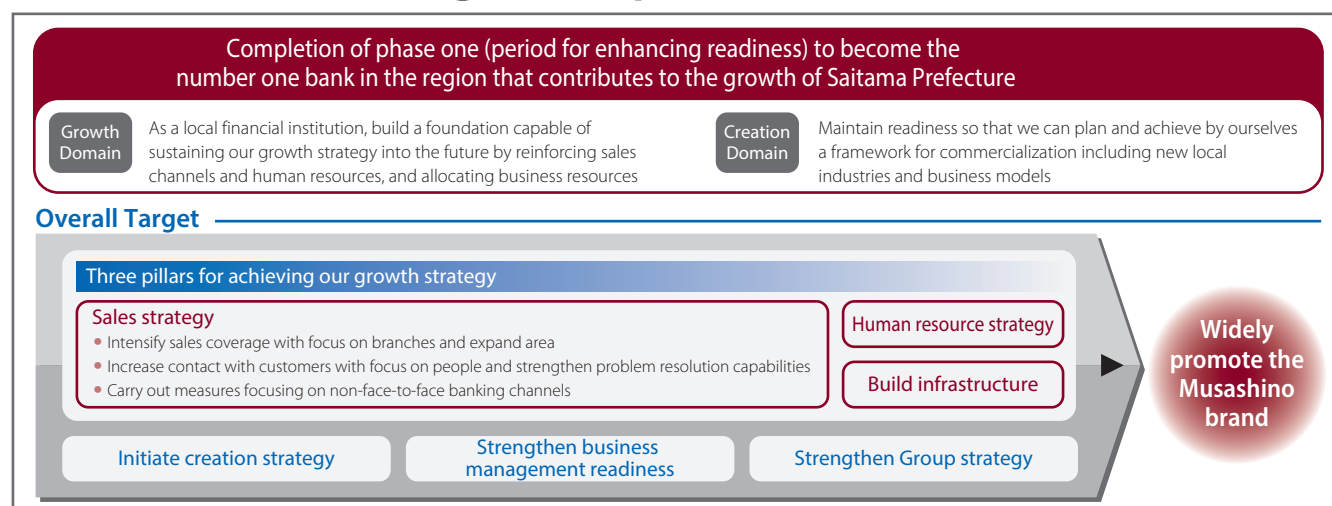
■ Long-term Vision/Medium-term Management Plan

The Bank formulated a long-term vision aiming 10 years into the future to become the region's number one bank that creates new value in Saitama. To achieve this vision, the Bank started the medium-term management plan "MVP 1/3," in April 2013, built a stable operating base and branch network, and strengthened its management structure.

Long-term Vision "MVP (Musashino Value-making Plan)"



Medium-term management plan "MVP 1/3": April 2013 – March 2016



● Target figures

Item	Fiscal 2016 target
Balance of deposits (year-end) *Includes balance of assets in custody	¥5,000.0 billion
Balance of loans (year-end)	¥3,500.0 billion
Net income	¥10.0 billion
Core OHR	Less than 68%
Capital ratio (Basel II Standard at the time of announcement of the Management Plan)	10% or more

Basic Stance

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.

Two outside directors and three outside auditors who pose no threat of conflicts of interest with shareholders were elected in June 2015, and they 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.

Also, the Bank has adopted an executive officer system in order to reduce the number of directors and to ensure a speedier decision-making process. Directors delegate

authority to executive officers, who are charged with the responsibility of swiftly and efficiently carrying out their duties as leaders of the Bank's mainstay divisions.

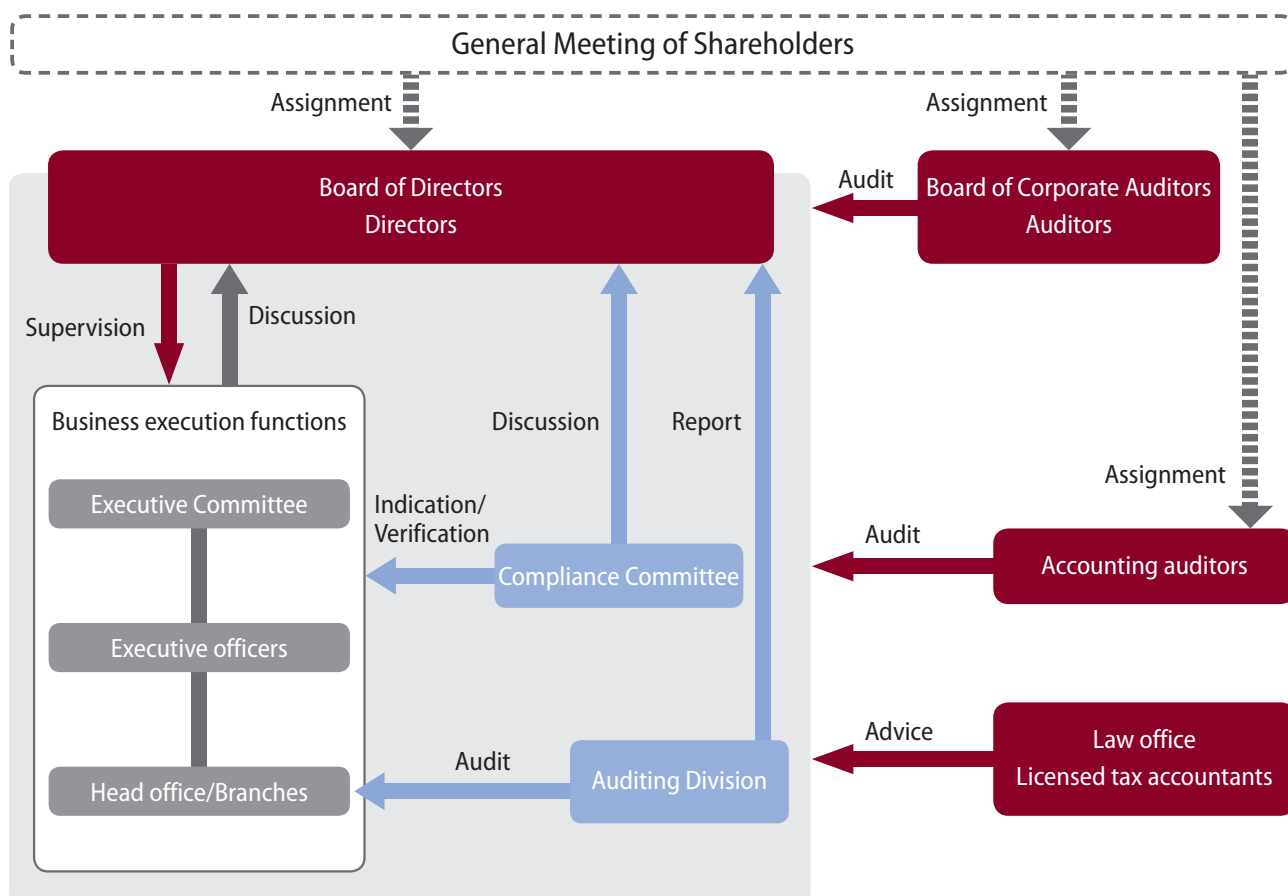
The Bank has made efforts to prepare a structure that takes into account the five basic principles of corporate governance that we started to apply in June 2015. This structure has been designed to bring about a more effective system of corporate governance.

Corporate Governance Structure

The Board of Directors is positioned as the ultimate decision-making body of the Bank. While strictly adhering to the Bank's variety of in-house rules and regulations, the introduction of an executive officer system allows the Bank to separate and clarify the management and business execution functions. A structure has therefore been put in place to allow directors and executive officers to go about their assigned duties and responsibilities.

Musashino Bank's management decision-making, business execution and oversight structure is presented as follows.

Corporate Governance Structure



Risk Management Policy

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

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

Management Structure by Type of Risk

(1) Comprehensive Risk Management

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

(2) Credit Risk Management

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

(3) Market Risk Management

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

(4) Liquidity Risk Management

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

(5) Operational Risk Management

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

Crisis Management / BCP Structure

Because bank services such as deposits and foreign exchange are services that are highly beneficial to society and the public, banks are strongly called on to ensure business continuity as a social responsibility they must fulfill, and this is recognized as an important management issue. As a regional financial institution with its operational base in Saitama Prefecture, Musashino Bank has established a Business Continuity Plan (BCP) as part of its contingency planning to ensure operations will continue in the case of events that are likely to have a major impact on business, such as large-scale earthquakes, system faults and pandemic influenza. The Bank has compiled manuals that establish concrete codes of behavior and countermeasures, and is working to ensure that all employees are thoroughly familiar with business continuity management measures to apply during emergencies. The Bank carries out drills to train its employees in how to deal with emergencies such as large-scale earthquakes and damage to account-related systems. Systematic training like this enables the Bank to improve its BCP by enhancing its effectiveness and rectifying problems that emerge during drills.



Holding systematic training

Compliance Framework

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

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

Basic Compliance Policy

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

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

Compliance Management Structure

The Legal Affairs Office of the Risk Management Division serves as the compliance management department for the Bank. This Office undertakes the uniform management of all legal issues relating to compliance while providing instructions based on investigation and research. At the same time, the Office coordinates with officers responsible for legal compliance appointed to all branches while working to strengthen the compliance structure.

Regular meetings are held with the officers responsible for legal compliance appointed to each branch in order to improve the level of compliance through the sharing of information and training and also, meetings are held each month with the officers responsible for legal compliance in the head

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

In addition to the aforementioned, periodic compliance checks are undertaken at each branch by the officers responsible for legal compliance. In this manner, the Bank has put in place a mechanism that is capable of grasping the status of daily compliance management. Furthermore, Musashino Bank has established the Compliance Committee with the president of the bank serving as the chairperson, which serves as the organization that checks the status of compliance on a Bank-wide basis while considering any and all other important matters through regularly held meetings.

In addition, the committee evaluates and checks on the progress and implementation status of the "Compliance Program" approved by the Board of Directors.

Compliance Manual

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

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

Elimination of Anti-Social Forces

The Bank has stipulated the elimination of anti-social forces as a basic policy and is working toward blocking all relationships with anti-social forces. Furthermore, in accordance with the basic policy we have established a manual which stipulates our specific initiatives for blocking relationships with anti-social forces, and we are endeavoring to educate the bank employees about this issue through training and other measures.

■ Operational Base of Saitama Prefecture

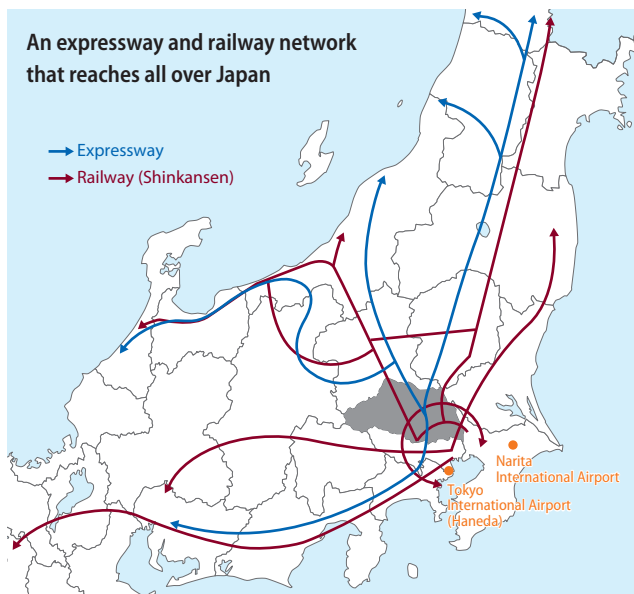
Well-developed Expressway and Railway Networks

Saitama Prefecture is located in the heart of the huge market comprising the Tokyo metropolitan area, in which lives one-third (approximately 40 million people) of the population of Japan. The prefecture also contains well-developed and advanced expressway and railway networks.

Saitama is well-positioned as a transportation hub, with the Kan'etsu, Tohoku, and Joban expressways traversing north to south, and the Tokyo Gaikan Expressway and the Metropolitan Inter-City Expressway (Ken-O-do) traversing east to west. This network of expressways provides convenient access to the two gateways to the skies of Narita and Haneda airports, and also to the Chubu and Kansai regions.

As for railways, with our head office based in Omiya, the Bank is directly connected to major cities via the Tohoku, Akita, Yamagata, and Joetsu Shinkansen (bullet train) network.

In March 2015, the Hokuriku Shinkansen (between Tokyo and Kanazawa) commenced operations, and the Ueno-Tokyo Line also opened.



A Favorable Climate and Topography

Located on the borders of Tokyo and six prefectures, Saitama Prefecture is an inland prefecture on the Kanto Plain, and all parts are less than 100 km from central Tokyo.

Saitama Prefecture covers 3,798 square kilometers and accounts for around 1% of Japan's land area. The area of prefectural land covered by mountains is less than the national average, while the area of lowlands and tableland is greater. Rivers account for 3.90% of the prefecture's area, the highest figure for a prefecture in the country.

It is very comfortable to live in because it has more clear days annually than anywhere else in Japan, and has few natural disasters.

Fifth Largest Prefecture by Population

The population of Saitama Prefecture continues to increase every year. In April 2015 the population had reached 7,240,000, making Saitama the fifth largest prefecture in Japan.

Moreover, the percentage of working-age people (aged 15 to 64) was 66.1% in 2012, and this figure was the third highest prefectural percentage in Japan. Conversely, the percentage of people aged 65 or older was 20.6% in 2012, and this was the fifth lowest figure in Japan. In other words, Saitama Prefecture is one of the youngest and most vigorous prefectures in the country.

Concentration of Universities and Research Institutes

More than 250 research institutes and 61 college campuses are located in Saitama Prefecture.

Collection of Diverse Manufacturing Industries

Fifth Largest Economy in Japan

Saitama Prefecture is home to about 250,000 companies. Total prefectural production is about ¥20 trillion, making it the fifth largest prefectural economy in Japan.

Saitama Prefecture has a diversity of local industries with the automotive-related industry at its core. (For example, molds and castings are produced in Kawaguchi City, and optical equipment in Saitama City.)

Record High Number of Companies Attracted in Fiscal 2014

Saitama is continuously encouraging companies to establish operations within the prefecture as part the "Chancemaker Saitama Strategy" initiative. In fiscal 2014, we achieved the record of having attracted an additional 88 companies in one year. Furthermore, the prefecture has cumulatively attracted about 800 companies in the 10 years from 2005.

Over the past 10 years, Saitama Prefecture has also welcomed an extra large number of companies from other parts of Japan, and the prefectural figure of an increase of 1,324 companies is the highest in Japan.

It seems likely that this influx of companies will continue in the future, mainly due to the well-developed and advanced transportation infrastructure and the favorable topography that results in few natural disasters occurring. In a survey regarding where companies would like to locate a new plant, Saitama Prefecture was ranked third after "overseas" and "Aichi Prefecture."

Contributing to the Local Economy

Deposits* from the Region

As of March 31, 2015, deposits* from the region increased ¥143.2 billion year on year to ¥3,811.1 billion yen. The ratio of deposits* from the region continued to be high, at 99.34% of the total balance of deposits. Accordingly, the Bank's share of deposits* within the prefecture as of March 31, 2015 rose 0.17 of a percentage point to 13.78%.

* Deposits exclude negotiable deposits.

Assets in Custody from the Region

As of March 31, 2015, assets in custody from the region increased ¥42.5 billion year on year to ¥679.8 billion. The breakdown comprises investment trusts of ¥157.2 billion (up ¥29.2 billion), life insurance of ¥401.2 billion (up ¥49.8 billion), and government bonds and other assets of ¥121.4 billion (down ¥36.5 billion).

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

Loans to the Region

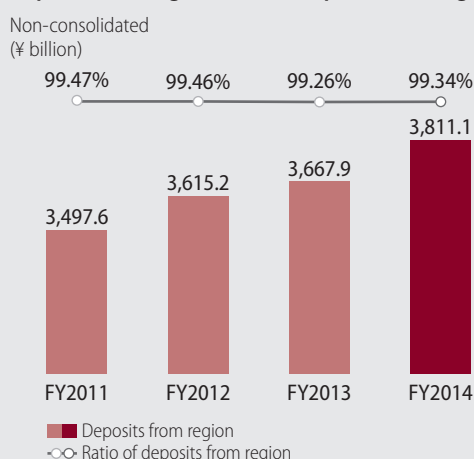
Loans to the region as of March 31, 2015 rose ¥101.8 billion to ¥2,778.3 billion, thereby maintaining a high loan to the region ratio of 86.19%. The Bank's share of loans in the prefecture improved 0.14 of a percentage point to 18.61%.

Towards a Sounder Financial Position

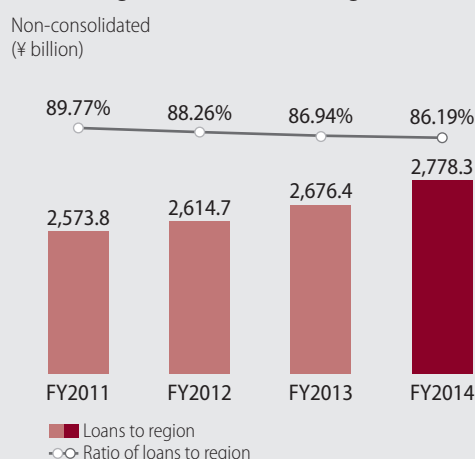
The Bank is strengthening its capital adequacy and reducing nonperforming loans (NPL). The Bank has maintained a consolidated and non-consolidated capital adequacy ratio (Basel III domestic standard) of 10.32% and 10.08%, respectively, so we have continued to maintain a very sound financial position.

The Bank's non-performing loan ratio based on standards established by the Financial Reconstruction Act, declined by 0.90 of a percentage point to 2.21%.

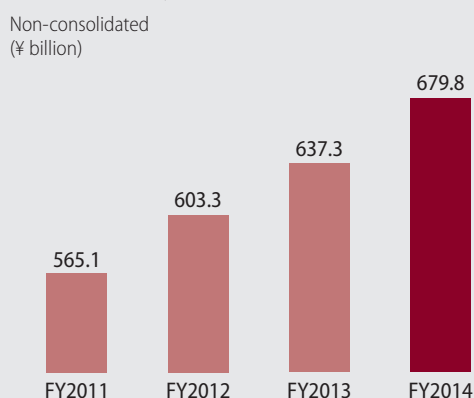
Deposits from region/Ratio of deposits from region



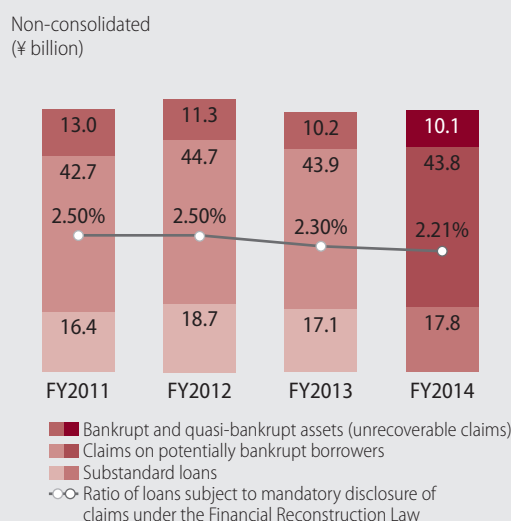
Loans to region/Ratio of loans to region



Assets in custody from region



Non-performing loans

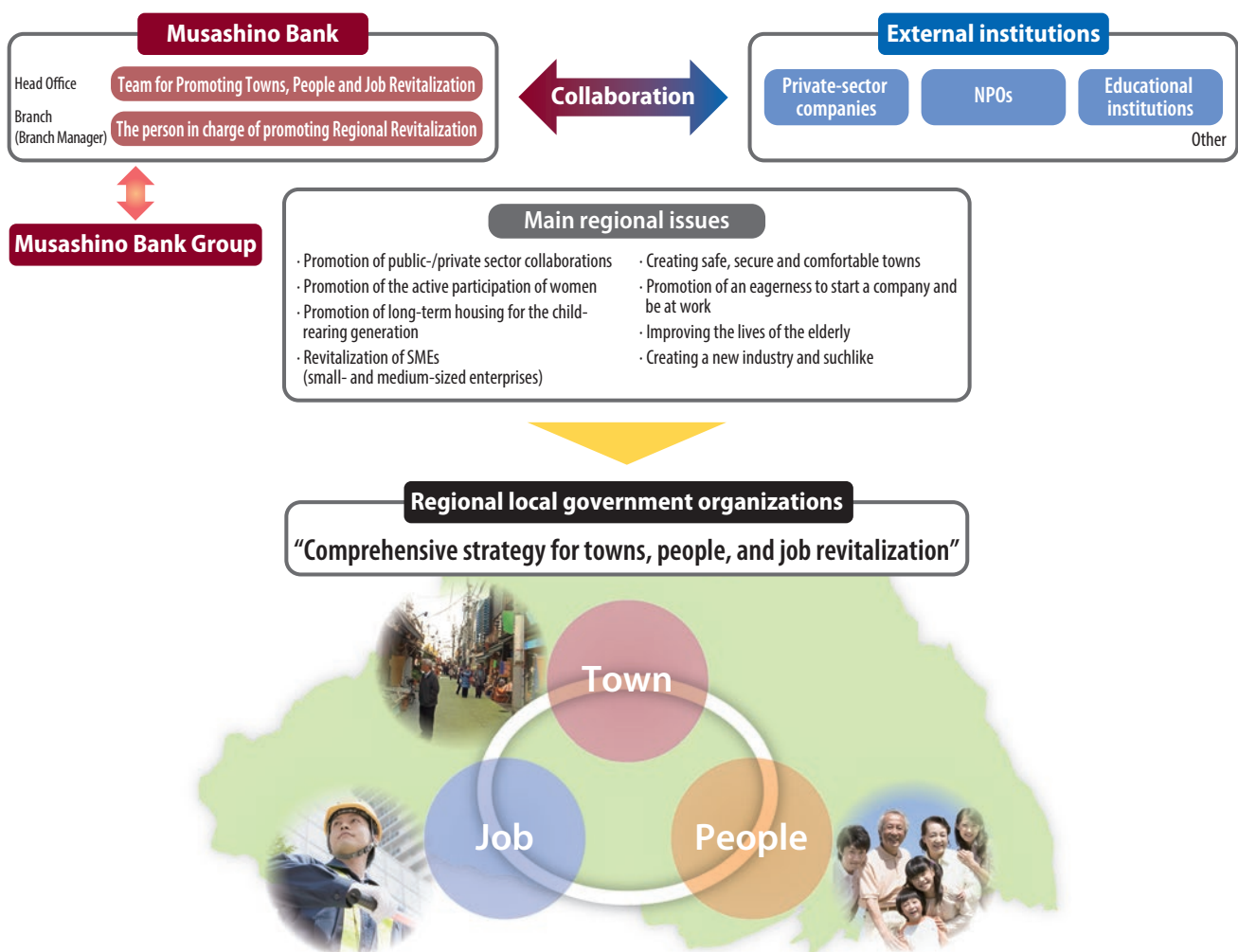


■ Measures and Support for Regional Revitalization

Promotion Structure

In April 2015, the Bank established the “Team for Promoting Towns, People and Job Revitalization” at the head office in order to formulate and support the promotion of the Regional Comprehensive Strategy being undertaken by local government organizations involved with the government’s “comprehensive strategy for towns, people, and job revitalization.” The Bank assigned all branch managers to be “the person in charge of promoting Regional Revitalization,” and built a structure for promoting Regional Revitalization throughout the Bank.

The Bank had already commenced collaborating and working with local government organizations before this collaboration in formulating the Regional Comprehensive Strategy. Looking ahead, as a regional financial institution, the Bank recognizes these initiatives for Regional Community Revitalization to be one of the most important tasks. Consequently, we are one participant in regional creation and have a policy of proactively collaborating with private-sector companies, NPOs, educational institutions and other bodies based on the relevant administrative policies to solve a variety of regional issues and to create regional value.



Establishment of Musashino Fund to Promote Regional Revitalization

In August 2015, the Bank established the Musashino Fund to Promote Regional Revitalization, a total of ¥500 million, together with Bugin Capital Co., Ltd.

This fund targets investment in the stocks of companies at

the founding and startup phases, and companies engaged in such fields as medical and welfare, agriculture, the environment and tourism, where further growth is anticipated. By supporting growth in such a thorough manner, the Bank is contributing to a positive cycle of the revitalization of towns, people and jobs.

■ Initiatives Related to Revitalization of the Region

Conclusion of a Comprehensive Partnership Agreement with Saitama Prefecture

In October 2013 we became the first financial institution in the prefecture to conclude a Comprehensive Partnership Agreement with Saitama Prefecture. There are 16 areas of collaboration, and the agreement has been designed to resolve a variety of regional issues.

Since fiscal 2014, together with various employees of Saitama Prefecture, municipalities, private-sector companies, NPOs, universities and elsewhere, the Bank has been engaged in research into how to solve some issues related to Saitama Prefecture. Against the backdrop of a declining population, we are also working to improve the housing services with which local government organizations are involved, to improve public services that utilize PPP and PFI schemes for such matters as the maintenance and administration of public facilities, and to support the creation of private-sector business opportunities.



Conducting joint research into policy issues



A PPP/PFI study group engaged in research activities

Moreover, with the aim of strengthening support for NPOs that are important in creating mutual assistance communities in the region, in July 2014 the Bank concluded an agreement with Saitama Prefecture in which we committed ourselves to cooperate in the creation of mutual-help communities, and started offering the loan product “Musashino NPO Support Loan” targeting NPO organizations.



The Bank concluded an agreement with Saitama Prefecture in which we committed ourselves to cooperate in the creation of mutual-help communities

Conclusion of a Comprehensive Cooperation Agreement with Tsurugashima City

In December 2014, the Bank concluded a Comprehensive Partnership Agreement covering 11 fields with Tsurugashima City, designed to improve services to all citizens and to enhance cooperation as regards regional invigoration.

In January 2015, the Bank held a symposium on the theme of supporting working women, and followed this in February 2015 by holding a seminar on the topics of encouraging women to start up new companies and continuing support for women. Moreover, in April 2015, the Bank started to offer the Tsurugashima City Housing Loan designed to support long-term housing for employees of companies that have expanded their business into Tsurugashima City and others of the child-rearing generation.



Symposium on the theme of supporting working women

■ Nurturing Growth Fields

Activities in the Medical and Welfare Field

Against the backdrop of the rapid increase in elderly people in Saitama Prefecture, various large medical and nursing care facilities are being developed, and these markets are expected to expand further in the future.

The Bank is responding to a wide variety of needs in this area by developing proactive activities conducted by a specialist team, who develop support for business operators and match the medical and nursing care facilities.

Since April 2015 the Bank has been assigning “a leader to promote medical and welfare fields” at all branches, and developing relevant activities in cooperation with Head Office.

In February 2014, the Bank became the first financial institution in the Kanto region to conclude a co-financing agreement with the Japan Housing Finance Agency in the housing funding support field as regards financing the construction of shared-style serviced housing for elderly people.



Training session for leaders who will promote medical and welfare fields

Activities in the Agricultural Field

Saitama Prefecture is an agricultural production area within the large region of consumers known as Greater Tokyo. Accordingly, the prefecture conducts agricultural production that is considered top class nationwide, and the number of agricultural enterprises along with the number of people involved in new agricultural ventures, are steadily increasing.

The Bank supports agricultural-related businesses, especially through its agricultural team, and provides the Bugin Agricultural Management Course in order to support management reorganization. The Bank is also proactively engaged in business matching as a support for expanding sales channels.



Bugin Agricultural Management Course

Activities in the *Kankyo* (Environment) Field

Saitama Prefecture is blessed by a good climate and good terrain, and consequently is developing mega-solar and other renewable energy businesses in various locations.

The Bank offers a loan product that supports companies involved in solar power generation, and we also handle a loan product that supports the founding of environmentally-friendly businesses.

Activities in the *Kanko* (Tourism) Field

Nationwide, efforts are being made to attract foreign tourists, and 2020 will see the holding of the Tokyo Olympics and Paralympics. Like the rest of Japan, Saitama Prefecture has sizeable hopes about the establishment of a significant tourism industry.

The Bank is working on invigorating tourism in Saitama through an industry-academia collaboration with Rikkyo University and other measures.

■ Providing SME Management Assistance

Policy Initiatives

Under its Corporate Philosophy, the Bank strives to work in harmony with the local community while maintaining a deep respect toward customers. On this basis, the Bank's duty is to promote regional-oriented financing, and we implement this in practice by providing a smooth flow of funding to customers while also offering management support.

Against the backdrop of significant changes in the economic environment and elsewhere, we are seeing increasing societal demands for smooth flows of funding. In order to align ourselves with our customers' growth stages and to respond even more appropriately and in more detail, we have established a basic policy and are moving ahead in an organized and continuous manner with a variety of initiatives that offer management support to customers.

Status of Support Structures

The Bank provides solutions for general management issues that customers face during their growth stages, and provides finely tuned responses by leveraging its consulting functions while collaborating with external institutions as needed.

Offering a Variety of Financing Methods

In collaboration with Saitama Prefecture, various municipalities, Saitama Prefecture Credit Guarantee Corporation and others, the Bank has responded to the needs of its client companies and expanded its financing program lineup.

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

Support for Founding Businesses and New Businesses

The Bank recognizes that to contribute to the sustained development of the regional economy it is

indispensable for it to participate in founding businesses and in new businesses, in a flexible, active and continuous manner. Consequently, in October 2014 we created a "support team for founding businesses and new businesses" in Head Office. In addition to collaborating with external entities and offering financing-oriented support, we offer wide-ranging support that includes formulating business plans, providing a variety of subsidy information, and holding seminars.

Support for Solving Various Issues by Utilizing Information

In line with expanding the Bank's consulting activities for its client companies, in April 2014 we established the Information Center in Head Office. We are significantly expanding our business volume and started the full-fledged operation of an information business. The Information Center mainly collects business matching information, information related to real estate, and a variety of regional information in order to respond to our clients' needs to expand their sales channels, develop markets, form technological collaborations, and open offices and build new plants. All this information that the Information Center disseminates is providing useful support to solve various business management issues.

Strengthening Loans that Prioritize Viability Assessments

The Bank does not rely excessively on financial data, collateral and guarantees—it is strengthening its loans that prioritize the making of business viability assessments that appropriately evaluate such qualitative aspects as the business details and growth possibilities of client companies. In December 2014, the Bank commenced the Musashino SME Active Fund, and promoted this loan product, especially by conducting detailed interviews with corporate customers on a one-to-one basis.

Support for Overseas Expansion

We are also proactively assisting our corporate customers to expand business overseas. As of the end of March 2015, we had offered support in approximately 30 cases of companies expanding overseas, mainly to such ASEAN countries as Thailand, Vietnam, and Indonesia. Furthermore, in April 2014, we assigned employees to the KASIKORNBANK in Thailand to locally and directly handle consultations from companies that have already started doing their business in Thailand.

In addition to Thailand, we have formed business alliances with leading regional banks in Indonesia, India, the Philippines, and Vietnam, and we are providing various forms of assistance, including opening accounts and providing local information.

In addition, we are utilizing government measures to actively help our clients enter overseas markets and develop their businesses overseas.



New Business Creation Seminar

Corporate Social Responsibility

Improving CS

The Bank is strengthening its initiatives for improving customer satisfaction (“CS”) to satisfy customers in a manner that exceeds their expectations, in line with our aim of becoming the Bank that is chosen first of all by customers



Studded paving blocks (to aid the blind)

in the region. In April 2015, we established the CS Promotion Office, and it is now carrying out these CS measures in coordination with Head Office and branch offices.

We are continuing to enhance our branch facilities and making them barrier-free so that our customers can use the branches with greater peace of mind and greater comfort.

Support for Children, the Bearers of the Future



Children getting an experience of work at a study-occupations seminar



A soccer class

To support our region's children who are the bearers of the future, the Bank actively provides these children with opportunities to study the role of money and how banking works.

To promote local culture and the arts, the Musashino Bank has been holding concerts by professional violinists in music rooms and other locations at elementary schools since fiscal 2009. By June 2015 approximately 2,400 children from 22 schools had attended these concerts.

To promote sports, the Musashino Bank concluded an official sponsor agreement with J-League (a Japanese soccer league) club OMIYA ARDIJA and we also held soccer and baseball classes for which we invited former players from the Saitama Seibu Lions to be the coaches and invited local boys baseball teams to attend.

Protecting our Natural Environment

In order to protect the irreplaceable natural environment of Saitama Prefecture, the Bank is engaged in environmentally-friendly construction of new branches and renovations of existing branches, for example by using environmental products, and introducing LED lighting and wall greening. Musashino Bank donates to the Saitama Green Trust Fund, which was established to appropriate funds to bankroll the expenses required to protect the prefecture's natural environment. Furthermore, The Musashino Green Fund, a charitable trust, has made financial donations to organizations that are actively involved in programs to protect and create the natural environment of Saitama Prefecture.

The Bank also focuses on educating employees about biodiversity and environmental conservation and protection.



New Bank employees and trainees remove alien plants at the Mitsumata-numa Biotope

Building a Workplace in which Diverse Human Resources can be Successful

The Bank strives to nurture and train its employees through work so that they themselves can grow, and contribute to the development of the Saitama region.

We are also actively promoting every employee who has been impartially evaluated as being motivated and talented, regardless of their age and gender, to a variety of fields and posts.

Furthermore, the Bank is working to enable all employees to fulfil their roles in their family life (work-life balance), and to build a workplace where employees can actively work for many years in good health.

Consolidated Balance Sheets

The Musashino Bank, Ltd. and Consolidated Subsidiaries As of March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars*
	2015	2014	2015
Assets			
Cash and due from banks	¥ 196,684	¥ 150,996	\$ 1,636,719
Call loans and bills bought	5,000	10,000	41,607
Debt purchased	11,613	5,959	96,641
Trading securities	138	32	1,148
Money held in trust	1,500	1,500	12,482
Investment securities	748,068	772,365	6,225,083
Loans and bills discounted	3,210,605	3,066,023	26,717,194
Foreign exchange assets	2,005	3,320	16,688
Lease receivables and investment assets	17,992	16,319	149,725
Other assets	20,283	19,917	168,791
Property, plant and equipment	37,162	37,049	309,250
Intangible fixed assets	2,942	2,902	24,488
Net defined benefit assets	9,466	1,164	78,774
Deferred tax assets	1,379	1,658	11,480
Customers' liabilities for acceptances and guarantees	8,141	8,566	67,751
Allowance for loans losses	(15,922)	(17,977)	(132,495)
Total assets	¥4,257,062	¥4,079,797	\$35,425,331
Liabilities			
Deposits, including negotiable certificates of deposit	¥3,930,283	¥3,780,337	\$32,706,028
Call money and bills sold	—	926	—
Borrowed money	17,586	24,954	146,350
Foreign exchange liabilities	342	177	2,850
Corporate bonds	25,000	25,000	208,038
Other liabilities	24,458	24,026	203,532
Provision for bonuses	1,228	1,218	10,220
Provision for directors' bonuses	10	10	91
Net defined benefit liability	5,803	5,211	48,291
Provision for loss on interest repayment	85	89	711
Provision for reimbursement of deposits	474	384	3,950
Provision for point loyalty programs	68	63	570
Provision for other contingent losses	536	612	4,460
Deferred tax liabilities	9,214	543	76,678
Deferred tax liabilities for land revaluation	4,449	4,910	37,029
Acceptances and guarantees	8,141	8,566	67,751
Total liabilities	¥4,027,684	¥3,877,031	\$33,516,557
Net assets			
Capital stock	¥ 45,743	¥ 45,743	\$ 380,660
Capital surplus	38,351	38,351	319,141
Retained earnings	104,042	89,584	865,790
Treasury stock	(802)	(819)	(6,677)
Total shareholders' equity	187,334	172,859	1,558,915
Valuation difference on available-for-sale securities	32,976	18,460	274,413
Deferred gains or losses on hedges	(1,190)	(999)	(9,907)
Revaluation reserve for land	8,064	7,603	67,105
Remeasurements of defined benefit plans	1,073	(924)	8,929
Total accumulated other comprehensive income	40,922	24,140	340,540
Subscription rights to shares	58	57	484
Minority interests	1,061	5,708	8,834
Total net assets	229,377	202,766	1,908,774
Total liabilities and net assets	¥4,257,062	¥4,079,797	\$35,425,331

* U.S. dollar figures have been translated at the rate ¥120.17 to U.S.\$1, the prevailing market rate as of March 31, 2015.

Consolidated Statements of Income and Comprehensive Income

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2015 and 2014

Consolidated Statements of Income	Millions of Yen		Thousands of U.S. Dollars*
	2015	2014	2015
Income			
Interest income:			
Interest on loans and discounts	¥39,932	¥42,215	\$332,298
Interest and dividends on securities	7,363	7,724	61,279
Other interest income	219	258	1,829
Fees and commissions	11,846	10,765	98,582
Other operating income	3,708	3,246	30,859
Other income	15,666	12,709	130,369
Total income	78,737	76,919	655,220
Expenses			
Interest expenses:			
Interest on deposits	1,860	1,997	15,479
Interest on borrowings and rediscounts	242	256	2,016
Other interest expenses	966	1,027	8,043
Fees and commissions	4,618	4,482	38,432
Other operating expenses	1,267	1,536	10,545
General and administrative expenses	37,751	38,445	314,153
Other expenses	9,939	10,409	82,710
Total expenses	56,645	58,155	471,380
Income before income taxes	22,091	18,763	183,839
Income taxes			
Current	5,626	5,529	46,822
Deferred	1,619	2,416	13,474
	7,245	7,946	60,297
Minority interests	378	502	3,148
Net income for year	¥14,467	¥10,315	\$120,394
Net income per share (yen and U.S. dollars)	¥431.44	¥307.66	\$ 3.59

* U.S. dollar figures have been translated at the rate ¥120.17 to U.S.\$1, the prevailing market rate as of March 31, 2015.

Consolidated Statements of Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars*
	2015	2014	2015
Income before minority interests	¥14,846	¥10,817	\$123,542
Other comprehensive income:			
Net unrealized losses on securities	14,572	295	121,263
Unrealized gains on hedging derivatives	(191)	424	(1,593)
Reversal of revaluation reserve for land	460	—	3,834
Remeasurements of defined benefit plans	1,997	—	16,619
Total other comprehensive income	16,838	719	140,124
Comprehensive income	¥31,684	¥11,537	\$263,667
Comprehensive income attributable to:			
Shareholders of the Company	¥31,250	¥10,997	\$260,052
Minority interests	434	539	3,614

* U.S. dollar figures have been translated at the rate ¥120.17 to U.S.\$1, the prevailing market rate as of March 31, 2015.

Consolidated Statements of Changes in Net Assets

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2015 and 2014

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2013	¥45,743	¥38,351	¥ 81,735	¥(816)	¥165,013
Changes during the accounting period:					
Cash dividends.....			(2,514)		(2,514)
Net income			10,315		10,315
Purchases of treasury stock				(11)	(11)
Disposition of treasury stock		(2)		8	6
Write-off from land revaluation excess			49		49
Transfer to capital surplus from retained earnings		2	(2)		—
Net changes in items other than shareholders' equity ..					
Total changes during the accounting period.....	—	—	7,848	(2)	7,846
Balance as of March 31, 2014	45,743	38,351	89,584	(819)	172,859
Cumulative effect of accounting change			2,677		2,677
Balance as of April 1, 2014 (as restated)	45,743	38,351	92,261	(819)	175,537
Changes during the accounting period:					
Cash dividends.....			(2,682)		(2,682)
Net income			14,467		14,467
Purchases of treasury stock				(12)	(12)
Disposition of treasury stock		(4)		29	24
Transfer to capital surplus from retained earnings		4	(4)		—
Net changes in items other than shareholders' equity ..					
Total changes during the accounting period.....	—	—	11,780	16	11,797
Balance as of March 31, 2015	¥45,743	¥38,351	¥104,042	¥(802)	¥187,334

	Millions of yen							
	Accumulated other comprehensive income							
	Unrealized gain on available-for-sale securities	Deferred loss under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Share warrant	Minority interests	Total net assets
Balance as of March 31, 2013	¥18,202	¥(1,423)	¥7,653	¥ —	¥24,431	¥37	¥ 5,172	¥194,654
Changes during the accounting period:								
Cash dividends.....								(2,514)
Net income								10,315
Purchases of treasury stock								(11)
Disposition of treasury stock								6
Write-off from land revaluation excess								49
Transfer to capital surplus from retained earnings								—
Net changes in items other than shareholders' equity ...	257	424	(49)	(924)	(291)	20	536	264
Total changes during the accounting period.....	257	424	(49)	(924)	(291)	20	536	8,111
Balance as of March 31, 2014	18,460	(999)	7,603	(924)	24,140	57	5,708	202,766
Cumulative effect of accounting change								2,677
Balance as of April 1, 2014 (as restated)	18,460	(999)	7,603	(924)	24,140	57	5,708	205,443
Changes during the accounting period:								
Cash dividends.....								(2,682)
Net income								14,467
Purchases of treasury stock								(12)
Disposition of treasury stock								24
Transfer to capital surplus from retained earnings								—
Net changes in items other than shareholders' equity ...	14,516	(191)	460	1,997	16,782	0	(4,646)	12,136
Total changes during the accounting period.....	14,516	(191)	460	1,997	16,782	0	(4,646)	23,934
Balance as of March 31, 2015	¥32,976	¥(1,190)	¥8,064	¥1,073	¥40,922	¥58	¥ 1,061	¥229,377

	Thousands of U.S. Dollars*				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2014	\$380,660	\$319,141	\$745,477	\$(6,817)	\$1,438,461
Cumulative effect of accounting change			22,278		22,278
Balance as of April 1, 2014 (as restated)	380,660	319,141	767,756	(6,817)	1,460,739
Changes during the accounting period:					
Cash dividends.....			(22,322)		(22,322)
Net income.....			120,394		120,394
Purchases of treasury stock.....				(101)	(101)
Disposition of treasury stock.....		(36)		242	205
Transfer to capital surplus from retained earnings.....		36	(36)		—
Net changes in items other than shareholders' equity ...					
Total changes during the accounting period.....	—	—	98,034	140	98,175
Balance as of March 31, 2015	\$380,660	\$319,141	\$865,790	\$(6,677)	\$1,558,915

	Thousands of U.S. Dollars*							
	Accumulated other comprehensive income							
	Unrealized gain on available-for-sale securities	Deferred loss under hedge accounting	Land revaluation excess	Remeasurements of defined benefit plans	Accumulated other comprehensive income	Share warrant	Minority interests	Total net assets
Balance as of March 31, 2014	\$153,615	\$(8,314)	\$63,271	\$ (7,690)	\$200,882	\$478	\$ 47,503	\$1,687,326
Cumulative effect of accounting change								22,278
Balance as of April 1, 2014 (as restated)	153,615	(8,314)	63,271	(7,690)	200,882	478	47,503	1,709,605
Changes during the accounting period:								
Cash dividends.....								(22,322)
Net income.....								120,394
Purchases of treasury stock.....								(101)
Disposition of treasury stock.....								205
Transfer to capital surplus from retained earnings.....								—
Net changes in items other than shareholders' equity ...	120,797	(1,593)	3,834	16,619	139,658	5	(38,669)	100,994
Total changes during the accounting period.....	120,797	(1,593)	3,834	16,619	139,658	5	(38,669)	199,169
Balance as of March 31, 2015	\$274,413	\$(9,907)	\$67,105	\$ 8,929	\$340,540	\$484	\$ 8,834	\$1,908,774

* U.S. dollar figures have been translated at the rate ¥120.17 to U.S.\$1, the prevailing market rate as of March 31, 2015.

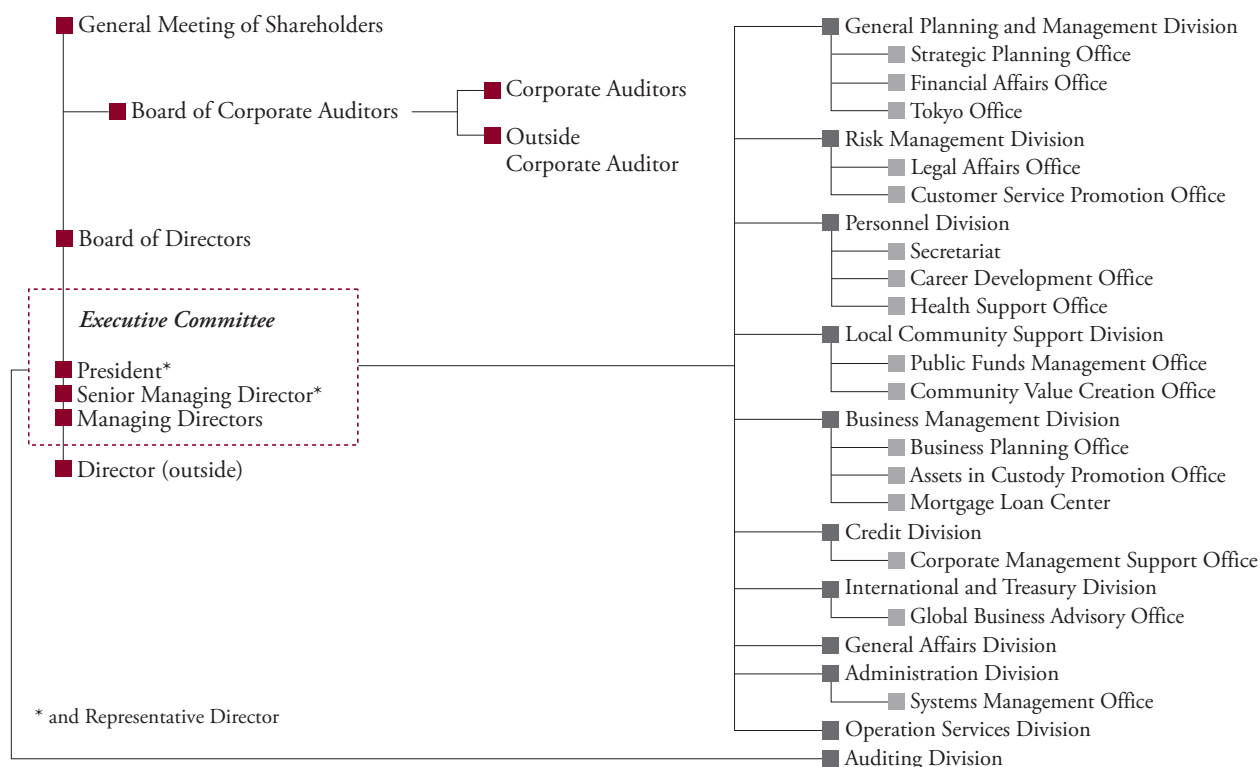
Consolidated Statements of Cash Flows

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2015 and 2014

	Millions of Yen		Thousands of U.S. Dollars*
	2015	2014	2015
Cash flows from operating activities			
Income before income taxes	¥ 22,091	¥ 18,763	\$ 183,839
Depreciation	2,506	2,674	20,857
Impairment losses.....	—	58	—
Amortization of negative goodwill.....	9	18	75
Gain on negative goodwill.....	(2,660)	—	(22,137)
Increase (decrease) in reserve for possible loan losses.....	(2,055)	(1,605)	(17,105)
Increase (decrease) in reserve for employees' bonuses	9	(9)	79
Increase (decrease) in reserve for directors' bonuses.....	0	(2)	1
Decrease (increase) in net defined benefit asset.....	(726)	345	(6,047)
Increase (decrease) in net defined benefit liability	(125)	102	(1,044)
Increase (decrease) in reserve for loss on interest refunded	(3)	(19)	(29)
Increase (decrease) in reserve for reimbursement of dormant deposits....	90	105	754
Increase (decrease) in reserve for point loyalty programs.....	4	2	41
Increase (decrease) in reserve for contingent losses.....	(76)	(97)	(633)
Interest income.....	(47,516)	(50,198)	(395,408)
Interest expenses.....	3,069	3,280	25,539
Loss (gain) on investment securities.....	(1,431)	(1,453)	(11,908)
Loss (gain) on money held in trust	(3)	(13)	(26)
Foreign exchanges loss (gain).....	(4,521)	(312)	(37,628)
Loss (gain) on disposition of fixed assets.....	86	35	718
Net decrease (increase) in trading account securities	(105)	250	(880)
Net decrease (increase) in loans and bills discounted	(144,582)	(115,125)	(1,203,146)
Net increase (decrease) in deposits	144,378	62,996	1,201,450
Net increase (decrease) in negotiable certificate of deposits	5,567	67,830	46,330
Net increase (decrease) in borrowed money (excluding subordinated loans)....	1,632	(842)	13,587
Net decrease (increase) in due from banks (excluding due from the Bank of Japan)	3,049	15,054	25,378
Net decrease (increase) in call loans and others	(653)	(14,414)	(5,438)
Net increase (decrease) in call money	(926)	(14)	(7,708)
Net decrease (increase) in foreign exchange, assets	1,314	(774)	10,942
Net increase (decrease) in foreign exchange, liabilities.....	165	62	1,374
Interest received.....	48,750	52,448	405,676
Interest paid	(3,140)	(3,787)	(26,130)
Other, net.....	(2,197)	(3,191)	(18,286)
Subtotal.....	22,001	32,167	183,087
Income taxes paid.....	(5,052)	(7,420)	(42,040)
Net cash provided by (used in) operating activities	16,949	24,747	141,046
Cash flows from investing activities			
Purchases of securities.....	(337,375)	(319,008)	(2,807,483)
Proceeds from sales of securities.....	274,557	193,026	2,284,739
Proceeds from maturities of securities.....	111,547	79,001	928,250
Increase in money held in trust.....	—	(4)	—
Decrease in money held in trust	0	—	0
Purchases of tangible fixed assets	(1,736)	(2,402)	(14,452)
Proceeds from tangible fixed assets	15	115	132
Purchases of intangible fixed assets	(1,092)	(656)	(9,090)
Payments for execution of asset retirement obligations	(17)	(20)	(147)
Payments for investments in subsidiaries	(2,411)	—	(20,070)
Net cash provided by (used in) investing activities	43,486	(49,949)	361,877
Cash flows from financing activities			
Repayment of subordinated loans.....	(9,000)	—	(74,893)
Issuance of subordinated bonds.....	—	15,000	—
Cash dividends paid	(2,682)	(2,514)	(22,322)
Cash dividends paid to minority shareholders	(3)	(3)	(30)
Purchase of treasury stock.....	(12)	(11)	(101)
Proceeds from sales of treasury stock	0	6	1
Net cash provided by (used in) financing activities.....	(11,698)	12,477	(97,347)
Net increase (decrease) in cash and cash equivalents.....	48,738	(12,725)	405,576
Cash and cash equivalents at beginning of year	125,462	138,187	1,044,039
Cash and cash equivalents at end of year	¥ 174,200	¥ 125,462	\$ 1,449,615

* U.S. dollar figures have been translated at the rate ¥120.17 to U.S.\$1, the prevailing market rate as of March 31, 2015.

Organization Chart (as of July 1, 2015)



Board of Directors, Corporate Auditors and Executive Officers (as of July 1, 2015)

President

Kikuo Kato

Senior Managing Director

Hideo Machida

Managing Directors

Motonobu Nakamura

Koichi Akagi

Kazuya Koyama

Kazumasa Nagahori

Toshiyuki Shirai

Directors

Emi Ishida (outside)

Takeshi Higuchi (outside)

Corporate Auditors

Hidemi Shimizu (standing)

Makoto Ishikawa (standing)

Atsumu Kuroishi (outside)

Tomio Kezuka (outside)

Kenji Tamura (outside)

Managing Executive Officers

Hiromasa Miyazaki

Yuichi Tanaka

Yoshiro Kenmochi

Executive Officers

Takeshi Sekiya

Masahiro Saito

Takafumi Hoshina

Kenji Sakamoto

Masahiko Kato

Isamu Takeuchi

Susumu Kurosawa

Investor Information (as of March 31, 2015)

Common Stock

Authorized: 80,000 thousand shares

Issued: 33,805 thousand shares

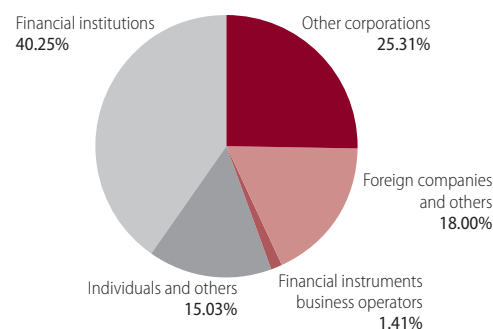
Number of Shareholders: 12,210

Major Shareholders

Name	Number of shares	Shares held as a percentage of total outstanding shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,442,600	7.22
Japan Trustee Services Bank, Ltd. (trust account 4)	1,224,800	3.62
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,218,987	3.60
Musashino Bank Industries Employees' Stockholding Association	778,745	2.30
The Master Trust Bank of Japan, Ltd. (trust account)	767,000	2.26
Meiji Yasuda Life Insurance Company	735,858	2.17
Sumitomo Life Insurance Company	702,900	2.07
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)	580,000	1.71
CBNY-GOVERNMENT OF NORWAY (Standing proxy: Citibank Japan Ltd.)	537,272	1.58
BNP PARIBAS SERVICES LUXEMBOURG/JADEC/ABERDEEN GLOBAL CLIENT ASSETS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	534,900	1.58

* The above figures have been rounded to the second decimal place.

Number of Shares Held by Type of Shareholders



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



The Musashino Bank, Ltd.

10-8, Sakuragi-cho 1-chome, Omiya-ku,

Saitama 330-0854

Phone: +81-48-641-6111

Brand Message

More For You

もっと、街・暮らし・笑顔のために

The Musashino Bank's brand message is "More for You."
The Bank personnel consider "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 implement the
actions of providing everyone with better services and of
contributing to our local communities.
