



Annual Report 2017

Profile

Musashino Bank is the only regional bank whose operational base consists of Saitama Prefecture in the Tokyo metropolitan area. The prefecture lies immediately to the north of Tokyo, and many of its residents commute to work in the capital. Currently, 7.3 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 over 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.

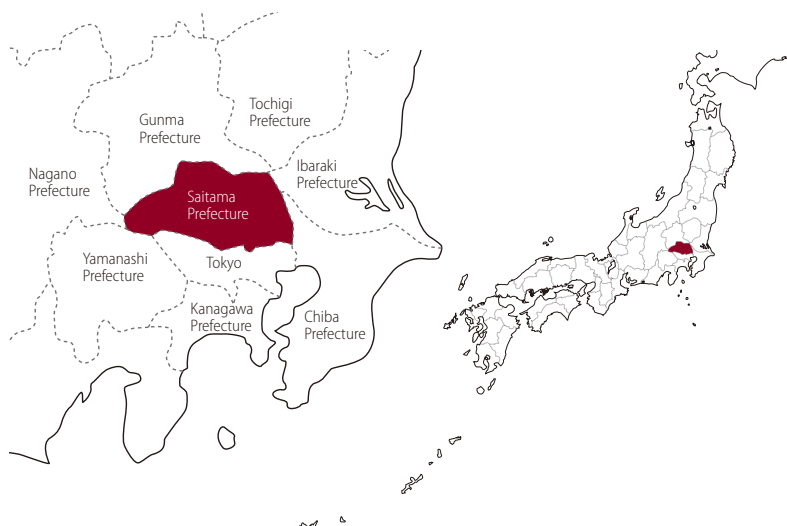
Bank Data (non-consolidated basis, as of March 31, 2017)

Head Office:	10-8, Sakuragi-cho 1-chome, Omiya-ku, Saitama
Home page:	http://www.musashinobank.co.jp (Japanese only)
Established:	March 6, 1952
Networks:	Number of branches: 97 (Saitama Prefecture: 93 [of which 2 are sub-branches], outside Saitama Prefecture: 4)
Number of mortgage loan centers:	9
Employees:	2,232
Total assets:	¥4,494.0 billion
Deposits:	¥4,140.6 billion
Loans:	¥3,425.3 billion
Common stock:	¥45.7 billion
Capital adequacy ratio:	9.20%
Number of correspondent arrangements:	156
Issued common stock:	33,805 thousand shares

Subsidiaries and Affiliated Companies

Name	Line of Business
The Bugin General Lease Co., Ltd.	General leases, installment-payment services, auto leasing services
The Bugin Guarantee Co., Ltd.	Loan guarantees for individuals
The Musashino Card Co., Ltd.	Credit card business (JCB, VISA), loans and loan guarantees related to card services
The Bugin System Service Co., Ltd.	Development, sale and maintenance of computer systems
The Bugin Economic Research Institute Co., Ltd.	Research into the regional economy, consultation, information services, and holding of seminars
The Bugin Capital Co., Ltd.	Management support for venture businesses
The Musashino Harmony Co., Ltd.	Outsourcing of operational business

Head Office



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Consolidated Financial Highlights

The Musashino Bank, Ltd. and Consolidated Subsidiaries Years Ended March 31, 2017 and 2016

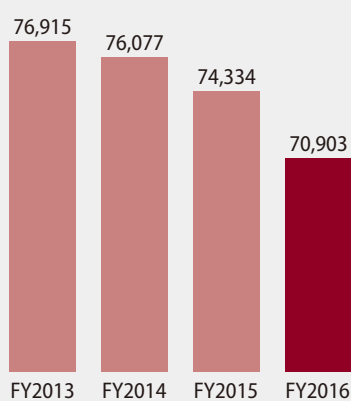
	Millions of Yen (Note 1)		Thousands of U.S. Dollars (Notes 1 and 2)
	2017	2016	2017
At Year-end			
Total Assets	¥4,507,139	¥4,328,909	\$40,174,160
Deposits including Negotiable Certificates of Deposit	4,127,056	4,000,861	36,786,308
Loans and Bills Discounted	3,412,133	3,319,167	30,413,878
Trading Account Securities and Securities	782,505	765,159	6,794,819
Total Net Assets	233,974	229,078	2,085,516
Capital Adequacy Ratio (based on domestic standards) (%)	9.46	10.09	
For the Year			
Ordinary Income	¥ 70,903	¥ 74,334	\$ 631,990
Ordinary Expenses	58,015	55,561	517,114
Profit before Income Taxes	12,881	20,095	114,814
Profit attributable to owners of parent	9,762	12,563	87,013

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 ¥112.19 to U.S.\$1, the prevailing market rate as of March 31, 2017.

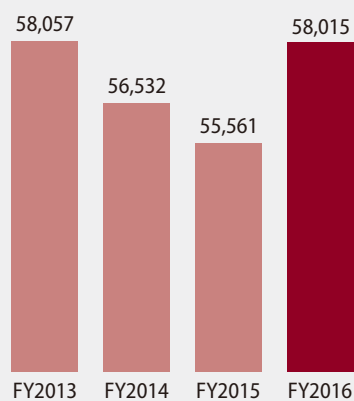
Ordinary income

(¥ million)



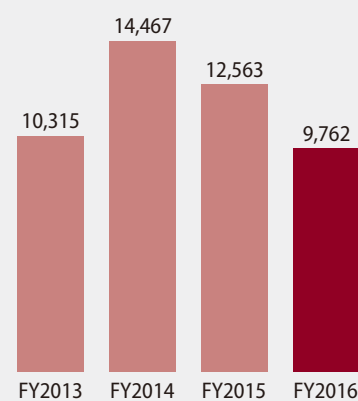
Ordinary expenses

(¥ million)



Profit attributable to owners of parent

(¥ 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.

Continuing to Work Together with People in the Region



■ Kikuo Kato
President

The Prefectural Economy

We anticipate the further invigoration of Saitama Prefecture's economy with investments ahead of the Tokyo Olympic and Paralympic Games in 2020. Public investment and private capital investment projects in Saitama Prefecture are being progressively implemented in line with the development of transportation infrastructure such as the Metropolitan Inter-City Expressway (Ken-O-do).

Initiatives for Medium-term Management Plan "MVP 2/3 (Two-Thirds)"

In April 2016, we have started the Bank's medium-term management plan "MVP (Musashino Value-making Plan) 2/3 (Two-Thirds)," the second phase of its efforts to realize its long-term vision for turning itself into "the region's number one bank that creates new value in Saitama." Based on this plan, the Bank has engaged in a range of initiatives to realize its growth strategy and regional revitalization centered on providing optimal solutions to customers.

In January 2017, we opened the Oji Office and the Shibuya Office in order to further enhance our branch network. Also, in June 2017, we opened “Your Lounge Urawa,” in the Urawa Station West Exit area. This is our first next-generation model branch focused on individual customers.

In addition to enhancing consulting functions such as free consultations by attorneys and tax accountants, we are promoting the creation of branches modeled on unprecedented concepts such as collaboration with adjacent cafes.

For individual customers, we began offering a home loan with cancer insurance to help customers design high-quality life plans that provide them with a sense of security, while we also worked to enhance our lineup of investment trusts and other products to help people build up assets over the medium- to long-term.

We also enhanced our services, such as those related to inheritance and real estate trusts, for which needs continue to grow.

For corporate customers, we focused efforts on evaluating the business viability of SMEs based on accurately assessing their business scope and growth prospects and extending finance where possible not to easily relying on loan collateral or guarantees. We are steadily expanding our business achievements.

We also started offering the “Musashino Business Start-Up Support Loan” and the “Musashino Business Start-Up Support Service Pack” to support customers who have recently started a business. We are also working to provide optimal solutions depending on the customer’s growth stage,

such as business matching and M&A.

In addition, we began offering the “Musashino Bank Application” smartphone app which provides a variety of functions, and we are working with companies that are carrying out cutting-edge initiatives to create new services utilizing FinTech.

In order to help revitalize the region, we have strengthened collaboration with local governments to solve regional issues, and are focusing on supporting PFI projects implemented by local governments such as updating public infrastructure and facilities.

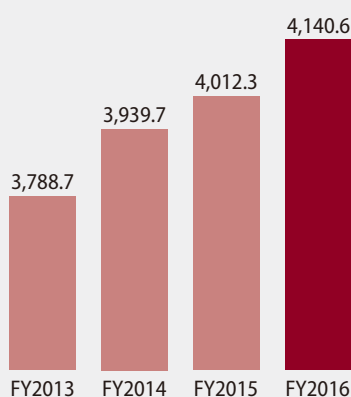
In addition, in May 2017 the Musashino Bank Group’s think tank the Bugin Economic Research Institute and the Kasukabe Future Life Laboratory began joint research effort, which is rare in Japan, and we proactively hold seminars and other events in partnership with local governments in Saitama Prefecture.

Under the Chiba-Musashino Alliance, the comprehensive alliance we entered into with Chiba Bank in March 2016, we have launched a variety of new operations in the asset management business, the inheritance-related business, the international business, and other areas.

In April 2017, we established Chiba-Musashino Alliance Co., Ltd., a jointly-owned company, to examine the alliance’s overall policy and medium- to long-term strategies. Going forward, we will continue to make the alliance more effective, and provide prompt high-value-added services to customers in the region.

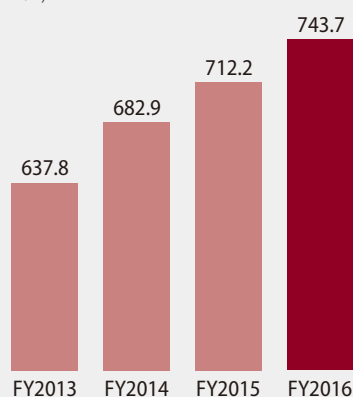
Deposits including negotiable deposits
(non-consolidated)

(¥ billion)



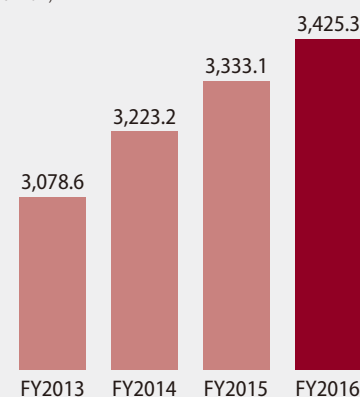
Assets in custody
(non-consolidated)

(¥ billion)



Loans
(non-consolidated)

(¥ billion)



Financial Results Fiscal 2016 (non-consolidated)

As of March 31, 2017, deposits, etc. were ¥4,140.6 billion, a year-on-year increase of ¥128.2 billion. Assets in custody, such as investment trusts and insurance products, were ¥743.7 billion, a year-on-year increase of ¥31.4 billion. Loans outstanding increased ¥92.1 billion year on year to ¥3,425.3 billion.

Profit attributable to owners of parent fell ¥2.2 billion year on year, due to the fact that market interest rates remained low due to negative interest rates, along with other factors. Still, this figure was ¥9.0 billion, and higher than our initial forecast, attributable to the increase in fees and commissions centered on solutions for corporate customers, as well as cost reductions and other factors.

Continuing to Work Together with People in the Region

In April, 2017, Musashino Bank celebrated its 65th anniversary. In reaching this milestone, I would like to express my thanks to our shareholders and business partners for their support and loyalty over the years.

The environment surrounding financial institutions like Musashino Bank is undergoing significant changes, including the continual launch of new financial services that have not existed before using FinTech.

Furthermore, the responsibilities and roles required of financial institutions, such as a commitment to customer-oriented business operations (fiduciary duty) and enhanced financial intermediary capabilities, continue to become increasingly important.

Going forward, in order to meet the expectations of people in the region, the directors and employees of Musashino Bank will remain fully committed to their work based on the corporate philosophy of “Working in harmony with the local community it serves” and “Maintaining a deep respect toward customers” which has been in place since the Bank was founded.

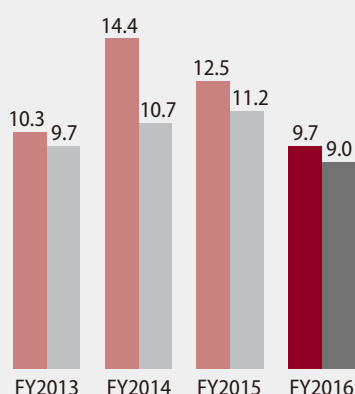
In closing, we kindly request your continued support and understanding.

Kikuo Kato
President



Profit attributable to owners of parent/ Net income

(¥ billion)



■ Consolidated
■ Non-consolidated

Dividend payout ratio and annual dividend

	FY2013	FY2014	FY2015	FY2016
Dividend payout ratio (%)	25.7	24.8	26.7	29.7
Annual dividend (Yen)	75	80	90	80

Shareholders return ratio

	FY2013	FY2014	FY2015	FY2016
Shareholders return ratio (%)	25.7	24.8	26.7	29.7

5-year average of consolidated ROE



FY2013 FY2014 FY2015 FY2016

Features and Attractiveness of Saitama Prefecture

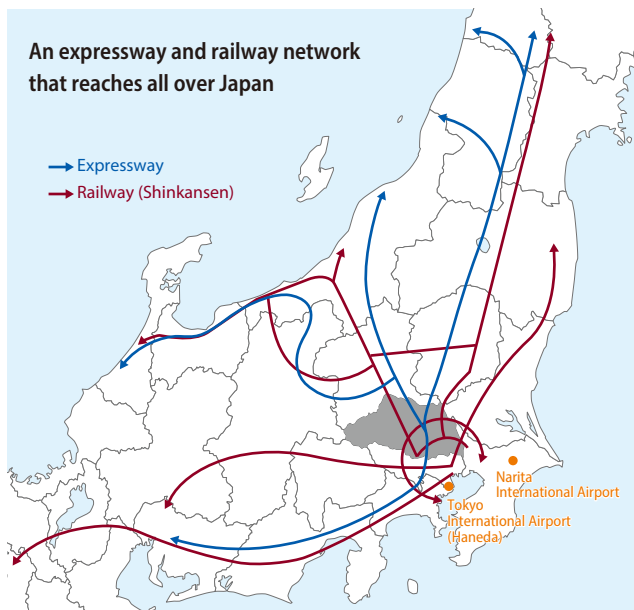
Saitama Prefecture, the Bank's operating base, has a vibrant economy. The prefecture is blessed with a favorable climate and topography, has a well-developed transportation infrastructure, including expressway and railway networks, and has a highly concentrated population and industry.

Well-developed Expressway and Railway Networks

Saitama Prefecture is located in the heart of the Tokyo metropolitan area, which is home to one-third of Japan's population (approximately 40 million people), and the prefecture has a well-developed network of expressways and railways. The Kanetsu, Tohoku, and Joban expressways run north to south through the prefecture, while the Metropolitan Inter-City Expressway (Ken-O-do) and the Tokyo Gaikan Expressway run east to west. The Ken-O-do provides access to the Tomei and Chuo Expressways, and also connects with the Higashi-Kanto Expressway, which extends to Narita International Airport, east Japan's gateway to the sky. This has attracted logistics and production bases to the prefecture. As for railways, Saitama Prefecture is directly connected to both Tokyo and other key cities via the Hokkaido, Tohoku, Akita, Yamagata, Joetsu and Hokuriku Shinkansen (bullet trains), which originate in Omiya.



Ken-O-do Kawajima Interchange area
©Omiya National Highway Office, Kanto Regional Development Bureau, Ministry of Land, Infrastructure, Transport and Tourism



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 is 7.30 million (estimated population as of June 1, 2017), the highest level ever. It has the fifth largest prefectural population in Japan.

Fifth Largest Economy in Japan

Total production in Saitama Prefecture is about ¥20 trillion, making its prefectural economy the fifth largest in Japan. Also, over the past 10 years, the increase in Saitama's total production has been the second greatest in Japan, as the prefecture's economy continues to grow.

Collection of Diverse Manufacturing Industries

Saitama Prefecture has a diverse range of local industries centered on the automotive-related industry. With the prefecture's strong transportation infrastructure, including the Ken-O-do, the relatively small number of natural disasters, as well as inexpensive land prices despite being adjacent to central Tokyo, over the 10 years from 2007 to 2016 there was a net influx of 927* companies to the prefecture, the highest number in the country.

* Based on Teikoku Databank Survey

Contributing to the Local Economy

Deposits from the Region

As of March 31, 2017, deposits from the region increased ¥94.5 billion year on year to ¥3,916.9 billion. The ratio of deposits from the region continued to be high, at 99.12% of the total balance of deposits.

The Bank's share of deposits within the prefecture as of March 31, 2017 declined to 13.46%.

Assets in Custody from the Region

As of March 31, 2017, assets in custody from the region increased ¥31.2 billion year on year to ¥743.0 billion. The breakdown comprises investment trusts of ¥153.8 billion, life insurance of ¥512.0 billion, and government bonds and other assets of ¥77.2 billion.

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

Loans to the Region

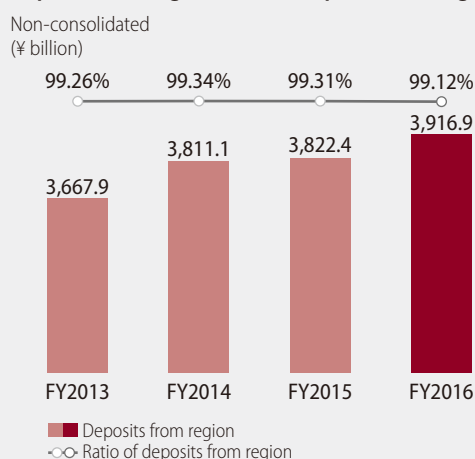
Loans to the region as of March 31, 2017 rose ¥81.6 billion to ¥2,947.1 billion, thereby maintaining a high loan-to-region ratio of 86.04%. The Bank's share of loans in the prefecture improved to 18.92%.

Towards a Sounder Financial Position

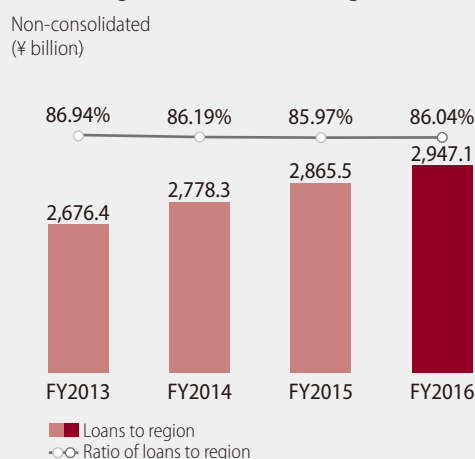
The Bank is strengthening its capital adequacy and reducing non-performing loans. The Bank has maintained a consolidated and non-consolidated capital adequacy ratio (Basel III domestic standard) of 9.46% and 9.20%, respectively, so we have continued to maintain a very sound financial position.

The Bank's non-performing loan ratio based on standards established by the Financial Reconstruction Act, declined by 0.21 of a percentage point to 1.81%.

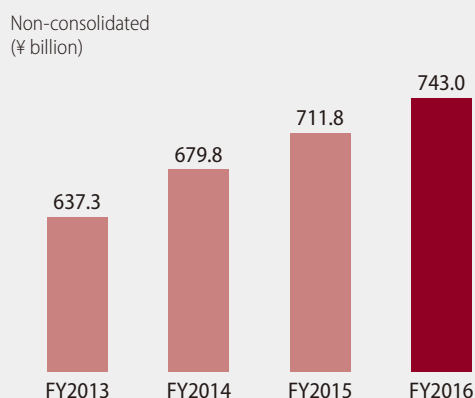
Deposits from region/Ratio of deposits from region



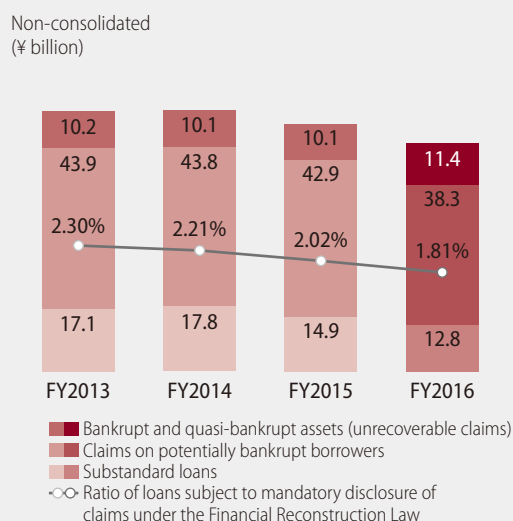
Loans to region/Ratio of loans to region



Assets in custody from region



Non-performing loans



* "Region" refers to Saitama Prefecture and the areas bordering the prefecture which are a part of the economic and local-living sphere (the Kumegawa Branch, Itabashi Branch, and Goka Branch sales areas).

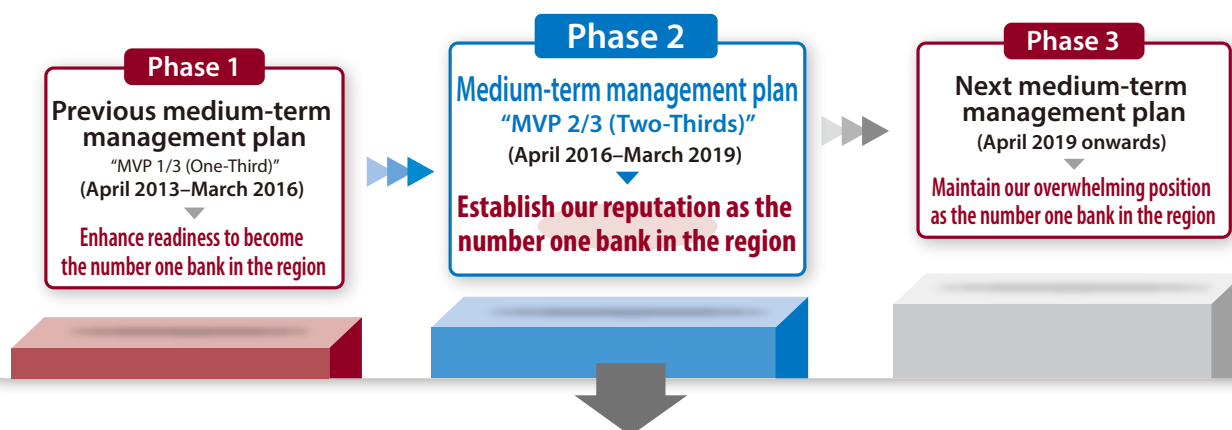
■ Long-term Vision/Medium-term Management Plan

In April 2016, the Bank started its medium-term management plan “MVP (Musashino Value-making Plan) 2/3 (Two-Thirds),” the second phase of its efforts to realize its long-term vision for turning itself into “the region’s number one bank (The Value-making Bank) that creates new value in Saitama,” and has been working to further expand its contact with customers and provide optimal solutions.

Long-term Vision: “MVP (Musashino Value-making Plan)”

The number one bank in the region that creates value in Saitama ~ The Value-making Bank ~

By creating value in Saitama, lead the economic development of Saitama,
and also grow ourselves by responding to the expectations of our customers



Medium-term management plan “MVP 2/3 (Two-Thirds)” Plan period: April 2016–March 2019

Plan vision

Become the bank which is the most familiar with the region and its customers

The bank that people will choose first to approach and consult when seeking answers to financial problems

Basic Policy

- To provide solutions that meet the needs of our customers
- Conduct the allocation of optimal management resources in order to support the economic development of regional communities

Basic Strategy

Sales strategy	Increase contact with customers	Human resources strategy	Infrastructure building	Fuse creation strategies and growth strategies
	Provide optimal solutions			Strengthen management oversight systems
	Rise to the challenge of entering new fields	Strengthen securities investment	Strengthen Group strategies	Improve brand, customer satisfaction and CSR

■ Chiba-Musashino Alliance

The Chiba-Musashino Alliance, a comprehensive alliance with Chiba Bank signed in March 2016, is a “new model for regional bank alliances” that aims to improve customer convenience and further contribute to the development of the region, while allowing each bank to remain independent.



Key Initiatives of the Chiba-Musashino Alliance

2016	March	Signed Chiba-Musashino Alliance
	June	Began cooperation with syndicated loans, etc. Launched the lease intermediary business
	July	Started collaboration in the asset management business (September—origination of dedicated fund, execution of joint campaign)
	August	Began offering the CSR privately-placed bond <i>Mirai no Chikara</i>
	October	Began mutual introductions of business partners and business matching Established and started using the Chiba-Musashino Alliance logo
	November	Started collaboration on international business
	December	Established the Chiba-Musashino Partner Fund
2017	February	Started collaboration in personnel development (joint training sessions)
	April	Established Chiba-Musashino Alliance Co., Ltd. Started collaboration in the inheritance-related business
	May	Began collaboration in insurance call center operations
	August	Started collaboration in the financial instruments intermediary business

Establishment of Jointly-Owned Company Chiba-Musashino Alliance Co., Ltd.

In April 2017, Chiba-Musashino Alliance Co., Ltd. was established through a 50/50 stake by both banks. This new company will study the overall policies and specific strategies for the alliance, as well as cross-organizational initiatives, and will aim to further strengthen the alliance.



■ Providing SME Management Assistance

Support for Start-Ups and New Entries

The Bank recognizes that for the sustained development of the regional economy it is indispensable for start-ups and new entries to be done actively and continuously. Consequently, we are working with a “support team for start-ups and new entries” in Head Office and with branches to strengthen our efforts in this area.

In order to support entrepreneurs and those people preparing start-ups, in December 2016 we began offering the “Musashino Business Start-Up Support Loan” and the “Musashino Business Start-Up Support Service Pack.”

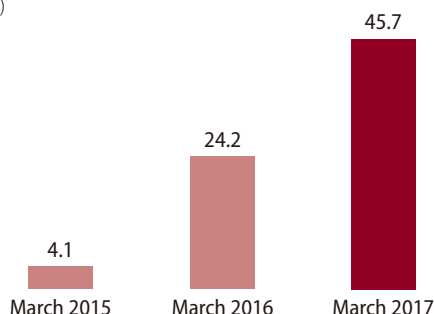
Business Evaluation

The Bank does not rely excessively on financial data, collateral and guarantees—it is strengthening its loans that prioritize the carrying out of business evaluation, including the business details and growth possibilities of each individual company. Loans based on business evaluation have increased to approximately 16% of our total lending (as of March 2017).

The execution amount of loan products utilizing the business evaluation scheme has increased significantly, and such loan products are widely used by our client companies.

Annual execution amount of lending products utilizing the business evaluation scheme

(¥ billion)

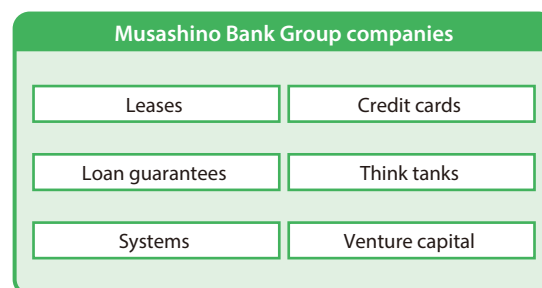
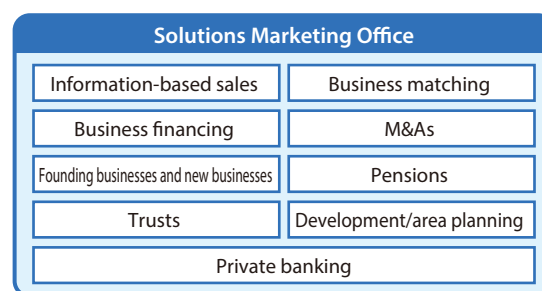


Offering a Variety of Financing Methods

The Bank has focused on offering a variety of 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 result in improving the corporate image of a company conducting fund procurement, and Asset-Based Lending (ABL) that makes use of the customer's product inventory, accounts receivable or suchlike.

Strengthening Solution Sales

In order to further strengthen solution-based sales, the Bank is working together with client companies and management to solve various problems and issues while also drawing on the functional capabilities of Group companies.



Support for Overseas Expansion

We are also proactively assisting our corporate customers to expand business overseas. As of the end of June 2017, we had offered support in approximately 34 cases of companies expanding overseas, mainly to such ASEAN countries as Thailand, Vietnam, and the Philippines.

Furthermore, we assigned employees to the Singapore representative office of the Chiba Bank, the KASIKORNBANK in Thailand and to the Hong Kong branch of the Hachijuni Bank (a regional bank mainly based in Nagano Prefecture), to locally and directly handle consultations from companies that have already started doing business in these countries. Through participation in the regional bank alliance scheme of the Japan Bank for International Cooperation, we have formed business alliances with leading regional banks in Indonesia, India, the Philippines, Vietnam, and the Mexico State Government and others, providing various forms of assistance, including opening accounts and providing local information.

In addition, we are utilizing government measures to actively support our clients in entering overseas markets and developing their businesses overseas.

M&A Support

We utilize M&A to help local companies carry out smooth business succession, and to contribute to maintaining regional employment.

Support for Changing Business Sectors

Drawing on bank-wide assistance resources, including Group companies, the Bank provides optimal support for management improvement and revitalization and helps companies change their business sectors.

Nurturing Growth Fields

Turning the Possibilities for the Metropolitan Inter-City Expressway (Ken-O-Do) into Regional Growth

We are actively involved in development projects in progress along the Metropolitan Inter-City Expressway (Ken-O-Do), and are striving to provide a wide array of solutions that tap the comprehensive strengths of the Musashino Bank Group.

Specific Examples of Initiatives

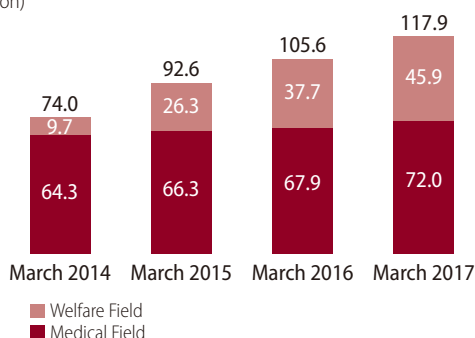
In March 2017, the Musashino Bank Group's think tank, the Bugin Economic Research Institute, and Chiba Bank's think tank, the Chibagin Research Institute, jointly held a symposium called "Examining the Future of Chiba and Saitama Connected by the Metropolitan Inter-City Expressway." In addition to discussing the development trends and ripple effects in surrounding areas, the event's mixer created opportunities for business matching between companies in Saitama Prefecture and Chiba Prefecture.

Activities in the Medical and Welfare Field

Saitama Prefecture is rapidly aging in the lead up to 2025, when baby boomers will be aged 75 and above. With medical and welfare facilities projected to develop further going forward, the Bank has positioned the medical and welfare field as a growth area in Saitama Prefecture, and our loan balance has grown significantly as we have been actively working in this area for over a decade.

Balance of loans in the medical and nursing care fields, and in the welfare field

(¥ billion)



Initiatives in the Manufacturing Field

We actively support the core businesses of manufacturing companies in order to enhance their competitiveness and differentiate themselves from their peers. We hold seminars and perform inspection visits to support technological innovation and productivity improvements on an ongoing basis, including lectures by experts and introductions of examples of advanced companies.

Supporting Excellent Technologies and Products

We support the core businesses that utilize public schemes such as "standardization systems that create new markets" and "intellectual property" that evaluate the superior technologies and products of client companies, and make them visible.

Measures and Support for Regional Revitalization

Promotion Structure

The Bank is establishing 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 is also assigning all branch managers to be "the person in charge of promoting Regional Revitalization," and building a structure for promoting Regional Revitalization throughout the Bank.

As a regional financial institution, the Bank recognizes these initiatives for Regional Community Revitalization to be one of the most important tasks, and supports the implementation of the Regional Comprehensive Strategy. Consequently, we are one participant in regional creation and are continuing to proactively collaborate 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.

Alliances and Partnerships with Local Government Organizations, etc.

The Bank promotes alliances and partnerships with local governments through comprehensive agreements with them and other bodies for regional revitalization and enhancement of citizen services.

Prefectures	Saitama Prefecture (October 2013)
Designated Municipalities	Saitama City (January 2016)
Municipalities	Tsurugashima City (December 2014) Toda City (April 2016) Yokoze Town (June 2016) Gyoda City (July 2016) Kumagaya City (September 2016) Kasukabe City (December 2016) Konosu City (June 2017)

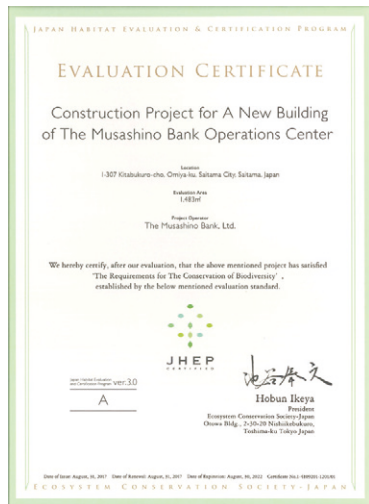
Initiatives for PPP and PFI

Against the backdrop of a declining population, we are also working to improve public services that utilize PPP and PFI schemes, and to support the creation of private-sector business opportunities, for the matters with which local government organizations are involved, including the improvement of community services, and the maintenance and administration of public facilities.

Corporate Social Responsibility

Consideration for Biodiversity

The Bank strives to consider biodiversity and other environmental factors into consideration in the construction of its branches and offices. For offices where administrative work is concentrated, we plant native plant species formerly found in the region around the buildings. Through such efforts, we became the first in the banking industry to receive JHEP certification from the Ecosystem Conservation Society – Japan.



JHEP certificate



Native plant species formerly found in the region

New Company—Musashino Harmony Co., Ltd.

We established Musashino Harmony Co., Ltd. with the aim of expanding working opportunities for people with disabilities. The company began operations in June 2017.

Going forward, we plan to increase employment in accordance with the expansion of business, and aim to acquire “special subsidiary” certification, which would make us the first financial institution in Saitama Prefecture to obtain such certification.

Training Dementia Supporters

As a Saitama Prefecture “dementia supporting enterprise,” we are working to train “dementia supporters,” as we move forward with town planning to support people with dementia and their families.

At the end of June 2017, approximately 2,450 executives and employees have become dementia supporters.

“Musashino CSR Private-Placement Bond ‘Mirai no Chikara’”

We are offering the “Musashino CSR Private-Placement Bond ‘Mirai no Chikara’” which, together with other companies, supports the development of children who will be responsible for the region’s future.

We contribute to the further revitalization of the region by donating goods (books, musical instruments, sports goods, etc.), equivalent to a certain percentage of the amount of bonds issued, to the school or other organization designated by the issuing company.



Helping with Finance Education

We actively provide opportunities for children to learn about the role of money and the banking business by providing a workplace experience for study and by holding finance classes at local events.



Work experience at Musashino Bank—Aiming to be Japan’s Best Bank Staff (Held every year in August)

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 have been elected, 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.

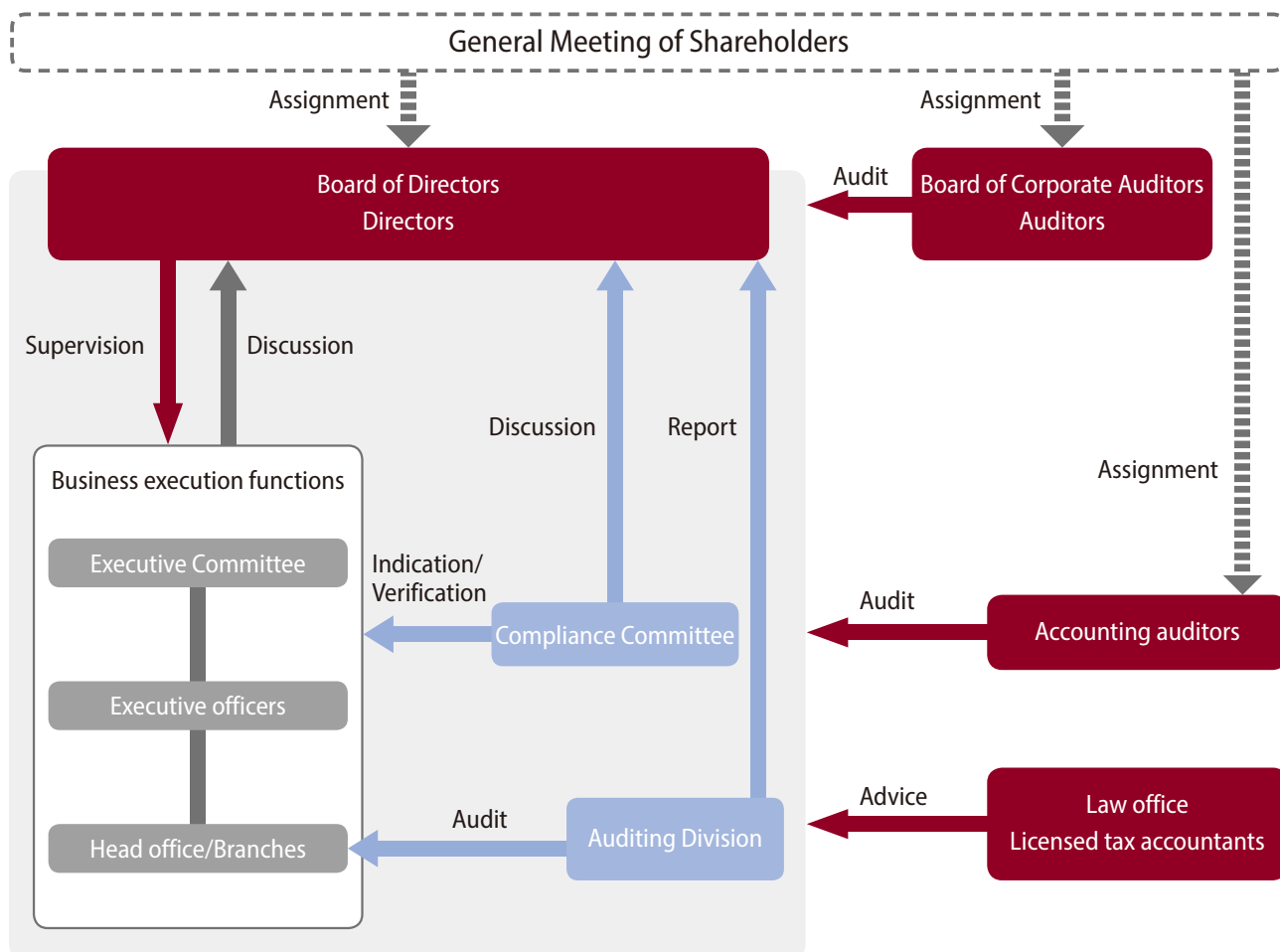
Corporate Governance Structure

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

(As of March 31, 2017)



Risk Management Policy

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

In specific terms, the Bank classifies 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 its efforts to establish objective decisions and lending policies on an individual transaction counterparty basis.

(3) Market Risk Management

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

(4) Liquidity Risk Management

Musashino Bank has established the Liquidity Risk Management 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 Framework

To ensure business continuity in the event of a major earthquake or a system failure, the Bank has established a Business Continuity Plan (BCP) and prepared related manuals for handling all situations. We make sure that all bank employees understand the business continuity system in the event of an emergency. Moreover, the Bank holds periodic drills to increase the effectiveness and level of sophistication of the BCP.

Building a Cyber Security Management Framework

In February 2017, we established the "Cyber Security Management Subcommittee" as a CSIRT* within the bank, with the aim of ensuring a highly-effective cyber security framework.

*CSIRT: Computer Security Incident Response Team

A general term for teams responsible for cyber security management within an organization. At the Bank, the "Cyber Security Management Subcommittee" and its secretariat are CSIRTs.

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

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, and which contains an explanation of 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 of the 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.

Consolidated Balance Sheets

The Musashino Bank, Ltd. and Consolidated Subsidiaries As of March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars*
	2017	2016	2017
Assets			
Cash and due from banks	¥ 211,372	¥ 149,402	\$ 1,884,054
Monetary claims bought	8,626	11,553	76,887
Trading account securities	621	495	5,535
Money held in trust	1,500	1,490	13,370
Securities	781,884	764,664	6,969,284
Loans and bills discounted	3,412,133	3,319,167	30,413,878
Foreign exchanges	3,858	2,315	34,388
Lease receivables and investment assets	19,189	19,125	171,040
Other assets	29,467	21,071	262,653
Tangible fixed assets	37,398	37,584	333,345
Buildings, net	10,126	10,332	90,258
Land	25,300	25,146	225,510
Construction in progress	133	—	1,185
Other tangible fixed assets	1,836	2,105	16,365
Intangible fixed assets	3,050	3,176	27,186
Software	2,875	2,997	25,626
Other intangible fixed assets	175	178	1,560
Net defined benefit asset	5,843	5,173	52,081
Deferred tax assets	1,050	1,233	9,359
Customers' liabilities for acceptances and guarantees	6,516	7,730	58,080
Allowance for loan losses	(15,375)	(15,273)	(137,044)
Total assets	¥4,507,139	¥4,328,909	\$40,174,160

	Millions of Yen		Thousands of U.S. Dollars*
	2017	2016	2017
Liabilities			
Deposits	¥3,938,291	¥3,845,034	\$35,103,761
Negotiable certificates of deposit	188,765	155,827	1,682,547
Call money and bills sold	24,706	—	220,216
Payables under securities lending transactions	46,434	7,257	413,887
Borrowed money	17,152	18,494	152,884
Foreign exchanges	162	336	1,444
Bonds payable	15,000	25,000	133,702
Other liabilities	20,710	23,490	184,598
Provision for bonuses	1,251	1,253	11,151
Provision for directors' bonuses	10	10	89
Net defined benefit liability	4,120	4,363	36,723
Provision for loss on interest repayment	42	57	374
Provision for reimbursement of deposits	754	539	6,721
Provision for point card certificates	76	68	677
Provision for contingent loss	311	412	2,772
Provision for share-based compensation	14	—	125
Deferred tax liabilities	4,616	5,727	41,144
Deferred tax liabilities for land revaluation	4,227	4,227	37,677
Acceptances and guarantees	6,516	7,730	58,080
Total liabilities	¥4,273,164	¥4,099,830	\$38,088,635
Net assets			
Capital stock	¥ 45,743	¥ 45,743	\$ 407,728
Capital surplus	38,290	38,351	341,296
Retained earnings	120,667	113,922	1,075,559
Treasury shares	(907)	(804)	(8,084)
Total shareholders' equity	203,793	197,213	1,816,499
Valuation difference on available-for-sale securities	24,813	27,116	221,169
Deferred gains or losses on hedges	(1,399)	(2,056)	(12,470)
Revaluation reserve for land	8,286	8,286	73,857
Remeasurements of defined benefit plans	(1,831)	(2,712)	(16,321)
Total accumulated other comprehensive income	29,869	30,633	266,236
Subscription rights to shares	80	74	713
Non-controlling interests	230	1,157	2,050
Total net assets	233,974	229,078	2,085,516
Total liabilities and net assets	¥4,507,139	¥4,328,909	\$40,174,160

* U.S. dollar figures have been translated at the rate ¥112.19 to U.S.\$1, the prevailing market rate as of March 31, 2017.

Consolidated Statements of Income and Comprehensive Income

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2017 and 2016

Consolidated Statements of Income	Millions of Yen		Thousands of U.S. Dollars*
	2017	2016	2017
Ordinary income	¥70,903	¥74,334	\$631,990
Interest income.....	43,331	46,506	386,229
Interest on loans and discounts	35,496	38,416	316,392
Interest and dividends on securities.....	7,600	7,776	67,742
Interest on call loans and bills bought.....	(15)	43	(134)
Interest on deposits with banks	0	17	0
Other interest income.....	249	252	2,219
Fees and commissions.....	12,826	12,478	114,324
Other ordinary income.....	1,487	2,497	13,254
Other income.....	13,257	12,851	118,166
Recoveries of written off claims.....	1,022	457	9,110
Other.....	12,234	12,393	109,047
Ordinary expenses	58,015	55,561	517,114
Interest expenses.....	2,132	2,921	19,003
Interest on deposits.....	830	1,660	7,398
Interest on negotiable certificates of deposit	45	140	401
Interest on call money and bills sold	218	5	1,943
Interest on payables under securities lending transactions	143	22	1,275
Interest on borrowings and rediscounts.....	123	161	1,096
Interest on bonds.....	133	221	1,185
Other interest expenses	636	706	5,669
Fees and commissions payments.....	3,874	3,926	34,531
Other ordinary expenses.....	851	1,337	7,585
General and administrative expenses	36,851	36,206	328,470
Other expenses	14,306	11,169	127,516
Provision of allowance for loan losses	4,239	1,495	37,784
Other.....	10,066	9,674	89,723
Ordinary profit	12,887	18,772	114,868
Extraordinary income	—	1,345	—
Gain on disposal of non-current assets	—	0	—
Gain on revision of retirement benefit plan.....	—	1,345	—
Extraordinary losses	6	23	53
Loss on disposal of non-current assets	5	23	45
Other.....	1	—	9
Profit before income taxes	12,881	20,095	114,814
Income taxes—current	3,571	5,332	31,830
Income taxes—deferred.....	(354)	2,103	(3,155)
Total income taxes	3,216	7,436	28,666
Profit	9,664	12,658	86,140
Profit (loss) attributable to non-controlling interests	(98)	94	(874)
Profit attributable to owners of parent	¥ 9,762	¥12,563	\$ 87,013

* U.S. dollar figures have been translated at the rate ¥112.19 to U.S.\$1, the prevailing market rate as of March 31, 2017.

Consolidated Statements of Comprehensive Income	Millions of Yen		Thousands of U.S. Dollars*
	2017	2016	2017
Profit.....	¥ 9,664	¥ 12,658	\$ 86,140
Other comprehensive income.....	(762)	(10,287)	(6,792)
Valuation difference on available-for-sale securities	(2,301)	(5,857)	(20,510)
Deferred gains or losses on hedges	657	(866)	5,856
Revaluation reserve for land.....	—	222	—
Remeasurements of defined benefit plans, net of tax.....	881	(3,785)	7,853
Comprehensive income.....	¥ 8,902	¥ 2,371	\$ 79,348
Comprehensive income attributable to:			
Comprehensive income attributable to owners of parent	¥ 8,998	¥ 2,275	\$ 80,203
Comprehensive income attributable to non-controlling interests	(96)	96	(856)

* U.S. dollar figures have been translated at the rate ¥112.19 to U.S.\$1, the prevailing market rate as of March 31, 2017.

Consolidated Statements of Changes in Equity

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2017 and 2016

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2015.....	¥45,743	¥38,351	¥104,042	¥(802)	¥187,334
Changes of items during period:					
Dividends of surplus			(2,682)		(2,682)
Profit attributable to owners of parent.....			12,563		12,563
Purchase of treasury shares				(11)	(11)
Disposal of treasury shares.....		(0)		9	8
Transfer to capital surplus from retained earnings		0	(0)		—
Purchase of share of consolidated subsidiaries treasury stock...		—			—
Net changes of items other than shareholders' equity ...					
Total changes of items during period	—	—	9,880	(1)	9,878
Balance as of March 31, 2016	45,743	38,351	113,922	(804)	197,213
Changes of items during period:					
Dividends of surplus			(3,018)		(3,018)
Profit attributable to owners of parent.....			9,762		9,762
Purchase of treasury shares				(104)	(104)
Disposal of treasury shares.....		0		0	0
Transfer to capital surplus from retained earnings		—	—		—
Purchase of share of consolidated subsidiaries treasury stock...		(60)			(60)
Net changes of items other than shareholders' equity ...					
Total changes of items during period	—	(60)	6,744	(103)	6,580
Balance as of March 31, 2017	¥45,743	¥38,290	¥120,667	¥(907)	¥203,793

	Millions of yen							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance as of April 1, 2015.....	¥32,976	¥(1,190)	¥8,064	¥ 1,073	¥ 40,922	¥58	¥1,061	¥229,377
Changes of items during period:								
Dividends of surplus								(2,682)
Profit attributable to owners of parent.....								12,563
Purchase of treasury shares								(11)
Disposal of treasury shares.....								8
Transfer to capital surplus from retained earnings								—
Purchase of share of consolidated subsidiaries treasury stock...								—
Net changes of items other than shareholders' equity ...	(5,859)	(866)	222	(3,785)	(10,288)	16	95	(10,177)
Total changes of items during period	(5,859)	(866)	222	(3,785)	(10,288)	16	95	(298)
Balance as of March 31, 2016	27,116	(2,056)	8,286	(2,712)	30,633	74	1,157	229,078
Changes of items during period:								
Dividends of surplus								(3,018)
Profit attributable to owners of parent.....								9,762
Purchase of treasury shares								(104)
Disposal of treasury shares.....								0
Transfer to capital surplus from retained earnings								—
Purchase of share of consolidated subsidiaries treasury stock...								(60)
Net changes of items other than shareholders' equity ...	(2,303)	657	—	881	(764)	6	(926)	(1,684)
Total changes of items during period	(2,303)	657	—	881	(764)	6	(926)	4,895
Balance as of March 31, 2017	¥24,813	¥(1,399)	¥8,286	¥(1,831)	¥ 29,869	¥80	¥ 230	¥233,974

	Thousands of U.S. Dollars*				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of March 31, 2016	\$407,728	\$341,840	\$1,015,438	\$(7,166)	\$1,757,848
Changes of items during period:					
Dividends of surplus			(26,901)		(26,901)
Profit attributable to owners of parent.....			87,013		87,013
Purchase of treasury shares				(927)	(927)
Disposal of treasury shares.....		0		0	0
Transfer to capital surplus from retained earnings		—	—		—
Purchase of share of consolidated subsidiaries treasury stock...		(535)			(535)
Net changes of items other than shareholders' equity ...					
Total changes of items during period	—	(535)	60,112	(918)	58,651
Balance as of March 31, 2017	\$407,728	\$341,296	\$1,075,559	\$(8,084)	\$1,816,499

	Thousands of U.S. Dollars*							
	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance as of March 31, 2016	\$241,697	\$(18,326)	\$73,857	\$(24,173)	\$273,046	\$660	\$10,313	\$2,041,875
Changes of items during period:								
Dividends of surplus								(26,901)
Profit attributable to owners of parent.....								87,013
Purchase of treasury shares								(927)
Disposal of treasury shares.....								0
Transfer to capital surplus from retained earnings								—
Purchase of share of consolidated subsidiaries treasury stock...								(535)
Net changes of items other than shareholders' equity ...	(20,528)	5,856	—	7,853	(6,810)	53	(8,254)	(15,010)
Total changes of items during period	(20,528)	5,856	—	7,853	(6,810)	53	(8,254)	43,631
Balance as of March 31, 2017	\$221,169	\$(12,470)	\$73,857	\$(16,321)	\$266,236	\$713	\$ 2,050	\$2,085,516

* U.S. dollar figures have been translated at the rate ¥112.19 to U.S.\$1, the prevailing market rate as of March 31, 2017.

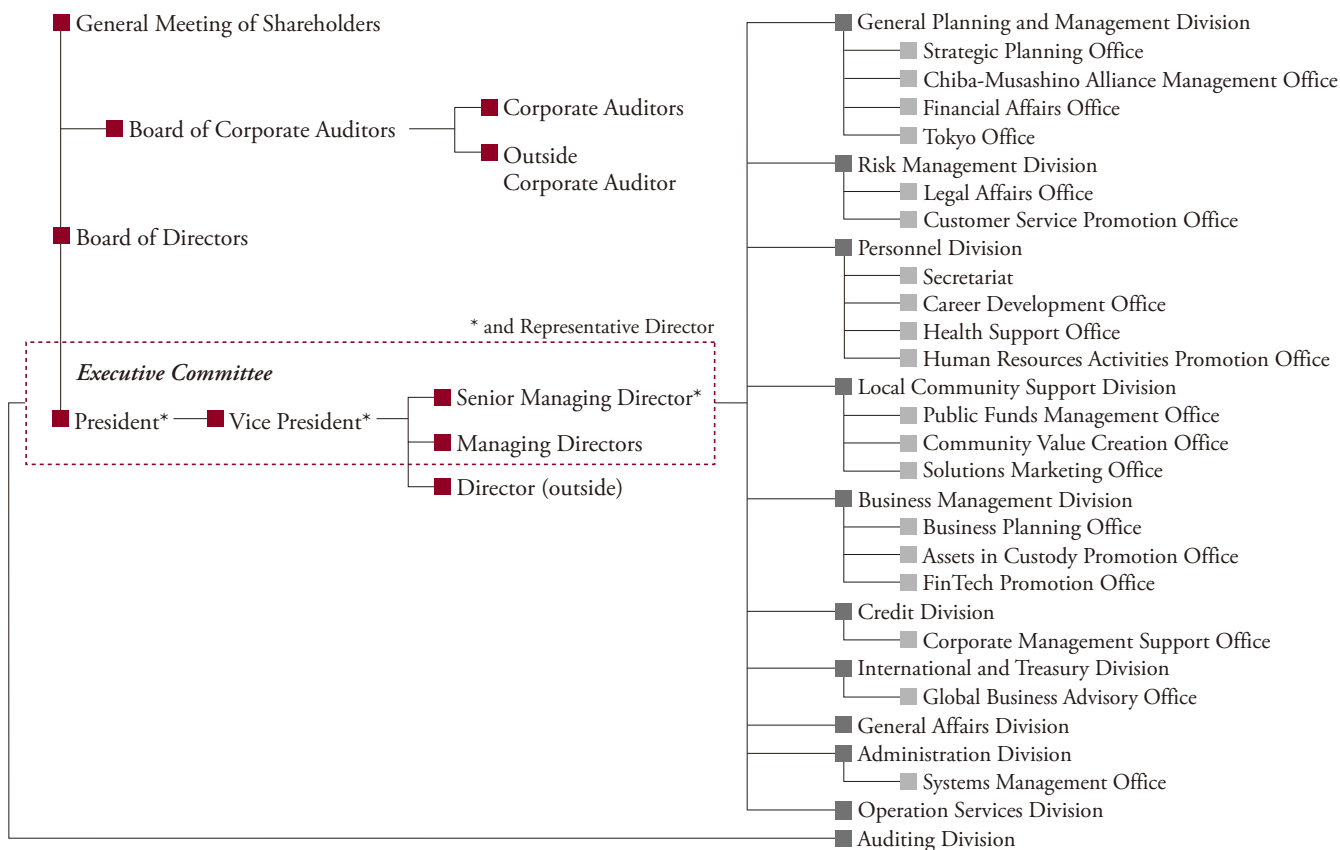
Consolidated Statements of Cash Flows

The Musashino Bank, Ltd. and Consolidated Subsidiaries For the Years Ended March 31, 2017 and 2016

	Millions of Yen		Thousands of U.S. Dollars*
	2017	2016	2017
Cash flows from operating activities			
Profit before income taxes	¥ 12,881	¥ 20,095	\$ 114,814
Depreciation	2,617	2,634	23,326
Share of (profit) loss of entities accounted for using equity method	(28)	—	(250)
Increase (decrease) in allowance for loan losses	101	(648)	900
Increase (decrease) in provision for bonuses	(1)	24	(9)
Increase (decrease) in provision for directors' bonuses	(0)	(0)	(0)
Decrease (increase) in net defined benefit asset	(356)	(416)	(3,173)
Increase (decrease) in net defined benefit liability	(252)	(1,769)	(2,246)
Increase (decrease) in provision for loss on interest repayment	(14)	(28)	(125)
Increase (decrease) in provision for reimbursement of deposits	214	64	1,907
Increase (decrease) in provision for point card certificates	7	0	62
Increase (decrease) in provision for contingent loss	(101)	(123)	(900)
Increase (decrease) in provision for share-based compensation	14	—	125
Gain on fund management	(43,331)	(46,506)	(386,229)
Financing expenses	2,132	2,921	19,003
Loss (gain) related to securities	(985)	(1,673)	(8,780)
Loss (gain) on money held in trust	(1)	7	(9)
Foreign exchange losses (gains)	114	3,563	1,016
Loss (gain) on disposal of non-current assets	5	22	45
Net decrease (increase) in trading account securities	(126)	(357)	(1,123)
Net decrease (increase) in loans and bills discounted	(92,966)	(108,561)	(828,648)
Net increase (decrease) in deposit	93,256	13,658	831,233
Net increase (decrease) in negotiable certificates of deposit	32,938	56,919	293,591
Net increase (decrease) in payables under securities lending transactions	39,177	7,257	349,202
Net increase (decrease) in borrowed money (excluding subordinated borrowings)	1,157	907	10,313
Net decrease (increase) in deposit (excluding deposit paid to Bank of Japan)	24	21,913	214
Net decrease (increase) in call loans	2,926	5,060	26,081
Net increase (decrease) in call money	24,706	—	220,216
Net decrease (increase) in foreign exchanges—assets	(1,543)	(310)	(13,753)
Net increase (decrease) in foreign exchanges—liabilities	(174)	(6)	(1,551)
Proceeds from fund management	44,157	47,318	393,591
Payments for finance	(2,417)	(3,048)	(21,544)
Other, net	(1,602)	(3,798)	(14,279)
Subtotal	112,532	15,120	1,003,048
Income taxes paid	(5,091)	(5,901)	(45,378)
Net cash provided by (used in) operating activities	107,440	9,219	957,661
Cash flows from investing activities			
Purchase of securities	(171,083)	(226,673)	(1,524,940)
Proceeds from sales of securities	30,192	89,658	269,115
Proceeds from redemption of securities	114,236	108,437	1,018,237
Increase in money held in trust	(9)	—	(80)
Decrease in money held in trust	—	0	—
Purchase of tangible fixed assets	(1,214)	(1,918)	(10,821)
Proceeds from sales of property, plant and equipment	—	0	—
Purchase of intangible assets	(1,040)	(1,379)	(9,270)
Payments for asset retirement obligations	(13)	(17)	(116)
Net cash provided by (used in) investing activities	(28,933)	(31,892)	(257,893)
Cash flows from financing activities			
Decrease in subordinated borrowings	(2,500)	—	(22,284)
Redemption of subordinated bonds	(10,000)	—	(89,135)
Cash dividends paid	(3,018)	(2,682)	(26,901)
Dividends paid to non-controlling interests	(0)	(0)	(0)
Purchase of treasury shares	(104)	(11)	(927)
Purchase of treasury shares of subsidiaries	(890)	—	(7,933)
Proceeds from sales of treasury shares	0	—	0
Net cash provided by (used in) financing activities	(16,513)	(2,694)	(147,188)
Net increase (decrease) in cash and cash equivalents	61,994	(25,368)	552,580
Cash and cash equivalents at beginning of period	148,831	174,200	1,326,598
Cash and cash equivalents at end of period	¥ 210,826	¥ 148,831	\$ 1,879,187

* U.S. dollar figures have been translated at the rate ¥112.19 to U.S.\$1, the prevailing market rate as of March 31, 2017.

Organization Chart (as of July 1, 2017)



Board of Directors, Corporate Auditors and Executive Officers (as of July 1, 2017)

President	Senior Managing Directors	Directors	Corporate Auditors	Executive Officers
Kikuo Kato	Koichi Akagi	Emi Ishida (outside)	Makoto Ishikawa (standing)	Kenji Sakamoto
Vice President	Kazumasa Nagahori	Takeshi Higuchi (outside)	Yoshio Kenmochi (standing)	Isamu Takeuchi
Hideo Machida	Managing Directors		Atsumu Kuroishi (outside)	Ritsu Kumagai
	Kazuya Koyama		Tomio Kezuka (outside)	Masaharu Saito
	Toshiyuki Shirai		Kenji Tamura (outside)	Ken Otomo
	Susumu Kurosawa		Senior Managing Executive Officer	Ichiro Noda
			Yuichi Tanaka	Tsutomu Kainuma
				Tadashi Uehara

Investor Information (as of March 31, 2017)

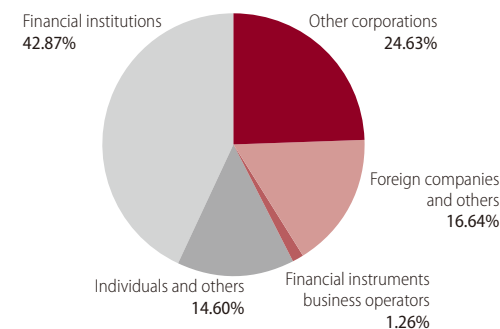
Common Stock Authorized: 80,000 thousand shares
Issued: 33,805 thousand shares
Number of Shareholders: 11,566

Major Shareholders

Name	Number of shares	Shares held as a percentage of total outstanding shares (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,693,000	7.96
Japan Trustee Services Bank, Ltd. (trust account 4)	1,229,000	3.63
The Bank of Chiba, Ltd.	925,000	2.73
The Master Trust Bank of Japan, Ltd. (trust account)	913,300	2.70
Meiji Yasuda Life Insurance Company	735,858	2.17
Musashino Bank Industries Employees' Stockholding Association	735,615	2.17
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	727,587	2.15
Sumitomo Life Insurance Company	702,900	2.07
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)	688,300	2.03
Japan Trustee Services Bank, Ltd. (trust account 9)	648,600	1.91

* Shareholding percentages are rounded down to two decimal places.

Number of Shares Held by Type of Shareholders



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



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Brand Message

More For You

The Musashino Bank's brand message is "More for You."

The Bank personnel always ask themselves

"What can I do for everyone?" and

"What kind of service do I want to give everyone?"

"Everyone" includes the Bank's customers,

the members of local communities, our shareholders,

and friends of the Bank, together with their families.

Accordingly, the Musashino Bank aspires to provide

everyone with better services and to contribute to

our local communities.
