

Corporate Social Responsibility (Main Initiatives)

Under its management principles of “regional harmony” and “respect for the customer,” the Musashino Bank recognizes that achieving sustained growth while gaining the understanding, empathy, trust and support of all people within the Bank’s operational sphere, including shareholders and investors, as well as customers, the community and employees, is its social responsibility as a good corporate citizen.

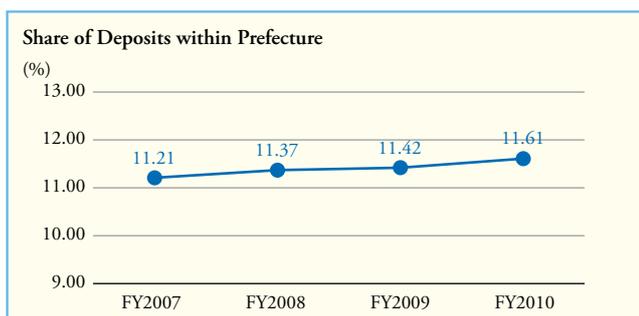
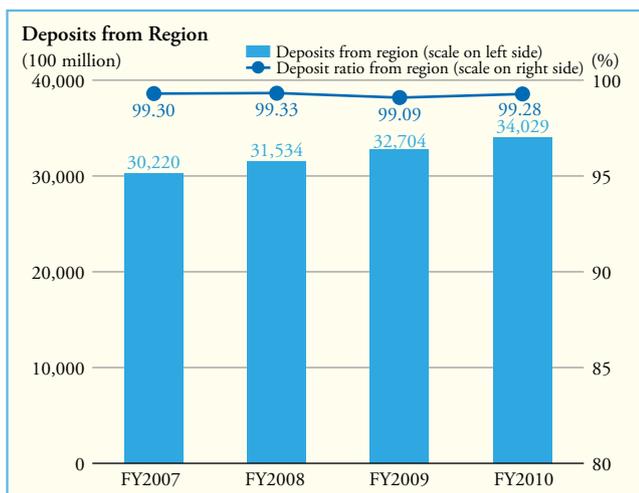
Having positioned the strengthening of CSR initiatives as a key strategy in its medium-term management plan “NEW PROJECT 60,” the Musashino Bank is contributing to the regional economy and local community while carrying out environment-friendly initiatives far and wide.

Contributing to the Local Economy

Deposits from region

In response to the lifestyles of our regions’ customers, the Bank is enhancing its products and services so that customers can use them with peace of mind.

As a result of these efforts, deposits from the region as of March 31, 2011 climbed ¥132.5 billion, to ¥3,402.9 billion. Moreover, the ratio of deposits from region rose 0.19 percentage points, to 99.28%, continuing to maintain its level at 99%. As a result of the steady increase in deposits from region, the Bank’s share of deposits within prefecture as of March 31, 2011, rose 0.19 percentage points, to 11.61%.



Loans to region

In response to the lifestyles of our regions’ customers, the Bank has prepared a variety of individual loans in order to support a wide range of financial planning.

Further, in all of Japan, Saitama Prefecture is most favorably situated for the best transportation access, has the most new housing starts, and a home-buyer segment comprised mainly of 35 to 40-year old children of baby-boomers. For these reasons, we have enhanced our home loan products and upgraded our home loan promotion system so that customers can use them with greater convenience.

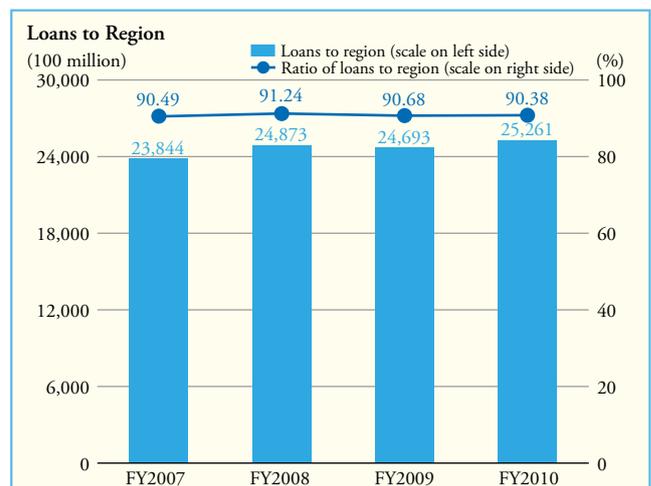
As a result, the balance of individual loans as of March 31, 2011 increased ¥58.9 billion, to ¥1,190.0 billion.

In addition, we are contributing to the sustainable development of the region by providing a stable flow of funds to SMEs and individual business owners, the pillars of Saitama Prefecture’s regional economy.

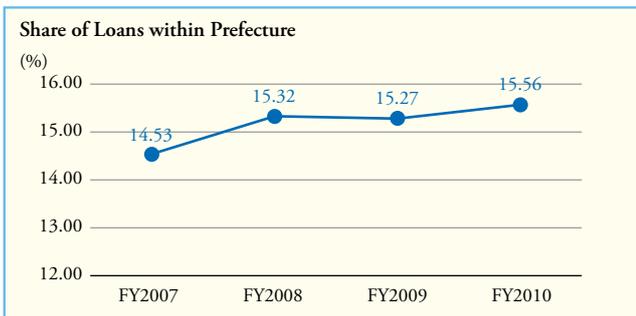
Specifically, corporate managers and sales managers are aggressively pursuing new business development and consulting activities so that customers only use those products of the Bank that meet their needs.

In our head office, we have assigned specialists to be in charge of the medical, public welfare and agricultural fields, new growth fields in Saitama Prefecture, and we are supporting these fields and making them our strengths.

In addition, we are actively promoting collaboration with outside professional agencies in various areas of work, such as leveraging local information including business matching services that provide financial services tailored to companies’ life-cycles, assisting companies enter overseas markets and helping companies go public, and forging deeper business relations with local public agencies. As a result, loans to the region as of March 31, 2011 increased ¥56.8 billion, to ¥2,526.1 billion, for a loan to region ratio of ¥90.38%. The Bank’s share of loans in the prefecture rose 0.29 percentage points to 15.56%.



Corporate Social Responsibility (Main Initiatives)



Supporting Alliances with Industry and Universities

The Bank has formed alliances with seven universities as part of its commitment to meeting customer needs in areas such as research and development and management issue resolution through cooperation with industry and academia. The special characteristic of the Bank's alliance with industry and academia goes beyond the needs of individual customers, and, through our alliance with Rikkyo University, seeks the tourism revitalization of Saitama Prefecture as a regional development activity.

Initiatives for New Growth Fields

The Bank has set up an agriculture team to strengthen support for agriculture-related businesses. To actively meet the funding needs of farmers, the Bank offers the Musashino Hanamizuki, a loan solely for farmers, and has concluded a loan guarantee agreement with the Saitama Agriculture Credit Guarantee Fund Association.

In addition, we concluded a business cooperation agreement for the agriculture and livestock industries with Japan Finance Corporation with the goal of revitalizing the agriculture and livestock industries, promoting local production for local consumption, and improving training of leaders in the agricultural field within Saitama Prefecture.

We are also conducting solution sales through Bugin Farming Wall, a Bank-held seminar that promotes training and assistance to farmers and exchanges between food-related businesses, and Regional Bank



Food Selection, a large business forum. These efforts have led to the commercialization of farm crops, and in some cases best-selling products. As a result of these agricultural initiatives, we received an award from the Kanto Finance Bureau.



Support for Corporate Rehabilitation

To provide specialized support to client companies that seek corporate rehabilitation, we established the Corporate Management Support Office in the Credit Division, which offers help with advice on management analytics and improvement policies and support for compiling business improvement plans. Further, we assist in corporate rehabilitation and management improvement based on the circumstances of each individual client company in collaboration with the Saitama SME Support Council and outside consulting companies.

In fiscal 2010, in light of the "Act Concerning Temporary Measures to Facilitate Financing for SMEs, etc." we actively supported the management improvement of client companies that have changed their borrowing conditions. We have expanded the scope of the companies we support and are working closely with clients by helping them formulate management improvement plans using our proprietary Management Plan Formulation Support System, providing them with counseling and reviewing their management improvement plans and continuously monitoring the progress of those plans.

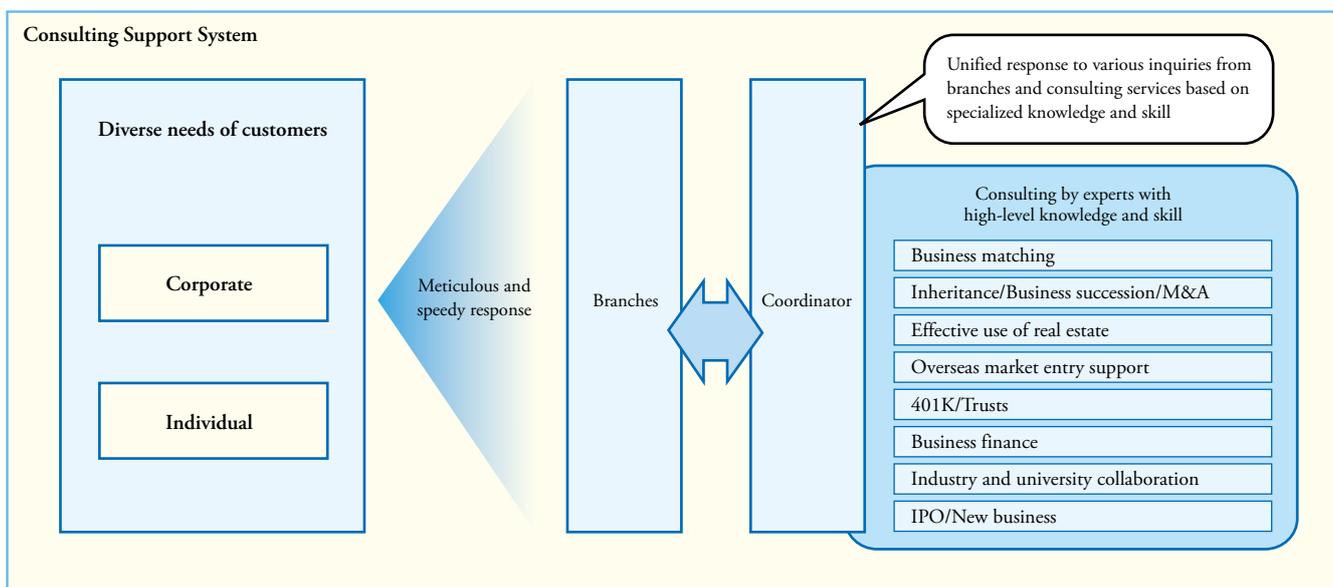
The Bank continues to demonstrate its consulting capabilities and support client companies in order to facilitate their business rehabilitation.

Corporate Social Responsibility (Main Initiatives)

Strengthen the consulting system

- 1) Approaches to inheritance and business succession
To respond to customers' inheritance and business succession needs, we are collaborating with outside professional institutions such as tax accounting firms, of which our head office staff with their specialized knowledge is a business partner, and providing inheritance and business succession consulting services.
- 2) Assisting companies enter overseas markets
The entry of SMEs into overseas markets (globalization) in the wake of economic growth in China and Southeast Asia has become commonplace. To support these companies, we are providing information about countries, business customs, and other areas to companies that want to establish factories and bases overseas.
- 3) Meeting M&A needs
While responding to the various merger and acquisition needs, such as for business succession (absence of a successor), business expansion, and diversification, of SMEs in Saitama Prefecture, we are contributing to the survival and growth of SMEs in the region and developing the regional economy. The Bank has concluded M&A business agreements with six outside professional agency partners including the Saitama Certified Public Tax Accountant Cooperative Society.

- 4) Handling electronically recorded monetary claim rebates
In response to diversifying customer financing needs, the Bank is participating in the Electronic Settlement Service provided by the Japan Electronic Monetary Claim Organization, a wholly owned subsidiary of The Bank of Tokyo-Mitsubishi UFJ, Ltd. We are the first financial institution in Saitama Prefecture to initiate an electronically recorded monetary claim (electronic promissory note) rebate service.
- 5) Other
The Bank responds to requests for consultations involving business problems such as expansion of sales channels while leveraging the know-how of outside institutions that our head office staff and branch staff, which have specialized knowledge, are partnered with. Further, we operate the Bugin Managers' Club, which provides various information support services including the publication of an in-house journal loaded with business information for members and the sponsorship of seminars.



Corporate Social Responsibility (Main Initiatives)

Contributing to the Local Community

Measures to Prevent Financial Crime

Damage caused by bank transfer fraud, cash card forgery and theft, illicit internet access and other financial crimes is increasing. With a unit in charge of responding to financial crime, the Bank is working to prevent damage caused by financial crime by assigning two individuals to work in the General Affairs Division as security officers.

Supporting Educational Programs

(Supporting Financial Education)

As a part of our education support program, the Bank conducts workplace observation tours and on-site training for children who are the bearers of the country's future. In August 2011, we participated in Saitama Prefecture Youngsters Bridge of Dreams Business sponsored by Saitama Prefecture and provided opportunities for youngsters to learn and experience.



(Fostering a Work Awareness)

To help foster a work awareness among students, we provide internships for college students in cooperation with Musashino Bank and Bugin Economic Research Institute, Ltd., a Group company. As part of this program, the students are taught about the banking business, given a tour of our head office, and visit companies. This provides students with an opportunity to understand the work performed by bank staff.



The Environment

Helping Preserve the Environment through Banking Services

As a regional financial provider, the Bank has a range of services for customers who show environmental commitment, helping them reduce costs and offering support in their environmental initiatives.

Environmental Education for Employees (the only environmental program offered by a regional bank)

In 2008, in cooperation with the Ecosystem Conservation Society, we began holding the "Bugin Environmental College" to help employees acquire knowledge about preserving the natural environment and conserving the ecosystem. The fifth semester of this course began in July 2011.

The college meets for nine sessions and when the courses are completed the employees can receive "Ecosystem Instructor - 2nd Level" certification from the Ecosystem Conservation Society (as of June 2011, 77 certifications had been issued).

In addition, new bank employees who joined Musashino Bank in 2011, in cooperation with the Ecosystem Conservation Society and the Association for Arakawa Nature Conservation, an NPO, conducted natural environment preservation activities, which included the disinfecting of alien plants on the Arakawa River bed (Mitsumata-numa Biotope).

