

Financial Summary for Fiscal Year 2015

May 25, 2016

農林中央金庫

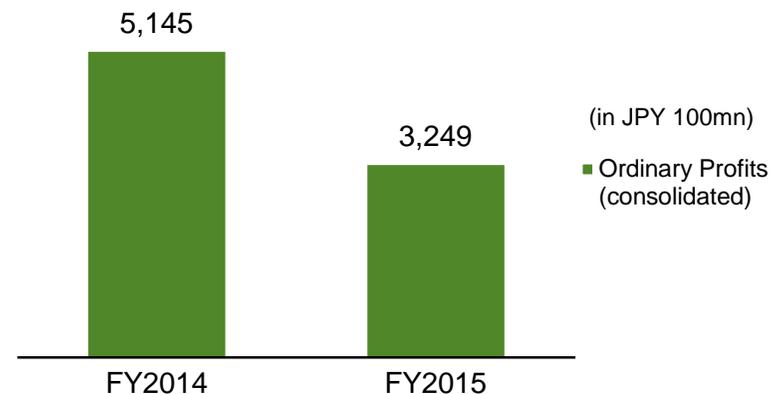
The Norinchukin Bank

Financial Highlights for FY2015

- ~ Kept high level of profit though declined due to increased foreign currencies funding expenses ~
- ~ Capital adequacy ratios remained at a high level ~

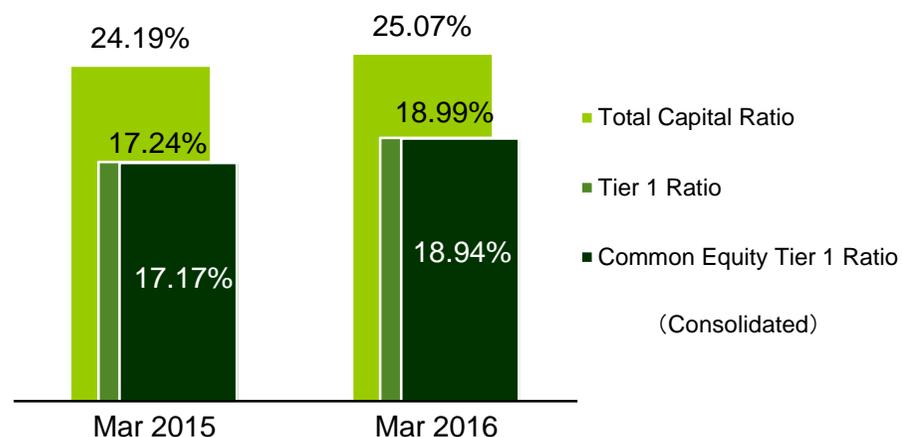
Profits

【Consolidated】		(in JPY 100mn)		
	FY2014	FY2015	Change	
Ordinary Profits	5,145	3,249	(1,896)	
Net Income	4,113	2,712	(1,400)	



Capital Position (under Basel III)

【Consolidated】				
	Mar 2015	Mar 2016 (Preliminary Figure)	Change	
Common Equity Tier 1 Ratio	17.17%	18.94%	1.77%	
Tier 1 Ratio	17.24%	18.99%	1.74%	
Total Capital Ratio	24.19%	25.07%	0.88%	



Income Statement Summary

【Consolidated】

(in JPY 100mn)

	FY2014	FY2015	Change
1 Ordinary Income	13,598	12,879	(719)
2 Interest Income	10,295	10,348	52
3 <Interests on/Dividends from Securities>	9,438	9,497	58
4 <Interests on Loans>	673	647	(26)
5 Ordinary Expenses	8,453	9,629	1,176
6 Interest Expenses	6,034	7,159	1,124
7 <Expenses on Funding from Members>	3,209	3,397	187
8 General and Administrative Expenses	1,294	1,625	331
9 Ordinary Profits	5,145	3,249	(1,896)
10 Income before Income Taxes	5,129	3,235	(1,894)
11 Net Income	4,113	2,712	(1,400)

【Non-consolidated】

(in JPY 100mn)

	FY2014	FY2015	Change
12 Ordinary Profits	5,043	3,221	(1,821)
13 Net Income	4,045	2,715	(1,329)

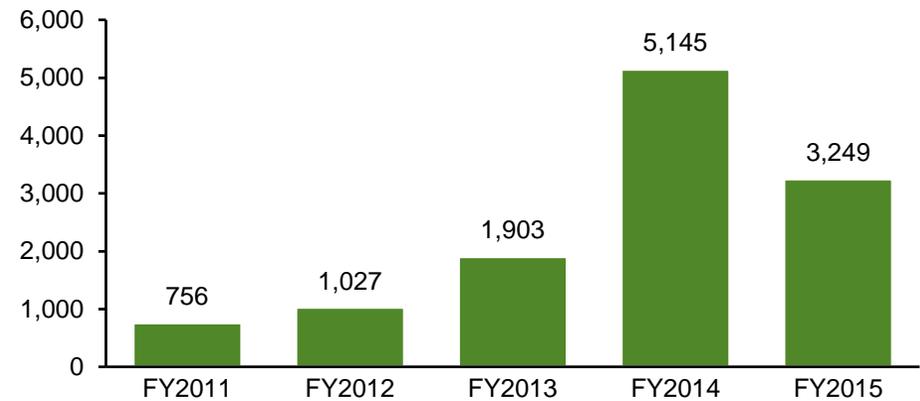
【Reference (Non-consolidated)】

14 Gains on Sale of Securities	409	389	(20)
15 Losses on Sale of Securities	407	191	(215)
16 Credit-related Expenses ^(Note)	(511)	(193)	317
17 Disposal of Securities	19	2	(16)

(Note) Negative numbers for credit-related expenses indicate reversals

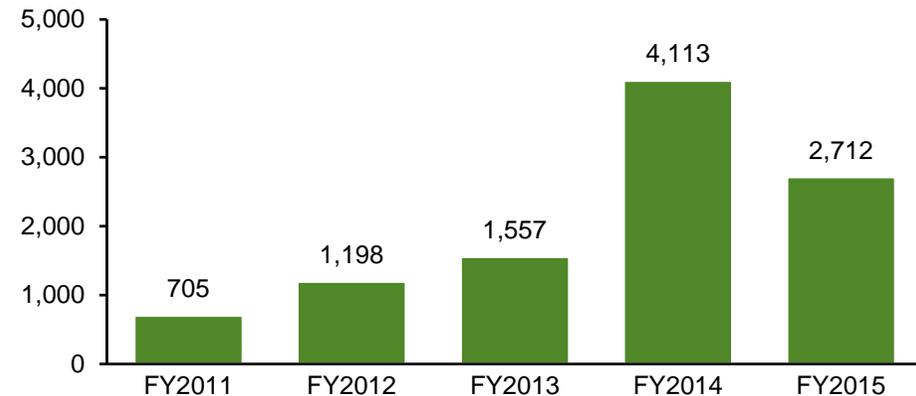
Ordinary Profits over Time (Consolidated)

(in JPY 100mn)



Net Income over Time (Consolidated)

(in JPY 100mn)



Balance Sheet Summary

【Consolidated】

(in JPY 100mn)

		Mar 2015	Mar 2016	Change
1	Loans and Bills Discounted	200,381	180,221	(20,159)
2	Securities	597,239	583,063	(14,175)
3	Money Held in Trust	45,078	49,229	4,150
4	Cash and Due from Banks	72,976	150,579	77,602
5	Others	29,821	48,734	18,913
6	Total Assets	945,497	1,011,829	66,331
7	Deposits ^(Note)	560,868	602,211	41,342
8	Debentures	35,528	31,220	(4,307)
9	Payables under Repurchase Agreements	177,076	184,882	7,805
10	Others	98,942	121,647	22,704
11	Total Liabilities	872,415	939,961	67,545
12	Total Net Assets	73,081	71,867	(1,213)

(Note) Deposits include deposits and entrusted funds (the majority are short-term funds received from members) for accounting purpose.

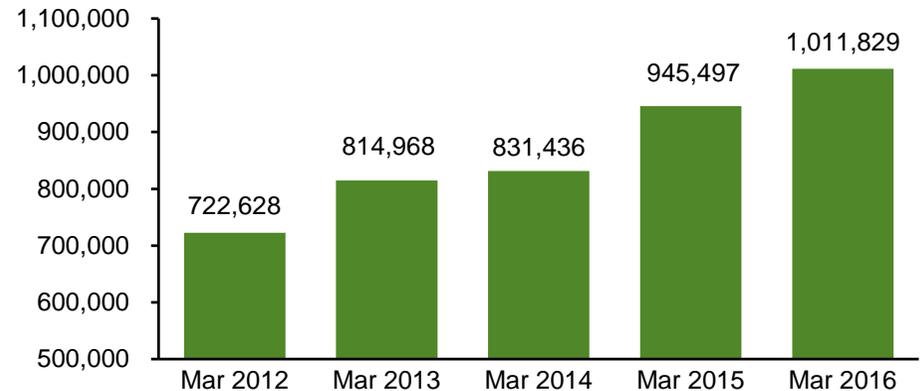
【Non-consolidated】

(in JPY 100mn)

		Mar 2014	Mar 2016	Change
13	Total Assets	936,184	1,001,300	65,116
14	Total Liabilities	863,866	929,964	66,098
15	Total Net Assets	72,318	71,336	(981)
16	Gains/Losses on Revaluation of Securities	32,256	29,230	(3,026)

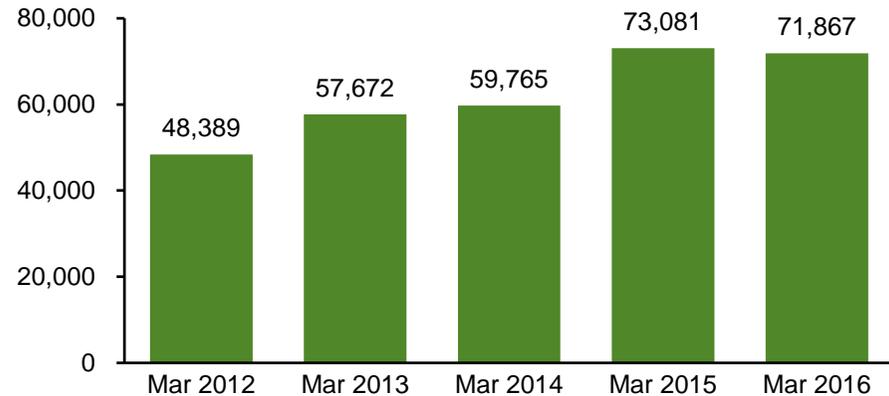
Total Assets over Time (Consolidated)

(in JPY 100mn)



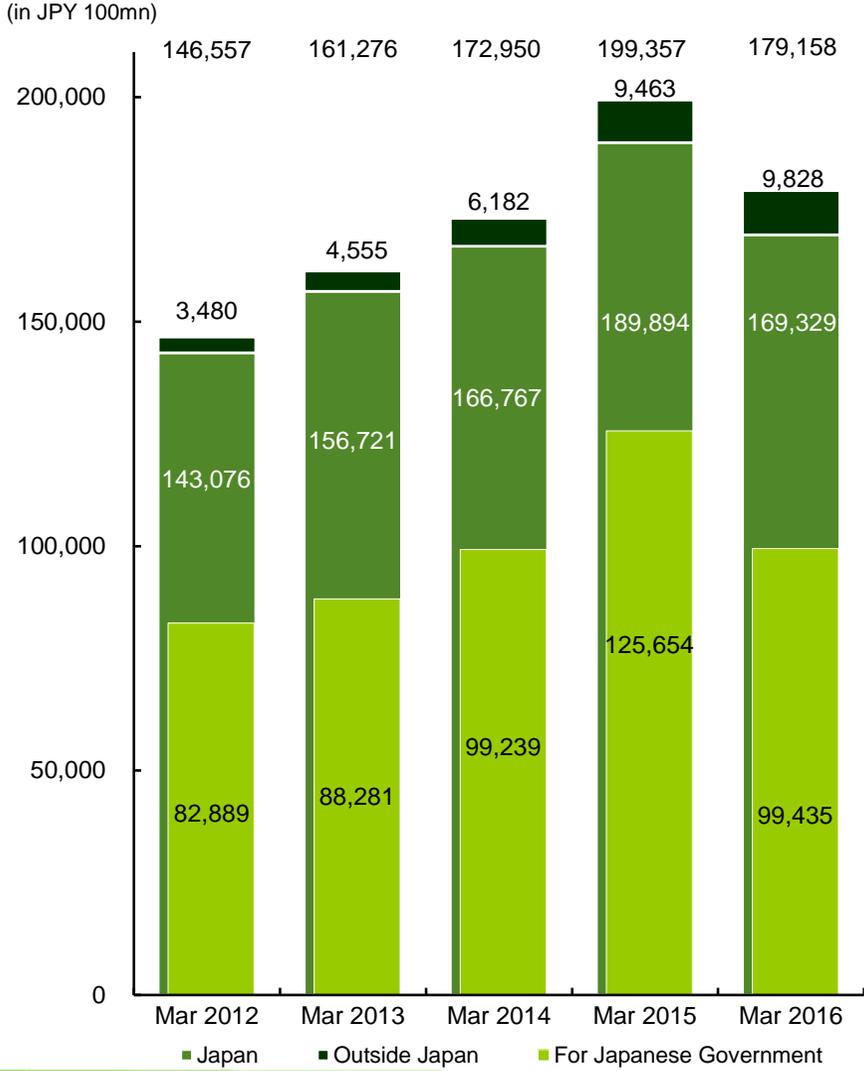
Net Assets over Time (Consolidated)

(in JPY 100mn)



Loans and Bills Discounted (Non-consolidated)

Loans and Bills Discounted over Time



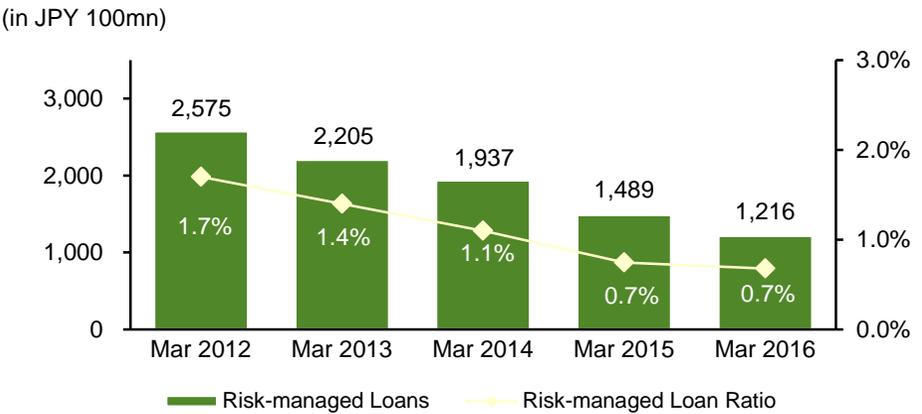
Outstanding Loan Balance by Sector

(in JPY 100mn)

	Balance		Ratio
	Mar 2016	Change from Mar 2015	
1 Corporative Organizations	6,885	1,139	4%
2 Corporations	61,142	3,347	34%
3 Exc loans to IAAs (Note)	53,243	1,682	30%
4 Others	111,129	(24,686)	62%
5 Government	99,435	(26,219)	56%
6 Total	179,158	(20,198)	100%

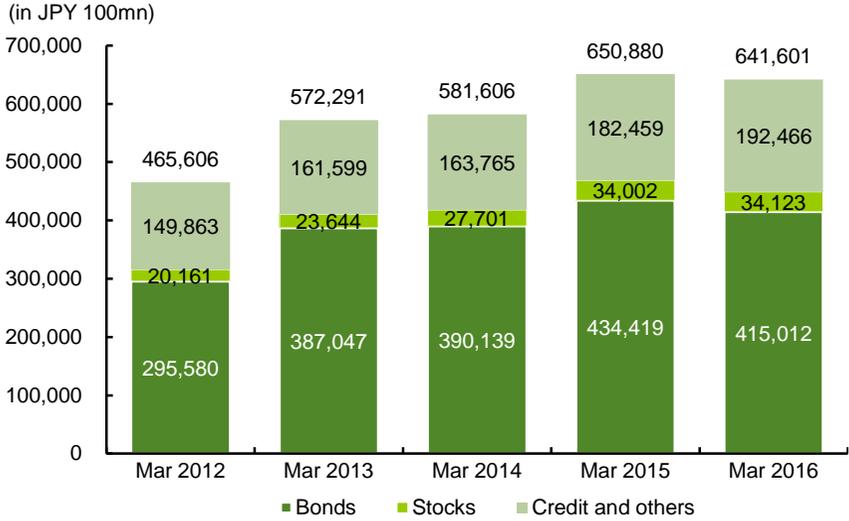
(Note) Excludes loans to Independent Administrative Agencies, etc.

Risk-managed Loans over Time



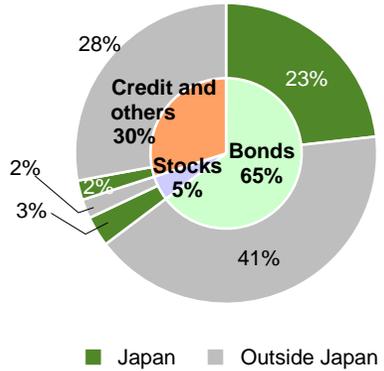
Market Investment Portfolio (Non-consolidated)

Market Investment Portfolio over Time

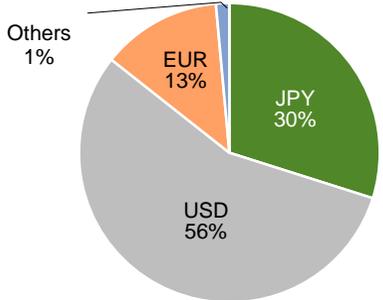


Market Investment Portfolio (Mar 2016)

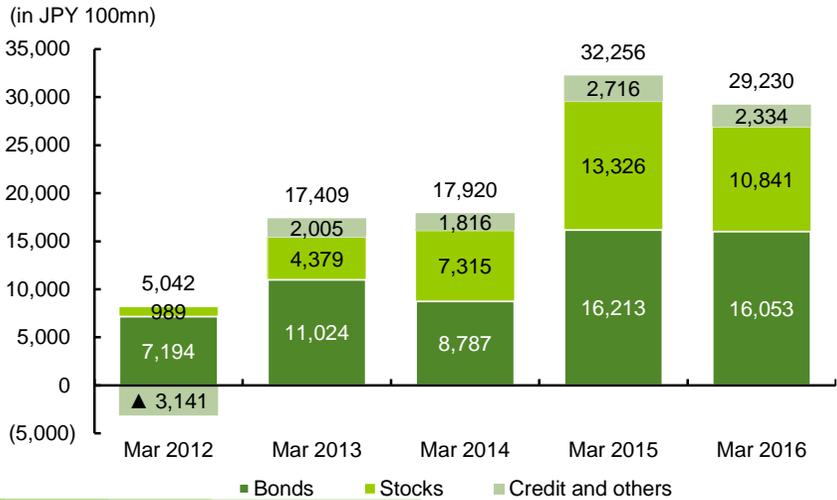
Market Investment Portfolio by Risk



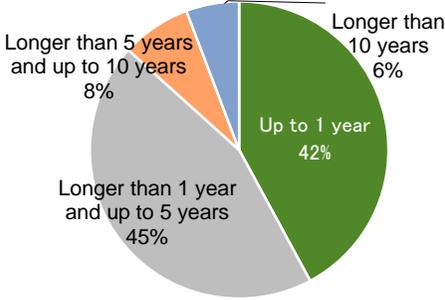
Market Investment Portfolio by Currency



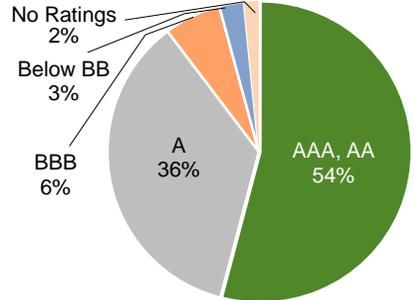
Net Unrealized Gains and Losses over Time



Bond and Credit Portfolio by Rate Reset Maturity

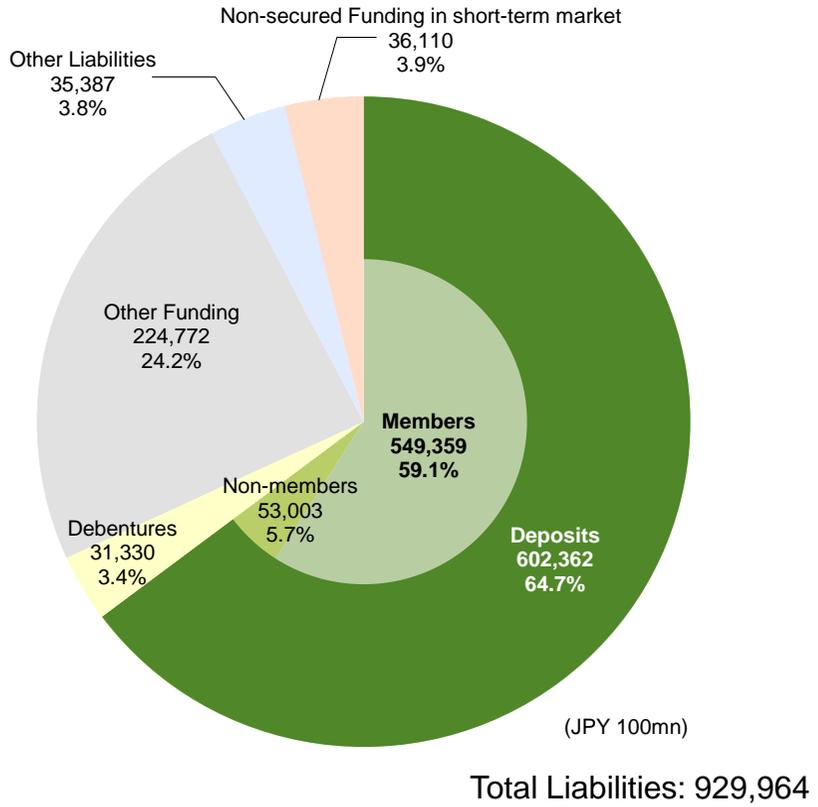


Market Investment Portfolio by Rating



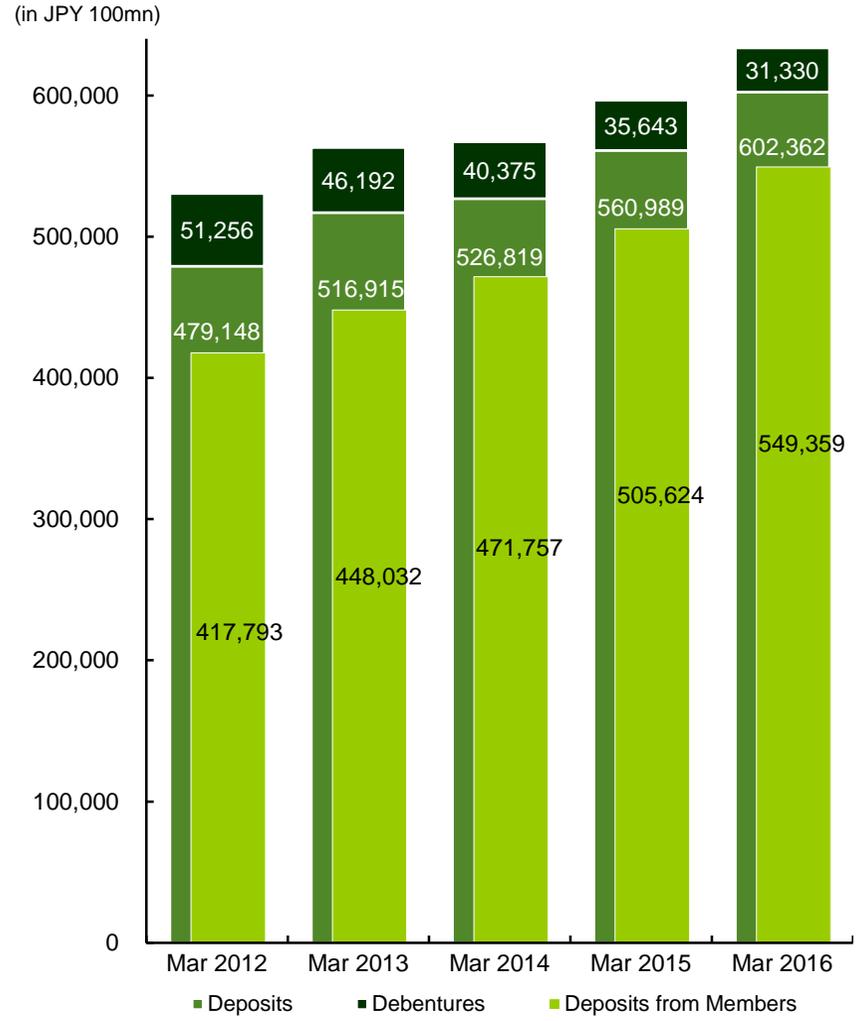
Funding (Non-consolidated)

Breakdown of Funding



(Note) Deposits include deposits and entrusted funds (the majority are short-term funds received from members) for accounting purpose. Other funding includes borrowed money (secured and subordinated loans) such as payables under repurchase agreements and payables under securities lending transactions. Other liabilities include acceptance & guarantees and reserves. Short-term unsecured funding from markets include trading liabilities, negotiable certificates of deposits, and unsecured call money.

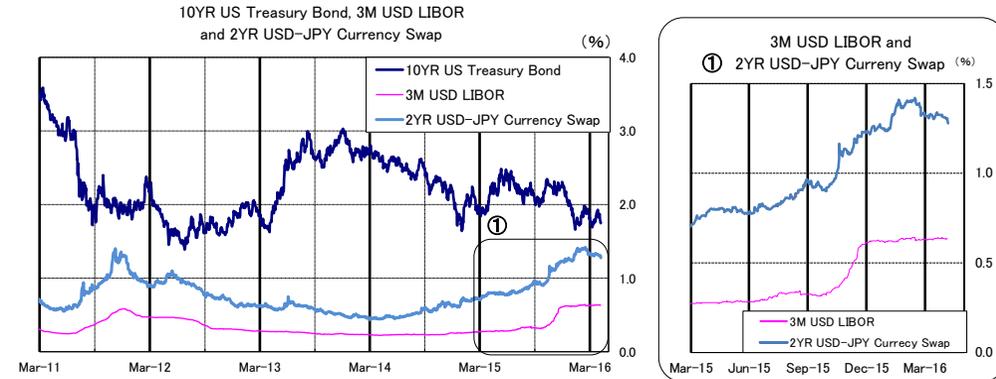
Deposits and Debentures over Time



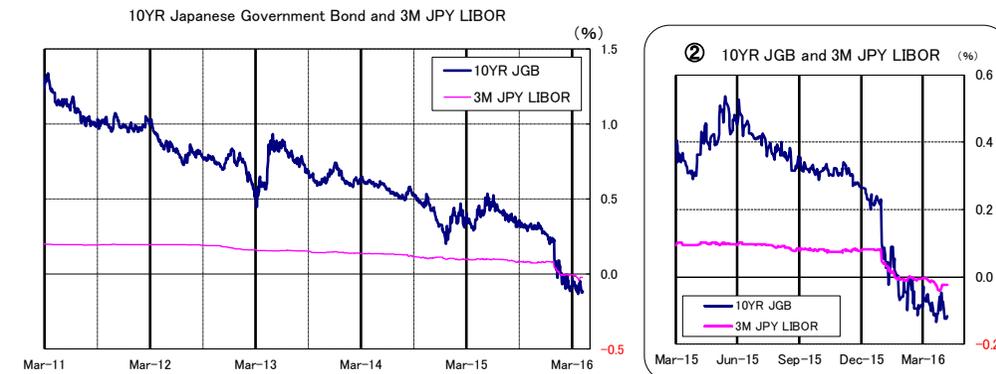
Earnings Yields (Non-consolidated)

	Average (in JPY trn)		Earnings (in JPY 100mn)		Yield	
	FY2015	YOY Change	FY2015	YOY Change	FY2015	YOY Change
【Investment】						
1 Loans and Bills Discounted	19.2	0.6	613	(24)	0.32%	(0.02%)
2 Securities	61.5	4.8	10,768	(282)	1.75%	(0.20%)
3 Yen-denominated Securities	17.4	(0.3)	1,463	(498)	0.84%	(0.27%)
4 Foreign Currency-denominated Securities	44.1	5.1	9,304	215	2.11%	(0.22%)
5 Short-term Investment Assets	2.4	(0.5)	60	(1)	0.25%	0.04%
【Funding】						
6 From Member Banks	53.0	3.2	3,397	187	0.64%	(0.00%)
7 Debentures	3.3	(0.4)	134	(52)	0.40%	(0.09%)
8 Funding from Markets	30.6	4.7	817	400	0.27%	0.11%
9 From the Yen Market	3.0	1.3	33	10	0.11%	(0.03%)
10 From Foreign Currencies Markets	27.5	3.3	784	390	0.28%	0.12%
(Reference)						
11 Foreign Currencies Funding (Including Currency Swaps, etc.)	45.7	3.0	1,899	737	0.42%	0.14%

(Reference) US Dollar Interest Rates over Time



(Reference) Yen Interest Rates over Time



Capital Position

【Consolidated】

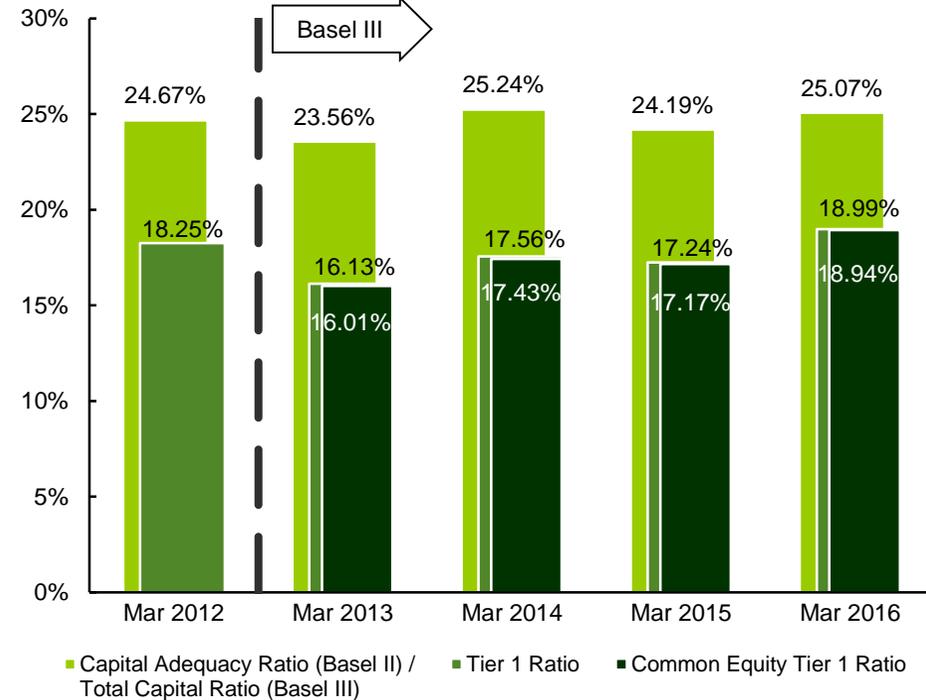
	Mar 2015	Mar 2016	Change
1 Tier 1 Capital	58,111	62,932	4,821
2 Common Equity Tier 1 Capital (CET1)	57,887	62,788	4,900
3 Capital Stock and Capital Surplus	34,009	34,555	545
4 Earned Surplus	14,985	17,024	2,038
5 Unrealized Gains on Other Securities	9,357	12,711	3,353
6 Additional Tier 1 Capital	223	144	(78)
7 Tier 2 Capital	23,413	20,165	(3,247)
8 45% of Unrealized Gains on Other Securities	8,713	5,262	(3,451)
9 Subordinated Bonds and Loans	15,360	15,632	272
10 Total Capital	81,524	83,098	1,573
11 Risk-weighted Assets	337,009	331,352	(5,656)
12 Common Equity Tier 1 Ratio	17.17%	18.94%	1.77%
13 Tier 1 Ratio	17.24%	18.99%	1.74%
14 Total Capital Ratio	24.19%	25.07%	0.88%
15 CET 1 Ratio on Fully Loaded Basis (Note 1)	21.13%	21.20%	0.07%

(Note1) Item 15: based on a Basel III fully loaded basis

Leverage Ratio (Consolidated)

	Mar 2015	Mar 2016
16 Leverage Ratio	6.08%	6.14%

Capital Ratios over Time (Consolidated)



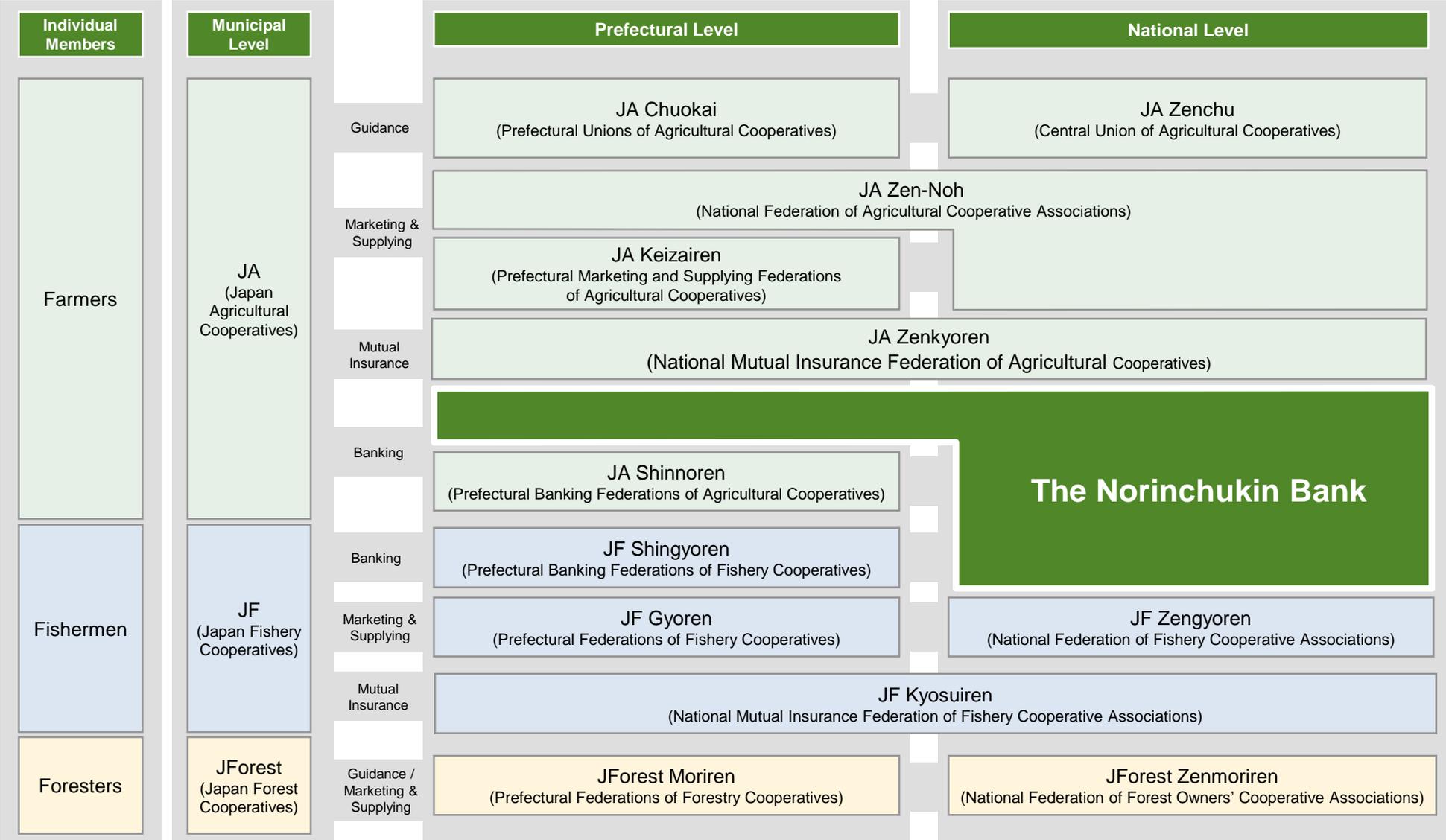
Liquidity Coverage Ratio (Consolidated)

	FY2015	1Q	2Q	3Q	4Q
17 Liquidity Coverage Ratio (Note 2)	313%	328%	344%	334%	334%

(Note2) Item 17: the average of month-end LCRs in each quarter

Appendices

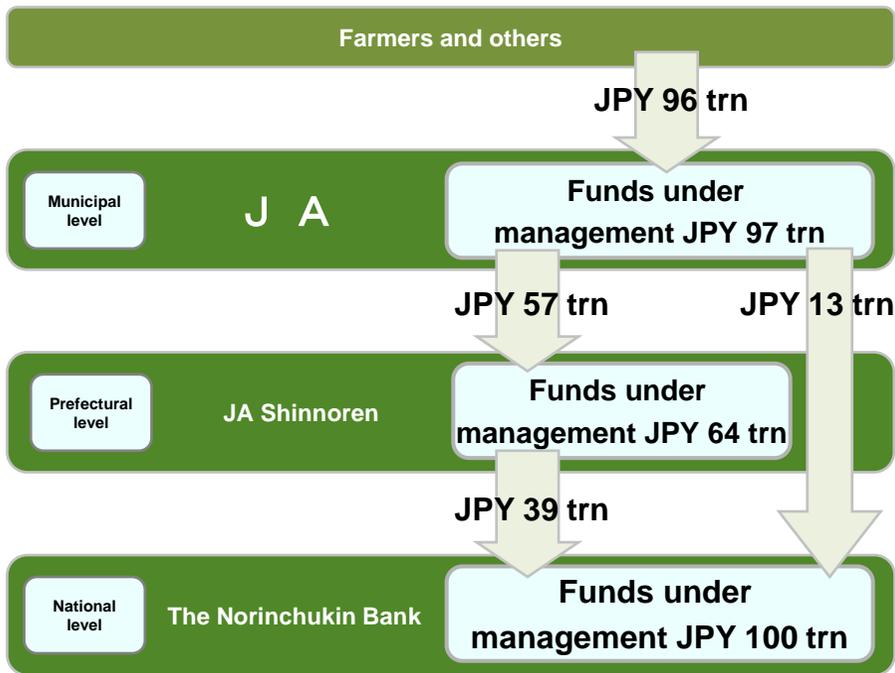
Structure of the Cooperative System



Business Base of JA Bank

JA Bank = JA + JA Shinnoren + The Norinchukin Bank

Flow of Funds in JA Bank (As of March 31, 2016)

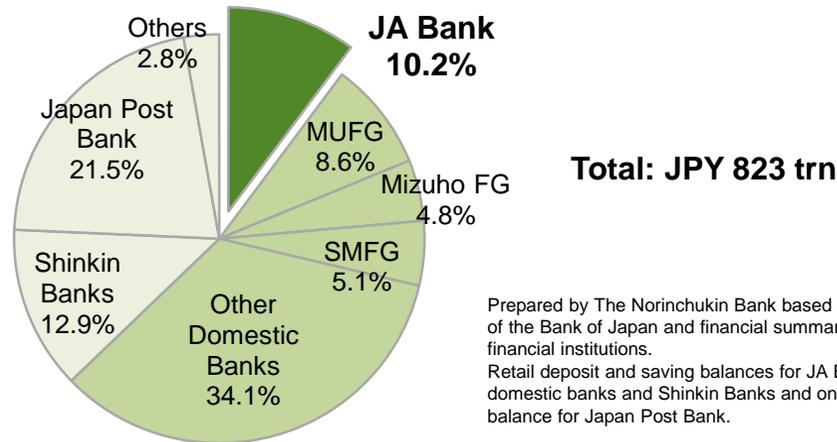


Total funds under management of JA Bank* JPY 151 trn

* Total funds under management (JPY trn) = Funds under management (97+64+100) – Deposits (57+13+39)

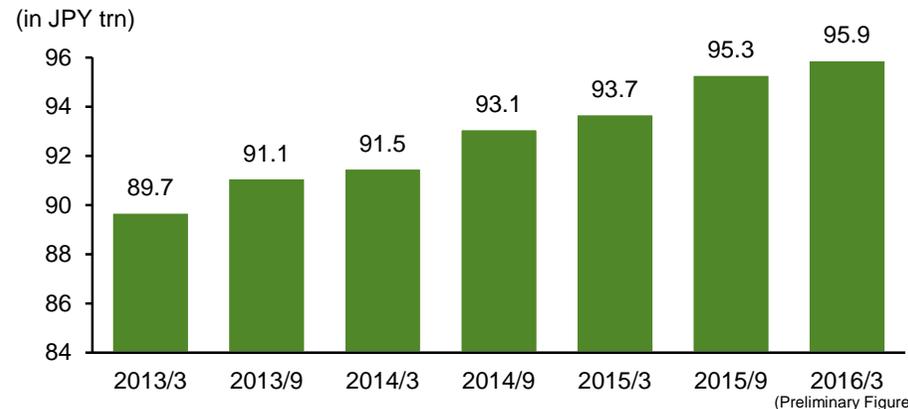
JA Bank accounts for 10% of the total amount of retail deposits and savings in the Japan.

Retail Deposits and Savings in Japan (As of Sep. 30, 2015)



Increasing amount of deposits and savings of JA Bank

JA Bank Deposits and Savings (JPY trillion)



Assessment of Capital and Liquidity Adequacy

The Bank establishes risk appetite and implements Internal Capital Adequacy Assessment Process (ICAAP) and Individual Liquidity Adequacy Assessment (ILAA) as a board-level management framework of the two most important elements for financial institutions so that it can manage profits, capital and risk in a consistent and efficient manner, securing adequate level of liquidity.

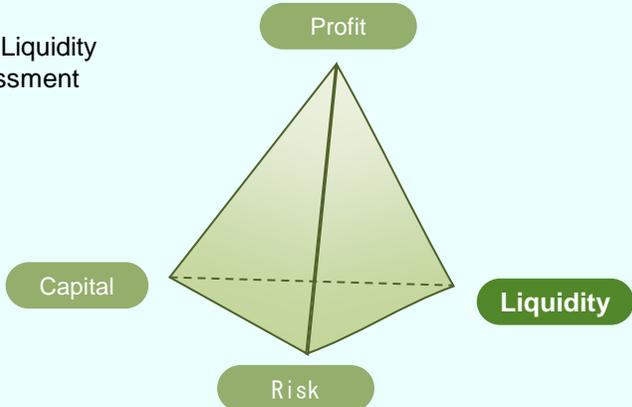
Risk Appetite

- In implementing the Bank's strategies, risk appetite reflects specific views on risk-taking, and defines what types of risks and magnitude of risk the Bank is willing to accept
- Risk appetite is established to manage the Banks' business strategies, risk and capital in a consistent framework, and to clarify the tolerable level of liquidity which enables the Bank's strategic risk-taking

ILAA

- A framework for assessing the sufficiency of liquidity and appropriateness of liquidity risk management to support strategic risk-taking for profits

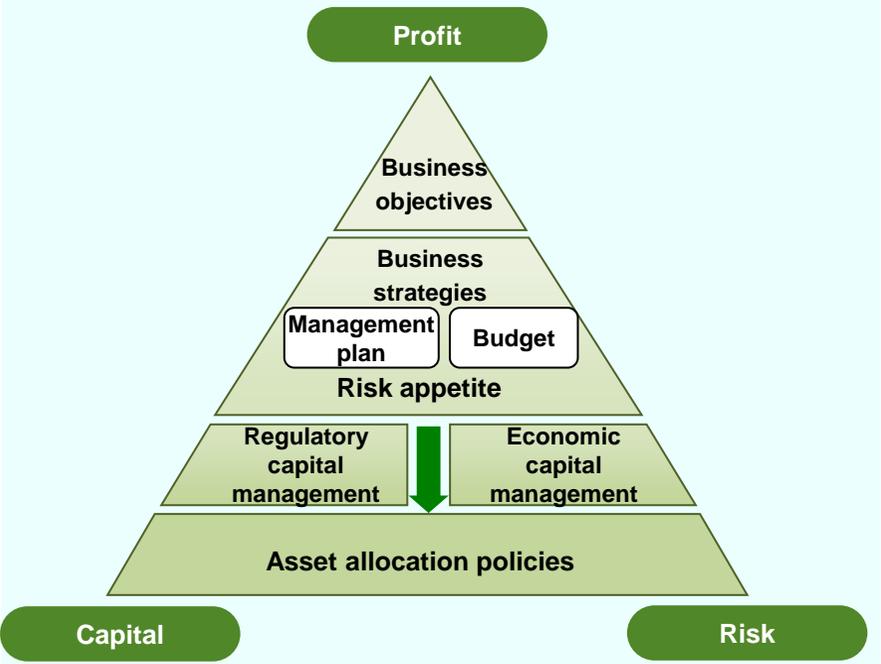
ILAA: Individual Liquidity Adequacy Assessment



ICAAP

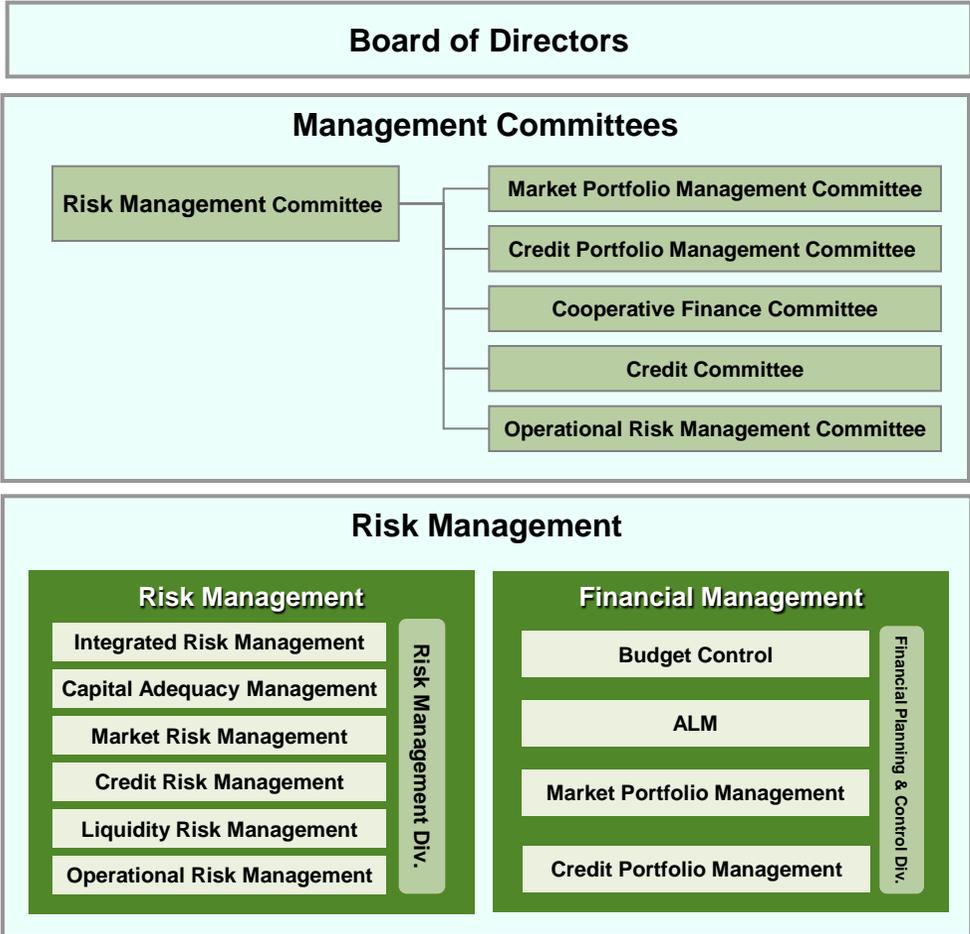
- A process for demonstrating the appropriate management of risks that a company is facing so that it can achieve its business objectives, and for the appropriate maintenance and control of a sufficient level of internal capital to cover these risks

ICAAP: Internal Capital Adequacy Assessment Process



Risk Management System

The Bank has employed an “integrated risk management” system with a central focus on economic capital management.



1. Board of Directors

- The Board of Directors sets business objectives in the form of medium-term management plans, risk appetite, management plans and budgets based on them. It also determines a risk management framework for their implementation.
- Based on feedbacks from internal and external audits, the board keeps track of the risk management regimes.

2. Management Committees

- The Risk Management Committee discusses and determines important issues associated with the management of economic and regulatory capital and the handling of respective risks.
- Based on the determination, each relevant committee, such as the Market Portfolio Management Committee and Credit Portfolio Management Committee, sets concrete portfolio management policies.

3. Risk Management

- As part of its integrated risk management efforts, the Bank has established individual units to watch over market risk, credit risk, liquidity risk and operational risk as well as a unit to supervise such units. Their roles and responsibilities have been clearly defined.
- Through its integrated risk management efforts, the Bank, under its risk management framework, has established its financial management practices flexible enough to ensure that it maintains sound and profitable business performance and, at the same time, to strike an optimal balance among risk, profit, and capital in volatile markets and in constantly changing economic and financial environments.

Investments in Securitized Products (Non-consolidated, Preliminary Figures)

1 Investment in Securitized Products (Notes 1, 2 & 3)

							(JPY in 100mn)			
		AAA	AA	A	BBB	Below BBB	Total	Change from Mar 2015	Unrealized Gains /Losses	Change from Mar 2015
1	ABS	6,625	-	-	-	-	6,625	▲6,145	▲22	▲29
2	RMBS	18,504	276	99	92	47	19,021	▲3,872	16	7
3	CMBS	654	-	-	-	-	654	▲34	▲134	17
4	CDO (Note 4)	20,653	262	451	-	0	21,367	3,391	▲81	91
5	Others	-	-	-	-	17	17	▲22	-	-
6	Total	46,438	538	551	92	65	47,685	▲6,682	▲221	86

Exposures by Currency

		(JPY in 100mn)			
			Change from Mar 2015	Unrealized Gains /Losses	Change from Mar 2015
1	USD	30,210	▲3,095	▲219	65
2	EUR	10,159	▲2,487	11	14
3	GBP	2,793	▲171	-	-
4	AUD	2,461	837	-	-
5	JPY	2,061	▲1,765	▲13	6
6	Total	47,685	▲6,682	▲221	86

2 Investment in Bonds Issued by US Housing-related GSEs (Note 5)

		(JPY in 100mn)			
		Exposures	Change from Mar 2015	Unrealized Gains /Losses	Change from Mar 2015
1	Agency Mortgage Bonds	13,016	▲4,532	547	▲252
2	Agency Bonds	7,480	▲6,236	10	▲78
3	Total	20,497	▲10,768	558	▲331

3 Others

The Bank does not own any products related to ABCP, SIV, nor leveraged loans in its trading account and is not involved in any unconsolidated off-balance sheet transactions of related to them as well as it has not originated, underwritten nor traded those products.

Also the Bank does not have a balance on loans internally defined as those used mainly for LBOs nor a balance on monoline wrapped financial instruments.

(Note 1) Securitized products are internally defined based on the definition under the Basel capital framework. Does not include mortgage-backed securities related to US government sponsored entities.

(Note 2) The amount of securitization exposure is the net exposure after write-off and revaluation. Had a positive impact on the income for FY2015 (JPY 1.1bn).

(Note 3) The Bank does not have any exposure to sub-prime related RMBS or CDO in its investments in securitized products.

(Note 4) Includes resecuritized products (i. e. products containing at least one securitized product as an underlying asset) under the Basel capital framework totaling JPY134.1bn.

The Bank has little exposure (less than JPY0.1bn) to resecuritized products such as ABS-CDO, and CDO of CDO's.

(Note 5) The Bank has JPY2,171.1bn of mortgage-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation.

As of March 31, 2016, non-consolidated basis

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