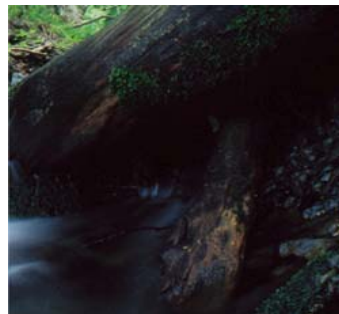


# 農林中央金庫

The Norinchukin Bank

*Financial Summary for the Quarter ended June 30, 2010*

August 25<sup>th</sup> , 2010



~Maintained a capital adequacy ratio at a high level, and achieved ordinary profit targets~

## ■ Ordinary Profits: JPY 62.2bn, Quarterly Net Income: JPY65.2bn

- While steadily securing net cash flows, a reduction in credit-related expenses contributed to the achievement of the Bank's ordinary profit targets

## ■ Capital Adequacy Ratio:20.82%, Tier I Ratio: 15.10%

- Capital adequacy and Tier I ratios rose to 1.56% and 1.22% from March 31, 2010, respectively. The Bank maintains a solid capital position.

## ■ Unrealized Losses on Securities were JPY 617bn

- Amid a volatile market environment, unrealized losses on securities and other financial products remained essentially unchanged from JPY 605.8bn at the end of March 2010.

# Income Statement Summary (Non-consolidated)

~ Ordinary profits for the 1<sup>st</sup> quarter of fiscal year, ending March 31, 2011, stood at JPY62.2bn ~

- Steadily secured profits; making strides toward achieving our ordinary profit target (JPY 50bn to JPY 100bn) for the full fiscal year

	(in JPY 100mn)	April-June 2009	April-June 2010	Change	Change (%)
1 Ordinary Income		3,642	2,778	-863	-23.7%
2 Interest Income		1,690	1,643	-46	-2.7%
3 Other Operating Income		1,121	416	-704	-62.8%
4 Other Ordinary Income		798	674	-123	-15.4%
5 Ordinary Expenses		2,852	2,156	-696	-24.4%
6 Interest Expenses		1,892	1,386	-505	-26.7%
7 Other Operating Expenses		430	265	-165	-38.3%
8 General and Administrative Expenses		307	264	-42	-13.9%
9 Other Ordinary Expenses		182	211	28	15.7%
10 Ordinary Profits		789	622	-167	-21.1%
11 Extraordinary Profits		4	191	186	4,206.5%
12 Extraordinary Losses		8	1	-6	-78.7%
13 Quarterly Income before Income Taxes		785	812	26	3.3%
14 Quarterly Net Income		574	652	77	13.5%

■ Gains on the sale of securities: JPY 34.6bn  
(down 60.8bn year-on-year)

■ Due mainly to the decreased cost of raising foreign funds

■ Losses on the revaluation of securities: JPY 29.3bn  
(up JPY 2bn year-on-year)

■ Losses on the sale of securities: JPY 3.2bn  
(down JPY 4.2bn year-on-year)

■ Credit-related expenses: JPY - 18.5bn (net gain)  
(1Q of FYE March 2010: JPY10.9bn )

• Operating Expenses (write-off of loans): JPY300mn  
(down JPY 10.5bn year-on-year)

• Extraordinary Profits (reversal of reserve for possible loan losses): JPY 18.8bn (up JPY 18.8bn year-on-year)

# Balance Sheet Summary (Non-consolidated)

## ~ Conservative Portfolio Management ~

■ Total assets and net assets grew by JPY 2,071.7 billion and JPY 55.1 billion, respectively

	March 31	June 30	Change	Change
(in JPY 100mn)	2010	2010		(%)
<b>(Assets)</b>				
1 Loans and Bills Discounted	130,380	126,557	-3,823	-2.9%
2 Securities	440,137	456,663	16,526	3.7%
3 Money Held in Trust	65,556	66,749	1,193	1.8%
4 Cash and Due from Banks	21,803	11,251	-10,552	-48.3%
5 Others	26,825	44,199	17,373	64.7%
6 Total Assets	684,703	705,421	20,717	3.0%
<b>(Liabilities)</b>				
7 Deposits	391,087	392,840	1,752	0.4%
8 Negotiable Cert. of Deposit	7,027	6,035	-992	-14.1%
9 Debentures	56,117	55,989	-127	-0.2%
10 Borrowed Money	22,844	18,977	-3,866	-16.9%
11 Others	168,310	191,710	23,400	13.9%
12 Total Liabilities	645,387	665,553	20,166	3.1%
<b>(Net Assets)</b>				
13 Paid-in Capital	34,259	34,259	-	-
14 Capital Surplus	250	250	-	-
15 Retained Earnings	8,185	8,838	653	7.9%
16 Others	-3,377	-3,479	-101	3.0%
17 Total Net Assets	39,316	39,867	551	1.4%

■ Investments in short-term Japanese government bonds grew

■ The majority of funding is covered by deposits from the member banks

■ Short-term entrusted funds increased

■ Net assets grew as a result of steady efforts in securing net profit

# Fair Value of Securities (Non-consolidated)

~ The amount of net unrealized losses on securities has remained unchanged ~

■ Net unrealized losses on securities stood at JPY 617bn

(Net Unrealized Gains/ Losses :JPY 100mn)	March 31 2010	June 30 2010	Change
<b>【Fair Value of Securities】</b>			
1 Stocks	911	568	-342
2 Bonds	-29	18	48
3 Japanese Government Bonds	-4	39	44
4 Municipal Government Bonds	0	0	0
5 Corporate Bonds	-24	-21	3
6 Other	-6,411	-7,121	-710
7 Foreign Bonds	-453	268	722
8 Foreign Stocks	-29	-90	-60
9 Other	-5,929	-7,300	-1,371
10 Investment Trusts	-5,794	-7,191	-1,397
11 Subtotal ①	-5,529	-6,534	-1,004
<b>【Fair Value of Money Held in Trust】</b>			
12 Other Money Held in Trust ②	1,286	1,711	425
<b>【Securities reclassified into other holding purpose classification】</b>			
13 "Other Securities" reclassified into "Held-to-Maturity Debt Securities" ③	-1,814	-1,347	467
14 Total (①+②+③)	-6,058	-6,170	-112

■ Global market setbacks in stock prices have led to an increase in unrealized losses on the Bank's investments in both domestic and foreign equity shares including investment trusts.

■ A decline in interest rates contributed to an increase in unrealized gains on both domestic and foreign bonds as well as money held in trust

Note: The difference between the amount of held-to-maturity debt securities posted on the B/S and their fair value is JPY 349.2bn (increase)

As of June 30, 2010, non-consolidated basis  
Source: The Norinchukin Bank

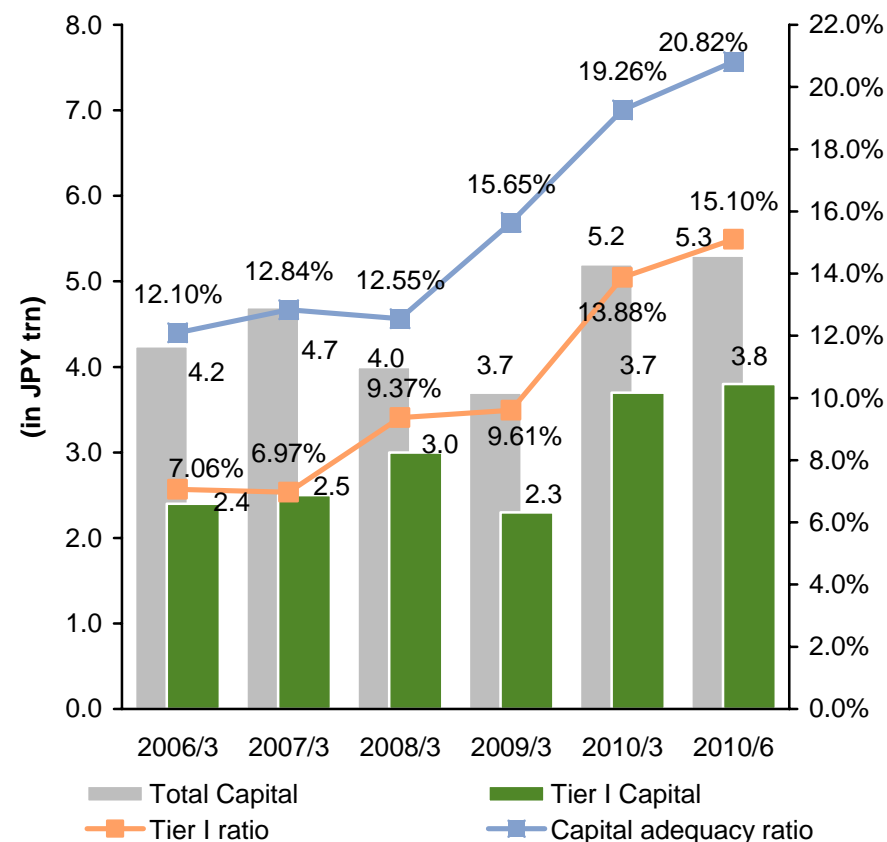
~ The Bank has maintained its capital adequacy at a sound level ~

■ Capital adequacy and Tier 1 ratios were 20.82% and 15.10%, respectively. The Bank continues to maintain a high-quality capital base

Capital Breakdown (in JPY 100mn)

	2010/3	2010/6	Change
1 Tier I capital	37,908	38,657	749
2 Capital stock and capital surplus	34,509	34,509	-
3 Earned surplus	8,194	8,846	652
4 Unrealized losses on other securities	-4,066	-4,147	-80
5 Tier II capital	17,745	17,526	-219
6 Perpetual subordinated bonds and loans	14,860	14,860	-
7 Dated subordinated bonds, loans, and preferred stock	2,658	2,439	-219
8 Deductions	3,048	2,911	-136
9 Total Capital	52,605	53,272	666
10 Risk-weighted assets	273,075	255,846	-17,229
11 BIS Capital Adequacy Ratio	19.26%	20.82%	1.56%
12 Tier I Ratio	13.88%	15.10%	1.22%

The Bank's Capital Adequacy Ratio Over Time



Note: Non-consolidated results as of June 30, 2010  
Source: The Norinchukin Bank

# Investments on Securitized Products (Non-consolidated, Preliminary figures)

## ~ Securitization exposures (Note1) (Note2) ~

- The majority of securitization exposures were highly-rated and primary securitized products (ABS)

### 1 Exposures by product

(JPY in 100mn)

	AAA	AA	A	BBB	Below BBB	Total	Change From March End
1 ABS	22,033	10	550	65	12	22,672	-2,641
2 RMBS (Note 3)	4,183	277	220	91	425	5,197	-296
3 CMBS	1,079	1,261	840	668	560	4,410	-414
4 CDO	2,242	6,564	3,435	1,467	2,173	15,884	-2,116
5 CLO	1,831	5,879	3,265	1,129	1,598	13,704	-1,981
6 Resecuritized Products (Note 4)	399	529	127	301	540	1,898	-126
7 CBO and Others	11	155	42	36	35	280	-8
8 Others	-	-	-	2	758	760	-177
9 Total	29,539	8,113	5,047	2,295	3,929	48,925	-5,645

### 2. Unrealized Gains/Losses and Total Losses by product

(JPY in 100mn)

	AAA	AA	A	BBB	Below BBB	Total	Change From March End	Losses (Note 5)
10 ABS	-259	0	-22	0	-2	-285	58	-
11 RMBS (Note 3)	2	13	29	4	-41	8	56	-26
12 CMBS	-156	-67	-49	-79	-51	-405	47	-10
13 CDO	-44	-311	-343	-201	-2	-903	150	-15
14 CLO	-37	-274	-377	-135	-37	-862	137	7
15 Resecuritized Products (Note 4)	-5	-19	11	-89	34	-69	8	-26
16 CBO and Others	0	-16	21	24	-	29	5	3
17 Others	-	-	-	-	-	-	-	-
18 Total	-458	-365	-386	-275	-99	-1,584	312	-51

### 3. Exposures by currency

(JPY in 100mn)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Losses (Note 5)
1 USD	35,230	-3,779	-985	194	-43
2 Euro	5,721	-1,443	-417	100	-1
3 GBP	396	-43	-16	3	-
4 JPY	7,578	-380	-166	14	-5
5 Total	48,925	-5,645	-1,584	312	-51

Note 1: Securitized products are defined internally based on the definition in Basel II. Includes Sub-prime related products.

Note 2: The amount of securitization exposure is the net exposure after write-off and revaluation. For some CMBS, the amount of exposure JPY 123.8bn (Revaluation losses: JPY 1.6bn), which should be included in Specialized Lending (SL) under Basel II, is not included here.

Note 3: Includes Sub-prime RMBS. Does not include mortgage-backed securities related with US Government sponsored entities.

Note 4: Re-securitized Products such as ABS-CDO, and CDO of CDO's. Include ABS-CDO and CDO of CDO's that contain Sub-prime RMBS as underlying assets.

Note 5: The total value of revaluation losses and unrealized losses of financial instruments with embedded derivatives as of FY 2010/6.

Note: As of June 30, 2010, non-consolidated basis.

Source: The Norinchukin Bank

# Investments on Sub-prime Loan related Products and Other Products (Non-consolidated, Preliminary figures)

## ~ Sub-prime loan related products, monolines and leveraged loans ~

■ Net exposure to sub-prime loan related products was JPY98.7bn (after JPY 2.6bn in revaluation losses and JPY 9.1bn in unrealized losses)

### 1. Investment in Sub-prime Loan Related Products (Note1) (in JPY 100mn)

#### (1) Sub-prime Loan related products (Sub-prime RMBS: securitized instruments) (Note2)

	Exposures	Change From March End	From March End	Unrealized Gains/Losses	Change From March End	From March End	Losses
1 AAA	215	-95		35	-17		-
2 AA	62	-49		15	26		-2
3 A	107	80		30	25		-
4 BBB	11	-25		4	16		-
5 below BBB	425	32		-41	-15		-23
6 Total	821	-56		44	35		-26

#### (2) ABS-CDO including sub-prime RMBS (resecuritized instruments) (Note3)(Note 4)

	Exposures	Change From March End	From March End	Unrealized Gains/Losses	Change From March End	From March End	Losses
7 AAA	-	-		-	-		-
8 AA	-	-		-	-		-
9 A	-	-		-	-		-
10 BBB	78	-28		20	0		-
11 below BBB	23	-19		20	3		-
12 Total	101	-48		41	3		-

#### (3) CDO of CDO's including sub-prime RMBS (cubic instruments) (Note5)(Note6)

	Exposures	Change From March End	From March End	Unrealized Gains/Losses	Change From March End	From March End	Losses
13 AAA	-	-		-	-		-
14 AA	-	-		-	-		-
15 A	-	-		-	-		-
16 BBB	-	-		-	-		-
17 below BBB	63	2		5	5		-
18 Total	63	2		5	5		-

#### (4) Total of sub-prime loan related products (Total of (1) to (3))

	Exposures	Change From March End	From March End	Unrealized Gains/Losses	Change From March End	From March End	Losses
19 AAA	215	-95		35	-17		-
20 AA	62	-49		15	26		-2
21 A	107	80		30	25		-
22 BBB	90	-53		24	16		-
23 below BBB	511	15		-15	-6		-23
24 Total	987	-101		91	44		-26

Note 1: The Bank has not engaged in any Sub-prime loan-related lending.  
 Note 2: Ratios by vintage (Issuance year) are 99%, 0%, and 0% for 2004 and before, 2005-2006, and after 2007, respectively.  
 Note 3: Ratios by vintage (Issuance year) are 50%, 37%, and 12% for 2004 and before, 2005-2006, and after 2007, respectively.  
 Note 4: Includes Capital Note issued by SIV.  
 Note 5: Ratios by (Issuance year) are 100%, 0%, and 0% for 2004 and before, 2005-2006, and after 2007, respectively.  
 Note 6: CDO of CDO's contains RMBS even if only in small quantities. Includes only a few sub-prime RMBS.

### 2. Investment in Monoline Products (in JPY 100mn) (Note 7)

	Exposures	Change From March End	From March End	Unrealized Gains/Losses	Change From March End	From March End	Losses
1 Monoline Wrapped Financial Instruments (Note 8)	1,310	-266		-214	67		-
2 Monoline usage in Securitization business	-	-		-	-		-
3 Total	1,310	-266		-214	67		-

### 3. Investment in Leveraged Loans (Note9) (in JPY 100mn)

	Exposures	Change From March End	From March End	Losses
4 Domestic	314	0		-
5 Overseas	972	-68		-
6 Total	1,287	-69		-

### 4. Trading of Sub-prime loan related products

The Bank has not originated, underwritten nor traded ABCP, SIV, or leveraged loans. The Bank does not own any sub-prime loan related products in its trading account and is not involved in any unconsolidated off-balance sheet transactions. The Bank is only involved in sponsoring 1 SPC to provide liquidity to its domestic customers' account receivables (Exposures : JPY76bn)

### 5. Investment in Bonds Issued by US Housing-related GSEs (Note 10) (in JPY 100mn)

	Exposures	Change From March End	From March End	Unrealized Gains/Losses	Change From March End	From March End	Losses
7 Agency Mortgage Bonds	29,083	403		1,254	427		-
8 Agency Bonds	12,293	-6,795		-181	-123		-
9 Total	41,376	-6,391		1,073	304		-

#### 【Reference】

- Sub-prime loan-related products within fund investment  
 The Bank does not own any funds mainly investing in sub-prime loan-related products, but some funds of which the Bank commissions the management, includes sub-prime RMBS (primary instruments). (note)  
 Sub-prime RMBS within the fund was JPY 45.9bn and the unrealized losses were JPY 9bn.

(Note) Internal research basis for funds which the Bank can look through the individual assets within each fund.

Note 7: The Bank has exposure to securitized products (CDOs) including monoline-CDS, other than financial products guaranteed by monolines.  
 Note 8: Non-guaranteed grades for non-recourse loan and CLO are all above investment grades. No sub-prime related loan products for guaranteed products.  
 Note 9: Internal definition of loans mainly targets LBOs. The reserve for possible loan losses amounts to JPY 12.2bn.  
 Note 10: The Bank has JPY 1,609.9bn of mortgaged-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation.  
 Note: As of June 30, 2010, non-consolidated basis.  
 Source: The Norinchukin Bank



~ Earned the same level of profits as in the non-consolidated results ~

■ Ordinary Profits : JPY 61.7bn, and Quarterly Net Income: JPY 64.4bn

	(in JPY 100mn)	April-June 2009	April-June 2010	Change	Change (%)
1	Ordinary Income	3,668	2,815	-852	-23.2%
2	Interest Income	1,702	1,654	-47	-2.7%
3	Ordinary Expenses	2,887	2,198	-689	-23.8%
4	Interest Expenses	1,893	1,386	-506	-26.7%
5	General and Administrative Expenses	330	288	-41	-12.6%
6	Ordinary Profits	780	617	-163	-20.8%
7	Extraordinary Profits	4	191	187	4,210.7%
8	Extraordinary Losses	8	1	-6	-78.7%
9	Quarterly Income before Income Taxes	776	807	30	3.9%
10	Quarterly Net Income	560	644	83	14.8%

	(in JPY 100mn)	March 31 2010	June 30 2010	Change	Change (%)
<b>(Assets)</b>					
1	Loans and Bills Discounted	130,976	127,125	-3,850	-2.9%
2	Securities	439,947	456,470	16,523	3.7%
3	Money Held in Trust	65,566	66,759	1,193	1.8%
4	Cash and Due from Banks	21,953	11,450	-10,502	-47.8%
5	Others	28,323	46,078	17,755	62.6%
6	Total Assets	686,767	707,885	21,118	3.0%
<b>(Liabilities)</b>					
7	Deposits	391,016	392,791	1,775	0.4%
8	Negotiable Cert. of Deposits	7,027	6,035	-992	-14.1%
9	Debentures	56,057	55,927	-130	-0.2%
10	Borrowed Money	20,433	16,786	-3,647	-17.8%
11	Short-term Entrusted Funds	42,771	63,589	20,817	48.6%
12	Others	129,899	132,657	2,757	2.1%
13	Total Liabilities	647,206	667,786	20,580	3.1%
<b>(Net Assets)</b>					
14	Paid-in Capital	34,259	34,259	-	-
15	Capital Surplus	250	250	-	-
16	Retained Earnings	8,374	9,018	644	7.6%
17	Others	-3,322	-3,429	-106	-
18	Total Net Assets	39,560	40,098	537	1.3%

Note: As of June 30, 2010. Financial statements for the first quarter of fiscal year ending March 31, 2011 have been audited on a voluntary basis.

Source: The Norinchukin Bank

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