

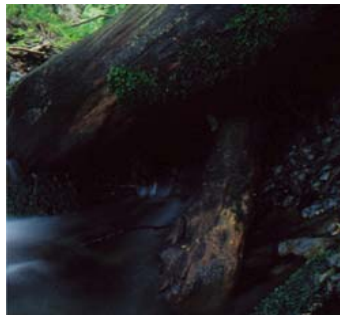
# 農林中央金庫

The Norinchukin Bank

*Financial Summary*

*for the 1<sup>st</sup> Quarter of Fiscal Year 2012*

**August 24, 2012**



# Financial Highlights

## 1Q of Fiscal Year 2012 (Non-Consolidated)

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~ Generated a stable stream of profits and maintained a capital adequacy ratio at a high level ~

### ■ Ordinary Profits: JPY92.7bn, Net Income: JPY85.4bn

- Steady growth through a stable stream of profits
- Continues to pursue financial stability based on the Medium-Term Management Plan (for FY2011 - 2012)

### ■ Capital Adequacy Ratio: 26.76%, Tier I Ratio: 19.75% (Preliminary Figures)

- Capital adequacy and Tier 1 ratios rose by 1.93% and 1.53% respectively from March 31, 2012, both remaining at high levels

# Income Statement Summary (Non-consolidated)

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## ■ Ordinary profits remained at a sound level despite a year on year fall

	(in JPY 100mn)	Apr-Jun 2011	Apr-Jun 2012	Change	Change (%)
1	Ordinary Income	3,391	2,990	(400)	(11.8%)
2	Interest Income	2,337	2,017	(320)	(13.7%)
3	Other Operating Income	199	335	135	68.1%
4	Other Ordinary Income	821	603	(217)	(26.5%)
5	Ordinary Expenses	2,222	2,063	(158)	(7.1%)
6	Interest Expenses	1,379	1,432	53	3.9%
7	Other Operating Expenses	204	231	27	13.2%
8	General and Administrative Expenses	311	319	8	2.7%
9	Other Ordinary Expenses	299	52	(246)	(82.5%)
10	Ordinary Profits	1,169	927	(242)	(20.7%)
11	Extraordinary Profits	-	10	10	-
12	Extraordinary Losses	1	0	(1)	(69.2%)
13	Income before Income Taxes	1,167	937	(230)	(19.7%)
14	Net Income	891	854	(37)	(4.2%)

■ Ordinary income fell along with declines in interest income due to a decline of long-term interest rates and other factors

➢ Gains on sales of bonds: JPY14.5bn (up JPY8.0bn year-on-year)

➢ Gains on money held in trust: JPY54.8bn (down JPY16.0bn year on year)

■ Ordinary expenses fell due to reduction in expenses on write-off of equities (reduction in other ordinary expenses)

➢ Write-off of equities: JPY2.2bn (down JPY18.1bn year-on-year)

■ Ordinary profits and net income fell due to a fall in ordinary income, but remained at a sound level

■ Credit-related expenses was at a low level: JPY0.7bn (JPY7.6bn in revenue same period last year)

Note: Non-consolidated results as of June 30, 2012  
Source: The Norinchukin Bank

# Balance Sheet Summary (Non-consolidated)

## ■ Total assets increased, while total net assets leveled off

	(in JPY 100mn)	2012/3	2012/6	Change	Change %
<b>(Assets)</b>					
1	Loans and Bills Discounted	146,557	155,050	8,493	5.8%
2	Securities	456,554	456,484	(69)	(0.0%)
3	Money Held in Trust	70,269	67,125	(3,143)	(4.5%)
4	Cash and Due from Banks	16,728	27,968	11,240	67.2%
5	Others	27,082	32,899	5,816	21.5%
6	<b>Total Assets</b>	<b>717,191</b>	<b>739,528</b>	<b>22,336</b>	<b>3.1%</b>
<b>(Liabilities)</b>					
7	Deposits	435,631	434,687	(944)	(0.2%)
8	Negotiable Cert. of Deposit	18,824	16,539	(2,284)	(12.1%)
9	Debentures	51,256	49,952	(1,304)	(2.5%)
10	Borrowed Money	18,198	17,081	(1,117)	(6.1%)
11	Others	145,076	173,083	28,006	19.3%
12	<b>Total Liabilities</b>	<b>668,987</b>	<b>691,344</b>	<b>22,357</b>	<b>3.3%</b>
<b>(Net Assets)</b>					
13	Paid-in Capital	34,259	34,259	-	-
14	Capital Surplus	250	250	-	-
15	Retained Earnings	10,118	10,774	656	6.5%
16	Others	3,576	2,900	(676)	(18.9%)
17	<b>Total Net Assets</b>	<b>48,204</b>	<b>48,183</b>	<b>(20)</b>	<b>(0.0%)</b>

- Total assets rose JPY2,233.6bn from March 31, 2012
- Securities leveled off, while loans and bills discounted, cash and due from banks and others (e.g. call loans) rose

- Total liabilities rose JPY2,235.7bn from March 31, 2012
- Deposits leveled off, while short term funds (entrusted funds) rose in others

- Total net assets leveled off (down JPY2.0bn from March 31, 2012)

Note: Non-consolidated results as of June 30, 2012  
Source: The Norinchukin Bank

# Net Unrealized Gains and Losses on Securities (Non-consolidated)

■ Unrealized gains on securities came to JPY467.3bn (Down JPY36.8bn from March 31, 2012)

(Net Unrealized Gains/ Losses) (in JPY 100mn)			
	2012/3	2012/6	Change
<b>【Securities】</b>			
1 Stocks	712	431	(280)
2 Bonds	557	918	360
3 Japanese Government Bonds	567	925	358
4 Municipal Government Bonds	0	0	0
5 Corporate Bonds	(10)	(7)	2
6 Others	822	127	(695)
7 Foreign Bonds	1,678	1,793	114
8 Foreign Stocks	3	(12)	(15)
9 Others	(859)	(1,653)	(794)
10 Investment Trusts	(856)	(1,655)	(799)
11 Subtotal ①	2,092	1,476	(615)
<b>【Money Held in Trust】</b>			
12 Other Money Held in Trust ②	2,806	2,808	2
<b>【Securities Reclassified into Other Holding Purpose Classification】</b>			
13 Other Securities Reclassified into Held-to-Maturity Debt Securities ③	143	388	244
14 Total (①+②+③)	5,042	4,673	(368)

- Unrealized gains on bonds including foreign bonds increased due to a decline in interest rates in both the domestic and overseas markets
- Unrealized gains/losses on stocks and investment trusts deteriorated due to slumping stock prices

Note: The difference between the amount of held-to-maturity debt securities posted on the B/S and their fair value is JPY318.2bn (an increase)  
As of June 30, 2012, non-consolidated basis  
Source: The Norinchukin Bank

# Capital Position (Non-Consolidated, Preliminary Figures)

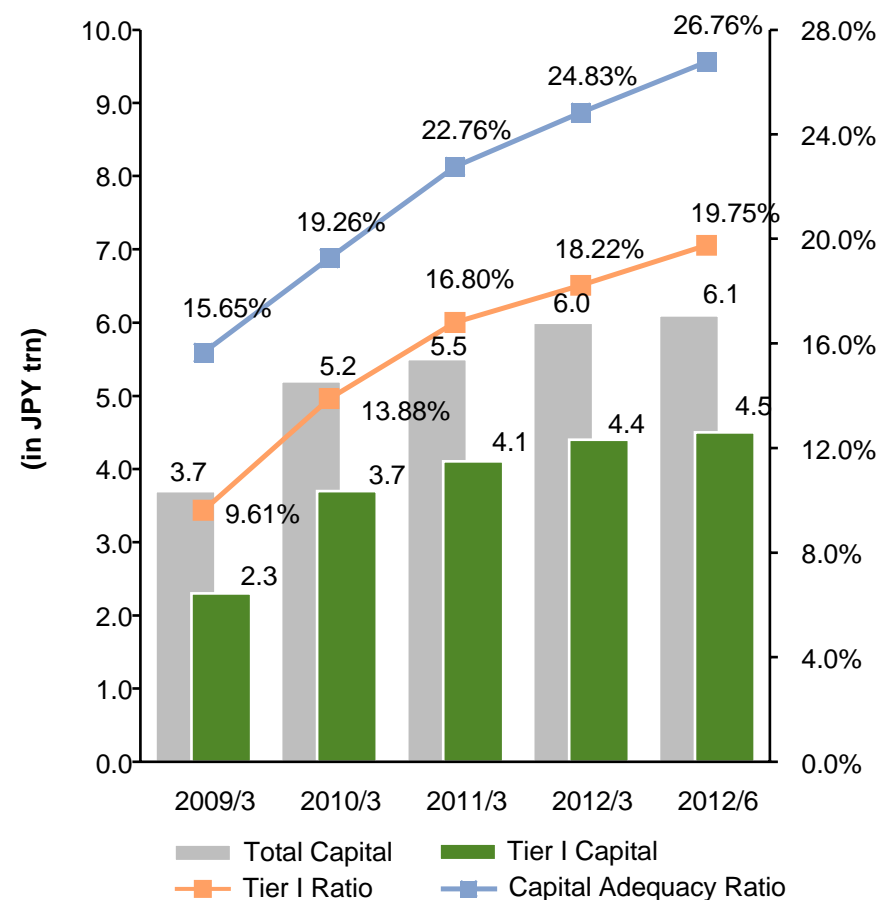
■ Capital adequacy and Tier 1 ratios were sound at 26.76% and 19.75%, respectively

## Capital Breakdown (in JPY 100mn)

	2012/3	2012/6	Change
1 Tier I Capital	44,054	45,044	990
2 Capital Stock and Capital Surplus	34,509	34,509	-
3 Earned Surplus	9,907	10,777	870
4 Tier II Capital	17,763	17,466	(296)
5 45% of Unrealized Gains on Other Securities	2,232	1,946	(286)
6 Perpetual Subordinated Bonds and Loans	14,860	14,860	-
7 Dated Subordinated Bonds, Loans, and Preferred Stock	500	500	-
8 Deductions	1,792	1,476	(316)
9 Total Capital	60,024	61,035	1,010
10 Risk-weighted Assets	241,658	228,029	(13,629)
11 BIS Capital Adequacy Ratio	24.83%	26.76%	1.93%
12 Tier I Ratio	18.22%	19.75%	1.53%

Note: Non-consolidated results as of June 30, 2012  
Source: The Norinchukin Bank

## Capital Adequacy Ratio Over Time



# Summary: Income Statement and Balance Sheet (Consolidated)

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■ Ordinary profits: JPY92.8bn, Net income: JPY85.1bn

	(in JPY 100mn)	Apr-Jun 2011	Apr-Jun 2012	Change	Change (%)
1 Ordinary Income		3,431	3,034	(397)	(11.6%)
2 Interest Income		2,338	2,017	(320)	(13.7%)
3 Ordinary Expenses		2,265	2,106	(159)	(7.0%)
4 Interest Expenses		1,379	1,433	53	3.9%
5 General and Administrative Expenses		337	358	21	6.3%
6 Ordinary Profits		1,166	928	(237)	(20.4%)
7 Extraordinary Profits		-	10	10	-
8 Extraordinary Losses		1	0	(1)	(69.2%)
9 Income before Income Taxes		1,164	938	(225)	(19.4%)
10 Net Income		886	851	(34)	(3.9%)

	(in JPY 100mn)	2011/3	2012/6	Change	Change (%)
<b>(Assets)</b>					
1 Loans and Bills Discounted		147,382	155,892	8,509	5.8%
2 Securities		456,264	456,189	(74)	(0.0%)
3 Money Held in Trust		70,275	67,134	(3,141)	(4.5%)
4 Cash and Due from Banks		16,873	28,155	11,281	66.9%
5 Others		31,832	37,748	5,915	18.6%
6 Total Assets		722,628	745,120	22,491	3.1%
<b>(Liabilities)</b>					
7 Deposits		435,503	434,606	(896)	(0.2%)
8 Negotiable Cert. of Deposit		18,824	16,539	(2,284)	(12.1%)
9 Debentures		51,178	49,877	(1,301)	(2.5%)
10 Borrowed Money		18,148	17,031	(1,117)	(6.2%)
11 Short-term Entrusted Funds		43,517	67,995	24,478	56.2%
12 Others		107,067	110,707	3,639	3.4%
13 Total Liabilities		674,239	696,757	22,517	3.3%
<b>(Net Assets)</b>					
14 Paid-in Capital		34,259	34,259	-	-
15 Capital Surplus		250	250	-	-
16 Retained Earnings		10,249	10,903	653	6.4%
17 Others		3,631	2,950	(680)	(18.7%)
18 Total Net Assets		48,389	48,363	(26)	(0.1%)

Note: As of June 30, 2012. The Bank has introduced a process of reviewing consolidated quarterly financial statements on a voluntary basis. The review process has been completed for the 1Q of FY2012  
Source: The Norinchukin Bank

# (Reference) Investments in Securitized Products (1) (Non-Consolidated, Preliminary Figures)

■ The majority of securitized products (Notes 1 and 2) were highly-rated securitized products

## 1. Exposures by Product

(in JPY 100mm)

	AAA	AA	A	BBB	Below BBB	Total	Change From March End
1 ABS	18,044	-	386	-	-	18,430	990
2 RMBS (Note 3)	14,161	163	171	64	295	14,857	912
3 CMBS	491	122	762	501	463	2,342	(566)
4 CDO	3,047	2,832	1,710	338	533	8,461	(934)
5 CLO	3,047	2,658	1,190	145	199	7,242	(693)
6 Resecuritized Products (Note 4)	-	173	519	193	333	1,219	(27)
7 CBO and Others	0	-	-	-	-	0	(212)
8 Others	-	-	-	440	495	936	(51)
9 Total	35,745	3,118	3,030	1,345	1,788	45,028	351

## 2. Unrealized Gains/Losses and Total Profits/Losses by Product

(in JPY 100mm)

	AAA	AA	A	BBB	Below BBB	Total	Change From March End	Profits/ Losses (Note 5)
10 ABS	(106)	-	(10)	-	-	(116)	15	-
11 RMBS (Note 3)	9	(1)	17	1	77	103	7	(0)
12 CMBS	(117)	(1)	(33)	(38)	4	(187)	29	(0)
13 CDO	(91)	(168)	(111)	(6)	-	(378)	39	(14)
14 CLO	(91)	(180)	(122)	(6)	-	(401)	77	1
15 Resecuritized Products (Note 4)	-	11	10	-	-	22	1	(15)
16 CBO and Others	0	-	-	-	-	0	(39)	-
17 Others	-	-	-	-	-	-	-	-
18 Total	(306)	(172)	(138)	(43)	81	(579)	91	(15)

## 3. Exposures by currency

(in JPY 100mm)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Profits/ Losses (Note 5)
1 USD	33,406	1,586	(406)	19	13
2 EUR	4,301	(771)	(143)	60	-
3 GBP	1,547	59	(7)	1	-
4 JPY	5,773	(521)	(22)	10	(29)
5 Total	45,028	351	(579)	91	(15)

Note 1: Securitized products are defined internally based on the definition in Basel II. Includes subprime 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 JPY41.5bn (Revaluation losses: JPY0.7bn), which should be included in Specialized Lending (SL) under Basel II, is not included here

Note 3: Includes subprime RMBS. Does not include mortgage-backed securities related to US Government sponsored entities

Note 4: Re-securitized products such as ABS-CDO, and CDO of CDO 's. Does not include re-securitized products (i. e. products containing at least one securitized product as an underlying asset) under Basel 2.5 totaling JPY253.1bn

Note 5: The total value of revaluation profits/losses and unrealized gains/losses on financial instruments with embedded derivatives as of June 30, 2012

Note: As of June 30, 2012, non-consolidated basis

Source: The Norinchukin Bank



# (Reference) Investments in Securitized Products (2) (Non-consolidated, Preliminary figures)

## ■ Net exposure to subprime loan related products was JPY46.7bn

### 1. Investment in Subprime Loan-Related Products (Note 1) (in JPY 100mn)

#### (1) Subprime loan-related products (Subprime RMBS: securitized instruments) (Note 2)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Profits/Losses
1 AAA	25	(4)	11	(2)	-
2 AA	-	-	-	-	-
3 A	110	(0)	17	2	-
4 BBB	-	-	-	-	-
5 below BBB	295	(224)	77	3	(0)
6 Total	431	(229)	107	4	(0)

#### (2) ABS-CDO and CDO of CDOs including subprime RMBS

(Resecuritized instruments and cubic instruments) (Note 3)(Note 4)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Profits/Losses
7 AAA	-	-	-	-	-
8 AA	22	0	11	1	-
9 A	12	0	12	0	-
10 BBB	-	-	-	-	-
11 below BBB	0	(0)	-	-	-
12 Total	35	1	23	2	-

#### (3) Total of subprime loan-related products (Total of (1) to (2))

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Profits/Losses
13 AAA	25	(4)	11	(2)	-
14 AA	22	0	11	1	-
15 A	123	0	29	3	-
16 BBB	-	-	-	-	-
17 below BBB	295	(224)	77	3	(0)
18 Total	467	(227)	130	6	(0)

Note 1: The Bank does not engaged in any subprime loan-related lending

Note 2: Ratios by vintage (issuance year) are 100%, for 2004 and before

Note 3: Ratios by vintage (issuance year) are 100% for 2004 and before

Note 4: ABS-CDOs and CDO of CDOs containing RMBS even in small quantities. Includes only a few subprime RMBS

Note 5: The Bank has exposure to securitized products (CDOs) including monoline-CDS, in addition to financial products guaranteed by monolines

Note 6: Non-guaranteed grades for non-recourse loans and CLOs are all above investment grades. No subprime loan-related products are included in guaranteed products

Note 7: Loans internally defined as those used mainly for LBOs. Reserve for possible loan losses amounts to JPY0.6bn

Note 8: The Bank has JPY1,687.9bn of mortgage-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation

Note: As of June 30, 2012, non-consolidated basis

Source: The Norinchukin Bank

### 2. Investment in Monoline Products (Note 5) (in JPY 100mn)

	Exposure	Change From March End	Unrealized Gains/Losses	Change From March End
1 Monoline Wrapped Financial Instruments (Note 6)	229	(31)	(55)	8
2 Monoline Usage in Securitization Business	-	-	-	-
3 Total	229	(31)	(55)	8

### 3. Investment in Leveraged Loans (Note 7) (in JPY 100mn)

	Exposure	Change From March End
4 Domestic	27	(3)
5 Overseas	357	(74)
6 Total	385	(77)

### 4. Trading of Subprime Loan-Related Products

The Bank does not originate, underwrite nor trade ABCP, SIV, and leveraged loans. The Bank does not own any subprime 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 one SPC to provide liquidity to its domestic customers' account receivables (Exposures : JPY63.0bn)

### 5. Investment in Bonds Issued by US Housing-Related GSEs (Note 8) (in JPY 100mn)

	Exposure	Change From March End	Unrealized Gains/Losses	Change From March End
7 Agency Mortgage Bonds	29,041	(2,879)	1,026	(85)
8 Agency Bonds	12,799	(3,241)	(403)	(153)
9 Total	41,840	(6,120)	622	(238)

#### [Reference]

• Subprime loan-related products within fund investment

The funds whose management is entrusted by the Bank do not include subprime loan related-products (Note)

(Note) Based on internal research of funds where the Bank can look through individual assets

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