

Cooperative System and the Cooperative Credit Business

The collective credit businesses of the individual cooperative organizations at the municipal, prefectural and national levels are referred to as the cooperative credit business.

Cooperative organizations engage in a number of operations other than the “credit business” (e.g., receiving deposits and making loans). For example, they provide “guidance” on business and daily affairs to farmers, fishermen and foresters, and they perform an “economic function” through the purchase of production materials and the selling of agricultural, forestry and fisheries products. There is also a “mutual insurance business” to cover various unforeseen events.

The group of cooperative organizations—ranging from JA, JF and Morikumi, which carry out this broad range of operations, to the respective operations organized under federations at the prefectural and national levels—is referred to as the “cooperative system.”

The framework and functions of the credit businesses of JA and JF at the municipal level, of Shinnoren and Shingyoren at the prefectural level, and of the Bank at the national level are referred to as the “cooperative credit business.”

Activities of Cooperative Organizations

JA

Japan agricultural cooperatives (JA) were established under “the Agricultural Cooperative Association Law of Japan.” They are organizations that carry out various operations and activities based on a philosophy of mutual cooperation and assistance. Their main functions are to provide: (1) guidance aimed at improving the agricultural businesses and standard of living of members; (2) economic services through the collection and sale of agricultural products and the supply of production materials and goods necessary for the livelihood of members; (3) mutual insurance through the provision of mutual life insurance and mutual vehicle insurance to cover various unforeseen events; and (4) financial services through the provision of savings and loan products and money orders.

The 878 JA (as of April 1, 2005) contribute to the development of the agricultural industries and other local communities throughout Japan through their various operations and activities.

JF (Gyokyo)

Fishery cooperatives (JF) were established under “the Fishery Cooperative Union Law.” They are cooperative organizations that work with fishermen to help them improve their fishing businesses and livelihoods. Their main functions are to provide: (1) guidance aimed at enhancing the production technology and operations of members and strengthening businesses relate to the management of marine resources; (2) economic services through the storage, processing, and sale of marine products and the output of members, and to supply goods essential to their businesses and livelihoods; (3) financial services through the acceptance of deposits and the loaning of necessary funds; and (4) mutual insurance through the provision of mutual life insurance and mutual casualty insurance.

With its common national framework, the cooperative credit business contributes to the development of the agricultural, forestry and fisheries industries in Japan and helps support the livelihood of local citizens.

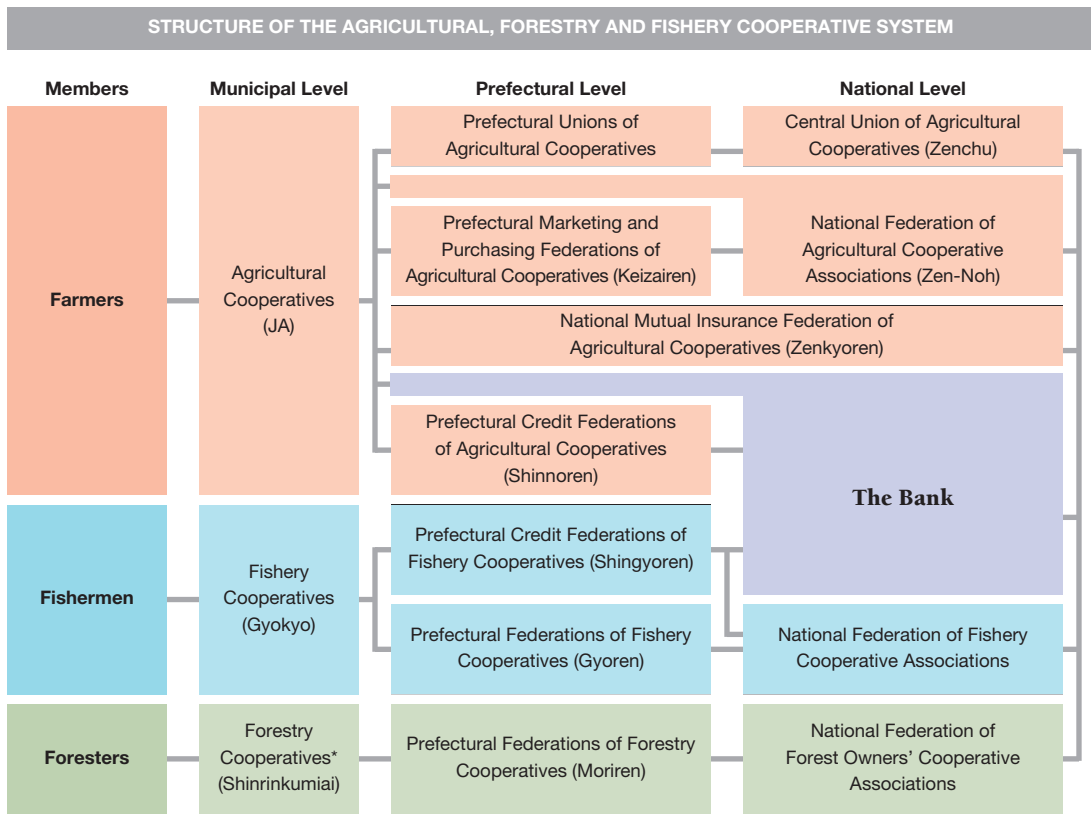
The 1,444 JF (as of April 1, 2005) contribute to the development of the fishing industries and fishing villages throughout Japan through their various operations and activities.

Morikumi

Forestry cooperatives (Morikumi) were established under “the Forest Cooperative Law.” They provide vital functions to small forest owners, which make up the majority of this industry in Japan.

Their major functions are to (1) promote the utilization of the forests of cooperative members through afforestation, harvesting and thinning, and (2) sell harvested trees and other forestry products. Morikumi handle 70% of newly afforested land and 65% of thinning and clearing operations in terms of area (based on data for the fiscal year ended March 31, 2005).

The 905 Morikumi (as of March 31, 2005) contribute to the realization of the multifaceted uses of timber resources by playing a central role in the enhancement of local forests (e.g., national conservation, watershed protection, preservation of living environments, provision of places for health and recreation activities and the supply of lumber and other forestry products).



* Forestry cooperatives do not take deposits.