

Business Outline

SECURITIES INVESTMENT

• The Bank's Basic Asset Management Stance

The Bank is one of the largest financial institutions in Japan and, at the same time, is one of Japan's leading institutional investors. The Bank's total balance of securities and money held in trust is approximately ¥44 trillion and accounts for a major portion of the Bank's total assets under management.

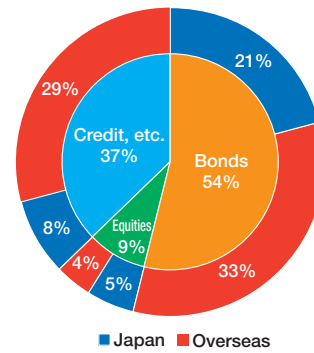
The most basic concept in the Bank's management of its securities is "globally diversified investment." The objective of this approach is to realize a high return in the medium-to-long term through investing in a diversified risk type asset while minimizing the risks in cases such as rising interest rates and declining stock prices. In terms of geographical area, the Bank invests in Japan, the United States, Europe, and other regions. The Bank classifies its assets into the categories of bonds, equities, credit assets, and alternative investments in accordance with the type of investment asset. The Bank conducts research related to these asset categories from a broad range of perspectives and adjusts its asset allocation flexibly in response to changes in market conditions.

In pursuing returns on investments, the Bank does not rely exclusively on its internal investment ability but also takes advantage of external investment companies. The Bank then carefully reviews their investment processes, compliance systems, management philosophy and strategies, asset management record, and other matters. After selection, the Bank closely monitors their performance from quantitative and qualitative perspectives and systematically examines their performance on a continuing basis to make decisions on whether or not to renew their mandates.

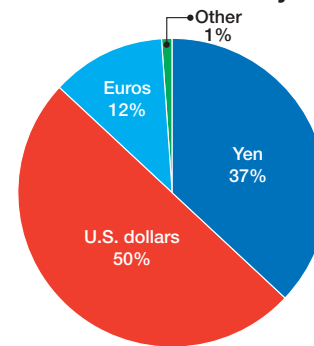
• Investment Stance by Type of Asset

Investment in bonds, a core invested asset, accounts for a major portion of the Bank's assets due to their risk-return characteristics and other attributes. When making investment decisions, the Bank gives full attention

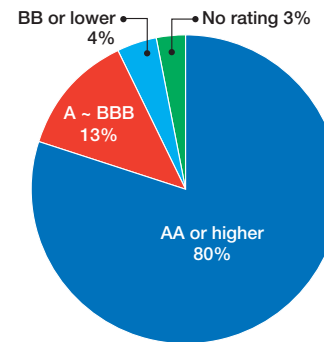
• Breakdown of Market Assets by Risk



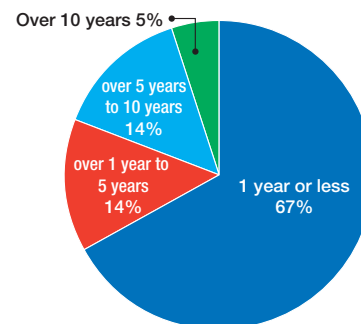
• Breakdown of Market Assets by Currency



• Breakdown of Bonds and Credit Assets by Rating



• Breakdown of Bonds and Credit Assets by Maturity



* All data are as of March 31, 2008, on a non-consolidated basis.

Business Outline



not only to interest rate risk but also to credit and liquidity risks. The Bank has built up an efficient bond portfolio through investments in a variety of types of bonds, including Japanese government bonds, bonds issued by other government agencies, mortgage-backed bonds, and foreign corporate bonds.

In selecting equity investments, the Bank considers risk-return characteristics as well as correlations with other asset classes and manages its portfolio with a long-term perspective. While the Bank's strategy for equity investments focuses on passive investing linked to various stock indices, the Bank complements this strategy with active investing aimed at generating returns above those obtained from the index-linked passive approach through diversified investment in domestic and foreign stocks.

The markets for credit and alternative investments have expanded globally, and new products are appearing one after another. The Bank adopts a proactive stance toward these investments and bases its investment decisions on the analysis of the global credit cycle, risk versus return in various investment asset classes, and the analysis of correlations with conventional assets (stocks and bonds).

Please note that in the management of foreign currency assets, the Bank takes measures to limit foreign exchange risk of most of these investments by various tools, such as raising funds in foreign currencies.

System for Market Asset Management

Major decisions relating to the Bank's portfolios of market investments are reached systematically by the Market Portfolio Management Committee and the Credit Portfolio Management Committee, which are composed of board members and the heads of related departments. Moreover, in the departments engaged in market transactions, the Bank has created a mutual checking system with separate front sections (responsible for the execution of transactions), middle sections (responsible for monitoring), and back sections (responsible for processing and settlements).

The front sections execute transactions based on the plans drawn up by each Portfolio Management Committee. Their functions also include focusing on optimizing the efficiency of transactions, close and constant monitoring of market trends, developing proposals for new transaction plans, and other activities. To put the Bank's concept of globally diversified investment into practice, the front sections work to create a more efficient and effective management system where domestic and international investments are integrated within the categories of bonds, equities, and other investment instruments.

The middle sections are responsible for checking the appropriateness of the activities of the front sections, as well as the measurement of risk volumes, such as stress testing.

Short-Term Money Market Transactions

In its role as the national level financial institution for Japan's agricultural, forestry, and fishery cooperatives, the Bank exercises efficient control over available cash, principally surplus funds of the cooperative system, and manages these funds in domestic money markets. The Bank is a leading and active participant in short-term money markets in Japan.

In addition, as a leading institutional investor, the Bank makes diversified investments in international capital markets and makes active use of foreign currency markets to fund these investments.

The proper management of liquidity risk is a prerequisite for the continuity of the Bank's operations and for the stable management of its portfolio. Accordingly, the Bank pays close attention to the cash flow of the cooperative banking system as a whole and trends in domestic and international markets.

In Japan's domestic market, the Bank is an active participant not only in the interbank market but also in the repo and other money markets. The Bank also assumes a leadership position in these markets and plays a major role in working to expand market functions. Through its participation in the Research Committee for Revitalization of Short-Term Financial Markets and other organizations, the Bank also contributes to improvements in market practices.

In foreign currency markets, backed by its well-founded credit standing, the Bank conducts stable and efficient transactions, which are necessary for globally diversified investments. The management of foreign currency funds is conducted through teamwork among the Bank's head office and its three overseas branches in New York, London, and Singapore, using various funding tools.

Additionally, the Bank accurately controls liquidity risk and settlement risk while simultaneously providing settlement functions at the Bank of Japan on behalf of cooperative organizations. The Bank also takes part in the Continuous-Linked Settlement (CLS) System, a framework for foreign currency settlement, and thus participates in and contributes to the creation of a network needed for managing settlements in U.S. dollars, euros, and other major currencies.

Foreign Exchange Transactions

The Bank, as the market participant representing the

cooperative banking system, has formed an efficient and highly skilled dealing team with the primary aim of responding to the needs of its customers, including cooperative organizations and companies related to the agricultural, forestry, and fisheries industries.

Trading Operations

The Bank trades in financial derivatives and various other financial products in order to meet the needs of its customers, whilst at the same time improving its dealing profitability from trading operations through arbitrage transactions, options, and a range of other techniques.

CORPORATE FINANCE

As a financial institution based on the agricultural, forestry, and fisheries industries, the Bank provides a wide selection of financial services to private enterprises that are connected to these sectors and to public enterprises.

In addition to companies in the food product and pulp and paper industries that process agricultural, forestry, and fisheries products, the chemical and machinery industries that supply production materials for the agricultural, forestry, and fisheries industries, trading, supermarket and restaurant industries that supply products to end consumers, and other industries directly involved in the agricultural, forestry, and fisheries industries, the Bank also deals with customers in a wide range of other fields such as leasing, credit, IT and telecommunications, real estate, and the service industry.

The Bank provides its customers with a diverse range of financial services drawing on its strong base, backed by the JA Bank System and the JF Marine Bank System, and its cultivated expertise as one of Japan's leading institutional investors. The Bank's basic investment policy is to contribute to the socioeconomic

Business Outline

development of Japan as well as to the development of Japan’s agricultural, forestry, and fisheries industries. Through these contributions, the Bank hopes to grow and develop together with its customers.

FINANCE FOR COOPERATIVE ORGANIZATIONS

As the main bank for the agricultural, forestry, and fisheries industries, the Bank has created a unique cooperative financing system called Agricultural, Forestry, and Fishery Support Funding. The aim of this system is to provide financial support for the development of Japan’s agricultural, forestry, and fisheries industries and related cooperative organizations through initiatives such as nurturing core workers in the agricultural, forestry, and fishery sectors and promoting environmentally friendly agriculture.

This financial support, which is directly linked to the development of agricultural, forestry, and fisheries sector, is provided mainly to JA, JF, the Japan forestry cooperatives, and other cooperative organizations, and has been positioned as the core lending business of the Bank since its establishment.

Loans to the Agricultural Sector

Japan’s agricultural sector is confronted with a challenging operating environment because of such trends as rising imports of agricultural products and weakness in prices for its crops. To deal with these developments, the Japanese government enacted the “Basic Plan for Food, Agriculture, and Rural Areas” in March 2005. This plan focuses especially on providing developmental support for core farmers and promoting structural reforms in agriculture. Providing financing to core farmers has become one important means to realize the above.

The JA Bank, a single unit combining JA, Shinnoren, and the Bank, is moving forward with its ongoing initiatives and working proactively to strengthen its efforts to meet the financial needs of its core farmers.

The Bank has established the Core Farmers Finance & Planning Department to offer active support in developmental initiatives for core farmers. Also, by participating in the planning and promotion of the overall financing activities of the JA Bank, the Bank will help support the development of regional agriculture. In these activities, the Bank will make use of finance under institutional finance schemes, including the Agriculture Modernization Loans and the New Agriculture Promotion Fund (also known as the Agri-Mighty Fund).

• Outline of Types of Loans (As of March 31, 2008)

	General Loan Funding	Funding under Institutional Arrangements
Agriculture	New Agriculture Promotion Fund (Agri-Mighty Fund) Agribusiness Loans Livestock, Fruit, Gardening, and Related Agriculture Fund Agriculture and Livestock Processing Funds, Others	Agriculture Modernization Loans Agricultural Management Assistance Support Fund Agricultural Management Improvement Promotion Fund (Super-S Fund) Intermediate and Mountainous Region Revitalization Fund, Others
Fisheries	Fisheries Development Fund Fisheries Management Fund for Fishing Vessels, Nets, Tools, and Landing Facilities Fisheries Processing and Distribution Fund for Processing, Refrigeration and Cold Storage, Others	Fisheries Modernization Fund Fisheries Management Improvement Promotion Fund Intermediate and Mountainous Region Revitalization Fund, Others
Forestry	Forestry Development Fund Forestry Management Fund for Afforestation, Tree Cultivation, and Forest Product Cultivation Processing and Distribution Fund for Raw Materials, Lumber, Chips, and Other Forest Products Mountain Village Environment Improvement Fund, Forestry Industry Participants Fund, Others	Forestry Development Promotion Fund Intermediate and Mountainous Region Revitalization Fund, Others

Loans to the Fisheries Sector

The fisheries industry is faced with a challenging operating environment, owing to a range of issues, including the tightening of international standards aimed at preserving natural resources and the environment, a decline in fisheries resources in the territorial waters surrounding Japan, low prices of marine products, and rising fuel costs. In response to these circumstances, the fishery cooperative organizations are expected, under Japan's Basic Fisheries Law, to implement initiatives for conducting proper resource management in fisheries operations and work toward the revitalization of fisheries operations.

The Bank offers financial support for the development of the fisheries industry. This includes providing financing for the production of marine products, including catching, aquatic farming, and other activities for the processing and distribution of these products, as well as providing access to financing schemes, such as those for the modernization of the fisheries industry.

Loans to the Forestry Sector

Issues confronting the forestry sector include the rising percentage of aging planted forestlands and the increasing need for thinning and other operations to take proper care of forested areas. In particular, interest among Japanese citizens in preserving the nation's forests is increasing because of the many roles forests play in providing sources of water and preserving the natural environment. Moreover, forests are expected to play an environmentally significant role in absorbing greenhouse gases and thus forestalling global warming. For these reasons, proper management of forestlands has become an important issue. A further consideration is the growing international demand for forest resources compared to the supply of these resources; this is drawing increasing attention from domestic sources.

The Bank provides support for the development of Japan's forestry and lumber industries. This includes supplying funds to the forestry cooperative organization and forest owners, who are the key agents in improving the condition of forests in Japan, to finance the cultivation of forestland and offering financing for the producers, processors, and distributors of lumber.

DEPOSIT OPERATIONS

Features of the Bank's Deposits

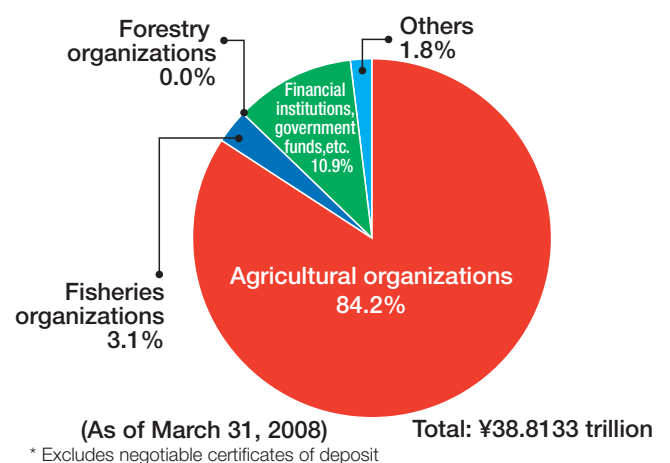
Deposits from cooperative members account for the majority of the Bank's deposits. Other deposits consist primarily of those from companies involved in the agricultural, forestry, and fisheries industries and non-profit organizations such as local public bodies. This is due to the nature of the Bank as a nationwide cooperative financial institution for the agricultural, forestry, and fisheries industries.

- Deposits from the JA Bank and the JF Marine

Bank members

Savings deposited with JA and JF by their members and other local people are used to finance members and local people, companies, local public bodies, and other such organizations. Surplus funds are then deposited with Shinnoren or Shingyoren. These funds in turn are

- Balance of deposits with the Bank



Business Outline

used by Shinnoren or Shingyoren to finance agricultural and fisheries organizations, companies involved in the agricultural and fisheries industries, local public bodies, and other such organizations. Surplus funds are then deposited with the Bank.

In its capacity as a nationwide cooperative banking institution, the Bank is responsible for the central management of stable funds deposited in this manner.

To enable members and local people to deposit their precious savings with sense of security, JA, JF, Shinnoren, Shingyoren, and the Bank are protected under the Agricultural and Fishery Cooperative Saving Insurance System, a public system to provide coverage for depositors.

NORINCHUKIN BANK DEBENTURES

In accordance with the Norinchukin Bank Law, the Bank is authorized to issue Norinchukin Bank Debentures as a source of funding. The Bank issues two types of debentures; the Ritsuki Norinsai, which is primarily issued to institutional investors as a five-year investment product, and the Zaikeisai, which is issued as a savings product.

The balance of issued and outstanding debentures as of March 31, 2008 was ¥4,822.1 billion, with funds raised used for purposes such as financing the agricultural, forestry, and fisheries industries and related companies.

SETTLEMENTS

The Cooperative Financial Institutions, comprising JA, Shinnoren, JF, Shingyoren, and the Bank, have one of the largest networks among all the private financial institutions in Japan, with approximately 10,000 branches (as of March 31, 2008). At the core of this network is the Cooperative Settlement Data Transmission System, which is operated by the Bank, Shinnoren, and Shingyoren.

• Cash dispenser and ATM network

Through the JA savings net services and JF savings net services, the integral financial institutions under the JA Bank and the JF Marine Bank are building up a nationwide network of cash dispenser and ATM machines. In addition, by joining the Multi-Integrated Cash Service (MICS), cross-sector online alliance service of cash dispenser and ATM operators, the institutions are involved in the alliance of seven private sectors (major, regional and trust banks, second-tier regional banks, shinkin banks, credit associations and labour banks). This enables withdrawals of savings and balance inquiries at cash dispensers and ATMs all over Japan not only of the institutions, but also of almost all other financial institutions. Cash dispenser and ATM online alliances are also in place with Japan Post Bank and Seven Bank.

• Networks with business partners in Japan and overseas

In addition to Cooperative Settlement Data Transmission System, the Bank is mainly operating a Total Online System for its customers. It also offers a diversified range of sophisticated services such as provision of remittance services through the “farm banking” system for cooperative banking customers, and carries out Society for Worldwide Interbank Financial Telecommunications (SWIFT) settlements between the Bank’s Head Office/overseas branches and overseas financial institutions.

[Number of cash dispensers and ATMs]

	No. of organizations*	No. of stores*	No. of cash dispensers and ATMs installed
Norinchukin (the Bank)	1	34	0
Shinnoren	38	66	185
JA	809	9,260	12,161
Shingyoren	30	161	277
JF	172	326	115
Total	1,050	9,847	12,738

* Number of organizations and branches that handle domestic exchange operations, as of March 31, 2008

HEAD OFFICE AND BRANCH OPERATIONS (DOMESTIC AND OVERSEAS)

The Bank's Domestic Offices

The domestic offices of the Bank comprise the head office, the Otemachi Office, 24 branches located throughout Japan, and four other offices (as of July 22, 2008).

• Roles of Domestic Branches

The principal business of the domestic branches and offices is to act as fund-receiving centers for deposits made by the members; to make loans to agricultural, forestry, and fisheries industry participants, corporations with relationships to the agricultural, forestry, and fisheries industries as well as local governments and their entities; and to conduct business related to the JA Bank System and the JF Marine Bank System.

• Branch Network Operation Policy

To manage the Bank's domestic branches and offices more effectively and more efficiently, we are following a policy of dividing up the country into regional blocs and concentrating lending activities for each bloc in a small number of loan centers. The policy also involves a reorganization of branches and offices.

In July 2008 our Mito Branch was closed (its

operations was transferred to Otemachi Office in Tokyo); our Wakayama Office was closed (its operations to be taken over by our Osaka Branch), while our Okayama Branch took over the operations of Hiroshima Branch and Yamaguchi Branch which were closed.

The Bank's Overseas Branches and Representative Offices

To respond accurately to the changes in the globalization of domestic and overseas financial and capital markets, the Bank maintains branches in the world's key international financial centers, and works to expand and enhance its international finance business.

In addition to branches in New York, London, and Singapore, the Bank has representative offices in Beijing and Hong Kong.

Companies of the Norinchukin Group

The Bank, in line with the overall strategy for the cooperative banking business, forms strategic operating and capital alliances with companies in other industries and works together with the companies of the Norinchukin Group that are engaged in a wide range of business activities.

Trust and Banking Company

The Norinchukin Trust & Banking Co., Ltd., provides trust products and services for cooperative organizations, corporations, and other customers. Assets under management and administration by this company exceed ¥14 trillion. Norinchukin Trust & Banking also focuses on asset management for JA cooperative members, including inheritance trust services.

Companies that Support the Organizational Base of the Cooperative Banking Business

- Norinchukin Research Institute Co., Ltd., is the think tank of the agricultural, forestry, and fishery cooperatives and supports the cooperative banking business through its survey and research activities.
- Kyodo Seminar Co., Ltd., is responsible for training the employees of the agricultural and fishery cooperative financial institutions, conducting training courses and correspondence courses, and publishing training materials for the management and staff of the cooperative financial institutions.

Companies that Complement the Business Base of the Cooperative Banking Business

- Kyodo Housing Loan Co., Ltd., is a mortgage loan company that has established alliances with more than 200 companies in the fields of housing and real estate sales, housing manufacturers, and other related areas.

- In April 2008, Kyodo Leasing Co., Ltd., a full-service leasing company offering a wide range of services, including leasing and rental arrangements, established a joint holding company with Mitsui Leasing & Development, Ltd. under the name of JA MITSUI LEASING, LTD. with the aim of management integration to enhance customer convenience. Automobile leasing and lease-back services are offered by Kyodo Auto Leasing Co., Ltd., a company that specializes in these areas.
- The Cooperative Servicing Co., Ltd., is responsible for the management and recovery of nonperforming loans and is part of the Cooperative Safety Net.
- Norinchukin-Zenkyoren Asset Management Co., Ltd., responds to the asset management needs of a range of financial institutions and institutional investors, including the agricultural cooperative organizations, through the development and offering of investment funds. This company is also responsible for offering the principal investment trust products sold in the branches and offices of the agricultural cooperative financial institutions.
- The Agribusiness Investment & Consultation Co., Ltd., makes investments and provides other financial support for agricultural corporations, with the objective of helping them to secure financial stability and support their development.

Companies that Work to Modernize and Improve the Efficiency of the Cooperative Banking Business Operations

- Norinchukin Information System Co., Ltd., is trusted with the tasks of developing and operating the Bank's various computer systems, including the backbone of the Bank's operating system. This company also plays a major role in the Bank's systems strategy.
- The JA Bank Computer System Co., Ltd. is responsible for all developmental and operational aspects of the nationwide JASTEM System (the JA Bank's uniform IT infrastructure platform, one of the largest financial institution systems in Japan, linked to approximately 47 million accounts and 12,000 ATMs). The two companies merged in April 2008 in an effort to further reinforce the system's operational structure at the JA Bank. The surviving entity is Nochu Information System Co., Ltd.

Other

- Private Equity Funds Research and Investment Co., Ltd. (started business in February 2008) is a private equity fund rating and management company that was jointly established with Nomura Holdings Inc., amongst others, with the aim of creating a diverse range of profit opportunities.
- Norinchukin Finance (Cayman) Limited is a special-purpose company located overseas, established with the objective of raising capital for the Bank.