

The Cooperative System and the Cooperative Banking Business

The cooperative banking business, through its network covering all of Japan, contributes to the development of the agriculture, fishery and forestry industries in Japan, and provides financial support for the livelihood of local citizens.

■ The Cooperative System and the Cooperative Banking Business

In addition to “banking business,” which involves accepting deposits and making loans, our cooperative members engage in a number of other business activities. Among these are providing “guidance” for business and day-to-day matters for farmers, fishermen and foresters; “marketing and supplying” through the sale of agricultural, fisheries and forestry products as well as procurement of production materials; and “mutual insurance” as insurance coverage for various unforeseen events.

Cooperative members that perform this wide range of activities comprise JA, JF and JForest at the municipal level and their respective federations and unions at the prefectural and national levels (as indicated in the accompanying chart). This nationwide structure from the municipal level to the national level is generally known as the “cooperative system.”

The framework and functions of the banking businesses of (1) JA and JF at the municipal level, (2) JA Shinoren (Prefectural Banking Federations of Agricultural Cooperatives) and JF Shingyoren (Prefectural Banking Federations of Fishery Cooperatives) at the prefectural level, and (3) The Norinchukin Bank at the national level are referred to collectively as the “cooperative banking business.”

■ Business Activities of Cooperatives

● Japan Agricultural Cooperatives (JA)

JA are cooperatives, established under the Agricultural Cooperative Law, that conduct a wide range of businesses and activities in the spirit of mutual assistance. The principal business activities of JA encompass (1) offering guidance for improving individual members’ management of their farms and their standards of living; (2) providing marketing and supplying functions for farming, including the gathering and selling of crops, and supplying materials needed for production and daily living; (3) providing mutual insurance, such as life and

auto insurance; and (4) offering banking services, such as accepting deposits, making loans and remitting funds.

As of April 1, 2015, there were 679 JA throughout Japan that contribute to the development of the agricultural industry and rural communities through their various businesses and other activities.

● Japan Fishery Cooperatives (JF)

JF are cooperatives established under the Fishery Cooperative Law with the objective of overseeing and protecting the businesses and lives of fishermen. The principal business activities of JF include (1) providing guidance for the management of marine resources and for the improvement of individual members’ management of their business and production technology; (2) marketing and supplying for individual members for the storage, processing and sale of caught fish and other marine products, and for the supply of materials required for their business and daily lives; (3) banking services, including the acceptance of deposits and lending of needed funds; and (4) mutual life and non-life insurance. There were 964 JF throughout Japan (101 of which conduct their own cooperative banking businesses) (as of April 1, 2015) that contribute to the development of the fishery industry and fisheries communities through a broad range of activities in various parts of the country.

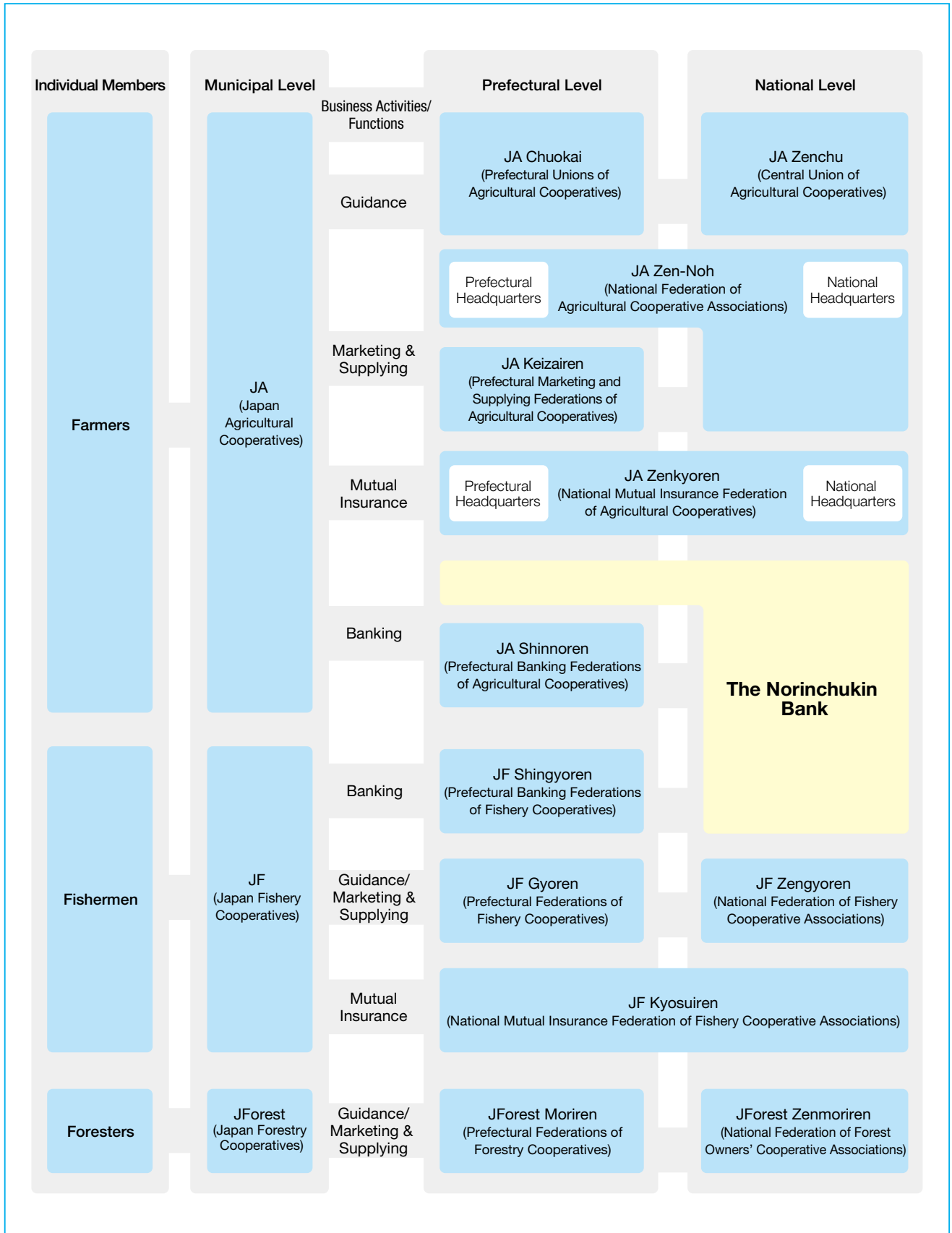
● Japan Forestry Cooperatives (JForest)

JForest, established under the Forestry Cooperative Law, are cooperatives for private forest owners. The ownership structure of Japan’s forests consists mostly of small forest owners, and forestry cooperatives play an important role in organizing and representing their interests.

The principal business activities of JForest consist of planting, undergrowth removal and the thinning of forests owned by individual members, as well as the sale of forest products, such as logs and timber.

Playing a central role in forestland improvement, 629 JForest (as of April 1, 2015) throughout Japan contribute

Structure of the Cooperative System



to helping forests perform their diverse range of natural functions, including the supply of timber and other forest resources, preservation of national land, protection of watersheds, maintenance of living environment, and provision of places for health and relaxation.

■ Position of the Bank within the Cooperative Banking Business

The Bank was established in 1923 as the central bank for Japan's industrial cooperatives. It was renamed The Norinchukin Bank in 1943 and is now a private financial institution based on the Norinchukin Bank Law.

JA, JF and JForest were created with the aim of improving the economic and social positions of farmers, fishermen and foresters through the cooperative efforts of their respective individual members under the slogan "one for all and all for one."

The Bank is a national-level cooperative financial institution whose membership (i.e. shareholders) comprises the previously mentioned municipal-level cooperatives, prefectural-level federations and other organizations. Furthermore, the Bank plays a major role in Japanese society as a contributor to the development of the nation's economy and as a supporter for the advancement of the agriculture, fishery and forestry industries with facilitated finance for its members under the provisions of Article 1 of the Norinchukin Bank Law.

The Bank's funds are derived from member deposits (the majority of funds held at the Bank are deposits of individual members of JA and JF) and the issuance of Norinchukin Bank debentures. The Bank also raises capital in financial markets. These financial resources are then lent to farmers, fishermen, foresters, corporations connected to the agriculture, fishery and forestry industries, local governments and public entities. In addition to the aforementioned activities, the Bank efficiently manages its funds through investments in securities and other financial instruments. The Bank stably returns to its members profits on investment and lending activities and provides various other financial services. Through these various services and activities, the Bank plays a major role as the national-level financial institution for cooperatives.

Article 1 of the Norinchukin Bank Law

As a financial institution based on agricultural, fisheries and forestry cooperatives as well as other members of the agriculture, fisheries and forestry cooperative system, the Bank contributes to the development of the nation's economy by supporting the advancement of the agriculture, fishery and forestry industries by providing financial services for the member organizations of the cooperative system.

■ Current State of Japan's Agriculture, Fishery and Forestry Industries

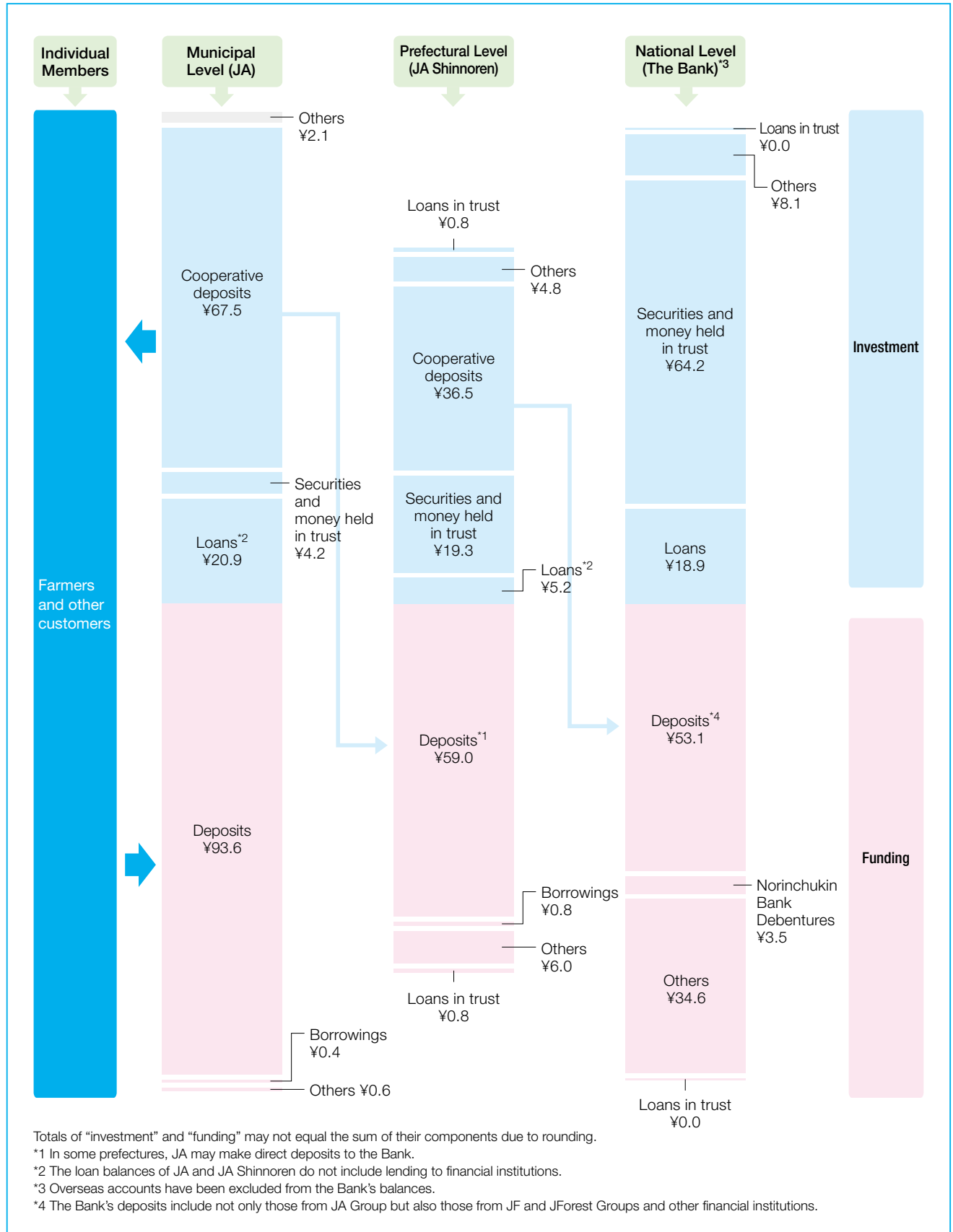
● Agricultural Industry

There are many problems surrounding agriculture, including a shortage of operators in agricultural, fisheries and forestry communities and expansion of abandoned farmland due to a dwindling population and an aging society, uncertainties are mounting. Moreover, in the TPP (Trans-Pacific Partnership) negotiations, U.S.-Japan bilateral negotiations have been held, and the situation remains unpredictable.

Against this backdrop, based on the recognition that it is important to make agriculture sustainable as industry, while strengthening its competitiveness, and to continue to pioneer new markets and take advantage of a wide variety of resources, to increase agricultural and rural income and reinvestment in the region, and to create a virtuous cycle of creation of further value in order to revitalize rural areas, the government decided to aim to double agricultural and rural income in the next ten years in the "Agriculture, Forestry and Fisheries/Local Communities Revitalization Plan" revised in June 2014. Towards this, the government is promoting measures aimed at increasing agricultural income, through the increase of agricultural output and reduction of production costs, and increasing the related income of rural regions through sixth industrialization, etc. In addition, in the new "Basic Plan for Food, Agriculture and Rural Areas" that looks ahead ten years from fiscal 2015, approved by the Cabinet in March 2015, a food self-sufficiency rate of 45% has been set as a target, and measures are being taken that aim for the securing of a stable food supply and sustainable development of agriculture.

Flow of Funds within JA Cooperative Banking System (As of March 31, 2015)

(Trillions of Yen)



There is strong demand for the JA Group to continue push ahead with self-reform with the aim of growth industrialization of agriculture. In response, the JA Group formulated the “Self-Reform of the JA Group” aimed at increased income for agricultural workers, etc., and are making every effort to ensure their realization.

● Fishery Industry

Circumstances surrounding the fishery industry and its communities are growing increasingly harsh due to deteriorating fishing grounds, decline of resources, advancing age of existing fishermen, drastic fluctuations in the price of oil and other factors.

Given these circumstances, the Fisheries Agency implemented resource management and fishery industry income compensation measures that combine resource management and income stabilization measures and cost measures that protect against sharply rising fuel and other prices. Furthermore, the agency has implemented the Fishery Industry Revitalization Plan, which aims at revitalizing the fishing industry and fishing villages, and measures that reduce the interest burden on funds for equipment investment and working capital and that provide loans that do not require collateral or a guarantor. Fisheries cooperative organizations are now collaborating more closely with the government and relevant groups so that Japan's fishery industry can continue to develop.

● Forestry Industry

Japan's forests cover about 25 million hectares, or about two-thirds of the country's land mass. Private forests, which account for about 70% of the forest area in Japan, are not properly cared for and have become unproductive partly due to the trend of aging population and depopulation in rural mountain villages and a lower interest in entering the forestry sector, where wood prices have been in a long-term slump. This explains why cedar and cypress forests throughout Japan planted after World War II are losing the capacity to properly perform their functions even though the trees have reached maturity.

Under these circumstances, in fiscal 2011, both the Forest Act and the Basic Plan for Forest and Forestry were revised, a roadmap aimed at sustainable forest management, which balances public functions and timber production based on the coming of the period of use of the resources, was laid out, and from fiscal 2012, the Forest Management Plan System entered its full implementation phase. Since then, operational situation has improved.

JForest Group decided to take part in the Movement to Expand the Use of Domestic Lumber and Revitalize Forestland and the Forestry Industry, a cooperative campaign that covers the five-year period from fiscal 2011 through fiscal 2015. The Group is pursuing the following three agendas as part of this campaign: (1) expand domestic lumber use and reform distribution system, (2) prioritize the implementation of proposal-based forest management consolidation and establish a sustainable low-cost forestry industry, and (3) establish an organization and management that gains the trust of individual members and citizens.

Operations of the JA Bank System

JA, JA Shinnoren and The Norinchukin Bank, which are members of JA Bank, work under a framework for integrated and systematic cooperation in each business activity. We call this framework the “JA Bank System,” and our aim is to become a financial institution that is more trusted and chosen by its members and customers.

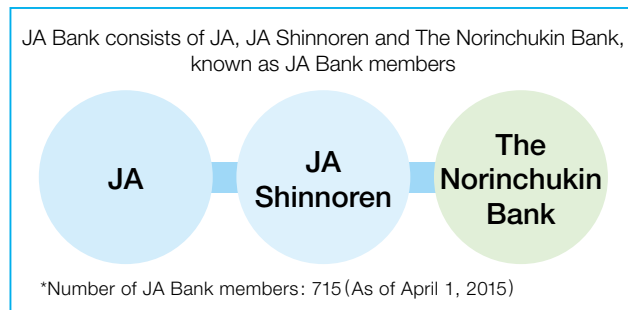
■ What is JA Bank?

- JA Bank is the Name of a Group of Financial Institutions

The JA Bank System consists of JA, JA Shinnoren and The Norinchukin Bank, which are together referred to as JA Bank members. The JA Bank System functions essentially as one financial institution, possessing one of the largest networks among private financial groups in Japan.

As of April 1, 2015, JA Bank contained 681 JA, 33 JA Shinnoren and The Norinchukin Bank, for a total of 715 entities.

JA Bank



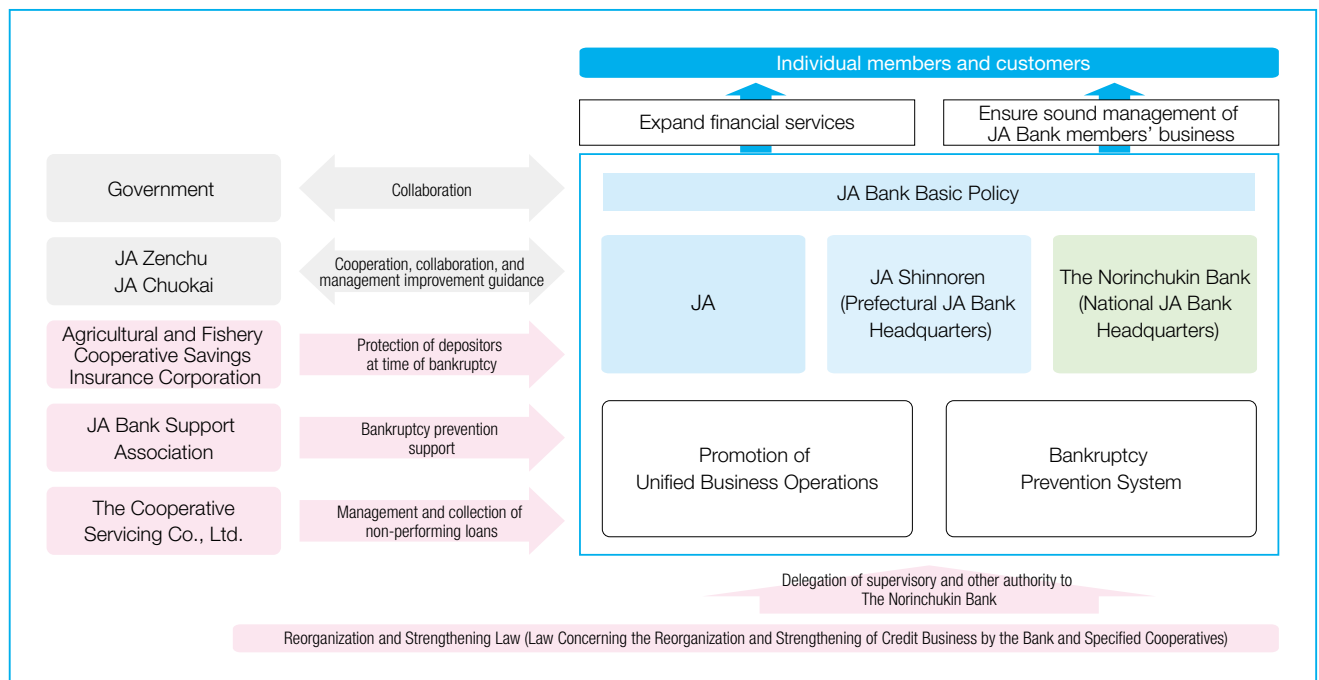
■ JA Bank System

- A Framework for Integrated and Systematic Cooperation among JA Bank Members

To ensure that individual members and customers of JA Bank have even stronger confidence in the cooperative banking system and make increased use of its services, we have established the JA Bank Basic Policy. This policy is based on the Reorganization and Strengthening Law (Law Concerning the Reorganization and Strengthening of Credit Business by the Bank and Specified Cooperatives) and is implemented with the consent of all JA Bank members. The framework for integrated and systematic cooperation among JA, JA Shinnoren and The Norinchukin Bank is based on the JA Bank Basic Policy and is referred to as the “JA Bank System.”

The JA Bank System is founded on two basic pillars. The first is “unified business operations,” which seeks to improve and strengthen financial services provided by JA Bank by taking advantage of both economies of scale and meticulous customer care. The second is the “bankruptcy prevention system,” which ensures the reliability of JA Bank.

Framework of the JA Bank System



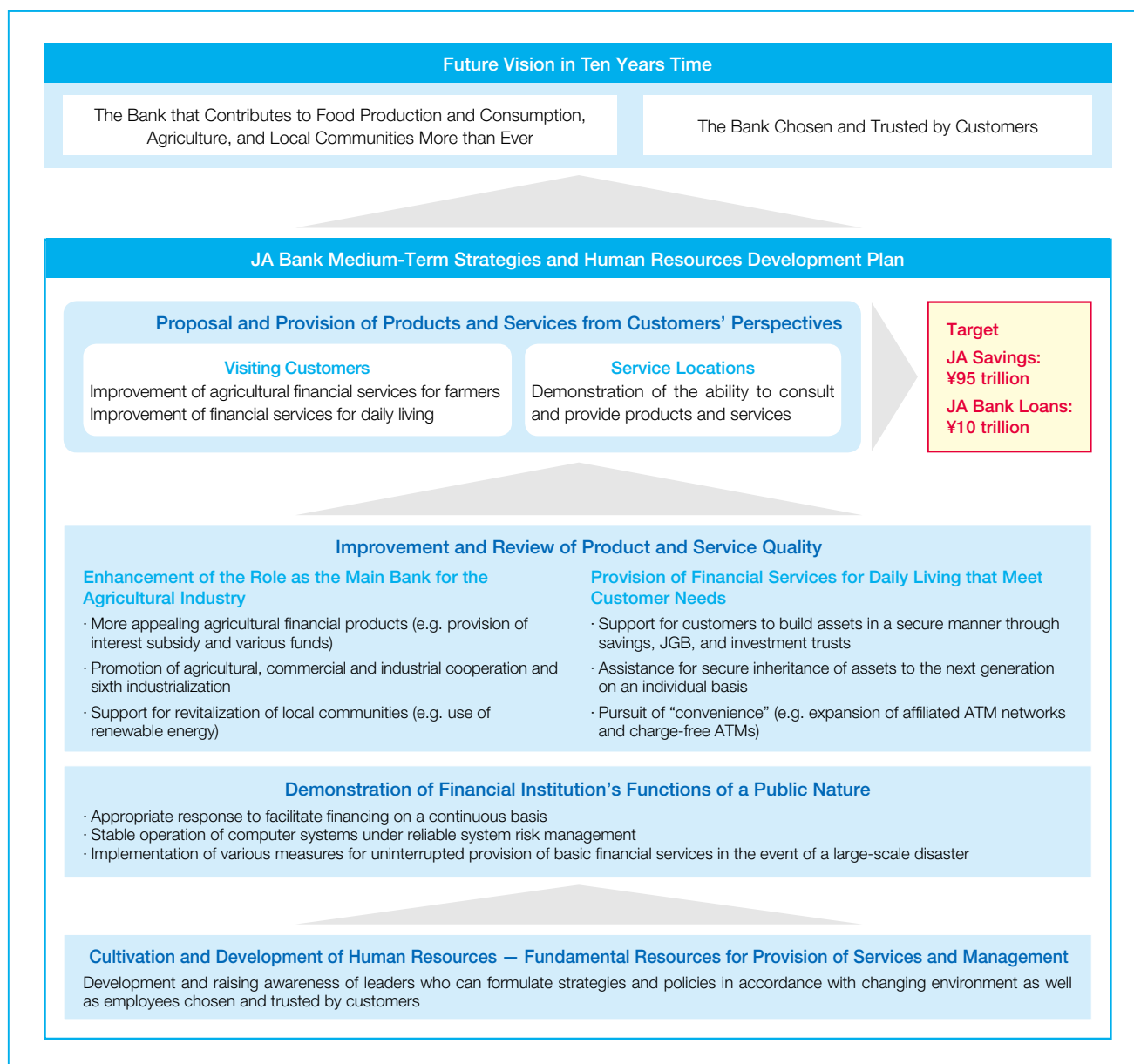
● **Comprehensive Strategy of JA Bank**

JA Bank has instituted the JA Bank Medium-Term Strategies as a comprehensive management and business strategy. From fiscal 2013, holding to the ideal of establishing itself as a “bank that contributes more than ever to food, agriculture and local communities” and “is chosen and trusted by the people” as the vision JA Bank seeks to achieve ten years from now, we have formulated new JA Bank Medium-Term Strategies (fiscal 2013 through fiscal 2015), which incorporate measures to achieve this ideal.

With appropriate role-sharing between JA, JA Shinnoren and The Norinchukin Bank, we are taking steps to promote business and ensure management soundness.

In conjunction with this, we have, based on the JA Bank Medium-Term Human Resources Plan (fiscal 2013 through fiscal 2015), been training and developing the skills of human resources who will put the Medium-Term Strategies into practice. In this way, we are developing highly specialized employees for the banking business who can meet the needs of individual members and customers.

JA Bank Medium-Term Strategies (Fiscal 2013 through fiscal 2015) and JA Bank Medium-Term Human Resources Plan (Fiscal 2013 through fiscal 2015)



● Initiatives to Strengthen Its Role as the Main Bank for the Agricultural Industry

As the main bank for Japan's agricultural industry, JA, JA Shinnoren and The Norinchukin Bank work in unison to enhance financial services for the agricultural industry.

In addition to proper provision of financial services to small- and medium-sized farmers, especially regular members, JA Bank has enhanced its "agricultural financial centers function at the prefectural level" in order to address the wide-ranging needs of large-scale farmers and agricultural corporations. Specific initiatives being taken include proactively visiting customers; providing agricultural loans and consultations, JA Bank interest subsidies (up to 1%) and capital for agricultural corporations; holding business conferences in preparation for the sixth industrialization; and offering business matching services and export assistance.

In addition, JA Bank has focused on developing human resources, such as personnel in charge of agricultural loans. As of March 31, 2015, a total of 6,458 had been certified as JA Bank Agriculture Financial Planners, an agriculture financial certification established in fiscal 2011.

● Initiatives to Strengthen Its Role as the Main Bank for Local Residents

Seeking to be the main bank for individual members and customers, JA Bank, with JA, JA Shinnoren and The Norinchukin Bank work in unison, puts the highest priority on providing meticulous customer care and raising customer satisfaction.

Specific measures taken include providing products related to deposit, mortgage loans and others as well as consultation services on pension receipt and inheritance issues; increasing the number of ATMs at other banks that JA Bank's individual members can use free of charge; and enhancing Internet banking functions. Under the JA Bank Medium-Term Strategies (fiscal 2013 through fiscal 2015), JA Bank is taking steps to strengthen the proposal-making ability of JA's sales and counter staff, ensuring that it provides services from the customer's perspective by carrying out improvements based on its customer satisfaction surveys, and working so that it continues to be a bank that is chosen and trusted by everyone.



Attending to a customer at a JA service counter

● Initiatives to Develop Efficient Business Operation

The JASTEM System, a unified nationwide IT system managed by the Bank for JA Bank, is JA Bank's core infrastructure needed to provide a consistent level of service to users everywhere in Japan. While fulfilling our social responsibility, we are upgrading the system to create greater convenience for JA and its individual members and customers and to fulfill and streamline the functions required for JA business operations.

To upgrade to the next-generation system when the current system's lifecycle ends, JA Bank is sorting out work and system issues, coordinating medium- to long-term business strategies and the framework for an infrastructure upgrade plan, and conducting a working-level review.

● Initiatives to Ensure Sound and Stable JA Bank System

Under the "bankruptcy prevention system," JA Bank Headquarters receives management-related information from all JA Bank members and reviews them to confirm that they meet certain standards. This system makes it possible to foresee potential issues well in advance and provide early guidance prior to any early stage corrective action by the government.

In addition, the JA Bank Support Association, a designated support corporation founded based on the Reorganization and Strengthening Law, has established the JA Bank Support Fund with financial resources contributed by JA Bank members nationwide. This fund can inject capital and provide other needed support to JA Bank members.

Through these initiatives, we ensure that JA Bank enjoys an even greater degree of confidence from its individual members and customers.

In addition, JA, JA Shinnoren and The Norinchukin Bank participate in the Agricultural and Fishery Co-operative Savings Insurance System, a public savings insurance system.

■ Trends of Cooperative Members and the Cooperative Banking Business

● Trends of JA Funds

In fiscal 2014, JA deposits rose 2.4% year on year (a 2.3% increase in deposits from individuals), to a year-end balance of ¥93,687.2 billion. This was largely due to an increase as a result of providing financial services meeting customers' needs.

Although JA focused on expanding personal loans, especially mortgage loans, total loans declined 1.7% year on year, to a year-end balance of ¥20,997.1 billion. This was mainly due to a decrease in the balance for loans for local governments and public entities. Securities held by JA decreased 5.8% year on year, to a year-end balance of ¥4,239.2 billion.

■ Reorganization of JA Bank Business

To deal effectively with changes in the operating environment of the agricultural industry as well as individual members and JA, JA Bank has rationalized and

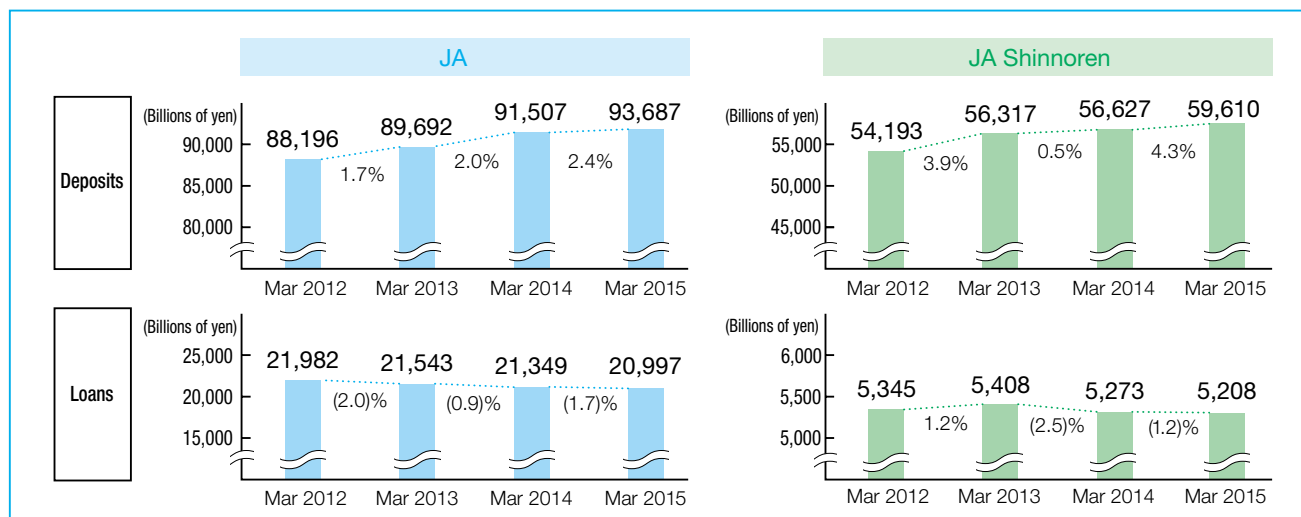
streamlined the organization and business of its cooperative banking system.

The Bank has added the JA Shinnoren in Gunma (transfer completed in October 2014) and the JA Shinnoren in Chiba (transfer completed in January 2015), and has conducted the following organizational streamlining by shifting from a three-tier structure consisting of JA at the municipal level, JA Shinnoren at the prefectural level, and The Norinchukin Bank at the national level to a two-tier structure of JA and The Norinchukin Bank. This was achieved by the completed business transfer of JA Shinnoren in twelve prefectures (Aomori, Miyagi, Akita, Yamagata, Fukushima, Tochigi, Gunma, Chiba, Toyama, Okayama, Nagasaki, and Kumamoto) to the Bank.

Elsewhere, the goal of “one JA in each prefecture,” whereby the rights and obligations of both JA Shinnoren and JA Keizairen (Prefectural Marketing and Supplying Federations of Agricultural Cooperatives) in a prefecture are integrated and taken over by a single JA in the prefecture, has been achieved in Okinawa and Nara.

The Bank will continue to steadily support JA's functional and system reforms and make efforts to rationalize and streamline the operations of the Bank itself with the goal of creating a cooperative banking structure capable of meeting the expectations and winning the trust of both individual members and customers.

Deposits and Loans



Operations of JF Marine Bank

JF Marine Bank provides financial support to fishing communities and appropriate financial functions to the fishery industry

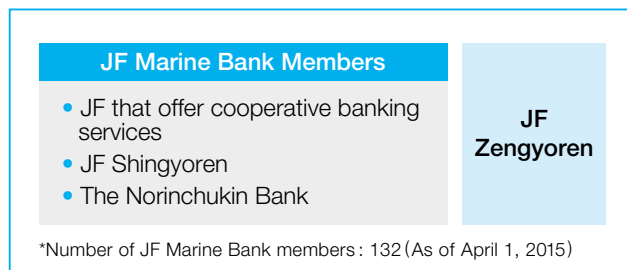
■ What is JF Marine Bank?

● JF Marine Bank is the Name of a Group of Financial Institutions

JF Marine Bank is the name of a nationwide financial group consisting of JF Marine Bank members (JF that engage in the cooperative banking business including deposits and loans, JF Shingyoren and The Norinchukin Bank) and JF Zengyoren (National Federation of Fishery Cooperative Associations).

As of April 1, 2015, JF Marine Bank members totaled 132, consisting of 101 JF that offer financial services and 30 JF Shingyoren and The Norinchukin Bank.

JF Marine Bank



■ Direction of JF Marine Bank

● JF Marine Bank Basic Policy

JF Marine Bank formulated its Basic Policy in January 2003, based on the provisions of the Reorganization and Strengthening Law. The objectives of the Basic Policy are: (1) to protect depositors by ensuring that JF Marine Bank conducts business in a sound and proper manner and (2) to properly respond to the financial needs of individual members and customers by restructuring JF Marine Bank's business, organization and management.

● Framework for Bankruptcy Prevention

To further increase the adequacy and soundness of business operations, all JF Marine Bank members are required to submit management data to JF Marine Bank Headquarters, where such data is examined. JF Marine Bank Headquarters can prevent organizations, such as JF, that have problems with their operations, from fall-

ing into bankruptcy by quickly identifying issues and taking preventive actions, thereby creating a system that assures depositors' peace of mind. These activities are taken under the guidance of The Norinchukin Bank and JF Shingyoren.

In addition to these activities, JF, JF Shingyoren and The Norinchukin Bank have jointly established the JF Marine Bank Support Fund and set up a framework for encouraging the voluntary efforts of cooperative members toward organizational and business reforms.

JF, JF Shingyoren and The Norinchukin Bank also participate in the Agricultural and Fishery Cooperative Savings Insurance System, a public savings insurance system.

● JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System)

JF Marine Bank provides community-based financial services to members of the fishery industry and assumes an essential role in fishing communities. To make improvements that will ensure that JF Marine Bank has a management system appropriate for a member of Japan's financial system, the "system of one fishery cooperative banking business in each prefecture" has been carried out. Under the system, JF and JF Shingyoren in the same prefecture conduct in unison the cooperative banking business. As a result, a fishery cooperative banking business had been established in each prefecture by the end of fiscal 2009.

With the goal of making this foundation even stronger and achieving sound and efficient business operation, we are proceeding with examination of the strengthening of management and the building of new management structures such as inter-regional JF Shingyoren.

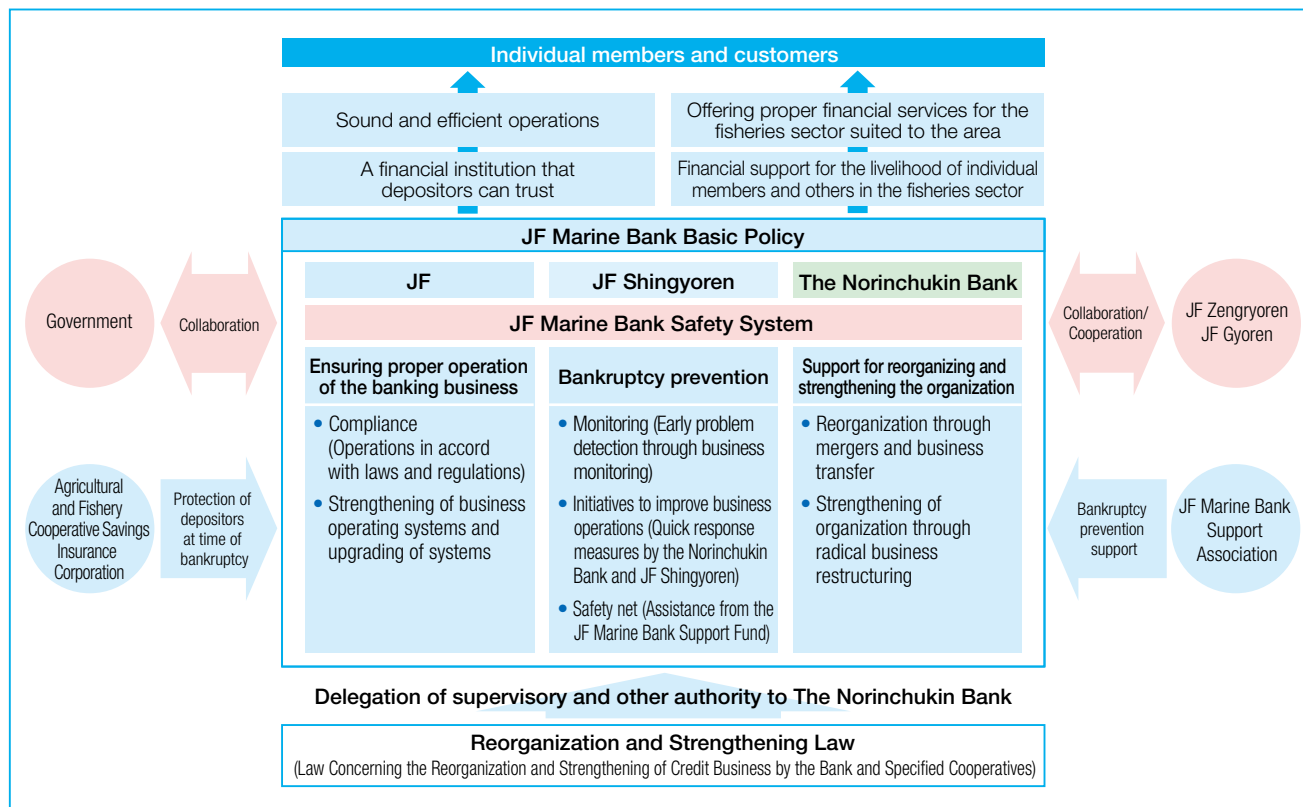
JF Marine Bank has formulated the JF Marine Bank Medium-Term Business Promotion Policy to include efforts for banking business. Under this policy, JF Marine Bank is continuing to take steps to improve its management and strengthen its financial position in line with the JF Marine Bank Basic Policy, while placing an even

greater emphasis than before on business development, the basis of sound operations of JF Marine Bank.

As a cooperative banking institution, JF Marine Bank believes that its purpose is to serve not only its individual members and customers, but also communities

and society. To these aims, JF Marine Bank continues its efforts to further strengthen the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System) and respond to the financial needs of the fishery industry suited to the area.

Management Framework of JF Marine Bank



● Trends of JF Funds

The balance of deposits held with JF Bank increased 3.5% year on year, to ¥2,498.6 billion as of March 31, 2015.

The balance of loans at JF Bank fell 6.4% year on year, to ¥587.4 billion, due to such factors as easing of demand for new financing amid a harsh environment for fisheries business.

■ Reorganization of JF Marine Bank Business

JF cooperative banking business is being reorganized to create a more sound and efficient management system by means of the following two methods:

One is that through the efforts of merger among several JF and transfer of banking business from JF to JF

Shingyoren, the number of JF engaged in banking business had been reduced to 101 as of April 1, 2015 from 875 in March 31, 2000.

The other is that the total number of JF, including those not engaged in banking business, decreased by five in fiscal 2014. As a result, the number of JF stood at 964 as of April 1, 2015, reflecting progress made toward consolidation.

In the future, greater emphasis will be placed on policies to strengthen and reorganize JF cooperative banking business under the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System), which serves as a framework for JF Marine Bank's business management.

The Norinchukin Bank supports these initiatives at JF cooperative members.

JForest Group Initiatives

■ Current State of Cooperative Activities

JForest Group has established the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry, a new cooperative campaign policy that runs from fiscal 2011 through fiscal 2015. With the goal of developing more than 70% of private forest and supplying more than 50% domestic lumber in the next decade, JForest Group is carrying out the following three agendas: (1) expand domestic lumber use and reform distribution system, (2) consolidate management and establish low-cost forestry industry, and (3) establish management and accountability system. Through these efforts, JForest Group will play a key role in regenerating Japan's forests and the forestry industry.

■ Norinchukin Bank Initiatives

In addition to providing financial support for JForest Group's various initiatives, the Bank provides nonfinancial support and works so that JForest Group can play a key role in Japan's forestlands and forestry industry.

● Forest Rejuvenation Fund (FRONT80) / Nochu Potential Forest Productivity Fund

In order to promote activities aimed at the sustainable demonstration of the multi-faceted roles of forests, through the revitalization of private forests in danger of becoming deserted, the Norinchukin 80th Anniversary Forest Rejuvenation Fund (FRONT80) was established in 2005 (final offers in fiscal 2013). In the nine years since then, we have received 319 applications from all over the country, and from among them we have selected 52 projects and have provided subsidies totaling ¥942 million.

From fiscal 2014, in order to promote efforts for the consolidation of facilities and provide a boost to forestry cooperatives, taking into account changes to JForest's surrounding environment such as governmental policies, we began soliciting applications for the Nochu Potential Forest Productivity Fund that has been established as a successor to FRONT80. And in fiscal 2014, the first year of soliciting applicants, we received 42 applications, we decided on ¥164 million in subsidies after selecting nine from among them.

● Support for Initiatives to Consolidate Forest Management

The Bank has partially subsidized the expenses for introducing the Geographic Information System (GIS) and Global Positioning System (GPS) needed for JForest to define mountain and forest boundaries and collect forest information. Over the six-year period from fiscal 2009 through fiscal 2014, the Bank subsidized 667 projects, worth ¥261 million.

● Support to Expand Domestic Lumber Use

JForest Group is working to expand the use of domestic lumber, and the Bank is also supporting JForest Group in its efforts. In April, 2013, a financing scheme was established for forestry cooperatives and federations actively involved in the building of distribution and sales systems for lumber, and in fiscal 2014, loans totaling ¥7.1 billion were extended to 29 projects.

In anticipation of increased demand for domestic lumber due to the widespread use of woody biomass power generation, JForest Moriren (National Federation of Forest Owners' Cooperative Associations), Norinchukin Research Institute and the Bank established the Cooperative Woody Biomass Study Group in August, 2013. We are also looking into the sharing of information inside JForest Group as well as the provision of support in accordance with local circumstances.

In addition, as support for initiatives which contribute to the expansion of domestic lumber use and forest conservation, the Bank has been engaging in the donation of wood products made from local lumber, sponsorship for tree-planting events, and subsidization of wood education activity expenses, and in fiscal 2014, provided subsidies totaling ¥34 million to 32 prefecture-level organizations, as well as donating wood products worth ¥60 million to 12 parties in areas affected by the Great East Japan Earthquake.

- **Support to Strengthen Management System**

Furthermore, in collaboration with JForest Zenmoriren, the Bank subsidized the cost of workshops for forestry cooperative auditors, in order to support the strengthening of the management systems of JForest. Moreover, we continue to give lectures at compliance study groups held at prefectural-level organizations.



Loading logs with a forwarder



Confirming boundaries using GPS

Development of Human Resources of Cooperative Members and Enhancement of Their Skills

JA Bank, JF Marine Bank and JForest Group are working to develop human resources that meet and fulfill the expectations of individual members and customers.

- **Developing JA Bank and JF Marine Bank Employees Highly Specialized in Banking Business**

JA Bank and JF Marine Bank are developing highly specialized employees for their banking business who can meet the needs of individual members and customers by providing them with group trainings, correspondence courses and certification exams through our subsidiary, Norinchukin Academy Co., Ltd., which specializes in training cooperative employees.

- **Strengthened Human Resource Training Initiatives to Achieve JA Bank Medium-Term Strategies**

JA Bank formulated the JA Bank Medium-Term Human Resource Plan (fiscal 2013 through fiscal 2015) and has been taking steps since fiscal 2013 to train “staff who will take the lead in transforming and innovating JA and related prefectural-level organizations” and “those who will be chosen and trusted by customers.” To expand these human resource development initiatives in an integrated manner nationwide, the Bank’s division that develops human resources for JA and JA Shinnoren, Norinchukin Academy, and JA Shinnoren’s human resource related division are unified under the name of the JA Bank Academy.

Specifically, we have been engaged in the expansion and provision of level-specific training for JA and JA Shinnoren employees, such as the JA Bank Central Academy – Managers Course (cumulative total of 385 participants as of March 31, 2015) targeted at directors engaged in the banking business of JA and the JA Bank Central Academy – Senior Executives Course targeted at JA Shinnoren’s general managers. In July 2014, we launched the “JA Bank Central Academy – Senior Managers Course,” targeted at senior managers engaged in the cooperative banking business of JA (run by Shinnoren in some prefectures).

● Human Resource Training Initiatives at JF Marine Bank

JF Marine Bank has positioned human resource training as a pillar in the JF Marine Bank Medium-Term Business Promotion Policy (fiscal 2012 through fiscal 2014). In order to contribute even further to the fishery industry and fishing communities, JF Marine Bank is focusing on developing financial consultants who can provide “enhanced financial services to the fishery industry” and training human resources with the aim of improving customer protection and providing services appropriate to customers. In fiscal 2014, JF Marine Bank continued with the JF Marine Bank Level-Specific Training - Branch Manager Course (with 59 participants in fiscal 2014), which was launched in fiscal 2013, targeted at branch managers of JF Shingyoren, etc. in addition to national conferences for financial consultants for the fishery industry and compliance workshops for directors of JF and JF Shingyoren on a continuing basis.

Norinchukin Academy's Training Record in Fiscal 2014

| | |
|---|--------|
| Number of employees who took group trainings | 2,009 |
| Number of employees who took correspondence courses | 13,540 |
| Number of employees who took certification exams | 16,856 |

■ Support for Human Resources Training for JForest Group

JForest Group has been engaged in training engineers (e.g. forestry management planners) to advance proposal-based forest management consolidation by making use of training programs offered by the Forestry Agency, as well as focusing on strengthening auditing and compliance systems for cooperatives.

The Bank has sent lecturers for compliance training and has held the JForest/Federation of Forestry Cooperatives Top Management Seminar. In addition, from fiscal 2014, JForest newly established “JForest Counsellor Training” (with 21 participants in fiscal 2014) aimed at personnel holding the title of counsellor, who support the backbone of JForest's practical management.

■ Personnel Exchanges between the Bank and JA or JA Shinnoren

The Bank has enhanced personnel exchanges between itself and JA and JA Shinnoren, and has been working to achieve mutual understanding and sharing of know-how within JA Bank Group.

Specifically, the Bank accepts trainees from JA to train them so that they can play a key role in banking business and gain wide-ranging business know-how. The Bank also accepts staff and trainees seconded from JA Shinnoren, and they work in various areas such as retail planning, administration, systems, agricultural and corporate loans, and securities investment. Moreover, the Bank sends staff as secondees to cooperative organizations (e.g. JA, JA Shinnoren and JA Chuokai (Prefectural Unions of Agricultural Cooperatives)) in order to deepen their understanding of the actual work of cooperatives from the point of view of employees of the central organization for cooperatives as well as financial institution for farmers, fishermen and foresters.



JA Bank Central Academy-Managers Course

Safety Net for the Cooperative Banking System

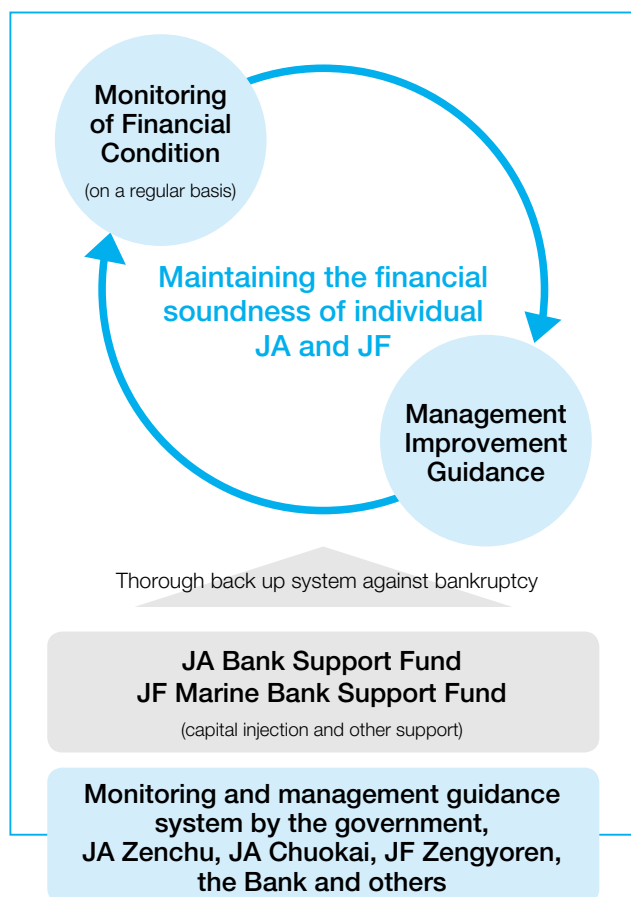
JA Bank and JF Marine Bank have established a safety net based on the Bankruptcy Prevention System and the Agricultural and Fishery Cooperative Savings Insurance System to provide an increased sense of security for their individual members and customers.

■ Bankruptcy Prevention System

JA Bank and JF Marine Bank have developed their own respective systems to prevent JA and JF from bankruptcy.

Specific functions of these systems include: (1) monitoring of the business conditions of individual JA and JF to identify problems at an early stage, (2) taking steps at the earliest stage possible to prevent bankruptcy, and (3) injecting necessary funds drawn from the JA Bank Support Fund or the JF Marine Bank Support Fund*, the funds of which are collected from JA Bank and JF Marine Bank members nationwide, in order to maintain the sound management of individual JA and JF.

**As of March 31, 2015, the balance of the JA Bank Support Fund was ¥170.5 billion, and that of the JF Marine Bank Support Fund was ¥24.9 billion.*



■ Agricultural and Fishery Cooperative Savings Insurance System

When a member organization of the cooperative banking system, such as JA or JF, becomes unable to reimburse deposited funds to its individual members and customers, this system provides policy coverage for depositors and ensures settlement of funds, thereby contributing to the stability of the cooperative banking system. The system is the same as the Deposit Insurance System, for which banks, shinkin banks, credit associations and labor banks are members.

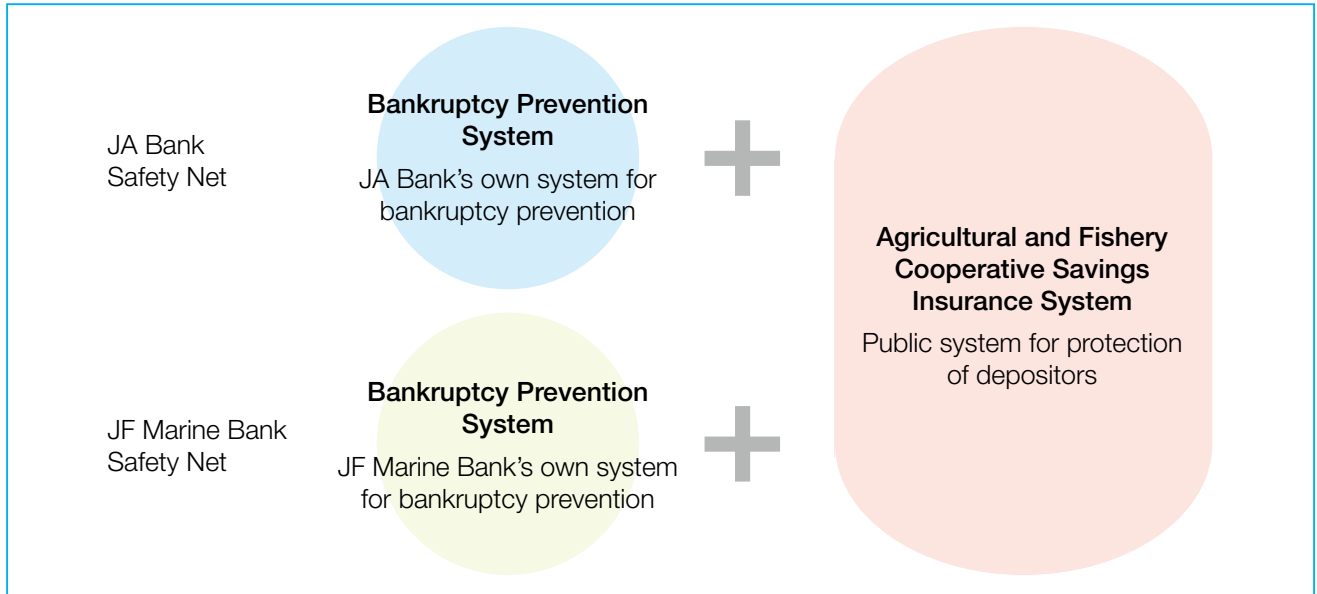
The Agricultural and Fishery Cooperative Savings Insurance System has been established under the Agricultural and Fishery Cooperative Savings Insurance Law. It is managed by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which has been established jointly by the Japanese government, the Bank of Japan, The Norinchukin Bank, JA Shinno-ri, JF Shingyoren and other entities.

When funds are deposited in agricultural or fishery cooperatives covered by the system, the deposits are automatically guaranteed by this system.

Even though the blanket deposit insurance system was fully discontinued on April 1, 2005, payment and settlement deposits (deposits that satisfy the following three conditions: (1) bearing no interest, (2) being redeemable on demand, and (3) providing normally required payment and settlement services) are still fully protected by the system. However, all other types of deposits are only covered up to ¥10.0 million in principal (per depositor at each cooperative organization), plus interest accrued.

As of March 31, 2015, the balance of the reserve fund of the Agricultural and Fishery Cooperative Savings Insurance System was ¥366.0 billion.

Safety Net for the Cooperative Banking System



Financial Institutions and Savings Covered by the Savings Insurance System, and the Scope of Protection

Covered Agricultural and Fishery Cooperatives

JA (limited to those engaged in banking business), JA Shinnoren, JF (limited to those engaged in banking business), JF Shingyoren, Marine Product Processing Cooperative (limited to those engaged in banking business), Federations of Marine Product Cooperatives (limited to those engaged in banking business), The Norinchukin Bank

Covered Savings, etc.

Savings, fixed term savings, Norinchukin Bank debentures (limited to custody products), as well as installment savings and property accumulation savings products using such savings, savings related to the investment of defined-contribution pension reserves, etc.

Scope of Protection

| Types of savings, etc. | | Scope of protection |
|--|---------------------------------|--|
| Savings, etc. covered by the insurance | Payment and settlement deposits | Savings which meet the three requirements, such as bearing no interest *1 Full amount (permanent measure) |
| | Ordinary savings, etc. | Savings other than those for payment and settlement purposes *2 Total of principal up to ¥10.0 million and interest thereon *3 [The portion in excess of ¥10.0 million will be paid according to the financial status of the failed cooperative (may be subject to deductions)] |
| Savings, etc. not covered by the insurance | | Foreign currency savings, negotiable certificate of deposits, Norinchukin Bank debentures (excluding custody products), etc. Not protected [Payable according to the financial status of the failed cooperative (may be subject to deductions)] |

*1 Savings satisfying the three requirements of "bearing no interest, being redeemable on demand, providing payment and settlement services."

*2 Savings earmarked for taxes, installment savings and property accumulation savings products using insured savings will be protected.

*3 Distribution of earnings on fixed term savings will be protected in the same way as interest.