

# Norinchukin Bank and the JA Banking System

## FRAMEWORK OF THE JA BANKING SYSTEM AND THE UNIQUE SAFETY NET FOR THE COOPERATIVE CREDIT BUSINESS

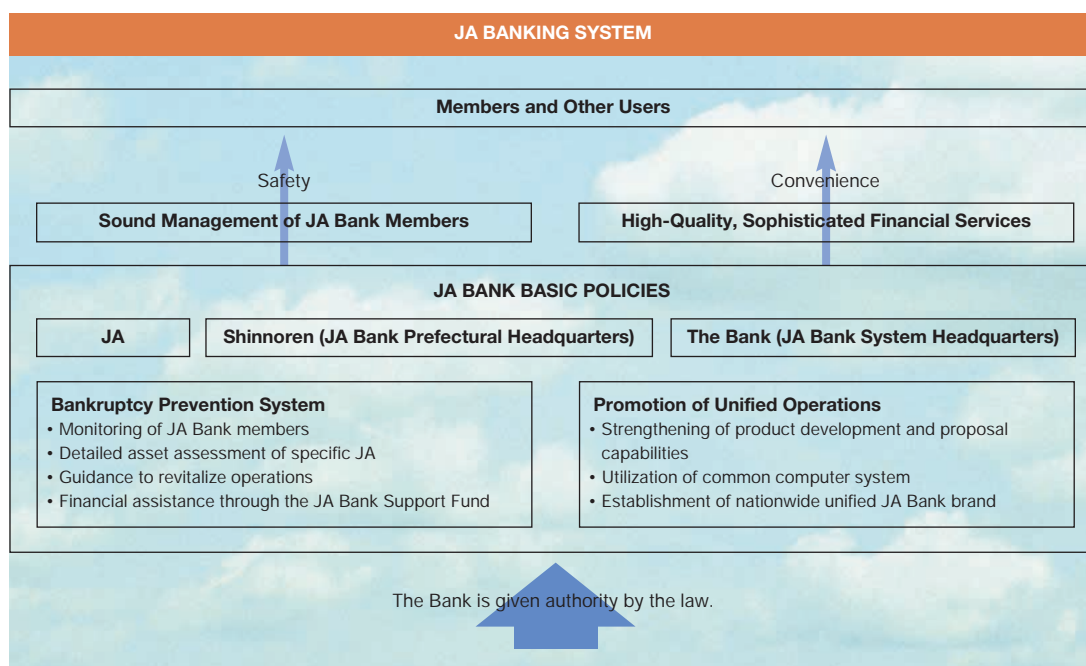
### Function of the JA Banking System

The JA Bank is the generic name for the group comprising JA, Shinnoren, and the Bank (all of which are JA Bank members), which pursues unified operations to increase efficiency.

In January 2001, JA Bank members formulated “JA Bank Basic Policies” based on the relevant laws. The purpose of these policies is to create a sound cooperative credit business that is more trusted and utilized as a financial institution by its members and other users. These policies act as a code of conduct that has been established based on a consensus of JA Bank members. Based on these policies, JA Bank members will pursue more unified business operations in order to increase competitiveness and credibility (JA Banking System). To conduct operations of the JA Banking System, a JA Bank System Headquarters has been established within the Bank, and a JA Bank Prefectural Headquarters has been set up within each Shinnoren.

The JA Banking System rests on two pillars: the pursuit of unified operations to provide high-quality, sophisticated financial services to its members and other users and effective bankruptcy prevention measures aimed at ensuring the trustworthiness of JA Bank members.

As for the promotion of unified operations, the Bank is focusing on R&D of new products and marketing methods for customer satisfaction by introducing Customer Relationship Management. Information networks linking JA, Shinnoren, and the Bank were also created to enable these three entities to pursue product development and business operations in line with customers’ needs.



The Bankruptcy Prevention System serves as a mechanism for detecting financial problems at a stage earlier than that stipulated by law. As a part of this, the JA Bank System Headquarters requires all members to submit financial documents pertaining to business management. It also conducts detailed assessment of assets in JA based on the relevant criteria. By doing so, JA Bank members are able to take the necessary steps, including the introduction of measures for revitalization, to rectify problems at an early stage.

### Overview of the Unique Safety Net for the Cooperative Credit Business

The safety net for JA Bank members is underpinned by two mechanisms. The first is an independent safety net undertaken by the cooperatives themselves, a feature not found in other banks. The second is the Savings Insurance System, a public system mandated by law.

The aforementioned Bankruptcy Prevention System, unique to JA Bank members, is the safety net operated independently by JA Bank members. Under this system, the JA Bank Support Committee implements support, including the injection of private capital, if necessary. In the unlikely event a JA faces severe financial difficulty, the JA Bank Support Fund set aside on a voluntary basis by JA Bank members is used in coordination with the Savings Insurance System.

With regard to Fishery Cooperatives (Gyokyo) credit business, a Bankruptcy Prevention System analogous to the JA Banking System has been created based on basic policies applicable to JF Marine Bank members (Gyokyo, Prefectural Credit Federations of Fishery Cooperatives (Shingyoren), and the Bank).

The Savings Insurance System derives its funding from insurance premiums paid yearly by JA, Gyokyo, Shinnoren, Shingyoren, and the Bank. This system protects depositors in the event a member of JA Bank or JF Marine Bank fails and is unable to return deposited funds to members and other users and is commensurate with the Deposit Insurance System for other banks.

