

JA Bank and the JA Banking System

The JA Bank is the blanket name for the group comprising JA, Shinnoren and the Bank (all of which are JA Bank members). Collectively known as the “JA Banking System,” we work to create a sound cooperative credit business that is more trusted and utilized as a financial institution by its members and other clients.

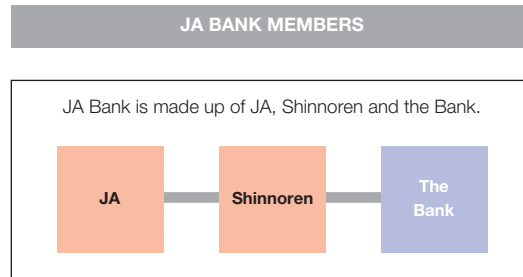
JA Bank

JA Bank: A Group of Organizations

Functioning as a Single Financial Institution

JA Bank is made up of JA, Shinnoren and the Bank, and is the name of a group of organizations that essentially functions as a single financial institution. JA Bank operates the largest branch network of any financial institution in the private sector of Japan.

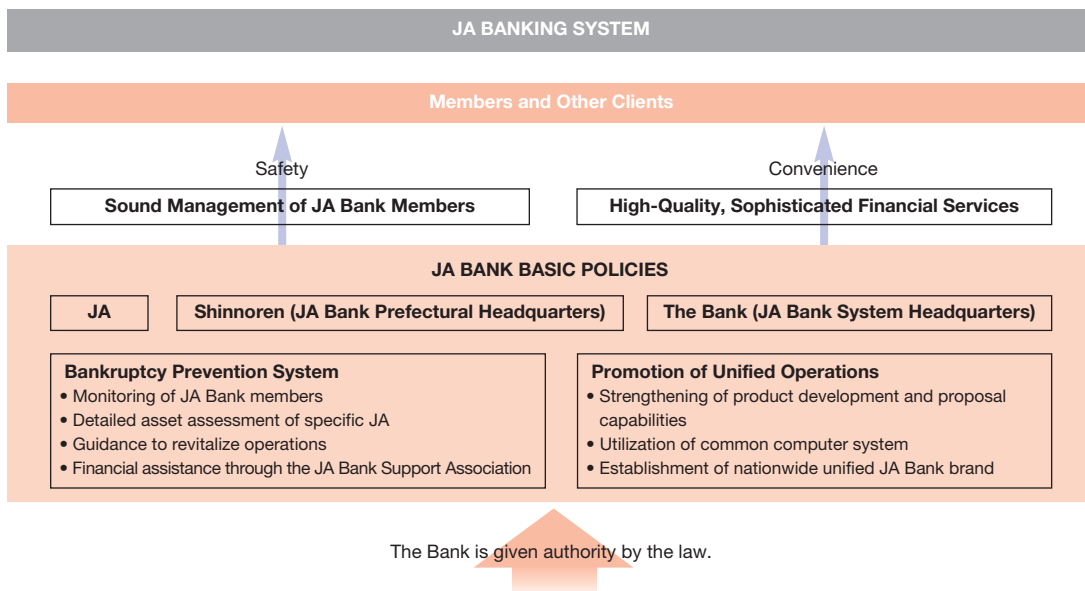
As of July 1, 2005, JA Bank had a total of 933 members, consisting of 886 JA, 46 Shinnoren and the Bank.



JA Banking System

JA Bank Members Working in Concert

To establish a credit business that is more trusted and utilized by members and other clients, JA Bank members have formulated the “JA Bank basic policy” based on “the Reorganization and Strengthening Law” (the law related to the reorganization and strengthening of the credit business by the Bank and specified agricultural and fishery cooperatives). This policy acts as a code of conduct and was established through consensus by JA Bank members. Based on this policy, JA Bank members pursue more integrated business operations by acting in concert as the “JA Banking



***The Bank works in concert with JA and Shinnoren throughout Japan,
with the aim of creating a JA Bank more trusted
and utilized as a financial institution.***

System.” The cornerstones of the JA Banking System are: (1) the “promotion of unified operations” aimed at enhancing and strengthening both the financial services that leverage its economies of scale and close contacts with its customers; and (2) an effective “bankruptcy prevention system” aimed at ensuring the trustworthiness of JA Bank members.

Ensuring the Trustworthiness of JA Bank Members

The “bankruptcy prevention system” serves as a mechanism for detecting problems at an earlier stage than stipulated by law. Pursuant to this, the JA Bank System Headquarters requires all members to submit documentation pertaining to business management. It also calls for a detailed assessment of its members’ assets based on a fixed set of pertinent criteria. By so doing, JA Bank members are able to take the necessary steps to revitalize operations at an even earlier stage than that specified in the prompt corrective action measures issued by the Financial Services Agency. Also, the JA Bank Support Association has established a “JA Bank Support Fund”* through contributions from all JA Bank members. Under this system, the JA Bank Support Association implements support measures, such as the injection of private capital when necessary. These activities are aimed at creating a JA Bank that is more trusted and utilized by its members and other clients.

Furthermore, JA, Shinnoren and the Bank participate in the Savings Insurance System, a public system mandated by law.

*The JA Bank Support Fund totaled ¥119 billion (US\$1 billion) as of March 31, 2005.

Providing Enhanced and Strengthened Financial Services

In accordance with the “JA Bank medium-term business strategy (fiscal 2004 through 2006),” JA Bank is addressing the “promotion of unified operations” as one of Japan’s largest and most prominent financial institutions. The ultimate aim is the establishment of an efficient financial services group with even closer customer contacts and a unique and robust customer base centered on individual membership.

Through these efforts, and through the creation of a more selective and focused business portfolio, JA Bank aims to continually pursue heightened efficiency while extending more loans, providing services to the elderly and pensioners, and assisting those in the agricultural industry with such matters as business successions and inheritance. At the same time, the JA Bank will take proactive measures to combat forged cash cards and other forms of financial fraud and to ensure proper financial disclosure. The overall goal in these endeavors is to remain the institution of choice among its members and other users.

Cooperative Savings Insurance System

This system protects depositors if a member of the system, such as a JA cooperative, fails and is unable to return deposited funds to its members and other users. The provisions of this system are commensurate with those that cover commercial banks, *shinkin* banks, credit cooperatives and labor credit associations under the “Deposit Insurance System.”

The Agricultural and Fishery Cooperative Savings Insurance Corporation, which administers this system, had reserves totaling ¥212 billion (US\$2 billion) as of March 31, 2005.

In addition, JF, Shingyoren, the Bank and Zengyoren are covered by a bankruptcy prevention system analogous to that of the JA Banking System established for, and in accordance with, the basic policies applicable to the JF Marine Bank.

