



A Message from the Management



Mamoru Moteki
Chairman
The Supervisory Committee

Yoshio Kono
President and Chief Executive Officer

First, we would like to sincerely thank all our stakeholders for their understanding and support for, and cooperation with, the Norinchukin Bank in its day-to-day operations.

Furthermore, we would like to express our condolences and sympathies to everyone who was affected by the Great East Japan Earthquake and also pay our respects to everyone who has been working so hard for recovery and reconstruction.

This Annual Report for 2011 contains details of the financial position of the Bank for fiscal 2010, as well as a summary of operations over the year at the JA Bank, JF Marine Bank and the Forestry Cooperative System (JForest Group).

We believe that readers of this Report will continue to offer their support to the JA Bank, JF Marine Bank, the Forestry Cooperatives and the Norinchukin Bank itself.

The Basic Role the Norinchukin Bank Fulfills as the Central Organization for Cooperatives

As the central bank for the agricultural, forestry, and fishery cooperatives in Japan, the mission of the Norinchukin Bank is to contribute to the development of these industries and to national economic prosperity by providing smooth access to financial resources. To achieve its mission, with

the stable funding base provided by capital from Japan's Agricultural Cooperatives (JA), Fishery Cooperatives (JF) and Forestry Cooperatives (JForest), as well as JA Bank and JF Marine Bank deposits from cooperative members and customers, the Bank lends funds to members, agricultural, forestry and fisheries workers, and companies related to the agricultural, forestry and fisheries industries as well as to local public organizations. As the ultimate manager of these funds, the Bank also conducts various lending and investment activities in Japan and abroad, efficiently manages funds and stably returns profits to its members.

Moreover, the Bank provides its members and cooperative members with various financial services including a nationwide shared system infrastructure for supporting the cooperative banking business of JA and JF (Japan Fishery Cooperatives), the development of new products, and it responds to the financial needs of agricultural, forestry and fisheries cooperatives. The Bank also provides operational guidance for the JA and JF cooperative banking business based on relevant rules and regulations and it is building a safety net for the JA Bank System and JF Marine Bank System.

The Bank continues to work to raise trust in its cooperative banking business while recognizing the importance of strengthening the competitiveness of its cooperative banking business.

Business Operations in Fiscal 2010

The Bank enhanced business operations based on the Business Renewal Plan (fiscal 2009 through 2012), which was instituted in February 2009, for upgrading its financial and risk management methods and for further expanding its role as the central organization for cooperatives in Japan. In fiscal 2010, the Bank conducted financial management with the aim of securing steady profits while also reviewing its risk management methods. We reminded ourselves, as we engaged in our day-to-day operations, that fiscal 2010, the second year of the plan, would be the year in which our fundamental capability—to keep the plan on track and bring about result—is tested. As a result, we exceeded the plan, in terms of both the earnings and finance, at ¥104.7 billion (consolidated) in ordinary profit and 22.67% (consolidated) in capital adequacy ratio. We also resumed dividend for the first time in three years.

As part of our effort to enhance our role as the central organization for cooperatives, we have enhanced our internal system and infrastructure. We are now ready to render some concrete results in project for JA Bank and JF Marine Bank as well as in our various initiatives in banking services for the agriculture, and fisheries industries.

The “JA Bank Medium-Term Management Strategy” (fiscal 2010 through fiscal 2012), its management and business strategy, has started, and the Bank is strengthening its role as the “main bank for the agricultural industry” and the “main bank for household budgets” in order to become “The JA

Bank which contributes to both agricultural industry and people’s daily lives, as well as one which is chosen by the people, and then continues to grow.”

The balance of deposits under the JA Bank system as of March 31, 2011 amounted to ¥85,818.1 billion, a 1.6% increase compared with the previous fiscal year. Seeking to become a financial institution that wins the greater confidence and trust of its customers, we are taking steps to upgrade our business management system and maintaining the Bank’s soundness. With respect to an important system infrastructure (the JASTEM System) for JA Bank business operations, the Bank has taken a number of measures to achieve secure operation by completing in May 2011 the migration to a next-generation IT system across prefectures.

JF Marine Bank is promoting primary accounts for household budgets and strengthening its main bank function based on its “JF Marine Bank Medium-Term Business Promotion Policy” (fiscal 2009 through fiscal 2011). Moreover, having positioned the three-year period from fiscal 2010 as a period for strengthening our financial services to the fisheries industry, we are taking steps to achieve this by setting up a financial consultation system for the fisheries industry. The balance of deposits under the JF Marine Bank system as of March 31, 2011, amounted to ¥2,254.4 billion, a 0.5% increase compared with the previous fiscal year. As the final year of the cooperative campaign, “Movement to Revitalize Forestlands, the Forestry Industry, and Rural Mountain Villages that Support the Environment and Livelihood,” (fiscal 2006 through fiscal 2010), the Forestry Cooperatives are providing support for various forest improvement

initiatives which are undertaken based on “joint operation project,” one of the pillars of the campaign.

The Bank’s Future Business Management Policies

Having strengthened its banking functions over the last two years, not to mention resuming dividend payments, once its “Business Renewal Plan” comes to an end, the Bank will formulate a new “Medium-Term Management Plan,” which will serve as a two-year roadmap for the Bank beginning from fiscal 2011. Under its “Medium-Term Management Plan,” the Bank will support the financial and business needs of its member organization and agricultural, forestry, and fisheries workers based on its “Reconstruction Support Program” which were established for the purpose of supporting reconstruction in the aftermath of the Great East Japan Earthquake.

At the same time, the Bank will firmly maintain as a key pillar the stable return of profits to its members and the expansion of its role as the central organization for cooperatives specialized

in the agricultural, forestry, and fisheries industries as outlined in the Business Renewal Plan. Through these efforts, the goal of the Bank is to raise its profile as financial institution, both in terms of growth of the agricultural, forestry, and fisheries industries and of its members’ business, as well as a more globalized approach to investment financing.

Conclusion

The Bank, JA Bank, JF Marine Bank and the Forestry Cooperatives wish to become financial institutions and organizations that win the confidence and trust of all of their customers. Moreover, we will work through the business as a whole so that we fulfill our social responsibility by our varied efforts to stimulate the agricultural, forestry and fishing industries and the communities that they serve.

Finally, we would like to ask our readers for their continued support for JA Bank, JF Marine Bank, the Forestry Cooperatives and the Norinchukin Bank itself.

August 2011



Mamoru Moteki
Chairman
The Supervisory Committee



Yoshio Kono
President and Chief Executive Officer

Bank Initiatives

Below is a discussion of the achievements of the Bank, the central organization for cooperatives in Japan, and progress in initiatives under “The Business Renewal Plan,” as well as an overview of the “Reconstruction Support Program” established in response to the Great East Japan Earthquake.

I Reconstruction Support: Response to the Great East Japan Earthquake

1 Urgent Response in the Aftermath of the Great East Japan Earthquake

Q1 What emergency responses did you take for JA Bank and JF Marine Bank customers after the earthquake disaster?

When the recent earthquake disaster struck, the JA Bank and JF Marine Bank united and focused all of our efforts on rebuilding as quickly as possible the lives of the earthquake victims, the agricultural, forestry and fisheries industries in areas affected by the disaster, and the local economy.

In terms of specific financial support, the Bank set up a consultation service for disaster victims in cooperation with the JA Group and JF Group in each prefecture so that customers could withdraw their deposits after verification of their identities in cases where they had lost their savings certificate, passbook, registered seal, cash card or other identification.

Specifically, we set up a nationwide call center to help customers who had become temporarily separated from their place of residence due to the disaster to consult with them not only at the JA (agricultural) and JF (fisheries) banks, but at their nearest branch nationwide. Through this flexible approach, we made it possible for these customers to access funds from their accounts within a specific limit.

In addition, we handled requests for loans at JA Bank and JF Marine Bank branches nationwide. Further, we set up loan consultation counters in Shinnoren, Shingyoren and Norinchukin Bank branches nationwide for those affected by the earthquake and provided them with various advices.

*Please visit our websites for the most recent information on the JA Bank and JF Marine Bank’s responses to the earthquake disaster.

The JA Bank website:

(<http://www.jabank.org/>)

The JF Marine Bank website:

(<http://www.jfmbk.org/>)



call center

Reconstruction Support as a Member of the JA Group, JF Group and JForest Group

The JA Group, JF Group, and JForests Group are taking the following steps to alleviate the disaster victims' financial concerns such as their immediate need for food and reconstruction in the areas affected by the disaster. As a member of the Group, the Norinchukin Bank is also taking part in reconstruction efforts.

[Emergency Support Supplies]

- Free food and daily life necessities for disaster victims from the JA Group and JF Group.
- Developed the “1 JF-1 Box Campaign,” wherein long rubber boots, raincoats, rubber gloves and other items are donated to JF in the areas affected by the disaster from JF branches nationwide.



Street-side donation campaign (photo provided by JF Zengyoren)

[Fund-Raising Activities]

- Fund raising activities conducted by cooperative members and directors and employees of the JA Group, JF Group and JForest Group.

[Monetary Donations]

- Organizations of the JA Group established the “JA Group Reconstruction/Rebuilding Charity,” which has raised about ¥10 billion thus far.

[Field Volunteers]

- Sending a JA Group Support Team composed of JA Group directors and employees to the field to engage in recovery work of JA and cooperative member facilities.

*For further details, please refer to “CSR Report 2011”



Removal of debris from a green house at a strawberry farm

2 Medium-Term Reconstruction Initiatives

As a result of efforts to upgrade its financial and risk management methods and to further expand its role as the central organization for cooperatives in Japan under the Business Renewal Plan, the Bank has financially recovered to the extent that, as of March 31, 2011, it can pay dividends. Furthermore, as a permanent, ongoing initiative, the Bank is steadily expanding its role as the central organization for cooperatives.

For that reason, the Bank has strengthened its banking functions over the last two years including resuming dividend payments, and, after the “Business Renewal Plan” ends, the Bank will formulate a new “Medium-Term Management Plan.” Over the two year period of the plan (starting from fiscal 2011), the Bank will further expand its role as the central organization for cooperatives while placing a priority on supporting the reconstruction effort in areas affected by the Great East Japan Earthquake.

The Bank is constantly working to achieve stable financial management. At the same time, taking into full account the current expected impact of the disaster, it has set an ordinary income target of between ¥50.0 to ¥100.0 billion (non-consolidated), the same target contained in the Business Renewal Plan, and will continue to return profits to members on a stable basis.



Could you explain the new “Medium-Term Management Plan?”

The Bank’s basic mission of expanding its role as the central organization for cooperatives on the basis of stable profit returns and the agricultural, forestry, and fisheries industries remains unchanged. In addition to this mission, the new “Medium-Term Management

Plan” addresses the priority of supporting the reconstruction effort in the aftermath of the Great East Japan Earthquake. The plan’s duration is two years, beginning from fiscal 2011.

The New Medium-Term Management Plan (Fiscal 2011 through Fiscal 2012)

Expanding its Role as the Central Organization for Cooperatives

1. Reconstruction support program (financial support program, business/management support program)
2. Shared member efforts (business support, human resource improvement and training, emissions trading)
3. JA Bank (JA Bank medium-term strategy implementation: Main bank for the agricultural industry and for household budgets”
4. JF Marine Bank (Financial services for fishery industry, JF Marine Bank Safety System)
5. Forestry business (Forest restoration)

Financial Management/Risk Management/Basic Policies

1. Stable profit returns is managements’ highest priority, and (non-consolidated) ordinary income of ¥50.0 to ¥100.0 billion per year
2. Effective risk management and portfolio management on a continuous basis
3. Take on new high-quality investment opportunities in new fields based on a globally-diversified investment portfolio
4. Maintain a capital adequacy ratio of around 20%

Q3 Could you explain what you are doing to support reconstruction of areas affected by the Great East Japan Earthquake?

In light of the tremendous damage that the Great East Japan Earthquake caused to people engaged in primary industries and to JA (agricultural), JF (fisheries), and JForest (forestry), the Bank established the

“Reconstruction Support Program,” which supports the efforts described below, to provide full and multifaceted assistance to the agricultural, forestry and fisheries industries.

◆ Overview of the Reconstruction Support Program (as of July 2011)

The program will be implemented over a four-year period, and will be ¥1 trillion in size (low-interest loans, etc.). The Bank expects to provide ¥30 billion in assistance. Specifically, the plan will provide, 1) financial support to agricultural, forestry and fishery cooperatives, and 2) business and management support to member organizations affected by the disaster. The Bank will support reconstruction with physical support including the sending of Bank employees into the field.

1. Financial assistance to agricultural, forestry and fishery Cooperatives

The financial assistance program envisions three stages, 1) emergency, 2) transition, and 3) recovery/reconstruction, and will provide an appropriate financial response to each.

First, as an emergency response, we have already taken measures to extend loan deadlines in order to facilitate smooth cash management for agricultural, forestry and fishery cooperatives affected by the disaster.

As a transition response, from April 2010, we began offering an interest subsidy that relieves the interest burden of a borrower with an interest-free loan from the JA Bank’s

and JF Marine Bank’s Emergency Transition Fund for maintaining business continuity, which amounts to ¥300 billion for both the agricultural and fisheries industries.

In addition, we are considering low-interest loans for food-related businesses, which are closely linked to producer, producer groups and primary industries.

As a response to recovery and reconstruction, we established long-term low-interest loans for reconstruction and a program to provide capital to help companies build a stronger business foundation.

2. Business and management assistance program for member organizations

The Bank’s member organizations, JA (agricultural), JF (fisheries), and JForest (forestry), suffered tremendous damage from the recent earthquake disaster.

The Bank plans to offer assistance to branches that require business restoration in collaboration with

relevant groups including the Central Union of Agricultural Co-operatives, as well as support to restore infrastructure, such as ATM terminals, and to strengthen their business foundations.

Outline of the Reconstruction Support Program

Description	Support recipients	JA Bank/JF Marine Bank/Forestry Cooperatives
Financial aid program	Agricultural, forestry and fishery cooperatives	Financial response (interest subsidies, reconstruction/recovery loans [low-interest loans], etc.)
Business/Management support program	Member organizations	Business recovery (support for infrastructure recovery including branches, ATMs, terminals, etc.)
		Business measures (support to strengthen members' business foundations)

The Bank's Reconstruction Support System

The Bank has taken necessary measures to support recovery and reconstruction since the earthquake, which include an establishment of a disaster countermeasures office immediately after the earthquake, analysis of the extent of damages and the operational status of our system, as well as implementation of emergency financial response, and the sending of people to the disaster areas.

Meanwhile, we set up a cross-divisional project within the Bank to review reconstruction measures, and we reviewed the Reconstruction Support Program while collaborating with other national federations.

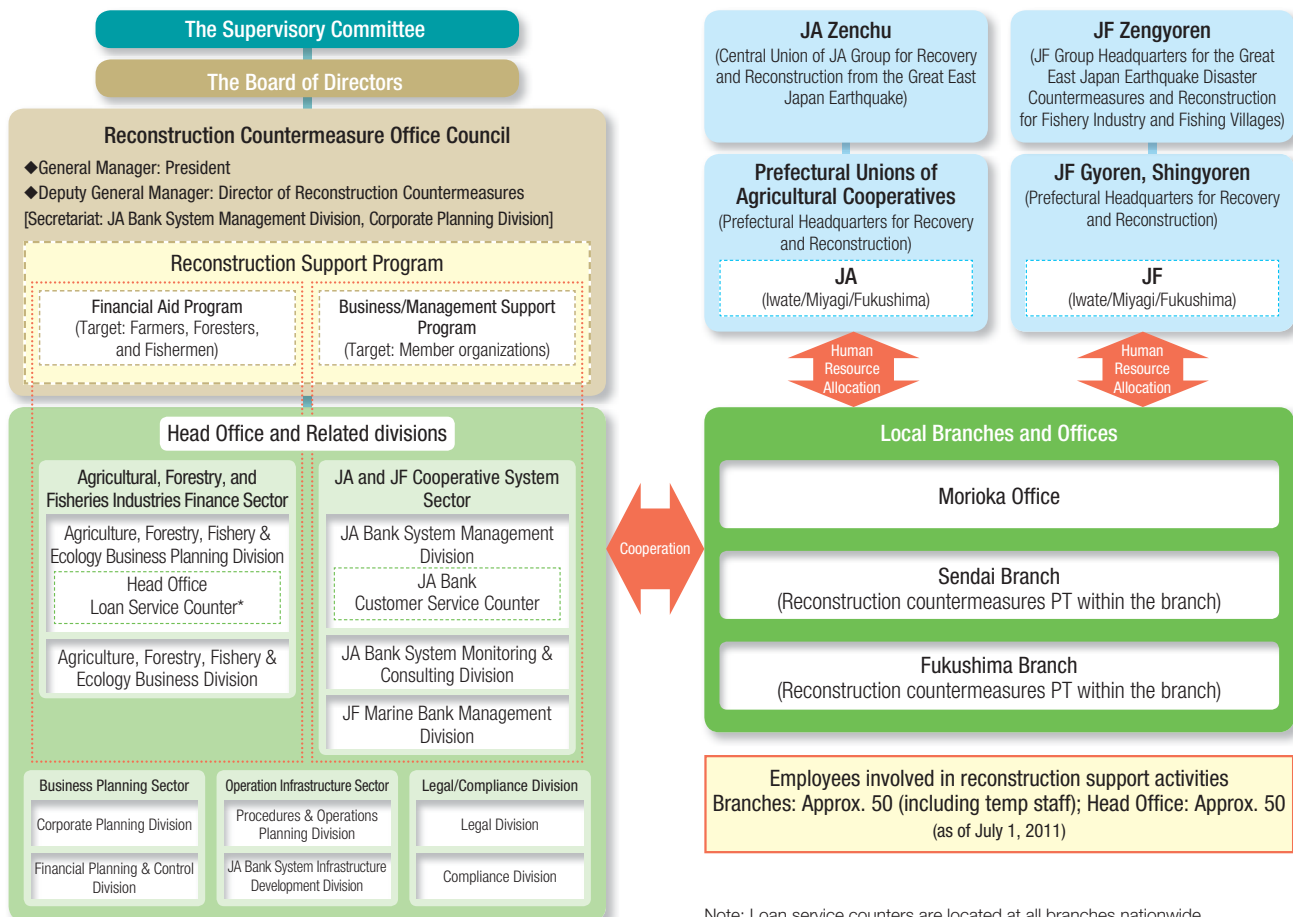
Recently, the Bank positioned reconstruction support as its highest priority issue in its new Medium-Term Management Plan. To address this issue with the head office and branches working together as a team, we established a reconstruction countermeasures office council on June 24. Our president will serve as its general

manager, and a director will be designated to supervise reconstruction countermeasures.

In addition, we allocated human resources, on a large scale, to the JA and JF cooperative system sector where business support policies for disaster-stricken JA and JF branches are reviewed and customer consultations are provided, as well as to the agricultural, forestry, and fisheries industries finance sector where financial aid measures for farmers, foresters, and fishermen are reviewed and implemented.

We also strengthened our local systems by dispatching personnel to other national federations and local countermeasure offices, and by launching reconstruction countermeasure Project (PT) within branches. Throughout the Bank, there are more than 100 employees involved in reconstruction support.

>>> Reconstruction Support System



Note: Loan service counters are located at all branches nationwide.

II Achievements under the Business Renewal Plan

1 The Bank's Role and the Business Renewal Plan

Q⁴ Could you please explain the objectives of the Bank's Business Renewal Plan?

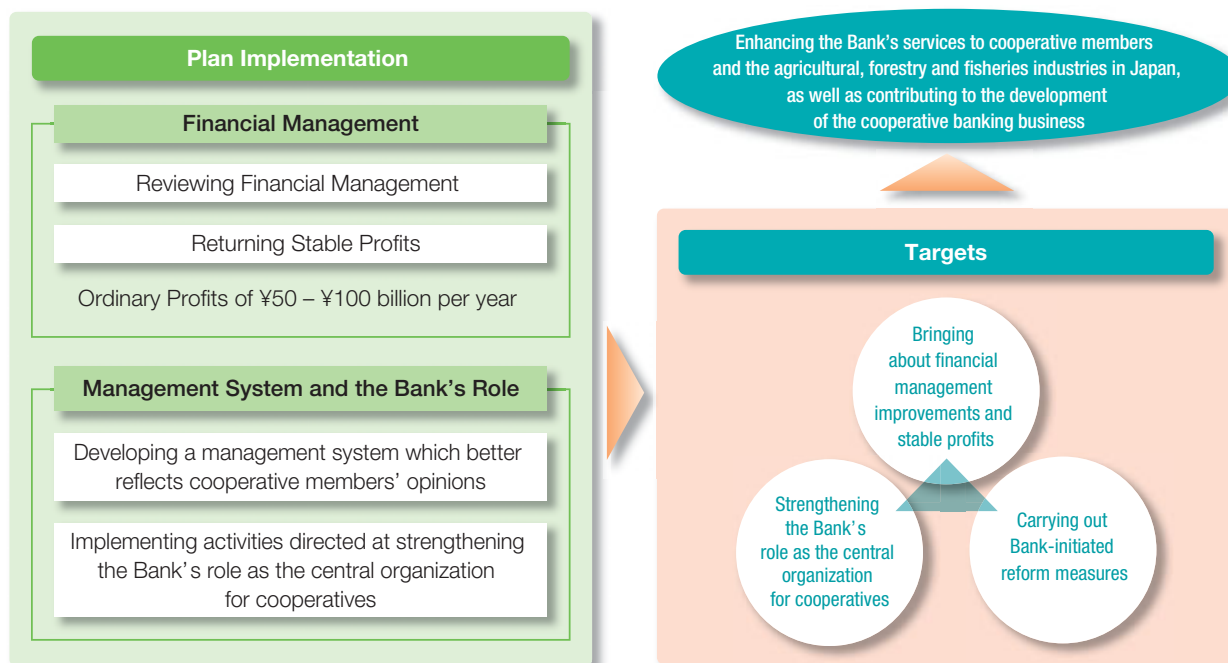
Since fiscal 2009, the Bank has been working on the four-year Business Renewal Plan with the goals of upgrading its financial and risk management approaches and for furthering its role as the central organization for cooperatives in Japan.

The plan was instituted following losses which were incurred in fiscal 2008 due to the effects of the financial crisis and the realization of large capital increases through investments from its members. The plan's ultimate goal, however, is to contribute to further developing the agricultural, forestry and fisheries industries

by consistently distributing earnings to its members and by carrying out its mission as the central organization for cooperatives in Japan.

With the base of funds and capital it has raised from its members, the Bank intends to manage its funds in a more stable manner, secure an ordinary profit of ¥50 to ¥100 billion (on a non-consolidated basis) — the plan's earnings target for the period — and return stable profits to its members. It also intends to further strengthen its capabilities as the central organization for cooperatives.

Business Renewal Plan (FY2009 – FY2012)



2 Achievements under the Business Renewal Plan

Q⁵

What were the Bank's non-consolidated financial results for fiscal 2010?

Thanks to the steady cash flows and reductions in total credit costs, we recorded an ordinary profit of ¥117.3 billion in fiscal 2010 on a non-consolidated basis, surpassing the target in the Business Renewal Plan.

We also had steady improvement in valuation difference on securities, narrowing the loss to ¥342.9 billion as of the end of fiscal 2010. The Bank's capital adequacy ratio at the end of fiscal 2010 stands at 22.76% and its Tier I ratio at 16.80%. We are now in a position to be able to maintain stable financial management irrespective of market conditions.

Thanks to a more stable earnings performance and a reduction in valuation losses on securities over the last two years, we have restored our financial position to the levels prior to the financial crisis, and have accumulated sufficient surplus to resume dividends for the first time in three fiscal years.

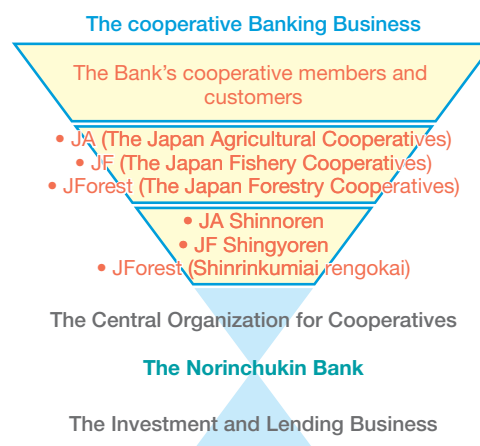
Summary of earnings (non-consolidated basis) (Billions of Yen)

	FY2008	FY2009	FY2010
Ordinary Income	(612.7)	71.6	117.3
Net Income (Loss)	(565.7)	29.5	144.3
Capital Adequacy Ratio	15.65%	19.26%	22.76%
Tier I Ratio	9.61%	13.88%	16.80%
Valuation Difference on Securities, etc.	(2,092.9)	(605.8)	(342.9)

What are the roles of the Bank?

As a nationwide financial institution for Japan's agricultural, forestry, and fishery cooperatives, two pillars support the Bank's basic role: The first pillar is the stable return of profits to members including the Japan agricultural cooperatives (JA), the Japan fishery cooperatives (JF), and the Japan forestry cooperatives (JForest). With capital provided by members and the stable funding base provided by the JA Bank, and the JF Marine Bank systems, the Bank returns profits gained through the efficient and stable management of lending, securities, and its other banking businesses, to its members.

The Bank's Role



Q6 What measures are being taken to maintaining stable financial management and to adopt more sophisticated approaches to risk management?

In light of the turmoil in global financial markets in fiscal 2008, investment and lending policies were reviewed under the three themes of financial management, capital adequacy management and organizational reorientation. We have implemented specific policies that include

stronger commitment to its asset management policies by its executives, a stronger credit risk examination framework and stricter monitoring of asset management companies.

Financial Management Plan

- **Qualitative reform of the pattern of globally diversified investments:**

A shift from diversified investment based on a case-by-case matching of risk and return models, to a new model which takes into account the likelihood of market price fluctuations and the availability of market liquidity.

- **Overhaul of risk management methods:**

Having learned the lessons of overconfidence in our diversified investment model, we will select only lower-risk credit assets based on a sophisticated and rigorous analysis of stress scenarios.

Capital Adequacy Management

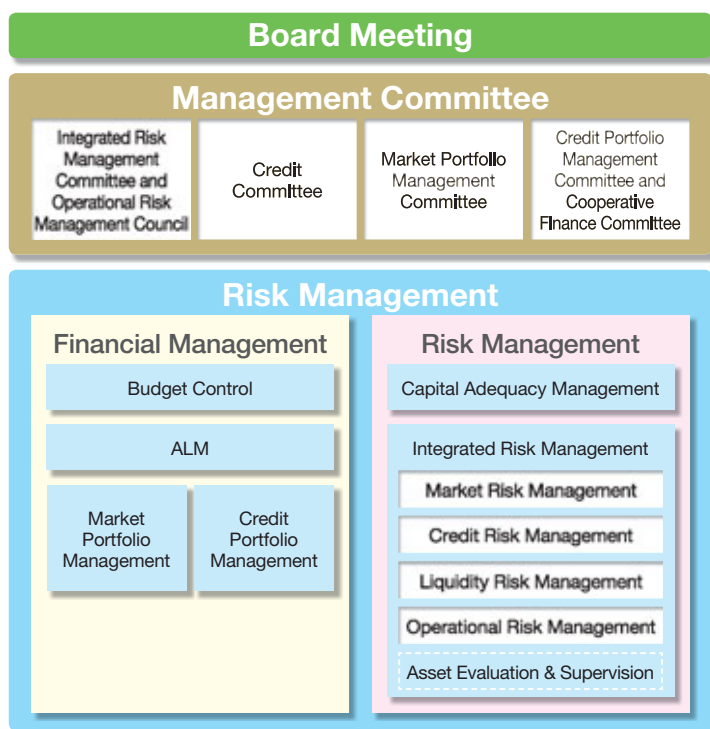
We will maintain suitable capital adequacy levels while giving due consideration to safe fund management and the strengths of particular business models. We will also maintain a high level of capital adequacy in anticipation of severe future stress and a tougher regulatory environment.

Organizational Reorientation

- The Bank will achieve qualitative reform of globally diversified investments and reform its systems in order to further improve its analysis and credit-screening capabilities.

Advanced Risk Management System

The Bank operates an “integrated risk management” which is a framework to manage risks in an integrated way with a central focus on economic capital management.



1. Board Meeting

- The board sets management objectives such as its medium-term management plans, annual operation plans, economic capital allocation and management, and budgets. It also decided on ICAAP (Internal Capital Adequacy Assessment Process)
- Based on feedbacks from internal and external audits, it controls the status of risk management system

2. Management Committee

- The Integrated Risk Management Committee determines important issues related to management of economic capital, regulatory capital and evaluation of fair value
- Based on the determinations, each relevant committee sets concrete portfolio management policies in the market and credit portfolio management committees

3. Risk Management

- For integrated risk management of market risk, credit risk, liquidity risk, and operational risk, the Bank sets up units to control individual risk and a unit to control these risks through an integrative approach in order to clarify roles and responsibilities
- In a combined form with integrated risk management, the Bank achieves a flexible financial management considering soundness and profitability through a careful examination of the balance among risks, profits, and capital in volatile markets and in changing economic and financial environments

Q7 What measures are being taken to strengthen its role as the central organization for cooperatives?

As the central organization for cooperatives in Japan, the Bank views the reorientation of the organization toward the interests of its members and its strengthened role as the central organization for cooperatives as major pillars of the Business Renewal Plan. We are committed to stronger planning and business management and better provision of financial services for agricultural, forestry

and fisheries in partnership with the JA Bank and JF Marine Bank, of which the Bank itself is a member. We will work to deepen our integration with JA, JF, Shinnoren and Shingyoren.

Since the commencement of the Business Renewal Plan, the Bank has implemented the following measures and policies:

The Promotion of JA Bank Business Strategies

Based on its medium-term strategy (fiscal 2010-2012), the JA Bank has taken steps to become a bank which “contributes to both agricultural industry and people’s daily lives, as well as one which is chosen by the people, and then continues to grow” as our basic objectives. (Please see page 19 for further details).

Specifically, the JA Bank established centralized agricultural financial centers to strengthen its role as the main bank for the agricultural industry, and are working, in joint effort with JA, Shinnoren, and the Norinchukin Bank, on strengthening its relations with farmers who will play an important role in the local agriculture in the future. JA Bank has also expanded the areas in which JA customers can use ATMs of other banks free of charge. It has also started issuing commission-free IC cash cards since fiscal 2010, as part of its efforts to strengthen its role as the main bank for local residents to manage their household budgets.

The promotion of JF Marine Bank Business Strategies

Based on the JF Marine Bank Medium-Term Business Promotion Policy (fiscal years 2009-2011), the JF Marine Bank has been working on maintaining and enhancing its ability to drive projects forwards so as to ultimately become a “reliable financial service provider for the fishing community.” The JF Marine Bank has positioned a three-year period from fiscal 2010 as “the period for reinforcing the provision of financial services to the fisheries industry,” and has been strengthening its banking services for the fishing community, developing human resources,

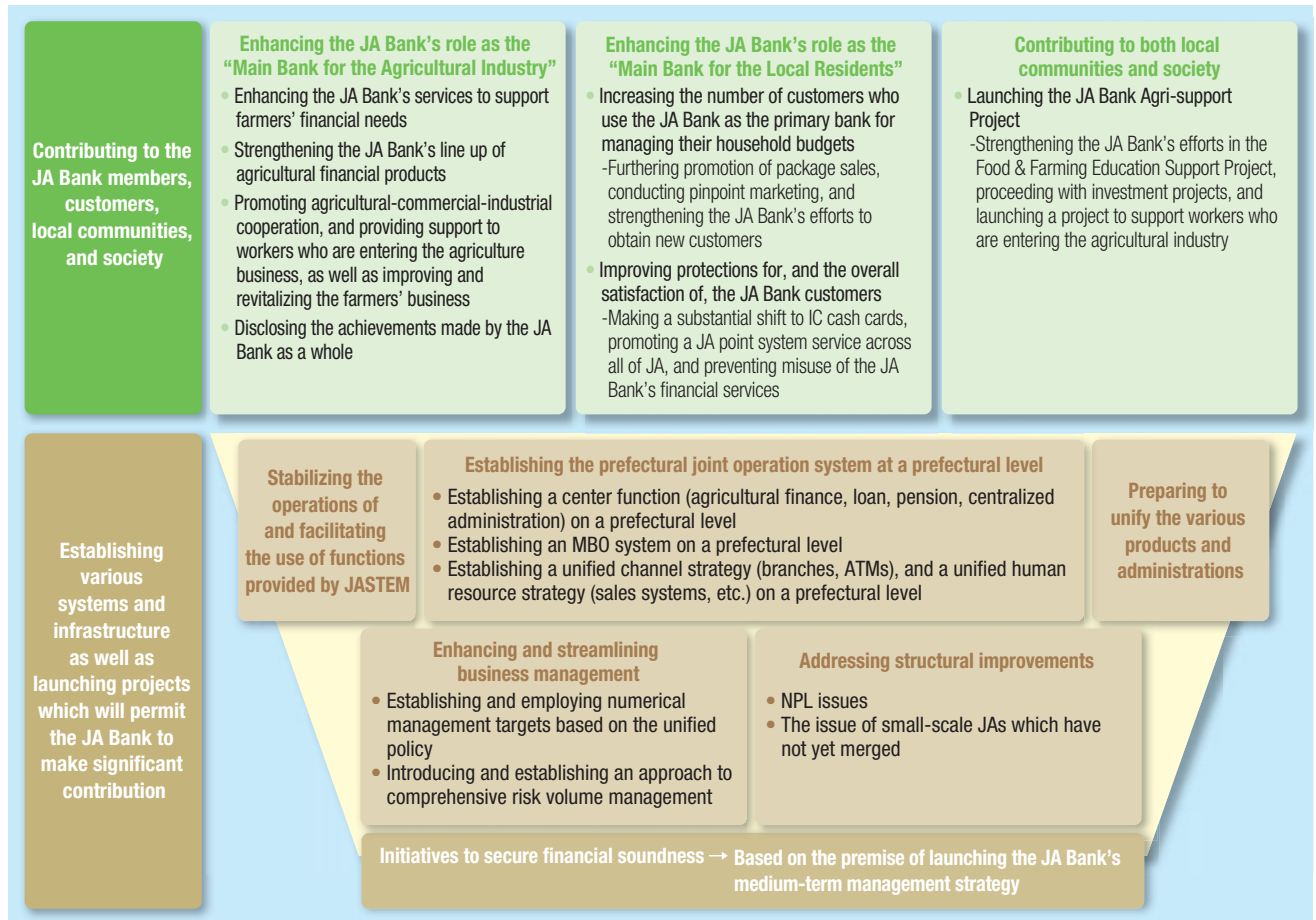
and increasing the number of customers who consider the JF Marine Bank as their primary bank for maintaining their household budgets. These initiatives ultimate aims to foster the next generation of fishermen and improve business conditions of the fishing community.

Specifically, we have launched a financial service consultant system for the fishing community and trained core personnel specifically for providing fisheries finance services on a regional level, all of which are aimed at improving know-how on fisheries finance and enhancing information exchange among prefectures. We have also expanded the areas in which our customers can use the ATMs of other banks free of charge, since fiscal 2010.

Initiatives at Forestry Cooperative

Forestry cooperatives have launched a “Movement to Revitalize Forestlands, the Forestry Industry, and Rural Mountain Villages that Support the Environment and Livelihood,” with the goal of ensuring a stable supply of timber (fiscal years 2006-2010). The Bank, as part of the Joint Operation Project, one of the pillars of this movement, is providing subsidies to support the cost of introducing Geographic Information System (GIS) and Global Positioning System (GPS) for forest improvement. The Bank also supports endeavors to streamline forestry operations by leveraging the low-interest Growth Infrastructure Reinforcement Support Fund from the Bank of Japan to provide loans to forestry cooperatives for introduction of high-performance equipment.

● Specific Action Items (Framework) for the JA Bank Medium-Term Management Strategy (FY2010-FY2012) —●



The JA Bank's goals (FY2012)

- Fostering closer relationships with agricultural corporations and large-scale farmers as well as increasing the number of JA Bank customers
- Raising the satisfaction among the JA Bank members (farmers) and customers
- Increasing the number of customers in the next two generations
- Increasing the number of customers, improving the JA Bank's share of the regional market, and promoting the use of the JA Bank
- Strengthening JA's and the JA Bank's regional reputations

Initiatives undertaken by the Bank independently as fund provider to the cooperatives

In order to respond to the financial needs of proactive farmers, foresters, and fishermen, the Bank is expanding loan services for these sectors, and has established an investment framework for developing agricultural corporations. Likewise, it provides comprehensive financial

services and is strengthening its role as the financial institution for agriculture, forestry and the fisheries industries.

The Bank also engages in organizing business conferences, providing export support and business-matching to support business diversification of farmers, foresters, fishermen and their communities in rural areas.

Expansion of Financial Services for Agriculture, Forestry and Fisheries Industries

○ Expansion of Loan Services

The Bank developed the following new products: the Agricultural Corporation Development Loan (Agri-seed Loan) which is designed to meet short-term working capital needs of agricultural corporations, and the “Agriculture, Forestry, Fishery & Ecology Business Loans” which is aimed at encouraging companies to enter into the agricultural industry. Outstanding balances for both products are growing steadily.

○ Enhancement of Capital Funding Scheme

In fiscal 2010, the Bank established a new framework — the Agri-Seed Fund — for supplying capital to agricultural corporations including farming corporations. The Bank fosters core farmers at the local level by investing in technically-competitive, yet undercapitalized agricultural corporations, using JA Bank Agri-Eco-Support Fund and through its affiliate company Agribusiness Investment & Consultation Co., Ltd.

The Agri-Eco-Support Fund also supplies finance as part of the JA Bank Agri-Support Project (CSR project), in support of

○ Introduction of system of rating environmental rating

In December 2010, the Bank employed “Agriculture, Forestry and Fisheries Environmental Rating System.” With this system, preferential interest rates are granted on loans depending on rating, following an appraisal and evaluation of borrowers’ environmental initiatives.

Rooted in the relationship between the environment and the primary industries, the Bank’s proprietary environmental rating system looks at borrowers in the agricultural, forestry and fisheries sectors to find out if they have contributed to environmental protection, supported biodiversity or helped usher in the “business diversification in the agriculture and farming communities.”

The Bank also provides services which corresponds to the

Name of Products	Number of loans made	<Millions of Yen>
		Total of loans outstanding
Agri-Seed Loan (since December 2009)	20	173
Agriculture, Forestry, Fishery & Ecology Business Loans (since October 2009)	148	52,657

*Cumulative total as of March 31, 2011

management entities that aggressively promote agriculture, and contribute to the environment and community.

Name of Products	Number of loans	<Millions of Yen>
		Outstanding balance of loans
Agri-Seed Fund (since April 2010)	26	232
Agri-Eco Fund (since October 2009)	22	957

*Cumulative total as of March 31, 2011

“Interest-subsidy Program for Promoting Capital Investments in Eco-friendly Facilities and Equipment,” the interest subsidy program initiated by the Ministry of the Environment which is designed to exempt interest payments on loans for capital investments which are aimed at reducing CO₂ emissions (the Bank has been selected as the designated financial institution for the program).

In the previous fiscal year, six transactions (a total value of ¥6,737 million) were implemented under the program with. The Bank will continue to support our customers in their advanced environmental conservation activities and efforts which will contribute to the development of the agriculture, forestry and fisheries industries.

Establishment of the fund for Growth Infrastructure Reinforcement Support and the Support Fund for Growth Fundamentals

Based on the Bank of Japan’s framework for Growth Infrastructure Reinforcement Support fund, the Bank in August 2010 established the ¥100 billion Fund for Strengthening Growth Fundamentals, for the priority fields of agriculture, forestry and the fisheries, for creating alliances between these primary sectors and trade and industry, and for investment and business development and environmental and energy businesses in Asian countries. In light of the large number of applications, the Bank

in October 2010 established the ¥600 billion Support Fund for Growth Fundamentals, including ¥100 billion in foreign-currency denominated funding, to meet these wide-ranging needs.

Featuring flexible ceilings and loan conditions, these two funds are being used to support many agricultural, forestry and fishery enterprises and companies in Japan and have proved popular with companies seeking funding for expansion of business overseas.

Support for the “sixth industrialization of agriculture for forestry, and fisheries communities”

The JA Bank and the JF Marine Bank arrange all kinds of business conference and business-matching events, leveraging the strengths and advantages of the cooperative system, in measures to support the “sixth industrialization of agriculture for forestry, and fisheries communities.”

In new initiatives included the holding of the Hokuriku Business Conference in October 2010 for independent co-operatives in this region of central northern Japan, as well as the overseas business conference Asia Fruit Logistic held in Hong Kong in September the

same year, in which the Bank participated in support of JA cooperatives and agricultural corporations wishing to export farm produce.

The Bank is also involved in business-matching events bringing enterprises into the agricultural sector by matching businesses with cooperative members, leveraging the advantages of the nationwide cooperative network. In addition to arranging seminars for agricultural corporations from all over Japan, our Agri-Eco Business Seminars held in Tokyo and Osaka provided a platform for meetings of members, cooperative workers and companies.

Increasing disclosure

We consider it our obligation to all our members and other stakeholders to explain, as and when appropriate, the financial position of the Bank and report on progress made with regard to the Bank's Business Renewal Plan. The Bank has been disclosing such information on a quarterly basis since fiscal year 2009.

Changing mindsets and strengthening the exchange of personnel

We are exchanging more personnel with JA and Shinnoren to foster understanding among executives and employees on how business is done on the front lines in the cooperatives and to incorporate such insights into planning and policy-

making. In fiscal 2010, we sent over 30 Bank employees to JA and Shinnoren around the country, while accepting approximately 100 seconded staff and trainees from them to assume roles in retail planning, financing, computer system management and other operations in the Bank.

In addition, we regularly arrange lectures and study sessions for all employees by inviting speakers from industries which are closely linked to the workers in the primary industries, farmers, foresters, and fishermen. These activities provide the Bank employees with better understanding on the actual conditions of the agriculture, forestry and fisheries industries, and their expectation towards the Bank, and thus enabling us to improve our services.

Q⁸ How will the JASTEM System work?

JASTEM System is a centralized, nationwide online transaction processing system operated by JA Bank. It is one of the largest mass-retail type systems of its kind in Japan, covering roughly 9,700 branches of 715 different JA (agricultural cooperatives) and Shinnoren (as of March 31, 2011), with data processing capabilities covering approximately 45 million accounts and data from approximately 32,000 ATMs.

The JASTEM System was set up to take over joint operation of online systems that were managed by individual prefectural and regional units under the

nationwide Shinnoren network. The system went online in October 1999. In 2002, the Bank took over development and operation of the system and, later, units from every prefecture in Japan began to join. Now nearly all JA and Shinnoren use it.

In order to provide services that are more satisfying to JA Bank customers, JASTEM System operation launched between January 2010 and May 2011 in a four-phase migration progressively covering all prefectures and regions of Japan and is now operating stably.

Q⁹ What is the Bank's approach to corporate social responsibility (CSR)?

The Bank has long been committed to CSR activities. In March 2005, the Bank contributed ¥1 billion to establish the Norinchukin 80th Anniversary Forest Rejuvenation Fund (FRONT80) and began supporting initiatives to revitalize private-sector forestry. Then, in fiscal 2007, the Bank contributed approximately ¥11.9 billion to the JA Bank Agri-Eco-Support Fund, founded by the JA Bank, and the JA Bank Agri-Support Project has evolved via this fund.

Under the Business Renewal Plan, contributing to the development of the agricultural, forestry and fisheries industries and to environmental protection has been designated a management priority. While broadening the scope of the Bank's CSR activities in our capacity as the central organization for cooperatives in Japan, we are also committed to supporting, 1) member cooperatives, 2) the agricultural, forestry and fisheries industries, and 3) the community at large.

*For more information about our CSR activities, please see our CSR Report for 2011.

JA Bank Agri-Support Project

The JA Bank Agri-Eco-Support Fund was established in 2007. In the four years up to fiscal 2010, ¥11.9 billion was invested. As a member of the JA Bank Group, the Bank teamed up with the JA Bank and Shinnoren to deploy more extensive measures for Japan's agricultural and farming villages, which are facing major agricultural system reform as well as fulfilling its duties to society. The JA Bank initiated the JA Bank Agri-Support Project.

Summary of Activities

Development of projects that contribute to promoting agriculture:

- Providing support for core farmers
- Offering assistance for activities that contribute to agriculture as well as regional communities

Business Entity

Limited liability intermediary corporation JA Bank Agri Eco Support Fund

Initiatives in Fiscal 2010

Providing support for core farmers	<p>Interest Subsidiary Project: Implemented a maximum 1% interest subsidiary for agricultural-related loans provided by JA</p> <p>Granted subsidies for 61,000 agricultural loans provided by the Bank to customers for a total amount of ¥1,089 million.</p>
	<p>Investment Project: Support via funding of corporations in the agricultural and environmental fields</p> <p>Invested ¥2 billion through the Agri Eco Support Fund, which was established to support corporations actively engaged in promoting agriculture and contributing to the environment and society. Investments have been made in 22 corporations thus far and total ¥956 million.</p>
	<p>New farmer support project: Support to encourage nurturing of core farmers</p> <p>In order to support the training of the core farmers of the future, the Bank in April 2010 began to subsidize the expenses of farmers and JA cooperatives that take on trainees who wish to start a career in agriculture. In fiscal 2010, it accepted 500 applications, for planned funding of around ¥49 million.</p>
Offering assistance for activities that contribute to agriculture as well as regional communities	<p>JA Bank Food & Farming Education Support Project: Provides financial assistance for JA's food and farming education and creating and donating textbooks</p> <p>Textbook Donation Project: JA Bank has created original textbooks for senior elementary school students on the subjects of food, farming, environmental and financial and economic education, and donated 1.37 million textbooks to 21,000 schools, 97% of all elementary schools nationwide.</p> <p>Educational Activities Aid Project: Financial aid for JA's food and farming education-related activities are targeted at children throughout Japan. A program plan covering approx. 2,200 activities amounting to ¥727 million was accepted in fiscal 2010.</p>

JA Bank launches support program for those who wish to start a career in agriculture

As one of the JA Bank Agri-Support Projects (CSR project), in fiscal 2010 we launched a support project for new entrants into agriculture (fiscal years 2010-2012).

In this project, subsidies cover expenses in the amount of ¥120,000 per entrant a year (up to two

years) for farmers who train new entrants (trainees) who are expected to be future core farmers in Japanese agriculture.

By helping independent entrants into the sector, JA Bank will contribute to the development and promotion of agriculture at the local level.