



# Business Outline

## FINANCE FOR COOPERATIVE ORGANIZATIONS

As the main bank for the agricultural, forestry, and fisheries industries, the Bank has created a unique cooperative financing system called Agricultural, Forestry, and Fisheries Support Funding. The aim of this system is to provide financial support for the development of Japan's agricultural, forestry, and fisheries industries, as well as related cooperative organizations.

This is accomplished through initiatives such as developing core workers in the agricultural, forestry, and fisheries sectors and promoting environmentally friendly agriculture.

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

To further strengthen its role as the central organization for cooperatives, support the sixth industrialization for agricultural, forestry, and fishery workers, and steadily promote new environmental and financial initiatives, in July, 2010, the Bank spun off its Agricultural, Forestry, Fishery & Ecology Business Division that was responsible for making loans to cooperative members and for planning and promotion, and established a new

Agricultural, Forestry, Fishery & Ecology Business Planning Division that will have centralized control over planning and promotion functions.

## Loans to the Agricultural Sector

Japan's agricultural, forestry, and fisheries sectors are facing a challenging operating environment due to factors such as soaring global food prices, decreasing amounts of farmland, declining fishery resources, slumping prices for marine products, an aging and decreasing population of farm workers, and diminishing incomes.

Against this challenging backdrop, the Bank strongly recognizes its increasingly important financing role within the agricultural, forestry, and fisheries industries. In order that the Bank may quickly and assertively meet the needs of businesses in these sectors, we are actively engaged in the development of new products and putting together a product lineup based on funding needs.

More specifically, we offer an Agricultural Corporation Development Loan (Agri-seed Loan), to meet the need for new business with the industry's core farmers. We also offer "Agriculture, Forestry, Fishery & Ecology Business Loans," which allow businesses in the forestry and fisheries sectors access to funding without excessive insistence on collateral and guarantees.

### Outline of Types of Loans (As of March 31, 2011)

	General Loan Funding		Funding under Institutional Arrangements
<b>Agriculture</b>	Agriculture Promotion Fund	"Agriculture, Forestry, Fishery & Ecology Business Loans"	Agriculture Modernization Loans Agricultural Management Assistance Support Fund Agricultural Management Improvement Promotion Fund (Super-S Fund) Intermediate and Mountainous Region Revitalization Fund, etc.
<b>Fisheries</b>	Fisheries Development Fund		Fisheries Modernization Fund Fisheries Management Improvement Promotion Fund Intermediate and Mountainous Region Revitalization Fund, etc.
<b>Forestry</b>	Forestry Development Fund		Forestry Development Promotion Fund Intermediate and Mountainous Region Revitalization Fund, etc.

In addition, we have the Management Improvement Support Fund aimed at agricultural, forestry, and fisheries businesses actively engaged in management reform.

We will continue to support the growth of the agricultural, forestry, and fisheries industries through the financing services. For the agricultural sector, funding is provided through schemes that include loans directly relating to agricultural production and to the processing, distribution and sale of crops, as well as institutional arrangements such as the Agriculture Modernization Loans. For forestry sector financing, we supply funds to the forestry cooperative organization and forest owners, who are the key agents in improving the condition of forests in Japan, to both finance the cultivation of land for forests as well as offer financing for the producers,

processors, and distributors of timber. With respect to fisheries sector financing, we provide funding for the production of marine products, including catching, aquatic farming, and other activities for the processing and distribution of these products, as well as provide access to financing schemes, such as those for the modernization of the fisheries industry.

As the main bank for primary industries, the Bank expediently and unerringly meets the business consulting and management needs of those engaged in the agricultural, forestry, and fisheries industries. We are proactively building productive relationships with everyone involved in these industries, through support for forming management improvement plans and the provision of business matching information.

#### • Actions to Facilitate Bank Financing

The Bank views the provision of an uninterrupted supply of needed funds to customers, including agricultural, forestry and fishery workers as well as to small- and medium-sized enterprises that are soundly managed, as one of its most important functions. Acutely aware of its public role and social responsibility and is working to properly execute its business duties, the Bank has established the following policies to properly carry out its duties.

1. Flexible handling of loan applications from customers
2. Restructuring of loans in response to customers' request for liability relief
3. Proactively dealing with customer business consultations and support efforts to improve customer business
4. Aggressive and swift responses to collaboration efforts between agricultural, forestry and fisheries industries and business and industry
5. Responding sincerely and courteously to customer requests

To advance the above-mentioned actions, the Bank has 1) established a management committee which is dedicated to the facilitation of financing, 2) established an Office for the Promotion of Facilitated Finance, 3) established a Complaints and Inquiry Counter, and 4) establish the Position of Manager of Facilitated Finance. As of March 31, 2011, the Bank has responded to more than 90% of applications for alteration of loan conditions from customers.

As the central organization of the Japanese agricultural, forestry and fishery cooperatives, the Bank, in cooperation with relevant institutions, provides guidance and counseling so that JA Bank and JF Bank members are adequately prepared for facilitating finance.

## ▣ Funds for Agricultural Corporations

The Bank has continued to support the development of agricultural corporations in cooperation with the Agribusiness Investment & Consultation Co., Ltd.

Specifically, we have developed a new framework (the Agri-Seed Fund) for funding the development of agricultural corporations up to a maximum of ¥10 million, in principle, for each corporation that is technically competent, yet undercapitalized.

## ❖ Expanding Business with Agricultural Corporations

Because the Bank views cooperation between agriculture, forestry and fisheries and commerce and industry as its highest priority, it is working to provide financing to the agricultural, forestry, and fishery industries.

In specific terms, the Bank is meeting a wide range of needs by leveraging Agri-seed Loans, the Agri-seed Fund and other loan resources, and increasing opportunities for contact with agricultural corporations. Further, we have taken steps to further expand products and services by introducing the Bank of Japan Growth base Reinforcement Support Fund based on the “New Lending System” to support growth base reinforcement, which was announced by the Bank of Japan in July 2010.

## ❖ Initiatives for the Sixth Industrialization

The Bank is strengthening its support for project development undertaken by both its cooperative members and businesses in these primary industries.

Leveraging the special characteristics of the nationwide cooperative system, we are bringing commercial enterprises into the agricultural sector by matching businesses with cooperative members, developing markets for brand-name products, and effectively utilizing idle farmland.

JA Group National Agricultural and Livestock Producers’ Business Conference that is held every year was suspended due to the Great East Japan Earthquake. However, we have been actively holding business conferences at the local level with Japan’s first block business conference based on cooperation with JA and JF in the three prefectures of Hokuriku in October 2010. We are also cooperating with the Farmers & Kids Festival under the theme of “Agriculture, Food, and Children,” which is sponsored by the Japan Agricultural Corporations Association.

In September 2010, the Bank participated for the first time in food-related business conferences held overseas, which resulted in substantial new business opportunities including success in a deal by a group whom the Bank invited.

## ❖ Environmental and Financial Initiatives

In December 2010, the Bank employed the “Agricultural, Forestry, Fishery and Ecology Rating System” as a system for evaluating members and companies that practice environment-friendly initiatives, and thereby became a designated financial institution that offers interest subsidies under the authority of the Ministry of the Environment. The Agricultural, Forestry, Fishery and Ecology Rating System is used to conduct our own assessments not only on items that appear in general environmental assessments, such as the item which looks at whether an environmental management system and initiatives to reduce CO<sub>2</sub> emissions have been introduced or not, but also on items which focuses on aspects of environmental contribution to primary industries by means of biodiversity and sixth industrialization initiatives.

## CORPORATE FINANCE

As a financial institution rooted in the agricultural, forestry, and fisheries industries, the Bank provides a wide selection of financial services.

In addition to companies in the food product and pulp and paper industries that process agricultural, forestry, and fisheries products, the chemical and machinery industries that supply production materials for the agricultural, forestry, and fisheries industries; trading, supermarket and restaurant industries that supply products to end consumers; and other industries directly involved in the agricultural, forestry, and fisheries industries, the

Bank also deals with customers in a wide range of other fields, including leasing, credit, IT and telecommunications, real estate, and the services industry.

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

Through these contributions, the Bank hopes to grow and develop together with its customers.

Additionally, the Bank offers business matching services for its customers and business operators in the agricultural, forestry and fisheries industries, in order that it may further contribute to the growth of these sectors.

## SECURITIES INVESTMENT

### • The Bank's Basic Asset Management Stance

The Bank is one of the largest financial institutions in Japan and, at the same time, is one of Japan's leading institutional investors. The Bank's total balance of securities and money held in trust is approximately ¥51 trillion and accounts for a major portion of the Bank's total assets under management.

The basic concept in the Bank's management of its securities is "globally diversified investment." The objective of this approach is to realize a high return in the medium-to-long term through investing in assets with diversified risk while minimizing the risks in cases such as rising interest rates and declining stock prices.

In terms of geographical area, the Bank invests in Japan, the United States, Europe, and other regions.

The Bank classifies its assets as bonds, equities, credit assets, and alternative investments, depending on the investment allocation.

The Bank conducts research related to these asset categories from a broad range of perspectives and adjusts the allocation of its assets in response to changes in market conditions.

In pursuing returns on investments, the Bank makes use of external investment companies.

It should be noted that the Bank carefully reviews the investment processes, compliance systems, management philosophy and strategies, asset management record, and other matters concerning any external investment company that is under consideration. After selection, the Bank closely monitors the external investment company's performance from both a quantitative and a qualitative perspective. The Bank also systematically examines the performance of external investment companies on a continuing basis in order to decide whether or not to renew their mandates.

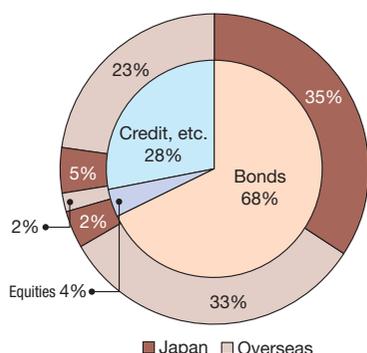
### • Investment Stance by Asset Type

Investment in bonds, a core invested asset, accounts for a major portion of the Bank's assets due to their risk-return characteristics and other attributes. When making investment decisions, the Bank gives full attention not only to interest rate risk but also to credit and liquidity risks. The Bank has built up an efficient bond portfolio through investments in various types of bonds, including Japanese government bonds, bonds issued by other government agencies, mortgage-backed bonds, and foreign corporate bonds.

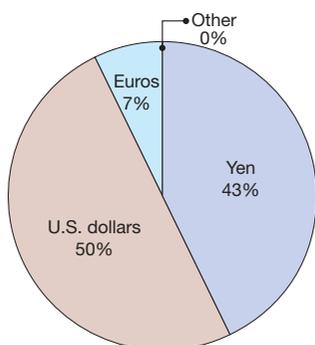
In selecting equity investments, the Bank considers risk-return characteristics as well as correlations with other asset classes and manages its portfolio with a long-term view. While the Bank's strategy for equity investments focuses on passive investing linked to various stock indices, the Bank complements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

In credit and alternative investments, the Bank selects low-risk assets based on an analysis of the global

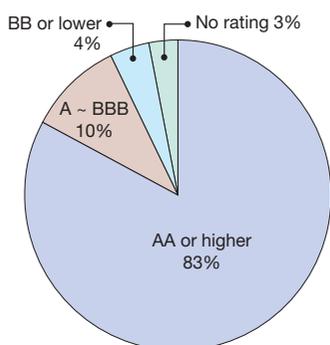
► Breakdown of Market Assets by Risk



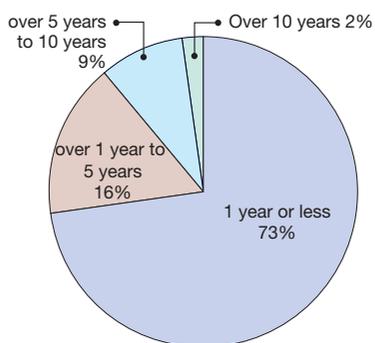
► Breakdown of Market Assets by Currency



► Breakdown of Bonds and Credit Assets by Rating



► Breakdown of Bonds and Credit Assets by Maturity



credit cycle, risk versus return in various investment asset classes, and the analysis of correlations with conventional assets (stocks and bonds).

It is also important to note that in the management of foreign currency assets, the Bank takes steps to limit the foreign exchange risk in most of these investments by employing various tools, such as the raising of funds in foreign currencies.

◈ The System for Market Asset Management

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

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

The middle office sections are responsible for checking the appropriateness of the activities of the front office sections, as well as the measurement of risk volumes, utilizing various methods such as stress tests.

\* All data are as of March 31, 2011, on a non-consolidated basis.

## ◻ Short-Term Money Market Transactions

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

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

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

In Japan's domestic market, the Bank is an active participant not only in the interbank market but also in the repo and other money markets. The Bank also assumes a leadership position in these markets and plays a major role in working to expand market functionality.

Through its participation in the Research Committee for Revitalization of Short-Term Financial Markets and other organizations, the Bank also contributes to improvements in market practices.

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

Additionally, the Bank accurately controls liquidity risk and settlement risk while simultaneously providing settlement functions at the Bank of Japan on behalf of cooperative organizations. The Bank also takes part in the Continuous-Linked Settlement (CLS) System,

a framework for foreign currency settlement, and thus participates in and contributes to the creation of a network necessary for managing settlements in U.S. dollars, euros, and other major currencies.

## ◻ Foreign Exchange Transactions

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

## ◻ Trading Operations

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

## DEPOSIT OPERATIONS

### ◻ Features of the Bank's Deposits

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

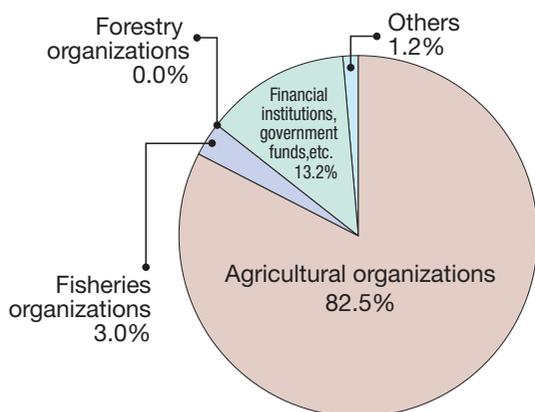
### • Deposits from the JA Bank and the JF Marine Bank Members

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

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

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

### ► Balance of Deposits with the Bank



(As of March 31, 2011)

Total: ¥40.9570 trillion

\* Excludes negotiable certificates of deposit

## NORINCHUKIN BANK DEBENTURES

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

The balance of issued and outstanding debentures as of March 31, 2011 was ¥5,421.6 billion. The funds that have been raised through the issuance of Norinchukin Bank Debentures have been used for purposes which include financing the agricultural, forestry, and fisheries industries as well as financing companies related to these industries.

## SETTLEMENTS

The Cooperative Financial Institutions, comprising JA, Shinnoren, JF, Shingyoren, and the Bank, have one of the largest networks among all the private financial institutions in Japan, with approximately 9,100 branches (as of March 31, 2011). At the heart of this network is the Cooperative Settlement Data Transmission System, which is operated jointly by the Cooperative Financial Institutions.

### • Cash Dispenser and ATM Network

Through the JA savings net services and JF savings net services, the Cooperative Financial Institutions are developing a nationwide network of ATM machines and cash dispensers. In addition, as a member of the Multi-Integrated Cash Service (MICS) network, a cross-sector online alliance service of cash dispenser and ATM operators, the institutions are involved in the alliance of seven private sectors (major banks, regional and trust banks, second-tier regional banks, shinkin banks, credit

associations and labor banks). This enables withdrawals of savings and balance inquiries at cash dispensers and ATMs, not only at the institutions, but also at almost all other financial institutions throughout Japan. Cash dispenser and ATM online alliances are also in place with Japan Post Bank and Seven Bank.

#### • Networks with Business Partners in Japan and Overseas

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

#### ▶ Number of Cash Dispensers and ATMs

	No. of organizations*	No. of stores*	No. of ATMs and cash dispensers installed
Norinchukin (the Bank)	1	19	0
Shinnoren	36	56	685
JA	718	8,631	11,530
Shingyoren	30	129	287
JF	158	262	138
<b>Total</b>	<b>943</b>	<b>9,097</b>	<b>12,640</b>

\* Number of organizations and branches that handle domestic exchange operations, as of March 31, 2011

## HEAD OFFICE AND BRANCH OPERATIONS (DOMESTIC AND OVERSEAS)

### ◻ The Bank’s Domestic Offices

The domestic offices of the Bank comprise the head

office, 18 branches located throughout Japan (as of July 1, 2011).

#### • The Roles of The Domestic Branches

The principal business roles of the domestic branches is to: (1) act as fund-receiving centers for deposits made by the Bank’s members; (2) make loans to agricultural, forestry, and fisheries industry participants, corporations with relationships to the agricultural, forestry, and fisheries industries as well as local governments and their entities; and (3) conduct business related to the JA Bank System and the JF Marine Bank System.

#### • Branch Network Operation Policy

Since fiscal 2007, the Bank has been eliminating and consolidating its branches and, as of February 2011, the Bank had eliminated six branches and offices, thus reaching the end of a series of closures.

As part of the elimination and consolidation of branches implemented in February 2011, we plan to fold the Morioka Branch into the Sendai Branch, the Kofu Office into the head office at Yurakucho, (Chiyoda-ku, Tokyo), the Matsue Branch and Tottori Office into the Okayama Branch, and the Miyazaki and Kagoshima Branches into the Fukuoka Branch.

### ◻ The Bank’s Overseas Branches and Representative Offices

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

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



# The Norinchukin Group of Companies

The Bank, in line with its overall strategy for the cooperative banking business, works together with the companies of the Norinchukin Group, which are engaged in a wide range of business activities.

## ◆ The Trust and Banking Company

The Norinchukin Trust & Banking Co., Ltd. provides trust products and services for cooperative organizations, corporations, and other customers. Assets under management and administration by this company exceed ¥10 trillion. Norinchukin Trust & Banking also focuses on asset management for JA cooperative members, including the provision of inheritance trust services.

## ◆ Companies that Support the Organizational Base of the Cooperative Banking Business

- Norinchukin Research Institute Co., Ltd. is the think tank of the agricultural, forestry, and fishery cooperatives and supports the cooperative banking business through its survey and research activities.
- Kyodo Seminar Co., Ltd. is responsible for training employees of the agricultural and fishery cooperative financial institutions, conducting training courses and correspondence courses, and publishing training materials for the management and staff of cooperative financial institutions. In FY2010, more than 12,000 people took part in correspondence training courses offered by Kyodo Seminar Co., Ltd. and about 10,000 people undertook certification exams.

## ◆ Companies that Complement the Business Base of the Cooperative Banking Business

- Kyodo Housing Loan Co., Ltd. provides mortgages in partnership with more than 200 companies in the fields of housing and real estate sales, housing manufacturing, and other related areas, in addition to providing guarantee services for the JA Bank's mortgages. The company also handles Flat 35 mortgages in alliance with the Japan Housing Finance Agency.
- Norinchukin-Zenkyoren Asset Management Co., Ltd., responds to the asset management needs of a range of financial institutions and institutional investors, including the agricultural cooperative organizations, through the development and offering of investment funds. This company is also responsible for offering the principal investment trust products sold in the branches and offices of the agricultural cooperative financial institutions.
- The Cooperative Servicing Co., Ltd., is a Ministry of Justice-approved debt collection company responsible for the management and recovery of non-performing loans held by agricultural cooperative organizations. It also seeks early repayment of delinquent loans.
- JA MITSUI LEASING, LTD. is a general leasing company that meets the increasingly diverse and ever more sophisticated financial needs of customers. It plays a key role in providing lease-related services to the cooperative system and people engaged in the agricultural, forestry and fisheries industries.

- The Agribusiness Investment & Consultation Co., Ltd. makes investments and provides other forms of financial support for agricultural corporations, with the dual objectives of helping them to secure financial stability and supporting their development.
- Mitsubishi UFJ Nicos Co., Ltd. is a leading Japanese credit card company. It handles issuance of the JA Card, a cash-and-credit card for the organization, and it arranges guarantees for JA Bank loans. There are currently about 1.2 million JA Card members.

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

- Nochu Information System Co., Ltd. is entrusted with the tasks of developing and operating the Bank's various computer systems, including the backbone of the Bank's operating system. This company also plays a major role in the Bank's IT strategy.

The company is responsible for all developmental and operational aspects of the nationwide JASTEM System, the JA Bank's mission-critical system (a large retail system, which administers approximately 45 million accounts and 12,000 ATMs).

### ❑ Others

- Ant Capital Partners Co., Ltd., manages and operates private equity funds.
- Private Equity Funds Research and Investment Co., Ltd. is a private equity fund ratings and management company that was jointly established with Nomura Holdings Inc., among others.
- Norinchukin Finance (Cayman) Limited is a special purpose company which is located overseas and was established with the objective of raising capital for the Bank.