

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 agricultural, forestry, and fisheries industries in Japan, and provides financial support for the livelihood of local citizens.

◆ The Cooperative System and the Cooperative Banking Business

In addition to the cooperative 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; “economic support” through sale of agricultural, forestry, and fisheries products as well as procurement of production materials; and “mutual insurance” as insurance coverage for various unforeseen events.

The cooperative members that perform this wide range of activities comprise JA, JF, and JForest at the municipal level, and their respective prefectural federations and unions, as well as national federations and union of agricultural, forestry, and fishery cooperatives (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 Shinnoren and JF Shingyoren 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 members’ management of their farms and their standards of living; (2) providing economic support for farming, including gathering and selling of crops, and supplying materials needed for production and daily living; (3) providing mutual insurance, such as life insurance, automobile insurance; and (4) offering banking-related services, such as accepting deposits, making loans, remitting funds.

708 JA (as of April 1, 2012) throughout Japan have been contributing to the agricultural industry as well as the development of rural communities through their various businesses and other activities.

• Japan Fishery Cooperatives (JF)

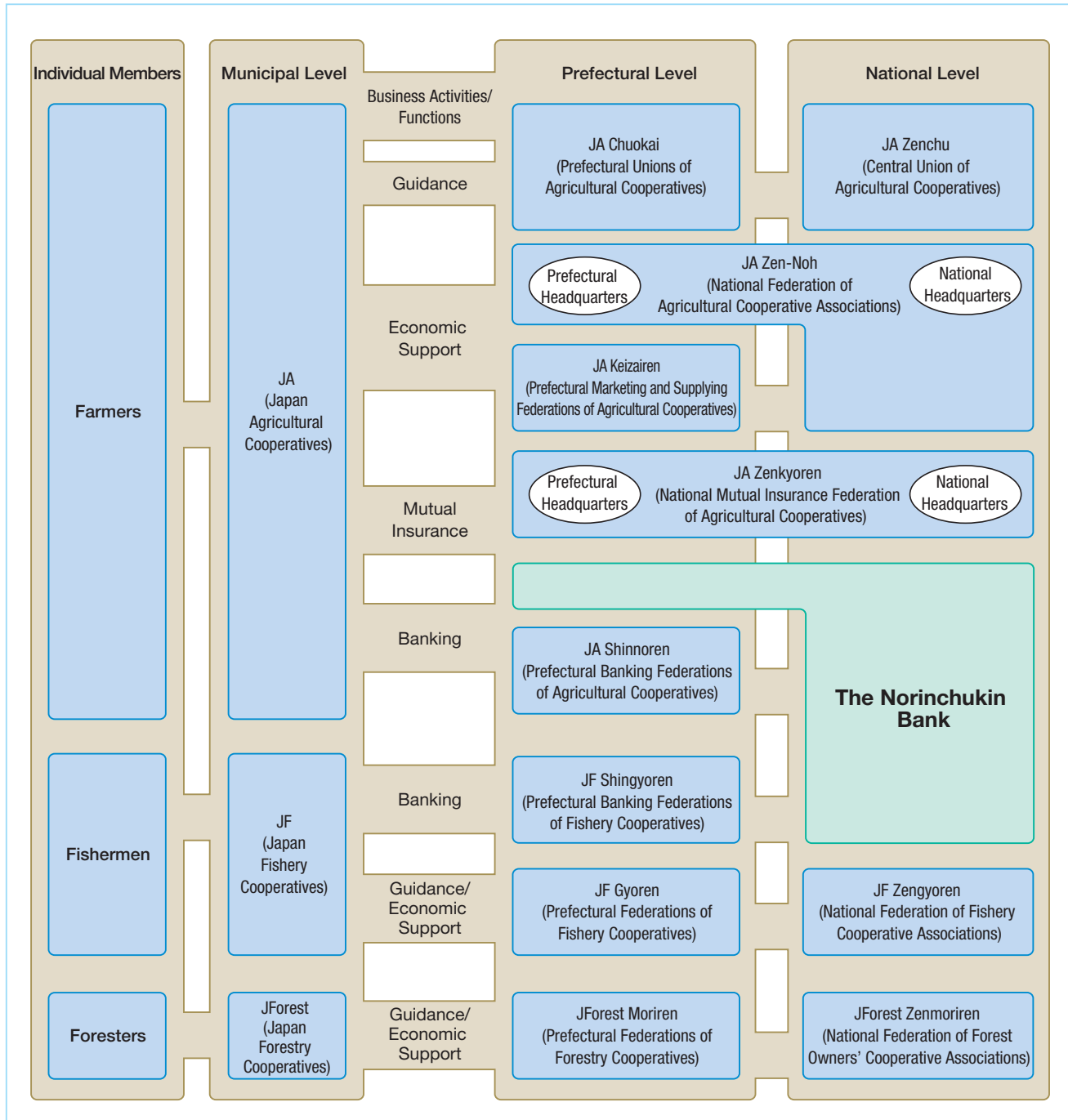
JF are cooperatives established under the Fishery Cooperative Law with the objective of overseeing and protecting the businesses and lives of fishermen. The principal business activities of JF include providing (1) guidance for the management of marine resources, improvement of individual members’ management of their business and production technology; (2) economic support, such as for the storage, processing, and sale of caught fish and other marine products of individual members, and the supply of materials required for the businesses and daily lives of individual members; (3) banking services, including the acceptance of deposits and lending of needed funds; and (4) mutual and property insurance. As of April 1, 2012, there were 988 JF throughout Japan that contribute to both the fisheries industry and to the development of fisheries communities through a broad range of activities.

As of April 1, 2012, there were 145 JF throughout Japan that conduct JF’s banking businesses. In

addition to these JF, there are JF that act as agents of JF Shingyoren providing their banking services for

fisheries communities. They provide banking services for the fisheries industry in their respective prefectures.

► Structure of the Cooperative System



• 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 thinning of forests owned by individual members as well as sale of forest products, such as logs and timber.

Playing a central role in forestland improvement, 666 JForest (as of April 1, 2012) throughout Japan contribute to helping forests perform their diverse range of natural functions, including 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,

foresters and fishermen through cooperative efforts of their respective members under the slogan "one for all and all for one."

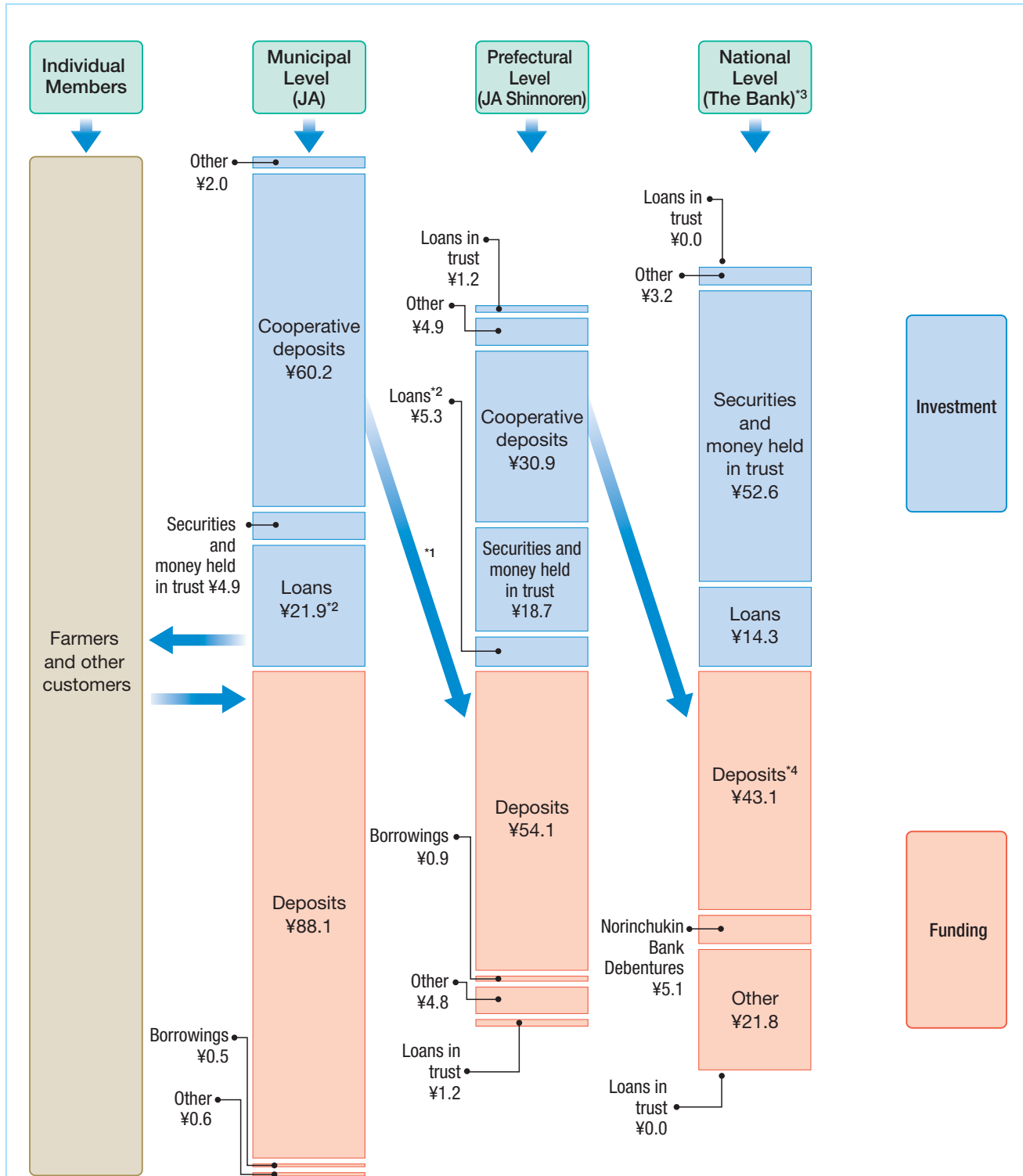
The Bank is a national-level cooperative financial institution whose membership (i.e. shareholders) comprises the previously mentioned municipal cooperatives, prefectural federations, and other organizations. Furthermore, the Bank plays a major role in Japanese society as a contributor to the development of the nation's economy and as a supporter of the advancement of the agricultural, forestry, and fisheries 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 JA and JF members), 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 agricultural, forestry, and fisheries industries, and 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, forestry, and fishery cooperatives as well as other members of the agriculture, forestry, and fishery cooperative system, the Bank contributes to the development of the nation's economy by supporting the advancement of the agricultural, forestry, and fisheries industries by providing financial services for the member organizations of the cooperative system.

▶ Flow of Funds within JA Cooperative Banking System (As of March 31, 2012) (Trillions of Yen)



Totals of "investment" and "funding" may not equal the sum of their components due to rounding.

Notes: *1. In some prefectures, JA may make direct deposits to the Bank.

*2. The loan balances of JA and JA Shinnoren do not include lending to financial institutions.

*3. Overseas accounts have been excluded from the Bank's balances.

*4. The Bank's deposits include not only those from JA, but also those from JF, JForest Group and other financial institutions.

◆ Current State of Japan's Agricultural, Forestry, and Fisheries Industries

• Agricultural Industry

With many problems surrounding Japanese agriculture including a shortage of leaders in rural communities due to a sharp decrease in agricultural incomes, dwindling population, and an aging society, uncertainties are mounting. These include rising grain prices resulting from economic growth in emerging countries and other factors, as well as the move to join the Trans-Pacific Partnership (TPP).

Faced with these conditions, the Japanese government established the Basic Policy and Action Plan for the Revival of the Food, Agriculture, Forestry and Fishery Industries in Japan in October 2011, and decided how to revive these industries, policies to be taken nationwide, and an action plan to achieve this.

With the goal of achieving a sustainable and dynamic agricultural industry, measures to be taken under the action plan that is budgeted for the agricultural, forestry, and fisheries industries in fiscal 2012 include stimulating an interest in farming, establishing new agricultural businesses to encourage people to take up farming, setting up a project to promote business stability through income compensation for each household to enable accumulation of farm land, and promoting the sixth industrialization and growth industries.

In light of the basic policy and action plan, JA Group is now discussing agenda items for the 26th JA National Convention to be held in October 2012 and continues working toward sustainable development of agriculture in Japan.

• Fisheries Industry

Circumstances surrounding the fisheries industry and communities are growing increasingly harsh due to rising fuel prices, deteriorating fishing grounds, stagnant resources, advancing age of existing fishermen, and other factors.

Given these circumstances, the Fisheries Agency

initiated in fiscal 2011 resource management and fisheries 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 is implementing 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. The Bank is now collaborating more closely with the government and relevant groups so that Japan's fisheries industry can continue to develop.

• Forestry Industry

Japan's forests cover 25 million hectares, or about two-thirds of the country's land mass. About 70% of forest area in Japan is held by private landowners. Partly due to the aging of the population, the trend towards depopulation in rural mountain villages, and a lower interest in entering the forestry sector, Japanese forest areas are not properly cared for and have become unproductive wilderness. This explains why cedar and cypress forests that were planted after World War II are unable to properly perform their functions even though the trees have reached maturity.

Under these circumstances, in December 2009, the Ministry of Agriculture, Forestry and Fisheries instituted the Forestland and Forestry Industry Regeneration Plan, a roadmap for the regeneration of forestlands and the forestry industry. To make the plan legally binding, the Forest Act was revised in fiscal 2011, and the plan is now in the full implementation phase with calls for the institution of a Forest Management Plan in fiscal 2012. In keeping with forestry policy trends, JForest Group is involved in the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry, a cooperative campaign that covers a five-year period beginning in fiscal 2011. It is also implementing various measures with the goal of prioritized implementation of proposal-based forest management consolidation and establishing a sustainable low-cost forestry industry.

Operations of the JA Bank System

JA, JA Shinnoren, and the Norinchukin Bank, 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 more often by its members and customers.

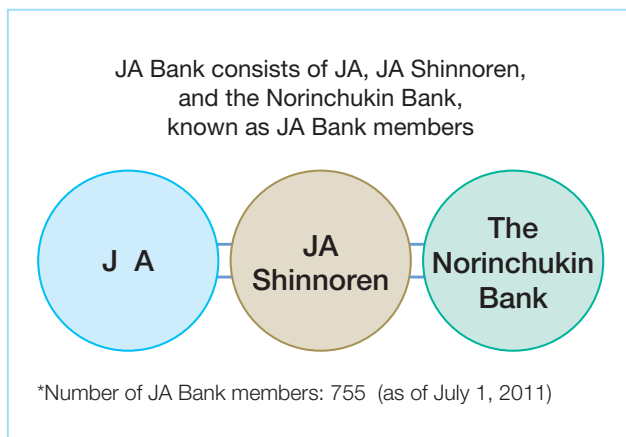
What is JA Bank?

- **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 July 1, 2011, JA Bank contained 718 JA, 36 JA Shinnoren, and the Norinchukin Bank, for a total of 755 entities.

JA Bank



JA Bank System

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

To ensure that JA Bank individual members and customers 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 the “promotion of unified 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 “the bankruptcy prevention system,” which ensures the reliability of JA Bank.

- **Comprehensive Strategy of JA Bank**

JA Bank has instituted the JA Bank Medium-Term Strategies (running from fiscal 2010 through fiscal 2012), as a comprehensive management and business strategy. The basic objective of the JA Bank Medium-Term Strategies is to turn JA Bank into a bank that contributes to both the agricultural industry and people’s daily lives, is chosen by the people, and continues to grow. The main pillar of the strategy is to strengthen the Norinchukin Bank’s role as the main bank for the agricultural industry as well as the main bank for local residents. In fiscal 2011, while reconstruction and recovery from the Great East Japan Earthquake was our top priority, we focused on implementing measures together with JA and other JA Bank members at the prefectural and national levels, based on the JA Bank Medium-Term Strategies, of which we are now in the second fiscal year, in order to fulfill our numerical targets.

• 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 order to more properly respond to the financial needs of agricultural leaders in local farming communities, JA Bank established centralized agricultural financial centers in fiscal 2011 in all prefectures and regions, while JA, JA Shinnoren, and the Norinchukin Bank have proactively visited customers on a group-wide basis. Other group-wide initiatives being taken include providing agricultural loans and consultations, providing capital for farming corporations, holding business meetings in preparation for the sixth industrialization, offering business matching services, and organizing export support seminars.

Another of our efforts within JA Bank Group was to improve our ability to provide financing to the agricultural industry. To achieve this, in fiscal 2011, we created an agriculture financial certification system and have produced 896 certified JA Bank Agriculture Financial Planners.

• 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, together with JA, JA Shinnoren and the Norinchukin Bank, puts the highest priority on providing meticulous customer care and raising customer satisfaction.

Specific measures taken include increasing the number of ATMs at other banks that JA Bank's individual members can use free of charge, shifting to IC cash cards and IC card ATMs, expanding pension account services, and introducing JA's very own point service that uses the JA Card (a credit card) as its primary vehicle. In addition, we have been upgrading JA Bank branches to attract more customers to JA Bank and to get them use its service more extensively by carrying out improvements based on JA Bank's customer satisfaction surveys. Through these efforts, we want to ensure that JA Bank will continue to be a group of financial institutions that is chosen by its members and customers.

• Initiatives to Develop Efficient Business Operation

The JASTEM System, a unified nationwide IT system managed by the Bank for JA Bank, is the 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's individual members and customers and to fulfill and streamline the functions required for JA business operations.

We began migrating over to our existing system in January 2010 due to a system upgrade, and completed the fourth stage of the migration in May 2011.

Moreover, we are creating a stronger internal control system through installation of even more reliable administrative system within JA Bank.

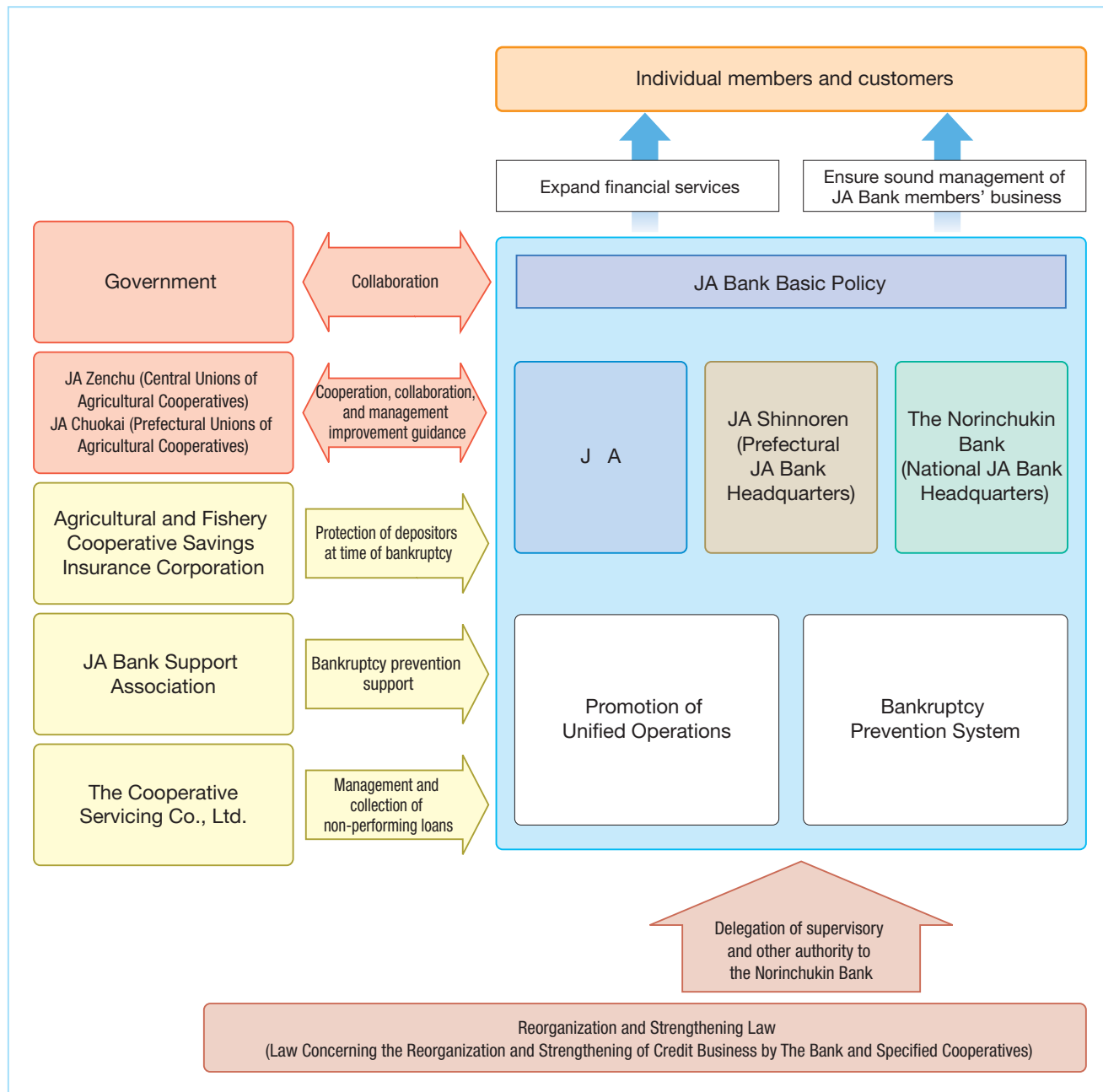
• Initiatives to Ensure Sound and Stable JA Bank System

Under the "bankruptcy prevention system," JA Bank 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 Cooperative Savings Insurance System, a public savings insurance system.

► Framework of the JA Bank System



◆ Trends of Cooperative Members and the Cooperative Banking Business

• Trends of JA Group Funds

In fiscal 2011, JA deposits rose 2.8% year on year, to a year-end balance of ¥88,196.3 billion. This was largely due to an increase in deposits mainly from individuals as a result of providing financial services meeting

customers' needs, as well as a higher deposit balance due to increased deposits received from mutual insurance funds in earthquake-stricken prefectures and areas.

Although JA focused on expanding personal loans, especially mortgage loans, total JA loans declined 1.5% year on year, to a year-end balance of ¥21,982.4 billion. This was mainly due to sluggish growth from intensifying interest rate competition with other banks and other

factors. Securities held by JA Bank decreased 2.2% year on year, to a year-end balance of ¥4,950.7 billion.

Deposits with JA Shinnoren increased 1.6% year on year, to a year-end balance of ¥54,193.8 billion.

The balance of loans issued by JA Shinnoren declined 0.3% year on year, to a year-end balance of ¥5,345.1 billion. Securities (including money held in trusts) held by JA Shinnoren increased 3.8%, to a year-end balance of ¥18,730.8 billion.

◆ Reorganization of JA Cooperative Banking 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 Norinchukin Bank has also 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

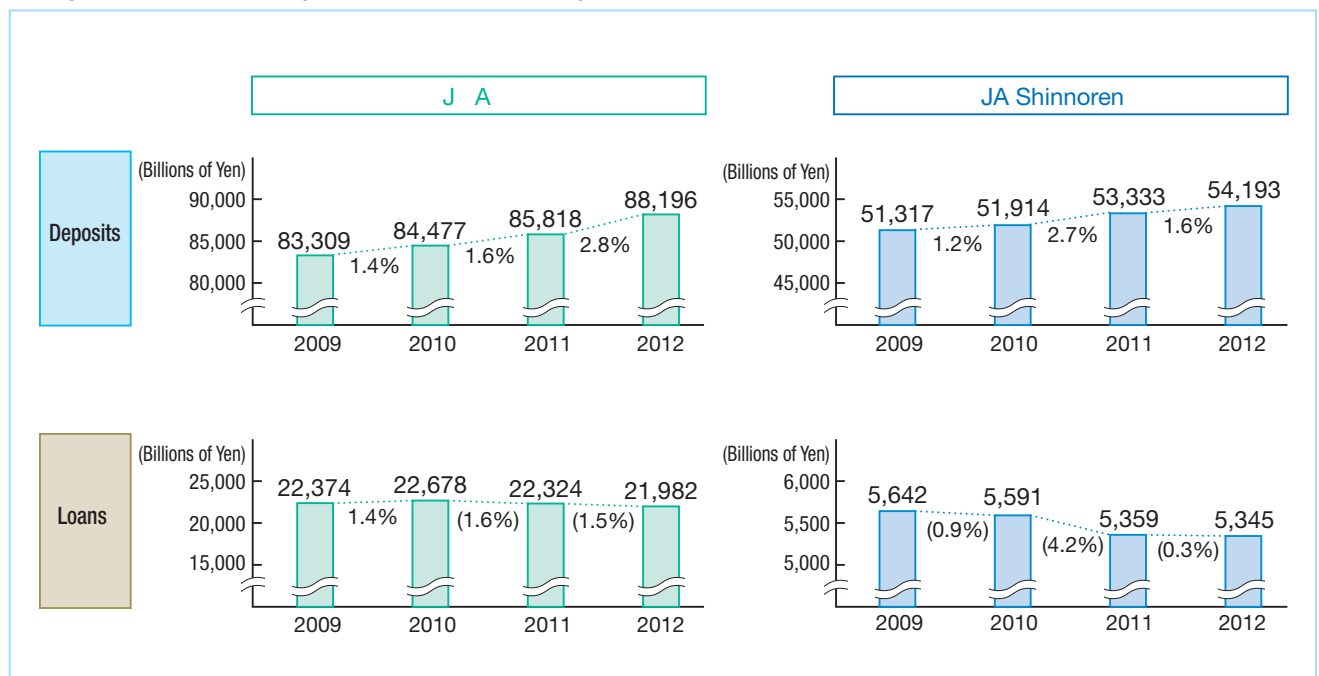
Norinchukin Bank at the national level to a two-tier structure of JA and the Norinchukin Bank. This was achieved by the merger of JA Shinnoren in nine prefectures (Miyagi, Akita, Yamagata, Fukushima, Tochigi, Toyama, Okayama, Nagasaki, and Kumamoto). Also, a partial transfer of the operations of JA Shinnoren in two prefectures (Aomori and Gunma) to the Norinchukin Bank has been carried out.

A complete transfer of all JA Shinnoren operations in Aomori Prefecture to the Norinchukin Bank is scheduled for October 2012.

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) are integrated and taken over by a single JA, has been achieved in Okinawa and Nara Prefectures.

The Bank will continue to steadily support functional and system reforms of JA and its efforts to rationalize and streamline operations 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 (As of March 31, 2012)



JF Marine Bank's Operations

JF Marine Bank provides financial support to coastal communities and appropriate financial functions to the fisheries industry

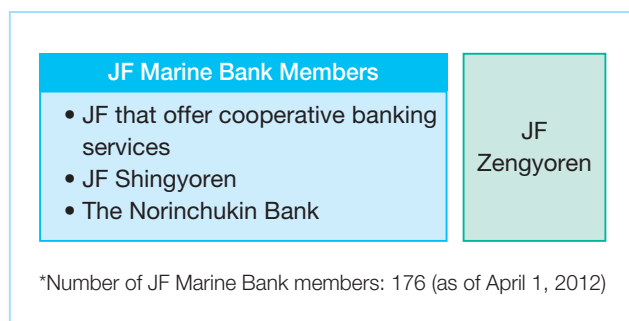
What is JF Marine Bank?

• 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.

As of April 1, 2012, JF Marine Bank members totaled 176, consisting of 145 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 it is examined. JF Marine Bank Headquarters can prevent organizations, such as JF, that have problems with their operations, from falling 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 jointly established the JF Marine Bank Support Fund and have 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 fisheries industry and assumes an essential role in coastal communities. To make improvements that will ensure that JF Marine Bank has a management system appropriate for a member of Japan's financial system, a "system of one fishery cooperative banking business in each prefecture" was planned. Under the system, JF and JF Shingyoren in the same prefecture conduct in unison the cooperative banking business. As a result, fishery cooperative banking business had been established in each prefecture as of the end of fiscal 2009.

With the goal of making this foundation even

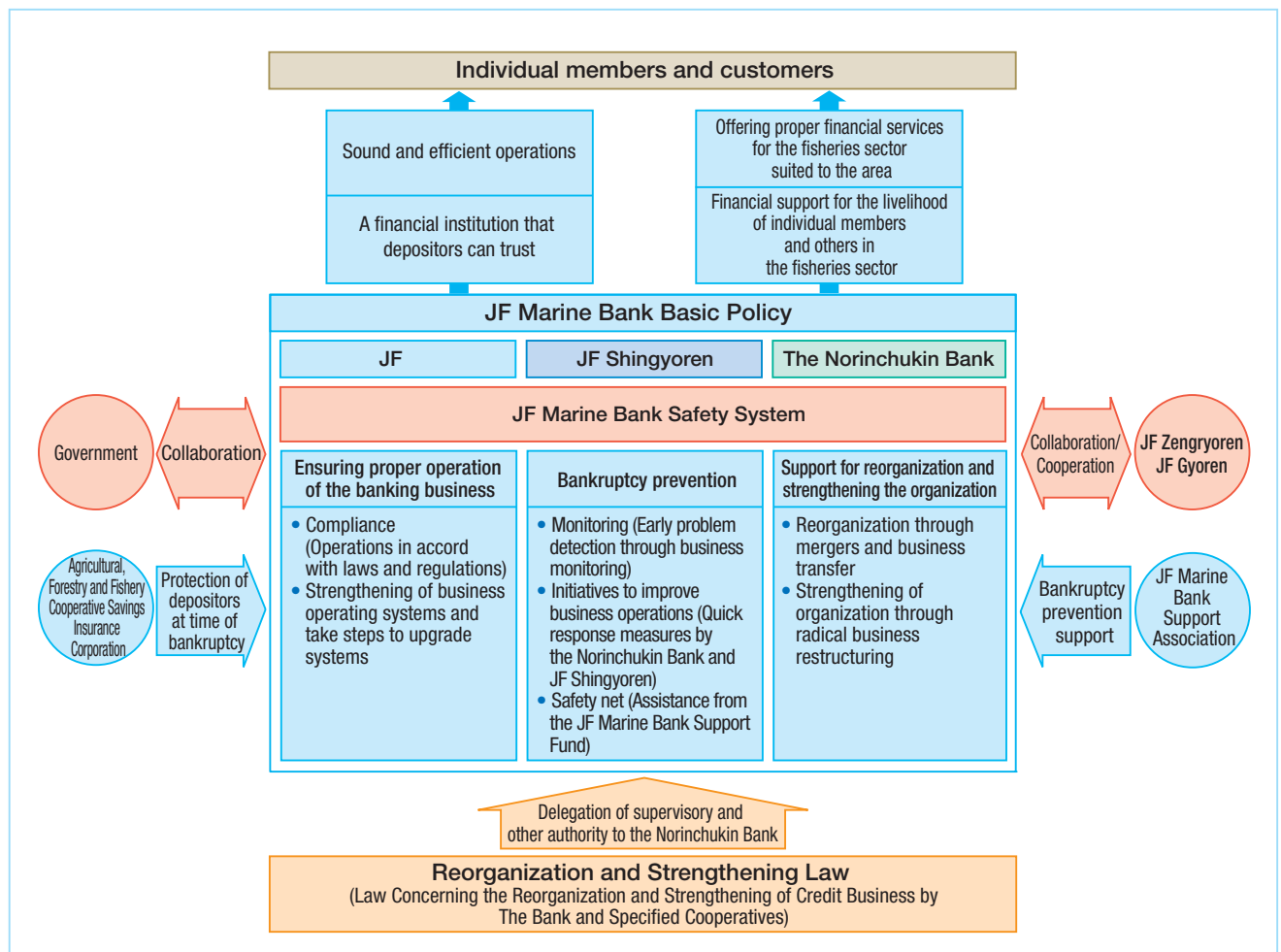
stronger and achieving sound and efficient business operation, we have set up the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System). Under the system, business of JF Marine Bank is managed by (1) a JF Shingyoren formed through merger of several JF Shingyoren in the same prefecture, (2) a JF Shingyoren together with more than one JF in the same prefecture, (3) a JF in its prefecture, and (4) a JF Shingyoren covering more than one prefecture.

JF Marine Bank formulated the JF Marine Bank Medium-Term Business Promotion Policy as a new banking business initiative. Under this policy, JF Marine

Bank is continuing to take steps to improve its management and strengthen its financial position in line with new campaign policies and the JF Marine Bank Basic Policy, while placing an even greater emphasis than before on the improvement of fishery operations, the basis of sound operations of JF Marine Bank.

JF Marine Bank is working to be a trusted provider of financial services for fishing communities. As a cooperative banking institution, it believes that its purpose is to serve not only its individual members and customers, but also communities and local societies. To these aims, JF Marine Bank will work to respond to the financial needs of the fishery industry suited to the area.

► Management Framework of JF Marine Bank



◆ Trends of JF Cooperative Banking Business

The balance of deposits held with JF Bank increased 3.1% year on year, to ¥2,325.2 billion, at the end of fiscal 2011. The balance of loans at JF Bank fell 2.4% year on year, to ¥651.6 billion, due to such factors as easing of demand for new financing amid a harsh environment for fisheries business.

◆ Reorganization of JF Cooperative Banking Business

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

Merger among several JF, and transfer of banking business from JF to JF Shingyoren. These efforts have reduced the number of JF engaged in banking business from 875 as of March 31, 2000, to 145 as of April 1, 2012.

The total number of JF, including those not engaged in banking business, decreased by 13 in fiscal 2011. As a result, the number of JF stood at 988 as of April 1, 2012, 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 by JF cooperative members.

JForest Group Initiatives

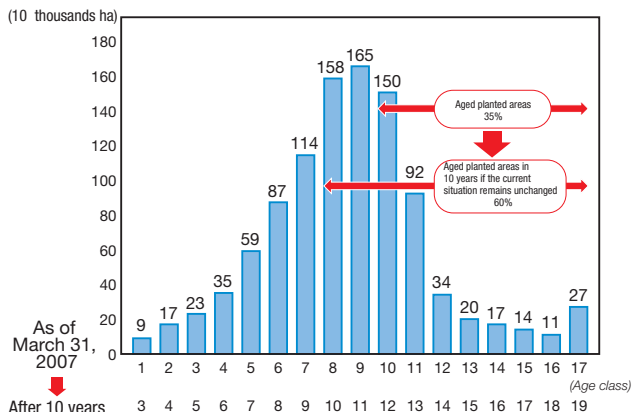
◆ Current State of Cooperative Activities

In light of the recent state of the forestry industry in Japan, in October 2010, JForest Group 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 forest industry, and (3) establish management and accountability system. Through these efforts JForest Group will play a key role in regenerating Japan's forestland and forest industry.

◆ Norinchukin Bank Initiatives

The Bank will financially support various JForest Group initiatives while contributing to the development of Japan's forestlands and forest industry through the following initiatives.

▶ Japan's Planted Forest Areas by Age Class



Source: Forestry Agency, "Fiscal 2009 Forestlands and Forestry Industry White Paper"

• Forest Rejuvenation Fund (FRONT80)

In 2005, the Bank established the Norinchukin 80th Anniversary Forest Rejuvenation Fund, a public trust, to support projects and campaigns aimed at revitalizing Japan's deserted private forests and demonstrating the public benefit of forests. Between fiscal 2005 and 2011, we received 245 applications nationwide for the fund, out of which a total of 37 were selected.

In fiscal 2012, we will continue to provide support through this fund.

• GIS/GPS Support

Cooperative campaign policies prioritize implementation of proposal-based forest management consolidation, including clarification of forest boundaries and establishment of a forest information database. In fiscal 2009 through 2011, the Bank partially subsidized the expenses for introducing the Geographic Information System (GIS) and Global Positioning System (GPS), which were needed for defining mountain and forest boundaries and collecting forest information. In fiscal 2012, we will continue to provide financial support to cover the costs for introducing GIS and GPS systems.

• Support to Expand Use of Domestic Lumber and Strengthen Management System

Expanding the use of domestic lumber is one of the cooperative campaign policies, and efforts are underway to shift to domestic lumber and to make its use widespread. In fiscal 2011, the Bank partially subsidized expenses incurred for the effort to expand the use of domestic lumber in 15 prefectures. Further, in collaboration with JForest Zenmoriren (National Federation of Forest Owners' Cooperative Associations), the Bank provided materials including the Training Text for JForest Directors and Employees and the Financial Statement Templates for JForest to contribute to a stronger cooperative management system. The Bank also gave lectures at compliance-related workshops sponsored by JForest Group.

The Bank will continue to support JForest Group efforts in fiscal 2012.

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, Kyodo Seminar Co., Ltd., which specializes in training cooperative employees.

- **Main Bank for the Agricultural Industry and Local Residents
Human Resources Training to Strengthen Financial Services (JA Bank)**

To respond effectively to the financial needs of local agricultural leaders, JA Bank is putting much effort into training human resources who can provide products and services necessary for the daily lives of individual members and customers.

Specifically, JA Bank is taking steps to enhance practical capabilities and expertise of personnel in charge of agricultural loans so that they can respond to related inquiries on customer visits, and those in charge of customer service so that they can respond to general inquiries from individual members and customers and meet their needs.

- **Human Resources Training to Strengthen Financial Services to the Fisheries Industry (JF Marine Bank)**

With the goal of becoming a bank that contributes to the fisheries industry and fishing communities, JF Marine Bank is developing and allocating financial consultants who can provide enhanced financial services to the industry. Trainings are aimed at improving customer protection and providing services appropriate to customers.

▶ Kyodo Seminar's Training Record in Fiscal 2011

Number of employees who took group trainings	1,991
Number of employees who took correspondence courses	12,902
Number of employees who took certification exams	11,894

◆ Support for Human Resources Training for JForest Group

JForest Group is training engineers (e.g. forestry management planners) to deal with proposal-based forest management consolidation. In fiscal 2011, JForest Zenmoriren (National Federation of Forest Owners' Cooperative Associations) and the Bank jointly offered trainings on the use of GIS and GPS, which are required for forest management consolidation.

◆ Personnel Exchanges between JA, JA Shinnoren, and the Bank

The Bank has enhanced personnel exchanges between itself and JA and JA Shinnoren, and is 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 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.

◆ Strengthened Human Resources Development for the Future

To contribute to the development of the agricultural, forestry and fisheries industries through various businesses, JA Bank, JF Marine Bank, and JForest Group are strengthening personnel training and skill development of directors and employees.

The Bank, in collaboration with related organizations, established the Cooperative System Human Resource Development Division on July 1, 2011 in order to strengthen and support human resources development of directors and employees of cooperative organizations.

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, 2012 the balance of the JA Bank Support Fund was ¥170.2 billion and that of the JF Marine Bank Support Fund was ¥25.8 billion.

Agricultural and Fishery Cooperative Savings Insurance System

When a member organization of the cooperative banking system, such as JA or JF, is unable to reimburse deposited funds to its individual members and customers, this system provides policy coverage for depositors and ensures

fund settlements, thereby contributing to the stability of the cooperative banking system. The system is same as the Savings Insurance System, for which banks, credit unions, and labor credit associations are members.

The Agricultural and Fishery Cooperative Savings Insurance System is provided for under the Agricultural and Fishery Cooperative Savings Insurance Law. It is managed by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which was established through joint investment by the Japanese government, the Bank of Japan, the Norinchukin Bank, JA Shinnoren, JF Shingyoren, and other entities.

When funds are deposited in agricultural or fishery cooperatives that are 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, checkable, payment, and settlement deposits are still fully protected by the system. However, all other types of deposits are only covered up to ¥10 million in principal (per depositor of each cooperative organization), plus interest accrued.

As of March 31, 2012 the balance of the reserve fund of the Agricultural and Fishery Cooperative Savings Insurance System was ¥317.3 billion.

Safety Net of the Cooperative Banking System

