

# The Cooperative System and the Cooperative Banking Business

**The cooperative banking business, through its nationwide network, contributes to the development of the AFF 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 banking business, which involves accepting deposits and making loans, our cooperative members engage in a variety of other business activities. Among these are providing “guidance” for business and day-to-day matters for farmers, fishermen and foresters; “marketing and supplying” through the sale of AFF products as well as the procurement of production materials; and “mutual insurance” for various unforeseen events.

Cooperative members that perform this wide range of activities comprise JA, JF and JForest at the municipal level and their respective federations and unions at the prefectural and national levels (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 Shinoren (Prefectural Banking Federations of Agricultural Cooperatives) and JF Shingyoren (Prefectural Banking Federations of Fishery Cooperatives) 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 Act, 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 individual members’ management of their farms and their standards of living; (2) providing marketing and supply functions for farming, including the gathering and selling of crops, and supplying materials needed for production and daily living; (3) providing mutual insurance, such as life and auto insur-

ance; and (4) offering banking services, such as accepting deposits, making loans and remitting funds.

There are 562 JA throughout Japan (as of April 1, 2021) that contribute to the development of the agricultural industry and rural communities through their various businesses and other activities.

### ● Japan Fishery Cooperatives (JF)

JF are cooperatives established under the Fishery Cooperative Act with the objective of overseeing and protecting the businesses and lives of fishermen. The principal business activities of JF include (1) providing guidance for the management of marine resources and for the improvement of individual members’ management of their business and production technology; (2) providing marketing and supplying functions for individual members for the storage, processing and sale of caught fish and other marine products, and for the supply of materials required for their business and daily lives; (3) banking services, such as accepting deposits and making loans; and (4) mutual life and non-life insurance. There are 875 JF throughout Japan (as of April 1, 2021) that contribute to the development of the fishery industry and fisheries communities through a broad range of activities in various parts of the country.

### ● Japan Forest Owners’ Cooperatives (JForest)

JForest, established under the Forestry Cooperative Act, 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 activity of JForest is forest improvement, which involves planting, undergrowth removal and the thinning of forests owned by individual members, as well as the sale of forest products, such as logs and timber.

Playing a central role in forestry business operation, 610 JForest members (as of April 1, 2021) throughout Japan contribute to helping forests perform their diverse range of natural functions, including the supply of timber and other forest resources, preservation of national land, protection of watersheds, maintenance of living environments 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 Act.

JA, JF and JForest were created with the aim of improving the economic and social positions of farmers, fishermen and foresters through the cooperative efforts of their respective individual members under the slogan "one for all and all for one."

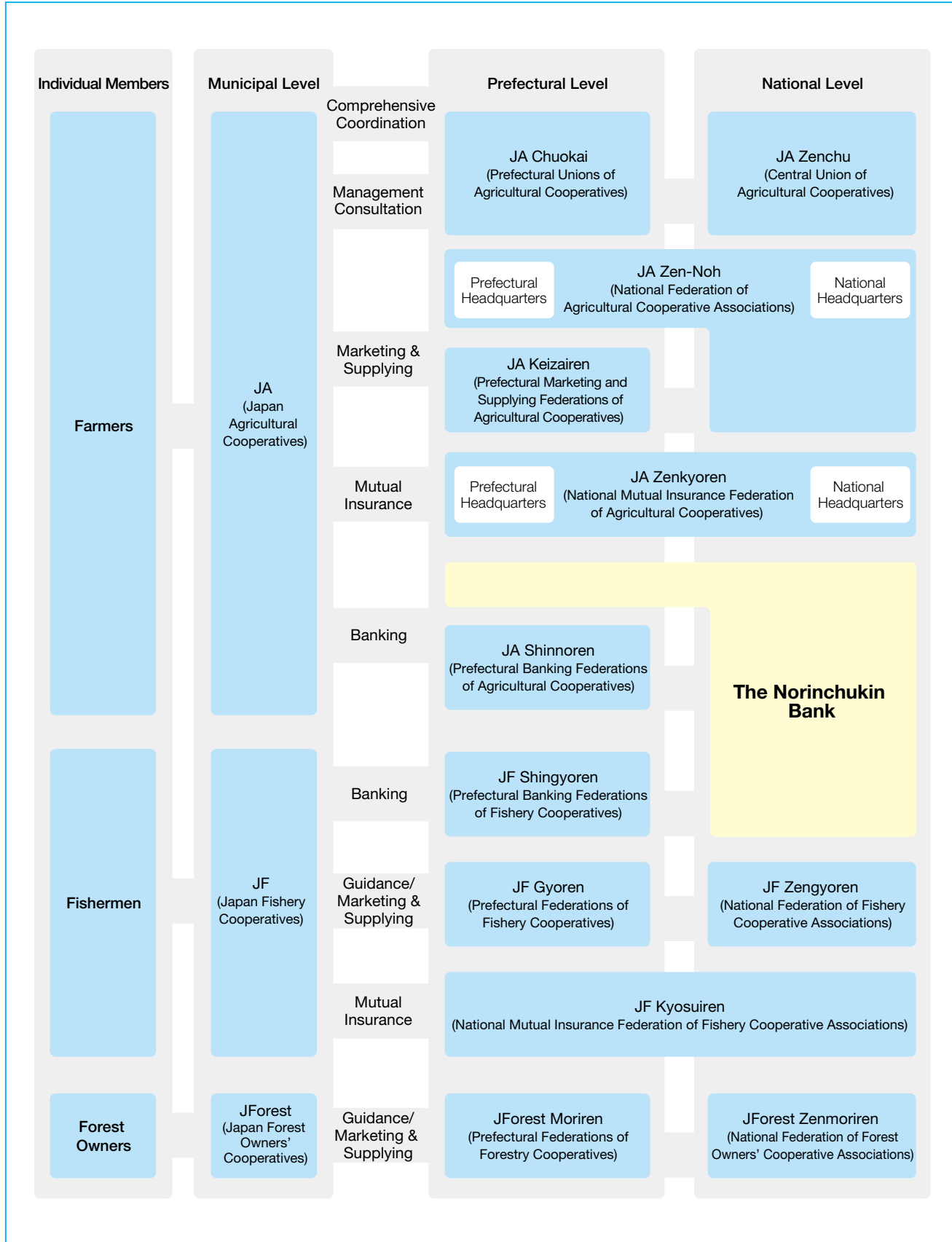
The Bank is a national-level cooperative financial institution whose membership (i.e., shareholders) comprises the previously mentioned municipal-level cooperatives, prefectural-level federations and other organizations. Furthermore, the Bank plays a major role in Japanese society as a contributor to the development of the nation's economy and as a supporter for the advancement of the AFF industries with facilitated finance for its members under the provisions of Article 1 of the Norinchukin Bank Act.

The Bank's funds are derived from member deposits (most funds held at the Bank are deposits of individual members of JA and JF) and the issuance of Norinchukin Bank debentures. These financial resources are then lent to farmers, fishermen, foresters and corporations connected to the AFF industries, local governments and public entities. In addition to such 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 Act

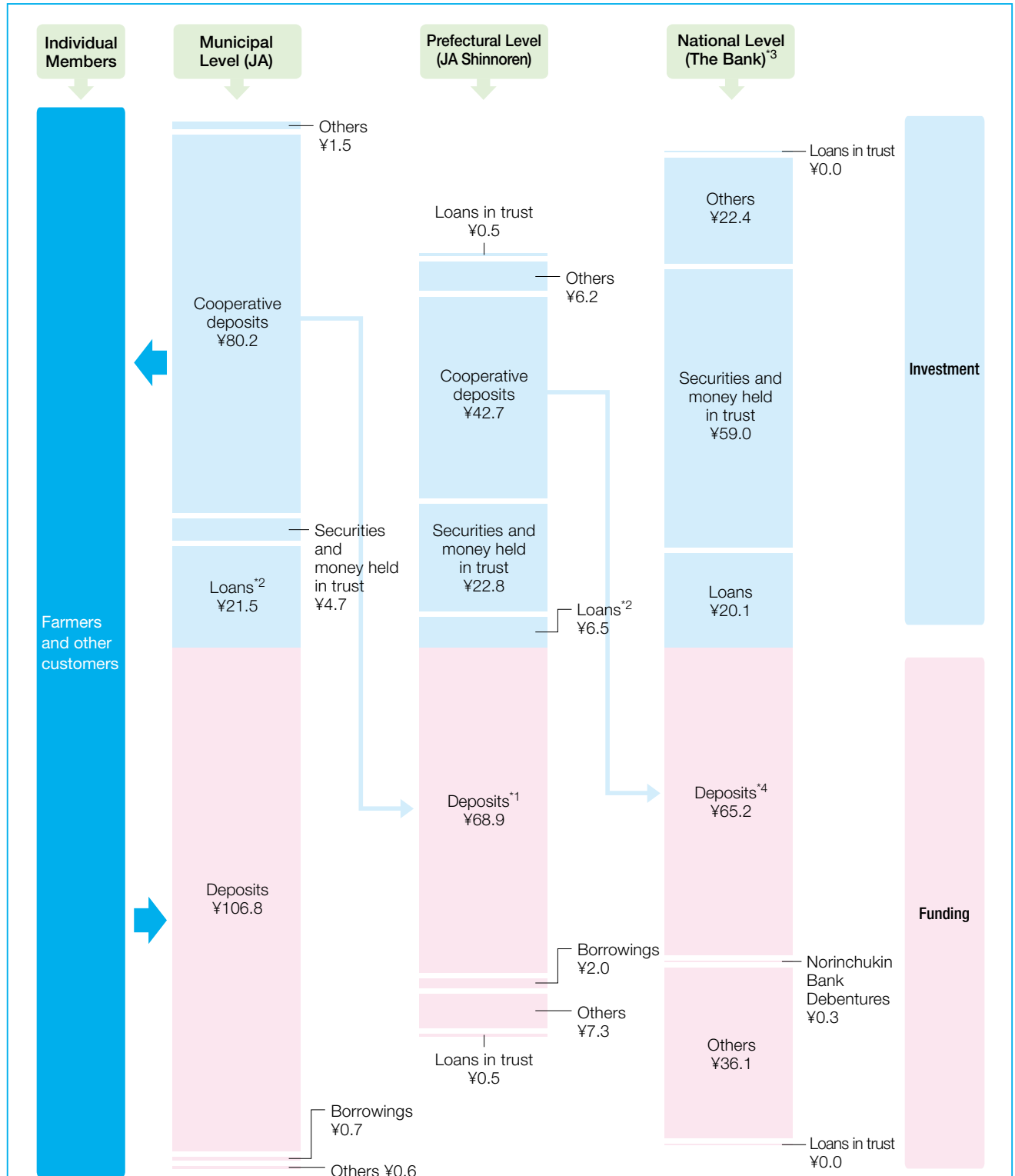
As a financial institution based on agricultural, fisheries and forestry cooperatives, as well as other members of the agriculture, fisheries and forestry cooperative system, the Bank contributes to the development of the nation's economy by supporting the advancement of the agriculture, fishery and forestry industries by providing financial services for the member organizations of the cooperative system.

### Structure of the Cooperative System



Flow of Funds within JA Cooperative Banking System (As of March 31, 2021)

(Trillions of Yen)



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

\*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 Group but also those from JF and JForest Groups and other financial institutions.

# Operations of the JA Bank System

JA, JA Shinnoren and The Norinchukin Bank work under a framework for integrated and systematic cooperation in each business activity as JA Bank. We call this framework the JA Bank System, and we aim to become a financial institution highly trusted and chosen by its members and customers.

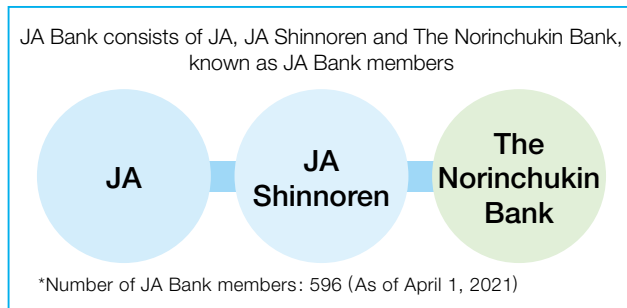
## ■ What is JA Bank?

- The Network Name 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 April 1, 2021, JA Bank had 563 JA, 32 JA Shinnoren and The Norinchukin Bank, for a total of 596 entities.

### JA Bank



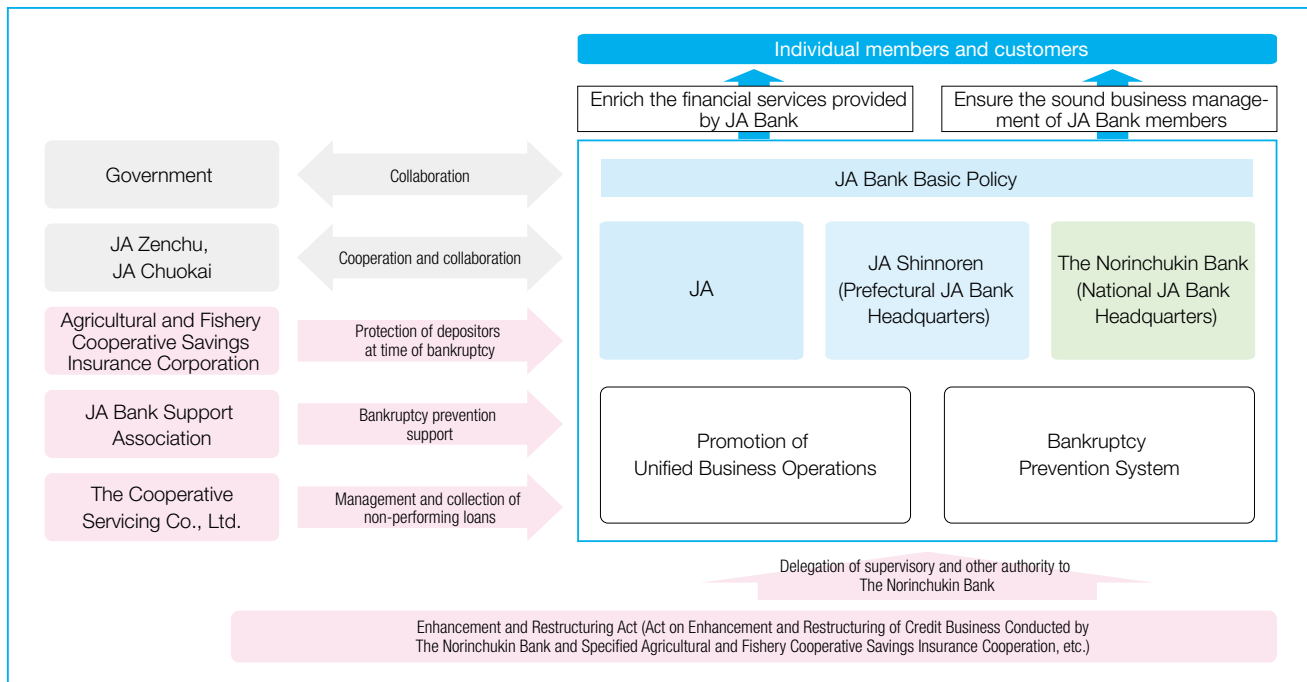
## ■ The JA Bank System

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

To ensure that individual members and customers of JA Bank 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 Enhancement and Restructuring Act (Act on Enhancement and Restructuring of Credit Business Conducted by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative Savings Insurance Cooperation, etc.) 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 “unified business operations,” which seeks to improve and strengthen the financial services provided by JA Bank by taking advantage of both economies of scale and meticulous customer care. The second is the “bankruptcy prevention system,” which ensures the reliability of JA Bank.

## Framework of the JA Bank System



### ● Comprehensive Strategies of JA Bank

Every three years, JA Bank formulates the JA Bank Medium-Term Strategies as its comprehensive strategies for conducting integrated business operations. Under the JA Bank Medium-Term Strategies (fiscal 2019–2021), JA Bank has set its vision of continuing to be “highly evaluated, chosen and increasingly needed by farmers and communities,” by engaging in individual member and customer-oriented business operation as a top priority and establishing a sustainable profit structure, while leveraging the strengths of its comprehensive businesses.

To realize this future vision, JA, JA Shinnoren and The Norinchukin Bank together engage in the four major strategic pillars: (1) “Support the growth of agriculture and communities” by providing a broad range of solutions for farmers’ management issues to enhance farmers’ satisfaction, increase farmers’ income and revitalize communities; (2) “Strengthen its lending service” by addressing the needs of farmers and communities for funds appropriately, aiming to further perform JA Bank’s financial intermediary function; (3) “Implement life plan support” by proposing asset formation and asset management plans suited for the life plans desired by individual members and customers, aiming to deepen the relationships with them; and (4) “Restructure the contact point with individual members and customers,” taking advantage of opportunities to reorganize branches and ATMs and review branch functions, etc., with the aims of improving the convenience and satisfaction of individual members and customers and achieving low-cost business operation.

In fiscal 2021, the final year of the Medium-Term Strategies, efforts are ongoing to realize the future vision of the Strategies. Specifically, along with the effort by entire JA Group to establish and strengthen a sustainable JA management foundation, JA Bank is building additional initiatives such as “further contribution to strengthening agriculture and local communities”; “strengthening measures to establish a new contact point with individual members and customers and restructure the current customer service structure,” with a focus on accelerating behavioral reform in customer relations to adapt to the societal transformation caused by COVID-19; and “strengthening reform of the branches’ clerical work and customer service base from the perspective of ensuring the sustainability of JA management.”

### ● Initiatives to Maintain and Enhance Our System Infrastructure

The JASTEM System, a unified nationwide IT system managed by the Bank, supports greater convenience for individual members and customers of JA Bank and helps streamline JA business operations.

To strengthen non-face-to-face transaction channels, we are continuing efforts to enhance the convenience and security of online banking for individual members and customers of JA Bank using our services. Specifically, we released new functions (e.g., card loan borrowing and repayment) in July 2020 and simplified the process for opening accounts in February 2021 for JA Net Bank; and added new functions to the JA Bank App in October 2020 that allow users to view a term-deposit transaction history and the balance of mutual funds.

### ● Initiatives to Ensure Sound and Stable JA Bank

Based on the JA Bank Basic Policy, the JA Bank Headquarters receives management-related information from all JA Bank members and examines the management situations of the members that breaches 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 Enhancement and Restructuring Act, 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 are striving to establish a banking business that enjoys even greater trust from and is increasingly used by individual members and customers.

## ■ Trends of Cooperative Members and the Cooperative Banking Business

### ● Trends of JA Funds

In fiscal 2020, JA deposits rose 2.6% year on year to a year-end balance of ¥106,870 billion. This was largely due to an increase in the balance of deposits from individuals as a result of providing financial services meeting customers’ needs.

Regarding JA loans, mainly due to an increased balance of mortgage loans, total loans increased 2.3% year



on year to a year-end balance of ¥21,595 billion. Securities held by JA increased 17.6% year on year to a year-end balance of ¥4,741 billion.

## ■ Reorganization of JA Bank 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 Bank has merged with JA Shinnoren in 12 prefectures (Aomori, Miyagi, Akita, Yamagata, Fukushima, Tochigi, Gunma, Chiba, Toyama, Okayama, Nagasaki and Kumamoto). In 12 prefectures JA Bank's organizational structure was streamlined 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.

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) in a prefecture are integrated and taken over by a single JA in the prefecture, has been achieved in three prefectures (Nara, Shimane and Okinawa).

Moreover, addressing such trends as the Japanese government's “agricultural cooperative reform” movement, JA Group formulated the “JA Group's Self-reform” in 2014. In that reform, as part of the group's initiative to strengthen its management foundation, discussions on organizational improvements were conducted to configure an “ideal structure for banking business operation” including whether to implement organizational restructuring. Via such discussions, five JA cooperatives chose to transfer their banking business (e.g., agency method) and completed such transfers in fiscal 2020. In addition, JA Group is working on mergers, resulting in 563 JA organizations in April 2021, a decrease of 99 compared with five years earlier.

The Bank will continue to steadily support JA's functional and system reforms and make efforts to rationalize and streamline the operations of the Bank itself with the goal of creating a cooperative banking structure capable of meeting the expectations and winning the trust of both individual members and customers.

## Operations of JF Marine Bank

**JF Marine Bank provides financial support to fishing communities and appropriate financial functions for the fishery industry**

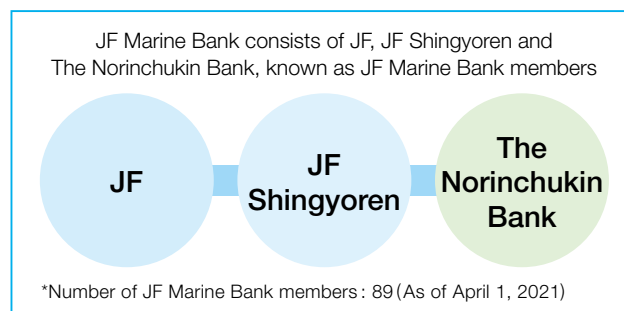
### ■ What is JF Marine Bank?

#### ● The Network Name of Financial Institutions

JF Marine Bank is the name of a nationwide financial network consisting of JF Marine Bank members (JF that engage in the cooperative banking business, JF Shingyoren and The Norinchukin Bank) and JF Zengyoren (National Federation of Fishery Cooperative Associations).

As of April 1, 2021, JF Marine Bank members totaled 89, consisting of 75 JF that offer financial services, 13 JF Shingyoren (including inter-regional JF Shingyoren) and The Norinchukin Bank.

### JF Marine Bank



### ■ The JF Marine Bank System

#### ● A Framework for Integrated and Systematic Cooperation among JF Marine Bank Members

To ensure that individual members and customers of JF Marine Bank have even stronger confidence in the cooperative banking business and make increased use of its services, under the Enhancement and Restructuring Act (Act on Enhancement and Restructuring of Credit Business Conducted by The Norinchukin Bank and Specified Agricultural and Fishery Cooperative Savings Insurance Cooperation, etc.), JF Marine Bank has formulated the JF Marine Bank Basic Policy with the unanimous approval of the JF Marine Bank members. Based on this JF Marine Bank Basic Policy, the framework of the integrated operation of JF, JF Shingyoren and The Norinchukin Bank is called the JF Marine Bank System.

The JF Marine Bank System consists of two pillars: the Integrated Business Operations to offer financial services leveraging the foundational common system and clerical work and the Bankruptcy Prevention System to ensure the reliability of JF Marine Bank.

• **Comprehensive Strategies of JF Marine Bank**

JF Marine Bank has formulated the JF Marine Bank Medium-Term Strategies (fiscal 2019–2023) as its comprehensive strategies for JF, JF Shingyoren and The Norinchukin Bank to conduct integrated operations as a professional fishery-dedicated financial institution. The pillars of these Medium-Term Strategies are to (1) enhance its financial functions for the fishery industry and strengthen the contact point with fishery communities; (2) establish business operational and channel systems with a vision for the future; (3) implement initiatives to ensure the soundness of operations; and (4) improve the common infrastructure systems. Through our integrated ef-

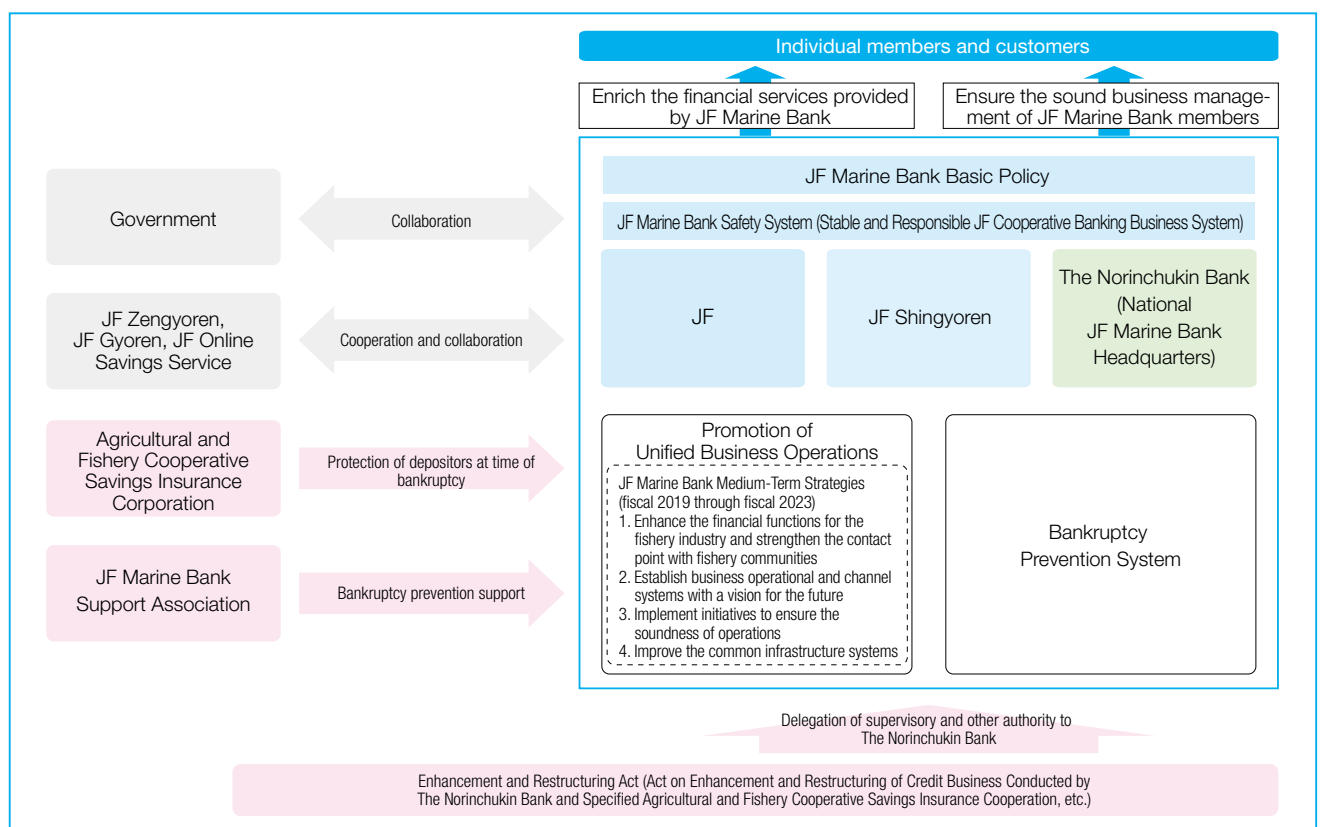
forts on these strategies, we will continue to offer fishery-related financial functions such as settlement functions for caught fish, etc., to coastal fishery operators and JF members.

• **Framework for Bankruptcy Prevention**

To further increase the adequacy and soundness of business operations, the JF Marine Bank Headquarters receives management data from all JF Marine Bank members and examines such data to identify potentially problematic JF in advance and help improve the situation of such JF. This system enables early bankruptcy prevention for JF Marine Bank members, thereby assuring 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 have jointly established the JF Marine Bank Support Fund and set up a framework for encouraging the voluntary efforts of cooperative mem-

**Framework of the JF Marine Bank System**





bers 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.

- **The JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System)**

JF Marine Bank provides community-based financial functions for the fishery industry and assumes an essential role in fishery communities. To make improvements that will ensure that JF Marine Bank has a management system appropriate for a member of Japan's financial system, the "system of one fishery cooperative banking business in each prefecture" was carried out. Under this system, JF and JF Shingyoren in the same prefecture jointly conduct the cooperative banking business. As a result, a fishery cooperative banking business had been established in each prefecture by the end of fiscal 2009.

To step further with the goal of making this foundation even stronger and achieving sound and efficient business operation, JF Marine Bank members have conducted discussions on cross-prefectural border organizational restructuring. On April 1, 2021, two inter-regional JF Shingyoren—JF Higashi-Nihon inter-regional Shingyoren and JF Kyushu inter-regional Shingyoren—were established.

JF Marine Bank believes that its purpose is to serve not only its individual members and customers, but also communities and society. To these aims, JF Marine Bank continues its efforts to further strengthen the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System) and respond to the financial needs of the fishery industry suited to the area.

- **Trends of JF Funds**

The balance of deposits held with JF Bank increased 3.2% year on year to ¥2,656 billion as of March 31, 2021.

The balance of loans at JF Bank rose 0.1% year on year to ¥503 billion due to factors such as addressing individual members' needs for funds, supplementing the outstanding financing for fishing boat leases and providing a fund to address COVID-19.

- **Reorganization of JF Marine Bank Business**

The JF cooperative banking business is being reorganized to create a more sound and efficient management system. As of April 1, 2021, the banking business operating system consisted of integrated Shingyoren to which banking business was transferred from JF to JF Shingyoren (eight prefecture-level organizations), multiple independent JF centering on JF Shingyoren (two prefecture-level organizations), the inter-regional Shingyoren (Nagisa Shingyoren, JF Higashi-Nihon inter-regional Shingyoren and JF Kyushu inter-regional Shingyoren) and one JF per prefecture (five prefecture-level organizations).

Also, the number of JF engaged in the banking business (including one JF per prefecture) had been reduced to 75 as of April 1, 2021, from 875 on March 31, 2000.

At the same time, the total number of JF, including those not engaged in the banking business, decreased by 15 in fiscal 2020. As a result, the number of JF stood at 875 as of April 1, 2021, reflecting progress 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 at JF cooperative members.

## JForest Group Initiatives

### ■ Current State of Cooperative Activities

JForest Group formulates its cooperative-wide campaign policy approximately every five years through discussions among stakeholders nationwide. Under the new cooperative campaign policy starting in fiscal 2021, the Group focuses on three issues: “improve services for cooperative members,” “improve workers’ income and employment environments” and “stabilize management by expanding business and enhancing efficiency.” JForest Group continues to contribute to the realization of a sustainable society—an SDG—by facilitating a sound forestry cycle of “cut, use, plant and grow.”

### ■ The Norinchukin Bank Initiatives

In addition to providing financial support for JForest Group’s various initiatives to address the spread of COVID-19 infections, the Bank provides nonfinancial support and works so that JForest Group can play a key role in Japan’s forestlands and forestry industry.

#### ● Forest Rejuvenation Fund (FRONT80)/ Nochu Potential Forest Productivity Fund

Under the theme of the revitalization of private forests in danger of becoming deserted, the Norinchukin 80th Anniversary Forest Rejuvenation Fund (FRONT80) was established in 2005 to promote activities to educate people on the multifaceted roles of forests (final offers in fiscal 2013). In the nine years from fiscal 2005 to 2013, we received 319 applications nationwide, and from among them we selected 52 projects and provided subsidies totaling ¥942 million.

From fiscal 2014, the Bank began soliciting applications for the Nochu Potential Forest Productivity Fund that was established as a successor to FRONT80 to promote efforts for the consolidation of facilities and provide a boost to forestry cooperatives, taking into account changes to JForest’s surrounding environment such as governmental policies. In the seven years from fiscal 2014 to 2020, the Bank received 229 applications and decided on ¥1.2 billion in subsidies after selecting 56 of them. Advanced initiatives have spread nationwide with the support of the subsidies provided to date.

#### ● Low-Cost Reforestation Project

“Promotion of reforestation by reducing forestation cost” is an issue toward sustainable forest and forestry business management. To address this issue, in collaboration with JForest Zenmoriren (National Federation of Forest Owners’ Cooperative Association), we newly launched the Low-Cost Reforestation Project in July 2020. This project incorporates the perspectives of reducing forest nurturing costs by half, speeding up tree growth for faster cutting and developing new sales channels.

By conducting verification experiments at three locations nationwide for model operations (Neba JForest in Nagano Prefecture, Miyoshi JForest in Hiroshima Prefecture and Miyakonojo JForest in Miyazaki Prefecture) and disseminating nationwide the outcome and new knowledge obtained from the experiments, we will promote reforestation after major cutting so that the forests can perform their multifaceted functions and rejuvenate mountain villages.

#### ● Support for Initiatives to Consolidate Forest Management

From fiscal 2015, the Bank has undertaken new initiatives toward “forestry labor safety improvement measures” aimed at improving labor safety to make the forestry business a more enticing occupation for future leaders. The Bank subsidizes safety equipment purchased by JForest and JForest Moriren (Prefectural Federations of Forestry Cooperatives) nationwide, which are engaged in measures to improve labor safety. During the six years from fiscal 2015 to 2020, ¥464 million was provided nationwide. Through these measures, the Bank contributes to reducing labor disasters caused by “cut” and “abrasion.” In addition to subsidizing safety equipment purchases, the Bank aims to reduce the number of accidents due to collisions with cut or fallen trees, which is the No. 1 forest-related cause of injury or death. In collaboration with JForest Zenmoriren, the Bank has produced Forestry Safety Education 360°VR, which is a safety educational tool that utilizes 11K high-precision live-action VR (virtual reality). This educational tool allows a VR headset user to experience a mock dangerous situation on a for-

estry site, educating the user as to the dangerous aspects of particular situations. As an effective tool that contributes to recruiting forestry leaders and further improving labor safety, Forestry Safety Education 360°VR has been widely utilized for safety educations provided by JForest and its cooperative organizations nationwide, under the Green Employment” projects (projects sponsored by the Ministry of Agriculture, Forestry and Fisheries (MAFF)); by Forestry Colleges; various educational institutions of prefectures and municipalities; and universities etc.



“Forestry Safety Education 360°VR” title logo

#### ● Support to Expand Domestic Lumber Use

JForest Group is working to expand the use of domestic lumber, and the Bank supports JForest Group in those efforts.

In addition, as support for initiatives that contribute to the expansion of domestic lumber use and the development of forests and the forestry business, the Bank engages in the production and donation of wood products made from local lumber, sponsorships for tree-planting events and subsidization of expenses for wood-use education and other wood-related activities. In fiscal 2020, the Bank provided subsidies for 57 projects in 47 prefectures.

In October 2016, the Bank established an endowed research department at the University of Tokyo for the study of lumber-using systems. Along with this, the Bank established the Wood Solution Network (WSN), in which related upstream, midstream and downstream companies and organizations participate to pursue the development of forests and the forestry and lumber industries. The WSN activities are now in its second *cours* (three-year period) in October 2019. Using the guidebooks produced during the first *cours* to promote the dissemination of nonresidential wooden buildings and the use of wood design for interiors, the WSN conducts promotion activities targeting government agencies. The WSN also engages in various initiatives to expand the use of lumber in alliance with member companies and organizations. As part of such efforts, the WSN has adopted and launched new themes suited to current trends (e.g., Forest Environment Transfer Tax, investments in ESGs/SDGs).

## Safety Net for the Cooperative Banking System

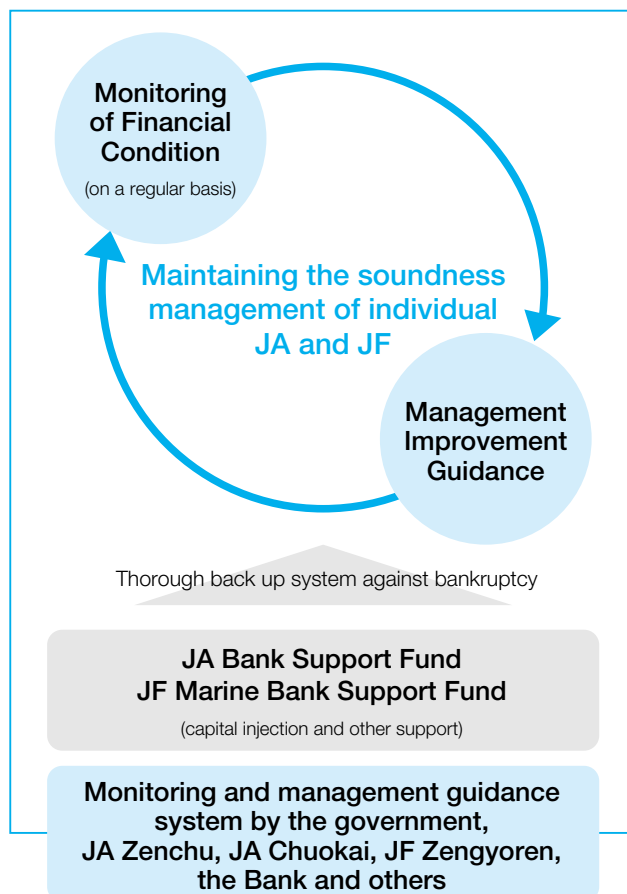
JA Bank and JF Marine Bank have established a safety net based on the Bankruptcy Prevention System and the Agricultural and Fishery Cooperative Savings Insurance System to provide an increased sense of security for their individual members and customers.

### ■ 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 the business conditions of individual JA and JF to identify problems at an early stage, (2) taking steps at the earliest stage possible to improve management situations 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, to maintain the sound management of individual JA and JF.

\*As of March 31, 2021, the balance of the JA Bank Support Fund was ¥165.2 billion and that of the JF Marine Bank Support Fund was ¥22.3 billion.



### ■ Agricultural and Fishery Cooperative Savings Insurance System

When a member organization of the cooperative banking system, such as JA or JF, becomes unable to reimburse deposited funds to its individual members and customers, this system provides policy coverage for depositors and ensures the settlement of funds, thereby contributing to the stability of the cooperative banking system. The system is the same as the Deposit Insurance System, for which banks, *shinkin* banks, credit unions and labor banks are members.

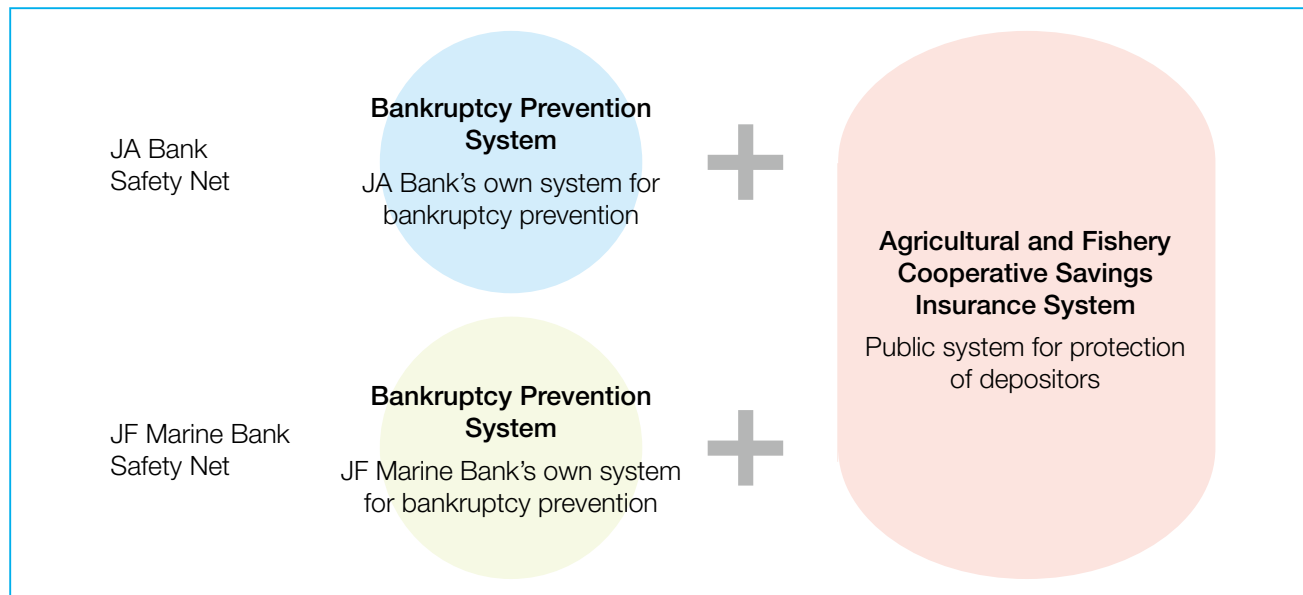
The Agricultural and Fishery Cooperative Savings Insurance System has been established under the Agricultural and Fishery Cooperative Savings Insurance Act. It is managed by the Agricultural and Fishery Cooperative Savings Insurance Corporation, which has been established jointly by the Japanese government, the Bank of Japan, The Norinchukin Bank, JA Shinno-ri, JF Shingyoren and other entities.

When funds are deposited in agricultural or fishery cooperatives 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, payment and settlement deposits that satisfy the following three conditions—(1) bearing no interest, (2) being redeemable on demand and (3) providing normally required payment and settlement services—are still fully protected by the system. All other types of deposits are covered up to ¥10.0 million in principle (per depositor at each cooperative organization), plus interest accrued.

As of March 31, 2021, the balance of the reserve fund of the Agricultural and Fishery Cooperative Savings Insurance System was ¥452.0 billion.

### Safety Net for the Cooperative Banking System



### Financial Institutions and Savings Covered by the Savings Insurance System, and the Scope of Protection

#### Covered Agricultural and Fishery Cooperatives

JA (limited to those engaged in banking business), JA Shinnoren, JF (limited to those engaged in banking business), JF Shingyoren, Marine Product Processing Cooperative (limited to those engaged in banking business), Federations of Marine Product Cooperatives (limited to those engaged in banking business), The Norinchukin Bank

#### Covered Savings, etc.

Savings, fixed term savings, Norinchukin Bank debentures (limited to custody products), as well as installment savings and property accumulation savings products using such savings, savings related to the investment of defined-contribution pension reserves, etc.

#### Scope of Protection

Types of savings, etc.		Scope of protection
Savings, etc. covered by the insurance	Payment and settlement deposits	Savings which meet the three requirements, such as bearing no interest *1 Full amount (permanent measure)
	Ordinary savings, etc.	Savings other than those for payment and settlement purposes *2 Total of principal up to ¥10.0 million and interest thereon *3 [The portion in excess of ¥10.0 million will be paid according to the financial status of the failed cooperative (may be subject to deductions)]
Savings, etc. not covered by the insurance		Foreign currency savings, negotiable certificate of deposits, Norinchukin Bank debentures (excluding custody products), etc. Not protected [Payable according to the financial status of the failed cooperative (may be subject to deductions)]

\*1 Savings satisfying the three requirements of "bearing no interest, being redeemable on demand, providing payment and settlement services."

\*2 Savings earmarked for taxes, installment savings and property accumulation savings products using insured savings will be protected.

\*3 Distribution of earnings on fixed term savings will be protected in the same way as interest.