

Report on the interim account settlement for the first half of fiscal 2012



Akira Banzai

Chairman
The Supervisory Committee

Yoshio Kono

President and Chief Executive Officer

In fiscal 2012, under its Medium-Term Management Plan, which covers a two-year period beginning from fiscal 2011, The Norinchukin Bank (“the Bank”) made reconstruction from the Great East Japan Earthquake its highest priority. At the same time, the Bank adhered to its primary mission, which is to expand its role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters.

During the first half of fiscal 2012, amid a growing global economic slowdown, interest rates fell due to additional monetary easing policies in leading industrial nations, and the appreciation of the yen continued. Under these economic and financial conditions, based on our globally diversified investment portfolio, we took steps to properly manage risk and our investment portfolio while maintaining a prudent investment approach. As a result, in the first half of fiscal 2012, the Bank recorded ordinary profit of ¥143.9 billion and maintained a high capital adequacy ratio of 27.09% (a Tier I ratio of 19.88%), both on a consolidated basis.

To deal with reconstruction in the aftermath of the Great East Japan Earthquake, under the Reconstruction

Support Program (duration: about four years; financial support: ¥30 billion) established in fiscal 2011, the Bank carried out initiatives with director and employee participation to provide financial support to disaster-affected agricultural, forestry and fisheries workers, to help disaster-stricken people to restore their lives, and to strengthen disaster-affected members’ business bases. With respect to its role as the central organization for cooperatives as well as financial institution for farmers, fishermen, and foresters, the Bank has made steady progress in each field by strengthening financial services to agricultural, forestry and fisheries workers and promoting agricultural, commercial, and industrial cooperation.

JA Bank, JF Marine Bank, JForest Group, and The Norinchukin Bank will continue to perform their roles and functions with the goal of becoming financial institutions and organizations that win the confidence of their customers, and contribute to the advancement of agricultural, forestry and fisheries industries and their rural communities. Finally, we would like to ask our readers for their continued support for JA Bank, JF Marine Bank, JForest Group and The Norinchukin Bank itself.

January 2013



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Financial Results for the First Half of Fiscal 2012

Financial Results for the First Half of Fiscal 2012

Income

Amid concerns over the debt crisis in Europe and an emerging cautious approach to overseas economies such as China, the business environment during the first half of fiscal 2012 was marked by further monetary easing in Japan, the United States, and Europe, declining long-term interest rates mainly in the United States, and the ongoing appreciation of the yen against foreign currencies.

Despite the harsh earnings environment, on a consolidated basis, Ordinary Profits* came to ¥143.9 billion, down ¥14.3 billion on a year-over-year basis, and Net Income was ¥131.0 billion, up ¥7.0 billion on a year-over-year basis. On a non-consolidated basis, Ordinary Profits came to ¥139.4 billion, down ¥21.5 billion on a year-over-year basis, and Net Income was ¥126.8 billion, up ¥2.5 billion on a year-over-year basis.

* Ordinary Profits represent Ordinary Income less Ordinary Expenses. Ordinary Income represents Total Income less certain special income, and Ordinary Expenses represent Total Expenses less certain special expenses.

Balance of Assets and Liabilities

On a consolidated basis, Total Assets at the end of the first half of fiscal 2012 was ¥74,065.4 billion, up ¥1,802.5 billion from the previous fiscal year-end. Total Net Assets came to ¥5,036.3 billion, up ¥197.3 billion from the previous fiscal year-end.

On a non-consolidated basis, Total Assets was ¥73,493.7 billion, up ¥1,774.5 billion from the previous fiscal year-end. On the assets side, Loans and Bills Discounted was ¥16,237.8 billion, and Securities was ¥44,813.2 billion. On the liabilities side, Deposits amounted to ¥43,372.6 billion, and Debentures was ¥4,858.3 billion.

Capital Adequacy Ratio

The Bank's Capital Adequacy Ratio (Basel II standard) was 27.09% on a consolidated basis and 27.36% on a non-consolidated basis, respectively, as of September 30, 2012.

Key Management Indicators

<Consolidated>

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	First Half of Fiscal 2010	Fiscal 2010	First Half of Fiscal 2011	Fiscal 2011	First Half of Fiscal 2012	First Half of Fiscal 2012
Total Income	¥ 591.2	¥ 1,111.4	¥ 620.4	¥ 952.6	¥ 557.2	\$ 7,186
Total Expenses	474.3	986.7	459.7	878.4	412.2	5,316
Net Income	82.9	129.5	123.9	70.5	131.0	1,689
Total Comprehensive Income	274.1	303.7	172.6	600.4	218.7	2,821
Total Net Assets	4,230.2	4,259.8	4,411.7	4,838.9	5,036.3	64,943
Total Assets	70,763.3	69,833.8	70,050.4	72,262.8	74,065.4	955,067
Capital Adequacy Ratio (% , BIS) (Note 2)	21.74	22.67	26.20	24.67	27.09	27.09

Notes: 1. U.S. dollars have been converted at the rate of ¥77.55 to U.S. \$1, the effective rate of exchange at September 30, 2012.

2. The calculation of the Bank's Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

Financial Results for the First Half of Fiscal 2012

<Non-Consolidated>

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	First Half of Fiscal 2010	Fiscal 2010	First Half of Fiscal 2011	Fiscal 2011	First Half of Fiscal 2012	First Half of Fiscal 2012
Total Income	¥ 583.4	¥ 1,101.7	¥ 614.8	¥ 934.9	¥ 546.6	\$ 7,049
Total Expenses	466.7	963.3	453.8	870.6	406.1	5,237
Net Income	83.4	144.3	124.2	61.6	126.8	1,636
Paid-in Capital	3,425.9	3,425.9	3,425.9	3,425.9	3,425.9	44,177
Total Net Assets	4,206.8	4,250.4	4,402.6	4,820.4	5,013.8	64,654
Total Assets	70,495.0	69,551.9	69,543.6	71,719.1	73,493.7	947,695
Deposits	39,565.7	40,957.0	41,806.7	43,563.1	43,372.6	559,286
Debentures	5,576.2	5,421.6	5,246.6	5,125.6	4,858.3	62,648
Loans and Bills Discounted	12,390.3	14,002.3	14,760.5	14,655.7	16,237.8	209,386
Securities	46,060.5	43,070.0	39,539.8	45,655.4	44,813.2	577,862
Capital Adequacy Ratio (%, BIS) (Note 2)	21.85	22.76	26.38	24.83	27.36	27.36

Notes: 1. U.S. dollars have been converted at the rate of ¥77.55 to U.S. \$1, the effective rate of exchange at September 30, 2012.

2. The calculation of the Bank's Non-Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

Implementation Status of the Reconstruction Support Program

Outline of the Reconstruction Support Program

The Reconstruction Support Program (duration: about four years; financial support: ¥30 billion) was established in fiscal 2011 with the goal of full and multifaceted assistance for the recovery and reconstruction of the agricultural, forestry and fisheries industries in light of the massive damage suffered by farmers, foresters, and fishermen, and Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), and Japan Forestry Cooperatives (JForest) due to the Great East Japan Earthquake. Specifically, the program provides (1) financial support to disaster-affected agricultural, forestry and fisheries workers, and (2) business and management support to members affected by the disaster. The Bank also provides material support including the sending of Bank employees into disaster areas.

Financial Support for Producers and Members

To facilitate financing for disaster-stricken agricultural, forestry and fishery corporations, the Bank, after determining damages, places a moratorium on the repayment of principal and interest, and provides appropriate financial support to loan requests through the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan established in December 2011 and other measures. In addition, the Bank provides funding through the Tohoku Agricultural, Forestry, and Fisheries Industries

Support Fund launched in February 2012.

Further, the Bank provides interest subsidies for the disaster funds of JA Bank and JF Marine Bank and helps to ease the interest burden on disaster-affected agricultural and fishery workers. For disaster-affected fishery workers, the Bank subsidized the cost of purchasing cardboard boxes used for collective shipment of *wakame* and *kombu*, Japanese edible seaweed known for its flavor, and also donated fish boxes.

Efforts to Help Individual Members of JA Bank and JF Marine Bank and Customers Restore their Lives

The Bank set up a consultation-service call center to provide financial services in a stable manner to disaster-affected customers of JA Bank and JF Marine Bank. The Bank has continued its flexible approach that enables customers to access funds from their accounts within a specific limit, not only at JA and JF branches where their accounts are held, but at other branches as well.

The Bank also assisted with Reconstruction Support Time Deposits and Reconstruction Support Loans made by JA Bank and JF Marine Bank to help people in disaster-stricken areas to restore their lives. In addition, it donated benches and tables made of locally produced lumber in disaster-afflicted areas to be used in public areas such as parks.

Outline of the Reconstruction Support Program

Description	Support recipients	JA Bank/JF Marine Bank/JForest Group
Financial Support Program	Agricultural, forestry and fisheries industry workers	Financial support (interest subsidies, reconstruction/recovery loans [low-interest loans], etc.)
Business & Management Support Program	Members	Business recovery (support for infrastructure recovery including branches, ATMs, terminals, etc.)
		Business support (support to strengthen members' business foundations)



Supporting the development and expansion of sales channels for products for disaster recovery at the TOHOKU FOOD EXPO 2012, a food trade show, in August 2012



Supporting the reconstruction of JForest in the Kamaishi region by acting as an emission credits broker (June 2012)



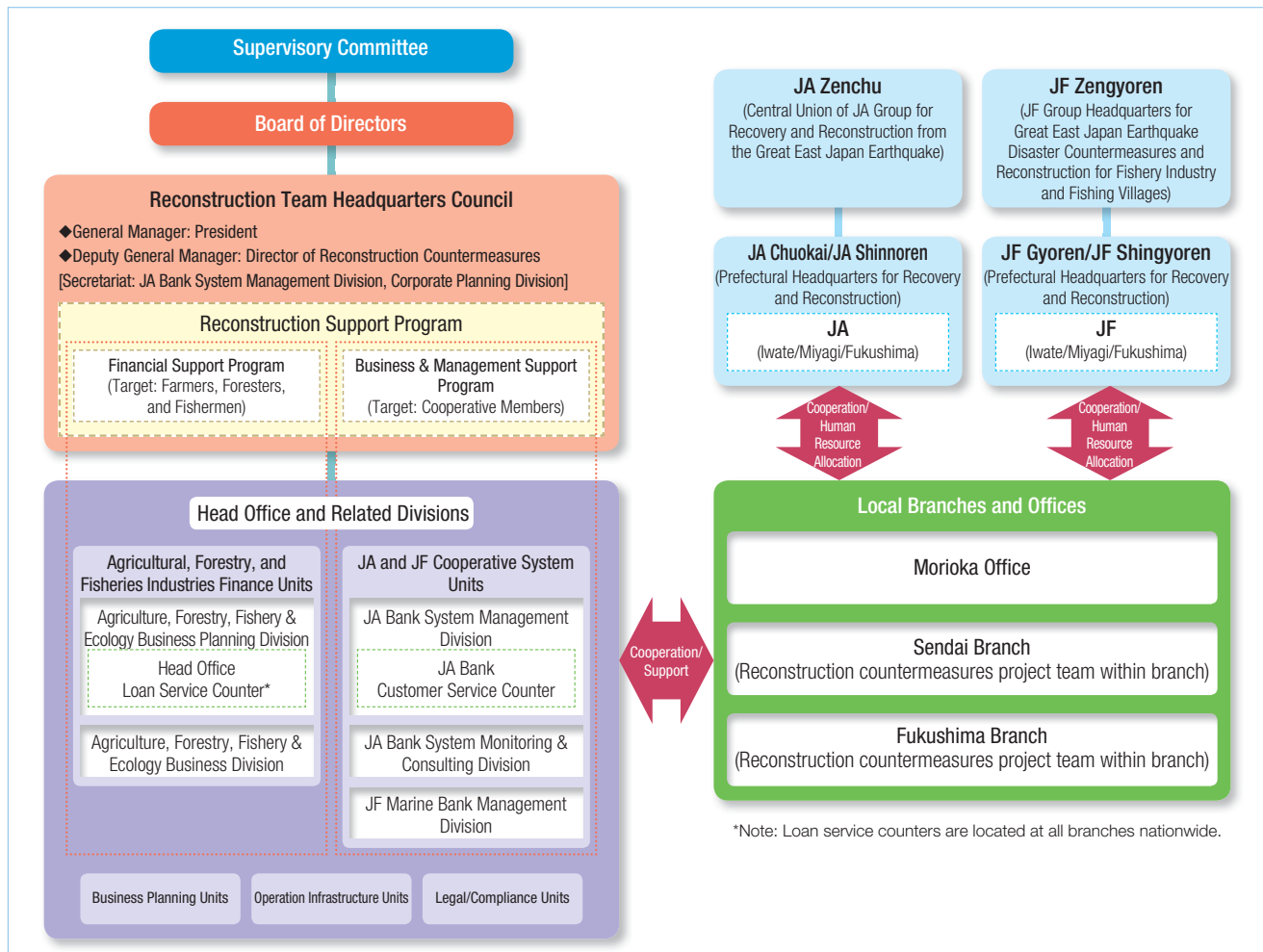
Ice-making facility of JF Kesenuma that began operating in October 2012 thanks to a reconstruction/recovery loan

◆ The Bank's Reconstruction Support System

In June 2011, the Bank established the Reconstruction Team Headquarters Council, with the President serving as its general manager. It has also assigned the Director of Reconstruction Countermeasures, with the head office

and branches joining forces to support reconstruction. Many employees of the Bank continue to be involved in reconstruction support activities, including those sent to disaster-stricken areas and to other national-level union and federations.

► Reconstruction Support System



■ Expansion of Role as the Central Organization for Cooperatives

◆ JA Bank Initiatives

Under the JA Bank Medium-Term Strategies (fiscal 2010 through fiscal 2012), its comprehensive management and business strategy, JA Bank, together with JA, JA Shinnoren and The Norinchukin Bank, contributed to individual members and customers of JA also during the first half of fiscal 2012 in order to put into practice its slogan of becoming the JA Bank that contributes to both the agricultural industry and people's daily lives, is chosen by the people, and continues to grow.

For agricultural leaders, especially regular individual members of JA, in fiscal 2012, JA Bank established action goals in each prefecture, visited members, and developed its human resources in order to provide agricultural loans suited to the diverse financial needs reflecting the various characteristics of management bodies as the main bank for the agricultural industry.

Meanwhile, for people in local communities including individual members of JA, JA Bank gave away, as it did in 2011, promotional gifts nationwide for those who arranged to transfer their salaries to their existing or new JA accounts so that people of all ages will use JA Bank as the main bank for local residents. In addition, JA Bank conducted a publicity drive about its industry-leading commission-free ATM network, the convenience of JA Card (all in one cash and credit card), and the schedule of mortgage loan counseling. It also updated and upgraded its website so that users can easily access useful information.

◆ JF Marine Bank Initiatives

JF Marine Bank is accelerating its efforts to maintain and strengthen its business promotion capabilities with the aim of being a trusted provider of financial services for fishing communities in accordance with the JF

Marine Bank Medium-Term Business Promotion Policy (running from fiscal 2012 through 2014).

During the first half of fiscal 2012, JF Marine Bank established and upgraded its financial consulting system for the fisheries industry through sharing of know-how on management and guidance on the occasion of national conferences. The Norinchukin Bank continued to provide interest subsidies for the Fisheries Modernization Loan, a system for lending funds at low interest rates to fishermen. The Bank also worked to make JF Marine Bank the main bank for individual members of JF Marine Bank by partially absorbing the JF Marine Bank IC cash card issuing fee.

To achieve sound and efficient operation of JF Marine Bank, it has taken steps to ensure the effectiveness of the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System) so that individual members and customers can use JF Marine Bank with peace of mind.

◆ JForest Group Initiatives

JForest Group is taking part in the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry, which extends from fiscal 2011 through fiscal 2015, with the goal of establishing a sustainable, low-cost forest industry. To facilitate coordinated forest management, the Bank subsidizes the costs incurred from adopting the Geographic Information System (GIS) and Global Positioning System (GPS) and holds seminars for JForest management.

The Bank also supports efforts to streamline forest management by extending financing to JForest for introduction of high-performance forest machines.

◆ Initiatives to Expand Financial Services for Agricultural, Forestry, and Fisheries Workers

• Deployment of Financial Services for Agricultural, Forestry and Fisheries Workers

Expansion of Loan Services

The Bank has developed the following new products: the Agri-Seed Loan, which is designed to meet the short-term working capital needs of agricultural corporations, and the Agriculture, Forestry, Fishery & Ecology Business Loan, which is aimed at encouraging companies in agricultural, forestry and fisheries industries to expand their businesses. Both loan products are growing steadily.

<Millions of Yen>

Product	Number of loans	Total loans outstanding
Agri-Seed Loan (since December 2009)	24	213
Agriculture, Forestry, Fishery & Ecology Business Loan (since October 2009)	130	42,756

*Cumulative total as of September 30, 2012

Enhancement of Capital Funding Schemes

The Agri-Seed Fund, established by the Bank in fiscal 2010, is a new framework for supplying equity capital to agricultural corporations including agricultural production corporations that are technically competitive, but undercapitalized, with the goal of developing new agricultural leaders locally. In the first half of fiscal 2012, the fund supplied capital for 11 projects totaling ¥95 million.

The Agri-Eco Fund also supplies financing as part of the JA Bank Agri-Support Project (CSR project) to support business entities that aggressively promote agriculture and contribute to the environment and community.

<Millions of Yen>

Product	Number of investments	Total investments outstanding
Agri-Seed Fund (since April 2010)	45	401
Agri-Eco Fund (since October 2009)	33	1,152

*Cumulative total as of September 30, 2012

Environmental Finance Initiatives

The Agricultural, Forestry, Fishery and Ecology Rating System, introduced in December 2010, grants preferential interest rates on loans depending on rating following an evaluation of the borrowers' environmental initiatives. In the first half of fiscal 2012, eight loans (totaling ¥2.9 billion) at preferential interest rates were granted based on this system.

In March 2012, the Bank began acting as a broker of domestic emission credits (J-VER) for the agricultural, forestry and fisheries industries. In the first half of fiscal 2012, the Bank served as a broker for three transactions of J-VER emissions credits issued by JForest to address proper forestland management, which were successfully conducted.

• JA Bank's Agricultural Financing

JA Bank responds to a variety of agricultural financing needs while providing farm management and livelihood support to farmers through the Agriculture Modernization Loan and the Japan Finance Corporation's Loan. The balance of agricultural-related loans of JA Bank as of March 31, 2012 stood at ¥2,176.0 billion (of which ¥1,540.7 billion was loans to farmers) and the balance of loans entrusted by the Japan Finance Corporation and others came to ¥600.8 billion.

▶ Agricultural Loan Balance by Type of Financing

(Billions of Yen)

	As of March 31, 2012
Proper agricultural loans	1,543.4
Agricultural policy loans	632.6
Agriculture modernization loans	188.2
Other policy-based loans	444.4
Total	2,176.0

▶ Balance of Entrusted Agricultural Loans

(Billions of Yen)

	As of March 31, 2012
Loans entrusted by the Japan Finance Corporation	599.7
Others	1.0
Total	600.8

Notes:

1. Proper agricultural loans are non-policy-based loans funded by JA Bank.
2. Agricultural policy loans consist of 1) those financed directly or indirectly by local public bodies, and 2) those financed at low interest rates by JA Bank through interest subsidies by local public bodies.
3. Other policy-based loans include the Agriculture Management Improvement Promotion Loan (Super-S Loan) and Agriculture Management Assistance Support Loan.

• **Initiatives for the Sixth Industrialization**

JA Bank and JF Marine Bank organize business conferences and provide export support and business-matching services to help members expand business scope into downstream with a view to support the sixth industrialization of the agricultural, forestry and fisheries industries and their communities. In the first half of fiscal 2012, JA Bank and JF Marine Bank organized seminars for JA, agricultural corporations, and others, and also, as a part of export assistance, participated, together with JA, agricultural corporations and others, in the Hong Kong Food Expo 2012, one of Asia’s largest food trade shows. Leveraging the strengths and advantages of the cooperative system, JA Bank and JF Marine Bank plan to hold local business conferences in the second half of fiscal 2012 in collaboration with JA and JF groups in each region.

◆ **Human Resource Training and Development Initiatives**

The Bank exchanges personnel with JA and JA Shinnoren on an ongoing basis to foster understanding among directors and employees on how business is done in the agricultural, forestry and fisheries industries and on local conditions, and to incorporate those insights into planning and policymaking. In addition, we regularly held lectures and study sessions for directors and employees by inviting speakers from cooperatives, primary industries, and industries that are closely linked to the agricultural, forestry, and fisheries industries.

In order to train and develop all human resources — both the directors and employees — of all cooperative organizations, in October 2012, we began training directors in charge of JA’s banking business.



Display booth at the Hong Kong Food Expo in August 2012 to develop and expand product sales channels



Sponsored “Agri-Eco Seminar” in April 2012 as a venue for members, agricultural, forestry and fisheries industry workers, and companies to meet

■ Working Toward Stable Financial Management and Constant Upgrading of Risk Management Methods

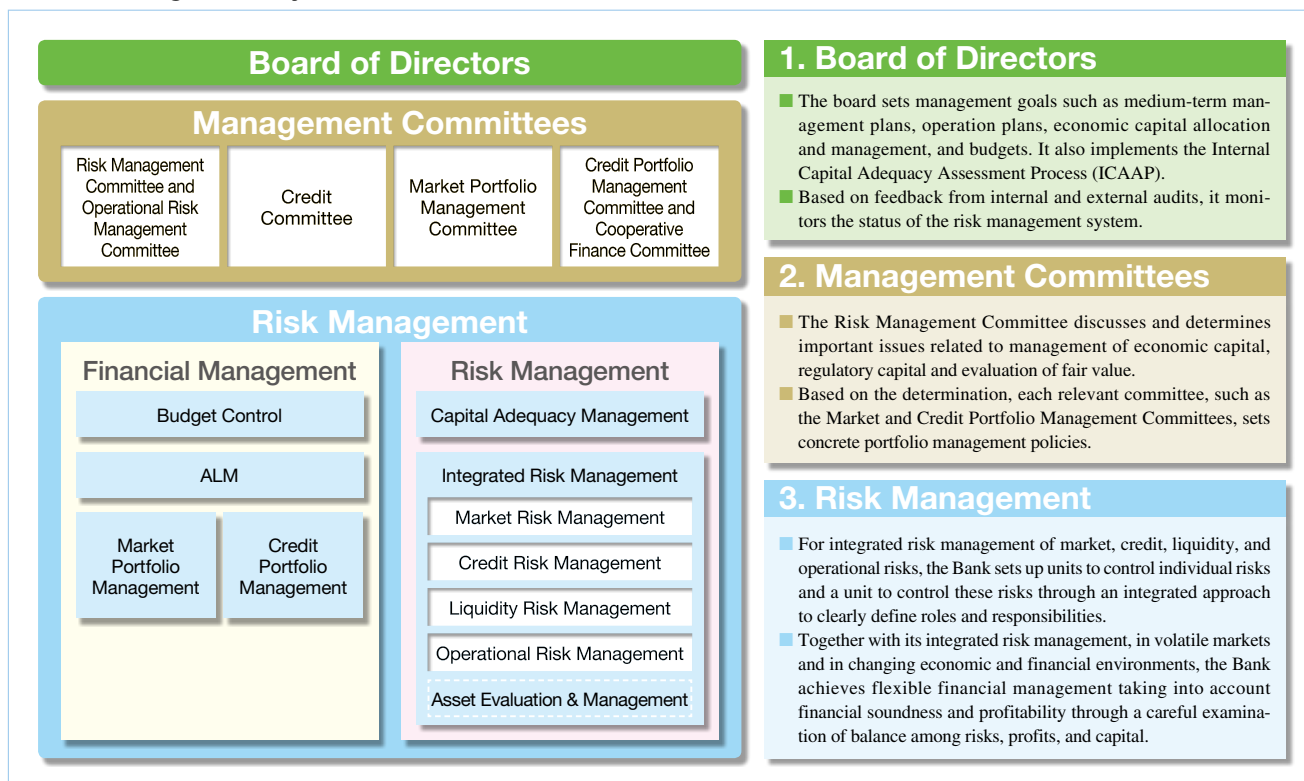
In its Medium-Term Management Plan, the Bank continues to view the “stable return of profits” to its members as the management’s highest priority. While maintaining an investment stance based on a globally diversified investment portfolio, the Bank looks for new high-quality investment opportunities and fields, and has set its sights on achieving ordinary profit of ¥50 to ¥100 billion (non-consolidated basis) while maintaining a capital adequacy ratio of around 20%.

Further, the Bank will continue to carry out an effective risk management system and portfolio management and constantly upgrade its risk management methods.

◆ Risk Management System

The Bank practices “integrated risk management” as a framework for integrated management of various risk volumes that the management of the Bank faces.

▶ Risk Management System



Initiatives in the International Year of Cooperatives 2012

“The role played by cooperative financial institutions in disaster recovery,” a speech given at the annual meeting of the Institute of International Finance (IIF) by The Norinchukin Bank’s President and CEO

In October 2012, during the annual meeting of the IMF and the World Bank, the Institute of International Finance held its annual membership meeting for the first time in Japan. Representing cooperative financial institutions, Yoshio Kono (President and CEO of The Norinchukin Bank) gave a speech about support for recovery in the aftermath of the Great East Japan Earthquake.

In his speech, President Kono presented examples of highly visible community-based efforts made by cooperative financial institutions, including JA, JF, shinkin banks, credit unions, and labor banks, in disaster-stricken areas to support earthquake disaster reconstruction. He also gave examples where these institutions located outside the disaster areas provided extensive emergency supplies, raised relief funds, and dispatched volunteer workers. He said that not only did these activities significantly contribute to financial services in the disaster-stricken areas, but also to the reconstruction of local communities. Furthermore, he noted that under its Reconstruction Support Program launched in 2011, The Norinchukin Bank has positioned reconstruction support as its most important business priority and that directors and employees have worked together to tackle this issue. He told people working in financial institutions throughout the world that the importance of the role and existence of Japan’s cooperative financial institutions had been reaffirmed in 2012, the year that

commemorates the International Year of Cooperatives.

In addition, President Kono said that we cherish the organic connections among people as well as those among cooperative organizations. Integrating such harmonious bonds into financial operations is our style of banking. We are banking on trusted networks. He advanced the idea that, under current conditions of difficult disaster recovery and growing economic uncertainty, these types of trusted networks that connect through the process of bonding will be the new financial ideal that points the way to financial market growth. He declared his full commitment to the continued support of recovery efforts, working together with the nationwide cooperative network of 11.6 million individual members.



26th JA National Convention Resolution (Cooperative Banking Business) Overview

Demonstrate our distinctive presence by contributing to food, agriculture and local communities

JA Bank’s vision and the direction of its efforts for the next three years were decided at the 26th JA National Convention held in October 2012.

In a business environment that is expected to remain harsh due to a full-scale generational shift in regular membership and a shift to retail financial market contraction and stagnation, JA Bank’s ideal is to demonstrate its distinctive presence in each region by contributing to food, agriculture, and local communities, and to continuously expand while maintaining and raising its market share in each region.

The primary direction of its efforts for the three-year period beginning from fiscal 2013 is to “defend its position in regions

where it is unrivaled in its business as the main bank for the agricultural industry by providing financial services to that industry that only JA Bank can provide.” Specifically, we are hiring and training personnel with management and sales capabilities and strengthening our business management and internal controls in order to successfully compete in existing retail financial markets. Furthermore, we are improving the capabilities of the JASTEM System — JA Bank’s basic business infrastructure — and looking at creating a Business Continuity Plan (BCP) system that provides continuous, around-the-clock financial services even in times of emergency.

Primary Direction of Efforts over Next Three Years in JA Bank’s Cooperative Banking Business (FY2013 — FY2015)

Providing Services from the Customers’ Point of View by Establishing Customer Satisfaction Activities

- Strengthen financial services for the agricultural industry based on customer needs including those of large agricultural corporations
- Provide meticulous “lifestyle financial services” based on needs at different stages of the customers’ life
- Shift from single-product oriented sales to customer-oriented sales

Establish a Business Management System under which Business is Conducted throughout JA Bank from the Customers’ Point of View

- Establish an area sales system that efficiently gathers information and needs in each area
- Establish a prefectural joint operation system in which the JA head office, areas, and JA Shinnoren work in a unified and integrated manner
- Strengthen use of the PDCA cycle throughout JA Bank (reinforce bidirectional communication)