

The Bank's Management System

The Bank is both the central bank for Japan's agricultural, forestry and fishery cooperatives and an institutional investor that plays a major role in the financial and capital markets through the investment of large amounts of funds both in Japan and abroad. In view of its position, the Bank adheres to decisions made at the Council of Delegates, which comprises representative members and substitutes for the general meetings of all shareholders. At the same time, the Supervisory Committee and the Board of Directors, as stipulated by the Norinchukin Bank Law, are organized to delegate or coordinate their duties among the cooperative organization, considering prevailing conditions inside and outside the organization.

Supervisory Committee

The Supervisory Committee is responsible for submitting agendas and reporting to the Council of Delegates as well as for making decisions on important issues related to the cooperative organization. The Supervisory Committee also has specific authority to oversee the execution of business policies by the Directors. This includes (1) the authority to request the board members to attend meetings to explain their execution of business activities and (2) the authority to request the Council of Delegates to seek the dismissal of board members.

Currently, the Supervisory Committee has 17 members, selected from among the board members of cooperative organizations, persons engaged in the agricultural, forestry and fishery sectors as well as individuals with an in-depth knowledge of finance. Supervisory Committee members are recommended by the Nomination Committee, which consists of representatives of cooperative members and others and then elected by the Council of Delegates.

Under the jurisdiction of the Supervisory Committee are the JA Bank System Headquarters Committee and the JF Marine Bank Headquarters Committee, which are composed of representative committee members of cooperative organizations and the Bank's Directors. These committees deliberate on the basic policies of the credit business conducted by the agricultural and fishery cooperatives as well as on operational guidance to be provided, acting under the name of the Headquarters, to cooperative members.

Board of Directors

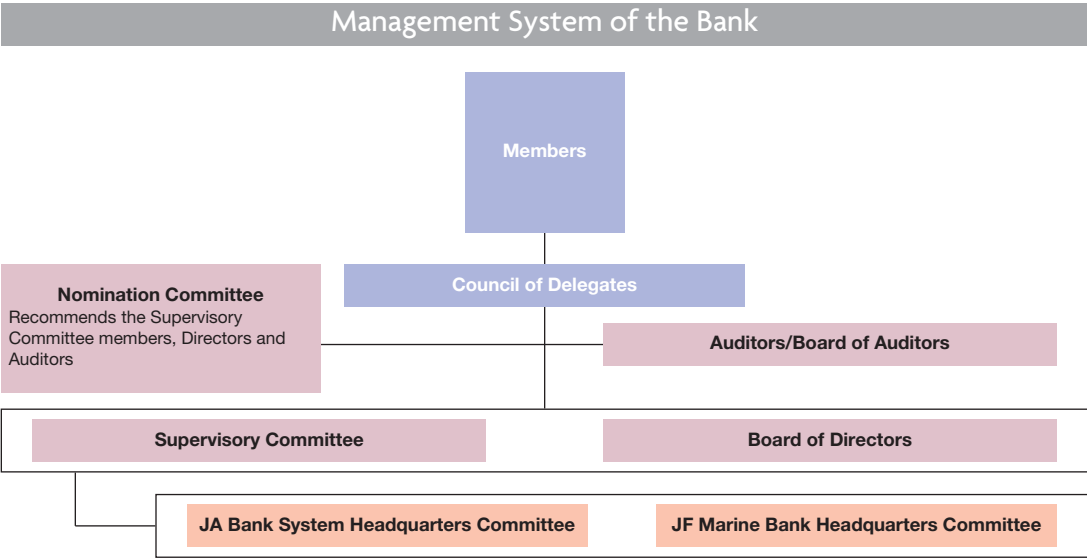
The Board of Directors makes decisions regarding the execution of business activities, excluding those matters under the jurisdiction of the Supervisory Committee, and performs a mutual cross-checking function on the execution of business affairs by the Directors. Members of the Board of Directors are elected by the Supervisory Committee and assume their position upon approval by the Council of Delegates. There are currently 13 full-time board members, and two of them are selected as the Representative Directors and as members of the Supervisory Committee. Consideration is given to preserving the mutual and close cooperation of the Supervisory Committee and the Board of Directors in making decisions.

Auditors/Board of Auditors

Auditors are elected directly by the Council of Delegates and are responsible for auditing decisions made by the Supervisory Committee and the Board of Directors as well as for general oversight of the execution of business affairs by board members. The Board of Auditors currently comprises 5 members (3 full-time auditors and 2 part-time auditors). Three auditors satisfy the conditions stated in Article 24-2 of the Norinchukin Bank Law,* and are the equivalent of external auditors in companies listing their shares.

* Under Article 24-2 of the Norinchukin Bank Law, one or more of the Auditors must satisfy the following conditions: Must not be a director or employee of a corporation that is a member of the Norinchukin Bank and must not have been, during the five years before being appointed as Auditor, (1) a Director, a member of the Supervisory Committee or employee of the Norinchukin Bank, or (2) a director, a participant in accounting matters (if the participant is a corporation, then an employee who performs such duties), an executive officer or employee of the Bank's subsidiaries.

The staff description mentioned in this article is accurate as of July 1, 2006.



Establishment of the Internal Audit Division

The Bank has established the Internal Audit Division as an internal auditing unit independent from other operations and business affairs of the Bank. The mission of the Internal Audit Division is to review and evaluate overall management activities and the conduct of operations from the perspective of the appropriateness and effectiveness of internal controls. Based on its audit results, the Division endeavors to maintain and improve the proper conduct of operations through the issuance of recommendations regarding issues for improvement.

Preparation of Audit Plans

The internal audits cover all operations of divisions and branches of the Bank and operations of its consolidated subsidiaries that are not forbidden under the laws and regulations. These audits are conducted in accordance with the Bank's medium-term and annual audit plans.

In preparing audit plans, the Internal Audit Division implements risk assessments of all operations and determines the key audit points and the frequency and depth of audits based on the types and volumes of risks to conduct its activities efficiently and effectively.

Reporting of Audit Results

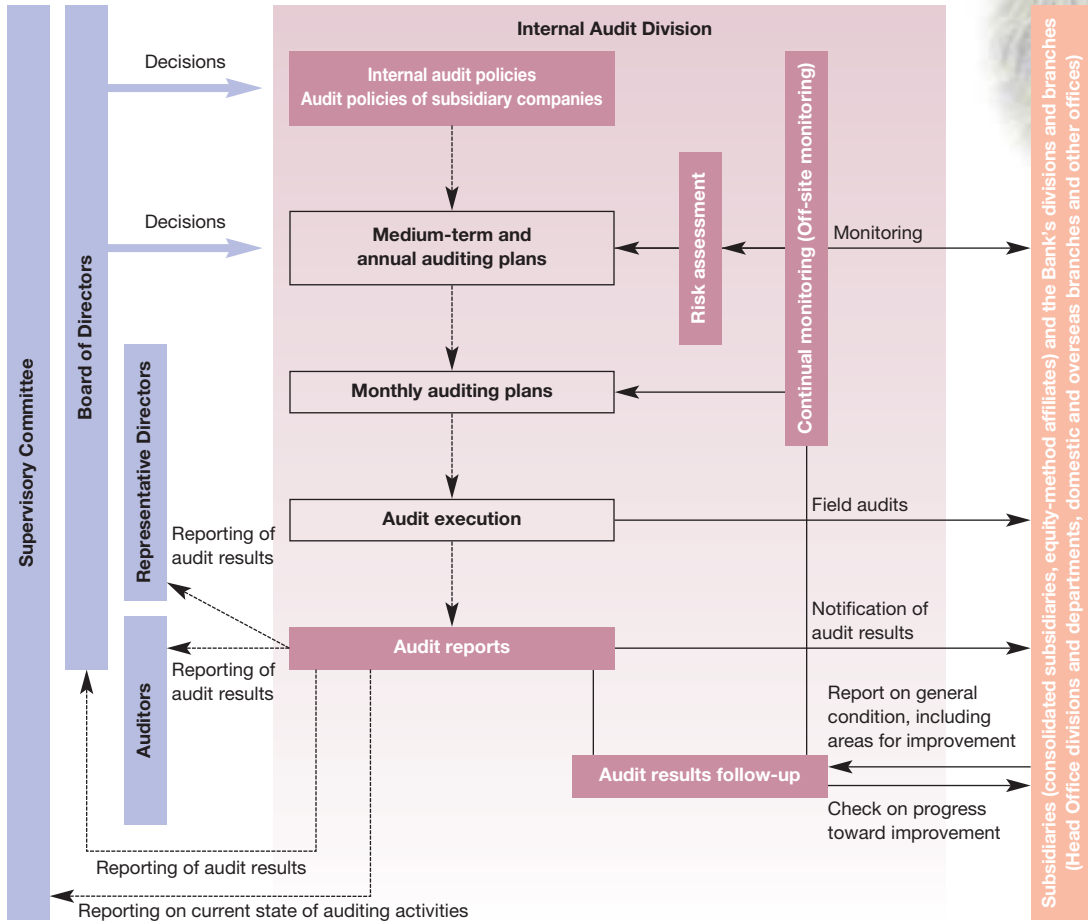
The results of audits are reported to the Representative Directors and the Auditors. Thereafter, divisions audited are then notified of the results by the Internal Audit Division, and periodic follow-up is conducted to assess the status of efforts addressing issues for improvement. Moreover, audit summaries are presented to the Board of Directors on a quarterly basis; in addition, periodic reports on the current state of auditing activities are presented to the Supervisory Committee. Particularly important findings are reported immediately to the Board of Directors, the Representative Directors and the Auditors and, when necessary, to the Supervisory Committee.

The Internal Audit Division, the Auditors and the independent auditing firm meet to exchange opinions and information periodically and as deemed necessary and work toward strengthening their cooperative efforts.

Auditing of Assets

The Asset Audit Department established within the Internal Audit Division works to ensure the soundness of assets by verifying that internal ratings, self-assessments, write-offs and reserves are all correct and appropriate.

Overview of Internal Audit System



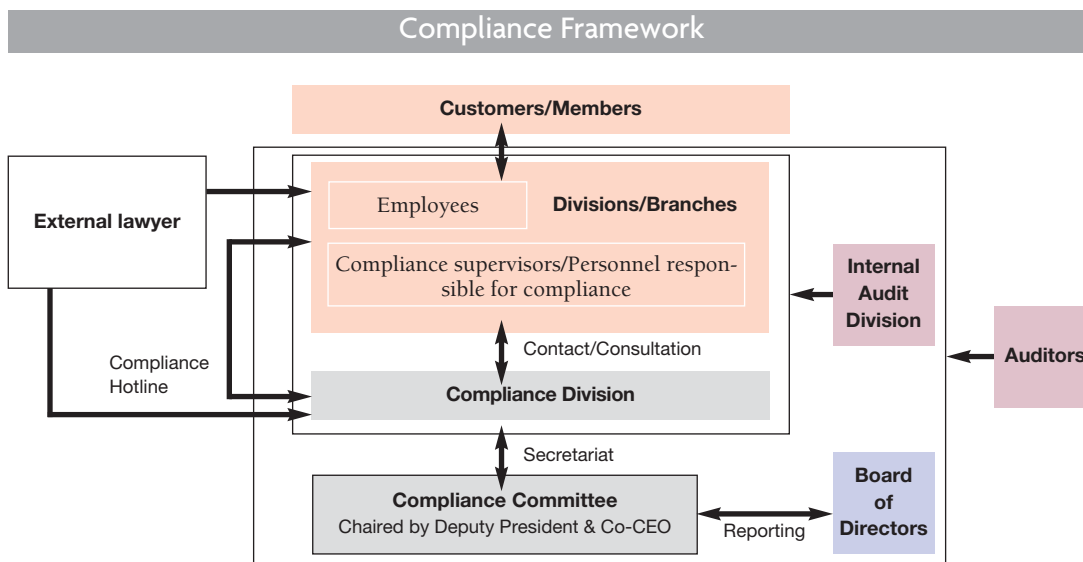
Continuing to Be a Financial Institution Trusted by Society

COMPLIANCE INITIATIVES

Basic Compliance Policies

Along with the rise in public demands for protection of customers, financial institutions have been obliged to place greater emphasis on accountability to stakeholders in the conduct of their activities and work toward substantially increasing the sophistication and effectiveness of their compliance frameworks. In addition, in view of the scathing public criticism of corporate improprieties, the issue of creating better and more effective compliance frameworks has been moved to the top of the management agenda. Especially for financial institutions, the very existence of which rests on effective compliance to maintain the trust and confidence of the general public, and particularly their customers, there is no exaggeration in mentioning that proactive compliance initiatives are necessary for securing the basis of corporate survival.

As a core member of Japan's financial system and as a nationwide financial institution of cooperative credit businesses, the Bank is committed to fulfilling its basic mission and social responsibilities and taking full account of changes in the social and management environment to respond to the trust of its customers and members. To this end, the Bank is complying fully with rules and regulations based on the principle of self-responsibility and is constantly working to achieve highly transparent management emphasizing proper disclosure and accountability.



Compliance Activities that Are Directly Linked to Management

The Bank is fully aware that strict adherence to compliance requirements in its day-to-day activities is particularly important for the conduct of its operations. Accordingly, in July 2005, the Bank created its Compliance Division by assigning specific staff from the Legal Division to this new organizational unit.

The Bank's compliance framework is composed of the Compliance Committee, the Compliance Division (which is in overall charge of compliance activities) and the compliance supervisors and other personnel responsible for compliance in its divisions and branches. The Compliance Committee (chaired by the Deputy President & Co-CEO) was created as a unit reporting directly to the Board of Directors that is responsible for considering basic issues and policies related to compliance. Items discussed by the Compliance Committee are then placed on the agenda and reported to the Board of Directors.



Compliance Arrangements within the Bank

The Compliance Division, as the compliance control unit of the Bank, acts as the secretariat for the Compliance Committee and serves as the contact point for and provides advice to the compliance supervisors and other personnel in charge of compliance stationed in each division and branch. In its compliance monitoring, the Division also provides guidance directly in interview meetings with general managers of branches and divisions as well as other managerial personnel. Other functions of the Division include providing lecturers for compliance workshops, as well as conducting compliance-related education and training programs within the Bank for all personnel.

The Division has also established the Bank's Compliance Hotline, which enables employees to receive advice from and to provide information to the Compliance Division and outside legal counsel. This hotline has been arranged to provide full protection from negative repercussions to those who provide information on compliance matters.

Compliance Program

Each fiscal year, the Bank formulates its Compliance Program to serve as the agenda for the execution of compliance measures that are aimed at systematically incorporating compliance as an integral part of Bank operations. The items covered by the Compliance Program include the upgrading of the compliance framework and compliance promotion and awareness activities. Additionally, individual divisions and branches establish their own compliance programs that contain specific policies for carrying out ongoing compliance activities.

Enhancing Disclosure

The Bank has formed the Information Disclosure Conference (chaired by the Director in charge of the Corporate Planning Division) to review and discuss the appropriateness of the Bank's information disclosure, beginning in fiscal 2006, ending March 31, 2007. The mission of this conference is to improve and strengthen the Bank's disclosure initiatives.

Firmly Integrating Compliance into the Bank's Corporate Mind-Set

In addition to the *Corporate Ethics* and *Code of Conduct*, the Bank distributes to all employees the *Compliance Manual*, including the *Employee's Guide to Regulatory Compliance* and the Bank's *Basic View on Compliance*. These materials are distributed to fully integrate compliance activities into the Bank's day-to-day operations and to firmly affix compliance in the Bank's corporate mind-set.

Corporate Ethics

The Bank's Fundamental Mission and Social Responsibility

1. Always cognizant of the importance of its fundamental mission and social responsibilities as a financial institution, the Bank is committed to building even stronger bonds of trust with society by fulfilling its mission and responsibilities through sound management policies.

Provision of High-Quality Financial Services

2. By providing high-quality financial services that draw fully on the Bank's creativity and ingenuity, the Bank fulfills its role as a nationwide financial institution based on the cooperative credit business and contributes to the development of Japan's economy and society as a member of the financial system.

Continuing to Be a Financial Institution Trusted by Society

Strict Compliance with Laws and Regulations

3. The Bank complies with all relevant laws and regulations and conducts its operations in a fair and impartial manner in accord with social norms.

Prevention of Antisocial Behavior

4. The Bank is resolutely committed to preventing antisocial behavior that could harm society or hinder safety.

Creating an Organizational Culture Committed to Highly Transparent Disclosure

5. The Bank continually strives to improve communication with parties inside and outside the cooperative system, beginning with proactive and fair disclosure of business information. The Bank also works to maintain effective relationships with these parties while maintaining an organizational culture that is amenable to a high degree of transparency based on respect for human rights.

Cooperation with Subsidiaries and Affiliates

The Bank communicates its stance on compliance to subsidiaries and affiliates as a group by holding periodic meetings for the personnel in charge of compliance at these associated companies. These meetings cover the Bank's compliance program and current compliance-related issues.

INQUIRY AND COMPLAINT PROCESSING SYSTEM

Enhancing the Bank's Capability for Addressing Customer Complaints

The Bank views customer complaints proactively and responds to them quickly and systematically. At the same time, the Bank is continuing efforts for improving its capabilities for addressing customer issues through the active implementation of corrective measures in its operations.

Designation of a Fair and Impartial Arbitration Organization

The Bank has designated the National JA Bank Consultation Office as a third-party arbiter for customer complaints, based on the model of the complaint and conflict resolution system formulated by the financial service dispute resolution liaison group established by the Financial Services Agency (FSA). The services of the office were made available to customers seeking the resolution of matters through a fair and impartial arbitration organization since April 1, 2003.

Publicizing Customer Complaint Resolution Channels

To make customers more aware of the channels available to them for issuing complaints (including contact points in each division and branch, the Head Office and the National JA Bank Consultation Office), the Bank places posters and other informative materials in its branches.