



***Financial Summary  
for the 1st Half of Fiscal Year 2013***

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**November 22, 2013**

**農林中央金庫**

**The Norinchukin Bank**

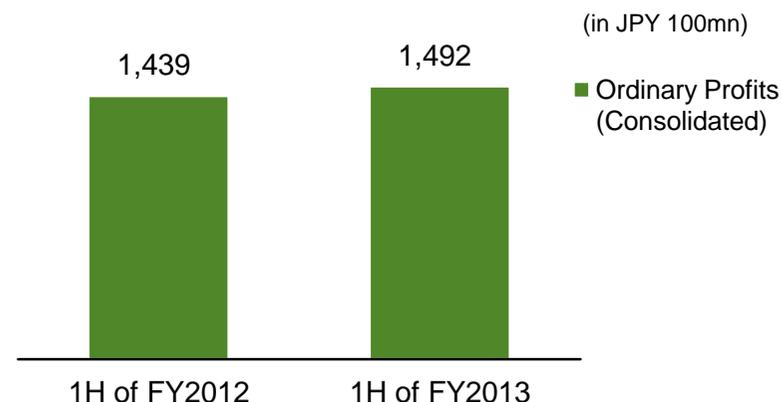
# Financial Highlights for the 1st Half of FY2013

~ Steady profits through financial management adjusting to market environment and high capital adequacy ratios under Basel III ~

## Profits

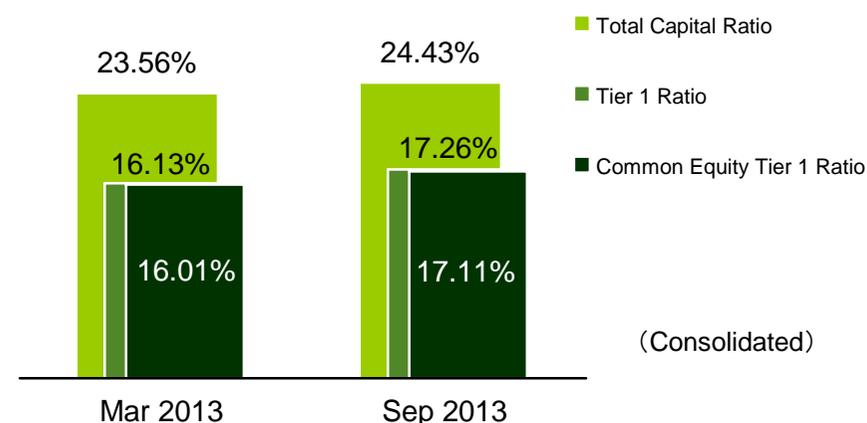
【Consolidated】	(in JPY 100mn)		
	1H of FY2012	1H of FY2013	Change
Ordinary Profits	1,439	1,492	52
Net Income	1,310	1,205	(104)
【Non-consolidated】			
Ordinary Profits <sup>(Note 1)</sup>	1,394	1,435	41
Net Income	1,268	1,158	(109)

(Note 1) The Bank has set an ordinary profit target of JPY 100 billion in the Medium-Term Management Plan.



## Capital Position (under Basel III)

【Consolidated】	Mar 2013	Sep 2013 (Preliminary Figure)	Change
	Common Equity Tier 1 Ratio	16.01%	
Tier 1 Ratio	16.13%	17.26%	1.13%
Total Capital Ratio	23.56%	24.43%	0.87%
【Non-consolidated】			
Common Equity Tier1 Ratio	15.98%	17.09%	1.11%
Tier 1 Ratio	16.10%	17.24%	1.14%
Total Capital Ratio	23.77%	24.67%	0.90%



# Income Statement Summary

## 【Consolidated】 (in JPY 100mn)

	1H of FY2012	1H of FY2013	Change
1 Ordinary Profits	1,439	1,492	52
2 Net Income	1,310	1,205	(104)

## 【Non-consolidated】 (in JPY 100mn)

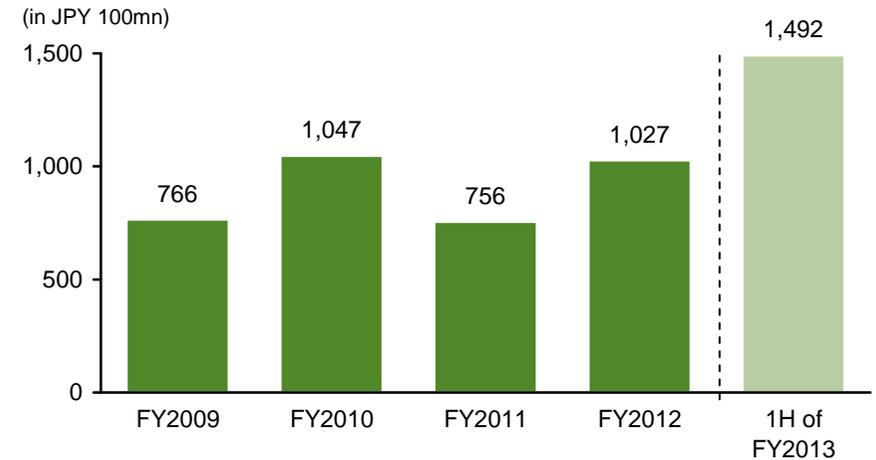
	1H of FY2012	1H of FY2013	Change
3 Ordinary Income	5,454	6,122	668
4 Interest Income	3,706	4,527	821
5 Ordinary Expenses	4,059	4,687	627
6 Interest Expenses	2,895	2,821	(73)
7 General and Administrative Expenses	598	601	3
8 Ordinary Profits	1,394	1,435	41
9 Extraordinary Profits/Losses	10	(14)	(24)
10 Income before Income Taxes	1,405	1,421	16
11 Net Income	1,268	1,158	(109)

## 【Reference Information】

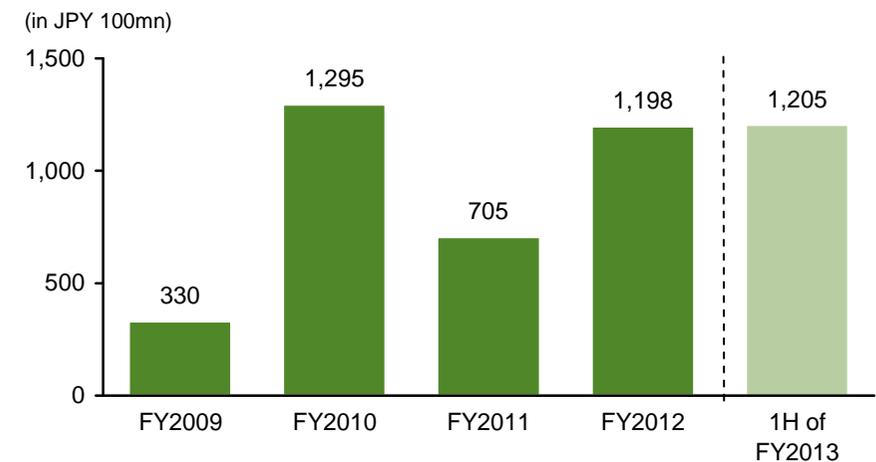
12 Gains/Losses on Sale of Securities	263	(371)	(635)
13 Gains on Sale of Securities	317	493	176
14 Losses on Sale of Securities	53	865	811
15 Credit-related Expenses <sup>(Note 1)</sup>	(123)	2	125
16 Disposal of Securities	144	5	(139)

(Note 1) Negative numbers for credit-related expenses indicate reversals

## Ordinary Profits over Time (Consolidated)



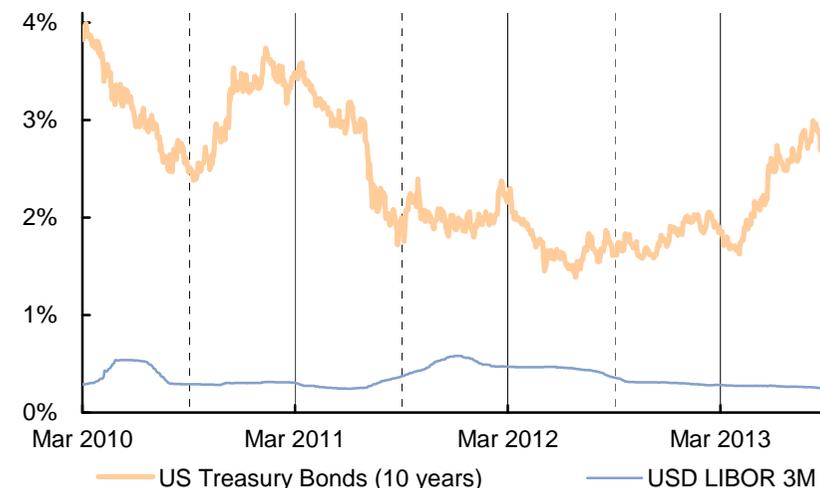
## Net Income over Time (Consolidated)



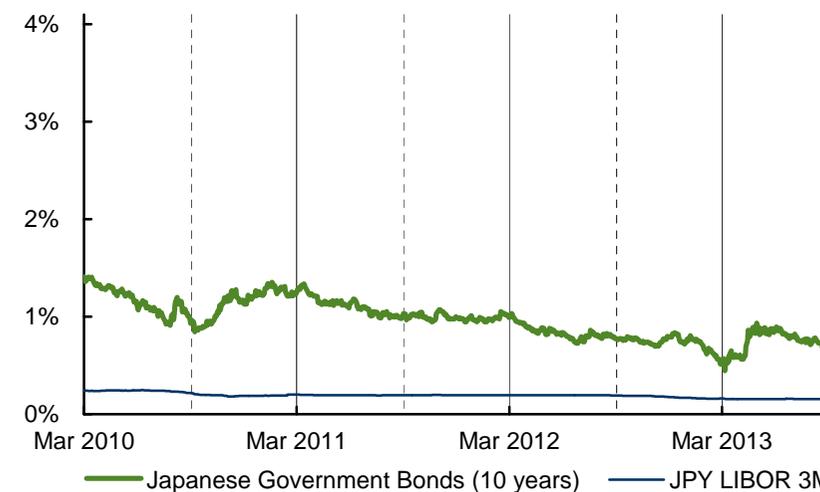
# Earnings Yields (Non-consolidated)

	Average (in JPY trn)		Earnings (in JPY 100mn)		Yield	
	1H of FY2013	YOY Change	1H of FY2013	YOY Change	1H of FY2013	YOY Change
<b>【Investment】</b>						
1 Loans and Bills Discounted	16.6	1.1	339	(38)	0.41%	(0.08%)
2 Securities	54.5	10.1	4,425	(19)	1.62%	(0.38%)
3 Yen-denominated Securities	17.8	0.8	978	289	1.09%	0.29%
4 Foreign Currency-denominated Securities	36.6	9.3	3,447	(309)	1.87%	(0.87%)
5 Short-term Investment Assets	2.9	(5.8)	28	(19)	0.19%	0.08%
<b>【Funding】</b>						
6 From Member Banks	46.2	2.5	1,501	(35)	0.65%	(0.05%)
7 Debentures	4.4	(0.5)	172	(74)	0.77%	(0.21%)
8 Funding from Markets	22.7	7.9	193	(9)	0.17%	(0.10%)
9 From the Yen Market	1.1	0.2	9	1	0.17%	(0.03%)
10 From Foreign Currencies Markets	21.5	7.6	184	(10)	0.17%	(0.11%)

(Reference) US Dollar Interest Rates over Time



(Reference) Yen Interest Rates over Time



# Balance Sheet Summary

【Consolidated】 (in JPY 100mn)

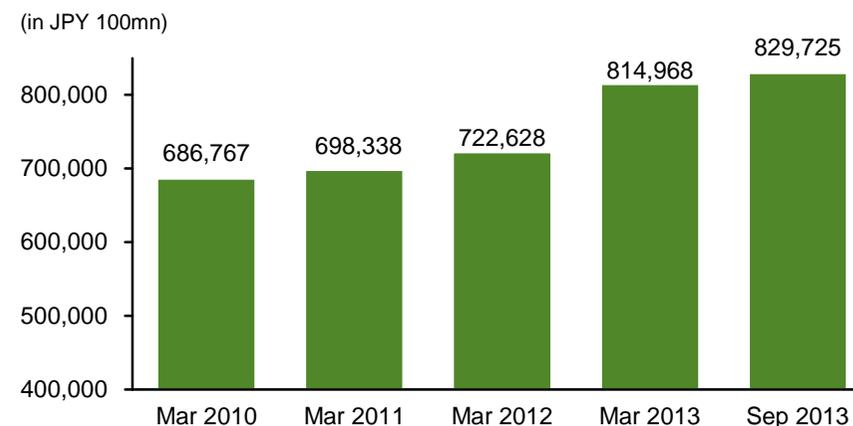
	Mar 2013	Sep 2013	Change
1 Total Assets	814,968	829,725	14,757
2 Total Liabilities	757,295	773,534	16,239
3 Total Net Assets	57,672	56,190	(1,481)

【Non-consolidated】 (in JPY 100mn)

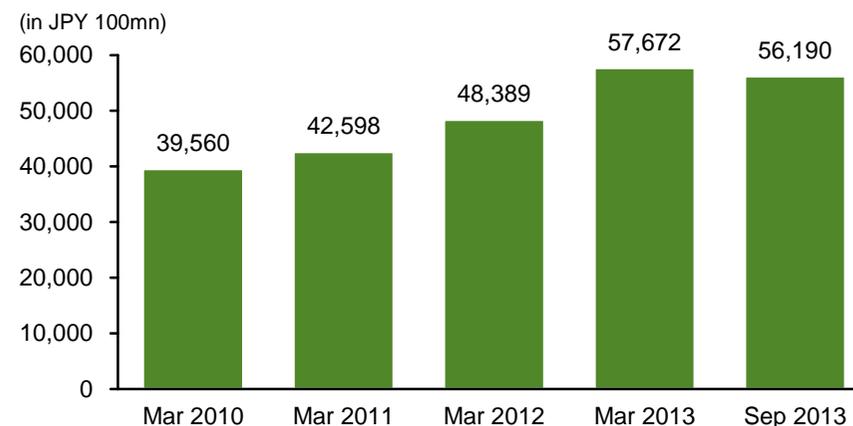
	Mar 2013	Sep 2013	Change
4 Loans and Bills Discounted	161,276	169,837	8,561
5 Securities	500,723	499,003	(1,719)
6 Money Held in Trust	68,912	59,710	(9,201)
7 Cash and Due from Banks	44,038	73,324	29,285
8 Others	33,659	20,860	(12,799)
9 Total Assets	808,610	822,736	14,125
10 Deposits <sup>(Note 1)</sup>	516,915	534,281	17,365
11 Debentures	46,192	43,073	(3,118)
12 Payables under Repurchase Agreements	123,497	115,746	(7,751)
13 Others	64,656	73,822	9,166
14 Total Liabilities	751,261	766,923	15,662
15 Total Net Assets	57,349	55,813	(1,536)
16 Gains/Losses on Revaluation of Securities	17,409	13,607	(3,802)

(Note 1) Deposits include deposits and entrusted funds (the majority are short-term funds received from members) for accounting purpose.

## Total Assets over Time (Consolidated)

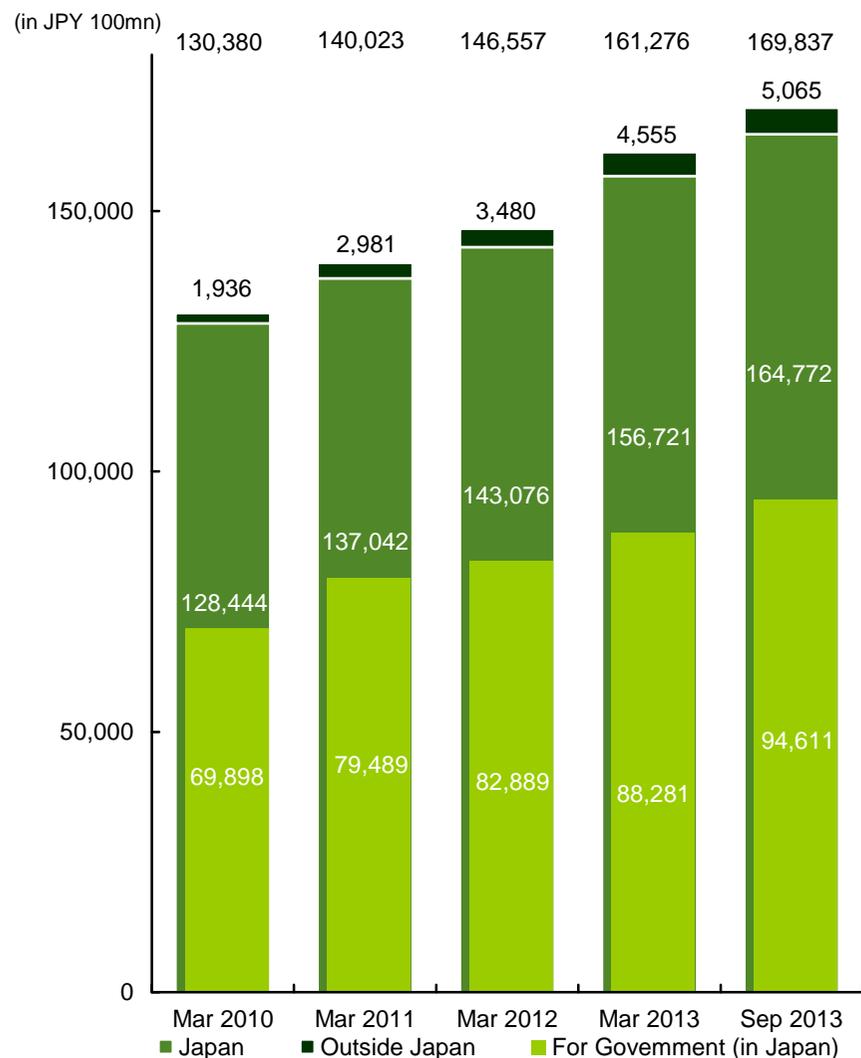


## Net Assets over Time (Consolidated)



# Loans and Bills Discounted (Non-consolidated)

## Loans and Bills Discounted over Time

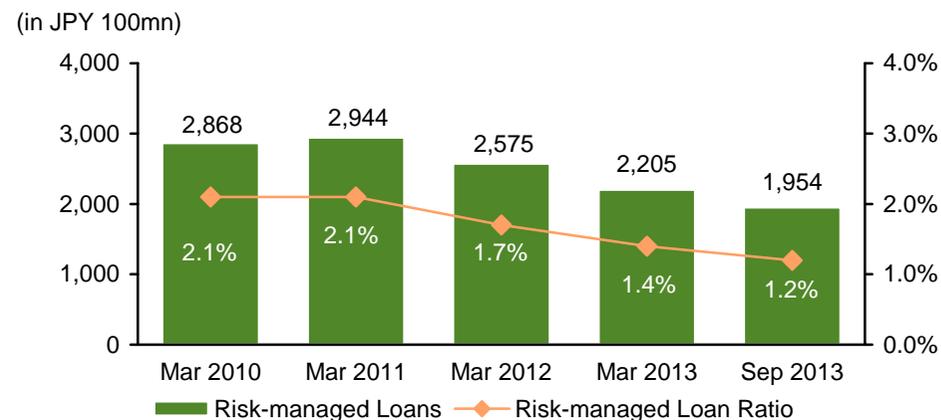


## Outstanding Loan Balance by Sector

(in JPY 100mn)

	Balance		Ratio
	Sep 2013	Change from Mar 2013	
1 Corporative Organizations	5,372	(629)	3%
2 Corporations	58,660	4,038	35%
3 Others	105,805	5,151	62%
4 Government	94,611	6,330	56%
5 Total	169,837	8,561	100%

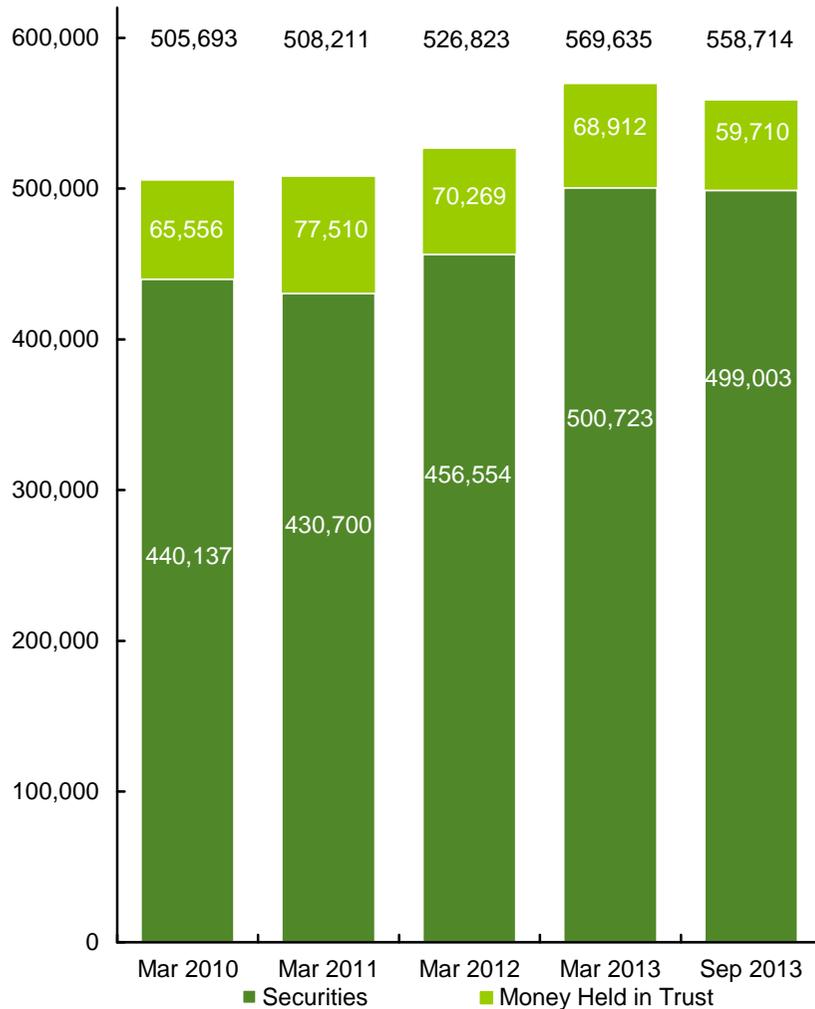
## Risk-managed Loans over Time



# Market Investment Portfolio (Non-consolidated)

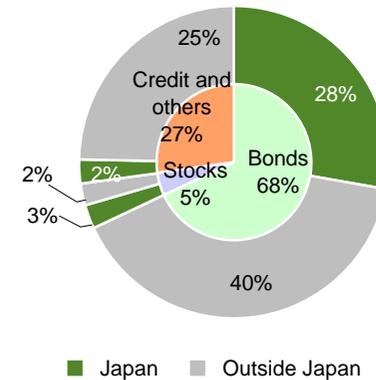
## Securities/Money Held in Trust over Time

(in JPY 100mn)

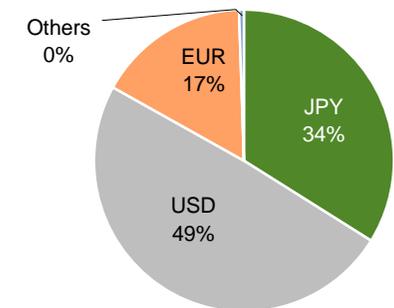


## Market Investment Portfolio (Sep 2013)

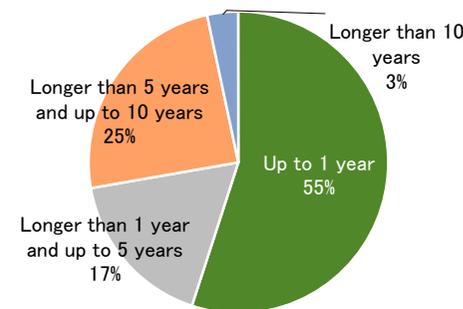
### Market Investment Portfolio by Risk



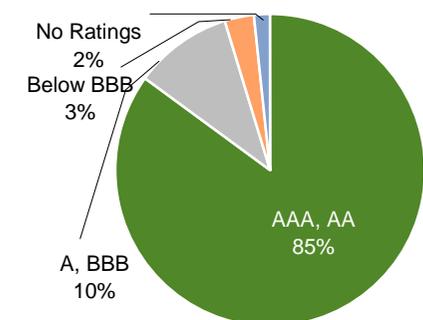
### Market Investment Portfolio by Currency



### Bond and Credit Portfolio by Rate Reset Maturity



### Market Investment Portfolio by Rating



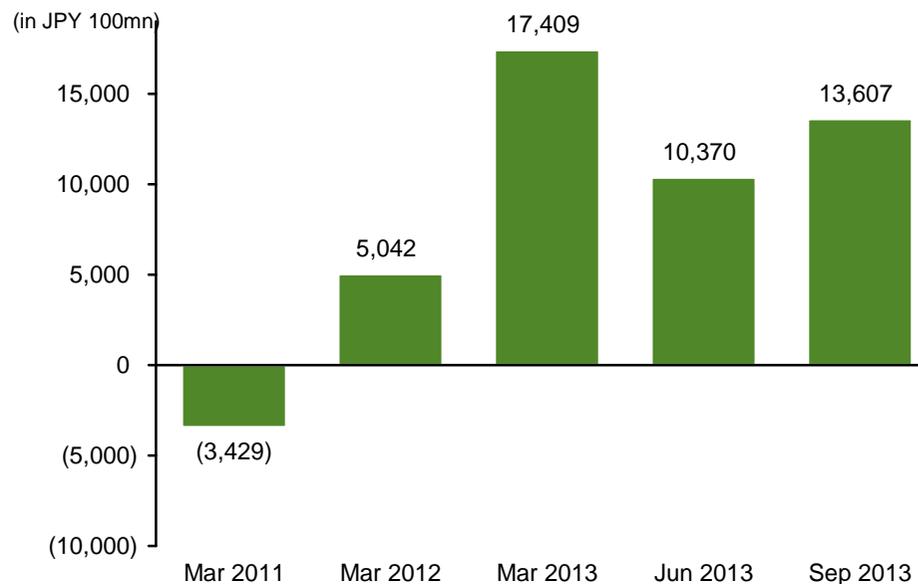
# Net Unrealized Gains and Losses on Securities (Non-consolidated)

(in JPY 100mn)

	Mar 2013	Sep 2013	Change
1 Stocks	1,486	2,046	560
2 Bonds	3,307	2,669	(637)
3 Japanese Government Bonds (Note 1)	3,301	2,671	(630)
4 Municipal Government Bonds	0	0	(0)
5 Corporate Bonds	4	(2)	(7)
6 Others	9,430	6,393	(3,037)
7 Foreign Bonds (Note 1)	4,607	2,317	(2,290)
8 Foreign Stocks	51	73	21
9 Investment Trusts	4,695	3,912	(783)
10 Others	75	89	14
11 Money Held in Trust	3,185	2,498	(687)
12 Total	17,409	13,607	(3,802)

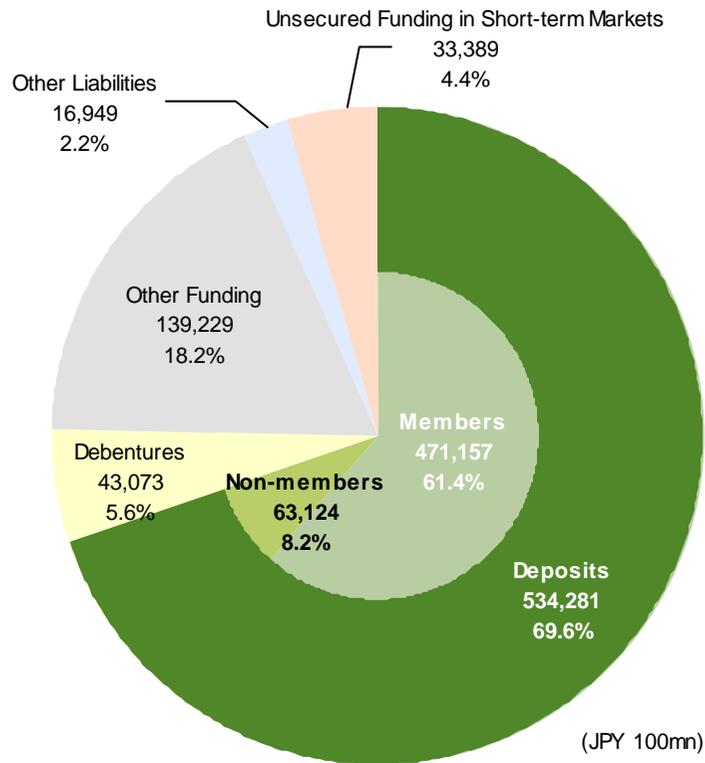
(Note 1) Include securities reclassified into held-to-maturity securities from other holding purpose classification

## Net Unrealized Gains and Losses on Securities over Time



# Funding (Non-consolidated)

## Breakdown of Funding

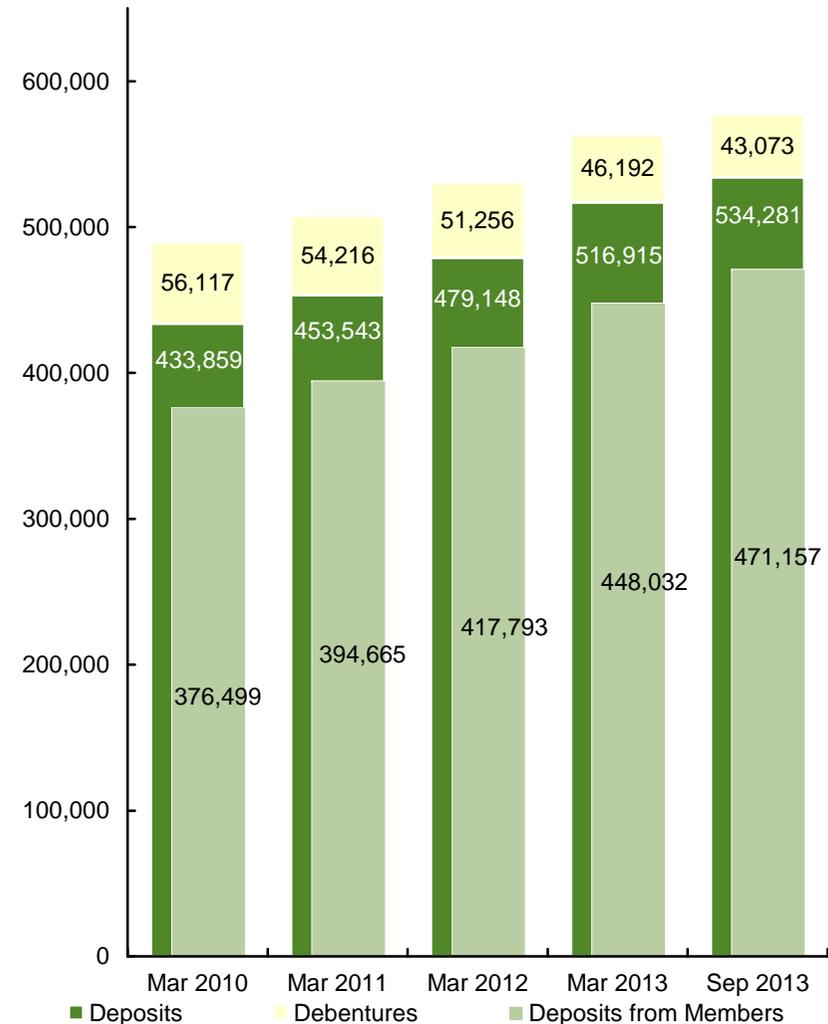


**Total Liabilities: 766,923**

(Note) Deposits include deposits and entrusted funds (the majority are short-term funds received from members) for accounting purpose. Other funding includes borrowed money (secured and subordinated loans) such as payables under repurchase agreements and payables under securities lending transactions. Other liabilities include acceptance & guarantees and reserves. Short-term unsecured funding from markets include trading liabilities, negotiable certificates of deposits, and unsecured call money.

## Deposits and Debtentures over Time

(in JPY 100mn)



# Capital Position

【Consolidated】

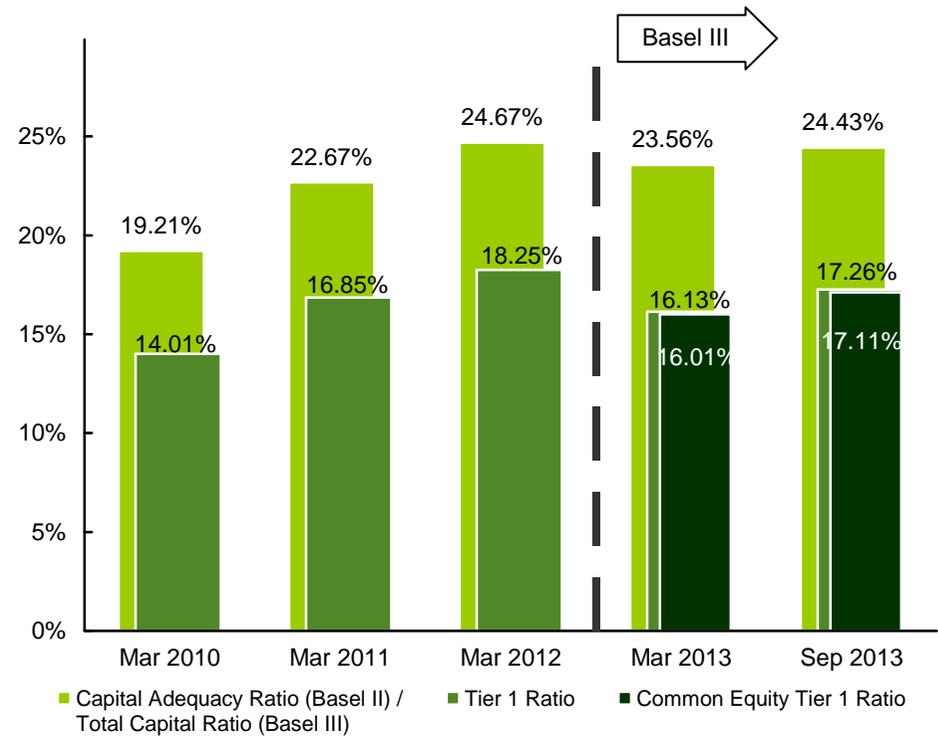
(in JPY 100mn)

	Mar 2013	Sep 2013 (Preliminary Figure)	Change
1 Tier 1 Capital	45,173	46,477	1,304
2 Common Equity Tier 1 Capital (CET1)	44,841	46,055	1,213
3 Additional Tier 1 Capital	331	422	90
4 Total Capital	65,981	65,757	(223)
5 Risk-weighted Assets	280,009	269,126	(10,883)
6 Common Equity Tier 1 Ratio	16.01%	17.11%	1.10%
7 Tier 1 Ratio	16.13%	17.26%	1.13%
8 Total Capital Ratio	23.56%	24.43%	0.87%

【Non-consolidated】

	Mar 2013	Sep 2013 (Preliminary Figure)	Change
9 Tier 1 Capital	44,873	46,128	1,255
10 Common Equity Tier 1 Capital (CET1)	44,546	45,714	1,168
11 Capital Stock and Capital Surplus	34,009	34,009	-
12 Earned Surplus	11,047	11,705	658
13 Additional Tier 1 Capital	326	414	87
14 Tier 2 Capital	21,360	19,857	(1,502)
15 Total Capital	66,233	65,986	(247)
16 Risk-weighted Assets	278,630	267,455	(11,174)
17 Common Equity Tier 1 Ratio	15.98%	17.09%	1.11%
18 Tier 1 Ratio	16.10%	17.24%	1.14%
19 Total Capital Ratio	23.77%	24.67%	0.90%

## Capital Ratio over Time (Consolidated)



## Composition of Capital Disclosure

“Disclosure relating to the composition of regulatory capital” and “a full terms and conditions of regulatory capital instruments” are available in IR Library on the Bank’s website (Japanese: <http://www.nochubank.or.jp/ir/capital.html>)

“Reconciliation between banks’ balance sheets and their regulatory capital” will be disclosed in the Bank’s annual and interim reports.



# Appendices



# The Bank's Medium-Term Management Plan (FY 2013 – 2015) (1)

## Future Vision for the 100th Anniversary (2023)

**Leading Bank that Supports the Agricultural, Fisheries and Forestry Industries, Food Production and Consumption, and the Daily Lives of Local Communities**

## 4 Future Visions

- 1 The Bank that provides financial solutions for the sustainable development of the agricultural, fisheries and forestry industries and local communities
- 2 The Bank that develops network-based banking service that values ties and relationships
- 3 The Bank that demonstrates its presence in domestic and global financial markets to support the agricultural, fisheries and forestry industries, food production and consumption, and local communities
- 4 The Bank, as a team of professionals, that takes on challenges with no fear of change

Positioning of the Medium-Term Management Plan (FY 2013 - 2015)  
=> Period that determines "future visions"

## Basic Concept of the Medium-Term Management Plan (FY 2013 - 2015)

Challenge for new initiatives that contribute to the agricultural, fisheries and forestry industries, food production and consumption, and the daily lives of local communities

Strengthening of profitability and organizational strengths that leads to enhanced competitiveness of the Bank and the cooperative system

# The Bank's Medium-Term Management Plan (FY 2013 – 2015) (2)

## Challenge for New Initiatives that Contribute to the Agricultural, Fisheries and Forestry Industries, Food Production and Consumption, and the Daily Lives of Local Communities

### 1. Proactive efforts on new initiatives contributing to the development of the agricultural, fisheries and forestry industries, food production/consumption, and revitalization of local communities

- Continued efforts to reconstruct the disaster-affected areas centering on the agricultural, fisheries and forestry industries
- Strengthening the ability to cater to leaders who support the sustainable development of the agricultural, fisheries and forestry industries
- Efforts to enhance the profitability of the agricultural, fisheries and forestry industries
- New efforts to revitalize local communities centering on the agricultural, fisheries and forestry industries
- Strengthening partnership with corporate customers which contributes to the development of the agricultural, fisheries and forestry industries and the cooperative banking business

### 2. Planning and implementation of further initiatives for strengthening and expanding the cooperative banking business

- Planning and deployment of measures that contribute to the reconstruction and expansion of the user base
- Development of additional frameworks for the enhancement of business management arrangements and management base
- Development and management of business infrastructures that support implementing business strategies
- Strengthening initiatives for the development of cooperative banking-related human resources who can put business strategies into practice
- Initiatives for strengthening partnership among national-level union and federations
- Consideration of the future direction as regional financial institutions

## Strengthening of Profitability and Organizational Strengths that Leads to Enhanced Competitiveness of the Bank and the Cooperative system

### 3. Strengthening of profitability through appropriate risk management

- Ensuring a solid profit base through flexible and strategic asset allocation and stable funding
- Pursuing new investment opportunities for increased profitability
- Continued efforts to strengthen corporate lending
- Implementation of risk management that contributes to enhanced competitiveness

### 4. Building up of organizational strengths through strategic use and enhancement of management resources

- Putting emphasis on cultivating “human resources” who will play a key role in the Bank and the cooperative system
- Adequate financial management taking into account market environment (ordinary profit target: JPY100bn)
- Appropriate allocation of management resources
- Improvement of business infrastructures for the operations of the Bank and the cooperative system
- Strengthening of compliance and business management arrangements for the Bank and the cooperative banking system

# JA Bank Medium-Term Strategies (FY 2013 – 2015)

## Future Vision in 10 Years Time

The Bank that Contributes to Food Production and Consumption, Agriculture, and Local Communities More than Ever

The Bank Chosen and Trusted by Customers

## JA Bank Medium-Term Strategies and Human Resources Development Plan

### Proposal and Provision of Products and Services from Customers' Perspectives

#### Visiting Customers

Improvement of agricultural financial services for farmers  
Improvement of financial services for daily living

#### Service Locations

Demonstration of the ability to consult and provide products and services

Target  
JA Savings: JPY95trn  
JA Bank Loans: JPY10trn

### Improvement and Review of Product and Service Quality / Contribution to Local Communities and Society

#### Enhancement of the Role as the Main Bank for the Agricultural Industry

- More appealing agricultural financial products (e.g. provision of interest subsidy and various funds)
- Sixth industrialization and promotion of agricultural, commercial and industrial cooperation

#### Contribution to Local Communities and Society

- Expansion of the JA Bank Agri-Support Project
- Support for the revitalization of local communities (e.g. use of renewable energy)

#### Provision of Financial Services for Daily Living that Meet Customer Needs

- Support for customers to build assets in a secure manner through savings, JGB, and investment trusts
- Assistance for the secure inheritance of assets to the next generation on an individual basis
- Pursuit of "convenience" (e.g. expansion of affiliated ATM networks and charge-free ATM)

### Demonstration of Financial Institution's Functions of a Public Nature

- Appropriate response to facilitate financing on a continuous basis
- Stable operation of computer systems under reliable system risk management
- Implementation of various measures for the uninterrupted provision of basic financial services in the event of a large-scale disaster

### Cultivation and Development of Human Resources - Fundamental Resources for Provision of Services and Management

Development and raising awareness of leaders who can formulate strategies and policies in accordance with changing environment as well as employees chosen and trusted by customers

# JF Marine Bank Medium-Term Business Promotion Policy (FY 2012 – 2014)

## Medium-Term Vision (Future Directions of JF Marine Bank)

- Become a “trusted provider of financial services for fishing communities” by continuously responding to the changing needs of individual members and the society

## Directions for Addressing Issues

Maintenance and improvement of the economic and social status of individual members and vitalization of the fisheries industry and fishing villages

### <Demonstration of its Role as a Cooperative Organization that Contributes to Fishing Communities>

- Provision of services to individual members in a stable manner and contribution to the fisheries industry and fishing villages

### <Policies>

- Conducting trust-based banking operations through provision of services to individual members and other customers
- Promotion of business and securing business volume that underpin sound management

## Initiatives

### 【Promotion of the Use of JF Marine Bank as the Main Bank】

1. Increase in deposits: Promotion of an automatic saving plan to deposit a prescribed portion of payments received for fish caught; opening of new accounts for receipt of annuity payments
2. Enhancement of convenience: Customer protection and disaster countermeasures through promotion of IC cash card issuance; expansion of affiliated ATMs; promotion of the use of JF Marine Bank as the main bank

### 【Low-cost Business Management】

1. Deployment of low-cost service locations (e.g. introduction of mobile terminals)
2. Consolidation of back-office functions such as administration and operations

### 【Enhancement of Financial Functions to the Fisheries Industry】

1. Development of financial consultants who can provide financial services to the fisheries industry
2. Enhancement of responsiveness through promotion of the Fisheries Modernization Loan, etc.
3. Provision of post-Earthquake financial support (e.g. provision of interest subsidy)

### 【Human Resources Development】

1. Improvement and diversification of trainings
2. Enhancement of customer service through improved operations

# Initiatives for Development of Agricultural, Fisheries and Forestry Industries and Revitalization of Local Communities

- Under the Bank's Medium-Term Management Plan and the policies of JA Bank's Medium-Term Strategies, initiatives aiming at supporting agricultural, fisheries and forestry industry leaders, including agricultural corporations, and contributing to local communities are implemented

## 3 Pillars of the Policies of the Medium-Term Management Plan

### Support to Agricultural Leaders in Local Communities

(e.g. provision of financial tools, such as funds, and consultation service)

### Support for Enhanced Business Management

(e.g. agri-commerce-industry cooperation; support for sixth industrialization)

### Support for Revitalization of Local Communities

(e.g. use of renewable energy; assistance to core businesses in the area)

Agricultural Leaders (e.g. agricultural corporations, community-based farming group)

Local Communities

#### Investment through the Support Fund for Business Entities of Agricultural Leaders

- Investment was made, through the fund, in an agricultural corporation jointly established by an agricultural corporation and farmers in Kumamoto Prefecture and MOS Food Services, Inc. (October 2013)
- It is the first investment made through the Support Fund for Business Entities of Agricultural Leaders, which was established in corporation with The Agribusiness Investment Consultation Co., Ltd. to cater to agricultural leaders seeking to expand and diversify their business.
- Initiatives to contribute to the sustainable development of local agriculture, for instance, through acquisition of abandoned farmland.



#### Investment through the JA Sixth Industrialization Fund

- A vegetable packing and distribution company was jointly established by Mitsui Fudosan Co., Ltd., which promotes the "Kashiwanoha Smart City Project," and the JA Sixth Industrialization Fund. The vegetables are grown at a plant factory founded in industry-academia-commerce corporation where Chiba University participates. (November 2013)
- The business aims at the revitalizing urban agriculture and the improving service for local residents through corporation between Mitsui Fudosan, which operates commercial facilities in Chiba Prefecture, and JA in the area.



#### Support for Initiatives Leading to Revitalization of Communities and the Forest Industry

- JA Bank Agri-Eco Support Fund made investment in a woody biomass power generation project operated by an entity established by six forestry-related businesses in Mie Prefecture. (September 2013)
- The project, which uses unused timbers (from forest thinning and forest residue) in Mie as fuel, contributes to mountain forest conservation, and has created jobs related to logging and power plant operation.
- Initiatives leading to the revitalization of local communities through use of resources amply available in agricultural, fisheries and mountain villages.



# Reconstruction Initiatives following the Great East Japan Earthquake

- The Bank continues carrying out various initiatives, such as the Reconstruction Support Program, to support the reconstruction of members, the lives of customers, agricultural fisheries and forestry workers, and local communities in the affected areas

Reconstruction Support Program (Duration: about 4 years; Size: JPY30bn)	
Financial Support Program	Financial support : Interest subsidies, reconstruction and recovery loans (low-interest loans), etc.
Business & Management Support Program	Business recovery: support for the recovery of infrastructures, such as service locations, ATM and terminals Business support: support for strengthening the business base of members

## Reconstruction Support for Farmers, Fishermen, Foresters and Local Communities

### <Financial Support>

- Provision of interest subsidy to disaster funds by JA and JF
- Subsidization of lease fees for disaster-affected farmers to whom JA leases agricultural equipments
- Supply of long-term low-interest funds through a reconstruction loan
- Provision of capital through a reconstruction fund



(Steel pipe greenhouses funded by the reconstruction fund)

### <Non-financial Support>

- Subsidization of the expenses of production materials for rice farming (since May 2013)
- Donation of fish baskets and subsidization of the costs of cardboard boxes used for collective shipment



## Reconstruction Support to Members and Customers

### <Business Recovery and Reconstruction for Members>

- Dispatch of employees to JA and JF affected by the disaster on a continuing basis, and provision of guidance and advice
- Support for the business recovery of disaster-stricken JA and JF based on a plan to help strengthen the cooperative banking business, and for initiatives to rebuild local communities

### <Provision of Financial Services to Affected Customers>

- Continuous operation of the Disaster-affected Customer Support Center
- Support to disaster-affected customers to restore their lives through provision of the Reconstruction Support Time Deposits and the Reconstruction Support Loan by JA and JF
- Support to disaster-affected customers dealing with “double loan problems” and response to the project to promote collective relocation for disaster prevention

Product	No. of Loans, etc.	Amount
Reconstruction loan “Tohoku Agricultural, Forestry, and Fishery Industries Support Loan” (since December 2011)	Number of loans 54	Total loans outstanding JPY20.2bn
Reconstruction fund “Tohoku Agricultural, Forestry, and Fisheries Support Fund” (since February 2012)	Number of investments 14	Total investments outstanding JPY300mn
Lease subsidies (since July 2012)	Number of subsidies 428	Total lease amount JPY1.8bn

(Cumulative total as of September 2013)

# Initiatives for Agricultural Financial Service

- In light of the government's growth strategy ("agriculture, forestry and fisheries on the offensive"), JA Bank, as the main bank for the agricultural industry, responds to the diversifying needs of farmers, and the Bank supports such effort aiming at contributing to agricultural development in local communities

## Areas of Support by JA Bank as the Main Bank for the Agricultural Industry

Support to Local Agricultural Leaders  
【to respond to business expansion needs, etc.】

Support for Agricultural Management  
【for improved income of farmers】

Contribution to Local (Agricultural) Communities/Society  
【through use of renewable energy】

## Major Initiatives by JA Bank Group

- Demonstration of functions as centralized agricultural financial centers (e.g. JA Shinnoren) in all prefectures; enhancement of loan consultation service for farmers
- Visits to all potential agricultural leaders in local communities (i.e. farmers whom JA Bank places focus on promoting its use as their main bank, total 82,000 farmers) by JA Bank nationwide
- Enhancement of responsiveness to agricultural funding needs (e.g. proposal of JA financial products meeting farmers' needs; provision of interest subsidy)
- Conducting CS surveys (in 34 prefectures in FY 2012) to understand farmers' satisfaction level; focus on the development and deployment of JA products meeting the needs of agricultural leaders and relevant measures based on the survey results
- Creation of the JA Bank Agricultural Financial Planner certification system aiming at developing human resources in charge of financial loans at JA and other organizations (total 2,950 certified planners nationwide)
- Support to farmers for agri-commerce-industry cooperation through organization of local business conferences and seminars
- Deployment of the JA Bank Agri-Support Project (e.g. "Textbook Donation Project" and "Educational Activities Aid Project") nationwide from the perspective of teaching children, who will play a role in the future, the importance of agriculture and food production and consumption

### The Bank Provides Support to JA and JA Shinnoren Operating at the Prefectural Level through Development of Nationwide Measures and Common Infrastructures

Planning and Promotion of Investment/Loan Products

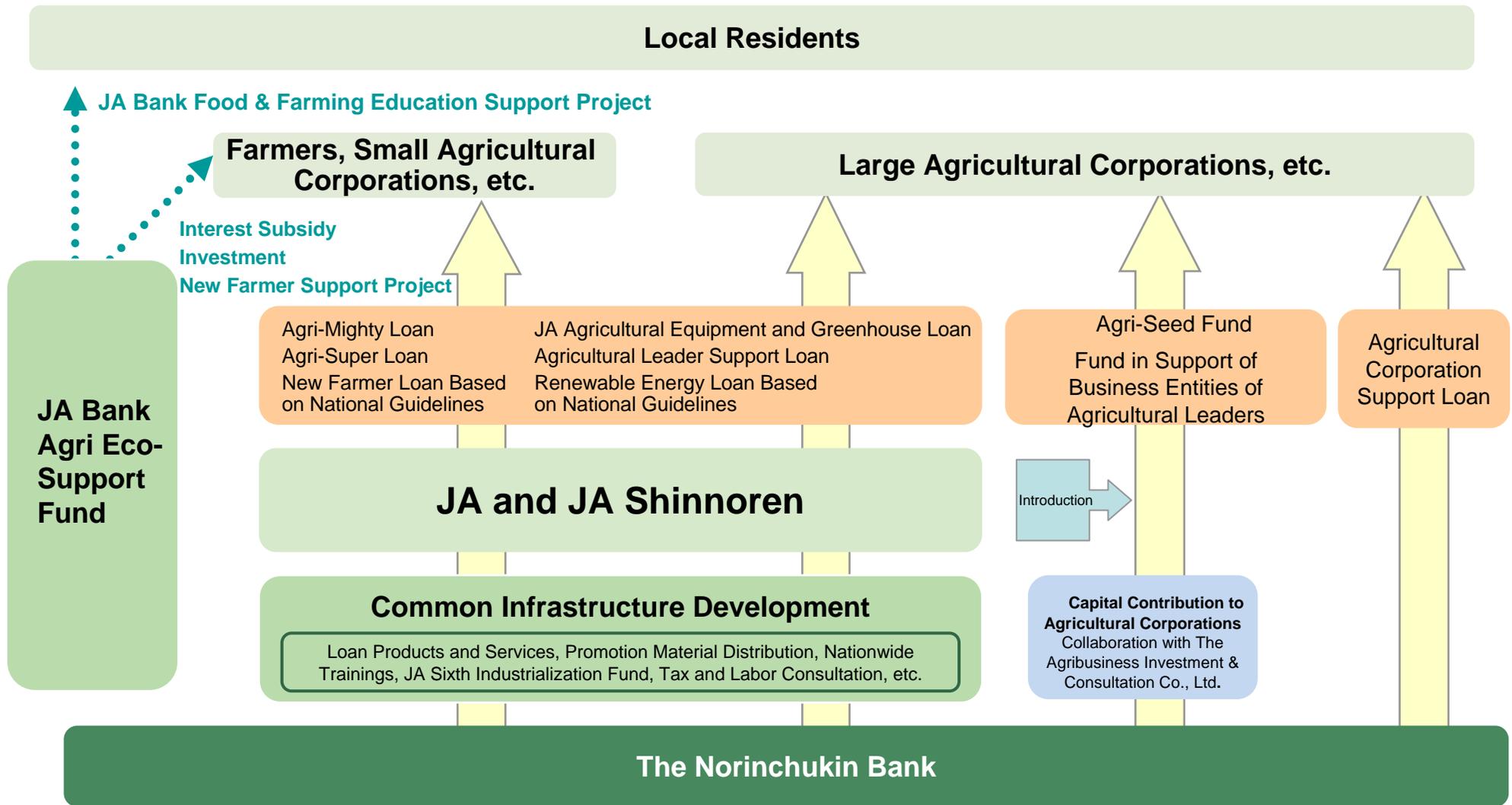
Interest Subsidy

Nationwide Trainings and Seminars, Certification System

Support for Agri-Commerce-Industry Collaboration through Organization of Business Conferences

Provision of Tax and Labor Consultation Services

# Initiatives to Support Agricultural Leaders in Local Communities



Source: The Norinchukin Bank

# Agricultural Loans

- JA Bank supports the agricultural industry by offering a variety of loan products designed to accommodate the various financial needs of farmers and agricultural organizations

- JA Bank has the top share in the transaction volumes of two major policy-based loans: Agricultural Modernization Loans and Japan Finance Corporation's Agricultural Loans

## JA Bank Group's Agricultural Loans by Type

(in JPY100mn)

Type	March 31, 2013
Proper Agricultural Loans	15,530
Agricultural Policy Loans	5,858
Agricultural Modernization Loans	1,745
Other Policy-based Loans	4,112
Total	21,388

## JA Bank Group's Entrusted Agricultural Loans

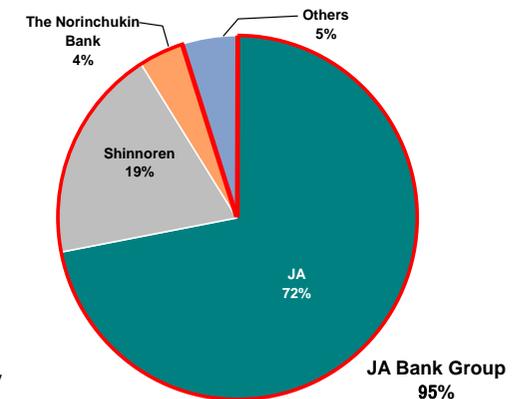
(in JPY100mn)

Type	March 31, 2013
Loans Entrusted by Japan Finance Corporation	5,552
Others	11
Total	5,564

Proper Agricultural Loans represent non-policy-based loans funded by JA Bank. Agricultural policy loans include 1) loans which are extended directly or indirectly by local public organizations, and 2) loans to which interest subsidies are granted by local public organizations, and for this reason, are extended at low interest rates by JA. Other policy-based loans include the Super S Loans and loans which are intended for the reduction of financial burden on agricultural business owners.

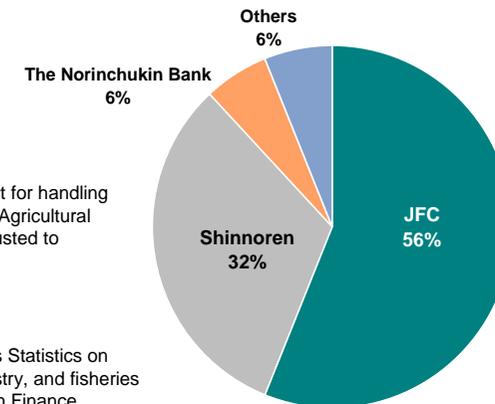
Source: The Norinchukin Bank

## Share of the Agricultural Modernization Loans



As of December 31, 2012  
Source: Ministry of Agriculture, Forestry and Fisheries of Japan

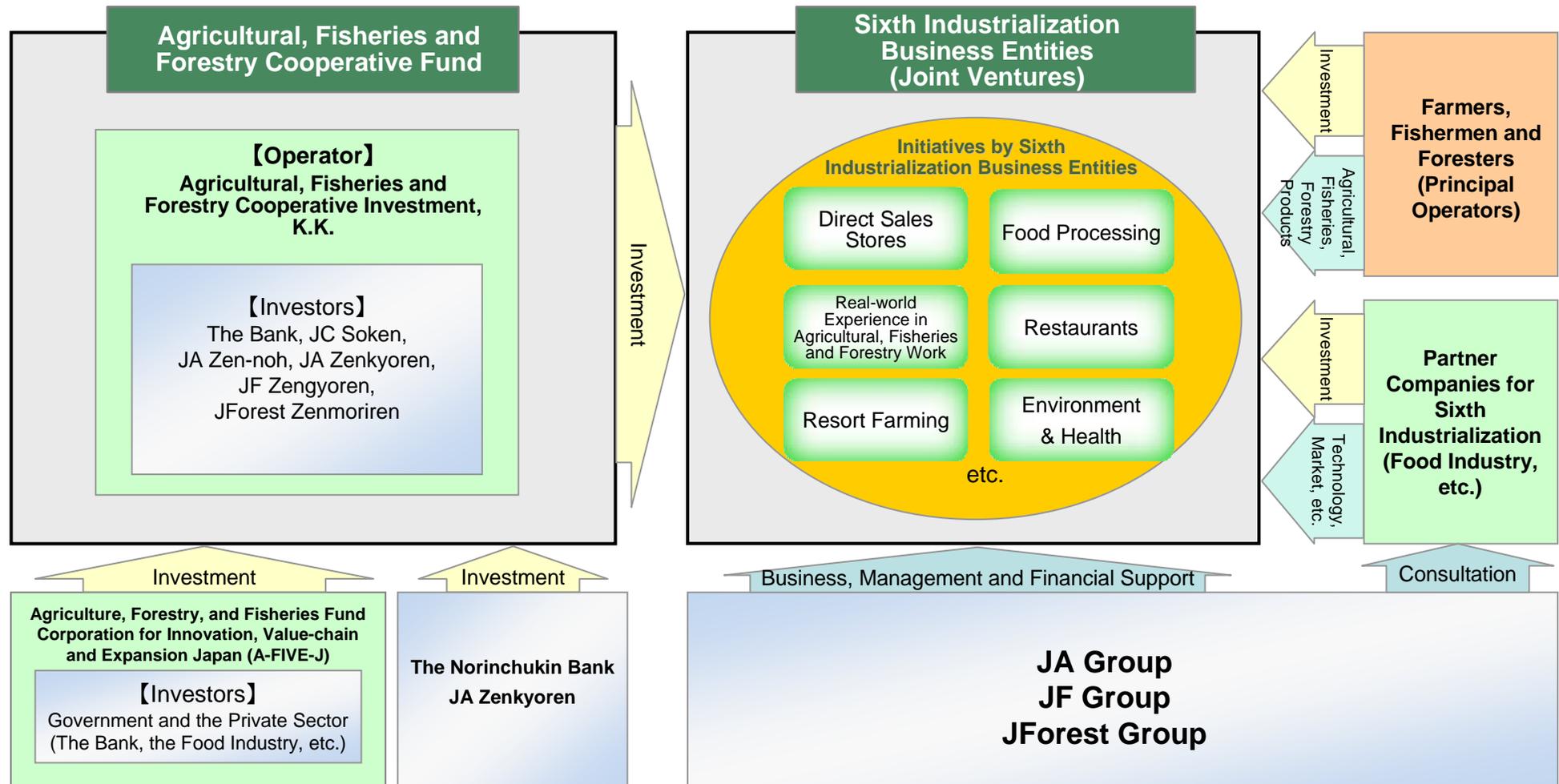
## Share of Transaction Volume of Japan Finance Corporation's Agricultural Loan



JA acts as the primary contact for handling Japan Finance Corporation's Agricultural Loan services which are entrusted to Shinnoren and the Bank  
As of March 31, 2013  
Source: The Annual Business Statistics on the agriculture, forestry, and fisheries businesses by Japan Finance Corporation

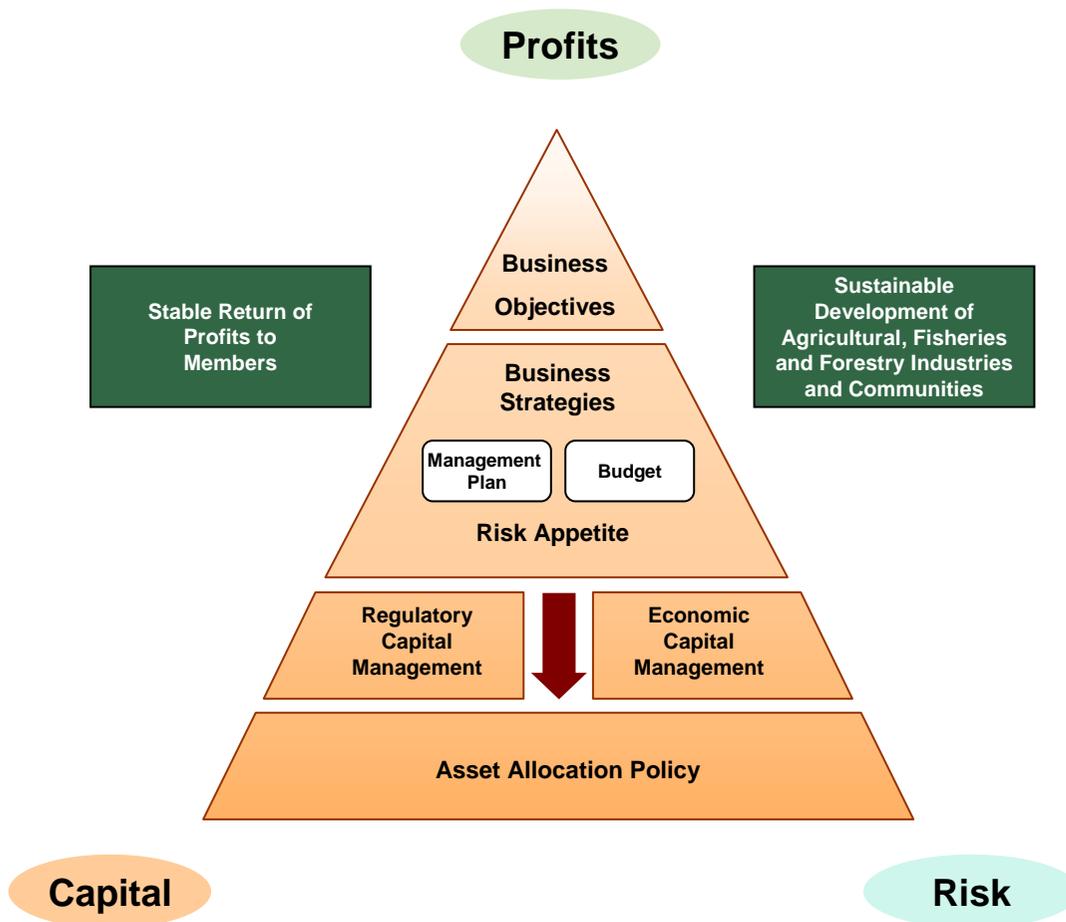
# Initiatives for Promoting Sixth Industrialization

- Support for participation by farmers, fisherman and foresters in the processing, distribution and service industries (sixth industrialization) as well as promotion for the creation of value-added agricultural, fisheries and forestry products
- Support for initiatives by sixth industrialization business entities where farmers, fishermen and foresters participate through investment in the Agricultural, Fisheries and Forestry Cooperative Fund and others



# Internal Capital Adequacy Assessment

- The Bank conducts Internal Capital Adequacy Assessment Process (ICAAP) to manage its capital resources so that profits, capital and risk are managed in a consistent and efficient manner



## ICAAP

- A process for demonstrating the appropriate management of risks facing a company so that it can achieve its business objectives, and for the appropriate maintenance and control of a sufficient level of internal capital to cover these risks.

## Risk Appetite

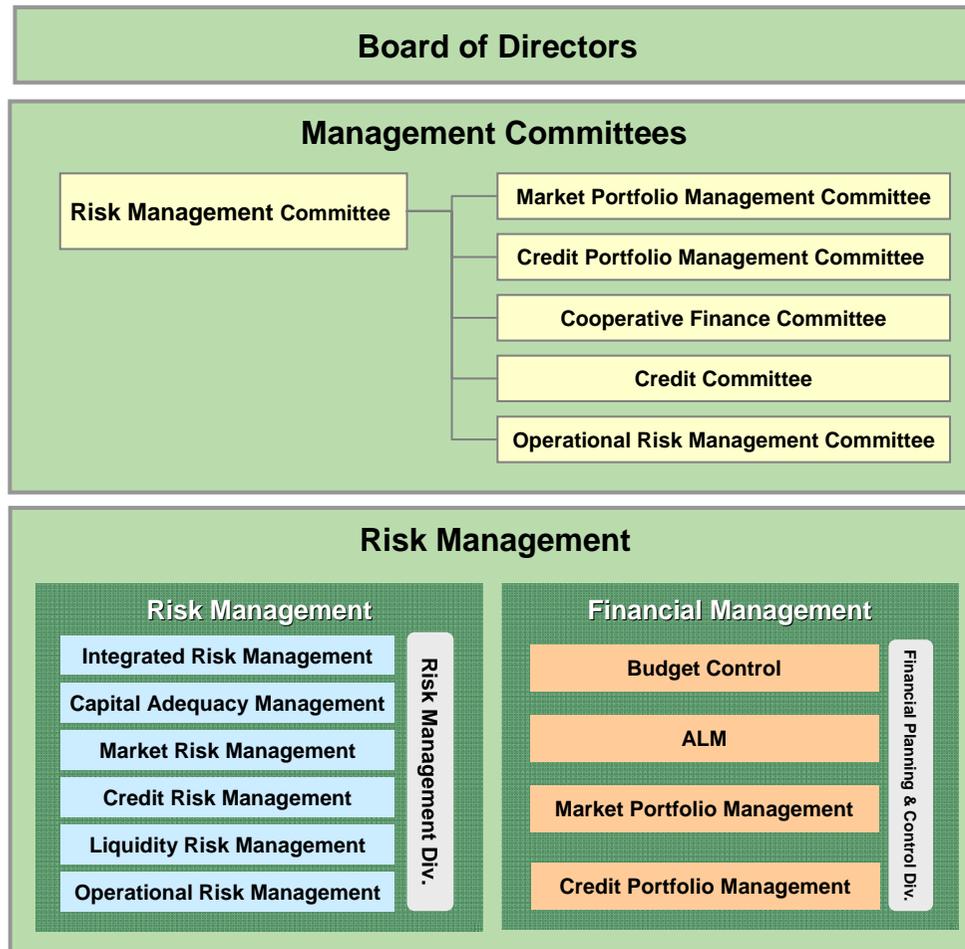
- In implementing the Bank's strategies, risk appetite reflects specific views on risk-taking, and defines what types of risk and magnitude of risk the Bank is willing to accept.
- To return profits in a stable manner to its members, the Bank seeks to take on risk through globally diversified investment by maintaining sufficient capital.
- The Bank's portfolio management strategy (asset allocation policy) for executing globally diversified investments is viewed as the manifestation of risk appetite.

## Business Operations Consistent with the Risk Appetite

- The Bank develops its budgets and management plans that are consistent with its risk appetite, and performs financial and business management in a fine balance with risks and its capital position.
- To maintain a sufficient level of capital, the Bank performs stress tests on a regular basis and manages its capital adequacy by monitoring checkpoints.

# Risk Management System

- The Bank has employed an “integrated risk management” system with a central focus on economic capital management



## 1. Board of Directors

- The Board of Directors sets business objectives in the form of medium-term management plans, risk appetite, management plans and budgets based on them. It also determines a risk management framework for their implementation.
- Based on feedbacks from internal and external audits, the board keeps track of the risk management regimes.

## 2. Management Committees

- The Risk Management Committee discusses and determines important issues associated with the management of economic and regulatory capital and the handling of respective risks.
- Based on the determination, each relevant committee, such as the Market Portfolio Management Committee and Credit Portfolio Management Committee, sets concrete portfolio management policies.

## 3. Risk Management

- As part of its integrated risk management efforts, the Bank has established individual units to watch over market risk, credit risk, liquidity risk and operational risk as well as a unit to supervise such units. Their roles and responsibilities have been clearly defined.
- Through its integrated risk management efforts, the Bank, under its risk management framework, has established its financial management practices flexible enough to ensure that it maintains sound and profitable business performance and, at the same time, to strike an optimal balance among risk, profit, and capital in volatile markets and in the constantly changing economic and financial environment.

# Investments in Securitized Products (Non-consolidated, Preliminary Figures)

## 1 Investment in Securitized Products (Notes 1 and 2)

(JPY in 100mn)

	AAA	AA	A	BBB	Below BBB	Total	(JPY in 100mn)	
							Change from Mar 2013	Unrealized Gains /Losses
1 ABS	15,252	-	-	-	-	15,252	(3,922)	18
2 RMBS	25,995	187	100	105	46	26,435	2,564	(66)
3 Subprime RMBS	-	-	-	-	-	-	(92)	(57)
4 CMBS	588	-	114	117	149	969	(1,200)	6
5 CDO	4,866	3,096	570	185	554	9,272	(103)	40
6 CLO	4,624	2,817	382	63	259	8,147	22	56
7 Resecuritized Products (Note 3)	241	279	187	122	294	1,125	(126)	(16)
8 Subprime-related products	-	-	-	-	0	0	(18)	(17)
9 Others	-	-	-	435	62	498	(7)	-
10 Total	46,702	3,283	785	843	813	52,428	(2,668)	(1)

(JPY in 100mn)

	Exposures	(JPY in 100mn)	
		Change from Mar 2013	Unrealized Gains /Losses
1 USD	31,898	(4,444)	(356)
2 EUR	14,175	2,218	(54)
3 GBP	1,510	(206)	-
4 JPY	4,844	(237)	(2)
5 Total	52,428	(2,668)	(413)

## 2 Investment in Monoline Products (Note 4)

(JPY in 100mn)

	Exposures	(JPY in 100mn)	
		Change from Mar 2013	Unrealized Gains /Losses
1 Monoline Wrapped Financial Instruments	210	(20)	(47)

## 3 Investment in Leveraged Loans (Note 5)

(JPY in 100mn)

	Exposures	(JPY in 100mn)	
		Change from Mar 2013	Unrealized Gains /Losses
1 Japan	-	(8)	-
2 Overseas	67	(178)	-
3 Total	67	(186)	-

## 4 Investment in Bonds Issued by US Housing-related GSEs (Note 6)

(JPY in 100mn)

	Exposures	(JPY in 100mn)	
		Change from Mar 2013	Unrealized Gains /Losses
1 Agency Mortgage Bonds	26,819	(8,928)	487
2 Agency Bonds	12,420	(1,219)	(327)
3 Total	39,239	(10,148)	159

## 5 Others

The Bank has not originated, underwritten nor traded ABCP, SIV, or leveraged loans. The Bank does not own any products related to them in its trading account and is not involved in any unconsolidated off-balance sheet transactions.

(Note 1) Securitized products are defined internally based on the definition under the Basel capital framework. Does not include mortgage-backed securities related to US government sponsored entities.

(Note 2) The amount of securitization exposure is the net exposure after write-off and revaluation. Had a positive impact on the income for the first half of FY 2013 (JPY2.3bn). For some CMBS, the amount of exposure which should be included in specialized lending (SL) under the Basel capital framework (JPY 41.9bn (Revaluation losses: JPY0.2bn)), is not included here.

(Note 3) Resecuritized products such as ABS-CDO, and CDO of CDO's. Include resecuritized products (i. e. products containing at least one securitized product as an underlying asset) under the Basel capital framework totaling JPY279.0bn.

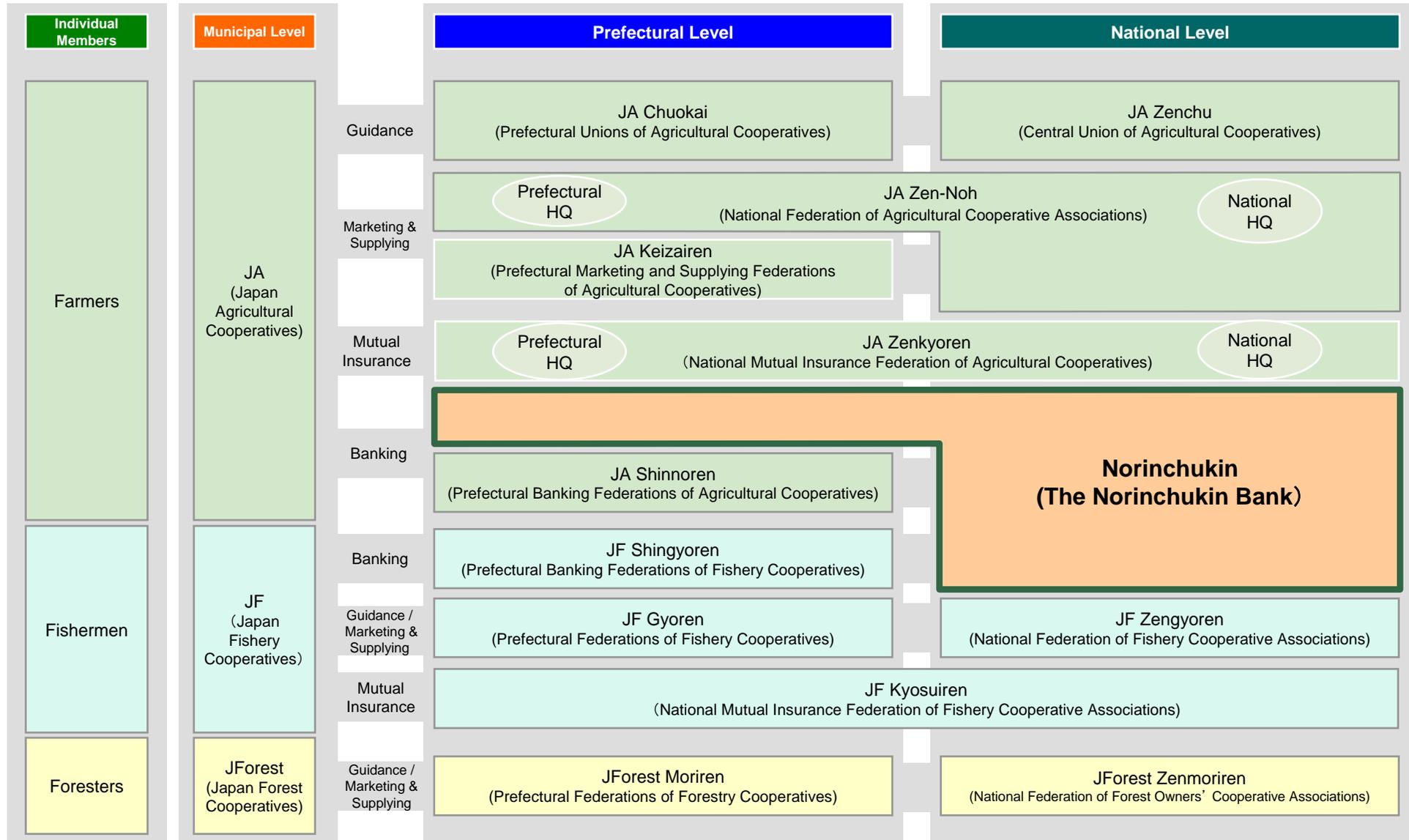
(Note 4) The Bank has exposure to securitized products (CDOs) including monoline-CDS, in addition to financial products guaranteed by monolines.

(Note 5) Loans internally defined as those used mainly for LBOs. Reserve for possible loan losses amounts to JPY0.0bn.

(Note 6) The Bank has JPY1,305.9bn of mortgage-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation.

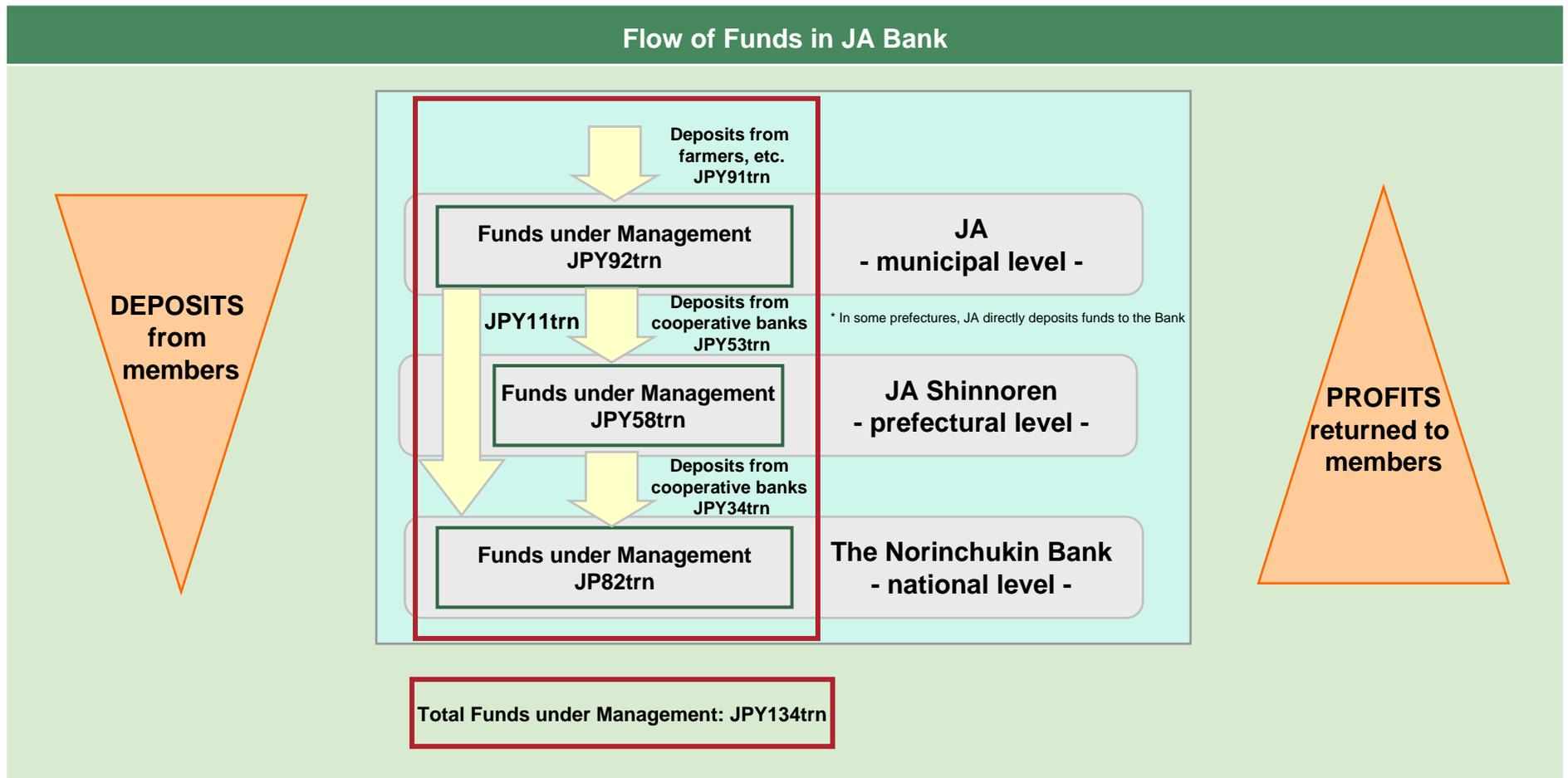
As of September 30, 2013, non-consolidated basis

# Structure of the Cooperative System



# Flow of Funds in JA Bank

- JA Bank = JA (municipal level) + JA Shinnoren (prefectural level) + The Norinchukin Bank (national level)



(Note) As of September 30, 2013

Total funds under management = Funds under management (JPY92trn+JPY58trn+JPY82trn) – Deposits (JPY53trn+JPY11trn+JPY34trn)

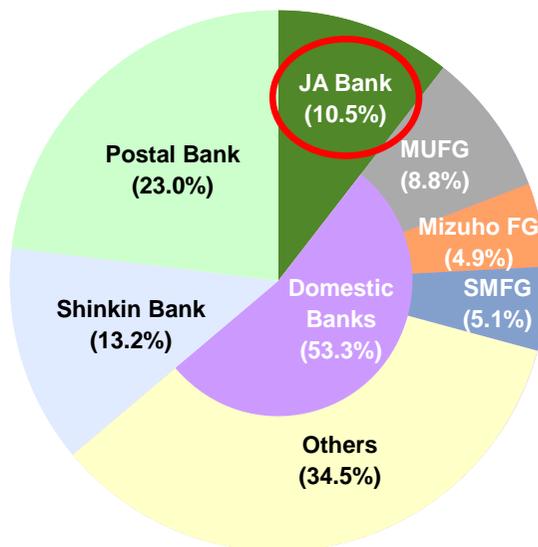
# Stable JA Savings

- JA Bank maintains a strong operating base and a network of 8,308 service locations run by 706 JA nationwide (as of September 30, 2013) \*
- Outstanding balance of JA Bank deposits and savings has shown a stable long-term growth

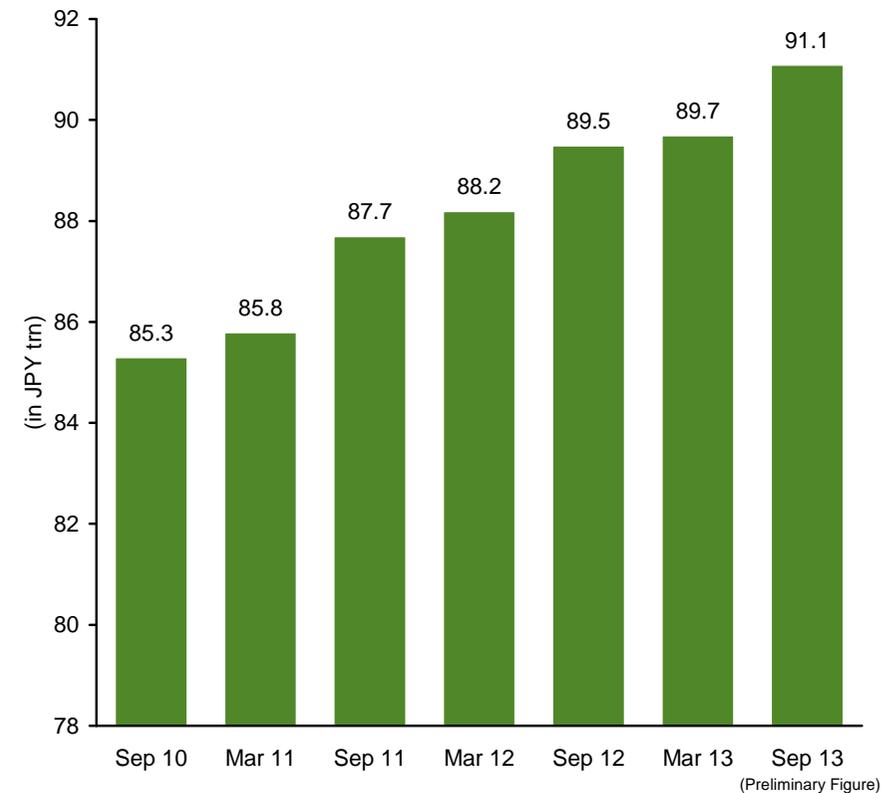
\* Total number of service locations and organizations that handle domestic exchange

## Deposits and Savings (Retail)

Total: JPY766trn

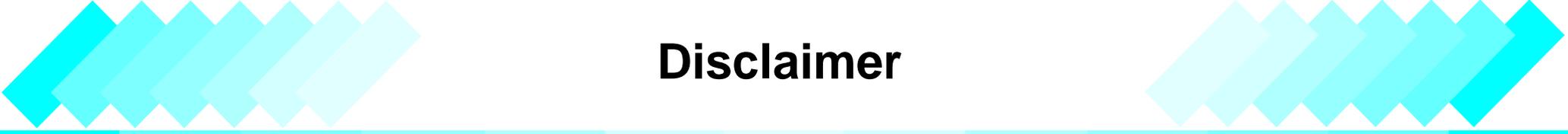


## JA Bank Deposits and Savings over Time



(Note) Aggregate retail and non-retail (public and corporate sectors, etc.) deposits and savings  
Source: The Norinchukin Bank

As of March 31, 2013  
(Note) Prepared by The Norinchukin Bank based on materials of the Bank of Japan, financial statements of Japan Post and financial summaries of other banks  
Retail deposit and savings balance for JA Bank, domestic banks and Shinkin Banks; savings balance for Japan Post Bank



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