



***Financial Summary  
for the 1st Half of Fiscal Year 2014***

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**November 20, 2014**

**農林中央金庫**

**The Norinchukin Bank**

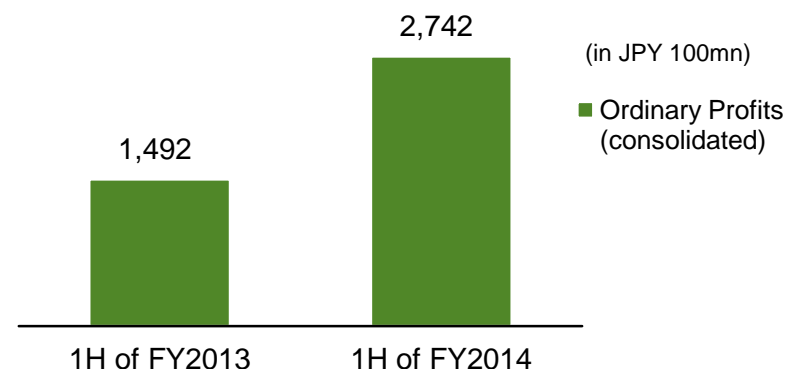
# Financial Highlights for the 1st Half of FY2014

~ Large profit increase through stable financial management reflecting the favorable market environment, with capital adequacy ratios remaining at a high level ~

## Profits

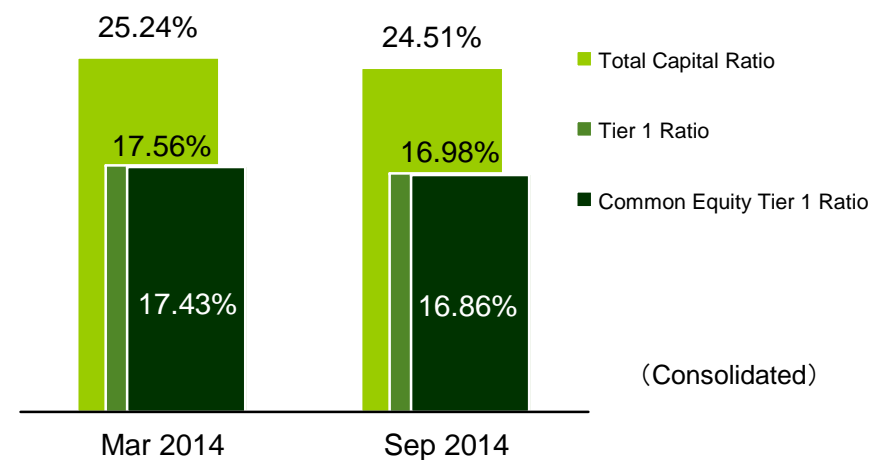
【Consolidated】		(in JPY 100mn)	
	1H of FY2013	1H of FY2014	Change
Ordinary Profits	1,492	2,742	1,250
Net Income	1,205	2,126	921
【Non-consolidated】			
Ordinary Profits <sup>(Note 1)</sup>	1,435	2,747	1,311
Net Income	1,158	2,142	983

(Note 1) Ordinary profit target of JPY 100 billion is set in the Medium-Term Management Plan.



## Capital Position (under Basel III)

【Consolidated】			
	Mar 2014	Sep 2014 (Preliminary Figure)	Change
Common Equity Tier 1 Ratio	17.43%	16.86%	(0.57%)
Tier 1 Ratio	17.56%	16.98%	(0.58%)
Total Capital Ratio	25.24%	24.51%	(0.73%)
【Non-consolidated】			
Common Equity Tier1 Ratio	17.43%	16.87%	(0.56%)
Tier 1 Ratio	17.56%	16.99%	(0.57%)
Total Capital Ratio	25.47%	24.73%	(0.74%)



# Income Statement Summary

## 【Consolidated】 (in JPY 100mn)

	1H of FY2013	1H of FY2014	Change
1 Ordinary Profits	1,492	2,742	1,250
2 Net Income	1,205	2,126	921

## 【Non-consolidated】 (in JPY 100mn)

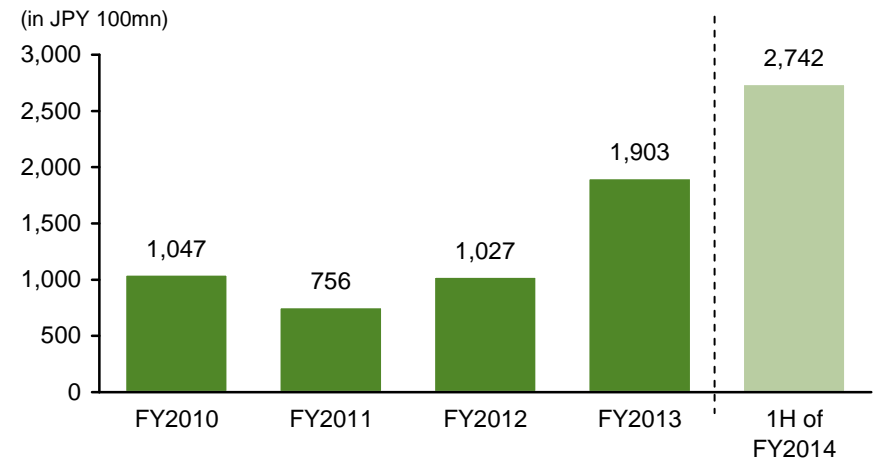
	1H of FY2013	1H of FY2014	Change
3 Ordinary Income	6,122	6,941	818
4 Interest Income	4,527	5,299	772
5 Ordinary Expenses	4,687	4,194	(492)
6 Interest Expenses	2,821	2,898	76
7 General and Administrative Expenses	601	586	(15)
8 Ordinary Profits	1,435	2,747	1,311
9 Extraordinary Profits/Losses	(14)	(3)	11
10 Income before Income Taxes	1,421	2,743	1,322
11 Net Income	1,158	2,142	983

## 【Reference Information】

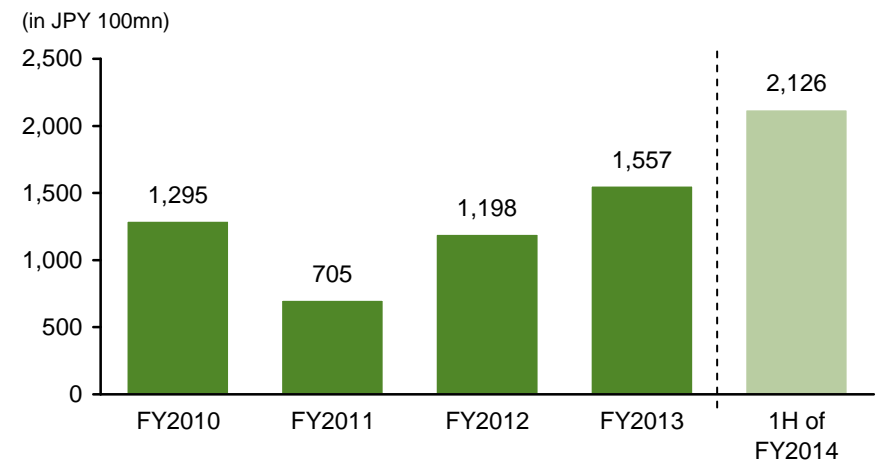
12 Gains/Losses on Sale of Securities	(371)	(101)	269
13 Gains on Sale of Securities	493	284	(209)
14 Losses on Sale of Securities	865	385	(479)
15 Credit-related Expenses <sup>(Note 1)</sup>	2	(170)	(173)
16 Disposal of Securities	5	0	(4)

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

## Ordinary Profits over Time (Consolidated)



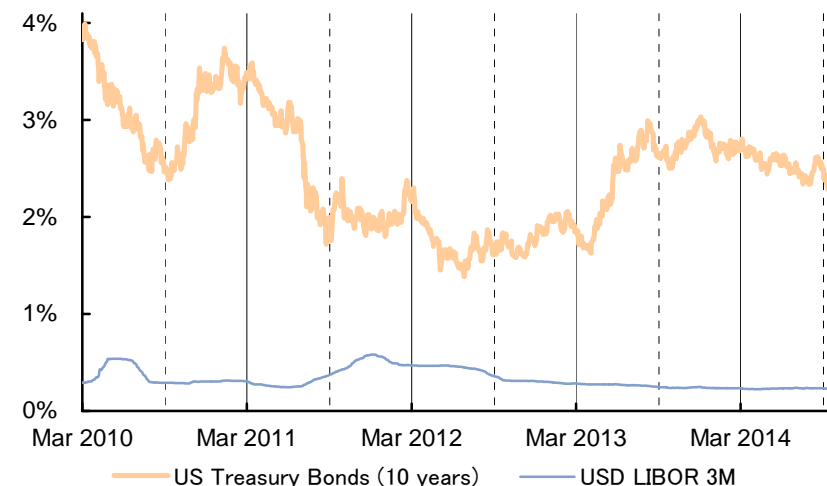
## Net Income over Time (Consolidated)



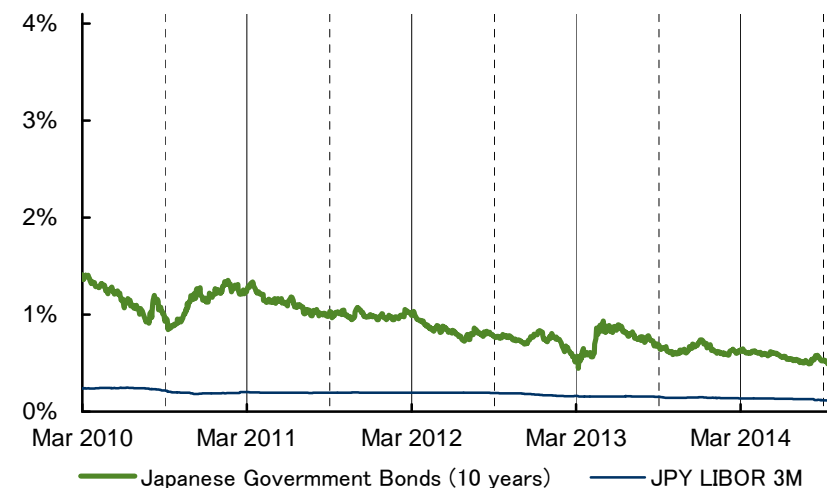
# Earnings Yields (Non-consolidated)

	Average (in JPY trn)		Earnings (in JPY 100mn)		Yield	
	1H of FY2014	YOY Change	1H of FY2014	YOY Change	1H of FY2014	YOY Change
<b>【Investment】</b>						
1 Loans and Bills Discounted	17.7	1.0	322	(17)	0.36%	(0.04%)
2 Securities	54.4	(0.1)	5,673	1,248	2.08%	0.46%
3 Yen-denominated Securities	18.0	0.2	1,068	90	1.18%	0.09%
4 Foreign Currency-denominated Securities	36.3	(0.3)	4,605	1,158	2.53%	0.65%
5 Short-term Investment Assets	3.3	0.3	35	7	0.21%	0.03%
<b>【Funding】</b>						
6 From Member Banks	49.0	2.8	1,581	80	0.64%	(0.00%)
7 Debentures	3.9	(0.5)	103	(68)	0.53%	(0.24%)
8 Funding from Markets	24.0	1.3	193	(0)	0.16%	(0.01%)
9 From the Yen Market	1.4	0.3	11	1	0.15%	(0.02%)
10 From Foreign Currencies Markets	22.5	1.0	182	(1)	0.16%	(0.01%)

(Reference) US Dollar Interest Rates over Time



(Reference) Yen Interest Rates over Time



# Balance Sheet Summary

【Consolidated】 (in JPY 100mn)

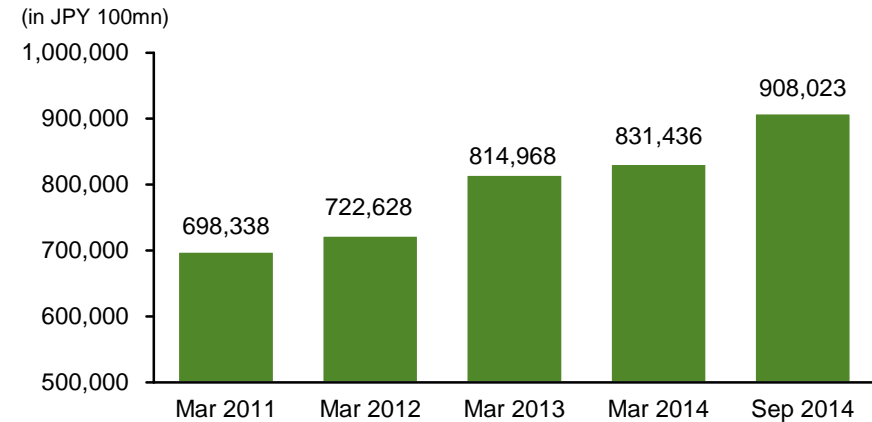
	Mar 2014	Sep 2014	Change
1 Total Assets	831,436	908,023	76,586
2 Total Liabilities	771,671	843,733	72,062
3 Total Net Assets	59,765	64,289	4,524

【Non-consolidated】 (in JPY 100mn)

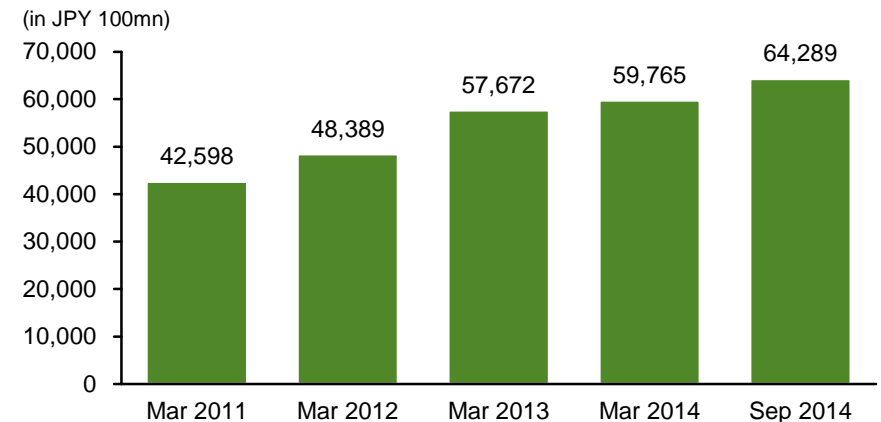
	Mar 2014	Sep 2014	Change
4 Loans and Bills Discounted	172,950	189,300	16,349
5 Securities	529,014	543,463	14,448
6 Money Held in Trust	46,499	45,236	(1,262)
7 Cash and Due from Banks	59,674	95,617	35,942
8 Others	15,423	25,991	10,568
9 Total Assets	823,562	899,609	76,047
10 Deposits <sup>(Note 1)</sup>	526,819	550,948	24,129
11 Debentures	40,375	38,116	(2,259)
12 Payables under Repurchase Agreements	125,826	156,358	30,532
13 Others	71,320	90,420	19,099
14 Total Liabilities	764,343	835,844	71,501
15 Total Net Assets	59,219	63,765	4,545
16 Gains/Losses on Revaluation of Securities	17,920	22,569	4,649

(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)

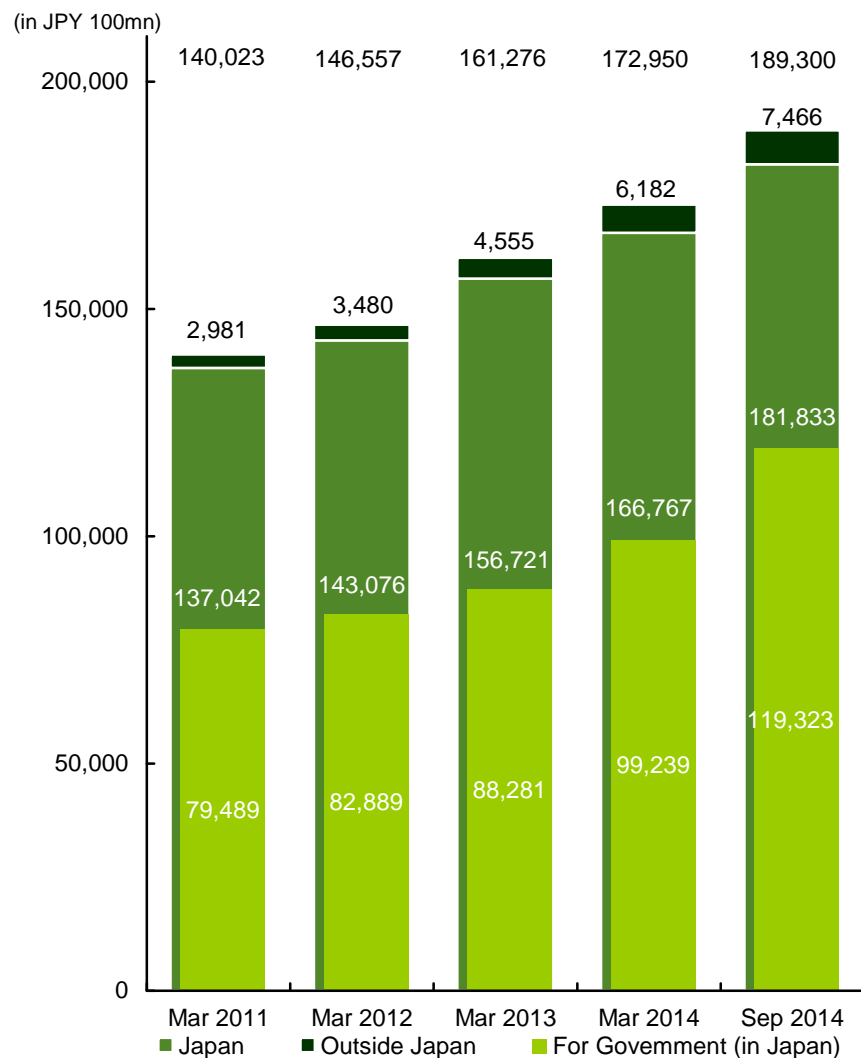


## Net Assets over Time (Consolidated)



# Loans and Bills Discounted (Non-consolidated)

## Loans and Bills Discounted over Time

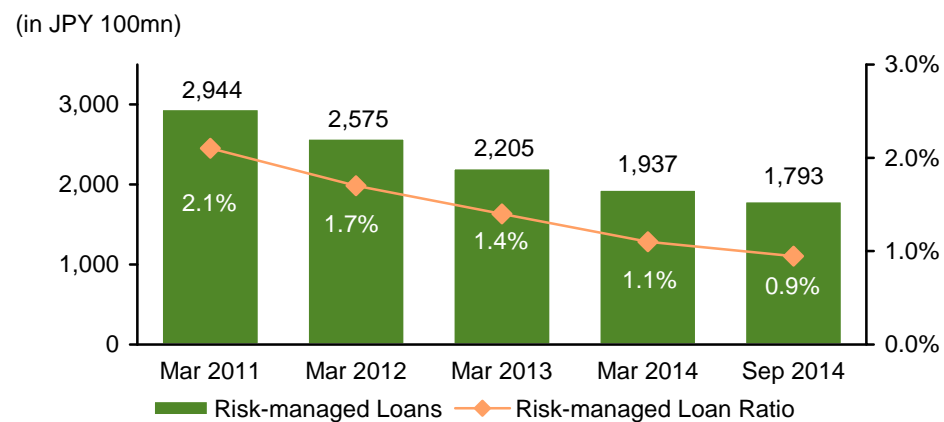


## Outstanding Loan Balance by Sector

(in JPY 100mn)

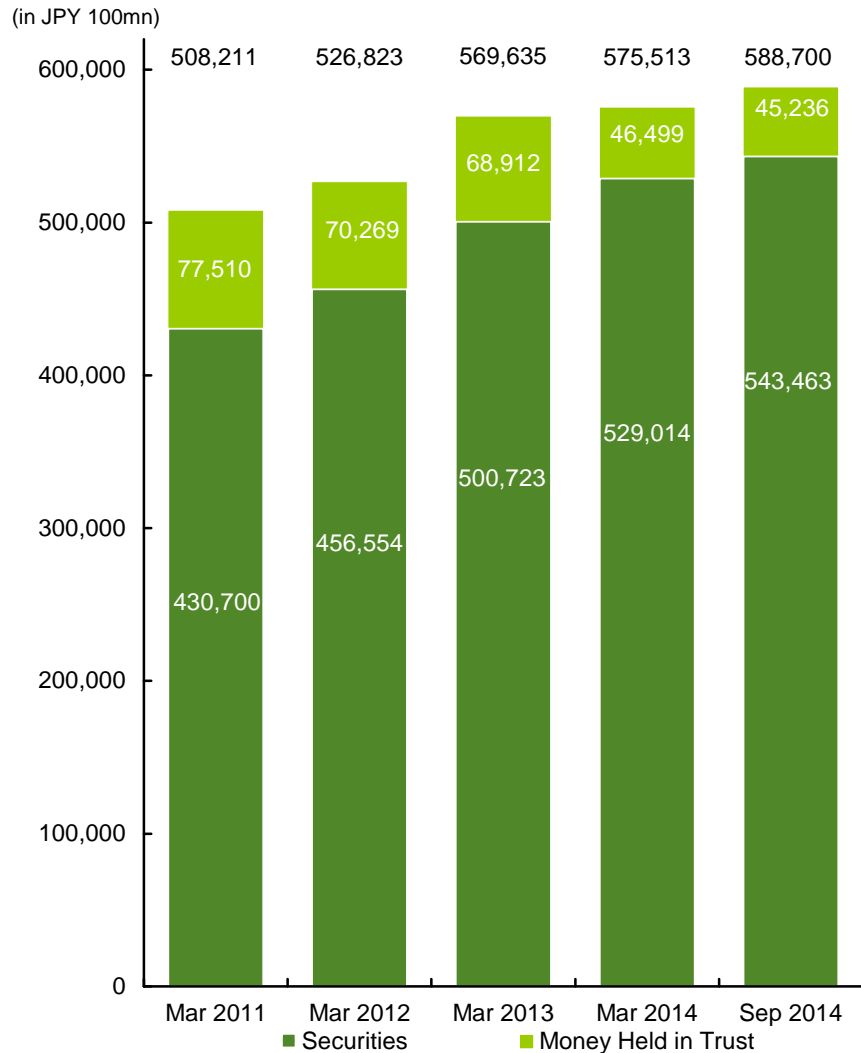
	Balance Sep 2014	Change from Mar 2014	Ratio
1 Corporative Organizations	5,551	(670)	3%
2 Corporations	55,269	(2,733)	29%
3 Others	128,478	19,752	68%
4 Government	119,323	20,083	63%
5 Total	189,300	16,349	100%

## Risk-managed Loans over Time



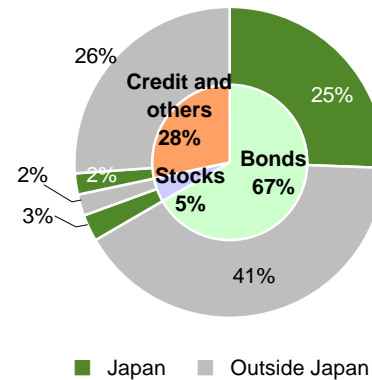
# Market Investment Portfolio (Non-consolidated)

## Securities/Money Held in Trust over Time

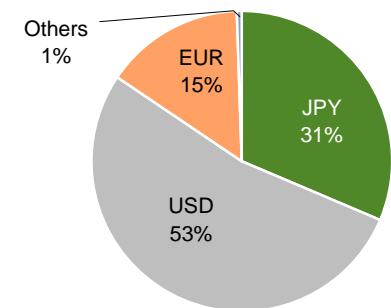


## Market Investment Portfolio (Sep 2014)

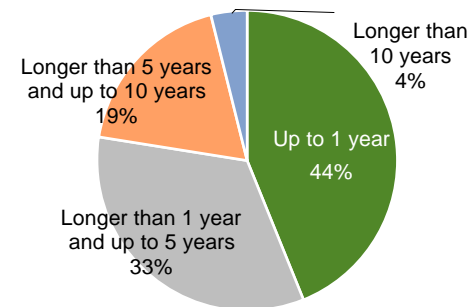
### Market Investment Portfolio by Risk



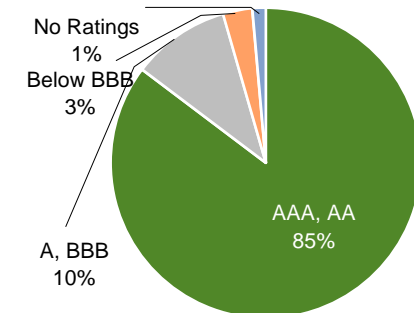
### Market Investment Portfolio by Currency



### Bond and Credit Portfolio by Rate Reset Maturity



### Market Investment Portfolio by Rating



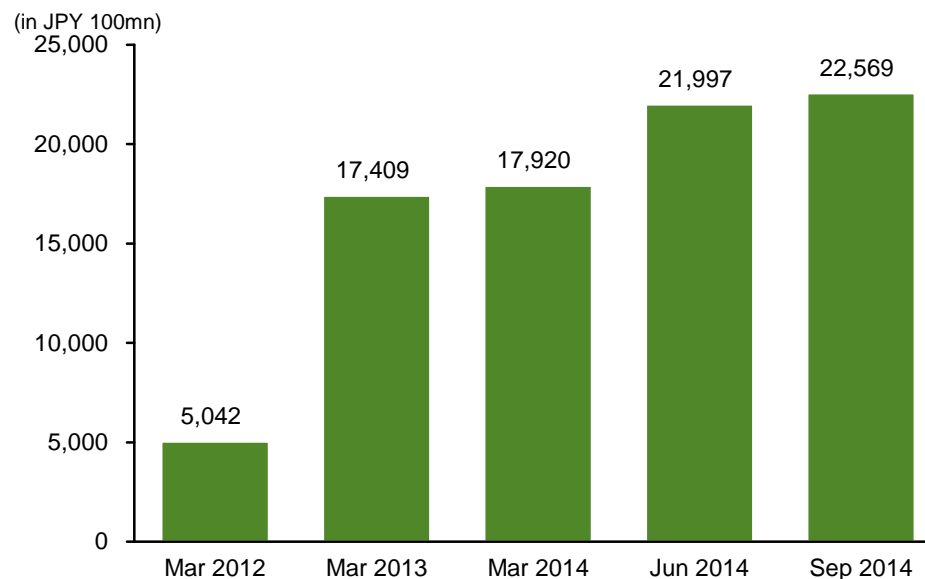
# Net Unrealized Gains and Losses on Securities (Non-consolidated)

(in JPY 100mn)

	Mar 2014	Sep 2014	Change from Mar 2014
1 Stocks	1,951	2,550	599
2 Bonds	2,857	3,044	186
3 Japanese Government Bonds (Note 1)	2,856	3,043	187
4 Municipal Government Bonds	0	0	(0)
5 Corporate Bonds	0	0	(0)
6 Others	10,540	14,111	3,571
7 Foreign Bonds (Note 1)	3,093	5,493	2,399
8 Foreign Stocks	142	152	10
9 Investment Trusts	7,136	8,238	1,101
10 Others	168	227	58
11 Money Held in Trust	2,571	2,863	291
12 Total	17,920	22,569	4,649

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

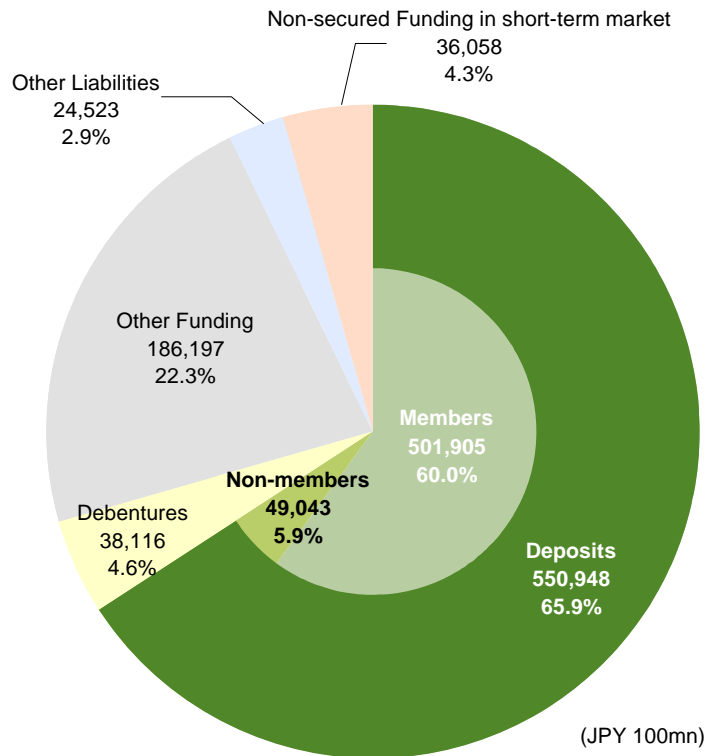
## Net Unrealized Gains and Losses on Securities over Time





# Funding (Non-consolidated)

## Breakdown of Funding

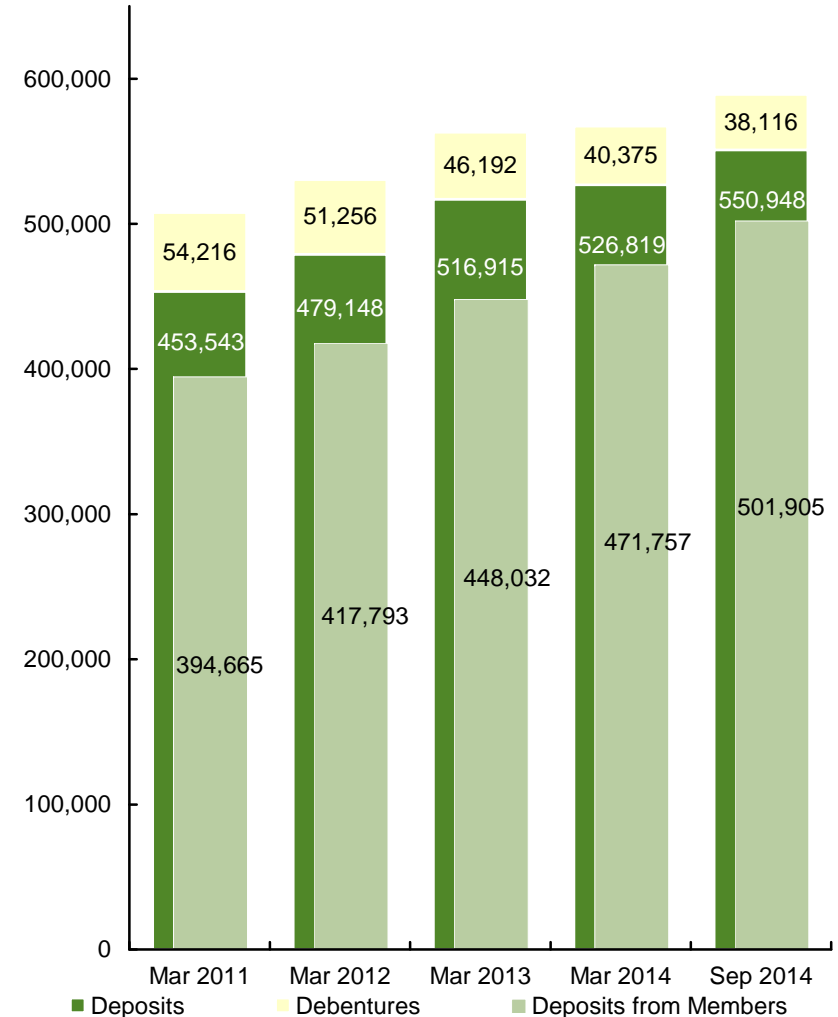


**Total Liabilities: 835,844**

(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 Debtures over Time

(in JPY 100mn)



# Capital Position

【Consolidated】

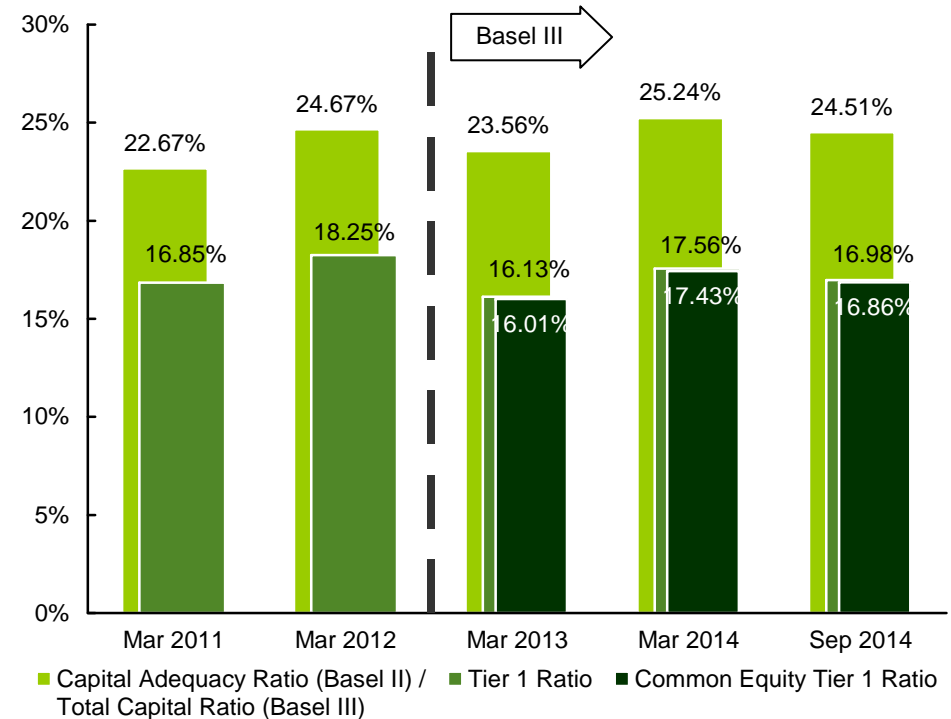
(in JPY 100mn)

	Mar 2014	Sep 2014 (Preliminary Figure)	Change
1 Tier 1 Capital	48,568	51,249	2,681
2 Common Equity Tier 1 Capital (CET1)	48,208	50,895	2,686
3 Total Capital	69,792	73,985	4,192
4 Risk-weighted Assets	276,469	301,741	25,272
5 Common Equity Tier 1 Ratio	17.43%	16.86%	(0.57%)
6 Tier 1 Ratio	17.56%	16.98%	(0.58%)
7 Total Capital Ratio	25.24%	24.51%	(0.73%)

【Non-consolidated】

	Mar 2014	Sep 2014 (Preliminary Figure)	Change
8 Tier 1 Capital	48,201	50,892	2,691
9 Common Equity Tier 1 Capital (CET1)	47,841	50,542	2,700
10 Capital Stock and Capital Surplus	34,009	34,009	0
11 Earned Surplus	11,313	13,412	2,099
12 Unrealized Gains on Other Securities	2,604	3,274	670
13 Additional Tier 1 Capital	359	350	(8)
14 Tier 2 Capital	21,713	23,207	1,494
15 45% of Unrealized Gains on Other Securities	6,451	8,125	1,673
16 Subordinated Bonds and Loans	15,360	15,360	0
17 Total Capital	69,914	74,100	4,186
18 Risk-weighted Assets	274,469	299,543	25,074
19 Common Equity Tier 1 Ratio	17.43%	16.87%	(0.56%)
20 Tier 1 Ratio	17.56%	16.99%	(0.57%)
21 Total Capital Ratio	25.47%	24.73%	(0.74%)

## Capital Ratio over Time (Consolidated)



## Composition of Capital Disclosure

“Composition of Capital Disclosure” and “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)

## 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 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

## Medium-Term Management Plan (FY 2013 – 2015) ~ Period that determines “future visions” ~

**Basic Concept I Challenge in 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 and consumption, and revitalization of local communities**

- Support to leaders in the agricultural, fisheries and forestry industries
- Support for enhanced business management
- Support for the revitalization of local communities
- Reconstruction initiatives following the Great East Japan Earthquake

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

- Strengthening of services based on users' perspective
- Prevention of misconduct and elimination of anti-social elements
- Initiatives for developing cooperative banking-related human resources

**Basic Concept II 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**

- Flexible and strategic asset allocation
- Pursuing new investment opportunities for increased profitability
- Implementation of risk management that contributes to enhanced competitiveness

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

- Initiatives for cultivating human resources who will play a key role in the Bank and the cooperative system and for the improvement of business infrastructures
- Stable return of profits based on adequate financial management
- Strengthening of compliance and business management arrangements

# JA Bank Initiatives

## Initiatives Based on JA Bank Mid-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

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

**Visits by JA to farmers using JA Bank as their main bank**  
About 90,000 farmers visited by JA nationwide



**Enhancement of responsiveness to agricultural funding needs**  
Expansion of interest subsidy programs

**Enhancement of human resources for agricultural finance**  
Provision of training related to agricultural finance  
Agriculture Financial Planner certification (more than 5,000 certificate holders nationwide)



### Customer Protection and Strengthening of Compliance System

**Efforts for improving the reliability of business processing**

**Enhancement of customer protection**

**Prevention of misconduct**



Effort for improved reliability of business processing

### Provision of Financial Services for Daily Living Meeting Customer Needs

**Support for asset building**

**Provision of various types of JA Bank loans**

**Improvement of convenience for customers**



### Cultivation and Development of Human Resources

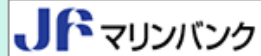
**Organizational change leadership training for officers and employees**



Training for directors of JA

# JF Marine Bank and JForest Group Initiatives

## JF Marine Bank



Become a Trusted Provider of Financial Services for Fishing Communities

Enhancement of Financial Functions to the Fisheries Industry

Expansion of interest subsidy program for the Fisheries Modernization Loan

Development of financial consultants who can provide financial services to the fisheries industry



Promotion of the Use of JF Marine Bank as the Main Bank

Promotion of IC cash card issuance

Nation-wide campaign



Development of Human Resources

Organization of training for general managers of JF branches that conduct banking business

## JForest Group



Movement to Expand the Use of Domestic Lumber and Revitalize Forestland and the Forestry Industry

Support for Initiatives through Funds

Start of receiving application for grants from the Nochu Potential Forest Productivity Fund

Organization of a presentation of projects funded by the Forest Rejuvenation Fund



Consolidation of Management

Subsidization of expenses for GPS/GIS introduction

Expansion of Domestic Lumber Use

Support for woody biomass power generation projects

Provision of low-interest loans to distribution and sales businesses



# Development of the Agricultural, Fisheries and Forestry Industries and Efforts to Revitalize Local Communities

## 1 Support to Leaders in the Agricultural, Fisheries and Forestry Industries

### Supply of Funds through Funds and Loans

#### Provision of funds to leaders ~ Investments made through funds ~

- Funds have been provided to agricultural corporations expected to lead the agricultural sector through the Agri-Seed Fund, which caters to technically competent agricultural corporations, and the Support Fund for Business Entities of Agricultural Leaders, which caters to the needs of relatively large agricultural corporations seeking to expand business scale through the use of abandoned farmland and farmland accumulation.

Product	No. of Investments	Amount (in JPY mn)
Agri-Seed Fund	125	1,030
Support Fund for Business Entities of Agricultural Leaders	9	204

(Cumulative total as of September 30, 2014)

#### 【Investment project in Kagawa Prefecture】

- An investment was made in an agricultural corporation that produces and sells lettuce, leek, broccoli, etc.
- The investment contributed to expand the company's business and increase producers' income. (August 2014)



#### 【Investment project in Okinawa Prefecture】

- An investment was made in an agricultural corporation that processes *shenkwasu* (flat lemons).
- The investment contributed to the construction of beverage processing facilities by way of additional capital injection and the revitalization of its local community through job creation. (May 2014)



#### Provision of loans to leaders ~ Loans for agricultural corporations ~

- The Agri-Seed Loan, which does not require collateral or a guarantor, in principle, has become available for agricultural corporations expected to become future leaders in local agriculture.
- The number of Agri-Seed Loan recipients has steadily increased to 40, with the loan outstanding totaling JPY364 million. (as of September 30, 2014)



Farms of borrowers

### Support for Developing Farm Operators

#### Efforts for developing young and next-generation farm operators

- As part of an effort to develop the next generation of farm operators, support has been extended to the operation of the Japan Institute of Agricultural Management and seminars targeted at young farmers through activities conducted by AgriFuture Japan.



Lecture at the Japan Institute of Agricultural Management

# Development of the Agricultural, Fisheries and Forestry Industries and Efforts to Revitalize Local Communities

## 2 Support for Enhanced Business Management

### Initiatives for “Sixth Industrialization”

Out of 35 projects funded through some of 49 sixth industrialization sub-funds nationwide, 7 projects received investments from the JA Sixth Industrialization Fund, the largest number to date (as of September 30, 2014, including projects for which investment decisions were made)

#### Investment project in Okayama Prefecture (May 2014)

- The first forestry-related project investment in Japan.
- An investment was made in a company jointly funded by foresters, a village, its residents and home builders that mainly processes and sells lumber.
- The company develops and produces products finely tuned in to the needs of users such as local builders in accordance with the vision set by the village, “creation of a quality countryside surrounded by beautiful 100-year-old forest.”
- The investment contributed to increase the income of forestry-related workers as a result of business expansion through capital increase and revitalize its local community through job creation.



Head office building converted from an unused old school building



Lumber processing factory

#### Investment project in Chiba Prefecture (August 2014)

- An investment made in a company that develops made-to-order products in collaboration with the restaurant industry.
- The company supplies restaurants with products that adhere to no-additive recipes and make the most of ingredients using safe and fresh domestically produced agriculture and livestock products and its original additive-free production technique.
- The investment, jointly made by the Fund and JA Zen-Noh, contributed to the expansion of the company's business and improved producers' income.



A product of the company (stew)

### Efforts for Export promotion / Enhancement of Sales Capabilities through Organizing Business Conferences, Business Matching Sessions, etc.

- Provision of support for domestically produced agricultural, livestock and marine products at Hong Kong Food Expo and export business conferences
- Establishment of the JA Group Export Promotion Council, which plays a role in a nationwide effort to promote agricultural export
- Provision of support to workers related to agriculture, fishery and forestry for market expansion and network building by organizing national and local business conferences and reconstruction support conferences and by offering business matching service on an individual basis.



Hong Kong Food Expo (August 2014)



Fukushima Reconstruction Support Business Conference (September 2014)



# Development of the Agricultural, Fisheries and Forestry Industries and Efforts to Revitalize Local Communities

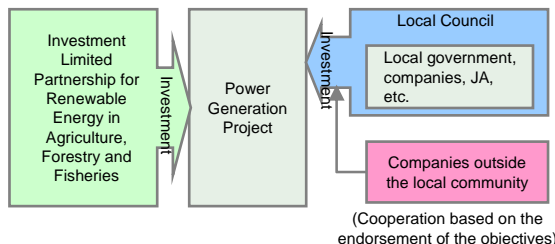
## 3 Support for the Revitalization of Local Communities

### Promotion of Renewable Energy Use

- Support for setting up renewable energy businesses that help create recycling-oriented society by, for instance, leveraging resources in rural areas, revitalizing local economies and securing employment

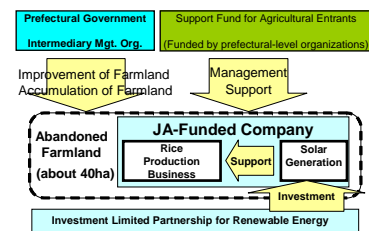
#### Establishment of the Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries (June 2014)

- The Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries was jointly established by the Bank and JA Zenkyoren to support launching renewable energy projects that contribute to local revitalization.
- Among renewable energy projects operated by parties related to agricultural, mountain and fishery villages, the Fund targets at those that will contribute to local revitalization and are expected to conduct business in a stable manner.
- Fund size: JPY1bn



#### Investment Project in Ishikawa Prefecture (Investment decided in August 2014)

- An investment was made in a JA-funded company that seeks to resume agricultural operation using abandoned farmland and operates a solar generation project in an integrated manner
- Project has been carried out in cooperation with an intermediary management organization for farmland accumulation and with the prefectural government on measures for farmland improvement and abandoned farmland.



Conceptual diagram for the project in Ishikawa Prefecture

#### Investment Project in Mie Prefecture (Investment decided in August 2014)

- An investment was made in a woody biomass power generation project using unused wood materials. The project is expected to contribute to the revitalization of the forestry sector and forest preservation in the prefecture, the revitalization of local economy through job creation, etc. The power plant starts operation in November.



Power generation plant

### Group-Wide Initiatives for the Revitalization of Local Communities

- The Food & Farming Education Support Project as part of the JA Bank Agri-Support Project (Provision of subsidies to food and farming education activities, and production and donation of textbooks)
- Provision of support to activities of JF Women's Group
- Donation of wood products made from locally produced lumber
- Support for agri-commerce-industry collaboration through organization of local business conferences and seminars
- Efforts to revitalize local communities through cooperation among JA Bank, JF Marine Bank and JForest Group (e.g. Construction of houses using lumber produced in the same prefecture, and campaigns to promote the use of JA and JF housing loans)

### Fund for Future Agricultural, Fisheries and Forestry Industries

- Support has been provided for initiatives contributing to local revitalization centering around agriculture, fishery and forestry through the Fund for Future Agricultural, Fisheries and Forestry Industries established in March 2014 (fund size: JPY20 billion).
- The Fund supports ingenious efforts by agricultural, fishery and forestry workers.



# Reconstruction Initiatives following the Great East Japan Earthquake

- The Bank continues 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 (Financial Support Program, Business & Management Support Program)

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

#### <Financial Support>

- Provision of interest subsidies for disaster funds extended by JA Bank and JF Marine Bank, lease subsidies to those who acquire farm machinery, etc. through leasing, and long-term low-interest reconstruction loans on a continuing basis.
- Provision of the Reconstruction Loan to a company jointly funded by disaster-affected seafood processing companies for its large post-disaster investment (in refrigeration warehouse, etc.)
- Provision of the Reconstruction Loan, the Reconstruction Fund and lease subsidies, in combination, to the "Post-Disaster Reconstruction Farm" jointly operated by dairy farmers who had to evacuate because of the nuclear plant accident, etc.



Refrigeration warehouse (image)



"Post-Disaster Reconstruction Farm" (image)

#### <Non-financial Support>

- Provision of materials (e.g. soil conditioners) for the resumption of agricultural operation
- Provision of ice to keep fish fresh in test fishing operation off the coast of Fukushima
- Donation of wooden toys made from lumber produced in the prefecture



Ceremony for the donation of ice to keep fish fresh

### 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>

- Support to disaster-affected customers to restore their lives through the provision of the Reconstruction Support Time Deposits and the Reconstruction Support Loan by JA and JF, interest subsidies, etc.
- 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
Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan (Reconstruction Loan)	Number of loans: 77	JPY27.6bn
Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund (Reconstruction Fund)	Number of investments: 23	JPY0.4bn
Lease subsidies	Number of subsidies: 652	JPY3.0bn
Interest subsidies for disaster funds extended by JA Bank and JF Marine Bank	Number of subsidies: 3,846	JPY14.5bn

(Cumulative total as of September 30, 2014)

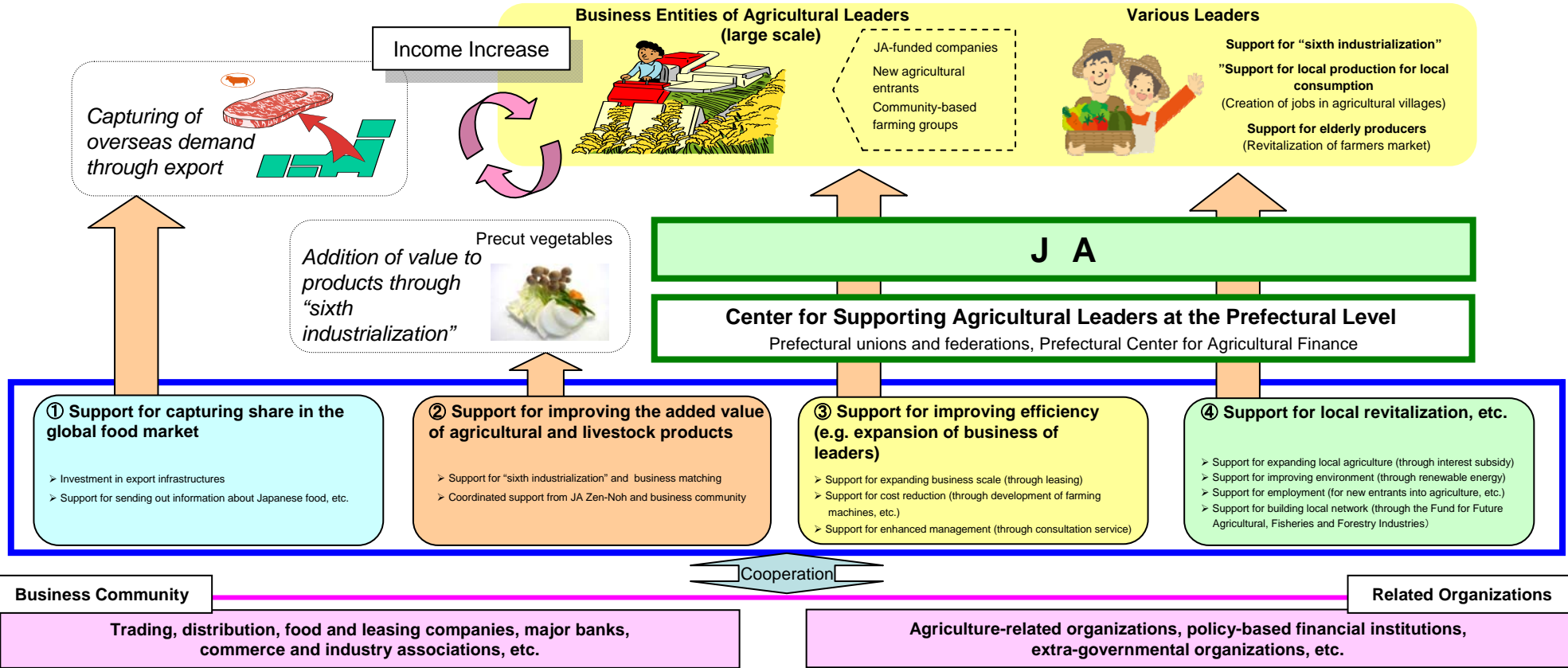
# Self-Reform of JA Group

(Based on information published by the Central Union of Agricultural Cooperatives, or JA Zenchu, on November 6, 2014)

## 1 Establishment of the Support Program for Increasing Agricultural Income and Revitalizing Local Communities

~ Business Size: JPY2 trillion / Project Cost: JPY100 billion (FY2014 – FY2018) ~

National-level organizations within JA Group will cooperate in providing comprehensive support to farmers for achieving increased income and sustainable agricultural management. Specifically, support will be provided for initiatives for export promotion, "sixth industrialization," value addition, initial investment cost reduction to alleviate burden on agricultural leaders, management support for agricultural leaders, development and securement of agricultural entrants, etc.



# Self-Reform of JA Group

(Based on information published by the Central Union of Agricultural Cooperatives, or JA Zenchu, on November 6, 2014)

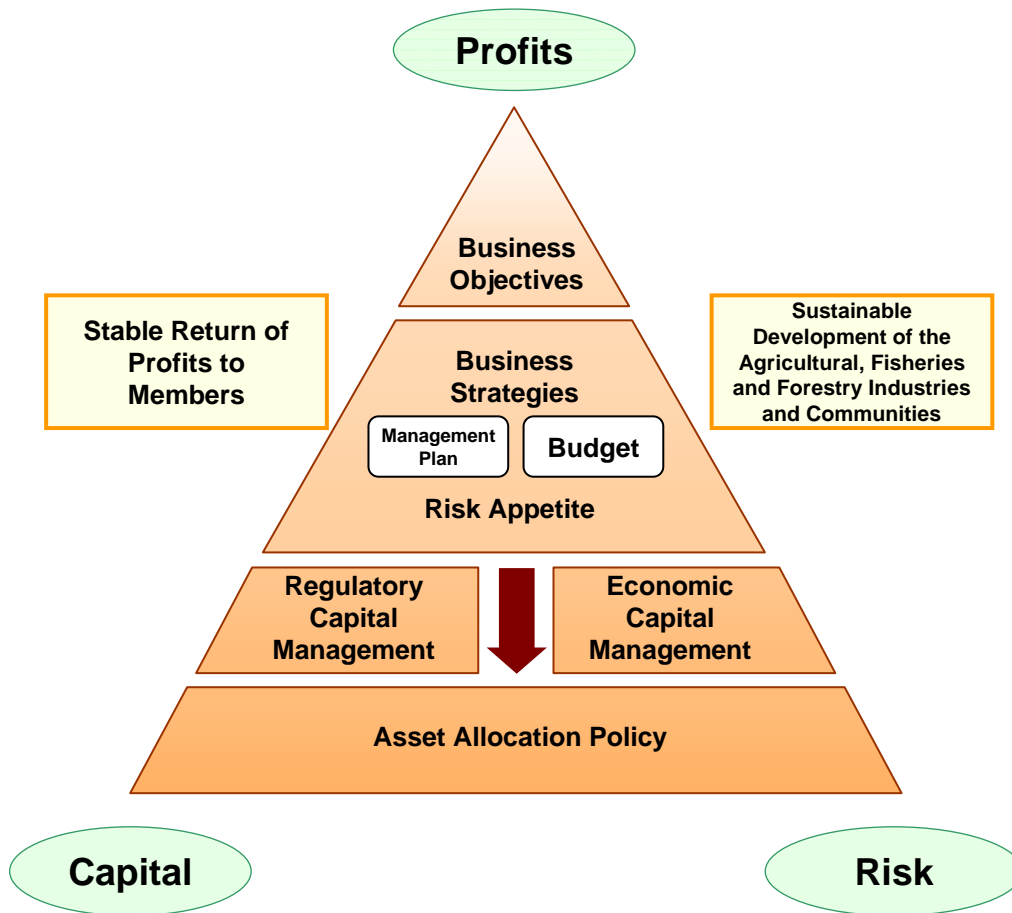
## 2 Efforts for reducing JA's risk and burden in banking business, etc.

- The fundamental policy for JA is set as follows: JA will become fully capable of providing comprehensive services for their members by way of organizational restructuring through mergers between JA organizations, enabling them to further focus on business related to agricultural operation, marketing and supplying.  
National-level organizations (JA Shinnoren and the Bank) will help improve operating environment for JA, for instance for the reduction of risk and burden in banking business, through discussion for the effective reorganization of functions provided by JA branches and their operating structures and the consolidation of administrative operations.
- National-level organizations will present the below basic “agent model” scheme as an option for JA organizations seeking further reduction of burden on banking business in order to strength business related to agricultural operation, marketing and supplying.

Details of banking business operations as an agent	Details of banking business operations (deposit, lending and exchange business) to be transferred to JA Shinnoren or the Bank and performed by JA organizations as agents will be decided on an individual basis.
Basic concept of agent fees	JA organizations that opt to act as agents will receive fees appropriate for services rendered as agents

# 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

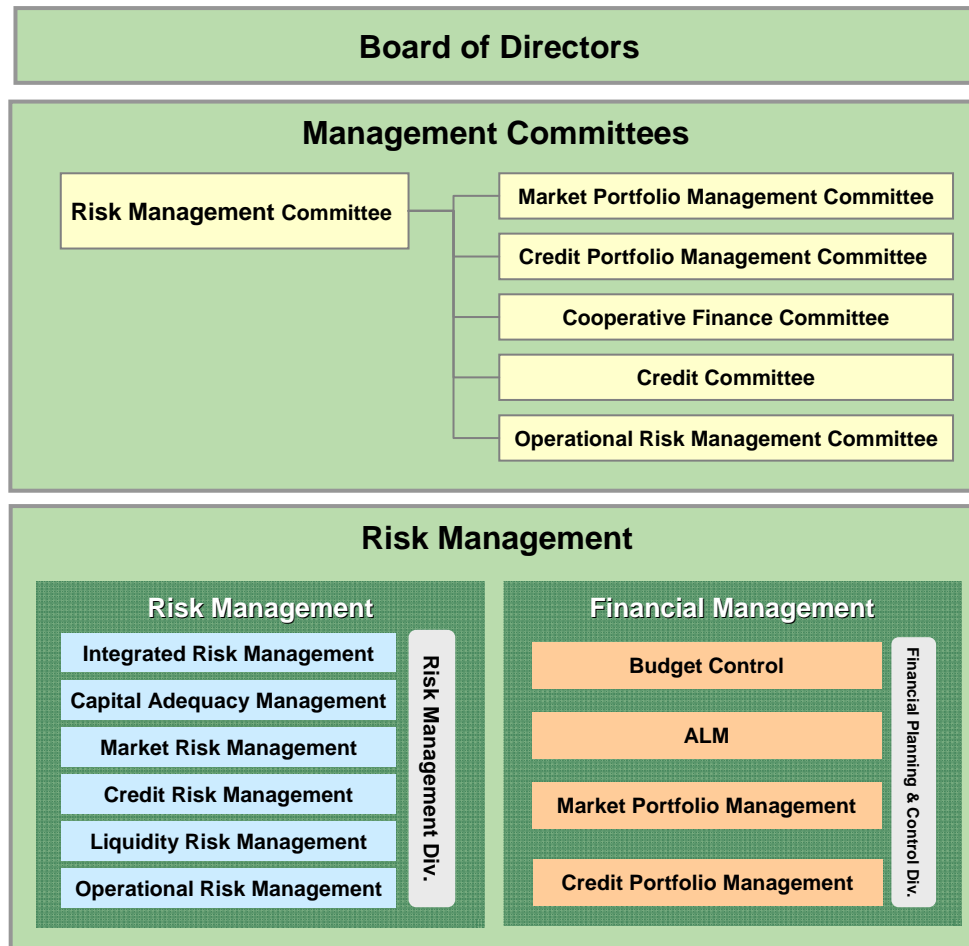
- In implementing the Bank's strategies, risk appetite reflects specific views on risk-taking, and defines what types of risk and magnitude of risk the Bank is willing to accept.
- To return profits in a stable manner to its members, the Bank seeks to take on risk through globally diversified investment 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 constantly changing economic and financial environments.

# 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	Unrealized Gains /Losses	
							Change from Mar 2014	Change from Mar 2014
1 ABS	14,676	-	-	-	-	14,676	(334)	3
2 RMBS	23,899	196	109	109	53	24,368	(2,020)	31
3 Subprime RMBS	-	-	-	-	-	-	-	-
4 CMBS	623	-	-	-	-	623	(89)	(16)
5 CDO	9,042	3,117	416	330	293	13,200	1,479	21
6 CLO	8,800	2,650	416	330	-	12,198	1,437	20
7 Resecuritized Products	241	467	-	-	293	1,002	42	1
8 Subprime-related products (Note 3)	-	-	-	-	-	-	-	-
9 Others	-	-	-	-	39	39	(450)	-
10 Total	48,241	3,314	525	439	387	52,908	(1,416)	40

## Exposures by Currency

(JPY in 100mn)

	Exposures	Unrealized Gains /Losses	
		Change from Mar 2014	Change from Mar 2014
1 USD	32,737	(32)	7
2 EUR	14,289	(1,430)	39
3 GBP	757	(319)	-
4 AUD	1,332	1,332	-
5 JPY	3,791	(967)	(6)
6 Total	52,908	(1,416)	40

## 2 Investment in Monoline Products (Note 4)

(JPY in 100mn)

	Exposures	Unrealized Gains /Losses	
		Change from Mar 2014	Change from Mar 2014
1 Monoline Wrapped Financial Instruments	193	(15)	4

## 4 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. The Bank does not have a balance on loans internally defined as those used mainly for LBOs.

## 3 Investment in Bonds Issued by US Housing-related GSEs (Note 5)

(JPY in 100mn)

	Exposures	Unrealized Gains /Losses	
		Change from Mar 2014	Change from Mar 2014
1 Agency Mortgage Bonds	17,708	(819)	59
2 Agency Bonds	11,245	(4,738)	350
3 Total	28,953	(5,557)	409

(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 FY2014 (JPY4.6bn).

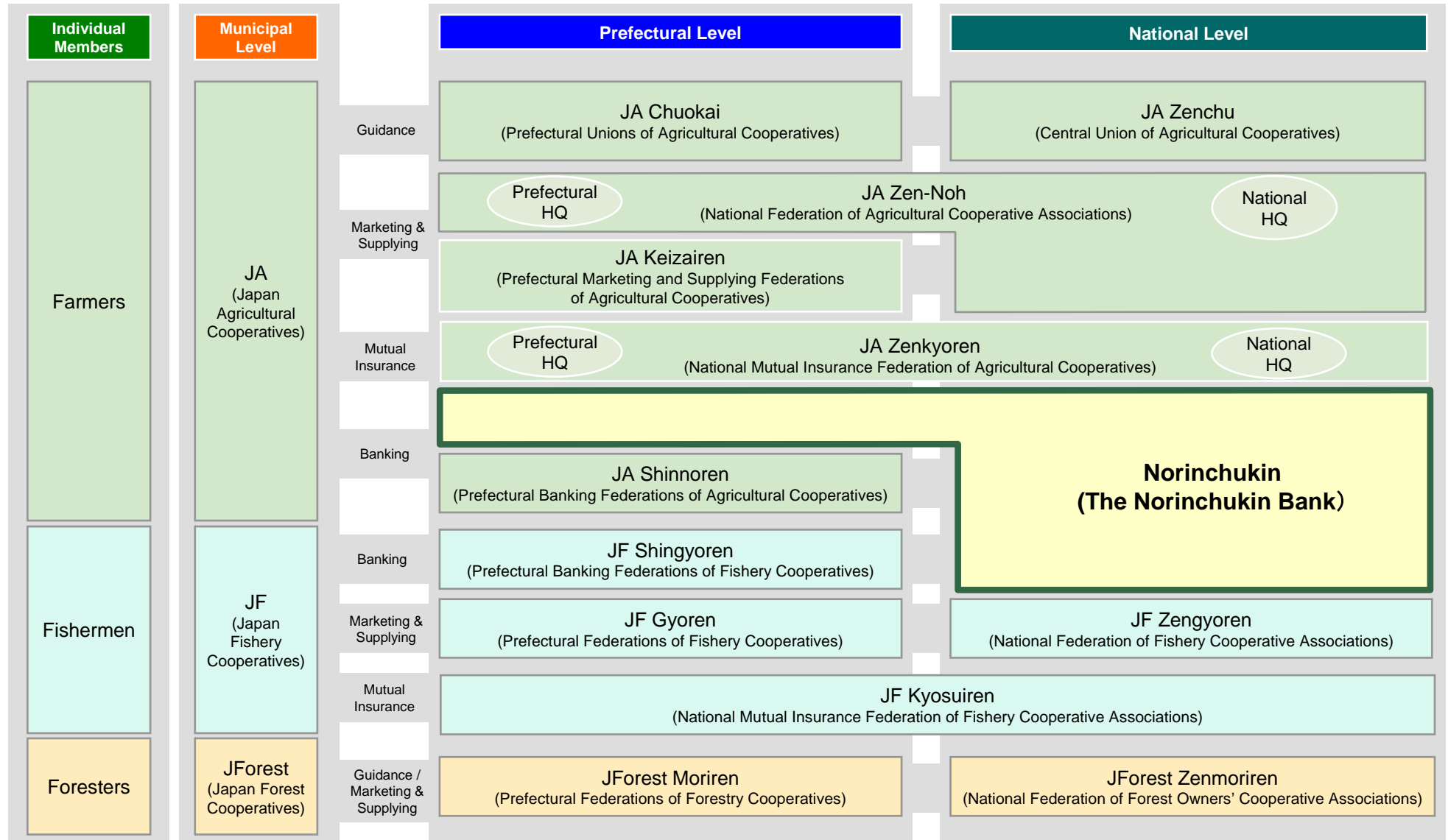
(Note 3) Resecuritized products such as ABS-CDO, and CDO of CDO's. Include resecuritized products (i. e. products containing at least one securitized product as an underlying asset) under the Basel capital framework totaling JPY270.7bn.

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

(Note 5) The Bank has JPY1,171.1bn of mortgage-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation.

As of September 30, 2014, non-consolidated basis

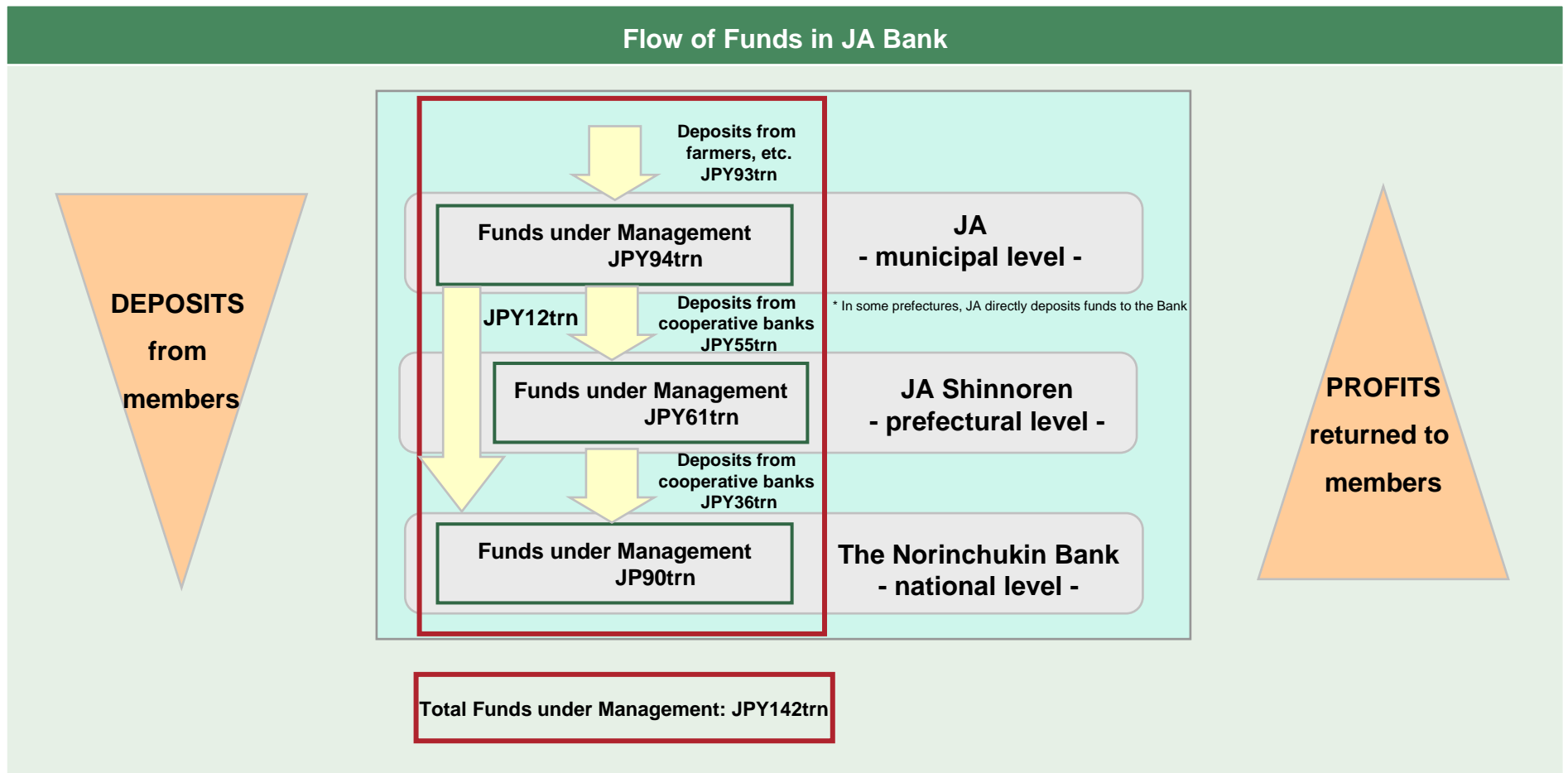
# Structure of the Cooperative System





# Flow of Funds in JA Bank

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

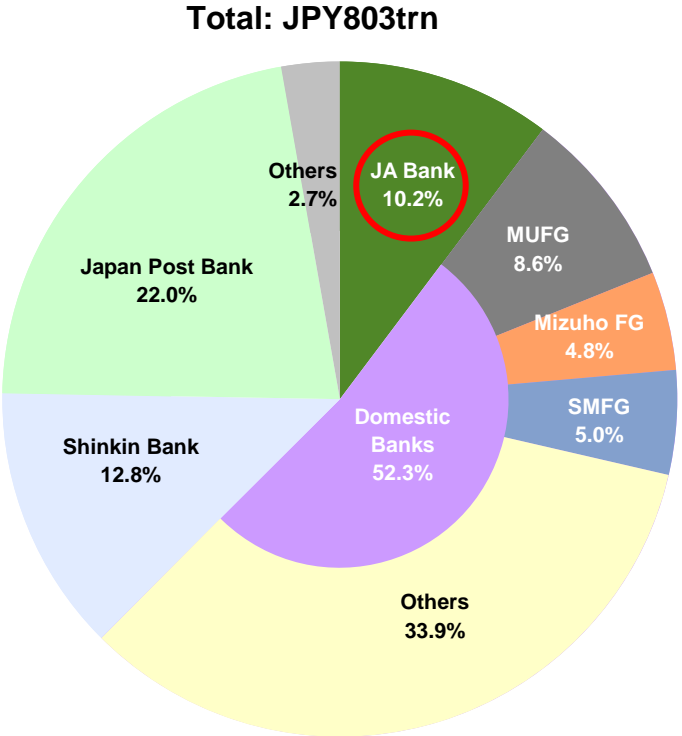


Note: As of September 30, 2014

Total funds under management = Funds under management (JPY94trn+JPY61trn+JPY90trn) – Deposits (JPY55trn+JPY12trn+JPY36trn)

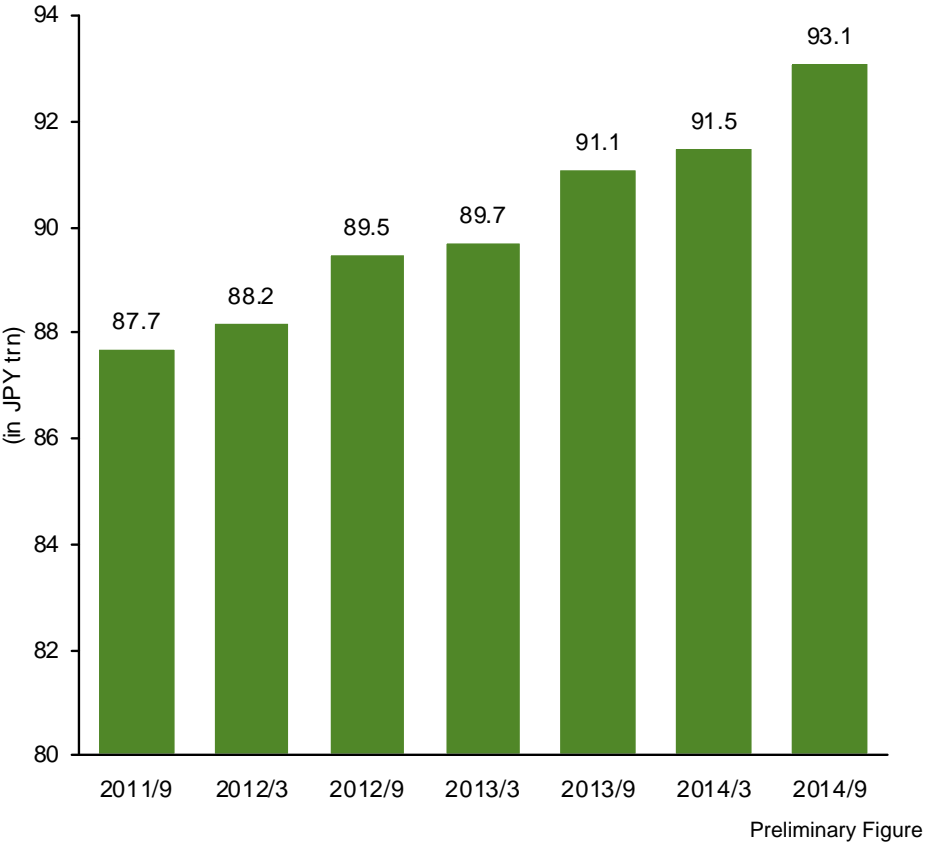
# Stable JA Savings

## Deposits and Savings (Retail)



Note: As of March 31, 2014  
 Prepared by The Norinchukin Bank based on materials of the Bank of Japan and financial summaries of other financial institutions  
 Retail deposit and savings balance for JA Bank, domestic banks and Shinkin Banks; all savings balance for Japan Post Bank

## 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

# JA Bank Branch Network

- Strong business base and network with 697 JA nationwide with 8,183 branches
- One of the largest ATM networks in the industry with about 90,000 charge free ATMs (including affiliated ATMs) nationwide

Nationwide	
JAs	697
Branches	8,183

Hokkaido	
JAs	110
Branches	287

Koshinetsu	
JAs	56
Branches	588

Tohoku	
JAs	81
Branches	827

Hokuriku	
JAs	46
Branches	327

Kanto	
JAs	117
Branches	1,462

Chugoku	
JAs	48
Branches	829

Tokai	
JAs	57
Branches	1,294

Kyushu	
JAs	80
Branches	1,081



Shikoku	
JAs	44
Branches	550

Kinki	
JAs	58
Branches	938

Note: Numbers of JAs and branches (those handling domestic exchange) as of October 1, 2014

ATMs include no withdrawal fee ATMs (on weekdays/during daytime) affiliated with other networks as of March 31, 2014.

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, 2014
Proper Agricultural Loans	15,377
Agricultural Policy Loans	5,428
Agricultural Modernization Loans	1,668
Other Policy-based Loans	3,760
Total	20,805

## JA Bank Group's Entrusted Agricultural Loans

(in JPY100mn)

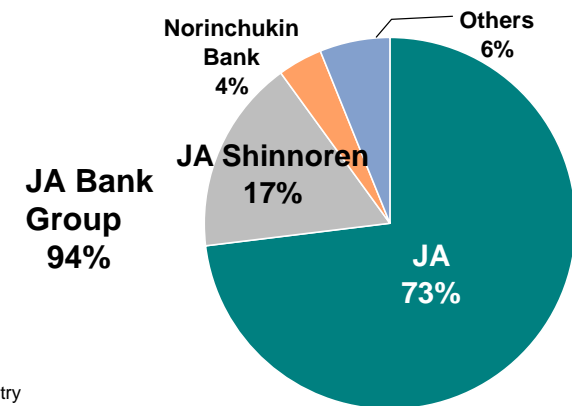
Type	March 31, 2014
Loans Entrusted by Japan Finance Corporation	5,103
Others	9
Total	5,112

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

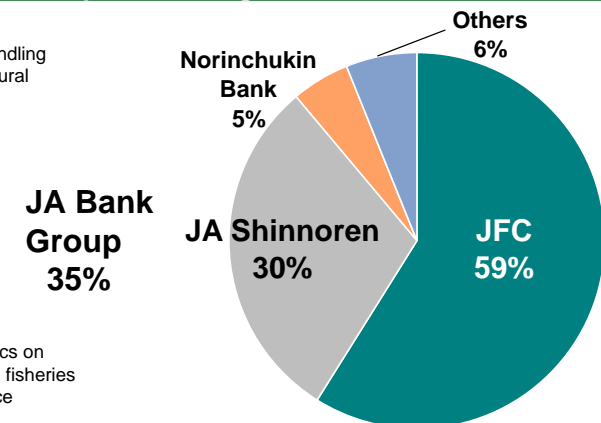
Majority of Agricultural Modernization Loans are handled by JA Bank Group



As of December 31, 2013  
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, 2014  
Source: The Annual Business Statistics on the agriculture, forestry, and fisheries businesses by Japan Finance Corporation

The Norinchukin Bank



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