



The Norinchukin Bank

農林中央金庫

Bank Presentation
the Fiscal Year ended March 31, 2008
May 27, 2008



Financial Highlights for the Fiscal Year ended March 31, 2008 (Non-consolidated)

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~ Stable profits and financial condition ~

■ Ordinary profits of JPY 352.7bn and net income of JPY 272.0bn

- Recognized ordinary profits for the FY2008/3 of JPY 352.7bn, by the increase in net foreign-currency cash flows resulting from decline in US interest rates and profits from dispositions of securities, although recognized some losses on revaluation of securities and reserves for possible investment losses due to turmoil in the global market environment

■ Maintained capital adequacy ratio of 12.55% and increased Tier I ratio of 9.37% (Preliminary figures)

- Realized stable capital adequacy ratio and increased Tier I ratio as a result of implementing portfolio management that takes into consideration of Basel II and improving its capital base which mainly targets its members

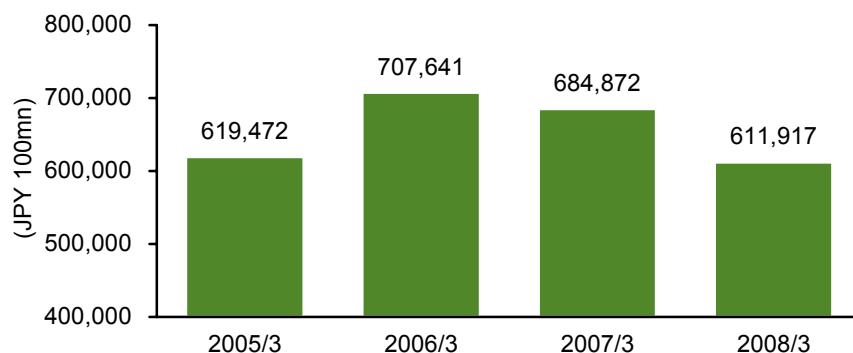
■ Estimated ordinary profits for the FY2009/3 of JPY 350.0bn

- Due to stable cash flows, the estimated JPY 300.0bn level of ordinary profits is in line with the Bank's target under the current Mid-term plan

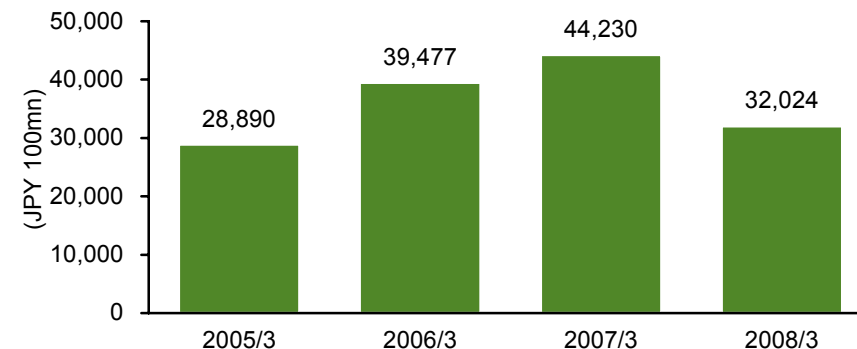
~ Stable management performance ~

■ Maintained stable profits level in the medium term

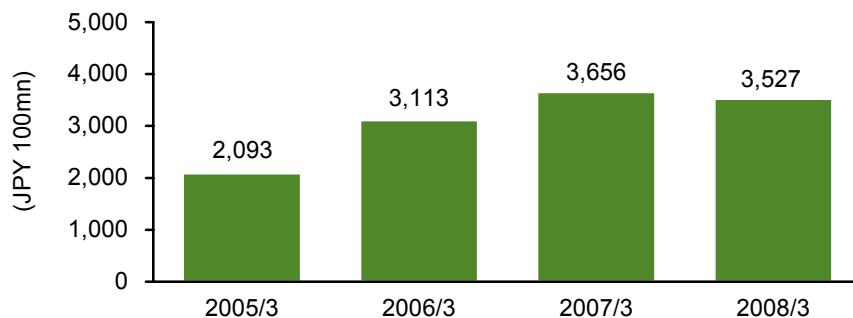
Total assets



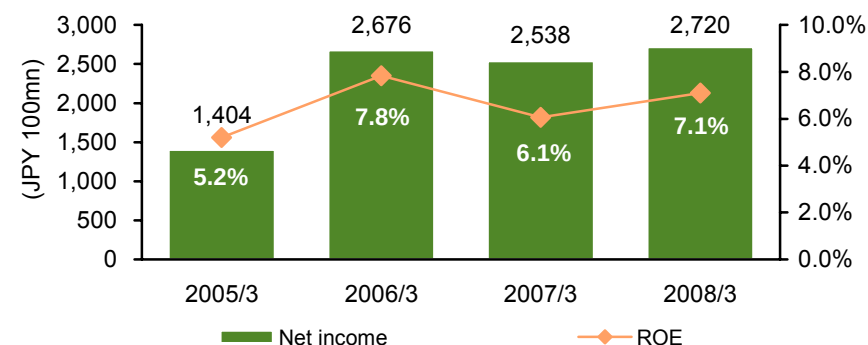
Net assets



Ordinary profits



ROE and Net income



Note: As of the end of March 2008, non-consolidated basis. The amount of net assets before the fiscal year ended March 2006 is based on the amount of shareholders' equity.
Source: The Norinchukin Bank

Income Statement Summary (Non-consolidated)

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~ Stable profit level ~

■ Ordinary profits is JPY 352.7bn

(in JPY 100mn)	2007/3	2008/3	Change	Change (%)
Ordinary Income	26,057	26,257	199	0.7%
Interest Income	20,490	19,363	-1,126	-5.4%
Other Operating Income	931	3,113	2,182	234.3%
Other Ordinary Income	4,464	3,640	-824	-18.4%
Ordinary Expenses	22,400	22,730	329	1.4%
Interest Expenses	17,916	17,323	-593	-3.3%
Other Operating Expenses	2,720	3,050	329	12.1%
General and Administrative Expenses	1,026	1,052	25	2.5%
Other Ordinary Expenses	591	1,151	560	94.6%
Ordinary Profits	3,656	3,527	-129	-3.5%
Extraordinary Profits	187	656	469	250.7%
Extraordinary Losses	13	19	6	49.5%
Income before Income Taxes	3,830	4,164	333	8.6%
Net Income	2,538	2,720	181	7.1%

■ Interest Income has decreased due to the reduced securities portfolio size

■ Other Operating Income includes gains from sales of bonds of JPY 263.5bn (up JPY 242.3bn from the previous FY)

■ Other Ordinary Income includes gains from operating Money Held in Trust mainly investments in Global Bonds & Securities of JPY 309.1bn (down JPY 102.4bn from the previous FY)

■ Other Operating Expenses include Losses on Revaluation of Bonds of JPY 168.7bn (up JPY 168.7bn from the previous FY)

■ Other Ordinary Expenses include Losses on Revaluation of Stocks and other Securities of JPY 72.6bn (up JPY 72.1bn from the previous FY)

■ Extraordinary Profits include Reversal of Reserve for Possible Loan Losses of JPY 60.0bn (up JPY 47.1bn from the previous FY)

Note: As of the end of March 2008, non-consolidated basis.
Source: The Norinchukin Bank

Earning Yield (Non-consolidated)

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~ Stable management yield ~

- Maintained the same level of earning yield as the previous fiscal year backed by the decline in US interest rates and the increase in profits from disposition of securities

	Average Balance (in JPY 100mn)			Yield (%)		
	2007/3	2008/3	Change	2007/3	2008/3	Change
(Spread)				0.53	0.54	0.00
(Investment Side)	677,857	647,768	-30,088	3.38	3.83	0.44
Loans and Bills Discounted	114,809	120,509	5,700	1.08	1.21	0.13
Securities	522,879	473,023	-49,855	4.00	4.78	0.77
Yen-denominated Securities	206,571	170,186	-36,384	1.51	2.49	0.98
Foreign-currency denominated Securities	316,307	302,837	-13,470	5.63	6.06	0.42
Trading Assets	307	316	9	-0.29	2.66	2.95
Short-term Investment Assets	27,553	37,537	9,984	1.63	1.57	-0.05
(Funding Side)	677,857	647,768	-30,088	2.84	3.28	0.44
Fund from Member Cooperatives	360,554	379,490	18,936	0.74	0.96	0.22
Debentures	46,527	46,421	-106	0.69	0.94	0.25
Fund from Market/Clients	237,449	170,303	-67,145	3.44	3.59	0.14
Fund from Yen-denominated Market	56,168	34,239	-21,928	0.39	0.92	0.52
Fund from Foreign-currency denominated Market	163,984	122,524	-41,459	4.84	4.70	-0.13

- Loans and Bills Discounted were maintained at the same level as the previous FY

- Investment yield was increased due to the rebalancing of the security portfolio
- Gains from disposition of securities increased

- Funding cost increased mainly due to increase in funding cost of Japanese yen funds

- Fund from Member Cooperatives increased, backed by stable increase in JA deposits

Note: As of the end of March 2008, non-consolidated basis. Securities include Money Held in Trust and Monetary Claims Bought but exclude TB・FB.

Source: The Norinchukin Bank

Balance Sheet Summary (Non-consolidated)

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~ Portfolio management with a well balanced profits, risk, and capital ~

■ Decrease in Total Assets as a result of the rebalancing of the securities portfolio and appreciation of the yen

(in JPY 100mn)	2007/3	2008/3	Change	Change (%)
(Assets)				
Loans and Bills Discounted	128,044	97,956	-30,088	-23.4%
Securities	437,505	362,623	-74,881	-17.1%
Money Held in Trust	77,977	79,636	1,659	2.1%
Cash and Due from Banks	8,644	10,950	2,306	26.6%
Others	32,700	60,749	28,049	85.7%
Total Assets	684,872	611,917	-72,955	-10.6%
(Liabilities)				
Deposits	412,536	388,133	-24,402	-5.9%
Negotiable Certificates of Deposit	23,750	5,380	-18,370	-77.3%
Debentures	44,713	48,221	3,508	7.8%
Borrowed Money	14,592	13,019	-1,537	-10.7%
Others	145,049	125,137	-19,911	-13.7%
Total Liabilities	640,642	579,892	-60,749	-9.4%
(Net Assets)				
Paid-in Capital	14,840	20,160	5,320	35.8%
Capital Surplus	250	250	-	-%
Retained Earnings	12,324	14,356	2,031	16.4%
Others	16,815	-2,741	-19,556	-116.3%
Total Net Assets	44,230	32,024	-12,205	-27.5%

■ The balance of Securities declined mainly due to the rebalancing of Global Bond portfolio, appreciation of the yen (down JPY 7,488.1bn from the previous FY)

■ Total Assets decreased due to reduction in the securities portfolio (down JPY 7,295.5bn from the previous FY)

■ Total Liabilities were decreased due to decrease in the market procurement, because of reduction in the securities portfolio size

■ Net Assets decreased (down JPY 1,220.5bn from the previous FY)

- Increased in Paid-in Capital (up JPY 532.0bn from the previous FY)
- Increased in Retained Earnings (up JPY 203.1bn from the previous FY)
- Decreased in net unrealized gains on other securities (down JPY 1,955.2bn from the previous FY)

■ Unrealized losses on Securities

- Δ JPY 431.1bn (down JPY 2,839.3bn from the previous FY)
- Decreased mainly due to price decline in stocks and credit investment related products

Note: As of the end of March 2008, non-consolidated basis.
Source: The Norinchukin Bank

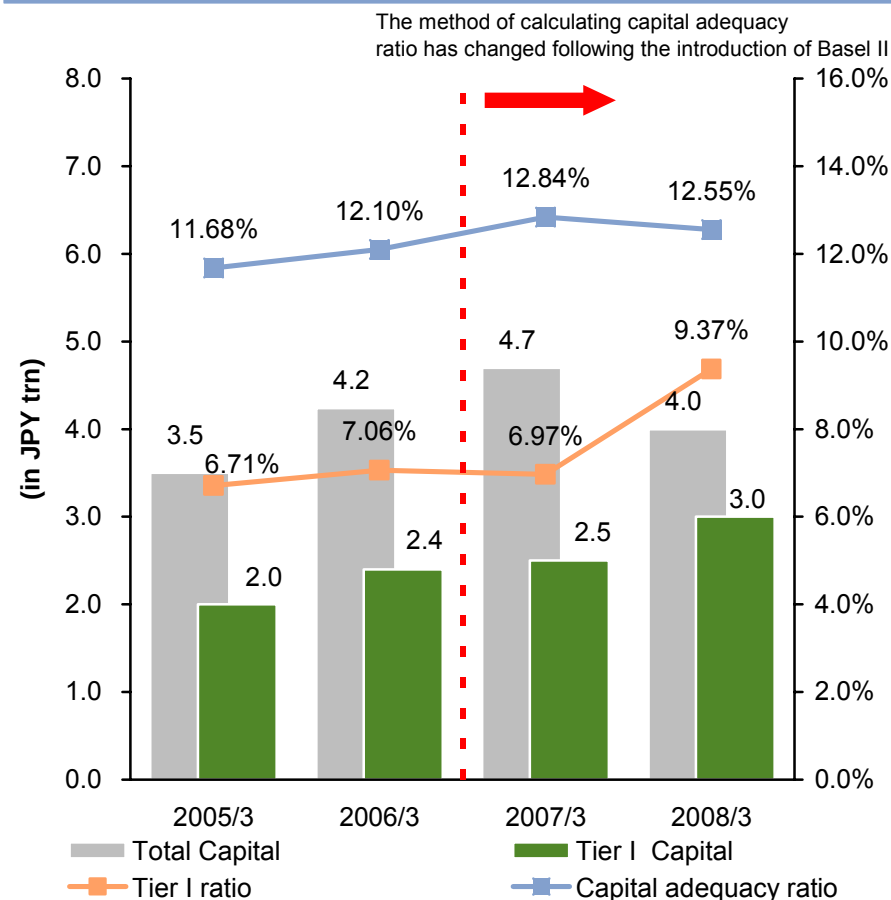
~ Stable capital adequacy ratio and increased Tier I ratio ~

- Maintained stable shifts of capital adequacy ratio before and after the implementation of the Basel II framework
- Substantial raise of Tier I ratio due to capital increase in the FY2008/3

Capital adequacy ratio (in JPY 100 mn)

	2007/3	2008/3	Change
Tier I Capital	25,968	30,198	4,230
Capital Stock and Capital Surplus	15,090	20,410	5,320
Earned Surplus	11,510	13,531	2,020
Unrealized Losses on Other Securities	—	-2,965	-2,965
Tier II Capital	25,861	13,255	-12,605
45% of Unrealized Gains on Other Securities	10,947	—	-10,947
Perpetual Subordinated Loans	5,799	9,637	3,838
Subordinated Loans	8,787	3,376	-5,410
Deductions	3,977	3,045	-932
Total Capital	47,852	40,409	-7,443
Risk Weighted Assets	372,491	321,979	-50,511
BIS Capital Adequacy Ratio	12.84%	12.55%	-0.29%
Tier I Ratio	6.97%	9.37%	2.40%

Changes in capital adequacy ratio

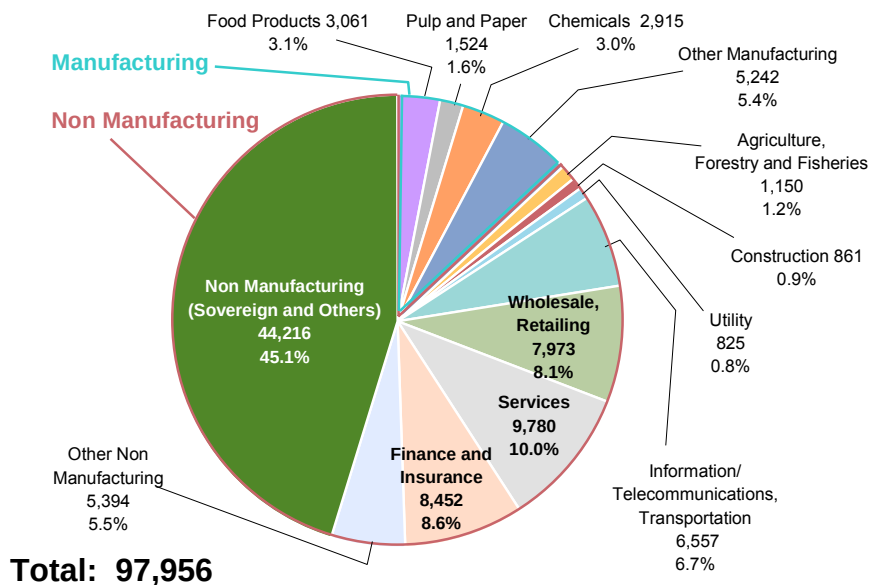


Note: As of the end of March 2008, non-consolidated basis.
 Source: The Norinchukin Bank

~ Sound loan portfolio and appropriate risk management ~

- The risk-managed loans ratio fell to 1.8%

Outstanding loan balance by industry (in JPY 100mn)

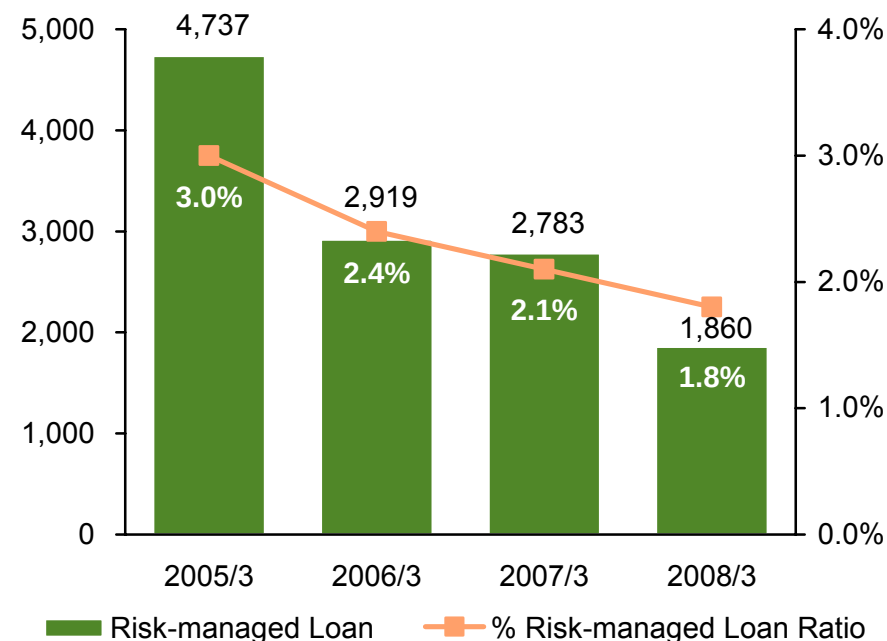


Outstanding loan balance of ea. borrower (in JPY 100mn)

Item	Outstanding Amount	%
Cooperative Organizations	7,452	8%
Corporations Related to the Primary Sector	31,498	32%
Others	59,005	60%

Note: As of the end of March 2008, non-consolidated basis.
Source: The Norinchukin Bank

Changes in risk-managed loans (in JPY 100mn)



Market Investment Portfolio (Non-consolidated)

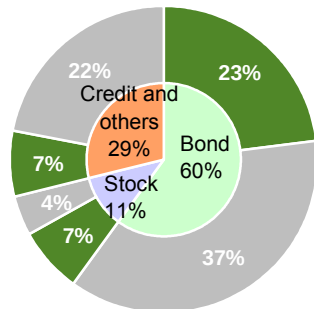
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~ Breakdown of market investment portfolio ~

- Implemented stable financial management from the medium- and long-term perspectives by rebalancing market investment portfolio of JPY 45trn under the concept of globally diversified investment. Aim to develop an optimal asset mix for the main asset classes of bonds, stocks and credit assets while taking into consideration in balancing currencies and regions.
- Change in composition of market investment portfolio due to decrease in both domestic and international bonds, and increase in high-rated credit investment assets

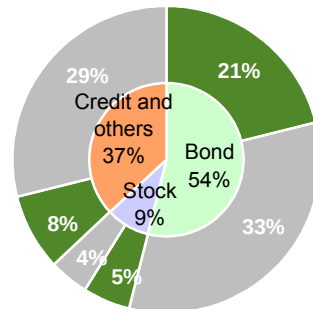
Market investment portfolio by risk type

2007/3



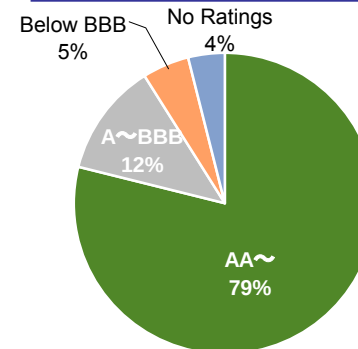
■ Japan ■ Outside-Japan

2008/3

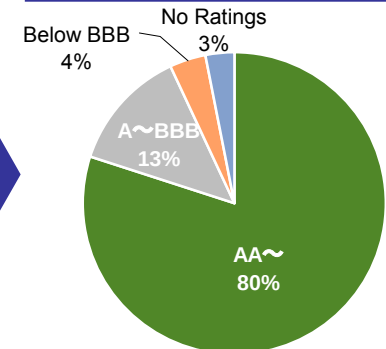


Bond and credit portfolio by rating

2007/3

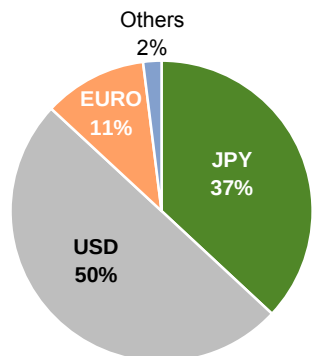


2008/3

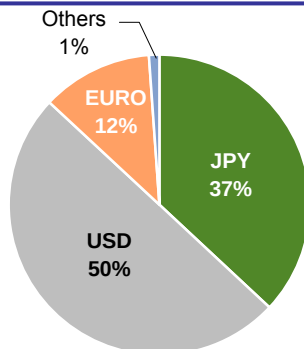


Market investment portfolio by currency

2007/3

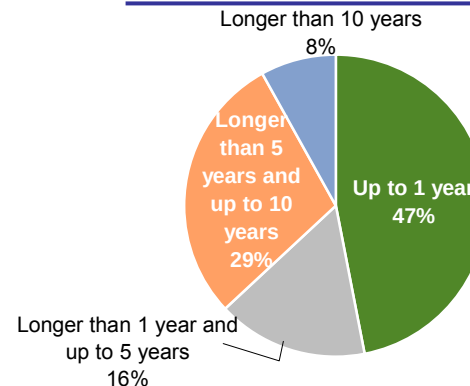


2008/3

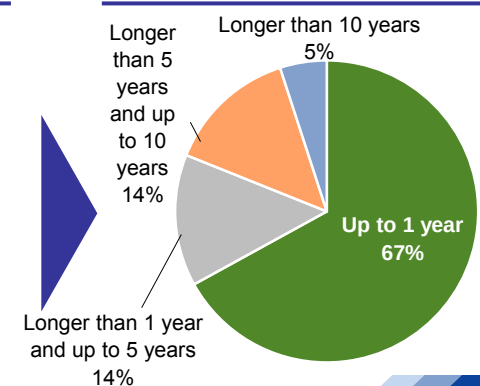


Bond and credit portfolio by rate reset maturity

2007/3



2008/3



~ Securitization Exposures (Note1) ~

- Majority of the securitization exposures portfolio are ①high-rated and ②primary securitized exposures (ABS and CLO etc.)

1. Exposures by product (Note2)

	AAA,AA	A,BBB	Below BB+	Total
(JPY in 100mm)				
ABS	16,910	1,506	0	18,416
RMBS (Note3)	7,698	749	31	8,477
CMBS	5,647	1,847	0	7,494
CDO	20,767	4,370	23	25,159
CLO	16,227	3,752	0	19,979
Resecuritized Products (Note4)	3,723	379	23	4,124
CBO and Others	817	239	0	1,057
Others	0	493	367	860
Total	51,021	8,964	421	60,407

2. Unrealized Gains/Loss and Total Loss by product

	AAA,AA	A,BBB	Below BB+	Total	Loss (Note5)
(JPY in 100mm)					
ABS	-449	-86	0	-535	0
RMBS (Note3)	-369	-172	0	-541	-205
CMBS	-348	-180	0	-528	0
CDO	-1,939	-877	0	-2,816	-1,664
CLO	-1,164	-771	0	-1,935	0
Resecuritized Products (Note4)	-732	-75	0	-806	-1,664
CBO and Others	-43	-31	0	-74	0
Others	0	-30	0	-30	0
Total	-3,105	-1,345	0	-4,450	-1,869

3. Exposures by currency

	Exposures	Revaluation Gains/Loss	Loss (Note5)
(JPY in 100mm)			
USD	37,406	-3,147	-1,827
Euro	10,355	-1,203	0
GBP	642	-44	0
JPY	12,003	-56	-42
Total	60,407	-4,450	-1,869

[Reference] Fair Value of Securitization Exposure

Securitization exposure includes investment securities, monetary claims bought, outstanding loans as well as accrued income and undrawn commitments. 99.8% of investment securities among securitization exposure have a fair value on an outstanding basis. Loans and monetary claims bought do not have a fair value. Fair value assessment is performed based on "Accounting Standards for Financial Instruments" and "Practical Guidelines on Accounting for Financial Instruments" at quoted prices provided by security firms or other third-parties. Our independent middle office comprehensively verifies the appropriateness of quoted prices. If fair values have declined relative to acquisition cost by 50% or more, the Bank records revaluation losses pursuant to the above accounting standards and practical guidelines.

Note 1: Securitized Products are "Securitization Exposure" as defined in Basel II. Securitization exposures which have an internal rating are displayed in translations of the internal rating to the corresponding external rating.

Note 2: The amount of securitized exposure is net exposure after write-off and revaluation. For some CMBS, the amount of exposure JPY161.4bn (Revaluation Loss JPY-0.7bn), which should be included in Specialized Lending (SL) under Basel II, is not included here.

Note 3: Includes Sub-prime RMBS. Not include mortgage-backed securities related with US Government Sponsored Entities.

Note 4: Re-securitized Products such as ABS-CDO, CDO of CDO's. Includes ABS-CDO and CDO of CDO's including Sub-prime RMBS as underlying.

Note 5: Total value of Revaluation losses and realized loss of Financial Instruments with Embedded Derivatives in the FY2008/3.

Note: As of the end of March 2008, non-consolidated basis.

Source: The Norinchukin Bank

Investments on Sub-prime Loan related Products and Other Products (Non-consolidated)

~ Sub-prime loan related products, Monoline and Leveraged loans ~

- Net exposure of sub-prime loan related products is JPY287.3bn after JPY102.2bn loss on revaluation and JPY74.3bn unrealized loss

1. Investment on Sub-prime Loan Related Products (Note1) (in JPY 100mm)

(1) Sub-prime Loan related products

(Sub-prime RMBS: primary Instruments) (Note2)

	Exposures	Unrealized Gains/Loss	Loss (Note3)
AAA, AA	1,231	-352	0
A, BBB	399	-170	-113
below BB+	31	0	-92
Total	1,662	-522	-205

(2) ABS-CDO including sub-prime RMBS (squared instruments) (Note4)

	Exposures	Unrealized Gains/Loss	Loss (Note3)
AAA, AA	713	-89	-101
A, BBB	69	-10	-306
below BB+	15	0	-409
Total	797	-98	-816

(3) CDO of CDO's including sub-prime RMBS (cubic instruments) (Note5)

	Exposures	Unrealized Gains/Loss	Loss (Note3)
AAA, AA	414	-123	0
A, BBB	0	0	0
below BB+	0	0	0
Total	414	-123	0

2. Investment on Monoline Products (in JPY 100mm)

	Exposures	Unrealized Gains/Loss	Loss (Note3)
Financial Products with Monoline guarantee (Note6)	1,937	-254	0
Monoline Products in Securitization business	0	0	0
Total	1,937	-254	0

3. Investment on Leveraged Loans (Note7) (in JPY 100mm)

	Exposures
Domestic	557
Overseas	1,905
Total	2,462

4. Trading of Sub-prime loan related products

The Bank has not originated, underwritten traded ABCP, SIV, and leveraged loans. We do not own any Sub-prime loan related products in our trading account and are not involved in any unconsolidated off-balance transactions. We are only involved in sponsoring 1 SPC to provide liquidity to our domestic client's account receivables (Exposures : JPY122.2bn)

[Reference] Sub-Prime loan related Products within Fund Investment (note)

The Bank does not own any fund mainly investing in sub-prime loan related products but some funds of which the bank commissions the management, include sub-prime RMBS (primary instruments). Exposures of sub-prime RMBS is JPY 248.4bn and revaluation loss is JPY 68.9bn within these funds.

In addition, the Bank has sub-prime related derivatives exposure of JPY1.4bn on purchase basis and JPY0.8bn on sales basis (unrealized loss is JPY0.5bn).

Note: Internal research basis for funds which the bank can look through the individual assets within each fund.

Note 1: The Bank has not loaned in pure Sub-prime loans.

Note 2: Ratios by vintage (Issuance Year) is 96%, 4%, and 0% for prior 2004, 2005-2006, after 2007, respectively.

Note 3: Total value of impaired loss and unrealized loss of compound instruments in FY2008/3.

Note 4: Capital Note issued by SIV is JPY25bn (After JPY14.9bn write-off and non revaluation loss).

Ratios by vintage (Issuance Year) is 51%, 34% and 15% for prior 2004, 2005-2006, after 2007, respectively.

Note 5: CDO of CDO's including RMBS even if partly. Only a few sub-prime RMBS included.

Ratios by vintage (Issuance Year) is 53%, 47% and 0% for prior 2004, 2005-2006 after 2007, respectively.

Note 6: Non-guaranteed grade for Nonrecourse Loan and CLO is above investment grade.

No sub-prime related loan products for guaranteed products.

The Bank has CDO including monoline-CDS in addition to monoline guaranteed products. Exposure of monoline-CDS calculated based on monoline-CDS ratio to securitized product amount is JPY7.3bn

Note 7: Internal definition of loans mainly targets LBOs. The reserve for individual possible loan losses is JPY1.7bn.

Note: As of the end of March 2008, non-consolidated basis.

Source: The Norinchukin Bank

~ Approach in the FY2008/3 ~

- Executed capital increase both in terms of quality and quantity by issuing lower dividend rate stocks (early redemption of dated subordinated loans) and borrowing perpetual subordinated loans

Basic Policies

- Achieve both the soundness of operations and profitability at a high level with a well-balanced three part relationship among “Equity Capital”, “Risk”, and “Profit”
- Pay attention to a balance between the funding from members which is the main source and the flexibility & cost based procurement from the market
- Ensure stable capital adequacy ratio of 12% and Tier I ratio of more than 8% — Major risks are covered by Tier I capital

Funding from members

Dec. 2005

- Issuance of JPY 225.7bn common stocks
- Issuance of JPY 212.9bn perpetual subordinated loans

Mar. 2006 ~ Sep. 2006

- Lower dividend rate stocks of JPY 33.3bn accompanied by consolidation with Shinnoren (3 prefs)

FY2008/3

- Lower dividend rate stocks of JPY 532.0bn including those accompanied by consolidation of Shinnoren (2prefs)
- Early redemption of JPY 521.6bn dated subordinated loans
- Borrowing of JPY 383.8bn perpetual subordinated loans

- Stable fund procurement from a long-term perspective

Procurement from the market

Sep. 2006

- Set an Euro MTN program of JPY 700bn
- Issuance of dated subordinated bonds in Euro, GBP, and Yen respectively of JPY 342.7bn in total

Aug. 2007

- Update of Euro MTN program

- Flexible fund procurement to meet investors' needs
- Maintain and improve the accessibility to the major markets and the credibility of the Norinchukin Bank

Consolidated Financial Summary

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~Stable profit level (the same as in non-consolidated basis)~

- Consolidated/non-consolidated multiple is about 1.01 on Net Income basis. Profit is stable as same as in non-consolidated profits

(in JPY 100mn)	2007/3	2008/3	Change	Change (%)
Ordinary Income	26,214	26,397	183	0.6%
Interest Income	20,538	19,410	-1,127	-5.4%
Ordinary Expenses	22,482	22,765	283	1.2%
Interest Expenses	17,917	17,324	-593	-3.3%
General and Administrative Expenses	1,110	1,131	21	1.9%
Ordinary Profits	3,732	3,631	-100	-2.6%
Extraordinary Profits	185	640	455	246.0%
Extraordinary Losses	26	19	-6	-24.6%
Income before Income Taxes and Minority Interests	3,891	4,252	361	9.2%
Net Income	2,568	2,768	200	7.8%

(in JPY 100mn)	2007/3	2008/3	Change	Change (%)
(Assets)				
Loans and Bills Discounted	128,546	98,539	-30,007	-23.3%
Securities	437,302	362,420	-74,881	-17.1%
Money Held in Trust	77,977	79,645	1,667	2.1%
Cash and Due from Banks	8,663	10,969	2,305	26.6%
Others	29,931	59,281	29,349	98.0%
Total Assets	682,420	610,855	-71,565	-10.4%
(Liabilities)				
Deposits	412,434	388,043	-24,391	-5.9%
Negotiable Certificates of Deposit	23,750	5,380	-18,370	-77.3%
Debentures	44,711	48,219	3,508	7.8%
Borrowed Money	11,315	9,987	-1,328	-11.7%
Short-term Entrusted Funds	28,689	44,011	15,322	53.4%
Others	117,060	82,913	-34,146	-29.1%
Total Liabilities	637,962	578,556	-59,406	-9.3%
(Net Assets)				
Paid-in Capital	14,840	20,160	5,320	35.8%
Capital Surplus	250	250	—	—%
Retained Earnings	12,494	14,574	2,079	16.6%
Others	16,873	-2,685	-19,559	-115.9%
Total Net Assets	44,458	32,299	-12,159	-27.3%

Note: As of the end of March 2008.
Source: The Norinchukin Bank

Source: The Norinchukin Bank

Appendix

~ Executing the Medium-term Business Plan ~

- Focusing on (1) realizing the growth strategy for the overall cooperative credit business and (2) sustaining and strengthening profits from a global perspective

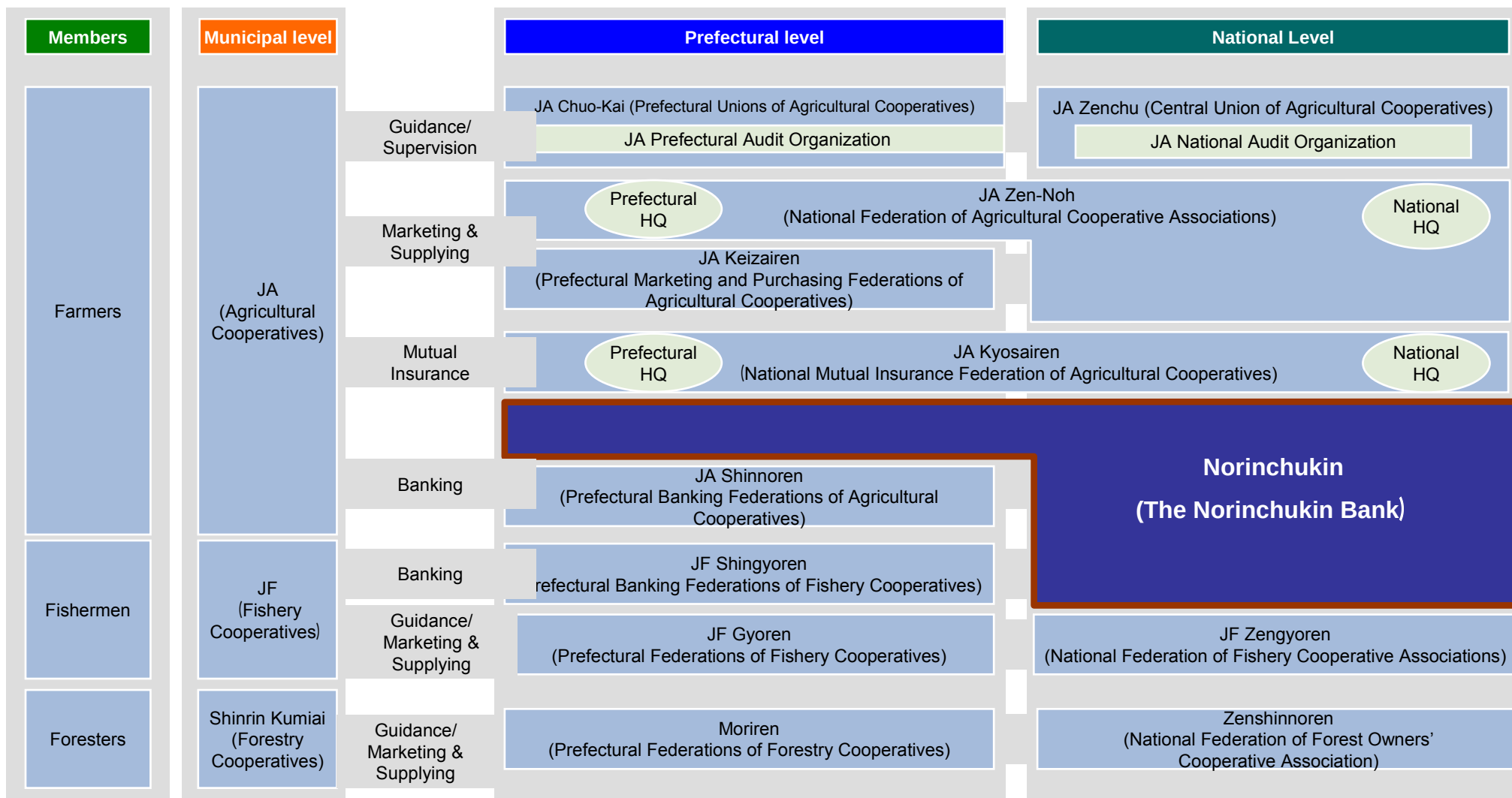
Updates from May 2007

May 2007	Announced “Management Integration of Kyodo Leasing Co. Ltd and Mitsui Leasing & Development, Ltd”
July 2007	Elimination and Consolidation of Branches (Elimination of Nagano and Shizuoka branches & Relocation of Kanazawa branch to Toyama branch)
Sep 2007	Announced “Maintenance and Development of Business and Capital Alliance between The Norinchukin Bank and Mitsubishi UFJ NICOS Co., Ltd”
Oct 2007	Established Norinchukin Bank & JA Bank’s CSR activities “JA Bank Agri- Eco Support Fund”
Oct 2007	Integration with Tochigi Prefectural Banking Federation of Agricultural Cooperatives
Jan 2008	Announced “Integration of the Norinchukin Bank and Yamagata / Toyama Prefectural Banking Federation of Agricultural Cooperatives
Feb 2008	Announced “Opening of Business of Private Equity Funds Research and Investments Co., Ltd”
Mar 2008	Issued JPY 503.2bn of Lower Dividend Rate Stocks and JPY 383.8 bn of Perpetual Subordinated Loans
Apr 2008	Merger of Nochu Information System Co., Ltd and JA Bank Computer System Co., Ltd

Summary of Cooperative System

農林中央金庫

~ Structure of the Agricultural, Forestry and Fishery Cooperative System ~

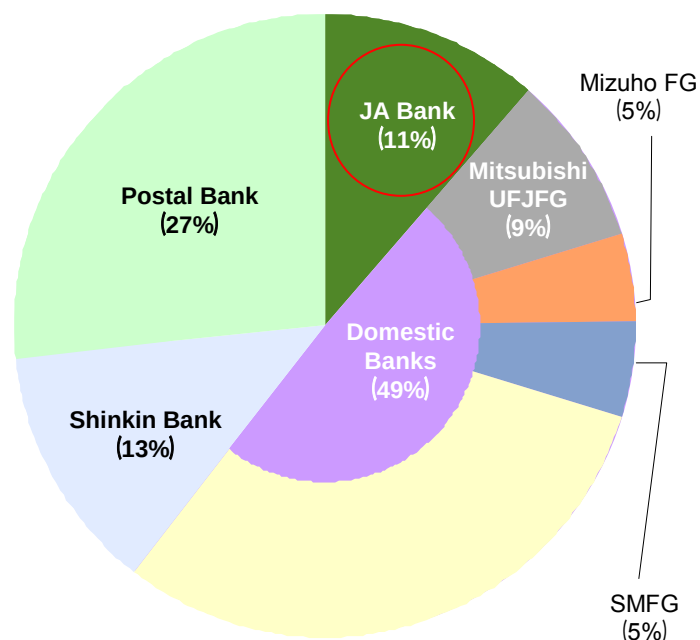


~ Stable JA Savings ~

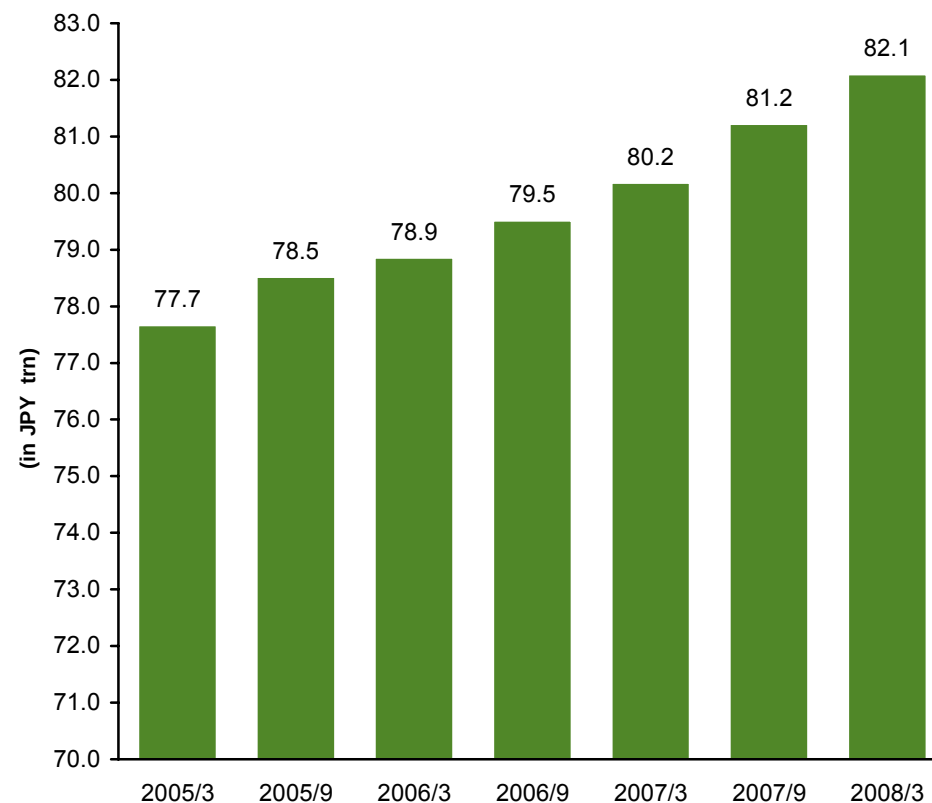
- JA Bank maintains strong operating base and network with approximate 9,700 branches for the group as a whole
- Outstanding balance of JA Bank deposits and savings shows stable long-term growth

Deposits and savings (Retail)

Total: JPY 698trn



JA Bank deposits and savings



Note: As of the end of March 2007.

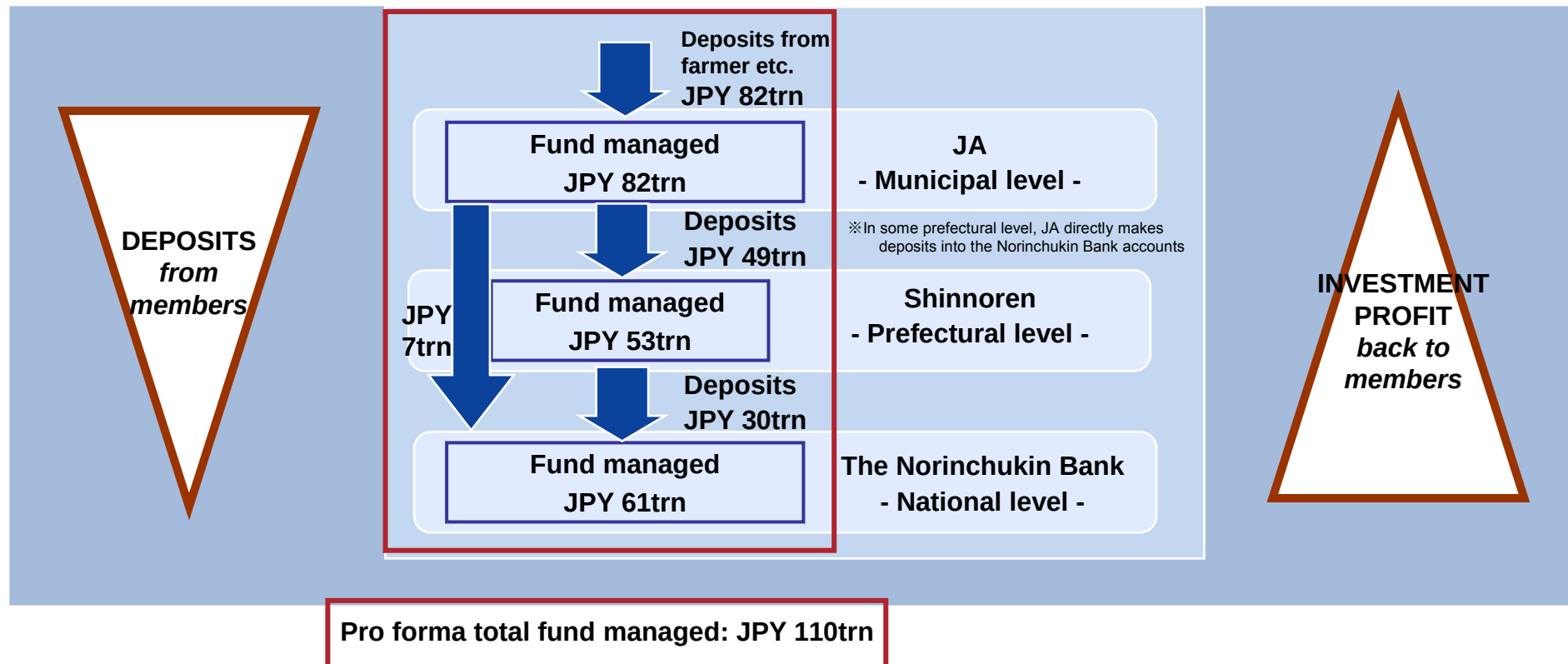
Prepared by the Norinchukin Bank based on the disclosures of the Bank of Japan, Japanese Bankers Association, Shinkin Central Bank Research Institute, and Japan Post and other banks' earnings reports.

Source: The Norinchukin Bank

~ Flow of funds in JA Bank Group ~

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

Flow of funds in JA Bank Group



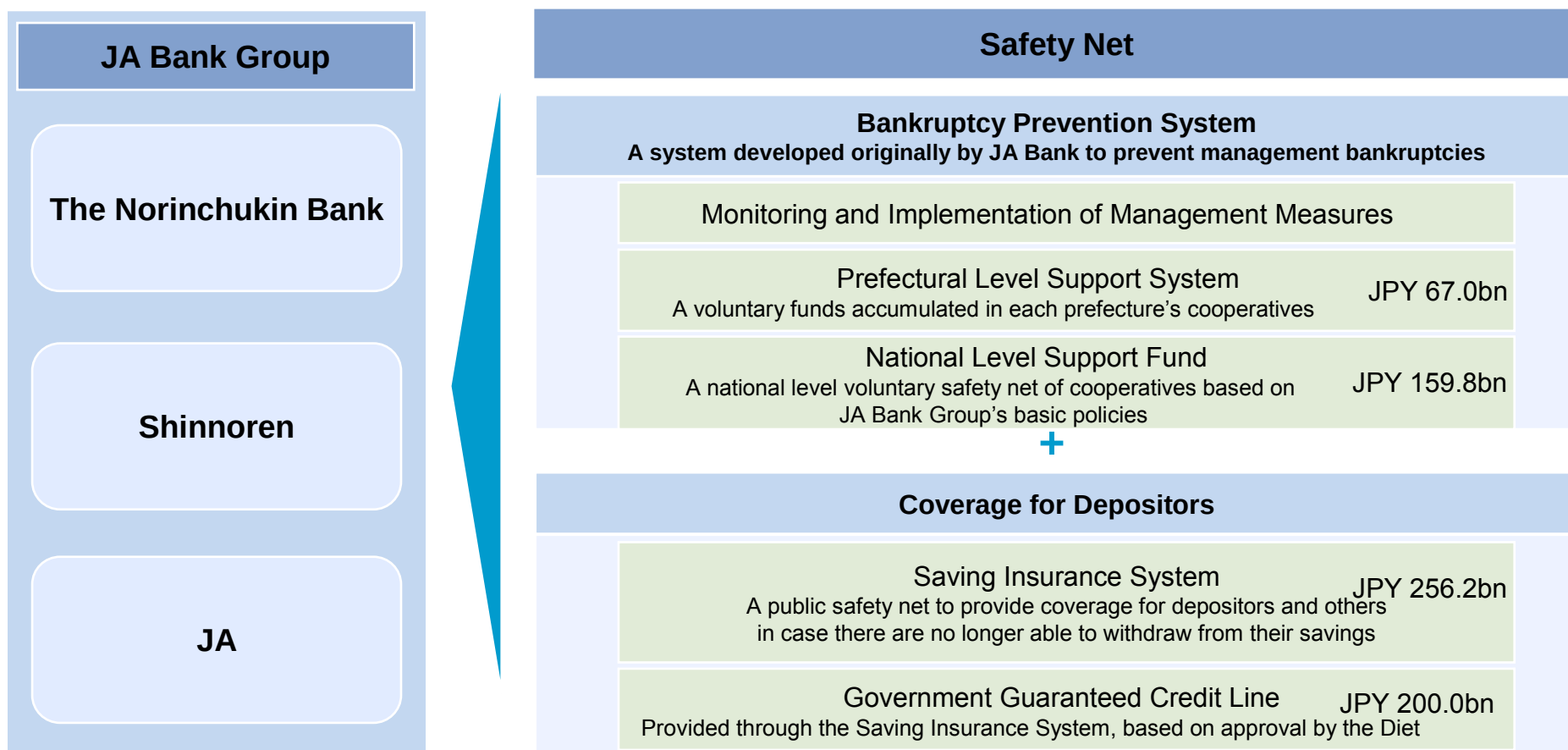
Note: As of the end of March 2008.

Pro forma total fund managed = Fund managed (JPY 82trn+JPY 53trn+JPY 61trn) – Deposits (JPY 49trn+JPY 7trn+JPY 30trn).

Source: The Norinchukin Bank

~ Summary of JA Bank Group's Safety Net ~

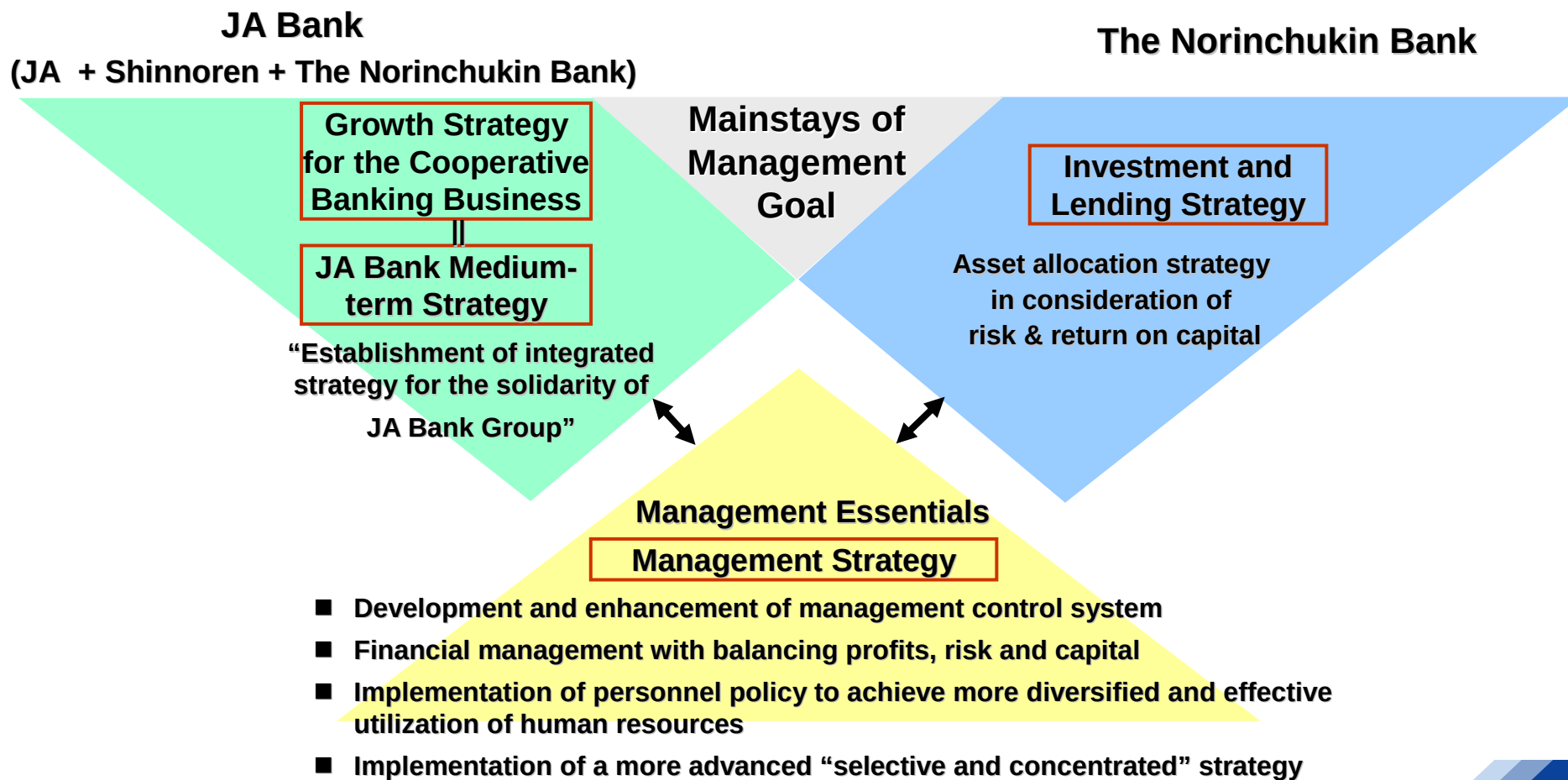
- The JA Bank Group has created a safety net consisting of Bankruptcy Prevention Systems and a Savings Insurance System to assure agricultural and fishery cooperatives with trustworthy services



Note: As of March 31, 2008. The amounts show the balances of reserve funds. Government guaranteed credit line shows the amount of maximum line.

~ “Two mainstay management goals” and “Management essentials” ~

- The goal of the Norinchukin Bank's medium-term business strategy (FY2008/3-FY2010/3) , which consists of “the two mainstays of management goal” and “the management essentials”, is to further develop and to enhance its business model
- One of the Norinchukin Bank's management goals is substantially the same as a part of JA Bank medium-term strategy



~ the JA Bank group to build a stronger presence in the Japanese financial market ~

■ JA Bank steadily promotes Three Year Plan “JA Bank Mid-term Plan” starting FY 2008/3

Strengthen the foundation for core members

- Enhance the financial services to core farmers
- Provide consultation services to core members (inheritance, tax, testamentary trust, etc.)

Deploy competitive strategies in the retail market

- Extend JA Bank loans
- Deploy strategies for bank/credit cards
- Increase retail deposits and pension funds
- Promote counter sales (JGBs and investment trusts)
- Establish the efficient sales structure

Sophisticate the management structure of JA and Shinnoren

- Implement Basel II
- Enhance the proper management in the increasing interest phase

- Develop human resources
- Implement proactive disclosure and public relations
- Promote integrated business operations and system efficiency

Achievement in FY2008/3

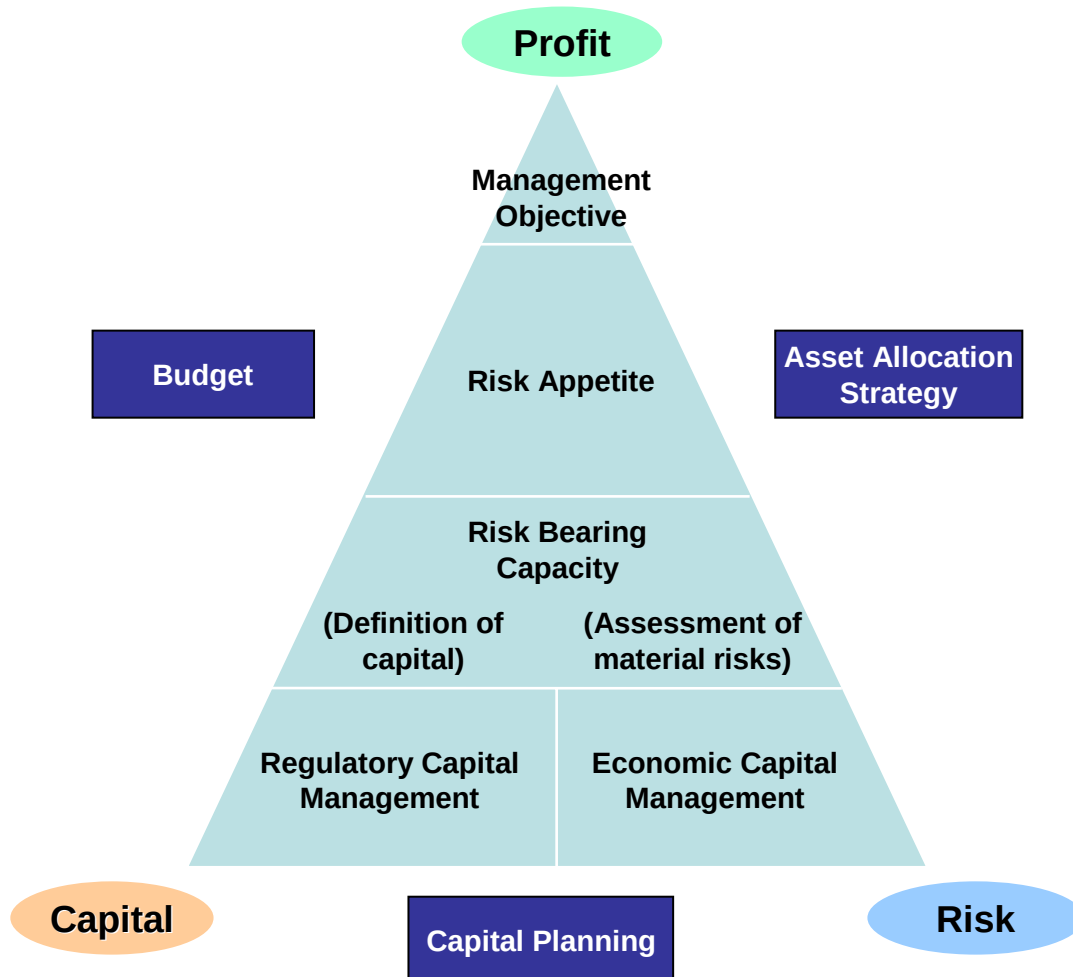
- Increase in individual deposits and number of accounts via pension deposits by taking advantage of the group's face-to-face channel network (outstanding individual deposits at the end of fiscal year; JPY74.39trn, up 2.8% from the previous year)
- Increase in JA Bank loan mainly residential mortgage (outstanding of residential mortgage loan was JPY5.55trn, up 10.4% from the previous year)
- Strengthening of financing and consulting support system for core farmers (1,600 “Financial Leader for Core Farmers” have been deployed) increased variety of loan services for core farmers

Actions to be taken in FY2009/3

- Focusing on household budget, especially credit card strategies
- Strengthening of ALM and management control system at JA level
- Practice of social and local contribution (Interest subsidy for core farmers by JA Bank's agricultural support business, agricultural investment business to support new area development, support of dietary education for agricultural and local promotion etc.)

~ Implementation of the Internal Capital Adequacy Assessment Process ~

- ICAAP has been introduced based on the Basel II framework. Maintaining a stable financial base and profitability at high levels through balanced management of profit, risk and capital



1. Management objective

- Stably return profits to members, while maintaining sound management, etc.

2. Risk appetite

- Identify type and amount of necessary risk for the implementation of management strategy
 - Maintaining a JPY300bn level of ordinary profits
 - Mid-term target: capital adequacy ratio of 12% and Tier I ratio of 8%, etc.

3. Determination of risk bearing capacity

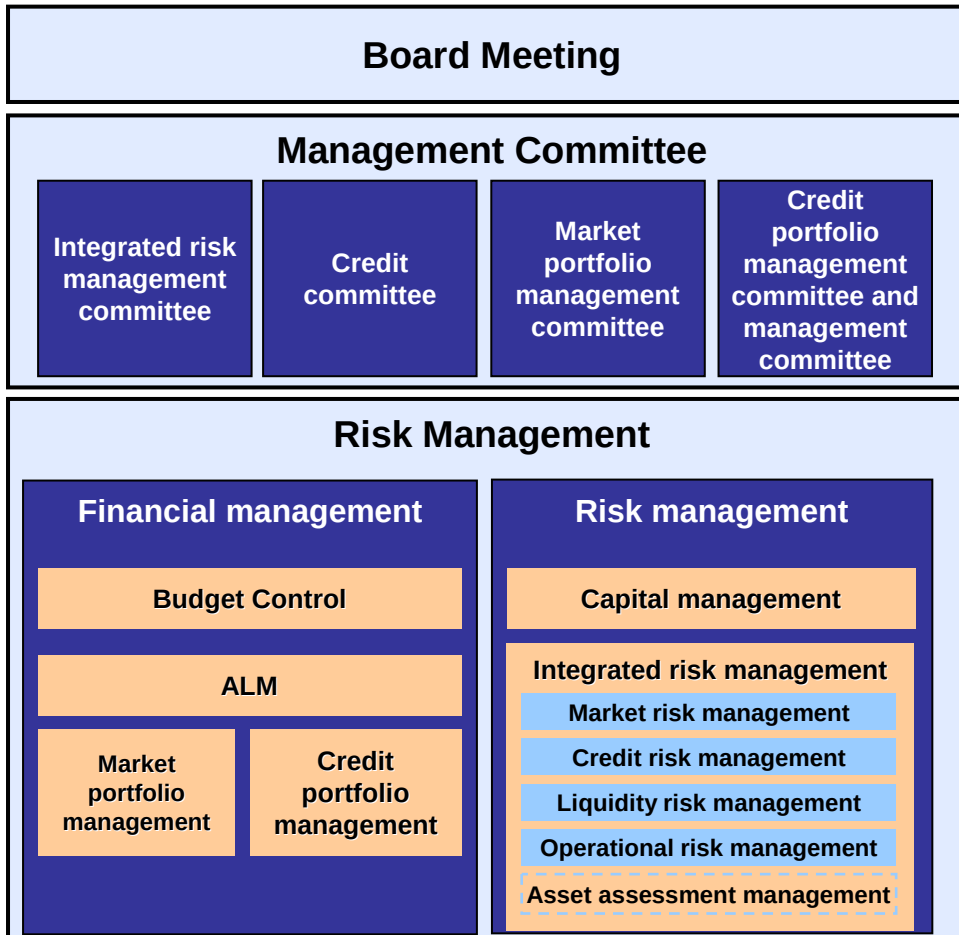
- Determine type of important risks and the maximum amount of risks which the bank can proactively take
 - Type of material risks: Market risk, Credit risk and Operational risk
 - Definition of capital and risk bearing capacity

4. Confirm consistency between risk appetite and risk bearing capacity

- Confirm there is consistency between the risk appetite (amount of the aggregate risks) and the risk bearing capacity (amount of the capital) for medium-long term period projected within the capital planning, through the check point system and stress testing for the regulatory capital and the economic capital management

~ Advanced Risk Management System ~

- We implement “integrated risk management” that functions as an integrated risk management system centered on economic capital management



1. Board Meeting

- The board sets management objectives such as mid-term management plan, annual operation plan, economic capital allocation, and budgets. It also implements ICAAP (Internal Capital Adequacy Assessment Process)
- Based on feedbacks from internal and external audits, it controls the status of risk management system

2. Management committee

- The integrated risk management committee determines important issues related to economic capital and equity capital management
- Based on the determinations, each committee in charge sets concrete portfolio management policies in market/credit portfolio management committees

3. Risk management

- For integrated risk management of market risk, credit risk, liquidity risk, and operational risk, we set up units to control individual risk and a unit for integrated control of these risks in order to clarify roles and responsibilities
- In a form combined with integrated risk management, we achieve a flexible financial management improving soundness and profitability by optimizing the balance among risks, profits, and capital while volatile markets and changing economic environments

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