

**農林中央金庫**  
The Norinchukin Bank  
*Bank Presentation*  
*The 1st Half of Fiscal Year ending March 2010*  
November 26, 2009



# Financial Highlights for the 1<sup>st</sup> Half of the Fiscal Year ending March 31, 2010 (Non-consolidated)

*~ The Bank has secured stable profits while maintaining a high capital adequacy ratio through conservative financial management ~*

## ■ Capital adequacy ratio 18.30 % and Tier 1 ratio 12.76% (Preliminary figures)

- Capital adequacy and Tier 1 ratios grew by 2.65% and 3.15%, respectively, from March 31, 2009. The Bank continues to maintain a strong capital base.

## ■ Ordinary profits were JPY 112bn and net income was JPY 61.8bn for the fiscal half year

- In line with the upturn in the market environment, the Bank has secured stable profits through its prudent approach to financial management. The Bank expects to achieve JPY50bn to JPY100bn in ordinary profits, in line with the Business Renewal Plan.

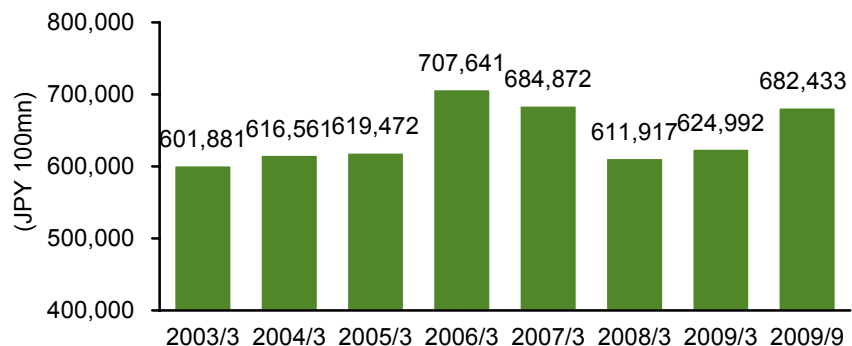
## ■ Unrealized losses on securities were JPY1,116.1bn (an improvement of JPY976.7bn from March 31, 2009)

- The unrealized losses on securities improved steadily, owing to equity and credit market recovery

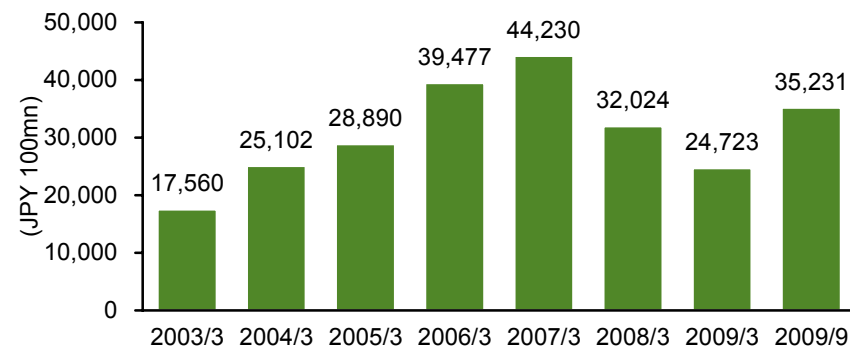
~ With relative stabilization of financial markets, profits are back on a recovery trend ~

- The financial market has pulled itself out of the turmoil. The Bank's net asset value has recovered along with the improvement in unrealized losses on securities

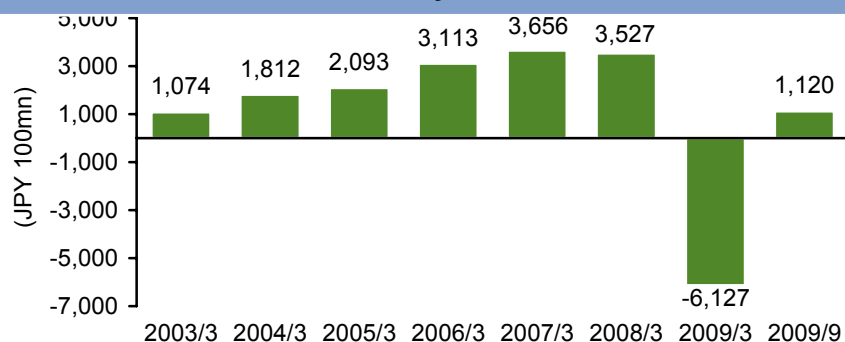
### Total Assets



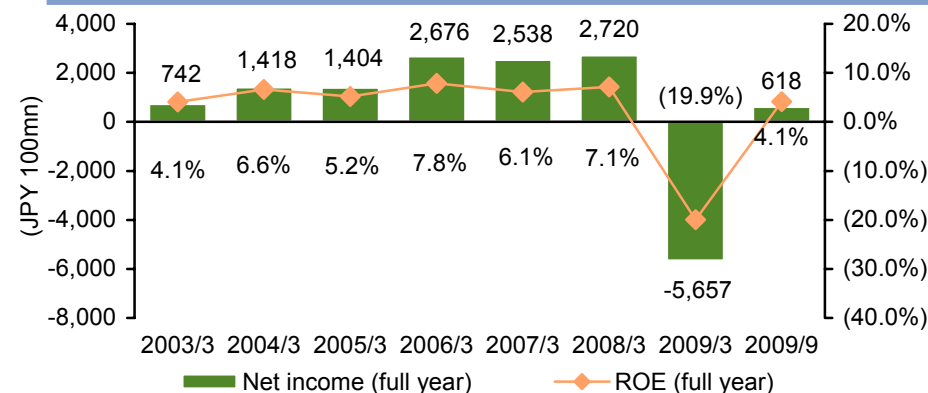
### Net Assets



### Ordinary Profits



### ROE and Net Income



Note: As of September 30, 2009, 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

~ Ordinary profits of JPY112bn ~

- The Bank's prudent approach to financial management as well as recovery in the market environment contributed to logging ordinary profits of JPY112bn for this fiscal half year

	(in JPY100mn)	2008/9	2009/9	Change	Change (%)
1 Ordinary Income		9,412	7,340	-2,071	-22.0%
2 Interest Income		6,834	3,808	-3,025	-44.2%
3 Other Operating Income		673	1,744	1,070	159.0%
4 Other Ordinary Income		1,842	1,727	-115	-6.2%
5 Ordinary Expenses		9,207	6,220	-2,986	-32.4%
6 Interest Expenses		6,170	3,556	-2,613	-42.3%
7 Other Operating Expenses		1,642	842	-800	-48.7%
8 General and Administrative Expenses		558	564	6	1.1%
9 Other Ordinary Expenses		788	1,189	400	50.8%
10 Ordinary Profits		205	1,120	914	444.3%
11 Extraordinary Profits		61	8	-52	-86.0%
12 Extraordinary Losses		11	9	-1	-15.8%
13 Income before Income Taxes		256	1,119	863	337.2%
14 Net Income		104	618	514	490.8%

■ Effect of global interest rates decline

■ Gains on the sale of debt securities: JPY134.8bn

■ Losses on the sale of debt securities: JPY21.5bn

■ Revaluation of debt securities: JPY38.7bn

■ Credit-related costs: JPY106.5bn

~ A decrease in funding costs contributed to improving spreads ~

- In addition to the decline in interest rates globally, gains on the sale of securities helped to improve spreads

	Average Balance (in JPY 100mn)			Yield (%)		
	2008/9	2009/9	Change	2008/9	2009/9	Change
1 (Spread)				0.06	0.32	0.25
2 (Investment Side)	608,195	683,584	75,388	2.66	1.95	-0.71
3 Loans and Bills Discounted	89,353	104,770	15,416	1.35	0.96	-0.38
4 Securities	450,805	458,525	7,719	3.15	2.59	-0.56
5 Yen-denominated Securities	160,125	154,597	-5,528	0.70	1.62	0.91
6 Foreign-currency-denominated Securities	290,680	303,928	13,247	4.50	3.09	-1.41
7 Trading Assets	232	95	-136	-2.27	-12.94	-10.66
8 Short-term Investment Assets	54,941	103,387	48,445	1.16	0.20	-0.96
9 (Funding Side)	608,195	683,584	75,388	2.60	1.62	-0.97
10 Fund from Member Cooperatives	383,955	370,961	-12,993	1.01	1.07	0.06
11 Debentures	49,197	53,377	4,179	1.10	1.23	0.12
12 Fund from Market/Clients	129,159	196,527	67,368	2.37	0.98	-1.39
13 Fund from Yen-denominated Market	16,676	12,276	-4,399	0.58	0.22	-0.36
14 Fund from Foreign-currency-denominated Market	90,949	157,162	66,213	3.02	0.64	-2.38

- Margins improved in the wake of the global decline in interest rates

- Increase in short and medium term Japanese and foreign government bonds

- Further stabilized procurement of foreign currencies

# Balance Sheet Summary (Non-consolidated)

~ The implementation of prudent portfolio management ~

- As part of the Bank's conservative financial management, steady investments particularly in short and medium term Japanese and foreign government bonds were made. The Bank's assets grew by JPY5.7 trillion.

(in JPY 100mn)	2009/3	2009/9	Change	Change %
<b>(Assets)</b>				
1 Loans and Bills Discounted	109,478	118,037	8,559	7.8%
2 Securities	395,588	431,849	36,261	9.1%
3 Money Held in Trust	56,539	72,822	16,282	28.7%
4 Cash and Due from Banks	27,633	14,325	-13,307	-48.1%
5 Others	35,753	45,398	9,645	26.9%
6 Total Assets	624,992	682,433	57,440	9.1%
<b>(Liabilities)</b>				
7 Deposits	375,015	382,146	7,130	1.9%
8 Negotiable Certificates of Deposit	3,212	5,582	2,370	73.7%
9 Debentures	52,550	54,411	1,861	3.5%
10 Borrowed Money	58,736	37,445	-21,290	-36.2%
11 Others	110,755	167,615	56,860	51.3%
12 Total Liabilities	600,269	647,201	46,931	7.8%
<b>(Net Assets)</b>				
13 Paid-in Capital	34,213	34,259	45	0.1%
14 Capital Surplus	250	250	0	0.0%
15 Retained Earnings	7,881	8,502	621	7.8%
16 Others	-17,621	-7,779	9,842	-
17 Total Net Assets	24,723	35,231	10,508	42.5%

- Invested assets increased, particularly the short and medium term Japanese and foreign government bonds

- The majority of deposits are from the Bank's members

- The main reason for growth is an increase in the procurement of foreign currencies, such as repo transactions

- Net assets grew by 42% from the end of March, 2009, owing mainly to the improvement in unrealized gains and losses on securities



~ An improvement in unrealized losses on securities ~

- Total unrealized losses on securities were JPY1,116.1bn (an improvement of JPY 976.7bn from March 31, 2009)
- The improvement in unrealized losses is mainly due to general equity and credit market recovery

<b>(Net Unrealized Gains/Losses (in JPY100mm))</b>				
	<b>2009/3</b>	<b>2009/9</b>	<b>Change</b>	
<b>[ Fair Value of Securities ]</b>				
1	Stocks	234	743	509
2	Bonds	474	-14	-488
3	Japanese Government Bonds	469	2	-467
4	Municipal Government Bonds	1	0	-1
5	Corporate Bonds	3	-17	-20
6	Others	-18,081	-10,187	7,894
7	Foreign Bonds	307	-1,143	-1,450
8	Foreign Stocks	-140	-15	125
9	Others	-18,248	-9,028	9,220
10	Investment Trusts	-18,196	-9,005	9,191
11	Subtotal	-17,373	-9,458	7,915
<b>[ Fair Value of Money Held in Trust ]</b>				
12	Other Money Held in Trust	-464	597	1,061
<b>[ Securities reclassified into other holding purpose classification ]</b>				
13	"Other Securities" reclassified into "Held-to-Maturity Debt Securities"	3,090	-2,299	791
14	<b>Total ( + + )</b>	<b>- 20,929</b>	<b>-11,161</b>	<b>9,767</b>

- The total unrealized losses on the Bank's investment portfolio drastically improved, as a result of a compression of uncertainty in the financial markets and improved global markets in equity and credit.

Note: The difference between the amount of held-to-maturity debt securities posted on the B/S and their fair value is JPY391.3bn (gain)

As of September 30, 2009, non-consolidated basis  
Source: The Norinchukin Bank

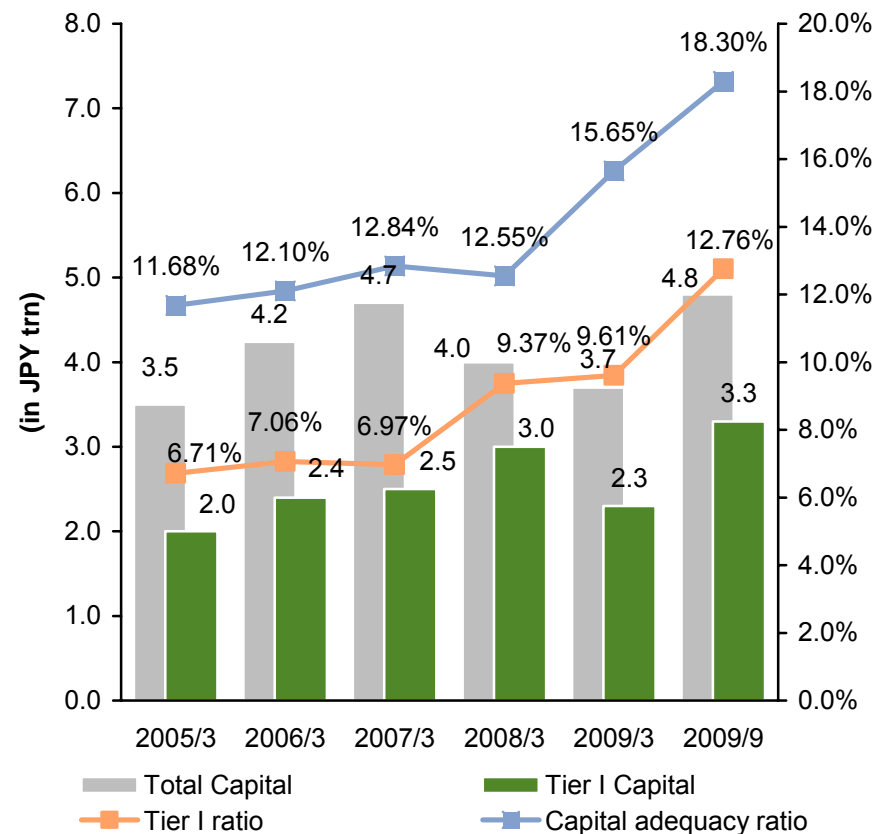
~ The Bank has maintained its capital adequacy ratio at a sound level ~

- The capital adequacy and Tier1 ratios were 18.30% and 12.76%, respectively. The Bank has secured a high-quality capital base

## Capital Breakdown (in JPY 100mn)

	2009/3	2009/9	Change
1 Tier I capital	23,006	33,677	10,671
2 Capital stock and capital surplus	34,463	34,509	45
3 Earned surplus	7,886	8,510	624
4 Unrealized losses on other securities	-18,718	-8,694	10,024
5 Tier II capital	17,700	17,840	139
6 Perpetual subordinated bonds and loans	14,760	14,860	99
7 Dated subordinated bonds, loans, and preferred stock	2,707	2,749	42
8 Deductions	3,271	3,209	-61
9 Total Capital	37,435	48,308	10,872
10 Risk-weighted assets	239,171	263,911	24,740
11 BIS Capital Adequacy Ratio	15.65%	18.30%	2.65%
12 Tier I Ratio	9.61%	12.76%	3.15%

## Transition of Capital Adequacy Ratio



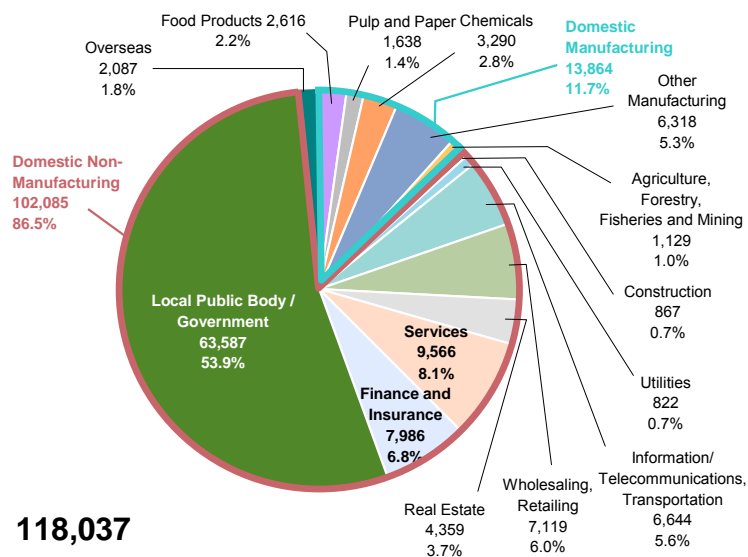
Note: As of September 30, 2009, non-consolidated basis  
Source: The NorinchukinBank



~ An outline of the Bank's loan portfolio ~

■ The Bank maintains a unique but highly sound loan portfolio

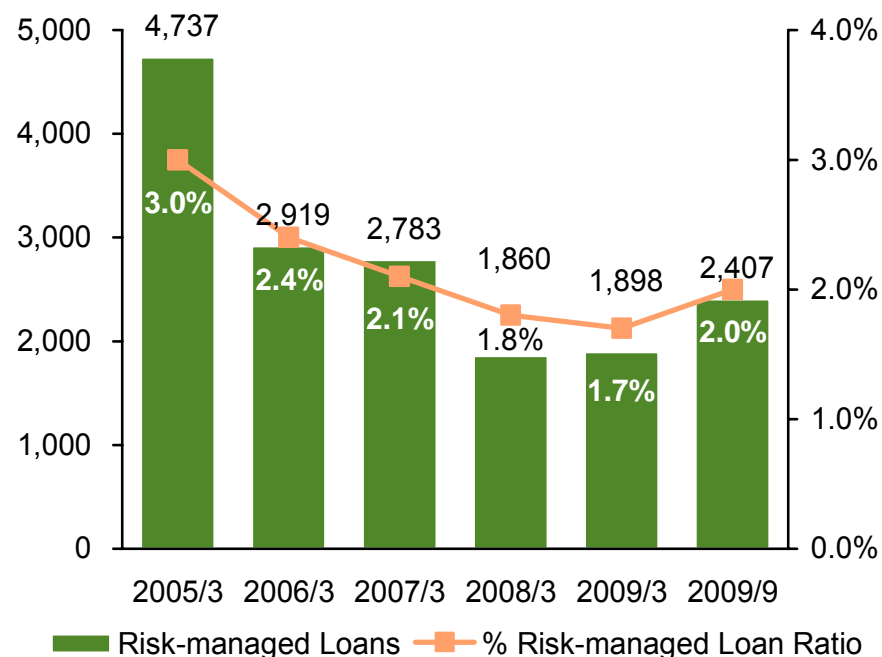
Outstanding loan balance by industry (in JPY 100mn)



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

Item	Outstanding Amount	%
1 Cooperative Organizations	5,004	4%
2 Corporations Related to the Primary Sector	35,272	30%
3 Others(Public Local Body, Government, Financial Institution and Others)	77,759	66%
4 Total	118,036	100%

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



Note: As of September 30, 2009, non-consolidated basis  
 An amount of risk-managed loans in Money Held in Trust, other than those described above, is JPY41.5bn  
 Source: The Norinchukin Bank

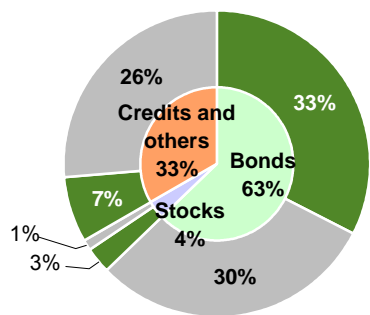
## ~ Breakdown of the market investment portfolio ~

- Implemented an integrated risk management system based on the Bank's prudent approach to financial management. Strive to achieve optimal asset mix for the main asset classes of equities, fixed income, and credit assets, based on the concept of globally diversified investment, while taking into account the balancing of both currencies and regions

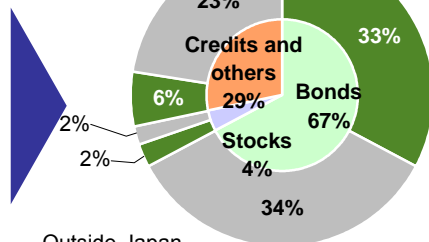
### Market investment portfolio by risk type

2009/3

2009/9



Japan

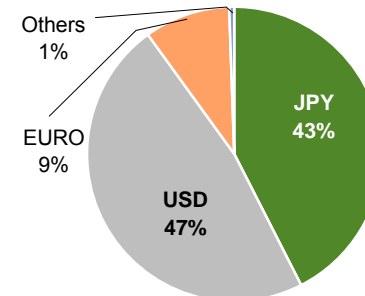
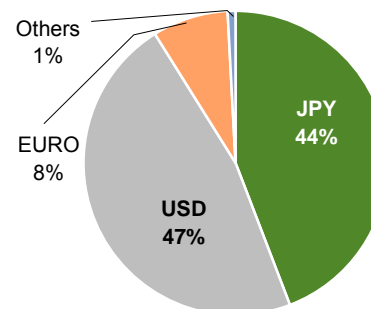


Outside-Japan

### Market investment portfolio by currency

2009/3

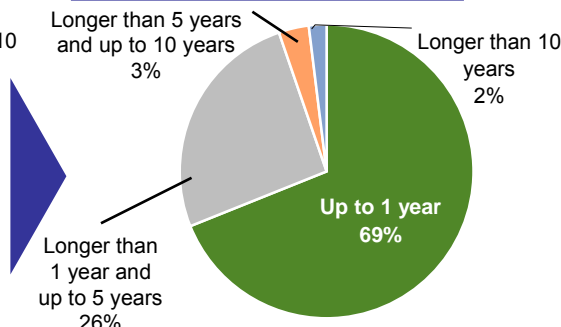
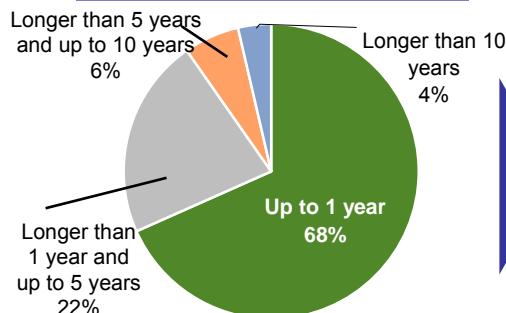
2009/9



### Bond and credit portfolio by rate reset maturity

2009/3

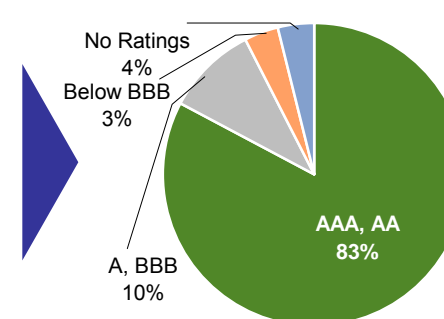
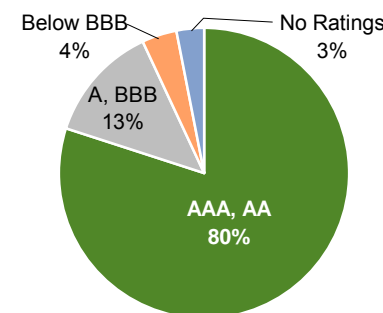
2009/9



### Market investment assets by rating

2009/3

2009/9



Note: As of September 30, 2009, non-consolidated basis  
Source: The Norinchukin Bank

# Investment on Securitized Products (Non-consolidated, Preliminary figures)

~ Securitization Exposures (Note1) (Note2) ~

■ The majority of securitization exposures were highly-rated and primary securitized products (e.g. ABS)

## 1. Investment on Securitized Products (Note 1)(Note 2)

### 1 Exposures by product

(in JPY 100mn)

	AAA	AA	A	BBB	Below BBB	Total	Change From March End
1 ABS	24,332	30	985	129	14	25,493	-1,001
2 RMBS (Note 3)	4,975	233	256	168	324	5,957	-567
3 CMBS	1,667	1,571	1,316	707	373	5,636	-392
4 CDO	4,951	7,735	3,687	1,298	2,113	19,786	-2,161
5 CLO	4,287	6,748	3,515	940	1,578	17,069	-2,011
6 Resecuritized Products (Note 4)	604	491	72	331	511	2,011	-161
7 CBO and Others	59	495	99	26	23	705	12
8 Others	-	-	-	9	595	604	-98
9 Total	35,926	9,571	6,245	2,314	3,420	57,478	-4,221

### 2. Unrealized Gains/Losses and Total Losses by product

	AAA	AA	A	BBB	Below BBB	Total	Change From March End	Losses (Note 5)
10 ABS	-357	-3	-87	-2	-2	-453	234	-
11 RMBS (Note 3)	-17	-18	6	8	-39	-61	298	-150
12 CMBS	-180	-46	-82	-71	-41	-422	18	-14
13 CDO	-237	-555	-433	-147	-138	-1,512	573	-49
14 CLO	-153	-377	-417	-90	-134	-1,174	356	-62
15 Resecuritized Products (Note 4)	-81	-147	-29	-71	-3	-333	103	-1
16 CBO and Others	-2	-29	13	14	-	-4	112	14
17 Others	-	-	-	2	0	3	3	-101
18 Total	-792	-624	-596	-210	-221	-2,445	1,129	-316

### 3. Exposures by currency

(in JPY 100mn)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Losses (Note 5)
1 USD	40,471	-3,220	-1,525	1,022	-307
2 Euro	8,012	-67	-663	139	37
3 GBP	459	16	-18	4	-
4 JPY	8,534	-949	-239	-36	-46
5 Total	57,478	-4,221	-2,445	1,129	-316

Note 1: Securitized Products are defined internally based on the definition in Basel II. Includes Sub-prime related products.

Note 2: The amount of securitization exposure is net exposure after write-off and revaluation. For some CMBS, the amount of exposure JPY 126.8bn (Revaluation Losses JPY 1.2bn), 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 that contain Sub-prime RMBS as underlying assets.

Note 5: Total value of losses which are recognized as periodical losses in the securitization exposures and unrealized losses of financial instruments with embedded derivatives as of FY2009/9.

Note: As of September 30, 2009, non-consolidated basis.

Source: The Norinchukin Bank

# Investments on Sub-prime Loan related Products and Other Products (Non-consolidated, Preliminary figures)

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

- The net exposure of sub-prime loan-related products was JPY118.6bn (after JPY16.5bn revaluation losses and JPY3.6bn unrealized losses)

### 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	Change From March End	Unrealized Gains/Losses	Change From March End	Losses
1 AAA	271	-4	8	33	-
2 AA	102	-204	-18	151	-
3 A	37	-140	7	68	-
4 BBB	89	-8	12	52	-19
5 below BBB	324	281	-39	-38	-131
6 Total	825	-77	-29	267	-150

#### (2) ABS-CDO including sub-prime RMBS (squared instruments) (Note3)(Note 4)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Losses
7 AAA	-	-22	-	19	-
8 AA	-	-	-	-	-
9 A	-	-3	-	-	-
10 BBB	31	-25	-2	5	-
11 below BBB	175	-21	18	18	-12
12 Total	206	-72	16	43	-12

#### (3) CDO of CDO's including sub-prime RMBS (cubic instruments) (Note5)(Note6)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Losses
13 AAA	-	-163	-	39	-
14 AA	-	-	-	-	-
15 A	-	-3	-	-	-
16 BBB	-	-	-	-	-
17 below BBB	154	108	-23	-23	-2
18 Total	154	-58	-23	16	-2

#### (4) Total of sub-prime loan related products (Total of (1) to (3))

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Losses
19 AAA	271	-190	8	92	-
20 AA	102	-204	-18	151	-
21 A	37	-147	7	68	-
22 BBB	121	-33	10	57	-19
23 below BBB	653	368	-43	-43	-145
24 Total	1,186	-208	-36	327	-165

Note 1: The Bank has not loaned in pure Sub-prime loans.  
 Note 2: Ratios by vintage (issuance year) is 99%, 1%, and 0% for 2004 and before, 2005-2006, and after 2007, respectively.  
 Note 3: Ratios by vintage (issuance year) is 47%, 38%, and 15% for 2004 and before, 2005-2006, and after 2007, respectively.  
 Note 4: Capital Note issued by SIV is JPY270 (After non-write-off and non-revaluation losses).  
 Note 5: Ratios by (issuance year) is 100%, 0%, and 0% for 2004 and before, 2005-2006, and after 2007, respectively.  
 Note 6: CDO of CDO's contains RMBS even if only slightly. Include only a few sub-prime RMBS.

### 2. Investment on Monoline Products (in JPY 100mm) (Note 7)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Losses
1 Financial Products with Monoline guarantee (Note 8)	1,552	-102	-342	92	-
2 Monoline Products in Securitization business	-	-	-	-	-
3 Total	1,552	-102	-342	92	-

### 3. Investment on Leveraged Loans (Note9) (in JPY 100mm)

	Exposures	Change From March End
4 Domestic	403	-25
5 Overseas	1,358	-200
6 Total	1,762	-225

### 4. Trading of Sub-prime loan related products

The Bank has not originated, underwritten nor traded ABCP, SIV, and leveraged loans. The Bank does not own any sub-prime loan related products in its trading account and is not involved in any unconsolidated off-balance transactions. The Bank is only involved in sponsoring 1 SPC to provide liquidity to its domestic customers' account receivables (Exposures : JPY88.8bn)

### 5. Investment on Bonds Issued by US Housing-related GSEs (Note 10) (in JPY 100mm)

	Exposures	Change From March End	Unrealized Gains/Losses	Change From March End	Losses
7 Agency Mortgage Bonds	26,851	6,793	831	-186	-
8 Agency Bonds	19,411	6,563	24	-635	-
9 Total	46,262	13,357	856	-821	-

#### [Reference]

Sub-prime loan-related products within fund investment  
 The Bank does not own any funds mainly investing in sub-prime loan-related products, but some funds of which the bank commissions the management, include sub-prime RMBS (primary instruments).(note)  
 Sub-prime RMBS was JPY88.4bn and the unrealized losses were JPY 28.7bn.

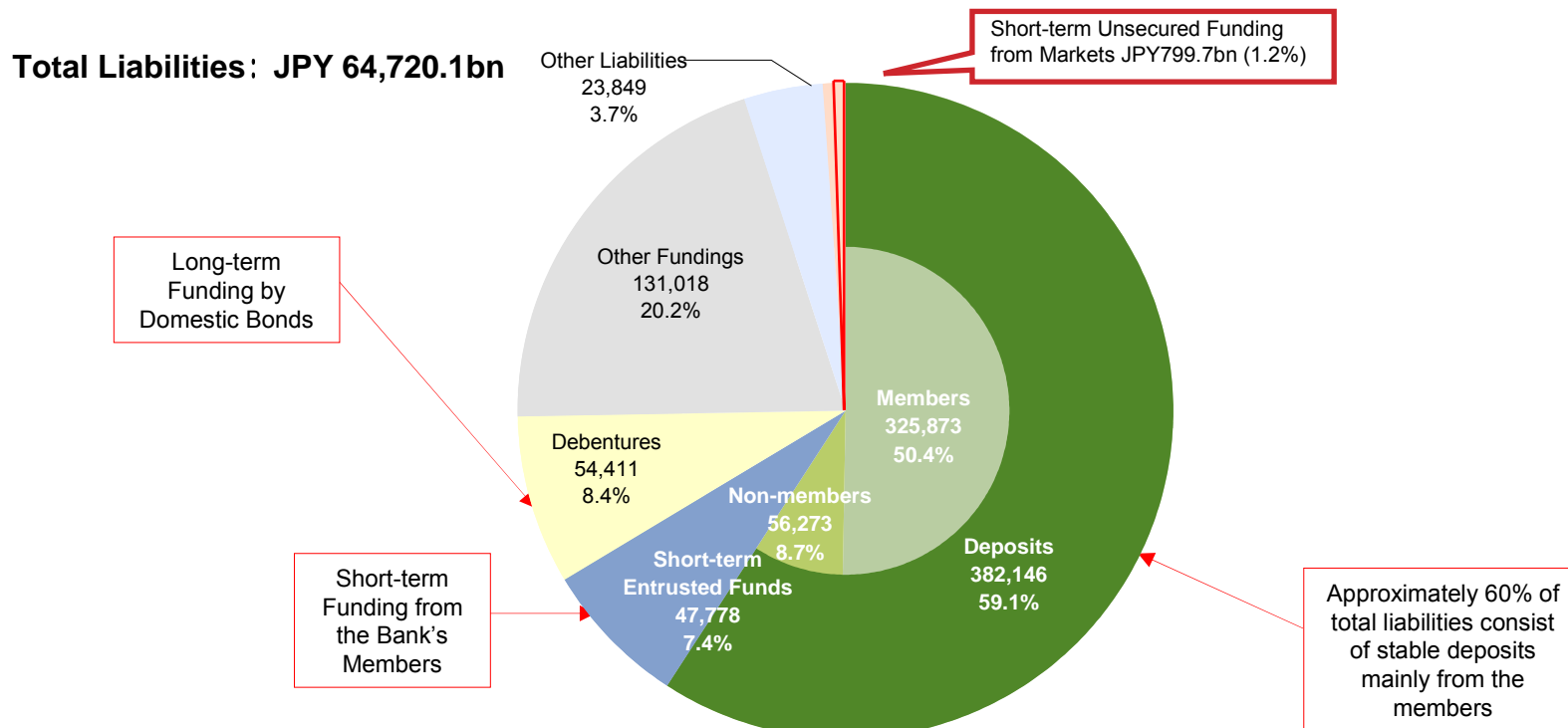
Note: Internal research basis for funds which the bank can look through the individual assets within each fund.

Note 7: Exposure of monoline-CDS calculated based on monoline-CDS ratio to securitized product amounts is JPY4.4bn.  
 Note 8: Non-guaranteed grade for nonrecourse loan and CLO is above investment grades. No sub-prime related loan products for guaranteed products.  
 Note 9: Internal definition of loans mainly targets LBOs. The reserve for individual possible loan losses is JPY 8.3bn.  
 Note 10: The Bank has JPY 1,494.6bn of mortgage-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation.  
 Note: As of September 30, 2009, non-consolidated basis.  
 Source: The Norinchukin Bank

~ Stable funding realized by deposits from members ~

■ Only 1.2% of Short-term Unsecured Funding from Markets in Total Liabilities

## Breakdown of funding



Note 1: Other Fundings includes Payables under Repurchase Agreements (secured), Payables under Securities Lending Transactions, Borrowed Money (secured, subordinated loans) and others. Other Liabilities includes Acceptances & Guarantees and Reserves.

Short-term Unsecured Funding from Markets includes Trading Liabilities, Negotiable Certificates of Deposits, and Call Money.

Note 2: As of September 30, 2009, non-consolidated basis.

Source: The Norinchukin Bank

~ The same prudent approach as in the non-consolidated financial management ~

■ The same prudent approach as in the non-consolidated financial management

	(in JPY 100mn)	2008/9	2009/9	Change	Change (%)
1 Ordinary Income		9,485	7,411	-2,074	-21.8%
2 Interest Income		6,857	3,832	-3,025	-44.1%
3 Ordinary Expenses		9,284	6,299	-2,985	-32.1%
4 Interest Expenses		6,171	3,557	-2,613	-42.3%
5 General and Administrative Expenses		596	600	4	0.7%
6 Ordinary Profits (Losses)		201	1,111	910	452.5%
7 Extraordinary Profits		39	8	-31	-78.4%
8 Extraordinary Losses		11	9	-1	-15.8%
9 Income (Losses) before Income Taxes and Minority Interests		229	1,110	881	383.9%
10 Net Income (Losses)		77	600	523	674.7%

	(in JPY 100mn)	2009/3	2009/9	Change	Change (%)
( Assets )					
1 Loans and Bills Discounted		110,226	118,768	8,541	7.7%
2 Securities		395,405	431,648	36,242	9.1%
3 Money Held in Trust		56,548	72,835	16,286	28.8%
4 Cash and Due from Banks		27,734	14,433	-13,300	-47.9%
5 Others		36,023	46,308	10,284	28.5%
6 Total Assets		625,939	683,994	58,055	9.2%
( Liabilities )					
7 Deposits		374,928	382,085	7,157	1.9%
8 Negotiable Certificates of Deposit		3,212	5,582	2,370	73.7%
9 Debentures		52,520	54,376	1,856	3.5%
10 Borrowed Money		56,475	35,093	-21,382	-37.8%
11 Short-term Entrusted Funds		40,774	47,778	7,004	17.1%
12 Others		73,100	123,655	50,555	69.1%
13 Total Liabilities		601,012	648,572	47,560	7.9%
( Net Assets )					
14 Paid-in Capital		34,213	34,259	45	0.1%
15 Capital Surplus		250	250	-	-
16 Retained Earnings		8,035	8,638	603	7.5%
17 Others		-17,571	-7,725	9,845	-
18 Total Net Assets		24,927	35,422	10,494	42.1%

Note: As of September 30, 2009.  
Source: The Norinchukin Bank

## ~ An Overview of the Business Renewal Plan ~

- Stable distribution of profits to the Bank's members by taking a conservative approach to financial management, as well as further strengthening the Bank's role as the central organization for cooperatives for the development of agriculture, forestry, and fishery industries.

### Capital Increase

JPY 1.9trn of capital increase from the Bank's members was concluded

The Norinchukin Bank takes very seriously the fact it had to raise a large amount of capital from its members.

Therefore, the Bank has established new management policies. These were created on the basis of reviewing financial and risk management methods as well as further strengthening the Bank's role as the central organization for cooperatives.

These policies will be implemented thoroughly with the full commitment of the Bank's management and employees.

### Implementation of the Plan

#### Financial Management

Reviewing Financial Management

Returning Stable Profits

Ordinary Profits of JPY 50 – 100bn per year

#### Management System & the Bank's Role

Developing a management system which reflects cooperative members' opinions

Implementing activities directed at strengthening the Bank's role as the central organization for cooperatives

Enhancing its services to cooperative members and the agriculture, forestry and fishery industries in Japan, as well as contributing to the development of the cooperative banking business

### Targets

Realizing financial management improvements and stable profit returns

Strengthening the Bank's role as the central organization for cooperatives

Achieving the Bank-initiated reform efforts



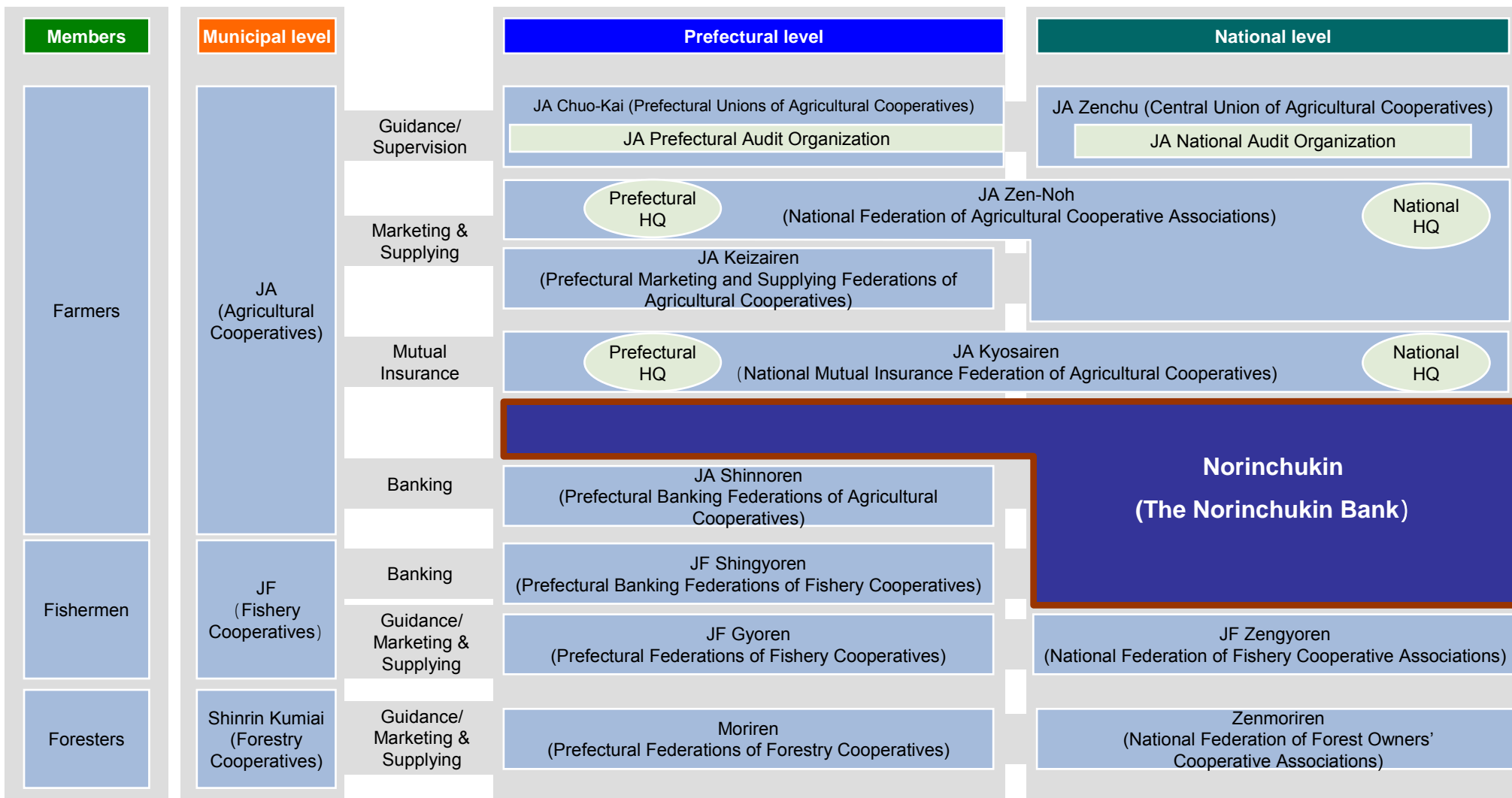
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# Appendices

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# Summary of Cooperative System

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



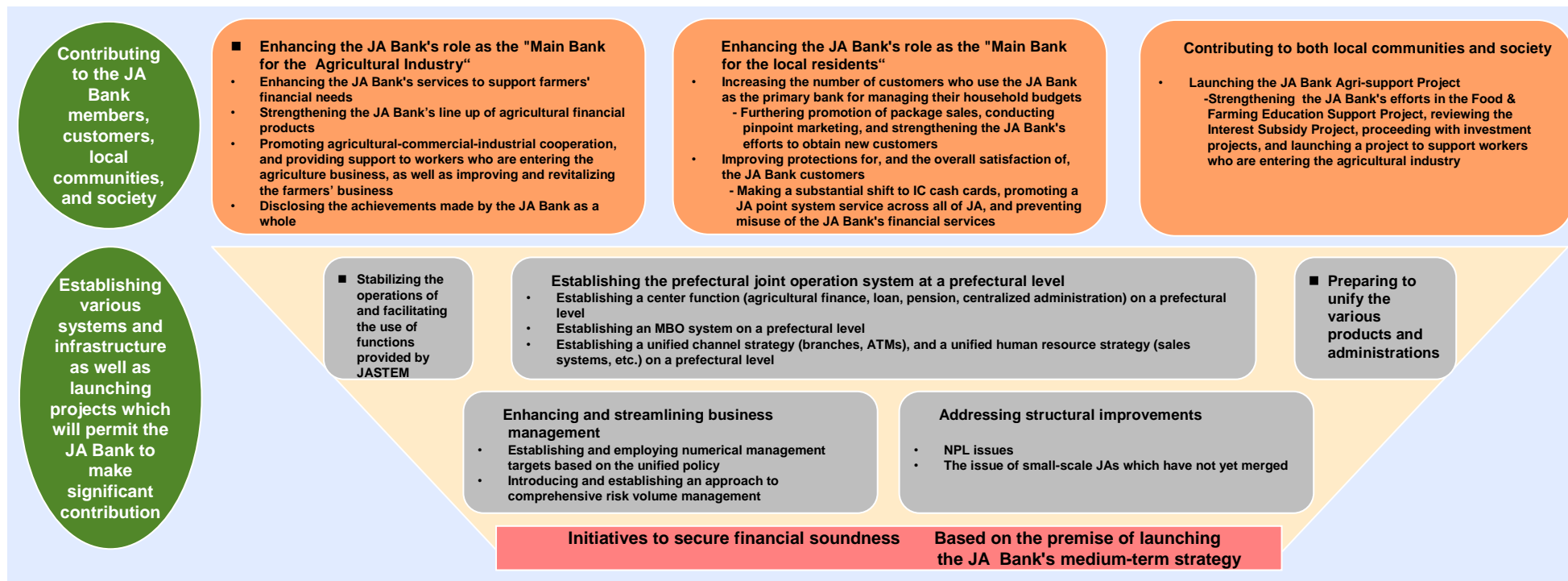
Source: The Norinchukin Bank

# The JA Bank Medium-term Strategy for the Incoming Fiscal Years (FY2010 ~ 2012)

~ (Basic Objective) Bringing about a "JA Bank which contributes to both agricultural industry and people's daily lives, as well as one which is chosen by the people, and then continues to grow" ~

■ The JA Bank has established the JA Bank medium-term strategy for FY2010 to 2012 in October, 2009, and has launched its efforts ahead of schedule.

## ■ Specific Action Items (Framework) for the JA Bank's Medium-term Strategy (FY2010 ~ FY2012)



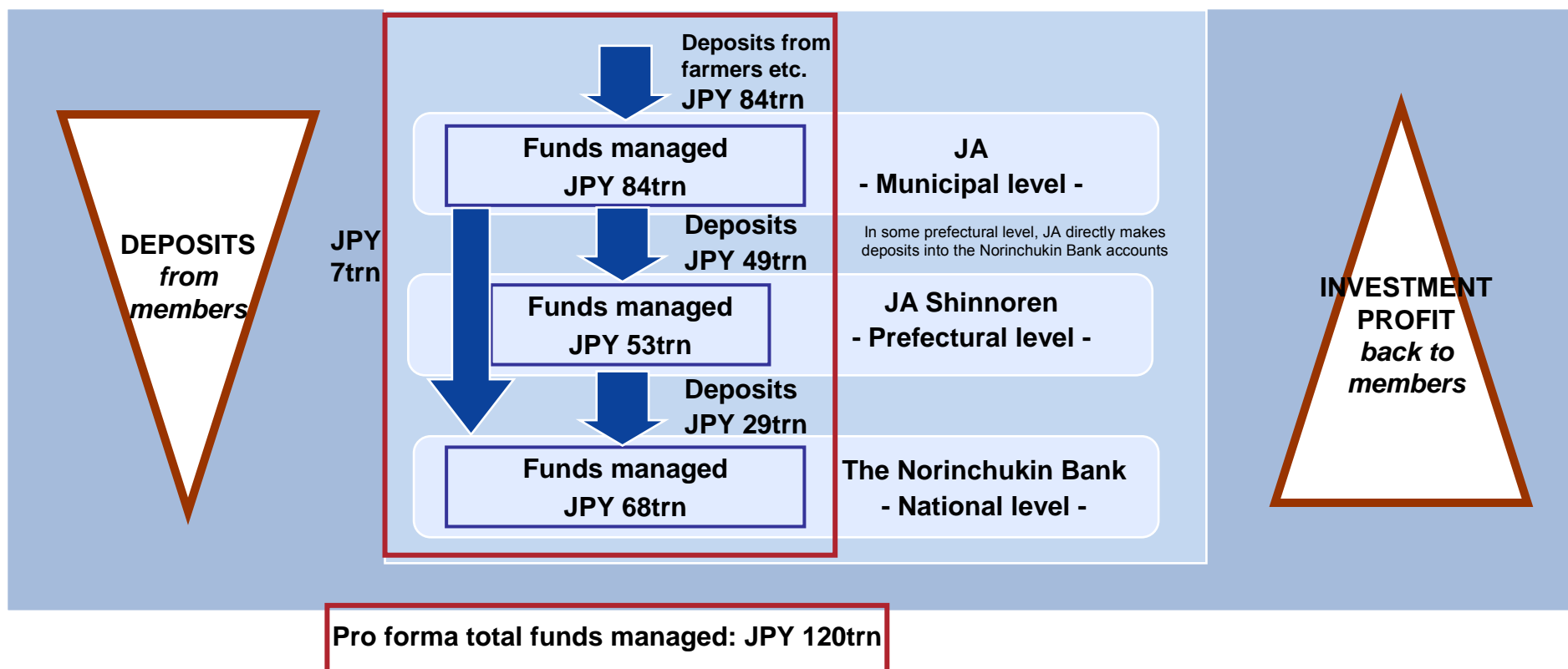
## ■ The JA Bank's goals after completing its three-year strategy (FY 2012)

Fostering closer relationships with agricultural corporations and large-scale farmers as well as increasing the number of JA Bank customers      Raising the satisfaction among the JA Bank members (farmers) and customers      Increasing the number of customers across the next two generations      Increasing the number of customers, improving the JA Bank's regional share, and promoting the use of the JA Bank      Strengthening JA's and the JA Bank's regional reputations

~ Flow of funds within the JA Bank Group ~

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

## Flow of funds in JA Bank Group



Note: As of September 30, 2009

Pro forma total funds managed = Funds managed (JPY84trn+JPY53trn+JPY68trn) – Deposits (JPY49trn+JPY7trn+JPY29trn).

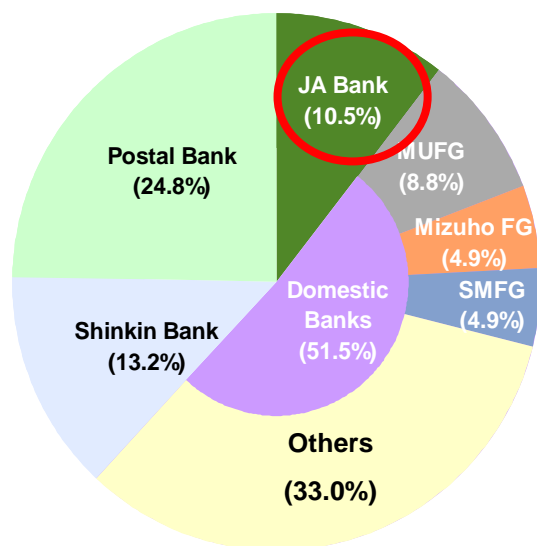
Source: The Norinchukin Bank

## ~ Stable JA Savings ~

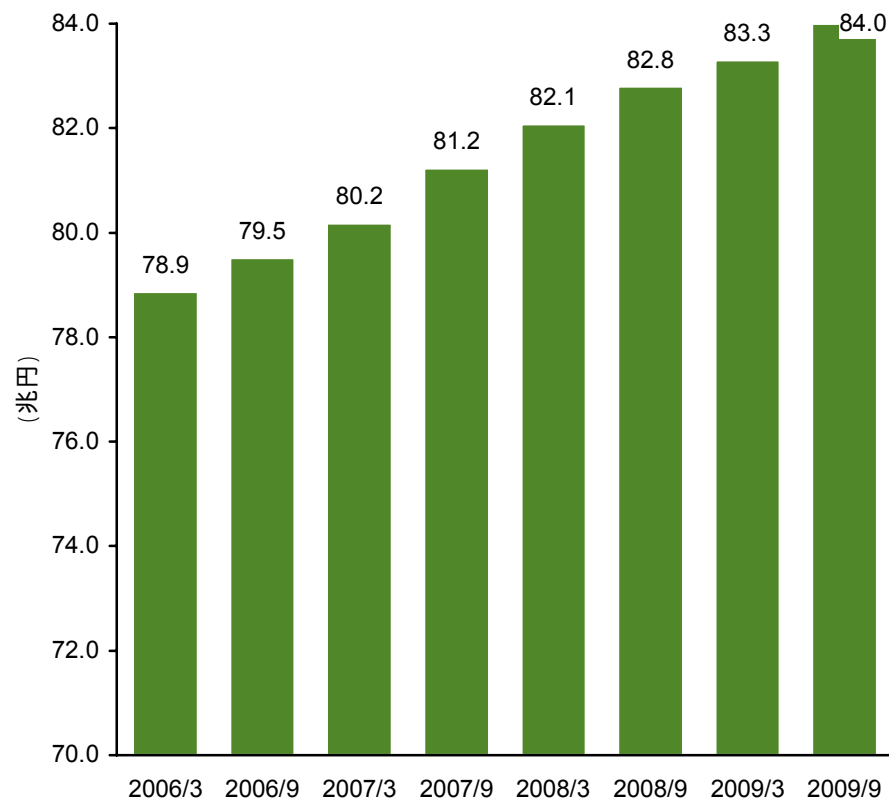
- JA Bank maintains strong operating base and a network of 8,910 branches (as of March 31, 2009) (740 JAs nationwide, as of April 1, 2009)
- Historical outstanding balance of JA Bank deposits and savings shows stable long-term growth

### Deposits and savings (Retail)

Total: JPY 717trn



### Transition of the JA Bank's deposits and savings



Note: As of March 31, 2009

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

Retail saving balance for JA Bank, Domestic Banks and Shinkin Bank, all saving balance for Postal Bank.

Note: Includes deposit and saving balance of both retail and wholesale (public sector, companies and others).

Source: The Norinchukin Bank

# The Status of JA Bank Group's Agricultural Loans

~ Wide-ranging funding services to accommodate the farmer's various funding needs (e.g. facility capital, working capital and other purposes)~

- The JA Bank Group financially supports farmers by offering a wide range of funding facilities to satisfy farmers' various funding needs.

Changes in Major Agricultural Loan Balances (in JPY 100mn)

	2007/3	2008/3	2009/3
	March	March	March
Balance			
Agri-Mighty Loan	1,130	1,073	1,065
Agribusiness Loan (Excluding fund sources for sublet)	83	120	119
JA Agricultural Equipment and Greenhouse Loan	738	756	1,032
Agri-Super Loan	2	6	5

Agri-Mighty Loan: Provides facility capital and working capital

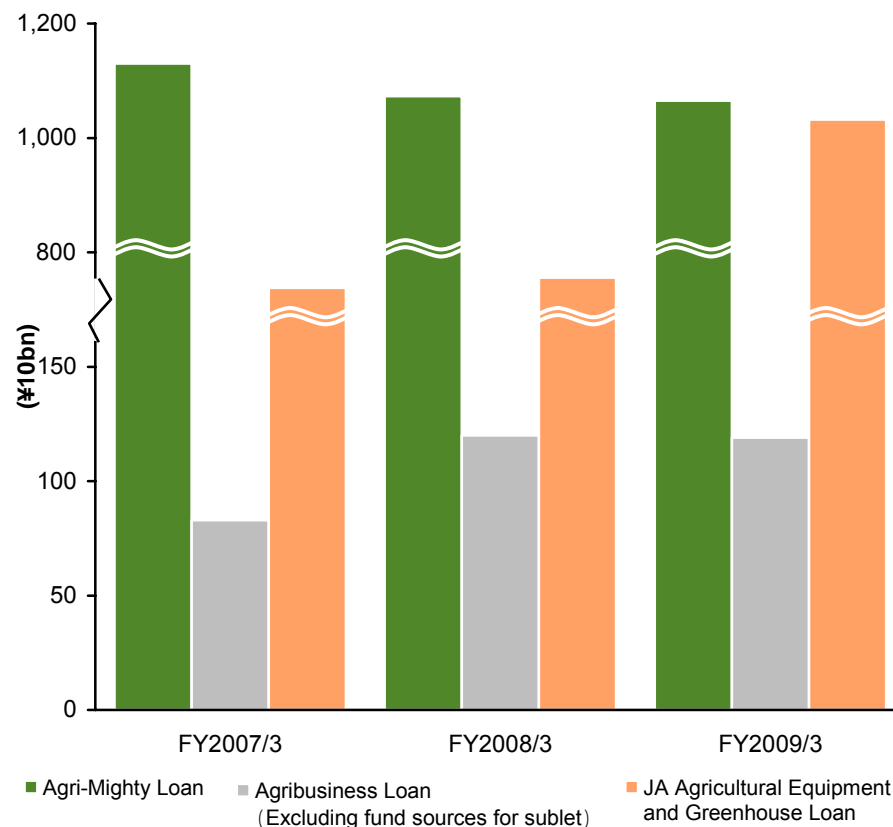
Agribusiness Loan: Provides facility capital, working capital, and funds for other purposes relating to production, processing, distribution, and sales.

JA Agricultural Equipment and Greenhouse Loan: Provides production facility capital

Agri-Super Loan: Provides working capital to managers of rice paddies and arable farms to support their incomes

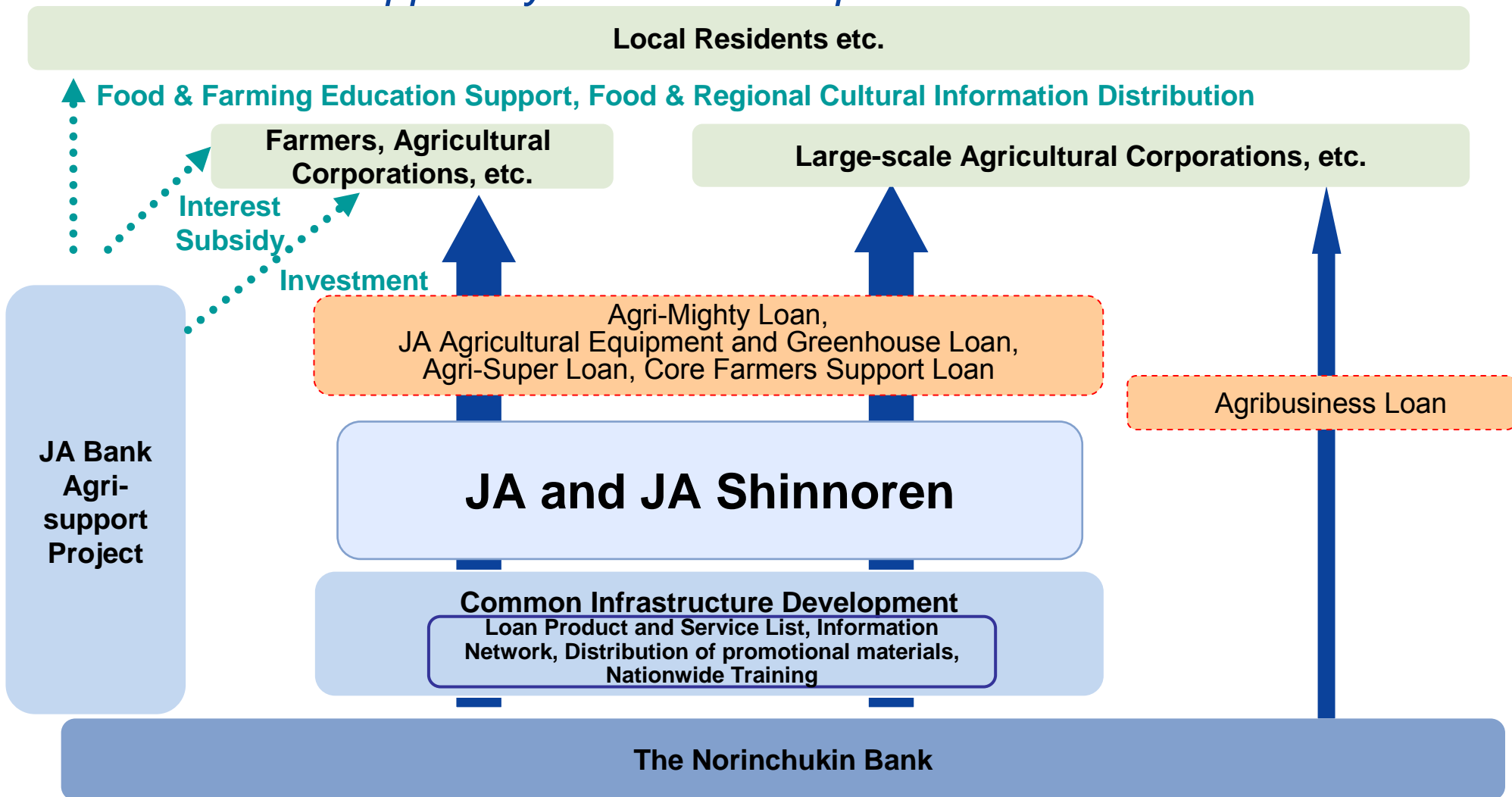
As of March 31, 2009

Source: The Norinchukin Bank,



# The JA Bank Group's Initiatives to Provide Services to Farmers, etc. – (1)

~ Core farmer support by JA Bank Group as one unit ~



Agri-Mighty Loan: Facility capital and working capital, JA Agricultural Equipment and Greenhouse Loan: Production facility capital, Agribusiness Loan: facility capital, working capital and other capitals relating to production, processing, sales, and other operations, Agri-Super Loan: Working capital for the managers of rice paddies and arable farms to support their incomes, Core Farmers Support Loan: Working capital for farmers who use the JA Bank's tax support program.



## ~ Offering services as the JA Bank Group ~

- JA, Shinnoren, and the Bank implement various measures in an integrated manner in order to demonstrate the JA Bank Group's role as the "Main Bank for the Agricultural Industry". The Bank supports these initiatives by the JA and Shinnoren by providing infrastructures
- The Group deploys the JA Bank Agri-support Project through the JA Bank Agri Eco Support Fund

### The JA Bank's Initiatives

- |   |  |
|---|--|
| Provision of and Consultation on Agricultural Loans | <ul style="list-style-type: none"> <li>• Accommodating a wide range of funding needs such as for equipment and operating funds</li> <li>• Holding training sessions and the core finance leaders meetings in each prefecture to improve abilities to make financial proposals, and to provide consultations on both loans and business management.</li> </ul>  |
| Various Measures                                    | <p><b>The JA Bank's measure against the Rise in Price of Agricultural Materials: Interest Subsidy Business (2008)</b></p> <ul style="list-style-type: none"> <li>■ Founded an interest subsidy project for operating funds as a response to the rise in price of materials for agricultural production (granted JPY1,362mn in subsidy in 2009)</li> </ul> <p><b>Initiatives to revitalize agricultural businesses</b></p> <ul style="list-style-type: none"> <li>■ Established Agribusiness Revival Committees (in 8 prefectures)</li> </ul> |

### Progress on JA Bank Agri-support Project's Initiatives

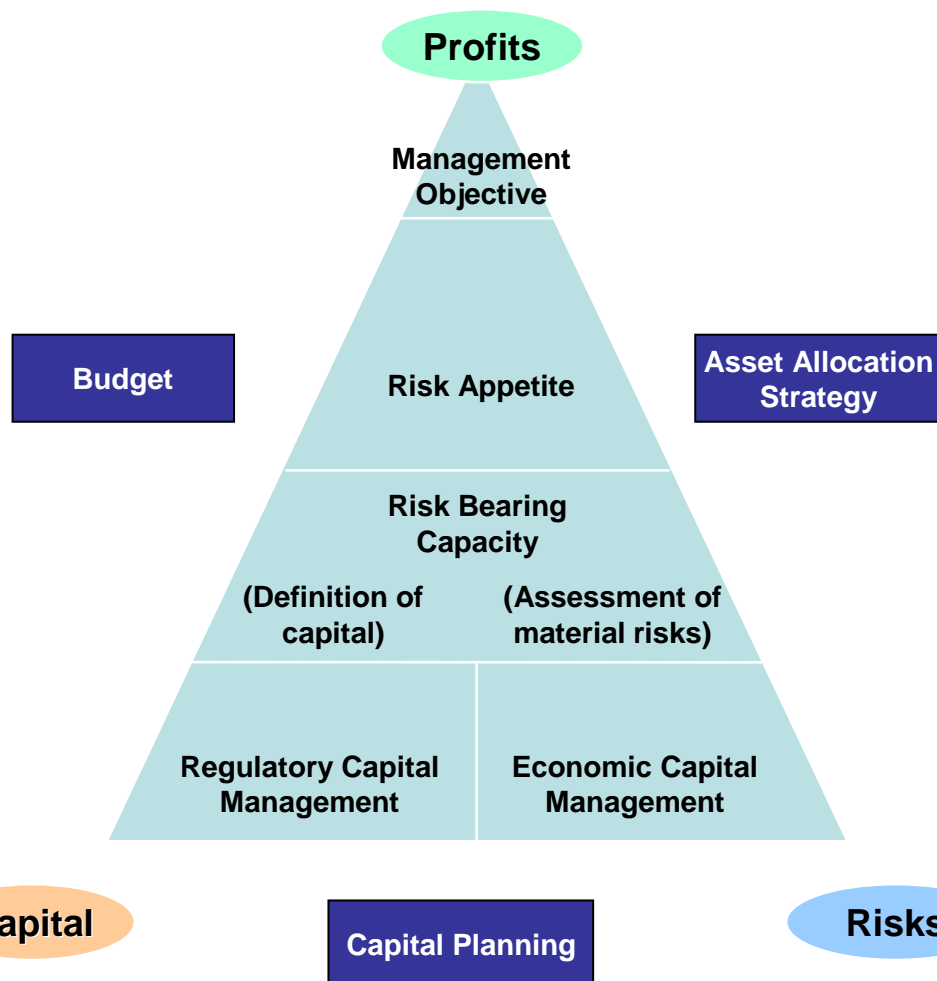
- |   |   |
|---|---|
| Interest Subsidy  | <ul style="list-style-type: none"> <li>■ Provided interest subsidies on agricultural loans which have been extended by JA</li> <li>■ Granted subsidies in 31,864 cases for an amount totaling JPY495mn for FY2008 (2009)</li> </ul>   |
| Investment  | <ul style="list-style-type: none"> <li>■ Provided financial and educational support, through the Agri Eco Support Fund, to the companies which have been working on the promotion of agriculture and contribution to the environment</li> <li>■ Invested a cumulative total of JPY536mn in 11 companies during the 1st half of fiscal year 2009.</li> </ul> |
| Food & Farming Education Support                          | <ul style="list-style-type: none"> <li>■ Gave away original food &amp; farming educational materials to 20,896 elementary schools</li> <li>■ Provided financial assistance for JA's food &amp; farming educational activities nationwide</li> </ul>   |
| Food & Regional Regional Culture Information Distribution | <ul style="list-style-type: none"> <li>■ Providing up-to-date information on the state of agricultural production today, etc. by publishing articles in the NHK text book, "Today's Cooking", and by holding local events</li> </ul>  |

### The Bank's initiatives and support

- Planning and promoting agricultural loan products (guidelines on a national level)**
- Established the JA Agricultural Equipment and Greenhouse Loan (2006)
  - Providing promotional materials to the JA staff
- Providing support for human resource development**
- Held training sessions nationwide (May and October, 2009)
  - Holding a national meeting for JA Bank finance leaders for core farmers
  - Providing and operating Harvest (the dedicated web information exchange tools for the JA Bank finance leaders for core farmers)
- Planning various measures for and providing support for core farmers**
- Operating the interest Subsidy Business as the JA Bank's measure against the rise in price of materials for agricultural production
  - Establishing and promoting the use of Agribusiness Revival Committees in each prefecture
- Launched and operating "JA Bank Agri Eco Support Fund" (the core entity to operate JA Bank Agri- support (June, 2007))**
- Making joint efforts with national federations to support core farmers**
- Various efforts by a liaison council for core farmers in the JA Group (Zenchu, Zennoh, Zenkyoren) to strengthen cooperation among various JA projects
  - Participating in a nationwide conference which promotes support for core farmers
- Initiatives to strengthen agricultural-commercial-industrial cooperation**
- Hosting JA Group business forums for domestic agriculture and livestock products (scheduled for February 2009, and March 2010)
  - Hosting the Hokuriku business forum in cooperation with cooperative organizations and in collaboration with other banks (November, 2009)

## ~ Advanced Internal Capital Adequacy Assessment Process ~

- The Bank has introduced Internal Capital Adequacy Assessment Process (ICAAP) since FY 2008/3



### 1. Risk appetite

- Reaffirm the fact that the most important role of the Bank is to return stable profits to its members, while maintaining sound management, etc.
- Identify types and amounts of necessary risks for the implementation of management strategy
  - Portfolio management focusing on safety and steadiness, based on the concept of internationally diversified investment strategy
  - Maintain enough equity capital and liquidity to manage through stressed situation

### 2. Determination of risk bearing capacity

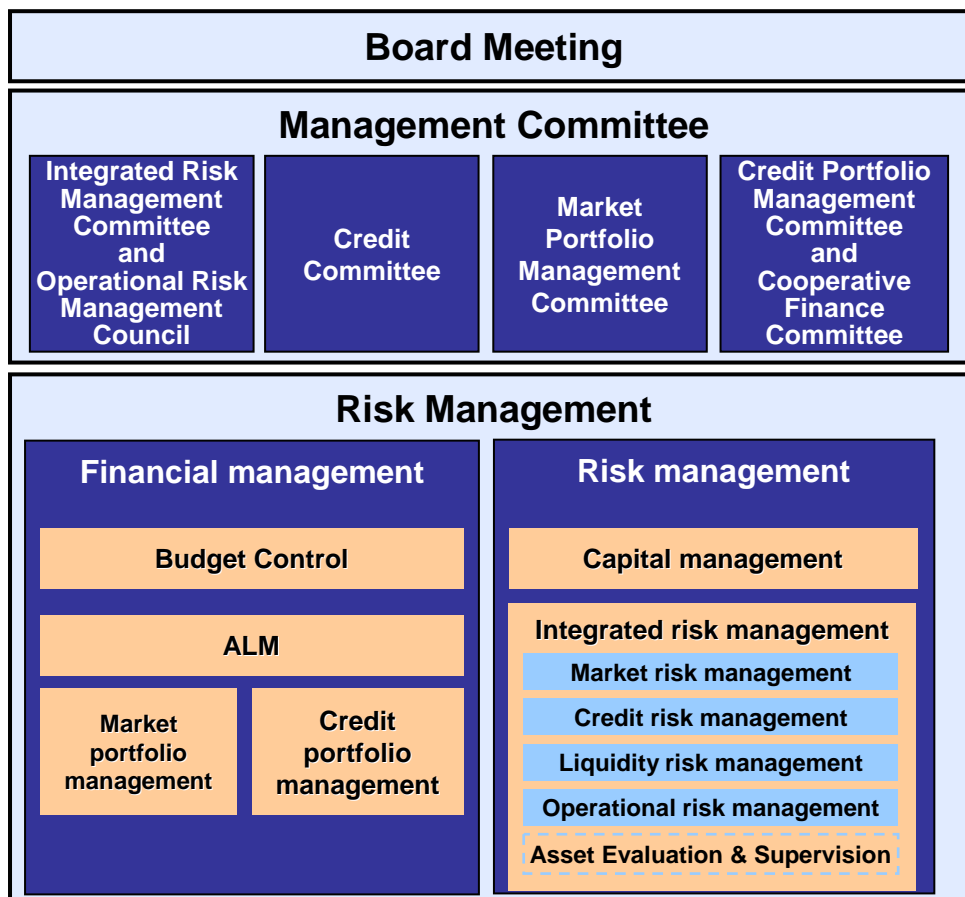
- Determine maximum amount of risks which the bank can proactively take
  - Type of material risks: market risk, credit risk and operational risk
  - Definition of capital and risk bearing capacity to cover those risks

### 2. Confirm consistency between risk appetite and risk bearing capacity

- Confirm that the risk exposure (amount of aggregate risks recognized based on risk appetite) has not exceeded and will not exceed risk capacity (amount of the capital), through a check point system and stress testing for regulatory capital and the economic capital management

## ~ Advanced Risk Management System ~

- The Bank has employed an “integrated risk management” which is a framework to manage risks in an integrated way with a central focus on economic capital management



### 1. Board Meeting

- The board sets management objectives such as its medium-term management plans, annual operation plans, economic capital allocation and management, and budgets. It also decided on the implementation of 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 management of economic capital, regulatory capital and evaluation of fair value
- Based on the determinations, each relevant committee sets concrete portfolio management policies in the market and credit portfolio management committees

### 3. Risk management

- For integrated risk management of market risk, credit risk, liquidity risk, and operational risk, the Bank sets up units to control individual risk and a unit to control these risks through an integrative approach in order to clarify roles and responsibilities
- In a combined form with integrated risk management, the Bank achieves a flexible financial management considering soundness and profitability through a careful examination of the balance among risks, profits, and capital in volatile markets and in changing economic and financial environments

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