



Financial Summary for Fiscal Year 2012

May 23, 2013

農林中央金庫

The Norinchukin Bank

Financial Highlights for FY 2012

~ Profits increased while achieving target profit level and high capital adequacy ratios under Basel III ~

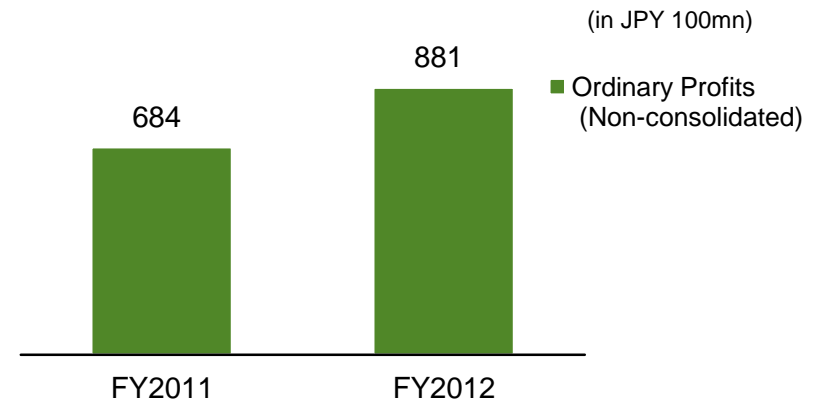
Profits

【Non-consolidated】

	FY2011	FY2012	Change	(in JPY 100mn) Mid-term Target (Full Year)
Ordinary Profits	684	881	196	500-1,000
Net Income	616	1,068	451	

【Consolidated】

Ordinary Profits	756	1,027	270
Net Income	705	1,198	493



Financial Soundness (Note 1)

<Under Basel II>

【Non-consolidated】

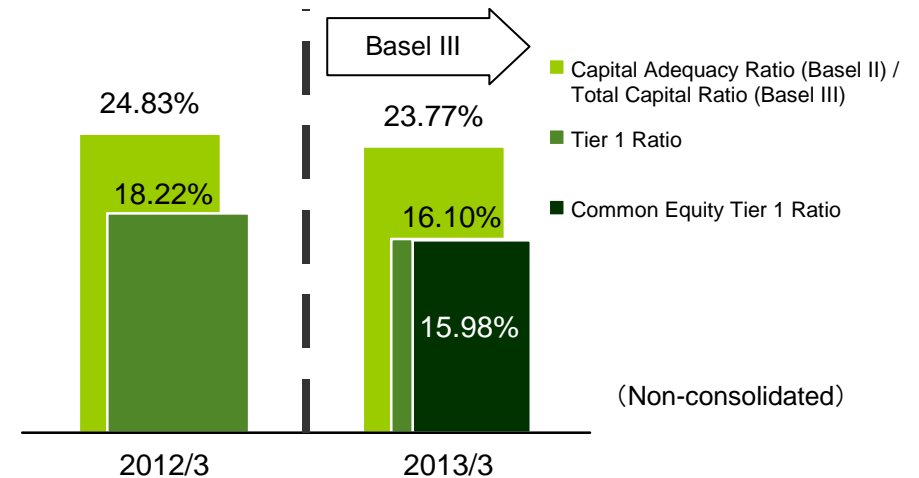
	2012/3
Tier 1 Ratio	18.22%
Capital Adequacy Ratio	24.83%

【Consolidated】

Tier 1 Ratio	18.25%
Capital Adequacy Ratio	24.67%

<Under Basel III>

	2013/3 (Preliminary Figure)
Common Equity Tier1 Ratio	15.98%
Tier 1 Ratio	16.10%
Total Capital Ratio	23.77%
Common Equity Tier 1 Ratio	16.01%
Tier 1 Ratio	16.13%
Total Capital Ratio	23.56%



(Note 1) Basel III introduced new capital standards: total capital ratio, Tier 1 ratio and common equity Tier 1 (CET1), and banks will be required to hold higher quality capital than under Basel II

Income Statement Summary

【Non-consolidated】

(in JPY 100mn)

	FY2011	FY2012	Change
1 Ordinary Income	9,331	9,708	377
2 Interest Income	5,946	6,347	400
3 Ordinary Expenses	8,647	8,827	180
4 Interest Expenses	5,875	5,896	21
5 General and Administrative Expenses	1,120	1,165	45
6 Ordinary Profits	684	881	196
7 Extraordinary Profits/Losses	(42)	(7)	34
8 Income before Income Taxes	642	873	231
9 Net Income	616	1,068	451

【Reference Information】

10 Gains/Losses on Sale of Securities	(108)	(124)	(16)
11 Gains on Sale of Securities	392	651	258
12 Losses on Sale of Securities	501	775	274
13 Credit-related Expenses ^(Note 1)	(69)	134	204
14 Disposal of Securities	194	28	(166)

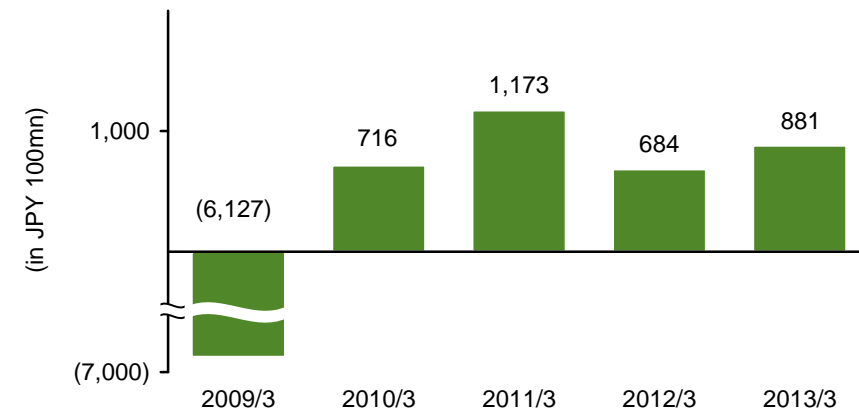
(Note 1) Negative numbers for credit-related expenses indicate reversals

【Consolidated】

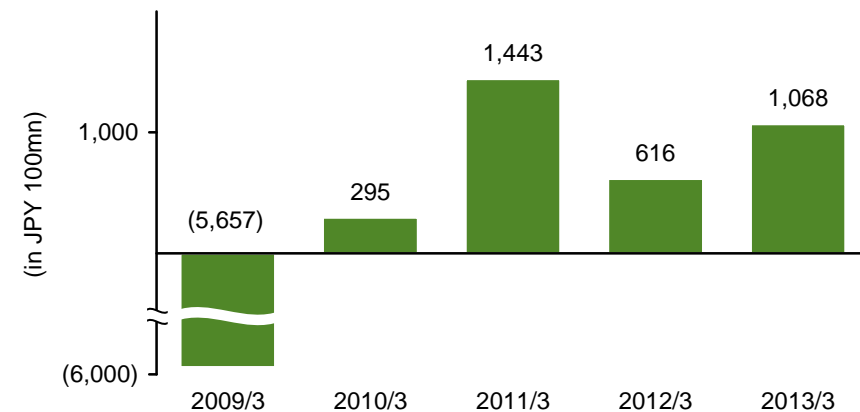
(in JPY 100mn)

	FY2011	FY2012	Change
15 Ordinary Profits	756	1,027	270
16 Net Income	705	1,198	493

Ordinary Profits over Time (Non-consolidated)



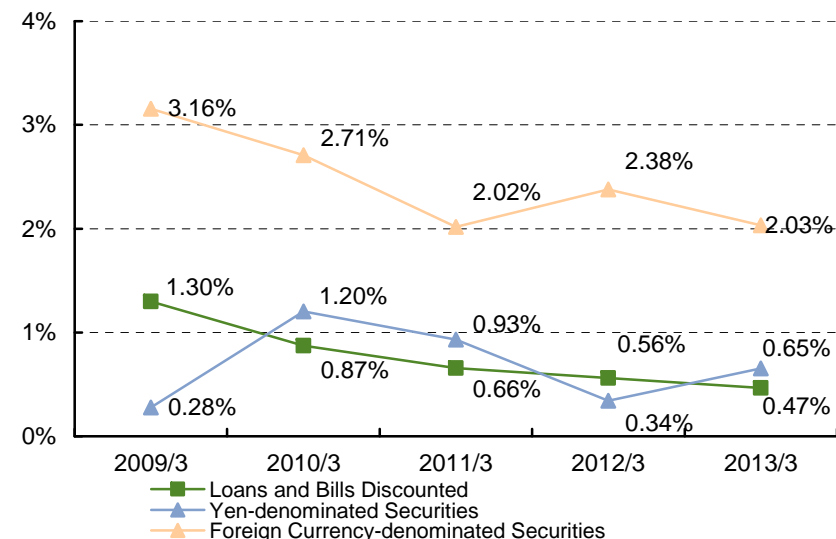
Net Income over Time (Non-consolidated)



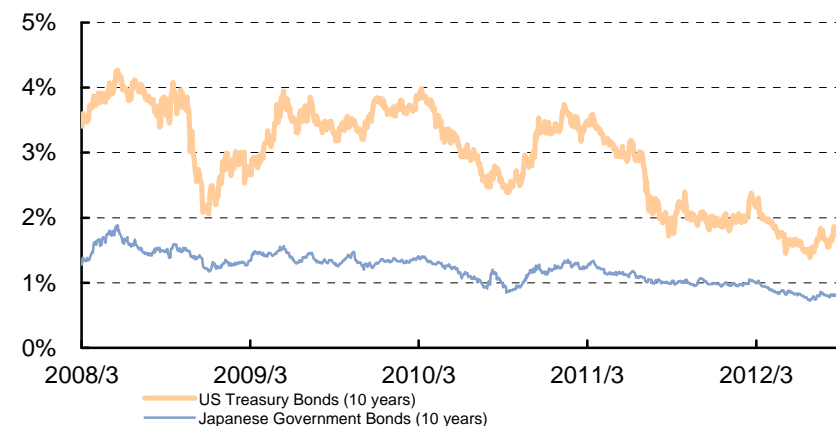
Earnings Yields (Non-consolidated)

	Average (in JPY trn)		Earnings (in JPY 100mn)		Yield		
	FY2012	YOY Change	FY2012	YOY Change	FY2012	YOY Change	
【Investment】							
1	Loans and Bills Discounted	16.0	1.4	749	(68)	0.47%	(0.09%)
2	Securities	47.7	4.6	7,289	403	1.53%	(0.07%)
3	Yen-denominated Securities	17.5	0.9	1,148	576	0.65%	0.31%
4	Foreign Currency-denominated Securities	30.2	3.6	6,141	(173)	2.03%	(0.35%)
5	Short-term Investment Assets	7.0	(1.3)	84	(29)	0.12%	(0.02%)
【Funding】							
6	From Member Banks	44.2	2.5	3,077	(56)	0.70%	(0.06%)
7	Debentures	4.8	(0.3)	452	(138)	0.93%	(0.20%)
8	Funding from Markets & Clients	20.5	3.2	1,255	(57)	0.61%	(0.15%)
9	From the Yen Market	0.8	(0.0)	17	(0)	0.20%	0.01%
10	From Foreign Currencies Markets	17.3	3.3	432	(53)	0.25%	(0.10%)

Loans and Bills Discounted/Securities over Time



(Reference) Market Interest Rates over Time



Balance Sheet Summary

【Non-consolidated】

(in JPY 100mn)

	2012/3	2013/3	Change
1 Loans and Bills Discounted	146,557	161,276	14,719
2 Securities	456,554	500,723	44,169
3 Money Held in Trust	70,269	68,912	(1,356)
4 Cash and Due from Banks	16,728	44,038	27,310
5 Others	27,082	33,659	6,576
6 Total Assets	717,191	808,610	91,419
7 Deposits ^(Note 1)	479,148	516,915	37,766
8 Debentures	51,256	46,192	(5,064)
9 Payables under Repurchase Agreements	78,004	123,497	45,493
10 Others	60,578	64,656	4,078
11 Total Liabilities	668,987	751,261	82,273
12 Total Net Assets	48,204	57,349	9,145
13 Gains/Losses on Revaluation of Securities	5,042	17,409	12,366

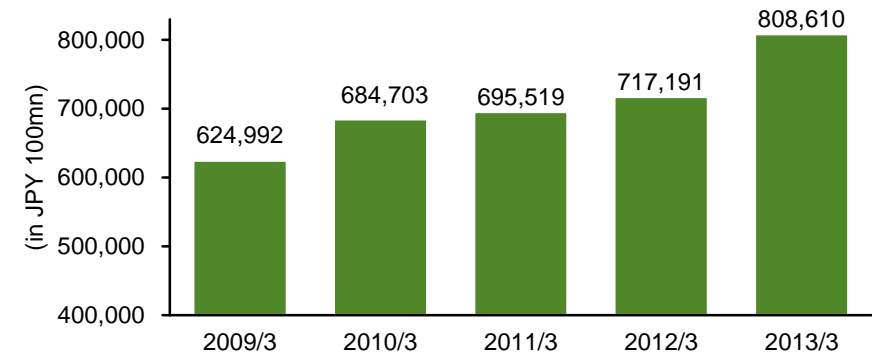
(Note 1) Deposits include deposits and entrusted funds (the majority are short-term funds received from members) for accounting purpose.

【Consolidated】

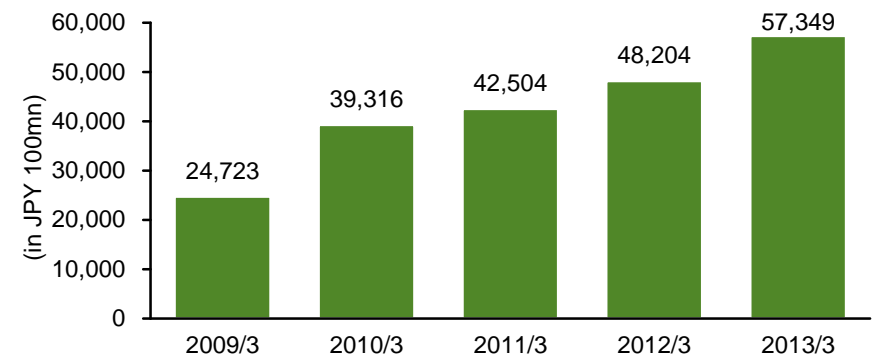
(in JPY 100mn)

	2012/3	2013/3	Change
14 Total Assets	722,628	814,968	92,339
15 Total Liabilities	674,239	757,295	83,056
16 Total Net Assets	48,389	57,672	9,283

Total Assets over Time (Non-consolidated)

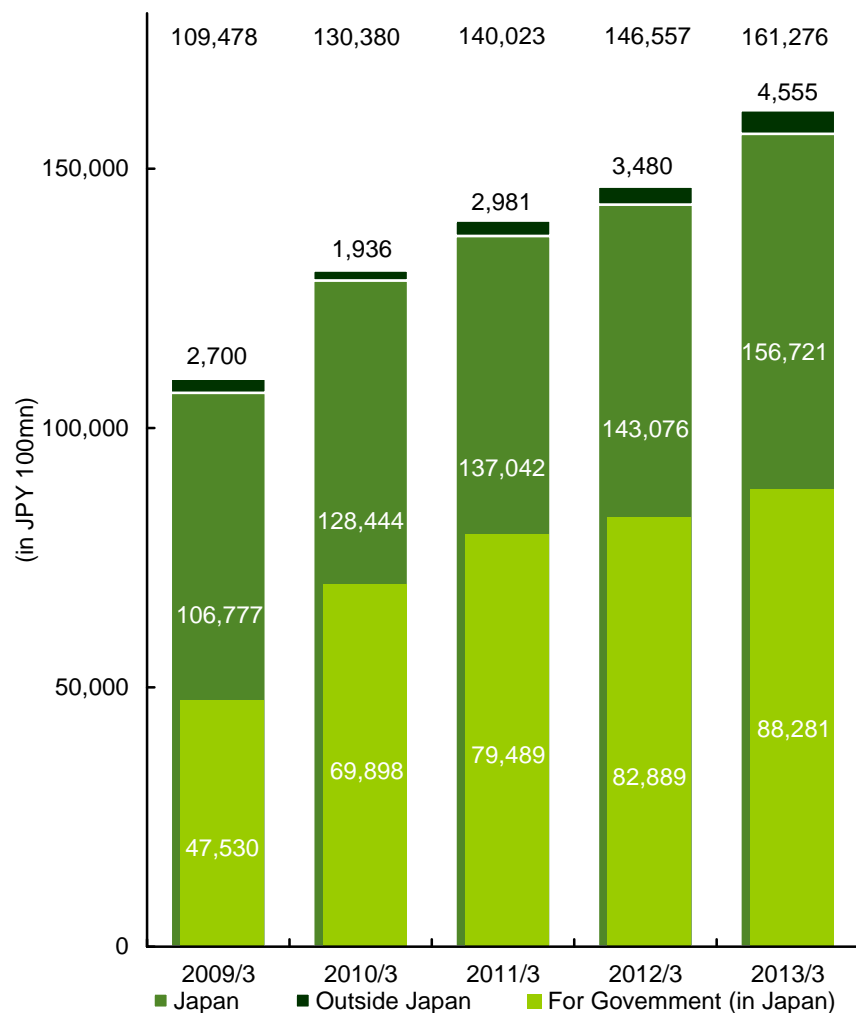


Net Assets over Time (Non-consolidated)



Loans and Bills Discounted (Non-consolidated)

Loans and Bills Discounted over Time

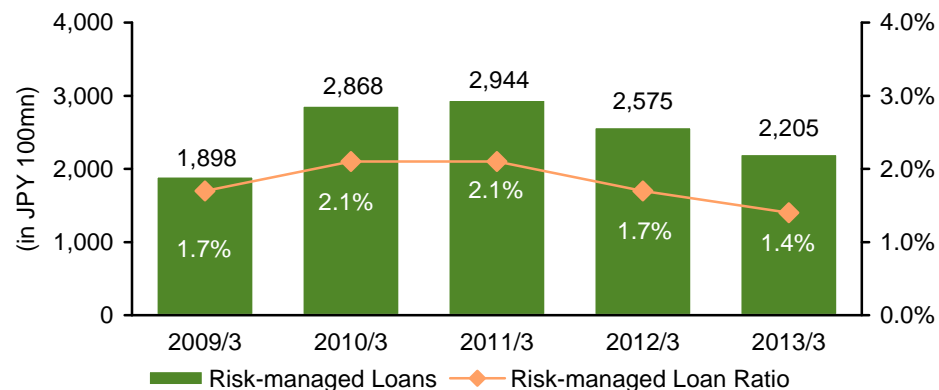


Outstanding Loan Balance by Sector

(in JPY 100mn)

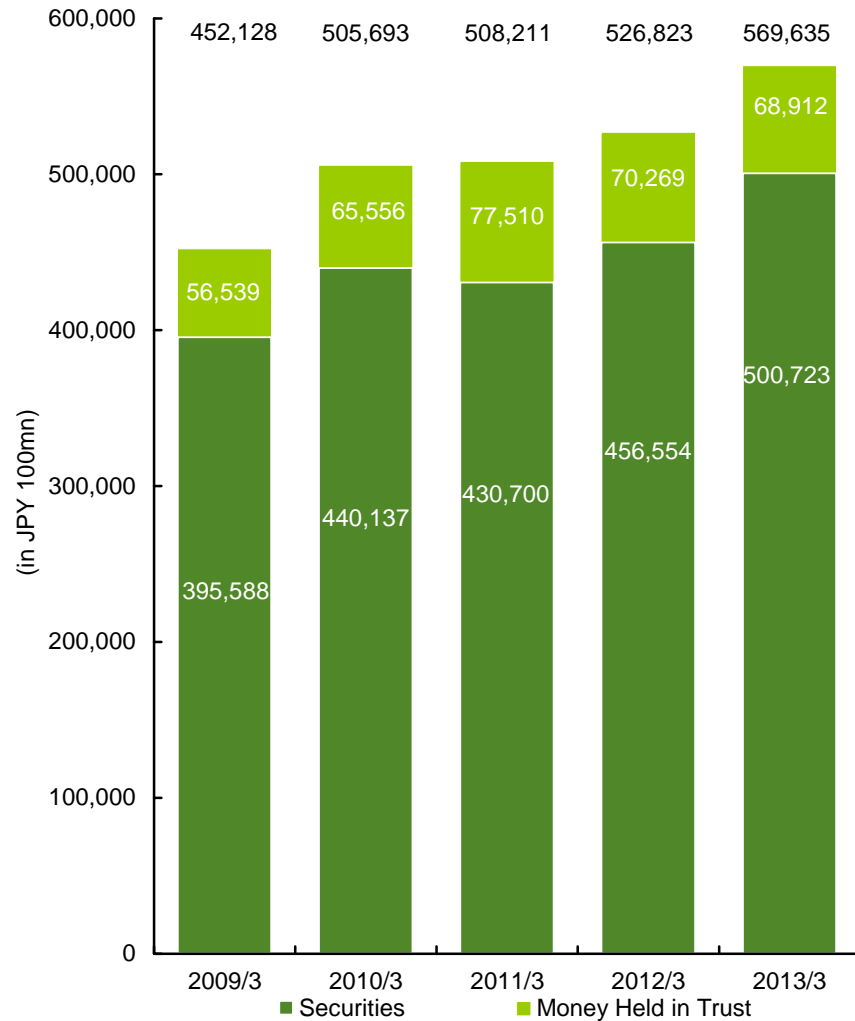
	Balance (2013/3)		Ratio
		Change from 2012/3	
1 Corporative Organizations	6,001	64	4%
2 Corporations	54,621	8,142	34%
3 Others	100,654	6,513	62%
4 Government	88,281	5,391	55%
5 Total	161,276	14,719	100%

Risk-managed Loans over Time



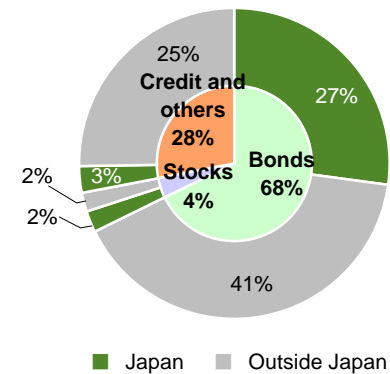
Market Investment Portfolio (Non-consolidated)

Securities/Money Held in Trust over Time

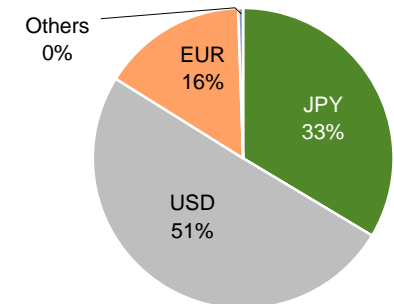


Market Investment Portfolio (2013/3)

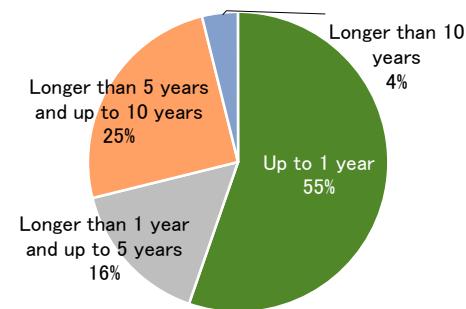
Market Investment Portfolio by Risk



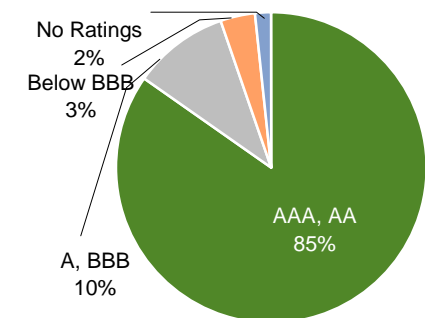
Market Investment Portfolio by Currency



Bond and Credit Portfolio by Rate Reset Maturity



Market Investment Portfolio by Rating

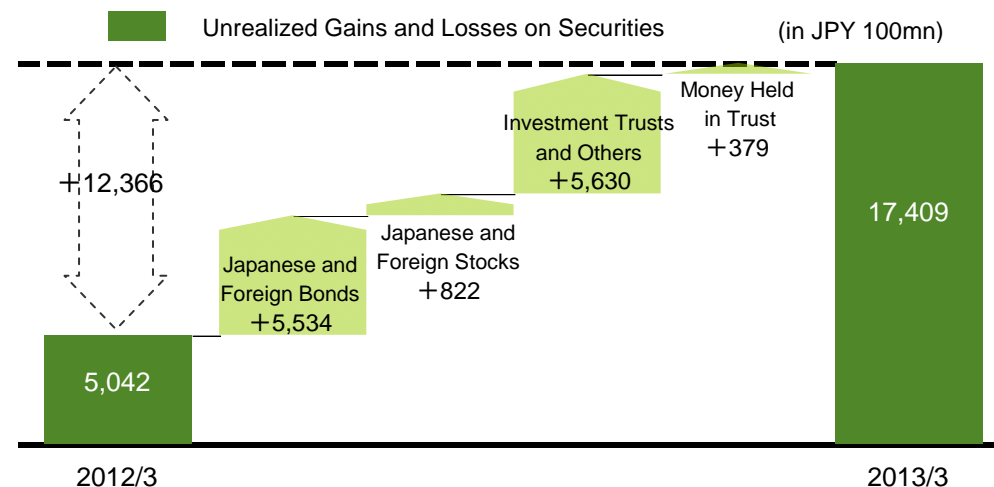


Net Unrealized Gains and Losses on Securities (Non-consolidated)

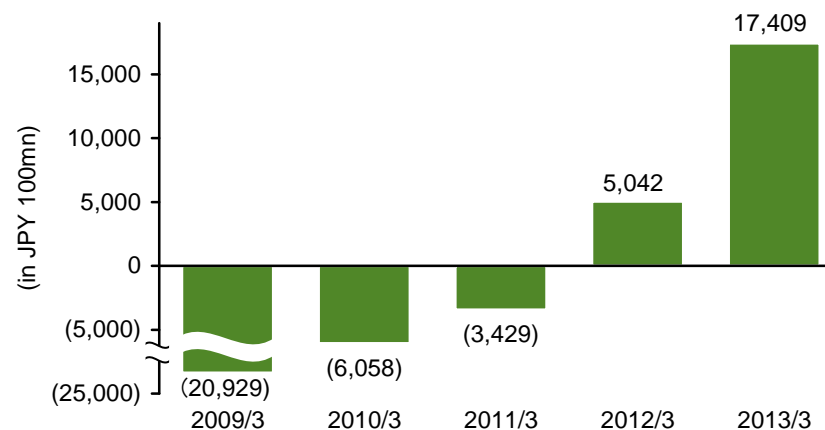
(in JPY 100mn)

	2012/3	2013/3	Change
1 Stocks	712	1,486	773
2 Bonds	2,208	3,307	1,099
3 Japanese Government Bonds (Note 1)	2,217	3,301	1,084
4 Municipal Government Bonds	0	0	0
5 Corporate Bonds	(10)	4	14
6 Others	(684)	9,430	10,114
7 Foreign Bonds (Note 1)	172	4,607	4,435
8 Foreign Stocks	3	51	48
9 Investment Trusts	(856)	4,695	5,551
10 Others	(3)	75	78
11 Money Held in Trust	2,806	3,185	379
12 Total	5,042	17,409	12,366

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

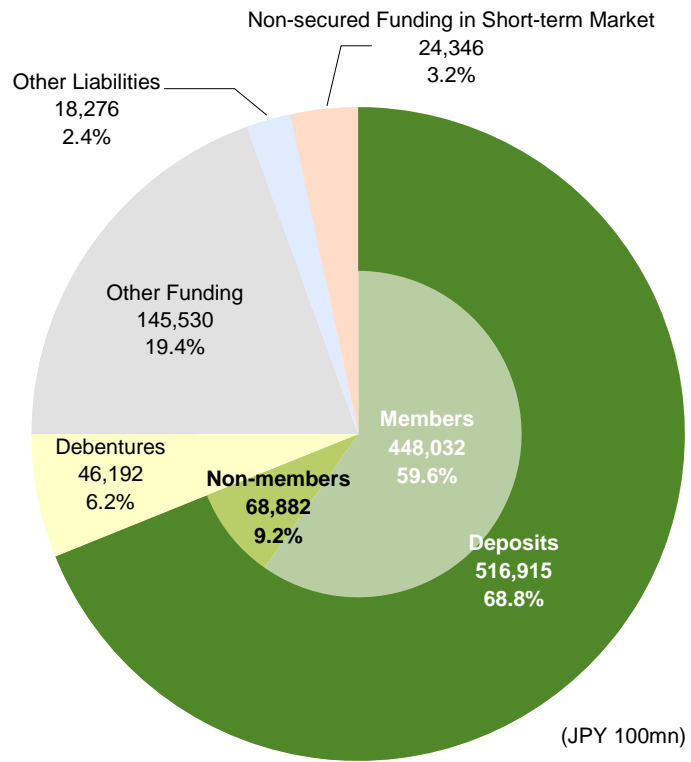


Net Unrealized Gains and Losses on Securities over Time



Funding (Non-consolidated)

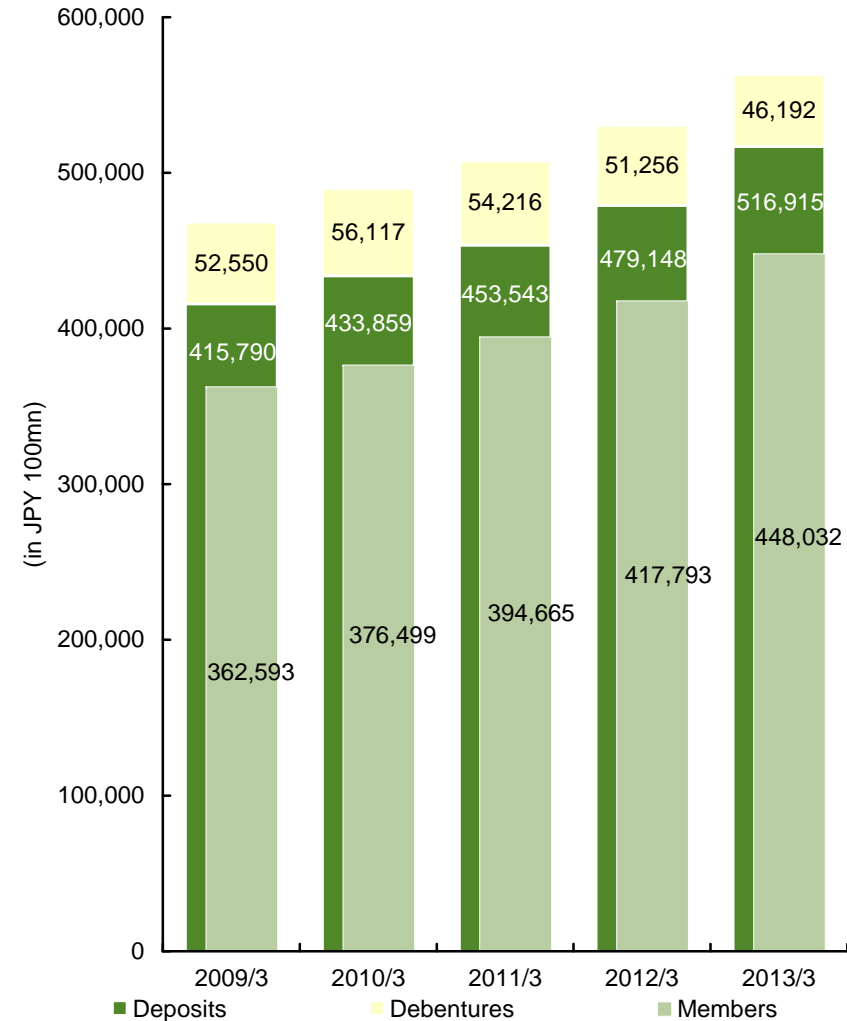
Breakdown of Funding



Total Liabilities: 751,261

(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 Debentures over Time



Capital Position

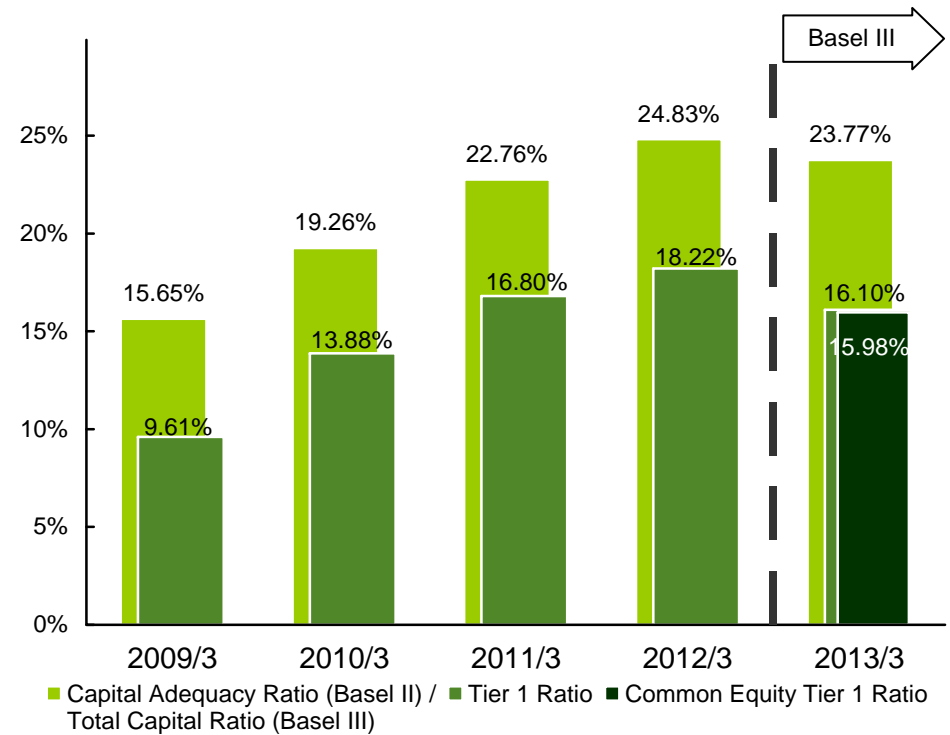
【Non-consolidated】 (in JPY 100mn)

	2013/3 (Preliminary Figure)
1 Common Equity Tier 1 Capital (CET1)	44,546
2 Capital Stock and Capital Surplus	34,009
3 Earned Surplus	11,047
4 Additional Tier 1 Capital	326
5 Tier 2 Capital	21,360
6 Total Capital	66,233
7 Risk-weighted Assets	278,630
8 Common Equity Tier 1 Ratio	15.98%
9 Tier 1 Ratio	16.10%
10 Total Capital Ratio	23.77%

【Consolidated】

	2013/3 (Preliminary Figure)
11 Common Equity Tier 1 Capital (CET1)	44,841
12 Additional Tier 1 Capital	331
13 Total Capital	65,981
14 Risk-weighted Assets	280,009
15 Common Equity Tier 1 Ratio	16.01%
16 Tier 1 Ratio	16.13%
17 Total Capital Ratio	23.56%

Capital Ratio over Time (Non-consolidated)



Composition of Capital Disclosure

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

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



Appendices



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

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

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

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

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

Policies of the Medium-Term Management Plan

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

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

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

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

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

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

3. Strengthening of profitability through appropriate risk management

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

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

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

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

Future Vision in 10 Years Time

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

The Bank Chosen and Trusted by Customers

JA Bank Medium-Term Strategies and Human Resources Development Plan

Proposal and Provision of Products and Services from Customers' Perspectives

Visiting Customers

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

Service Locations

Demonstration of the ability to consult and provide products and services

Target
JA Savings: JPY95trn
JA Bank Loans: JPY10trn

Improvement and Review of Product and Service Quality

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

- More appealing agricultural financial products (e.g. provision of interest subsidy and various funds)
- Promotion of agricultural, commercial and industrial cooperation and the sixth industrialization
- Support for revitalization of local communities (e.g. use of renewable energy)

Provision of Financial Services for Daily Living that Meet Customer Needs

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

Demonstration of Financial Institution's Functions of a Public Nature

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

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

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

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

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

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

Directions for Addressing Issues

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

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

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

<Policies>

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

Initiatives

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

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

【Low-cost Business Management】

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

【Enhancement of Financial Functions to the Fisheries Industry】

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

【Human Resources Development】

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

Response to the Great East Japan Earthquake (Part 1)

(Actions Taken in FY 2012)

- Steadily implemented various initiatives, such as the Reconstruction Support Program, to support reconstruction of members, the lives of customers, agricultural fisheries and forestry workers, and local communities in the affected areas

Reconstruction Support Program (Duration: about 4 years; Size: JPY30bn)	
Financial Support Program	<ul style="list-style-type: none"> Financial support : Interest subsidies, reconstruction and recovery loans (low-interest loans), etc.
Business & Management Support Program	<ul style="list-style-type: none"> Business recovery: support for recovery of infrastructures, such as service locations, ATM and terminals Business support: support for strengthening the business base of members



Recovery and Reconstruction of Affected Members

<Special Post-Earthquake Support>

- Dispatch of employees to 8 JA and 1 JF affected by the disaster on a continuing basis
- Provision of guidance and advice based on a plan to help strengthen the cooperative banking business of disaster-stricken JA and JF

<Donation of Mobile Terminal Systems>

- Donation of 53 terminals to JF and JF Shingyoren in Iwate, Miyagi and Fukushima
- The introduction of the terminals made it possible for those affected to resume provision of financial services before their full-fledged recovery



Reconstruction Support to Members

Reconstruction Support to Customers

Provision of Financial Services to Affected Customers

<Continued Operation of Disaster-affected Customer Support Center>

- Support for affected JA to provide financial services by enabling withdrawal of deposits throughout Japan, etc.



<Support in Dealing with Double-loan Problems>

- Provision of continued support to disaster-affected customers dealing with double-loan problems taking into account the "Individual Debtor Guidelines for Out-of-Court Workouts"

Response to the Great East Japan Earthquake (Part 2)

(Actions Taken in FY 2012)

Reconstruction Support for Farmers, Fishermen, Foresters and Local Communities

Financial Support

<Interest Subsidy for Disaster Fund>

- Continuous support to farmers and fishermen to lighten their interest burden through provision of interest subsidy to disaster funds by JA and JF

<Support through the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan and Fund>

- Continuous supply of long-term low-interest funds to farmers, fishermen and foresters through the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan
- Continuous provision of capital to farmers, fishermen and foresters through the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund

<Commencement of Subsidization of Lease Fees>

- Start of subsidization of lease fees for disaster-affected farmers to whom JA leases agricultural equipments with an aim to encourage early resumption of their business



Non-Financial Support

<Support for Cardboard Boxes for Collective Shipment>

- Subsidization of the costs of cardboard boxes used for collective shipment of aqua-farmed *wakame* and *kombu* seaweed cultivated in the Sanriku area responding to the strong needs of disaster-affected seaweed farmers.



<Donation of Fish Baskets>

- Donation of fish baskets generally used in coastal areas but still in short supply at fishing ports, markets and processing facilities



<Donation of Products Made of Local Wood>

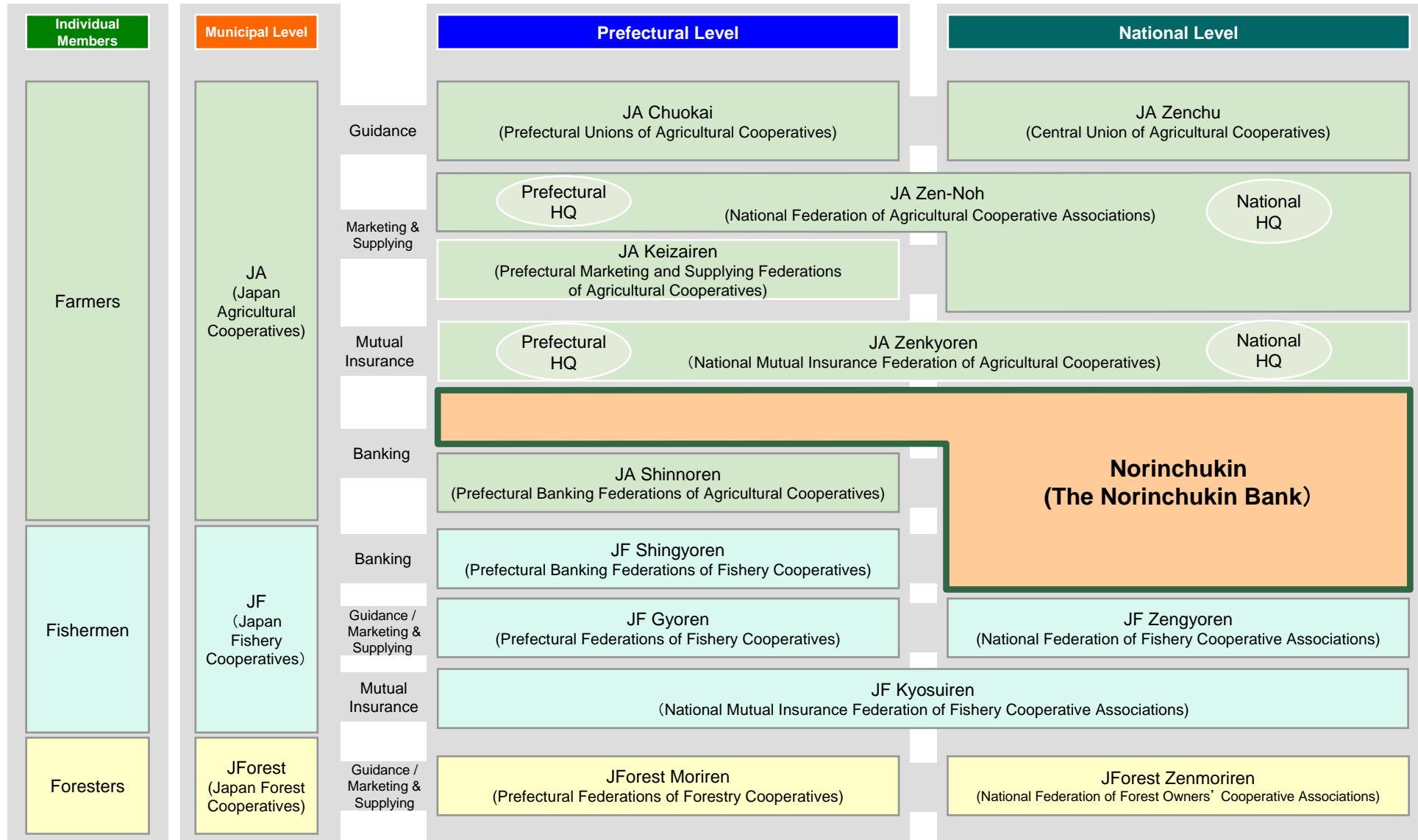
- Donation of benches and tables made of local wood in the disaster-affected areas for use in their public spaces



<Subsidization of Expenses of Production Materials for Rice Farming>

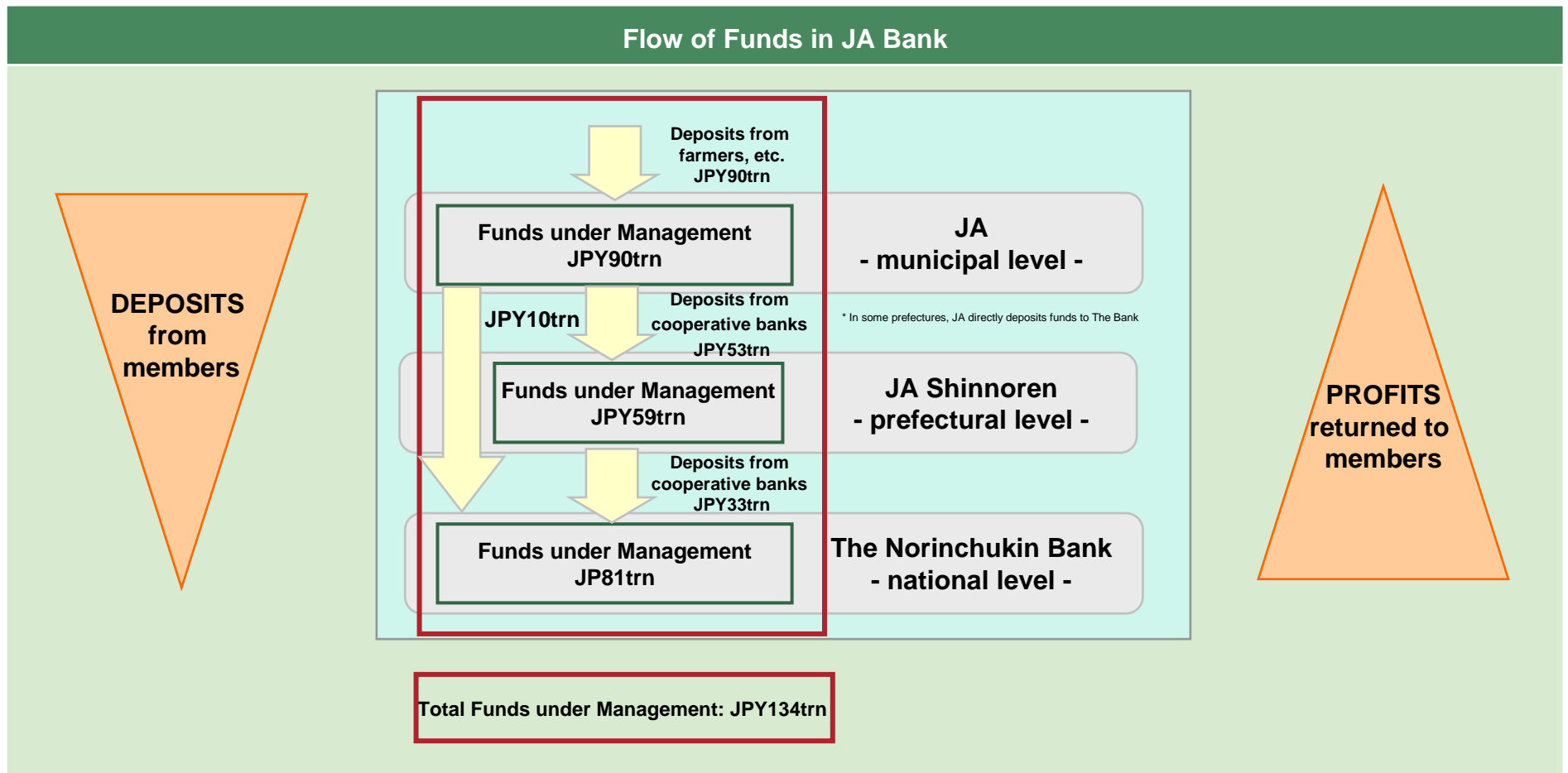
- Among agricultural cultivation, rice farming was most severely damaged in the disaster. Taking this into account, The Bank started subsidizing expenses for production materials to help rice farmers resume rice farming

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 March 31, 2013

Total funds under management = Funds under management (JPY90trn+JPY59trn+JPY81trn) – Deposits (JPY53trn+JPY10trn+JPY33trn)

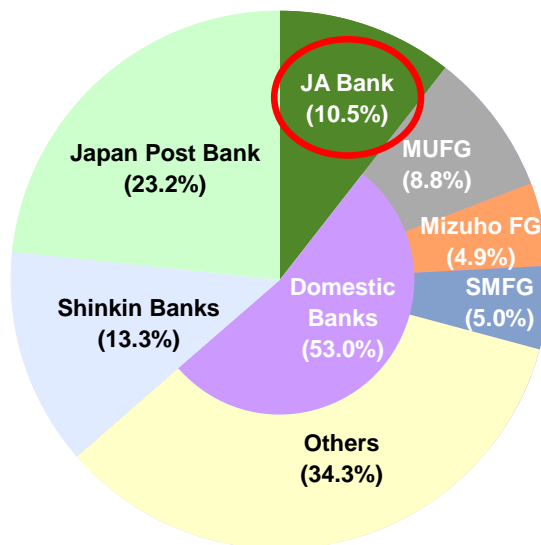
Stable JA Savings

- JA Bank maintains a strong operating base and a network of 8,352 service locations run by 711 JA nationwide (as of March 31, 2013) *
- Outstanding balance of JA Bank deposits and savings has shown a stable long-term growth

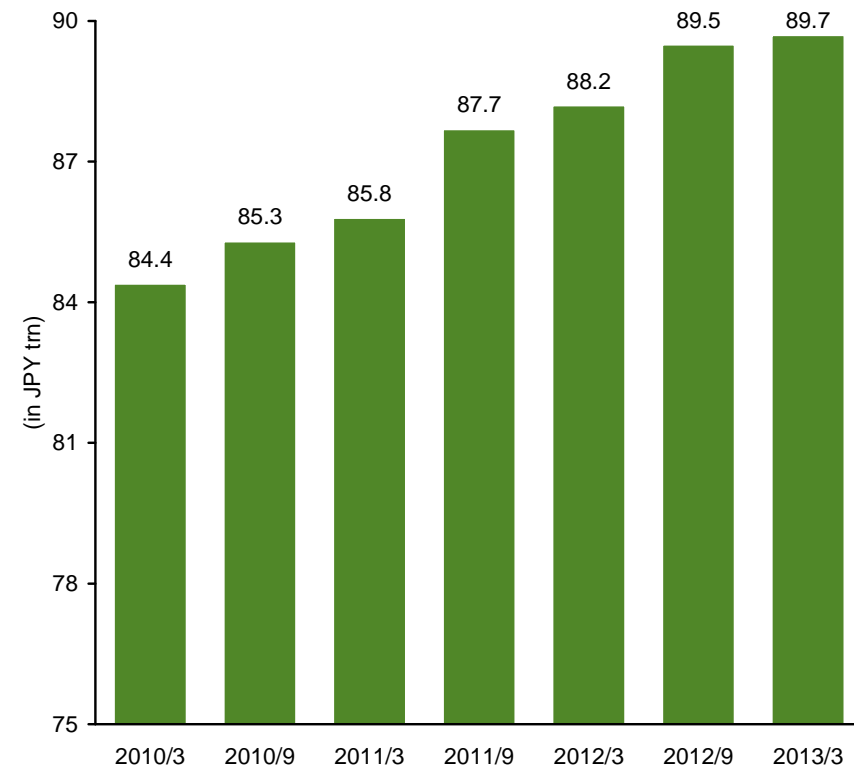
* Total number of service locations and organizations that handle domestic exchange

Deposits and Savings (Retail)

Total: JPY758trn



JA Bank Deposits and Savings over Time



As of September 30, 2012

(Note) Prepared by The Norinchukin Bank based on materials of the Bank of Japan, financial statements of Japan Post and financial summaries of other banks

Retail deposit and savings balance for JA Bank, domestic banks and Shinkin Banks; savings balance for Japan Post Bank

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

JA Bank's Agricultural Loans

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

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

Agricultural Loans by Type (in JPY100mn)

Type	March 31, 2012
Proper Agricultural Loans	15,434
Agricultural Policy Loans	6,326
Agricultural Modernization Loans	1,882
Other Policy-based Loans	4,444
Total	21,760

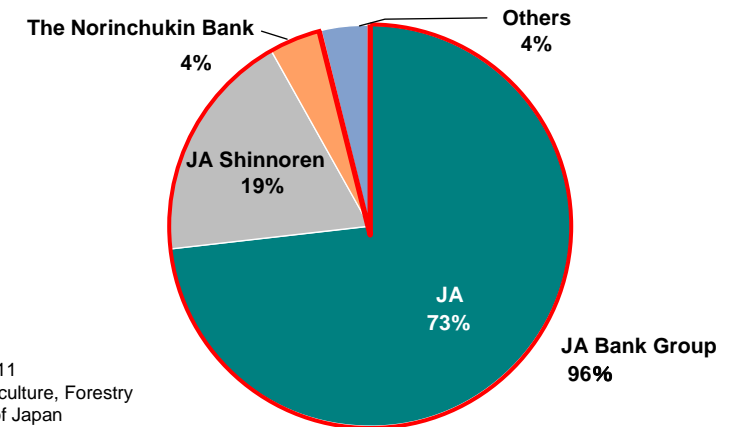
Entrusted Agricultural Loans (in JPY 100mn)

Type	March 31, 2012
Loans Entrusted by the Japan Finance Corporation	5,997
Others	10
Total	6,008

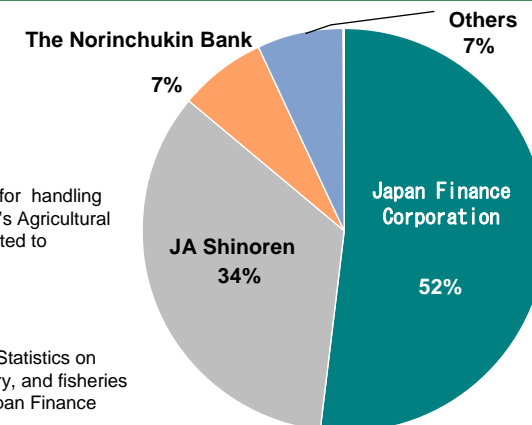
Proper Agricultural Loans represent non-policy-based loans funded by JA Bank. Agricultural policy loans include 1) loans which are extended directly or indirectly by local public organizations, and 2) loans to which interest subsidies are granted by local public organizations, and for this reason, are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

Source: The Norinchukin Bank

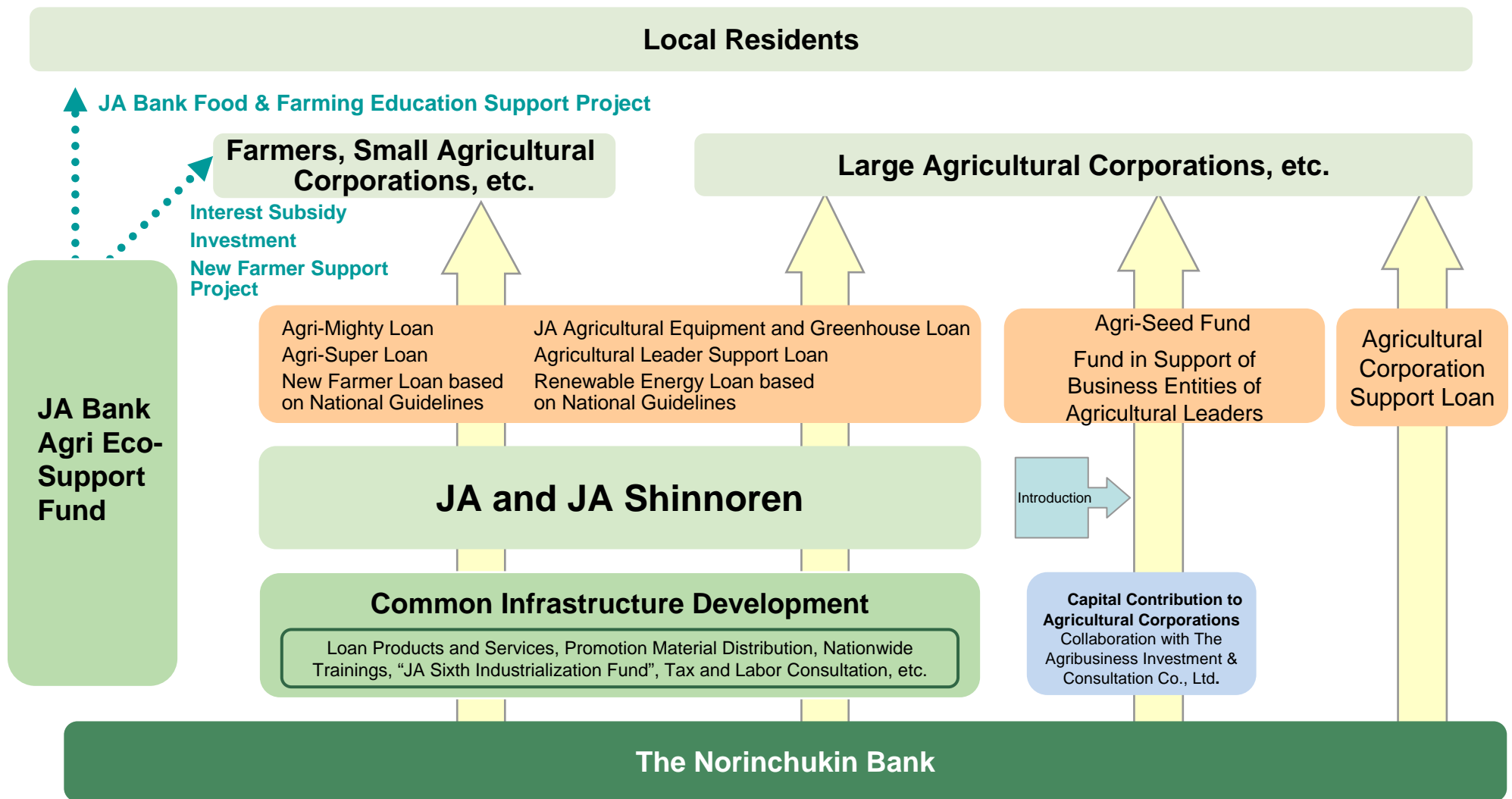
Share of Agricultural Modernization Loans



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



JA Bank Group's Initiatives to Support Agricultural Leaders



Source: The Norinchukin Bank

Provision of Capital Supported by JA Bank Group

- Support for enhancing capital adequacy and stabilize financial base of agricultural corporations through provision of funds for their development
- Creation of funds catering to needs, such as business expansion through acquisition of additional farmland, and establishment of sixth industrialization business entities

	Limit and Investment Ratio	Stock-holding	Targeted Borrowers	Purpose of Capital Provision	Remarks
Fund in Support of Business Entities of Agricultural Leaders	JPY500mn (in principle), 50% shares (in principle)	Non-voting Stock	Agricultural corporations, such as “business entities of agricultural leaders” established based on the “workforce and farmland planning” and “vision for agricultural business in local communities”	Expansion of business size through acquisition of farmland and capital investment	Available from 2013 through 2015
Agri-Seed Fund	JPY10mn (in principle), 50% shares	Non-voting Stock	Agricultural corporations with excellent technical competencies yet undercapitalized	Development of agricultural corporations with future potential by eliminating capital shortage	
Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund	JPY30mn (in principle), No equity cap in case of non-voting stock	Non-voting Stock	Agricultural, fisheries and forestry corporations in the disaster-stricken areas	Acceleration of reconstruction of operations by farmers, fishermen and foresters in the disaster-stricken areas (e.g. resumption of operation)	Targeted borrowers are disaster victims or businesses in three disaster-affected prefectures
Proper Fund by The Agribusiness Investment & Consultation Co.	Internal rules, 50% shares	Non-voting Stock Common Stock	Agricultural corporations in general	Stabilization of financial base, retention of loyal shareholders and improvement of external credibility	
JA Sixth Industrialization Fund	No limit, 50% shares	Non-voting Stock Common Stock	Sixth industrialization business entities (e.g. JA, agricultural corporations)	Creation of added values to agricultural and livestock products through cooperation with the secondary and tertiary industries (strengthening of sales)	Entities certified under the Sixth Industrialization Act

JA Bank Group's Initiatives on Agriculture Finance

- In light of Japan's growth strategy ("aggressive growth of the agricultural, fisheries and forestry industries"), JA Bank, as the main bank for the agricultural industry, responds to diversifying needs of farmers and The Bank supports such effort aiming at providing support for the development of local agriculture

JA Bank Initiatives

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

The Bank provides support to JA and JA Shinnoren operating at the prefectural level through the development of nationwide measures and common infrastructures to strengthen JA Bank's functions as the main bank for the agricultural industry

Planning and Promotion of
Investment and Loan Products

Interest Subsidy

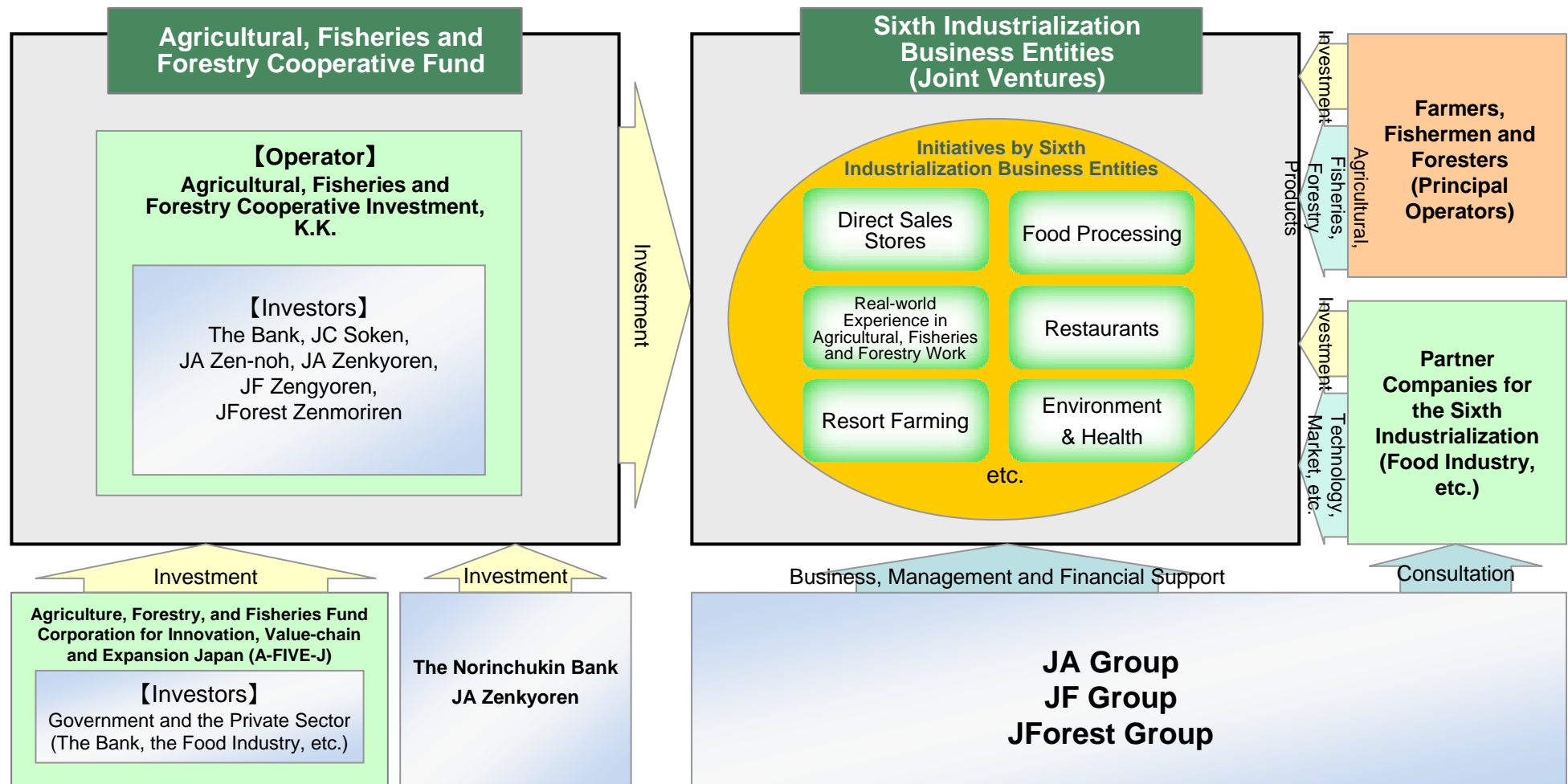
Nationwide Trainings and Seminars,
Certification System

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

Provision of Tax and Labor Consultation Services

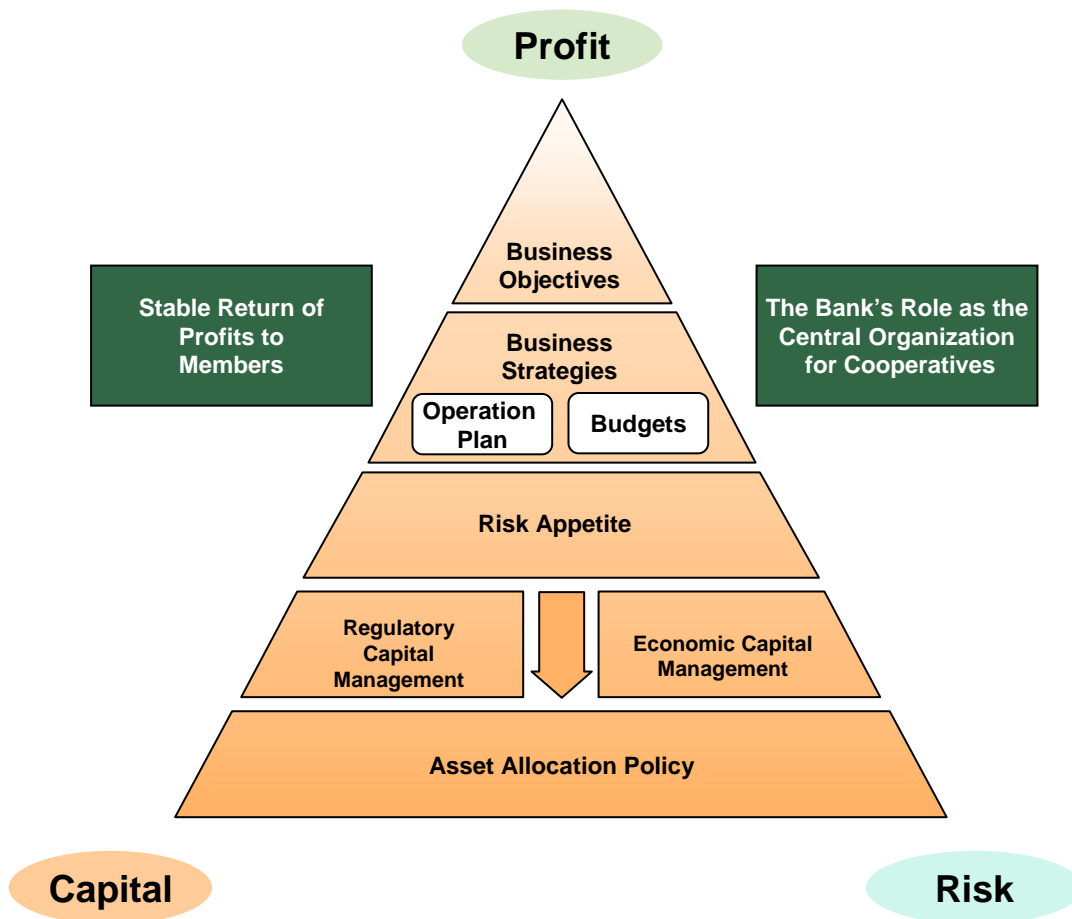
Initiatives for Promoting the Sixth Industrialization

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



Internal Capital Adequacy Assessment

- The Bank conducts ICAAP (Internal Capital Adequacy Assessment Process) on a regular basis to confirm it has satisfactory capital and maintains and manages it in an appropriate manner under its comprehensive risk management framework



ICAAP

- A process to identify, measure, integrate, and control any risks imminent to the Bank, and to ultimately ensure that The Bank has a system to secure adequate level of capital to support respective risk characteristics.
- The process is carried out annually in principle, and approved in the Board of Directors meeting.

Risk Appetite

- The Bank announces its concrete risk-taking policies including the idea on what types and magnitude of risks The Bank is willing to take in carrying out its business strategies
- The Bank focuses on taking risks through globally diversified investment to return profits in a stable manner to its members, while maintaining healthy financial status
- The Bank's risk appetite is reflected in its portfolio management policies (allocation policies) which encourage globally diversified investments

Business Operations Consistent with the Risk Appetite

- The Bank develops its budgets and business plans that are consistent with its risk appetite, and pursues financial and business management in a fine balance with risks and its capital position
- The Bank has established a check point system under the capital management regime so that its capital adequacy is maintained above the risk appetite-based threshold.

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 and operations plans 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 handling of respective risks.
- Based on the determination, each relevant committee, such as the Market Portfolio Management Committee and Credit Portfolio Management Committee, sets concrete portfolio management policies.

3. Risk Management

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

Investments in Securitized Products (1) (Non-consolidated, Preliminary Figures)

1. Exposures by Product (Notes 1 and 2)

							(JPY in 100mn)	
		AAA	AA	A	BBB	Below BBB	Total	Change from 2012/3
1	ABS	19,174	-	-	-	-	19,174	1,734
2	RMBS (Note 3)	23,549	112	58	56	92	23,870	9,925
3	CMBS	567	123	660	412	406	2,169	(738)
4	CDO	4,053	3,453	989	304	575	9,376	(19)
5	CLO	4,053	3,285	480	56	249	8,124	188
6	Resecuritized Products (Note 4)	-	168	508	247	326	1,251	4
7	CBO and Others	-	-	-	-	-	-	(213)
8	Others	-	-	-	438	67	506	(481)
9	Total	47,344	3,690	1,708	1,211	1,142	55,097	10,420

2. Unrealized Gains/Losses and Total Profits/Losses by Product

							(JPY in 100mn)		Profits/ Losses (Note 5)
		AAA	AA	A	BBB	Below BBB	Total	Change from 2012/3	
10	ABS	(61)	-	-	-	-	(61)	70	-
11	RMBS (Note 3)	(4)	(1)	(0)	0	57	51	(44)	-
12	CMBS	(133)	(1)	(26)	(32)	57	(136)	79	(0)
13	CDO	(52)	(194)	(21)	3	-	(265)	152	31
14	CLO	(52)	(212)	(22)	3	-	(283)	194	6
15	Resecuritized Products (Note 4)	-	17	0	-	-	18	(2)	25
16	CBO and Others	-	-	-	-	-	-	(39)	-
17	Others	-	-	-	-	-	-	-	-
18	Total	(250)	(196)	(49)	(29)	114	(411)	259	31

3. Exposures by Currency

				(JPY in 100mn)		
		Exposures	Change from 2012/3	Unrealized Gains/Losses	Change from 2012/3	Profits/ Losses (Note 5)
1	USD	36,342	4,522	(349)	75	79
2	EUR	11,957	6,884	(75)	128	-
3	GBP	1,716	228	(6)	2	-
4	JPY	5,081	(1,213)	20	52	(47)
5	Total	55,097	10,420	(411)	259	31

(Note 1) Securitized products are defined internally based on the definition in Basel II. Includes subprime-related products.

(Note 2) The amount of securitization exposure is the net exposure after write-off and revaluation. For some CMBS, the amount of exposure which should be included in specialized lending (SL) under Basel II (JPY 41.6bn (Revaluation losses: JPY0.4bn, Losses: JPY0bn)), is not included here.

(Note 3) Includes sub-prime RMBS. Does not include mortgage-backed securities related to US government sponsored entities.

(Note 4) 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 Basel 2.5 totaling JPY271.9bn.

(Note 5) The total value of revaluation profits/losses and unrealized gains/losses on financial instruments with embedded derivatives as of FY 2012.

As of March 31, 2013, non-consolidated basis

Investments in Securitized Products (2) (Non-consolidated, Preliminary Figures)

1. Investment in Subprime Loan-related Products (Note 1) (in JPY 100mn)

(1) Subprime Loan-related products (Subprime RMBS: securitized instruments) (Note 2)

	Exposures	Change from 2012/3	Unrealized Gains/Losses	Change from 2012/3	Profits/Losses	
1	AAA	-	(30)	-	(13)	-
2	AA	-	-	-	-	-
3	A	-	(111)	-	(14)	-
4	BBB	-	-	-	-	-
5	Below BBB	92	(427)	57	(16)	-
6	Total	92	(568)	57	(45)	-

(2) ABS-CDO and CDO of CDO's including Subprime RMBS (Resecuritized Instruments and Cubic Instruments) (Notes 3 and 4)

	Exposures	Change from 2012/3	Unrealized Gains/Losses	Change from 2012/3	Profits/Losses	
7	AAA	-	-	-	-	-
8	AA	18	(3)	17	7	-
9	A	-	(12)	-	(11)	-
10	BBB	-	-	-	-	-
11	Below BBB	0	0	-	-	-
12	Total	18	(15)	17	(4)	-

(3) Total of Subprime Loan-related Products (Total of (1) and (2))

	Exposures	Change from 2012/3	Unrealized Gains/Losses	Change from 2012/3	Profits/Losses	
13	AAA	-	(30)	-	(13)	-
14	AA	18	(3)	17	7	-
15	A	-	(123)	-	(26)	-
16	BBB	-	-	-	-	-
17	Below BBB	92	(427)	57	(16)	-
18	Total	110	(584)	74	(49)	-

2. Investment in Monoline Products (Note 5) (in JPY 100mn)

	Exposures	Change from 2012/3	Unrealized Gains/Losses	Change from 2012/3	
1	Monoline Wrapped Financial Instruments (Note 6)	231	(28)	(53)	10
2	Monoline Usage in Securitization Business	-	-	-	-
3	Total	231	(28)	(53)	10

3. Investment in Leveraged Loans (Note 7) (in JPY 100mn)

	Exposures	Change from 2012/3	
4	Japan	8	(22)
5	Overseas	246	(185)
6	Total	254	(208)

4. Trading of Subprime Loan-related Products

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

5. Investment in Bonds Issued by US Housing-related GSEs (Note 8) (in JPY 100mn)

	Exposures	Change from 2012/3	Unrealized Gains/Losses	Change from 2012/3	
7	Agency Mortgage Bonds	35,748	3,827	879	(231)
8	Agency Bonds	13,639	(2,401)	228	479
9	Total	49,388	1,426	1,107	247

(Note 1) The Bank has not engaged in any subprime loan-related lending.

(Note 2) Ratios by vintage (issuance year) are 100% for 2004 and before.

(Note 3) Ratios by vintage (issuance year) are 100% for 2004 and before.

(Note 4) ABS-CDOs and CDO of CDOs containing even small number of RMBS. Includes only a small number of subprime RMBS.

(Note 5) The Bank has exposure to securitized products (CDOs) including monoline-CDOs, in addition to financial products guaranteed by monolines.

(Note 6) Non-guaranteed grades for non-recourse loans and CLOs are all above investment grades. No subprime loan-related products are included in guaranteed products.

(Note 7) Loans internally defined as those used mainly for LBOs. Reserve for possible loan losses amounts to JPY0.9bn.

(Note 8) The Bank has JPY1,527.9bn of mortgage-backed security bonds issued and guaranteed by Ginnie Mae, a US government-owned corporation.

As of March 31, 2013, non-consolidated basis.



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