

ANNUAL REPORT 2013

National Mutual Insurance Federation
of Agricultural Cooperatives

DEEPER RELATIONSHIPS



PROFILE

Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives) was founded in 1951 to create “Mutual aid” through cooperation under the motto “One for all, all for one.” The JA (Japan Agricultural Cooperatives) Group, to which Zenkyoren belongs, conducts a variety of businesses and provides a wide range of services through its societies (agricultural cooperatives). Zenkyoren is responsible for the JA insurance business.

The fundamental goal of Zenkyoren is to assist members and policyholders in establishing stable and secure farming and higher standards of living by insuring them against accidental loss of life and property damage. We meet this goal by offering both life and non-life insurance.

Zenkyoren continues to strengthen cooperative relationships with local agricultural cooperatives (primary societies) to provide members and policyholders with improved services and a greater sense of security.

ZENKYOREN'S VISION

MEASURES TO ACHIEVE THE ZENKYOREN THREE-YEAR BUSINESS PLAN FOR FISCAL 2013 – 2015

Zenkyoren aims to further expand operations based on viewpoints of members and policyholders. To this end, it has set the following basic direction in its three-year business plan for fiscal 2013 – 2015:

- Further expand unique Zenkyoren business activities rooted in the community
- Strengthen Zenkyoren's leadership and support functions for JA and increase managerial efficiency

MAIN STRATEGIES FOR FISCAL 2013

1. New measures in fiscal 2013

Upgrade of insurance products for fiscal 2013

Roll-out business activities utilizing those upgraded insurance products

Expand interaction with non-insured people, the next generation, and younger age groups

2. Measures to strengthen and continue existing initiatives

Roll-out of area strategy by JA

Conduct coverage inspection program through follow-up visits to all members and policyholders

Build a claims assessment system that will be completely effective even in the event of major disasters

3. Measures to put in place conditions for future expansion

Zenkyoren's organizational reforms to strengthen business functions

Redesign of computer systems to improve services to members and policyholders

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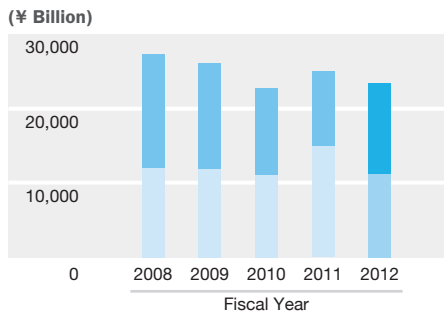
20 ZENKYOREN INFORMATION

Regarding fractional figure processing

- Fractions in both yen and dollar amounts and the number of policies have been rounded down.
- Fractions in component ratios and year-on-year comparisons have been rounded off.

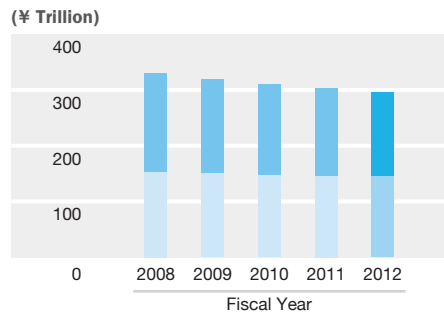
PRINCIPAL BUSINESS INDICATORS

Long-Term Insurance, New Business



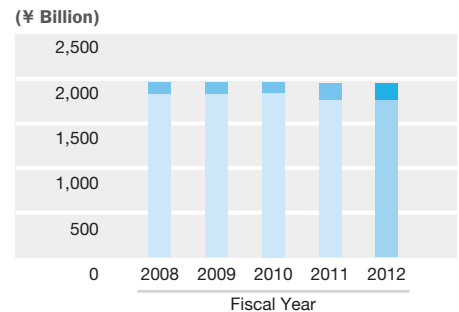
* Amount insured
 ■ Comprehensive Life Insurance
 ■ Building Endowment Insurance

Long-Term Insurance, Policies in Force



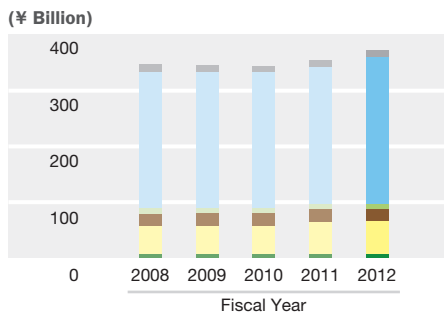
* Amount insured
 ■ Comprehensive Life Insurance
 ■ Building Endowment Insurance

Annuity Insurance



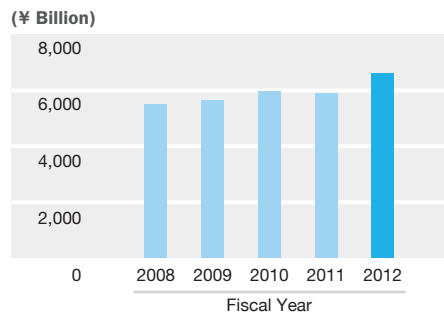
* Annual amount
 ■ New Business
 ■+ Policies in Force

Short-Term Insurance, New Business

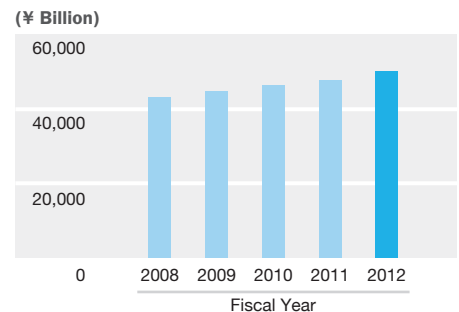


* Premiums received
 ■ Fire Insurance
 ■ Automobile Insurance
 ■ Personal Accident Insurance
 ■ Group Term Life Insurance
 ■ Automobile Liability Insurance
 ■ Others

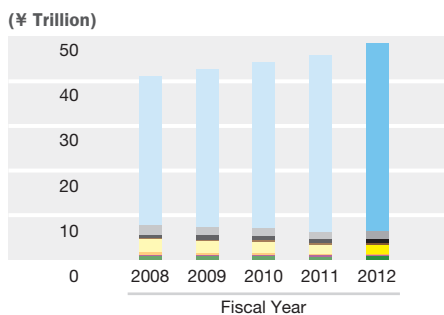
Total Premiums Received



Total Assets

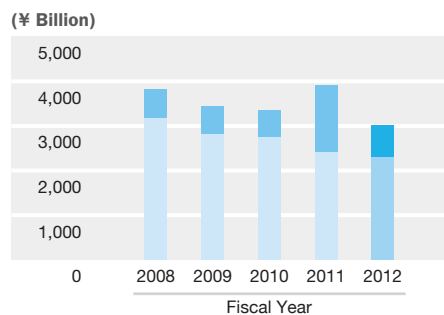


Working Assets



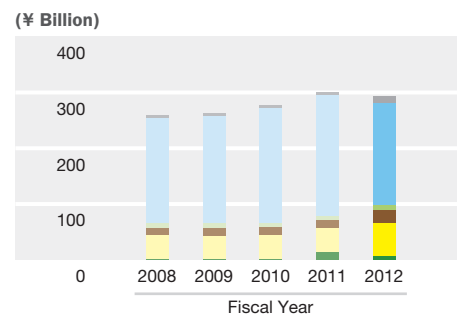
■ Public and corporate bonds
 ■ Foreign securities
 ■ Equities
 ■ Other securities
 ■ Loans receivable
 ■ Cash, bank deposits, and call loans
 ■ Real estate investments
 ■ Miscellaneous items

Long-Term Insurance, Claims Paid



■ Accident
 ■ Maturity

Short-Term Insurance, Claims Paid



■ Fire Insurance
 ■ Automobile Insurance
 ■ Personal Accident Insurance
 ■ Group Term Life Insurance
 ■ Automobile Liability Insurance
 ■ Others

Zenkyoren Will Continue to Deliver Security and Satisfaction Closely Rooted in Communities Based on the Principle of Mutual Aid

Introduction

Nearly two and a half years have passed since the Great East Japan Earthquake, which caused such enormous damage. Once again, we would like to offer our condolences to all those affected by this disaster.

As a member of the JA Group, Zenkyoren has worked toward the recovery and reconstruction of the disaster-affected regions, while committing every effort to deliver claims payments and security to its policyholders as quickly as possible.

As a result, total claims paid amounted to over ¥940 billion. These claims were paid out from premiums received from policyholders, and policy reserves funded by those premiums. We believe that this result demonstrates the true worth of our business activities, which are closely rooted in communities, as well as the fruition of our business philosophy of “Mutual aid.”

Zenkyoren will continue its efforts to establish an even stronger position to ensure we are able to fulfill those responsibilities, even in the event of another major disaster.

For more than 60 years since commencing business activities, Zenkyoren has conducted business with the aim of expanding its circle of mutual assistance. Guided by this principle of “Mutual aid,” Zenkyoren will advance communities and bring security and satisfaction to its members and policyholders by continuing to provide comprehensive coverage of life, homes and automobiles, and ensure sound management, with the view to conducting business activities in good faith.

Fiscal 2012 Initiatives and Future Business Developments

Business Developments

In terms of business developments in fiscal 2012, we continued our efforts to establish our coverage inspection program through follow-up visits to all members and policyholders. We were also rigorous in renewing policies which were expiring and in strengthening our efforts to promote our services among new policyholders.

As a result, over three years we have made in-person visits to a total of 8,740,000 households, while the number of new policyholders has grown to 554,000 individuals.

By using our coverage inspection program to ensure we provide total coverage, enhancing our efforts to reach out to the next generation as well as to our core policyholders, and by strengthening activities targeting non-insured people, Zenkyoren will continue working toward its goal of providing complete coverage to all of our members and policyholders.

Enhancing Service and Reliability

To enable us to provide prompt service through a more streamlined clerical process, we conducted a review of our underwriting and claims payment system. In addition, a board of review made up of doctors and attorneys evaluates the appropriateness of insurance payments, while a separate committee meets monthly to ensure the managerial framework for administering claims payments is being managed properly.



安田 舜一郎

SHUNICHIRO YASUTA
Chairman of the Supervisory Board



横井 義則

YOSHINORI YOKOI
President of the Board of Directors

Insurance Products Development

Zenkyoren revised some insurance products in an effort to better meet the needs for nursing care and financial asset formation. We will continue working to provide attractive, easily understood products that accurately reflect the needs of our various members and policyholders.

Social Contribution Activities

We continued to implement the Community Safety and Security Project, an initiative to reduce traffic accidents in communities, with the aim of helping to build regional societies where people can lead comfortable lives with greater security, and to provide assistance in rebuilding transportation safety infrastructure, in areas afflicted by the Great East Japan Earthquake.

Asset Management Initiatives

Zenkyoren continued its efforts to maintain and enhance a long-term, stable earnings base while improving profitability, securing a net investment profit of ¥862.6 billion as a result.

For fiscal 2013, Zenkyoren will maintain its basic policy of investing primarily in Japanese Government Bonds and other yen-denominated fixed-income assets of high credit quality. At the same time we also invested in equities, while practicing thorough risk management, as a means of enhancing profitability.

Initiatives to Ensure Sound Management

To ensure payment of claims in the event of another major natural disaster, we have increased our provision for contingency reserves, while at the same time enhancing our ability to collateralize risk by setting aside reserves for price fluctuations. Our solvency margin ratio, an index of sound management, stands at 708.8%.

Preparing for Major Natural Disasters

To ensure prompt payment of claims in the event of a major natural disaster, JA and Zenkyoren are working together to build a comprehensive claims assessment structure. We are also working to formulate a business continuity plan to take effect in the event of a major natural disaster, and moving ahead to build back-up systems and other infrastructure.

In Closing

In promoting its business, Zenkyoren continues to fulfill its responsibility to explain its products through face-to-face interaction, and to provide comprehensive security and service. In addition, by conducting business carefully and in good faith under rigorous standards of compliance, we will help to ensure that our members and policyholders can build comfortable, secure lives for themselves and their communities.

August 2013

About the JA Group

The JA (Japan Agricultural Cooperatives) Group, to which Zenkyoren belongs, is a national organization of farmers established in accordance with the Agricultural Cooperative Society Law. Based on a spirit of mutual aid, the JA Group undertakes cooperative business and other activities, for the purpose of enhancing agricultural operations and improving the standard of living among farmers. The JA Group provides its members with five essential services: insurance, guidance, credit, marketing and purchasing, and welfare.

The agricultural cooperative system previously featured a three-tiered structure organized on local, prefectural and national levels. Under this system, prefectural federations provided local agricultural cooperatives (primary societies) with supplementary functions, by conducting activities that the primary societies themselves were unable to perform. The national federation provided complementary functions to support the prefectural federations and make the Group's activities more effective.

To cope with intensified global competition, the JA Group is reforming the organization and its business operations, with the aim of further improving agricultural operations and the living standard of farmers in years to come. Integration of prefectural and national federations and the consolidation of local primary societies are being encouraged as a way to enhance the functionality and effectiveness of the three-tiered organizational structure.

JA Insurance Business

The JA insurance business offers products and services designed to protect members' and policyholders' well-being, provide financial security, and improve their lifestyles.

In April 2000, Zenkyoren (then a national federation only) merged with all prefectural insurance federations, thus forming a two-tiered operation with each tier performing distinct functions. This merger further tightened the bonds between Zenkyoren and primary societies. It also reduced operating costs while giving members and policyholders better services and a greater sense of security.

The primary societies provide members and policyholders with consulting services and communicate directly with them in response to claims.

The primary societies and Zenkyoren jointly underwrite insurance policies.

Division of Roles between Primary Societies and Zenkyoren

Primary Societies (Agricultural Cooperatives):

At the local level, the primary societies provide direct liaison with members and policyholders and handle policy administration, processing and contract maintenance, as well as the payments of claims. They also provide members and policyholders with various kinds of information related to the purchase of insurance policies.

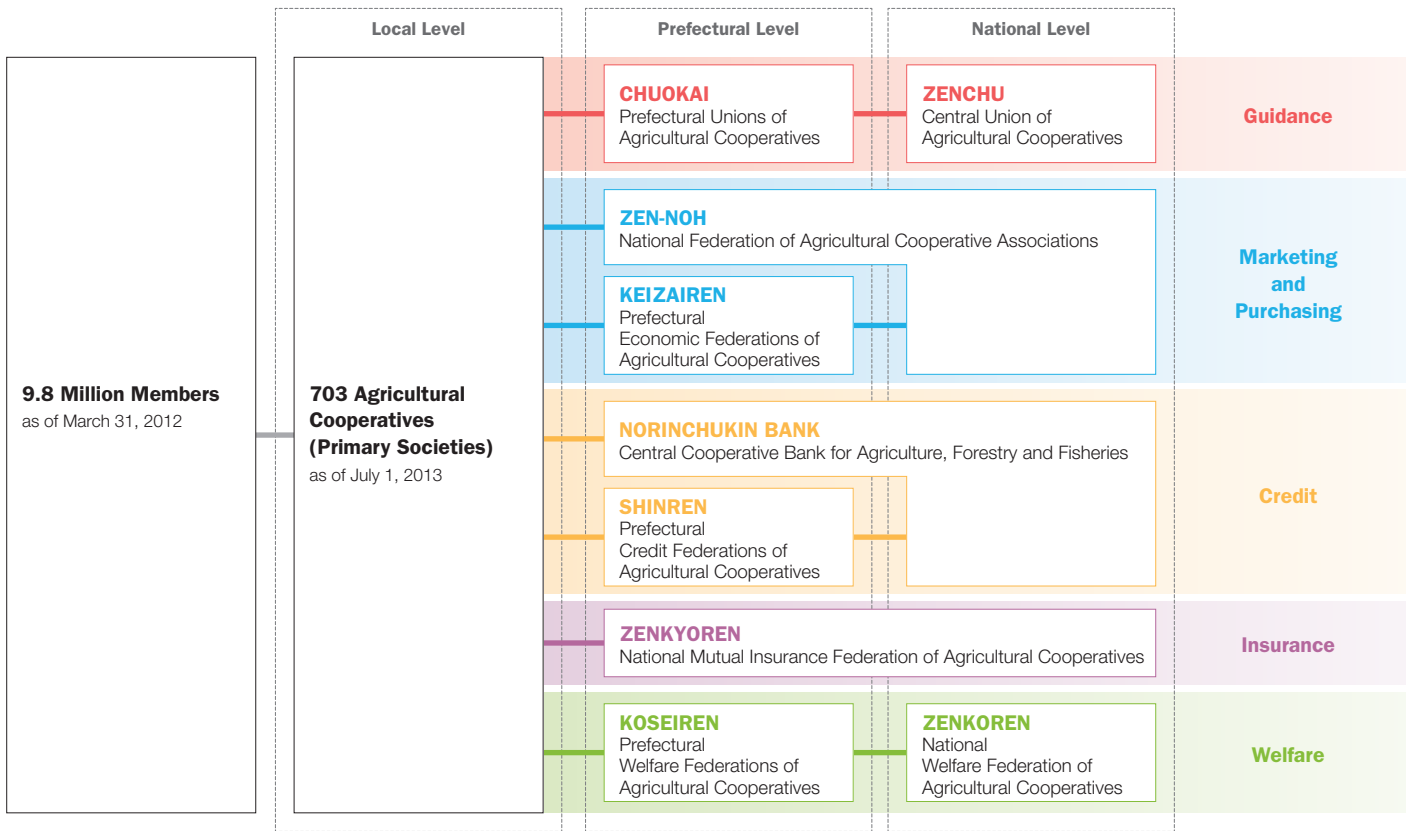
Zenkyoren:

Zenkyoren's services can be divided roughly into four areas. Together, these services provide comprehensive security to members and policyholders.

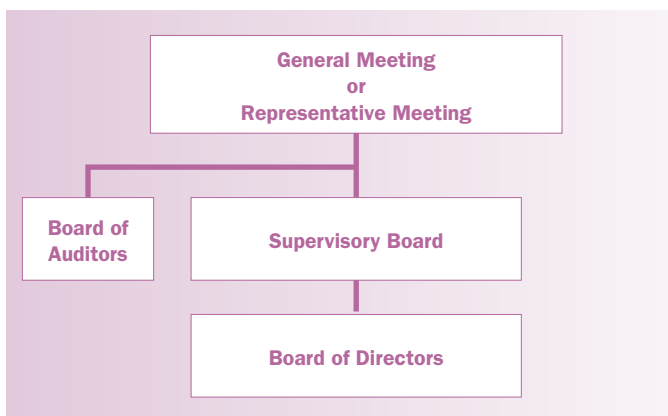
- (1) Protection against risks
- (2) Finance-related services
- (3) Information services
- (4) Welfare services

Zenkyoren engages in a wide range of JA insurance activities that include planning and management, product development, underwriting, claims assessments, and providing information and materials for sales promotion, as well as planning and execution of public relations activities. It also manages investment funds, develops and operates information systems, holds educational and training programs, and conducts welfare activities.

Organizational Structure of the JA Group



Organizational Structure of Zenkyoren



Basic Policy on Building an Internal Control System

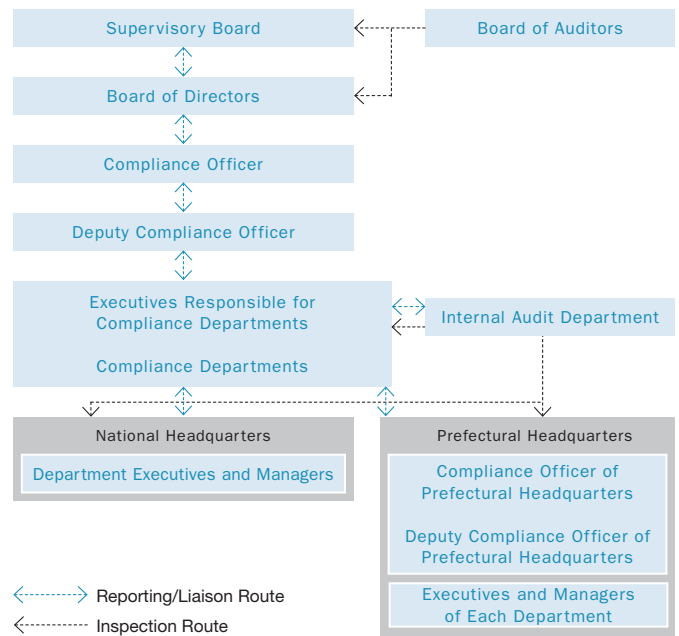
With its business activities rooted in its philosophy of mutual aid, Zenkyoren's mission is to continually respond to the trust and expectations of its members and policyholders by providing security and satisfaction. To achieve this mission, Zenkyoren considers compliance with applicable laws and regulations, its Articles of Association and other bylaws a fundamental part of its management approach and undertakes a number of initiatives to ensure its business is conducted appropriately. One specific measure is the establishment, by its Supervisory Board, of a Basic Policy on Building a Zenkyoren Internal Control System, under which said internal control system is being structured and run appropriately.

Compliance Approach at Zenkyoren

Our business is strongly society-oriented by nature. This is why we emphasize compliance as an integral part of our business management.

In advancing its approach to compliance, Zenkyoren has assigned a Compliance Officer (President of the Board of Directors) and established compliance departments, with the latter responsible for a range of activities covering overall planning and proposals to adjustments and promotion.

Furthermore, each prefectural headquarters has been assigned a Compliance Officer of Prefectural Headquarters (General Manager of the Prefectural Headquarters), with Deputy Compliance Officers (general managers) and responsible managers posted at the departmental level. Every executive and employee strives to ensure that day-to-day operations at their respective worksites take place in strict compliance with applicable laws and regulations.



Risk Management Initiatives

To bring a systematic approach to managing various risks, Zenkyoren has formulated a Basic Risk Management Policy, and works to handle risks consistently and appropriately.

Under this basic policy, risks are classified and managed systematically as underwriting risk, asset management risk, liquidity risk, operational risk, and information system risk.

Structurally, this has involved establishing a Risk Management Department, the department with overall responsibility for risk management, which in addition to overall supervision designates individual departments responsible for properly monitoring and controlling each type of risk.

Five Types of Risk

Types of Risk	Risk Attributes
Underwriting risk	The risk of incurring losses when economic conditions or the incidence of insured accidents fluctuate contrary to projections made at the time premiums were set.
Asset management risk	The risk of incurring losses due to fluctuation in the value of assets under management (market risk, credit risk, and real estate asset management risk).
Liquidity risk	The risk of incurring losses when, due to a temporary increase in surrender value or an outflow of funds owing to a major disaster, Zenkyoren is forced to sell off assets at prices significantly lower than under normal conditions in order to secure the required funds.
Operational risk	The risk of incurring losses due to inadequate internal control systems, or officers and employees either failing to follow appropriate procedures or being the cause of accidents and misconduct, etc.
Information system risk	The risk of incurring losses due to computer system failure, malfunction or flaw, or the misuse of information systems.

THE GREAT EAST JAPAN EARTHQUAKE AND ZENKYOREN'S RESPONSE

Payment of Insurance Claims

A total of 2,475 assessors were dispatched for assessing claims, as JA and Zenkyoren worked as one to survey the damage and then to pay out the insurance claims promptly.

	Comprehensive life insurance	Building endowment insurance	Cooperative-owned building fire insurance
Number of claims	2,248	661,014	2,678
Claims paid (¥ billion)	33.0	903.7	11.5

(As of March 31, 2013)

Main Initiatives for Providing Assistance to the Affected Areas

In addition to quickly paying claims arising from the Great East Japan Earthquake of March 11, 2011, Zenkyoren also engaged in the following relief initiatives.

- Confirming the safety of policyholders, and establishing inquiry desks for evacuee policyholders

- Extending the grace period for payment of premiums by affected policyholders, and applying a special interest rate for loans on policies
- Providing roof patching sheets, donating ambulances and relief money, and so on

Preparation for Future Disaster-related Damage

Through reinsurance coverage and the contingency reserve provisions accumulated to date, Zenkyoren has secured sufficient collateral for payments even in the event of another major disaster at the same level of the Great East Japan Earthquake. (The solvency margin ratio was 708.8% as of March 31, 2013.)



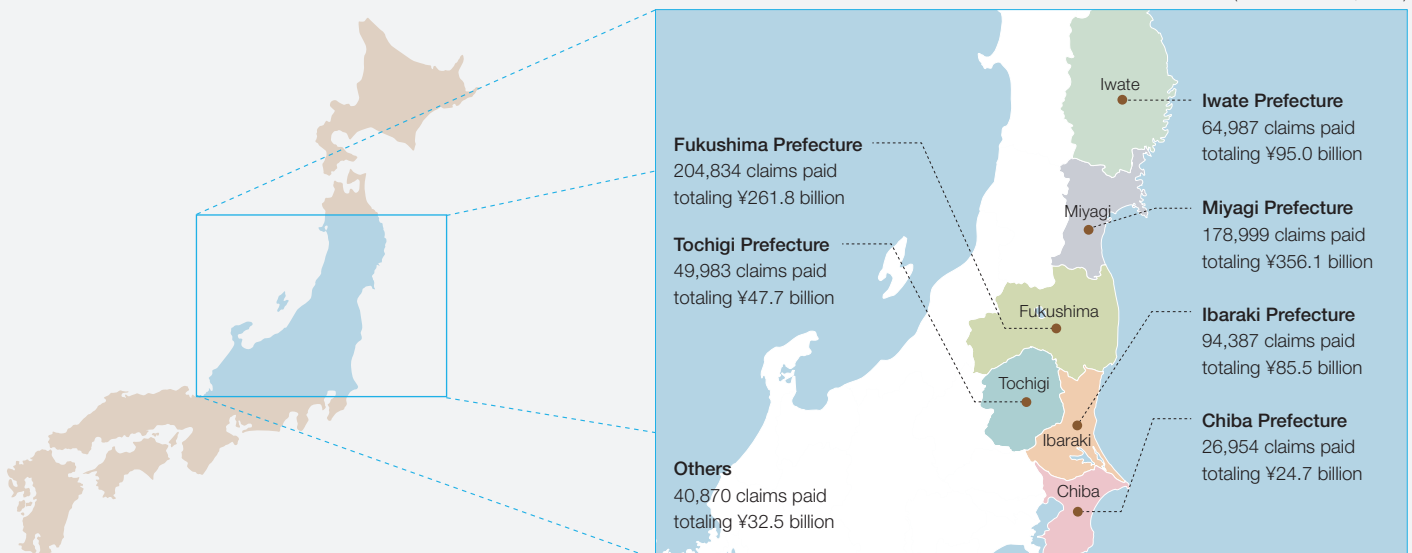
A claims assessment



An ambulance donated by Zenkyoren

Claims Paid for the Great East Japan Earthquake

(As of March 31, 2013)



INSURANCE BUSINESSES

The JA Group is unique in its ability to provide life and non-life insurance, thus offering comprehensive coverage of life, homes and automobiles to match each member's and policyholder's lifestyle.

Coverage can be divided into two basic types, long-term and short-term insurance. The kinds of insurance offered are outlined below.

Major Types of Insurance

LIFE INSURANCE Comprehensive Life Insurance

Comprehensive Life Insurance is a general term encompassing basic types of life insurance.

A comprehensive range of benefits, including for death, disability, hospitalization, and medical treatment, is obtainable by combining various riders from each type.

1 Whole Life Insurance

Claims are paid upon death or serious disability of the insured. The objective is to protect the livelihood of the family of the insured.

Conditions can be designed to suit individual policyholder needs.

2 Endowment Life Insurance

Claims are paid upon death or serious disability of the insured, or survival beyond the maturity date. The objective is to protect the livelihood of the family of the insured and to serve as a savings vehicle to provide financial security to policyholders during old age.

3 Term Life Insurance

Claims are paid upon death or serious disability of the insured. The objective is to protect the livelihood of the family of the insured.

Since claims are not paid at maturity, premiums are less expensive than those for Endowment Life Insurance.

4 Annuity Insurance

Annuities are paid every year beyond the date specified in the policy for contracted years or throughout the lifetime of the insured to provide financial security.

5 Children's Insurance

This insurance systematically accumulates funds for the education, weddings, and other major life events of policyholder's child (the insured). Claims are paid upon death or serious disability of the insured, or survival beyond the maturity date or prescribed age, or upon the death or disability of the policyholder. In the event that the policyholder dies or suffers serious disability, an endowment pension is paid and premium payments are no longer required.

6 Medical Insurance

This policy covers the cost of hospitalization, including surgery, in the event of illness or injury. In addition to whole life plans, limited period plans (Term Medical Insurance) are also available.

NON-LIFE INSURANCE

1 Building Endowment Insurance

This policy insures buildings and movable property owned by the policyholder against damage caused by fire, earthquake, or other natural disasters.

Payment is also made upon death or serious injury of the insured or family members due to fire, earthquake, or other natural disasters.

Additionally, if the insured buildings or movable property survive intact beyond the maturity date, this insurance supplies funds for reconstruction or repurchase.

2 Automobile Insurance

This policy provides a broad range of insurance protection against automobile accidents, including accident cover for the insured and their family members, physical damage cover for vehicles, as well as cover for liability for damages to third parties, such as bodily injury or property damage.

Insurance Offered

Item	Type	LONG-TERM INSURANCE (five or more years)	SHORT-TERM INSURANCE (less than five years)
LIFE INSURANCE		Comprehensive Life Insurance <ul style="list-style-type: none"> • Whole Life Insurance • Endowment Life Insurance • Term Life Insurance • Annuity Insurance • Children's Insurance • Medical Insurance • Term Medical Insurance • Cancer Insurance 	<ul style="list-style-type: none"> • Group Term Life Insurance • Fixed-Amount Life Insurance
NON-LIFE INSURANCE		Building Endowment Insurance	<ul style="list-style-type: none"> • Automobile Insurance • Automobile Liability Insurance • Fire Insurance • Cooperative-Owned Building Fire Insurance • Personal Accident Insurance • Liability Insurance • Volunteer Comprehensive Insurance

Life Advisers—Trained Insurance Consultants

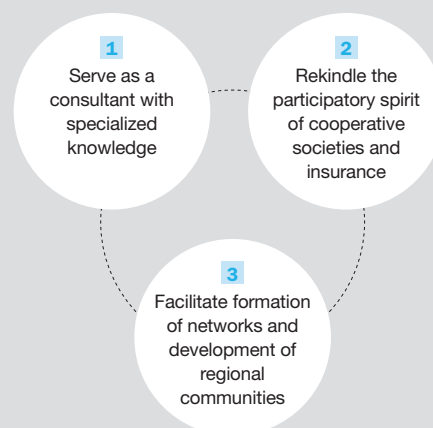
Life Advisers Representing the Primary Societies

Insurance schemes are becoming more sophisticated and complicated at the same time that members' and policyholders' needs are becoming more varied. In this environment, members and policyholders need someone they can turn to for helpful, accurate information.

Based on this situation, Zenkyoren introduced a Life Adviser system in 1994. As of the end of March 2013, 21,966 life advisers were helping members and policyholders throughout the country. Life advisers not only serve as a pipeline between members/

policyholders and the primary societies, they also provide sound advice and information on all aspects of members' and policyholders' insurance needs from the members' and policyholders' standpoint. In addition, they undertake a host of activities aimed at ensuring total member and policyholder satisfaction.

The Role of a Life Adviser (LA)



Investment Environment

At the beginning of fiscal 2012, the yield on 10-year Japanese Government Bonds (JGBs)—the prime indicator of domestic long-term interest rates—stood at 1.01%. Those yields fell to as low as 0.72% in July 2012. Flight primarily from a rekindling of the European Debt crisis, and a consequent dimming of the global economic outlook, drove investors to buy more JGBs and bid up the prices.

Following that, long-term interest rates rose incrementally when investors grew alarmed that the government may call on the Bank of Japan to increase the issuance of JGBs in order to fund fiscal stimulus measures on a large scale. However, the yield dropped further through the end of the fiscal year, as greater monetary easing by the Bank of Japan was observed. The yield ended the fiscal year at 0.56%, a level not seen since June of 2003.

In the domestic stock market, the Nikkei 225 Average started fiscal 2012 at ¥10,161, and then softened to as low as ¥8,238, reflecting uncertainty about the direction of the global economy. Following the change in the Government in December, stock prices reacted to corrections to the appreciating yen and to speculation about stronger monetary easing, rising further through the end of the fiscal year on expectations of an economic recovery. The stock index ended the fiscal year at ¥12,397.

On the foreign exchange markets, the yen stood at ¥82.85/\$1 at the start of fiscal 2012. The yen began strengthening from then on concerns about the U.S. economy, and by September had reached the ¥77 range with the implementation of additional monetary easing by the U.S. Subsequently, the yen weakened, in part due to rising expectations for redoubled monetary easing by the Bank of Japan, and ended the fiscal year at ¥94.05 against the dollar.

	March 31, 2012	March 31, 2013
Long-term interest rates (10-year JGB yield)	0.98%	0.56%
Stock market (Nikkei 225 Average)	¥10,083.56	¥12,397.91
Foreign exchange market (¥/\$ rate)	¥82.19	¥94.05

JGB: Japanese Government Bond

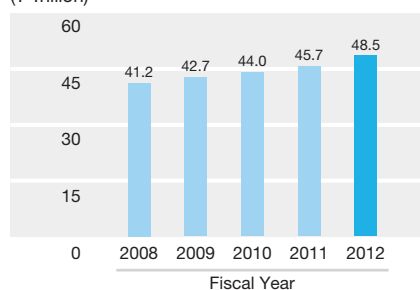
Investment Policy

The majority of Zenkyoren's investments of funds are in long-term, fixed-income financial products. In view of these circumstances, we have adopted a medium- to long-term approach to investment in accordance with accounting standards and characteristics of liability, centered on bonds meeting the requirements for liability reserve, with the aim of securing stable earnings over the long term.

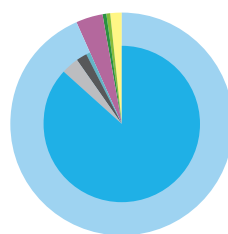
Specifically, we invest mainly in yen-denominated bonds to secure and enhance stable earnings over the long term, while investing also in equities and foreign bonds to improve the profitability of our earnings base.

Working Assets

(¥ Trillion)



Breakdown of Working Assets



Securities	93.4%
Public and corporate bonds	86.9%
Foreign securities	3.5%
Equities	2.1%
Other securities	0.9%
Loans receivable	3.9%
Cash, bank deposits, and call loans	0.6%
Real estate investments	0.7%
Miscellaneous items	1.4%

Current Situation of Asset Management

We invested primarily in yen-denominated bonds to maintain and enhance stable earnings over the long term. In addition, we also invested in equities and foreign bonds. When investing in equities and foreign bonds, we pay adequate attention to market trends and price fluctuation risks (market risks).

(See the graphs on page 10)

International Investments

In its overseas investments, Zenkyoren pays extremely close attention to exchange risks, country risks and other risks, as we invest primarily in foreign-currency-denominated bonds and foreign equities and in yen-denominated loans and bonds for foreign governments. Our subsidiaries in New York (ZAMA) and London (ZEL) undertake support activities related to securities investments, overseas investments, and so on.

REINSURANCE

Reinsurance Activities

As part of natural disaster risk management, risks deriving from Building Endowment policies, Cooperative-Owned Building Fire policies, and retrocession risks from the National Agricultural Insurance Association are ceded to multiple reinsurers.

The Reinsurance Panel in Zenkyoren is stringently selected considering the following elements:

- Past performance of each reinsurance company
- Credit ratings by third-party rating agencies
- Financial strength

Utilizing reinsurance diversifies the risk portfolio, contributing to firm and stable business operations.



Zenkyoren Asset Management of America, Inc. (ZAMA), New York



Zenkyoren Europe Limited (ZEL), London

INTERNATIONAL INITIATIVES

Zenkyoren's Links with International Organizations

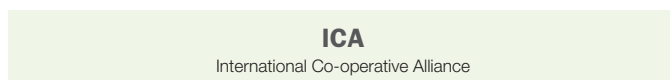
Zenkyoren is a member of the International Co-operative Alliance (ICA*¹), a worldwide association of cooperatives, and is also a member of the International Cooperative and Mutual Insurance Federation (ICMIF*²), one of the ICA's special committees.

Based on the spirit of mutual assistance and democracy, these international organizations operate around the world with the aim of contributing to the further development of cooperatives' activities and cooperative insurance.

*1 The ICA is comprised of members from 271 organizations in 96 countries, and is the world's largest NGO with approximately 1 billion members. The ICA is registered as an advisory body of the United Nations Economic and Social Council (established in 1895).

*2 The ICMIF is comprised of members from 212 organizations in 69 countries (established in 1922).

Global Partnership



Special Committees



Regional Associations



Zenkyoren's International Activities

Zenkyoren serves on the directorship of the ICMIF, and participates in various committees. Zenkyoren also belongs to the Asia and Oceania Association (AOA), a regional body of the ICMIF. From its founding in 1984 until today, directors of Zenkyoren have served as chairs of the AOA, and Zenkyoren has been the AOA's secretariat.

By participating in AOA General Meetings held to discuss issues such as the association's policy direction, finances and management, as well as by participating in AOA seminars and forums for managers and employees of member organizations, Zenkyoren contributes to information exchange among members in different countries, improving understanding of insurance practices, and supporting the development and expansion of cooperative insurance organizations.

Initiatives for the 2012 International Year of Cooperatives

The United Nations declared 2012 to be the International Year of Cooperatives (IYC). In response, Zenkyoren participated in the Japan National Planning Committee for IYC 2012, as well as prefecture-level regional committees, and has worked to raise awareness of the social value of cooperatives and the role they play in society through newspaper and other advertising, cooperative festivals held with citizen participation, and other activities.



IYC 2012 logo

DOMESTIC INITIATIVES

Human Resource Development

Zenkyoren's Human Resource Development Guidelines are aimed at fostering people capable of meeting the expectations and earning the trust of members and policyholders in local communities. Under these guidelines we are working to develop employees who share the Zenkyoren philosophy and bring specialized skills and knowledge to their respective fields.

The Makuhari Training Center

Zenkyoren's Makuhari Training Center (founded in 2006) is a facility that provides comprehensive training relevant to the operations of Zenkyoren, such as in automobile, property and medical related insurance in addition to general training in the insurance business.

Training Facilities

The Makuhari Training Center has classrooms for various types of training courses, such as small group discussions and lectures for a large number of trainees,

and classrooms and exhibition rooms for trainees to effectively learn expertise and skills in Comprehensive Life Insurance, Building Endowment Insurance, and Automobile Insurance.

Online Network

Zenkyoren's operations span the whole of Japan.

Accordingly, we process data from across the country at a cutting-edge computer center in eastern Japan, with the aim of delivering necessary services to policyholders and enhancing the speed with which policies are processed.

The online network we have built to link operations nationwide is one of the most extensive networks of its kind in the world. Our online network promotes efficient, streamlined operations and allows for communication in real-time between JA and members/ policyholders around the nation.



Makuhari Training Center, Chiba



Ishioka Center, Ibaraki



A training aid for medical knowledge



A training aid for houses



A training aid for automobiles



Kawasaki Center, Kanagawa

SOCIAL RESPONSIBILITIES

Health Care and Social Activities

To complement our insurance operations, Zenkyoren provides a host of human welfare services aimed at promoting better health and well-being for people in the community.

Health Care

To help our members to enjoy better health and longer lives, Zenkyoren promotes health exams and medical checkups aimed at the early detection of disease.

Members can obtain information and advice from the Zenkyoren Health Care and Nursing Care Helpline.

We also organize campaigns aimed at raising awareness of health issues and encouraging members to follow healthier lifestyles. We also provide support for health-oriented activities, such as the “Rainbow Exercise” program that we developed.

Traffic Safety Course for Senior Citizens

In light of the increasing number of traffic accidents that involve senior citizens, Zenkyoren promotes the education of senior citizens in traffic safety measures to reduce the incidence of such traffic accidents.

Since the aging trend is more prominent in farming communities than in urban communities, we provide a traffic safety course that combines exercises easy enough for anyone and laughter too, based on our newly developed original programs for senior citizens, “Traffic Safety Rainbow Exercise” and “Traffic Safety Comic Monologue.”

Since 2008 we have been offering advice on safe driving, using special vehicles equipped with driving simulators based at seven locations around the country. Participants can learn the do’s and don’ts of safe driving through simulations of situations with a high accident probability.

Service Dogs

We support activities to train and familiarize service dogs to assist those with disabilities as a result of traffic or other accidents with everyday tasks.

Through providing research support to the Japanese Service Dog Resource Academy, Japan’s only such academic organization, business support to the Support

Dog Association, and conducting activities to promote understanding towards acceptance of service dogs, we help those with disabilities to become independent and participate in society.



A service dog fetching a newspaper (photo by the Japanese Service Dog Resource Academy)

The Nakaizu and Beppu Rehabilitation Centers

In 1973 Zenkyoren established rehabilitation centers in Nakaizu (Shizuoka Prefecture) and Beppu (Oita Prefecture), for people with physical disabilities as a result of traffic accidents or other mishaps. The centers provide a wide range of services, including physical rehabilitation, occupational therapy, and socialization training. Our comprehensive range of human welfare and rehabilitation services makes a positive contribution to the lives of people in need of help.

Cultural Activities

In order to convey the spirit of cooperation, the so-called “Mutual assistance,” to elementary and junior high school students, nurture creativity, and let as many people as possible feel the importance of traffic safety through raising awareness of the Japanese culture of calligraphy and art education, Zenkyoren has sponsored calligraphy and traffic-safety poster contests to help to reduce traffic accidents.

In fiscal 2012 we held our 56th calligraphy contest and our 41st traffic safety poster contest. Both contests are the largest of their kind. Students across the country submitted over 1,470,000 entries to the calligraphy contest and more than 160,000 entries to the traffic safety poster contest.

BUSINESS OPERATIONS

AS OF MARCH 31, 2013, 2012 AND 2011 US\$1=JPY94.05 (AS OF MARCH 31, 2013)

Total Assets

Total assets at the end of fiscal 2012 amounted to ¥50.6 trillion, an increase of 6.4% compared to the previous fiscal year. This included ¥46.6 trillion in policy reserves accumulated to prepare for the payments of insurance claims to policyholders and other claims, which represented 92.0% of total assets.

	FY2010	FY2011	FY2012	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Total Assets	¥46,297	¥47,633	¥50,690	\$538,979

Working Assets

	FY2010	FY2011	FY2012	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Working Assets	¥44,011	¥45,742	¥48,582	\$516,564

Long-Term Insurance (New Business, Policies in Force)

Sales of new long-term insurance policies were ¥5.9 trillion in terms of the maturity amount insured, an increase of 16.6%, and ¥23.4 trillion in terms of the amount insured, a decrease of 6.6%.

Total policies in force were ¥52.4 trillion in terms of the maturity amount insured, an increase of 4.2%, and ¥297.3 trillion in terms of the amount insured, a decrease of 2.1%.

Long-Term Insurance, New Business

Type of Insurance	FY2010		FY2011		FY2012		
	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Amount (US\$ Million)
Comprehensive Life Insurance	2,261	¥11,587	2,028	¥10,043	2,409	¥12,254	\$130,292
Building Endowment Insurance	749	11,066	949	15,040	758	11,170	118,774
Others	2	1	2	1	1	1	12
Total	3,013	¥22,655	2,979	¥25,084	3,169	¥23,426	\$249,080

Note: Figures for Annuity Insurance are not included in the above statistics.

Long-Term Insurance, Policies in Force

Type of Insurance	FY2010		FY2011		FY2012		
	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Policies (Thousands)	Amount (¥ Billion)	Amount (US\$ Million)
Comprehensive Life Insurance	14,907	¥164,016	15,759	¥157,643	16,864	¥152,165	\$1,617,924
Building Endowment Insurance	11,095	147,061	10,871	146,077	10,696	145,153	1,543,365
Others	9	9	10	10	10	10	111
Total	26,013	¥311,087	26,642	¥303,730	27,571	¥297,329	\$3,161,402

Note: Figures for Annuity Insurance are not included in the above statistics.

Annuity Insurance

With regard to sales of new Annuity Insurance policies, the annual amount was ¥110.6 billion, a decline of 3.2%, and policies in force amounted to around ¥1.9 trillion, a decrease of 1.2%.

	FY2010		FY2011		FY2012		
	Policies (Thousands)	Annual Amount (¥ Billion)	Policies (Thousands)	Annual Amount (¥ Billion)	Policies (Thousands)	Annual Amount (¥ Billion)	Annual Amount (US\$ Million)
New Business	197	¥ 116	198	¥ 114	190	¥ 110	\$1,175
Policies in Force	3,219	1,956	3,244	1,947	3,242	1,923	20,451

Short-Term Insurance

Sales of new short-term insurance policies increased by 0.4% to 26 million in number, and premiums received for these contracts amounted to ¥372.7 billion, an increase of 5.3%.

Short-Term Insurance, New Business

Type of Insurance	FY2010		FY2011		FY2012		
	Policies (Thousands)	Premiums (¥ Million)	Policies (Thousands)	Premiums (¥ Million)	Policies (Thousands)	Premiums (¥ Million)	Premiums (US\$ Thousand)
Fire Insurance	1,422	¥ 12,199	1,435	¥ 12,091	1,435	¥ 12,124	\$ 128,910
Automobile Insurance	8,393	244,157	8,442	246,146	8,428	264,431	2,811,600
Personal Accident Insurance	12,116	9,280	11,961	9,143	12,138	8,919	94,832
Group Term Life Insurance	183	22,317	177	21,892	160	21,952	233,407
Automobile Liability Insurance	3,448	51,338	3,449	58,933	3,443	59,836	636,214
Others	452	5,674	480	5,937	451	5,520	58,692
Total	26,016	¥344,967	25,946	¥354,143	26,057	¥372,783	\$3,963,668

Note: Cooperative-Owned Building Fire Insurance, Fixed-Amount Life Insurance, and Liability Insurance are included in "Others."

Claims Paid

Total claims paid in fiscal 2012 amounted to ¥3.4 trillion, a decrease of 21.4% from the previous year.

Claims paid out at maturity accounted for ¥2.3 trillion, a drop of 3.0%, while accident payments were ¥1,019.6 billion, a decrease of 45.6%.

Long-Term Insurance, Claims Paid

Type of Insurance	FY2010			FY2011			FY2012					
	(¥ Billion)			(¥ Billion)			(¥ Billion)			(US\$ Million)		
	Accident	Maturity	Total	Accident	Maturity	Total	Accident	Maturity	Total	Accident	Maturity	Total
Comprehensive Life Insurance	¥558	¥1,728	¥2,286	¥ 592	¥1,581	¥2,173	¥551	¥1,542	¥2,094	\$5,865	\$16,402	\$22,267
Building Endowment Insurance	65	1,006	1,071	969	845	1,814	168	811	979	1,790	8,626	10,416
Others	—	1	1	—	1	1	0	1	1	0	12	12
Total	¥623	¥2,736	¥3,359	¥1,561	¥2,428	¥3,989	¥720	¥2,355	¥3,075	\$7,656	\$25,040	\$32,696

Note: Figures for Annuity Insurance are included in the above statistics.

Short-Term Insurance, Claims Paid

Type of Insurance	FY2010	FY2011	FY2012	
	(¥ Million)	(¥ Million)	(¥ Million)	(US\$ Thousand)
Fire Insurance	¥ 5,752	¥ 5,145	¥ 6,495	\$ 69,059
Automobile Insurance	206,184	215,996	219,686	2,335,842
Personal Accident Insurance	8,272	8,794	8,226	87,464
Group Term Life Insurance	13,499	14,394	13,491	143,444
Automobile Liability Insurance	42,619	41,694	40,854	434,385
Others	1,680	13,879	4,827	51,323
Total	¥278,008	¥299,904	¥293,582	\$3,121,552

Note: Cooperative-Owned Building Fire Insurance, Fixed-Amount Life Insurance, and Liability Insurance are included in "Others."

Breakdown of Claims Paid

	FY2010	FY2011	FY2012	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Payments for Comprehensive Life Insurance at maturity	¥1,728	¥1,581	¥1,542	\$16,401
Payments for risks covered by Comprehensive Life Insurance	558	592	551	5,864
Payments for damage covered by Automobile Insurance	206	215	219	2,334
Payments for Building Endowment Insurance at maturity	1,006	845	811	8,625
Payments for damage covered by Building Endowment Insurance	65	969	168	1,789
Others	111	131	112	1,200
Total	¥3,676	¥4,336	¥3,406	\$36,221

Value of Actual Net Assets

As of March 31, 2013, Zenkyoren had actual net assets valued at ¥11,900.1 billion, maintaining a high ratio to total assets of 23.5%.

	FY2010	FY2011	FY2012	
	(¥ Billion)	(¥ Billion)	(¥ Billion)	(US\$ Million)
Value of Actual Net Assets	¥7,505	¥9,191	¥11,900	\$126,529
Ratio to Total Assets	16.2%	19.3%	23.5%	

Value of Actual Net Assets

The value of actual net assets is one of the indicators to recognize broad capital, which is calculated by subtracting liabilities after deduction of items regarded as capital (reserves for price fluctuations, or contingency, etc.), from the fair value of assets.

Accumulation of Ample Liability Reserves

Zenkyoren accumulates the liability reserves necessary for future insurance payments which is the highest level of reserves.

Furthermore, from the standpoint of achieving a sounder financial position and responding to inverted spreads, Zenkyoren began provisioning the accumulation of additional liability reserves against certain Comprehensive Life Insurance contracts starting in fiscal 2010.

Also, Zenkyoren each year accumulates funds to build liability reserves and carries out reinsurance for unforeseen crises and major natural disasters.

	FY2010	FY2011	FY2012	
	(¥ Trillion)	(¥ Trillion)	(¥ Trillion)	(US\$ Billion)
Liability Reserves	¥41.5	¥43.0	¥45.2	\$481

Note: Liability reserves account for approximately 90% of total assets.

BALANCE SHEETS

AS OF MARCH 31, 2013 AND 2012 US\$1=JPY94.05 (AS OF MARCH 31, 2013)

	Millions of Yen		Thousands of U.S. Dollars
	FY2012	FY2011	FY2012
Assets			
Cash and Deposits	¥ 96,895	¥ 115,352	\$ 1,030,259
Call Loans	178,500	179,900	1,897,926
Money Trust	29,441	23,564	313,038
Monetary Claims Bought	659,267	602,450	7,009,750
Securities	45,393,011	42,390,526	482,647,653
Loans	1,880,098	2,124,314	19,990,412
Invested Real Estate	345,742	306,018	3,676,157
Outstanding Premiums	534,813	245,470	5,686,485
Reinsurance Receivables	20,145	38,496	214,203
Insurance Funds	—	1,689	—
Other Assets	165,976	158,100	1,764,764
Fixed Assets for Business	87,121	84,193	926,335
Capital Loans	100,000	100,000	1,063,264
Investments	312,139	318,617	3,318,866
Deferred Tax Assets	895,074	955,950	9,517,004
Reserves for Bad Debts	(7,036)	(10,690)	(74,820)
Reserves for Investment Losses	(200)	(724)	(2,126)
Total Assets	¥50,690,991	¥47,633,229	\$538,979,174
Liabilities			
Outstanding Reserves	¥ 777,807	¥ 726,260	\$ 8,270,151
Liability Reserves	45,285,368	43,011,343	481,503,115
Dividends Reserves	563,163	554,530	5,987,912
Reinsurance Payables	17,247	17,256	183,385
Agencies Payables	128	141	1,365
Insurance Funds	6,165	—	65,550
Other Liabilities	285,913	88,062	3,040,016
Other Reserves	38,457	38,750	408,908
Price Fluctuation Reserves	755,796	704,233	8,036,111
Total Liabilities	¥47,730,047	¥45,140,579	\$507,496,518
Net Assets			
Paid-in Capital	¥ 752,327	¥ 691,858	\$ 7,999,223
Treasury Paid-in Capital	(2)	(1)	(24)
Earned Surplus Reserves	260,718	257,513	2,772,126
Unappropriated Surplus at End of the Year	133,752	69,314	1,422,143
Other Surplus	1,268,258	1,256,893	13,484,927
Net Unrealized Gains on Securities	545,890	217,071	5,804,258
Total Net Assets	¥ 2,960,943	¥ 2,492,649	\$ 31,482,656
Total Liabilities and Net Assets	¥50,690,991	¥47,633,229	\$538,979,174

Note: Fiscal 2012 refers to the period from April 1, 2012 to March 31, 2013.

INCOME STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2013 AND 2012 US\$1=JPY94.05 (AS OF MARCH 31, 2013)

Income	Millions of Yen		Thousands of U.S. Dollars
	FY2012	FY2011	FY2012
Ordinary Income:			
Premiums and Other Insurance Income	¥6,731,287	¥6,042,038	\$71,571,369
Reversal of Policy Reserves	74,648	746,980	793,713
Investment Income	973,452	901,203	10,350,376
Other Ordinary Income	11,291	10,860	120,053
Total Ordinary Income	¥7,790,680	¥7,701,082	\$82,835,513
Expenses			
Ordinary Expenses:			
Benefits and Other Insurance Expenses	¥4,907,493	¥5,742,763	\$52,179,620
Provisions for Policy Reserves	2,347,323	1,508,498	24,958,251
Investment Expenses	110,764	78,530	1,177,721
Provisions for Price Fluctuation Reserves	51,562	103,046	548,245
Sales Expenses	24,769	24,974	263,367
General Administration Expenses	106,134	108,546	1,128,492
Other Ordinary Expenses	41,070	43,739	436,692
Total Ordinary Expenses	¥7,589,119	¥7,610,099	\$80,692,391
Surplus			
Ordinary Profits	¥ 201,560	¥ 90,983	\$ 2,143,121
Extraordinary Profits	8,027	6,712	85,348
Extraordinary Losses	1,683	7,918	17,903
Surplus before Taxes	¥ 207,903	¥ 89,777	\$ 2,210,565
Corporate and Other Taxes	103,708	6,766	1,102,698
Adjustments in Corporate Tax, etc.	(60,372)	115,469	(641,919)
Provisions for Policy Dividend Reserves	72,735	62,496	773,365
Net Surplus for the Year	¥ 91,832	¥ (94,954)	\$ 976,420
Retained Earnings Brought Forward from the Beginning of the Year	3,506	13,317	37,283
Reversal from Voluntary Reserves	38,412	150,951	408,439
Unappropriated Surplus at End of the Year	¥ 133,752	¥ 69,314	\$ 1,422,143

HISTORY

- 1947** Agricultural Cooperative Society Law enacted
- 1948** Agricultural Cooperative Insurance business started in Hokkaido
- 1951** National Mutual Insurance Federation of Agricultural Cooperatives (Zenkyoren) established
Launched operation of Cooperative-Owned Building Fire Insurance
- 1952** Launched operation of Endowment Life Insurance
- 1953** Launched operation of Building Endowment Insurance
- 1955** Launched operation of Fire Insurance
- 1958** Completed establishment of 46 Prefectural Federations, one for each of the prefectures in Japan (with the exception of Okinawa, then under U.S. jurisdiction)
- 1961** Launched operation of Children's Insurance
- 1962** Launched operation of Group Term Life Insurance
- 1963** Launched operation of Automobile Insurance
- 1964** Joined the insurance committee of the International Co-operative Alliance (ICA)
- 1966** Launched operation of mandatory Automobile Liability Insurance
- 1969** Opened Atsugi Staff Training Center in Kanagawa Prefecture
Launched operation of Personal Accident Insurance
- 1972** Established Okinawa Prefectural Federation
International Cooperative Insurance Federation (ICIF) was derived from ICA and Zenkyoren became a member of ICIF
- 1973** Opened Nakaizu and Beppu Rehabilitation Centers in Shizuoka Prefecture and Oita Prefecture
- 1974** Online network system between National Federation and Prefectural Federations went into operation
Launched operation of long-term Life Insurance
- 1980** Launched operation of Agricultural Machinery Insurance
Launched operation of Agricultural Machinery Endowment Insurance
- 1981** Launched operation of Annuity Insurance
- 1983** Launched operation of Whole Life Insurance
- 1984** Opened Zenkyoren Automotive Training Center in Kanagawa Prefecture
Asia and Oceania Association (AOA) was set up as a regional association of ICIF
- 1985** Opened Zenkyoren Osaka Center in Osaka Prefecture
- 1988** Established Zenkyoren Asset Management of America, Inc.
- 1989** Launched operation of Liability Insurance
Online network system for local Agricultural Cooperatives went into operation
Established Zenkyoren Europe Limited
- 1990** Launched operation of Group Endowment Insurance
- 1992** ICA/ICIF held International Congress in Tokyo
- 1993** ICIF changed its structure and was renamed ICMIF (International Cooperative and Mutual Insurance Federation)
- 1994** Set up Health Care Helpline
Opened Ishioka Center in Ibaraki Prefecture
- 2000** National and Prefectural Federations integrated
- 2001** Formed business alliance with the Kyoei Fire & Marine Insurance Company, Limited
- 2002** Launched Zenkyoren Happy & Dream Club (membership club for policyholders)
Launched operation of Cancer Insurance
Launched operation of Defined Contribution Annuity Insurance
Supervisory Board System introduced
- 2003** Kyoei Fire & Marine Insurance became a subsidiary
Launched operation of Medical Insurance
- 2004** Opened Kawasaki Center in Kanagawa Prefecture
AOA's 20th anniversary event held in Tokyo
- 2005** Opened Zenkyoren East and West Japan Underwriting Centers in Kanagawa Prefecture and Osaka Prefecture
Insurance Agency system introduced
- 2006** Opened Makuhari Training Center in Chiba Prefecture
- 2007** Launched 3Q Visit Project (person-to-person visits to all members and policyholders)
- 2008** Launched a new type of single-premium Endowment Life Insurance for policyholders with reaching maturity
- 2009** Launched operation of New Medical Insurance
- 2010** Insurance Contract Law (new) enforced
- 2012** International Year of Cooperatives

SUPERVISORY BOARD, BOARD OF AUDITORS AND BOARD OF DIRECTORS

Supervisory Board

Chairman

Shunichiro Yasuta

Deputy Chairman

Yasuhiro Nakagawa

Iwao Kurauchi

Other Members of the Supervisory Board

Iwao Okuno

Yukihiko Tanuma

Akio Sugawara

Toyokuni Kakurai

Takeaki Kujirai

Zenichi Shimura

Hisanobu Hirose

Keiichi Sugibayashi

Tadatoshi Okada

Noboru Sugimoto

Koutaro Ichimura

Ichiro Ono

Nobuo Yamamoto

Toshihiro Miyatake

Mikisuke Yamasaki

Kazuyoshi Shimada

Toshihiro Sonoda

Hiroshi Sato

Yukinori Shirasaka

Naoshi Suzuki

Board of Auditors

Standing Auditors

Kazuaki Nakamura

Haruji Tsukatani

Morito Yamazaki

Auditors

Hideki Wakai

Kimito Amari

Board of Directors

President

Yoshinori Yokoi

Senior Managing Directors

Shinichi Miyamoto

Tamotsu Shozui

Junsei Nakamura

Managing Directors

Mototsugu Shimasaki

Fumio Yanai

Genyu Hiroya

Masashi Yamamoto

Masami Ishikawa

(As of July 25, 2013)

Board System

Since 2002, Zenkyoren has employed the following board system to deal with rapid changes in the business environment, to respond to a wide range of businesses, and, most importantly, to reflect the opinions and feedback of agricultural cooperatives more adequately.

1. The Supervisory Board determines important matters such as fundamental policies, and supervises business operations of the Board of Directors on behalf of agricultural cooperatives.
2. The Board of Directors executes daily business operations.
3. The Auditors inspect business operations for both the Supervisory Board and the Board of Directors.

Zenkyoren

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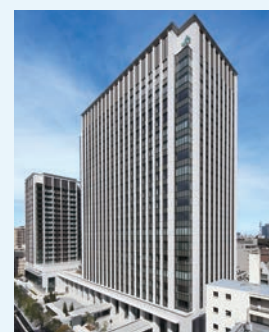
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