

# Message from the Management



**Akira Banzai**  
Chairman of  
the Supervisory Committee

**Yoshio Kono**  
President and Chief Executive Officer

First, we would like to sincerely thank all our stakeholders for their support and cooperation with The Norinchukin Bank in its day-to-day operations.

On this occasion, we have published this annual report, which contains details of the business performance for fiscal 2014, as well as a summary, etc., of the general situation at JA Bank, JF Marine Bank and JForest Group, so we ask that you please have a look through it.

## The Basic Role of The Norinchukin Bank as the Central Organization for Cooperatives

As the national-level financial institution for agricultural, fishery and forestry cooperatives in Japan, the mission of The Norinchukin Bank (“the Bank”) is to contribute to the development of the agriculture, fishery and forestry industries and to national economic prosperity by facilitating access to financial resources. With the capital provided by Japan Agricultural Cooperatives (JA), Japan Fisheries Cooperatives (JF), Japan Forestry Cooperatives (JForest), etc., as well as the stable funding base through customer deposits at JA Bank and JF Marine Bank, the Bank, to achieve its mission, lends funds to its members, agricultural, fishery and forestry workers, and companies related to the agriculture, fishery and forestry industries. The Bank also conducts various lending and investment activities in Japan and abroad, efficiently manages funds, and stably returns profits to its members.

Moreover, the Bank provides various services for supporting the cooperative banking business of JA and JF, including the planning and implementation of policies, development of human resources, and provision of business infrastructure. The Bank also provides operational guidance for the cooperative banking business based on relevant rules and regulations, and is working to build a safety net for the JA Bank and JF Marine Bank Systems. The Bank continues to work to improve trust in its cooperative banking business, while playing the important role of strengthening and expanding the cooperative banking business.

## Business Performance in Fiscal 2014

In fiscal 2014, as the intermediate year of the Medium-Term Management Plan (fiscal 2013 through fiscal 2015) towards becoming a “Leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities,” the Bank implemented a series of initiatives in line with the following four policies:

1. Proactive efforts on new initiatives contributing to the development of the agriculture, fishery and forestry industries, food production and consumption, and revitalization of local communities
2. Planning and implementation of further initiatives for strengthening and expanding the cooperative banking business
3. Strengthening of profitability through appropriate risk management
4. Building up of organizational strengths through strategic use and enhancement of management resources

For “Proactive efforts on new initiatives contributing to the development of the agriculture, fishery and forestry industries, food production and consumption, and revitalization of local communities,” we engaged in reconstruction of disaster-affected areas, strengthening of the ability to cater to leaders supporting the sustainable development of the agriculture, fishery and forestry industries, enhancement of the profitability of these industries, and revitalization of local communities through the agriculture, fishery and forestry industries.

For “Planning and implementation of further initiatives for strengthening and expanding the cooperative banking business,” we planned and implemented initiatives that contribute to the reconstruction and expansion of the user base, built further frameworks to enhance business management arrangements and management foundation, built and operated business infrastructures which support the implementation of business strategies, and reinforced initiatives for the development of cooperative banking-related human resources who can put business strategies into practice.

For “Strengthening of profitability through appropriate risk management,” we engaged in flexible and strategic as-

set allocation, secured a solid earnings base through stable funding, pursued new investment opportunities to enhance profitability, strengthened corporate lending, and implemented risk management that contributes to enhanced competitiveness.

For “Building up of organizational strengths through strategic use and enhancement of management resources,” we engaged in the cultivation of human resources, the strategic allocation of management resources, and the strengthening of compliance and business management systems. Regarding financial management, as a result of working to steadily build up our managed assets and strengthen our financial condition under appropriate risk management, the Bank achieved a consolidated ordinary profit of ¥514.5 billion, and was able to maintain a consolidated capital ratios at a high level, with a Common Equity Tier 1 Capital Ratio of 17.17%, a Tier 1 Capital Ratio of 17.24%, and a Total Capital Ratio of 24.19%.

In addition, the JA Group has put together the “Self-Reform of the JA Group” effort targeting the realization of increased income for agricultural workers, the expansion of agricultural production and revitalization of local communities. JA Bank has also formulated the “Self-Reform of JA Bank” effort. Under the “Self-Reform of JA Bank” effort, in addition to establishing the “Support Program for Increasing Agricultural Income and Revitalizing Local Communities (business size of ¥2 trillion, total amount of support ¥100 billion)” in order to implement an in-depth initiative that will contribute to increased agricultural income and the revitalization of local communities, JA is working to develop an environment where JA can use their full power in their agricultural businesses, and to provide financial services that connect agriculture with local communities and users.

July 2015



Akira Banzai  
Chairman of the Supervisory Committee

## Future Business Management Policies

In fiscal 2015, as the final year in the Medium-Term Management Plan, while we will make further efforts for enhanced profitability and organizational strength, we will proactively work on efforts that will contribute to the development of the agriculture, fishery and forestry industries, which are expected to become Japan’s growth industries; the sustainable development of local communities, which includes the reconstruction of disaster-affected areas; and the future strengthening of the cooperative banking business, which includes the development of human resources, and we will strive to become a “Leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities.”

At the same time, in addition to addressing issues with a vision for the future, including the early implementation of the “Self-Reform of JA Bank” effort we are formulating a new Medium-Term Management Plan that reflects these tasks.

## In Conclusion

JA Bank, JF Marine Bank, JForest Group and the Bank will continue to perform their roles and functions with the goal of becoming financial institutions and organizations that win the confidence of their customers, and contribute to the advancement of the agriculture, fishery and forestry industries and their rural communities.

Finally, we would like to ask you all for your continued support for JA Bank, JF Marine Bank, JForest Group and The Norinchukin Bank.



Yoshio Kono  
President and Chief Executive Officer

# Fiscal 2014 Results and Outline of the Medium-Term Management Plan

## Financial Results and Capital Adequacy in Fiscal 2014

In fiscal 2014, the Bank achieved Ordinary Profit of ¥514.5 billion and Net Income of ¥411.3 billion (both on a consolidated basis), and greatly increased its earnings from the previous year.

The Bank's capital adequacy ratios on a consolidated basis were maintained at a high level, with a Common Equity Tier 1 Capital Ratio of 17.17%, a Tier 1 Capital Ratio of 17.24% and a Total Capital Ratio of 24.19%.

### Summary of Earnings

(Billions of Yen)

	FY2012	FY2013	FY2014
Ordinary Profit	102.7	190.3	514.5
Net Income	119.8	155.7	411.3
Net Assets	5,767.2	5,976.5	7,308.1
Common Equity Tier 1 Capital Ratio	16.01%	17.43%	17.17%
Tier 1 Capital Ratio	16.13%	17.56%	17.24%
Total Capital Ratio	23.56%	25.24%	24.19%

## Outline of the Medium-Term Management Plan

The Bank has formulated the Medium-Term Management Plan, which covers the three-year period from fiscal 2013 to fiscal 2015.

In the Medium-Term Management Plan, under the following slogan, "Challenge for a New Stage," while we will make further efforts for enhanced profitability and organizational strength, we are working proactively on various efforts. Such efforts include the development of

the agriculture, fishery and forestry industries, which are expected to become Japan's growth industries; sustainable development of local communities, which includes the reconstruction of the disaster-affected areas; and strengthening of the cooperative banking business (JA Bank and JF Marine Bank), which includes the development of human resources. We will strive to become a "Leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities."

### Future Vision toward the 100th Anniversary (FY2023)

Leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities

Positioning of the Medium-term Management Plan (FY2013 – FY2015) → Period that determines "future visions"

### Medium-Term Management Plan (FY2013 – FY2015)

Challenge new initiatives that contribute to the agriculture, fishery 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 agriculture, fishery and forestry industries, food production/consumption, and revitalization of local communities

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

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

**3** Strengthening of profitability through appropriate risk management

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

# Bank Initiatives

## Reconstruction Support Efforts

### Outline of the Restoration Support Program

To provide full and multifaceted assistance for the recovery and reconstruction of the agriculture, fishery and forestry industries severely affected by the Great East Japan Earthquake, the Bank established the Reconstruction Support Program (support amount: ¥30.0 billion) in April 2011. The program has provided financial support to affected agricultural, fisheries and forestry industry workers as well as business and management support to affected members.

### 1 Reconstruction Support for Producers and Communities

For the business reconstruction of disaster-affected farmers, fishermen and foresters, the Bank has provided long-term low-interest reconstruction loans (Tohoku Agricultural, Forestry, and Fishery Industries Support Loan) and reconstruction funding (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund) through its affiliate, the Agribusiness Investment & Consultation Co., Ltd., as well as assistance to formulate reconstruction plans.

The Bank has been involved in large-scale reconstruction projects in disaster-stricken areas since their conceptual stages and is lending various kinds of support for the reconstruction of local communities. Further, the Bank has been offering a wide variety of financial assistance, such as providing interest subsidies for disaster funds extended by JA (Japan Agricultural Cooperatives) and JF (Japan Fisheries Cooperatives)



Cattle barn of a reconstruction loan/reconstruction fund recipient



Support for soil improvement

to agricultural and fishery workers to help ease their interest burden, as well as providing lease subsidies to agricultural workers who acquire farm machinery and horticultural facilities through leasing.

In addition, the Bank has provided finely-tuned nonfinancial assistance such as the provision of subsidies to agricultural workers for the cost of soil-improving agents necessary to resume operations for, provision of subsidies to fishery workers for the cost of cooling ice used in test operation, and supporting projects to promote the reconstruction of local communities from JA (Japan Agricultural Cooperatives) and JF (Japan Fisheries Cooperatives). The Bank also engages in initiatives to donate wooden products, etc., made using local timber, to the community spaces and kindergartens of local communities.

The Bank also engages in initiatives to expand the market for agricultural, fishery and forestry products of the disaster-stricken areas. For example, the Tohoku Reconstruction Support Business Conference held in Sendai-shi, Miyagi in February 2015 was joined by 54 seller groups, including JA Group and JF Group, as well as 71 buyers nationwide, including food processors and distributors, and 210 business negotiations were conducted.



Provision of subsidies to a fishery worker for the costs of purchasing ice



Support for initial investment costs for tomato cultivation



Donation of a local community space log house



Tohoku Reconstruction Support Business Conference



(Billions of Yen)

Product	Number of loans, etc	Amount
Reconstruction Loan (Tohoku Agricultural, Forestry, and Fishery Industries Support Loan)	Number of loans 87	Loaned amount 32.2
Reconstruction Fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund)	Number of investments 29	Invested amount 0.6
Lease subsidies	Number of subsidies 806	Total lease amount 3.4
Interest subsidies to JA/JF disaster funds	Number of support cases 3,916	Loaned amount 15.4

\*Cumulative total as of March 31, 2015

## 2 Reconstruction Support for Members and Customers

The Bank has supported JA (Japan Agricultural Cooperatives) and JF (Japan Fisheries Cooperatives) that underwent capital increase under the Framework for Special Post-Earthquake Support. To support their efforts to provide and maintain financial services, the Bank has offered guidance and advice based on its plan to help strengthen the cooperative banking business, for instance, by dispatching its staff.

Stable financial functions are provided to JA Bank and JF Marine Bank users with consultation services (through a call center) at JA Bank and utilization of movable terminals at JF Marine Bank. In addition, the Bank has also conducted initiatives to restore customers' lives by supporting the Reconstruction Support Time Deposit and the Reconstruction Loan offered by JA Bank and JF Marine Bank and by appropriately responding to the "double-loan" problem and the collective relocation promotion project for disaster prevention.

Four years have passed since the Great East Japan Earthquake, and agriculture and fishing operations have resumed in many of the disaster-affected areas. Disparity has arisen among local communities in this situation, how-

ever, and looking at the disaster-affected areas as a whole, the reconstruction process is still only half-way complete. In the disaster-affected areas, new developments are being seen, such as the development of agricultural leaders and the expansion of scale, and with an emphasis on encouraging these initiatives, we will continue to push ahead with our efforts aimed at reconstruction support.



Subsidies for collection equipment at time of resumption of farming operations



Subsidies for cardboard boxes for cooperative selling

### ■ Reconstruction Support Efforts by JA Group, JF Group and JForest Group

JA Group, JF Group and JForest Group have launched a website to introduce their activities to help the agriculture, fishery and forestry industries recover from the vast damage caused by the Great East Japan Earthquake and reconstruction initiatives and to record these efforts into the future.

Website name: Record of Reconstruction Initiatives of Agricultural, Fisheries and Forestry Cooperatives (in Japanese only)

## Self-Reform of the JA Bank Effort

With the situation surrounding the agriculture, fishery and forestry industries becoming increasingly severe, including a shortage of operators in agricultural, fisheries and forestry communities and an increase of abandoned farmland due to a dwindling population and an aging society, the Government approved cabinet decisions on revisions to the “Regulatory Reform Implementation Plan” and the “Plan for the Creation of Vibrant Agricultural, Forestry and Fishery Industries and Local Communities” in June 2014. Under these plans, the “promotion of agricultural cooperative reform” is listed as one of the policies to accelerate the growth of the agricultural industry, and even the JA Group was expected to examine self-reform.

Under such circumstances, in November 2014, in order to realize “sustainable agriculture” and “affluent and comfortable local communities,” the JA Group as a “locally rooted cooperative on the axis of food and agriculture,” put together the “Self-Reform of the JA Group” effort, targeting the basic goals of the realization of increased income for agricultural workers, the expansion of agricultural production and the revitalization of local communities. JA Bank also put together its banking business initiatives as the “Self-Reform of JA Bank” effort.

The three main pillars of the “Self-Reform of JA Bank” effort are as follows: (i) to establish the “Support Program for Increasing Agricultural Income and Revitalizing Local Communities (business size of about ¥2 trillion, total amount of about ¥100 billion),” and undertake in-depth initiatives that will contribute to increased agricultural income and the revitalization of local communities, in collaboration with cooperative banking businesses and agricultural businesses; (ii) to develop an environment where JA can use its full power in its agricultural businesses, through the optimization of JA and the presentation of a basic scheme for the cooperative banking business agent model scheme; and (iii) to provide financial services that connect agriculture with local communities and users and contribute to local communities through the provision of financial services to increase consumption of domestically produced livestock and the placement of mobile branches in vehicles in under populated areas.

Both JA Bank and the Bank will work as hard as possible toward the steady implementation of the “Self-Reform of JA Bank” effort, and contribute to the development of agriculture and local communities by continuing to enhance the provision of financial services and securing sound management.

## Agricultural, Fishery and Forestry Finance Initiatives

### Initiatives toward Strengthening Agricultural, Fishery and Forestry Finance Functions

The Bank conducts initiatives to further exert its role as the central organization for agricultural, fisheries and forestry cooperatives, focusing on contribution to its members and the agriculture, fishery and forestry industries as a matter of the highest priority. The Bank identified “support for leaders in the local agricultural, fishery and forestry industries,” “support for enhancing their business strength” and “support for the revitalization of local communities” as three areas

to focus on to reinforce its agricultural, fishery and forestry finance functions and is implementing various measures to achieve the Medium-Term Management Plan started from fiscal 2013.

### Initiatives to Support Leaders in the Local Agriculture, Fishery and Forestry Industries

As the main bank for the agriculture, fishery and forestry industries, the Bank financially supports the development of these industries and cooperative organizations in Japan by providing funds to leaders in the industries.

● **Provision of Various Financial Tools (Loans and Investments)**

***Provision of loans***

For agricultural corporations run by those expected to be agricultural leaders of tomorrow, we offer the Agricultural Corporation Development Loan (Agri-Seed Loan), etc. for operating funds for agricultural production and the processing of farm products without collateral or guarantee in principle.

(Millions of Yen)

Product	Number of loans	Loaned amount
Agri-Seed Loan (since December 2009)	61	758

\*Cumulative total as of March 31, 2015

In addition to direct financing as mentioned above, the Bank reduces interest burdens on agricultural workers, for example by providing subsidies to borrowers of JA Bank’s agricultural loans to cover up to one percent of the interest cost. In fiscal 2014, 90,000 loans, totaling ¥1.5 billion, were provided, and in the cumulative total up to fiscal 2014, ¥6.6 billion in subsidies were granted for 390,000 agricultural loans.

In March 2014 the Bank established the 2014 Heavy Snow Relief Loan to support the resumption of farming operations of the agricultural corporations hit by the heavy snow in February 2014, and loaned ¥50 million as the first project in June 2014.



Apiary of an Agri-Seed Loan recipient



Cattle barn of an Agri-Seed Loan recipient

***Enhancement of Capital Funding Schemes***

Since 2010, as a framework to supply capital to agricultural corporations, the Bank, in collaboration with The Agribusiness Investment & Consultation, Ltd. and JA Bank Agri-Eco Support Fund, established the Agri-Seed Fund, which invests in agricultural corporations that are technically competent yet undercapitalized, stabilizing their finances and supporting the development of their business. The total number of investments has reached 148 and the agricultural corporations which have received investments have stably grown as core leaders of their areas and industries.

In June 2013, the Bank established the Support Fund for Business Entities of Agricultural Leaders to meet the business expansion needs of agricultural corporations which plan on the utilization of abandoned farmland, farmland accumulation and the sixth industrialization. The fund has so far made nine.

(Millions of Yen)

Product	Number of investments	Amount invested
Agri-Seed Fund (since April 2010)	148	1,189
Support Fund for Business Entities of Agricultural Leaders (since June 2013)	9	218

\*Cumulative total as of March 31, 2015



Fruits of an Agri-Seed Fund recipient



Cabbage patch of an Agri-Seed Fund recipient



**Types of Loans** (As of March 31, 2015)

	General Loan		Policy-based Loan
Agriculture	Agri-Seed Loan	Agriculture, Forestry, Fishery & Ecology Business Loan	Agriculture Modernization Loan Agricultural Management Assistance Support Loan New Farming Fund for Young Persons Agricultural Management Improvement Promotion Loan (New Super S Fund) Mountainous Region Revitalization Loan etc.
Fishery		Management Improvement Support Loan Tohoku Agricultural, Forestry, and Fishery Industries Support Loan	Fisheries Modernization Loan Fisheries Management Improvement Promotion Loan Mountainous Region Revitalization Loan etc.
Forestry			Forestry Development Promotion Loan Mountainous Region Revitalization Loan etc.

- **Stronger Collaboration with the Japan Agricultural Corporations Association**

In February 2014, the Bank entered into a comprehensive partnership agreement with the Japan Agricultural Corporations Association, a public interest incorporated association with about 1,800 pioneering agricultural corporation members nationwide. The partnership enables the association's members to more easily address issues they face, including their capital investments, management streamlining and value-adding to agricultural and livestock products, as well as provides a wide range of supports for the creation of new customers and export of products by utilizing the Bank's network.

The agricultural industry will make efforts to vitalize the industry, food production and consumption and local communities in an integrated manner by sharing the management know-how of large-scale farm operators and utilizing JA Group's financial functions.

- **Support for Enhancing Business Capability**

In order to strengthen the business capability and earning capacity of the agriculture, fishery and forestry industries, we are making extensive efforts in supporting market expansion through business confer-

ences and business matching services, supporting export expansion, adding values to products through the sixth industrialization of the agriculture, fishery and forestry industries, as well as collaboration beyond the boundaries of the cooperative system and industries, and fulfilling its diversified functions as a “bridge between the agriculture, fishery and forestry workers and the business community.”

- **Business Conferences and Business Matching Initiatives**

The Bank capitalizes on the characteristics of the cooperative system as a nationwide system to identify the business needs of cooperative organizations, agricultural, fishery and forestry workers and corporate clients, and provide business matching services and conferences to lead to constant business transactions among them.

There were 91 contracts that were signed in fiscal 2014 (as of March 31, 2015) as a result of the above initiatives, and there were 419 contracts that have been concluded since the start of the initiatives in fiscal 2009. In fiscal 2014, we held ten nationwide and local business conferences, and they were highly rated by participating seller groups and buyer companies. We will continue to support our customers' market expansion.

## Business Conferences Held in Fiscal 2014

Venue	Date	Name	Number of sellers	Number of buyers	Number of meetings
Koriyama	September 2014	Food Business Conference Fukushima Food Fair 2014*	165	314	394
Oga	October 2014	JA Group Akita Business Matching Meeting	7	7	24
Osaka	November 2014	JA/JF Group Kinki Business Conference	50	86	272
Utsunomiya	January 2015	Tochigi Food and Agriculture Exhibition and Business Conference 2015*	157	2,000 (visitors)	— (exhibition style)
Kanazawa	January 2015	JA/JF Group Hokuriku Business Conference	23	21	104
Shizuoka	January 2015	Fujinokuni Food Development Exhibition 2015*	209	1,230 (visitors)	— (exhibition style)
Nagoya	February 2015	JA Group Tokai (four prefectures) Food Business Conference 2015	92	615	558
Hiroshima	February 2015	Food and Agriculture Matching Fair	71	144	208
Sendai	February 2015	Tohoku Reconstruction Support Business Conference Sponsored by JA Group	54	71	210
Tokyo	March 2015	JA Group National Agricultural and Livestock Producers' Business Conference	175	5,710 (visitors)	— (exhibition style)

\*This conference was organized in collaboration with administrative bodies for inviting sellers and buyers.

### ● Export Support Initiatives

In August 2014, the Bank, as part of its export support to its members and agricultural, fishery and forestry workers, ran a booth at Hong Kong Food Expo 2014, one of the largest food exhibitions in Asia, together with JA Zen-Noh (National Federation of Agricultural Cooperative Associations), JF Zengyoren (National Federation of Fishery Cooperative Associations) and the Japan Agricultural Corporations Association. Two JA organizations, one JF organization and three agricultural corporations, two Sixth Industrialization Fund recipient organizations and three other organizations participated in this event and had business negotiations with buyers from Hong Kong and other Asian countries. The Bank also provides information on matters such as overseas market trends and holds export seminars for individual consultations.



Hong Kong Food Expo 2014



Fukushima Food Fair 2014

### ● Agriculture, Forestry and Fisheries Co-operative Fund (JA Sixth Industrialization Fund, JF Sixth Industrialization Fund and JForest Sixth Industrialization Fund)

JA Group, including the Bank, laid out a policy to exercise its comprehensive and organizational strength as a group in an integrated manner to promote the sixth industrialization of the agriculture, fishery and forestry industries.

In May 2013, the Agriculture, Forestry, and Fisheries Co-operative Fund (JA Sixth Industrialization Fund; JF Sixth Industrialization Fund; JForest Sixth Industrialization Fund), a sub-fund jointly capitalized by Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE-J) and cooperative organizations, was established. Various financial, business and management supports, along with support for the development of business plans, have been provided to agricultural, fishery and forestry businesses which are committed to the sixth industrialization, as well as entities constituted by JA and partner companies.

Since establishment, decisions have been made to make

investments in nine entities involved in the sixth industrialization, including those established through a joint venture founded by agricultural, fishery and forestry workers and a partner company (as of March 31, 2015), the largest number of investments made among 52 similar sub-funds nationwide. The Bank will continue to contribute to the further development of the local agricultural, fishery and forestry industries through the utilization of the fund.

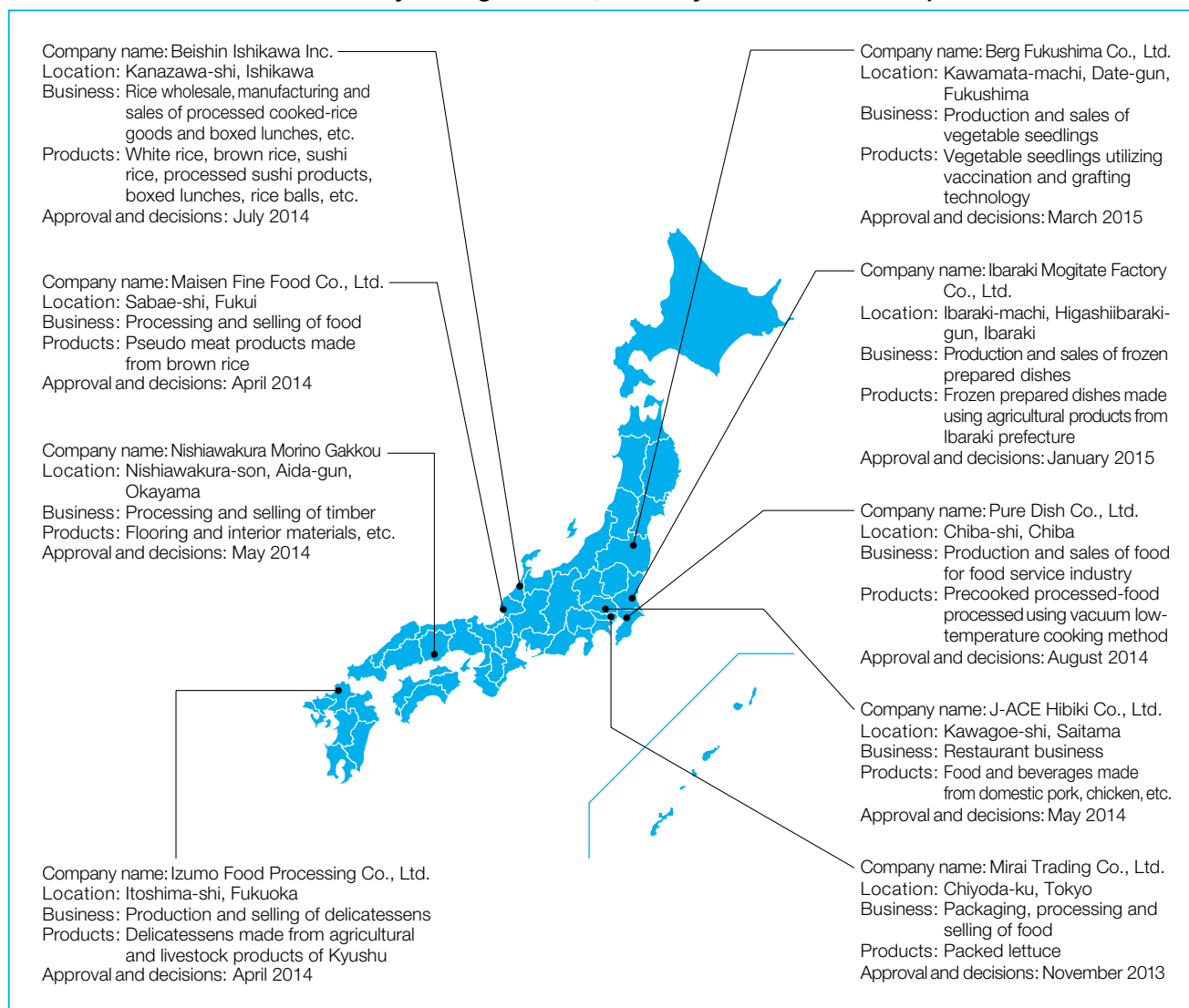


Cooked rice, prepared dishes and boxed lunch production and sales business of a fund recipient



Agricultural products food processing business of a fund recipient

### Overview of Investments Made by the Agricultural, Forestry and Fisheries Cooperative Fund



- **Initiatives in a Study Group for the “Enhanced Competitiveness of Food and Agriculture Business”**

As a framework to examine the possibility for future collaboration, including the sixth industrialization and

export toward the strengthening of the competitiveness of Japanese agriculture and food related industries, three parties – the Bank, JA Zen-Noh and Mizuho Bank – established the Study Group for the Enhanced Competitiveness of Food and Agriculture Business in

August 2013. Under themes such as the improvement of producers' income, promotion of local agricultural production and a return to the use of domestic agricultural and livestock products from imports, the study group will explore concrete measures for adding values to agricultural and livestock products and creating value chains in partnership with food-related industries, through collaboration among the three parties.

## ■ Initiatives to Support Revitalization of Local Communities

As initiatives to contribute to the revitalization of local economies and creation of a recycling-based society, the Bank supports renewable energy businesses and projects which encourage food and agricultural education that help deepen the understanding of the primary industries.

### ● Initiatives for Renewable Energy Projects

JA Group has a policy to proactively engage in renewable energy projects which will result in the revitalization of local communities in harmony with the agriculture, fishery and forestry industries representing local communities and farmers. The Bank, together with JA Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives), established the “Renewable Energy Fund for Farming, Fishing and Mountain Villages” and set up a structure to provide financial assistance to community-led renewable energy projects.

In fiscal 2014, the first investment decided by the “Renewable Energy Fund for Farming, Fishing and Mountain Villages” was a solar power station project working in conjunction with measures to solve the local community's problem of abandoned farmland, and the second, was a woody biomass power station project run by local people engaged in forestry business.

The Bank will provide not only financial but other support required for commercialization to members of cooperatives and local residents for the renewable energy projects which contribute to the promotion of the agriculture,



Power station of a fund recipient

fishery and forestry industries and revitalization of local communities.

### ● Initiatives for Food and Farming Education Projects

The Bank provides subsidies for “food and farming education” projects that aim to deepen children's understanding of agriculture and food and to contribute to the development of local communities. We donate study materials for agriculture and food education, support initiatives to incorporate local agricultural products into school lunch menus, and organize cooking classes from the perspective of local production for local consumption. In fiscal 2014, we donated 1.36 million books to primary schools nationwide and provided approximately 2,000 subsidies, totaling of ¥500 million to local food and agricultural education activities.

### ● Environmental Finance Initiatives

The Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System in 2010 to evaluate its members and companies which practice pro-environmental activities. The Bank added its own evaluation items to those of the system, including initiatives for environmentally sound agricultural, fishery and forestry industries and for the sixth industrialization. In fiscal 2014, loans totaling ¥200 million were extended based on this system.

Moreover, in 2012, the Bank began acting as a broker of domestic emission credits (J-VER). The J-VER System is the domestic emission trading scheme operated by the government. By acting as a broker of J-VER trading derived from the agriculture, fishery and forestry industries, we aim to support initiatives for environmentally-responsible agricultural and forestry operations such as forest improvement and environmental measures of companies.

## ■ Finance Facilitation Initiatives

### ● Policies on Finance Facilitation

As the financial institution founded on agricultural, fishery and forestry cooperatives, the Bank considers one of its most important roles is to provide necessary funds smoothly to its customers engaging in agricultural, fishery and forestry operations and SMEs, and conducts initia-

tives under basic policies for finance facilitation, including the flexible handling of loan applications from customers, making changes to financing conditions in response to customers' request for reduction of debt repayment burdens, proactive response to management consultation from customers, and support for their initiatives for management improvement.

In addition, in order to proceed with these initiatives properly, the Bank has developed a structure through discussion and reporting at meetings attended by relevant directors, the establishment of the Financing Facilitation Department as a specialized unit, the assignment of a financing facilitator at each branch who can collaborate with the Financing Facilitation Department, and the creation of a customer service counter to respond to complaints and consultations from customers.

• **Management Support Initiatives for Customers**

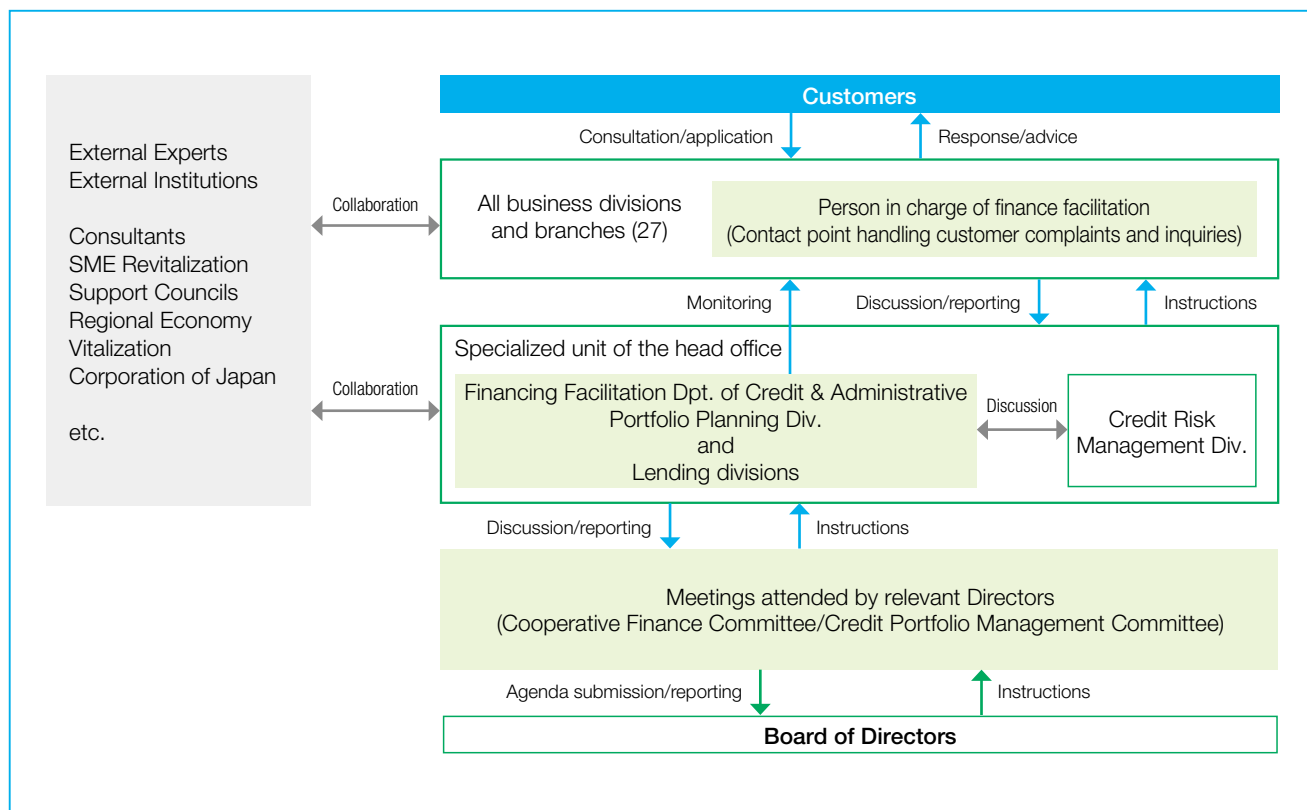
The Bank focuses on providing services to customers who need support for management improvement and

business reconstruction with due consideration to the impact on their local communities and other factors, and divisions and branches that handle customer transactions, together with a specialized unit of the head office, assist with the customers' efforts in the development and execution of plans, and review their progress and revise them as appropriate. We also collaborate with external parties, including consulting firms, Small- and Medium-size Enterprise Revitalization Support Councils (SMERSCs) and Regional Economy Vitalization Corporation of Japan (REVIC) as the need arises, using various tools to achieve the best solution.

• **Policy to Address the Guidelines for Management Guarantee**

Based on the Guidelines for Management Guarantee published in December 2013, the Bank has developed a structure for compliance with the guidelines, and we will continue efforts to address the issue of personal guarantees by business owners in good faith based on these Guidelines.

**Image of Finance Facilitation System**





## The establishment of “Norinchukin Value Investments Co., Ltd.”

### Establishment and Start of Operations of the New Company

With investment from the Bank and the Bank's subsidiary, The Norinchukin Trust & Banking Co., Ltd., Norinchukin Value Investments Co., Ltd., which provides advisory services with the concept of “Careful selection of shares for long-term investment (investment in companies capable of creating long-term and stable cash flow)” was established in October, 2014, and after being registered as an investment advisory business operator under the Financial Instruments and Exchange Act, it began operations from January 2015.

The design adopted for the company's logo is based on the initial letters of its English name “NVIC” (Norin



chukin Value Investments Co., Ltd.), and is inspired by share management targeting the pursuit of added value that the company has oriented itself toward up to now (“ $\alpha$ ” management).

### Careful Selection of Shares for Long-term Investment

The company's “Careful selection of shares for long-term investment” seeks “increased corporate value” for the companies held as a source of return on investment, rather than the short-term trading of the shares. For this reason, the company constantly seeks to find the source of a company's value, and what is necessary in order to increase its value. We are working as a member of the Group in order to fulfill our role of committing to long-term corporate growth in capital markets, while having discussions with the companies receiving investment advice.

## Strategic Alliance with Rabobank

In May 2015, the Bank concluded a Memorandum of Understanding with Rabobank of the Netherlands, pertaining to a strategic alliance centered on finance in the areas of food and agriculture, and held a joint press conference. Based in the Netherlands, Rabobank is an international financial institution operating on the principle of the cooperative, and internationally too, it is focused on financing in the areas of food and agriculture.

The Bank and Rabobank, as cooperative financial organizations grounded in agriculture, will deepen their collaboration globally, particularly with regard to finance in the areas of food and agriculture through this alliance, in order to build upon our long history of interaction up to now and allow our relationship to further develop.

Thus, both parties, as cooperative organizations, further fulfill the roles and functions expected of them by society, and are working to further fulfill our roles and functions as the leading banks supporting food and agriculture-related industries.

### Specific details of alliance

#### (1) Utilization of customer network

The expansion and promotion of our customers' businesses, maximizing the utilization of the customer bases and networks of both banks

#### (2) Expanded addressing of business funding needs

Cooperation in addressing the financing needs brought about by the globalization of food and agriculture

#### (3) Joint research and study

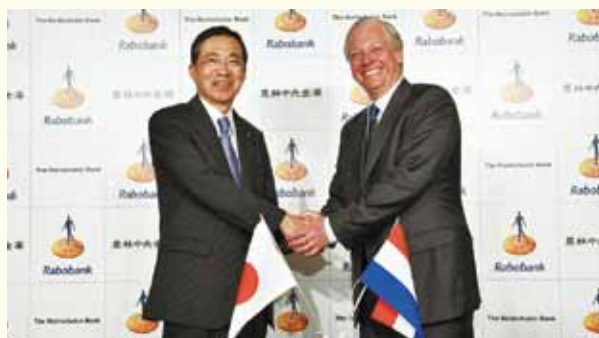
Improvement of ability to provide industry research functions, and joint research in basic research fields related to agriculture and cooperative organizations

#### (4) Personnel exchanges and sharing of expertise

Acceleration of mutual advanced initiatives and expertise sharing through personnel exchanges, such as the dispatching of staff



Joint press conference



President & CEO, Mr. Kono, and Rabobank Director of Executive Board, Mr. Berry Marttin, shaking hands

## CSR Initiatives

As the financial institution founded on the platform of agricultural, fishery and forestry cooperatives as well as an institution engaging in global investment and loan activities, the Bank has a basic policy on its CSR (corporate social responsibility) activities to gain the trust of various stakeholders and contribute to the sustainable development of economy and society.

The Norinchukin Group engages in the CSR activities

based on the following three policies: (1) contribution to members, (2) contribution to the advancement of the agriculture, fishery and forestry industries, and (3) contribution to the community at large, in mutual coordination with members in the field in the agriculture, fishery and forestry industries.

In fiscal 2008, the Bank established the CSR Committee and a division dedicated to CSR to enhance the structure for our initiatives, and since then the Bank has been issuing a CSR report every year and actively engaging in the CSR activities.

### Major Achievements in Social/Environmental Contribution Activities (Fiscal 2014)

<p><b>Contribution to the Agricultural Industry</b></p> <p><b>JA Bank Agri-Support Project</b></p> <ul style="list-style-type: none"> <li>Interest subsidy scheme for JA's agriculture-related loans (subsidies totaling ¥1.5 billion provided to 90,000 loans)</li> <li>Support for business entities in the agriculture and environmental sectors (investments totaling ¥1.2 billion made to 28 companies through funds)</li> <li>Support to encourage acceptance of potential new farmers (subsidies totaling ¥60 million provided to 622 farmers and JA that accepted new farmers)</li> <li>Production and donation of study materials for food and agriculture education (about 1.36 million books donated to primary schools nationwide and Japanese schools overseas)</li> <li>Support for food and agriculture education activities (subsidies totaling ¥500 million provided to 2,000 activities)</li> </ul>  <p>Textbook of food and farming education</p>	<p><b>Contribution to the Fishery Industry</b></p> <p>Interest subsidy scheme for JF Marine Bank's fishery-related loans</p> <p><b>Support to JF Group's environmental conservation activities, resource-managed fisheries, etc.</b></p> <ul style="list-style-type: none"> <li>Distribution of waste disposal bags to support beach cleaning activities (150,000 bags)</li> <li>Distribution of pressed seaweed bookmarks for environmental protection studies (180,000 bookmarks)</li> <li>Offering of "eco-friendly chopsticks" made from timber from forest thinning for food and agriculture education activities, etc.</li> </ul>  <p>Garbage bag for beach cleaning</p> <p><b>Sponsorship to "Zenkoku Yutakana Umizukuri Taikai (National Convention on Actions towards Resource-Rich Seas)"</b></p> <p><b>Sponsorship to "Zenkoku Uminoko Art Exhibition (National Children's Art Exhibition on Sea)" and networking events for young and female fishery workers</b></p>
<p><b>Contribution to Local Communities and Society</b></p> <p><b>Nationwide deployment of the "Hana Ippai Campaign (flower planting campaign)"</b> Donation of flower bulbs and flower seeds to local authorities, schools, social welfare councils, etc.</p> <p><b>Participation in environmental beautification campaigns, donations to environmental beautification groups and events, etc.</b></p> <p><b>Sponsorship to regional development activities organized by local authorities, cooperative organizations, etc.</b></p> <p><b>Special sponsorship to All-Japan University Ekiden Championship</b></p>	<p><b>Contribution to the Forest Industry</b></p> <p><b>Provision of subsidies to nine projects through the Norinchukin Forest Rejuvenation Fund (Nochu Potential Forest Productivity Fund), a trust fund</b></p>  <p><b>Support for initiatives to consolidate forest management projects</b></p> <ul style="list-style-type: none"> <li>Provision of subsidies to costs for purchasing and leasing GIS (geographic information system) and GPS (global positioning system) for identifying boundaries (33 JForest)</li> </ul>
<p><b>Social Welfare and Monetary Donation Activities</b></p> <ul style="list-style-type: none"> <li>Cooperation in fund raising and monetary donations for Great East Earthquake victims and the Japanese Red Cross Society</li> <li>Call for blood donation on the streets, donation of security buzzers and schoolbag covers to primary school children, etc.</li> </ul> <p><b>Initiatives outside Japan</b></p> <ul style="list-style-type: none"> <li>Donation to cultural and art facilities through the Norinchukin Fund (New York)</li> <li>Sponsorship to events introducing Japanese food (London)</li> <li>Donation of study materials for food and agricultural education to Japanese schools (London)</li> <li>Implementation of the tree-planting event and donation (Singapore Branch)</li> </ul>  <p>Planted flowers (Nagano Office)</p>  <p>Cleaning volunteers (Akita Branch)</p>	<p><b>Environmental and Natural Protection Activities</b></p> <p><b>Cooperation in global warming prevention and biodiversity preservation activities</b></p> <ul style="list-style-type: none"> <li>Promotion of the use of timber from forest thinning (Donations of wooden products made with timber produced in the prefecture to local public facilities)</li> <li>Wood education activities</li> <li>Cooperation in activities of Wild Bird Society of Japan</li> </ul>  <p>Donation of wood products (Osaka Branch)</p> <p><b>Activities for reducing environmental burden</b></p> <ul style="list-style-type: none"> <li>Energy-saving measures</li> <li>Promotion of paperless society, resource recycling and purchasing of products conforming to the Act on Promoting Green Purchasing</li> <li>Signing of the Principles for Financial Action towards a Sustainable Society (the Principles for Financial Action for the 21st Century), etc.</li> </ul>
 <p>All-Japan University Ekiden Championship</p>  <p>Midori &amp; Friends City Music (New York Branch)</p>	<p><b>Education and Training Support Activities</b></p> <p><b>Development of future industry leaders</b></p> <ul style="list-style-type: none"> <li>Support to AgriFuture Japan's farm worker development activities (First class of the Japan Institute of Agricultural Management graduated and started farming in March 2015)</li> </ul>  <p>Endowed lecture at an university</p> <p><b>Establishment of endowed lectures at universities</b></p> <ul style="list-style-type: none"> <li>Establishment of endowed lectures at and dispatch of lecturers to six universities (Tokyo, Waseda, Keio, Tokyo University of Science, Hitotsubashi and Kyoto), participation in symposiums, etc.</li> </ul>