

Message from the Management



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 2016, 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.

Operation of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018)

The environment surrounding the Bank and cooperatives is becoming increasingly harsh amid such developments as the revision of the Agricultural Co-operatives Act, the Trans-Pacific Partnership (TPP) and the tightening of international financial regulations. Meanwhile, public interest in and expectations for turning the agriculture, fishery and forestry industries into growth industries are higher than ever before.

In light of the situation surrounding the Bank and cooperatives and the basic role of the Bank, we have formulat-

ed a Medium-Term Management Plan (fiscal 2016 through fiscal 2018), comprising management and business management policies for three years from fiscal 2016, and are engaged in business management based on the Plan.

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.

July 2017

Choe Okuno

Choe Okuno
Chairman of the Supervisory Committee

Yoshio Kono

Yoshio Kono
President and Chief Executive Officer

Message from the CEO

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

Outline of the Medium-Term Management Plan

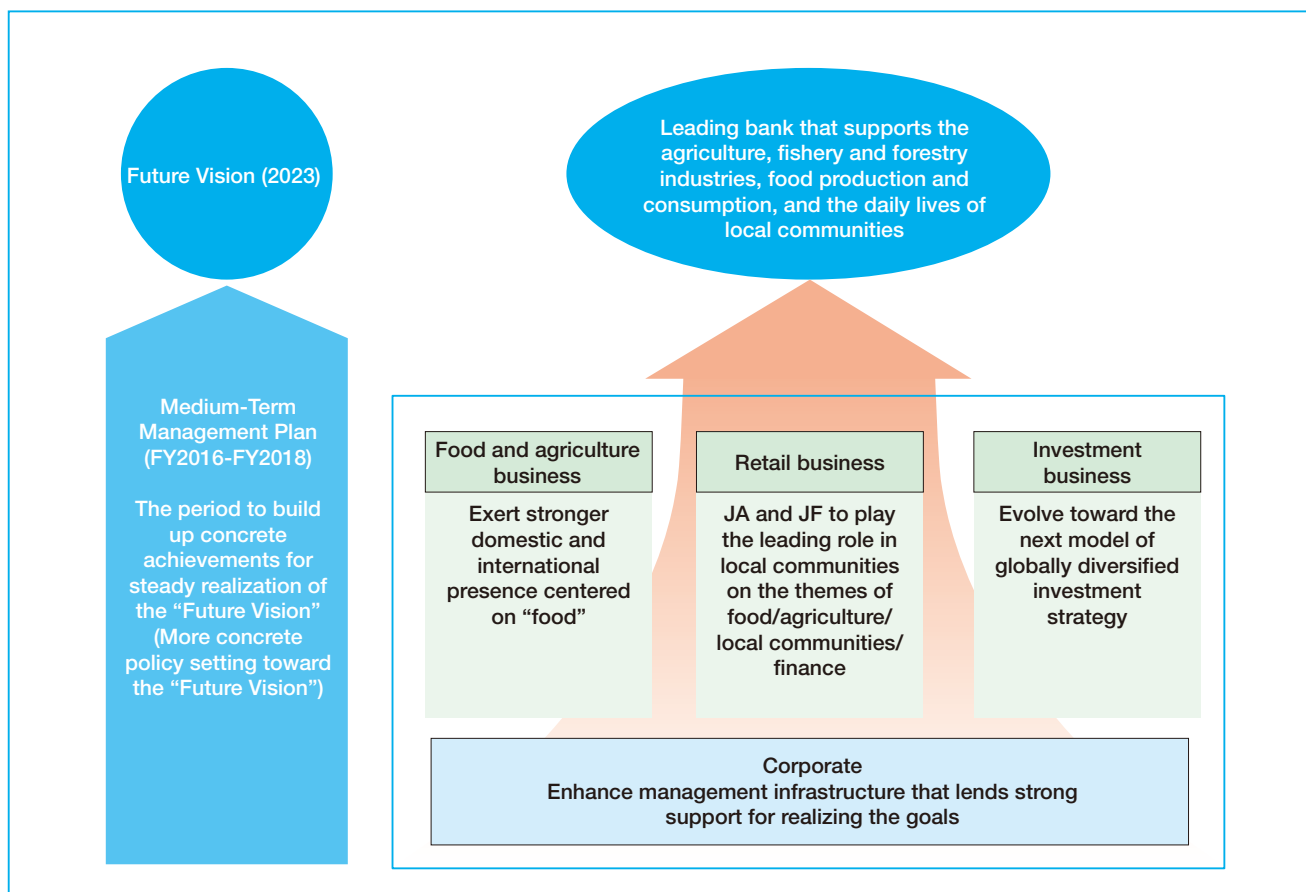
The Bank is conducting business management based on the “Medium-Term Management Plan for three years (fiscal 2016 through fiscal 2018).”

Under the Medium-Term Management Plan, we aim to achieve the three objectives of “contributing fully as a bank rooted in the agriculture, fishery and forestry industries and the food business, turning these industries into growth industries,” “reinforcing the cooperative banking business platform,” and “achieving stable returns to our members through the sophistication of the current globally diversified investment strategy,” namely, establishing the three business areas of the



“food and agriculture business,” “retail business,” and “investment business,” taking overall control of these business areas and enhancing the supporting corporate functions.

Basic Policy of “Medium-Term Management Plan (FY2016-FY2018)”



Business Performance in Fiscal 2016

During fiscal 2016, which is the first year of the “Medium-Term Management Plan (fiscal 2016 through fiscal 2018),” based on the “Management Plan for Fiscal 2016”, the Bank introduced a headquarters system from the perspective of achieving quick decision making, policy development and implementation, and the flexible use of management resources, and established a structure to promote these three business areas also at the organizational level by launching four headquarters, three of which are front-office headquarters, namely, the “Food & Agri Banking Business” (in charge of the “food and agriculture business”), “Retail Banking Business” (in charge of promoting and strengthening JA Bank and JF Marine Bank’s “retail business”) and “Global Investments” (in charge of the “investment business” aimed at the further evolution of the “globally diversified investments”), and one of which is “Corporate & Shared

Services” (in charge of the management infrastructure that supports the aforementioned three headquarters). With this system and structure in place, the Bank has implemented policies for each business.

Financial Results and Capital Adequacy in Fiscal 2016

In fiscal 2016, the Bank recorded an ordinary profit of ¥214.0 billion and profit attributable to owners of parent of ¥206.1 billion, showing steady profitability despite the impact of the rising cost of foreign currency funding and other factors.

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 19.31%, a Tier 1 Capital Ratio of 19.34% and a Total Capital Ratio of 24.39%.

Summary of Earnings

(Billions of Yen)

	FY2014	FY2015	FY2016
Ordinary Profit	514.5	324.9	214.0
Profit Attributable to Owners of Parent	411.3	271.2	206.1
Net Assets	7,308.1	7,186.7	7,008.8
Common Equity Tier 1 Capital Ratio	17.17%	18.94%	19.31%
Tier 1 Capital Ratio	17.24%	18.99%	19.34%
Total Capital Ratio	24.19%	25.07%	24.39%

Targeted Management Objectives

Under the Medium-Term Management Plan (fiscal 2016 through fiscal 2018), the Bank aims to achieve ordinary profit of around ¥150.0 billion as a management goal. Looking ahead, although we recognize that the economic and financial environment is expected to remain

harsh given the interest rate hikes in the United States, the continuation of the negative interest rate policy in Japan and the continued high cost of foreign currency funding, combined with increasing uncertainty due to factors such as rising geopolitical risk, the Bank will strive to achieve targets based on appropriate financial management.

Initiatives to Strengthen the Business Management System

The Bank introduced a headquarters system in June 2016 along with the start of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018). Furthermore, to grasp changes in the business environment surrounding the Bank appropriately and address diverse and highly-specialized management issues quickly and accurately, the Bank recognized the need to further strengthen its headquarters management and onsite capability, resulting in the following initiatives.

(1) Increase the number of Representative Directors

By allotting the authority to represent the Bank, which previously belonged only to the President & Chief Executive Officer and Deputy President & Co-Chief Executive Officer, additionally to three Senior Managing Directors, who also serve as Business Heads, a structure with five Representative Directors is now in place.

(2) Review the composition of Directors and introduce an Executive officer system

To conduct quick and accurate decision making by raising the efficiency and revitalizing the operation of the Board of Directors, we reviewed our existing structure of 14 Directors and created a structure with five Representative Directors and two Managing Directors in charge of risk management and operations & IT.

In addition, the Bank introduced the Executive officer system to further raise the efficiency and strengthen the function related to business execution.

Based on our mission to realize turning the agriculture, fishery and forestry industries into growth industries with certainty, we will continue to work on self-reform towards becoming a “leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities.”

In Conclusion

In 2023, the Bank will commemorate 100 years since its founding. To become a “leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities” depicted in its Future Vision toward the 100th Anniversary, all directors and employees of the Bank are committed to yielding concrete results in their respective positions and thereby contributing to turning the agriculture, fishery and forestry industries into continuous growth industries. We ask our members and all others concerned for understanding and support.



Messages from Each Business Head

Food & Agri Banking Business



Masataka Miyazono

Head of Food & Agri Banking Business

Major Initiatives

- Turning the agriculture, fishery and forestry industries into growth industries (Integration and streamlining of the production base, reducing production cost, value added such as marketing channel development)
- Playing a key role as a bridge between the agriculture, fishery and forestry workers and the business community

The Food & Agri Banking Business is in charge of expanding the “food and agriculture business,” which has been positioned as one of the pillars of the Bank’s business.

In recent years, despite an unprecedented rise in society’s interest in food and agriculture, issues that need to be addressed including a low birth rate and an aging society, a decline in population and a weakening production base are increasingly complicated. In the “food and agriculture business,” we take a centralized approach to diverse issues faced by the food and agriculture value chain, which covers production, processing and distribution through sales mainly of “foods,” with the aim of further contributing to turning the agriculture, fishery and forestry industries into growth industries, as well as the development of customers.

The Bank will realize two major goals in the “food and agriculture business” area. The first is for the Bank and cooperatives to continue to be reliable entities for leaders who play leading roles in the future of the agriculture, fishery and forestry industries in Japan. The Bank will build up initiatives that contribute to strengthening leaders’ management and other capabilities in line with the life cycle of business operators, including not only financial support, but also support for business operations.

The other goal is to fulfill the Bank’s role as a bridge connecting the business community needs and agriculture, fishery and forestry workers. More than ever, the Bank will continue to provide various solutions that enable producers and the business community to further respond to the needs of domestic and overseas consumers.

Retail Banking Business



Kazuhiko Otake

Head of Retail Banking Business

Major Initiatives

- Expand retail banking by identifying changes in organizational base and customer needs
- Achieve JA Bank self-reforms and satisfaction of its members, etc.

The Retail Banking Business plays a major role in operations related to strengthening and expanding the JA Bank and JF Marine Bank businesses of agricultural and fishery cooperative organizations and increasing reliability of those businesses etc.

In addition to changes in the financial conditions, competition with other financial institutions and competition faced by JA Bank and JF Marine Bank in retail financing is increasingly fierce, coupled with structural problems such as changes in the organizational base due in part to the aging of its members and changes in customer needs.

Under these circumstances, JA Bank formulated the JA Bank Medium-Term Strategies to be implemented from fiscal 2016 through fiscal 2018. Having set the future vision of JA Bank at becoming an “entity that is needed more in regions by contribut-

ing to food, agriculture and local communities,” we are striving to contribute to “increasing agricultural income” and “revitalizing local communities” by providing high-quality, sophisticated financial services.

In addition to further enhancing and providing financial functions for the fishery industry, JF Marine Bank is striving to promote initiatives aimed at strengthening its business base, soundness and management capabilities in pursuit of a stronger control structure to enable the provision of stable and appropriate financial functions.

Through these initiatives, the Bank aims to “JA and JF to play the leading role in local communities on the themes of food/agriculture/local communities/finance” as indicated in the Medium-Term Management Plan.

Toward a “leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities”

In this section, heads of each business explain the major initiative issues and basic policies.

Global Investments

Katsuyuki Touyama

Head of Global Investments

Major Initiatives

- Further evolve globally diversified investments
- Enhance stable profitability
- Steadily comply with international financial regulations, etc.



Global Investments is in charge of investments in securities and other financial instruments based on appropriate risk management aimed at realizing a stable return of profits in the medium and long run as the ultimate manager of funds entrusted by members to JA Bank and JF Marine Bank.

Although our investment environment is predicted to be difficult and it is hard to foresee the future environment, given the increasing uncertainties of each country’s administrative policies and rising concern over geopolitical risks, we recognize the need to promote the establishment of a solid and high-quality portfolio while carefully examining market trends. In addition, to address international financial regulations, which are becoming tougher, it is fair to say that the task of gaining an accurate

grasp and complying with regulations is a major challenge for the Bank, which secures profits through overseas financial markets and assets.

In these circumstances, under the current Medium-Term Management Plan, Global Investments aims, as its future vision, to “evolve toward the next model of globally diversified investment.” We are committed to securing profits that contribute to stable returns through the further evolution of “globally diversified investments” by making efforts to expand our earnings base by such measures as exploring new fields and enhance our foreign currency funding ability, while assuming an appropriate balance with risks and compliance with regulations.

Corporate & Shared Services

Kazuto Oku

Head of Corporate & Shared Services

Major Initiatives

- Develop an infrastructure that can address IT technological innovation
- Pursue the sophistication of a risk management framework that addresses increasingly tough domestic and overseas regulations
- Further strengthen the business management system that covers the Group companies



The role of Corporate & Shared Services is to support and control three business areas of the “food and agriculture business,” “retail business,” and “investment business.”

Based on the recognition that it is extremely important to achieve quick decision making, policy development and implementation in each headquarters to execute missions in the three business areas and realize the future vision, the Bank introduced a headquarters system in June 2016 and started to further strengthen its business management system to reinforce the management of headquarters and onsite capability.

In addition, from the perspective of overall optimization, the Bank continuously strives to establish its strategies and strengthen the overall control function in a so-called cross-functional manner, which contributes to the facilitation of the organizational and

operational management of the Bank as a whole, including Group companies. We will also conduct the flexible use of management resources, including the further enhancement of Group companies’ functions, and the clearer implementation of PDCA.

Moreover, by paying careful attention to changes in the management environment such as IT technological innovations, the trend of domestic and overseas regulations, and society’s perception of our organization, while properly fulfilling our role as a “navigator,” we will build up concrete achievements to steadily fulfill our Future Vision toward the 100th anniversary, that is, becoming a “leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities.”

Bank Initiatives

“Self-Reform of JA Bank” Initiatives

With the situation surrounding the agriculture industry becoming increasingly severe, in light of the Government’s “agricultural cooperative reform” movement, etc., in 2014 the JA Group formulated “Self-reform of JA Group” as self-reform. As a member of JA Group, for JA Bank to also contribute more than ever to agriculture and local communities, we are implementing “Self-reform of JA Bank” efforts during an intensive period for the initiative up to fiscal 2018.

The “Self-reform of JA Bank” is comprised of “three pillars”: (1) further responses to contribute to increase in income of farmers and revitalization of local communities especially the “Support Program for Increasing Agricultural Income and Revitalizing Local Communities (business size of ¥2 trillion, total amount of ¥100 billion)”; (2) arrangement of the business environment so that JA can make its best efforts in agricultural businesses; and (3) provision of financial services that connect agriculture and local communities/users in order to contribute to local communities.

To date, the Bank has engaged in the smooth supply of capital to food and agriculture-related fields including the utilization of the “F&A (Food and Agri) Growth Industry Investment Facility” to the scale of ¥50.0 billion, which was established with the aim of providing risk money, as well as promoting exports of agricultural products via an export support package that includes holding seminars and exhibiting at overseas trade fairs; continuing to host business conferences and conducting business matching in Japan; and providing sixth industrialization support to expand sales from agriculture and add higher value to agriculture.

Moreover, toward the reduction of production costs, the Bank implemented the “Agricultural Equipment

Lease Support Program (Agri-Seed Lease)” to support agricultural workers’ efforts to expand their scale of operations and streamline their businesses, and the “Production Costs Reduction Support Program” to foster innovative activities such as the dissemination of new technologies. The Bank also provided support for hosting seminars and consultations aimed at helping advance farm management; strengthened management consultation functions mainly through launching the “Agriweb” website to dispatch information on agricultural management; and engaged in initiatives toward revitalizing local communities such as supporting new farmers extensively and training young and next-generation farm operators.

Moreover, we worked diversely to rationalize banking business operations, such as introducing equipment to streamline cash business at all JA business service locations and introducing an “agent” model based on the choice made on a JA-by-JA basis. We deployed around 100 mobile branches in vehicles and implemented, among others, JA Bank’s “No to Ayumu Project” (Project for Making Progress with Agriculture) to plan and sell financial products linked to expanded consumption of agricultural products. Having promoted such initiatives one after the other to help turn the agriculture industry into a growth industry, we will further strengthen these initiatives into the future.

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.

Food and Agriculture Business Initiatives

Food and Agriculture Business Initiatives

The Bank conducts initiatives to further exert its role as the central organization for agricultural, fishery 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 is

offering various solutions to achieve the practices of the “food and agriculture business” indicated in the Medium-Term Management Plan started from fiscal 2016, which contribute to turning the agriculture, fishery and forestry industries into growth industries.

Smooth Capital Supply to the Food and Agriculture-Related Fields

● Initiatives for Agricultural 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 products and the processing of farm products without collateral or guarantee in principle.

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 2016, approximately 70,000 loans, totaling ¥1.6 billion, were provided, and in the cumulative total up to fiscal 2016, ¥9.8 billion in subsidies were granted for 550,000 ag-

ricultural loans.

Product	Number of loans	Loaned amount
Agri-Seed Loan (since December 2009)	142	¥2,846 million

*Cumulative total as of March 31, 2017



Greenhouse for *Mitsuba* (Japanese hornwort) in hydroponics of an Agri-Seed Loan recipient



Shine Muscat of an Agri-Seed Fund recipient

Types of Loans (As of March 31, 2017)

		General Loan	Policy-based Loan
Agriculture	Agri-Seed Loan	Agriculture, Forestry, Fishery & Ecology Business Loan Management Improvement Support 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		Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan) Disaster Funds	Fisheries Modernization Loan Fisheries Management Improvement Promotion Loan Mountainous Region Revitalization Loan etc.
Forestry			Forestry Development Promotion Loan Mountainous Region Revitalization Loan etc.

● Establishing the F&A (Food and Agri) Growth Industry Investment Facility

Toward our goal to turn the agriculture, fishery and forestry industries into growth industries, the Bank established the “F&A (Food and Agri) Growth Industry

Investment Facility” on the scale of ¥50.0 billion including the traditional Agri-Seed Fund, aimed at providing risk money to support new entries and expand the scale of the agriculture, fishery and forestry industries, improve productivity and add higher value.

List of F&A (Food and Agri) Growth Industry Investment Facility

	Investment target	Investment facility
Agri-Seed Fund	Agricultural corporations, corporations operating agriculture-related businesses (small to medium scale)	¥3.0 billion
Support Fund for Business Entities of Agricultural Leaders	Agricultural corporations, corporations operating agriculture-related businesses (large scale)	¥5.0 billion
Agriculture, Forestry and Fisheries Cooperative Fund	Agricultural, fishery and forestry workers and their organizations (JA, regional community farming organizations, corporations, etc.)	¥2.9 billion
Export Promotion Support Fund	Food and agriculture-related businesses in six countries on the Arabian Peninsula in the Middle East	\$50 million
Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries	Businesses to conduct development and production, etc., of new products made from agricultural, forestry and fishery products as raw materials	¥0.5 billion
Direct Investment Facility	Investments to expand the scale of the agriculture, fishery and forestry industries, improve productivity and creating added-value, etc.	¥18.0 billion
(Extendable capacity)	Scheduled to be allotted according to the status of each investment facility	¥15.6 billion
Total	—	¥50.0 billion

Agri-Seed Fund, Support Fund for Business Entities of Agricultural Leaders

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 240 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 18.

Product	Number of investments	Invested amount
Agri-Seed Fund (since April 2010)	240	¥1,846 million
Support Fund for Business Entities of Agricultural Leaders (since June 2013)	18	¥471 million

*Cumulative total as of March 31, 2017

Agriculture, Forestry and Fisheries Cooperative Fund (JA Sixth Industrialization Fund, JF Sixth Industrialization Fund and JForest Sixth Industrialization Fund)

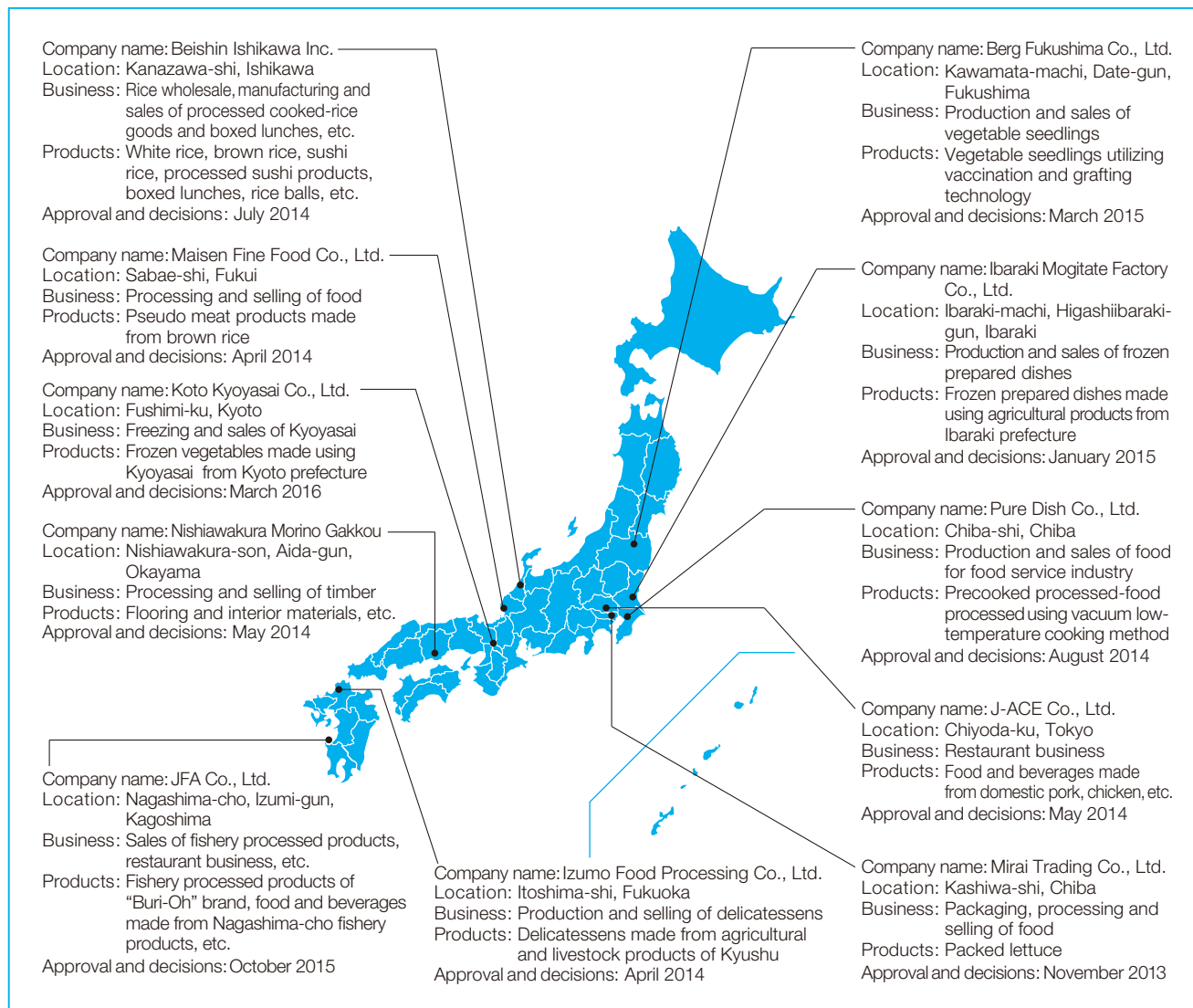
JA Group, including the Bank, laid out a policy to exercise its comprehensive and organizational strength as a group in an integrated manner to promote the sixth industrialization of the agriculture, fishery and forestry industries.

In May 2013, the Agriculture, Forestry, and Fisheries Cooperative Fund, a sub-fund jointly capitalized by Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE) 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 11 entities (as of March 31, 2017), the largest number of investments made among 48 similar sub-funds nationwide.

Moreover, to encourage the business development of the business entities in which the Bank has invested to date, focus was placed on providing support for exploring sales channels and other business support functions. The Bank will continue to contribute to the further development of the local agriculture, fishery and forestry industries through the utilization of the fund.

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



Establishment of Export Promotion Support Fund

In March 2016, the Bank collaborated with Mizuho Bank to establish a private equity fund “Gulf Japan Food Fund” with aim of providing financial support for expanding Japanese agricultural, fishery and forestry products’ export needs and the six Middle East Gulf states’ food security needs, etc. Through investment in the joint venture newly established through the collaboration between Japanese companies and Middle East companies, the Bank aims at value-adding and market creation from new alliances and partnerships while growing and promoting these businesses.

Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries

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 “Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries” and set up a structure to provide financial assistance to community-led renewable energy projects. 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, fishery and forestry industries and revitalization of local communities.

Direct Investment Facility

The Bank believes that in order to turn the agriculture, fishery and forestry industries into growth industries, it is indispensable to add higher value to and improve the productivity of downstream industries as well. As a framework to provide risk money to achieve these goals, the Bank started to work on such initiatives in fiscal 2016. To increase exports and agricultural income, a total of five investments were made in food export companies and agricultural IT ventures, among others.

Offering Solutions That Contribute to Increasing Agricultural Income

● Initiatives to Expand Sales and Add Higher Value Collaboration with JA Zen-Noh (National Federation of Agricultural Cooperative Associations)

Aiming to increase agricultural income, expand production and revitalize local communities, the Bank collaborates closely with the initiatives promoted by JA Zen-Noh to reform the distribution and processing structure, expand exports and reduce production materials costs, mainly by providing advice related to investments/loans and examining financing schemes.

As part of such initiatives, in November 2016, the Bank acquired all shares in SFG Holdings Limited, a food wholesaler in Scotland, via a joint investment between JA Zen-Noh and the Bank. Using this company as a base for exporting made-in-Japan agricultural and livestock products to Europe, the Bank aims to establish a supply chain in this region.

Export Promotion Initiatives

To allow its members and agricultural, fishery and forestry workers who aim to export their products to engage in steady exports, the Bank provides an export support package. In fiscal 2016, while adhering with the existing export support initiatives, the Bank further strove to promote exports by enhancing initiatives to deepen the content and improve applicability, reflecting input from participants in each initiative. Specifically, the Bank (1) released the export PR publication “*Yushutsu-no-Ibuki*” (quarterly), (2) held export seminars (five times at various locations nationwide in addition to seminars regularly held in Tokyo), (3) implemented test marketing (conducted at a department store in Taipei in March 2017), (4) participated in overseas trade fairs (exhibited at the HKTDC Food Expo and Food & Hotel Asia in Singapore), and (5) offered an opportunity to participate in the Great Okinawa Trade Fair.



Yushutsu-no-Ibuki



Test marketing conducted in Taipei

In fiscal 2016, the Bank held nationwide and block business conferences, etc., and provided participating sellers' groups with the opportunity to expand sales channels. In addition, the Bank provided assistance in promoting the understanding of distribution and retail industries and acquiring expertise in business negotiations, etc. by holding seminars and other events for enhancing business negotiation skills.

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.



JA Group Japanese Agricultural and Livestock Products Business Conference

Nationwide and Block Business Conferences Held in Fiscal 2016

Venue	Date	Name	Number of sellers	Number of buyers
Hiroshima	September 2016	Food and Agriculture Matching Fair	68	96
Aichi	November 2016	Four Prefectures in the Tokai Region, JA Group Food and Agriculture Business Conference	121	461
Osaka	December 2016	JA/JF Group Kinki Business Conference	113	260
Fukuoka	January 2017	JA/JF Group Kyushu and Okinawa Business Conference	82	97
Ishikawa	January 2017	JA/JF Group Hokushinetsu Business Conference	27	42
Miyagi	February 2017	Tohoku Food and Agriculture Business Conference Sponsored by JA Group	63	77
Tokyo	March 2017	JA Group Japanese Agricultural and Livestock Products Business Conference	156	2,099

● Initiatives to Reduce Production Costs

Agricultural Equipment Lease Support Program

To encourage reduction of production costs through producers' scale expansion, etc., agri-seed leasing business was implemented for partial subsidies on leases involving agricultural machinery and equipment, etc.

The first solicitation was conducted for rice and vegetable producers, for which approximately 8,000 subsidies were decided in October 2015, and the second solicitation was conducted adding livestock and dairy to the subsidy target items, for which approximately 4,000 subsidies were decided in May 2016. The Bank is deepening relationships with subsidy recipients through a visitation approach.



Project to Reinforce Business Consultation Functions

To strengthen response capabilities to diverse management issues of agricultural corporations, etc., the “management consultation function strengthening business” was launched in September 2015. Specifically, the Bank established consultation counters nationwide and provided subsidies on costs for management seminars conducted in each prefecture and for individual consultations. In fiscal 2016, 116 seminars or similar events were held nationwide. Moreover, free consultation counters nationwide by specialists and the website “Agriweb” to dispatch information related to agricultural business management were launched in May 2016. In July 2016, a link was established between “Agriweb” and JA Zen-Noh’s “APPINES” website, which provides information

on farming operation. Drawing on the alliances among the JA Group, the Bank has operated to address the managerial issues of agricultural workers in general.



Production Costs Reduction Support Program

In collaboration with JA Zen-Noh and related organizations, in fiscal 2016 the Bank started a support program to help reduce production costs, which provides subsidies for the dissemination of new technologies that contribute to reducing production costs and innovative initiatives.

The first program implemented under this program was a “DNA Chip Dissemination Promotion Support Program for Livestock and Dairy Business” in coordination with JA Zen-Noh to prevent cow disease and conduct health checks. The second was a support program to pass on “Takumino-Waza” or techniques and know-how possessed by experienced agricultural workers. The third was a support program to establish a relay shipping structure for vegetables and fruits toward the expansion of exports, which contributes to the reduction of overseas sales costs.



Support for Revitalization of Regional Areas and Local Communities

● Initiatives to Agricultural Entrant Support Program

To cultivate future domestic farming core leaders, the Bank has implemented the agricultural entrant support program. In fiscal 2015, the Bank expanded the subsidy business we have implemented towards training provided to potential agricultural entrants and launched a subsidy business towards farming operation costs incurred by independent agricultural entrants aimed at providing support for stabilizing their management soon after becoming an agricultural entrant. In fiscal 2016, the Bank provided subsidies of ¥400 million for approximately 3,000 businesses that help independent agricultural entrants with their farming operation costs and subsidies of ¥200 million for approximately 1,000 businesses that accept potential agricultural entrants (trainees).



● Training of Next-Generation Farm Operators

As the main sponsor of AgriFuture Japan, the Bank encourages the training of farm operators of the next generation by providing operational support for the Japan Institute of Agricultural Management and seminar business run by the general incorporated association.

Since the opening of the Japan Institute of Agricultural Management in April 2013, 45 students have graduated and started engaging in farming nationwide. At present, fourth and fifth year students are studying hard in the school located on one of the floors of the Norinchukin Bank Shinagawa Training Center. In the seminar business, a total of more than 500 persons participated in seminars in fiscal 2016, which included seminars held in three regions, etc., where the Institute

has concluded a cooperation agreement, in addition to the Tokyo Metropolitan Area, three prefectures and four blocks comprising Tohoku, Chugoku, Shikoku and Kyushu, as well as nighttime seminars for workers who are interested in agriculture and corporations that are interested in agricultural business fields.

● 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 agriculture, fishery and forestry industries and for the sixth industrialization.

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.

● Agricultural, Forestry, and Fisheries Future Fund

To support the voluntary initiatives of agricultural, fishery and forestry workers/business entities and promote the dispatch of related information toward the further growth of the agriculture, fishery and forestry industries, the Bank established the “Agricultural, Forestry, and Fisheries Future Project” and, as the entity to implement the project, founded the “Agricultural, Forestry, and Fisheries Future Fund” in 2014, to which the Bank contributed ¥20.0 billion.

The “Agricultural, Forestry, and Fisheries Future Fund” has provided subsidies for a total of 23 projects: six in fiscal 2014, eight in fiscal 2015 and nine in fiscal 2016. For fiscal 2017, the Fund started solicitation in June 2017.



● 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. Specifically, the Bank launched the National Federation Labor Support Conference and started initiatives aimed at securing human resources, which is a challenge in agriculture. Progress is also being made in terms of nationwide expansion: for example, in Akita Prefecture, the Bank's Akita Branch and Akita Agricultural Corporations Association concluded a partnership agreement.

In addition, from the perspective of human resources development, we held seminars targeted at specific persons, such as seminars for female managers and employees and seminars for prospective executives of agricultural corporations (e.g., farm foremen) and worked towards the business progress of agricultural corporations.



Seminar for female managers and employees

● Inbound Green Tourism

Four companies comprising the Bank, ABC Cooking Studio Co., Ltd., Recruit Lifestyle Co., Ltd., and Nokyo Tourist Corporation, entered into a comprehensive partnership agreement in April 2016 aimed at contributing to the support for revitalization of local communities and overseas export.

Aiming to revitalize local communities by increasing the number of tourists visiting regional areas of Japan and advertising the attraction of Japanese foods, the Bank has implemented five tourism monitoring tours.



Hiroshima and Ehime inbound tourism monitoring tour

● 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 2016, we donated 1.31 million books to primary schools nationwide and provided approximately 2,000 subsidies, totaling of ¥500 million to local food and farming education activities.

Reconstruction Support Efforts

Outline of the Reconstruction 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, fishery and forestry industry workers and affected members with multifaceted support in keeping with meeting needs and situations in disaster-stricken areas.

1 Reconstruction Support for Farmers, Fishermen, Foresters and Local 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 Fisheries Industries Support Loan) and reconstruction fund (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) 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 supported to agricultural workers for the cost of production materials and machines necessary to resume operations, fishery workers for the cost of cooling ice used in test operations, projects to promote reconstruction through agriculture, fishery and forestry industries and initiatives to realize advanced agriculture, fishery and forestry industries through reconstruction. The Bank also supports revitalization of disaster-stricken areas, such as by donating wooden products, etc., made using local timber.



Lumber processing facility of a reconstruction loan recipient



Flower and plant nursery facility of a reconstruction fund recipient



Plant factory of a reconstruction fund recipient



Support for introduction of new strawberry cultivation technologies



Donation of wooden tables and chairs to a reopened mall



Business conference about Tohoku's foods and agriculture

Product	Number of loans, etc.	Amount
Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan)	Number of loans 141	Loaned amount ¥43.2 billion
Reconstruction Fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund)	Number of investments 51	Invested amount ¥1.0 billion
Lease subsidies	Number of subsidies 1,358	Total lease amount ¥5.3 billion
Interest subsidies to JA/JF disaster funds	Number of support cases 3,986	Loaned amount ¥16.7 billion

*Cumulative total as of March 31, 2017

2 Reconstruction Support to Members and Customers

JA (Japan Agricultural Cooperatives) to which the Bank has assisted in increasing capital under the Framework for Special Post-Earthquake Support, has repaid the funds it borrowed to help increase its capital. For JF (Japan Fisheries Cooperation), the Bank provided guidance and advice—for instance, by dispatching its staff—based on its plan to help strengthen the cooperative banking business, thereby making smooth progress in terms of JF’s management improvement.

Stable financial functions are provided to JA Bank and JF Marine Bank users with consultation services 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 Loan offered by JA Bank and JF Marine Bank and by appropriately responding to the double-loan problems and the project to promote collec-

tive relocation for disaster prevention.

Six 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, and although lifestyle reconstruction efforts are proceeding there are still approximately 60,000 people (as of March 2017) forced to live in temporary housing, and looking at the disaster-affected areas as a whole, the reconstruction process is still only half-way complete.

As the Bank continues to provide sufficient support for reconstruction initiatives 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 provide full and multifaceted support to the reconstruction of agriculture, fishery and forestry industries and local communities.



Support for revitalization of local communities including “town launch” event at a group relocation site for disaster prevention



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 Earth-

quake 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)

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 initiatives 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 designation of the department in charge of financing facilitation, the assignment of a financing facilitator at each branch who can collaborate with the department in charge of financing facilitation, and the creation of a customer service counter to respond to complaints and consultations from customers.

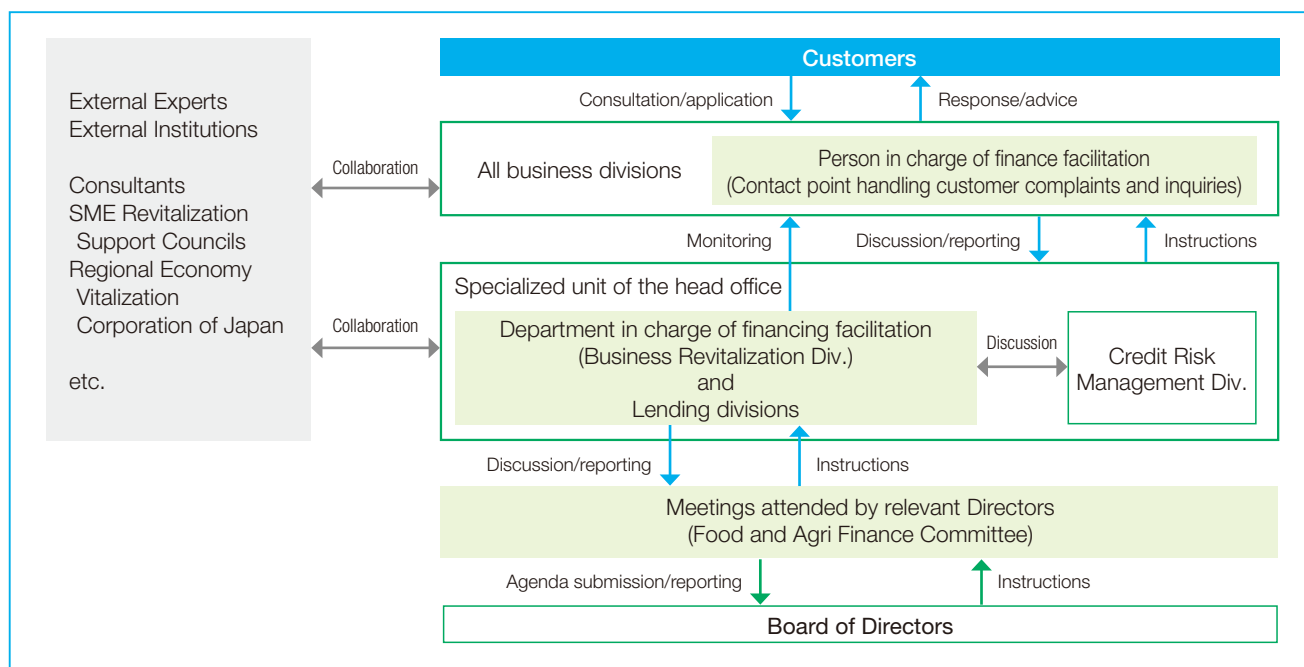
● Management Support Initiatives for Customers

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 department in charge of financing facilitation, 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 (SMER-SCs) 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






CSR Initiatives

As the financial institution founded on a platform of agricultural, fishery and forestry cooperatives as well as an institution engaging in global investment and loan activities, the Bank follows a basic policy for CSR (corporate social responsibility) activities to maintain the trust of various stakeholders and contribute to the sustainable development of the economy and society. Moreover, the Norinchukin Group engages in the CSR activities mutually coordinating with members in the field of agriculture, fishery and forestry industries.

Since fiscal 2008, when the Bank established a CSR Committee and division dedicated to CSR, the Bank has striven to enhance its CSR, including the issuance of its annual CSR report “*Umi, Yama, Daichi no Tame ni* (For the Oceans, Mountains and Earth)”.

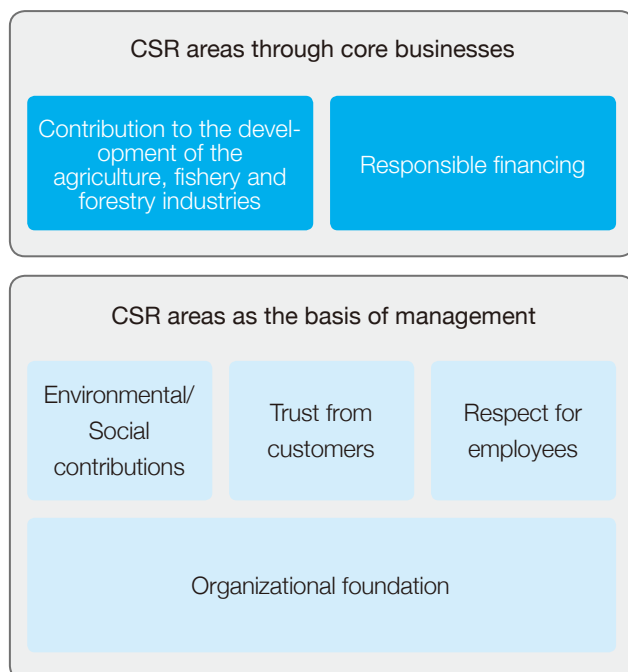
To respond to broadening CSR-related social demands, in fiscal 2016 the Bank organized its CSR priorities into six areas and 17 focal points and participated in the following three international initiatives:

Participation in Major Initiatives

United Nations Global Compact	Equator Principles	CDP
 <p>UN GLOBAL COMPACT Network Japan WE SUPPORT</p>	 <p>EQUATOR PRINCIPLES</p>	 <p>CDP DRIVING SUSTAINABLE ECONOMIES</p>

Areas of the Materiality of The Norinchukin Bank

Six CSR Areas



Six CSR Areas and 17 Focal Points

Area	Focal Point
Contribution to the development of the agriculture, fishery and forestry industries	1 Promotion of the agriculture, fishery and forestry industries
	2 Contribution to local communities
Responsible financing	3 Responsible investments and loans
	4 Promotion of environmental conservation projects
Environmental/Social contributions	5 Contribution to creating a sound society
	6 Environmental considerations
Trust from customers	7 Reliability of financial infrastructure
	8 Respect for customers
	9 Appropriate business activities
Respect for employees	10 Fair labor practices
	11 Employee diversity
	12 Human resource development
	13 Occupational health and safety
Organizational foundation	14 Governance
	15 Corporate ethics
	16 Respect for human rights
	17 Stakeholder engagement