

Message from the CEO

Financial Results and Capital Adequacy in Fiscal 2019

In fiscal 2019, the Bank recorded an ordinary profit of ¥122.9 billion and profit attributable to owners of parent of ¥92.0 billion, showing steady profitability as a result of the decline in the foreign currency funding cost and our financial management efforts aiming at stable cash flow.

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 19.49%, a Tier 1 Capital Ratio of 23.02% and a Total Capital Ratio of 23.02%.

Summary of Earnings

(Billions of Yen)

	FY2017	FY2018	FY2019
Ordinary Profit	171.0	124.5	122.9
Profit Attributable to Owners of Parent	147.6	103.5	92.0
Net Assets	6,746.0	7,473.2	7,261.6
Common Equity Tier 1 Capital Ratio	19.02%	16.59%	19.49%
Tier 1 Capital Ratio	19.02%	19.65%	23.02%
Total Capital Ratio	23.50%	19.65%	23.02%

Business Performance in Fiscal 2019

In fiscal 2019, as the first year of the Medium-Term Management Plan, which covers the five years through fiscal 2023, The Norinchukin Bank (the Bank) proceeded steadily with its business operations and continued to work toward its vision of becoming the leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities. The Bank's operations aim to establish value chains by offering solutions for various issues, provide functions toward the development of local communities and member organizations and realize the establishment of a sturdy business model resilient to economic fluctuations.

Concerning the financial markets, although the upward trend of stocks had continued mainly because of more than one preventive interest rate cut by the U.S. Federal Reserve System responding to rising geopolitical risk, due to the conservative investment trend and each country's financial easing policy against the backdrop of the spread of COVID-19 since February 2020, the U.S. interest rate

has declined further and the stock market has changed significantly, posing increasing uncertainty. In such circumstances, the Bank continued the stable return of profit to its stakeholders and worked to provide stable financing for the agriculture, fishery and forestry industries and related local communities—a foundation for the Bank's operation.

In addition, the Bank undertook various measures throughout the fiscal year, including the offering of solutions to contribute to the growth of the agriculture, fishery and forestry industries and related communities, the expansion of agricultural financing, the expansion and reinforcement of its global trading base mainly in Asia, the enhancement of JA Bank's business base and JF Marine Bank's financing functions for the fishery industry, the performance of main-bank functions for JF and JForest, the expansion of ESG investments and the enhancement of corporate functions to support each business.

Measures to Address the Spread of COVID-19

The impact of the spread of COVID-19 on actual economies has begun unfolding with considerable uncertainty as to when this crisis ends. In such an environment, the Bank will continue to provide maximum support for the various agriculture, fishery and forestry industry-related

stakeholders affected by this problem, as the mission of a financial institution that operates on the foundational agriculture, fishery and forestry industries and related local communities.

Outline of the Medium-Term Management Plan (FY2019-FY2023)

The Bank is conducting business operations based on its Medium-Term Management Plan “Catch the Winds of Change. Create New Value,” covering five years (fiscal 2019 through fiscal 2023).

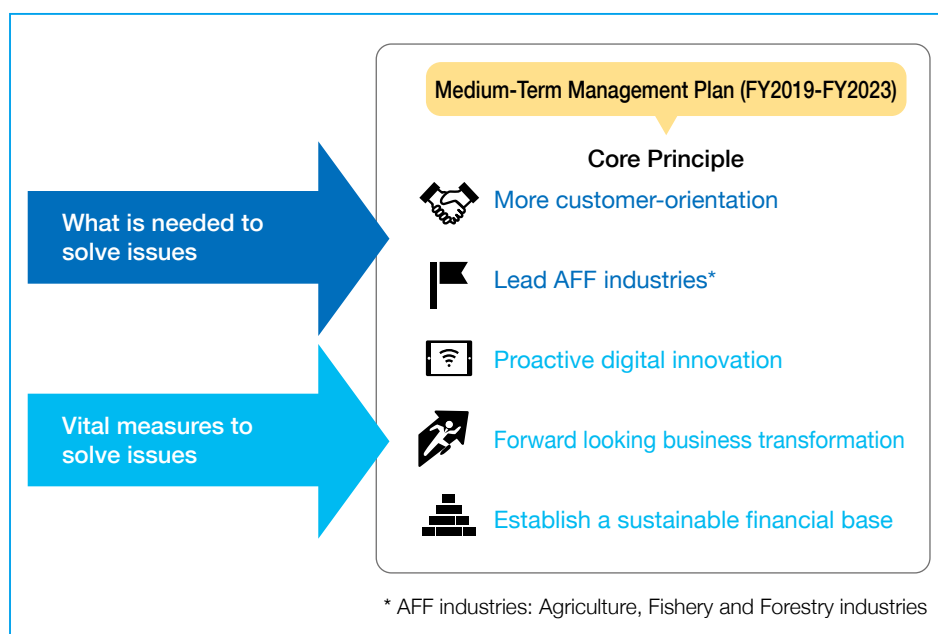
We predict our business environment will face non-continuous changes in the next 10 years, such as global profit margin compression; accelerating digitalization; aging leaders in the agriculture, fishery and forestry industries; the need for scale expansion; growth in Asia; and environmental and social issues. We recognize new issues such as the enhancement of profitability; the provision of comprehensive services that customers want; effective support for leaders in the agriculture, fishery and forestry industries; deepening our global business

network; and offering value to society.

Based on such recognition, we will take on the challenge of creating new value to solve new issues.

Core Principle

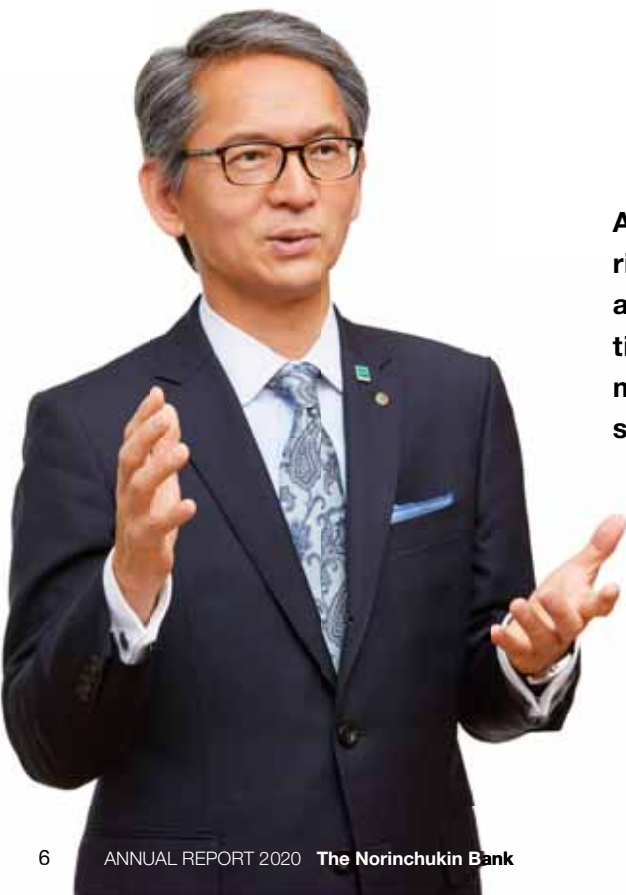
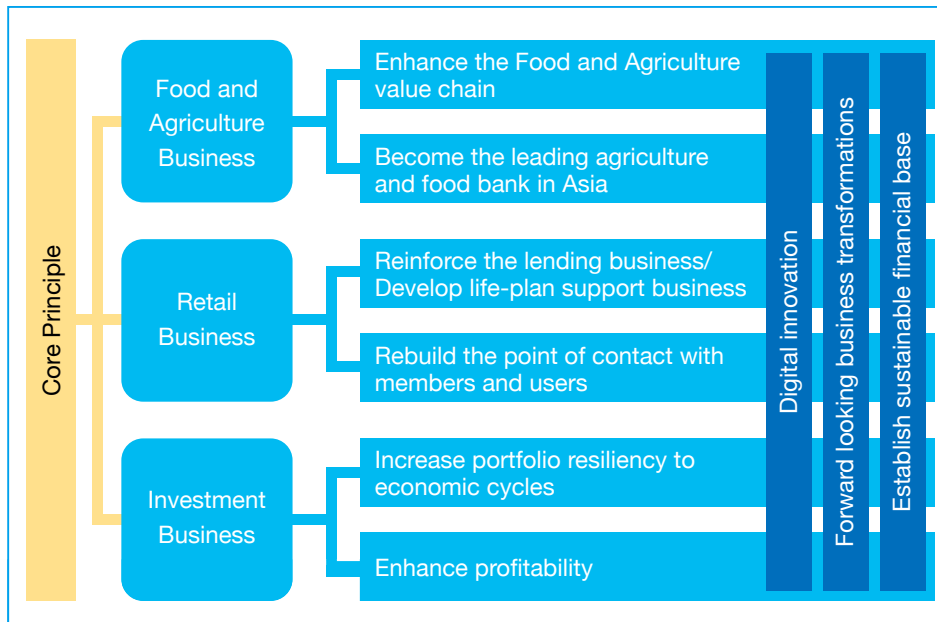
To take on this challenge of creating new value, self-reform is necessary. Looking ahead to the next ten years, we will take a fresh look at the current operation and make necessary changes to the way we work. To achieve major reforms, we will implement the Medium-Term Management Plan as our vision for the Norinchukin Group in the next five years, based on the following Core Principle.



Priority Strategies

The Bank will take on the priority strategies under the Core Principle with a structure consisting of the “Food and Agriculture Business,” the “Retail Business” and the “Investment Business,” supported by “Corporate Shared Services.” The Bank will implement these strate-

gies jointly with JA Bank Medium-Term Management Strategy, JF Marine Bank Medium-Term Management Strategy and the JForest Cooperatives Action Policy, and achieve our goals in alliance with the entire cooperative groups.

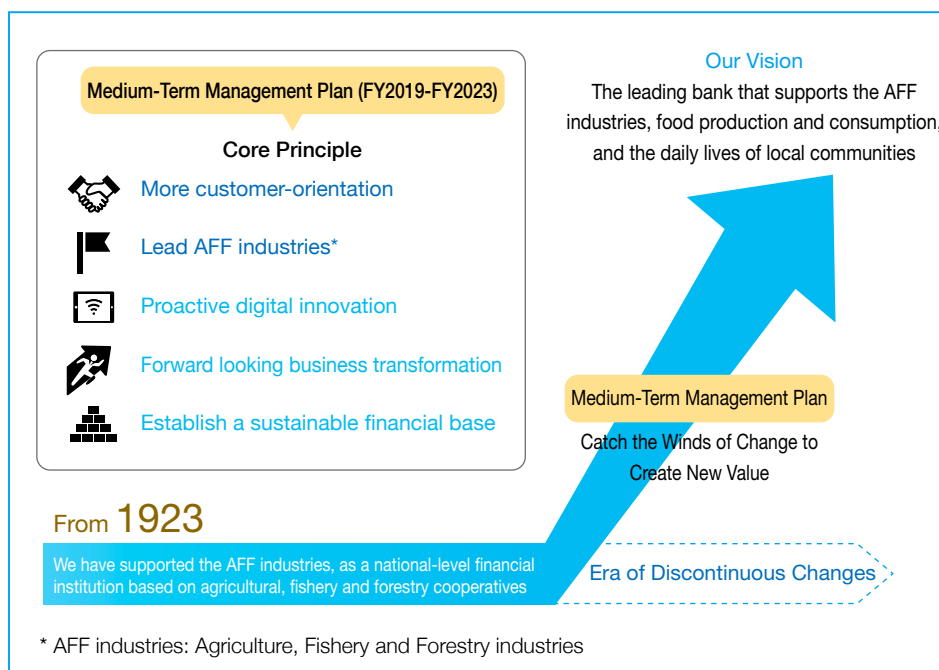


Aiming to become a “leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities,” the Bank together with its cooperative groups will meet the expectations of its customers, achieve further sustainable growth and offer value to society.

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

Since our establishment in 1923 as a national-level financial institution to help our foundational entities—agricultural, fishery and forestry cooperative organizations—we have contributed to the development of the agricultural, fishery and forestry industries, and a key milestone—our 100th anniversary—is just around the corner. In our first hundred years, the environment surrounding the agriculture, fishery and forestry industries

experienced significant changes over time, and unprecedented “non-continuous changes” are likely in the future. To continue to fulfill our mission of contributing to the development of the agriculture, fishery and forestry industries in such an environment, we will deepen dialogues with cooperative members and tackle our challenging “Catch the Winds of Change. Create New Value” plan. Through such efforts, together with our cooperative groups, we will strive to meet the expectations of our customers, realize sustainable growth and offer value to society.



Sustainability Management Initiatives

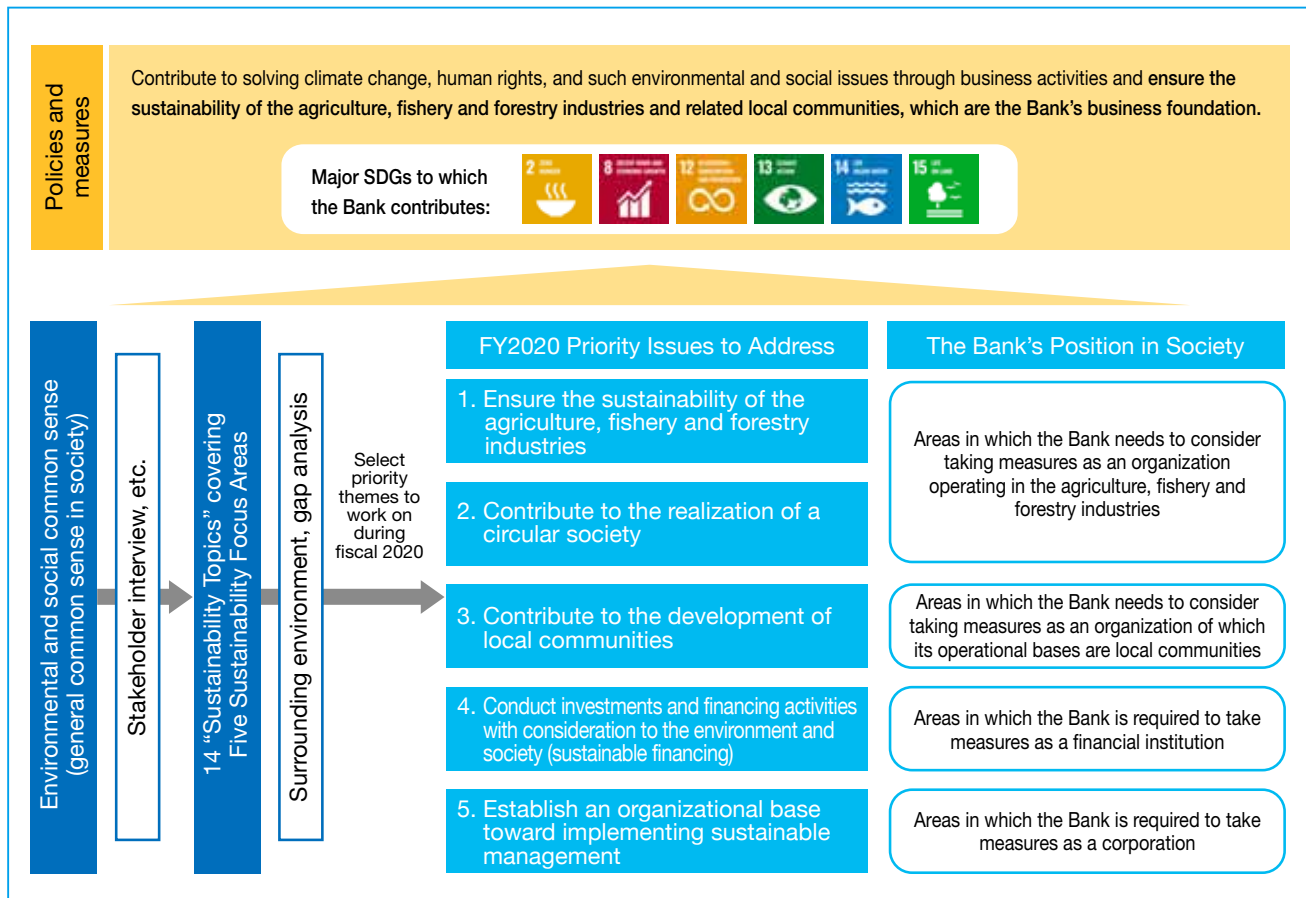
Reflecting the rapidly rising interest in the increase in the global population, the low birth rate and aging society in advanced countries, climate change and issues of economic disparity and poverty, global initiatives toward the sustainable development of society are under way, such as the “Sustainable Development Goals (SDGs)” by the United Nations and the “Paris Agreement,” which is a new framework of measures to address climate change. Against this backdrop, expectations are on the rise for corporations to address such social issues.

Based on an understanding of such changes in society, we have established 14 “Sustainability Topics” covering Five Sustainability Focus Areas (“Creating positive impact on the agriculture, fishery and forestry industries, food and local communities,” “Promoting responsible finance,” “Promoting sustainability management,” “Securing high-

ly capable human resources” and “Maintaining customer trust as a financial institution”). In addition, the Bank’s initiatives and measures toward the implementation of Sustainability Management are discussed at the Sustainability Committee, which operates under the Board of Directors.

In fiscal 2020, toward ensuring the sustainability of the agriculture, fishery and forestry industries, and related local communities, the Bank has established five priority issues to address based on the issues surrounding the agriculture, fishery and forestry industries.

By clarifying specific measures based on this initiative in the Bank’s management plan and carrying them out, the Bank will contribute to ensuring the sustainability of the agriculture, fishery and forestry industries and related local communities.



Measures to Address Climate Change

The agriculture, fishery and forestry industries—the foundation of the Bank’s business—could be affected negatively by climate change, while at the same time possessing the underlying potential to increase climate change. Addressing climate change is part of the Bank’s mission to contribute to the development of these industries. In April 2019, the Bank announced the endorse-

ment of the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures), which was established by the Financial Stability Board (FSB). The Bank will appropriately address the impacts and risks of climate change on the Bank’s businesses, implement measures, and expand disclosures in line with the TCFD recommendations over time.

Governance	<p>The Bank’s environmental and social policies including those for climate change and the current policy implementation status are discussed regularly at the Sustainability Committee under the Board of Directors, followed by negotiations and reporting at the Board of Directors meetings according to each theme.</p>
Strategy	<p>Through business activities, the Bank is implementing measures to use opportunities to make a difference in addressing climate change and managing related risks.</p> <p>Opportunities—Examples of measures taken by the Bank to support transition to a carbonless society from the aspect of financing</p> <ul style="list-style-type: none"> • Provided renewable energy business-related project financing • Promoted the power generation business for agricultural business operation (solar sharing) • Established a Sustainability Linked Loan (May 2020) • Invested in the Sustainable Development Bonds <p>Risk—Recognition of risks related to the transition to a carbonless society and climate change</p> <p>Concerning two risks related to climate change, leveraging its integrated risk management framework, the Bank conducts risk assessment through scenario analyses, etc., and manages such risk appropriately.</p> <ul style="list-style-type: none"> • Transition risk: Credit risk of the entities that the Bank invests in or provided loans for being affected by changes in government policies, laws and regulations, technology and markets as measures progress to lessen and adapt to climate change and the risk of certain assets changing into stranded assets. • Physical risk: Risk of an increase in financial defaults through physical damage to assets held by the Bank or the entities the Bank invests in or provided loans for caused by a natural disaster or abnormal climate due to climate change. <p>Status of carbon-related assets (as of March 31, 2020)</p> <p>*Ratio to the balance of loans provided by the Bank: ¥19.8 trillion</p> <ul style="list-style-type: none"> • Energy-related: 2.0% • Utilities: 1.9%
Scenario Analysis	<p>The Bank launched scenario analyses to grasp the impact of climate-related risk on its loan portfolio. Concerning investments and loans made for the energy sector, based mainly on the sustainable development scenarios released by international energy-related organizations as a premise, the Bank is working to assess the financial impact of transition risk. In the future, the Bank will work to grasp the impact of transition risk in high-carbon sectors including the food and beverage sector.</p>
Risk Management	<p>The Bank has adopted a risk management framework related to the environment and society including climate change. In April 2020, the Bank revised its policy for the investment/loan sector, newly establishing a policy related to forest cutting and the development of palm oil farms. In July 2020, the Bank made its policy for coal thermal power generation more stringent, prohibiting new investments and loans for thermal power generation projects, in principle, except when necessary to address a disaster or other emergency situation. In addition, concerning large-scale development projects, the Bank applies the Equator Principles.</p>
Goal Indicator	<p>To solve environmental and social issues through investments and loans, for fiscal 2020 the Bank aims to implement new ESG investments and loans at ¥250 billion. (The Bank’s ESG investment/loan balance as of March 31, 2019, was ¥1.8 trillion.)</p>