

## Message from the CEO



### **Dedicated to sustaining all life.**

– Work together with our stakeholders to foster the AFF industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment –

**OKU Kazuto**

President and Chief Executive Officer

On behalf of the Bank, I would like to express my sincerest appreciation for your support for and understanding of the Bank.

In fiscal 2022, inflation accelerated worldwide due to the supply-demand tightening in the post COVID-19 pandemic phase and the geopolitical changes. The AFF industries were hit hard by the price surges of production inputs—i.e. fertilizers, feedstuff, and fuels—followed by the demand shrinkage during the COVID-19 pandemic which impacted negatively the industries whose production capacity resilience had been weakened structurally already by the decrease of working population in the industries and farm acreage. Yet, Japanese producers have had difficulty passing on costs in the sales price for their agricultural and livestock products, considerably affecting Japan’s AFF industries. The Bank is committed to performing its role in both the financial and non-financial fields as a financial institution founded on the AFF industries.

The Bank has upheld its Purpose of “Dedicated to sustaining all life.—Work together with our stakeholders to foster the AFF industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment—” since 2019. This summarizes our Vision of what we intend to accomplish and our commitment to society.

To realize the Purpose, the Bank set two Medium/Long-Term Goals. One is “Net Zero by 2050,” that is, “Reduce financed emissions to zero on a net basis by 2050,” and the other is “Increase the income of farmers, fishermen and foresters.” We believe that both will be indispensable to accomplishing the Bank’s Purpose.

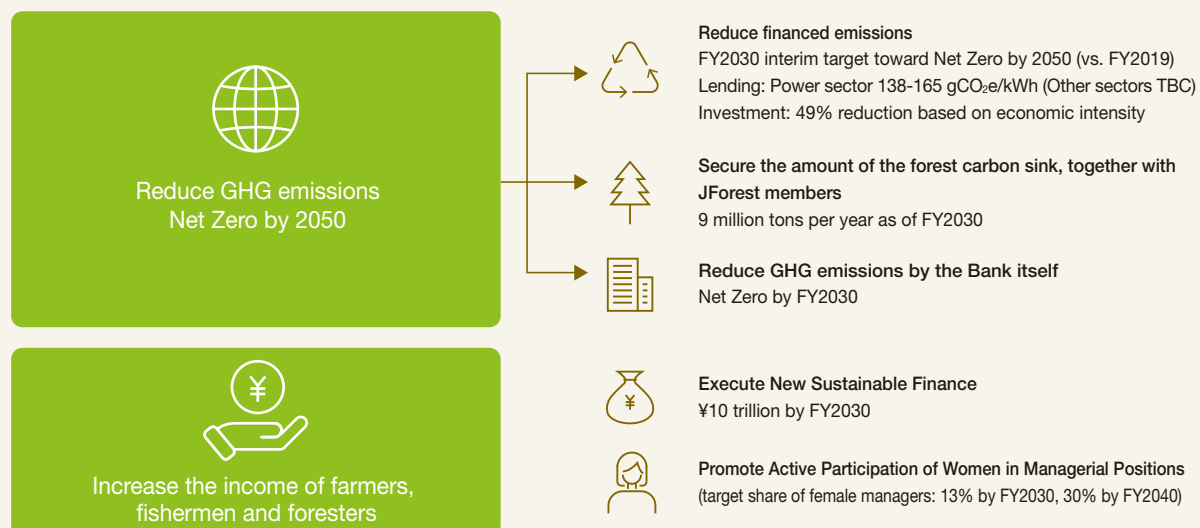
## Our Purpose, Vision and Mission



### Stakeholders:

Members (JA, JF and JForest)/individual cooperative members (i.e., people working in the AFF industries); our clients (deposit and savings, loans) including AFF-related companies; local communities; business partners in the Bank's entire operation including financial institutions, market participants and contractors; governments and municipalities; and employees

## The Norinchukin Bank's Medium/Long-Term Goals



To achieve its Medium/Long-Term Goals, the Bank set five Management Fields under its Management Plan to formulate its Mission: Contribute to the Global Environment; Contribute to the AFF Industries and Local Communities; Enhance the Members' Management Base; Secure a Sustainable Financial/Profit Base; and Maximize Organizational Vitality.

These management fields correspond to our perception of three layers and the Bank itself. The first three missions consist of three layers: the global environment, which is essential for the existence of the AFF industries (the top layer); the AFF industries, as well as the people engaged therein and the local communi-

ties where they live (the second layer); and the Bank's members—AFF cooperative organizations (the third layer). The fourth and fifth fields relates to the Bank to pursue the first three fields. The fourth field represents our intent to reinforce the Bank's financial/profit base that enables the Bank to be the organization that supports its members. And lastly the fifth field represents our human resource development effort to pursue these management fields. I believe our priority is to tackle these five management fields without hesitation.

Whilst our performance in fiscal 2022 in these Management Fields is in the following parts of this report, let me introduce here several notable initiatives.

## Tackling climate change

In proceeding with our responses to climate change, we committed ourselves to “Net Zero by 2050” and joined the Net-Zero Banking Alliance (NZBA), an international interbank initiative. After having set specific targets for our investments and loan portfolios, we promote transition via engagement with our investees and borrowers.

Meanwhile, we have the target of achieving Net Zero by FY2030 regarding the reduction of GHG emissions by the Bank itself. We will promote the reduction of emissions by enhancing energy-saving measures and speeding up the conversion to renewable energy sources.

In the natural world, forests and the sea have the key role of absorbing GHG.

The Bank has set a CO<sub>2</sub> absorption target of nine million tons per year as of fiscal 2030, to secure the amount of the forest carbon sink, together with JForest members. While forests have the important functions of absorbing CO<sub>2</sub> and preserving biodiversity, we see a

variety of industry-specific problems in Japan relative to adsorption such as the sluggish price of standing timber, high reforestation costs and the declining number of workers in the forestry industry. Accordingly, the Bank addresses these issues involving forests and/or the forestry industry from upstream to downstream fields and endeavors to achieve its targets for forestry operation acreage and forest absorption, through initiatives such as the Nochu Potential Forest Productivity Fund and forestry labor safety improvement measures.

In the fishery industry, the Bank set up the Blue Carbon Project in May 2022, together with Tottori Prefecture and JF Tottori. This project is intended to preserve algae beds by preventing damage by purple sea urchins, which have multiplied due to global warming and other effects. We aim to recover algae beds, which contribute to reducing GHG emissions, while ensuring the income of workers by establishing a system that contributes to collecting and farming purple sea urchins.

## Income increase of farmers, fishermen and foresters

Having considered that the “income” is the core of various issues involved in the AFF industries in Japan, we designated “Increase the income of farmers, fishermen and foresters” as one of the Bank's Medium/Long-Term Goals.

There are a lot of hurdles and limitations to what extent a single financial institution can do to tackle this goal. Yet we stepped out to start from what we can do.

As an initial approach, we started from definition and measurement. We defined the “added value amount” by the amount of human resources investment and capital investment directed at profits for and/or the development of farmers in the agricultural field and then started measuring the income increase amounts of farmers with reference to the defined added value amount.

Regarding JA Bank consulting activities on management problems for the AFF industries' leaders in fiscal 2022 reached a track record of more than 300 cases. The notable feature of our consulting activities is that we go beyond solution proposals; we follow up continuously the status of proposal implementation and support cli-

ents toward the execution of the solutions.

In view of the harsh environment surrounding the AFF industries amid the price surges of production inputs, we continue our efforts to contribute to increasing the income of farmers, fishermen and foresters.

## Positioning 2022 as the “Year of commitment in our D&I journey”

The Bank positioned 2022 as the “Year of commitment in our Diversity & Inclusion (D&I) journey” and proactively held many trainings and lectures to increase awareness among our directors and employees as to why D&I promotion is necessary.

Evolution or innovation in business occurs from the combination of new perspectives and individual's talent performed without limitation. I believe D&I increases the combination patterns, which push up the likelihood of positive chemical reactions.

We have upheld our target of raising the share of female managers to 30% by FY2040, and we reached

7.6% as of March 31, 2023. The Bank has taken various measures to support the active participation of female employees.

For the Bank to develop and become an organization supported by society, we will continue our D&I initiative efforts so that we can bring in the power of diversity regardless of gender, age, nationality or disability, and each of us can continue active career participation and development while overcoming various career development difficulties such as childcare and nursing care by adjusting his/her working style in an independent, autonomous and voluntary way.

## Sowing the seeds for the next era beyond our 100th anniversary

The Bank will mark its 100th anniversary in December 2023. Amid the tremendous aftermath of the Great Kanto Earthquake, the Bank was established in December 2023 as the central bank for Japanese cooperatives, “Sangyo Kumiai.” The Bank has grown continuously for a century. The Bank has faced and overcome many trials and issues over this period while implementing self-reform measures in line with the changing times.

As we reach this milestone, it is important to not only look at the past but also think about our future activities. All of our directors and employees need to think “Why has the Bank been able to consistently operate over a century?” “How can the Bank be an entity that is useful to society, communities and members in the future from a long-term perspective?” and we begin planning for future growth toward the next era.

Here's an example. We started the “My Purpose Project” in fiscal 2022. This project offers an opportunity to reopen the eyes of our directors and employees on the significance of their jobs by encouraging them to reconsider “For what and for whom do we work?”

One initiative in this project is the “JA farming support team” scheme, under which directors and employees volunteer to visit and help operations of a farm of their choice. In this project, organized by Nokyo Tourist Corporation, the participating directors and employees serve as the workforce for farm operations. The participation of the Bank's employees allows them to directly connect with the reality of the AFF industries that are our organizational foundation. I believe that this initiative has the potential for directors and employees to better understand the connection between our Purpose and their own jobs. Many participating employees have said that they spent valuable time thinking about the Bank's Purpose and the future of agriculture and communities while experiencing direct contact with the soil.

I hope that our directors and employees will increasingly empathize with our Purpose and become the foundation for innovating our organization and human resource development in anticipation of the next 100 years by continuously focusing on such initiatives.

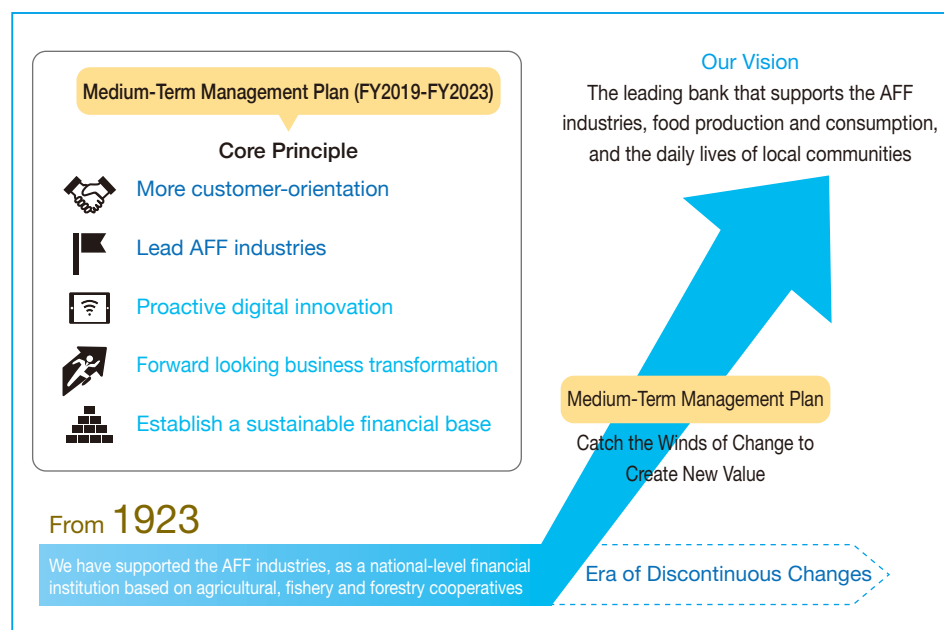
## Core Principle and Priority Strategies of the Medium-Term Management Plan (FY2019–FY2023)

The Bank conducts business operations based on its Medium-Term Management Plan “Catch the Winds of Change. Create New Value,” covering five years (FY2019–FY2023).

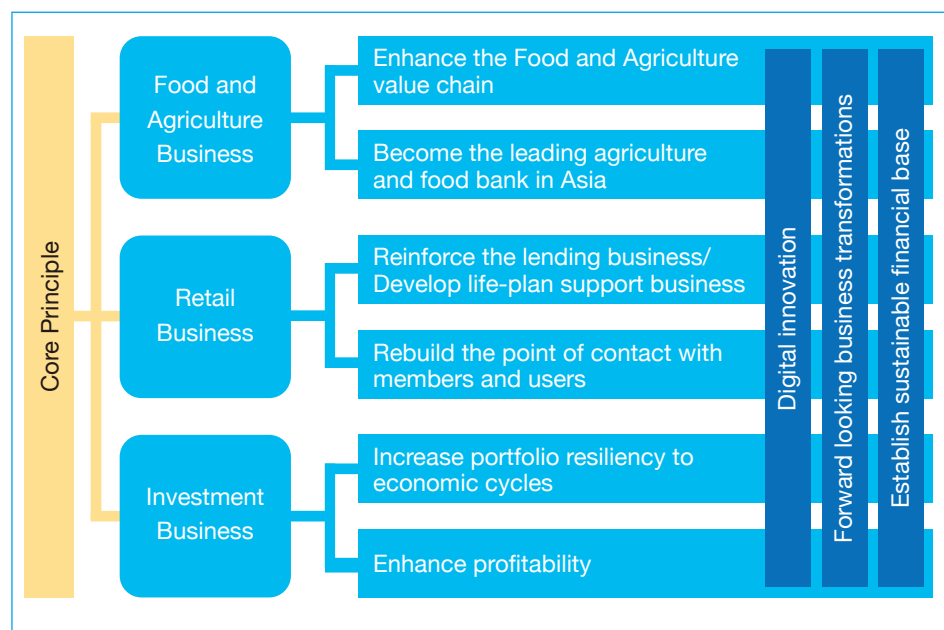
As unprecedented “non-continuous changes” are expected, the Bank continues working on the Medium-Term Management Plan in line with the following core principle and priority strategies to continue to fulfill

its mission of contributing to the development of the AFF industries. Together with our cooperative groups, we will strive to meet the expectations of our customers, aimed at being “the leading bank that supports the AFF industries, food production and consumption and the daily lives of local communities,” and realize sustainable growth and offer value to society.

### Core Principle



### Priority Strategies



## Business Performance in Fiscal 2022

With an unchanging attitude toward the vision to be “the leading bank that supports the AFF industries, food production and consumption and the daily lives of local communities,” as set forth in the Medium-Term

Management Plan, the Bank steadily addressed the following five missions in fiscal 2022 while reviewing its tasks and policies flexibly and quickly in response to changes in the operating environment.

### Contribute to the Global Environment

Aiming to reduce the GHG emissions of the Bank’s investees and borrowers, we conducted constructive dialogues with our investees and borrowers (engagement). We launched the GHG support service for farmers, fishermen and foresters and prepared in-depth proposals for borrowers with a high share of emissions. We

also conducted engagement with our investees according to their asset class. As for the responses to natural capital and biodiversity requested by the TNFD, an international initiative of increasing importance in Japan and abroad, we participated in global rule making and conducted an initial analysis of the Bank’s portfolios.

### Contribute to the AFF Industries and Local Communities

After having defined an index to gauge the income increase amount for farmers as the added value amount, we started index-referenced measurements to the leaders consulted by the Bank. We endeavor to clarify management problems for the respective leaders and propose solutions that would contribute to their income increase. In the fishery industry also, the Bank engaged in joint visits with its members and addressed establishing new fishery value chains and offering

problem-solving support. In a business environment with noticeable price hikes in production materials, we engaged in efforts in both financial and non-financial aspects to support farmers, fishermen and foresters, together with cooperative members.

In addition, the Bank is developing the Hometown Co-creation Business to create new local revitalization activities by focusing on local issues nationwide working with cooperative members.

### Enhance the Members’ Management Base

We made efforts to provide system infrastructure, which facilitates digitization and efficiency improvement of JA’s clerical work to ensure JA staff have time to meet individual members and visit local communities.

At JF Marine Bank, the Bank promoted the process of establishing inter-regional JF Shingyorens as part of the business and organizational reform efforts by mem-

bers. As a result, JF Nishi-Nihon inter-regional Shingyoren was established in November 2022 through the merger of the Kagawa, Kochi and Tottori Shingyorens.

By practicing and assisting the members’ efforts, the Bank promotes contribution to the sustainable development of the AFF industries and turning them into growth industries.

## Secure a Sustainable Financial/Profit Base

In view of the rapidly changing market environment, along with enhanced global inflation and other factors, the Bank strove to ensure the soundness of its portfolios through agile allocation management. To further stabilize its foreign currencies funding for sustainable portfolio management, the Bank continued to issue foreign-currency-denominated Norinchukin Bank Debentures, along with enhancement of the Bank's cash flow and liquidity risk management in response

to the upcoming regulatory and market environment changes.

Leveraging its group functions, the Bank newly formed a U.S. ESG corporate bond fund and other products, which provide investment opportunities to investors including our cooperative members, as well as form a new external revenue source. The Bank also started managing externally funded private REIT services.

## Maximize Organizational Vitality

The Bank took measures to implement a new personnel system, which is scheduled to be applied on a full-fledged basis during fiscal 2023. The two core concepts of the new system are “autonomy” and “expertise.” The system encourages positive participation by our employees inside and outside the organization. Moreover, the Bank will focus on human resource development and career development support for employees.

In addition, for the purpose of promoting and pursuing digital transformation (DX), we maintain and

develop a training system according to degree of advancement to help our directors and employees master digital-based knowledge. We also endeavor to resolve diverse problems by leveraging IT and digital technology, as well as developing core human resources who can play a leading role in DX. We will proactively address diverse measures to resolve various problems associated with the efficiency improvement of routine operations and work-style reform, as well issues related to customers/members and society.

Being aware of the Bank's Purpose and the Medium/Long-Term Goals, we will continue pursuing efforts that reinforce sustainability in the future and take steps to complete the Management Plan.

## Message from the CFO



**KITABAYASHI Taro**

Director and Managing Executive Officer  
Member of the Board of Directors  
Chief Financial Officer

### The Bank's Financial Management

Because the Bank exists as a financial institution for cooperative organizations designed to facilitate smooth financial intermediation, we engage in initiatives toward building a sustainable financial base to stably return profits to our members and continue to offer our value to a diverse range of stakeholders. To achieve that, we introduced the risk appetite framework and continue to advance our governance, finan-

cial management and risk management.

For our financial management, it is important to ensure three elements: continuing “stable returns” to members, maintaining “soundness” as a financial institution and maximizing profitability to the extent the first two elements are achieved. We conduct financial management in consideration of the balance of these three elements.

### Financial and Economic Circumstances

In fiscal 2022, the price hike of commodities accelerated worldwide mainly due to the heightened risk in global geopolitics caused by the aggravating Ukrainian situation, in addition to the supply-demand tightening influenced by the mitigation of the COVID-19 pandemic. After the second half of fiscal 2022, rapid and significant, successive interest-rate hikes by overseas central banks centering on the United States likely had the inflation peak out, yet the concern of prices staying high remained against the backdrop of an increase in wages and the rising demand for services and other factors.

and bond markets experienced considerable declines for the first half of fiscal 2022. Entering the second half, the financial markets saw a recovery trend with the expectation of monetary tightening coming to an end mainly in the United States. However, as the rapid monetary tightening brought about strong stress on the U.S. financial system, financial concerns about U.S. local banks emerged in March 2022, resulting in rough price movements in the financial markets. Such circumstances triggered a significant increase in long-term interest rates especially of U.S. Treasury bonds amid increasing prices and successive interest rate hikes. The stock market revealed an increasing adjust-

As the global price surge worsened, both the stock



ment mood with unstable price movements. Toward the end of the first half, the foreign exchange market experienced a further appreciation of the dollar against the

yen due to the difference in monetary policies between the United States and Japan. Thereafter, the market saw a slight appreciation of the yen against the dollar.

## Financial Results and Capital Adequacy in Fiscal 2022

In fiscal 2022, the Bank recorded consolidated ordinary profit of ¥40.4 billion and profit attributable to owners of parent of ¥50.9 billion. These figures are mainly attributable to a considerable increase in foreign currency funding costs due to the effects of interest rate hikes by overseas central banks centering on the United States despite the depreciation of the yen

and the upward swing in interest and dividends resulting from assets tied to variable interest rates. The Bank's capital adequacy ratios on a consolidated basis were maintained at a sufficiently sound level, with a common equity Tier 1 capital ratio of 17.82%, a Tier 1 capital ratio of 21.98% and a total capital ratio of 22.03%.

### Summary of Earnings

(Billions of Yen)

	FY2020	FY2021	FY2022
Ordinary Profit	310.0	238.5	40.4
Profit Attributable to Owners of Parent	208.2	184.6	50.9
Net Assets	7,955.5	7,294.6	5,673.5
Common Equity Tier 1 Capital Ratio	19.86%	17.87%	17.82%
Tier 1 Capital Ratio	23.19%	21.22%	21.98%
Total Capital Ratio	23.19%	21.23%	22.03%

## Efforts to Enhance Tax Compliance

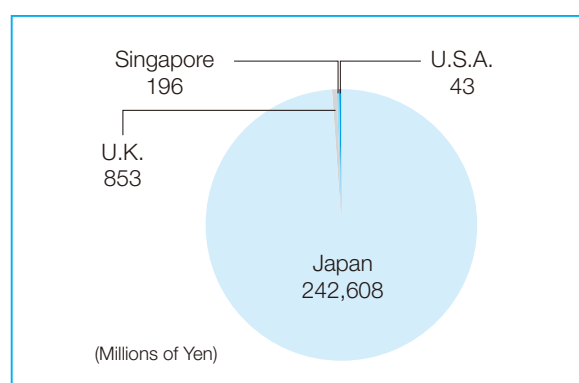
The appropriate fulfillment of tax obligations is one of the critical social responsibilities of a company. With the business model of globally diversified investments, the Bank exercises its tax obligations not only in Japan but also with awareness of foreign tax laws and regulations concerning overseas lending and investing activities from Japan and business operations at its overseas locations, as well as international initiatives such as the BEPS Actions agreed by major jurisdictions at the OECD and implemented in Japan.

The Bank also conducts efforts to enhance tax compliance within the organization with the aim of increasing its medium- to long-term corporate value through sustainable growth. Specifically, the Bank provides its officers and employees with seminars designed to increase their tax literacy and will make con-

tinued efforts to increase awareness of tax compliance and reinforce tax governance.

### Amount of Tax Payment by Jurisdictions

(As of March 31, 2022)



## Message from a Supervisory Committee Member



**TANABE Masanori**  
Supervisory Committee Member

The Norinchukin Bank is a financial institution that has “a broad range of roles” and “multifaceted functions.” Especially important characteristics are the dedication to serving Japan’s AFF industries and being a major player in the global financial markets.

Even before assuming the post of Supervisory Committee Member in fiscal 2019, I knew well of the Bank’s significant presence in the financial markets. As I learn more about the Bank after having been engaged in management, I again have deeply recognized its significant presence in the AFF industries.

### “Financial institution of, by and for farmers, fishermen and foresters”

Having been established 100 years ago as an organization that financially supports the AFF industries, the Bank has contributed much to their development. From the beginning, the Bank was a special financial institution dedicated to the special mission of developing the AFF industries.

In addition, the Bank is the national-level cooperative as the umbrella organization encompassing many cooperative systems such as JA, JF and JForest, while sharing purposes and cooperating therewith. Different from limited liability companies, in which ownership and management are separated and the qualifications of investors or users are not restricted, the corporate

structure of cooperatives is a trinity of equity investors, managers and users, which becomes a strength to be cherished for the Bank in pursuing its mission of prioritizing the development of the AFF industries.

Based on these features, I understand that “the Bank exists only because of the existence of the AFF industries” and that “the Bank is the financial institution of, by and for farmers, fishermen and foresters.” Furthermore, the Bank has acquired a new significance recently as a financial institution significantly involved in such contemporary issues as the natural environment, food and local communities.

## “The AFF industries first” and beyond

The AFF industries are inescapably tied to the environment, food and/or local communities, to which the Bank is closely committed. In recent years, our areas of business have extended to food and agriculture because of this trend. Moreover, the efforts to improve sustainability in the AFF industries have come to influence that of overall society. It has been the mission of the Bank since its inception to contribute to social development through the development of the AFF industries. Today, this significance of that effort is greater and more valuable.

The Bank, which has cleared the path for globally diversified investment by Japanese institutional investors, is well-known in global markets. Although some might have a misunderstanding that the institutional

investor’s function diverges from that of a financial institution for the AFF industries, these two functions are in fact closely connected. Accordingly, the Bank’s position of “The AFF industries first” is our firm commitment in the investment business.

Even JA Bank and JF Marine Bank are not spared the current trend of the falling growth rate of loan demand and the increasing surplus of deposits and savings, mainly affected by the progression of the aging population. Consequently, I am confident that fund management and asset management are becoming increasingly important for JA Bank, JF Marine Bank and their users, thereby enhancing the role of these businesses engaged in by the Bank.

## “Increase sustainability in an affluent society”

Based on these two major roles, the tasks to be addressed now and in the future by the Bank were clarified in the Purpose, the Medium/Long-Term Goals, the Medium-Term Management Plan and so on. I believe that the Bank’s most important business objective through the ages is “improving the sustainability of an affluent society by strengthening the AFF industries.”

A major premise toward realizing this business objective will be maintaining and improving sustainability regarding the Bank’s own management. We must

strive to not only continuously stabilize finance and governance but also achieve the SDGs, including further participation of female directors and employees, as well as the reduction of GHG emissions by the Bank itself, from a broad perspective.

Moreover, what issues should we resolve and how? First, we need to accelerate digitization at the Bank, JA and JF to reinforce their financial infrastructure and additionally be hands-on in investees’ businesses by revitalizing both loans and investments.

## Accelerate digitization and bolster equity-type products

As for financial digitization, financial technology, often called “fintech,” continues to evolve rapidly with diverse innovations via dramatically increased use of digital technology components for DX, or Artificial intelligence, Blockchain, Cloud computing and (big) Data. This rapid progress will change not only finance but also overall society, and expectations are high for the potential of further developing the AFF industries.

Meanwhile, investment to support the food and agriculture business is considered to have a higher affinity with the Bank. The Bank has been closely involved with cooperatives in conducting the farming and marketing/purchasing businesses, in addition to operations

on money and banking. This suggests the essential image of the cooperative banking business executed by cooperatives. Although full-scale utilization of not only the debt (loan) function but also the equity (investment) function, that is, promoting the development of counterparty companies through investment, has become a major theme for the financial industry, the Bank was an early leader in this advancement.

The Bank has boldly and swiftly promoted innovative measures such as accelerated digitization and the expansion of investments. We must now extend these initiatives while encouraging the sharing of knowledge among all the cooperative members including JA and JF.

## Importance of “getting itself known”

The Bank also has the task of making the public more aware of the organization’s way of thinking and behavior. Certainly, many people are not familiar with the Bank’s current scope of involvement given that its corporate history was basically limited to the AFF industries and the financial industry.

Of course, the Bank as an institutional investor proactively responds to information disclosure, which is required for all bond issuers, in accordance with the relevant global standards. Information disclosure is an

essential initiative jointly with appropriate governance because of the Bank’s significant presence in the global financial markets.

Nevertheless, I personally feel that we should endeavor to make widely known the Bank’s efforts to resolve environment/food/community-related issues, in other words, to achieve the SDGs, through the promotion of Japan’s AFF industries. As already described, the Bank’s tasks are also those of society.

## 100 years of ongoing change, and 100 years in which we will continue to change

During about a century of history, the Bank has carried out various missions, including the smooth provision of funds to farmers, fishermen and foresters; management of and returning profits for the wealth produced from the AFF industries; and the improvement of sustainability in society. We might say that the Bank has greatly transformed itself every time it became aware of a new aspect to its new mission.

We might note that changes in Japan’s AFF industries and society itself have led the Bank to accomplish an unusual self-transformation as a domestic financial institution. It was advantageous for the Bank to have taken its stand in the global financial markets, enabling the Bank to obtain broader knowledge at an early stage

compared to its competitors.

The greatest benefit lies in the fact that the Bank has firmly focused on its goals— “the Bank exists only because of the existence of the AFF industries” and “the Bank is the financial institution of, by and for farmers, fishermen and foresters,” and by extension, “improving the sustainability of an affluent society by strengthening the AFF industries.”

I think that prioritizing such clear-cut goals has enabled the Bank to deliver bold and swift innovations. The Bank will not sway from this commitment. That’s why I’m confident that the Bank will continue to transform itself by boldly addressing the challenges of both current tasks and future global fluctuations.