

## Message from the Management

# Report on Financial Statements for the First Half of Fiscal 2015



**Choe Okuno**  
Chairman  
The Supervisory Committee

**Yoshio Kono**  
President and Chief Executive Officer

In fiscal 2015, as the final year of the “Medium-Term Management Plan,” which covers the three years beginning from fiscal 2013, The Norinchukin Bank (“the Bank”) is proceeding steadily with its business operations and is continuing to work toward becoming the “Leading bank that supports the agricultural, fishery and forestry industries, food production and consumption, and the daily lives of local communities.”

As for financial markets in the first half of fiscal 2015, developed countries, particularly the U.S., are in a gradual recovery, and long-term interest rates have risen globally. After the devaluation of the renminbi, however, there have been increased concerns about the Chinese economy, as well as a hold on interest rate hikes by the U.S. Federal Open Market Committee, and the downward trend in financial markets continued. While stock prices initially remained strong, they fell globally due to the situation in Greece and the sudden drop in stock prices in China and other emerging countries. Although the exchange rate for the yen was initially weak against the dollar, due to the U.S. Federal Open Market Committee holding off on interest rate hikes and reducing the policy interest rate outlook, the yen has remained strong toward the end of the first half of the fiscal year. Under such circumstances, the Bank undertook financial management aiming at stable cash flow. As a result, in the first half of fiscal 2015, the Bank secured Consolidated Ordinary Profits of ¥263.3

billion. At the same time, it maintained its Consolidated Capital Adequacy Ratio at a high level, with a Common Equity Tier 1 Capital Ratio of 18.44%, a Tier 1 Capital Ratio of 18.52%, and a Total Capital Ratio of 25.42%.

Together with further efforts for enhanced profitability and organizational strength, we will take the initiative on efforts that will contribute to the development of the agricultural, fishery and forestry industries, which are expected to become Japan's growth industries; the sustainable development of local communities, which includes the reconstruction of disaster-affected areas; and the strengthening of the cooperative banking business toward the future, which includes the development of human resources. At the same time, while tackling problems with a vision for the future, which starts with the early implementation of the “Self-Reform of JA Bank,” we are formulating a new Medium-Term Management Plan that reflects these initiatives.

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

Finally, we would like to ask our readers for their continued support for JA Bank, JF Marine Bank, JForest Group and The Norinchukin Bank.

January 2016

Choe Okuno

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Chairman  
The Supervisory Committee

Yoshio Kono

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# Financial Results for the First Half of Fiscal 2015

## Income

On a consolidated basis, Ordinary Profits\* came to ¥263.3 billion, down ¥10.8 billion on a year-over-year basis, and Net Income was ¥215.2 billion, up ¥2.6 billion on a year-over-year basis.

On a non-consolidated basis, Ordinary Profits came to ¥260.3 billion, down ¥14.3 billion on a year-over-year basis, and Net Income was ¥213.7 billion, down ¥0.4 billion on a year-over-year basis.

\*Ordinary Profits represent Ordinary Income less Ordinary Expenses.  
Ordinary Income represents Total Income less certain special income, and Ordinary Expenses represent Total Expenses less certain special expenses.

## Balance of Assets and Liabilities

On a consolidated basis, Total Assets at the end of the first half of fiscal 2015 was ¥99,546.4 billion, up ¥4,996.7 billion from the previous fiscal year-end. Total Net Assets came to ¥7,000.3 billion, down ¥307.7 billion

from the previous fiscal year-end.

On a non-consolidated basis, Total Assets was ¥98,550.1 billion, up ¥4,931.6 billion from the previous fiscal year-end. On the assets side, Loans and Bills Discounted was ¥19,012.4 billion, and Securities was ¥60,066.2 billion. On the liabilities side, Deposits amounted to ¥54,824.3 billion, and Debentures was ¥3,374.4 billion.

## Capital Adequacy Ratio

On a consolidated basis, the Bank's Common Equity Tier 1 Capital Ratio was 18.44%, its Tier 1 Capital Ratio was 18.52%, and its Total Capital Ratio (Basel III standard) was 25.42%. On a non-consolidated basis, the Bank's Common Equity Tier 1 Capital Ratio was 18.46%, its Tier 1 Capital Ratio was 18.55%, and its Total Capital Ratio was 25.63%.

## Key Management Indicators

<Consolidated>

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	First Half of Fiscal 2013	Fiscal 2013	First Half of Fiscal 2014	Fiscal 2014	First Half of Fiscal 2015	First Half of Fiscal 2015
Total Income	¥ 622.4	¥ 1,086.9	¥ 698.7	¥ 1,360.0	¥ 706.8	\$ 5,893
Total Expenses	474.5	899.8	424.8	847.0	444.6	3,707
Net Income	120.5	155.7	212.6	411.3	215.2	1,794
Total Comprehensive Income	(97.1)	251.3	523.7	1,403.0	(275.5)	(2,297)
Total Net Assets	5,619.0	5,976.5	6,428.9	7,308.1	7,000.3	58,360
Total Assets	82,972.5	83,143.6	90,802.3	94,549.7	99,546.4	829,899
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	17.11	17.43	16.86	17.17	18.44	18.44
Tier 1 Capital Ratio (%)	17.26	17.56	16.98	17.24	18.52	18.52
Total Capital Ratio (%)	24.43	25.24	24.51	24.19	25.42	25.42

Notes: 1. U.S. dollars have been converted at the rate of ¥119.95 to U.S. \$1, the effective rate of exchange at September 30, 2015.

2. The calculation of the Bank's Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

## &lt;Non-Consolidated&gt;

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	First Half of Fiscal 2013	Fiscal 2013	First Half of Fiscal 2014	Fiscal 2014	First Half of Fiscal 2015	First Half of Fiscal 2015
Total Income	¥ 612.2	¥ 1,062.3	¥ 694.1	¥ 1,340.4	¥ 698.5	\$ 5,823
Total Expenses	470.1	890.3	419.7	837.8	439.3	3,662
Net Income	115.8	143.1	214.2	404.5	213.7	1,782
Paid-in Capital	3,425.9	3,425.9	3,425.9	3,425.9	3,471.4	28,940
Total Net Assets	5,581.3	5,921.9	6,376.5	7,231.8	6,924.6	57,729
Total Assets	82,273.6	82,356.2	89,960.9	93,618.4	98,550.1	821,593
Deposits	48,788.3	49,731.1	51,496.8	53,486.1	54,824.3	457,060
Debentures	4,307.3	4,037.5	3,811.6	3,564.3	3,374.4	28,132
Loans and Bills Discounted	16,983.7	17,295.0	18,930.0	19,935.7	19,012.4	158,502
Securities	49,900.3	52,901.4	54,346.3	59,738.5	60,066.2	500,760
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)	17.09	17.43	16.87	17.18	18.46	18.46
Tier 1 Capital Ratio (%)	17.24	17.56	16.99	17.25	18.55	18.55
Total Capital Ratio (%)	24.67	25.47	24.73	24.36	25.63	25.63

Notes: 1. U.S. dollars have been converted at the rate of ¥119.95 to U.S. \$1, the effective rate of exchange at September 30, 2015.

2. The calculation of the Bank's Non-Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006.

# Bank Initiatives

## Outline of the Medium-Term Management Plan

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

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

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

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

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

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

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

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

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

1 Proactive efforts on new initiatives contributing to the development of the agriculture, fishery and forestry industries, food production/consumption, and revitalization of local communities

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

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

3 Strengthening of profitability through appropriate risk management

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

## Reconstruction Support Efforts

### Outline of the Restoration Support Program

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

### 1 Reconstruction Support for Producers and Communities

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

The Bank has been involved in large-scale reconstruction projects in disaster-stricken areas since their conceptual stages and is lending various kinds of support for the reconstruction of local communities. Further, the Bank has been offering a wide variety of financial assistance, such as providing interest subsidies for disaster funds extended by JA (Japan Agricultural Cooperatives) and JF (Japan Fisheries Cooperatives) to agricultural and fishery workers to help ease their interest burden, as well as providing lease subsidies to agricultural workers who acquire farm machinery and horticultural facilities through leasing.

In addition, the Bank has provided finely-tuned nonfinancial assistance such as the provision of subsidies to agricultural workers for the cost of production materials and other items necessary to resume operations for, provision of subsidies to fishery workers for the cost of cooling ice used in test operation, and supporting projects to promote the reconstruction of local communities from JA (Japan Agricultural Cooperatives) and JF (Japan Fisheries Cooperatives).

The Bank also engages in initiatives to donate wooden products, etc., made using local timber, to the community spaces and kindergartens of local communities.



Presentation ceremony of agricultural machines and implements



Marine product processing plant of a reconstruction loan recipient



Plant factory of a reconstruction loan recipient

(Billions of Yen)

Product	Number of loans, etc.	Amount
Reconstruction Loan (Tohoku Agricultural, Forestry, and Fishery Industries Support Loan)	Number of loans 98	Loaned amount 34.4
Reconstruction Fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund)	Number of investments 32	Invested amount 0.6
Lease subsidies	Number of subsidies 885	Total lease amount 3.7
Interest subsidies to JA/JF disaster funds	Number of support cases 3,957	Loaned amount 16.2

(Cumulative total as of September 30, 2015)

## 2 Reconstruction Support for Members and Customers

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

Stable financial functions are provided to JA Bank and JF Marine Bank users with consultation services at JA Bank and utilization of movable terminals at JF Marine Bank. In addition, the Bank has also conducted initiatives

to restore customers' lives by supporting the Reconstruction Support Time Deposit and the Reconstruction Loan offered by JA Bank and JF Marine Bank and by appropriately responding to the "double-loan" problem and the collective relocation promotion project for disaster prevention.

Four and a half 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, however, and looking at the disaster-affected areas as a whole, the reconstruction process is still only half-way complete. In the disaster-affected areas, new developments are being seen, such as the

development of agricultural leaders and the expansion of scale, and with an emphasis on encouraging these initiatives, we will continue to push ahead with our efforts aimed at reconstruction support.

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

JA Group, JF Group and JForest Group have launched

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

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

## | Self-Reform of the JA Bank Effort

With the situation surrounding the agriculture, fishery and forestry industries becoming increasingly severe, including a shortage of operators in agricultural, fisheries and forestry communities and an increase of abandoned farmland due to a dwindling population and an aging society, the Government determined the “promotion of agricultural cooperative reform” as one of the policies to accelerate the growth of the agricultural industry under the “Plan for the Creation of Vibrant Agricultural, Forestry and Fishery Industries and Local Communities,” which was revised in June 2014. In August 2015, a bill concerning partial revision of the Japan Agricultural Cooperatives Act and other related laws was passed in the Diet and enacted.

Under such circumstances, in November 2014, in order to realize “sustainable agriculture” and “affluent and comfortable local communities,” the JA Group as a “locally rooted cooperative on the axis of food and agriculture,” put together the “Self-Reform of the JA Group” effort, targeting the basic goals of the realization of increased income for agricultural workers, the expansion of agricultural production and the revitalization of local communities. JA Bank also put together its banking business initiatives as the “Self-Reform of JA Bank” effort. Furthermore, at the 27th National Meeting of JA held in October 2015, the JA Group adopted a resolution to implement self-reform efforts as the JA Group’s com-

mon practical policy after concretizing and reviewing these efforts in accordance with the revised Act.

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

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

## Agricultural, Fishery and Forestry Finance Initiatives

(Millions of Yen)

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

The Bank has been taking steps to further expand its role as the central organization for agricultural, fisheries and forestry cooperatives in Japan by giving its first priority to contributing to its members and these. In the Medium-Term Management Plan, which began from fiscal 2013, the Bank has as its slogan “Proactive efforts on new initiatives contributing to the development of the agricultural, fishery and forestry industries, food production/consumption, and revitalization of local communities.”

In order to implement the Medium-Term Management Plan, the Bank has set “supporting agricultural, fisheries and forestry industry leaders in local communities,” “enhancing their business strength” and “revitalizing local communities” as the three pillars in its efforts to enhance the financial function of the agricultural, fishery and forestry industries, and is working on a variety of policies.

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

As the main bank for the agricultural, fishery and forestry industries, the Bank has been providing financial support for the development of these industries in Japan and cooperative organizations through funding for leaders of these.

#### Provision of Various Financial Tools (Loans and Investments)

##### Provision of loans

As working capital for agricultural production and for the processing of agricultural products, for those agricultural corporations expected to be future leaders of agriculture in local communities, the Bank has been offering the Agricultural Corporation Development Loan (Agri-Seed Loan), which, in principle, is unsecured and nonguaranteed financing.

Product	Number of loans	Total loans outstanding
Agri-Seed Loan (Since December 2009)	74	1,088

\*Cumulative total as of September 30, 2015

In addition to direct financing like the above, the Bank aims to ease the interest burden on farmers by providing interest subsidies of up to a maximum of 1% to customers of JA Bank’s agricultural loans.

The Bank provided subsidies totaling ¥1.6 billion for 90,000 loans in the first half of fiscal 2015. And a cumulative total of ¥8.2 billion in subsidies was provided for 480,000 agricultural loans by fiscal 2015.



A farm which has obtained a loan



A farm to which a fund has been provided

### Enhancement of Capital Funding Schemes

Since 2010, as a framework to supply capital to agricultural corporations, the Bank, in collaboration with The Agribusiness Investment & Consultation, Ltd. and JA Bank Agri-Eco Support Fund, established the Agri-Seed Fund, which invests in agricultural corporations that are technically competent yet undercapitalized, stabilizing their finances and supporting the development of their business. The total number of investments that have been implemented has reached 164 and the

(Millions of Yen)

Product	Number of investments	Amount invested
Agri-Seed Fund (since April 2010)	164	1,285
Support Fund for Business Entities of Agricultural Leaders (since June 2013)	11	267

\*Cumulative total as of September 30, 2015



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 eleven.

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

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

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

## ■ Support for Enhancing Business Capability

In order to strengthen the business capability and earning capacity of the agriculture, fishery and forestry industries, we are making extensive efforts in supporting market expansion through business conferences and business matching services, supporting export expansion, adding values to products through the sixth industrialization of the agriculture, fishery and forestry industries, as well as collaboration beyond the boundaries of the cooperative system and industries, and fulfilling its diversified functions as a “bridge between the agriculture, fishery and forestry workers and the business community.”

### Business Conferences and Business Matching Initiatives

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

In fiscal 2015, we plan to hold seven nationwide and local business conferences which have been highly rated by participating seller groups and buyer companies, and will support our customers' market expansion.

### Export Support Initiatives

To provide assistance to members and agricultural, fisheries and forestry industry workers for their overseas market expansion, the Bank has participated in Hong Kong Food Expo (an overseas trade fair) from 2012, in addition to holding export seminars.

In fiscal 2015, as the government has set a goal to double exports of agricultural, livestock and marine products produced in Japan from the current level by 2020, and the nation across the board is making efforts to promote exports, the Bank will package 1) provision of information to producers (publication of “Yushutsu-no-me (Bud of Exports)”), 2) provision of practical know-how of exports (holding of seminars), 3) provision of opportunities to sell products in each region (implementation of on-site sales fairs overseas) and 4) provision of opportunities to negotiate with local buyers (participation in the Hong Kong Food Expo and the Food & Hotel Asia) so that cooperative system members and agricultural, fisheries and forestry industry workers who intend to export products more strongly than ever before can make continuous and steady efforts for exports.



Holding of a cooking class for kids during Hong Kong Food Expo 2015



Business Conference in the Kyushu/Okinawa District (held in Fukuoka)

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

Since establishment, decisions have been made to make investments in ten entities involved in the sixth industrialization, including those established through a joint venture founded by agricultural, fishery and forestry workers and a partner company (as of October 31, 2015), the largest number of investments made among 53 similar sub-funds nationwide. The Bank will continue to contribute to the further development of the local agricultural, fishery and forestry industries through the utilization of the fund.



Processed food sold by a Fund recipient



Large-scale greenhouses for raising seedling of a Fund recipient

**Establishment of a Study Group for the “Enhanced Competitiveness of Food and Agriculture Business”**

The Bank established the Study Group for the Enhanced Competitiveness of Food and Agriculture Business in August 2013 with JA Zen-Noh and Mizuho Bank, and developed a framework to discuss possibilities of future partner-

ships in areas such as sixth industrialization and export for the strengthening of Japan’s agricultural and food industries. The themes for the study are improving producers’ income, promoting local agricultural production, and returning from importing agricultural and livestock products to using domestic agricultural and livestock products. With the aim of increasing added value to agricultural and livestock products and building value chains through partnerships with food-related industries, the three entities are working together to investigate specific measures sequentially.

**■ Initiatives to Support Revitalization of Local Communities**

As initiatives to contribute to the revitalization of local economies and the building of a recycling-oriented society that is community based, and as initiatives to deepen the understanding of renewable energy businesses and primary industries, the Bank is supporting food and farming education projects.

**● Initiatives for Renewable Energy Business**

JA Group, as a representative for local communities and farmers, will actively be involved in renewable energy businesses that will lead to the revitalization of local communities in harmony with the agricultural, fishery and forestry industries, and 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 is building a system to offer financial support for community-led energy businesses.

Since its inception, the Fund has decided to invest in two regional renewable energy entities (as of October 31, 2015).

The Bank will continue to support renewable energy businesses that contribute to the promotion of the agricultural, fishery and forestry industries and the revitalization of local economies, not only in terms of finance, but also providing support required for commercialization to individual members and people in those local communities.



Electric power station of a Fund recipient

### ● Initiatives for Food and Farming Education Projects

The Bank provides subsidies for “food and farming education” projects that aim to deepen children’s understanding of agriculture and food and to contribute to the development of local communities. We donate study materials for agriculture and food education, support initiatives to incorporate local agricultural products into school lunch menus, and organize cooking classes from the perspective of local production for local consumption. In fiscal 2014, we donated 1.36 million books to primary schools nationwide and provided approximately 2,000 subsidies, totaling of ¥460 million to local food and agricultural education activities.

### ● Environmental Finance Initiatives

In 2010, the Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System that assesses pro-environmental practices of members and companies. Practices assessed in this system include efforts to build environmentally-sound agricultural, fisheries, and forestry industries and to promote sixth industrialization, which are the Bank’s unique assessment points.

In 2012, the Bank began acting as an intermediary for the Offset Credit (J-VER) Scheme. The J-VER scheme is a domestic emissions trading scheme run by the Japanese government. By acting as an intermediary for the trading of J-VER emissions credits derived from the agricultural, fishery and forestry industries, the Bank seeks to support initiatives for environment-friendly agricultural and forestry industries such as forestland improvement, as well as corporate environmental protection measures.

### ● JA Bank’s Agricultural Financing

JA Bank responds to a variety of agricultural financing needs while providing farm management and livelihood support to farmers through the Agriculture Modernization Loan and the Japan Finance Corporation’s Loan. The balance of agriculture-related loans extended by JA Bank as of March 31, 2015 stood at ¥1,953.2 billion (of which ¥1,324.4 billion represented

loans to farmers) and the balance of loans entrusted by the Japan Finance Corporation and others came to ¥482.7 billion.

#### JA Bank Group’s Agricultural Loans by Type (Billions of Yen)

Type	March 31, 2015
Proper Agricultural Loans	1,452.6
Agricultural Policy Loans	500.6
Agricultural Modernization Loans	152.4
Other Policy-Based Loans	348.2
Total	1,953.2

#### JA Bank Group’s Entrusted Agricultural Loans (Billions of Yen)

Type	March 31, 2015
Loans Entrusted by the Japan Finance Corporation	482.0
Others	0.7
Total	482.7

Notes: 1. Proper Agricultural Loans represent non-policy-based loans funded by JA Bank.

2. Agricultural policy loans include 1) loans which are extended directly or indirectly by local public organizations, and 2) loans to which interest subsidies are granted by local public organizations, and for this reason, are extended at low interest rates by JA.

3. Other policy-based loans include loans intended to promote the improvement in farm management (the New Super S Loans) and loans intended to reduce financial burden on agricultural business operators.

## Strengthening and Expanding the Cooperative Banking Business

### ■ JA Bank Initiatives

Under the JA Bank Medium-Term Strategies (fiscal 2013 through fiscal 2015) started in fiscal 2013, JA Bank has been making efforts to expand its business based on the needs of local customers including individual members and to become the Bank that contributes to food production and consumption, agriculture, and local communities more than ever.

In order to properly support the needs of farm households, JA Bank provides them with financial information related to the agricultural industry and offers them a variety of agricultural loans. In addition, JA Bank as a whole is working to expand its “agricultural financial centers function at the prefectural level” to meet the diverse needs of large-scale individual farmers and agricultural corporations. Specifically, we are working to strengthen our function as the “main bank for the agricultural industry,” through the expansion of JA Bank’s interest subsidy system, the creation of low-interest loans and the active expansion of our visiting activities. At the same time, JA Bank is promoting agricultural, commercial and industrial cooperation by organizing business conferences that capitalize on JA Group’s strengths and distinctive features and by offering business matching services, and put to practical use the Sixth Industrialization Fund as part of its support for the sixth industrialization of the agricultural, fishery and forestry industries.

With our meticulous “face-to-face” customer service, we contribute to improving household finances and lives of our customers by recommending that they build assets through savings, JGBs and investment trusts, and offer them consultation services on inheritance issues and loans, while responding to their diverse needs at different stages of their lives. In addition, through the expansion of our affiliated ATM networks and surcharge-free ATMs and the enhancement of our Internet banking functions, we are working to make it even more convenient for customers to draw their pensions, make direct salary deposits and use JA Cards.



Campaign poster featuring the new JA Bank character “Chorusu”

### ■ JF Marine Bank Initiatives

JF Marine Bank is making efforts to maintain and strengthen its business promotion capabilities with the aim of being a trusted provider of financial services for fishing communities in accordance with the JF Marine Bank Medium-Term Business Promotion Policy (fiscal 2015 through fiscal 2017).

To meet the diverse needs of fisheries leaders who support the sustainable development of the fisheries industry, during the first half of fiscal 2015, JF Marine Bank expanded funds eligible for JF Marine Bank’s interest subsidy business. From fiscal 2014, JF (Japan Fisheries Cooperatives) and JF Shingyoren have united to run a “nationwide campaign” to facilitate personal savings, and the Bank has been providing support for initiatives in each prefecture. Actually, the balance of personal savings in the first half of fiscal 2015 has tended to be higher than that in the same period a year earlier. In addition, the Bank has been making efforts to produce actual results through support to activities of JF Women’s Groups/ Youth Groups, and has been contributing to local communities through the introduction of beach activities using YouTube, revitalization of beach events by dispatching “supporters for beach activities” and other activities.

We will achieve sound and efficient operation of JF Marine Bank by taking steps to ensure the effectiveness of the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System) so that individual members and customers can use JF Marine Bank with peace of mind.

### ■ JForest Group Initiatives

JForest Group has been taking part in the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry, which extends from fiscal 2011 through fiscal 2015, with the goal of establishing a sustainable, low-cost forest industry. To facilitate coordinated forest management, the Bank had subsidized the costs incurred from adopting a Geographic Information System (GIS) and Global Positioning System (GPS), which was terminated in fiscal 2014, and holds seminars

for the top management of JForest.

Meanwhile, in addition to financing for the introduction of high-performance forestry machinery, which the Bank has been conducting, the Bank also started to provide subsidies for the cost of purchasing safety equipment under the project to improve the safety of forestry labor this fiscal year.

### ■ Initiatives for Training and Developing Human Resources Related to the Cooperative System

The Bank exchanges personnel with JA and JA Shinnoren on an ongoing basis to foster understanding among our directors and employees on how business is done in the agricultural, fishery and forestry industries and on local conditions, and to incorporate those insights into planning and policymaking. In addition, we regularly hold lectures and study sessions for directors and employees by inviting speakers from cooperative organizations, primary industries, and industries that are closely linked to the agricultural, fishery, and forestry industries.

Aiming to develop human resources who can lead JA's reform and innovation, the Bank continues to conduct training for directors in charge of JA's banking business (total number of participants: 415) which began

in October 2012 and training for managers in charge of JA's banking business which began in July 2014 (JA Shinnoren conducts training in some prefectures). In addition, we are continuing with the JF Marine Bank Level-Specific Training – Branch Manager Course aimed at JF Shingyoren branch managers, which began in January 2014 (total number of participants: 59). Also the JForest Group plans to continuously conduct a study group of Forest Unions' counselors aimed at JForest councilors and their equivalents, which began fiscal 2014, after expanding the scope and the number of sessions. As such, we have been working to enhance the development of cooperative system-related human resources in and outside the Bank.

Through the above efforts, the Bank aims to become a trusted organization that is the choice of members in local communities.



JA Bank Central Academy - Managers Course

## Strengthening of Profitability through Appropriate Risk Management

Under its Medium-Term Management Plan (fiscal 2013 through fiscal 2015), the Bank's adequate financial management has taken into account market environment and other factors, and conducted risk management that contributes to enhanced business competitiveness. In specific, we will continue to strengthen our financial position with sound financial management. As a globally operating financial institution, we will maintain capital adequacy at a suitable level as well. To ensure a solid profit base, we will focus on flexible asset allocation management that

is responsive to market conditions and on upgrading and accumulating investment know-how. At the same time, to further reinforce our earning capacity, we will selectively pursue new, high quality investment opportunities while taking into account market conditions.

As for risk management initiatives to help strengthen business competitiveness, we will build and operate a framework for forward-looking risk management through effective control that takes into account the Bank's business characteristics.



## CSR Initiatives

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

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

### Major Achievements in Social/Environmental Contribution Activities (First Half of Fiscal 2015)

#### Contribution to the Agricultural Industry

##### JA Bank Agri-Support Project

- Interest subsidy scheme for JA's agriculture-related loans (subsidies totaling ¥1.6 billion provided to 90,000 loans)
- Support for business entities in the agriculture and environmental sectors (investments totaling ¥1.2 billion made to 28 companies through funds)
- Support to encourage acceptance of potential new farmers
- Production and donation of study materials for food and agriculture education (about 1.36 million books donated to primary schools nationwide and Japanese schools overseas)
- Support for food and agriculture education activities (receipts of activity plans)



Textbook of food and farming education

#### Contribution to Local Communities and Society

**Nationwide deployment of the "Hana Ippai Campaign (flower planting campaign)"**  
Donation of flower bulbs and flower seeds to local authorities, schools, social welfare councils, etc.

Participation in environmental beautification campaigns, donations to environmental beautification groups and events, etc.

Sponsorship to regional development activities organized by local authorities, cooperative organizations, etc.

Special sponsorship to All-Japan University Ekiden Championship

##### Social Welfare and Monetary Donation Activities

- Cooperation in fund raising and monetary donations for typhoon damages and the Japanese Red Cross Society
- Call for blood donation on the streets, donation of security buzzers and schoolbag covers to primary school children, etc.

##### Initiatives outside Japan

- Donation to cultural and art facilities through the Norinchukin Fund (New York)
- Sponsorship to events introducing Japanese food (London)
- Donation of study materials for food and agricultural education to Japanese schools (London)
- Donation for wildlife preservation activities (Singapore)



Cleanup activities (Naha Branch)



Wildlife preservation (Singapore Branch)



A qualifying session of the All-Japan University Ekiden Championship



Introduction of Japanese food (London Branch)

#### Contribution to the Fishery Industry

Interest subsidy scheme for JF Marine Bank's fishery-related loans

Support to JF Group's environmental conservation activities, resource-managed fisheries, etc.

- Distribution of waste disposal bags to support beach cleaning activities

Sponsorship to "Zenkoku Yutakana Umizukuri Taikai (National Convention on Actions towards Resource-Rich Seas)"

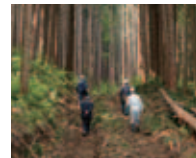
Sponsorship to "Zenkoku Uminoko Art Exhibition (National Children's Art Exhibition on Sea)"



Garbage bag for beach cleaning

#### Contribution to the Forest Industry

Follow-up projects for people/entities who have been supported by the Norinchukin reforestation fund as a charitable trust



#### Environmental and Natural Protection Activities

##### Cooperation in global warming prevention and biodiversity preservation activities

- Promotion of the use of timber from forest thinning (Donations of wooden products made with timber produced in the prefecture to local public facilities)
- Wood education activities
- Cooperation in activities of Wild Bird Society of Japan



Donation of wood products (Osaka Branch)

##### Activities for reducing environmental burden

- Energy-saving measures
- Promotion of paperless society, resource recycling and purchasing of products conforming to the Act on Promoting Green Purchasing
- Signing of the Principles for Financial Action towards a Sustainable Society (the Principles for Financial Action for the 21st Century), etc.



Activities to raise trees (Co-operative Finance & Administration (Kanto Area Division))

#### Education and Training Support Activities

##### Development of future industry leaders

- Support to AgriFuture Japan's farm worker development activities

##### Establishment of endowed lectures at universities

- Establishment of endowed lectures at and dispatch of lecturers to six universities (Tokyo, Waseda, Keio, Tokyo University of Science, Hitotsubashi and Kyoto), participation in symposiums, etc.



A scene of a contributed lecture at a university (Hitotsubashi University)