Integrated Report

VALUE REPORT 2023

NORINCHUKIN

Our work at The Norinchukin Bank won't change the world overnight.

Our focus is on the agriculture, fishery and forestry industries.
This means that nature is our partner,
and nothing in nature bears fruit overnight.
Industries in this sector don't make things
—they produce and nurture life as a legacy for future generations.

This is precisely why we maintain a century-long dedication to
serving those who sustain these industries and their local communities,
no matter how small the scale of their operations.
And as the sole financial institution wholly devoted to this sector
—the very cornerstone of our nation, we strive consistently
to generate solid outcomes in the global financial markets.

But that is no longer enough.
We must take on a greater role than ever before so that
the agriculture, fishery and forestry industries continue developing
in response to the changing times.

We must harness our financial knowledge to make
new contributions that extended beyond our past functions and scope.
We must do our utmost to address on-the-ground issues.
We must respond to the needs not only of producers,
but also to those of processors, distributors and consumers.

The life generated by the agriculture, fishery and forestry industries
sprouts the workings of all life well into the future.

Now is the time for each and every one of us to give our all.
We aim to make the chain of life that connects us to the future
more bounteous and more certain.

Dedicated to sustaining all life.

The Norinchukin Bank

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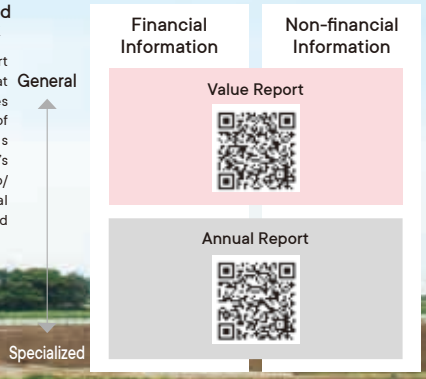
Editorial Policy

- The Norinchukin Bank (the Bank) has published the Integrated Report 2023 for the purpose of helping its stakeholders understand the Bank's initiatives for sustainable value creation. This integrated report has been edited with reference to the International Integrated Reporting Framework publicly announced by the IFRS Foundation.
- For detailed information about the Bank's initiatives for sustainability, please see the "Sustainability" section of the Bank's website (https://www.nochubank.or.jp/en/sustainability/).
- The content of this report was verified at the Disclosure Committee regarding the appropriateness of disclosure, reported or proposed to the Supervisory Committee and the Board of Directors, the two statutory bodies under the Norinchukin Bank Act, and finally determined by the Director (in charge of disclosure), in accordance with the disclosure policy of the Bank.

Positioning of the Integrated Reports Issued by the Bank

The Bank issues its integrated report as a synthetic document format that comprises three separate volumes to better align with the interests of respective stakeholders. For details of each volume, please see the Bank's website (https://www.nochubank.or.jp/en/) or scan the two-dimensional barcode to access the PDF-formatted files of your desired report volume.



The Norinchukin Bank: the Bank of change in the past, present, and future

The Bank celebrates its 100th anniversary in 2023.
Despite its unchanged position to support the agricultural, fishery and forestry ("AFF") industries in Japan through finance as the central body for cooperatives, the roles of the Bank have continued to evolve.
How has the Bank changed and how will it change in the future?
KUNIYA Hiroko, a journalist, focusing her coverage on sustainability, spoke with OKU Kazuto, President and Chief Executive Officer, on his views and visions on the Bank's transformation.

KUNIYA Hiroko × OKU Kazuto

KUNIYA Hiroko
Born in Osaka. Graduate of Brown University in the United States. From 1993 to 2016, she was the anchor of "Close-Up Gendai", a prime-time current affairs program on Japan's public television, NHK-TV, Japan Broadcasting Corporation. She is the National Goodwill Ambassador for Japan to the FAO, Food and Agriculture Organization of the United Nations.

OKU Kazuto
President & Chief Executive Officer since 2018.
Born in 1959 in Oita Prefecture. He joined The Norinchukin Bank in 1983 after graduating from the Faculty of Agriculture, University of Tokyo. He held various positions, including Managing Director in 2011 and Senior Managing Director in 2017, before assuming his current position in 2018.

KUNIYA: The Bank's business base is AFF industries and the Bank has a broad range of roles in Japan and abroad as a financial institution. Its role as institutional investor is significant by managing funds totaling ¥50 trillion. In the last few years, its businesses had to face sudden severe disruptions from the COVID-19 pandemic, the situation in Ukraine, global inflation and supply-chain disruptions. Has your perception and response to unexpected risks changed?

OKU: Profit comes after taking risks—That is a key business model for financial institutions. With the nature of risks changing considerably, our recognition of risks has also changed significantly. With greater uncertainty, especially given the worsening situation in Ukraine, we are facing the need to reevaluate various risks not only in the world and Japan but also surrounding the Bank.

Events once considered as tail-risk to global economy as a whole, such as a pandemic or a war, did actually emerge and affect prices, supply chains and even financial markets. In other words, we are observing the so-called butterfly effect—a butterfly's fluttering leading to a tornado at the opposite side of the Earth—, not knowing the interconnectivity among events. I think we must be careful about this interconnectivity.

The recent situations have made us recognize the danger of excessive reliance to overseas food supply and the importance of maintaining domestic food supply to a certain extent from the perspective of food security. That is to raise the self-sufficiency ratio for food, maintain trade routes and increase food stockpiles so that we can avoid food shortages even if unexpected situations arise, maybe a war for example. Whilst all of these tasks are by nature closely related to the businesses of cooperatives and the Bank as a cooperative, I feel that our value has been crystalized through the recent situations.

KUNIYA: The business environment is changing considerably. As an investor, the Bank has offered high returns to people engaged in the AFF industries, but profit margins are declining generally throughout the financial industry. Which direction do you intend to pursue?

OKU: The Bank shifted to its globally diversified investment strategy 25 years ago in the period of declining profit margins amid the lowering domestic interest rate environment, in which it had earned mainly from domestic government bond investment. In the past 20 years, our investment business has been an important earnings pillar. But I feel an overreliance to a single business makes us difficult to cope with large crises in a resilient way. I have been aware of this limit but it urges me to further work on establishing second, third and even fourth profit-making sources.

The Bank's effort to support and change the AFF industries

KUNIYA: The Bank's business is not limited to investment. Since 2016, it has widened its portfolio to include the food and agriculture business on a full-fledged basis. What is your assessment of the results so far?

OKU: We are in the eighth year of this business focus. Metaphonically speaking, we are still at the early phase of cultivating right after the conversion of the wilderness to agricultural fields, and we are now starting to focus on furrowing and sowing.

The food and agriculture value chain is long, from production upstream to consumption downstream, extending to diverse industries over broad areas. In the past, we tended to focus on producers only. However, taking care of only the upstream does not lead to increasing income for producers. Income increase of producers cannot be achieved without understanding the precise needs and wants in the downstream, feeding them back to stakeholders in the upstream appropriately, and covering the midstream of processing and distribution in which the products from the upstream goes through the value chain. Our food and agriculture business is striving to complete this cycle.

KUNIYA: Russia's invasion of Ukraine exposed the vulnerability of Japan's low rate of food self-sufficiency. Increasing domestic production is an issue but the foundation of the country's AFF industries has weakened. Do you agree that raising the income of the producers is vital in reinforcing that foundation?

OKU: I agree. Considering the overall image of Japan's AFF industries, the core issue should be increasing the income of producers. Increasing their income leads to more new entrants and to enhancing the sustainability of the AFF industries.

Another important perspective is the demographic issue in Japan. We must cope with the decreasing trend of both producers and consumers in order to increase the income of producers.

As for the labor shortage, smartification and labor-saving by use of robots and AI are increasingly important. Within the Japan Agricultural Cooperatives (JA) Group, we set up the AgVenture Lab that aims to realize open innovation in the food and agriculture field, in order to support development of such technologies (see page 38).

As for the decline in domestic population and consumption, one solution is in the expansion of export. Many export promotion projects have been organized separately at prefectural level. We have supported many of them but feel the need for additional efforts on nation-wide or "All-Japan" promotion projects.

What is your assessment of the results of the food and agriculture business so far?

For example, suppose that we want to sell muscat in the overseas market. Rather than promoting individual prefecture brands separately with "Produced in XX Prefecture" taglines and sporadic sales opportunities, co-working among prefectures to relay marketing opportunities and form a long sequential supply period of muscats with "Produced in Japan" may enable stronger brand penetration to local distributors and/or consumers and increase sales volume. We could support such an export strategy by leveraging our food and agriculture business, based on local needs.

KUNIYA: In the agricultural sector for example, raising the income of the producers has historically been JA's principal role. If the Bank were to extend its task to this area, it would be necessary to restructure its organization and re-allocate its human resources.

OKU: That's right. In this case, we will not execute the process solely by ourselves but rather will undertake the initiative chiefly in cooperation with several cooperatives such as JAs and JA Shinnorens at the prefectural level.

KUNIYA: In the retail business, the organizational structure of JA Bank is a three-tiered structure. JA at the municipal level, JA Shinnoren at the prefectural level and the Norinchukin Bank at the national level, each taking their respective responsibilities. However, in regions where the population is declining, JA's business foundation is weakening. JA has also been criticized for its small amount of loans to producers. Is it the Bank's strategy to review traditional ways of sharing responsibility?

OKU: It's true that JA Bank has long complied with this role-sharing strategy. However, given the rapidly changing need for and aspects of financial services, the importance of the Bank's precise collection of information and swift proposals, as well as of the provision of appropriate solutions, has risen increasingly.

Although it might be presumptuous to say so, I believe that the Bank has a supporting, perhaps even the leading, role in undertaking the future transformation of JA Bank and JF Marine Bank nationwide and, by extension, whole cooperatives.

KUNIYA: It sounds like the Bank is willing to assume a leadership role, at least in some form, in pursing the forthcoming transformation. If so, it will be important to develop a corporate vision that can acquire a broad consensus.

OKU: The Bank is positioned as the central body for Japan's AFF industries, and I believe that the Bank points the way in three fields: providing the financial or community function to regions; offering food to consumers; and promoting measures to maintain or protect the global environment.

Of course, these initiatives cannot be undertaken only by the Bank. All of us including cooperatives throughout the nation are working on them. Although each cooperative is autonomous, all have the common basis of the AFF industries and share a history and relationships of providing value under the common goal of promoting the AFF industries through collaboration. I am confident that such a flat network, meaning an organization that is neither centralized nor top down, would be a strength of cooperatives supported by multiple stakeholders, which is clearly unlike corporations.

An opportunity for financial institutions: Green Transformation

KUNIYA: Ever since the SDGs were agreed upon at the United Nations, and the Paris Accord was adopted in 2015, the speed of change has been accelerating. Awareness is increasing that the environment and society are not sustainable, and the growing trend to review capitalism is pushing governments and corporations all around the world to change. In other words, awareness is spreading that "Business is no viable on a dead planet."

OKU: This trend makes us aware that we should reflect on extreme capitalism concepts such as "all is well that profits now." We all know resources are not infinite; we

“Taking care of only the upstream does not lead to increasing the income of producers”

are required to sustain economic growth with reduced negative impact to human and natural resources. That's why the Green Transformation is occurring, and it could be a big opportunity to financial institutions.

KUNIYA: The world has been prioritizing the economy for a long time. As a result, the planet and our societies are strained. As awareness spreads globally, the values of “Economy First” are changing and this is already affecting European and American companies. Consequently, ESG, and sustainable finance and impact investments and loans are growing.

As an institutional investor, how has the Bank responded to such changes and how will the Bank address these changes going forward. I am aware that the Bank revised its Medium/Long Term Goals in 2023 to upgrade its sustainability management.

OKU: As you mentioned, we have started diverse initiatives in our three businesses (food and agriculture, retail, and investment), and the Bank itself focuses on reducing GHG emissions and raising the ratio of women in managerial positions.

As for sustainable finance, centering on the food and agriculture business and investment business, the Bank and its group companies engaged with the asset management business are proactively working on ESG investments and loans and/or impact investments. We aim to expand these investments and loans in target fields such as renewable energy and social infrastructure.

Sustainable finance produces new value

KUNIYA: In the Bank's Medium/Long-Term Goals, the target for executing new sustainable finance is set at ¥10 trillion by 2030. As of March 31, 2023, the cumulative amount of sustainable finance has been ¥4.4 trillion. Which sectors do you intend to focus with regard to sustainable finance?

OKU: Regarding sustainable finance, let me deviate a bit from the main topic. I consider the ideal Vision for the future Norinchukin Bank as being a “Blue-Green Bank.”

KUNIYA: The vision is to become a Blue-Green Bank?

OKU: In this context, Blue symbolizes the sea while Green represents the mountains and the earth. Of course, the targets are not limited to this objective. I want to emphasize that the Bank should be a financial institution proactively engaged in investments and loans that contributes to ensuring a sustainable global environment and/or biodiversity. For example, think of an organization that would use a certain ratio of its assets under management as funds directed to such investments and loans. I hope that we can convert conventional corporate loans into such funding through in-depth dialogue with our business partners.

KUNIYA: Food, generally has a “green” (environmentally friendly) image, but greenhouse gas emissions from the food system account for approximately 30% of worldwide GHG emissions. The system puts considerable burden on the planet. The Bank needs to increase investments and loans to the food system while at the same time pursuing decarbonization of the investees and borrowers. Another important issue is increasing the income of the producers. What do think will be key to assembling this complex puzzle?

OKU: It boils down to connecting unprecedented value and profit. Do we want products that are organically grown or domestically produced rather than imported? How can we make consumers understand the underlying value that exists in these differences? For example, for beef cattle grown with minimum environmental load versus those grown with a heavier burden on the environment, what price differential will consumers tolerate and accept as the difference in value? That is the question, I think. The responsibility for protecting the global environment has fallen on governments, local municipalities and/or companies but less so on individuals. How should we share with consumers' understanding of the new value in price differentials? I think this question poses the greatest hurdle for us.

KUNIYA: In its effort to upgrade and pursue sustainable management, the Bank declared Net Zero by 2050*[1] and became a member of the Net Zero Banking Alliance (NZBA)*[2]. The March 2023 announcement was a powerful message but there are high hurdles to overcome. In fact, there are many companies in Japan that are reluctant to pursue Net Zero. In Europe and in the United States, there is growing criticism against greenwashing, that actions taken towards net zero is only a pretense. The bold target of Net Zero that the Bank has set would not be achievable with the present initiatives. How determined are you?

OKU: Our March declaration is our determination and commitment that this should be the Bank's ideal vision, and that we need to reflect on how to realize that vision.

KUNIYA: The target is ambitious and worth high appraisal.

OKU: Honestly, we are still at the stage of accumulating our efforts. I love the words of Jules Verne: "Anything one man can imagine, other men can make real." and those of Friedrich von Schiller: "Genuine morality is preserved only in the school of adversity." I am confident that we can develop the pathway to achieve Net Zero.

We have already started several initiatives. These include support for maintaining forests and algae beds, which are large carbon sinks; measurements of CO_2 absorption volume by location; and support for the issuance of credits based on the measured results (refer to page 17). The creation of a credit, which sets a target for emission trading, could be a potential revenue source for fishermen and foresters. In agriculture, I plan to start an initiative to support the creation of credits, in collaboration with related corporations.

In Tottori Prefecture, to prevent purple sea urchins from eating seaweed, we are supporting the extermination and aquaculture farming of sea urchins. In sea urchins farming, we are exploring the possibilities of abandoned cabbage use to feed the sea urchins.

KUNIYA: Sea urchins eat cabbage?

OKU: Yes, they do! It seems that they eat it and grow well. This approach contributes not only to reducing food loss volume but also to ensuring CO_2 absorption.

Toward the model case of active female participation in the AFF industries

KUNIYA: The Purpose of the Bank begins with the words "dedicated to sustaining all life." It communicates the Bank's awareness that human beings, all living life, and the life of the planet are all connected. This perception resonates with the SDGs' vision. I think the Bank is squarely addressing the global goals.

OKU: Both the Bank and the cooperatives have a high affinity with the SDGs. Nature and people are common prerequisites of the AFF industries. They form the basis of these industries. Accordingly, what we advocate by upholding the Purpose and the Mission was formerly just common sense for us. Therefore, we don't purposely inspire some new ideas, but awaken an awareness of "Yes, I remember formerly that's right." This might be the role of the Purpose and the Mission.

The SDGs include themes such as human rights and inclusion, and the importance of these themes is natural for the Bank, which is a member of a cooperative group that originated from mutual-aid activities. Perhaps the cooperative identity as a whole is very similar to SDGs.

KUNIYA: Gender equality is a very important goal. However, the percentage of women in management position at the Bank is quite low at 7.6% as of March 31, 2023. The Bank has set a target of 13% by 2030 and 30% by 2040. It appears to be a slow process.

OKU: We are currently promoting diverse measures to support the active participation and development of female employees, as well as raising the awareness of our directors and employees. Consequently, we expect the ratio to approach 9% in 2023. Even so, the pace has been slow, as you mentioned.

KUNIYA: I believe gender equality is especially important for the AFF industries. A study shows that there is co-relation between the level of gender equality and the ratio of women who return to their rural hometown after finishing their college education in urban areas. Women tend not to return to regions with low gender equality, and little opportunity to realize their personal objective and participate in decision making. If communities want to stop population decline, it is very important to realize gender equality. I hope the Bank becomes a model work place where women play an important role.

I have focused mainly on the reforms that the Bank is trying to pursue. With a 100-year history, there must be aspects that must not change. What would that be?

OKU: With reference to an adage of "FUEKI-RYUKO (immutability)," the unchangeable (FUEKI) portion refers to three constituent factors of the Bank, or 1) being a financial institution, 2) being the central body for cooperatives and 3) being an organization for the AFF industries. These factors must not change.

To put it another way, the Bank can change itself in whatever way according to environmental changes if the aforementioned factors don't change. I am confi-

dent that such accumulated changes will lead to our continuing evolution. Although the 100th anniversary is a key milestone, the Bank has experienced several critical junctures, including social, organizational and financial crises, and has overcome them by flexibly transforming itself every time.

What has enabled the Bank to overcome such crises is the powerful support by nationwide cooperatives or sometimes the adequate guidance of the administrative authorities. However, I'm confident that the greatest factor of our success and successive changes could be the sense of ownership among our employees in coping with these crises.

The Bank that must not change, and the Bank that must change itself

KUNIYA: What new role should the Bank undertake?

OKU: As I mentioned earlier, one of the key roles of the Bank is providing food to consumers. When we consider this theme over the long term, our thinking extends to the future of food. For example, how will our eating habits change in 2050? It might be commonplace for most people to eat organically grown food, or many people might take meals simply in the form of portable food stacked inside pockets.

The AFF industries could also have changed significantly amid such changes. As for agriculture, people might have a greater respect for the earth beyond the plants and foods that it provides. As the values that have been nurtured in line with human evolution have come to be respected, the agriculture similar to that as an extension of today's agritourism might flourish.

Speaking of the financial sector, the shift to renewable energy source beyond of decarbonization might have become the significant theme, and investments and loans related to this theme open up the possibility of developing a big business. I want to see the Bank proactively address such challenging tasks in response to the changes in the AFF industries or the energy sector.

I hope that the current trend of population decline and depopulation in regions will be constrained by then, the community functions will be securely maintained and the Bank performs its roles there. That would be nice.

KUNIYA: Hearing your detailed views today, I have a better understanding of The Norinchukin Bank, which is often said to be difficult to comprehend. Thank you very much.

OKU: The pleasure is all mine.

*1 Net Zero by 2050: To restrict GHG emissions to Net Zero by 2050 for the Bank's investment and lending portfolios. Specific measures to achieve the target include "Reduce financed emissions," "Secure the amount of the forest carbon sink, together with JForest members," "Reduce GHG emissions by the Bank itself" and "Execute New Sustainable Finance."

*2 The Net Zero Banking Alliance (NZBA): The NZBA is a banking initiative led by the Initiative Finance - Programme Environment Nations Unis (UNEP FI). The UNEP FI framework was established in 2021 with 43 financial institutions worldwide to promote the reduction of GHG emissions. Net Zero GHG emissions are addressed through target setting and progress reporting.

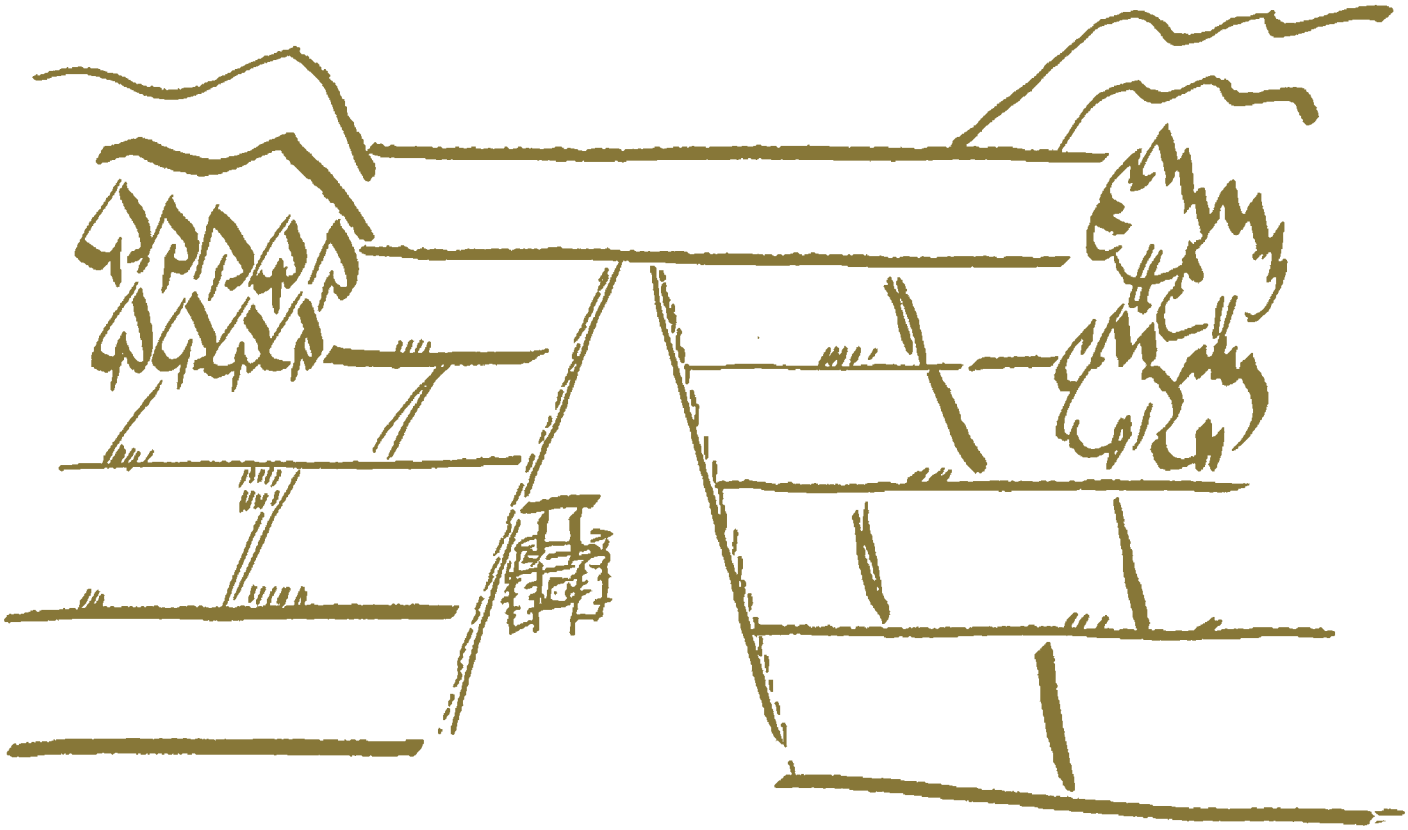
About The Norinchukin Bank

Our Features

The Norinchukin Bank ("the Bank"), a member of the cooperative organizations that support the agricultural, fishery and forestry ("AFF") industries in Japan, aims to support the advancement of Japan's AFF industries and contribute to the development of the nation's economy by providing financial services for the members of the AFF cooperative system, including Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF) and Japan Forest Owners' Cooperatives (JForest).

This social role of the Bank, as stipulated in Article 1 of the Norinchukin Bank Act, is a primary responsibility of every employee/officer.

To fulfill this responsibility, we engage in various activities under five Management Fields: I. Contribute to the global environment; II. Contribute to the AFF industries and local communities; III. Enhance the members' management base; IV. Secure sustainable financial/profit base; and V. Maximize organizational vitality.



Our Purpose

The life of people, the life of food (living organisms) and the life of the earth (planet) are all connected.

We need food to live. That food is delivered by the agricultural, forestry and fisheries ("AFF") industries. The foods produced by the AFF industries, derived from animals and plants, benefit from the blessings of nature such as water and air.

The blessings of nature are brought to us only via a sustainable global environment.

To ensure this "chain of life," we have established "Our Purpose" as follows by further developing our corporate brand "Dedicated to sustaining all life."

Dedicated to sustaining all life.

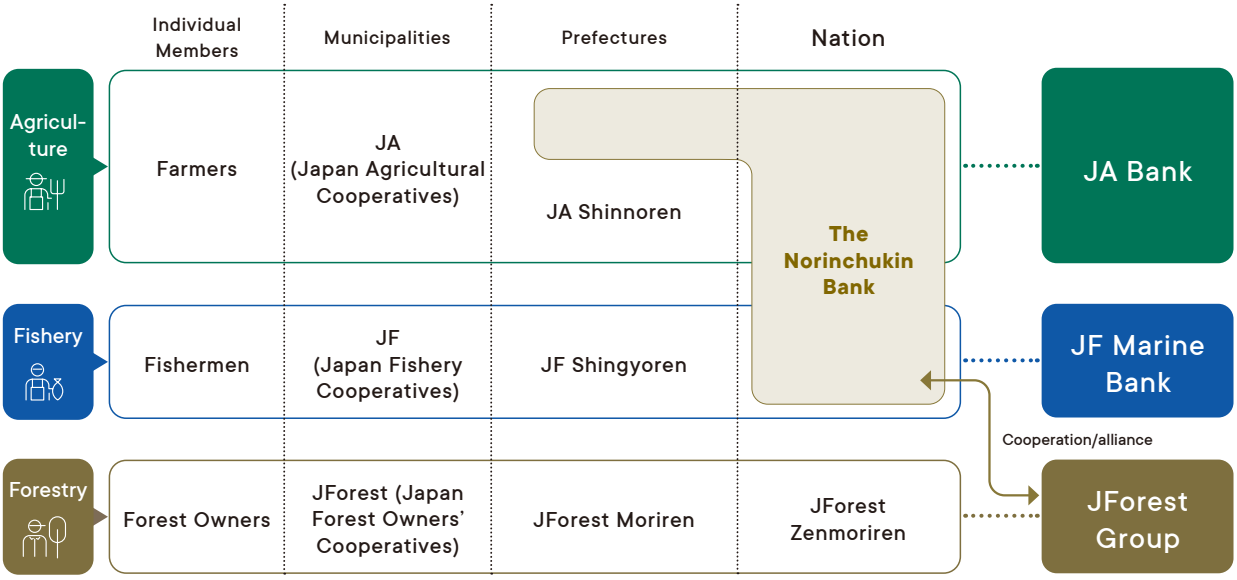
– Work together with our stakeholders to foster the AFF industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment –

Our Positioning

The Bank operates various businesses in alliance with JA, JF and JForest at each locality and prefectural-level JA Shinnoren, JF Shingyoren and JForest Moriren.

In the retail banking business, JA and JF nationwide, together with JA Shinnoren, JF Shingyoren and the Bank, develop businesses as JA Bank and JF Marine Bank. JA Bank finances local needs, utilizing deposits received by each JA from individual members. Remaining funds are deposited to JA Shinnoren and used mainly to finance larger-scale firms. The Bank receives the remaining funds as deposits from JA Shinnoren and conducts investment and finance activities globally. The Bank returns the profit to JA Shinnoren and JA. Likewise, at JF Marine Bank, JF, JF Shingyoren and the Bank each play a role in managing deposits received.

JForest Group, comprised of JForest, JForest Moriren and JForest Zenmoriren (National Federation of Forest Owners' Cooperative Associations), in contrast, does not conduct banking business. The Bank cooperates in close alliance with JForest Group, providing support/subsidy for its activities and human resource development.



Our History

Constant Mission over 100 Years: Transforming Itself to Meet the Needs of the Times

Since its establishment in 1923, The Norinchukin Bank has been managed under special legislation, initially, as the central bank for Japan's industrial cooperatives, "Sangyo Kumiai," and subsequently via the Norinchukin Bank Act.

Since our establishment, we have continued to provide support for everyone engaged in the AFF industries for 100 years while constantly transforming in line with changes in the environment surrounding the AFF industries.

1923-

Meeting the demand for funding in the AFF industries before and after World War II

Launched as the central bank for Japan's industrial cooperatives Supporting producers with financial services, including loans, through cooperative organizations with the spirit of helping one another

Japan's AFF industries faced a shortage of funds before and after World War II until Japan's era of high economic growth. Aiming to solve that issue, the Bank was established in 1923. As the central body founded on AFF cooperative organizations, the Bank has supplied funds to AFF cooperatives throughout Japan to provide loans to producers and meet the demand for large-scale funding beyond the capacity of individual cooperatives. The basis of these actions stems from our spirit of helping one another—"one for all, all for one."

1970-

In light of the increase in JA Savings due to economic growth

Extending loans and investments into wider financial markets in addition to the AFF industries in response to the needs of the times

Since the 1970s, when savings deposited by individual members and local users increased considerably, we have been meeting Japan's strong demand for funds through loans and investments for companies related to the AFF industries, the supply of funds to Japan's short-term capital markets and investment in Japanese government bonds. Moreover, from the latter half of the 1990s, we quickly moved into top gear on globally diversified investments in global financial markets. We have returned stable earnings to members as JA, JF and JForest even in a low interest rate environment.

2016-

A bridge between the AFF industries and the business community

Amid the ongoing significant changes in the nation's needs for the AFF industries, we believe that the delivery of safe and secure domestic produce, which consumers, restaurants and food companies want, will pave the way to turning the AFF industries into growth industries. Leveraging our deep ties with producers and longstanding business relationships with companies related to the AFF industries, we intend to "build" bridges among AFF and other industries. In 2016, we had a full-scale launch of such an initiative. Our food and agriculture business offers diverse solutions to both producers and consumers.

2019-

2023

Toward the 100th Anniversary

Our Purpose

Vision

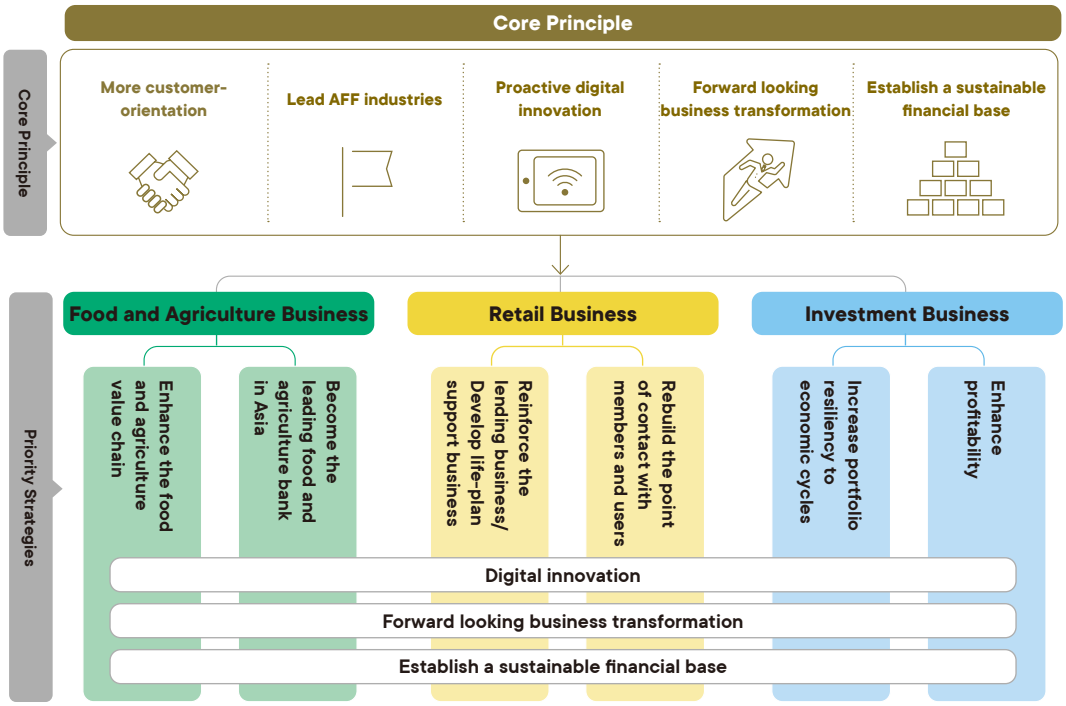
Fundamentals of Business Activities (Mission)

Shared Values

Catch the Winds of Change. Create New Value.

Medium-Term Management Plan (FY2019–FY2023)

We believe that non-continuous change will continue to occur. In such a situation, we need to optimize our operation to meet customer expectations and continue value creation. Looking ahead, we reviewed our current operations thoroughly and are now focused on achieving the five-year Medium-Term Management Plan (FY2019–FY2023), "Catch the Winds of Change. Create New Value." to change our approach in conducting business and achieve significant innovation.



Start of sustainability management P.15-16

To meet the expectations of companies in solving environmental and social issues, the Bank has not only formulated the Medium-Term Management Plan but also started sustainability management. In addition, we established our "Purpose" in 2021 in response to increasing uncertainty around environmental and social issues, many of which affect the AFF industries on which our business is based.

To fulfill this Purpose, all officers and employees of the Bank share the mindset that they should conduct daily "Business Activities" while prioritizing the "Shared Values," thereby realizing the "Vision."

The Norinchukin Bank's Value Creation

Enhance the value of the environment

Cooperative system

JA JF JForest

The AFF industries and communities that continue sustainable development supported by the rich natural environment

Purpose

Dedicated to sustaining all life.

– Work together with our stakeholders to foster the AFF industries and to create a pros- contribute to a sustainable global environment –

Management capital (Input)

Social and relationship capital

- Nationwide network of the AFF industries cooperatives

Approx. **12.09** million people — The number of JA, JF and JForest individual members*1

6,383 branches — Total number of the JA Bank and JF Marine Bank branches across the country*2

135 Units — The number of JA Bank mobile branches that offer financial services in rural and depopulated areas

Intellectual capital

- Abundant food and agriculture knowledge and leading-edge financial knowledge

100 years — History of supporting the AFF industries through finance

21 years — Integrated management of JA Bank composed of 538 JAs and 32 JA Shinnorens

25 years — Got into globally diversified investments ahead of the times

Human capital

- Expert human resources

27.1 billion yen — Total assets per employee (non-consolidated basis)

3,365 people — Number of employees

125 people — Number of employees who have studied overseas (with MBA/LLM degrees)

Financial capital

- Stable financial base

94.5 trillion yen — Total assets

5.7 trillion yen — Net assets

A1/A — Moody's/S&P credit ratings

Natural capital

- Power usage 39.9 GWh (by the Bank in FY2021)
- Rich natural environment that supports the business activities and daily lives of individual members and users

Business activities

Sustainable management

▶P.15

Food and Agriculture Business
Supports and connects producers and the business community and expands their networks to turn the AFF industries into growth industries
▶P.25

Retail Business
JA Bank and JF Marine Bank conduct efficient management to address the financial needs of each locality
▶P.29

Investment Business
Ensures stable profit over the medium to long term through globally diversified investments based on advanced risk management
▶P.33

See above pages for the details and output of each business.

Corporate & Shared Services
Provides support for The Norinchukin Bank's three business areas, and addresses new issues such as innovation, diversity & inclusion. ▶P.37

Foundations that support business activities

Enhance corporate value and

*1 The simple sum of the numbers of individual members of the JA, JF and JForest cooperatives sourced from the relevant FY2021 statistics of the Ministry of Agriculture, Forestry and Fisheries, Japan.
*2 The total number of branches that handle the domestic exchange business as of March 31, 2023, operated by the Bank, JA Shinnoren, JA, JF Shingyoren and JF.

Model

and regions by solving social issues

perous future for food and lifestyles, and thereby

Effects on management capital (Outcome) (Achievements in FY2022)

Social and relationship capital

- Efforts to turn the AFF industries into growth industries and increase the income of farmers, fishermen and foresters, which could increase the local population working in the AFF and related industries, thereby revitalizing local communities

301 cases	431.5 billion yen	Cumulative 694 cases
Number of JA Bank consultations for agriculture leaders	New agricultural loans executed by JA Bank	The accumulated number of investments in AFF industries and food and agriculture–related corporations

- Merger of JAs/Restructuring of JA branches, Launch of interregional JF Shingyoren (Enhance management base)
- Participants in the "JA Smartphone Class" reached approx. 42,000 nationwide. *Cumulative since fiscal 2021
- JA Bank App downloads exceeded 1.79 million

Intellectual capital

- Food and agriculture business solutions in Japan and overseas
- Stable operations and enhancements of the JA Bank and JF Marine Bank systems
- Globally diversified investments/Strengthened functions of group companies engaging in asset management

Human capital

- Increase of women in managerial positions (7.6%)
- Cultivate employee engagement
- Reallocation of 650 employees (cumulative since fiscal 2019) to strengthen our onsite capability and profitability
- Establishment of an internal qualification program to develop DX human resources (cumulative total of 73 people qualified, including Group companies)

Financial capital

- Returns to members from profits earned from the investment business and the food and agriculture business: Approx. 300 billion yen
- Common Equity Tier 1 Capital Ratio: 17.82%

Natural capital

- GHG emissions by the Bank itself: 19,849 t-CO_2 in FY2021
- Financed emissions (in FY2020)
  Lending (Power sector): 217gCO_2e/kWh
  Investment (stocks and bonds): 0.55 tons-CO_2e/¥million
- Secure the amount of the forest carbon sink, together with JForest members: 6.12 million tons-CO_2 in FY2021
- Participated as a task force member of the Taskforce on Nature-related Financial Disclosures (TNFD) and analyzed investment and loan portfolios using the TNFD beta framework

capital

Providing return of profit and financial functions to members

Value provided to society

Value provided to local communities, inhabitants and national land through collaboration with the cooperative system

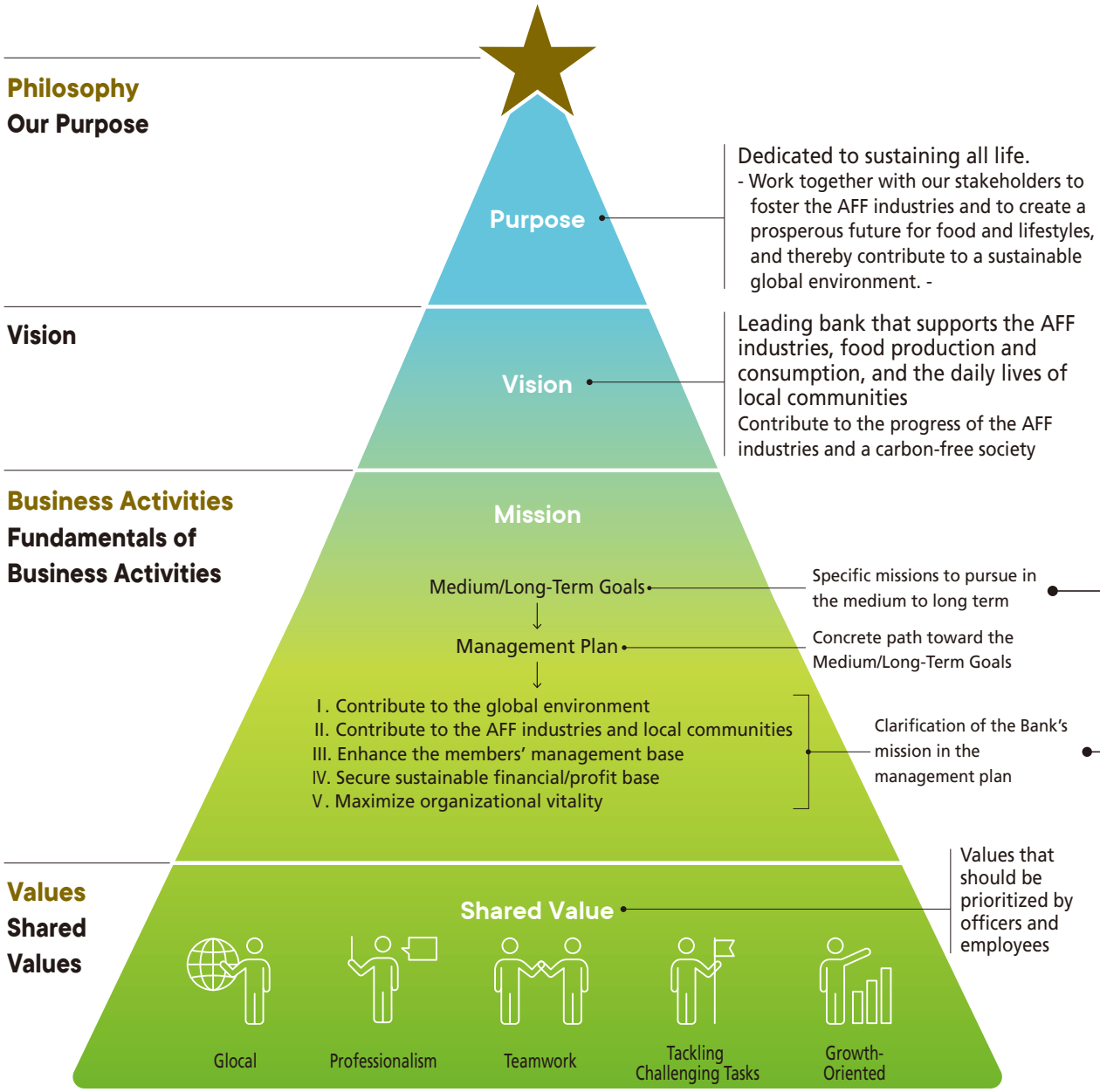
- Turning the AFF industries into sustainable growth industries
- Stable supply of safe and secure food
- Revitalizing the infrastructure in rural areas
- Preserving local diversity
- Protecting the land and marine environment
- Developing the economy through the AFF industries

The Norinchukin Bank's Vision

To enhance our organizational ability to solve problems amid ongoing change, we believe it is necessary to have a culture that encourages ourselves to share the Bank's philosophy, recognize and actively pursue our own roles. Therefore, the Bank defined its Purpose (what contributions the Bank should make toward a sustainable environment and the society of the future) and its Vision (what the Bank should do to achieve its purpose).

To materialize the Vision, the Bank set the Medium/Long-Term Goals and the Management Plan. It also defined the Shared Values that its officers and employees should prioritize as a foundation for business activities.

Pursuing daily business activities based on the Shared Values will lead to achieving the Medium/Long-Term Goals and the Management Plan, which will then lead us to our Vision and fulfill our Purpose.

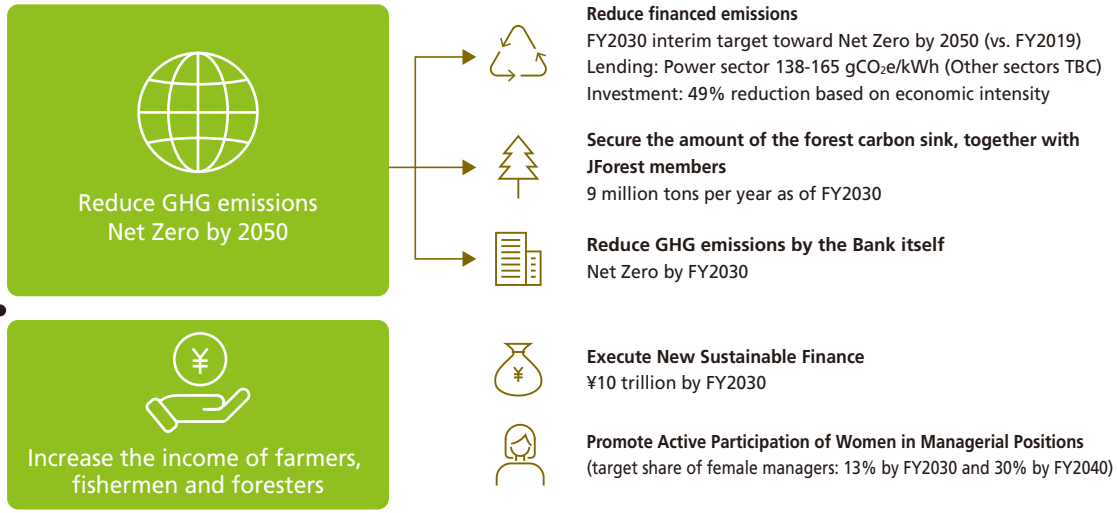


Stakeholders:
Members (JA, JF and JForest)/individual cooperative members (i.e., people working in the AFF industries); our clients (deposit and savings, loans) including AFF-related companies; local communities; business partners in the Bank's entire operation including financial institutions, market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

The Norinchukin Bank's Medium/Long-Term Goals

To realize the Purpose and Vision of The Norinchukin Bank, we have set the Medium/Long-Term Goals, working to reduce GHG emissions by the Bank itself and financed emissions, as well as increase the income of farmers, fishermen and foresters (see pages 17–18).

In March 2023, we updated the Medium/Long-Term Goals in consideration of domestic and international trends and the progress of our efforts up to that point, committing to achieve Net Zero by 2050. Toward the realization of a decarbonized society, we have set FY2030 interim targets under "reduce GHG emissions Net Zero by 2050."



Five Management Fields

To accomplish the aforementioned Medium/Long-Term Goals, the Bank set five Management Fields in the Management Plan to promote its respective business activities. The following pages describe the five management fields and the major initiatives under each field.

Management Fields	Major Initiatives
1 Contribute to the Global Environment	Initiatives for achieving the Medium/Long-Term Goals ···· P.17-18 Case studies of Our Food and Agriculture Business ····· P.27 Investment Business ····· P.33 Non-financial Highlights ····· P.40
2 Contribute to the AFF Industries and Local Communities	Initiatives for achieving the Medium/Long-Term Goals ····· P.18 Food and Agriculture Business VOICE ····· P.26 Case studies of Our Food and Agriculture Business ····· P.27-28 JA Bank and JF Marine Bank's initiatives ····· P.29-30 and 32 JA Bank's agriculture-related loans, etc. ····· P.31
3 Enhance the Members' Management Base	JA Bank by numbers ····· P.29 Retail Business VOICE ····· P.30
4 Secure Sustainable Financial/Profit Base	Globally diversified investments ····· P.33-34 Investment Business VOICE ····· P.34 Reinforcement of our asset management business ····· P.35-36 Financial Highlights ····· P.39
5 Maximize Organizational Vitality	Corporate & Shared Services ····· P.37 Digital innovation ····· P.38 Diversity & inclusion ····· P.38 Non-financial Highlights ····· P.40

Initiatives for achieving the Medium/Long-Term Goals

Reduce GHG emissions Net Zero by 2050

MABI Project

Leads the way in reducing GHG emissions from the AFF and food industries

To curb global warming, there is an urgent need to reduce greenhouse gas (GHG) emissions at every stage of the supply chain, from production to consumption. The AFF industries, which underlie The Norinchukin Bank's businesses, and the food industry beyond that, are no exception.

However, there is a major challenge in this effort: No realistic and practical method and standards have been established to calculate GHG emissions in the AFF industries in Japan. This means that, for example, crops produced by methods that help reduce GHG emissions and those produced by general methods are considered to have emitted the same amount of GHGs in the supply chain during the production process. This is a serious drawback for the AFF workers actively trying to reduce GHG emissions. Even if they are willing to spend money to reduce GHG emissions, their efforts are currently not properly accounted for, making it difficult for them to obtain objective evaluations from the outside and to pass on the costs in the sales price.

Therefore, in fiscal 2021, the Bank launched the "MABI Project" in collaboration with the National Agriculture and Food Research Organization and others to resolve issues in the agricultural and food industries. MABI stands for "Measurements of GHG in Agriculture and Better Implementation."

The project aims to provide solutions for calculating and reducing GHG emissions in the entire supply chain, with a focus on the following three initiatives.

- Develop rules and tools to calculate emissions
- Set emission standards in production areas, visualize emissions in the supply chain, and develop and market low-carbon products
- Provide financial and non-financial services, including ESG loans, support for companies to calculate GHG emissions and consulting for producers

In each of these efforts, we are collaborating with agricultural corporations, trading companies and tech venture companies. The Suzunari case, where we offered support for the calculation of GHG emissions and the conclusion of an SLL contract, described on page 27, is one example.

Beyond these efforts, we see a different view of the AFF and food industries. For example, the new calculation rules for GHG emissions consider differences in production methods, and will therefore accelerate the spread of agricultural products made with less GHG emission methods, or low-carbon products. Such environment-friendly products will then be accepted by many consumers.

This is the kind of sustainable approach from the AFF and food industries that we aim to achieve with the MABI project.

Reduce GHG emissions Net Zero by 2050

Platform for forest credits in collaboration with JForest

Sustainable forest management through CO_2 absorption trading

With the reduction of greenhouse gas (GHG) emissions an increasingly important issue, the government has launched the J-Credit Scheme, which promotes the introduction of renewable energy facilities and utilizes the characteristics of forests that absorb CO_2. The J-Credit Scheme certifies the amount of CO_2 absorbed through appropriate forest management as forest credits, which are purchased by companies and others to offset their GHG emissions.

The revenue generated through the J-Credit Scheme can be used for such purposes as forest maintenance by JForest members nationwide, which is expected to have the effect of realizing sustainable forest management. Therefore, in fiscal 2022, the Bank, in collaboration with JForest Zenmorien and OFFSET DESIGN JAPAN, launched the "FC BASE-C" platform for trading forest credits.

FC BASE-C provides support for JForest in its efforts to create and sell forest credits. The support services range widely from explanations of the scheme and simple calculations of CO_2 absorption to a contact function for applications to hold explanatory meetings and preparation of project plans, and we plan to expand the support to include intermediary services for credit purchases and post-sale management. The Bank will continue to focus on expanding the business of forest credits in cooperation with JForest, thereby contributing to the realization of sustainable forest management.

The Norinchukin Bank is promoting various initiatives to achieve its Medium/Long-Term Goals, including those to “Reduce GHG emissions Net Zero by 2050” and “increase the income of farmers, fishermen and foresters.” Some recent examples are shown below.

A farm operated by Saladbowl, an agricultural corporation to which the Bank provided support for measuring GHG emissions

1 Infrastructure Development (Hardware)

- **Develop calculation rules in collaboration with research institutions**
  Develop calculation rules for emission intensity for each reduction technology (method)
- **Support the development of calculation tools for agricultural corporations**
  Develop tools jointly with ventures to reduce the burden on agricultural corporations in calculating GHG emissions

2 Environmental Improvement (Software)

- **Establish GHG emission standards for production areas**
  For some products, a system is being developed to measure GHG emissions on the basis of production areas rather than individual producers. (The number of products covered by such a system would be gradually increased.)
- **Cooperate with downstream companies**
  Visualize the amount of GHG emissions from the supply chain
  Calculate GHG emissions from the food supply chain in cooperation with upstream and downstream companies
- **Trial sales of low-carbon products**
  Support the development of low-carbon products and trial sales of those aimed at changing consumer behavior

3 Financial and Non-Financial Services

- **Provide ESG loans**
  Concluded a sustainability-linked loan (SLL) agreement in December 2022 with an agricultural corporation
- **Support calculation of GHG emissions for business entities**
  Provided calculation support for more than 30 entities
- **Provide sustainability consulting and GHG emission calculation support to producers**
  Provided support for eight companies engaging in greenhouse horticulture, outdoor farming, and the livestock and fisheries industries

Increase the income of farmers, fishermen and foresters

Consulting to leaders in the agricultural industry

Securing successors to “Inazumi Ume” production and processing by introducing a new cultivation method

“Inazumi Ume” is a species of *ume*, or Japanese plum, indigenous to Toyama Prefecture. Himi Inazumi Ume is a company established by a producer to process the *ume* into *umeshu* (plum wine), *umeboshi* (pickled plums) and other products. The Bank’s Toyama Branch has been providing consulting services to the company since fiscal 2021, identifying such issues as a labor shortage during the peak season, aging employees and low recognition among younger generations.

To solve these issues, the Bank, together with local JA, proposed the introduction of “Vshaped trimmed tree cultivation method” to be promoted in collaboration with the prefectural government’s Agriculture and Forestry Promotion Center. This cultivation method, the first of its kind in Japan for *ume*, reduces the height of trees to about 3 meters and triples the number of trees per unit area, thereby reducing the workload, increasing yields and shortening the period between planting and harvesting.

In fiscal 2022, the Bank coordinated a joint effort to plant *Inazumi ume* trees with the “Vshaped trimmed tree cultivation method” between local high school students in the Agricultural Science Course and Himi Inazumi Ume. The goal is to promote awareness of the *Inazumi ume* brand and the highly productive new cultivation method, thereby creating fans and successors of *Inazumi ume* among younger generations.

The distinctive feature of the consulting to leaders in the agricultural industry is that it grasps the actual business situation; visualizes issues through financial and income/expense analyses and interviews with business managers; and proposes solutions (improvement measures) that only a member of the JA Group could offer. JA, JA Shinnoren and the Bank have been working together to provide this service, and the number of cases conducted annually surged from 186 in fiscal 2021 to 301 in fiscal 2022.

100th Anniversary Own and Pursue "My Purpose"

At the occasion of celebrating its 100th anniversary, The Norinchukin Bank set up the My Purpose Project. This project aims to have each director or employee own Our Purpose and engage in a variety of activities for the sake of, for example, food and agriculture; humankind and the environment; and local communities and society, in addition to their original business assignment.
Four employees of the Bank, who actively participate in diverse activities, including that of the "JA farming support team," talk about their initiatives and opinions.

OTA Akihiro
Corporate Design Div.
Head of Corporate Service Group Domestic Branch Management Team
Joined the Bank in 2001. He has been in charge of planning and operating the My Purpose Project. Introduced the JA farming support team scheme and drives the initiative by participating on the team himself.

YANASE Miyuki
Food & Agri Banking Business Corporate Business Div. V
Joined the Bank in 1998. She is the most frequent participant in JA farming support team activities and has positively engaged in several other projects. She calls for colleagues to join her on these projects.

NAKADA Keisuke
Toyama Branch
Joined the Bank in 2009. He hosts the Agrication & Fincation Project and has participated in JA farming support team activities.

OSAKI Yumi
Food & Agri Banking Business Corporate Business Div. V
Joined the Bank in 2013. She is the most frequent participant in JA farming support team activities and has positively engaged in several other projects.She holds a leading position among young employees.

A takeoff board to jump higher—that's the My Purpose Project!

OTA: The Bank celebrates its 100th anniversary during the current fiscal year, but does not plan to promote it sensationally to the public. The concept of the My Purpose Project, one of the commemorative events, does not focus on the anniversary itself but is rather "future-oriented" and "inner-oriented."

As a project manager, I am interested in the perception of our colleagues—the project target—about this project. What has been the response from your colleagues?

OSAKI: Many of my colleagues read the information that Mr. OTA and other project managers send almost daily on the Bank's intranet portal site ("Portal"). I think the support by general managers and deputy general managers within their divisions also help our colleagues nurture positive perception to the project.

YANASE: At several departments, managers break free of their busy schedule to participate as members of the JA farming support team (refer to the upper column of page 20). I personally feel that such a positive attitude reflects their policy of "leadership by example."

NAKADA: It is encouraging that managers are also positive to this project.

OTA: Such persons are like ambassadors, aren't they?

NAKADA: As the lead project manager, what motivates you to run this project, Mr. Ota?

OTA: I believe we all devoted ourselves to changing the Bank in the last 10 years. It was the 10 year that we made effort to add our role to accompany our member cooperatives in tackling significant issues such as local communities and the environment, on top of our conventional role to return profits to members from their funds we manage.

I think Our Purpose and the Vision are the verbalization of the Bank's eagerness to change. They should penetrate through the organization as time progresses, and the 100th year anniversary projects intend to boost the penetration speed. Within such projects, the My Purpose Project provides a scheme to make active and autonomous participation by employees easier.

As an analogy, it's a springboard attached to a high vaulting box in a gym. I want the My Purpose Project to take the role of helping our colleague leaping over a high vaulting box after their run-ups. The role of the project managers is to cheer up our colleagues "Hey, we have a springboard for you. Let's jump one-notch higher by using it." That's why I asked you earlier how your colleagues perceive this project.

NAKADA: I see.

Recognized again the job of supporting food and agriculture by participating on the JA farming support team

OTA: I have one more question. Do you really enjoy the My Purpose Project? I said "autonomous" a while ago. To extend this kind of initiative, I believe that any project cannot last for long unless all of you find it interesting.

YANASE: Ms. OSAKI and I have participated on the JA farming support team several times. In most cases, we are dispatched to a support destination for the requested activities for four days and three nights. Every time, I come back to the workspace with a strong sense of fulfillment.

OSAKI: We would be typical examples. We sometimes meet "repeater" colleagues on site (laughter). I'm sure they share the same feeling of fulfillment.

YANASE: In three-day operations I have a sense of ending up with half-finished work because the activity ends when we are just getting accustomed to the dedicated job. As we get near the end of activity, we start to feel hesitant to return to office, feeling that "I would like to know more about this community and its producers." Likewise, the farmers also miss us and often request us to come back next year. Of course, we want to go there again.

OSAKI: I can't agree with you more. Having background of growing up in many countryside places where you are close to soil, and a mother who loves gardening and cultivation activity, I feel relieved when touching the soil. I became addicted to this project after having supported the harvesting of green onions. I really thank the farmers who warmly accepted me.

YANASE: A farming operation is really hard physically in many cases, as you can imagine. Nevertheless, I feel pleasure in being able to directly engage in such wonderful agriculture-related jobs that give birth to something in the world. I truly feel a sense of fulfillment during my participation while talking with producers and getting sweaty with them. Although our jobs share a strong tie with the agriculture, we, or at least me, usually have almost no opportunities to talk directly with the president and/or employees of any agricultural corporations. Almost every time I connect with producers, I learn harsh realities, of course. Indeed, their comments on why they got into agriculture and continue to do that work have been thought-provoking relative to my own work.

JA farming support team

Directors and employees of the Bank engage in farm operations at agricultural corporations and/or for farmers across the country.

Farming support volunteer dispatching system organized by Nokyo Tourist Corporation of the JA Group. The participating volunteer directors and employees of the JA Group including the Bank, as well as employees of ordinary companies and university students, serve as the workforce for farm operations at agricultural corporations and/or for farmers across the country. There is an increasing number of cases in which business partners of the Bank are interested in these activities. As a result, the employees of both parties have worked jointly, in some cases.

OSAKI: That's it! When I participate on the team, I feel like I understand a bit better the significance and value of my work, which has the principle of "contributing to agriculture, life and local communities." Ah! This is our starting point.

NAKADA: The Bank has the On-site training at JA as part of on-the-job trainings for new employees who are new graduates. The main training is hands-on learning of the JA business by visiting JAs across the nation. In my case, I joined the Bank through a job change, so I didn't have an opportunity to receive the training. For this reason, my first participation in the JA farming support team was my initial hands-on experience in the business. The main reason for my job change was that I wanted to work in the agricultural and food sectors. I therefore was strongly impressed by feeling that "Now I can have direct contact with agriculture!" thanks to the experience obtained via the JA farming support team.

OTA: I would like to call for your ideas here. The JA farming support team has set a goal of 1,000 total participants over five years. There have been 300 participants in the 1.5 years since the project started (December 2021–June 2023). About 30% of the participants are repeaters like you, and it seems difficult to broaden the base of new participants. How can we effectively broaden the base of participation?

YANASE: I know many colleagues who have not yet participated but are interested. It's not that they don't want to go. What is lacking might be someone to invite them or perhaps a supportive nudge.

In a workplace where no one has participated, it will be important for someone to set a precedent for this activity. However, it might be difficult for young employees to be the first participants. Consequently, I believe that mid-career employees or those in higher positions should invite others or provide a supportive push.

Agrication & Fincation Project

JA Bank Toyama, through the Bank's Toyama Branch, offers financial education at Katayama Gakuen Primary School in Imizu City in cooperation with various relevant organizations and companies. The project features hands-on classes and food education. Classes have included the bucket cultivation of a local rice brand, "FuFuFu"; production and sales of "trout sushi," a local specialty made from harvested rice; and using caramel as subject matter in collaboration with Morinaga & Co., Ltd.

Making "trout sushi" from the cultivation of rice seedlings to the fabrication of wrapping paper

OTA: Mr. OKU (President and Chief Executive Officer) often talks about the "first penguin" story. That's exactly it.

OSAKI: For employees who work for the Bank whose name includes agriculture, there are rather not many of us who have a concrete understanding of the reality of agricultural scenes and community sites. The experience at the JA farming support team must be offering participants a good opportunity to understand the actual business sites. I participate every time as if urged to do so by a strong impulse, and I feel a shared sense of "local patriotism" with the producers in their local communities. It would be meaningful for us to not only learn the actual state of agriculture but also develop local contacts if we want to support those local communities.

OTA: The Bank itself upholds Our Purpose, that is, striving to redefine our corporate identity, and the My Purpose Project is an ideal personal version of that.

NAKADA: What is most important for the participants in the My Purpose Project is teamwork in the workplace. It's natural that you feel you need someone to cover your work while you are engaged in the project. I can participate with the confidence of knowing that my teammates will cover my work during my absence.

OSAKI: In our case, our colleagues send us out graciously saying "Have a good time!" and awaiting the stories of our activities. I really appreciate such an atmosphere.

YANASE: We can leave our office with peace of mind, and alternatively we can provide support when others want to participate.

NAKADA: What I found exuberating after joining the Bank due to a job change was that the Bank is an organization where, if someone submits a plan, several supporters will always step forward to assist. That's how we can tackle the My Purpose Project with such commitment.

Human resources development through food and farming education and financial education, in which I could be involved because I'm employed by the Bank

OTA: It seems that the Agrication & Fincation Project at the Toyama Branch could be such an initiative (refer to the upper column). At first, there was the personal intent of Mr. NAKADA, which then spread to a circle of acquaintances and business relations within the branch, then to JA Bank and external business partners, leading to its realization.

NAKADA: Yes. Pursuing food and farming education, as well as financial education targeting children, had been my personal desire. However, after joining the Bank due to a job change, I had never considered that I could participate in such training because I was fully focused on my assigned job.

OTA: But you got that opportunity.

NAKADA: That's right. When I oversaw the asset formation business for two years for JA Bank at our head office, most my colleagues had a broad background including a person who was seconded from a securities company, a person affiliated with an asset management company and those who joined the Bank like me via mid-career recruiting. The section was full of diverse persons. While debating vigorously with each other on a variety of themes, I realized that there are different types of organizations and that employees could benefit

from freer and more flexible work styles.

When I thought about what I wanted to do, my heart prioritized the idea of helping people. I then asked how I could help people and in what ways as an employee working at the Bank. I concluded that I should provide food and farming education, as well as financial education. I am confident that the education to nurture people is an area where we can certainly help people, and the Bank has strength in both sectors.

OTA: You set up the project in a branch, requested the cooperation of JA and related local municipalities, approached schools and so on. As there was no precedent or template, you had to develop everything from scratch. Moreover, you did all that while completing your routine work. Great! Superb!

NAKADA: In my case, the teamwork at the Toyama Branch was excellent. The first response to my consulting was, "That's a good idea, so you should do it!"

Although not all was not perfect from the start, I was frankly happy because I could do what I wanted to do—My Purpose—to help people, together with trustful colleagues on my side.

OSAKI: In fact, looking at your education initiative on the Portal, I thought you seemed happy (laughter).

NAKADA: Katayama Gakuen Primary School was interested in our project, and JA, Toyama Prefecture, and several local and national companies cooperated with our team so that the Agrication & Fincation Project could take shape. Of course, we had various difficulties until the project was completed, but the process was fun. The classes we presented at the school included lessons with caramel as the subject matter and making "trout sushi," a local specialty, after growing a brand rice from Toyama Prefecture. Although I cannot disclose the details at this time, I'd like to develop pleasant classes where many participants can learn about food, agriculture and financing through discussions with related persons of JA, companies and the university. Recently, I have truly come to believe that I must be the employee who most enjoys life at the Bank (laughter).

YANASE: Even so, you have worked hard to develop this project.

NAKADA: I'm sure that all employees of the Bank have, to a certain degree, something they want to do. However, they might give up or perhaps only a few might actually raise their hand to express their opinions outside their job domain. I wish that the My Purpose Project could boost everyone to take a step forward and say "I'd like to try this myself!" The My Purpose Project is an opportunity to allow oneself to pursue an opportunity.

Diversified synergies with internal and/or external counterparties of the Bank are expected to be produced thorough the My Purpose Project

OTA: In addition to the JA farming support team and the Agrication & Fincation Business, the My Purpose Project includes various other initiatives such as the "Hometown Co-creation Business" (refer to page 32). Their common concept is "inner-oriented." However, they all require not only internal cooperation but also external collaboration as that is essential for the Bank due to the nature of its business. For that reason, I feel that new relationships with conventional stakeholders who have supported the Bank over its 100-year history or new synergies apart from routine operations could be developed.

What made me happy recently as a project manager is that some employees who once participated on the JA farming support team have indicated support for the onsite operations of the Hometown Co-creation Business as if dots connecting to form a line. I expect much of the Bank, which is already a unique organization, in transforming itself through the combined unique strengths of its many self-determined employees.

I would like to continue the My Purpose Project with an eye toward the next 100 years. Furthermore, similarly to the case of the JA farming support team, I want the scope of the participants to expand broadly and to encourage autonomous participation to enable every employee to create his/her own My Purpose Project story.

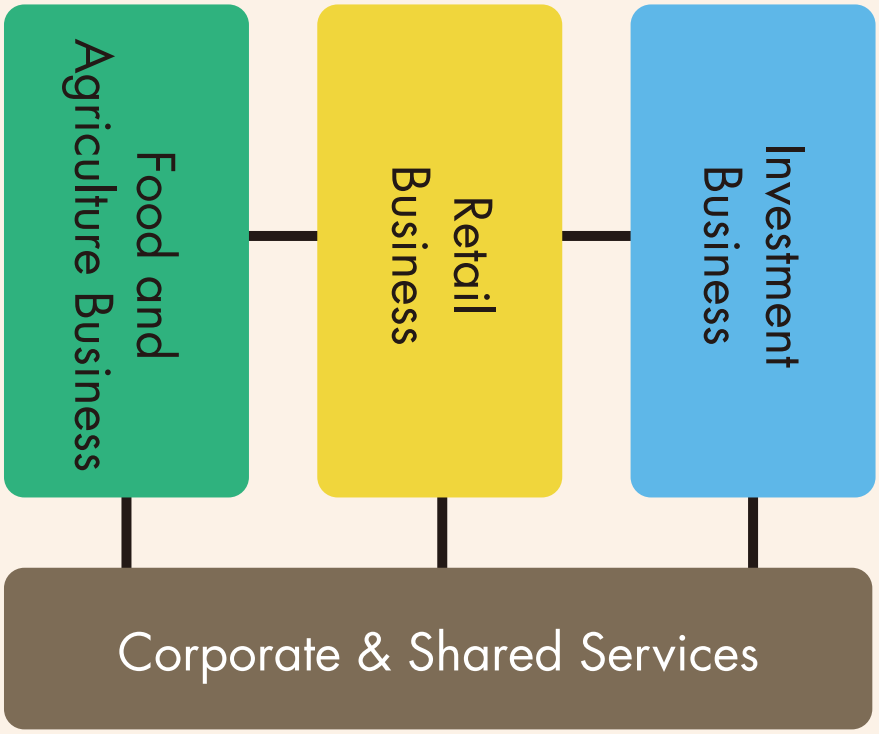
NAKADA: I also intend to continue participation in the project.

YANASE: I agree. Let's continue together.

OSAKI: Absolutely!

Three Value-Creating Businesses and Their Foundation

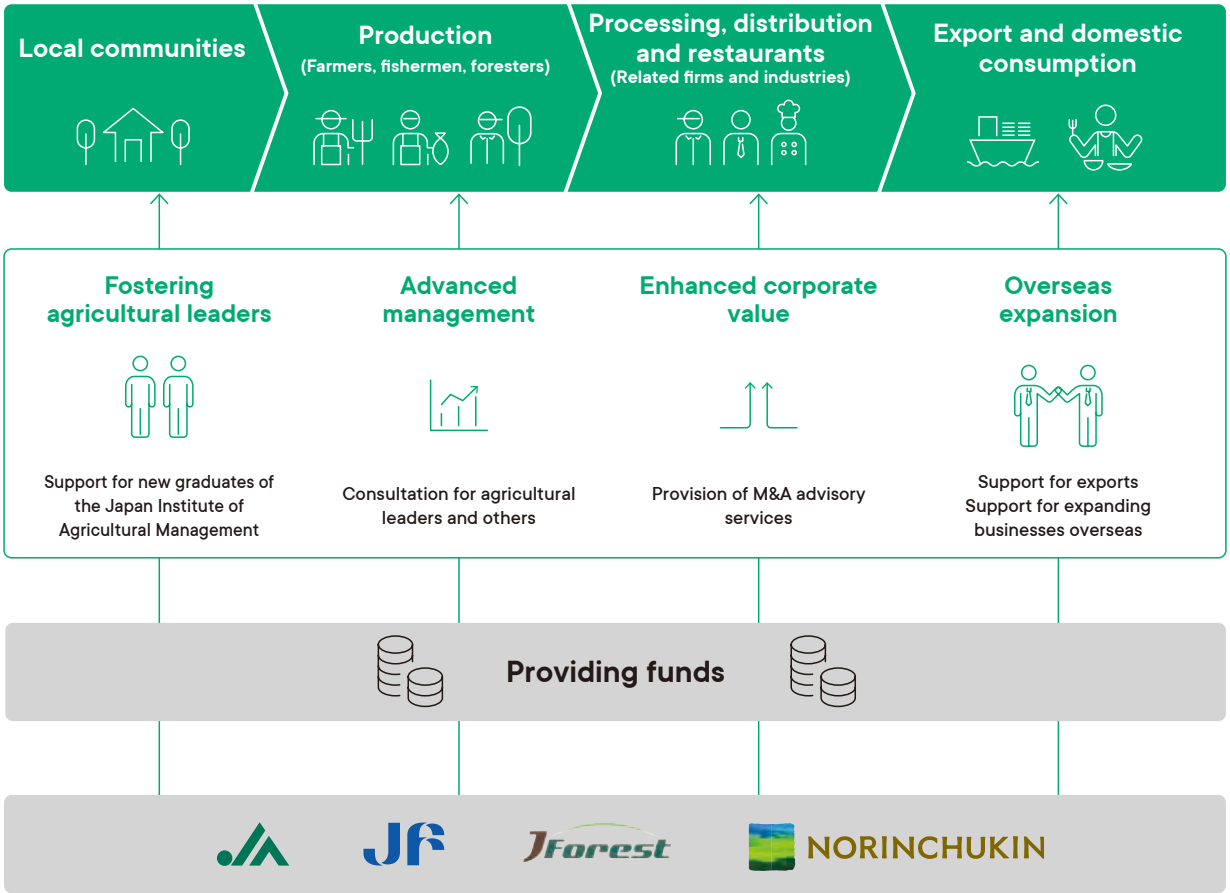
The Norinchukin Bank continues to offer various kinds of value to local communities, inhabitants and national land via collaboration with cooperative organizations consisting of JA, JF and JForest. Such value is created by the Bank's three businesses—the Food and Agriculture Business to support, connect, and expand the food and agriculture value chain; the Retail Business to provide various financial functions as a member of JA Bank and JF Marine Bank; and the Investment Business to ensure the stable return of profits via sophisticated fund management through globally diversified investments—along with its Corporate & Shared Services to support the implementation of these three businesses.


Investment Business
Retail Business
Food and Agriculture Business
Corporate & Shared Services

Food and Agriculture Business

Aiming to be the "First Call Bank" in the Food and Agriculture Value Chain

Enhance the food and agriculture value chain



Aiming to become a leading food and agriculture bank in Asia by supporting and connecting people, organizations and corporations and expanding their networks

We established the food and agriculture business as one of the new pillars of our businesses in fiscal 2016.

We add value to the entire food and agriculture value chain covering the upstream (production), midstream (food-related industries such as processing, distribution and restaurants) and downstream (domestic and overseas consumption).

We not only provide loans and investments but also help develop agricultural corporations and leading farmers ("agricultural leaders") and offer consulting and M&A advisory services to them and others, as well as support for exports and expanding businesses overseas, thereby performing three functions: "support," "connect" and "expand." Our goals are to become the "First Call Bank" that all those in the food and agriculture value chain call on first and a leading food and agriculture bank in Asia that grows with our customers.

VOICE

The AFF industries and food are the Bank's point of origin— and we anticipate new ideas and methods for the next 100 years

The Norinchukin Bank celebrates its 100th anniversary during fiscal 2023. The Bank's role has expanded and changed depending on the era and environment. It commenced with an adaptive response to financing needs in the AFF industries, and returned profits through the management of funds such as the foundational JA savings, which increased along with Japan's economic growth.

In front of this big milestone, we are looking at the Bank's point of origin. We positioned the vital initiative of "supporting, connecting and expanding" Japan's AFF industries and food with the food and agriculture business as our starting point in fiscal 2016 because the underlying mission of "contributing to the development of Japan's AFF industries" has not changed since our inception a century ago.

In Japan in and after the high-growth period, the relative significance of the AFF industries gradually declined among all industries, and we sometimes heard that foodstuffs should just be imported at cheap prices. However, the importance of the AFF industries and food security has risen sharply in recent years, against the backdrop of the global COVID-19 pandemic, the destabilized international situation, yen depreciation and other factors. Our setting of the food and agriculture business as a core pillar in addition to conventional retail and investment has become increasingly significant.

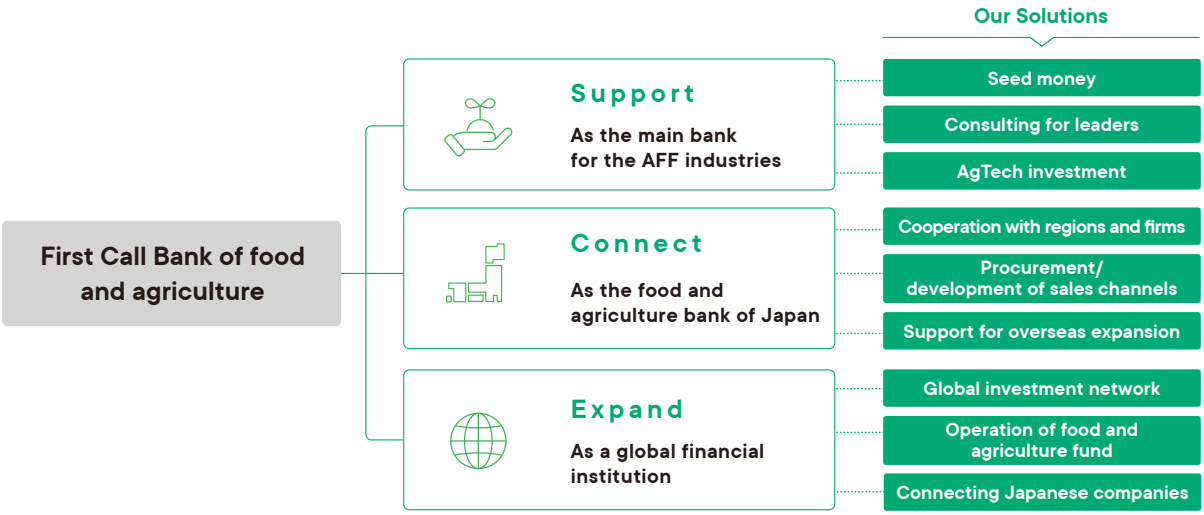
Nonetheless, even if we reconsider the point of origin, the ideas and methods will be new. The directors and employees must cope with diversifying needs in the food and agricultural sector with a strong awareness of the food and agriculture value chain—consulting to leaders in the agricultural industry (refer to page 18), financing and investing in the AFF industries and food and agriculture-related corporations (refer to page 31), supporting exports, advising on M&A, helping to reduce GHG emissions (refer to pages 17–18) and so on. As the number of relevant cases and amounts have steadily increased for various initiatives, we have the opportunity to feel a sense of fulfillment with regard to the key target of increasing the income of farmers, fishermen and foresters.

Meanwhile, there remain many tasks to be resolved in Japan's AFF industries. In addition, we are harshly affected by vehement changes in the global environment such as the spread of the COVID-19 pandemic, high inflation rates and rising geopolitical risk. We will therefore focus on mitigating negative impacts of price surges.

Although we still have a long way to go before accomplishing Our Purpose as the Bank, which encompasses not only the AFF industries but also local communities and the global environment, we will promote extensive initiatives in the food and agriculture business, hand in hand with producers, cooperatives, food and agriculture–related corporations, local municipalities and other many stakeholders.

YAGI Masanobu
Representative Director and Managing Executive Officer
Member of the Board of Directors
Chief Operating Officer

The leading food and agriculture bank in Asia



Case Studies of Our Food and Agriculture Business

case

1 Gold Farm

Make apple cultivation sustainable by realizing the export of "apples with leaves"

Japanese apples are grown with care, and during the process the leaves around the apple are usually removed to encourage the fruit to turn red and the fruit is rotated to expose the entire surface of the fruit to sunlight. "Apple with leaves" intentionally eliminates the process of leaf picking and fruit rotation, increases the amount of nutrients provided to the apples and reduces the burden on farmers.

Gold Farm in Aomori Prefecture has led the way in promoting a cultivation method that emphasizes taste quality over coloration. In 2022, the company began exporting apples with leaves to Taiwan in collaboration with First International, a trading company in the same prefecture. The collaboration between the two companies is the result of business matching initiated by the Aomori and Sendai branches of the Bank.

The aging of society has made it difficult for the apple industry to secure human resources, but the production of apples with leaves, which require less work, is one solution, and such production is increasing every year. On the other hand, as the volume of shipments increases, new issues such as the expansion of sales channels and the stabilization of sales prices have emerged. The solution to these concerns is exports.

In addition, Gold Farm was having trouble with its fruit-sorting capacity keeping up with the growth in the production of apples with leaves. The Bank's Aomori Branch offered a wide range of support in this regard, including proposals to utilize public subsidy programs to introduce fruit-sorting equipment and loans to finance that equipment, thereby paving the way for increased shipments and exports.

case

2 Suzunari

Hand in hand with an agricultural corporation, we promote collaboration between agriculture and welfare and the reduction of GHG emissions

Suzunari, which produces vegetables in Shizuoka and other regions, is an agricultural corporation that has been committed to reducing pesticides and fertilizers since its establishment. The Bank is working with related parties to support the corporation's two main initiatives: collaboration between agriculture and welfare and the reduction of greenhouse gas (GHG) emissions.

In April 2022, the Bank, together with Nokyo Tourist Corporation and JA Shizuoka Shinnoren, collaborated with Suzunari to embark on initiatives to expand collaboration between agriculture and welfare. Such initiatives include introducing graduates of Suzunari College, a training facility for people with disabilities within the company group, to companies and having them engage in production work at a company-operated plant factory. The goal is to facilitate the learning of work and employment of people with disabilities.

In addition, Suzunari's efforts to reduce GHG emissions in vegetable production began with the calculating of emissions at its production sites with the support of a calculating company that the Bank works with. Based on the calculating results, Suzunari set emission reduction targets and concluded a Sustainability Linked Loan (SLL) agreement with the Bank in December 2022. The SLL adopts variable loan terms depending on the degree of achievement of reduction targets to encourage companies to achieve their targets from a financing perspective.

For more information on the Bank's initiatives to reduce GHG emissions, please also read "Leads the way in reducing GHG emissions from the AFF and food industries" on pages 17–18 of this report.

Reaching its eighth year since starting in fiscal 2016, The Norinchukin Bank's food and agriculture business has accumulated achievements in the fields of agriculture, forestry and fisheries. Let us introduce some of the latest initiatives of "Support," "Connect" and "Expand."

case

3

Sea surface aquaculture industry in the Amakusa region, Kumamoto Prefecture

Significantly expanded support for the "Amakusa Sea" aquaculture industry

The Amakusa region of Kumamoto Prefecture is an area of thriving aquaculture industry for sea bream, yellowtail, striped jack, tiger puffer and great amberjack. Aquaculture operators have long faced such issues as financing, improving production efficiency, strengthening product processing and expanding sales channels, but now they are also being asked to solve a new problem due to the coronavirus pandemic.

Since fiscal 2020, the Bank's Kumamoto Branch, together with its Head Office, has strengthened dialogue with not only the aquaculture operators but also the Kumamoto-ken Kaisui Yoshoku Gyogyo Kyodo Kumiai (Kumamoto Seawater Aquaculture Fishery Cooperative), the prefectural government and other related organizations. Through individual interviews and participation in meetings and events, we have actively worked to understand the needs of the aquaculture operators and propose solutions.

As a result, we have been able to provide financing and leasing support in cooperation with JA MITSUI LEASING for such projects as large fish farming for export. For example, for Igarashi Suisan, which produces "Amakusa-Sakuratai" (Amakusa sea bream), we are providing a wide range of support, including financing for the acquisition of facilities for the reorganization of fishing grounds in the district and the introduction of large fish cages on lease.

In addition, we are working with many aquaculture operators, seawater aquaculture fishery cooperatives and seafood processing businesses to expand exports, support business succession through The Agribusiness Investment & Consultation and promote business matching. We will continue to strongly support the aquaculture industry in the "Amakusa Sea."

case

4

Forestry, agriculture and housing industries in Tochigi Prefecture

Achieve SDGs in the region through collaboration between forestry and agriculture

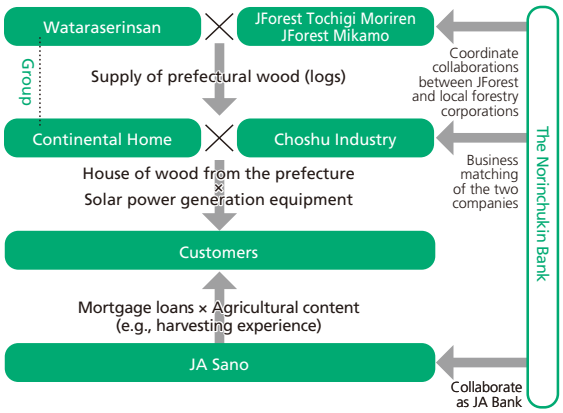
The realization of a sustainable society, including countermeasures against global warming, is a major challenge for local communities. Tochigi Prefecture is no exception, and the prefecture has set a goal of "achieving carbon neutrality."

To support the realization of this goal, the Bank's Utsunomiya Branch in Tochigi Prefecture concluded a comprehensive partnership agreement in February 2023 with JForest, JA and companies in the prefecture to achieve the SDGs in the fields of forestry and agriculture.

The agreement was signed by JForest Tochigi Moriren, JForest Mikamo, Continental Home, Wataraserinsan, JA Sano and the Utsunomiya Branch of the Bank. These members will work together to create a virtuous cycle between the local economy and the environment, promote the use of prefectural wood and create sustainable business models in Sano City.

Specific efforts include the supply of prefectural wood by JForest and others and the construction of houses by Continental Home. Furthermore, Choshu Industry, a company affiliated with the Bank and others apart from this agreement, offers the installation of solar power generation equipment at no initial cost according to the needs of home buyers, and JA Sano proposes mortgage loans and provides opportunities to experience harvesting agricultural products using JA's point system.

Building a Decarbonization Model in Sano City



Retail Business

Providing a range of financial functions as a member of JA Bank and JF Marine Bank

JA Bank by numbers

Introducing the performance and initiatives of JA Bank (JA, JA Shinnoren, the Bank)

Number of members in JA Bank

JA **538** JA Shinnoren **32** The Norinchukin Bank **1**

571 organizations operate business in an integrated manner

(April 1, 2023) (Source) The Norinchukin Bank

Number of JA cooperative members

10.36 million

(Source) Comprehensive Agricultural Cooperatives Statistical Tables (2021), Ministry of Agriculture, Forestry and Fisheries

Number of JA Bank App downloads

1.79 million

(Source) The Norinchukin Bank (March 31, 2023)

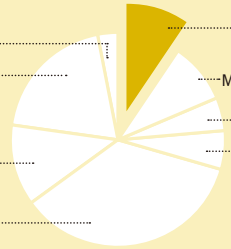
Total number of branches nationwide

No. **2** in Japan (6,525* branches nationwide, 12.5% domestic share)

*Calculated (with fractions rounded off) by the Bank based on the data as of the end of FY2021 contained in the Financial Journal Special Edition 2023.

JA Bank's share of deposits from individuals

No. **3** in Japan



(September 30, 2022)
(Source) Prepared by The Norinchukin Bank based on Bank of Japan materials and results briefing materials from respective financial institutions
The amounts of balance of deposits for JA Bank and domestic banks and Shinkin banks refer to individual depositors, whereas the amount for JAPAN POST BANK refers to all depositors
Note: The sum of the percentages might not equal 100% due to rounding.

JA Bank savings balance

108.6 trillion yen

(Source) The Norinchukin Bank (March 31, 2023)

Number of mobile branches introduced

135

(Source) The Norinchukin Bank (March 31, 2023)

Developing businesses effectively as JA Bank and JF Marine Bank, while meticulously addressing the needs of each region, individual member and customers

JA and JF in regions all around the country provide meticulous services to meet financial needs that vary by region and by individual member and customer, as independent financial institutions. To provide these retail services more efficiently and effectively, JA Shinnoren and JF Shingyoren are responsible at the prefectural level, and the Bank is responsible at the national level.

In the field of agriculture, we formed a financial network called "JA Bank" together with JA and JA Shinnoren. JA Bank offers appropriate financial products and services to accommodate customers' life events such as starting work, getting married, buying a house and retiring from work, and proposes stable financial asset building and management.

These services are collectively called the "life-plan support business," through which, in addition to various financial services such as savings, settlements and housing loans, JA Bank provides mutual fund and will trust services. Combining the services of other businesses operated by JA, we provide services that are possible only by businesses providing comprehensive services for customers of many generations.

Also, we are strengthening and expanding the non-face-to-face transaction channel by enhancing the functions of JA online banking and JA Bank App, etc.

In addition, we are reestablishing face-to-face transaction channels including "branch offices providing comprehensive services" equipped with specialists and client-relationship managers and "Yorisoi Plaza" to strengthen the contact point with users while enhancing efficiency.

In the field of fishery, JF Marine Bank, jointly operated by the Bank, JF and JF Shingyoren, develops business. In addition to the financing function by utilizing its knowledge as a fishery-dedicated financial institution, JF Marine Bank provides support such as consulting services for life support loans according to life events and business succession, thereby supporting the fishery business and the lives of local residents.

VOICE

Norinchukin's Role in the Retail Business
What will change and what will not

The Norinchukin Bank's retail business is to operate JA Bank and JF Marine Bank together with local JA and JF, JA Shinnoren and JF Shingyoren. The Bank functions as "headquarters" providing nationwide infrastructure for financial services and serves as the "central bank" for each of the JA and JF members.

The latter function has been strengthened in the past, but we believe it is increasingly important to support each JA/JF's management while respecting their autonomy. The Bank's 100th anniversary in fiscal 2023 could become a turning point for a qualitative change of its functions.

The situations and challenges of JA and JF vary according to their region and organization. Notably, each JA is promoting the clarification of management strategies, and we are strengthening our support to encourage such an effort. Of course, JA Bank will continue to provide nationwide support in the three areas of agriculture, community and livelihood. One such support is to further promote non-face-to-face channels, such as net banks, to ensure convenience, thereby accelerating the enhancement of operational efficiency through various means.

Fiscal 2022 was a year when the financial market presented extremely high volatility. JA Bank's sales of mutual funds faced headwinds, but the number of accounts opened increased significantly. We believe that our efforts to listen carefully to customers' needs and explain the characteristics of our financial instruments to get their full understanding have been proved correct. Aiming for a further leap when the new NISA scheme begins in 2024, we see fiscal 2023 as a crucial year to seize opportunities.

Along with these efforts in livelihood, our support in agriculture and fisheries, including financial and other support via JA/JF to producers suffering from inflation and other problems, will continue to be important. In terms of support for local communities, JA has launched the "Hometown Co-creation Business," for which we will provide full support.

Toward the common goal of revitalizing the AFF industries and local communities, our unified efforts with JA, JF and others in the retail business will remain unchanged, with the connection becoming even stronger throughout our history. Such unification, combined with diversification due to the individuality of the respective organizations in the network, provides us with a unique advantage in promoting a variety of initiatives.

AKIYOSHI Ryo
Director and Managing Executive Officer
Member of the Board of Directors
Co-Head of JA and JF Business Support

Offering new value to daily lives of local communities

Meet all types of needs from asset management to inheritance/business succession

Deposit, prepare, grow and leave money

JA JF NORINCHUKIN

Services offered through comprehensive business

Local money circulation

By further demonstrating our financial intermediation function, we will promote the agriculture and fishery industries and revitalize local communities

Borrow money

- Agriculture-related funds
- Fishery-related funds
- Mortgage loans
- Loans for house renovations
- Auto loans
- Educational loans
- Credit card loans
- Loans for all purposes

Needs of members and users

Establish an optimal structure to address the needs of members and users

Non-face-to-face transaction channels (digital transactions)

PCs, smartphones: Internet banking, App banking

ATM: Own ATMs, ATMs owned by partner financial institutions

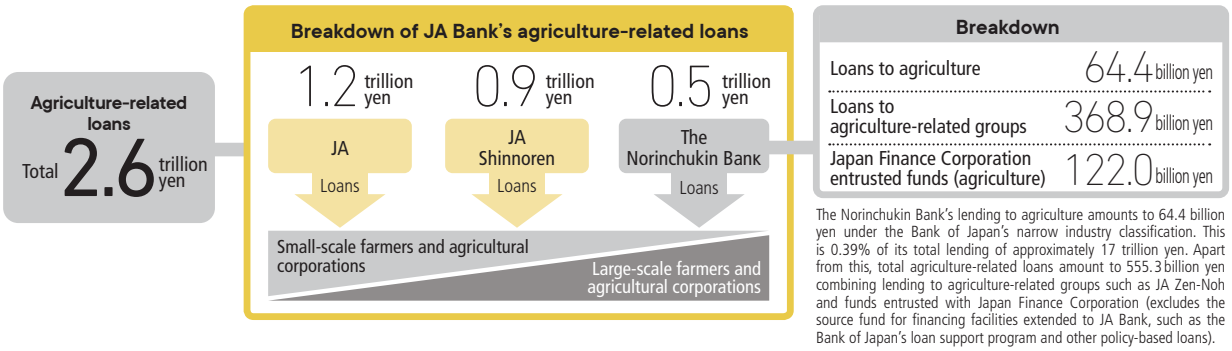
Face-to-face transaction channels (in-person transactions)

Branch providing comprehensive services | Community branch office | Yorisoi Plaza (outlets with ATMs and assistants) | Mobile branch | Fureai automated branch

Maintain and strengthen the contact point with users

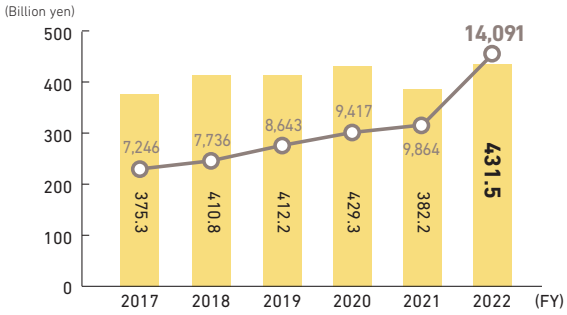
Strengthen proposal capability

JA Bank's agriculture-related loans

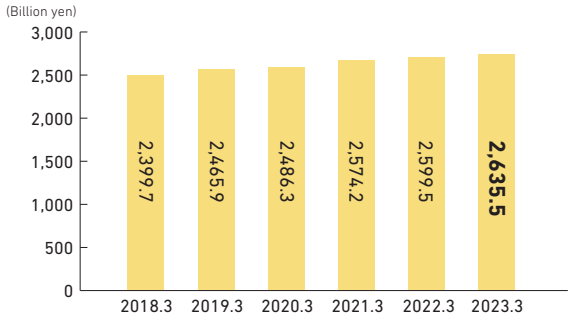


The Norinchukin Bank's lending to agriculture amounts to 64.4 billion yen under the Bank of Japan's narrow industry classification. This is 0.39% of its total lending of approximately 17 trillion yen. Apart from this, total agriculture-related loans amount to 555.3 billion yen combining lending to agriculture-related groups such as JA Zen-Noh and funds entrusted with Japan Finance Corporation (excludes the source fund for financing facilities extended to JA Bank, such as the Bank of Japan's loan support program and other policy-based loans).

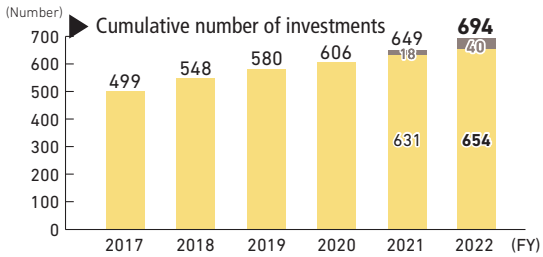
Trends in the amount of new agricultural loans executed and the number of agricultural corporations as business partners

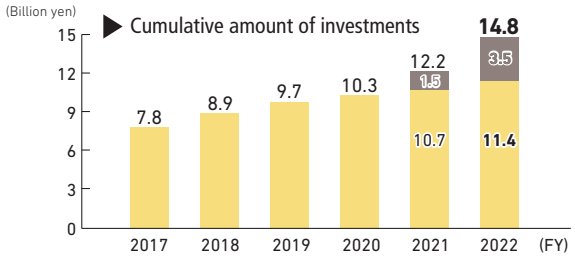


Balance of agriculture-related loans



Investments in the AFF industries and food and agriculture–related corporations through Agribusiness Investment & Consultation





Note: In the above graphs, the upper part of the bars for FY2021 and FY2022 relates to food and agriculture–related corporations, whereas the lower part relates to AFF corporations. Due to rounding, the sum of the upper and lower figures might not equal the total figure. The cumulative number and amount of investments in food and agriculture–related corporations include those transferred from the Bank's F&A (Food and Agri) Growth Industrialization Investment Framework.

Strengthening the provision of loans and investments in the "Agriculture" field JA Bank continues to be the main bank for the agriculture industry

JA, JA Shinnoren and the Bank play each role as JA Bank in the area of agricultural loans. JA meets the funding needs of small-scale family farmers and agricultural corporations in each region, whereas JA Shinnoren and the Bank play the major role in meeting funding needs for farmers and agricultural corporations running large-scale operations.

The amount of new agricultural loans (long term) in fiscal 2022 totaled 431.5 billion yen, a record high since fiscal 2015 when we started compiling the data, because of steadily increasing financial transactions with agricultural corporations and meeting the financing needs of customers affected by soaring prices of production materials due to the situation in Ukraine and other factors.

The balance of JA Bank's agriculture-related loans as of March 31, 2023, totaled around 2.6 trillion yen (including loans facilitated by JA Bank on commission for Japan Finance Corporation) with 1.2 trillion yen at JA, 0.9 trillion yen at JA Shinnoren and 0.5 trillion yen at the Bank.

JA Bank not only provides loans but also makes investments. For example, it actively invests in agricultural corporations that have technological capability but do not have sufficient capital to stabilize their financial position, supplying funds according to the growth stage of such firms. Through this initiative, the number of investment projects and the amount of investments executed via Agribusiness Investment & Consultation Co., Ltd., which was established by the JA Group jointly with Japan Finance Corporation, are on a steady rise.

Moreover, JA Bank and JF Marine Bank, as the main bank, operating in agricultural and fishery local communities, handle low-interest loans nationwide for customers affected by the price hike of production materials and consult on various relief methods including revision of repayment terms for existing loans.

JA Bank

Revitalize the community through JA Bank's unique financial intermediary function

In addition to providing financial services for the agricultural industry and people's lives, JA Bank aims to pursue its unique financial intermediary function to solve regional issues and revitalize local communities. Specific initiatives for that purpose include the "Hometown Co-creation Business," which was launched in fiscal 2022 to support JAs in their efforts to revitalize local communities.

This business is designed for The Norinchukin Bank to support JAs around the nation when they initiate and develop their creative efforts to address various regional issues and revitalize their local communities in collaboration with related local parties. In fiscal 2022, the Bank's collaborations with JAs in several regions were realized under the theme of "creating farm areas supported by the local communities" through such efforts as supporting the elderly in depopulated areas, revitalizing communities based on tourism and providing support for people wishing to start farming.

One example is an effort by JA Agri Anan in Tokushima Prefecture. Located in a hilly and mountainous area, JA Agri Anan faced regional problems such as the progress of depopulation and aging that makes it difficult for residents to go daily shopping and to confirm the safety of residents in times of disaster.

To solve these problems, JA Agri Anan started "Smile Go," a mobile shop vehicle that sells food and daily necessities, in June 2022. In July of the same year, it signed a comprehensive cooperation agreement with Naka Town for regional revitalization. Furthermore, JA Agri Anan's ongoing efforts for community revitalization include the introduction of mobile branches that provide JA Bank's financial services, the construction of laundromats and the holding of community development festivals. The Norinchukin Bank has been participating in these initiatives by JA Agri Anan from the conceptual stage to support the design of plans and their implementation.

Through the "Hometown Co-creation Business," we will continue to support JA's efforts to revitalize local communities around the nation.

JF Marine Bank

Strengthen "consultation capabilities" for fishermen and fishery-related businesses through consultation centers and liaison meetings

The Norinchukin Bank, which operates JF Marine Bank together with JFs and JF Shingyoren throughout Japan launched the framework of the "Management Consultation Center for Fishermen" in fiscal 2019, jointly with National Federation of Fishery Cooperative Associations (JF Zengyoren)*. This is intended to enable fishermen and JF Marine Bank to think and act together on a wide range of subjects in each prefecture, including not only finance and income and expenditures but also updating facilities, undertaking new businesses and training successors.

Furthermore, in fiscal 2020, the Bank and JF Zengyoren established the "National Management Consultation Center for Fishermen" to support the strengthening of management consultation functions for the JF group—JF, JF Gyoren and JF Shingyoren, etc.—and fishermen in each prefecture. In addition to dispatching professional consultants, they hold the JF Marine Bank Fisheries Liaison Meeting regularly to share information, thereby enhancing "consultation capabilities."

This meeting is also open to online participation and features a wide range of stakeholders, including fishermen, JF members and seafood manufacturers, making it a place for sharing knowledge and ideas. The number of participants keeps growing, and case studies presented by fishermen, JF members and fishery-related businesses attract considerable attention at each meeting.

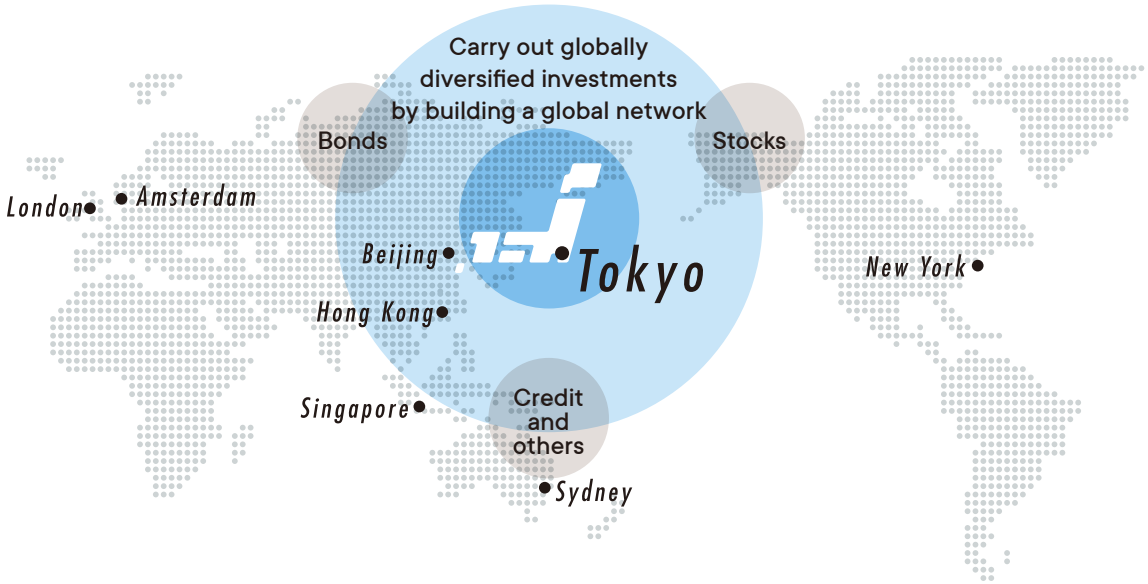
As a national organizer of JF Marine Bank, The Norinchukin Bank has led these efforts. By providing support for these opportunities of information sharing and collaboration, the Bank was able to quickly get a precise picture of the participants' concerns, such as a decrease in demand due to the coronavirus pandemic, which led to necessary support to expand sales channels.

As a member of JF Marine Bank, we will continue to cooperate with JFs and JF Shingyoren to meet the detailed needs of fishermen and various businesses involved in the fisheries industry, as well as local communities.

*A national-level organization that oversees JF's sales business, such as the sale of fisheries products, and JF's operational directions provided to fishermen. Such role is assumed by JF Gyoren at the prefectural level.

Investment Business

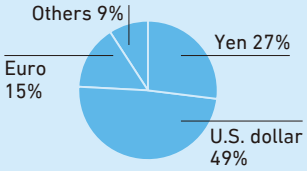
Pursuing stable profit as the ultimate manager of funds for JA Bank and JF Marine Bank



Breakdown of Investment Assets

Approx. 50 trillion yen

(As of March 31, 2023)



*Market Assets by Currency

New sustainable finance in the Investment Business

Approx. 3.7 trillion yen

*Total amount of market investment assets, project finance and funding (green bonds), etc., in fiscal 2021–2022, including that executed by group companies.

Ensuring stable profit over the medium to long term through globally diversified investments based on advanced risk management

The Bank plays a role as the ultimate manager of funds entrusted with JA Bank and JF Marine Bank. To fulfill this role, the investment business engages in efficient management taking advantage of economies of scale while continuing to ensure stable profit over the medium to long term and return it to our members as the ultimate objective.

Aiming to achieve this objective, for approximately 20 years since the start of the low-interest rate era in Japan, the investment business has worked on "globally diversified investments" in the global financial markets. We have built a global network using overseas sites including New York, London, Singapore, Hong Kong, Beijing, Sydney and Amsterdam. We control the risks of our overall portfolio by conducting due diligence with ample information and diversifying our investments in assets with different risk-return characteristics rather than concentrating investments in limited asset classes.

In particular, we utilize hedging for the risk of exchange rates, which could fluctuate significantly, as much as possible for investment in foreign currency denominated assets.

To pursue the utmost stability of profits for the medium and long term, we constantly review our investment methods and risk management and will continue taking on the challenge of upgrading our globally diversified investments.

In our investment business, we are also engaged in sustainable finance. For example, by actively investing in bonds focusing on gender equality and the world's largest hydrogen infrastructure fund, we support the development of a sustainable environment, society and AFF industries from an investment perspective.

VOICE

Having weathered the turmoil in international financial markets, we accelerate adaptation to the new Investment environment

Due to global-scale inflation and monetary tightening, the international financial markets have been experiencing significant fluctuations that could almost be called historic. This is a difficult situation for the investment business of The Norinchukin Bank, against which we have been strengthening a defensive position by reducing risk assets since fiscal 2021. As a result, although we recognized unrealized losses on our asset holdings in the full-year financial results for fiscal 2022, we maintained a sufficiently sound capital adequacy ratio and recorded profit.

In the financial markets, signs of change are emerging in the inflationary trend. For our investment business in fiscal 2023, we are preparing to rebuild our portfolio in a flexible manner, including unwinding of a defensive position. By calmly and boldly confronting this market upheaval, we believe that officers and employees have gained greater strength both as an organization and as individuals, and we will seek even higher standards of performance in the new market environment.

The investment business of the Bank consists of two pillars: the management of our own portfolio and the asset management business, or the management of assets entrusted to us by external parties. The environment in fiscal 2022 was extremely challenging, but we were able to endure the situation for both, even achieving growth wherever we could.

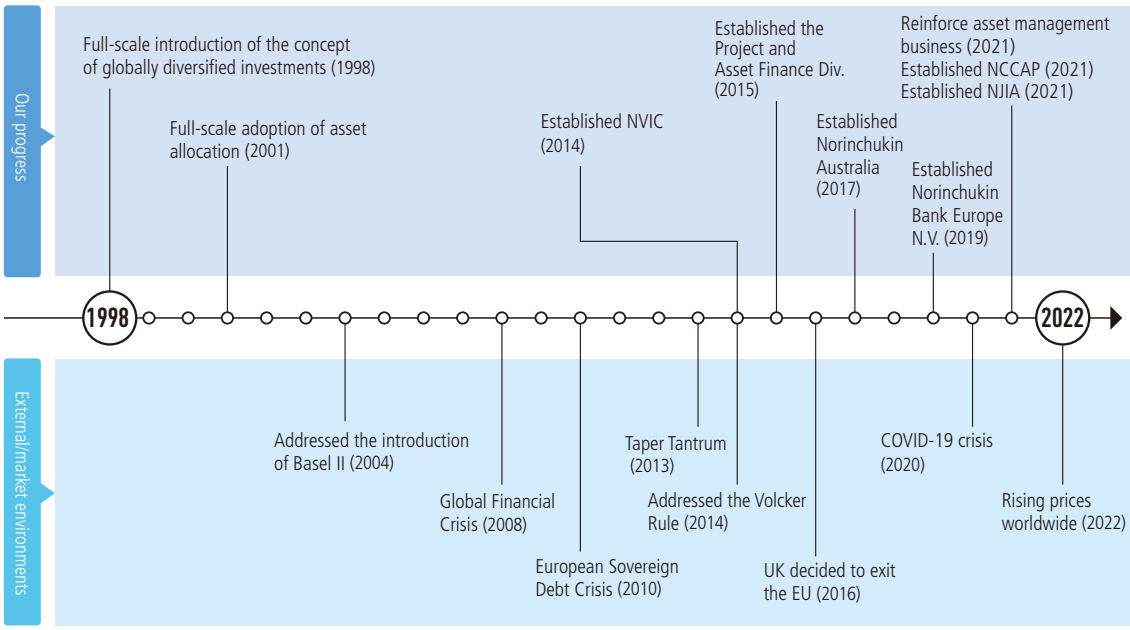
These achievements, we believe, will provide a tailwind especially for our asset management business, and lead us to meet the strong expectations by a wide range of institutional and retail investors toward "the Norinchukin's asset management" including the Bank's group companies.

In this field, we have five group companies: Norinchukin Zenkyoren Asset Management, The Norinchukin Trust & Banking, Norinchukin Value Investments, Norinchukin Capital and Nochu-JAML Investment Advisors. Each of these companies has steadily achieved results in their specialized areas such as credit, alternative and equity investments, and privately placed domestic REITs, and we therefore have high expectations for fiscal 2023 and beyond.

Ahead of its 100th anniversary in fiscal 2023, the Bank set forth its Purpose in 2021. This Purpose is the philosophy for our continuing to support the AFF industries and local communities, and it is our responsibility to secure solid financial resources to fulfill our Purpose. We look forward to the future of our investment business.

YUDA Hiroshi
Director and Managing Executive Officer
Member of the Board of Directors
Chief Investment Officer

Progress in globally diversified investments



Bolstering the Asset Management Business
—The Norinchukin Group is making group-wide efforts to diversify revenue sources

Under the policy of reinforcing our asset management business, we transferred our credit and alternative investment functions to Norinchukin Zenkyoren Asset Management (NZAM), an affiliated company of the Bank, in fiscal 2021. In addition, we newly established Norinchukin Capital (NC-CAP), for private equity investment and Nochu-JAML Investment Advisors (NJIA), for managing domestic real estate private REITs.

NZAM now offers a full lineup of products according to economic cycles and launched its credit flagship fund in August 2022. NJIA has begun managing a domestic real estate private REIT, in which the Bank also has a stake, offering prime yen-denominated investment opportunities. We will continue to ensure the effective use of our management experience to meet diversified customer needs (including ESG investment products).

With the aim of achieving more integrated functioning of the Bank itself and its group companies, the Bank newly established a dedicated team within its Credit and Alternative Investments Division—on the frontline of the investment business—to support the asset management business, thereby strengthening the business on a group-wide basis. Through diversification of revenue sources by acquiring management fees without being subject to economic fluctuations, we will increase and stabilize revenue from the investment business and eventually fulfill the Bank's Purpose.

Asset Management Group Companies of The Norinchukin Bank

—Providing customers with extensive product lineups—

*1 Norinchukin Zenkyoren Asset Management
*2 Norinchukin Value Investments

Asset Management Business

Aim to be the "main asset manager" for credit and alternative investments

Norinchukin Zenkyoren Asset Management Co., Ltd. (NZAM), is a joint venture for asset management between The Norinchukin Bank and JA Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)*. In fiscal 2021, the personnel and assets related to credit and alternative investments were transferred from the Bank to NZAM to establish a new structure.

Although the asset management business continues to face difficult situations in the highly uncertain market environment, NZAM has steadily acquired a growing number of customers, both institutional and individual investors, and maintained assets under management (AUM) amounting to ¥15 trillion (as of June 2023). We feel that our clients place high expectations on the international diversified investments that the Bank has promoted, especially the credit and alternative investments, for which the Bank has the longest track record in Japan.

We receive many requests from institutional investors to learn our know-how. To address those requests, we publish monthly reports, hold training and study sessions, accept trainees and provide other solutions. Our goal is to be the "main asset manager" that our clients call on first when they think, "Now, let's get moving."

We are also actively embarking on the ESG field by, for example, structuring credit products related to ESG investments and providing advisory services for the Bank's impact-investing program (totaling ¥15 billion), which is designed to have a positive impact on the environment and society. As a member of The Norinchukin Group, which emphasizes sustainable management, and as an asset management company that seeks to maximize the profitability of clients, we are operating our business with a focus on both sustainability and a fiduciary duty.

*A national-level organization that conducts JA's mutual insurance business.

USHIKUBO Katsuhiko
President & CEO
Norinchukin Zenkyoren Asset Management Co., Ltd.

Asset Management Business

Specializing in our unique long-term concentrated investments, while providing support for the long-term asset building of individual investors

Norinchukin Value Investments Co., Ltd. (NVIC), is an asset management company that seeks returns through long-term holdings of selected stocks. In 2007, several members within The Norinchukin Bank, including Kazushige Okuno, who now serves as NVIC's Chief Investment Officer (CIO), and myself, launched an in-house program involving "long-term concentrated investment." We then moved to The Norinchukin Trust & Banking to expand our activities and became independent as NVIC in 2014.

We spend a considerable amount of time researching and analyzing our investees. As for Japanese stocks, we initially held stocks of only two or three companies. Even at the end of the previous fiscal year, we held stocks of only 21 companies, which truly shows that they were carefully selected. While diversification and short-term trading have been the mainstream investment approach in Japan, our long-term concentrated investment in selected stocks has come to attract the growing attention of many institutional clients in Japan and abroad for its low risk and high returns. Our "Ohbune" series of mutual funds enjoy the favor of individual investors, and we are strengthening our branding in anticipation of the new NISA scheme starting in 2024.

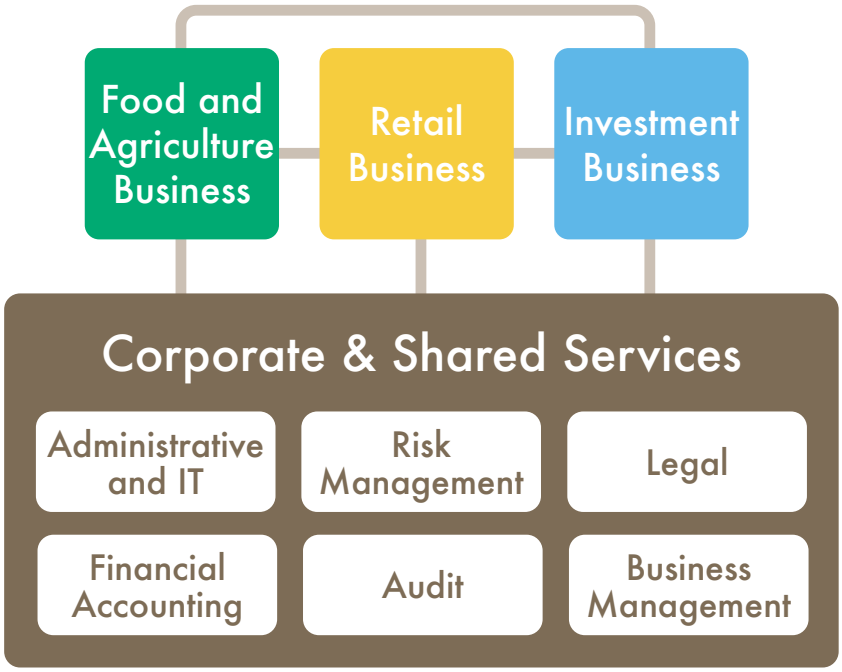
To secure returns, it is essential to contribute to the enhancement of the corporate value of investees. As a long-term investor who is in the same boat as the investee, we actively provide information and have discussions with our investees. Long-term concentrated investment could also lead to ESG investment, which is a major topic for investment. Long-lived companies that we target for investment must have the capability to respond to the needs of society and the environment.

Furthermore, we are implementing a wide range of programs to develop potential investors, including endowed lectures at Kyoto University, providing investment education materials for high school students and holding investment seminars for individual investors. These efforts are based on our belief since our establishment that "human resource development is the best long-term investment."

SAKEMI Naohide
Chief Executive Officer
Norinchukin Value Investments Co., Ltd.

Corporate & Shared Services

Provides support for The Norinchukin Bank's three business areas, and addresses new issues such as innovation, diversity & inclusion.



While fulfilling a wide range of functions as the foundation of the Bank, Corporate & Shared Services takes on the challenge of creating unprecedented value and innovating the corporate climate and culture

Corporate & Shared Services is an indispensable foundation for implementing the Bank's three value-creating businesses. While performing the functions of administration, IT, risk management, legal, financial accounting, auditing and business management, Corporate & Shared Services is also keeping an eye on changes in the business environment and reacting accordingly.

In the field of digital innovation, Corporate & Shared Services is not only improving the efficiency of overall operations but also promoting collaboration with the three businesses to solve respective problems and create revenue-generating opportunities, thereby creating new value. The range of initiatives it promotes is extensive, including establishment of training and qualification systems to develop digital talent throughout the organization, and operation of AgVenture Lab, an open innovation lab that aims to solve issues facing the AFF industries and local communities in which we operate.

To enhance employee engagement for maximization of organizational vitality, work-style reform is another important issue to address. By making the most of IT and digital technologies, we will enable as many officers and employees as possible to be connected to each other at anytime, anywhere while working. In addition, we will promote behavioral transformation among officers and employees by setting and implementing a ground rule—"review the norm"—to change the organizational climate and culture for the better.

We are also committed to promoting diversity and inclusion, and as part of this effort we have set a Medium/Long-Term Goal (see page 16) of increasing the share of female managers. To achieve this goal, we will work on measures to encourage the activities and growth of female employees and to further raise the awareness of officers and employees.

Digital Innovation

AgVenture Lab accelerates transformation of food, agriculture, finance and society

The Bank has continued to work on digital innovation with the aim of creating new value. As part of this effort, AgVenture Lab was established in fiscal 2019 by eight JA Group organizations*, including the Bank. The Lab is working in collaboration with universities, government agencies, companies and producers to develop new businesses in the fields of AgTech, FinTech and FoodTech.

For example, the "JA Accelerator Program" is an annual program for entrepreneurs to foster start-ups that address issues concerning food, agriculture, finance, lifestyles, local communities and the environment. Since it started to accept applications in fiscal 2019, the number of applications is around 200 each year and 43 companies had joined the program as of fiscal 2023.

The participants' projects vary widely, including the robotization of farm work, the digitalization of farming operations, the development of agricultural materials that revitalize plants, labor matching between producers and students, support for overseas expansion of local breweries through small-volume canned sake, reducing food loss through freezing technology, carbon fixation using Biochar and digital payment for the elderly.

A wide range of support services are available for selected start-ups, including management and financial support by AgVenture Lab and partner institutions and companies. In addition, employees of the JA Group, including the Bank, accompany start-ups to provide business support and cooperation with the JA Group.

Furthermore, AgVenture Lab leads the evolution of innovation through such efforts as holding business plan contests for students, fostering in-house entrepreneurs and developing apps for delivering information on food from JA Group.

*JA Zenchu (Central Union of Agricultural Cooperatives), JA Zen-Noh (National Federation of Agricultural Cooperative Associations), JA Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives), The Norinchukin Bank, IE-NO-HIKARI ASSOCIATION, The Japan Agricultural News, JA Zenkouren (National Welfare Federation of Agricultural Cooperatives) and Nokyo Tourist Corporation

Diversity&Inclusion

Toward the 13% target share of female managers by fiscal 2030

The Bank is committed to sustainable management, a major subject for which is diversity & inclusion with the aim that diverse human resources are accepted and encouraged to play an active role. One effort to achieve this aim is to increase the share of female managers.

In 2021, we conducted a survey of female employees, and based on the results, established the Women's Empowerment Working Group consisting of 22 members affiliated with 14 divisions and branches. After active deliberations, the group proposed the following initiatives to the management of the Bank.

1) Enhance awareness reform to encourage autonomous career formation of employees
2) Create opportunities for each employee to craft his/her career path
3) Implement equality-based, objective assessment systems
4) Review current in-house systems to support employees' career advancement

The Bank designated fiscal 2022 as the "Year of commitment in our Diversity & Inclusion (D&I) journey," and began to review and implement specific measures based on the Working Group's proposals. Under the leadership of the first female Managing Executive Officer as the Chief Diversity Officer (CDO), the Bank has been promoting many initiatives, including the following:

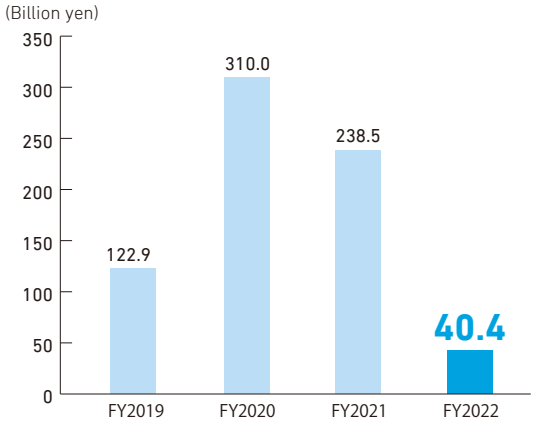
- Foster awareness among officers and employees
- Dispatch women to external training programs to develop female leaders
- Hold roundtable discussions with role model employees
- Expand flexible work styles, such as flextime systems
- Hold seminars to encourage male employees to take parental leave

The share of female managers increased from 6.3% in fiscal 2020 to 7.6% in fiscal 2022. To achieve the Medium/Long-Term Goals of 13% by fiscal 2030 and 30% by fiscal 2040, we will further accelerate our efforts for transformation.

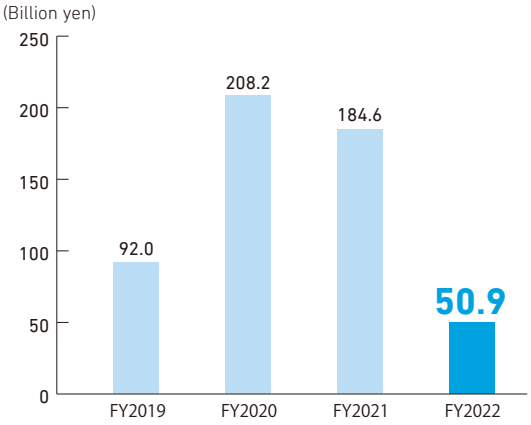
A scene from the mentoring program that includes discussions between successful female role models from other companies and the Bank's female employees

Financial Highlights

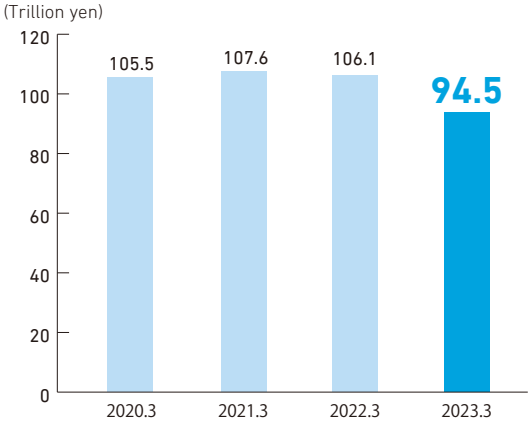
Consolidated ordinary profit



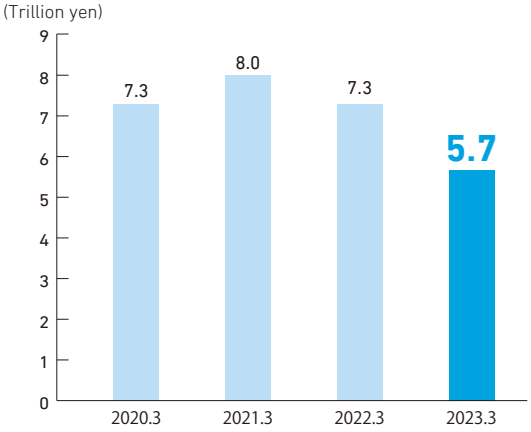
Consolidated net income



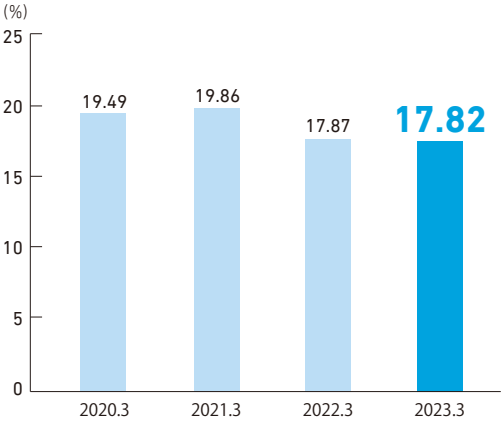
Consolidated total assets



Consolidated net assets



Consolidated common equity Tier 1 capital ratio



Ratings

	Long-term debt	Short-term debt
S&P	A	A-1
Moody's	A1	P-1

(As of March 31, 2023)

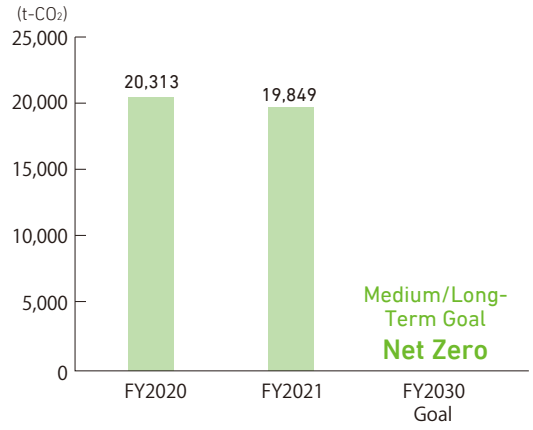
Non-financial Highlights

Reduce financed emissions

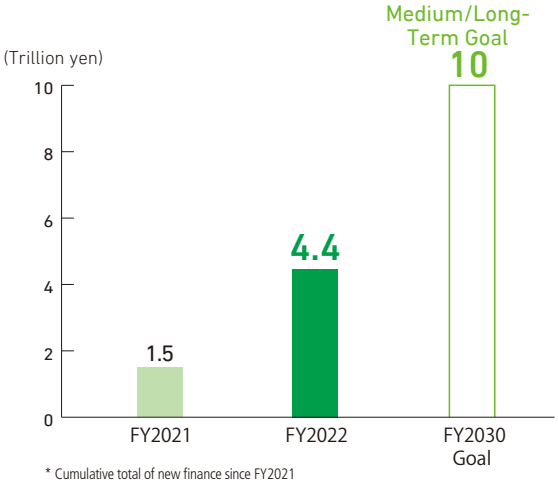
	FY2019	FY2020	FY2030 Interim target
Lending*1: (Power sector)	213 gCO_2e/kWh	217*2 gCO_2e/kWh	138-165 gCO_2e/kWh
Investment: (Stocks and bonds)	0.66 tCO_2e/ ¥million	0.55 tCO_2e/ ¥million (–17% vs. FY2019)	–49% vs. FY2019

*1 Coverage sectors to be sequentially extended.
*2 The rise in emission coefficient versus FY2019 was mainly due to the extended exposure of CO_2, along with the expansion of the COVID-19 pandemic and the increased number of customers classified into the power sector through maintenance of the system registration.

Reduce GHG emissions by the Bank itself

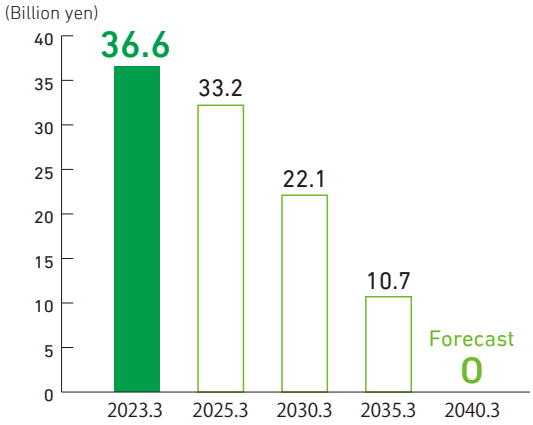


New sustainable finance*



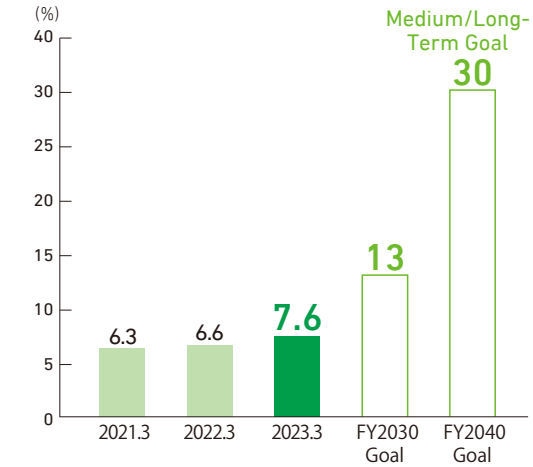
* Cumulative total of new finance since FY2021

Investments and loans for coal fired power generation*

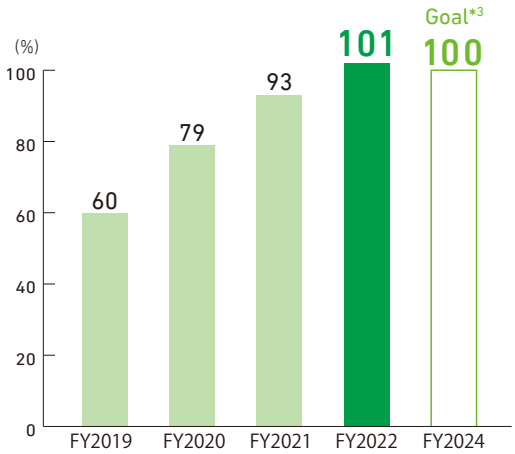


* Balance based on the exchange rate as of March 31, 2023

Share of women in managerial positions



Rate of parental leave taken by male employees*1, 2



*1 Figures are rounded down to the nearest whole number.
*2 Calculated by dividing the number of male employees who took parental leave by that of male employees whose spouses gave birth to children during the year. (The percentage could be more than 100% because such leave could continue to the following fiscal year.)
*3 The goal is that the rate of male employees who take parental leave when their spouses give birth to children will be 100%. (Cases where such leave continues to the following fiscal year are included.)

Corporate Data

Name	The Norinchukin Bank
Role	A national financial institution of cooperative organizations whose members include agricultural, fishery and forestry cooperatives that contributes to the advancement of Japan's agriculture, fishery and forestry industries
Date of establishment	December 20, 1923
President & Chief Executive Officer	OKU Kazuto
Paid-in capital	¥4,040.1 billion (As of March 31, 2023)
Total assets (On a consolidated basis)	¥94,504.9 billion (As of March 31, 2023)

Members (Shareholders)	3,277	Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF), Japan Forest Owners' Cooperatives (JForest) and related federations, as well as other agricultural, fishery and forestry cooperative organizations that have invested in the Bank (As of March 31, 2023)
Number of employees	3,365	(As of March 31, 2023)
Number of business locations	25	(In Japan) Head office: 1 Branch: 19 (Overseas) Branch: 3 Representative office: 2 (As of June 1, 2023)

Departments and titles of persons appearing in this report are those as of the time of each interview, in principle.

The Norinchukin Bank **VALUE REPORT 2023**
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NORINCHUKIN

農林中央金庫