

## Message from the Management



**Akira Banzai**

Chairman  
The Supervisory Committee

**Yoshio Kono**

President and Chief Executive Officer

First, we would like to sincerely thank all our stakeholders for their understanding of, support for, and cooperation with The Norinchukin Bank in its day-to-day operations.

Annual Report 2013 contains details of the business performance and new Medium-Term Management Plan, as well as the summary of operations over the year at JA Bank, JF Marine Bank and JForest Group.

## The Basic Role of The Norinchukin Bank as the Central Organization for Cooperatives

As the national-level financial institution for agricultural, fishery and forestry cooperatives in Japan, the mission of The Norinchukin Bank (“the Bank”) is to contribute to the development of relevant industries and to national economic prosperity by facilitating access to financial resources. With the stable funding base provided by capital from Japan Agricultural Cooperatives (JA), Japan Fishery Cooperatives (JF) and Japan Forestry Cooperatives (JForest), as well as deposits from individual members and customers of JA Bank and JF Marine Bank, the Bank, to achieve its mission, lends funds to members, agricultural, fishery and forestry workers, and companies related to the agricultural, fisheries and forestry industries. As the ultimate manager of these funds, the Bank also conducts various lending and investment activities in Japan and abroad, efficiently manages funds and stably returns profits to its members.

Moreover, the Bank provides various services for supporting the cooperative banking business of JA and JF. They include planning and implementation of policies, development of human resources and provision of business infrastructure. The Bank also provides

operational guidance for the cooperative banking business of JA and JF based on relevant rules and regulations, and it is building a safety net for the JA Bank and JF Marine Bank Systems. The Bank continues to work to improve trust in its cooperative banking business while recognizing the importance of strengthening and expanding the cooperative banking business.

## Business Performance in Fiscal 2012

In fiscal 2012, under its Medium-Term Management Plan, which covers a two-year period beginning from fiscal 2011, The Norinchukin Bank made provision of support for reconstruction from the Great East Japan Earthquake its highest priority. At the same time, the Bank expanded its role as the central organization for cooperatives as well as financial institution for farmers, fishermen and foresters.

To support reconstruction in the aftermath of the Great East Japan Earthquake, under the Reconstruction Support Program (duration: about four years; financial support: ¥30 billion) established in fiscal 2011, the Bank carried out initiatives with director and employee participation. They include support to disaster-affected agricultural, fishery and forestry workers, to those in disaster-stricken areas to restore their lives, and to disaster-affected members to meet their business and management needs. With respect to its role as the central organization for cooperatives as well as financial institution for farmers, fishermen and foresters, the Bank made steady progress in strengthening financial services for agricultural, fishery and forestry workers, promoting agricultural, commercial and industrial cooperation and other areas.

Regarding financial management, while continuing

to maintain a prudent investment stance under a globally diversified investment portfolio based on the adequate practice of risk management, we strengthened our financial position and achieved our earnings target. As a result, the Bank achieved ordinary profit of ¥102.7 billion (on a consolidated basis) and attained its profit target. At the same time, the capital ratio has been maintained at a high level, with a Common Equity Tier 1 capital ratio of 16.01%, a Tier 1 capital ratio of 16.13% and a total capital ratio of 23.56% (all on a consolidated basis, Basel III standard).

### Future Business Management Policies

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

In the Medium-Term Management Plan, the Bank employs the following slogan, “Challenge for a New Stage.” Under this slogan, while we will make further efforts for enhanced profitability and organizational strength, we will proactively work on various efforts. Such efforts include development of the agricultural, fisheries

and forestry industries, which are expected to become Japan’s growth industries; sustainable development of local communities, which includes the reconstruction of the disaster-affected areas; and strengthening of JA Bank and JF Marine Bank, which includes development of human resources. We will strive to become a “leading bank that supports the agricultural, fisheries and forestry industries, food production and consumption, and the daily lives of local communities.”

### Conclusion

In December 2013, The Norinchukin Bank will celebrate its 90 anniversary thanks to all related to the Bank. JA Bank, JF Marine Bank, JForest Group and the Bank will continue to perform their roles and functions with the goal of becoming financial institutions and organizations that win the confidence of their customers, and contribute to the advancement of the agricultural, fisheries and forestry industries and their rural communities.

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

July 2013



Akira Banzai  
Chairman of the Supervisory Committee



Yoshio Kono  
President and Chief Executive Officer

# Fiscal 2012 Results and Fiscal 2013 Financial Management

## Financial Results and Capital Adequacy in Fiscal 2012

In fiscal 2012, the Bank achieved Ordinary Profit\* of ¥88.1 billion and Net Income of ¥106.8 billion (on a non-consolidated basis), not only achieving its target (¥50.0 – 100.0 billion), but increasing its earnings. In addition, valuation difference on securities increased substantially, rising ¥1,236.6 billion year on year, to ¥1,740.9 billion.

Although we have been applying Basel III as the standard that banks with international operations must maintain, the capital adequacy ratio has been maintained at a high level, even under the new standard, with a Common Equity Tier 1 Capital Ratio of 15.98%, a Tier 1 Capital Ratio of 16.10% and a Total Capital Ratio of 23.77%.

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

## Summary of Earnings (Non-Consolidated Basis)

(Billions of yen)

	FY2010	FY2011	FY2012
Ordinary Profit	117.3	68.4	88.1
Net Income	144.3	61.6	106.8
Net Assets	4,250.4	4,820.4	5,734.9
Common Equity Tier 1 Capital Ratio*	—	—	15.98%
Tier 1 Capital Ratio*	16.80%	18.22%	16.10%
Capital Ratio*	22.76%	24.83%	23.77%
Valuation Difference on Securities, etc.	(342.9)	504.2	1,740.9

\*Basel III standard has been applied since fiscal 2012 (capital ratio is the total capital ratio)

## Financial and Risk Management Efforts in Fiscal 2013

Under the Medium-Term Management Plan started in fiscal 2013, the Bank has conducted adequate financial management taking into account market environment and other factors, and implemented risk management that contributes to enhanced competitiveness.

In the new Medium-Term Management Plan (covering a three-year period), we have set an ordinary profit target of approximately ¥100.0 billion and will continue to strengthen our financial position with sound financial management. As a globally operating financial institution, we will maintain capital adequacy at a suitable level.

To ensure a solid profit base, we will focus on flexible asset allocation management that is responsive to market conditions and on upgrading and accumulating investment know-how. At the same time, we will selectively pursue new, high quality investment opportunities while taking into account market conditions.

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

### Adequate Financial Management Taking into Account Market Environment

- Ordinary profit target: about ¥100.0 billion
- As a globally operating financial institution, maintain capital adequacy at a suitable level.
- Keeping an eye on market conditions, revisions of financial regulations, including Basel III, and other trends, review financial management on an as-needed basis from the standpoint of maintaining business competitiveness.

# Bank Initiatives

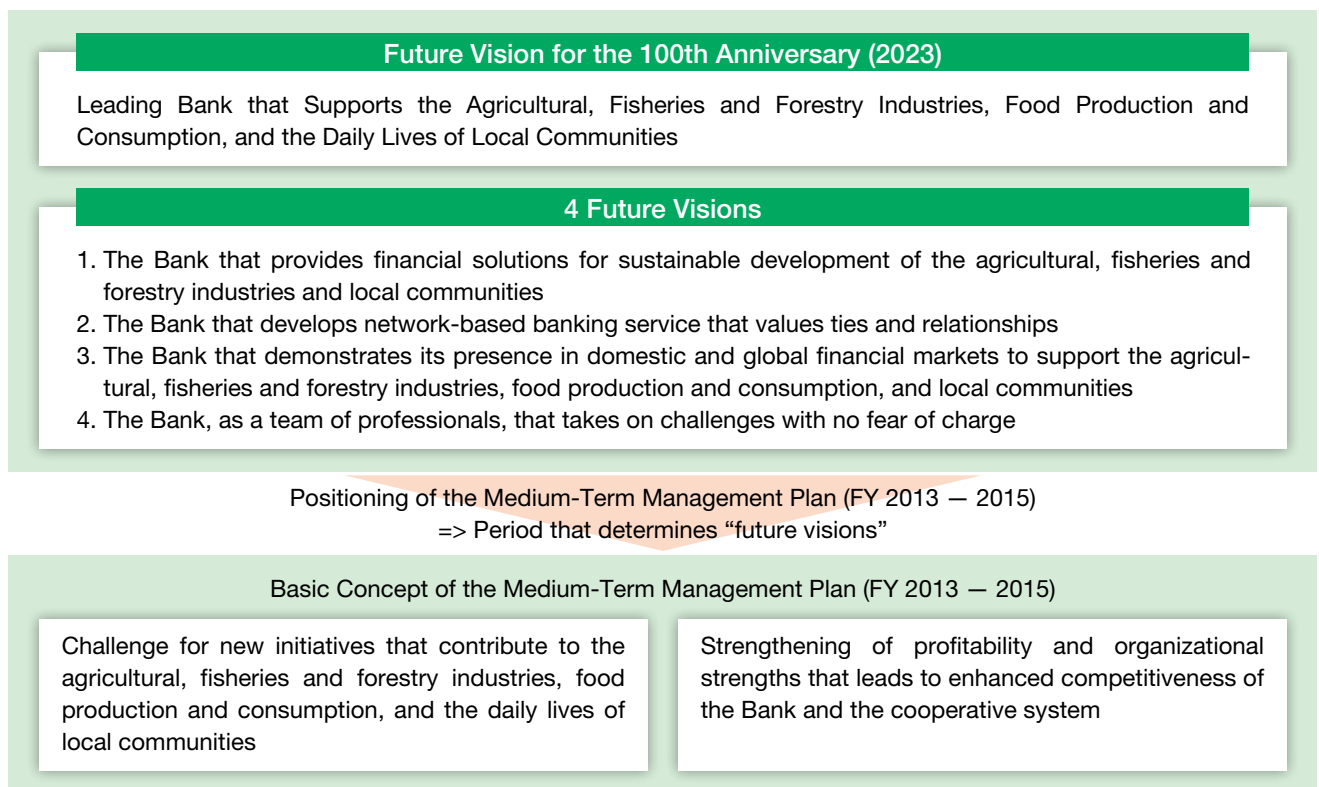
## >>> Overview of the Medium-Term Management Plan

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

Under the following slogan, “Challenge for a New Stage,” while we will make further efforts for enhanced profitability and organizational strength, we will proactively work on various efforts. Such efforts include development of the agricultural, fisheries and forestry industries, which are expected to become Japan’s

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

### ▼ Medium-Term Management Plan (FY 2013 – 2015)



▼ Policies of the Medium-Term Management Plan

**Challenge for new initiatives that contribute to the agricultural, fisheries and forestry industries, food production and consumption, and the daily lives of local communities**

**1. Proactive efforts on new initiatives contributing to the development of the agricultural, fisheries and forestry industries, food production/consumption, and revitalization of local communities**

- Continued efforts to reconstruct the disaster-affected areas
- Strengthening the ability to cater to leaders and efforts to enhance the profitability of the agricultural, fisheries and forestry industries
- New efforts to revitalize local communities

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

- Initiatives that contribute to reconstruction and expansion of the user base
- Enhancement of business management arrangements and development and management of business infrastructures
- Initiatives for the development of cooperative banking-related human resources who can put business strategies into practice

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

**3. Strengthening of profitability through appropriate risk management**

- Flexible and strategic asset allocation
- Strengthening corporate lending and pursuing new investment opportunities
- Implementation of risk management that contributes to enhanced competitiveness

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

- Putting emphasis on cultivating “human resources” who will play a key role in the Bank and the cooperative system
- Adequate financial management (ordinary profit target: ¥100 billion)
- Aggressive injection of management resources for improved competitiveness

》》 Status of Reconstruction Support Efforts

■ Outline of the Reconstruction Support Program

As the central organization founded on the agricultural, fisheries and forestry industries, in fiscal 2011, the Bank set up the Reconstruction Support Program (duration: about four years; financial support: ¥30 billion) to provide full and multifaceted assistance for the recovery and reconstruction

of the agricultural, fisheries and forestry industries severely affected by the Great East Japan Earthquake.

Specifically, the program provides (1) financial support to affected agricultural, fisheries and forestry industry workers and (2) business and management support to affected members. The Bank provides material support including sending of employees into the disaster areas.

▼ Outline of the Reconstruction Support Program

	Support recipients	Description
Financial Support Program	Agricultural, fisheries and forestry industry workers	Financial support (interest subsidies, reconstruction/recovery loans [low-interest loans], etc.)
Business & Management Support Program	Members	Business recovery (support for infrastructure recovery including branches, ATMs, terminals, etc.)
		Business support (support to strengthen members' business foundations)

• Recovery Support for Producers and Communities

For the business reconstruction of disaster-affected farmers, fishermen and foresters, the Bank has provided long-term low-interest loans, for instance, through a reconstruction loan (the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan); funding through a reconstruction fund (the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund) via its affiliate company, the Agribusiness Investment & Consultation Co., Ltd.; and assistance to formulate reconstruction plans. Further, the Bank has provided interest subsidies for the disaster funds of JA Bank and JF Marine Bank to help ease the interest burden of disaster-affected agricultural and fishery workers. To encourage speedy restoration of affected workers' businesses, JA has begun offering lease subsidies to farmers who buy farm equipment through leasing.



Steel pipe greenhouses funded by the reconstruction fund

Product	Number of loans	Amount
Reconstruction loan (Tohoku Agricultural, Forestry, and Fishery Industries Support Loan) (since December 2011)	Number of loans 45	Total loans outstanding ¥17,073 million
Reconstruction fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund) (since February 2012)	Number of investments 9	Total investments outstanding ¥165 million
Lease subsidies (since July 2012)	Number of subsidies 370	Total lease amount ¥1,586 million

\*Cumulative total as of March 31, 2013

Also, for disaster-affected fishermen, the Bank has subsidized the cost of cardboard boxes for collective shipment of aqua-farmed wakame and kombu seaweed and donated fish boxes for transporting ocean-caught fish. In addition, we have donated benches and tables made from lumber produced in disaster-afflicted areas to local community centers. In fiscal 2013, for disaster-affected rice farmers, the Bank will start subsidizing the cost of production materials to help them resume farming.

In March 2013, we held the Tohoku Reconstruction

Support Business Conference in Sendai for the six prefectures of the Tohoku region to help expand the sales channels of disaster-affected agricultural, fisheries and forestry workers.



Cardboard boxes procured using subsidies



Tohoku Reconstruction Support Business Conference



Benches and tables donated by the Bank

• Recovery Support for Members and Customers

For disaster-affected customers of JA Bank and JF Marine Bank, we have provided financial services in a stable manner through continuous operation of a call center in JA Bank and donation of mobile terminals to JF which suffered extensive damage from the disaster. Furthermore, the Bank has helped customers in the disaster-stricken areas to restore their lives by assisting with the Reconstruction Support Time Deposits and the Reconstruction Support Loan of JA Bank and JF Marine Bank and by appropriately responding to the double-loan problem and the project to promote collective relocation for disaster prevention.

Moreover, the Bank has supported JA and JF which underwent a capital increase under the Framework for Special Post-Earthquake Support. To support their efforts to provide and maintain financial services, the Bank has offered guidance and advice based on its plan to help strengthen the cooperative banking business, for instance, by dispatching its employees.

Directors and employees at the head office and branches and the employees sent to help disaster-affected members will continue to work as a team, and

work toward disaster recovery in collaboration with the government and relevant organizations.



Customer support center



Mobile branch vehicle equipped with donated mobile terminals

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

JA Group, JF Group and JForest Group have implemented programs to assist agricultural, fisheries and forestry industries hit with enormous damage in the aftermath of the Great East Japan Earthquake. Cooperative organizations have collaborated and launched the following website (Japanese only) to record these efforts for posterity.

Website name: Record of Reconstruction Initiatives of Agricultural, Fisheries and Forestry Cooperatives



## Initiatives in the International Year of Cooperatives 2012 (IYC)

### Banking on Trusted Networks Connected to People, Committed to People

In 2012, which was declared as the International Year of Cooperatives (IYC), the Bank made numerous efforts to spread the word both in Japan abroad about the role of cooperative banking institutions and contributions they had made to social and economic development.

For example, at the annual meeting of the Institute of International Finance (IIF), which was held in Japan for the first time, Yoshio Kono (President and CEO of The Norinchukin Bank), representing cooperative banking institutions, talked about support for recovery in the aftermath of the Great East Japan Earthquake. The president presented an example in the area of disaster reconstruction of highly visible community-based activities conducted by cooperative financial institutions including JA, JF, shinkin banks, credit associations and labor banks in the disaster-stricken areas. In addition to financial services provided in these areas, he also cited major contributions made in the reconstruction of communities. Furthermore, he called provision of financial service whereby bonds are organically formed between people and organizations as "Banking on Trusted Networks." In an environment that faces a difficult road to recovery and a global economy marked by growing uncertainty, he advanced the idea that this type of network-based banking service that values ties and relationship may be a new financial ideal

that could point the way to financial market growth.

Other examples in 2012 include cooperative festivals and commemorative lectures held all over Japan, and the International Summit of Cooperatives, the ICA (International Co-operative Alliance) Asia Pacific Regional Assembly, the Credit Agricole SA Conference, and the European Association of Cooperative Banks (EACB) held outside Japan. Leveraging these opportunities, the

Bank spread the message about the role of cooperative financial institutions and mutual assistance efforts for earthquake disaster recovery to an international audience both in Japan and overseas.





## >>> Initiatives in the Agricultural, Fisheries and Forestry Industries

### ❖ Preparation for Sixth Industrialization

The Bank is taking steps to further expand its role as the central organization for cooperatives in Japan by giving its first priority to contributing to its members and the agricultural, fisheries and forestry industries. In the new Medium-Term Management Plan, which begins from fiscal 2013, contributing to Japan's agricultural, fisheries and forestry industries and food production and consumption as well as to the revitalization of local communities has been positioned as one of the plan's four core policies. In light of the Japanese government's growth strategy ("agriculture, forestry and fisheries on the offensive") with the goal of taking the lead in supporting agricultural, fisheries and forestry industry leaders in local communities, enhancing their business strength, and revitalizing local communities, the Bank will develop and deploy new financial tools and measures in order to meet the diverse needs of agricultural, fisheries and forestry workers.

In order to respond to the forward-looking financial needs of agricultural, fisheries and forestry workers, the Bank is expanding loan services to these workers. It has also established a capital funding framework for the development of agricultural corporations, providing comprehensive financial services. Through these efforts, the Bank is strengthening its role as the financial institution for the agricultural, fisheries and forestry industries.

The Bank also organizes business conferences, providing export support and business-matching to assist business diversification of farmers, fishermen, foresters, and their communities in rural areas with a view to

support the sixth industrialization of the agricultural, fisheries and forestry industries and their villages

### • Expansion of Financial Services for Agricultural, Fisheries and Forestry Workers

#### *Expansion of Loan Services*

As the main bank for the agricultural, fisheries and forestry industries, the Bank has created a unique cooperative financing program called the Agricultural, Forestry, and Fisheries Support Fund. It is aimed at providing financial support for the development of Japan's agricultural, fisheries and forestry industries, as well as organizations in the cooperative system. This is accomplished by developing leaders in the agricultural, fisheries and forestry industries and promoting environment-friendly agricultural practices.

Specifically, we offer the Agriculture, Forestry, Fishery and Ecology Business Loan, which is not excessively dependent on collateral and guarantees to meet a wide range of needs for equipment and working capital required for the production, processing, distribution and sale of agricultural and marine products. There is also the Management Improvement Support Loan for agricultural, fisheries and forestry businesses actively engaging in management reform. We also offer the Agricultural Corporation Development Loan (Agri-Seed Loan), which, in principle, is unsecured and non-guaranteed financing with a loan ceiling of ¥10 million per corporation to meet the new business needs of agricultural corporations run by agricultural leaders for working capital for agricultural production and processing, distribution and sale of agricultural products.

### ▼ Types of Loans (As of March 31, 2013)

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

Product	<Millions of Yen>	
	Number of loans	Total loans outstanding
Agriculture, Forestry, Fishery & Ecology Business Loan (since October 2009)	131	36,066
Agri-Seed Loan* (since December 2009)	26	223

\*Cumulative total as of March 31, 2013

As the main bank for the primary industries, the Bank meets the business consulting and management needs of those engaged in these industries in a speedy and appropriate manner. We are proactively building relationships with everyone involved in these industries through support to prepare management improvement plans, provision of business matching information, and other means.

To speed up recovery of producers who were devastated by the Great East Japan Earthquake, the Bank established in December 2011 the Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan, which lightens the immediate principal and interest payment burden of borrowers.

### Enhancement of Capital Funding Schemes

In fiscal 2010, the Bank established the Agri-Seed Fund, a new framework for supplying capital to agricultural corporations including agricultural production corporations. The Bank develops new agricultural leaders in their areas by investing, in principle, a maximum of ¥10 million per corporation in technically competitive, yet undercapitalized agricultural corporations.

The Agri-Eco Fund also supplies funds as part of the JA Bank Agri-Support Project (CSR project) to support business entities that aggressively promote agriculture and contribute to the environment and community.

### ▼ Business Conferences Held in Fiscal 2012

Venue	Date	Name	Number of seller groups	Number of buyer companies	Number of meetings
Osaka	November 2012	JA Group/JF Group Kinki Business Conference	24	24	137
Kanazawa	December 2012	JA Group/JF Group Hokuriku Business Conference	37	32	174
Tokyo	February 2013	JA Group National Agricultural and Livestock Producers' Business Conference	144	4,523 people (Number of visitors)	1,794
Sendai	March 2013	Tohoku Reconstruction Support Business Conference Sponsored by JA Group	51	44	250

Product	<Millions of Yen>	
	Number of investments	Total investments outstanding
Agri-Seed Fund (since April 2010)	63	563
Agri-Eco Fund (since October 2009)	33	1,172

\*Cumulative total as of March 31, 2013

The Bank launched the Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund in February 2012 for agricultural, fisheries and forestry corporations that suffered damage from the Great East Japan Earthquake.



Strawberry farm funded by the Agri-Seed Fund



Wine facility funded by the Agri-Seed Fund

### • Support for the Sixth Industrialization of Agricultural, Fisheries and Forestry Industries

JA Bank and JF Marine Bank organize various types of business conferences, business-matching events, and export support by leveraging the strengths and advantages of the cooperative system, as part of their support for the sixth industrialization of agricultural, fisheries and forestry industries and communities. Through these efforts, they promote coordination of production, processing and distribution (sales) by agricultural, fisheries and forestry industry workers and cooperation between the secondary and tertiary industries. In addition, we have established the Sixth Industrialization Fund to support sixth industrialization initiatives financially, operationally and administratively.

### *Business Conferences and Business Matching Initiatives*

In fiscal 2012, the Bank held local business conferences in Osaka and Kanazawa and a national business conference in Tokyo. In addition, the Reconstruction Support Business Conference was held in Sendai under the theme of “Full Support for the Recovery of Local Industries.” Many producers from devastated coastal areas attended the conference, which was highly rated by seller groups and buyer companies.



National Agricultural and Livestock Producers' Business Conference



Kinki Business Conference



Hong Kong Food Expo 2012

### *Export Support Initiatives*

To provide export assistance to members and agricultural, fisheries and forestry industry workers, in August 2012, we participated, together with JA, agricultural corporations and others, in the Hong Kong Food Expo 2012, one of Asia's largest food trade shows. In March 2013, we invited overseas buyers from Hong Kong and Singapore to the Asia Food Market Opening Seminar 2013 held in Tokyo and Osaka, which was aimed at cooperative organizations, agricultural cooperatives and others.



Asia Food Market Opening Seminar 2013

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

JA Group, including the Bank, exercises the Group's

collective and organizational strengths in an integrated manner, and through strategic application of measures and policies including the Sixth Industrialization Funds, it specifically promotes these policies. As a result of these policies, we have set up the Agriculture, Forestry, and Fisheries Cooperative Fund” (JA Sixth Industrialization Fund; JF Sixth Industrialization Fund; JForest Sixth Industrialization Fund), a sub-fund jointly capitalized by Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE-J) and cooperative system members. The fund financially, operationally and administratively supports agricultural management entities that are grappling with sixth industrialization, as well as business entities established by JA and partner companies.

Moreover, the fund plans to not only deal with business entities established by agricultural workers, but also those set up by workers, cooperatives, partner companies and others in the fisheries and forestry sectors.

### *• Environmental Finance Initiatives*

In 2010, the Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System for evaluating members and companies that practice environment-friendly initiatives. Items subject to evaluation under this system include environment-friendly initiatives, biodiversity preservation and sixth industrialization initiatives. Under this new system, the Bank extended loans totaling ¥5.0 billion in fiscal 2012.

In March 2012, the Bank began acting as an intermediary for the Offset Credit (J-VER) Scheme. The J-VER scheme is a domestic emissions trading scheme run by the Japanese government. Emission credits are issued based on the reduction of greenhouse gas emissions through the use of energy-saving equipment and the absorption of greenhouse gases by forest thinning. By acting as an intermediary for the trading of J-VER emission credits derived from the agricultural, fisheries and forestry industries, the Bank seeks to support environment-friendly industries and corporate environmental protection measures.

• **Initiatives in Renewable Energy Business**

Taking advantage of the introduction of the Feed-in Tariff Scheme for Renewable Energy, the Bank is reinforcing its efforts by establishing a division dedicated to renewable energy business and collaborating with related organizations. We are also learning risk analysis methods and acquiring commercialization know-how while preparing a financing framework for renewable energy business.

In addition to leveraging financial tools, in light of the fact that the introduction of renewable energy can lead to revitalization of local communities, we seek to provide not only financial support, but other support needed for commercialization.

❖ **Initiatives to Facilitate Financing**

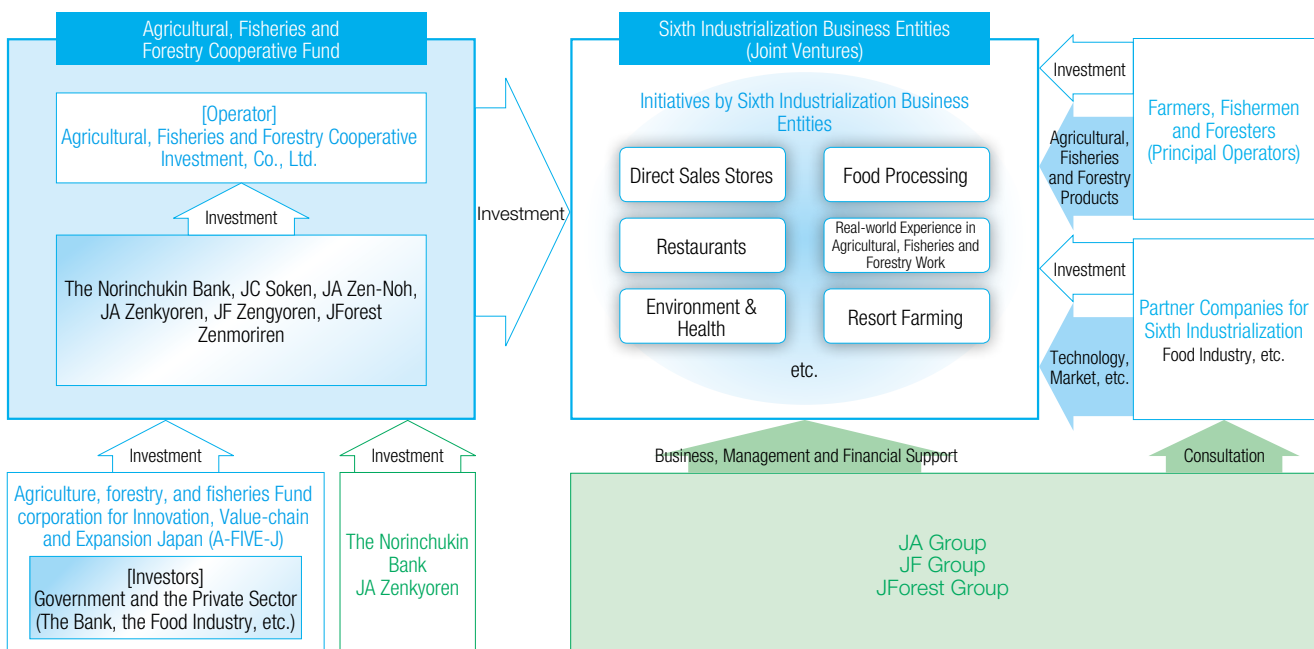
• **Policies for Financial Facilitation**

As the central organization for Japan’s agricultural, fisheries and forestry cooperatives, the Bank views the supply of needed funds to customers, including agricultural, fisheries and forestry workers and small- and medium-sized enterprises, as one of its most important functions. Therefore, it has established the following basic policies for financial facilitation: (1) flexibly handle loan applications from customers, (2) restructure loans in response to customer requests for liability relief, and (3) proactively respond to business inquiries from customers and support business improvement efforts.

To advance the above initiatives in an efficient manner, the Bank has established the Financing Facilitation Management Committee (chaired by a director in charge), the Financing Facilitation Promotion Office

▼ **Initiatives for Promoting Sixth Industrialization**

- Support for participation by farmers, fisherman and foresters in the processing, distribution and service industries (sixth industrialization) as well as promotion for creation of value-added agricultural, fisheries and forestry products
- Support for initiatives by sixth industrialization business entities where farmers, fishermen and foresters participate through investment in the Agricultural, Fisheries and Forestry Cooperative Fund and others



(a specialized unit), a position in charge of facilitating financing in each branch that cooperates with the Financing Facilitation Promotion Office, and a contact point handling customer complaints and inquiries.

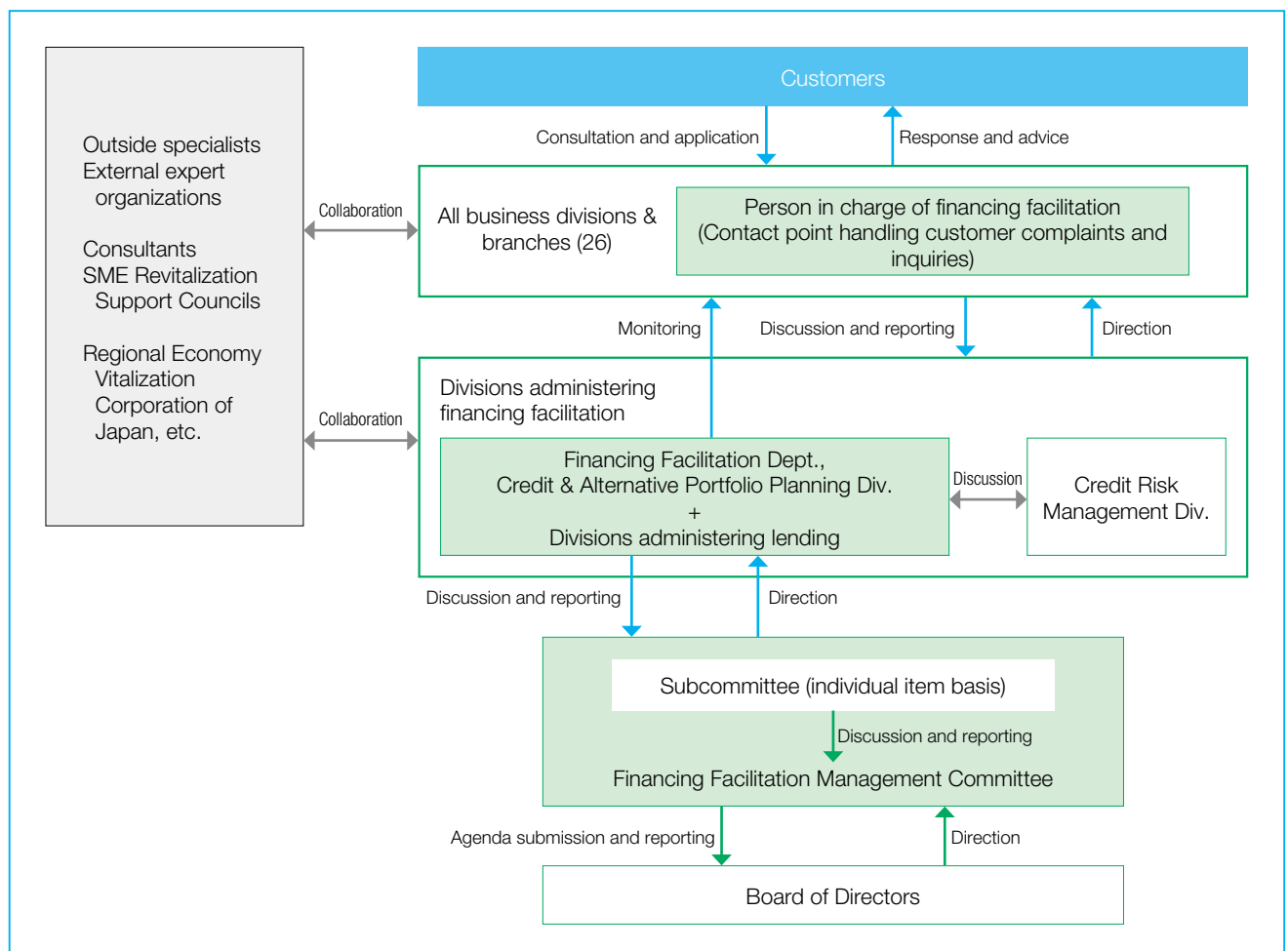
Although the Act concerning Temporary Measures to Facilitate Financing for Small and Medium-sized Enterprises (SME Financing Facilitation Act) expired on March 31, 2013, the basic policies and framework of the Bank will remain unchanged.

• **Management Support Initiatives for Customers**

The Bank deals with customers requiring support for management improvement and business revitalization on a priority basis, fully taking into account its impact on the local economy. Divisions and branches that handle customer transactions and specialized units of the head office work together to support customer efforts

by drawing up and executing plans, and reviewing their progress and, when necessary, the plans themselves. As appropriate, the Bank collaborates with relevant external organizations including consulting companies, Small-and Medium-sized Enterprise Revitalization Support Councils (SMERSCs) and Regional Economy Vitalization Corporation of Japan (REVIC). In this way, using various means, we work to achieve an optimal solution.

▼ **Financial Facilitation System**



## >>> CSR Initiatives

As the central organization for Japan's agricultural, fisheries and forestry cooperatives and a financial institution that conducts investment activities globally, winning the trust of diverse stakeholders and contributing to sustainable social and economic development is the basis of the Bank's CSR (corporate social responsibility) activities. In our CSR initiatives, "strong internal controls including legal compliance" and "personnel policies that enable diverse human resources to play an active role" are the basis for all trust. The Bank and its group companies will continue pursuing CSR activities throughout our business under the three pillars of contributing to (1) members, (2) the advancement of the agricultural, fisheries and forestry industries, and (3) the community at large.

The Bank has actively carried out CSR activities. In fiscal 2008, we established the CSR Committee

and a division dedicated to CSR. Ever since, we have enhanced our CSR efforts, including annual publication of the CSR Report.

Specifically, the Bank has subsidized activities for revitalization of Japan's private forests through the Norinchukin 80th Anniversary Forest Rejuvenation Fund (FRONT80); helped promote the agricultural industry by working on the JA Bank Agri-Support Project in collaboration with JA and JA Shinnoren (Prefectural Banking Federations of Agricultural Cooperatives); and conducted other community and social contribution activities, which include the "Hana Ippai Undo (flower planting campaign)," where we donated flower seeds and tulip bulbs, sponsorship for regional development campaigns, and participation in environmental beautification campaigns as clean-up volunteers.

▼ JA Bank Agri-Support Project

Initiatives for Fiscal 2012	
Providing support for agricultural leaders	<p><b>Interest Subsidy Project:</b>  <b>Implemented a maximum 1% interest subsidy scheme for agriculture-related loans provided by JA</b></p> <p>The Bank received applications for a total of approximately ¥1.3 billion subsidies from about 78,000 applicants for JA agricultural loans. The Bank granted subsidies for 69,469 applications accepted last year for a total amount of ¥1.213 billion.</p>
	<p><b>Investment Project: Support via funding of corporations in agricultural and environmental fields</b></p> <p>The Agri-Eco Support Fund invested ¥2 billion in the Agri-Eco Fund, which has been established to assist corporations actively engaged in promoting agriculture and contributing to the environment and society. Investments have been made in 28 corporations thus far totaling ¥1.172 billion.</p>
	<p><b>New farmer support project:</b>  <b>Support to encourage acceptance of new entrants into the farming sector in order to develop new agricultural leaders</b></p> <p>In order to help train new agricultural leaders of the future, the Bank subsidized farmers and JA that took on trainees who wished to start a career in agriculture. The Bank accepted 545 applications, with planned funding of ¥56 million. The Bank granted subsidies for 515 applications received last year for a total amount of ¥51 million.</p>
Assistance for initiatives that contribute to agriculture and local communities	<p><b>JA Bank Food &amp; Farming Education Support Project:</b>  <b>Financial assistance for JA's food and farming education and creation and donation of textbooks</b></p> <p>Textbook Donation Project:                      JA Bank created original textbooks for senior elementary school students on the subject of food and farming, and donated textbooks to about 20,000 schools nationwide. Furthermore, 1.42 million textbooks were donated to Japanese schools outside the country. A special needs education version was also published in 2012 based on a new universal design approach.</p> <hr/> <p>Educational Activities Aid Project:                      Financial aid was provided for JA's food and farming education-related activities targeted at children. The Bank accepted 2,246 applications with planned funding of ¥664 million. The Bank granted subsidies for 2,233 applications in the second half of fiscal 2011 and first half of fiscal 2012 for a total of ¥484 million.</p>

**Japan Institute of Agricultural Management**

To develop farmers equipped with a global perspective and high-level practical knowledge, the Japan Institute of Agricultural Management was established and the first batch of 21 students was enrolled in April 2013. The Bank, together with JA Zenchu (Central Union of Agricultural Cooperatives), JA Zen-Noh (National Federation of Agricultural

Cooperative Associations) and JA Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives), has been deeply involved since the establishment of AgriFuture Japan, the operator of the school, and has supported the development of the next-generation of farmers to pioneer Japan's agricultural future.

