

Message from the Management



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

On this occasion, we have published this annual report, which contains details of the business performance for fiscal 2017, as well as a summary of the general situation at JA Bank, JF Marine Bank and JForest Group, so we ask that you please have a look through it.

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 the agriculture, fishery and forestry industries and to national economic prosperity by facilitating access to financial resources. With the capital provided by Japan Agricultural Cooperatives (JA), Japan Fisheries Cooperatives (JF), Japan Forestry Cooperatives (JForest), etc.,

as well as the stable funding base through customer deposits at JA Bank and JF Marine Bank, the Bank, to achieve its mission, lends funds to its members, agricultural, fishery and forestry workers, and companies related to the agriculture, fishery and forestry industries. 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, including the 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 based on relevant rules and regulations, and is working to build 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 playing the important role of strengthening and expanding the cooperative banking business.

Operation of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018)

The environment surrounding the Bank and cooperatives is becoming increasingly harsh amid such developments as progress on the Trans-Pacific Partnership (TPP) and the tightening of international financial regulations. Meanwhile, public interest in and expectations for turning the agriculture, fishery and forestry industries into growth industries are higher than ever before.

In light of the situation surrounding the Bank and cooperatives and the basic role of the Bank, we have formulated a Medium-Term Management Plan (fiscal 2016 through

fiscal 2018), comprising management and business management policies for three years from fiscal 2016, and are engaged in business management based on the Plan.

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 agriculture, fishery and forestry industries and their rural communities.

Finally, we would like to ask you all for your continued support for JA Bank, JF Marine Bank, JForest Group and The Norinchukin Bank.

July 2018

TORU NAKAYA

Toru Nakaya
Chairman of the Supervisory Committee

Kazuto Oku

Kazuto Oku
President and Chief Executive Officer

Message from the CEO

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

Outline of the Medium-Term Management Plan

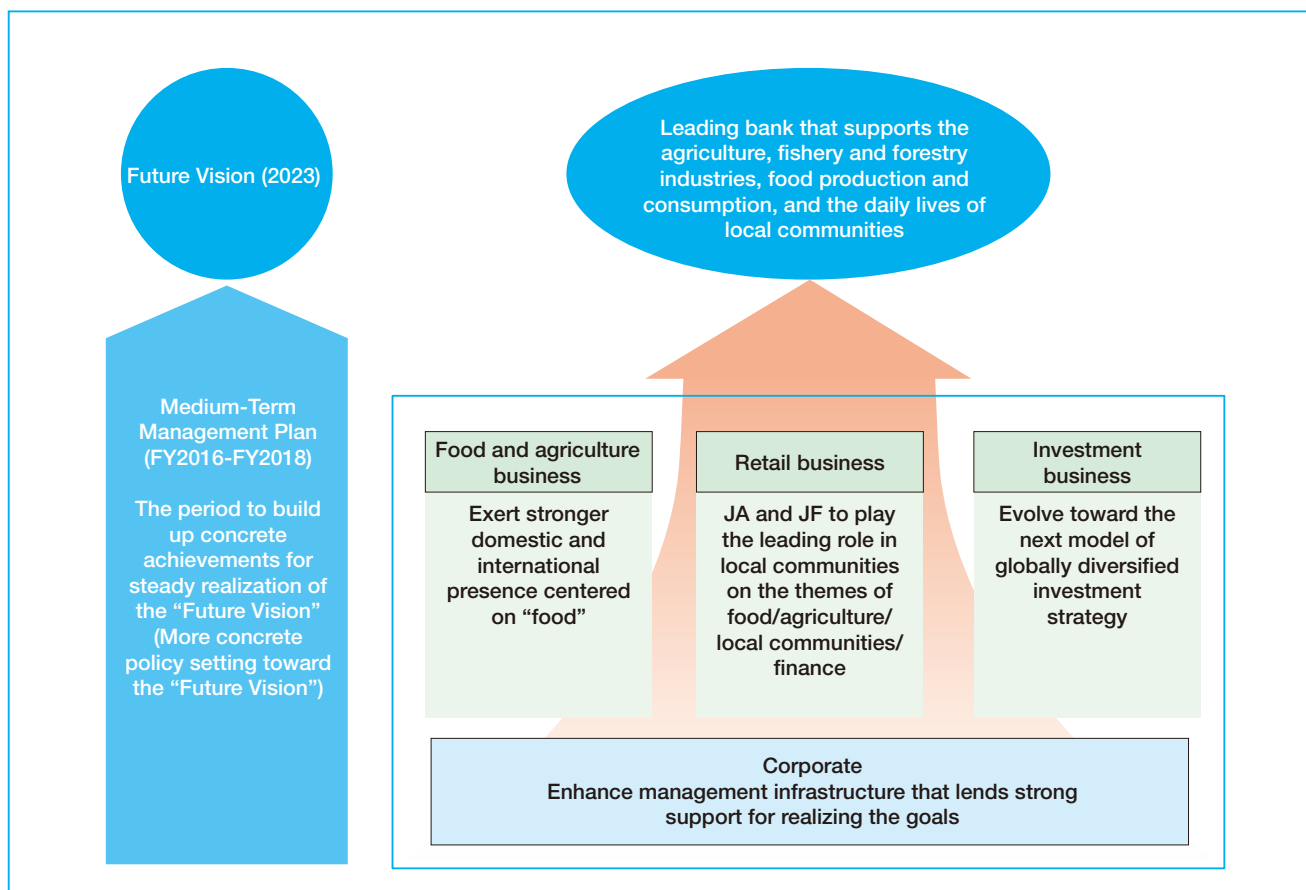
The Bank is conducting business management based on the “Medium-Term Management Plan for three years (fiscal 2016 through fiscal 2018).”

Under the Medium-Term Management Plan, we aim to achieve the three objectives of “contributing fully as a bank rooted in the agriculture, fishery and forestry industries and the food business, turning these industries into growth industries,” “reinforcing the cooperative banking business platform,” and “achieving stable returns to our members through the sophistication of the current globally diversified investment strategy,” namely, establishing the three business areas of the “food and agriculture business,”



“retail business,” and “investment business,” taking overall control of these business areas and enhancing the supporting corporate functions.

Basic Policy of “Medium-Term Management Plan (FY2016-FY2018)”



Business Performance in Fiscal 2017

During fiscal 2017, which is the mid-year of the “Medium-Term Management Plan (fiscal 2016 through fiscal 2018),” based on the “Management Plan for Fiscal 2017,” the Bank strengthened its business management system by implementing pillar measures—increasing the number of Representative Directors, changing the composition of Directors and introducing an Executive Officer system—from the perspective of achieving quick decision making, policy development and implementation, and the flexible use of management resources. In addition, to establish the three business areas of the “food and agriculture business,” the “retail business” and the “investment business,” the Bank has implemented policies for each business.

Financial Results and Capital Adequacy in Fiscal 2017

In fiscal 2017, the Bank recorded an ordinary profit of ¥171.0 billion and profit attributable to owners of parent of ¥147.6 billion, showing steady profitability despite the impact of the rising cost of foreign currency funding and other factors.

The Bank’s capital adequacy ratios on a consolidated basis were maintained at a high level, with a Common Equity Tier 1 Capital Ratio of 19.02%, a Tier 1 Capital Ratio of 19.02% and a Total Capital Ratio of 23.50%.

Summary of Earnings

(Billions of Yen)

	FY2015	FY2016	FY2017
Ordinary Profit	324.9	214.0	171.0
Profit Attributable to Owners of Parent	271.2	206.1	147.6
Net Assets	7,186.7	7,008.8	6,746.0
Common Equity Tier 1 Capital Ratio	18.94%	19.31%	19.02%
Tier 1 Capital Ratio	18.99%	19.34%	19.02%
Total Capital Ratio	25.07%	24.39%	23.50%

Targeted Management Objectives

Under the Medium-Term Management Plan (fiscal 2016 through fiscal 2018), the Bank aims to achieve ordinary profit of around ¥150.0 billion as a management goal. Looking ahead, although we recognize that the economic and financial environment is expected to remain harsh giv-

en the interest rate hikes in the United States, the continuation of the negative interest rate policy in Japan and the continued high cost of foreign currency funding, combined with increasing uncertainty due to factors such as rising geopolitical risk, the Bank will strive to achieve targets based on appropriate financial management.

Initiatives to Strengthen the Business Management System

After the start of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018), the Bank introduced a four-headquarters system in fiscal 2016, increased the number of Representative Directors, changed the composition of Directors and introduced an Executive Officer system in fiscal 2017. Furthermore, to grasp changes in the business environment surrounding the Bank appropriately and address diverse and highly-specialized management issues quickly and accurately, we started the following initiatives from fiscal 2018.

(1) Start business management under a new system from the first day of the Management Plan (April 1)

To promptly undertake the Management Plan from the start date thereof, we shall determine and make an informal decision within the prior fiscal year on the officer system for the new fiscal year.

(2) Strengthen the Four-Headquarters System

Given that business management based on the four-headquarters system has been familiarized within the Bank, under the CEO, who oversees the entire operation, each of the four Senior Managing Directors (Representative Directors) is in charge of operations at the respective headquarters as the head of the business, aiming for business management that is more flexible and collaborative among the four headquarters.

In Conclusion

The Bank's future vision is to become a "leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities." To meet expectations and gain the trust of our members and all other various stakeholders, all directors and employees of the Bank are committed to yielding concrete results in their respective positions and thereby contributing to turning the agriculture, fishery and forestry industries into continuous growth industries. We ask our members and all others concerned for understanding and support.



Messages from Each Business Head

Food & Agri Banking Business



Tetsuya Kanamaru

Head of Food & Agri Banking Business

Major Initiatives

- Turning the agriculture, fishery and forestry industries into growth industries (Integration and streamlining of the production base, reducing production cost, value added such as marketing channel development)
- Playing a key role as a bridge between the agriculture, fishery and forestry workers and the business community

The Food & Agri Banking Business is in charge of expanding the “food and agriculture business,” which has been positioned as one of the pillars of the Bank’s business.

A severe situation persists in the environment surrounding the agriculture, fishery and forestry industries with the impact of various factors such as a declining population and a weakening production base despite partial bright signs such as an increase in exports and an increase in the number of new farmers. In the “food and agriculture business,” we take a centralized approach to diverse issues faced by the local and global food and agriculture value chains, which cover production, processing, distribution, sales and exports mainly of “foods,” with the aim of further contributing to turning the agriculture, fishery and forestry industries into growth industries, as well as the development of customers.

In the “food and agriculture business,” through ongoing dialogues with customers, we will address management issues not only from the financial aspect, but also from the perspective of business operations and offer thorough solutions to solve issues. Performing the Bank’s role as a bridge connecting the second and third industries with production sites, and as a coordinator of initiatives to improve productivity and increase sales, we will create added value for the food and agriculture value chain.

Retail Banking Business



Shozo Goto

Head of Retail Banking Business

Major Initiatives

- Expand retail banking by identifying changes in organizational base and customer needs
- Achieve JA Bank self-reforms and satisfaction of its members, etc.

The Retail Banking Business plays a major role in operations related to strengthening and expanding the JA Bank and JF Marine Bank businesses of agricultural and fishery cooperative organizations and increasing reliability of those businesses etc.

In addition to changes in the financial conditions, competition with other financial institutions and competition faced by JA Bank and JF Marine Bank in retail financing is increasingly fierce, coupled with structural problems such as changes in the organizational base due in part to the aging of its members and changes in customer needs.

Under these circumstances, JA Bank formulated the JA Bank Medium-Term Strategies to be implemented from fiscal 2016 through fiscal 2018. Having set the future vision of JA Bank at becoming an “entity that is needed more in regions by contributing to food, agriculture and local communities,” we are striving to contribute to “increasing agricultural income” and “revitalizing local communities” by providing high-quality, sophisticated financial services.

In addition to further enhancing and providing financial functions for the fishery industry, JF Marine Bank is striving to promote initiatives aimed at strengthening its business base, soundness and management capabilities in pursuit of a stronger control structure to enable the provision of stable and appropriate financial functions.

Through these initiatives, the Bank aims to “JA and JF to play the leading role in local communities on the themes of food/agriculture/local communities/finance” as indicated in the Medium-Term Management Plan.

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

In this section, heads of each business explain the major initiatives and basic policies.

Global Investments

Global Investments is in charge of investments in securities and other financial instruments based on appropriate risk management aimed at realizing a stable return of profits in the medium and long run as the ultimate manager of funds entrusted by members to JA Bank and JF Marine Bank.

Although the investment environment is predicted to remain difficult for financial institutions with higher foreign currency funding costs and increasing market volatility due to rising concern over geopolitical risks, while each country’s monetary policy is being normalized, we recognize the need to carefully examine market trends and steadily promote the building of solid and high-quality portfolios. In addition, it is fair to say that the tasks of addressing international financial regulations steadily and enhancing our foreign currency funding ability are major challenges for the Bank, which secures profits through overseas financial markets and assets.

In these circumstances, under the current Medium-Term Management Plan, Global Investments aims, as its future vision, to “evolve toward the next model of globally diversified investment.” We are committed to securing profits that contribute to stable returns through the evolution of “globally diversified investments” through the further enhancement of our earnings base. Specifically, the Bank’s head office, overseas branches and representative offices will jointly explore new investment areas, by leveraging the Bank’s stable and ample fund, information network and various relationships nurtured in global markets to date.



Keito Shimbu

Head of Global Investments

Major Initiatives

- Further evolve globally diversified investments
- Enhance stable profitability
- Steadily comply with international financial regulations, etc.

Corporate & Shared Services

The role of Corporate & Shared Services is to support and control three business areas of the “food and agriculture business,” “retail business,” and “investment business.”

For these three business areas, as well as the Group companies’ intent to fulfill their roles and achieve the future vision, we recognize the paramount importance of ensuring quicker decision making and policy implementation and development by each headquarters. Based on that recognition, since the start of the Medium-Term Management Plan (fiscal 2016 through fiscal 2018), the Bank has implemented measures steadily to strengthen its business management system such as introducing and strengthening the four-headquarters system and deploying executive officers in charge of regions to the branches, aiming to reinforce the management of headquarters and onsite capability.

In addition, given that the environment surrounding financial institutions is increasingly uncertain and severe, we will support the further promotion of initiatives in each business through the bold redeployment of management resources. To that end, the Bank will thoroughly enhance operational efficiency by fully utilizing digital technologies and through a fundamental review of existing operations.

Moreover, by paying careful attention to fast changes in the management environment including the rapid advancement of digital technologies and tightening domestic and overseas regulations, as well as to society’s requests and expectations, while properly fulfilling our role as a “navigator,” we will build up concrete achievements with a sense of mission of turning the agriculture, fishery and forestry industries into growth industries to realize our vision of becoming a “leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities.”



Kazuhiko Otake

Head of Corporate & Shared Services

Major Initiatives

- Strengthen the business management system that covers the Group companies
- Enhance operational efficiency and make other improvements to further promote the initiatives of each business
- Upgrade its risk management with awareness of global standards

Bank Initiatives

“Self-Reform of JA Bank” Initiatives

With the situation surrounding the agriculture industry becoming increasingly severe, in light of the Government’s “agricultural cooperative reform” movement, etc., in 2014 the JA Group formulated “Self-reform of JA Group” as self-reform. As a member of JA Group, for JA Bank to also contribute more than ever to agriculture and local communities, we are implementing “Self-reform of JA Bank” efforts during an intensive period for the initiative up to fiscal 2018.

The “Self-reform of JA Bank” is comprised of “three pillars”: (1) further responses to contribute to increase in income of farmers and the revitalization of local communities especially the “Support Program for Increasing Agricultural Income and Revitalizing Local Communities (total amount of ¥100 billion)”; (2) arrangement of the business environment so that JA can make its best efforts in agricultural businesses; and (3) the provision of financial services that connect agriculture and local communities/users in order to contribute to local communities.

To date, the Bank has engaged in the smooth supply of capital to food and agriculture-related fields including the utilization of the “F&A (Food and Agri) Growth Industry Investment Facility” to the scale of ¥50.0 billion, which was established with the aim of providing risk money, and promoted initiatives to expand sales of agricultural products, increase agricultural production and add higher value to agriculture. Specifically, the Bank is promoting exports of agricultural products, supporting the expansion of sales channels by continuing to host business conventions and conducting business matching in Japan. The Bank is also providing sixth industrialization support.

Moreover, toward the reduction of production costs,

the Bank has implemented the “Agricultural Equipment Lease Support Program (Agri-Seed Lease)” to support agricultural workers’ efforts to expand their scale of operations and streamline their businesses, and the “Production Costs Reduction Support Program” to foster innovative activities such as the dissemination of new technologies. The Bank also has provided support for hosting seminars and consultations aimed at helping advance farm management; strengthened management consultation functions mainly through the operation of the “Agriweb” website to dispatch information on agricultural management; and engaged in initiatives toward revitalizing local communities such as supporting new farmers extensively and training young and next-generation farm operators.

Moreover, we worked diversely to rationalize banking business operations, such as introducing equipment to streamline cash business at JA business service locations and introducing an “agent” model based on the choice made on a JA-by-JA basis. We deployed around 100 mobile branches in vehicles and implemented, among others, “*No to Ayumu* Project” (Project for Making Progress with Agriculture) to plan and sell financial products linked to expanded consumption of agricultural products. Having promoted such initiatives one after the other to help turn the agriculture industry into a growth industry, we will further strengthen these initiatives into the future.

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

Food and Agriculture Business Initiatives

Food and Agriculture Business Initiatives

The Bank conducts initiatives to further exert its role as the central organization for agricultural, fishery and forestry cooperatives, focusing on contribution to its members and the agriculture, fishery and forestry industries as a matter of the highest priority. The Bank is offering

various solutions to achieve the practices of the “food and agriculture business” indicated in the Medium-Term Management Plan started from fiscal 2016, which contribute to turning the agriculture, fishery and forestry industries into growth industries.

Smooth Capital Supply to the Food and Agriculture-Related Fields

● Initiatives for Agricultural Loans

For agricultural corporations run by those expected to be agricultural leaders of tomorrow, we offer the Agricultural Corporation Development Loan (Agri-Seed Loan), etc., for operating funds for agricultural production and processing and sales, etc., of farm products without collateral or guarantee in principle.

In addition to direct financing as mentioned above, the Bank reduces interest burdens on agricultural workers, for example by providing subsidies to borrowers of

JA Bank’s agricultural loans to cover up to one percent of the interest cost. In fiscal 2017, approximately 90,000 loans, totaling ¥1.6 billion, were provided, and in the cumulative total up to fiscal 2017, ¥11.5 billion in subsidies were granted for 640,000 agricultural loans.

Product	Number of loans	Loaned amount
Agri-Seed Loan (since December 2009)	155	¥3,281 million

*Cumulative total as of March 31, 2018

Types of Loans (As of March 31, 2018)

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

● Establishing the F&A (Food and Agri) Growth Industry Investment Facility

Toward our goal to turn the agriculture, fishery and forestry industries into growth industries, the Bank established the “F&A (Food and Agri) Growth Industry In-

vestment Facility” on the scale of ¥50.0 billion including the traditional Agri-Seed Fund, aimed at providing risk money to support new entries and expand the scale of the agriculture, fishery and forestry industries, improve productivity and add higher value.

List of F&A (Food and Agri) Growth Industry Investment Facility

	Investment target	Investment facility
Agri-Seed Fund	Agricultural corporations, corporations operating agriculture-related businesses (small to medium scale)	¥4.0 billion
Support Fund for Business Entities of Agricultural Leaders	Agricultural corporations, corporations operating agriculture-related businesses (large scale)	¥5.0 billion
Agriculture, Forestry and Fisheries Cooperative Fund	Agricultural, fishery and forestry workers and their organizations (JA, regional community farming organizations, corporations, etc.)	¥2.9 billion
Export Promotion Support Fund	Food and agriculture-related businesses in six Middle East Gulf States	\$50 million
Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries	Renewable energy power generation project undertaken by associates of agricultural, forestry and fishery villages to contribute to revitalizing local communities	¥0.5 billion
Direct Investment Facility	Investments to expand the scale of the agriculture, fishery and forestry industries, improve productivity and creating added-value, etc.	¥18.0 billion
(Extendable capacity)	Scheduled to be allotted according to the status of each investment facility	¥14.6 billion
Total	—	¥50.0 billion

Agri-Seed Fund, Support Fund for Business Entities of Agricultural Leaders

Since April 2010, as a framework to supply capital to agricultural corporations, the Bank, in collaboration with The Agribusiness Investment & Consultation, Ltd. and JA Bank Agri-Eco Support Fund, established the Agri-Seed Fund, which invests in agricultural corporations that are technically competent yet undercapitalized, stabilizing their finances and supporting the development of their business. The total number of capital investments has reached 288 and the agricultural corporations which have received investments have stably grown as core leaders of their areas and industries.

In June 2013, the Bank established the Support Fund

for Business Entities of Agricultural Leaders to meet the business expansion needs of agricultural corporations which plan on the utilization of abandoned farmland, farmland accumulation and the sixth industrialization. The fund has so far made 22.

Product	Number of investments	Invested amount
Agri-Seed Fund (since April 2010)	288	¥2,181 million
Support Fund for Business Entities of Agricultural Leaders (since June 2013)	22	¥615 million

*Cumulative total as of March 31, 2018

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

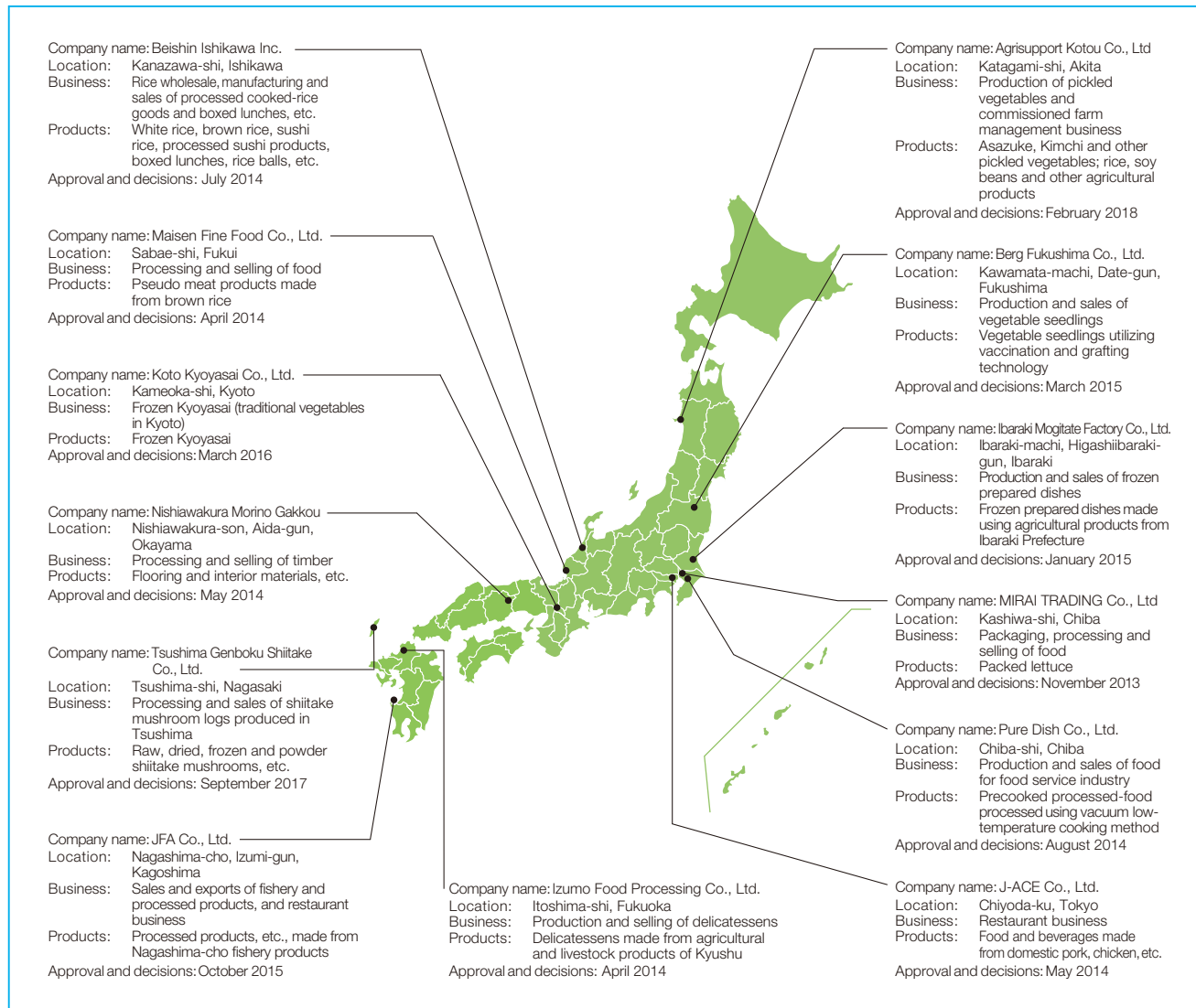
JA Group, including the Bank, laid out a policy to exercise its comprehensive and organizational strength as a group in an integrated manner to promote the sixth industrialization of the agriculture, fishery and forestry industries.

In May 2013, the Agriculture, Forestry, and Fisheries Cooperative Fund, a sub-fund jointly capitalized by Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE) and cooperative organizations, was established. Various financial, business and management supports, along

with support for the development of business plans, have been provided to agricultural, fishery and forestry businesses which are committed to the sixth industrialization, as well as entities constituted by JA and partner companies. Since establishment, decisions have been made to make investments in 13 entities (as of March 31, 2018), the largest number of investments made among 47 similar sub-funds nationwide.

Moreover, to encourage the business development of the business entities in which the Bank has invested to date, focus was placed on providing support for exploring sales channels and other business support functions. The Bank will continue to contribute to the further development of the local agriculture, fishery and forestry industries through the utilization of the fund.

Overview of Investments Made by the Agricultural, Forestry and Fisheries Cooperative Fund



Export Promotion Support Fund

In March 2016, the Bank collaborated with Mizuho Bank to establish a private equity fund “Gulf Japan Food Fund” with the aim of providing financial support to address the need to expand exports of Japanese food and agricultural, fishery and forestry products and related production and operational technologies, as well as the food security needs, etc., of the six Middle East Gulf States. Through investments in Japanese companies engaging in business expansion in the Middle East region and food and agriculture-related companies from the Middle East, the Bank strives to grow and promote food and agricultural industries in this region and aims at value-adding and market creation from new alliances and partnerships.

Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries

JA Group has a policy to proactively engage in renewable energy projects which will result in the revitalization of local communities in harmony with the agriculture, fishery and forestry industries representing local communities and farmers. The Bank, together with JA Zenkyoren

(National Mutual Insurance Federation of Agricultural Cooperatives), established the “Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries” and set up a structure to provide financial assistance to community-led renewable energy projects. The Bank will provide not only financial but other support required for commercialization to members of cooperatives and local residents for the renewable energy projects which contribute to the promotion of the agriculture, fishery and forestry industries and revitalization of local communities.

Direct Investment Facility

The Bank believes that in order to turn the agriculture, fishery and forestry industries into growth industries, it is indispensable to add higher value to and improve the productivity of downstream industries as well. As a framework to provide risk money to achieve these goals, the Bank started to work on such initiatives in fiscal 2016.

To increase exports and improve productivity through the practices of ICT-based agriculture, a total of nine investments were made in food export companies and agricultural IT ventures, among others.

Offering Solutions That Contribute to Increasing Agricultural Income

● Initiatives to Expand Sales and Add Higher Value Collaboration with JA Zen-Noh (National Federation of Agricultural Cooperative Associations)

Aiming to increase agricultural income, expand production and revitalize local communities, the Bank collaborates closely with the initiatives promoted by JA Zen-Noh to reform the distribution and processing structure, expand exports and reduce production materials costs, mainly by providing advice related to investments/loans and offering financial and nonfinancial services including brokerage with general business corporations and the dispatching of staff.

As part of such initiatives, in September 2017, the Bank via a joint investment among seven companies including JA Zen-Noh and the Bank, contributed to increasing the capital of Nileworks Inc., an agricultural

drone company, through the allocation of new shares to a third party. Through an investment in this company, the Bank promotes the reduction of agricultural production costs.

Export Promotion Initiatives

To allow its members and agricultural, fishery and forestry workers who aim to export their products to engage in steady exports, the Bank provides an export support package. In fiscal 2017, while adhering with the existing export support initiatives, the Bank further strove to promote exports by enhancing initiatives to deepen the content and improve applicability, reflecting input from participants in each initiative. Specifically, the Bank (1) released the export PR publication “Yushutsu-no-Ibuki” (quarterly), (2) held export seminars (implemented in Osaka in addition

to seminars regularly held in Tokyo), (3) implemented test marketing (conducted in a local high-quality supermarket in Singapore in March 2018), (4) participated in overseas trade fairs (exhibited at the HKTDC Food Expo and FOOD TAIPEI), and (5) offered an opportunity to participate in the Great Okinawa Trade Fair.



Yushutsu-no-Ibuki



Test marketing conducted in Singapore

Business Conferences and Business Matching Initiatives

The Bank capitalizes on the characteristics of the cooperative system as a nationwide system to identify the business needs of cooperative organizations, agricul-

tural, fishery and forestry workers and corporate clients, and provide business matching services and conferences to lead to constant business transactions among them. In fiscal 2017, the Bank held nationwide and block business conferences, etc., and provided participating sellers' groups with the opportunity to expand sales channels. In addition, the Bank provided assistance in promoting the understanding of distribution and retail industries and acquiring expertise in business negotiations, etc. by holding seminars and other events for enhancing business negotiation skills.



JA Group Japanese Agricultural and Livestock Products Business Conference

Nationwide and Block Business Conferences Held in Fiscal 2017

Venue	Date	Name	Number of sellers	Number of buyers
Aichi	November 2017	Four Prefectures in the Tokai Region, JA Group Food and Agriculture Business Conference	114	553
Osaka	November 2017	JA/JF Group Kinki and Shikoku Business Conference	123	347
Ishikawa	January 2018	JA/JF Group Hokushinetsu Business Conference	28	47
Fukuoka	January 2018	JA, JF Group Business Conference to Introduce Kyushu and Okinawa Foods (small-scale conference for certain targeted buyers; reservation required)	32	6
Miyagi	February 2018	Tohoku Food and Agriculture Business Conference Sponsored by JA Group	55	68
Tokyo	March 2018	JA Group Japanese Agricultural and Livestock Products Business Conference	147	1,917

● Initiatives to Reduce Production Costs

Agricultural Equipment Lease Support Program

To encourage reduction of production costs through producers' scale expansion, etc., agri-seed leasing business was implemented for partial subsidies on leases involv-

ing agricultural machinery and equipment, etc.

The first solicitation was conducted for rice and vegetable producers, for which approximately 8,000 subsidies were decided in October 2015, and the second solicitation was conducted adding livestock and dairy to the subsidy target items, for which approximately 4,000

subsidies were decided in May 2016. The Bank is deepening relationships with subsidy recipients through a visitation approach.

Specifically, by introducing a flexible tank/hopper, the task of cramming seeds into a flexible tank was alleviated, resulting in the expansion of the planted area, thereby showcasing the effects of cost reduction and scale expansion.



Flexible tank/hopper adopted

Project to Reinforce Business Consultation

Functions

To strengthen response capabilities to diverse management issues of agricultural corporations, etc., the “management consultation function strengthening business” was launched in September 2015. Specifically, the Bank established consultation counters nationwide and provided subsidies on costs for management seminars and individual consultations that are held at JA Banks nationwide. In fiscal 2017, 105 seminars or similar events were held nationwide. Moreover, free consultation counters nationwide by specialists and the website “Agriweb” to dispatch information related to agricultural business management were launched in 2016. In July 2017, a link was established between “Agriweb” and JA Zen-Noh’s “AP-PINES” website, which provides information on farming operation. Drawing on the alliances among the JA Group, the Bank has operated to address the managerial issues of agricultural workers in general. The number of members of “Agriweb” was 3,296 as of March 31, 2018.



“Agriweb” site screen

Production Costs Reduction Support Program

In collaboration with JA Zen-Noh and related organizations, in fiscal 2016 the Bank started a support program to help reduce production costs, which provides subsidies for the dissemination of new technologies that contribute to reducing production costs and innovative initiatives.

The first program implemented under this program was a “DNA Chip Dissemination Promotion Support Program for Livestock and Dairy Business” in coordination with JA Zen-Noh to prevent cow disease and conduct health checks. The second was a support program to pass on “Takumino-Waza” or techniques and know-how possessed by experienced agricultural workers. The third was a support program to establish a relay shipping structure for vegetables and fruits toward the expansion of exports, which contributes to the reduction of overseas sales costs. As the fourth program, the Bank implemented a support program for the consistent supply of items to address horticultural consumer needs.



Leaflet for the “DNA Chip Dissemination Promotion Support Program for Livestock and Dairy Business”

Support for Revitalization of Regional Areas and Local Communities

● Initiatives to Agricultural Entrant Support Program

To cultivate future domestic farming core leaders, the Bank has implemented the agricultural entrant support program. In fiscal 2015, the Bank expanded the subsidy business we have implemented towards training provid-

ed to potential agricultural entrants and launched a subsidy business towards farming operation costs incurred by independent agricultural entrants aimed at providing support for stabilizing their management soon after becoming an agricultural entrant. In fiscal 2017, the Bank

provided subsidies of ¥400 million for approximately 3,600 businesses that help independent agricultural entrants with their farming operation costs and subsidies of ¥200 million for approximately 800 businesses that accept potential agricultural entrants (trainees).



Leaflet for the “Agricultural Entrant Support Program”

● Training of Next-Generation Farm Operators

As the main sponsor of AgriFuture Japan, the Bank encourages the training of farm operators of the next generation by providing operational support for the Japan Institute of Agricultural Management and seminar business run by the general incorporated association.

Since the opening of the Japan Institute of Agricultural Management in April 2013, 61 students have graduated and started engaging in farming nationwide. At present, fifth and sixth year students are studying hard, encouraging each other as colleagues sharing the same aspiration in the school located on one of the floors of The Norinchukin Bank Shinagawa Training Center.

● Environmental Finance Initiatives

The Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System in 2010 to evaluate its members and companies which practice pro-environmental activities. The Bank added its own evaluation items to those of the system, including initiatives for environmentally sound agriculture, fishery and forestry industries and for the sixth industrialization.

Moreover, in 2012, the Bank began acting as a broker of domestic emission credits (J-VER). The J-VER System is the domestic emission trading scheme operated by the government. In 2017, part of the CO₂ emitted from the “Farmers’ & Kids’ Festival 2017” sponsored by the Japan Agricultural Corporations Association was offset using J-VER, which was brokered by the Bank. The Bank continues to support initiatives for environmentally-responsible agricultural and forestry operations such as forest improvement and environmental measures of companies

by acting as a broker of J-VER trading derived from the agriculture, fishery and forestry industries.

● Agricultural, Forestry, and Fisheries Future Fund

To support the voluntary initiatives of agricultural, fishery and forestry workers/business entities and promote the dispatch of related information toward the further growth of the agriculture, fishery and forestry industries, the Bank established the “Agricultural, Forestry, and Fisheries Future Project” and, as the entity to implement the project, founded the “Agricultural, Forestry, and Fisheries Future Fund” in 2014, to which the Bank contributed ¥20.0 billion.

The “Agricultural, Forestry, and Fisheries Future Fund” has provided subsidies for a total of 32 projects. For fiscal 2018, the Fund started solicitation in June 2018.



Poster introducing the recipients of subsidies from the “Agricultural, Forestry, and Fisheries Future Fund”

● Stronger Collaboration with the Japan Agricultural Corporations Association

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

In fiscal 2017, the Bank sponsored the “Farmers’ & Kids’ Festival,” at which agricultural corporations, etc., from throughout the nation display and sell agricultural products and offer workshops for consumers in the metropolitan area where the festival is held annually. The Bank also cosponsored the “Next Generation Agricul-

ture Summit” soliciting self-motivated young farmers. In addition, at the National Federation of Agricultural Labor Support Conference, the Bank promoted an alliance to eliminate the labor shortage problem.

In addition to the national initiatives, prefecture-level alliances are ongoing such as a partnership agreement concluded by the Kumamoto Association of agricultural corporations and the Bank’s Kumamoto branch for an alliance covering the Kumamoto Prefecture region in fiscal 2017.



Next Generation Agriculture Summit

● Inbound Green Tourism

Four companies comprising the Bank, ABC Cooking Studio Co., Ltd., Recruit Lifestyle Co., Ltd., and Nokyo Tourist Corporation, entered into a comprehensive partnership agreement in April 2016 aimed at contributing to the support for revitalization of local communities and overseas export.

Aiming to revitalize local communities by increasing the number of tourists visiting regional areas of Japan and advertising the attraction of Japanese foods, the Bank has implemented six tours. For the sixth tour, which was conducted in March 2018, as an effort to support the reconstruction of Kumamoto and Oita prefectures, where

the number of domestic tourists has been declining due to the 2016 Kumamoto earthquakes, the Bank conducted Food and Agriculture Green Tourism targeting domestic tourists in an alliance with local governmental administrations and corporations, etc.



● Initiatives for Food and Farming Education Projects

The Bank provides subsidies for “food and farming education” projects that aim to deepen children’s understanding of agriculture and food and to contribute to the development of local communities. We donate study materials for agriculture and food education, support initiatives to incorporate local agricultural products into school lunch menus, and organize cooking classes from the perspective of local production for local consumption. In fiscal 2017, we donated 1.33 million books to primary schools nationwide and provided approximately 2,000 subsidies, totaling of ¥500 million to local food and farming education activities.

Reconstruction Support Efforts

■ Outline of the Reconstruction Support Program

To provide full and multifaceted assistance for the recovery and reconstruction of the agriculture, fishery and forestry industries severely affected by the Great East Japan Earthquake, the Bank established the Reconstruction Support Program (support amount: ¥30.0 billion) in April 2011. The program has provided financial support to affected agricultural, fishery and forestry industry workers and affected members with multifaceted support in keeping with meeting needs and situations in disaster-stricken areas.

1 Reconstruction Support for Farmers, Fishermen, Foresters and Local Communities

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

The Bank has been involved in large-scale construc-

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

In addition, the Bank has supported to agricultural workers for the cost of production materials and machines necessary to resume operations, fishery workers for the cost of cooling ice used in test operations, projects to promote reconstruction through agriculture, fishery and forestry industries and initiatives to realize advanced agriculture, fishery and forestry industries through reconstruction. The Bank also supports revitalization of disaster-stricken areas, such as by donating wooden products, etc., made using local timber.

Product	Number of loans, etc.	Amount
Reconstruction Loan (Tohoku Agricultural, Forestry, and Fisheries Industries Support Loan)	Number of loans 152	Loaned amount ¥45.8 billion
Reconstruction Fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund)	Number of investments 59	Invested amount ¥1.3 billion
Lease subsidies	Number of subsidies 1,528	Total lease amount ¥5.8 billion
Interest subsidies to JA/JF disaster funds	Number of support cases 4,018	Loaned amount ¥16.7 billion

*Cumulative total as of March 31, 2018



Harvesting by a reconstruction fund recipient



Farmers' market operated by a reconstruction loan recipient



Support for fishery workers with cooling ice used in test operations



Bench donated to a fish market



Wooden sandbox donated to a certified children center



Business conference about Tohoku's foods and agriculture

2 Reconstruction Support to Members and Customers

JA (Japan Agricultural Cooperatives) to which the Bank has assisted in increasing capital under the Frame-

work for Special Post-Earthquake Support, has repaid the funds it borrowed to help increase its capital. For JF (Japan Fishery Cooperation), the Bank provided

guidance and advice—for instance, by dispatching its staff—based on its plan to help strengthen the cooperative banking business, thereby making smooth progress in terms of JF’s management improvement.

Stable financial functions are provided to JA Bank and JF Marine Bank users with consultation services at JA Bank and utilization of movable terminals at JF Marine Bank. In addition, the Bank has also conducted initiatives to restore customers’ lives by supporting the Reconstruction Loan offered by JA Bank and JF Marine Bank and by appropriately responding to the double-loan problems and the project to promote collective relocation for disaster prevention.

Seven years have passed since the Great East Japan Earthquake, and agriculture and fishing operations have resumed in many of the disaster-affected areas. Disparity has arisen among local communities in this situation, and although lifestyle reconstruction efforts are proceeding there are still approximately 32,000 people (as of March 2018) forced to live in temporary housing, and looking at the disaster-affected areas as a whole, there are regions where the reconstruction process is still only

half-way complete.

As the Bank continues to provide sufficient support for reconstruction initiatives in the disaster-affected areas, new developments are being seen, such as the development of agricultural leaders and the expansion of scale, and with an emphasis on encouraging these initiatives, we will continue to provide full and multifaceted support to the reconstruction of agriculture, fishery and forestry industries and local communities.

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

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

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

Response to the Principles of Fiduciary Duty

In March 2017, the Financial Services Agency announced the seven Principles of Fiduciary Duty, which are based on an awareness of the need to realize a mechanism to achieve a well-balanced portfolio of household financial assets toward a goal of “achieving the stable asset building of the Japanese nation.” Under such a mechanism, financial business operators compete in offering customer-oriented, high-quality financial products and services and customers choose those that provide better products/services. To achieve the stable asset building of the nation, it is necessary to encourage a transition from the savings-centered management of household financial assets to a well-balanced portfolio.

At JA Bank as well, to accurately address the needs of individual members and customers for asset building, asset management and succession, the Bank established the dedicated JA Bank System Asset Building Division

in July 2017 to review the product lineup, plan and implement the development of human resources and make other efforts to provide services of increasingly high quality.

In addition, the Bank and the Bank’s group companies, as well as JA and JA Shinnoren, both of which handle mutual funds, have adopted the seven Principles of Fiduciary Duty and announced policies and measures to address those principles. Going forward, with the steady implementation of the items under those policies, and the regular review of the content to make necessary updates, we aim to employ best business practices and prepare proposals to provide financial products and services tailored to the true needs of individual members and customers in line with their life plans as the corporate culture of JA Bank and the Bank’s group.

Finance Facilitation Initiatives

● Policies on Finance Facilitation

As the financial institution founded on agricultural, fishery and forestry cooperatives, the Bank considers one of its most important roles is to provide necessary funds smoothly to its customers engaging in agricultural, fishery and forestry operations and SMEs, and conducts initiatives under basic policies for finance facilitation, including the flexible handling of loan applications from customers, making changes to financing conditions in response to customers' request for reduction of debt repayment burdens, proactive response to management consultation from customers, and support for their initiatives for management improvement.

In addition, in order to proceed with these initiatives properly, the Bank has developed a structure through discussion and reporting at meetings attended by relevant directors, the designation of the department in charge of financing facilitation, the assignment of a financing facilitator at each branch who can collaborate with the department in charge of financing facilitation, and the creation of a customer service counter to respond to complaints and consultations from customers.

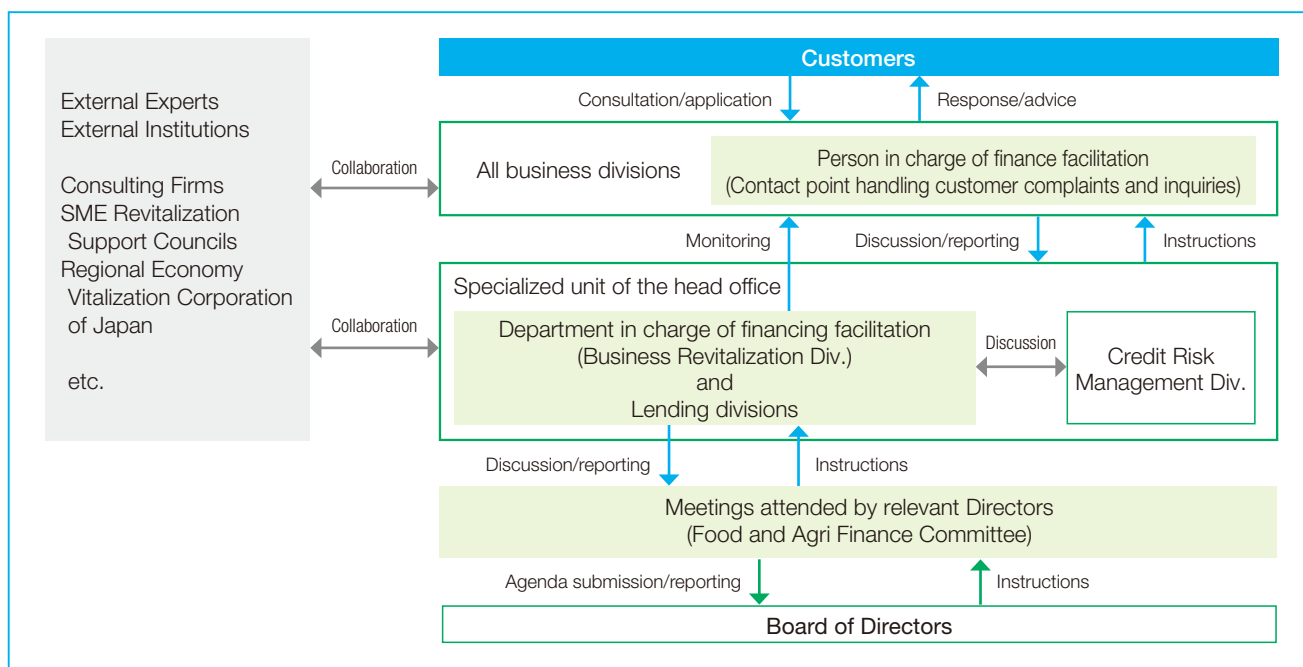
● Management Support Initiatives for Customers

The Bank focuses on providing services to customers who need support for management improvement and business reconstruction with due consideration to the impact on their local communities and other factors, and divisions and branches that handle customer transactions, together with a department in charge of financing facilitation, assist with the customers' efforts in the development and execution of plans, and review their progress and revise them as appropriate. We also collaborate with external parties, including consulting firms, Small and Medium-size Enterprise Revitalization Support Councils (SMERSCs) and Regional Economy Vitalization Corporation of Japan (REVIC) as the need arises, using various tools to achieve the best solution.

● Policy to Address the Guidelines for Management Guarantee

Based on the Guidelines for Management Guarantee published in December 2013, the Bank has developed a structure for compliance with the guidelines, and we will continue efforts to address the issue of personal guarantees by business owners in good faith based on these Guidelines.

Image of Finance Facilitation System






CSR Initiatives

As the financial institution founded on a platform of agricultural, fishery and forestry cooperatives as well as an institution engaging in global investment and loan activities, the Bank follows a basic policy for CSR (corporate social responsibility) activities to maintain the trust of various stakeholders and contribute to the sustainable development of the economy and society. Moreover, the Norinchukin Group engages in the CSR activities mutually coordinating with members in the field of agriculture, fishery and forestry industries.

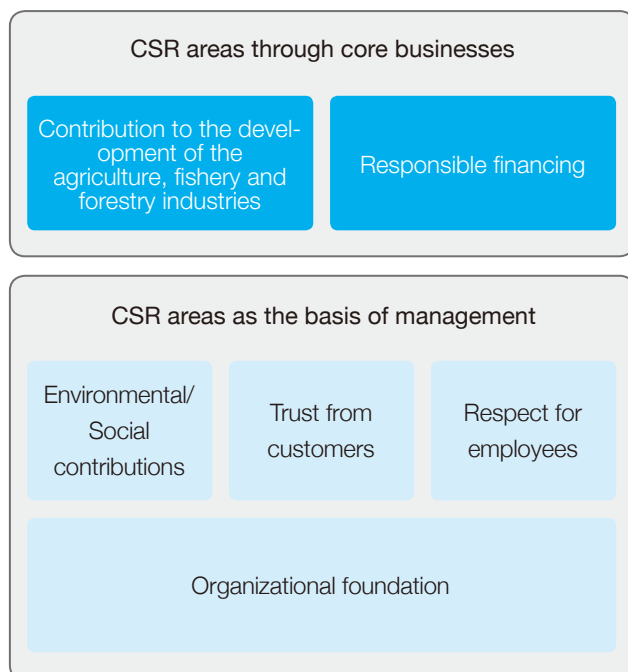
To respond to broadening CSR-related social demands, the Bank organized its CSR priorities into six areas and 17 focal points in fiscal 2016. In these six areas, all directors and employees of the Bank work on the sustainable development of society through their business operations. Moreover, the Bank has participated in the following three international initiatives. Concerning the CSR Report as well, the content of the report has been updated in line with newly organized focal points and has been disclosed on the Bank's website

Participation in Major Initiatives

United Nations Global Compact	Equator Principles	CDP
 <p>UN GLOBAL COMPACT Network Japan WE SUPPORT</p>	 <p>EQUATOR PRINCIPLES</p>	 <p>CDP DRIVING SUSTAINABLE ECONOMIES</p>

Areas of the Materiality of The Norinchukin Bank

Six CSR Areas



Six CSR Areas and 17 Focal Points

Area	Focal Point
Contribution to the development of the agriculture, fishery and forestry industries	1 Promotion of the agriculture, fishery and forestry industries
	2 Contribution to local communities
Responsible financing	3 Responsible investments and loans
	4 Promotion of environmental conservation projects
Environmental/Social contributions	5 Contribution to creating a sound society
	6 Environmental considerations
Trust from customers	7 Reliability of financial infrastructure
	8 Respect for customers
	9 Appropriate business activities
Respect for employees	10 Fair labor practices
	11 Employee diversity
	12 Human resource development
	13 Occupational health and safety
Organizational foundation	14 Governance
	15 Corporate ethics
	16 Respect for human rights
	17 Stakeholder engagement