Message from the CEO

Financial Results and Capital Adequacy in Fiscal 2020

In fiscal 2020, the Bank recorded ordinary profit of ¥310.0 billion and profit attributable to owners of parent of ¥208.2 billion, showing steady profitability, reflecting a decline in foreign currency funding costs and as a result of our financial management efforts to enhance earnings steadily.

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 19.86%, a Tier 1 capital ratio of 23.19% and a total capital ratio of 23.19%.

Summary of Earnings

(Billions of Yen)

	FY2018	FY2019	**FY2020**
Ordinary Profit	124.5	122.9	**310.0**
Profit Attributable to Owners of Parent	103.5	92.0	**208.2**
Net Assets	7,473.2	7,261.6	**7,955.5**
Common Equity Tier 1 Capital Ratio	16.59%	19.49%	**19.86%**
Tier 1 Capital Ratio	19.65%	23.02%	**23.19%**
Total Capital Ratio	19.65%	23.02%	**23.19%**

Business Performance in Fiscal 2020

Throughout fiscal 2020, the Bank adhered to its vision of becoming "the leading bank that supports the AFF industries, food production and consumption, and the daily lives of local communities" as outlined in the current Medium-Term Management Plan (FY2019-FY2023). In order to achieve its goals even in a severe environment, the Bank has made progress in establishing value chains by offering solutions, providing functions for the development of local communities and member organizations, and establishing a sturdy business model that is resilient to economic fluctuations.

At the financial markets, while short-term interest rates declined globally against the backdrop of accommodative monetary policies across major jurisdictions, interest rates rose with the expectation for extensive fiscal policies among others, mainly led by U.S. Treasury bonds. Stock prices rose, recovering from a plunge caused by the spread of the COVID-19 infection and a subsequent adjustment phase. In the foreign exchange market, an increase in interest rates and stock prices has led to yen depreciation against both the U.S. dollar and the euro. In such circumstances, the Bank continued the stable return of profit to its stakeholders and worked to provide stable financing for the AFF industries and related local communities—a foundation for the Bank's operation.

In addition, the Bank undertook various measures throughout the fiscal year that included; offering solutions to contribute to the growth of the AFF industries and related communities; expanding agricultural financing; reinforcing and extending its global customer base with a focus on Asia; enhancing JA Bank's business base and JF Marine Bank's financing functions for the fishery industry; performing main-bank functions for JF and JForest; expanding ESG investments; and enhancing corporate functions to support each business line.

Measures to Address the Spread of COVID-19

The AFF industries—the foundation of the Bank's business—have been seriously affected by the spread of COVID-19.

As a member of JA Bank and JF Marine Bank, the Bank offers smooth financing for AFF business operators such as continuing to handle low interest rate financing. In addition, the Bank will continue to offer nonfinancial services such as helping to find sales channels to eliminate excess inventories of agricultural produce, etc., in alliance with government agencies and related organizations.

Status of Implementation of the Medium-Term Management Plan (FY2019–FY2023) and the Bank's Vision

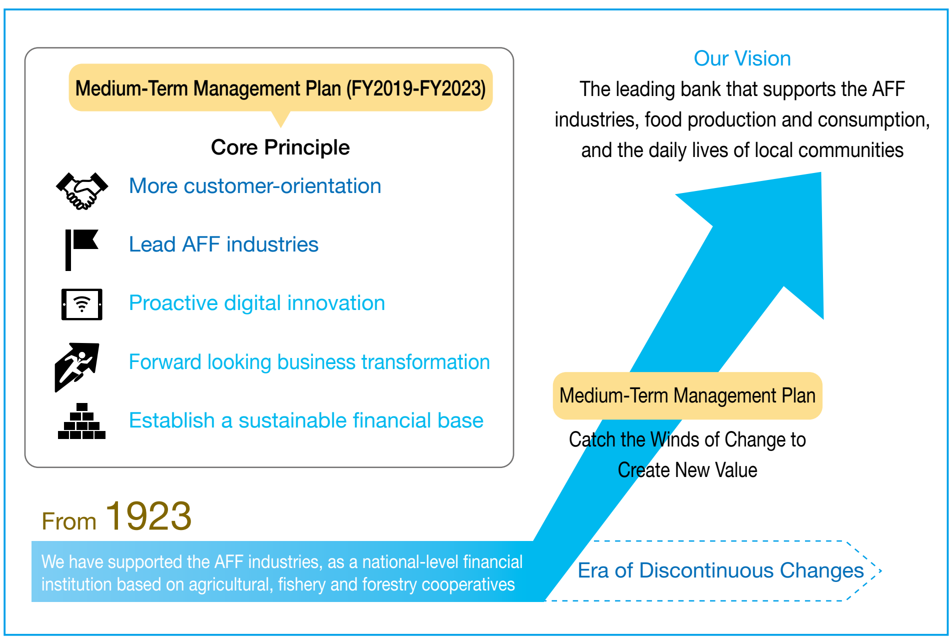
The Bank is conducting business operations based on its Medium-Term Management Plan "Catch the Winds of Change. Create New Value," covering five years (FY2019-FY2023).

We predict that our business environment will face non-continuous changes in the next 10 years, such as global profit margin compression, accelerating digitalization, aging leaders in the AFF industries, the need for scale expansion, growth in Asia and environmental and social issues. Recognizing the necessity to enhance profitability, provide comprehensive services that customers want, effectively support leaders in the AFF industries, deepen our global business network and offer value to society, the Bank continues tackling the challenging creation of new value toward solving these issues.

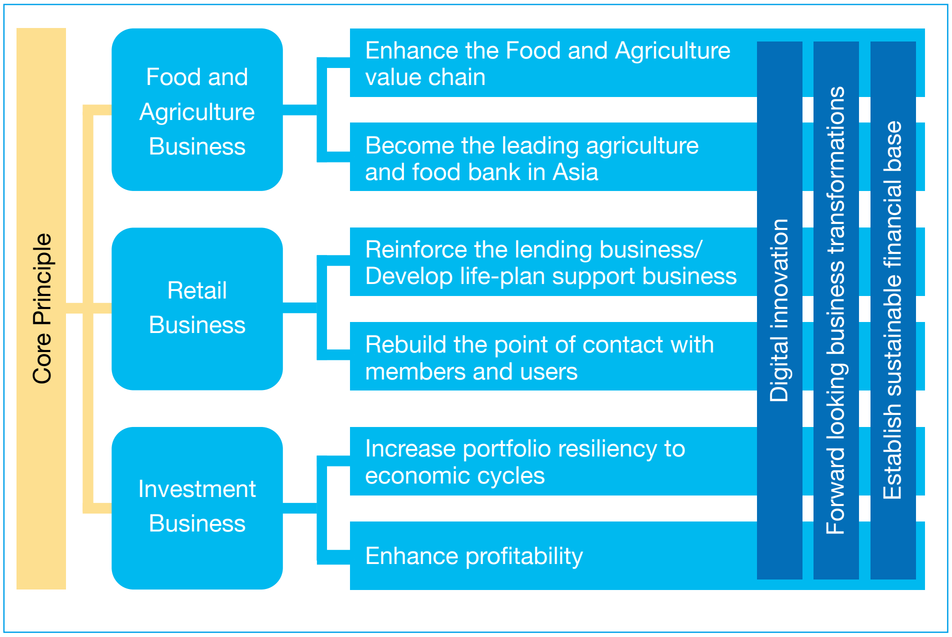
Outline and Priority Strategies of the Medium-Term Management Plan (FY2019–FY2023): Aiming to Become a "Leading Bank That Supports the AFF Industries, Food Production and Consumption, and the Daily Lives of Local Communities"

Since our establishment in 1923 as a national-level financial institution to help our foundational entities—AFF cooperative organizations—we have contributed to the development of the AFF industries, and a key milestone—our 100th anniversary—is just around the corner. In our first hundred years, the environment surrounding the AFF industries experienced significant changes and unprecedented "non-continuous changes" are likely in the future. To continue to fulfill our mission of contributing to the development of the AFF industries in such an environment, we will deepen dialogues with cooperative members and tackle our challenging "Catch the Winds of Change. Create New Value" plan under the following basic policy and priority strategies. Through such efforts, together with our cooperative groups, we will strive to meet the expectations of our customers, realize sustainable growth and offer value to society.

Core Principle



Priority Strategies



Our Purpose, Vision and Mission

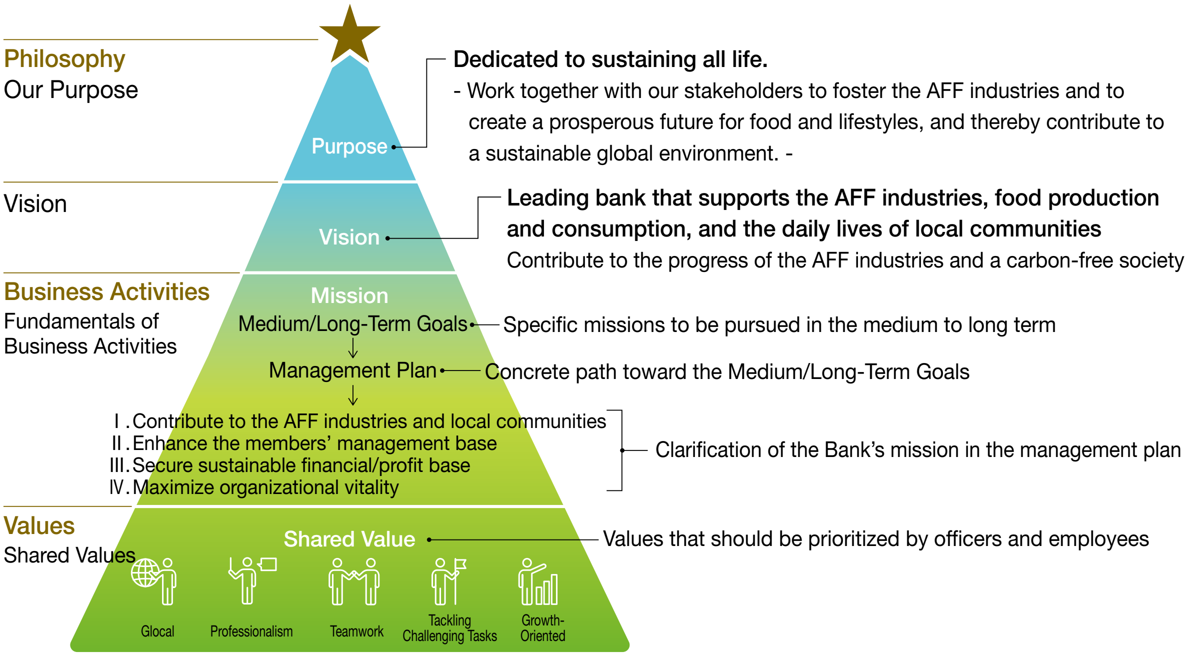
In 2017, the Bank formulated a corporate brand statement "Dedicated to sustaining all life," expressing that the Bank's business exists together with "life," which is sustained by AFF business operations and the cycle of nature.

These industries and the food and agricultural value chains have been seriously damaged because of the COVID-19 pandemic. Environmental issues such as climate change and various social issues have surfaced. There is pressure to address these issues through our business operations.

In such circumstances, the Bank revisited its purpose (what contributions the Bank should make for sustainable environment and society of the future) and its vision (what the Bank should do to perform its purpose). The Medium/Long-term goals and single-year goals are included in the Management Plan of the Bank to achieve its vision.

The Bank also identified key "shared values" of its officers and employees, which form the foundation of daily business activities to achieve the management plan.

Based on these "shared values," the Bank conducts daily business activities to achieve the goals of its Management Plan and the Medium/Long-Term Goals. Such efforts are a path to achieve the Bank's vision and accomplish the Bank's purpose in society. Sharing such understanding among officers and employees throughout the Bank, we engage in daily business operation.



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

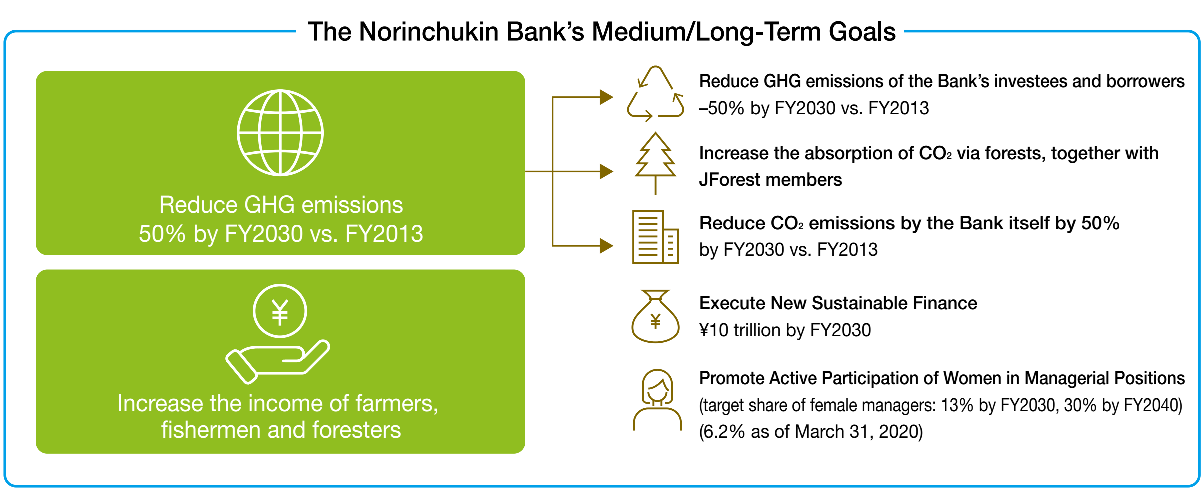
Medium/Long-Term Goals FY2030

To achieve the Purpose of the Bank, via the Medium/Long-Term Goals FY2030, the Bank aims to "reduce GHG emissions by 50% (compared with FY2013)" and "improve the income of farmers, fishermen and foresters."

Concerning the reduction of GHG emissions, we strive to reduce emissions at the Bank's investees and borrowers and the Bank itself. Also, we work to increase absorption of CO_2 via forests in alliance with JForest cooperatives.

Toward achieving these goals, the Bank will execute ¥10 trillion in new sustainable finance by FY2030.

In addition, as part of an effort to establish an organizational foundation to work on sustainability management, the Bank aims to increase the ratio of female managers.



Sustainability Management Initiatives

Public interest is rapidly rising in the areas of the global population increase, the aging and shrinking population in advanced countries, climate change, and issues of economic disparity and poverty. To address this situation, global initiatives aiming to achieve a sustainable society are under way, such as the Sustainable Development Goals (SDGs) by the United Nations and the Paris Agreement. Against this backdrop, expectations are on the rise for corporations to take measures to address such social issues.

Based on an understanding of such global trends, the Bank is discussing measures for sustainability management at the Sustainability Committee, which operates under the Board of Directors, and implementing such measures.

In fiscal 2020, toward ensuring the sustainability of the AFF industries and related local communities, the Bank has established five priority issues and worked to enhance environmental and social risk management such as strengthening ESG investments and finance, expanding sector policies for investments and loans. In fiscal 2021, the Bank continues to work to realize a sustainable society based on the Medium/Long-Term Goals 2030, which were newly formulated from medium- to long-term perspective toward accomplishing the Purpose of the Bank. (For details, see our Sustainability Report 2021.)

The Bank's Sustainability Management-Related Performance in FY2020 and Measures in FY2021 and Beyond

Purpose of The Norinchukin Bank

"Dedicated to sustaining all life."
"Work together with our stakeholders to foster the AFF industries and to create a prosperous future for food and lifestyles, and thereby contribute to a sustainable global environment"

Medium/Long-Term Goals 2030

I. Reduce GHG emissions by 50% (vs. FY2013)
- Reduce GHG emissions of the Bank's investees and borrowers
- Increase the absorption of CO_2 via forests, together with JForest members
- Reduce CO_2 emissions by the Bank itself

II. Improve the income of farmers, fishermen and foresters

Major initiatives started in FY2021
Sustainable financing amounting to ¥10 trillion (FY2030); Ratio of female managers to 13% (FY2030), 30% (FY2040)

Change in our recognition of key issues through the COVID-19 pandemic:
The importance of the resilience of the environment, society and the AFF industries is highlighted.

Priority Targets for FY2020

1 Ensure sustainability of the AFF industries

2 Contribute to building a circular society

3 Contribute to the development of local communities

4 Conduct environment- and society-conscious sustainable finance

5 Establish an organizational foundation to implement sustainability management

Main Achievements in FY2020

■ ESG Investments and Finance
- New investments and loans implemented during FY2020: approximately ¥600 billion (as of March 31, 2021)
- Outstanding amount: approximately ¥2.4 trillion (as of March 31, 2021)

■ Launch of Sustainability Linked Loan (SLL) Facility
The terms and conditions for each SLL change subject to a customer's achievement of its ESG goals (SPT; Sustainability performance targets)

■ Reinforced Sector Policies for Investments and Loans
- Prohibited Sector: manufacturing of cluster munitions
- Restricted Sector: coal-fired thermal power plant (tightened), palm oil plantation (newly added), deforestation (newly added)

■ Our measures progressed in line with the TCFD recommendations.
- Conducted scenario analysis related to transition risk

Participation in Major Initiatives

- United Nations Global Compact
- Equator Principles
- Task Force on Climate-related Financial Disclosures
- Carbon Disclosure Project
- Principles for Financial Action for the 21st Century
- Japan Climate Initiative

Measures to Address Climate Change

The AFF industries—the foundation of the Bank's business—could be affected negatively by climate change, while at the same time possessing the underlying potential to increase climate change. Addressing climate change is part of the Bank's mission to contribute to the development of these industries. In April 2019, the Bank publicly endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which was established by the Financial Stability Board (FSB). The Bank will appropriately address the impacts and risks of climate change on the Bank's businesses, implement measures and expand disclosures in line with the TCFD recommendations over time.

Governance	The Bank's environmental and social policies, including those for climate change and the current implementation status, are discussed regularly at the Sustainability Committee under the Board of Directors, followed by discussions and reporting at the Board of Directors meetings as necessary.
Strategy	Through its business activities, the Bank is working on initiatives to address climate change and manage related risks. **Opportunities—Examples of the Bank's initiatives to support the transition to a carbon-free society from the aspect of financing** • Provided renewable energy business–related project financing • Promoted the power generation business for agricultural business operation (solar sharing) • Launched the Sustainability Linked Loan Facility (May 2020) • Invested in Sustainable Development Bonds **Risk—Recognition of risks related to the transition to a carbon-free society and climate change** Leveraging its integrated risk management framework, the Bank conducts risk assessment through scenario analyses, etc., and appropriate risk management for the following two types of risks related climate change. • Transition risk: credit risk of the Bank's investees or borrowers due to extensive policy, legal, technology and market changes as measures progress to lessen and adapt to climate change, and the risk of such entities becoming stranded assets • Physical risk: risk of an increase in financial losses arising from physical damage to assets held by the Bank or its investees or borrowers as a result of natural disasters or abnormal climate patterns due to climate change **Status of carbon-related assets (as of March 31, 2021)** Note: Ratio to the Bank's outstanding loan balance: ¥21.8 trillion • Energy-related: 1.9% • Utilities: 2.4%
Scenario Analysis	The Bank evaluated the financial impact of transition risk on the credit portfolio. The scope of analysis includes (1) sectors that have significant impact on the Bank, i.e. electricity; petroleum, gas and coal sectors, and (2) sectors that form food and agribusiness value chains, i.e. food and agriculture; beverage sectors. Based on the characteristics of its investment and finance portfolio, the Bank analyzed its borrowers worldwide and the companies of which the Bank holds corporate bonds. As a result of this analysis, the impact of transition risk on the credit portfolio has been evaluated as "limited." The analysis will be utilized for our constructive dialogue with our investees and borrowers (engagement). Also, the Bank has launched an analysis of physical risk. In addition to water disaster risk at domestic companies, the Bank will analyze the impact of such physical risk on the agricultural sector as well. The results are planned to be disclosed in fiscal 2022 and thereafter.
Risk Management	The Bank has adopted a risk management framework related to the environment and society including climate change. In April 2021, the Bank revised its policies to include more consideration of the environment and society in investment and financing operations and newly established a policy for the coal mining sector. The Bank has newly introduced a policy, etc., to prohibit across-the-board investing in and financing of projects that are likely to have a serious negative impact on the environment and society. In addition, concerning large-scale development projects, the Bank applies the Equator Principles.
Metrics & Targets	• Scope 1, 2: The Bank aims to reduce CO_2 emissions by the Bank itself by 50% by FY2030 compared with FY2013. • Scope 3: The Bank aims to reduce GHG emissions at its investees and borrowers by 50% by FY2030 compared with FY2013. Note: Scope 1, 2 and 3 refer to GHG emission categories under the TCFD recommendations.