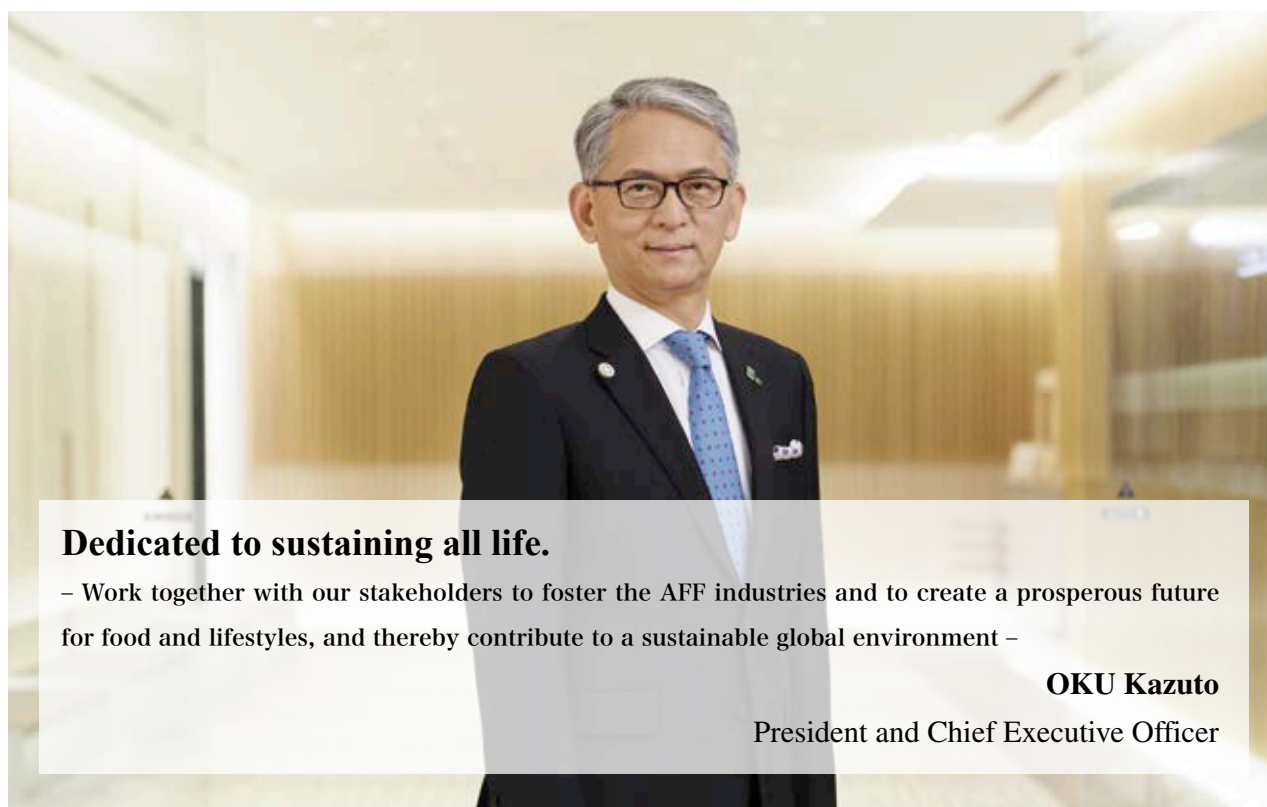


## Message from the CEO



On behalf of the Bank, I would like to express my sincerest appreciation for your support for and understanding of the Bank. As a national-level financial institution founded on the AFF cooperatives, the Bank has remained committed to the development of the AFF industries since its establishment in 1923 and will soon mark its 100th anniversary. To express that the Bank’s business exists together with “life,” which is sustained by AFF business operations and the cycle of nature, the Bank formulated a corporate brand statement: “Dedicated to sustaining all life.”

The environment surrounding the AFF industries has changed with the times. Most recently, the COVID-19 pandemic and changes in global geopolitics have delivered significant blows and disruptions to the AFF industries, the food and agriculture value chains and global supply chains. Environmental issues such as climate change and various social issues have also surfaced. There is pressure to address these issues through our business operations.

As unprecedented “non-continuous changes” are expected to continue emerging, the Bank presents five specific missions to continue to fulfill its overall mission of being committed to the development of the AFF industries: contribute to the global environment; contribute to the AFF industries and local communities; enhance the members’ management base; secure a sustainable financial/profit base; and maximize organizational vitality. Based on these specific missions, the Bank identified its Purpose (what contributions the Bank should make to a sustainable environment and the society of the future) and its Vision (what the Bank should do to perform its purpose). To achieve these, the Bank set the Medium/Long-Term Goals and the Medium-Term Management Plan as a path guiding its daily business operations toward those Goals.

Based on the “Shared Values” that should be prioritized by its officers and employees, the Bank conducts daily business activities to achieve the goals of its Management Plan and then 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 operations.

Through these efforts, we will deepen a dialogue with our stakeholders and meet their expectations, thereby promoting the continued development of the AFF industries and the provision of value to society.

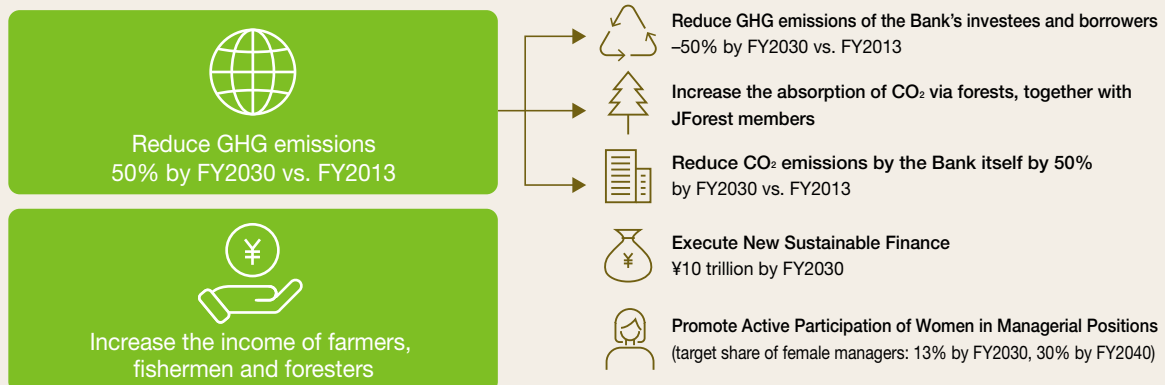
## Our Purpose, Vision and Mission



### Stakeholders:

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

## The Norinchukin Bank's Medium/Long-Term Goals FY2030



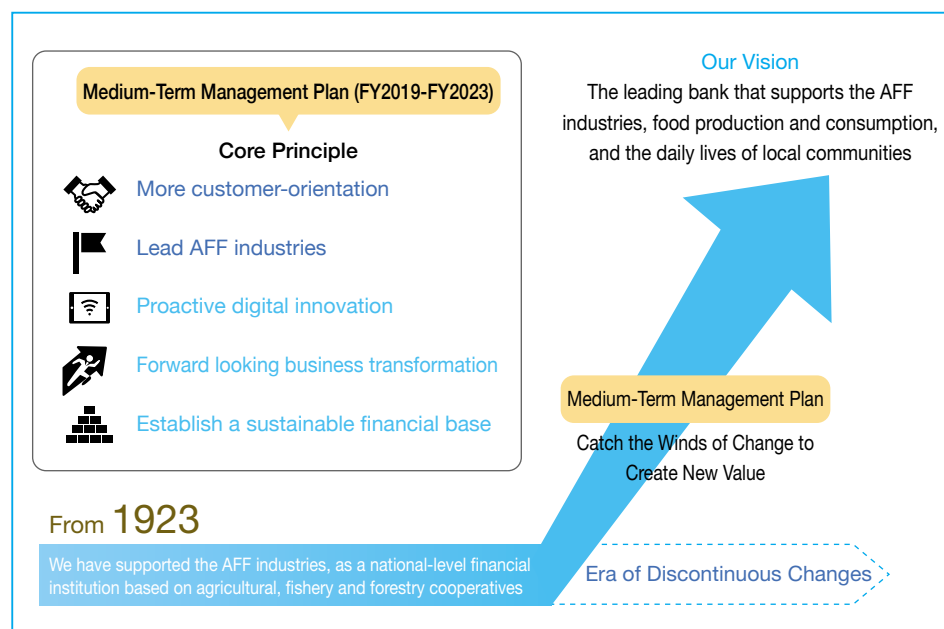
## Core Principle and Priority Strategies of the Medium-Term Management Plan (FY2019–FY2023)

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

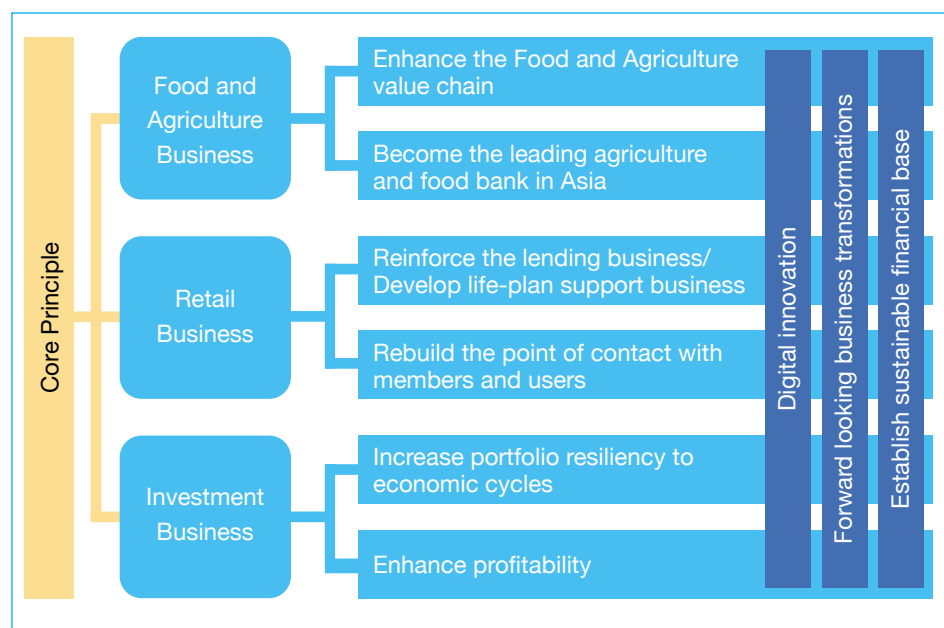
As unprecedented “non-continuous changes” are expected, the Bank continues working on the Medium-Term Management Plan in line with the following core principle and priority strategies to continue to fulfill

its mission of contributing to the development of the AFF industries. Together with our cooperative groups, we will strive to meet the expectations of our customers, aimed at being “the leading bank that supports the AFF industries, food production and consumption and the daily lives of local communities,” and realize sustainable growth and offer value to society.

### Core Principle



### Priority Strategies



## Business Performance in Fiscal 2021

With an unchanging attitude toward the vision to be “the leading bank that supports the AFF industries, food production and consumption and the daily lives of local communities,” as set forth in the Medium-Term Management Plan, the Bank steadily addressed the following missions in fiscal 2021. The Bank progressed

to fulfill its Purpose and Vision even in the severe environment by reviewing its tasks and policies flexibly and quickly in response to changes in the operating environment, including measures against the COVID-19 pandemic.

## Contribute to the Global Environment

Aiming to achieve “Reduce GHG emissions by 50%” which is one of the FY2030 Medium- to Long-Term Goals, we examined measurement targets and methods, and performed GHG emission measurement of certain asset classes. In addition, we focused on the

execution of sustainable finance that contributes to solutions of environmental and social issues for both investments in markets and financing for companies. As a result, we executed new sustainable finance amounting to ¥1.5 trillion in fiscal 2021.

## Contribute to the AFF Industries and Local Communities

To address the negative effects on the AFF industries, the food and agriculture value chain and the global supply chains, the Bank, together with the JA Bank and JF Marine Bank members, promoted management consultation and other support for the AFF industry workers and local communities to reinforce its

function of financial intermediation. By continuing to offer solutions that contribute to the growth of the AFF industries and local communities, we will engage in efforts toward another Medium- to Long-Term Goal, “Increase the income of farmers, fishermen and foresters.”

## Enhance the Members’ Management Base

To develop the functions of financial intermediation unique to JA Bank, the “JA Bank Medium-Term Strategies (FY2022–2024)” were formulated to exercise creative efforts based on its comprehensive business in the fields of agriculture, daily living and local communities. At JF Marine Bank, to complete the members’ efforts to reform their businesses and organizations,

the Bank provided various support to establish the inter-regional JF Shingyoren comprising three blocks around the nation. By practicing and assisting the members’ efforts, the Bank will promote contribution to the sustainable development of the AFF industries and turning them into growth industries.

## Secure a Sustainable Financial/Profit Base

As an effort to further stabilize its foreign currencies funding for sustainable portfolio management, the Bank issued foreign-currency-denominated Norinchukin Bank Debentures, along with enhancement of the Bank’s cash flow and liquidity risk management in response to the upcoming regulatory and market environment changes. On asset side, the Bank has explored further its current investment and lending methods to

develop and offer new functions and diversify profit sources. The Bank also established new subsidiaries, Norinchukin Capital Co., Ltd., and Nochu-JAML Investment Advisors Co., Ltd., with the aim of expanding outside income through the group companies, which is a part of our strategy to generate and grow future profit sources.

## Maximize Organizational Vitality

---

Taking the opportunity of moving to the new head office in January 2022, the Bank implemented workstyle changes to make it flexible in terms of work-time and place perspectives, in order to ensure the infection prevention and business continuity simultaneously. In addition, the Bank established the Chief Diversity Officer (CDO) position, who is responsible for promoting women empowerment and diversity in workplace, and has proceeded with initiatives to increase the ratio of

women in managerial positions and promote women empowerment. The Bank is engaged with multifaceted efforts including support for balance between work and childcare, a work-life balance and promoting childcare leave taken by male employees, etc.

Being aware of the Bank's Purpose and the Medium/Long-Term Goals, the Bank will continue pursuing efforts that reinforce sustainability in the future and take steps to complete the Management Plan.

## Message from the CFO



**ITO Yoshihiro**

Director and Managing Executive Officer  
Member of the Board of Directors  
Chief Financial Officer

### The Bank's Financial Management

Because the Bank exists as a financial institution for cooperative organizations designed to facilitate smooth financial intermediation, we engage in initiatives toward building a sustainable financial base to stably return profits to our members and continue to offer our value to a diverse range of stakeholders. To achieve that, we introduced the risk appetite framework and continue to advance our governance, finan-

cial management and risk management.

For our financial management, it is important to ensure the three elements: continuing “stable returns” to members, maintaining the “soundness” as a financial institution and maximizing profitability to the extent the first two elements are achieved. We conduct financial management in consideration of the balance of these three elements.

### Financial and Economic Circumstances

Despite uncertainties concerning the spread of infection with COVID-19 variants and the risk of high inflation persisting, fiscal 2021 saw movements toward sustainable economic recovery, supported by fiscal and financial policy measures and the gradual spread of vaccination. Toward the end of fiscal 2021, drastic geopolitical changes led to a disruption of global supply chains, commodity price surges and other effects, with concerns over the possibility of recessions under high inflation.

As the normalization of business activities went on, the financial markets proceeded steadily centering on

the stock market during the first half of fiscal 2021. Entering the second half, the policy of reversing the accommodative monetary policy intensified mainly in the United States, which triggered significant increase of the long-term interest rates especially of U.S. Treasury bonds amid increasing prices and further prospects for monetary tightening. The stock market revealed an increasing adjustment mood, and the exchange market experienced a further appreciation of the dollar against the yen due to the difference in monetary policies between the United States and Japan.

## Financial Results and Capital Adequacy in Fiscal 2021

In fiscal 2021, the Bank recorded consolidated ordinary profit of ¥238.5 billion and profit attributable to owners of parent of ¥184.6 billion. Although a decrease in foreign currency funding costs during the first half of the fiscal year and steady progress of new investments contributed to increase net income, the posted loss resulting from sales of interest rate assets which

are mostly bonds lowered the results from the previous year.

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 17.87%, a Tier 1 capital ratio of 21.22% and a total capital ratio of 21.23%.

### Summary of Earnings

(Billions of Yen)

	FY2019	FY2020	FY2021
Ordinary Profit	122.9	310.0	<b>238.5</b>
Profit Attributable to Owners of Parent	92.0	208.2	<b>184.6</b>
Net Assets	7,261.6	7,955.5	<b>7,294.6</b>
Common Equity Tier 1 Capital Ratio	19.49%	19.86%	<b>17.87%</b>
Tier 1 Capital Ratio	23.02%	23.19%	<b>21.22%</b>
Total Capital Ratio	23.02%	23.19%	<b>21.23%</b>

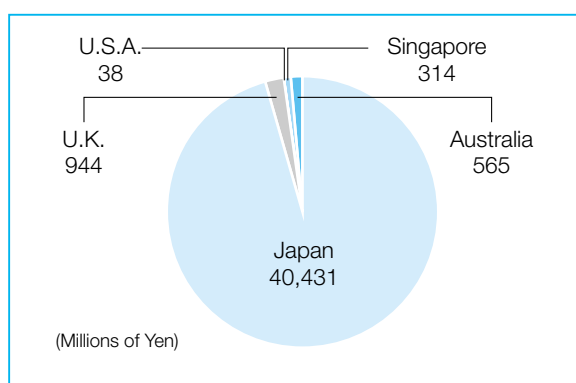
## Efforts to Enhance Tax Compliance

The appropriate fulfillment of tax obligations is one of the critical social responsibilities of a company. With the business model of globally diversified investments, the Bank exercises its tax obligations not only in Japan but also with awareness of foreign tax laws and regulations concerning overseas lending and investing activities from Japan and business operations at its overseas locations, as well as international initiatives such as the BEPS Actions agreed by major jurisdictions at the

OECD and implemented in Japan.

The Bank also conducts efforts to enhance tax compliance within the organization with the aim of increasing its medium- to long-term corporate value through sustainable growth. Specifically, the Bank provides its officers and employees with seminars designed to increase their tax literacy and will make continued efforts to increase awareness of tax compliance and reinforce tax governance.

Amount of Tax Payment by Jurisdictions (As of March 31, 2021)



## Message from a Supervisory Committee Member



**SATO Takafumi**  
Supervisory Committee Member

I have served as a member of the Supervisory Committee for about two years. As I learn more about The Norinchukin Bank, I find it to be a unique organization about which I still have much to learn. I present this message from the perspective of an outside officer to help you better understand the Bank.

### Uniqueness of The Norinchukin Bank

I think that the Bank is a unique organization with the following characteristics:

- The Bank is a financial institution dedicated to supporting specific industries—the AFF industries—and the economic and cultural activities that are closely connected to everyday life—“food.”
- The Bank is a huge financial institution with a significant presence in the global market, yet it remains closely connected to local communities in Japan,

with business locations serving as JA Bank and JF Marine Bank throughout the nation.

- As a financial institution for cooperatives, the Bank has a management and governance structure that differs from that of a stock company, and as a central institution it has a role in the governance of the related cooperatives throughout Japan.

### Social Mission and Practice Thereof

The Bank’s Purpose is to foster the AFF industries and create a prosperous future for food and lifestyles, while also contributing to a sustainable global environment. The key is how to practice that mission and produce visible results. It is also important to measure the results and disclose them to get public feedback.

The Bank is deeply involved in the value chain of

the food and AFF industries from upstream to downstream, including material procurement, production, processing, distribution, sales (including export) and consumption. In the Food and Agriculture Business, the Bank is building a network that can deliver high added value by supporting people at each stage of the chain and matching those persons accordingly.



Because the AFF industries and food are indispensable for human life, it could be said that the Bank assumes part of the responsibility for the stable supply of food to support human living.

To turn the AFF industries into sustainable growth industries, many challenges lie ahead, which are not easy to resolve. The issues to which the Bank could contribute range from increasing incomes and the number of people engaging in the AFF industries to assisting the growth of local communities and maintaining the natural environment. Every issue requires consistent and sustained engagement.

To manage the progress of initiatives on those issues, the Bank uses the risk appetite framework (RAF), a method increasingly popular for banks' business administration, and I find the Bank's approach

to be innovative. The RAF is a framework to achieve disciplined risk taking and optimization of the balance between risk and return. I have a favorable feeling about the Bank connecting its Purpose to its business administration as a financial institution, which tend to be separate at most institutions. I also find it appropriate that the Bank sets medium- to long-term goals for individual initiatives and manages the progress through the Medium-Term Management Plan. To manage progress, it is important to conduct timely measurement and evaluation of results based on those measurements. With a focus on the items that fall short of the goals, it is important to review the results and renew the goals by considering why the goals were not reached, where the goals could be improved or if the goals were not realistic.

## Status as a Global Financial Institution

The Bank is designated as one of the seven Systemically Important Banks (SIBs) in Japan. Introduced after the Global Financial Crisis of 2007–2008, the SIB framework imposes stricter regulations on the banks listed as SIBs because their failure could have a significant effect on not only the failed bank but also the entire financial system.

How should we view the increase in managerial

burden—for example, maintaining a higher capital adequacy ratio than is required for general banks—that could arise from being on the SIB list? If the SIB designation leads to the reputation of being a highly reliable financial institution with good financial health, wouldn't that bring higher status, which would work favorably in conducting business operations?

## Collaboration with Cooperative Organizations

Turning to the domestic situation, the development of local communities, for example, is inseparable from the nature of the Bank as a financial institution closely connected to local communities with business locations throughout Japan. JA Bank and JF Marine Bank have JAs and JFs (JA Shinnoren and JF Shingyoren at the prefectural level) throughout the nation, which independently engage in initiatives tailored to the needs and characteristics of the region where they operate. From among these initiatives, discovering and supporting positive and innovative on-site efforts and disseminating them as best practices across the nation is one of the roles of the Bank. In other words, it is to establish a shared sense of value and share good things

on a nationwide basis.

The decentralized operating system based on on-site initiatives like that of the Bank respects the independence of each cooperative organization under the umbrella, unlike the centralized system of general banks where the headquarters issue uniform directions to branches. In such a decentralized system, independent-minded efforts on the ground are important, but at the same time, it is essential to share a sense of value and principles that provide discipline for such on-site activities. It is a role of the Bank to support such "self-disciplinary" efforts from the perspective of governance.

## Characteristics of Governance

---

The Norinchukin Bank does not have shareholders in a general sense. Instead, voting rights are held by delegates who are selected by vote in respective regions and sectors from the investors and members comprising the representatives of people engaged in the AFF industries across the nation. The Supervisory Committee, which is equivalent to the board of directors at general companies, consists of members representing the cooperative organizations that constitute the majority and members outside the cooperative organizations, like myself, who participate in a position like that of an outside director.

Comparing listed stock companies and cooperative organizations from the viewpoint of the governance of

a financial institution, each has good and bad points. Decision-making within the same group tends to have a lack of tension, whereas it could help avoid the situation where there is strong pressure from some shareholders to prioritize short-term profits that could lead to loss of value in the medium to long term. In the economic world, a transition is in progress from classical shareholder capitalism to stakeholder capitalism, with a focus not only on shareholders but also various other stakeholders such as business partners, employees, local communities and the global environment. I feel that listed companies and cooperative organizations are moving closer to each other in sharing a sense of value.

## Sustainable Management

---

The Bank brought up the concept of sustainable management in fiscal 2021. The Bank has already made efforts to enhance the sustainability of the AFF industries and the related local communities, and I believe it will step up such efforts and further systematize them. The SDGs and ESG initiatives have high affinity with the Purpose of The Norinchukin Bank. The AFF industries can nurture “life” while enjoying the benefits of nature and maintaining a prosperous coexistence with the concept of sustainability.

On sustainable management, the Bank has set me-

dium- to long-term numerical targets to be achieved by fiscal 2030 as to greenhouse gas emissions from the investees and borrowers, absorption of CO<sub>2</sub> via forests, CO<sub>2</sub> emissions from the Bank’s business locations, execution of new sustainable finance, share of female managers and so on. In promoting these initiatives, I think it will become important to measure results, evaluate achievements and disclose them effectively.

I expect the Bank to continue to promote innovative initiatives that can be enabled only by them.