

Message from the Management

Report on Financial Statements for the First Half of Fiscal 2014



Akira Banzai
Chairman
The Supervisory Committee

Yoshio Kono
President and Chief Executive Officer

In fiscal 2014, under its Medium-Term Management Plan covering the three years beginning from fiscal 2013, The Norinchukin Bank (“the Bank”) is taking initiatives to become a “leading bank that supports the agricultural, fisheries and forestry industries, food production and consumption, and the daily lives of local communities.”

During the first half of fiscal 2014, backed by the statement of the U.S. Federal Open Market Committee’s member suggesting the prolongation of the low interest rate environment as well as the European Central Bank Governing Council’s decision to adopt additional easing measures, long-term interest rates continued the downward trend in the financial markets globally, while the policy trend of advanced countries such as the U.S., which were showing signs of modest recovery, was closely watched. Stock prices performed strongly throughout the first half of fiscal 2014, hitting a new high in the U.S. market underpinned by good economic indicators, and stock prices in Japan continued to rise as the yen depreciated sharply against the dollar toward the end of the first half of fiscal 2014, following the anticipation for an early increase in interest rates in the U.S. Under such an environment, the Bank has been conducting financial management to secure a steady accumulation of profits. As a result, in the first half of fiscal 2014, the Bank secured consolidated ordinary profits of ¥274.2 billion. At the same time, it maintained its consolidated capital adequacy ratios at

a high level, with Common Equity Tier 1 Capital Ratio of 16.86%, Tier 1 Capital Ratio of 16.98%, and Total Capital Ratio of 24.51%.

With regard to efforts to contribute to the agricultural, fisheries and forestry industries, food production and consumption, and the daily lives of local communities, the Bank has undertaken a wide range of activities to rebuild disaster-stricken areas, to strengthen its support for leaders in these industries, to reinforce the earning capacity of the agricultural, fisheries and forestry industries, and to revitalize local communities. Further, to strengthen and expand the cooperative banking business (JA Bank and JF Marine Bank), the Bank is advancing such efforts as to support rebuilding and expanding their user base, fortifying its management control system over them, building and managing their business infrastructure, and developing highly specialized employees in the cooperative banking business.

In December 2013, The Norinchukin Bank celebrated its 90th anniversary. JA Bank, JF Marine Bank, JForest Group and the Bank will continue to perform their roles and functions with the goal of becoming financial institutions and organizations that win the confidence of their customers, and contribute to the advancement of the agricultural, fisheries and forestry industries and their rural communities. Finally, we would like to ask our readers for their continued support for JA Bank, JF Marine Bank, JForest Group and The Norinchukin Bank.

January 2015



Akira Banzai
Chairman
The Supervisory Committee



Yoshio Kono
President and Chief Executive Officer

Financial Results for the First Half of Fiscal 2014

Income

On a consolidated basis, Ordinary Profits* came to ¥274.2 billion, up ¥125.0 billion on a year-over-year basis, and Net Income was ¥212.6 billion, up ¥92.1 billion on a year-over-year basis.

On a non-consolidated basis, Ordinary Profits came to ¥274.7 billion, up ¥131.1 billion on a year-over-year basis, and Net Income was ¥214.2 billion, up ¥98.3 billion on a year-over-year basis.

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

Balance of Assets and Liabilities

On a consolidated basis, Total Assets at the end of the first half of fiscal 2014 was ¥90,802.3 billion, up ¥7,658.6 billion from the previous fiscal year-end. Total Net Assets

came to ¥6,428.9 billion, up ¥452.4 billion from the previous fiscal year-end.

On a non-consolidated basis, Total Assets was ¥89,960.9 billion, up ¥7,604.7 billion from the previous fiscal year-end. On the assets side, Loans and Bills Discounted was ¥18,930.0 billion, and Securities was ¥54,346.3 billion. On the liabilities side, Deposits amounted to ¥51,496.8 billion, and Debentures was ¥3,811.6 billion.

Capital Adequacy Ratio

On a consolidated basis, the Bank's Common Equity Tier 1 Capital Ratio was 16.86%, its Tier 1 Capital Ratio was 16.98%, and its Total Capital Ratio (Basel III standard) was 24.51%. On a non-consolidated basis, the Bank's Common Equity Tier 1 Capital Ratio was 16.87%, its Tier 1 Capital Ratio was 16.99%, and its Total Capital Ratio was 24.73%.

Key Management Indicators

<Consolidated>

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	First Half of Fiscal 2012	Fiscal 2012	First Half of Fiscal 2013	Fiscal 2013	First Half of Fiscal 2014	First Half of Fiscal 2014
Total Income	¥ 557.2	¥ 995.5	¥ 622.4	¥ 1,086.9	¥ 698.7	\$ 6,386
Total Expenses	412.2	893.6	474.5	899.8	424.8	3,882
Net Income	131.0	119.8	120.5	155.7	212.6	1,943
Total Comprehensive Income	218.7	949.7	(97.1)	251.3	523.7	4,787
Total Net Assets	5,036.3	5,767.2	5,619.0	5,976.5	6,428.9	58,755
Total Assets	74,065.4	81,496.8	82,972.5	83,143.6	90,802.3	829,851
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)		16.01	17.11	17.43	16.86	16.86
Tier 1 Capital Ratio (%)		16.13	17.26	17.56	16.98	16.98
Total Capital Ratio (%)	27.09	23.56	24.43	25.24	24.51	24.51

Notes: 1. U.S. dollars have been converted at the rate of ¥109.42 to U.S. \$1, the effective rate of exchange as of September 30, 2014.

2. The calculation of the Bank's Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006. The Basel II standard was applied in calculating the Consolidated Capital Adequacy Ratio for the first half of fiscal 2012.

<Non-Consolidated>

(Billions of Yen/Millions of U.S. Dollars (Note 1))

	First Half of Fiscal 2012	Fiscal 2012	First Half of Fiscal 2013	Fiscal 2013	First Half of Fiscal 2014	First Half of Fiscal 2014
Total Income	¥ 546.6	¥ 972.9	¥ 612.2	¥ 1,062.3	¥ 694.1	\$ 6,343
Total Expenses	406.1	885.6	470.1	890.3	419.7	3,835
Net Income	126.8	106.8	115.8	143.1	214.2	1,957
Paid-in Capital	3,425.9	3,425.9	3,425.9	3,425.9	3,425.9	31,309
Total Net Assets	5,013.8	5,734.9	5,581.3	5,921.9	6,376.5	58,276
Total Assets	73,493.7	80,861.0	82,273.6	82,356.2	89,960.9	822,162
Deposits	43,372.6	47,456.4	48,788.3	49,731.1	51,496.8	470,634
Debentures	4,858.3	4,619.2	4,307.3	4,037.5	3,811.6	34,834
Loans and Bills Discounted	16,237.8	16,127.6	16,983.7	17,295.0	18,930.0	173,003
Securities	44,813.2	50,072.3	49,900.3	52,901.4	54,346.3	496,676
Capital Adequacy Ratio (BIS) (Note 2)						
Common Equity Tier 1 Capital Ratio (%)		15.98	17.09	17.43	16.87	16.87
Tier 1 Capital Ratio (%)		16.10	17.24	17.56	16.99	16.99
Total Capital Ratio (%)	27.36	23.77	24.67	25.47	24.73	24.73

Notes: 1. U.S. dollars have been converted at the rate of ¥109.42 to U.S. \$1, the effective rate of exchange at September 30, 2014.

2. The calculation of the Bank's Non-Consolidated BIS Capital Adequacy Ratio is based on the formula found in Notification No. 4 of the Financial Services Agency and the Ministry of Agriculture, Forestry and Fisheries (Standards for Judging the Soundness of Management of the Norinchukin Bank) issued in 2006. The Basel II standard was applied in calculating the Non-Consolidated Capital Adequacy Ratio for the first half of fiscal 2012.

Bank Initiatives

Outline of the Medium-Term Management Plan

The Bank is managing its business operations according to the Medium-Term Management Plan, which covers the three-year period from fiscal 2013 through fiscal 2015.

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

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

Future Vision for the 100th Anniversary (FY2023)

Leading Bank that Supports the Agricultural, Fisheries and Forestry Industries, Food Production and Consumption, and the Daily Lives of Local Communities

Positioning of the Medium-term Management Plan (FY2013 – 2015) → Period that determines “future visions”

Medium-Term Management Plan (FY2013 – FY2015)

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

- | | |
|---|---|
| <p>1 Proactive efforts on new initiatives contributing to the development of the agricultural, fisheries and forestry industries, food production/consumption, and revitalization of local communities</p> | <p>2 Planning and implementation of further initiatives for strengthening and expanding the cooperative banking business</p> |
| <p>Strengthening of profitability and organizational strength that leads to the enhanced competitiveness of the Bank and the cooperative system</p> | |
| <p>3 Strengthening of profitability through appropriate risk management</p> | <p>4 Building up of organizational strengths through the strategic use and enhancement of management resources</p> |

Status of Reconstruction Support Efforts

Outline of the Reconstruction Support Program

The Bank set up the Reconstruction Support Program in April 2011 to provide full and multifaceted assistance for the recovery and reconstruction of the agricultural, fisheries and forestry industries severely affected by the Great East Japan Earthquake, and has been providing support to workers as well as business and management support to members in these industries affected by the disaster.

Reconstruction Support for Producers and 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 Fishery Industries Support Loan) and reconstruction funding (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund) through its affiliate, the Agribusiness Investment & Consultation Co., Ltd., as well as assistance to formulate reconstruc-

tion plans.

The Bank has been involved in reconstruction 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 provided interest subsidies for the disaster funds extended by JA Bank and JF Marine Bank to agricultural and fisheries workers to help ease their interest burden. The Bank is also extending a wide variety of financial support, such as lease subsidies to agricultural workers who acquire farm machinery and horticultural facilities through leasing.

In addition, the Bank has been providing fine-grained support on the non-financial side. This includes subsidizing the cost of equipment for the business reconstruction of farmers, subsidizing the cost of purchasing cardboard boxes for edible seaweed for fisheries workers, subsidizing the cost of test operation for fisheries workers in Fukushima Prefecture, and holding reconstruction business conferences. The Bank has donated benches, tables, etc., made using local timber, to public areas of local communities.

(Billions of Yen)

Product	Number	Amount
Reconstruction loan (Tohoku Agricultural, Forestry, and Fishery Industries Support Loan)	Number of loans 77	Total loans 27.6
Reconstruction fund (Tohoku Agricultural, Forestry, and Fisheries Industries Support Fund)	Number of investments 23	Total investments 0.4
Lease subsidies	Number of subsidies 652	Total leases 3.0
Interest subsidies for disaster funds extended by JA Bank and JF Marine Bank	Number of funds 3,846	Total subsidies 14.5

(Cumulative total as of September 30, 2014)

• Reconstruction Support for Members and Customers

The Bank has supported JA and JF that increased their capital under the Framework for Special Post-Earthquake Support. To support their efforts to provide and maintain financial services, the Bank has offered guidance and advice based on its plan to help strengthen the cooperative banking business, for instance, by dispatching employees to disaster-affected areas.

To provide financial services in a stable manner to disaster-affected customers of JA Bank and JF Marine Bank, JA Bank continues to operate its consultation service call center and JF Marine Bank has adopted the use of mobile terminals. The Bank has also been providing support to help customers in disaster-affected areas to restore their lives, assisting with Reconstruction Support Time Deposits and Reconstruction Support Loans made by JA Bank and JF Marine Bank, and taking appropriate action to address the double-loan problem and promote collective relocation for disaster mitigation.

Directors and employees at the head office and branches and the employees sent to help disaster-affected members will continue to work as a team, and work toward disaster recovery in collaboration with the government and relevant organizations.



Support for the introduction of rice collection equipment



Subsidies for the cost of cooling ice used in test fishing operation



Donation of wooden benches

Agricultural, Fishery and Forestry Finance Initiatives

Initiatives to Expand Financial Services for the Agricultural, Fisheries, and Forestry Industries

The Bank has been taking steps to further expand its role as the central organization for agricultural, fisheries and forestry cooperatives in Japan by giving its first priority to contributing to its members and these. In the Medium-Term Management Plan, which began from fiscal 2013, the Bank has as its slogan “Proactive efforts on new initiatives contributing to the development of the agricultural, fisheries and forestry industries, food production/consumption, and revitalization of local communities.”

In order to implement the Medium-Term Management Plan, the Bank has set “supporting agricultural, fisheries and forestry industry leaders in local communities,” “enhancing their business strength” and “revitalizing local communities” as the three pillars in its efforts to enhance the financial function of the agricultural, fisheries and forestry industries, and is working on a variety of policies.

Initiatives for Supporting Agricultural, Fisheries and Forestry Industry Leaders in Local Communities

As the main bank for the agricultural, fisheries and forestry industries, the Bank has been providing financial support for the development of these industries in Japan and cooperative organizations through funding for leaders of these.

- Providing a variety of financial tools (financing / investment)

Providing Financing

As working capital for agricultural production and for the processing of agricultural products, for those agricultural corporations expected to be future leaders of agriculture in local communities, the Bank has been offering the Agricultural Corporation Development Loan (Agri-Seed Loan), which, in principle, is unse-

cured and nonguaranteed financing.

(Millions of Yen)

Product	Number of loans	Total loans outstanding
Agri-Seed Loan (Since December 2009)	40	374

*Cumulative total as of September 30, 2014

In addition to direct financing like the above, the Bank aims to ease the interest burden on farmers by providing interest subsidies of up to a maximum of 1% to customers of JA Bank’s agricultural loans. The Bank provided subsidies totaling ¥1.5 billion for 90,000 loans in the first half of fiscal 2014. And a cumulative total of ¥6.6 billion in subsidies was provided for 390,000 agricultural loans by fiscal 2014.

In March 2014, in order to provide a boost to assist the business reconstruction of agricultural corporations affected by heavy snow in February, the 2014 Heavy Snow Relief Loan was established, and in June 2014, the first loan of ¥50 million was provided.



Buckwheat field of an Agri-Seed Loan recipient



Cattle shed of an Agri-Seed Loan recipient

Enhancement of Capital Funding Schemes

In fiscal 2010, the Bank established the Agri-Seed Fund, a new framework for supplying capital to agricultural corporations. By investing in technically competitive, yet undercapitalized agricultural corporations, the Bank, in collaboration with The Agribusiness Investment & Consultation Co., Ltd and JA Bank Agri-Eco Support Fund, has supported their financial stabilization and business development. The total number of investments decided so far has reached 125, and the agricultural corporations receiving the investment are steadily achieving results as core leaders in each community and industry.

In June 2013, the Bank established the Support Fund for Business Entities of Agricultural Leaders, designed to meet the needs of agricultural corporations that try to use abandoned farmlands, accumulate farmlands, or work towards the so-called “sixth industrialization” for their business expansion, and nine investments have been made so far.

(Millions of Yen)

Product	Number of investments	Total investments outstanding
Agri-Seed Fund (Since April 2010)	125	1,026
Support Fund for Business Entities of Agricultural Leaders (Since June 2013)	9	204

*Cumulative total as of September 30, 2014



Garden plant nursery of an Agri-Seed Fund recipient



Leek field of an Agri-Seed Fund recipient

● **Strengthening Cooperation with the Japan Agricultural Corporation Association**

In February 2014, the Bank signed a comprehensive partnership agreement with the Japan Agricultural Corporation Association, a public interest incorporated association which supports some 1,800 pioneering agricultural corporations nationwide. The partnership is designed to enable association members to smoothly tackle problems they face, such as capital investment and management optimization by agricultural corporations and value-adding to agricultural and livestock products, and also to provide a wide-ranging support for the development of new customers and the export of agricultural

and livestock products by utilizing the Bank’s network.

Through the sharing of the management know-how of operators of large-scale farms and the use of JA Group's financial functions, the agricultural industry as a whole is working to revitalize food and agriculture business and local communities.

■ **Support for Enhancement of Business Strength**

In order to enhance the business strength and profitability of the agricultural, fisheries and forestry industries, the Bank has been demonstrating a variety of functions as a “bridge between agricultural, fisheries and forestry workers and the business community.” They include support for market expansion through business conferences and business meetings, for export expansion, and for increasing the added value of agricultural, fisheries and forestry industries through sixth industrialization, as well as cooperation with a wide range of entities going beyond the framework of systems and industries.

Business Conferences and Business Matching Initiatives

The Bank carries out business conferences and business meetings to collect the business needs of cooperative organizations, agricultural, fisheries and forestry workers and corporate customers, as well as to help those organizations make lasting business relationships between one another by capitalizing on the distinctive feature of the cooperative organizations as a nationwide system.

In fiscal 2014 (as of September 30, 2014), a total of 18 business contracts were signed as a result of such conferences, and the number of contract signings has totaled 346 since the inception of this initiative in fiscal 2009. National and regional business conferences were held a total of 11 times in fiscal 2013, and they were highly rated by participating seller groups and buyer companies. The Bank will continue to support the expansion of markets.

Venue	Date	Name	Number of seller groups	Number of buyer companies	Number of meetings
Fukushima	September 2014	Food Business Meeting Fukushima Food Fair 2014	165	314	394

Export Support Initiatives

In August 2014, to provide assistance to members and agricultural, fisheries and forestry industry workers for their overseas market expansion, the Bank participated in Hong Kong Food Expo 2014, one of Asia's largest food business conferences, in cooperation with JA Zen-Noh (National Federation of Agricultural Cooperative Associations), JF Zengyoren (National Federation of Fisheries Cooperative Associations), and the Japan Agricultural Corporations Associations. With two JA organizations, one JF organization, three agricultural corporations, two Sixth Industrialization Fund recipients, and three other organizations participating, business meetings were held with buyers from Hong Kong and other Asian countries and regions. The Bank also provides information such as trends in overseas markets and holds export seminars where individual consultations are held.



Hong Kong Food Expo 2014



Fukushima Food Fair 2014

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

JA Group, including the Bank, has been promoting policies to encourage the sixth industrialization of the agricultural, fisheries and forestry industries by exercising the Group's collective and organizational strengths in an integrated manner.

In May 2013, we set up the Agriculture, Forestry, and Fisheries Cooperative Fund (JA Sixth Industrialization Fund; JF Sixth Industrialization Fund; and JForest Sixth Industrialization Fund), a sub-fund jointly capitalized by Agriculture, forestry and fisheries Fund corporation for Innovation, Value-chain and Expansion Japan (A-FIVE-J) and cooperative system members. The fund provides financial, operational and managerial support, including

support for the formulation of business plans for agricultural, fisheries and forestry businesses that are grappling with sixth industrialization, as well as entities established by JA and partner companies.

Since its inception, the Fund has decided to invest in seven sixth industrialization business entities jointly established by agricultural, fisheries and forestry industry workers and partner companies (as of October 31, 2014) and made the largest number of investments out of all the 50 or so similar funds nationwide. Through the use of this fund, we will continue to contribute to the further development of agricultural, fisheries and forestry industries in local communities.



Fund recipient manufacturing and selling cooked rice, delicatessen and box lunches



Product produced in a food processing business that uses agricultural products of a Fund recipient as raw materials

Establishment of a Study Group for the "Enhanced Competitiveness of Food and Agriculture Business"

The Bank established the Study Group for the Enhanced Competitiveness of Food and Agriculture Business in August 2013 with JA Zen-Noh and Mizuho Bank, and developed a framework to discuss possibilities of future partnerships in areas such as sixth industrialization and export for the strengthening of Japan's agricultural and food industries. The themes for the study are improving producers' income, promoting local agricultural production, and returning from importing agricultural and livestock products to using domestic agricultural and livestock products. With the aim of increasing added value to agricultural and livestock products and building value chains through partnerships with food-related industries, the three entities are working together to investigate specific measures sequentially.

■ Support Initiatives for the Revitalization of Local Communities

As initiatives to contribute to the revitalization of local economies and the building of a recycling-oriented society that is community based, and as initiatives to deepen the understanding of renewable energy businesses and primary industries, the Bank is supporting food and farming education projects.

● Initiatives for Renewable Energy Business

JA Group, as a representative for local communities and farmers, will actively be involved in renewable energy businesses that will lead to the revitalization of local communities in harmony with the agricultural, fisheries and forestry industries, and 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 is building a system to offer financial support for community-led energy businesses.

In the first half of fiscal 2014, the first investment decided by the Investment Limited Partnership for Renewable Energy in Agriculture, Forestry and Fisheries was a solar power station working in conjunction with measures to solve local communities' problem of abandoned farmland, and the second was a wood biomass power station funded by local forestry workers.

The Bank will continue to support renewable energy businesses that contribute to the promotion of the agricultural, fisheries and forestry industries and the revitalization of local economies, not only in terms of finance, but also providing support required for commercialization to individual members and people in those local communities.



Electric power station of a Fund recipient

● Initiatives for Food and Farming Education Projects

The Bank has been providing grants for “food and farming education” projects with the aims of deepening children’s understanding of agriculture and food and contributing to the development of local communities. We donate textbooks for learning about agriculture and food, support initiatives to incorporate local agricultural produce into school lunches from the point of view of local production for local consumption, and hold cooking classes. In fiscal 2014 the Bank donated 1.36 million textbooks to elementary schools across the country and provided grants worth a total of ¥300 million to around 1,000 food and agriculture education programs.

● Environmental Finance Initiatives

In 2010, the Bank introduced the Agricultural, Forestry, Fishery and Ecology Rating System that assesses pro-environmental practices of members and companies. Practices assessed in this system include efforts to build environmentally-sound agricultural, fisheries, and forestry industries and to promote sixth industrialization, which are the Bank’s unique assessment points. In fiscal 2014, a financing of ¥200 million was made based on this system.

In 2012, the Bank began acting as an intermediary for the Offset Credit (J-VER) Scheme. The J-VER scheme is a domestic emissions trading scheme run by the Japanese government. By acting as an intermediary for the trading of J-VER emissions credits derived from the agricultural, fisheries and forestry industries, the Bank seeks to support initiatives for environment-friendly agricultural and forestry industries such as forestland improvement, as well as corporate environmental protection measures.

● JA Bank’s Agricultural Financing

JA Bank responds to a variety of agricultural financing needs while providing farm management and livelihood support to farmers through the Agriculture Modernization Loan and the Japan Finance Corporation’s Loan. The balance of agriculture-related loans extended by JA Bank

as of March 31, 2014 stood at ¥2,080.5 billion (of which ¥1,395.2 billion represented loans to farmers) and the balance of loans entrusted by the Japan Finance Corporation and others came to ¥511.2 billion.

JA Bank Group's Agricultural Loans by Type (Millions of Yen)

Type	March 31, 2014
Proper Agricultural Loans	15,377
Agricultural Policy Loans	5,429
Agricultural Modernization Loans	1,668
Other Policy-Based Loans	3,760
Total	20,805

JA Bank Group's Entrusted Agricultural Loans (Millions of Yen)

Type	March 31, 2014
Loans Entrusted by the Japan Finance Corporation	5,103
Others	9
Total	5,112

Notes: 1. Proper Agricultural Loans represent non-policy-based loans funded by JA Bank.

2. Agricultural policy loans include 1) loans which are extended directly or indirectly by local public organizations, and 2) loans to which interest subsidies are granted by local public organizations, and for this reason, are extended at low interest rates by JA.

3. Other policy-based loans include loans intended to promote the improvement in farm management (the New Super S Loans) and loans intended to reduce financial burden on agricultural business operators.

Strengthening and Expanding the Cooperative Banking Business

JA Bank Initiatives

Under the JA Bank Medium-Term Strategies (fiscal 2013 through fiscal 2015) started in fiscal 2013, JA Bank has been making efforts to expand its business based on the needs of local customers including individual members and to become the Bank that contributes to food production and consumption, agriculture, and local communities more than ever.

In order to properly support the needs of farm households, JA Bank provides them with financial information related to the agricultural industry and offers them a variety of agricultural loans. In addition, JA Bank as a whole is working to expand its “agricultural financial centers function at the prefectural level” to meet the diverse needs of large-scale individual farmers and agricultural corporations. Specifically, we are working to strengthen our function as the “main bank for the agricultural industry,” through the expansion of JA Bank’s interest subsidy system, the creation of low-interest loans and the active expansion of our visiting activities. At the same time, JA Bank is promoting agricultural, commercial and industrial cooperation by organizing business conferences that capitalize on JA Group’s strengths and distinctive features and by offering business matching services, and put to practical use the Sixth Industrialization Fund as part of its support for the sixth industrialization of the agricultural,

fisheries and forestry industries.

With our meticulous “face-to-face” customer service, we contribute to improving household finances and lives of our customers by recommending that they build assets through savings, JGBs and investment trusts, and offer them consultation services on inheritance issues and loans, while responding to their diverse needs at different stages of their lives. In addition, through the expansion of our affiliated ATM networks and surcharge-free ATMs and the enhancement of our Internet banking functions, we are working to make it even more convenient for customers to draw their pensions, make direct salary deposits and use JA Cards.



Campaign poster featuring the new JA Bank character “Chorusu”

JF Marine Bank Initiatives

JF Marine Bank is accelerating its efforts to maintain and strengthen its business promotion capabilities with the aim of being a trusted provider of financial services for fishing communities in accordance with the JF Marine Bank Medium-Term Business Promotion Policy (fiscal 2012 through fiscal 2014).

To meet the diverse needs of fisheries leaders who support the sustainable development of the fisheries industry, during the first half of fiscal 2014, JF Marine Bank expanded and upgraded its financial consulting system for the fisheries industry. In order to get individual members to take greater advantage of the Fisheries Modernization Loan, which is a long-term, low interest rate loan, JF Marine Bank expanded it by raising the maximum amount eligible for interest subsidy. From October 2014, JF (Japan Fisheries Cooperatives) and JF Shingyoren united to run a “nationwide campaign” to facilitate personal savings, and the Bank has been providing support for initiatives in each prefecture. In addition, to make JF Marine Bank the main bank for individual members, we stimulated card issuance growth by absorbing JF Marine Bank IC cash card issuing fees and worked to revitalize local communities through support to activities of JF Women’s Groups.

We will achieve sound and efficient operation of JF Marine Bank by taking steps to ensure the effectiveness of the JF Marine Bank Safety System (Stable and Responsible JF Cooperative Banking Business System) so that individual members and customers can use JF Marine Bank with peace of mind.



Nationwide campaign poster

■ JForest Group Initiatives

JForest Group has been taking part in the Movement to Expand the Use of Domestic Lumber and Revitalize Forestlands and the Forestry Industry, which extends from fiscal 2011 through fiscal 2015, with the goal of establishing a sustainable, low-cost forest industry. To facilitate coordinated forest management, the Bank subsidizes the costs incurred from adopting a Geographic Information System (GIS) and Global Positioning System (GPS) and holds seminars for the top management of JForest.

The Bank also supports efforts to streamline forest management by extending financing to JForest for the introduction of high-performance forestry machinery.

■ Initiatives for Training and Developing Human Resources Related to the Cooperative System

The Bank exchanges personnel with JA and JA Shinnoren on an ongoing basis to foster understanding among our directors and employees on how business is done in the agricultural, fisheries and forestry industries and on local conditions, and to incorporate those insights into planning and policymaking. In addition, we regularly hold lectures and study sessions for directors and employees by inviting speakers from cooperative organizations, primary industries, and industries that are closely linked to the agricultural, fisheries, and forestry industries.

Aiming to develop human resources who can lead JA’s reform and innovation, the Bank began training for managers in charge of JA’s banking business from July 2014, while continuing training for directors in charge of JA’s banking business (total number of participants: 315) which began in October 2012. In addition, we are continuing with the JF Marine Bank Level-Specific Training – Branch Manager Course aimed at JF Shingyoren branch managers, which began in January 2014. Also in the JForest Group, a training course aimed at JForest councilors and their equivalents is to be established in January 2015. As such, we have been working to enhance the development of cooperative system-related human resources in and outside the Bank. Through the above efforts, the Bank aims to become a trusted organization that is the choice of members in local communities.



JA Bank Central Academy - Managers Course

Strengthening of Profitability through Appropriate Risk Management

Under its Medium-Term Management Plan (fiscal 2013 through fiscal 2015) started in fiscal 2013, the Bank's adequate financial management has taken into account market environment and other factors, and conducted risk management that contributes to enhanced business competitiveness.

In specific, we will continue to strengthen our financial position with sound financial management. As a globally operating financial institution, we will maintain capital adequacy at a suitable level as well.

To ensure a solid profit base, we will focus on flexible

asset allocation management that is responsive to market conditions and on upgrading and accumulating investment know-how. At the same time, to further reinforce our earning capacity, we will selectively pursue new, high quality investment opportunities while taking into account market conditions.

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

Winners of the 63rd Nikkei Advertising Awards

At the 63rd Nikkei Advertising Awards sponsored by Nikkei Inc., Norinchukin Bank's corporate advertising won the grand prize, while JA Bank's branding advertising as the main bank in agriculture took a first runner-up in the finance category.

The Norinchukin Bank's corporate advertising conveys the Bank's new initiatives to support Japan's agricultural, fisheries and forestry industries and its strong desire to perform an unchanging social role. The entire ad is regarded as one page of a newspaper, and the aerial photo of the sea, mountains and earth itself has been structured to look like a newspaper article.

JA Bank's branding advertising as the main bank in agriculture communicates JA Bank's continued support for agriculture that is the foundation for the lives of people. It superimposes the landscape of a rich field of rice plants gleaming gold and various stages

of human life to represent the connection between agriculture and people.



The Norinchukin Bank's corporate advertising



JA Bank's branding advertising as the main bank in agriculture