

Medium-Term Management Plan (FY2016–FY2018)

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

- The Norinchukin Bank (the “Bank”) is committed to contribute and support the development of agriculture, fishery and forestry industries. The Bank aims to become the “leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities” toward its 100th anniversary in 2023.
- The Medium-Term Management Plan (FY2013–FY2015) has been overall successful in “challenging new initiatives that contribute to the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities”, and “strengthening of profitability and organizational strength that leads to the enhanced competitiveness of the Bank and the cooperative system.”
- Amidst the recent rise in expectation of turning agriculture, fishery and forestry industries into a growing industry, the new Medium-Term Management Plan (FY2016–FY2018) reframes agriculture, fishery and forestry finance business into more comprehensive “food and agriculture business” as our new main business area, in addition to the existing main business areas of “retail business” and “investment business”. We are committed to produce continuous and concrete achievements that contribute to convert the agriculture, fishery and forestry industries into a sustainably growing industry, whether or not it is in the financial field.
- We would greatly appreciate your understanding and cooperation of all members and stakeholders to our steps ahead to achieve the “Future Vision toward the 100th anniversary (FY2023)”. Each of us at the Bank, in various positions and roles, will perform to achieve what contributes to accelerate the growth of the agriculture, fishery and forestry industries in a sustainable manner.

“Key takeaway and new resolution from the Medium-Term Management Plan (FY2013–FY2015)”

Key takeaway from the Medium-Term Management Plan (FY2013– FY2015)

R e v i e w

- The Bank identified its role as the leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities under the “Future Vision toward the 100th Anniversary (FY2023)”, and has conducted the Medium-Term Management Plan (FY2013-FY2015).
- We assess that the Bank has progressed generally as planned for the past three years. The earnings reached a record high in FY2014 primarily due to a favorable market environment, and generally solid progress has been made with regard to supporting reconstruction of disaster-affected areas of the Great East Japan Earthquake in 2011, and strengthening the cooperative banking business.

O u t s t a n d i n g

- During the last three-year term, we identified emerging and significant management issues that could greatly impact financial markets as well as the agriculture, fishery, and forestry industries that are the base for the Bank and the cooperative banks, in addition to the structural issues such as changes in membership base of cooperatives due to aging population. Such issues include but not limited to, changes in the Agricultural Cooperative Law, the broad agreement on Trans-Pacific Partnership, development in global regulatory reforms, and increasing uncertainty in the financial markets stemming partly from geopolitical risks.

Resolution in developing the new Medium-Term Management Plan

- We consider the next three years will be the critical period to address the aforementioned emerging and significant management issues and it will serve as a litmus test for the Bank’s raison d’etre. Based on such recognitions, we will (1) best perform our competitive advantages and enhance our presence in the field of “food and agricultural business” as the bank rooted with the agriculture, fishery and forestry industries and food businesses (food and agricultural business), (2) reinforcing the cooperative banking business platform (retail business), (3) achieving stable and superior returns to our members through the sophistication of the current globally diversified investment strategy (investment business), and (4) improving the Bank’s corporate functions that manage and support these business areas.
- Issues on food and agriculture business, that is, issues to be solved in turning the agriculture, fishery and forestry industries into growing industries are multi-layered and complex. We will fulfill our mission by bonding together a broad range of stakeholders including members, agricultural leaders and industries, and simultaneously by maintaining flexible and future-oriented perspectives, while respecting existing knowledge and frameworks.

“Basic policy of Medium-term Management Plan (FY2016-FY2018)”

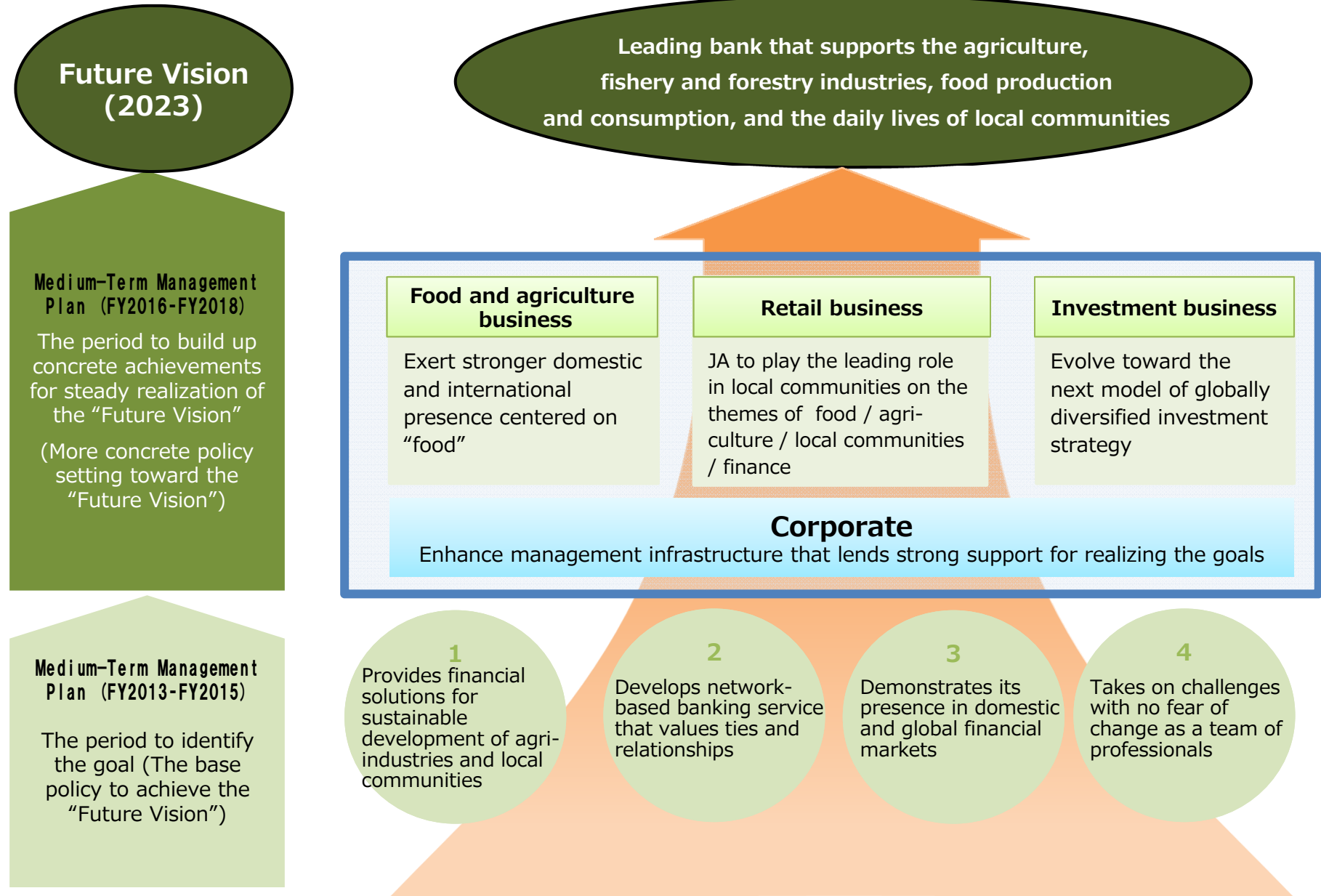
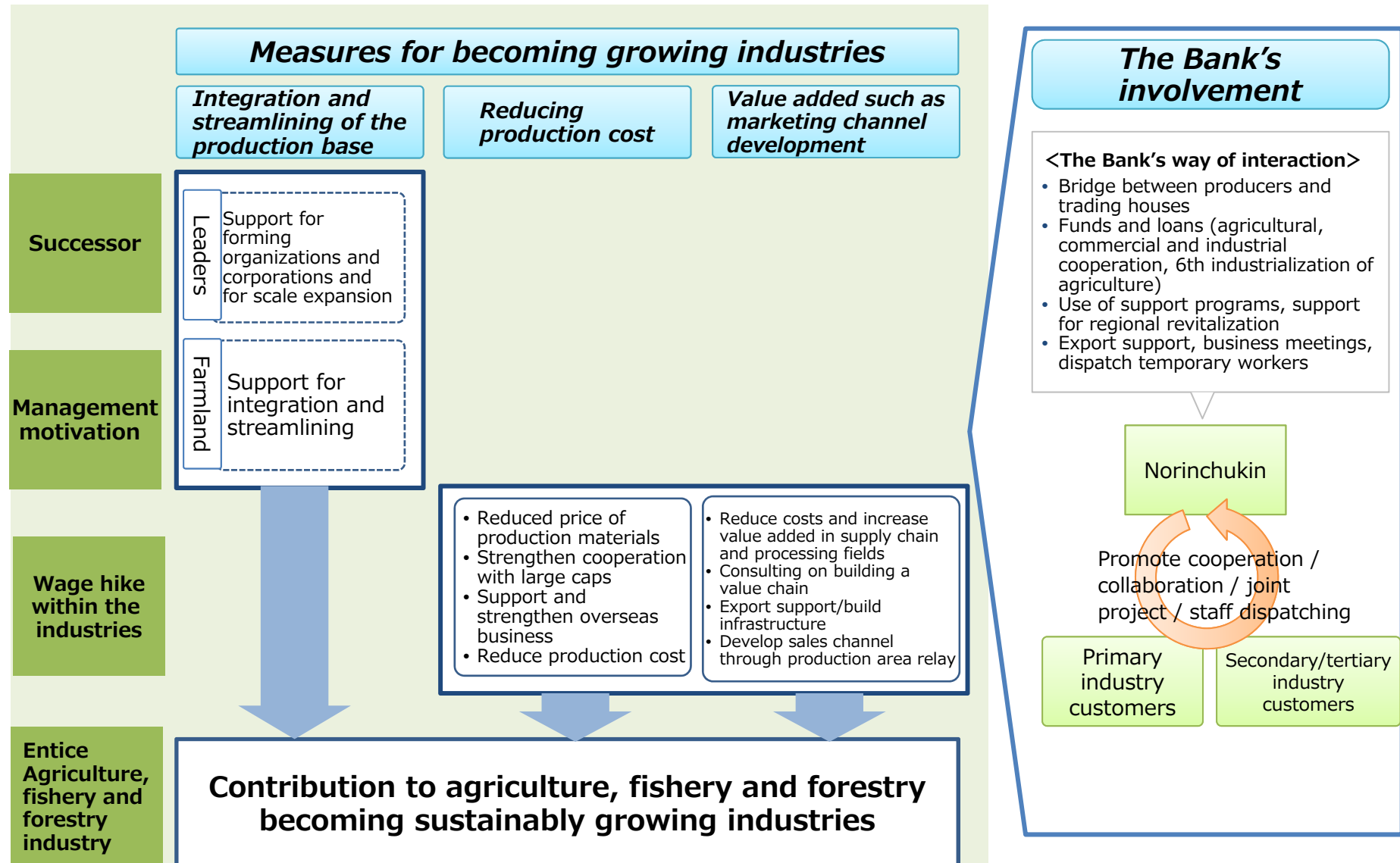


Illustration of specific initiatives in food and agri-business

- The Bank provides solutions to all customers from producers to consumers in the area of agriculture, fishery and forestry industries, and food production and consumption.



Ordinary profit targets

- We will project “ordinary profit of around ¥150bn” and “annual common stock dividend rate target set at the annual budget” to be reached reliably every year.

Ordinary profit results/target

Ordinary profit results

Ordinary profit target

Around ¥150bn

Higher margins from foreign bond investment, depreciation of Japanese Yen, higher stock prices

Sale of assets with unrealized losses

Tightening margins due to rising foreign currency funding cost etc. (Note that this projection includes estimates of the rise in interest rates in latter half of the Medium-Term Management Plan.)

