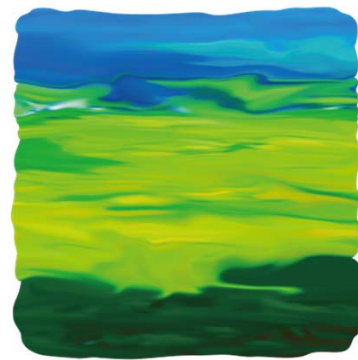


## Catch the Winds of Change. Create New Value.

Becoming the Leading Bank that Supports the Agriculture, Fishery and Forestry Industries,  
Food Production and Consumption, and the Daily Lives of Local Communities



NORINCHUKIN

農林中央金庫

# Introduction

## Current Assessment and New issues

### Assessment

- Supported by our members and stakeholders, the Norinchukin Bank (“we”) has delivered stable returns to our members, and made concerted effort to progress the initiatives of the Medium-Term Management Plan (FY2016-2018).
- While we have made solid progress, securing profits has become increasingly difficult due to the worsening market environment in recent years.

### New Issues

- Our environment will face non-continuous changes in the next 10 years, such as global profit margin compression, accelerating digitalization, our cooperative members’ profile changes, growth of Asia, and environmental/social issues.
- In conjunction with these changes, we identify new issues such as reinforcing profitability, more customer-oriented comprehensive services, effective support for AFF leaders, deepening our global business network and offering value to society.

## Commitment to Medium-Term Management Plan (FY2019-FY2023)

- We will take on the challenge of creating new value to solve new issues.
- To take on this challenge is to challenge ourselves. Looking ahead to the next ten years, we will start from scratch to change the way we work and to achieve major changes. Therefore, we will implement the Medium-Term Management Plan as our vision of the Norinchukin Group in the next 5 years, based on the following Core Principle.

### <What is needed to solve issues>

- **More customer-orientation:** We solve issues together by sharing issues from member/user/customer-oriented perspectives and providing comprehensive services.
- **Leading AFF industries:** We reinforce initiatives from a global perspective for the development of AFF industries and food production and consumption, and the revitalization of local communities.

### <Vital measures to solve issues>

- **Proactive digital innovation:** We promote business reforms of the Bank and the cooperative groups through proactive use of various technologies.
  - **Forward looking business transformation:** We streamline and improve the efficiency of existing operations, and reallocate human resources to reinforce onsite-capabilities and profitability.
  - **Sustainable financial base:** We aim to increase ordinary profit from the 100 billion JPY-levels to over 180 billion JPY to ensure stable returns to members.
- We will implement our Medium-Term Management Plan together with JA Bank Medium-Term Management Strategy, JF Marine Bank Medium-Term Management Strategy and the JForest Cooperatives Action Policy, and achieve our goal cooperating with the entire cooperative networks.
  - Established in 1923 as a national-level financial institution based on agricultural, fishery and forestry cooperative organizations, we have focused on the development of the AFF industries over 95 years.
  - To continue to fulfill this mission, we will catch the winds of change, create new values to meet the expectations of our customers, realize sustained growth and offer value to society.

# Review of the Medium-Term Management Plan (FY2016-FY2018)

- “Food and Agriculture Business” was added to “Retail Business” and “Investment Business” as the new main business area.
- We achieved stable returns to our members and carried out the various initiatives of the Medium-Term Management Plan.
- Securing profits has become increasingly difficult due to the worsening market environment in recent years.

## Overview of the Medium-Term Management Plan (FY2016-FY2018)

### Our Vision

The leading bank that supports the AFF industries, food production and consumption, and the daily lives of local communities



## Results of initiatives

### Ordinary profit

	FY2016	FY2017	FY2018
Results	¥213 billion	¥159 billion	¥117 billion

### Major initiatives

#### JA Bank self-reforms

- Implemented and conducted the support program to increase farmers’ income and revitalize local communities
- Arranged business environment for JAs to focus on agricultural businesses

#### Food and agriculture business

- Increased agricultural loans, risk capital offering, and business matching
- Performed Main-bank functions for JF and JForest and supported reconstruction efforts from natural disasters

#### Retail business

- Enhanced JA Bank’s business base, achieved ¥100 trillion in JA saving balance
- Enhanced JF Marine Bank’s functions for financing the fishery industry

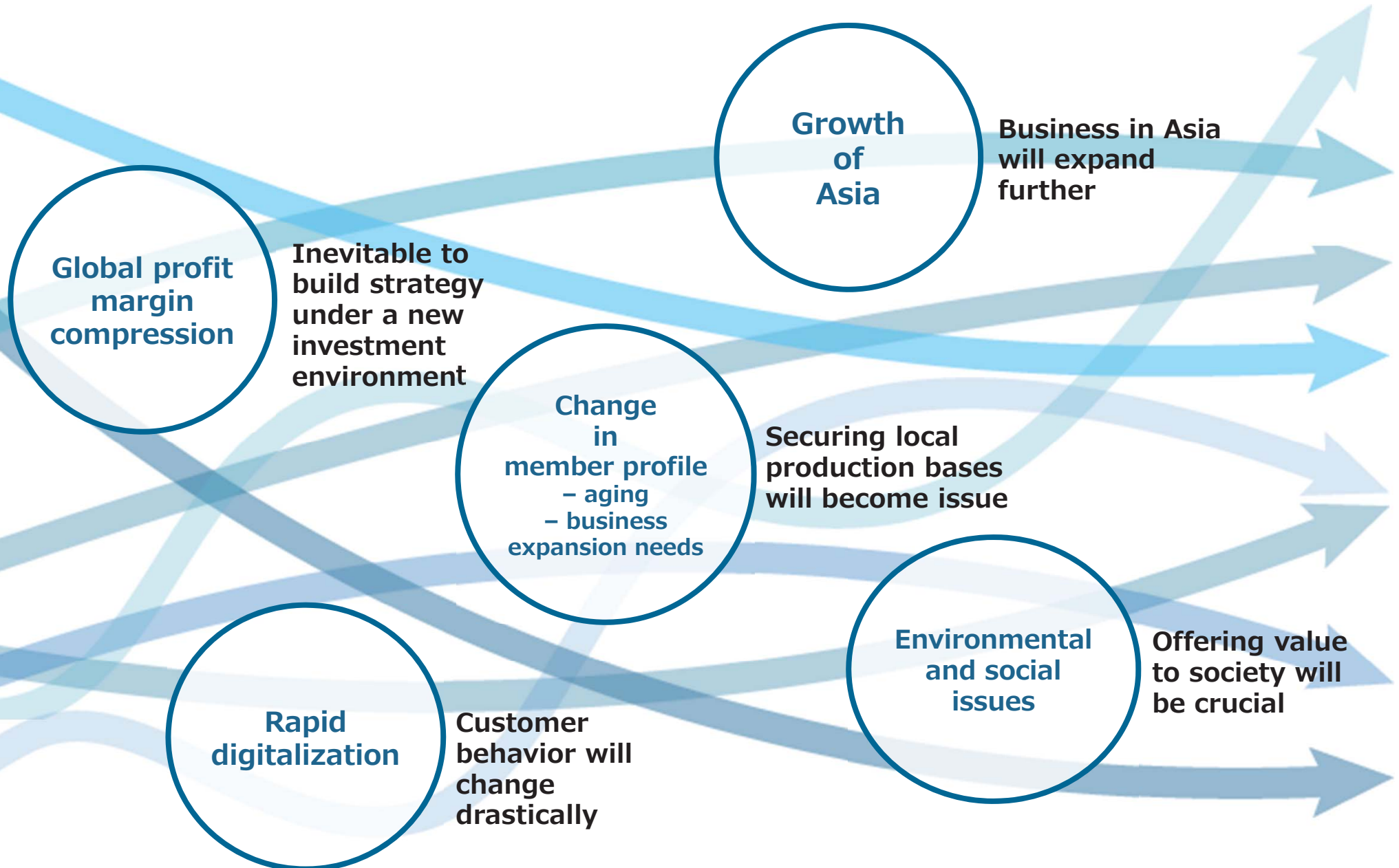
#### Investment business

- Increased in credit investments and alternative investments
- Expanded of project financing and established the Australian subsidiary

\*AFF industries = Agriculture, Fishery and Forestry industries

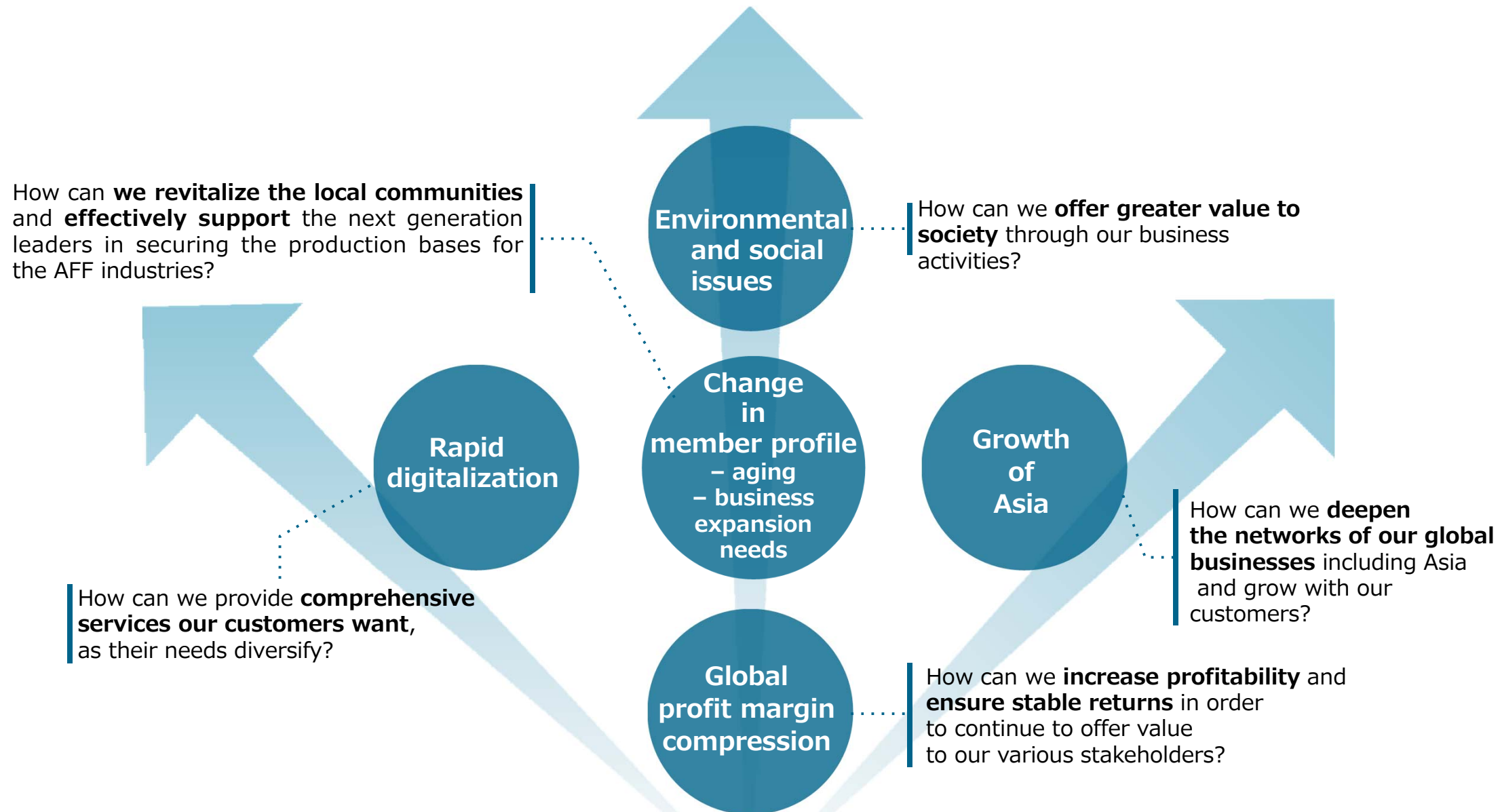
# Environment Surrounding Us

- We are entering the era of “non-continuous changes.”



# New Issues

- We have become aware of new issues in conjunction with the dynamic changes.



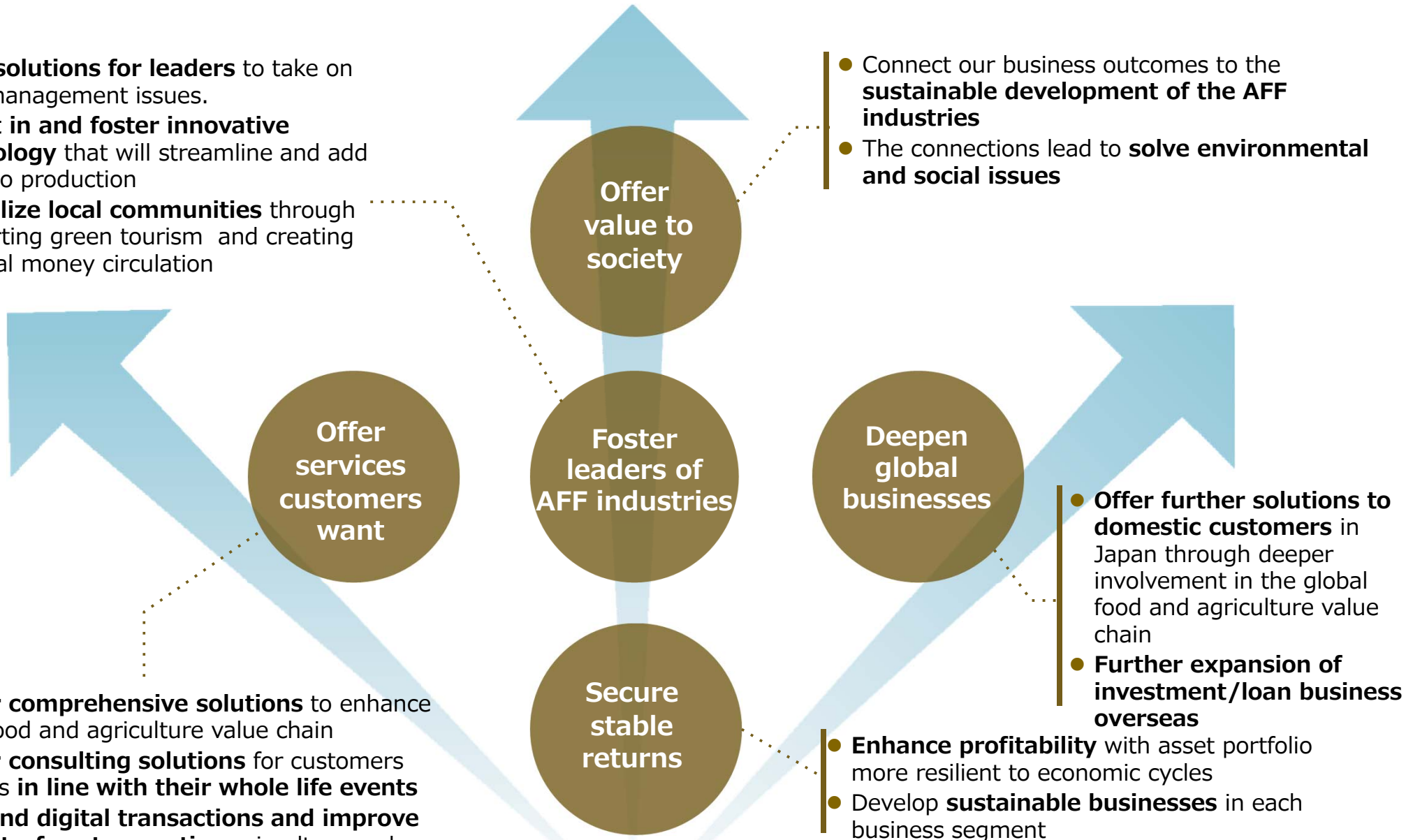
\*AFF industries = Agriculture, Fishery and Forestry industries

# Create New Value

- We will take on the challenge of creating new value to solve new issues.
- The changes and new trends are not just challenges, but our growing opportunities.

- Offer solutions for leaders to take on their management issues.
- Invest in and foster innovative technology that will streamline and add value to production
- Revitalize local communities through supporting green tourism and creating regional money circulation

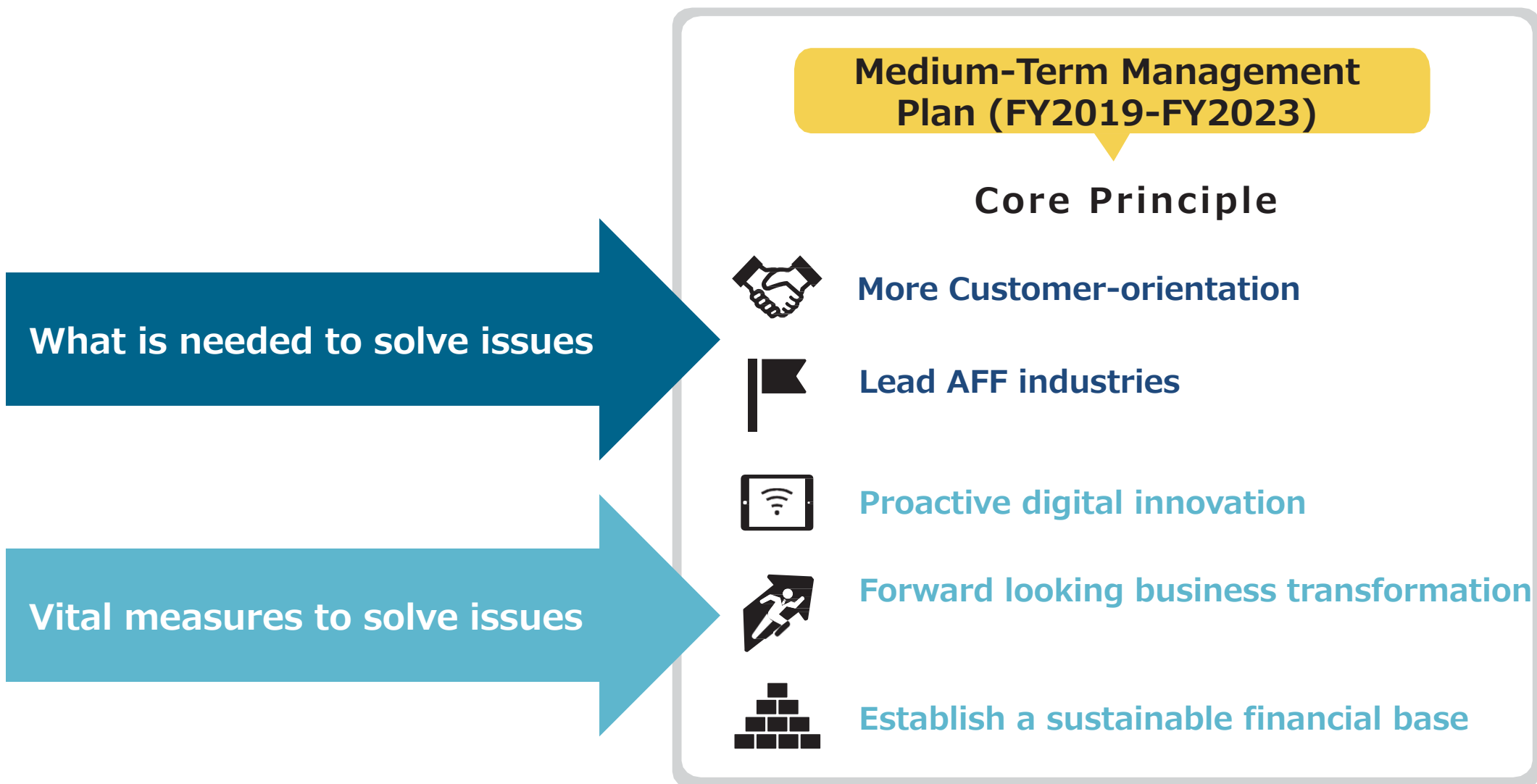
- Connect our business outcomes to the sustainable development of the AFF industries
- The connections lead to solve environmental and social issues



\*AFF industries = Agriculture, Fishery and Forestry industries

# Core Principle of the Medium-Term Management Plan

- Looking ahead to the next ten years, we formulate the Medium-Term Management Plan as the Norinchukin Bank Group's "Vision in the next five years."



# Core Principle of the Medium-Term Management Plan

- Catching the winds of change to create new value, we will meet the expectations of our customers and realize sustainable growth and value to society.

## Medium-Term Management Plan (FY2019-FY2023)

### Core Principle



More Customer-orientation



Lead AFF industries



Proactive digital innovation



Forward looking business transformation



Establish a sustainable financial base

## Our Vision

The leading bank that supports the AFF industries, food production and consumption, and the daily lives of local communities

## Medium-Term Management Plan

Catch the Winds of Change to Create New Value

Era of Discontinuous Changes

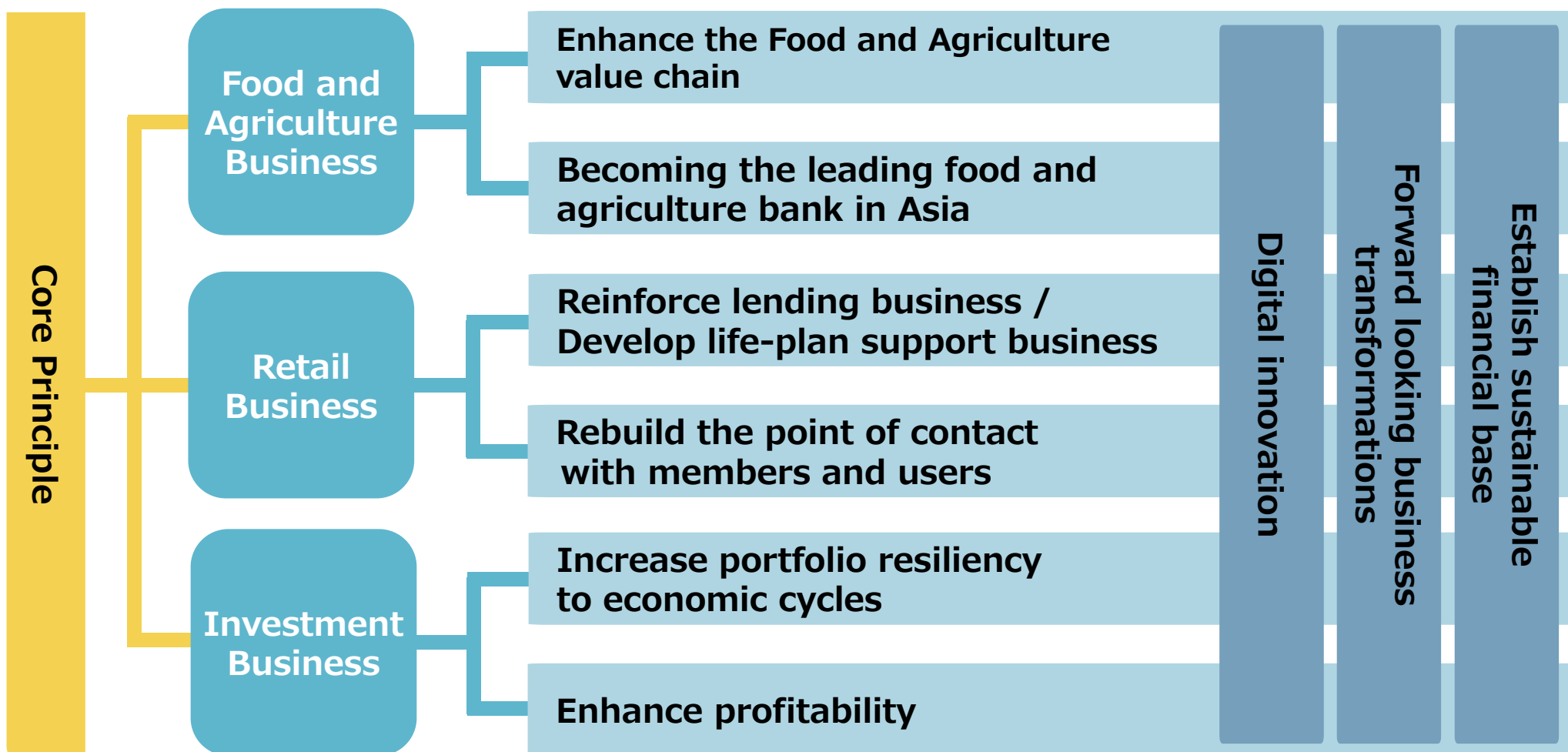
# From 1923

We have supported the AFF industries, as a national-level financial institution based on agricultural, fishery and forestry cooperatives



# Priority Strategies of the Medium-Term Management Plan

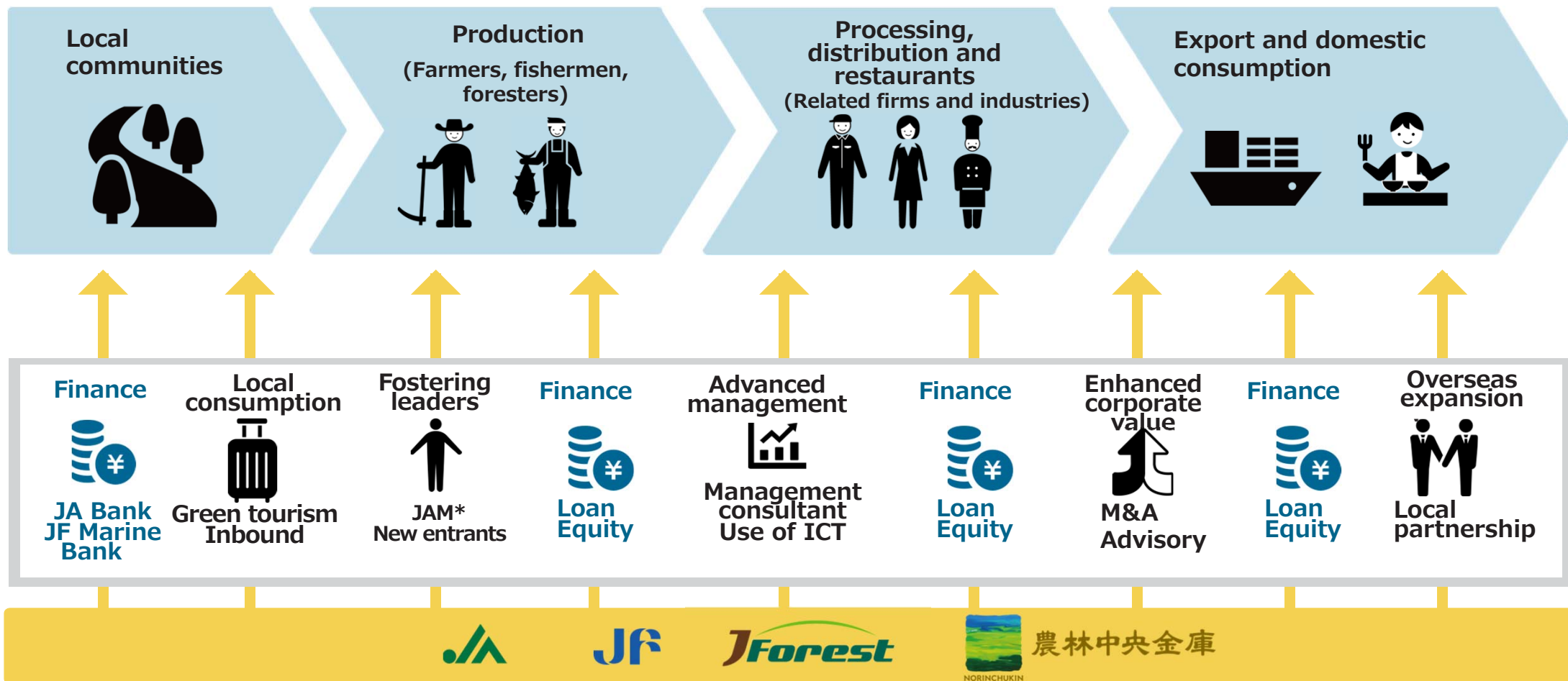
- “Food and Agriculture Business”, “Retail Business” and “Investment Business”, supported by “Corporate Shared Services”, take on the main strategies under the Core Principle



# Food and Agriculture Business: Enhance the Food and Agriculture Value Chain

- We will offer reliable solutions and aim to grow together with our various customers who are building food and agriculture value chain.
- We will engage and enhance the food and agriculture value chain that connects producers, industries and consumers, while supporting local, family-managed businesses, and by further reinforcing our functions, offer comprehensive solutions that go beyond financial services.

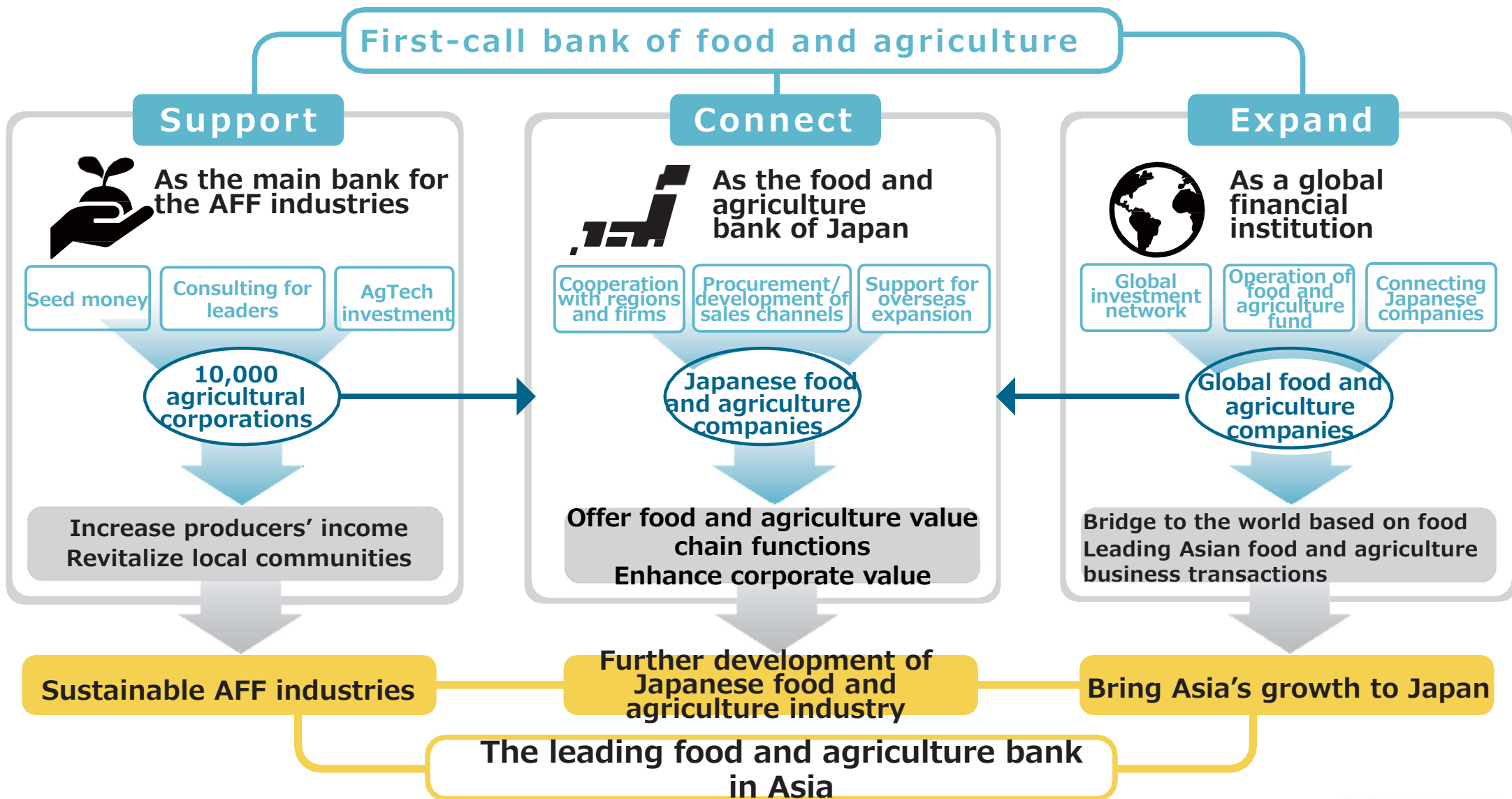
## Enhance the Food and Agriculture Value Chain



\* JAM=Japan institute of Agricultural Management

# Food and Agriculture Business: Leading Food and Agriculture Bank in Asia

- We will meet diverse needs and solve management issues together with our customers as the main bank for the AFF industries, a global financial institution and the food and agriculture bank of Japan.
- We will connect customers building food and agriculture value chains with the world, and by capturing the growth in Asia, become the leading food and agriculture bank in Asia that grows with its customers.

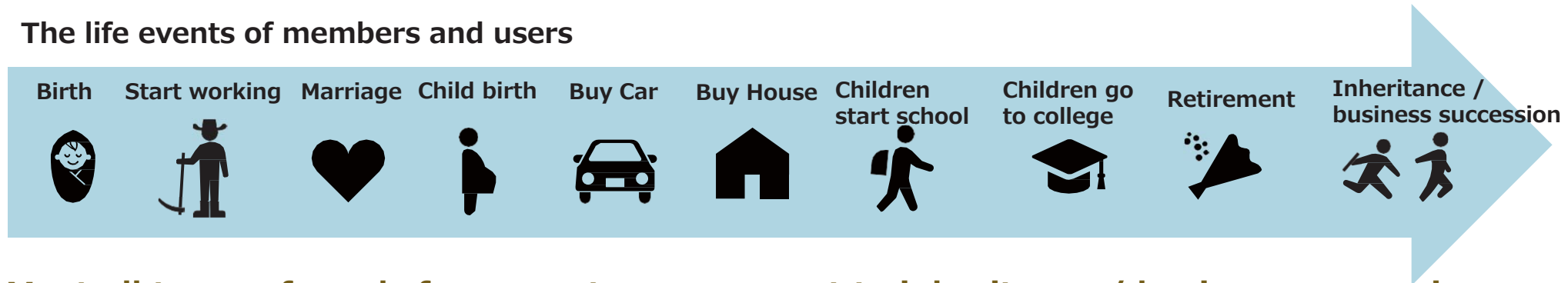


\*AFF industries = Agriculture, Fishery and Forestry industries

# Retail Business: Reinforce Lending business / Support Members' Life-plan

- We will offer new value to the daily lives of local communities and aim to develop together with the members and users of JA Bank and JF Marine Bank.
- We will promote agriculture and fishery industries and revitalization local communities with more active money circulation through our financial intermediary functions backed by our reinforced lending business.
- We will support the formulation of members' and users' life-plans including expansion of household assets, by providing holistic consulting in line with their life events.

## The life events of members and users

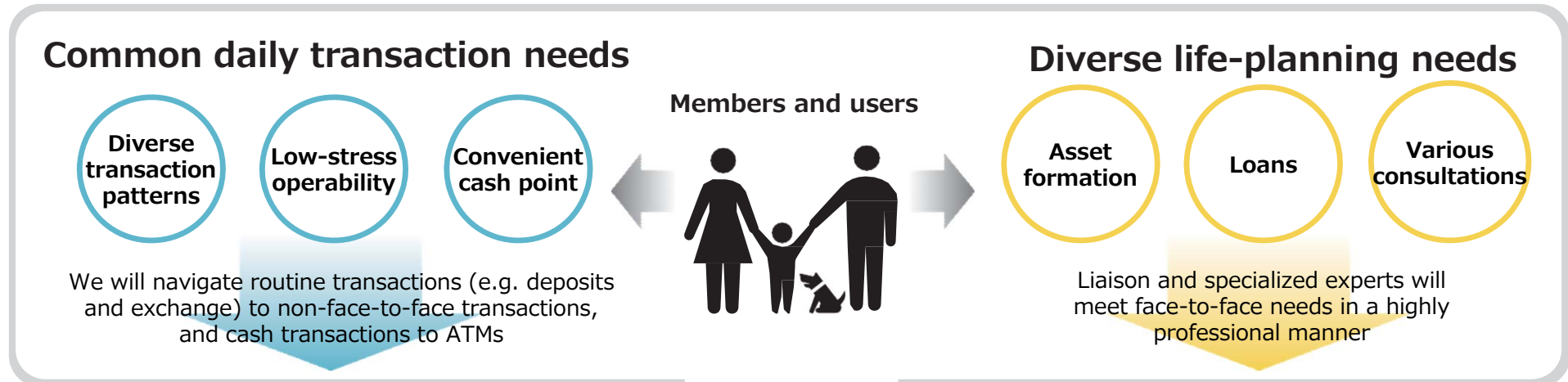


Meet all types of needs from asset management to inheritance / business succession

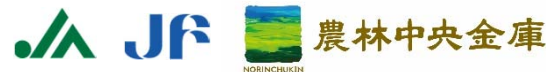


# Retail Business: Rebuilding Points of Contact with Members and Users

- We will rebuild point-of-contacts (POC) with members and users of JA Bank and JF Marine Bank, strengthen the proposal capabilities, and enhance customer convenience and satisfaction.
- Through these initiatives we will enhance the system of sustainable business management, and become JA Bank and JF Marine Bank that continue to be chosen by local communities.



## Rebuilding POCs with members and users



### Non-face-to-face channels (Digital transactions)

PCs and smartphones		ATM	
Online banking	App-based banking	Own ATMs	Affiliate ATMs

### Face-to-face channels (Face-to-face transactions)

Comprehensive service shops	Community shops	Remote consultation booths/ Consultation Plaza	Mobile shops
Liaison	Specialize personnel	Equipped with remote consultation function	
Strengthen proposal capabilities			

# Investment Business: Reinforce Portfolio Resiliency to Economic Cycles

- We will establish a solid business model that can withstand economic cycles and aim ahead of the current globally diversified investment strategy.
- With the approach of reaching out to the source of profit, we will expand our investment areas and establish a portfolio with a reinforced resilience to economic cycles.

## Reaching out to the source of profit

Reinforce deal sourcing capabilities overseas

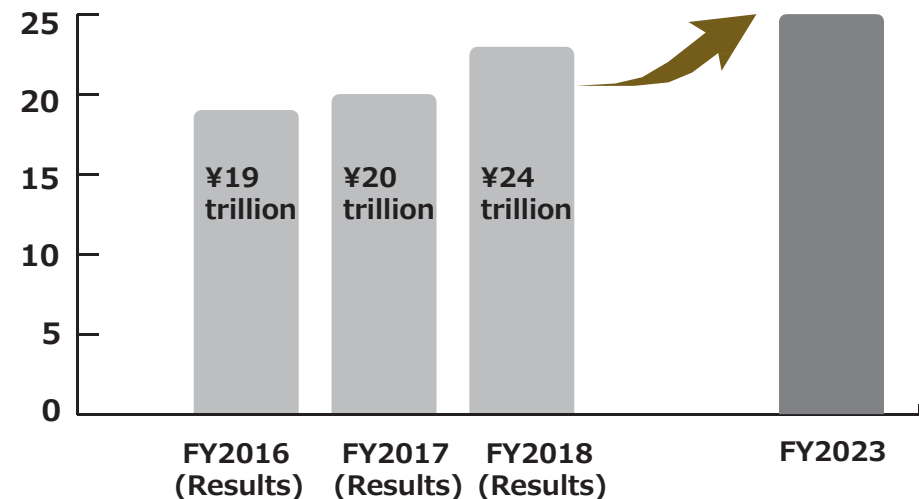
Establish and expand overseas entities

Prompt decision-making at overseas entities



## Expansion of investment areas

Raising the revenue base by increasing assets through credit investments, project finance etc.



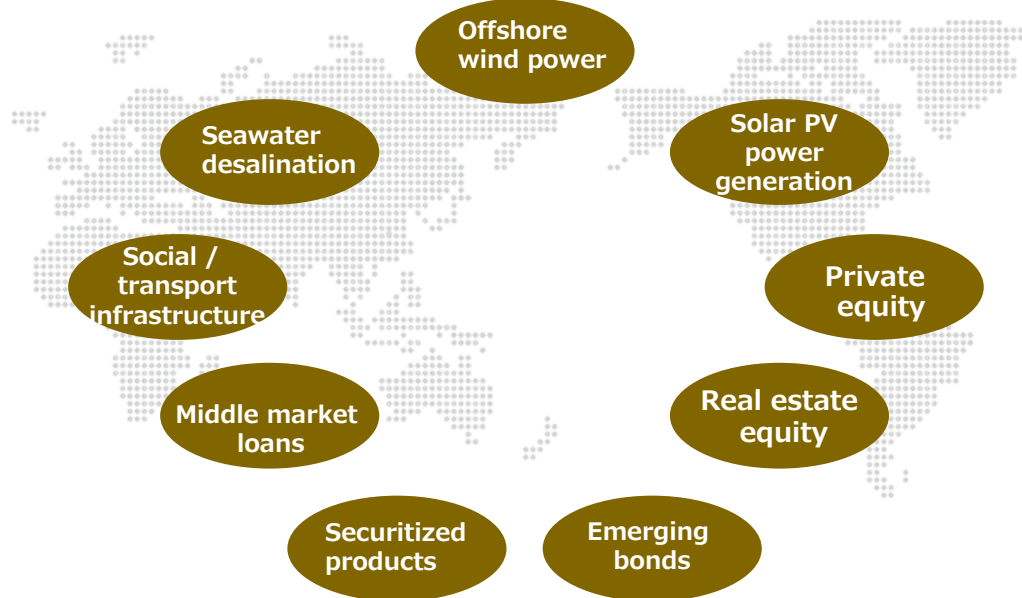
Establish our portfolio more resilient to economic cycles

# Investment Business: Enhancement of Basic Profitability

- We will capture highly profitable investment opportunities through evolving investment methods and enhance our basic profitability.
- We will leverage the investment skills which we have required over the years and take on the challenge of providing investors with new investment opportunities.

## Evolved investment methods

We will attempt advanced investment methods such as expanding primary investments and capture highly profitable investment opportunities.

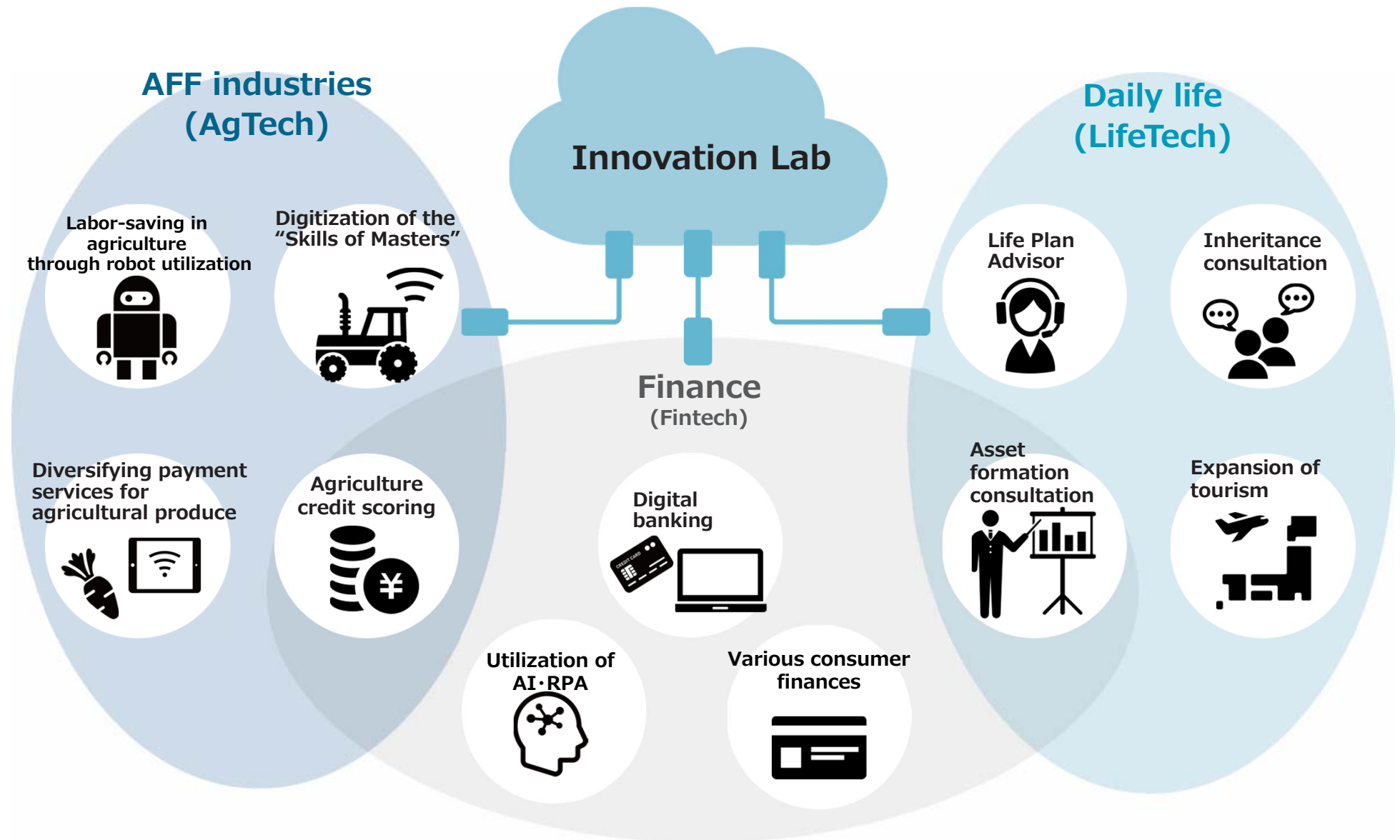


## Providing investors with new investment opportunities



# Digital Innovation: Improving the Convenience of Our Customers

- We will offer new experiences to our customers by proactively utilizing diverse technologies.
- We will promote open innovation by launching the Innovation Lab.





# Digital Innovation: Enhancement of Efficiency and Productivity

**Investment of  
¥60 billion  
over 5 years**

- We will increase the efficiency and streamline JA Bank's office administrative work through media-less and back office-less operations that utilize digital technology.
- We will enhance the productivity of the Norinchukin Group by increasing business efficiency utilizing AI/RPA and promoting of "smart work".

## Increase efficiency and streamline JA Bank office administration



### Next-generation offices



Tablets  
(Voucher-less)



Biometric  
identification  
(Stampless)



Teller / back  
office operations  
(Back office-less)

JA Bank's office  
administrative  
work

Reduce by  
approx. 20%

Increase  
customer  
convenience

No need to  
"fill out"  
"keep"  
"wait"

## Utilization of AI/RPA

- Introduction of AI for inquiry services



Individual  
searches

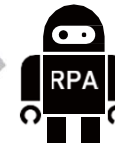


Evolution  
through bulk  
searches and  
machine  
learnings

- Introduction of RPA for routine services



Work shared  
by multiple  
employees



Bulk  
automation  
utilizing  
RPA

## Promotion of smart work

- Introduction of telework  
(location-free work style)
- Utilization of ICT technology  
(Communication reforms)

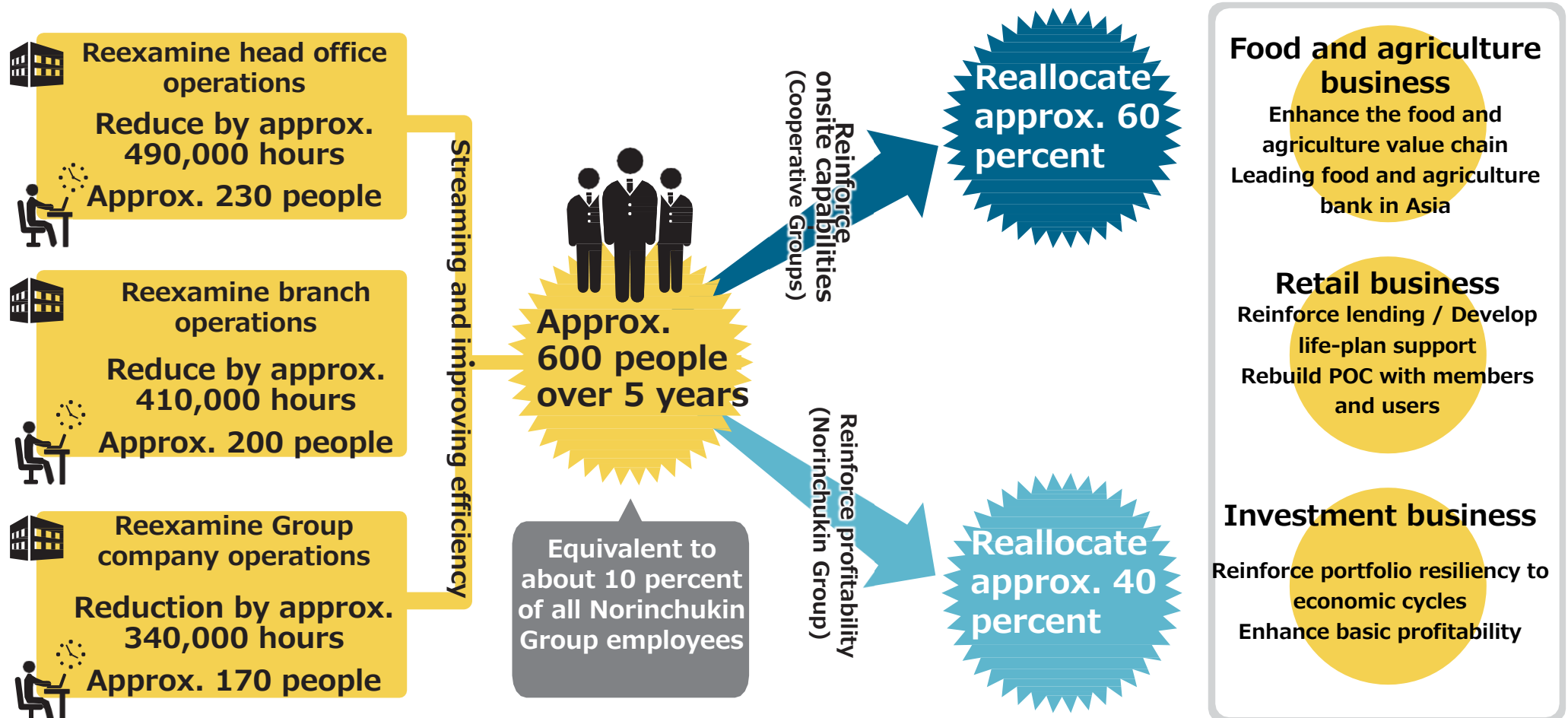


Out of office

# Forward Looking Business Transformation: Reinforce Onsite Capabilities and Profitability

- Looking to the future, we will promote the business reforms of the Bank and cooperative groups.
- The Norinchukin Group will thoroughly streamline and improve the efficiency of existing operations, and reallocate human resource to reinforce “onsite capabilities” and “profitability.”

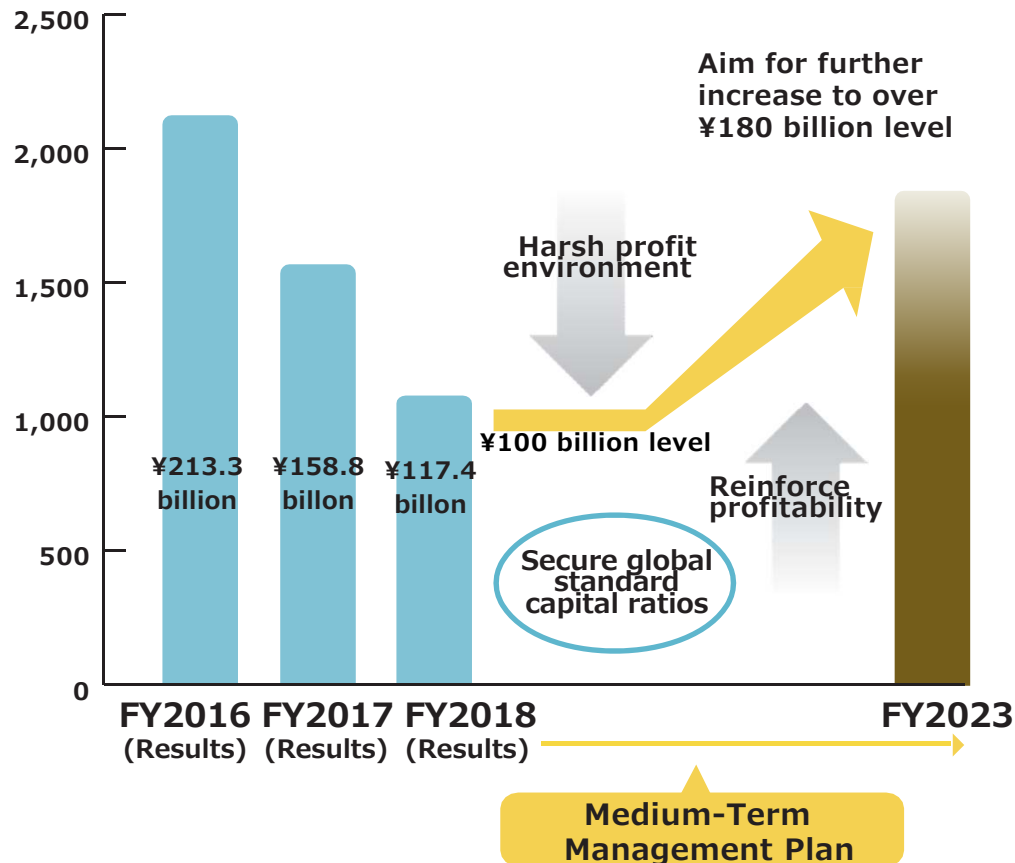
## Reallocating personnel to reinforce onsite capabilities and profitability



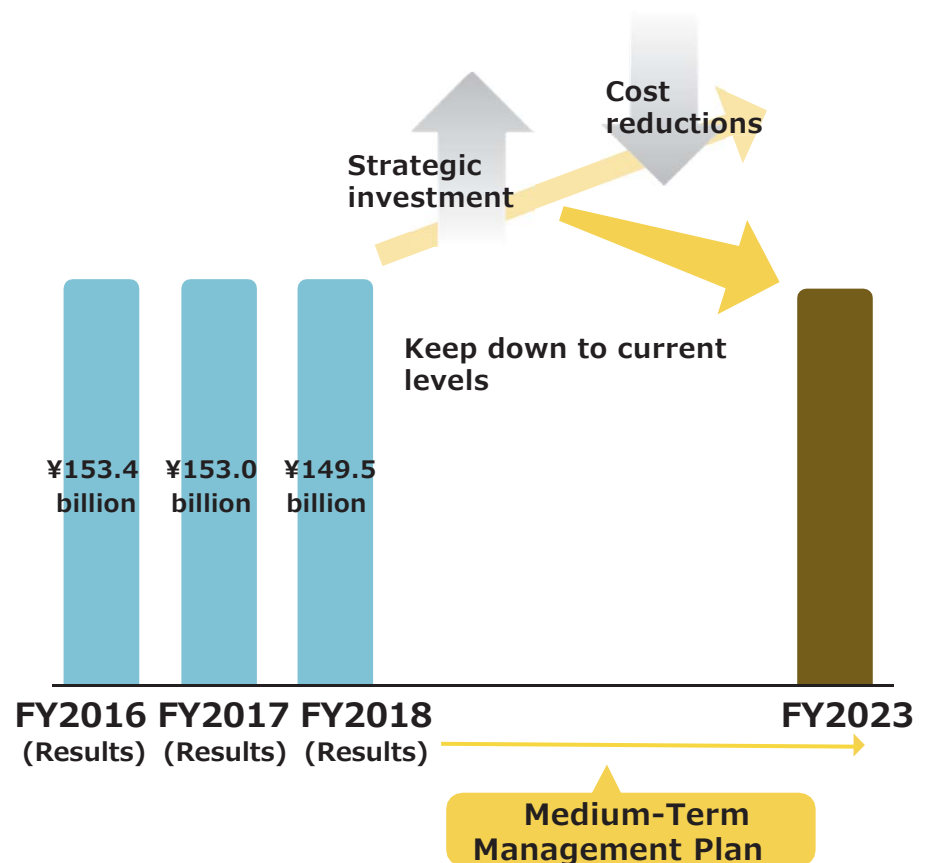
# Establishment of a sustainable financial base: Targeted Ordinary Profit

- We will establish a sustainable financial base to ensure stable returns to members and continue to offer value to various stakeholders.
- We will make ceaseless efforts to enhance governance, financial management and risk management by, for example, adopting a risk appetite framework.
- We target ordinary profit to increase from the ¥100 billion level to surpass ¥180 billion in FY 2023.
- Business administration expenses will be kept down to current levels.

## Targeted ordinary profit

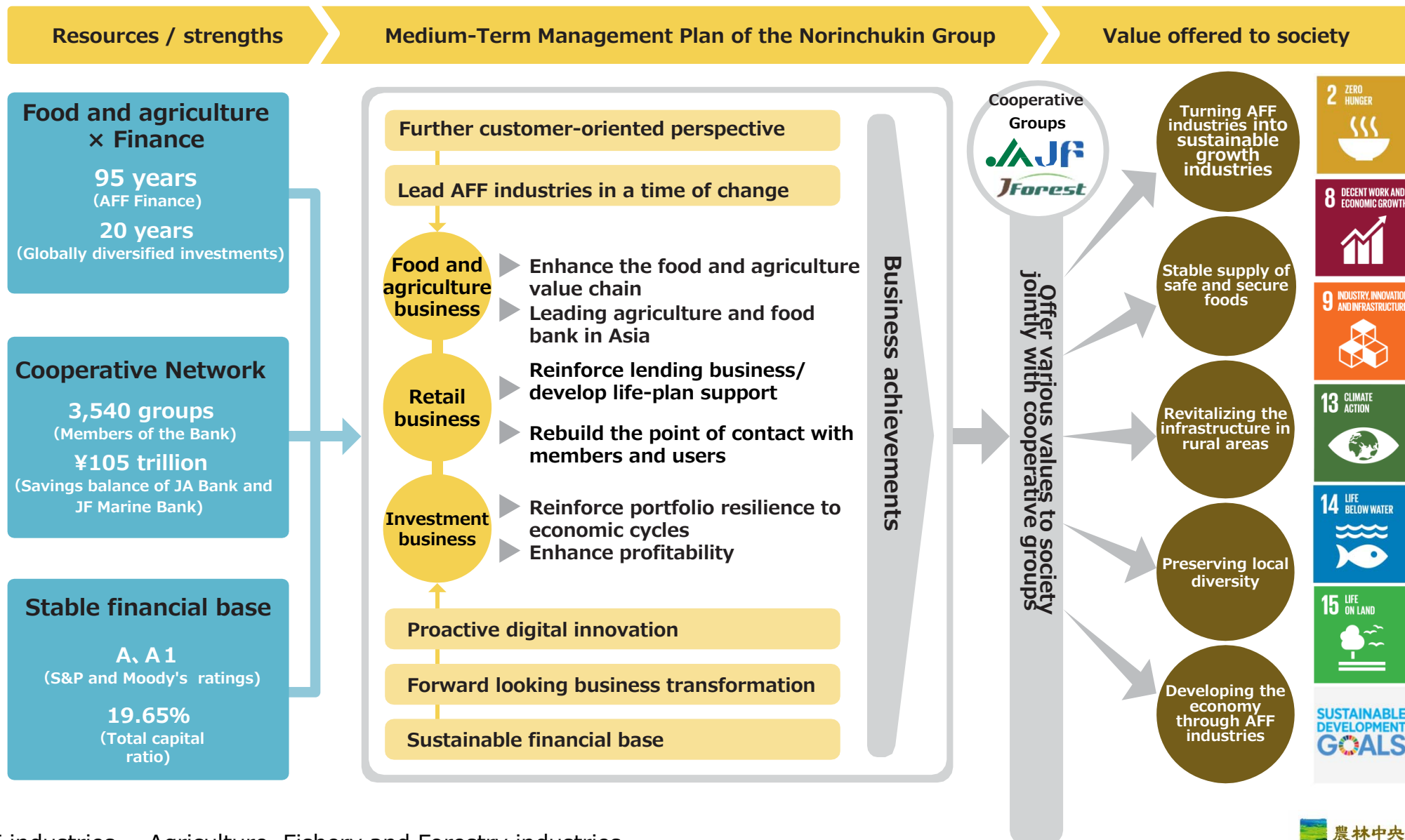


## Business administration expenses



# The Value That We Will Offer to Society

- Aiming to become the “Leading bank that supports the agriculture, fishery and forestry industries, food production and consumption, and the daily lives of local communities,” together with our cooperative groups, we will continue to offer various values to society.
- We will also promote initiatives toward environmental and social issues, including sustainable development goals (SDGs), through our business activities.



\*AFF industries = Agriculture, Fishery and Forestry industries

# Catch the Winds of Change. Create New Value.

Becoming the Leading Bank that Supports the Agriculture, Fishery and Forestry Industries, Food Production and Consumption, and the Daily Lives of Local Communities



## **More customer-orientation:**

Sharing and solving customers' issues



## **Lead AFF Industries**

Enhance to the global food and agriculture value chain



## **Proactive digital innovation**

Enhance convenience and productivity



## **Forward looking business transformation**

Reinforce onsite capabilities and profitability



## **Establish sustainable financial base**

Securing stable profits

## **Our Mission**

To contribute to the development of the agriculture, fishery and forestry industries as well as the nation's economy by providing various financial services to the members of the cooperative organizations, as a national-level financial institution based on agricultural, fishery and forest cooperative organizations

## **Our Vision**

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

- 1 Growth of the agriculture, fishery and forestry industries with the cooperation of all group members
- 2 Creating the future of local communities and becoming a preferred group nationwide
- 3 Boldly taking on the challenge of further growth for the group from a global perspective

## **Our Values**

Dedicated to sustaining all life

## **Our Foundation**

One for all, all for one

Our work at The Norinchukin Bank won't change the world overnight.

Our focus is on the agriculture, fishery and forestry industries.  
This means that nature is our partner,  
and nothing in nature bears fruit overnight.  
Industries in this sector don't make things  
—they produce and nurture life as a legacy for future generations.

This is precisely why we are dedicated to serving those who sustain these industries and their local communities, no matter how small the scale of their operations.  
As the financial institution wholly devoted to this sector  
—the very cornerstone of our nation, we strive consistently  
to generate solid outcomes in the global financial markets.  
Our history spans more than 90 years.

But that alone is no longer enough.  
We must take on a greater role than ever before  
if this sector is to continue developing in response to the changing times.

We must harness our financial knowledge to make  
new contributions that extend beyond our past functions and scope.  
We must do our utmost to address on-the-ground issues.  
We must respond to the needs not only of producers,  
but also to those of processors, distributors and consumers.

The life generated by the agriculture, fishery and forestry industries  
sprouts the workings of all life well into the future.

Now is the time for each and every one of us to give our all.  
We aim to make the chain of life that connects us to the future  
more bounteous and more certain.

# Dedicated to sustaining all life.

The Norinchukin Bank



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