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
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.

*AFF industries = Agriculture, Fishery and Forestry industries*
“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

Food and agriculture business
Exert stronger global presence centered on “food”

Retail business
JA plays the leading role in local communities on the themes of food, agriculture, local communicates, and finance

Investment business
Evolve toward the next model of globally diversified investment strategy

Corporate
Enhance management infrastructure that lends strong support for realizing these goals

Results of initiatives

<table>
<thead>
<tr>
<th>Ordinary profit</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results</td>
<td>¥213 billion</td>
<td>¥159 billion</td>
<td>¥117 billion</td>
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</table>

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

- Global profit margin compression
- Inevitable to build strategy under a new investment environment
- Change in member profile – aging – business expansion needs
- Rapid digitalization
- Customer behavior will change drastically
- Growth of Asia
- Business in Asia will expand further
- Securing local production bases will become issue
- Environmental and social issues
- Offering value to society will be crucial
We have become aware of new issues in conjunction with the dynamic changes.

How can we **revitalize the local communities** and **effectively support** the next generation leaders in securing the production bases for the AFF industries?

How can we provide **comprehensive services our customers want**, as their needs diversify?

How can we **offer greater value to society** through our business activities?

How can we **increase profitability** and **ensure stable returns** in order to continue to offer value to our various stakeholders?

How can we **deepen the networks of our global businesses** including Asia and grow with our customers?

*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.

- **Offer services customers want**
- **Foster leaders of AFF industries**
- **Deepen global businesses**

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

- **Secure stable returns**
- **Offer further solutions to domestic customers** in Japan through deeper involvement in the global food and agriculture value chain
- **Further expansion of investment/loan business overseas**

- **Offer comprehensive solutions** to enhance the food and agriculture value chain
- **Offer consulting solutions** for customers that is in line with their whole life events
- **Expand digital transactions and improve face-to-face transactions** simultaneously

*AFF industries = Agriculture, Fishery and Forestry industries*
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**

- Vital measures to solve issues
  - Lead AFF industries
  - Proactive digital innovation
  - Forward looking business transformation
  - Establish a sustainable financial base

- What is needed to solve issues
  - More Customer-orientation

*AFF industries = Agriculture, Fishery and Forestry industries*
We have supported the AFF industries, as a national-level financial institution based on agricultural, fishery and forestry cooperatives from 1923.

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.

From 1923

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

*AFF industries = Agriculture, Fishery and Forestry industries*
“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
  - Becoming the leading agriculture and bank in Asia

- **Retail Business**
  - Reinforce lending business / Develop life-plan support business
  - Rebuild the point of contact with members and users

- **Investment Business**
  - Increase portfolio resiliency to economic cycles
  - Enhance profitability

- Digital Innovation
- Forward looking business transformations
- Establish sustainable financial base
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**

- **Local communities**
- **Production** (Farmers, fishermen, foresters)
- **Processing, distribution and restaurants** (Related firms and industries)
- **Export and domestic consumption**

![Diagram showing the value chain](image)

- **Finance**
- **Local consumption**
- **Fostering leaders**
- **Advanced management**
- **Enhanced corporate value**
- **Overseas expansion**

*JAM=Japan institute of Agricultural Management*
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.

**First-call bank of food and agriculture**

**Support**
- As the main bank for the AFF industries
  - Seed money
  - Consulting for leaders
  - AgTech investment
  - 10,000 agricultural corporations
  - Increase producers’ income
  - Revitalize local communities

**Connect**
- As the food and agriculture bank of Japan
  - Cooperation with regions and firms
  - Procurement/development of sales channels
  - Support for overseas expansion
  - Japanese food and agriculture companies
  - Offer food and agriculture value chain functions
  - Enhance corporate value

**Expand**
- As a global financial institution
  - Global investment network
  - Operation of food and agriculture fund
  - Connecting Japanese companies
  - Global food and agriculture companies
  - Bridge to the world based on food
  - Leading Asian food and agriculture business transactions

**The leading food and agriculture bank in Asia**

**Sustainable AFF industries**

**Further development of Japanese food and agriculture industry**

**Bring Asia’s growth to Japan**

*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

Deposit, prepare, grow and leave money

Local money circulation

By further demonstrating our financial intermediation function, we will promote the agriculture and fishery industries and revitalize the local communities
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.
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.

<table>
<thead>
<tr>
<th></th>
<th>FY2016 (Results)</th>
<th>FY2017 (Results)</th>
<th>FY2018 (Results)</th>
<th>FY2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>¥19 trillion</td>
<td>¥20 trillion</td>
<td>¥24 trillion</td>
<td></td>
</tr>
</tbody>
</table>

Establish our portfolio more resilient to economic cycles.
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.

- Offshore wind power
- Seawater desalination
- Solar PV power generation
- Private equity
- Real estate equity
- Securitized products
- Emerging bonds
- Social / transport infrastructure
- Middle market loans

**Providing investors with new investment opportunities**

Investment products (e.g. alternative investment instruments)

Investors
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.

**AFF industries (AgTech)**
- Labor-saving in agriculture through robot utilization
- Digitization of the “Skills of Masters”
- Diversifying payment services for agricultural produce
- Agriculture credit scoring

**Daily life (LifeTech)**
- Life Plan Advisor
- Inheritance consultation
- Asset formation consultation
- Expansion of tourism

**Finance (Fintech)**
- Digital banking
- Various consumer finances

**Utilization of AI・RPA**

*AFF industries = Agriculture, Fishery and Forestry industries*
Digital Innovation: Enhancement of Efficiency and Productivity

- 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)

Utilization of AI/RPA
- Introduction of AI for inquiry services
- Evolution through bulk searches and machine learnings
- Introduction of RPA for routine services
- Bulk automation utilizing RPA

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

Increase customer convenience
- No need to “fill out” “keep” “wait”

Investment of ¥60 billion over 5 years

JA Bank’s office administrative work
Reduce by approx. 20%
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.”

**Reallocation of personnel to reinforce onsite capabilities and profitability**

- **Reexamine head office operations**
  - Reduce by approx. 490,000 hours
  - Approx. 230 people

- **Reexamine branch operations**
  - Reduce by approx. 410,000 hours
  - Approx. 200 people

- **Reexamine Group company operations**
  - Reduction by approx. 340,000 hours
  - Approx. 170 people

**Total reallocation of** approx. 600 people over 5 years, equivalent to about 10 percent of all Norinchukin Group employees.

**Reallocate approx. 60 percent**

**Reallocate approx. 40 percent**

- **Food and agriculture business**
  - Enhance the food and agriculture value chain
  - Leading food and agriculture bank in Asia

- **Retail business**
  - Reinforce lending / Develop life-plan support
  - Rebuild POC with members and users

- **Investment business**
  - Reinforce portfolio resiliency to economic cycles
  - Enhance basic 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**

- Aim for further increase to over ¥180 billion level
- Secure global standard capital ratios
- Reinforce profitability

<table>
<thead>
<tr>
<th>FY2016 (Results)</th>
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<th>FY2018 (Results)</th>
<th>FY2023 (Results)</th>
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<tbody>
<tr>
<td>¥213.3 billion</td>
<td>¥158.8 billion</td>
<td>¥117.4 billion</td>
<td>¥213.3 billion</td>
</tr>
</tbody>
</table>

**Business administration expenses**

- Keep down to current levels
- Strategic investment
- Cost reductions

<table>
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<tr>
<td>¥153.4 billion</td>
<td>¥153.0 billion</td>
<td>¥149.5 billion</td>
<td>¥153.4 billion</td>
</tr>
</tbody>
</table>

Medium-Term Management Plan

- Secure global standard capital ratios
- Reinforce profitability
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.

**Resources / strengths**

<table>
<thead>
<tr>
<th>Food and agriculture × Finance</th>
<th>Medium-Term Management Plan of the Norinchukin Group</th>
<th>Value offered to society</th>
</tr>
</thead>
<tbody>
<tr>
<td>95 years (AFF Finance)</td>
<td>Further customer-oriented perspective</td>
<td>Turning AFF industries into sustainable growth industries</td>
</tr>
<tr>
<td>20 years (Globally diversified investments)</td>
<td>Lead AFF industries in a time of change</td>
<td>Stable supply of safe and secure foods</td>
</tr>
<tr>
<td>Cooperative Network</td>
<td>Food and agriculture business</td>
<td>Revitalizing the infrastructure in rural areas</td>
</tr>
<tr>
<td>3,540 groups (Members of the Bank)</td>
<td>Retail business</td>
<td>Preserving local diversity</td>
</tr>
<tr>
<td>¥105 trillion (Savings balance of JA Bank and JF Marine Bank)</td>
<td>Investment business</td>
<td>Developing the economy through AFF industries</td>
</tr>
<tr>
<td>Stable financial base</td>
<td></td>
<td><strong>SDGs</strong></td>
</tr>
<tr>
<td>A, A1 (S&amp;P and Moody’s ratings)</td>
<td>Proactive digital innovation</td>
<td></td>
</tr>
<tr>
<td>19.65% (Total capital ratio)</td>
<td>Forward looking business transformation</td>
<td></td>
</tr>
</tbody>
</table>

**Business achievements**

- Offer various values to society jointly with cooperative groups

**Value offered to society**

- Turning AFF industries into sustainable growth industries
- Stable supply of safe and secure foods
- Revitalizing the infrastructure in rural areas
- Preserving local diversity
- Developing the economy through AFF industries

*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

*AFF industries = Agriculture, Fishery and Forestry industries*
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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