



# Aiming to be the “First Call Bank” for the Food and AFF Industries

Representative Director and Managing Executive Officer  
Member of the Board of Directors  
Chief Operating Officer

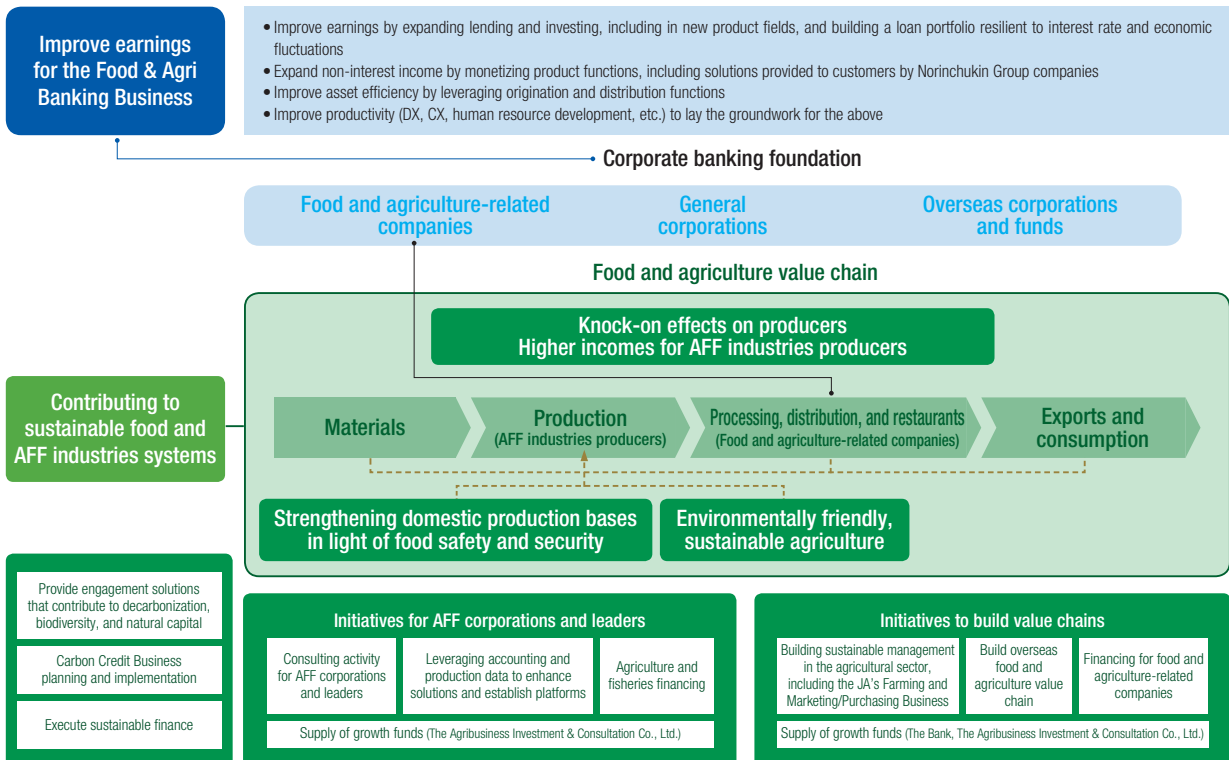
**YAGI Masanobu**

## Business Overview

### Toward a deepening of the Food and Agriculture Business

The Food and Agriculture Business creates and provides added value in order to turn the AFF industries into growth industries, lift incomes and strengthen production foundations. But it cannot realize these through support for producers alone. Initiatives covering the entire food and agriculture value chain are necessary, from the manufacture of machinery and materials used in production through to processing, distribution, restaurants, retailing, exports, and consumption. Backed by our strength of a broad range of transactions spanning from upstream to downstream, we serve as a “bridge” between AFF producers and some 1,700 client companies throughout Japan. By coordinating between producers and companies, we are working to build up a track record of high-quality projects that can lead to higher incomes, address sustainability topics and solve business challenges faced by client companies.

Taking a two-pronged approach to deepen the Food and Agriculture Business, we are providing services leveraging the expertise of the Norinchukin Group and working to expand lending and investing, including in new product fields, as well as to build a loan portfolio resilient to fluctuations in interest rates and the economy. Our aim is to expand earnings of the Food & Agri Banking Business.



## Food and Agriculture Business in Our Medium-Term Vision

### The business environment in 2030 (Food and Agriculture Business)

- Japanese society is aging rapidly, with the population declining along with the birth rate. The number of sole operators in the AFF industries is decreasing, with an ongoing shift to corporate management.
- With advances in the smart-agri market, there are expectations to provide advisory functions that leverage IT and digital technology, such as robot tractors and drones as labor substitutes. Use of food agriculture x digital technology is accelerating.
- In light of geopolitical risk, issues such as soaring production materials prices have emerged, and productivity and sustainability in the food and agriculture value chain must be improved. Japan needs to build a domestic production base and circular agriculture, which are the foundations for food safety and security.
- There is also growing interest in the utilization of nature-derived credits such as J-Credit, and expectations remain high for sustainable initiatives.

### Concept for Achieving Our Vision for 2030

We will work to achieve sustainable development of AFF industries producers and cooperative organizations by developing data businesses, including providing advisory functions using IT and digital technology, and by building a new “glocal value chain” beyond the existing value chain. We are also focusing on “maintaining production bases” and “environmentally sustainable agriculture” in view of improving incomes and mutually beneficial food safety and security.

#### Key phrases for achievement

|   |                                    |  |
|---|------------------------------------|--|
| 1 | Digitization                       | Introduction of smart agriculture, digitization of production management, farmland, and food chains, and measuring environmental effectiveness |
| 2 | Strengthen management capabilities | Data-based management (provide DX services to support this, wide range of consulting functions)  |
| 3 | Build a glocal value chain         | Expand sales channels for environmentally friendly agricultural products, create market-oriented export production areas                       |
| 4 | Decarbonization and greening       | Reduction of fertilizer and agrochemicals (agricultural collaboration, material self-sufficiency, organic farming), impact finance, J-Credits  |

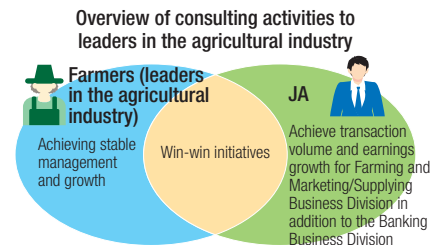
## Main Initiatives

### Initiatives to increase the incomes of farmers, fishermen, and foresters

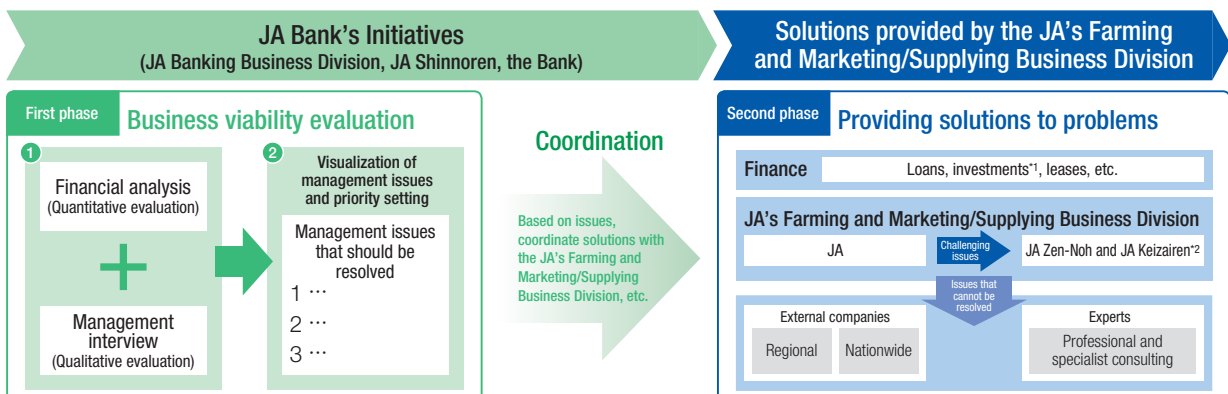
#### Strengthening consulting activity for AFF corporations and leaders

The Bank is working with JA and JA Shinnoren to strengthen consulting activities to leaders in the agricultural industry. The activities are being spearheaded by JA Bank (JA, JA Shinnoren, and the Bank), with consultations provided to 306 cases in fiscal 2023.

Led by JA’s Banking Business Division, JA Shinnoren, or the Bank, a financial analysis is performed and interviews held with farmers, fishermen, and foresters, with business viability evaluated from both quantitative and qualitative perspectives. Solutions are proposed to the various business challenges that emerge through the process. The solutions are linked not just to JA’s Banking Business Division but also to JA’s Farming and Marketing/Supplying Business Division and other business divisions. By harnessing the comprehensive strengths of the JA Group, we are providing a broad range of proposals not limited to just financing. After proposing solutions, continued support is provided to farmers, fishermen, and foresters, including the monitoring of progress in solving issues.



#### Process of consulting activities to leaders in the agricultural industry



\*1 Investment via The Agribusiness Investment & Consultation Co., Ltd.

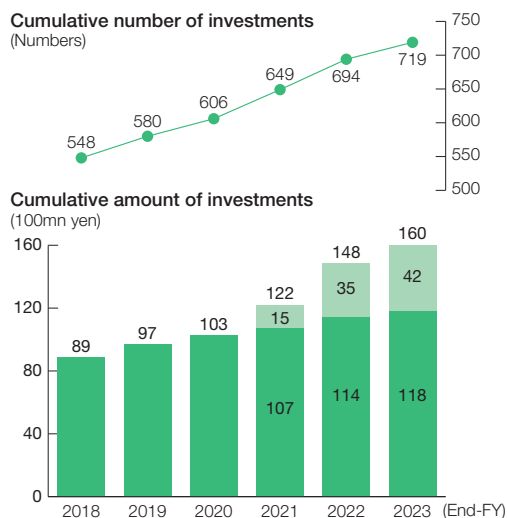
\*2 Federation of JA Group marketing/supplying businesses at the nationwide and prefectural level

## Initiatives to Build and Strengthen the Food and Agriculture Value Chain

### Supply of equity to AFF industries and food and agriculture-related companies

As a means of investing in AFF industries producers and food and agriculture-related companies, we broadly supply growth funds through Group company Agri-invest. As of late, we have invested in agricultural corporations and companies in various stages of growth, including a business that produces organic sweet potatoes over an area of 50ha, which are then processed into dried potato and sold in Japan and overseas and a business that upcycles unused resources using proprietary drying technology to powderize non-standard agricultural products and materials. We have invested a total of around 16 billion yen across 719 deals (as of end-March 2024) to achieve one of Japan’s biggest investment track records.

\* In the above chart, the differently shaded portions for fiscal 2021-23 represent investments in food and agriculture-related companies (the remainder is to AFF industries corporations, including agricultural corporations). Totals for investments may not match due to rounding. The number and amount of investments in food and agriculture-related companies includes funds transferred from the Banks’ F&A(Food and Agri) Growth Industrialization Investment Framework.



## Initiatives to Raise Incomes for AFF Industries Producers

### Export support for domestic agriculture, fisheries and forestry products

The Bank supports export growth of agricultural, fisheries and forestry products in part by leveraging our network and bringing together producers who are wanting to export with domestic trading companies and overseas companies.

In fact, the Bank’s Sendai and Aomori branches have provided export support for the local delicacy of brown rice soup with scallops and vegetables, achieving its first export to Singapore.

To provide this export support we also teamed up with our Singapore branch, and after starting with a sample export, we not only introduced the marketability of the product to local buyers but also the story behind the making of it. As a result, the product received a great reception from local buyers, leading to its first export.



Export achieved for brown rice soup with scallops and vegetables

## Creating and Selling Forest-derived Credits

### Established a platform in collaboration with JForest

With efforts to achieve carbon neutrality accelerating across the globe, interest in forest-derived carbon credits has increased. In fiscal 2022 in collaboration with JForest Zenmoriren, the Bank launched FC BASE-C, a platform that supports the creation of forest-derived credits. With the aim of supporting the Japan Forest Owners’ Cooperative (JForest), which is engaged in the creation of forest-derived credits, the Bank provides an expansive line-up of support, spanning from explanations of the J-Credit Scheme and simple calculations of CO2 absorption through to applications for holding briefing sessions and consultations on formulating project plans and the like.

In fiscal 2023, the Bank launched FC BASE-M, a platform that supports the sale of forest-derived credits developed by JForest and local governments. Combined with FC BASE-C, the Bank has put in place an integrated framework to support the creation and sales of forest-derived credits from the JForest Group. The first transaction was completed in March 2024. J-Credit proceeds can be used by JForest and others to establish forests in the future, and the system is expected to encourage sustainable forest management. Going forward, the Bank plans to contribute to achieving a decarbonized society by focusing on expanding forest-derived credits together with JForest Group and supporting sustainable forest management.



Forest from which credit was created and traded through FC BASE-M

## Case study Consulting Services Aimed at Improving Incomes for Farmers, Fishermen and Foresters



Utsunomiya Branch, Food and Agriculture Business Team  
(Currently ZEN-NOH Partnership Business Division)

**HIDAKA Yue**

### Visualizing the gap between stakeholders' visions and their current situations

JA Bank's consulting initiative involves understanding the background of each individual farmer, then proposing solutions that leverage the expertise of our network organizations from finance to the farming and marketing/supplying businesses. This is a notable feature of our consulting services, and I think it helps to differentiate us from other financial institutions' consulting services.

In Tochigi Prefecture, where I had been positioned, this initiative was undertaken by the Bank as well as the prefectural JA. The local farmers told us that through consulting they were able to look at their own management practices from a third person perspective, prompting them to start thinking about medium- and long-term management. I saw not only significant benefits in terms of improving management but also improving JA consulting capabilities.

In my view, the clues to solving issues and keys to growth lie with the farmers themselves. As a result, I think my team's role in this initiative has always been to visualize the gap between stakeholders' visions and their current situations.

Strawberry farmers whom I looked after in Tochigi

Prefecture had said they eyed becoming a corporate entity with the vision of improving their current profitability. First of all, using the financial analytical abilities of JA Bank and analyzing the current profitability of individual strawberry varieties, we pinpointed the strong profitability of Tochi-Aika strawberries. Next, we received advice from JA's Farming and Marketing/Supplying Business Division. While considering the necessary labor and equipment, we visualized the profitability at the point in time when increasing Tochi-Aika strawberries.

As a result, the farmers who had engaged in the consulting told me that the need for converting plots, which had been a vague thought, had become clear through visualization using hard numbers. Since the introduction of consulting services, the percentage of Tochi-Aika strawberries has increased substantially.

Such careful dialogue and co-creation are a strength of our consulting, and I'd like to continue contributing, even if slightly, to realizing the visions painted by our working population.

## Case study Building a Self-funded Marine Resource Conservation Model



Okayama Branch,  
JF Marine Bank Team  
Manager

**MATSUMOTO Ryuya**

### Public-private sector joining together to preserve marine resources and solve regional issues

We are advancing the Tottori Blue Carbon Project, which is being led by the Tottori Prefecture Fishery Cooperative (JF Tottori Prefecture), Tottori Prefecture, and the Bank, to address nationwide issues such as the decline in greenhouse gas (GHG) sinks and biodiversity in the wake of the loss of seaweed beds (along the coast where seaweed varieties had thrived) caused by the propagation of purple sea urchins. The project is trialing sea urchin propagation using grants from the Nippon Foundation's *Umi to Nihon Project*. This is promoting the development of sea urchin propagation technology utilizing local vegetable residue in Tottori Prefecture as well as the holding of sea urchin-themed events, and the

development of new menu offerings featuring sea urchins with people from local communities. As a result, more people are learning about marine issues and efforts are continuously implemented for assuring the future of a bountiful sea.

As the Nippon Foundation's Umi to Nihon Project ends after three years, we are aiming to establish a self-funded initiative that does not rely on grants from the fourth year. Because the loss of seaweed beds is a nationwide issue, we intend to build a self-sustained model and promote it throughout Japan in the future.

## Case study Mediating Our First Carbon Credit Transaction and Future Expansion



Fukuoka Branch,  
Corporate Business 5th Team

**SHIROISHI Kota**

### Working Toward Carbon Neutrality with JForest Group

The Yamakuni River Basin Forest Association of Oita Prefecture worked to receive J-Credits for the appropriate management of forests under its control, becoming the first JForest Group in Kyushu to obtain forest-derived credits (112t). In the future, the Association plans to work with the Bank for credit certification. Proceeds from the sale of credits are likely to be used for forest conservation activities, such as forest preservation activities such as thinning in forests under its jurisdiction and reforestation, as well as the restoration of forest roads.

The Fukuoka Branch provided comprehensive support for the application, supporting the creation of application documents for the credit certification from the Association and handling responses to verifications

by the review body. The main issues when it comes to creating forest-derived credits are the lack of system understanding and the complexity of application procedures. At the Fukuoka Branch, the Bank has accumulated expertise in credit creation applications through interviews with the J-Credit Office and other leading players. It has also held study meetings and scheme briefings to help those considering JForest Group credit creation.

Going forward, the Bank will continue to provide credit creation support from the Fukuoka Branch, while building a sustainable creation system together with JForest Group, contributing to forest conservation in Kyushu Area.