



# Pursuing stable profit as the ultimate manager of funds for JA Bank and JF Marine Bank

Director and Managing Executive Officer  
Member of the Board of Directors  
Co-Chief Investment Officer  
Head of Global Banking

**IMAI Masato**

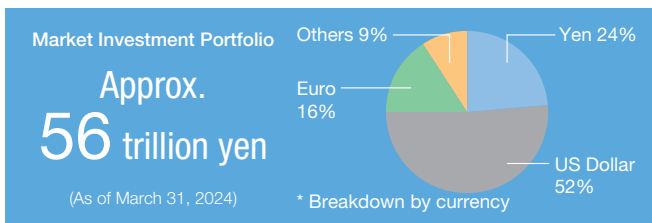
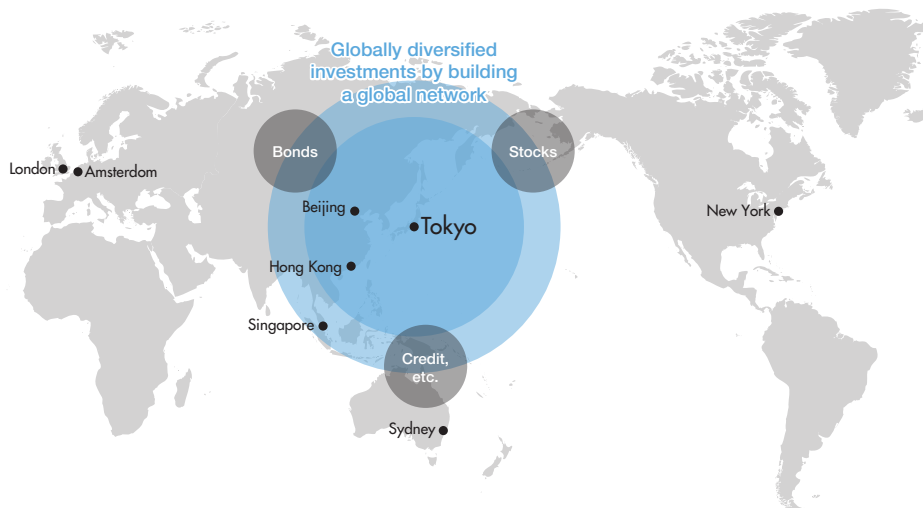
## Business overview

Ensuring stable profit over the medium to long term through globally diversified investments based on advanced risk management

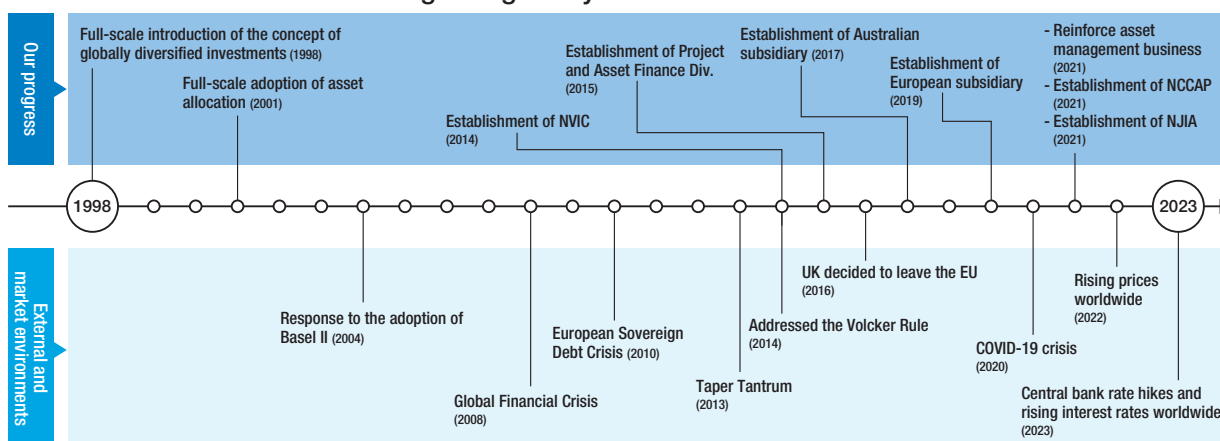
The Bank plays the role as ultimate manager of funds entrusted with JA Bank and JF Marine Bank. To fulfill this role, the Investment Business effectively manages funds by taking advantage of economies of scale to meet its ultimate goal of ensuring stable profit over the medium to long term and continuing to return investment profits to our members.

In striving to achieve this goal, the Investment Business was one of the first to pursue “globally diversified investments” in global financial markets when Japan entered an era of low interest rates some 25 years ago. We are building a global network using overseas sites, including local subsidiaries. We control the risk of our overall portfolio (investment assets) through careful scrutiny of ample data and by diversifying our investments in markets and assets with different risk-return characteristics rather than concentrating investments in limited markets and asset classes. To pursue the utmost stability of profits for the medium and long term, we constantly review our investment methods and risk management and will continue to take on the challenge of upgrading our globally diversified investments.

In our Investment Business, we are also engaged in sustainable finance. For example, by actively investing in bonds focusing on the important theme of risk management for natural disasters, we support the development of a sustainable environment, society and AFF industries from an investment perspective.



## Changes in globally diversified investments







### Further bolstering asset management business

#### Making group-wide efforts to diversify revenue sources

Under the policy of reinforcing our asset management business, we transferred our credit and alternative investment functions to group company Norinchukin Zenkyoren Asset Management (NZAM) in fiscal 2021. In the same year, we established Norinchukin Capital (NCCAP), for private equity investment, and Nochu-JAML Investment Advisors (NJIA), for managing a domestic real estate private REIT. In addition to these new companies, our asset management business centers on five group companies, including The Norinchukin Trust & Banking and Norinchukin Value Investments (NVIC). We will continue to use our management experience to meet the diversified needs of customers.

With the aim of achieving more integrated functioning of the Bank itself and group companies, the Bank newly established a dedicated team within its Credit and Alternative Investments Division—on the frontline of the investment business—to support the asset management business. We continue to aim to further strengthen the asset management business on a group-wide basis. Through the diversification of revenue sources by acquiring management fees less vulnerable to economic fluctuations, we will increase and stabilize Investment Business revenue, ultimately fulfilling and demonstrating the Bank’s Purpose.

### Asset Management Group Companies of the Bank ~ Providing customers with an extensive product lineup ~

Group companies	Products	Overview
<b>Norinchukin Zenkyoren Asset Management</b> 	Government bonds, listed stocks, credit, alternatives	<ul style="list-style-type: none"> <li>NZAM offers a wide variety of investment products. In August 2022, it launched its credit flagship fund, enabling it to offer a full lineup of products according to economic cycles. It is also embarking on expanding initiatives in the ESG field, including structuring credit products related to ESG investment.</li> <li>NZAM also holds seminars for JA users and workshops for JA employees to support JA Bank asset formation and asset management initiatives.</li> </ul>
<b>Norinchukin Trust &amp; Banking</b> 	Fund management, trust products, etc.	<ul style="list-style-type: none"> <li>The Norinchukin Trust &amp; Banking provides a variety of asset management and funding solutions such as loan securitization, syndicated loans, and real estate business matching, including offering alternative products through fund trusts (designated non-monetary trusts). In addition, the company provides will trust services to individual customers through JA and JA Shinnoren.</li> </ul>
<b>Norinchukin Value Investments (NVIC)</b>  <small>Norinchukin Value Investments Co., Ltd.</small>	Listed stocks	<ul style="list-style-type: none"> <li>NVIC is an investment business targeting long-term returns under the concept of long-term concentrated investments in carefully selected stocks. In addition to institutional investors, it also offers the Ohbune series of mutual funds for individual investors. NVIC is also focusing on developing potential investors, including holding seminars for students.</li> </ul>
<b>NCCAP</b>  <b>NORINCHUKIN CAPITAL</b>	Private equity, corporate venture capital	<ul style="list-style-type: none"> <li>NCCAP manages private equity funds and invests in companies in various stages of growth from start-ups to mature companies.</li> <li>In fiscal 2023, NCCAP was involved in two new buyout investments, launched a new innovation investment fund, and strategically invested in a variety of domestic and overseas companies with a focus on startups.</li> </ul>
<b>Nochu-JAML Investment Advisors</b> 	Domestic private REIT	<ul style="list-style-type: none"> <li>NJIA began managing a private REIT (Nochu JAML REIT Investment Corporation) in fiscal 2022. While investing in a wide range of domestic real estate, including office buildings, retail facilities, residential properties, and logistics facilities, it is meeting the needs of investors seeking stable real estate income. It also responding to the corporate real estate (CRE) strategy needs of Norinchukin Group customers.</li> </ul>

## Investment Business in Our Medium-Term Vision

### The business environment in 2030 (Investment Business)

- Changes are underway in the investment environment, with the demise of the Great Moderation (low inflation, low interest rates, and low volatility), a resurgence of rising interest rates across the globe, and policy adjustments taking place at a greater frequency. On the other hand, there have been no major changes in the economic cycle to a certain degree or strict financial regulation faced by the Bank.
- We aim to improve and diversify earnings sources while bearing in mind what changes and what stays the same over the long term.

### Concept for Achieving Our Vision for 2030

As we look back on our financial management to date, we will further develop globally diversified investments, including a review of the investment and lending portfolio, while taking into account expected changes in the environment.

As we work to improve the earnings of our lending and asset management businesses, we will strive to build and maintain a sustainable financial and earnings base as well as meet member expectations for stable earnings and functional returns.

## Main Initiatives

### Initiatives by Norinchukin Zenkyoren Asset Management (NZAM)

#### Support for asset building and expansion of the asset management business backed by JA

NZAM’s strength is its ability to access a full lineup of assets, including credit and alternative investments. Backed by this strength, it aims to provide a wide range of products to nationwide institutional investors, including JA Shinnoren, develop specialists, and further expand solutions functions for portfolio and risk management.

For individuals, meanwhile, NZAM offers a large number of investment trust products through JA etc. The company supports the management of individuals’ assets by holding training and seminars for JA employees responsible for investment trust sales and for cooperative members and users who actually buy such products, leveraging its know-how and expertise as an asset management company.



Seminar image

### Initiatives to enhance real estate ESG integration

#### Advances in ESG integration and effective use of cooperative assets

Across the entire organization, the Bank aims to contribute to a sustainable society and has set a target of 10 trillion yen in new sustainable finance by fiscal 2030. We are pursuing ESG integration\*1 in the real estate investment and financing field, where sustainable financing should be accelerated, and in September 2021, became a GRESB\*2 investor member. We are strengthening ESG integration through GRESB Assessments and green building certifications as well as investing in real estate funds that proactively engage in ESG initiatives.

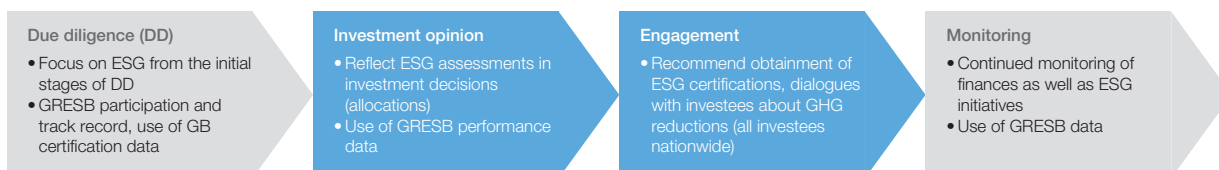
To further improve ESG integration, we hold dialogues (engagement) with all domestic real estate asset managers and reflect ESG assessments in our investment decisions (whether to invest, investment amount and share). In this way, we are promoting bolstered ESG initiatives in the real estate field from the standpoint of an investor.

Based on these initiatives and our policy, we support the acquisition of ESG certifications for older buildings likely to achieve enhanced value, especially assets held by the cooperative organization. Specifically, JA Mitsui Leasing and NJIA (Nochu-JAML Investment Advisors) have teamed up for work on the JA Kyosai Saitama Building.



JA Kyosai Saitama Bldg

### Overview of ESG integration



**Due diligence (DD)**

- Focus on ESG from the initial stages of DD
- GRESB participation and track record, use of GB certification data

**Investment opinion**

- Reflect ESG assessments in investment decisions (allocations)
- Use of GRESB performance data

**Engagement**

- Recommend obtainment of ESG certifications, dialogues with investees about GHG reductions (all investees nationwide)

**Monitoring**

- Continued monitoring of finances as well as ESG initiatives
- Use of GRESB data

\*1 When making investment decisions, we make a comprehensive decision based on the financial data of investees as well as ESG-related initiatives.

\*2 GRESB (Global Real Estate Sustainability Benchmark) is an organization that operates and provides benchmark assessments measuring environmental, social, and governance (ESG) initiatives for real assets. The GRESB Real Estate Assessment is the benchmark for listed and private real estate funds and listed real estate companies that invest directly in real estate and has become the global reporting standard.

## Case study NZAM asset building support through training and seminars



Norinchukin Zenkyoren  
Asset Management  
Sales Division  
Senior Manager

**FUKASAWA Yuriko**

### NZAM leveraging its expertise to support JA initiatives

Individual investors' interest in asset management has increased with the launch of the new NISA. In response, JA is stepping up efforts to enhance financial service functions, including over-the-counter sales of investment trusts.

In addition to providing products for JA's over-the-counter investment trust sales, NZAM is also focusing on initiatives linked to JA Bank's life-plan support by leveraging its expertise as an asset management company.

Initiatives that have rapidly expanded in recent years in particular include asset management and mutual funds training for JA employees and customer seminars held by JA. In fiscal 2023, NZAM talked at more than 230 training sessions and at more than 100 seminars.

To provide proper support for customer asset management, we are focused on more careful explanations immediately prior to customer purchase of products, including funds allocation and risk tolerance, in our training and seminars. Additionally, if the seller does not have an appreciation of the investment product, they cannot successfully sell the product. In our view, it is important for all JA employees to understand the value and appeal of the product.

JA plays a key role in the agricultural, lifestyle, and regional fields, and asset management is important when it comes to "lifestyles." Going forward, NZAM aims to continue asset management support for cooperative members and users by sharing its expertise through training, seminars and the like.

## Case study Advances in ESG integration and effective use of assets held by cooperative organizations



Real Estate Investment Division  
Manager

**ITOU Ryousuke**

### Striving to expand ESG initiatives also in real estate investment

Private REITs and funds are also making progress in obtaining ESG certifications, but from the perspective of real estate investors, profitability and ESG do not always go hand in hand.

The Bank has adopted an ESG approach for its real estate portfolio by incorporating expectations for the maintenance and improvement of asset value over the medium to long term through ESG initiatives, and reflecting this in investment value and investment share. With this approach, we are receiving feedback from external asset managers that they are incentivized to engage in ESG initiatives, and more new private REITs at the pre-launch stage have announced that they will join GRESB based on the Bank's policy.

As an extension of this, the Bank is working to reduce CO<sub>2</sub> emissions and maximize investment income by renovating older properties and ensuring their long life.

Specifically, NJIA and JA Mitsui Leasing Group have teamed up to acquire and commence renovations for JA Kyosai Saitama Building, which is owned by the National Mutual Insurance Federation of Agricultural Cooperatives. For assets held by the cooperative organization, like this building, long-term continuous management by enhancing the value of older buildings and other properties with connections to the community will be an area of focus in the future also from an ESG perspective.

Additionally, ESG initiatives to date have tended to focus on the environment side in particular, but going forward we intend to focus on real estate with deep connections to local communities as well as take up the challenge of real estate investment with positive impacts.