

Providing a range of financial functions as a member of JA Bank and JF Marine Bank

JA Bank not only provides agricultural loans to support farmers but also offers various financial products and services tailored to the life events of its members and users. In addition to its range of financial services, including savings, settlements, and loans, it also provides investment and testamentary trust services.

JF Marine Bank aims to maintain strong trust and to continue providing essential banking services as the financial institution most accessible to fishery communities. In addition to leveraging its expertise as a financial institution specializing in the fishing industry to provide suitable funding solutions, JF Marine Bank addresses various challenges faced by fishery-related operations, thereby supporting both the fishing industry and local communities.

As a member of JA Bank and JF Marine Bank, the Bank is responsible for formulating overall strategy, and planning products and services. It also works with JA, JF, JA Shinnoren, and JF Shingyoren to consider and implement ways to promote our products and services to our members and users.



KAWATA Junji

Director and Senior Managing Executive Officer
(in charge of Retail Banking Business)
Member of the Board of Directors
Head of JA and JF Business Support

Approach to Achieving Medium-Term Vision

Business Environment Outlook for 2030 (Retail Business)

- As the business foundations of JA and JF change due to such factors as population decline and societal aging, the need for further management efficiency and business reform is gaining urgency.
- Japanese population shift from rural to urban areas is accelerating. The social value and expectations placed on JA and JF as the backbone of local economies and infrastructure, through the operation of comprehensive businesses, are increasing as growing interest in AFF industries lead to companies from other industries entering into the sector.
- With the rapid advancement of digital services, for people across all generations online and low cost simple financial transactions tends to become the norm. However, strong demand remains for face-to-face, specialized advisory and consultation services from community-based, trustworthy financial institutions, especially in asset management. Providing such services could become a key competitive advantage for financial institutions who can provide them.

Approach to achieving our Vision for 2030

We are focusing intently on the use of digital data for sales support and other functions and, thereby, streamline our credit business and provide advanced services to users. In order to maintain the foundation of our business, we must provide value in ways that remains attractive to users and to approach a wide range of users via digital channels.

We are improving the user interface (UI) and user experience (UX) of non-face-to-face channels via such means as collaboration with JA group's businesses such as Farm Guidance, Marketing/Supplying Division and Mutual Insurance Division. We will further strengthen our current initiatives to improve the management of JA and JF and enhance our ability to propose compelling solutions to users.

Initiatives for fiscal 2024

JA Bank Medium-Term Strategies (Fiscal 2025–2027)

In order to realize the vision of JA Bank, we have formulated the JA Bank Medium-Term Strategies (Fiscal 2025–2027), which defines a strategy for "Strengthening Connections" and "Enhancing Management Policy Comprehensively Across All Businesses." This is designed to enable us to provide services and experiences from the perspective of our members and users and build user touchpoints that integrate the physical and digital domains.

We supported JAs nationwide in their effort to appropriately leverage their financial intermediary functions to meet with local circumstances. This included the development and enhancement of agricultural financing and various loan systems, proposals for asset formation and management, and initiatives for regional revitalization.

Development and expansion of digital infrastructure

To meet growing demand for online transactions, in August 2024 we launched JA Bank App Plus, a new smartphone app featuring functions such as transfers, changes in address and phone number, and more. Used with the JA Bank App, where users can check savings balances, mutual fund balances, and transaction details, the new app enhances the user convenience of managing account information and performing various procedures via smartphone.

JF Marine Bank Medium-Term Strategies (Fiscal 2024–2026)

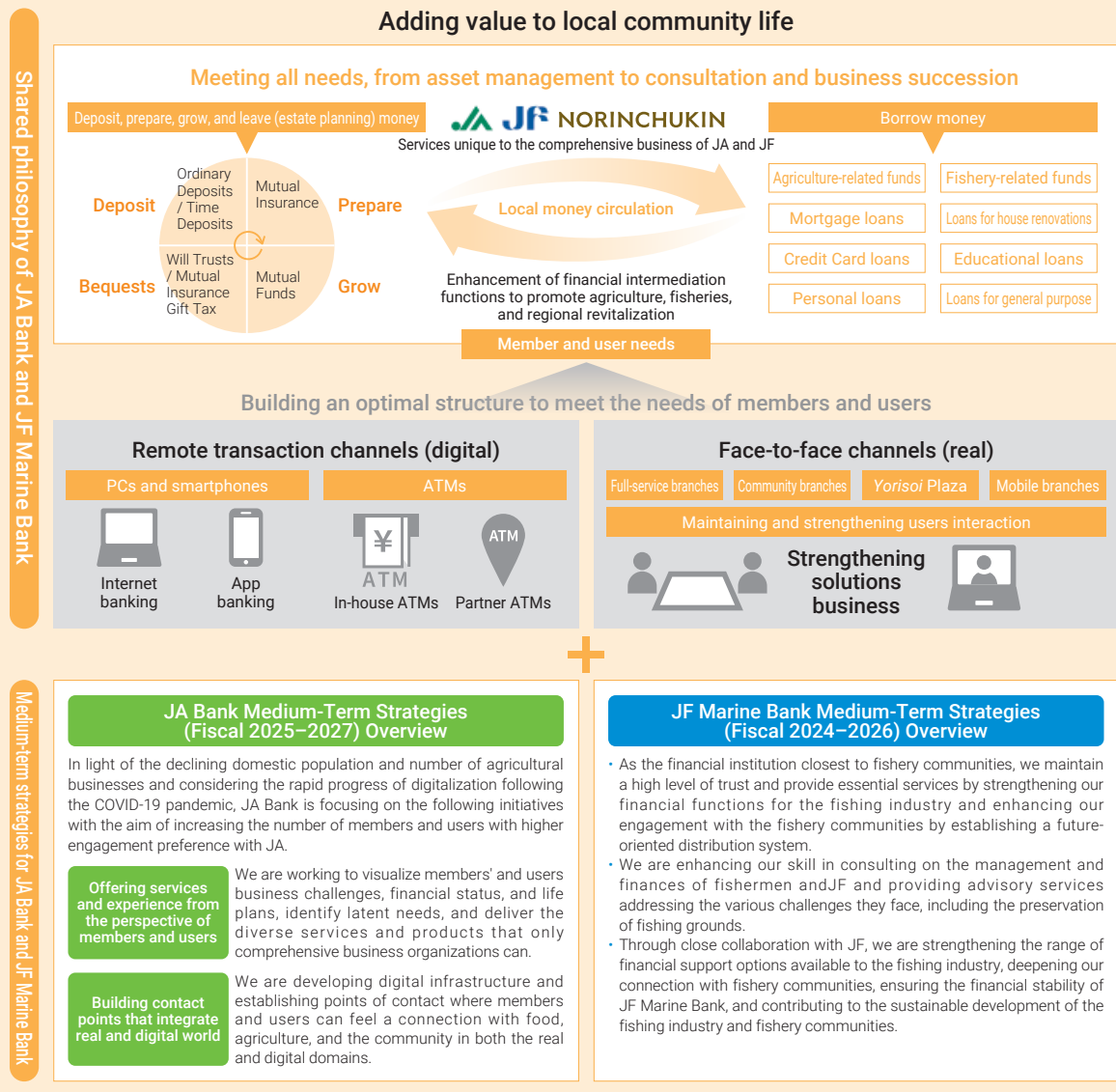
In its medium-term strategy for the three years from fiscal 2024 to fiscal 2026, JF Marine Bank, as the JF group's financial institution and the main bank for fishery communities, plays an ongoing role in strengthening the group's ability to consult on fishery management and provide advisory services in various subject areas, including the conservation of fishing grounds.

We have supported efforts to resolve business challenges, including those related to the management and finance of fishermen and JF, by sharing solutions to various problems at the JF Marine Bank Fisheries Liaison Conference (held regularly and attended by fisheries operators and private companies), and by strengthening cooperation within the entire JF Group.

What is the comprehensive strategy of JA Bank and JF Marine Bank?

JA and JF cooperatives throughout Japan are independent financial institutions that respond to the diverse financial needs of their local communities, members, and users. In order to provide the necessary retail services more efficiently and effectively, JA Shinnoren and JF Shingyoren collaborate at the prefectural level and work with the Bank at the national level to run integrated business operations as JA Bank and JF Marine Bank.

JA Bank and JF Marine Bank develop their integrated business operations by formulating a comprehensive strategy (nationwide strategy) every three years. Based on this plan, each prefecture formulates a prefectural strategy that would fit each regional characteristic.



Current Challenges and Direction of Responses

Current Challenges

- Changes in the business foundation of JA and JF due to the decline in the domestic population and number of producers in agricultural and fishery industries
- Diversifying issues and requirements among individual members and users
- Response to rapidly advancing digital services; streamlining and rationalization of operations

Direction of Responses

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|----------------|--|
| General | <ul style="list-style-type: none"> Continued support for the foundation and implementation of JA and JF management strategies as comprehensive business organizations, tailored to regional characteristics; building a sustainable management foundation (visualization and refinement of strategies through communication with JA and JF) |
| JA Bank | <ul style="list-style-type: none"> Develop support services that identify and explore potential needs of members and users by visualizing their management challenges, financial situations, and life events (e.g., promoting in-person transactions through Loan Enhancement Support programs) Work to build points of contact with members and users through optimal integration of digital and real, and develop digital infrastructure (e.g., promoting online transactions through improvements to app functionality) |
| JF Marine Bank | <ul style="list-style-type: none"> Strengthen consulting activities with from external experts' support to help address the challenges and needs of fishermen (e.g., sales channel expansion, business succession, etc.) |

Examples of Initiatives for Fiscal 2024

Retail Business (1) Loan Capability Enhancement Support Program

Strengthening JA's lending operations and sales activities through the Loan Enhancement Support Program

JA Bank has promoted a Loan Enhancement Support Program since fiscal 2018 to strengthen JA's lending operations (agricultural loans, mortgages, etc.). The Norinchukin Bank's head offices, JA Shinnoren (or the branch of The Norinchukin Bank), and other entities are collaborating to support JAs in implementing this program. The support is mainly divided into two areas: (i) Strengthening lending infrastructure (implementation period is approx. 6 months) and (ii) Enhancing sales capabilities (implementation period is approx. 9 months).

In the Strengthening lending infrastructure, we conduct marketing analysis in the regions covered by the participating JA, and interview not only JA executives and Banking Division employees, but also staff from the Credit Analysis Division, Farm Guidance and Marketing/Supplying Division, to understand the JA's perspective and issues related to lending operations. Based on these findings, we review and consider ways to streamline existing lending workflows and then hold multiple workshops to propose an optimal lending operation structure tailored for the participating JA.

In the Enhancing sales capabilities, based on the structure established through the Strengthening lending infrastructure, we will work to develop sales strategies that promote future lending and enhance our users knowledge base through study sessions. When JA representatives visit potential borrowers and housing-related companies, we provide sales support by, for example, sending staff from The Norinchukin Bank or JA Shinnoren to accompany them. In addition, management of initiatives using plan-do-check-act (PDCA) methodologies and the sharing of information within JA are essential for achieving results. We support the creation and operation of a framework for reviewing results and sharing information within JA and build systems that enable JA to continue their initiatives even after the program completed.

By the end of fiscal 2024, we had introduced this program to a total of 84 JA. The JA that have participated in the program have shown growth in both loan balances and new lending amount that exceeds the national average in JA Bank, demonstrating the effectiveness of the program. In addition to strengthening the profitability of these JAs themselves, the program supports loan activity, an essential function for JA as financial intermediaries. Through various initiatives, including this program, we focus on providing services from the perspective of our members and users.



The meeting with JA where the program was introduced

Retail Business (2) Regional revitalization

Support for JA's efforts to serve as disaster response shelters

The Norinchukin Bank has implemented its ongoing "Furusato Kyoso Business (Hometown Co-creation Business)" in support of regional revitalization initiatives launched by JA in collaboration with local stakeholders. Through this business, we aim to leverage JA Bank's unique financial intermediary function by implementing revitalization measures tailored to the specific issues and circumstances of each region. The Norinchukin Bank supports JA's planning and implementation as a nationwide organization, and each JA throughout Japan has been actively engaged in initiatives such as smartphone classes, financial education, and children's cafeterias.

As part of these efforts, JA Bank is strengthening its initiative to promote JA serving as disaster response shelters. With the increasing severity and frequency of natural disasters such as earthquakes, floodings, and heavy rains, we believe JA Bank plays an important role in contributing to the safety of local residents not only by ensuring continuance of its own operations during disasters but also by leveraging JA's regional infrastructure.

To serve as a disaster response shelter, each JA is implementing various initiatives. One such initiative is in Gunma Prefecture, where JA Oura Tatebayashi has signed agreements with the localities of Tatebayashi and Itakura to use the second floor of its branch office as an evacuation site in the event of flooding. Additionally, the branch maintains a stockpile of essential supplies and fuel on its premises in preparation for disasters. The JA provides disaster response training to its staff, holds disaster response cooking classes for local residents, and disseminates information about its disaster-related initiatives through JA newsletters and other channels to raise disaster awareness in the community.

To expand these JA initiatives for serving as disaster response shelters nationwide within JA Bank, we have conducted interviews with JA organizations such as JA Oura Tatebayashi. Based on the knowledge gained from these interviews, in fiscal 2024 the Bank formulated a response manual and a collection of case studies that summarize the concept of disaster response shelters, the necessary steps, and specific measures to be taken, so that all JA organizations nationwide can work to establish disaster response shelters.



The staff members of JA Oura Tatebayashi checking the inventory of stockpiled supplies

VOICE Loan Enhancement Support Program

▶ Providing value by fulfilling various financial needs can shape the future of the region



ENDO Tappei

JA Bank System Retail Innovation,
Consulting and Practice Div.
Senior Manager

The Loan Enhancement Support Program is designed to assist JA in establishing a proper foundation for lending and enhancing sales capabilities, aimed at strengthening JA's loan business, including agricultural loans, mortgages, and other JA Bank loans.

In enhancing sales capabilities, rather than implementing a uniform approach nationwide, we engage in discussions with JA executives and staff to develop a customized approach tailored to each JA's management policies, challenges, and regional characteristics. One of the key features of this program is that, since the established approach fits well with each JA, each JA can continue their initiatives by themselves even after the program has been completed.

As a community-based financial institution, JA is required to run its business operations with a focus on long-term stability. We believe it would be extremely important to ensure each JA's stable business operation by maintaining and expanding its profitability base and business foundation through enhanced lending activities, since this will enrich the lives of such JA's members and users.

The Bank is committed to enhancing

agricultural loans, mortgage loans, and car loans. Through providing such financial products, we are supporting farmers who play key roles in regional agriculture and those who wish to establish a new living foundation in communities. This is meaningful for the sustainability of agriculture and regional revitalization. As we proudly map the future of the agricultural regions, we commit ourselves with JA to the Loan Enhancement Support Program and the value it provides that fulfills the comprehensive financial requirements of our members and users.

By continuing to strengthen JA's lending activities, we will contribute to JA's long-term stability and to regional revitalization. Additionally, online transactions are expanding in products such as mortgage loans and car loans. The importance of face-to-face transactions, which are a strength of JA, remains unchanged, however, to continue as a local financial institution with close community ties, we are enhancing remote transaction services across the entire JA Bank network to make our financial services more convenient and accessible to a wider range of users.

VOICE Regional revitalization

▶ Sharing expertise based on hearings to contribute to JA's disaster preparedness hub initiative



SASAZAKI Hiroshi (Senior Manager) and **SHIMADA Masataka**

JA Bank System Management Div.

In Japan, a country prone to natural disasters, people face an intensification and increased frequency of such adverse events due to climate change and other factors, making preparedness to such events an urgent social issue. Additionally, disaster preparedness is crucial for regional resilience and directly impacts the maintenance and development of JA's business foundation in local communities. JA is expected to serve as a regional disaster response shelter, leveraging its strengths to fulfill a wide range of responsibilities in the event of a disaster, including storing and distributing essential supplies and recovery materials, offering its offices as temporary shelters, and providing electricity and energy. However, fulfilling each aforementioned disaster-relief functions needs to fulfil specific conditions and pass multiple processes.

Until a while ago, examples and information about the initiatives about disaster response shelter had been shared in a limited extent, and knowledge and know-hows of the initiatives were not necessary systematically organized and shared. In order to support JA in assessing the current status of their initiatives and advancing to the next steps, we have created and distributed a JA initiative promotion guidebook that focuses on the process for being a disaster response shelter.

JA Bank conducts a nationwide stakeholder satisfaction survey every fiscal year and has found that JA's initiatives to serve as disaster response shelters in local communities are highly expected by all generations, from teenagers to those in their 70s. As a financial institution deeply rooted in local communities, we believe JA's initiative to function as disaster response centers, along with effective communication about these initiatives, will enhance its presence within local communities and attract new supporters. Furthermore, we interviewed JA personnel who have experienced disasters such as earthquakes, typhoons, and heavy rains. Their firsthand experience about disaster responses gave us a better understanding of practical measures that can be implemented.

We live in an era where disasters can strike anytime and anywhere, and it is expected that the intensity and frequency of disasters will continue to increase. While we cannot prevent disasters from occurring, we can prepare for them. Therefore, we will continue to support JA's efforts to function as disaster response shelters within their communities and to utilize their own resources to ensure residents can feel secure.