

## Digital Transformation (DX)

### Business value creation through DX

Through DX, we are building a foundation adaptable to the future business environment and conducive to sustainable growth. DX is not an end in itself but serves as a driving factor to promote business transformation through the use of IT, digital technology, and data. We are further integrating the business with IT and digital functions while also addressing organizational restructuring and HR development as a foundation for this effort. We will continue to create new business value and pursue challenges as we move forward into the future.



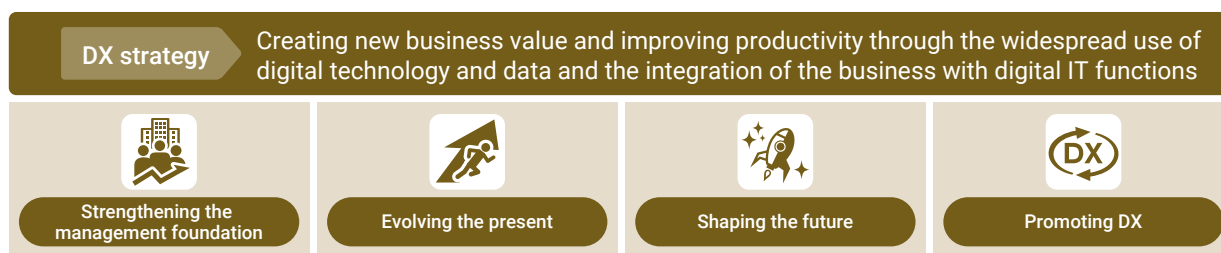
**HAMBA Yuji**  
Director and Managing Executive Officer  
Member of the Board of Directors  
Chief Information & Digital Officer (CI&DO)

## DX strategy and initiatives

In accordance with our Medium-Term Vision, we have established a DX strategy focused on creating new business value and improving productivity through the widespread use of IT and data and integration of the business with digital IT functions.

We are undertaking strategic DX-related investments leading up to fiscal 2030, guided by four themes: (1) strengthening the management foundation, (2) evolving the present, (3) shaping the future, and (4) promoting DX.

### DX Strategy



#### Strengthening the management foundation

We are developing a platform to collect and analyze various internal and external data as a basis for management decision-making. The accumulated data is processed and analyzed, and then utilized in the design and operation of business intelligence (BI) systems to facilitate collaboration with business divisions and enable management to make informed choices.

In fiscal 2024, we launched a dashboard for visualizing the progress of annual Initiatives set forth in our Medium-Term Vision 2030. We are building a foundation for a data-driven business, including reports that clearly present risk and financial information. In addition, we are promoting the use of data in new ways, including management via an AI-driven core data analysis and modeling system.

#### Evolving the present

To improve convenience for our borrowing company, we are collaborating with the headquarter of the Food & Agri Banking Business to introduce a borrower portal site and electronic contract systems. Additionally, by systematizing the entire loan process—from loan application acceptance to fund disbursement—, we are improving operational efficiency and reducing operational risk such as clerical errors.

In addition, in fiscal 2024, we introduced a new SaaS<sup>1</sup> platform to replace the system used by employees to make individual reservations and pay for accommodation and transportation expenses when traveling on business. Under the new system, reservations are made on the corporate website, and payments are made directly by the Bank. This will reduce the administrative burden on employees when settling expenses and reduce the risk of fraud.

#### Shaping the future

In accordance with the theme “Anywhere, Any Device,” the Bank is endeavoring to create an environment where its employees can stably and comfortably perform their work without constraint. To this end, we are, among other things, renewing our groupware system, distributing and updating IT equipments for employees. Additionally, in collaboration with the business division, we have launched a project to overhaul approval workflows using external services such as ServiceNow and Box and are optimizing employee performance through the consolidation of documents and other data.

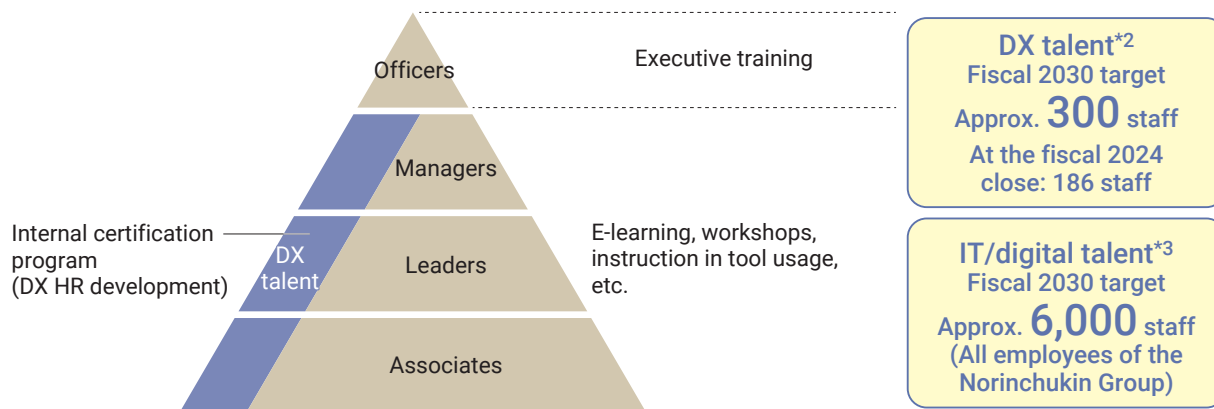
Furthermore, to improve operational efficiency and provide assistive support, we introduced generative AI for internal use in 2023 (Seed AI) and for specialized search of internal procedures in 2024. We are also considering a user interface that will promote usage through user verification, with the aim of further applying generative AI to specialized tasks across the business and rebuilding internal FAQs.

### Promoting DX

To promote digital transformation throughout the Bank, since 2022 we have been enhancing all employees' IT literacy through HR development programs focused on IT and digitalization, as well as cultivating specialists who will play central roles in promoting DX. We also provide some of the training content to group companies.

In support of IT/digital HR development, we offer various training programs –including design thinking and cybersecurity workshops– aimed at equipping all employees with the mindset and basic knowledge necessary to promote digital transformation.

To develop DX expertise among our staff, we have established an internal certification program to recruit candidates and train "translators" who will bridge the business and IT/digitalization functions. We are also training data scientists to be in charge of advancing the Bank's operations through the use of data. At the end of fiscal 2024, a total of 186 employees had been certified as DX-trained staff.



\*1 SaaS: Software as a Service: A software accessed and used via the Internet.  
 \*2 DX talent: A person who has advanced knowledge and skills in IT/digital technologies and data and can promote DX using them.  
 \*3 IT/digital talent: A person who has knowledge and skills in IT/digital technologies and data and can utilize them for the operations.

## Current Challenges and Direction of Responses

<b>Current Challenges</b>	<ul style="list-style-type: none"> <li>In order to promote strategic DX initiatives not only within the IT division but across the entire company, it is necessary to go beyond current initiatives by reviewing organizational procedures and rules, and collaboratively examining and implementing business process transformation with the various business divisions.</li> </ul>
<b>Direction of Responses</b>	<ul style="list-style-type: none"> <li>To address the challenges described above, we will first work to develop DX specialists in both the business and IT divisions. Subsequently, we will form joint teams to strengthen collaboration and begin identifying specific issues.</li> <li>In addition, we will leverage this teamwork to continue with DX initiatives along specific thematic lines and to promote the creation of new businesses and advance existing operations across the Bank.</li> </ul>

### DX-related initiatives

#### (1) Provision of expertise to external parties

We recognized the knowledge gained from workflow reform projects based on ServiceNow and Box and the aggregation of data of assets as a business opportunity. In collaboration with our group company, Nochu Information System Co., Ltd., we launched external sales business for the introduction of ServiceNow workflows and the Box licenses in the second half of fiscal 2024. In fiscal 2024, we received one order and introduced a workflow for managing companywide notifications and related tasks at the client company by way of ServiceNow.

#### (2) JA Group's AgVenture Lab

AgVenture Lab, a general incorporated association established in cooperation with affiliated organization of JA Group, promotes open innovation aimed at addressing social issues related to food, agriculture, and lifestyles. In concert with these efforts, since fiscal 2019 JA Accelerator has been recruiting start-up companies working to solve social issues and has to date selected 52 companies in six terms. The selected companies are working to create new value in collaboration with the JA Group, which subsidizes PoC\*4 costs and provides support staff. In addition, AgVenture Lab holds training sessions and workshops on topics such as agile development and generative AI to enhance the IT and digital expertise of JA Group executives and employees, thereby strengthening the development of core staff dedicated to driving DX.

\*4 Proof of Concept: Verification of the feasibility and profitability of a business or idea.



JA Accelerator Program: selected startups (6th Term)

	Term 1	Term 2	Term 3	Term 4	Term 5	Term 6
Number of applications	192	161	211	179	189	207
Number of selections	7	8	9	9	10	9

Number of applications and selections for JA Accelerator