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The Norinchukin Bank's Initiatives and advices from MAFF Expert Panel



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- *The Expert Panel on the investment and loan operations and asset management of the Norinchukin Bank* (hereafter “Expert Panel”), established by the Ministry of Agriculture, Forestry and Fisheries (hereafter “MAFF”), has examined the Bank’s investment and loan business in the agricultural and food industries and its asset management from September 2024 through January 2025.
- This slide deck introduces the Bank’s initiatives that also align with the advice in the report, as shown below.
- The Bank deeply appreciates the Expert Panel members’ in-depth and broad analyses and advice, which help the Bank progress toward a better long-term shape.

Better investment decision process

- The Bank recently established the Financial Strategy Committee (“FSC”), chaired by its CFO, with the aim of creating a clearer distinction between financial strategy and investment execution from a governance perspective. Although the existing governance structure already had a clear division of roles and responsibilities among the investment, financial planning, and risk management divisions, day-to-day investment decisions were often made simultaneously, which could not fully eliminate mutual interference.
- This division will enhance the independence and accountability of the financial planning and investment divisions regarding financial strategy and investment execution, with appropriate checks and balances provided by the risk management division. The FSC focuses on and proposes to the Board of Directors regarding the cross-business financial strategy and the reallocation of management resources (such as capital).
- Following this division, more timely management decisions will be ensured through appropriate decision-making by the Board of Directors and respective committees within their assigned roles and responsibilities.

Strengthen the Bank's management (more inclusion of external expertise)

- The Bank composes the Board of Directors based on its business profiles and performance. Regarding external directors, the Bank is not legally allowed to appoint them except for the Supervisory Committee. However, if the Norinchukin Bank Act is amended to allow the appointment of external directors to the Board of Directors, the Bank may consider doing so. In the meantime, the Bank is exploring the possibility of inviting an external expert advisor to the FSC.

Talent acquisition and training

- In parallel with the external talent acquisition effort, the Bank has started running its personnel system with two major pillars: “autonomy” and “expertise,” since fiscal 2024. Under this system, through on-the-job training and education programs, the Bank expands and strengthens the population of highly skilled employees in its business domains.

Investment Portfolio improvement

- The Bank aims to further diversify its revenue sources and business portfolio risks, such as credit risk assets (e.g. loans and credit investment products etc.) as well as the asset management business at its group companies, in addition to the profits from market assets such as bonds and equities.

Further contribution to Agriculture and Food industries

- Given its mission since establishment, the Bank takes a more active approach regarding financing (both loans and equity) in the AFF industries, in response to the structural changes in agriculture and food systems and the financing needs of stakeholders. Specifically:
 - For farmers, the Bank is committed to contributing to regional agricultural development by offering financing and consultancy services to the region's core AFF leaders based on forward-looking assessments.
 - For food and agribusiness value chain financing, in addition to the current initiatives, the Bank further enhances solution offering cycles along with improvements in financial and non-financial services.
- The Expert Panel also pointed out the need for improvement in the current agricultural policy financing tools. If the policy financing tools are revised by the MAFF, the Norinchukin Bank and JA Groups could anticipate more active use of these tools.