



Guide to Japan Finance Corporation

2024

Message from the Governor & CEO

We express our deepest sympathies to those affected by the 2024 Noto Peninsula Earthquake.

This year, Japan Finance Corporation (JFC) has set forth the mission: “As an expert in policy-based financing, creating futures together by providing support for reassurance and challenges.” Since JFC’s establishment 15 years ago, we have responded to the unprecedented challenge of supporting businesses in the COVID-19 pandemic, thereby further deepening our cooperation with private financial institutions. With the government placing a great deal of emphasis on supporting start-ups, the environment surrounding start-ups has also been changing drastically. Furthermore, with an increasing number of businesses striving to develop and expand into overseas markets, JFC’s support for overseas business development has also been progressing.

In light of recent changes, JFC reexamined itself and has stipulated its role and purpose as its “mission” to ensure that it continues to be an organization that can respond to future changes.

In accordance with this mission, JFC will continue to support businesses by encouraging each and every employee to act autonomously and take on the challenge of change, thereby steadily fulfilling its role as a policy-based financial institution.

Roles of Japan Finance Corporation

Japan Finance Corporation is a policy-based financial institution that carries out financing within a scope determined by applicable laws and budgets, which are based on government policy for SMEs and micro/small businesses, agriculture, forestry, and fishery policy, etc., with the aim to complement financing carried out by private financial institutions.

JFC’s primary role is to meet the capital needs, including small sums, of those starting new businesses, those dealing with natural disasters or a change in business environment, and to serve the capital procurement needs of Japan’s SMEs and micro/small businesses and those engaged in business in the fields of agriculture, forestry, or fisheries.

Exercise of Safety Net Functions

Despite the post-COVID-19-pandemic recovery trend in Japan, natural disasters such as the 2024 Noto Peninsula Earthquake, price hikes, and shortage of human resources have combined to create a difficult business environment for many businesses that support the Japanese economy and local communities.

JFC has continued to provide detailed financial support to businesses and has focused on business improvement and revitalization through measures such as promoting the use of the COVID-19 Hybrid Subordinated Loan Program. To this end, we have cooperated extensively with each region’s private financial institutions. The future outlook remains unclear, but we are stepping up collaboration with private financial institutions, Chambers of Commerce and Industry, Societies of Commerce and Industry, and others, working with all supporting organizations to prop up businesses in order to provide them with effective financial support, as well as to bolster and restructure their financial foundations.

Future Measures

With a strong awareness of its role as a policy-based financial institution, JFC will create frameworks that can respond to any crisis, including natural disasters such as earthquakes and typhoons, pandemics, and changes in the business environment due to economic circumstances, and consistently implement safety net functions in any situation.

Additionally, we will perform our risk-taking function and continue to focus our efforts on supporting business fields that need prioritized support, including business foundation, start-ups, new businesses, business revitalization, business succession, overseas expansion, sustainable growth of agriculture, forestry, and fisheries, and social business, thereby contributing to the growth and development of the local economy while supporting businesses that are willing to take on challenges.

(Support for business foundation, start-ups, and new businesses)

JFC has actively supported business foundation, start-ups, and new businesses through pioneering efforts in the area of start-up support. Some of these companies have later been listed on the stock exchange after doing business with JFC and have become leading forces in the Japanese economy. Start-ups are positively impacting society in terms of economic growth and job creation while also becoming the solution to new social issues. We will continue collaborating with private financial institutions, venture capitals, universities, etc. to provide financial support while organizing business matching and other events to support growth.



(Support for business succession)

In Japan, supporting business succession is becoming increasingly important against the backdrop of the aging of management personnel and other factors. To provide support for business succession in fields critical to local regions, we will enhance our information-collecting abilities and identify key needs—acting as a bridge linking local hopes to the next generation. We will also collaborate with the Chamber of Commerce and Industry, Societies of Commerce and Industry, and other relevant organizations in each region to conduct initiatives such as business matching.

(Support overseas expansion)

For business operators, overseas expansion not only links the growth of the global economy to that of their companies' but is also important for diversifying risks and contributing to the resilience of the business. JFC supports these efforts through both financial and informational means and will continue to expand its circle of support organizations to help resolve issues faced by businesses pursuing overseas expansion.

In addition, JFC will also support businesses that utilize foreign human resources for business activities in Japan.

(Support sustainable growth of agriculture, forestry, and fisheries businesses)

Many agriculture, forestry, and fisheries businesses continue to face a difficult business environment influenced by soaring feed, fertilizer, and fuel prices. Meanwhile, in response to these changes in the business environment, some businesses are proactively working to shift to sustainable management through such means as increasing the scale of operations, saving manpower, exporting products, reducing the burden on the environment, and promoting collaboration between crop cultivation and livestock farming. JFC is committed to supporting the sustainable growth of agriculture, forestry, and fisheries businesses by providing financial support and assisting in developing sales channels.

We sincerely hope for your further understanding and support in the future.

July 5, 2024

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TANAKA Kazuho
Governor & CEO

Overview of Japan Finance Corporation

Profile of JFC (as of March 31, 2024)

- Name: Japan Finance Corporation (JFC)
- Establishment: October 1, 2008
- Statutory Law: The Japan Finance Corporation Act
- Head Office: Otemachi Financial City North Tower, 1-9-4, Otemachi, Chiyoda-ku, Tokyo, Japan
- Governor & CEO: TANAKA Kazuho
- Capital, etc.: Capital: 11,768.4 billion yen
Reserve fund: 5,284.1 billion yen
- Branch Offices: Branch Offices in Japan: 152
Overseas representative offices: 3
- Employees: 7,423 (budgetary fixed number for FY2024)

Basic Philosophy

● Focused policy-based financing

Following the national policy, provide flexible policy-based financing by utilizing a variety of financing programs and schemes to meet the needs of society, while complementing the activities of private financial institutions.

● Mainstreaming governance

Strive to conduct highly transparent and efficient business operations based on a high level of corporate governance and hold itself accountable to the public.

Furthermore, JFC is committed to becoming a self-governing organization continuously evaluating and improving its activities.

Mission

As an expert in policy-based financing, creating futures together by providing support for reassurance and challenges.

As an expert in policy-based financing, we will continue to serve our customers, support their reassurance and challenges, and work together with relevant local institutions to create the future of Japan.

Our Mission Statement

● As an Expert in Policy-based Financing

- Always maintain a sense of pride in the role as an expert in policy-based financing while conducting business activities.
- Serve our customers with an attentive attitude, identify their situations and requests, and accurately provide policy-based financing.

● Reassurance and Challenges

- Ensure customers' reassurance by providing a safety net function in the event of any crisis.
- Support customers' new initiatives, growth, and reattempts.
- Support the reassurance and challenge of each and every employee.

● Creating a Future Together

- Contribute to the maintenance and development of the community and create the future of Japan by supporting customers together with relevant local institutions.

Management Policy

Business Operation Policy

- Exercise safety net functions to support customers' business continuity in any crisis.
- Support business fields that need prioritized support to support the development of customers who play a leading role in the community.
- Collaborate with private financial institutions and other relevant organizations to jointly support customers and the community.

Organizational Policy

- Establish a resilient organization capable of responding to crises and uphold a policy-based financing function at all times.
- Promote DX and other business reforms as a unified organization to create new value.
- Promote investment in human capital to improve employees' capabilities, job satisfaction, and organizational strength.

Business and Management Plan

Business Operation Plans

1 Exercise of Safety Net Functions

- Performing safety net functions for customers
- Steadily implementing the credit supplementation system

2 Support for Business Fields That Need Prioritized Support

- Support for business foundation, start-ups, and new businesses
- Support for business revitalization
- Support for business succession
- Support for overseas expansion
- Support for sustainable growth of agriculture, forestry, and fisheries businesses
- Support for social business
- Support for other business fields that need prioritized support

Supporting promotion of DX and digitalization
Supporting environmental and energy measures
Supporting enhancement of corporate vitality
Contributing to equal opportunity in education
Supporting measures to respond to changes in the environment surrounding Japan

3 Cooperation with Private Financial Institutions and Relevant Organizations

- Reinforcing collaboration with private financial institutions
- Role performance of connecting relevant organizations
- Reinforcing collaboration with local governments

4 Service Improvement and Local Community Support

- Enhancement and promotion of support measures
- Utilization of nationwide network of 152 branches
- Improvement of systems and measures through policy recommendations
- Strengthening external communications

Organizational Plans

1 Establishing a Resilient Organization

- Further strengthening risk management framework
- Carrying out appropriate risk management
- Strengthening compliance structure
- Enhancing stable system operations and implementing comprehensive security measures

2 DX and Other Business Reforms

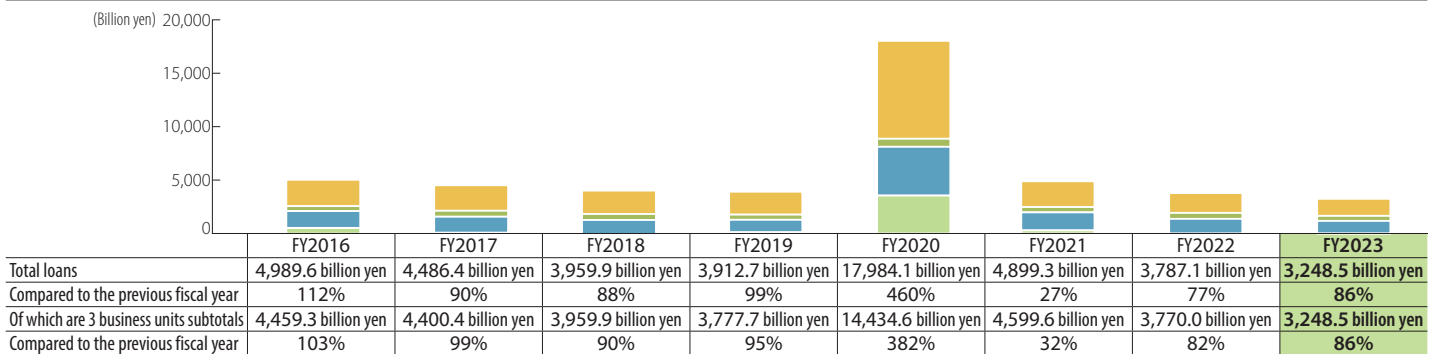
- Improving efficiency and sophistication of operations through digitalization and DX, etc.
- Standardization and integration of operations and systems

3 Investment in Human Capital

- Enhancing staff training
- Promoting effective utilization of human resources
- Creating a workplace where diverse human resources can fulfill their potential

Overall Performance of Loan Program

FY2023 total loans: 3,248.5 billion yen (86% compared to the previous fiscal year)			
Micro Business and Individual (Micro) Unit	1,597.2 billion yen	Operations to Facilitate Crisis Responses (two-step loans)	—
Agriculture, Forestry, Fisheries and Food Business (AFFF) Unit	469.2 billion yen	Operations to Facilitate Specific Businesses Promotion, etc. (two-step loans)	—
Small and Medium Enterprise (SME) Unit (finance)	1,182.0 billion yen		
Subtotal	3,248.5 billion yen		



End of FY2023 outstanding loans: 26,140.4 billion yen (93% compared to the end of previous fiscal year)			
Micro Business and Individual (Micro) Unit	11,212.0 billion yen	Operations to Facilitate Crisis Responses (two-step loans)	3,275.6 billion yen
Agriculture, Forestry, Fisheries and Food Business (AFFF) Unit	3,685.2 billion yen	Operations to Facilitate Specific Businesses Promotion, etc. (two-step loans)	81.0 billion yen
Small and Medium Enterprise (SME) Unit (finance)	7,886.3 billion yen		
Subtotal	22,783.6 billion yen		

