

JFC Activities

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Response to the Great East Japan Earthquake

Supporting Reconstruction Following the Great East Japan Earthquake

Earthquake-related loans in FY2015 numbered **12,333 loans (96% compared to the previous fiscal year)** with a value of **183.5 billion yen (97% compared to the previous fiscal year)**, bringing the cumulative total (March 11, 2011 to March 31, 2016) to **260,881 loans** with a value of **4,205.7 billion yen**.

Earthquake-related loans in the three affected prefectures (Iwate, Miyagi, and Fukushima) in FY2015 numbered **11,690 loans (100% compared to the previous fiscal year)** with a value of **137.8 billion yen (94% compared to the previous fiscal year)**, bringing the cumulative total (March 11, 2011 to March 31, 2016) to **70,477 loans with a value of 891.4 billion yen**.

Amid a significant decrease at the national scale, the provision of loans in the three affected prefectures remains at a high level.

In the three disaster-stricken prefectures, the FY2015 loans to startups came to **1,095 companies (106% compared to the previous fiscal year)**, which is a **155% level increase** in comparison to FY2010 prior to the earthquake.

● Educational Loans

JFC has implemented a Special Disaster Measure for those people currently residing in a designated disaster-stricken area who have received a Disaster Victim Certificate (or a Disaster Certificate, etc., for those who received an evacuation order, etc., due to the nuclear power plant accident).

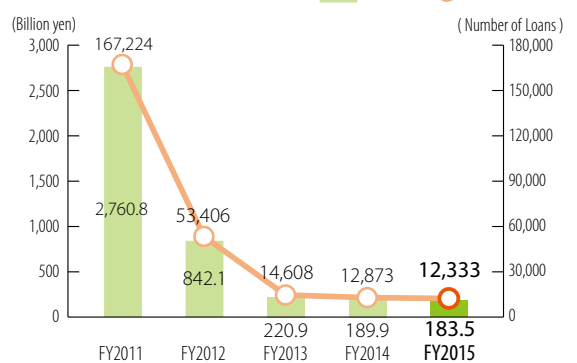
● Credit Insurance

JFC underwrites insurance related to the Great East Japan Earthquake Recovery Emergency Guarantee Program, as well as the Disaster-related Guarantee Program provided by CGCs throughout Japan when SMEs and micro businesses that suffered damage from the earthquake borrow funds from financial institutions needed to rebuild their business, etc.

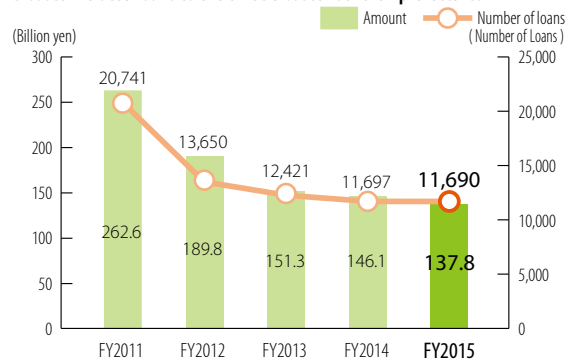
● Operations to Facilitate Crisis Responses

Development Bank of Japan Inc. and The Shoko Chukin Bank, Ltd. as designated financial institutions have been implementing Crisis Response Operations since Cases related to the Great East Japan Earthquake were designated as crises.

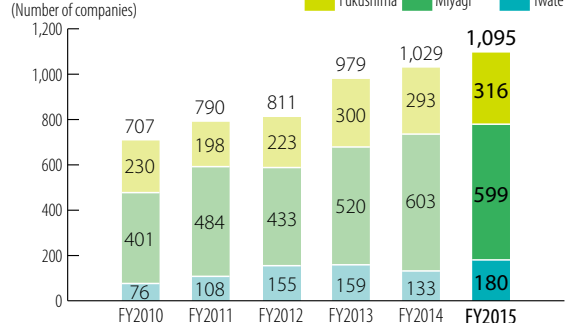
Nationwide disaster-related Loans



Disaster-related loans to the three disaster-stricken prefectures



Loans to start-ups in the three disaster-stricken prefectures (Number of companies)



Provision of Policy-based Financing

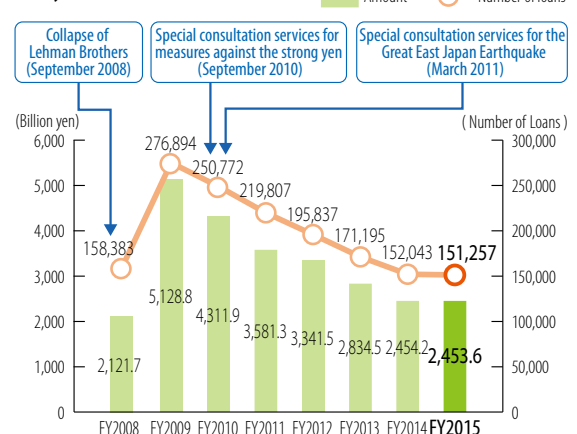
Exercising Safety Net Functions

Overall financing in 2015 related to Safety-net Loans ^(Note 1) to those facing obstacles due to international financial instability and economic contraction, and those impacted by The Great East Japan Earthquake came to **151,257 loans (99% compared to the previous fiscal year)** for **2453.6 billion yen (100% compared to the previous fiscal year)**.

Among, in FY2015 **17,363 Business Support Safety Net Loans ^(Note 2) (107% compared to the previous fiscal year)** totaling **994.4 billion yen (109% compared to the previous fiscal year)**, were issued in support of SMEs and micro businesses receiving guidance from approved support organizations.

Notes: 1. The loans related to Safety Net Loans include Disaster Recovery Loans, Great East Japan Earthquake Recovery Special Loan, funds for changes in operating environments, funds for changes in financial environment, and funds for Safety Net Loans to agricultural, forestry, and fisheries businesses, etc.
2. The Operating Support Safety-net Loan is a fund for supporting SMEs that temporarily face difficult conditions due to social factors, and have received guidance from Approved Support Organizations such as tax accountants, etc., which are certified by the Small and Medium Enterprise Agency as highly specialized business-support enterprises.

Safety Net-related Loans



Supporting Strategic Areas of Growth, etc.

(1) Support for Start-ups and new business

(i) Start-ups

The FY2015 loans to startups came to: **26,465 companies (102% compared to the previous fiscal year), 192.6 billion yen (87% compared to the previous fiscal year)**, which was the highest total for the previous 10 years based on number of companies. Lending has increased for women and young people in particular.

Start-up loans to women, youth and senior entrepreneurs

(Number of companies)

	FY2013	FY2014	FY2015	Compared to the previous fiscal year
Women	4,630	5,070	5,555	110%
Seniors (aged 55 and older)	3,045	3,997	3,157	79%
Youth (aged 30 and younger)	2,198	2,182	2,463	113%

Note: Women who also qualify as youth or seniors included in the Women category.

(ii) Establishment of Start-up Support Network

We are coordinating with regional start-up support organizations and creating a "start-up support network" in each region so that people wanting to start their own businesses can come for one-stop support on various issues related to starting a business.

(iii) Loans to Foster Growth of New Businesses ^(Note)

The FY2015 loans intended to increase desire in SMEs and venture companies to pursue new business ventures, came to **1,061 companies (117% compared to the previous fiscal year) and 48 billion yen (101% compared to the previous fiscal year)**. This was the highest total recorded for both number of companies and amount since the loan program was established in the year 2000.

Note: A special loan program that provides support to venture SMEs working to develop new businesses with high growth potential.

(iv) Cooperation with regional venture support institutions

We are working on discovery and support for regional venture companies through information exchange events for venture support in local areas by strengthening cooperation with regional venture support institutions (locally based venture capitalists, regional banks, brokerages, etc.).

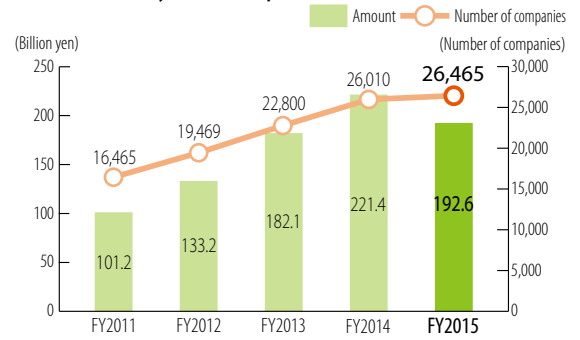
(v) Capital Subordinated Loans ^(Note)

In FY2015, loans came to: **441 companies (120% compared to the previous fiscal year), 28.3 billion yen (125% compared to the previous fiscal year)**.

Note: A loan program for providing capital-like funds for reinforcing the financial standing of small and medium enterprises (SMEs).

The feature of this loan program is unsecured/unguaranteed debt, and subordinated to other debts at the time of legal bankruptcy proceedings. In addition, it can be regarded as self-owned capital on financial inspection.

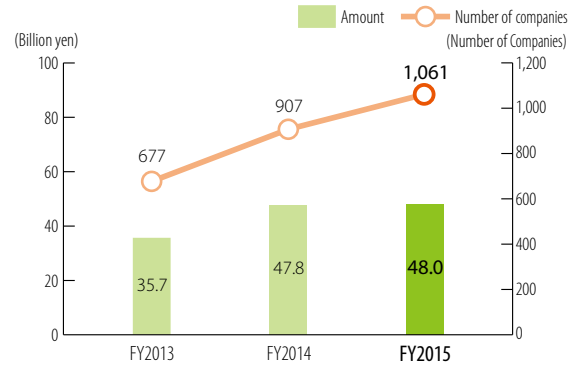
Prior to or Within 1 year of Start-up



Number of Start-up Support Network Establishments (total)

FY2014	FY2015
222 locations	682 locations

Loans to Foster Growth of New Businesses



Information exchange meetings by Tohoku venture support organizations

Results of Capital Subordinated Loans

	FY2013	FY2014	FY2015	Compared to the previous fiscal year
Number of companies	664	369	441	120%
Amount	51.4 billion yen	22.7 billion yen	28.3 billion yen	125%

Note: The high performance in 2013 was due to the release of supplementary budget at the end of 2012.

(2) Support for business revitalization, etc.

Against the backdrop of increasing needs of support towards revitalization due to the expiry of the SME Finance Facilitation Act, the Corporate Revitalization Loan in FY2015 came to **1,492 companies (112% compared to the previous fiscal year) and 102.1 billion yen (91% compared to the previous fiscal year)**.

In addition, in order to successfully facilitate business revitalization of SMEs, which sustain regional economies and employment, JFC has been implementing information exchange meetings on business revitalization with private financial institutions and study meetings utilizing books, etc., published by JFC related to business revitalization. (In FY2015, meetings were held at a total of 150 organizations.)

Results of Support for Revitalization

		FY2013	FY2014	FY2015	Compared to the previous fiscal year
Corporate Revitalization Loan	Number of companies	1,316	1,329	1,492	112%
	Amount	116.3 billion yen	112.0 billion yen	102.1 billion yen	91%
Capital Subordinated Loans (Revitalization-type)	Number of companies	654	535	520	97%
	Amount	56.1 billion yen	41.2 billion yen	35.5 billion yen	86%
DDS, DES ^(Note)	Number of companies	41	39	54	138%
	Amount	5.8 billion yen	4.2 billion yen	4.8 billion yen	116%

Note: DDS (Debt Debt Swap) is a financial technique for exchanging a part of an existing debt for a subordinated debt.

DES (Debt Equity Swap) is a financial method that seeks to improve companies financial constitution by equitizing a portion of existing liabilities.

These results are calculated by adding up the number of companies and amounts agreed by JFC for the corresponding period.

(3) Support for social business^(Note)

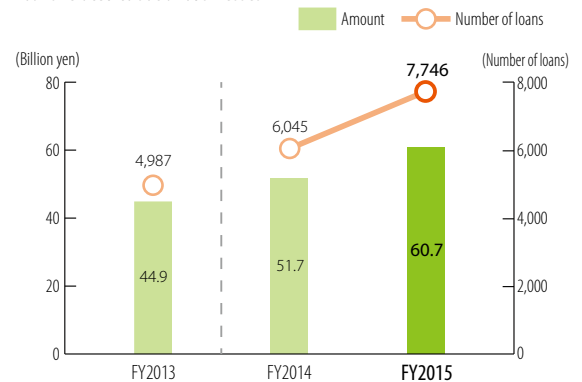
(i) Loans related to social businesses

Loans for Social Business in FY2015 were provided to **7,746 loans (128% compared to the previous fiscal year)**, totaling **60.7 billion yen (117% compared to the previous fiscal year)**, marking the highest total on record.

Also, among the social business related loans, **1,177 loans were to NPOs (123% compared to the previous fiscal year)** for **7.2 billion yen (98% compared to the previous fiscal year)**, exceeding 1,000 loans for the first time.

Note: The Micro Unit supports businesses that tackle regional issues, such as supporting the care and welfare of the elderly and disabled, child rearing, regional revitalization and environmental conservation.

Loans related to social businesses^(Note)



Breakdown of Loans

		FY2013	FY2014	FY2015	Compared to the previous fiscal year
Number of social business loans ^(Note)	Number of loans	4,987	6,045	7,746	128%
	Amount	44.9 billion yen	51.7 billion yen	60.7 billion yen	117%
(i) For NPOs	Number of loans	740	957	1,177	123%
	Amount	5.8 billion yen	7.3 billion yen	7.2 billion yen	98%
(ii) For nursing care and welfare businesses	Number of loans	4,759	5,379	6,212	115%
	Amount	43.4 billion yen	46.5 billion yen	49.1 billion yen	106%
(iii) For companies addressing social issues	Number of loans	–	383	1,190	311%
	Amount	–	3.4 billion yen	9.8 billion yen	289%

Note: Prior to FY2013 total loans to social businesses included loans to (i) NPOs and (ii) Care and Welfare businesses (excluding duplicate loans to (i), (ii)). However, in FY2014 loans to (iii) businesses for the purpose of resolving social issues (excluding (i), (ii)) were added and therefore no comparison to the previous year is given.

(ii) Social Business Seminars

We hold social business seminars throughout the country targeted at social business leaders.

With the cooperation from local governments and NPO support centers, seminars include lectures by experts, panel discussions and exchange meetings.

We held 40 seminars in FY2015, with a total of more than 1,500 participants.



"Hyogo Community Business 1-day school", held in Hyogo prefecture.

(4) Support for overseas expansion

(i) Loans for Overseas Investment and Expansion

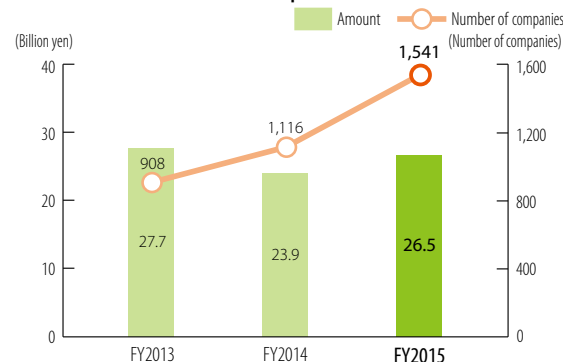
Loans in FY2015 were provided to **1,541 companies (138% compared to the previous fiscal year)**, totaling **26.5 billion yen (111% compared to the previous fiscal year)**, which remained high due to the expansion of the loans for micro/small businesses.

Of the business target countries and regions, China and ASEAN countries accounted for approximately **60%** of the total.

Also, loans in foreign currencies ^(Note), which was launched in FY2015, was utilized by **81 companies**, totaling **37.9 million dollars (4.5 billion yen)**.

Note: JFC expanded the Loans for Overseas Investment and Expansion to provide loans in foreign currency (US dollars) to further meet the needs of SMEs and micro businesses.

Loans for Overseas Investment and Expansion



Breakdown of business target countries and regions utilizing Loans for Overseas Investment and Expansion

	FY2013		FY2014		FY2015		
	Total		Total		Total		
	Number of companies	Ratio	Number of companies	Ratio	Number of companies	Ratio	Compared to the previous fiscal year
China (Including Hong Kong)	248	27%	300	27%	408	26%	136%
ASEAN	384	42%	384	34%	490	32%	128%
Thailand	122	13%	121	11%	138	9%	114%
Viet Nam	101	11%	86	8%	106	7%	123%
Indonesia	53	6%	46	4%	56	4%	122%
Philippines	36	4%	37	3%	80	5%	216%
Other ASEAN countries	72	8%	94	8%	110	7%	117%
Others	276	30%	432	39%	643	42%	149%
Total	908	100%	1,116	100%	1,541	100%	138%

(ii) Standby Letter of Credit Program ^(Note)

As for FY2015, other than the financial institutions in Thailand, Republic of Korea, Viet Nam, Indonesia, the Philippines, Singapore and Malaysia, letters of credit were also issued to financial institutions in Mexico and Taiwan, being utilized by **92 companies**. The cumulative usage (until March 2016) of this program since its start in FY2012 has reached **214 companies** and the number tends to increase yearly.

In order to allow more SMEs to make use of this program, JFC launched a scheme to partner regional financial institutions in October 2013. As of end of June 2016, we have business partnership with 59 regional financial institutions in Japan, and letters of credit were issued to a total of 13 companies through this partnership scheme.

In addition to the 8 partnering overseas financial institutions in Asia and Mexico, we have concluded a business cooperation agreement with Taiwan Cooperative Bank of Taiwan in FY2015, and Ping An Bank of China in June 2016. Affiliated overseas financial institutions are to be further expanded.

Note: The Standby Letter of Credit Program supports SMEs and micro businesses' overseas subsidiaries' and branches' smooth procurement of long-term local currency denominated funds from JFC's affiliated overseas financial institutions by using JFC's standby letter of credit as a guarantee.

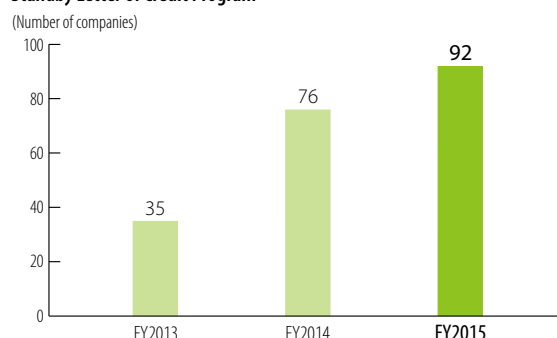
(iii) Trial Export Support Unit Performance on agricultural and fishery companies ^(Note)

In partnership with trading companies, the Trial Export Support Project has coordinated with trading companies to provide support to 41 domestic agricultural and food companies showing an eagerness to expand into exportation of their products. This has resulted in support for 41 cases of trial exports in FY2015.

Countries to which products were exported include Singapore, the largest with 15 trials, Malaysia with 11 trials, America with 8 trials and Hong Kong with 4 trials. Actual types of products exported included rice, tea, strawberries, sweet potatoes, daikon radishes and other vegetables, partially dried Japanese persimmon, deep-fried fish paste, seafood (Japanese yellowtail), and others.

Note: As a part of business support services, the Trial Export Support Project was established by JFC AFF unit in FY2013, to support our customers who try to expand into exportation of agricultural, forestry and fishery products for the first time, cooperating with experienced trade companies in the exportation of those products.

Standby Letter of Credit Program



Trial Export Support Unit Support Performance

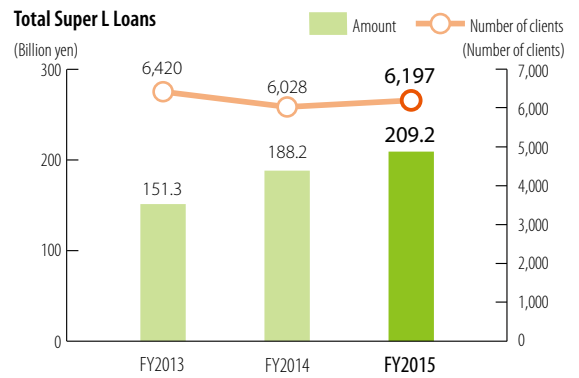
Country or Region of Export	FY2013	FY2014	FY2015	Main items of export in FY2015
Singapore	7	18	15	Brown rice, fruit (melon, apples), vegetables (strawberries, radishes), tea, processed foods (dried sweet potato, Japanese horseradish, dried goods (small fish)), seafood (Japanese yellowtail)
Malaysia	—	8	11	Vegetables (strawberries, radishes), agricultural products (mushrooms), tea, processed foods (orange juice, onion dressing, ginger cider, dried sweet potato, Japanese horseradish)
US	7	4	8	Tea, processed food (onion dressing, Japanese horseradish, plum extract, deep-fried fish paste)
Hong Kong	14	5	4	Fruit (persimmons), tea (organic), processed foods (partially dried persimmon, plum extract)
Taiwan	3	5	2	Rice, vegetables (sweet potatoes)
Canada ^(*)	—	—	1	Processed food (onion dressing)
China	—	4	—	—
Thailand	—	1	—	—
Total	31	45	41	

(*) Indicates countries or regions of export for which export was first provided in 2015.

(5) Support for new expansion by agricultural, forestry, and fisheries businesses

(i) Supporting Leaders of Agriculture (new entry farmers, large family run businesses, corporations)

Agricultural Management Framework Reinforcement Loans (name: Super L Loan) in FY2015, came to: **6,197 clients (103% compared to the previous fiscal year), 209.2 billion yen (111% compared to the previous fiscal year).**

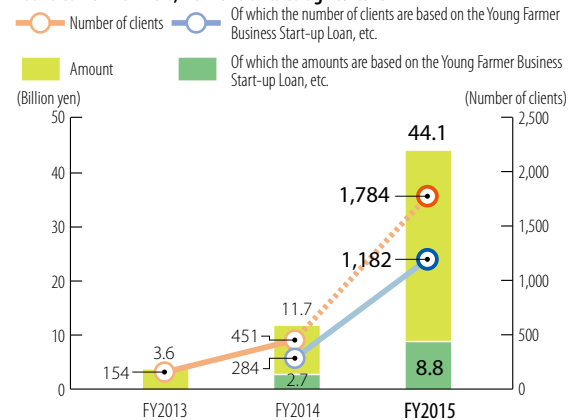


In FY2015, loans to new agricultural business and new entry farmers came to **1,784 clients, and 44.1 billion yen.**

From FY2014, newly started loans to Agricultural Employment Fund for Youth, Etc.,^(Note) came to: **1,182 clients (416% compared to the previous fiscal year), 8.8 billion yen (324% compared to the previous fiscal year).**

Note: Interest-free loans to support authorized new farmers certified by municipalities under the Young Farmers Plan as young people engaging in new farming businesses.

Loans to new farmers, new entrants to agriculture

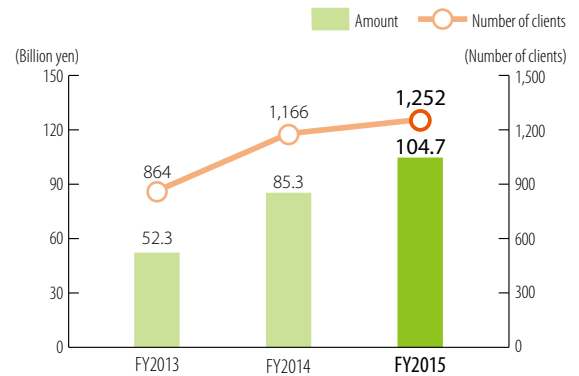


Note: Because the number of loans to agricultural management entities hiring new farmers (eligible entities of subsidized project for promoting the employment) in FY2015 includes “loans to new farmers and new entrants to agriculture”, it cannot be compared to FY2014.

(ii) Supporting Sixth Industrialization activities

FY2015 loans to activities due to improved management by sixth industrialization (e.g., processing, sales, and other business undertaken integrally by agricultural, forestry, and fishery businesses to increase the added value of products) increased to: **1,252 clients (107% compared to the previous fiscal year), 104.7 billion yen (123% compared to the previous fiscal year).**

Loans to those engaged in Sixth Industrialization



(iii) Providing Investment Support to agricultural corporations by private financial institutions, etc.

At the end of FY2015, investments came to **10 Limited Partnerships (LPS) (pledged investment amount by JFC: 2.55 billion yen)**, established by private financial institutions based on agricultural corporation investment development businesses^(Note) and **1 stock company (investment amount by JFC: 2.03 billion yen).**

Note: Businesses providing management and technical guidance by acquisition/ holding of stock from agricultural corporations based on the Act on Special Measures to Facilitate In Agricultural corporations.

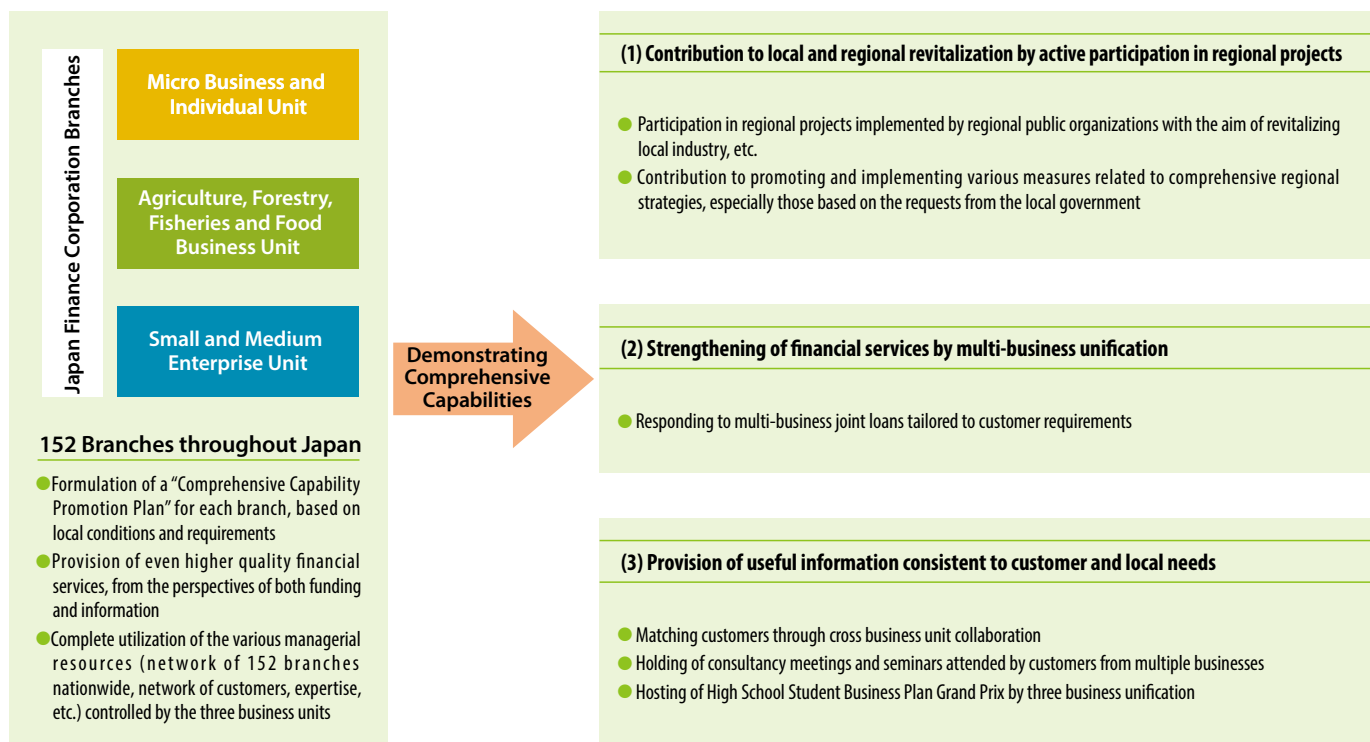
List of investees

Name	Pledged investment amount or investment amount (of which invested by JFC)
Hokuyo Agricultural Support Fund Investment Limited Partnership	500 million yen (249 million yen)
Iwagin Agricultural Corporation Investment Limited Partnership	500 million yen (245 million yen)
Tochigin Agricultural Corporation Investment Limited Partnership	500 million yen (245 million yen)
Hokuriku Agricultural Development fund Investment Limited Partnership	100 million yen (49 million yen)
Sangin Agricultural Corporation Investment Limited Partnership	300 million yen (147 million yen)
Iyo Evergreen Agricultural Support Fund Investment Limited Partnership	500 million yen (240 million yen)
Ehime Agrifund Investment Limited Partnership	500 million yen (245 million yen)
FFG Agricultural Corporation Investment Limited Partnership	1 billion yen (499 million yen)
Oita Agriculture Fund Investment Limited Partnership	300 million yen (144 million yen)
KFG Agricultural Investment Limited Partnership	1 billion yen (490 million yen)
The Agribusiness Investment & Consultation, Ltd.	4.07 billion yen (2.03 billion yen)

Working towards Improved Customer Service that Reflects Comprehensive Capabilities

Improving Customer Service that Exercises our Comprehensive Capabilities

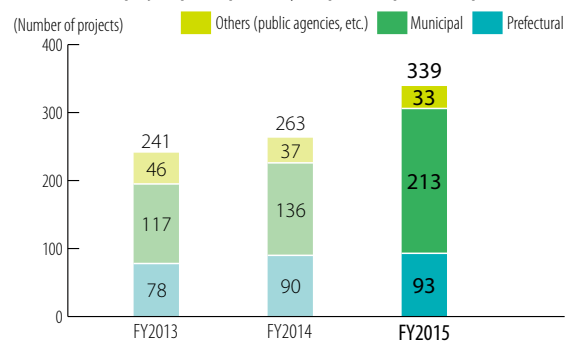
In order to offer beneficial information, etc. matched to the needs of customers and regions, JFC's business units are coordinating to mutually leverage their expertise and information and enhance our services.



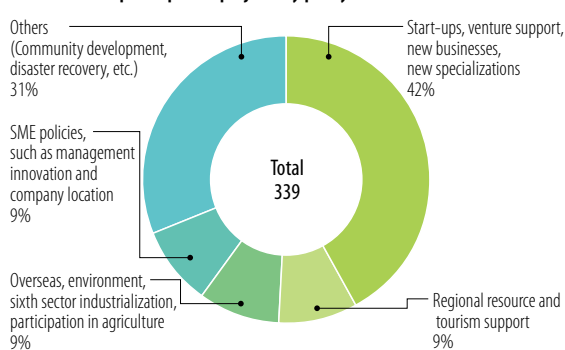
Participation in Local Projects

- JFC is attentively responding to regional challenges by formulating Plans for Promoting the Demonstration of Collective Strength at 152 branches nationwide.
- In FY2015, JFC participated in a total of **339** regional projects nationwide. Cooperative partnerships include: **93** prefectural projects, **213** municipal projects; partnership projects include: new businesses, new specializations, start-ups and venture support, which at **42%** was the highest to date.

The number of project participation by cooperative partnerships



Breakdown of participation projects by policy (Note)



Note: Classification by JFC

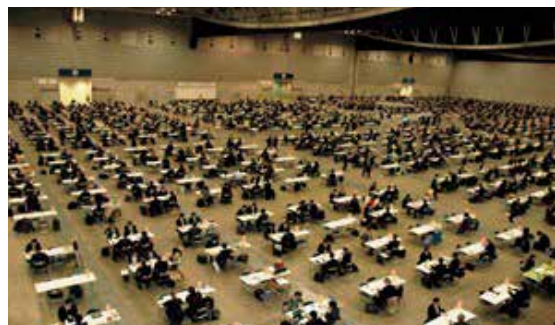
Strengthen Financial Services by Multi Business Units Unification and Provision of Useful Information Consistent to Customer and Local Needs

- Improve customer service by utilizing the variety of loans available from multi business units (integrated loans) to better meet customer needs.
- Improve customer service by coordination between JFC business units to mutually leverage their expertise and information as well as conducting business discussion meetings and seminars to facilitate appropriate product matching for customers engaged in market and product development.
- The FY2015 number of customer matching partnerships formed by cross business unit collaboration came to: **2,755 partnerships**.
- The number of business meetings, such as Agri-Food EXPO and National Business Discussion Meeting, etc. held in FY2015 in all regions nationwide came to: **371 meetings**.
- Through its Internet business matching site, JFC provides a forum offering expanded business opportunities to customers, including the securing of new buyers and new suppliers of raw materials.

JFC Internet Business Matching
<https://match.jfc.go.jp/>

Agri-Food EXPO

- The AFFF Unit again hosted the Agri-Food EXPO, Japan's agricultural product exhibit and business fair, in Tokyo (August 2015) and in Osaka (February 2016).
Held since FY2006, the Agri-Food EXPO is a nationwide exhibition and business fair focused on domestic goods that provides farmers and food processors with opportunities for market expansion.
At the Agri-Food EXPO, held in February 2016, a Great East Japan Earthquake reconstruction assistance corner was established for the first time, promoting special goods from both Fukushima and Ibaraki prefectures.



The 8th Nationwide business discussion meeting



Kagawa business exchange meeting



The 10th Agri-Food EXPO Tokyo 2015



The 9th Agri-Food EXPO Osaka 2016



Fukushima prefecture reconstruction support corner
(The 9th Agri-Food EXPO Osaka 2016)

Hosting of the 3rd High School Student Business Plan Grand Prix

JFC hosted the 3rd Infinite ∞ Creativity High School Student Business Plan Grand Prix for all high school students across the country.

The numbers of applicants in the event came to: 264 schools, 2,333 applicants (compared to 207 schools, 1,717 applicants in the 2nd Grand Prix). By cooperation of all three units, JFC promoted this event to many schools. Start-up centers went to 183 high schools (148 high schools in the 2nd Grand Prix), and gave lectures about how to create a business plan.

At the final competition held in January 2016, ten finalist groups gave heated presentations. The entry from Seiryō High School (Shinagawa-ku, Tokyo), "How To Make School Life Comfortable by Wooden Made Classroom!" won the Grand Prix and garnered many attention from the media.

From here onwards also, JFC will be helping to foster human resources who have the spirit to start-up business to support Japan's future by sowing the seeds of new business creation for the younger generation of high school students, etc.

(Schedule for the 4th High School Student Business Plan Grand Prix)

Application period : July 1 to October 12, 2016

Announcement of finalists : Early December, 2016

Final competition and award ceremony : January 8, 2017

Please visit the JFC website for more information.

<https://www.jfc.go.jp/n/grandprix/index.html>

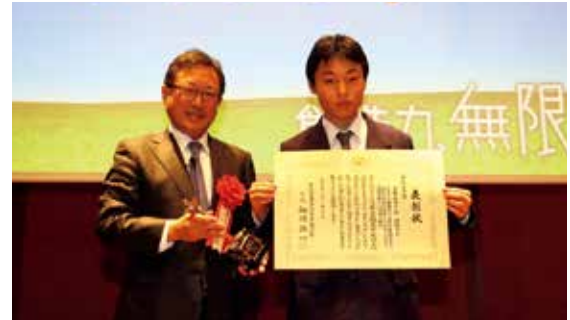
"High School Student Business Plan Grand Prix" Facebook

The page is updated weekly with the latest information.

<http://www.facebook.com/grandprix.jfc/>



Presentation in final competition



Mr. Kawasaki from Seiryō High School, winner of the 3rd Grand Prix



Participants of Final competition and award ceremony

Working in Cooperation with Private Financial Institutions

(1) MOU conclusion status on business partnerships and collaboration

Based on the premise of completion with private financial institutions, we have been promoting business partnerships with more private financial institutions than ever before. As of March 31, 2016, **MOUs on business partnerships and collaboration have been concluded with 492 financial institutions.**

Number of financial institutions that have concluded MOUs on business partnerships and collaboration (as of March 31, 2016)

(Financial institutions)

MOU conclusion status on business partnerships and collaboration	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total
Number of financial institutions	3	62	40	260	84	43	492
(Reference)							
Total number of financial institutions	4	64	41	265	109	–	483
Business category by construction percentage	75%	97%	98%	98%	77%	–	93%

Note: 1. The total number of financial institutions that are credit cooperatives excluding work and occupational credit cooperatives.

2. The Total Contract Conclusion Percentage by Business Category Calculated Excluding "Others".

(2) Cooperative loan scheme construction ^(Note)

Since FY2014, JFC has been focusing on constructing loan schemes in partnership and cooperation with private financial institutions to enhance partnership effectiveness in sectors where partnerships are highly sought after by private financial institutions, such as start-ups and business revitalization, agriculture, forestry and fisheries.

The number of private financial institutions constructed by the cooperative loan schemes increased 129 institutions in FY2015 and climbed to 452 institutions as of March 31, 2016.

Note: A system for agreeing specific introduction rules for projects treated as cooperative loans.

Number of financial institutions constructed by cooperative loan schemes by institution type ^(as of March 31, 2016)

(Financial institutions)

Cooperative loan scheme construction	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total
Number of financial institutions	1	59	39	261	87	5	452
(Reference)							
Total number of financial institutions	4	64	41	265	109	–	483
Business category by construction percentage	25%	92%	95%	98%	80%	–	93%

Note: 1. The total number of financial institutions that are credit cooperatives excluding work and occupational credit cooperatives.

2. The Total Construction Percentage by Business Category Calculated Excluding "Others".

● Development of new commodities with institutions constructed by the cooperative loan scheme

New commodities have also been established by combined loan systems of the institutes within the cooperative loan scheme.

As an example of a new product, together with Shikoku Bank, we have established a "Success Plan" aimed at enterprises starting new business. Concrete results have already begun to result from this product, such as implementation of participation financing.

Case examples of newly created commodities

Construction date	Name of financial institutions	Commodity name	Business sector
May. 2015	Kinki Osaka Bank	+ Lady (Plus Lady)	Female
May 2015	Momiji Bank	Momiji Women's Activities Support Loan (Japanese maple)	Female Startup
Jun. 2015	Aichi Bank	Start	Startup
	Chukyo Bank	Growth	SMEs
	Nagoya Bank	Revival	Revitalization
Jul. 2015	Fukui Shinkin Bank	Fukui Hometown Start-up Loan	Startup
Aug. 2015	Chita Shinkin Bank	My Choice	Female Startup
Oct. 2015	Shikoku Bank	Success Plan	Startup
Nov. 2015	Shiga Chuou Shinkin Bank	Agripartner Loan	Agriculture and fisheries
Nov. 2015	Shiga Chuou Shinkin Bank	Future Assistance Loan	Startup
Dec. 2015	Kobe Shinkin Bank	Kobe Shinkin Bank Small Business Support Loan	SMEs
Dec. 2015	Kobe Shinkin Bank	Lady Premium	Female
Dec. 2015	Morioka Shinkin Bank	Yell	Social Business
Jan. 2016	Nagahama Shinkin Bank	Omi Shonin - W	Startup
Mar. 2016	Nagahama Shinkin Bank	Agricultural Assistance Loan	Agriculture, forestry and fisheries

(3) Total cooperative loans ^(Note)

In FY2015, total cooperative loans from private financial institutions came to: **15,130 loans (141% compared to the previous fiscal year), 607.1 billion yen (113% compared to the previous fiscal year).**

Note: Loans (guarantees) that are executed or decided by both parties after consultation by JFC and private financial institutions for loan plans with identical objectives (and calculated by JFC. Including loans made on different dates).

Cooperative loans by institution ^(FY2015)

Total cooperative loans	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total		Reference FY2014 results
								Compared to the previous fiscal year	
Number of loans	1,057	4,558	2,247	5,765	973	530	15,130	141%	10,714
Amount	112.0 billion yen	262.0 billion yen	69.5 billion yen	112.0 billion yen	14.2 billion yen	37.1 billion yen	607.1 billion yen	113%	535.4 billion yen

Other initiatives

International Exchange Initiatives

Cooperation with APEC Financial Institutions Dealing with SMEs

To promote cooperation with SME-related financial institutions within the APEC region, JFC signed an MOU ^(Note) with 15 financial institutions in the region, including the Nacional Financiera, S.N.C., and Vietin Bank. JFC attends the annual meeting and exchange informations about supporting SMEs.

Note: Memorandum of Understanding on Economic Cooperation among APEC (Asia– Pacific Economic Cooperation) Financial Institutions Dealing with SMEs



The 12th Annual Meeting of APEC Financial Institutions Dealing with SMEs (Mexico)

PR magazine “Connect JFC”

In April 2015 JFC launched a PR magazine called “Connect JFC”, which aims to make the function, roles, and initiatives of JFC more well known. In “Connect JFC” we introduce not only the efforts of JFC, but those of regional corporations.

Please visit the JFC website for more information.

https://www.jfc.go.jp/n/findings/tsunagu_index.html



Overview of Operations in FY2015 and Outline of Financial Statements

Overview of Operations in FY2015

Looking back at the Japanese economy in FY2015, although a self-reinforcing positive cycle of economic improvement with regards to employment and income was steadily in-place, the tempo of improvement on the consumer side was sluggish.

JFC actively engaged in improving customer services, providing the role of safety net with support for reconstruction following the Great East Japan Earthquake, and contributing to strategic areas of growth, etc.

In order to focus on improving Customer Service, we are treating it as one of the 6 priority areas for internal management. And also as a pillar of our Management Policy and have established a "Customer Service Improvement Committee", so that all of JFC can work together in promoting efforts to improve customer service.

Each business entity, and all 152 branches, as part of a cooperative initiative, formulated a "Plan for Promoting the Demonstration of Collective Strength" through which proactively approach the problems faced by each region. Specifically, our multi-business units cooperate with each other and actively participate in regional projects by local governments aimed at regional vitalization, working to provide financing support based on the needs of each customer and region. We contacted all local governments to actively participate in formulating a "Comprehensive regional strategy" in particular for each local government based on the requests from that local government.

In addition, we continued to host "Agri-Food Expos" and "Nationwide Business Trade Fair" on a nationwide scale with the goal of providing beneficial information that matches the needs of

each customer and region. Also, our branches in each region used their ingenuity to conduct trade fairs and seminars to help match customers via inter-business collaboration.

Also, based on the premise of completion with private financial institutions, we promoted business partnerships with many private financial institutions. In particular, since FY2014, JFC has been focusing on constructing loan schemes in partnership and cooperation with private financial institutions to enhance effectiveness in sectors where partnerships are highly sought after by private financial institutions, such as start-ups and business revitalization, agriculture, forestry and fisheries.

Regarding support for recovery from the Great East Japan Earthquake, JFC also worked hard to support reconstruction, and responded as quickly and meticulously as possible to requests for financing and repayment advice from SMEs and micro businesses, and agricultural, forestry, and fisheries and food businesses affected by the Great East Japan Earthquake.

Regarding our contribution to Strategic Areas of Growth, etc., based on the government's growth strategies, etc., JFC proactively engaged in supporting the SMEs and micro business operators on start-ups, new businesses, business revitalization, social businesses and overseas expansion as well as new expansion of agriculture, forestry, and fisheries business operators in hopes of contributing to the development and growth of the Japanese economy. In doing so, each unit is striving to collaborate for improved service by sharing know-how about each financing system, inspection, post-financing support, customer network, etc.

Outline of Financial Statements for FY2015

1. Profit and Loss

At the closing of FY2015 (ended March 31, 2016), JFC recorded a profit of 185.3 billion yen over the previous fiscal year, for a net income of 50.5 billion yen.

The key factors were reverse for insurance policy liabilities, etc. due to reduction in outstanding amounts of insurance in the Account for Credit Insurance programs which resulted in increase of current net income by 288.0 billion yen over the previous term for a total of 11.1 billion yen.

Profit and Loss Statement (FY2014: from April 1, 2014 to March 31, 2015; FY2015: from April 1, 2015 to March 31, 2016)

(Unit: billion yen)

		Ordinary income		Ordinary expenses		Ordinary profit (loss)		Net income (loss)	
		FY ended March 31, 2015	FY ended March 31, 2016	FY ended March 31, 2015	FY ended March 31, 2016	FY ended March 31, 2015	FY ended March 31, 2016	FY ended March 31, 2015	FY ended March 31, 2016
Japan Finance Corporation		503.3	613.8	717.4	563.4	(214.0)	50.4	(134.7)	50.5
Micro Business and Individual Unit (Account for Micro Business and Individual Operations)		150.8	147.5	119.7	122.0	31.0	25.4	79.4	25.6
Agriculture, Forestry, Fisheries and Food Business Unit (Account for Agriculture, Forestry, Fisheries and Food Business Operations)		47.3	48.2	57.0	48.2	(9.7)	0.0	0.0	0.0
Small and Medium Enterprise (SME) Unit	Account for SME Loan Programs and Securitization Support Programs (Guarantee-type Operation)	116.0	104.1	55.9	79.3	60.0	24.7	77.2	24.7
	Account for Securitization Support Programs (Purchase-type Operation)	0.3	0.3	0.0	0.1	0.3	0.1	0.3	0.1
	Account for Credit Insurance Programs	154.2	276.0	435.0	264.8	(280.8)	11.1	(276.8)	11.1
Operations to Facilitate Crisis Responses (Account for Operations to Facilitate Crisis Responses)		41.9	37.6	56.8	48.7	(14.9)	(11.0)	(14.9)	(11.0)
Operations to Facilitate Specific Businesses Promotion, etc. (Account for Operations to Facilitate Specific Businesses Promotion, etc.)		0.4	0.4	0.4	0.4	(0.0)	(0.0)	0.0	(0.0)

2. Assets

Total assets were 22,324.5 billion yen, the majority of which were loans and bills discounted.

Loans and bills discounted decreased 1,308.8 billion yen from March 31, 2015, to 18,339.7 billion yen.

The key factor of the decrease was that loans and bills discounted of Account for Operations to Facilitate Crisis Responses decreased 962.4 billion yen from March 31, 2015.

Total net assets stood at 4,787.2 billion yen, taking into account an increase from having received capital contributions from the government of 109.5 billion yen, against a net income of 50.5 billion yen, etc.

Balance Sheet (as of March 31, 2016)

(Unit: billion yen)

Assets			Liabilities and net assets		
Items	Amount		Items	Amount	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016		Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash and due from banks	4,095.0	4,094.7	Borrowed money	15,428.6	14,254.6
Securities	23.1	27.5	Bonds payable	1,865.6	1,720.8
Loans and bills discounted	19,648.6	18,339.7	Entrusted funds	30.5	30.3
Other assets	50.6	44.2	Reserve for insurance policy liabilities	1,480.0	1,350.3
Property, plant and equipment	196.9	196.3	Other liabilities	36.5	37.3
Intangible assets	18.8	18.2	Provision for bonuses	4.6	4.8
Customers' liabilities for acceptances and guarantees	6.5	20.5	Provision for directors' bonuses	0.0	0.0
Allowance for loan losses	(430.8)	(416.9)	Provision for retirement benefits	95.9	93.7
			Provision for directors' retirement benefits	0.0	0.0
			Reserve for compensation losses	32.9	24.4
			Acceptances and guarantees	6.5	20.5
			Total liabilities	18,981.6	17,537.2
			Capital stock	3,855.0	3,904.6
			Capital surplus	2,147.2	1,930.3
			Retained earnings	(1,375.0)	(1,047.7)
			Total net assets	4,627.3	4,787.2
Total assets	23,608.9	22,324.5	Total liabilities and net assets	23,608.9	22,324.5

(Unit: billion yen)

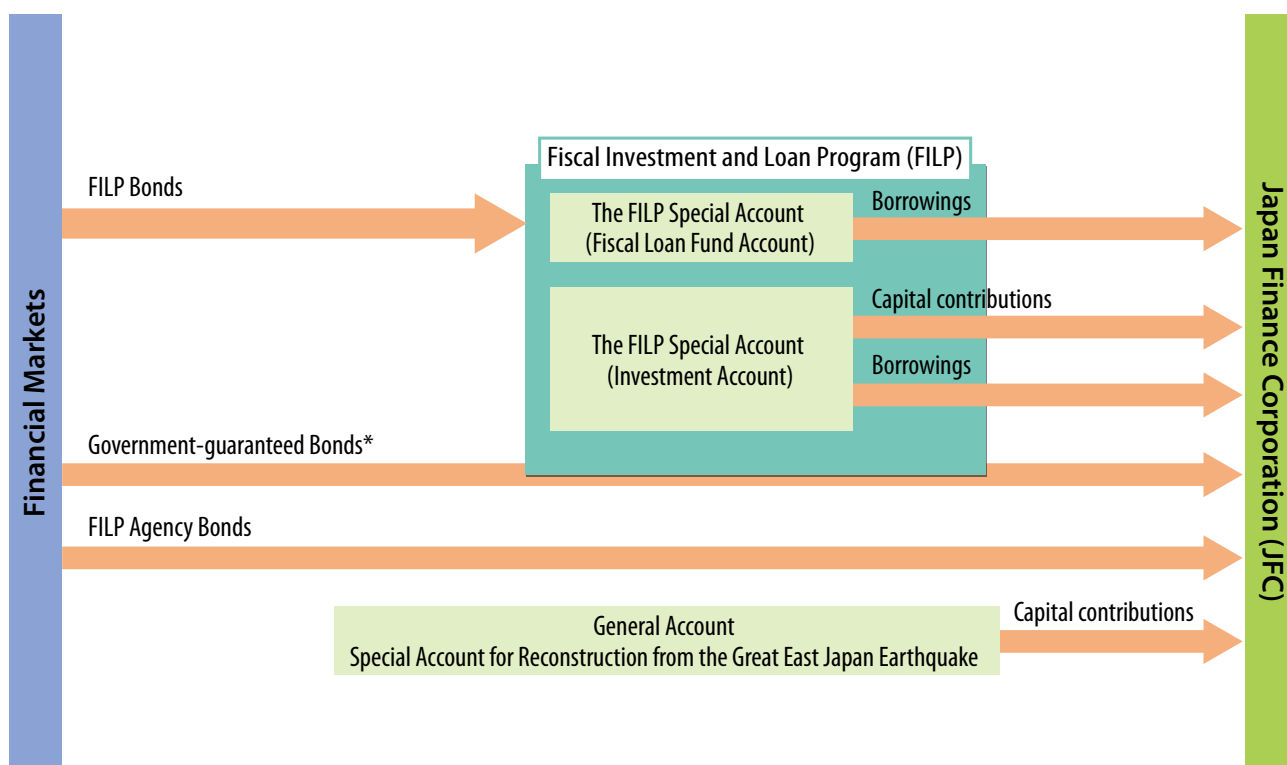
	At end of previous fiscal year (March 31, 2015)	At end of current fiscal year (March 31, 2016)	Change
Total assets	23,608.9	22,324.5	(1,284.3)
Total liabilities	18,981.6	17,537.2	(1,444.3)
Total net assets	4,627.3	4,787.2	159.9

Funding

Funding Sources

JFC obtains funds through various sources such as borrowings from the Fiscal Loan Fund, Government-guaranteed Bonds, FILP Agency Bonds, and capital contributions from the government.

Funding Sources



* Government-guaranteed bonds with a redemption period of five years or more are included in FILP.

Breakdown of Funding Sources

(Unit: billion yen)

	FY2016 budget	FY2015 budget	FY2015 results
Borrowings from Fiscal Loan Fund, etc.	3,946.6	4,558.6	2,834.3
Government-guaranteed Bonds	385.0	385.0	115.0
Capital contributions from the government	117.4	112.9	109.5
Funding from the government (percentage of overall funding)	4,449.1 (94%)	5,056.6 (94%)	3,058.9 (93%)
FILP Agency Bonds	293.7	300.0	215.0
Total funding	4,742.8	5,356.6	3,273.9

Notes: 1. The FY2015 budget amounts are the revised levels following the supplementary budget.

2. The item "borrowings from Fiscal Loan Fund, etc." refers to borrowings from the Fiscal Loan Fund, borrowings from the FILP Special Account (Investment Account) of the national budget, and entrusted funds from the Agriculture, Forestry and Fisheries Credit Foundations.

● Government-guaranteed Bonds

JFC has issued government-guaranteed general mortgage bonds within the issue-amount limits of the budget.

(Unit: billion yen)

Fiscal year Maturity	FY2016	FY2015		FY2014		FY2013	
	Budget	Budget	Results	Budget	Results	Budget	Results
10-year bond	60.0	60.0	45.0	60.0	30.0	50.0	45.0
6-year bond	125.0	125.0	70.0	125.0	80.0	135.0	80.0
Less than 5-year bond	200.0	200.0	–	200.0	–	200.0	–
Long-term bonds subtotal	385.0	385.0	115.0	385.0	110.0	385.0	125.0
Short-term bonds	–	–	–	–	–	200.0	–
Total	385.0	385.0	115.0	385.0	110.0	585.0	125.0

Notes: 1. The budget amounts for each fiscal year, except FY2016, are the revised levels following the respective supplementary budgets.

2. Apart from short-term bonds, the budget amounts for each fiscal year are the issue-amount limits, that is, the maximum amount of the government guaranty in the relevant fiscal year.

3. The budget amounts for short-term bonds are the maximum outstanding balances for the relevant fiscal year.

● FILP Agency Bonds

JFC has issued general mortgage bonds within the issue-amount limits of the budget.

(Unit: billion yen)

Fiscal year Amount of issue Month of issue / Maturity	FY2016	FY2015				FY2014				FY2013			
	(Budget 293.7) Results 60.0	(Budget 300.0) Results 215.0				(Budget 320.0) Results 215.0				(Budget 340.0) Results 230.0			
Month of issue	May	May	August	November	March	May	September	November	March	May	August	September	November
20-year bond	–	–	–	–	–	–	–	–	–	–	–	–	–
10-year bond	–	–	–	–	–	–	–	–	–	10.0	–	–	–
5-year bond	–	–	–	–	–	–	–	–	–	30.0	–	–	20.0
3-year bond	–	–	–	20.0	10.0	–	20.0	–	–	–	–	30.0	–
2-year bond	60.0	70.0	50.0	65.0	–	50.0	25.0	70.0	50.0	50.0	40.0	–	50.0

Notes: 1. The budget amounts for each fiscal year, except FY2016, are the revised levels following the respective supplementary budgets.

2. The budget amounts for each fiscal year are the issue-amount limits in the relevant fiscal year.

3. The issue-result amounts for FY2016 are the amounts issued as at the end of May 2016.

Ratings of JFC

Rating and Investment Information (R&I)	AA+ (Negative)
Moody's Japan (Moody's)	A1 (Stable)

Notes: 1. The rating from Rating and Investment Information, Inc. (R&I) is the current rating as of June 7th, 2016.

2. The rating from Moody's Japan (Moody's) is the current rating as of May 31, 2016.

Memo
