

JFC Activities

Great East Japan Earthquake Initiatives	16
2016 Kumamoto Earthquake Initiatives	16
Provision of Policy-based Financing	17
Working towards Improved Customer Service that Reflects Comprehensive Capabilities	22
Other Initiatives	26
Overview of Operations in FY2016 and Outline of Financial Statements	27
Funding	29

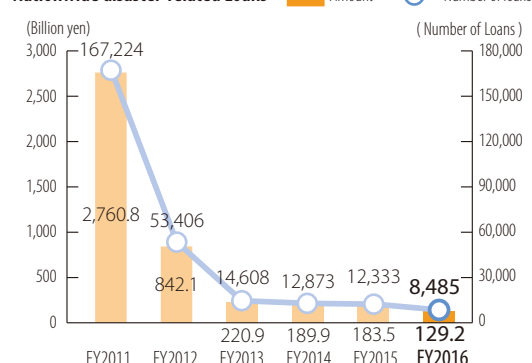
Great East Japan Earthquake Initiatives

Supporting Reconstruction Following the Great East Japan Earthquake

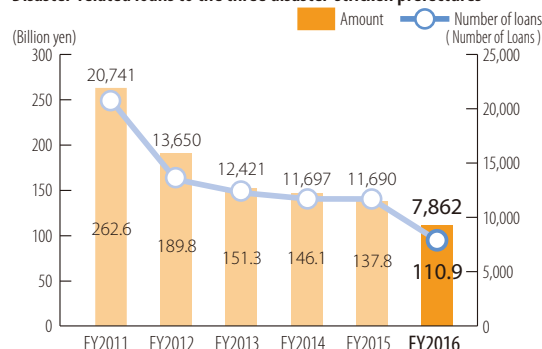
The Great East Japan Earthquake-related loans in FY2016 numbered **8,485 loans (69% compared to the previous fiscal year)** with a value of **129.2 billion yen (70% compared to the previous fiscal year)**, bringing the cumulative total (March 11, 2011 to March 31, 2017) to **269,366 loans with a value of 4,334.9 billion yen.**

Earthquake-related loans in the three affected prefectures (Iwate, Miyagi, and Fukushima) in FY2016 numbered **7,862 loans (67% compared to the previous fiscal year)** with a value of **110.9 billion yen (80% compared to the previous fiscal year)**, bringing the cumulative total (March 11, 2011 to March 31, 2017) to **78,339 loans with a value of 1,002.4 billion yen.**

Nationwide disaster-related Loans



Disaster-related loans to the three disaster-stricken prefectures



2016 Kumamoto Earthquake Initiatives

2016 Kumamoto Earthquake Initiative Status

To precisely and promptly respond to loan and repayment consultations, JFC established the Special Consultation Service for Damage Suffered as a result of the Kumamoto Earthquake in 2016. JFC initiated Special Loans for the Kumamoto Earthquake in 2016, aimed at SMEs and micro businesses and Special Measures for Financial Easing, etc., aimed at agricultural, forestry and fisheries businesses, while commencing consultations since the disaster on April 14, 2016.

In order to also allow us respond to consultation needs on holidays and weekends, we enhanced our consultation capacities, deploying a Holiday Phone Consultation Service on Saturdays, Sundays and public holidays by the end of the August following the disaster. We also dispatched around 20 personnel per day as professional support staff from headquarters and branches nationwide by the end of September.

In addition, for on-site consulting conducted by relevant bodies including Chambers of Commerce and Industry, we dispatched employees for a total of 226 on-site consultations in both Kumamoto and Oita Prefectures by the end of September.

A financing track record (Total Loans Provided) of **84.7 billion yen** for Kumamoto Prefecture and **13.3 billion yen** for Oita Prefecture, for a nationwide total of **158.5 billion yen**, was achieved following the disaster by March 31, 2017.

Total Loans Provided (April 15, 2016 - March 31, 2017)

		Operating funds	Facility funds	Total
Nation	Number of loans	11,085	2,083	13,168
	Amount	136.1 billion yen	22.4 billion yen	158.5 billion yen
Kumamoto Prefecture	Number of loans	5,668	1,730	7,398
	Amount	65.2 billion yen	19.5 billion yen	84.7 billion yen
Oita Prefecture	Number of loans	949	110	1,059
	Amount	12.3 billion yen	0.9 billion yen	13.3 billion yen

●Educational Loans

JFC implements Disaster Special Measures^(Note), including lowered interest rates for persons who suffered damages as a result of disasters such as the Great East Japan Earthquake and the 2016 Kumamoto Earthquake.

Note: Includes certain requirements such as residential qualifications, etc.

●Credit Insurance

JFC underwrites insurance related to the Great East Japan Earthquake Recovery Emergency Guarantee Program as well as the Disaster-related Guarantee Program for the 2016 Kumamoto Earthquake provided by CGCs throughout Japan to support SMEs and micro businesses who suffer damages from these disasters

when they try to obtain necessary loans from financial institutions to rebuild their business.

●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 and the Kumamoto Earthquake in 2016 were designated as crises.

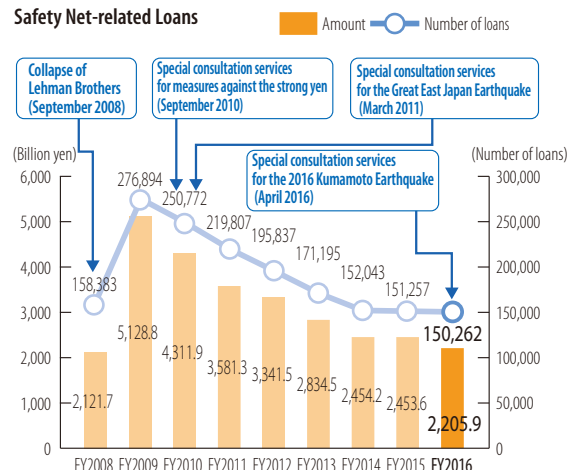
Provision of Policy-based Financing

Exercising Safety Net Functions

Overall financing in 2016 related to Safety-net Loans^(Note) to those facing obstacles due to international financial instability and economic contraction, and those impacted by The Great East Japan Earthquake, the Kumamoto Earthquake in 2016, typhoon and other disasters came to **150,262 loans (99% compared to the previous fiscal year)** for **2,205.9 billion yen (90% compared to the previous fiscal year)**.

Note: 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.

Safety Net-related Loans



Supporting Strategic Fields of Growth, etc.

(1) Support for Start-ups and new business

(i) Loans to Start-ups

The FY2016 loans to start-ups came to: **28,392 companies (107% compared to the previous fiscal year)**, **205.5 billion yen (107% compared to the previous fiscal year)**. As trends by sex and age group, lending is increasing for women and young people.

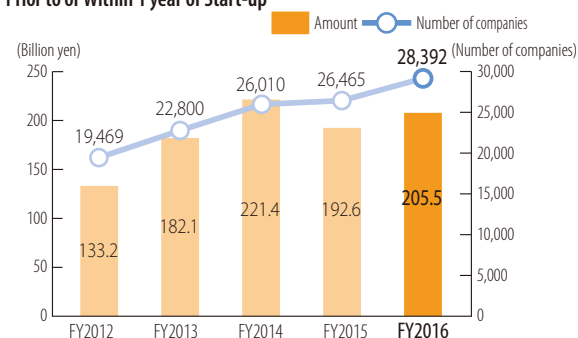
Start-up loans to women, youth and senior entrepreneurs

(Number of companies)

	FY2014	FY2015	FY2016	Compared to the previous fiscal year
Women	5,070	5,555	6,364	115%
Seniors (aged 55 and older)	3,997	3,157	3,208	102%
Youth (aged under 30)	2,182	2,463	2,806	114%

Note: Women who also qualify as Youth or Seniors included in the Women category.

Prior to or Within 1 year of Start-up



(ii) Establishment of Start-up Support Network

We are coordinating with regional start-up support organizations and have been creating a "Start-up Support Network" in each region so that people wanting to start their own businesses can receive one-stop support on various issues related to business start-up.

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

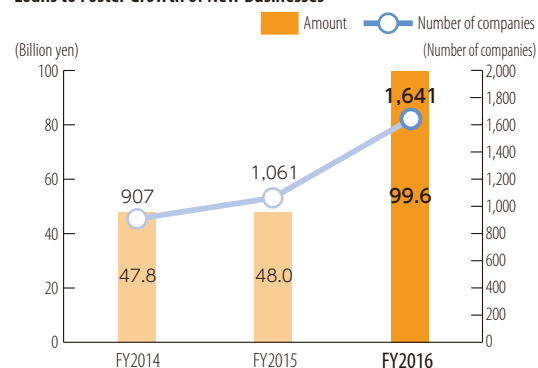
The FY2016 loans intended to increase motivation in SMEs and venture companies to pursue new business ventures, came to **1,641 companies (155% compared to the previous fiscal year) and 99.6 billion yen (208% compared to the previous fiscal year)**.

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

Number of Start-up Support Network Establishments (total)

As of the end of FY2015	As of the end of FY2016
682 locations	912 locations

Loans to Foster Growth of New Businesses



(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.).



Information exchange meetings by Tohoku venture support organizations

(v) Capital Subordinated Loans ^(Note)

In FY2016, loans came to: **398 companies (90% compared to the previous fiscal year), 25.1 billion yen (89% 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 having unsecured/unguaranteed / non-guarantors, and being subordinated to other debts at the time of legal bankruptcy proceedings. In addition, it can be regarded as self-owned capital on financial inspection.

Financial Performance of Capital Loans

	FY2014	FY2015	FY2016	Compared to the previous fiscal year
Number of companies	369	441	398	90%
Amount	22.7 billion yen	28.3 billion yen	25.1 billion yen	89%

(vi) Usage Status of Stock Subscription Rights Loans

Loans to Foster Growth of New Businesses includes a program to provide unsecured loans through acquisition of new company-issued share options by SMEs, aimed at venture companies intending to publicly offer stocks.

Stock Subscription Rights Loans

	FY2014	FY2015	FY2016	Compared to the previous fiscal year
Number of companies	18	30	37	123%
Amount	270 million yen	740 million yen	570 million yen	77%

(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 Loans in FY2016 came to **2,349 companies (157% compared to the previous fiscal year) and 135.6 billion yen (133% 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 FY2016, meetings were held at a total of 166 organizations).

Results of Loans Related to Support for Revitalization

		FY2014	FY2015	FY2016	Compared to the previous fiscal year
Corporate Revitalization Loan	Number of companies	1,329	1,492	2,349	157%
	Amount	112.0 billion yen	102.1 billion yen	135.6 billion yen	133%
Capital Subordinated Loans	Number of companies	535	520	547	105%
	Amount	41.2 billion yen	35.5 billion yen	35.9 billion yen	101%
DDS, DES ^(Note)	Number of companies	39	54	50	93%
	Amount	4.2 billion yen	4.8 billion yen	3.7 billion yen	77%

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 equityizing a portion of existing liabilities.

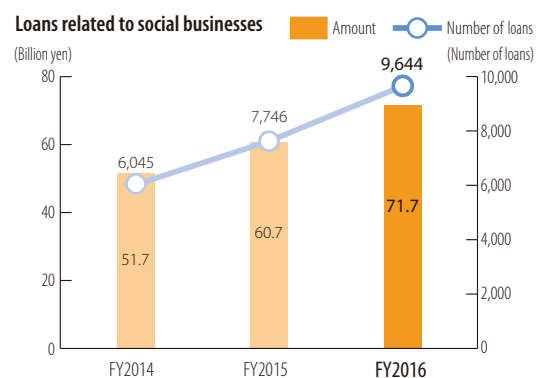
These results are calculated by adding up the number of companies and amounts agreed by JFC for the corresponding period.

(3) Support for Social Business ^(Note)

(i) Loans related to social businesses

The FY2016 loans to social businesses came to: **9,644 loans (125% compared to the previous fiscal year), 71.7 billion yen (118% compared to the previous fiscal year)**, of which **1,476 loans (125% compared to the previous fiscal year), 8.6 billion yen (120% compared to the previous fiscal year)** were loans to NPOs.

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



Breakdown of Loans

		FY2014	FY2015	FY2016	Compared to the previous fiscal year
Number of social business loans ^(Note)	Number of loans	6,045	7,746	9,644	125%
	Amount	51.7 billion yen	60.7 billion yen	71.7 billion yen	118%
(i) For NPOs	Number of loans	957	1,177	1,476	125%
	Amount	7.3 billion yen	7.2 billion yen	8.6 billion yen	120%
(ii) For nursing care and welfare businesses	Number of loans	5,379	6,212	7,885	127%
	Amount	46.5 billion yen	49.1 billion yen	60.8 billion yen	124%
(iii) For businesses addressing social issues	Number of loans	383	1,190	1,364	115%
	Amount	3.4 billion yen	9.8 billion yen	9.3 billion yen	95%

Note: Total for loan performance (excluding duplicate loans to (i), (ii) to (i) NPOs, (ii) Nursing-care and Welfare businesses, and (iii) Businesses addressing social issues (excluding (i), (ii)).

(ii) Social Business Support Network Initiatives

JFC is collaborating with local governments, regional financial institutions and institutions supporting NPOs to build a network to support the resolution of management challenges. While providing one-stop measures and services by network institutions, JFC supports the resolution of the management challenges which social businesses are grappling (including incorporation, development of business plan, fund-raising and the fostering of human resources) through management support seminars and deployment of individual consultations.

The network has a total of 102 bases as of March 31, 2017.



(4) Support for overseas expansion

(i) Loans for Overseas Investment and Expansion

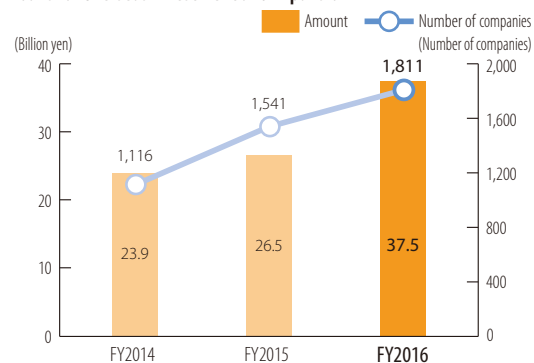
Loans in FY2016 were provided to **1,811 companies (118% compared to the previous fiscal year)**, totaling **37.5 billion yen (142% compared to the previous fiscal year)**.

Factors underlying these figures include an increase in SMEs and micro businesses actively engaged in import and export transactions and the heightening of capital needs for loans in foreign currency (US dollars)^(Note), which was commenced in FY2015 (**99 companies in FY2016; 46.24 million US dollars equivalent to 4.9 billion yen**).

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

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

	FY2014		FY2015		FY2016		
	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)	300	27%	408	26%	494	27%	121%
ASEAN	384	34%	490	32%	585	32%	119%
Thailand	121	11%	138	9%	141	8%	102%
Viet Nam	86	8%	106	7%	139	8%	131%
Philippines	37	3%	80	5%	96	5%	120%
Indonesia	46	4%	56	4%	65	4%	116%
Other ASEAN countries	94	8%	110	7%	144	8%	131%
Others	432	39%	643	42%	732	40%	114%
Total	1,116	100%	1,541	100%	1,811	100%	118%

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

As for FY2016, other than the financial institutions in Thailand, Republic of Korea, Viet Nam, Indonesia, the Philippines, Singapore, Malaysia, Mexico and Taiwan, letters of credit were also issued to financial institutions in China, being utilized by **103 companies**. The cumulative usage (until March 2017) of this program since its start in FY2012 has reached **317 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 the end of March 2017, we have business partnerships with 59 regional financial institutions in Japan, and letters of credit were issued to a total of 19 companies through this partnership scheme.

In addition to the 9 affiliated overseas financial institutions in Asia and Mexico, we have concluded a business cooperation agreement with Ping An Bank of China and State Bank of India in FY2016.

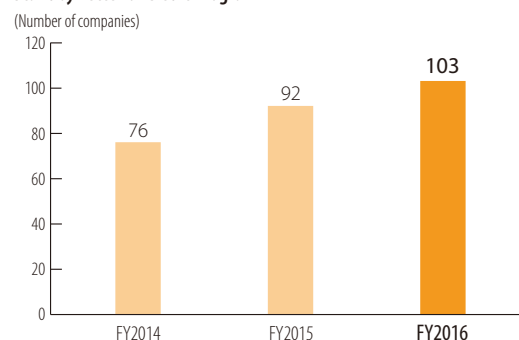
Note: The Standby Letter of Credit Program supports SMEs and micro businesses' overseas subsidiaries' and branches' smooth procurement of long-term local currency denominated funds from JFC's affiliated overseas financial institutions by using JFC's standby letter of credit as a guarantee.

(iii) Performance of Trial Export Support Project 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 37 domestic agricultural and food companies showing an eagerness to expand into exportation of their products. This has resulted in support for 37 cases of trial exports in FY2016. Countries to which products were exported include Taiwan, the largest with 10 trials, Singapore with 8 trials, Malaysia with 8 trials, Macau with 5 trials, the United States with 3 trials and Hong Kong with 3 trials. Actual types of products exported included rice, tea, strawberries, pumpkins, garlic and other vegetables, and processed goods such as fruit and vegetable juices, jam, dried sweet potatoes, seasonings, 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 attempting 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



Performance of Trial Export Support Project

Country or Region of Export	FY2014	FY2015	FY2016	Main items of export in FY2016
Taiwan	5	2	10	Rice, vegetables (pumpkin, garlic), processed foods (seasonings, salted and fermented marine delicacies, etc.), fruit juices, jam
Singapore	18	15	8	Tea, fruits (strawberries, shine muscat grapes), processed foods (dried sweet potatoes, sesame dumplings, jam)
Malaysia	8	11	8	Fruits (apples, persimmons, shine muscat grapes), processed foods (cooled wheat noodles, processed bean products, enoki mushroom soup, jam)
Macau	—	—	5	Tea, fruits (white strawberries), processed foods (partially-dried persimmons, dried vegetables, fruit juices)
US	4	8	3	Organic coarse green tea mixed with roasted brown rice, processed foods (enoki mushroom soup, noodles)
Hong Kong	5	4	3	Yuzu tea, processed foods (baumkuchen cake, tomato jelly)
Canada	—	1	—	—
China	4	—	—	—
Thailand	1	—	—	—
Total	45	41	37	

(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 FY2016, came to: **6,603 clients (107% compared to the previous fiscal year), 247.9 billion yen (119% compared to the previous fiscal year).**

In FY2016, loans to new agricultural business and new entry farmers came to **1,894 clients (106% compared to the previous fiscal year), and 50.6 billion yen (115% compared to the previous fiscal year).**

From FY2014, newly started loans to Agricultural Employment Fund for Youth, Etc., ^(Note) came to: **1,218 clients (103% compared to the previous fiscal year), 9.0 billion yen (103% 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.

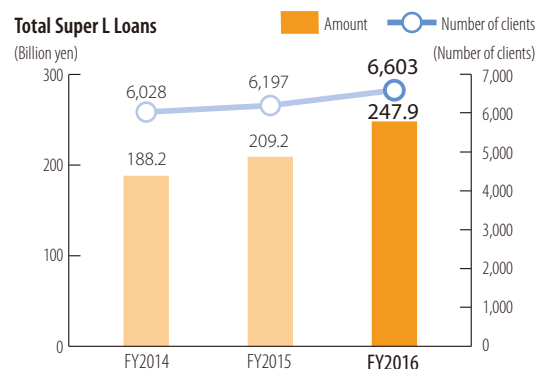
(ii) Supporting Sixth Industrialization activities

FY2016 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: **1,400 clients (112% compared to the previous fiscal year), 113.7 billion yen (109% compared to the previous fiscal year).**

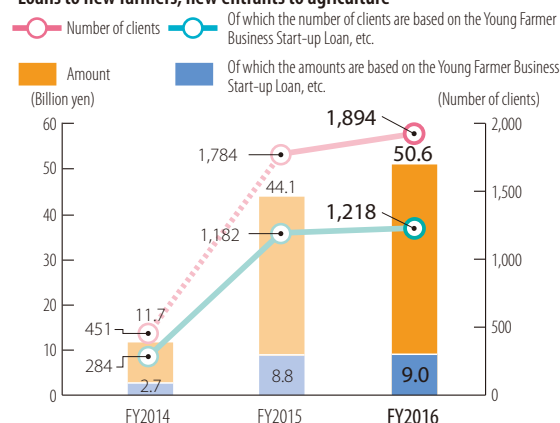
(iii) Providing Investment Support to agricultural corporations by private financial institutions, etc.

At the end of FY2016, investments came to **12 Limited Partnerships (LPS) (pledged investment amount by JFC: 2.87 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.

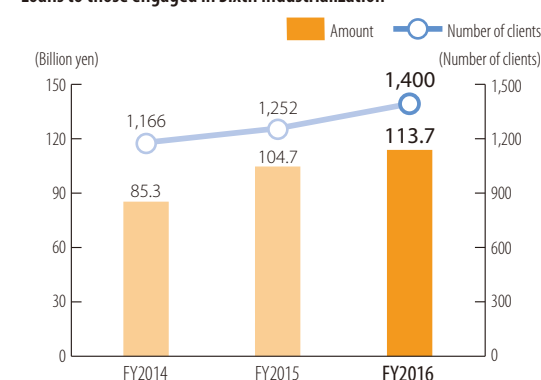


Loans to new farmers, new entrants to agriculture



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.

Loans to those engaged in Sixth Industrialization



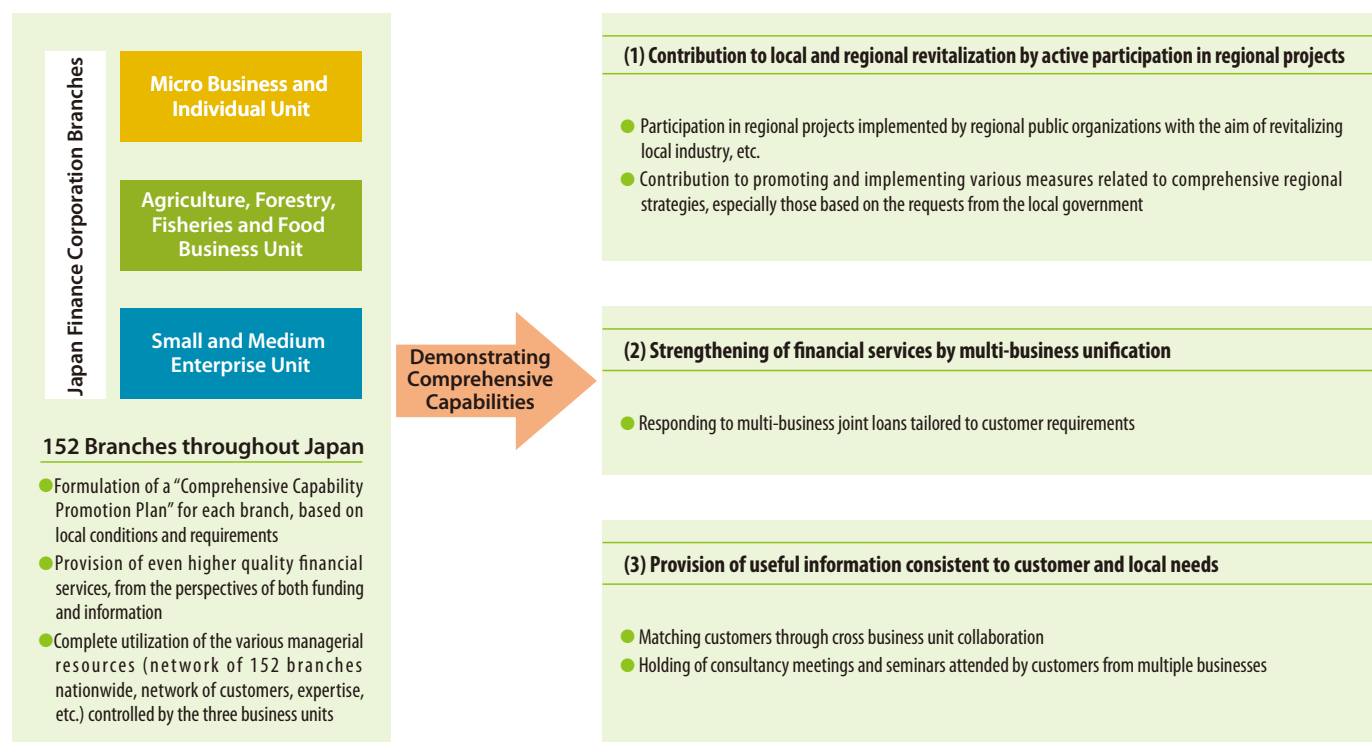
List of investees

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)
Shogin Agricultural Support Fund Investment Limited Partnership	300 million yen (147 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)
Shinyo Agricultural Cooperative Association Future Investment Limited Partnership	360 million yen (176 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

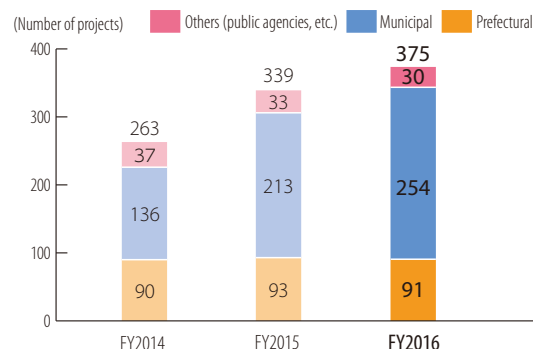
In order to offer beneficial information, etc. matched to the needs of customers and regions, JFC's business units are coordinating to mutually leverage their expertise and information and enhance our services.



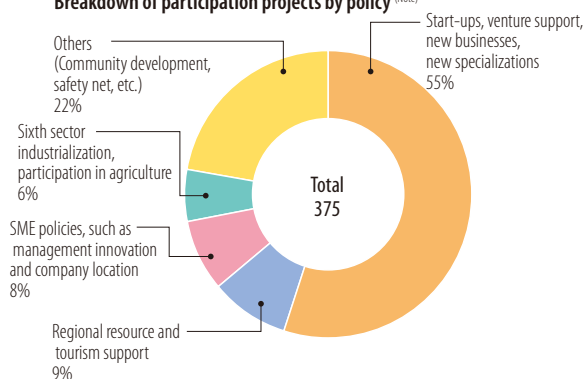
Participation in Local Projects

- JFC is attentively responding to regional challenges by formulating Plans for Promoting the Demonstration of Collective Strength at 152 branches nationwide.
- In FY2016, JFC participated in a total of **375** regional projects nationwide. Cooperative partnerships include: **91** prefectural partners, **254** municipal partners; partnership projects include: new businesses, new specializations, start-ups and venture support, which at **55%** 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 FY2016 number of customer matching partnerships formed by cross business unit collaboration came to: **3,172 partnerships**.
- The number of business meetings, such as Agri-Food EXPO and National Business Discussion Meeting, etc. held in FY2016 in all regions nationwide came to: **379 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 2016) and in Osaka (February 2017).
 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.
 In FY 2016, a Kumamoto Earthquake reconstruction assistance corner was established, promoting special goods from both Kumamoto and Oita prefectures.



The 9th Nationwide business discussion meeting



Southern Tohoku Food Net (business fair)



The 11th Agri-Food EXPO Tokyo 2016



The 10th Agri-Food EXPO Osaka 2017



Kumamoto prefecture reconstruction support corner (The 10th Agri-Food EXPO Osaka 2017)

Hosting of the 4th High School Student Business Plan Grand Prix

JFC hosted “the 4th Infinite ∞ Creativity High School Student Business Plan Grand Prix” targeted for all high school students across the country.

The numbers of applicants in the event came to: 324 schools, 2,662 applicants (compared to 264 schools, 2,333 applicants in the 3rd Grand Prix). By the leading act by the Business Start-ups Support Center nationwide, JFC promoted this event to many schools. Business Start-ups centers visited 241 high schools (183 high schools in the 3rd Grand Prix), and gave lectures about how to create a business plan.

At the Final competition held in January 2017, ten finalist groups gave heated presentations. The entry from Osaka Prefectural Mikunigaoka High School “A safe Mosquito repellent product development brand” won the Grand Prix and garnered much attention from the media.

JFC will continue to promote Entrepreneurial Education to nurture “The ability to think and act independently” to contribute to increase entrepreneurship and create a Japan brimming with vitality.

(Schedule for the 5th High School Student Business Plan Grand Prix)

Application period: July 3 to October 11, 2017

Announcement of ten finalist groups: Early December, 2017

Final competition and Award ceremony : January 7, 2018

Please visit the JFC website for more information.

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

“High School Student Business Plan Grand Prix” Facebook

The page is frequently updated with the latest information.

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



Presentation in the Final competition



Students from Osaka Prefectural Mikunigaoka High School which received the Grand Prize award



Participants of the Final competition and the Award ceremony

Cooperation with Private Financial Institutions

(1) MOU conclusion status on business partnerships and collaboration

Based on the premise of completion with private financial institutions, JFC have been promoting business partnerships with many private financial institutions. As of March 31, 2017, MOUs on business partnerships and collaboration have been concluded with **493 financial institutions**.

Number of financial institutions that have concluded MOUs on business partnerships and collaboration (as of March 31, 2017)

(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	259	85	44	493
(Reference)							
Total number of financial institutions	4	64	41	264	107	—	480
Business category by construction percentage	75%	97%	98%	98%	79%	—	94%

Note: 1. The total number of credit cooperatives exclude work area credit cooperative and occupational credit cooperatives.

2. The total contract conclusion percentage by business category calculated excluding “Others”.

(2) Cooperative loan scheme ^(Note) construction

Since FY2014, JFC has been focusing on establishing 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 established by the cooperative loan schemes climbed to **453 institutions as of March 31, 2017**.

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

Number of financial institutions established by cooperative loan schemes by business category (as of March 31, 2017)

(Financial institutions)

Cooperative loan scheme established	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total
Number of financial institutions	1	60	40	260	87	5	453
(Reference)							
Total number of financial institutions	4	64	41	264	107	—	480
Business category by construction percentage	25%	94%	98%	98%	81%	—	93%

Note: 1. The total number of credit cooperatives exclude work area credit cooperative and occupational credit cooperatives.

2. The total contract conclusion percentage by business category calculated excluding "Others".

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

As part of the cooperative loan scheme, private financial institutions and JFC collaborate and develop a new financial product to support businesses.

As an example of this new product, JFC established cooperative loans across diverse fields with Sendai Bank, including "Run Up" aimed at entrepreneurs and "Support Up" aimed at social businesses. Concrete results have already been generated from these products, including implementation of joint financing.

Case examples of newly-created product

Construction date	Name of financial institutions	Product name	Business sector
Apr. 2016	Dai-ichi Kangyo Credit Cooperative	Collaboration for the future	Start-up
Jun. 2016	Fukui Shinkin Bank	La Motion	Female
Jul. 2016	Tokyo Sankyo Shinkin Bank	Sankyo Start-Up	Start-up
Aug. 2016	Ugo Shinkin Bank	Package Loan Product for Start-Ups	Start-up
Sep. 2016	Higashiyamaguchi Shinkin Bank	Toshin Female Entrepreneurs Loan	Female/Female Start-up
Oct. 2016	Sendai Bank	Run Up	Start-up
Oct. 2016	Sendai Bank	Support Up	Social Business
Nov. 2016	Dai-tokyo Credit Cooperative	Dai-Tokyo Bridge Sunrise	Start-up
Nov. 2016	Dai-tokyo Credit Cooperative	Dai-Tokyo Bridge Success	SMEs
Dec. 2016	Musashino Bank	Musashino Loan Support for Business Start-ups	Start-up
Dec. 2016	Chukyo Bank	Kagayaki Yell	Female/Female Start-up
Jan. 2017	Zentouei Credit Cooperative	Regional Assistance Loan	SMEs
Feb. 2017	Azuma Credit Cooperative	Business Assistance Loan	SMEs
Mar. 2017	Hokuoh Credit Cooperative	Dosanko Start-up Support	Start-up
	Sapporo Chuo Credit Cooperative		

(3) Total of cooperative loans ^(Note)

In FY2016, total of cooperative loans from private financial institutions came to: **19,671 loans (130% compared to the previous fiscal year), 732.2 billion yen (121% 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 (Calculated by JFC. Including loans made on different dates).

Cooperative loans by business category (FY2016)

Total cooperative loans	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total		Reference FY2015 results
								Compared to the previous fiscal year	
Number of loans	1,162	5,777	2,684	8,170	1,380	498	19,671	130%	15,130
Amount	124.8 billion yen	308.3 billion yen	79.0 billion yen	149.0 billion yen	22.1 billion yen	48.7 billion yen	732.2 billion yen	121%	607.1 billion yen

Other Initiatives

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 FY2016 and Outline of Financial Statements

Overview of Operations in FY2016

Employment and income environments can be seen to be improving and the gradual recovery trend is continuing when Japan's economy in the current period is considered. However, in the first half of the fiscal year added to the laxity being seen in overseas economies, the domestic economy also lacks income and profit vitality for consumer spending and private-sector plant and equipment investment.

JFC actively engaged in improving customer services, providing the role of safety net including support for reconstruction following the Great East Japan Earthquake and responses to the Kumamoto Earthquake in 2016, and contributing to strategic fields of growth, etc.

JFC actively promotes initiatives to improve customer services, as one of the main pillars of our Management Policy. One such initiative is the establishment of the "Client Satisfaction Improvement Section".

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 regional public organizations aimed at regional vitalization, working to provide financing support based on the needs of each customer and region. For the drafting by respective local authorities of a "Comprehensive regional strategy" in particular, we joined forces with all local authorities to actively cooperate in this process based on the needs of each local government.

In addition, we continued to host "Agri-Food Expo" 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 start-ups and business revitalization, agriculture, forestry and fisheries, etc.

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 FY2016

1. Profit and Loss

At the closing of FY2016 (ended March 31, 2017), JFC recorded a profit of 51.5 billion yen over the previous fiscal year, for a net income of 102.0 billion yen.

The key factor was an increase of current net income by 63.7 billion yen over the previous term for a total of 74.8 billion yen in the Account for Credit Insurance Programs.

Profit and Loss Statement (FY2015: from April 1, 2015 to March 31, 2016; FY2016: from April 1, 2016 to March 31, 2017)

(Unit: billion yen)

		Ordinary income		Ordinary expenses		Ordinary profit (loss)		Net income (loss)	
		FY ended March 31, 2016	FY ended March 31, 2017	FY ended March 31, 2016	FY ended March 31, 2017	FY ended March 31, 2016	FY ended March 31, 2017	FY ended March 31, 2016	FY ended March 31, 2017
Japan Finance Corporation		613.8	610.6	563.4	508.4	50.4	102.2	50.5	102.0
Micro Business and Individual Unit (Account for Micro Business and Individual Operations)		147.5	142.7	122.0	124.3	25.4	18.3	25.6	18.2
Agriculture, Forestry, Fisheries and Food Business Unit (Account for Agriculture, Forestry, Fisheries and Food Business Operations)		48.2	45.3	48.2	45.3	0.0	0.0	0.0	0.0
Small and Medium Enterprise (SME) Unit	Account for SME Loan Programs and Securitization Support Programs (Guarantee-type Operation)	104.1	96.0	79.3	65.4	24.7	30.5	24.7	30.5
	Account for Securitization Support Programs (Purchase-type Operation)	0.3	0.4	0.1	0.3	0.1	0.0	0.1	0.0
	Account for Credit Insurance Programs	276.0	302.0	264.8	227.1	11.1	74.8	11.1	74.8
Operations to Facilitate Crisis Responses (Account for Operations to Facilitate Crisis Responses)		37.6	25.6	48.7	47.4	(11.0)	(21.7)	(11.0)	(21.7)
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 21,969.8 billion yen, the majority of which were loans and bills discounted.

Loans and bills discounted decreased 339.8 billion yen from March 31, 2016, to 17,999.9 billion yen.

Total net assets stood at 5,130.8 billion yen, taking into account an increase from having received capital contributions from the government of 241.5 billion yen, against a net income of 102.0 billion yen, etc.

Balance Sheet (as of March 31, 2017)

(Unit: billion yen)

Assets			Liabilities and net assets		
Items	Amount		Items	Amount	
	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017		Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash and due from banks	4,094.7	4,033.8	Borrowed money	14,254.6	13,924.2
Securities	27.5	35.7	Bonds payable	1,720.8	1,490.2
Loans and bills discounted	18,339.7	17,999.9	Entrusted funds	30.3	29.5
Other assets	44.2	36.3	Reserve for insurance policy liabilities	1,350.3	1,185.1
Property, plant and equipment	196.3	196.6	Other liabilities	37.3	33.5
Intangible assets	18.2	16.6	Provision for bonuses	4.8	4.9
Customers' liabilities for acceptances and guarantees	20.5	44.4	Provision for directors' bonuses	0.0	0.0
Allowance for loan losses	(416.9)	(393.7)	Provision for retirement benefits	93.7	93.1
			Provision for directors' retirement benefits	0.0	0.0
			Reserve for compensation losses	24.4	28.5
			Reserve for interest subsidies	—	5.0
			Acceptances and guarantees	20.5	44.4
			Total liabilities	17,537.2	16,839.0
			Capital stock	3,904.6	4,061.1
			Capital surplus	1,930.3	2,015.4
			Retained earnings	(1,047.7)	(945.7)
			Total net assets	4,787.2	5,130.8
Total assets	22,324.5	21,969.8	Total liabilities and net assets	22,324.5	21,969.8

(Unit: billion yen)

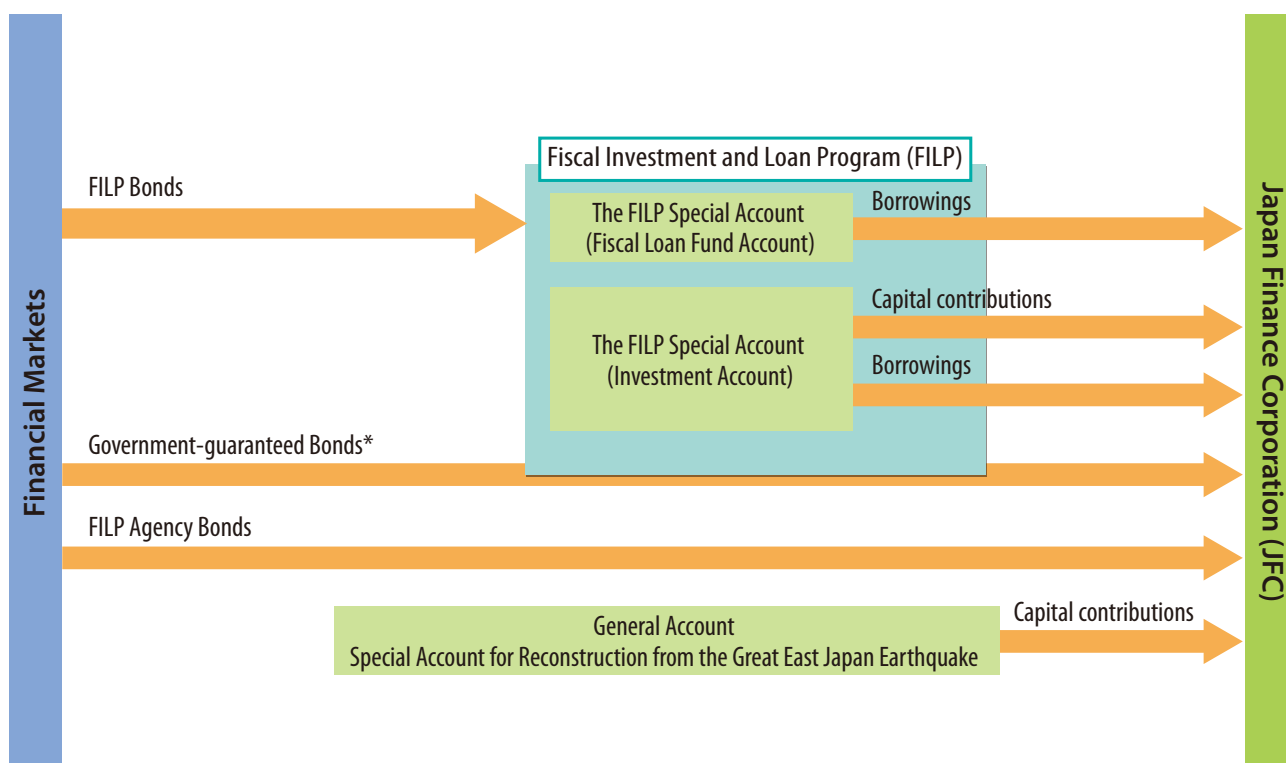
	At end of previous fiscal year (March 31, 2016)	At end of current fiscal year (March 31, 2017)	Change
Total assets	22,324.5	21,969.8	(354.6)
Total liabilities	17,537.2	16,839.0	(698.2)
Total net assets	4,787.2	5,130.8	343.5

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)

	FY2017 budget	FY2016 budget	FY2016 results
Borrowings from Fiscal Loan Fund, etc.	3,389.6	4,071.6	3,263.5
Government-guaranteed Bonds	455.0	385.0	120.0
Capital contributions from the government	113.4	242.6	241.5
Funding from the government (percentage of overall funding)	3,958.0 (93%)	4,699.3 (94%)	3,625.1 (95%)
FILP Agency Bonds	303.0	293.7	190.0
Total funding	4,261.0	4,993.0	3,815.1

Notes: 1. The FY2016 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	FY2017	FY2016		FY2015		FY2014	
	Budget	Budget	Results	Budget	Results	Budget	Results
10-year bond	60.0	60.0	40.0	60.0	45.0	60.0	30.0
6-year bond	125.0	125.0	80.0	125.0	70.0	125.0	80.0
Less than 5-year bond	270.0	200.0	—	200.0	—	200.0	—
Total	455.0	385.0	120.0	385.0	115.0	385.0	110.0

Notes: 1. The budget amounts for each fiscal year, except FY2017, are the revised levels following the respective supplementary budgets.

2. 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.

● 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	FY2017	FY2016				FY2015				FY2014			
	(Budget 303.0) Results 90.0	(Budget 293.7) Results 190.0				(Budget 300.0) Results 215.0				(Budget 320.0) Results 215.0			
Month of issue	May	May	August	September	March	May	August	November	March	May	September	November	March
4-year bond	40.0	—	—	—	10.0	—	—	—	—	—	—	—	—
3-year bond	—	—	—	60.0	—	—	—	20.0	10.0	—	20.0	—	—
2-year bond	50.0	60.0	60.0	—	—	70.0	50.0	65.0	—	50.0	25.0	70.0	50.0

Notes: 1. The budget amounts for each fiscal year, except FY2017, 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 FY2017 are the amounts issued as at the end of May 2017.

Ratings of JFC (As of May 31, 2017)

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