

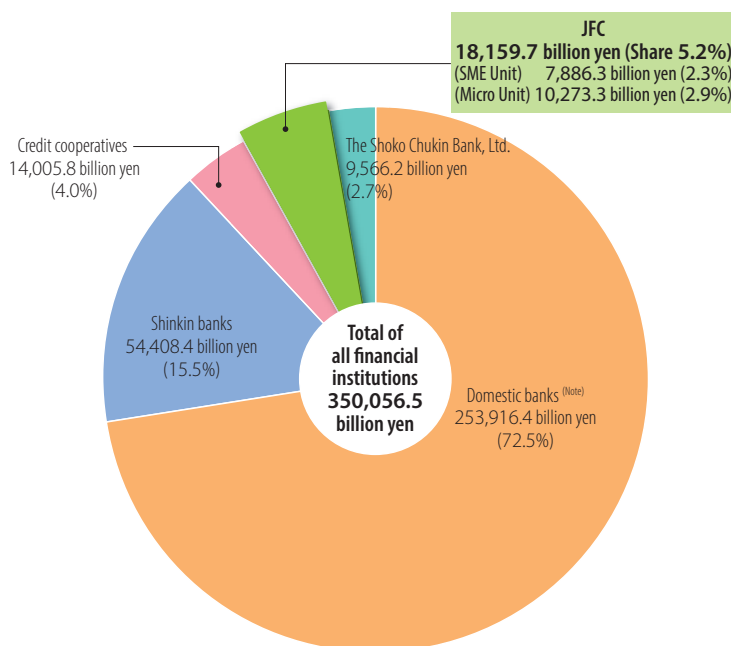
JFC Activities

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Financing Structure of JFC

JFC's share of the balance of financing to SMEs (Micro Unit and SME Unit) is **5.2%**.

Share of balance of financing to SMEs (as of March 31, 2024)

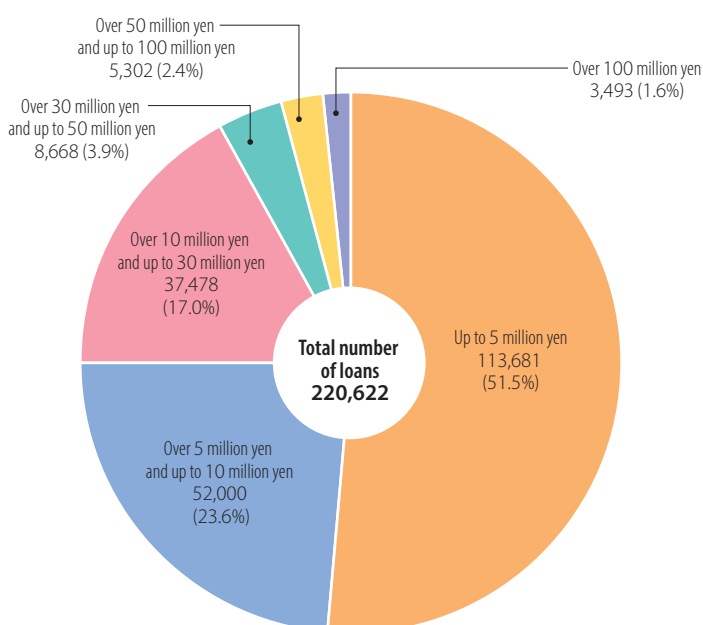


Note: Total of city banks, regional banks, regional banks II, and trust banks
 Sources: Bank of Japan, "Loans by Borrower," "Cash, Deposits, and Loans"; Shinkumi Bank, "Main Accounts of Nationwide Credit Unions"; Japan Finance Corporation, "Business Statistics"; Shoko Chukin Bank, "Business Statistics"

The composition of JFC's financing by loan amount in FY2023 was as follows. Of the total of approximately 220,000 business loans, **52% had loan amounts up to 5 million yen, and 92% were for 30 million yen or less.**

JFC also provides educational loans to the public (approximately 90,000 loans annually).

Financial results by loan amount in FY2023 (Note)



Note: Total of Micro Unit, AFFF Unit, and SME Unit (financing) business loans

Exercise of Safety Net Functions

Responses to the Spread of COVID-19

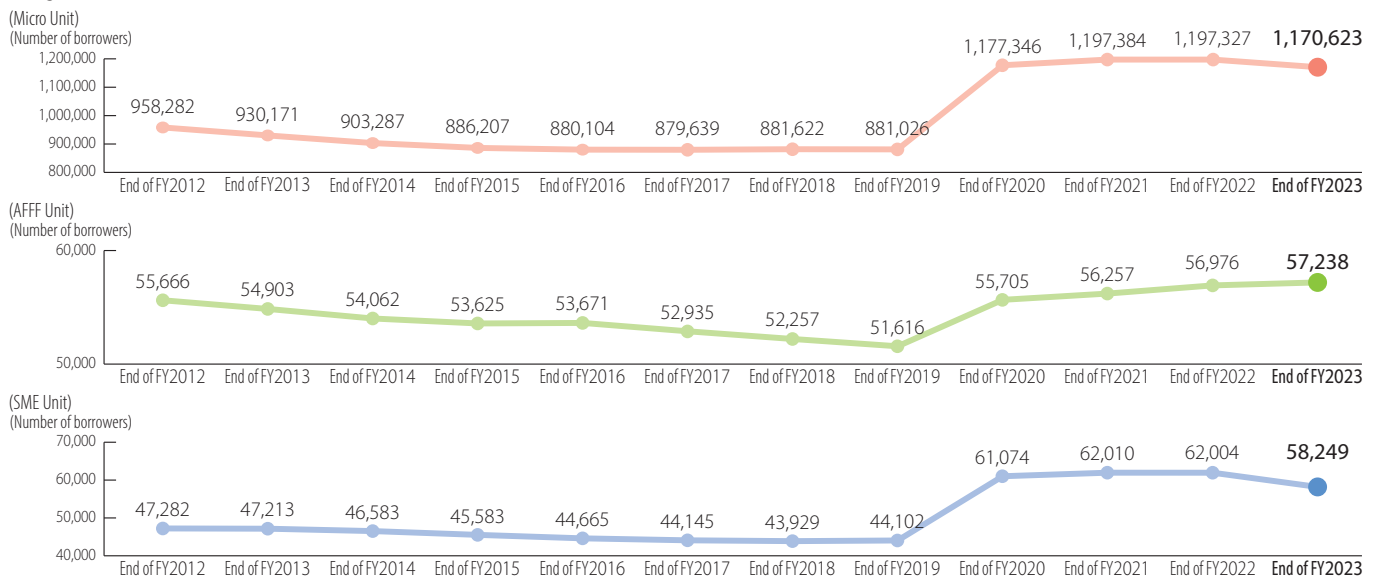
(1) COVID-19 related loan

The cumulative total of COVID-19 related loans from January 29, 2020, the day when the consultation desks were established, to March 31, 2024, amounted to **1,287,001 loans** for a total of **21,186.2 billion yen**.

(2) Change in number of borrowers

Until the outbreak of the COVID-19 pandemic, the number of JFC customers was trending downward, but as a result of responding to the unprecedented large number of inquiries concerning loans in response to COVID-19, the numbers of borrowers as of the end of FY2023 increased by **approximately 290,000** in the Micro Unit, **approximately 6,000** in the AFFF Unit, and **approximately 14,000** in the SME Unit compared to the end of FY2019.

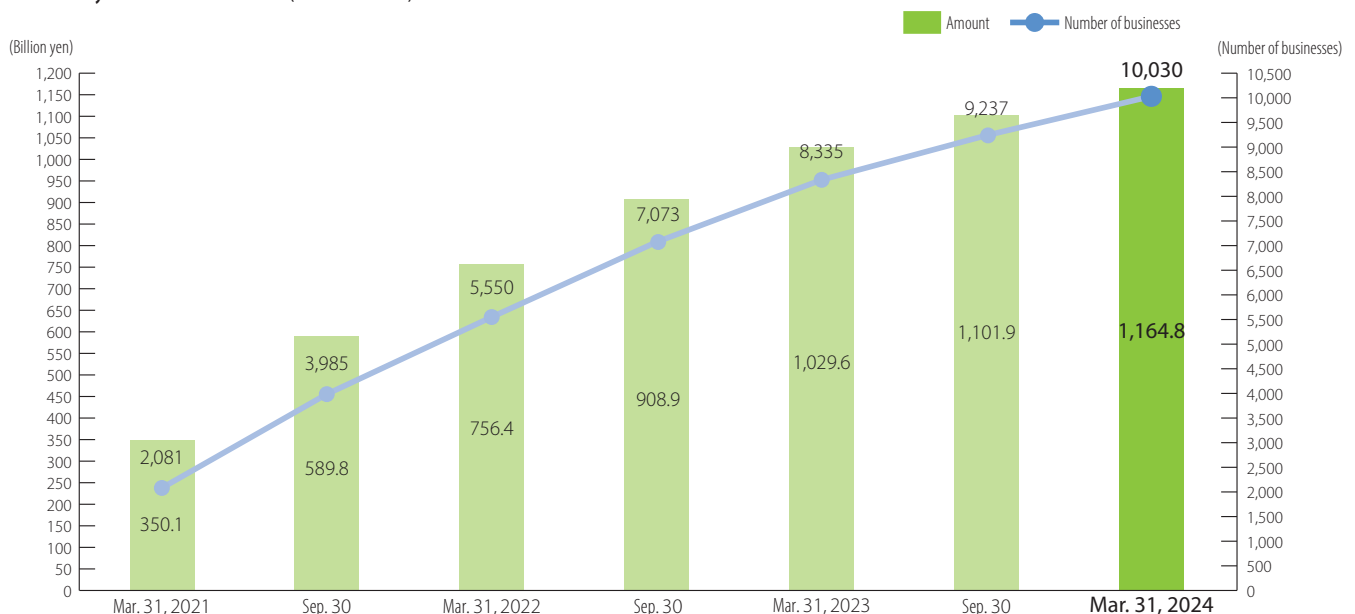
Change in number of borrowers



(3) COVID-19 Hybrid Subordinated Loan Program

In August 2020, we began handling COVID-19 Hybrid Subordinated Loan Program, which provides funds for reinforcing financial foundations, for companies that plan to develop and maintain business with support from relevant organizations, under an economic environment that was greatly affected by the COVID-19 pandemic. As of March 31, 2024, a total of **1,164.8 billion yen in financial** to **10,030 businesses** has been provided.

COVID-19 Hybrid Subordinated Loans (cumulative total)



Response to the 2024 Noto Peninsula Earthquake

On January 4, 2024, we set up a “special consultation desk for damage suffered as a result of the 2024 Noto Peninsula Earthquake” to promptly and meticulously respond to consultations on loans and repayments from SMEs, micro/small businesses, agriculture, forestry, and fisheries businesses, etc. affected by the disaster. Furthermore, we support those affected by the earthquake by offering “Special Loans for the 2024 Noto Peninsula Earthquake” for SMEs and micro/small businesses and “Special Provisions for Reduction of Interest Burden” for agriculture, forestry, and fisheries businesses, etc.

Loans related to the 2024 Noto Peninsula Earthquake

FY2023	
Number of loans	Amount
357	3.9 billion yen

Safety Net-related Loans ^(Note)

In FY2023, financing related to Safety Net Loans to those facing obstacles due to international financial instability and economic contraction, and those impacted by the Great East Japan Earthquake, the 2024 Noto Peninsula Earthquake, typhoon, and other disasters came to **116,738 loans for 1,766.3 billion yen**.

Note: The loans related to Safety Net Loans include COVID-19 Special Loan Program, 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.

Supporting Business Fields That Need Prioritized Support

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

(i) Loans to start-ups

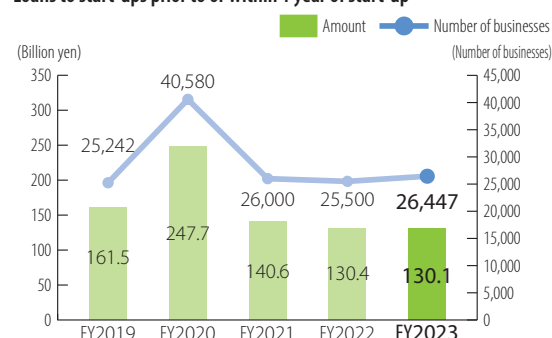
In FY2023, loans to start-ups (consisting of those that have yet to start and those that are within 1 year of start-up) came to: **26,447 businesses (104% compared to the previous fiscal year), 130.1 billion yen (100% compared to the previous fiscal year)**.

Start-up loans to women, youth, and senior entrepreneurs

	FY2021	FY2022	FY2023	Compared to the previous fiscal year
Women	6,077 businesses	6,367 businesses	6,631 businesses	104%
Youth (aged under 35)	7,889 businesses	7,368 businesses	7,368 businesses	100%
Seniors (aged 55 and older)	2,509 businesses	2,386 businesses	2,521 businesses	106%

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

Loans to start-ups prior to or within 1 year of start-up



(ii) Loans to Foster Growth of New Businesses ^(Note 1) and Loans to Support Start-up Businesses ^(Note 2)

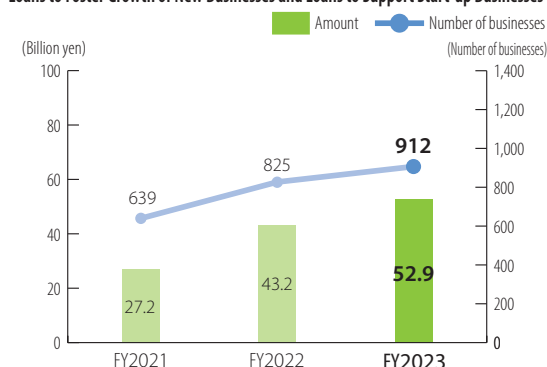
In FY2023, Loans to Foster Growth of New Businesses and Loans to Support Start-up Businesses ^(Note 3) came to: **912 businesses (111% compared to the previous fiscal year), 52.9 billion yen (122% compared to the previous fiscal year)**.

Notes: 1. A special loan program that provides support to venture SMEs working to develop new businesses with high growth potential.

2. A special loan program that provides support to start-ups expected to lead Japan's economic growth and the resolution of social issues.

3. Loan performance includes Hybrid Subordinated Loan Program.

Loans to Foster Growth of New Businesses and Loans to Support Start-up Businesses



(iii) Stock Acquisition Rights Loans

Loans to Foster Growth of New Businesses and Loans to Support Start-up Businesses include Stock Acquisition Rights Loans, a program to provide necessary loans through the acquisition of new company-issued share options by the SME Unit aimed at start-ups intending to offer stocks publicly.

In FY2023, loans came to: **75 businesses (109% compared to the previous fiscal year), 13.3 billion yen (177% compared to the previous fiscal year).**

(iv) Capital Subordinated Loans (new businesses-type)

In FY2023, Capital Subordinated Loans (new businesses-type) came to: **43 businesses (187% compared to the previous fiscal year), 6.3 billion yen (300% compared to the previous fiscal year).**

(v) Cooperation with regional start-up support institutions

We are working on discovering and supporting regional start-ups by holding presentation events for the start-ups in local areas in cooperation with regional start-up support institutions (private financial institutions, venture capitals, universities, etc.).

(vi) Holding of the High School Student Business Plan Grand Prix

JFC has been conducting the High School Student Business Plan Grand Prix since FY2013 with the aim of nurturing the ability to independently develop one's future through the process of creating a business plan.

For the 11th High School Student Business Plan Grand Prix, a total of 5,014 entries from 505 schools were received. Business start-up support centers nationwide took the lead in providing on-site classes to 472 schools to support the creation of business plans.

At the final screening, held in January 2024, 10 groups of finalists gave enthusiastic presentations. The Grand Prix went to Ms. Mizuki Nakamura at Den-en Chofu Gakuen Senior High School for “Tech Dormitory”—Making Women Around the World Happy,” which drew the attention of various media. In addition, Prime Minister Kishida sent a video message in response to the presentations, as in the 10th Grand Prix.

The 12th High School Student Business Plan Grand Prix

Application period: August 20 to September 25, 2024

Announcement of ten finalist groups: Late November 2024

Final competition and award ceremony: January 12, 2025

Please visit the High School Student Business Plan Grand Prix website for more information.

<https://www.jfc.go.jp/n/grandprix/>
(Available only in Japanese)



The High School Student Business Plan Grand Prix Facebook page is frequently updated with the latest information.

<https://www.facebook.com/grandprix.jfc/>
(Available only in Japanese)



The High School Student Business Plan Grand Prix Instagram page is frequently updated with the latest information.

https://instagram.com/grandprix_kouko/
(Available only in Japanese)



Results of Stock Acquisition Rights Loans included in Loans to Foster Growth of New Businesses and Loans to Support Start-up Businesses

	FY2021	FY2022	FY2023	Compared to the previous fiscal year
Number of businesses	41	69	75	109%
Amount	3.5 billion yen	7.5 billion yen	13.3 billion yen	177%

Results of Capital Subordinated Loans (new businesses-type)

	FY2021	FY2022	FY2023	Compared to the previous fiscal year
Number of businesses	24	23	43	187%
Amount	2.9 billion yen	2.1 billion yen	6.3 billion yen	300%



Ms. Mizuki Nakamura at Den-en Chofu Gakuen Senior High School who received the 11th Grand Prix award



Presentation at the final screening

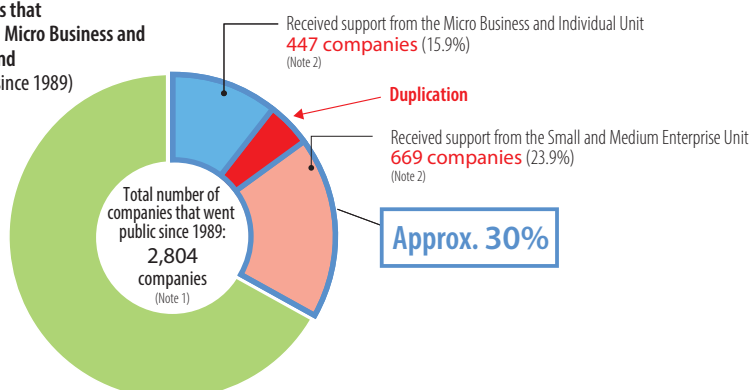


Video message by Prime Minister Kishida

Record of JFC transactions with publicly-traded companies

Of those companies listed since 1989, the total numbers of companies that went public after receiving support from the Micro Business and Individual Unit or the Small and Medium Enterprise Unit were 447 companies and 669 companies, respectively, with 975 companies receiving support from both (excluding duplication), accounting for approximately 30% of the total.

Publicly-traded companies that received support from the Micro Business and Individual Unit or Small and Medium Enterprise Unit (since 1989)



Notes: 1. Of those companies listed on each market since 1989, the total number of companies whose shares are publicly traded as of March 31, 2024 (according to JFC investigations).
2. Of those companies indicated in Note 1, companies confirmed to have received support from Micro Business and Individual Unit or Small and Medium Enterprise Unit.

(2) Support for business revitalization

Results of financing relating to business revitalization in FY2023 came to **619 businesses (138% compared to the previous fiscal year) and 47.5 billion yen (118% compared to the previous fiscal year)** for Corporate Revitalization Loans, whereas Capital Subordinated Loans (revitalization-type) came to **50 businesses (238% compared to the previous fiscal year) and 4.2 billion yen (150% compared to the previous fiscal year)**. In addition, financing support relating to revitalization was provided to **202 businesses (149% compared to the previous fiscal year)**.

Results of loans related to support for revitalization

		FY2021	FY2022	FY2023	Compared to the previous fiscal year
Corporate Revitalization Loans	Number of businesses	308	450	619	138%
	Amount	30.2 billion yen	40.1 billion yen	47.5 billion yen	118%
Capital Subordinated Loans (revitalization-type)	Number of businesses	17	21	50	238%
	Amount	2.2 billion yen	2.8 billion yen	4.2 billion yen	150%

Results of financial support relating to revitalization

		FY2021	FY2022	FY2023	Compared to the previous fiscal year
Methods of financing for comprehensive revitalization such as DDS and DES ^(Note)	Number of businesses	114	136	202	149%

Note: These results are the total of DDS, DES, non-equivalent transfer of claims, secondary company method, and debt waiver; calculated by adding up the number of businesses agreed by JFC for the corresponding period.

- **DDS (Debt Debt Swap):** A financial technique for exchanging a part of an existing debt for a subordinated debt.
- **DES (Debt Equity Swap):** A financial method that seeks to improve company's financial constitution by equitizing a portion of existing liabilities.
- **Non-equivalent transfer of claims:** A financial method where creditors exchange their claims to a regional revitalization fund for less than face value (market value).
- **Secondary company method:** A financial method where a profitable business is spun off through a corporation division or business transfer and assumed by another business. The excess debt and non-profitable business are retained by the original company and debt relief is obtained through special liquidation or other legal reorganization proceedings.
- **Debt waiver:** A financial method where creditors waive a portion of their claims to improve the cash flows and financial status of a reorganized company.

(3) Support for business succession

The Business succession-related loans in FY2023 came to **2,790 loans (107% compared to the previous fiscal year) and 91.3 billion yen (108% compared to the previous fiscal year)**.

As the managers of SMEs and micro/small businesses age, JFC is responding to diverse demands for funds relating to business succession so that valuable management assets including the technologies and know-how that businesses have accumulated can be effectively transferred.

Business succession-related loans

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Number of loans	176	707	1,492	2,467	5,593	9,047	1,442	2,380	2,610	2,790
Amount	11.9 billion yen	18.6 billion yen	29.6 billion yen	42.4 billion yen	88.2 billion yen	150.3 billion yen	47.8 billion yen	76.6 billion yen	84.2 billion yen	91.3 billion yen

Notes: 1. JFC is expanding financing subjects in order to respond to broader demand for funds such as providing funds for business succession preparations from April 2017 and environmental health-related businesses from FY2020.

2. The figure above includes results from the New Business Activity Promotion Funds (business succession-related*) established in February 2015. *Integrated into Business Success, Consolidation, and Revitalization Funds in 2017, etc.

3. Loans used for funding necessary for business succession other than Business Success, Consolidation, and Revitalization Funds, etc. (certified loans) have been added to the total since FY2018.

Examples of Measures to Raise Manager Awareness

Gift vol. 3, a collection of examples of business succession to a third-party



This brochure showcases the initiatives and aspirations of previous and current business management who have achieved third-party succession through the use of JFC's business succession matching support and support measures provided by other organizations (Issued in July 2022)

Baton for the Future



A pamphlet that encourages self-diagnosis concerning business succession and provides information on sharing information with JFC officials concerning issues regarding business succession and the direction the company should take (Revised in April 2021)

Business Succession Seminar



Seminars for management personnel designed to teach the importance of business succession and to acquire the business succession know-how to enable a sustainable business (Held in January 2022)

Business Succession Matching Support

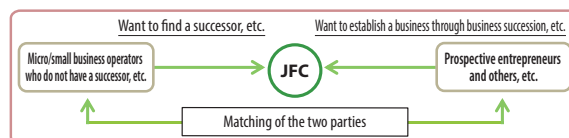
Business succession matching support is a support program for business succession by the third party. This program supports for matching micro/small businesses that do not have a successor with people who wish to start their own businesses.

As of FY2023, the program has received 13,518 applications with 1,349 successful matches made, of which 168 contracts have been concluded.

In addition, to further promote the matching of companies lacking successors, in FY2023, "business succession matching events" were held online at 15 locations nationwide, where companies publicly solicited successors with their names openly disclosed. At these events, 61 companies wishing to transfer their businesses showcased their businesses to a total of 1,974 participants (those interested in business transfers and those who support business succession) and publicly solicited successors.

In FY2024, these events will be held at 13 locations and are scheduled to be held in all prefectures by the end of FY2025.

For more information regarding business succession matching support, please visit the JFC website. (Available only in Japanese)



Business succession matching support results

Actual results	Transferrer	Transferee
Number of registered applications	4,216	9,302 (2,187)
Number of successful matches	1,349	
Number of contracts concluded	168	

Note: The results of business succession matching support are the cumulative results from April 2019 to March 2024. The figure shown in parentheses next to the number of registered applications is the number of registered applications from those who wish to start their own businesses.

A scene from one of the business succession matching events



Introducing the business from the transferrer (Miyagi Prefecture)

Example of Successful Business Succession Matching Support

The transferrer is Ishizu Corporation (headed at the time by Mr. Ishizu), a prescription pharmacy operator in Shizuoka Prefecture. Lacking a successor, the company registered with the JFC's business succession matching support program.

The transferee, Mr. Kobayashi, is a pharmacist from Kanagawa Prefecture. While working for a major prescription pharmacy, he wished to run a pharmacy rooted in the community and was considering starting his own business, with the potential for relocation.

JFC-Micro interviewed Mr. Ishizu about his wishes regarding the transfer of his business and introduced Mr. Kobayashi as a potential candidate. Through a visit to the pharmacy and evaluating other aspects, Mr. Kobayashi was convinced that the pharmacy was indispensable to the community, prompting himself and his partner, Ms. Sato, to move to the area to pursue the succession, and subsequent start-up of the business, "Tsugu-sta" ^(Note). In August 2023, the two parties signed a business transfer agreement.

Note: A form of launching a business by acquiring an existing business.



Mr. Ishizu (left), the transferrer, Mr. Kobayashi (center) and Ms. Sato (right), the transferees

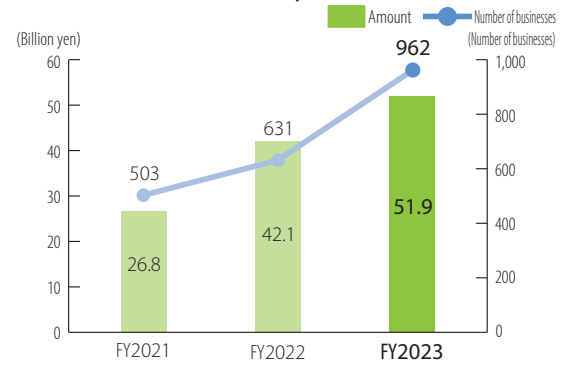
(4) Support for Overseas Expansion

(i) Loans for Overseas Investment and Expansion

In FY2023, Loans for Overseas Investment and Expansion were provided to **962 businesses (152% compared to the previous fiscal year)**, totaling **51.9 billion yen (123% compared to the previous fiscal year)**; of which cross-border loans ^(Note) were provided to **93 businesses** in FY2023, in the amount of **6.8 billion yen**. The totals since the system was launched in January 2021 (through March 31, 2024), stood at **298 business and 20.9 billion yen**.

Note: A program under which JFC provides direct loans to overseas subsidiaries that work with their domestic parent companies (SMEs and others) to improve management capabilities, implement management innovations, and revitalize local economies in order to adapt to structural changes in the economy. The countries and regions where this program can be used are Thailand, Viet Nam, Hong Kong, Singapore, and the Philippines.

Loans for Overseas Investment and Expansion



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

	FY2021		FY2022		FY2023		
	Number of businesses	Ratio	Number of businesses	Ratio	Number of businesses	Ratio	Compared to the previous fiscal year
China (including Hong Kong)	136	27%	181	29%	273	28%	151%
ASEAN	211	42%	234	37%	330	34%	141%
Viet Nam	85	17%	78	12%	104	11%	133%
Thailand	80	16%	71	11%	93	10%	131%
Philippines	13	3%	24	4%	35	4%	146%
Malaysia	9	2%	22	3%	22	2%	100%
Other ASEAN countries	24	5%	39	6%	76	8%	195%
Others	156	31%	216	34%	359	37%	166%
Total	503	100%	631	100%	962	100%	152%

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

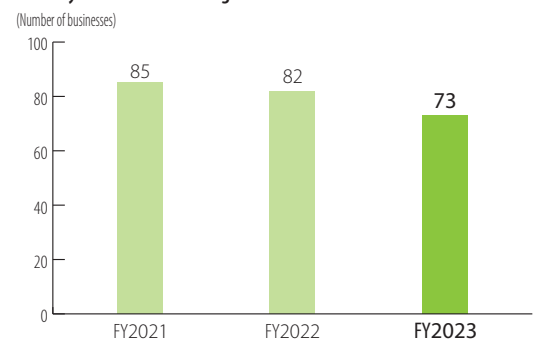
As for FY2023, letters of credit were issued to the affiliated financial institutions in Thailand, China, Republic of Korea, Indonesia, Taiwan, the Philippines, and Viet Nam, being utilized by **73 businesses**. The cumulative usage (until March 31, 2024) of this program since its start in FY2012 has reached **960 businesses**.

As of March 31, 2024, the number of affiliated financial institutions expanded to 15 institutions.

In order to allow more SMEs to make use of this program, JFC established a scheme to partner regional financial institutions throughout Japan in FY2013. As of March 31, 2024, we have business partnerships with 62 regional financial institutions in Japan, and since the start of the program, letters of credit have been issued to a total of **62 businesses (4 businesses in FY2023)** through this partnership scheme.

Note: The Standby Letter of Credit Program supports overseas subsidiaries that work with their domestic parent companies (SMEs and others) to improve management capabilities, implement management innovations, and revitalize local economies, can smoothly procure the long-term local currency denominated funds from JFC's affiliated financial institutions by using JFC's standby letter of credit as a guarantee.

Standby Letter of Credit Program



(iii) Performance of Trial Export Support Project

As part of the business support services to customers who have JFC loan balance, the Trial Export Support Project was established by JFC AFFF Unit in FY2013 and the Micro Business and Individual Unit in FY2022 to support customers attempting to export agricultural and fisheries products for the first time, in cooperation with experienced export trading companies.

In partnership with trading companies, the Trial Export Support Project has coordinated to provide support to small businesses, agriculture, fisheries and food manufacturing businesses showing an eagerness to export their products. This has resulted in support for **95 cases** of trial exports in FY2023.

Number of supported cases ^(Note)

	FY2021	FY2022	FY2023
Number of supported cases	31	75	95

Note: The number of supported cases in FY2021 is solely for the Agriculture, Forestry and Fisheries Businesses. The number of supported cases starting from FY2022 is the cumulative total of the Micro Business and Individual Unit and the Agriculture, Forestry and Fisheries Businesses Unit.

(iv) Establishment of Ho Chi Minh City Representative Office

To further strengthen support for overseas business development and information gathering in the ASEAN region, JFC opened the Ho Chi Minh Representative Office in Viet Nam (Ho Chi Minh City) in November 2023. With this establishment, JFC now has three overseas representative offices: Shanghai (China), Bangkok (Thailand), and Ho Chi Minh City (Viet Nam).

In January 2024, an opening ceremony was held in Ho Chi Minh City, attended by approximately 150 of JFC's overseas business customers, the Embassy of Japan in Viet Nam, and other Japanese-related institutions and Japanese financial institutions. The opening of the Ho Chi Minh City Representative Office was widely disseminated, providing an opportunity for participants to interact with each other.



The building where the Ho Chi Minh City Representative Office is located



Opening ceremony (photo session)

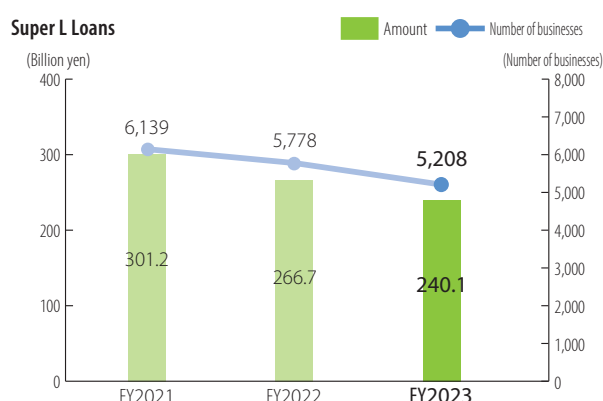


Opening ceremony (lecture)

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

(i) Supporting leaders of agriculture (new entrants into farming, large family businesses, corporations)

Performance of Agricultural Management Framework Reinforcement Loan (name: Super L Loan) in FY2023, came to: **5,208 businesses (90% compared to the previous fiscal year), 240.1 billion yen (90% compared to the previous fiscal year).**



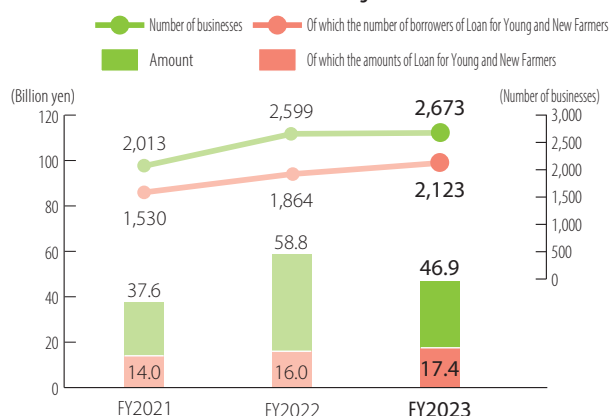
(ii) Supporting new entrants into agriculture business and new farmers

In FY2023, performance of loan to new entrants into agriculture business and new farmers came to **2,673 businesses (103% compared to the previous fiscal year), and 46.9 billion yen (80% compared to the previous fiscal year).**

Performance of Loan for Young and New Farmers ^(Note) which was launched in FY2014 came to: **2,123 businesses (114% compared to the previous fiscal year), 17.4 billion yen (109% compared to the previous fiscal year).**

Note: Loans to support new farmers who are about to start their businesses and are certified by municipalities under the Young and New Farmers Plan.

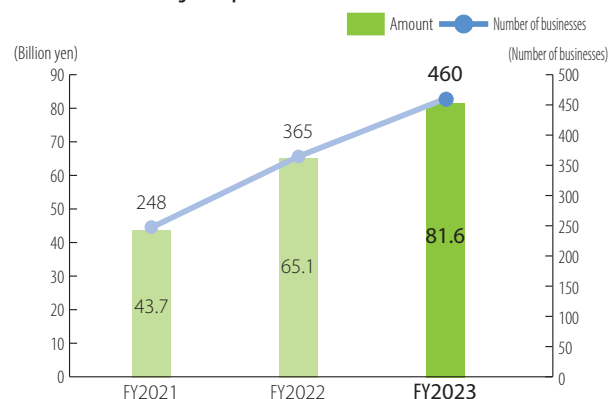
Loans to new farmers and new entrants into agriculture business



(iii) Supporting initiatives to export

In FY2023, loan performances to those who work on management improvement through exports came to: **460 businesses (126% compared to the previous fiscal year), 81.6 billion yen (125% compared to the previous fiscal year).**

Loans to those working on export business

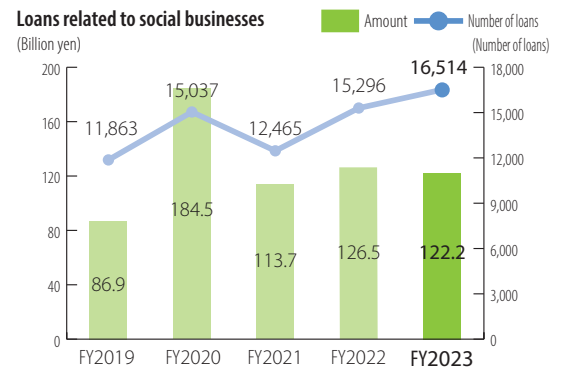


(6) Support for Social Business ^(Note)

(i) Loans related to social businesses

In FY2023, loans related to social businesses came to: **16,514 loans (108% compared to the previous fiscal year), 122.2 billion yen (97% compared to the previous fiscal year).**

Note: Businesses that tackle regional and social issues, such as supporting the care and welfare of the elderly and disabled, child rearing, regional revitalization, and environmental conservation, etc.



(ii) Information dissemination through the “Social Business Johokyoku” website

In July 2023, the Social Business Johokyoku was established to introduce interviews with people involved in social business and case studies of support for solving regional and social issues.



Scan here for details.

(Available only in Japanese)



(iii) Supporting business plan formulation by issuing the Business Plan Visualization Book

The JFC Micro Unit published the Business Plan Visualization Book (referred to as the “Visualization Book”) on the JFC website to support the formulation of social business plans.

The Visualization Book is a workbook that helps businesses organize six elements relating to business planning (organizational mission, understanding of current conditions, implementation hypotheses, results targets, financial foundations, and organizational foundations). The Visualization Book can be used when those engaged in social business formulate business plans.



Scan here for details.

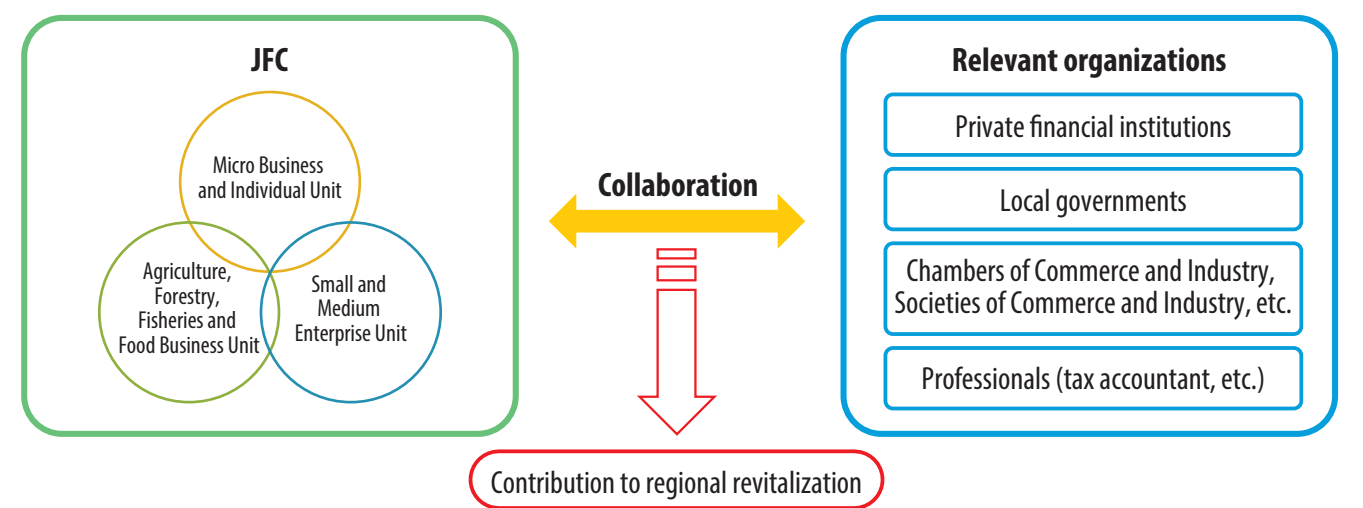
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Cooperation with Private Financial Institutions and Relevant Organizations

In cooperation with private financial institutions and relevant organizations, JFC provides its customers with a diverse range of services. In addition to active participation in Regional Comprehensive Strategies, JFC strives to revitalize local communities by promoting initiatives to resolve issues that local communities and customers face.

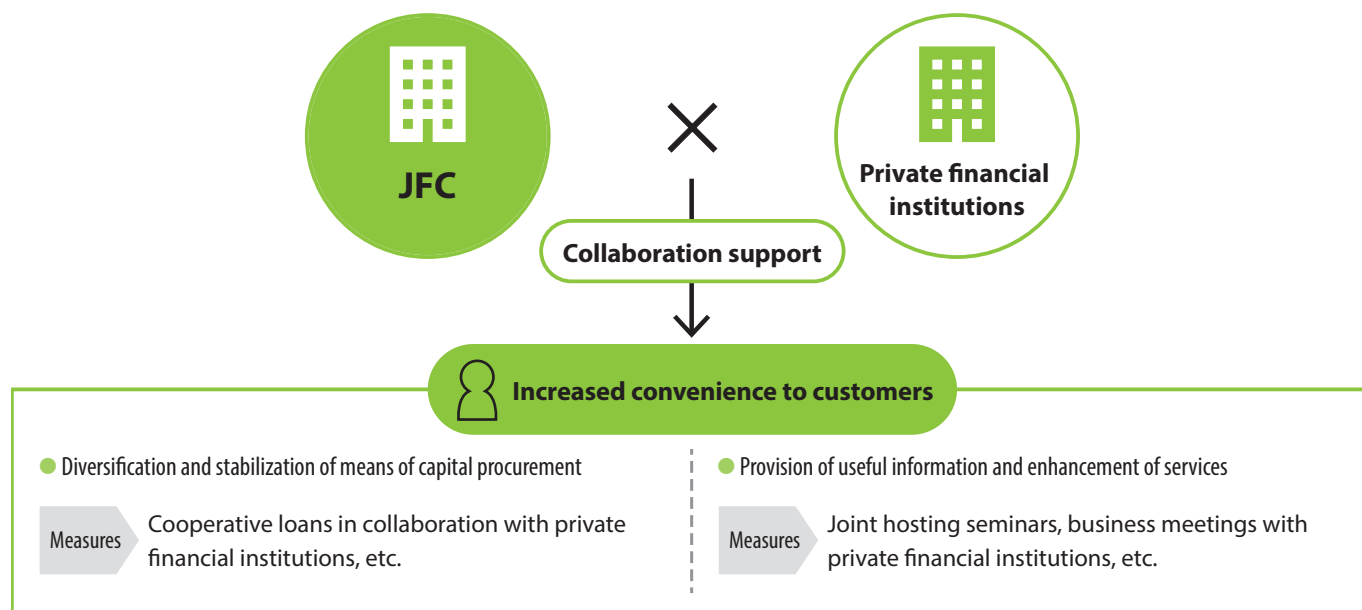
(1) Deeply reinforced collaborations with private financial institutions	● JFC supports SMEs, micro/small businesses and agriculture, forestry and fisheries businesses, and other businesses based on the premise of complementing the activities of private financial institutions. We strive to increase convenience to customers in collaboration with private financial institutions by providing various services that combine their respective strengths and expertise.
(2) Role performance of connecting relevant organizations	● JFC promotes initiatives to resolve challenges which the region and customers are facing in cooperation with relevant local organizations.
(3) Reinforcement of collaboration with local governments	● Through active involvement in various measures of Regional Comprehensive Strategies and dialogue with local governments, JFC works to strengthen collaboration with local governments.



Deeply reinforced collaborations with Private Financial Institutions

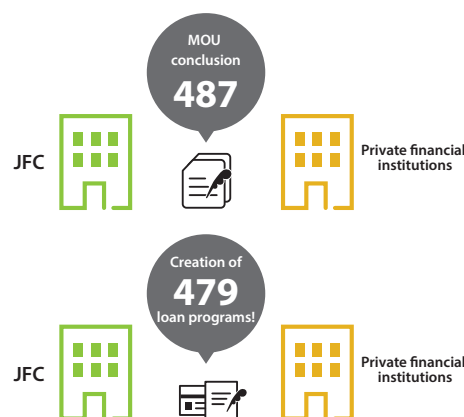
(1) Collaborations with private financial institutions

JFC supports SMEs, micro/small businesses and agricultural, forestry and fisheries businesses, and other businesses based on the premise of complementing the activities of private financial institutions. We strive to increase convenience to customers in collaboration with private financial institutions by providing various services that combine their respective strengths and expertise.



(2) MOU conclusion status on business partnerships and collaboration

JFC has been promoting business partnerships with many private financial institutions. **As of March 31, 2024**, MOUs on business cooperation and collaboration have been concluded with **487 financial institutions**.



(3) Creation of cooperative loan programs

Since FY2014, JFC has been focusing on establishing loan schemes (Note) in cooperation with private financial institutions to enhance partnership effectiveness and the number of private financial institutions which established the cooperative loan schemes reached **436 financial institutions as of March 31, 2024**. For some of the cooperative loan schemes, private financial institutions and the JFC collaborate to establish cooperative loan programs to support businesses. **As of March 31, 2024, 479 programs** were created in collaboration with **309 financial institutions**.

Note: Specific introduction rules are set for projects treated as cooperative loans.

(4) Total of cooperative loans ^(Note)

In FY2023, total cooperative loans from private financial institutions came to: **32,594 loans (109% compared to the previous fiscal year), 1,240.6 billion yen (98% compared to the previous fiscal year)**.

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

Cooperative loan results

	FY2019	FY2020	FY2021	FY2022	FY2023	Compared to the previous fiscal year
Number of loans	28,736	24,467	25,259	29,894	32,594	109%
Amount	1,255.6 billion yen	1,684.7 billion yen	1,252.7 billion yen	1,264.5 billion yen	1,240.6 billion yen	98%
Amount per loan	43.69 million yen	68.85 million yen	49.59 million yen	42.29 million yen	38.06 million yen	90%


(5) Results of JFC customer referrals to private financial institutions

To respond to the diversifying capital needs of customers and increased customer options for capital procurement, JFC refers customers to private financial institutions.

In FY2023, **JFC referred 7,943 customers to private financial institutions**.

Role Performance of Connecting Relevant Organizations

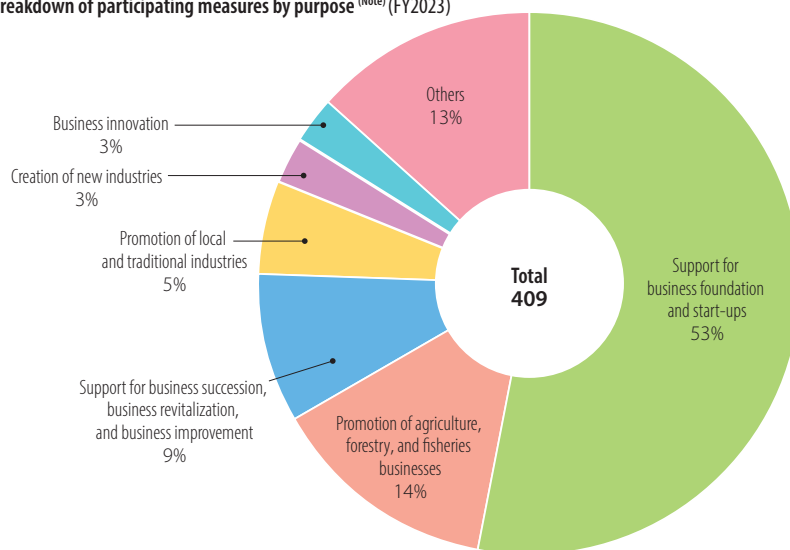
- In perspective to enhance the consulting functions for customers, JFC collaborates with relevant local organizations to proactively organize seminars or study sessions in various regions.
- As a role of policy-based financial institution, JFC performs to connect relevant local organizations and contribute to solving challenges customers and regions are facing. To this end, in FY2023, we organized the Regional Economic Revitalization Symposium in Tokyo, Hiroshima, and Aomori collaborating with local financial institutions, support organizations, and local companies.

Tokyo	<ul style="list-style-type: none"> ◆ Date: July 18, 2023 ◆ Location: Nikkei Hall (Chiyoda-ku, Tokyo) ◆ Theme: Passing the Will to the Future through Business Succession ◆ Number of participants: Venue: 61 Live-streaming: 379 	 <p>A scene of the Tokyo venue</p>
Hiroshima	<ul style="list-style-type: none"> ◆ Date: September 7, 2023 ◆ Location: JMS Aster Plaza (Hiroshima city, Hiroshima) ◆ Theme: Changing the World with New Inspiration: The Energy Start-ups Bring ◆ Number of participants: Venue: 79 Live-streaming: 225 	 <p>A scene of the Hiroshima venue</p>
Aomori	<ul style="list-style-type: none"> ◆ Date: October 31, 2023 ◆ Location: Hotel Aomori (Aomori city, Aomori) ◆ Theme: From the Local! Japanese Food to the World ◆ Number of participants: Venue: 119 Live-streaming: 194 	 <p>A scene of the Aomori venue</p>

Reinforcement of Collaboration with Local Governments

- Taking consideration of local circumstances and needs, JFC is attentively responding to regional challenges at our 152 branches nationwide.
- In FY2023, JFC participated in various fields of **409 individual measures**, among which set forth in Regional Comprehensive Strategies, such as support for business start-ups and the promotion of agriculture, forestry, and fisheries businesses. Furthermore, by understanding the challenges the region is facing through dialogue with local government leaders, we further strengthened our partnerships through promoting initiatives to resolution.

Breakdown of participating measures by purpose ^(Note) (FY2023)



Support Utilizing Nationwide Network of 152 Branches

In order to deal with various needs of customers, JFC provides hands-on matching support for customers engaged in market and product development and conducts business discussion meetings and seminars by using its nationwide network of 152 branches.

- In FY2023, to support customers' core businesses and to contribute to the revitalization of local regions, JFC organized business matching, business discussion meetings and seminars nationwide.
- To support customers' challenge resolving, in addition to nationwide scale business meetings such as "Nationwide Online Business Discussion Meetings" and "Agrifood EXPO," our regional branches organized online business matching to connect customers in remote areas as well as business meetings and seminars that take advantage of regional characteristics.
- JFC offers a platform called Internet Business Matching site, which connects the needs of customers such as search into new buyers or suppliers.

JFC Internet Business Matching
<https://match.jfc.go.jp/>
 (Available only in Japanese)



The 4th Nationwide Online Business Discussion Meetings

- To meet the customers' diversified matching needs regarding post-COVID, JFC organized online business discussion meetings in order to support their further business opportunities. (February 13–19, 2024). (excluding the 17th and 18th)
- In order to widely meet the diversifying customer needs, in addition to newly organized overseas meeting slot, 38 companies participated this event from areas that were severely affected by the 2024 Noto Peninsula Earthquake (Ishikawa, Toyama, Fukui, and Niigata Prefectures), having business negotiations that lead to their sales expansion. As a result, a total of 840 business discussions were held (849 in the previous event), achieving high satisfaction among the participants.



Provision of Information through the PR Magazine "Connect JFC"

JFC is engaged in the provision of information through the PR magazine "Connect JFC," which aims to make the function, roles, and initiatives of JFC better known and connect policy with those involved in business. In "Connect JFC," we introduce not only the efforts of JFC, but also those of regional corporations.



Please visit the JFC website for more information.
https://www.jfc.go.jp/n/findings/tsunagu_index.html
 (Available only in Japanese)



Sustainability Initiatives

Basic Sustainability Policy

JFC has established the Basic Sustainability Policy to contribute to the realization of a sustainable society through its business operations.

[Basic Sustainability Policy]

JFC shall contribute to the realization of a sustainable society by striving to support SMEs, small businesses, agricultural, forestry and fisheries businesses, among others, through the appropriate provision of policy-based financing, and to manage its operations in consideration of regional revitalization and the environment through cooperation with relevant organizations.

◆ Basic Concept

Through steady implementation of each item of the Business and Management Plan, we will promote sustainability and contribute to the achievement of the SDGs.

◆ Identifying Materiality

- The following materialities are defined as key issues to be addressed in promoting sustainability.
 - (1) Supporting customers' business continuity by exercising safety net functions
 - (2) Collaborate with private financial institutions and related organizations to support the growth of customers and the regional community
 - (3) Focus on business fields that need prioritized support to support customers and the development of Japan
 - (4) Increase the satisfaction of working staff by creating a workplace where diverse human resources can play their active roles
- Progress in addressing materiality issues shall be reported to and monitored by the Board of Directors and evaluated by the Evaluation & Review Committee in an effort to improve initiatives for the promotion of sustainability.

◆ Cooperation with Local Communities

Contribute to the progress of sustainability initiatives in the community as a whole by sharing the importance of sustainability initiatives with customers and relevant institutions.

◆ Foster Human Resource

Enhance staff training to realize high-quality customer service and nurture high-level management capabilities and expertise to enable all management and staff to fulfill their expected roles as policy finance providers.

◆ Internal Environmental Improvement

Promote career development for women while also striving to create a workplace where it is possible to practice work-life management regardless of gender.





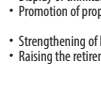

◆ Create Awareness among All Management and Staff

Foster awareness of sustainability among all management and staff to ensure they are actively engaged in promoting sustainability in accordance with this Policy.

Contributions to the SDGs Through JFC Initiatives

As a policy-based financial institution, JFC is committed to contributing to the achievement of the Sustainable Development Goals (SDGs) as advocated by the United Nations.

Contributions to the SDGs Through JFC Initiatives (SDG Mapping)

 <p>[Project management]</p> <ul style="list-style-type: none"> Reduction of the economic burden involved in education through support to single-parent families, etc. 	 <p>[Project management]</p> <ul style="list-style-type: none"> Support for sustainable growth of agriculture, forestry, and fisheries businesses Support to persons newly embarking on agricultural management Support for food-product-related companies and other related companies working to strengthen partnerships with agriculture, forestry, and fisheries businesses 	 <p>[Project management]</p> <ul style="list-style-type: none"> Support for bolstering the medical setup Support for customers involved in health management
 <p>[Project management]</p> <ul style="list-style-type: none"> Holding of the High School Student Business Plan Grand Prix Contribution to equal opportunities in education Transmission of research results by teaching at universities, etc. <p>[Organization management]</p> <ul style="list-style-type: none"> Strengthening of staff expertise 	 <p>[Organization management]</p> <ul style="list-style-type: none"> Positive appointment of female managers Promotion of men's participation in housework, child raising, and care 	 <p>[Project management]</p> <ul style="list-style-type: none"> Support for maintaining the multilateral functions of forests (cultivation of water resources)
 <p>[Project management]</p> <ul style="list-style-type: none"> Support for decarbonization and other environmental and energy countermeasures Two-step loans for specified projects based on the Low-Carbon Investment Promotion Act Two-step loans for business adaptation (decarbonization) based on the Industrial Competitiveness Enhancement Act 	 <p>[Project management]</p> <ul style="list-style-type: none"> Exercise of safety net function Definite implementation of operations to facilitate crisis responses Steady implementation of credit supplementation Support for business foundation, start-ups and new businesses Business revitalization support Business succession support Social business support <p>[Organization management]</p> <ul style="list-style-type: none"> Promotion of digitalization and DX Further promotion of flexible workstyles, such as telecommuting Practice of work-life management 	 <ul style="list-style-type: none"> Overseas expansion support Provision of useful services tailored to customer and local needs (matching, holding of business meetings and seminars, etc.) Appropriate display of risk-taking function Strengthening of consulting function Display of thinktank function Promotion of proposal activities for SME policy and agriculture, forestry, and fisheries policy
 <p>[Project management]</p> <ul style="list-style-type: none"> Two-step loans relating to business reorganization, business adaptation, etc. based on the Industrial Competitiveness Enhancement Act Two-step loans relating to the development, supply, and introduction of advanced information and communications systems Two-step loans for securing stable supplies of specified goods of importance 	 <p>[Organization management]</p> <ul style="list-style-type: none"> Promotion of diversity Steady implementation of the employment of disabled persons 	 <p>[Project management]</p> <ul style="list-style-type: none"> Contribution to local and regional revitalization
 <p>[Organization management]</p> <ul style="list-style-type: none"> Implementation of initiatives in consideration of the environment 	 <p>[Organization management]</p> <ul style="list-style-type: none"> Strengthening of crisis management preparations Strengthening of business continuity plan 	 <p>[Project management]</p> <ul style="list-style-type: none"> Supporting the development of a sustainable fisheries industry into a growth business
 <p>[Project management]</p> <ul style="list-style-type: none"> Support for the sustained and sound development of the forestry industry Efforts contributing to promoting the use of domestic material by timber-related businesses 	 <p>[Organization management]</p> <ul style="list-style-type: none"> Strengthening of compliance awareness Strengthening of arrangements to exclude antisocial forces Establishment of evaluation and examination committee comprising external learned persons 	 <p>[Project management]</p> <ul style="list-style-type: none"> Cooperation with private financial institutions, etc. through cofinancing and securitization Cooperation with local governments through active participation in regional comprehensive strategies, etc. Cooperation with related bodies, such as Chambers of Commerce and Industry, Societies of Commerce and Industry, etc.

Please visit the JFC website for more information.
<https://www.jfc.go.jp/n/company/sdgs/index.html>
 (Available only in Japanese)



Overview of Operations in FY2023 and Outline of Financial Statements

Overview of Operations in FY2023

Our country's economy is improving after overcoming the three years of the COVID-19 pandemic. Positive movements such as 30-year-high wage increases, and the high investment appetite of companies are being observed in the economy. Japan is facing a once-in-a-lifetime opportunity to overcome deflation and transition to a new stage of the economy.

However, wage increases are not keeping up with price increases driven by rising import prices. Private consumption and private investment are still lacking in strength.

Under these circumstances, as a policy-based financial institution, with a sense of mission to connect and support policy, businesses, and communities, JFC actively engaged in exercising safety net functions, collaborating with private financial institutions, providing priority support to growth fields, etc., improving customer service, and contributing to local and regional revitalization, etc.

Exercising Safety Net Functions

As the effects of the COVID-19 pandemic remain, since the establishment of a consultation service in January 2020, JFC has made a cumulative total of approximately 1,280,000 new COVID-19-related loans totaling 21 trillion yen through March 31, 2024. Also, to strengthen the financial bases of SMEs and micro/small businesses affected by the pandemic, we have provided support through the COVID-19 Hybrid Subordinated Loan Program, which was launched in August 2020, and as of March 31, 2024, a total of about 1.1 trillion yen in financial to approximately 10,000 businesses had been provided.

Moreover, JFC provided financial support and management advice to SMEs, micro/small businesses, and agriculture, forestry, and fisheries businesses affected by the Great East Japan Earthquake and other natural disasters, pandemics, and changes in the business environment due to economic circumstances, or other factors.

As a part of these efforts, JFC established new special consultation desks to provide prompt and detailed responses to financing and repayment inquiries to SMEs, micro/small businesses, agriculture, forestry, and fisheries businesses, etc., affected by the earthquake centered in the Noto region of Ishikawa Prefecture in 2023, heavy rain brought by the seasonal rain front and Typhoon No. 2 in 2023, heavy rain from June 29, 2023, heavy rain from July 7, 2023, Typhoon No. 7 of 2023, management, export, and other measures for disposal of ALPS treated water, Typhoon No. 13 of 2023, and the 2024 Noto Peninsula Earthquake.

We also continued to respond promptly and meticulously to consultations regarding financing and repayment from SMEs, micro/small businesses, and agriculture, forestry, and fisheries businesses, and others affected by the price hikes, etc.

In addition, JFC conducted credit guarantee underwriting to ensure the effective provision of guarantees by Credit Guarantee Corporations (CGCs) and carried out the Operations to the Facilitate Crisis Responses.

Cooperation with Private Financial Institutions

Based on the premise of playing a complementary role with private financial institutions as specified in Article 1 of the Japan Finance Corporation Law (Act No. 57 of 2007), JFC promoted partnerships with many private financial institutions.

In the current fiscal year, JFC maintained its existing actions in collaboration with private financial institutions and worked to encourage organizational dialogue, including at the executive level, and to disseminate information on the status of collaboration to management.

To support customers affected by the COVID-19 pandemic, the price hikes, etc., and other challenges, JFC continued to promote collaboration with private financial institutions by holding study sessions and utilizing cooperative loan products related to subordinated capital loans. Furthermore, through the continued promotion of cooperative loans with private financial institutions, notably in growth sectors, we further strengthened collaboration relating to management improvement and business revitalization support for SMEs, micro/small businesses, and agriculture, forestry, and fisheries businesses.

Provide Priority Support to Growth Fields, etc.

Based on the government's policies, JFC appropriately exercised its risk-taking function and engaged in supporting business foundation, start-ups, new businesses, business revitalization, business succession, social business, overseas expansion, new expansion by agriculture, forestry, and fisheries business operators, promotion of DX and digitalization, and environmental and energy countermeasures such as decarbonization, for achieving a sustainable society in hopes of contributing to the development and growth of the Japanese economy.

As a part of these efforts, pertaining to business foundation, start-ups, and new businesses, JFC provided support for core business such as business matching events as well as financial support in cooperation with private financial institutions and venture capitals; for business succession, through collaboration with relevant organizations in each region, consulting services including business succession matching; and in the area of overseas expansion and new expansion by agriculture, forestry, and fisheries businesses, we worked with relevant organizations to support the market development, financial support, and exports of agriculture, forestry, fisheries, and food products.

Improving Customer Service and Contributions to Local and Regional Revitalization

JFC strived to provide useful information consistent with customer and local needs and enhance consultation capability, fully understanding its role in policy-based financing and appropriately operating systems.

In addition, the Unit also held nationwide online business discussion meetings and held seminars and business discussion meetings tailored to local characteristics and worked to provide matching support by utilizing its network of 152 branches nationwide.

Furthermore, JFC actively participated in local projects such as Phase 2: Regional Comprehensive Strategies and held the Regional Economic Revitalization Symposium in Tokyo, Hiroshima, and Aomori.

As a result, JFC's loan results for FY2023 were 3,248.5 billion yen.

JFC's financial results during FY2023 were as follows: ordinary income was 749.3 billion yen and net loss including extraordinary incomes and losses was 82.3 billion yen.

Outline of Financial Statements for FY2023

(1) Profit and loss

At the closing of FY2023 (ended March 31, 2024), JFC recorded a loss of 186.3 billion yen under the previous fiscal year, for a net loss of 82.3 billion yen.

The key factor was an increase of net income by 221.3 billion yen under the previous term in the Account for Credit Insurance Programs.

Profit and Loss Statement

(Billion yen)

		Ordinary income		Ordinary expenses		Ordinary profit (loss)		Net income (loss)	
		2023	2024	2023	2024	2023	2024	2023	2024
Japan Finance Corporation		416.9	749.3	685.7	831.6	(268.7)	(82.2)	(268.7)	(82.3)
Micro Business and Individual Unit (Account for Micro Business and Individual Operations)		110.7	132.1	228.3	349.0	(117.5)	(216.8)	(117.3)	(216.9)
Agriculture, Forestry, Fisheries and Food Business Unit (Account for Agriculture, Forestry, Fisheries and Food Business Operations)		47.2	48.9	47.2	50.7	0.0	(1.8)	—	(1.8)
Small and Medium Enterprise (SME) Unit	Account for SME Loan Programs and Securitization Support Programs (Guarantee-type Operation)	67.3	79.3	115.5	63.2	(48.1)	16.1	(48.2)	16.0
	Account for Securitization Support Programs (Purchase-type Operation)	0.4	0.5	0.4	0.5	(0.0)	0.0	(0.0)	0.0
	Account for Credit Insurance Programs	179.6	477.5	251.3	327.8	(71.6)	149.7	(71.6)	149.7
Operations to Facilitate Crisis Responses (Account for Operations to Facilitate Crisis Responses)		11.6	10.8	43.0	40.2	(31.4)	(29.3)	(31.4)	(29.3)
Operations to Facilitate Specific Businesses Promotion, etc. (Account for Operations to Facilitate Specific Businesses Promotion, etc.)		0.1	0.2	0.2	0.2	(0.0)	(0.0)	(0.0)	(0.0)

(2) Assets

Total assets were 33,518.9 billion yen, the majority of which were loans and bills discounted.

Loans and bills discounted decreased 2,078.4 billion yen from March 31, 2023, to 25,661.1 billion yen.

Total net assets stood at 15,323.2 billion yen, taking into account an increase from having received capital contributions from the government of 118.9 billion yen, against a net loss of 82.3 billion yen, etc.

Balance Sheet

(Billion yen)

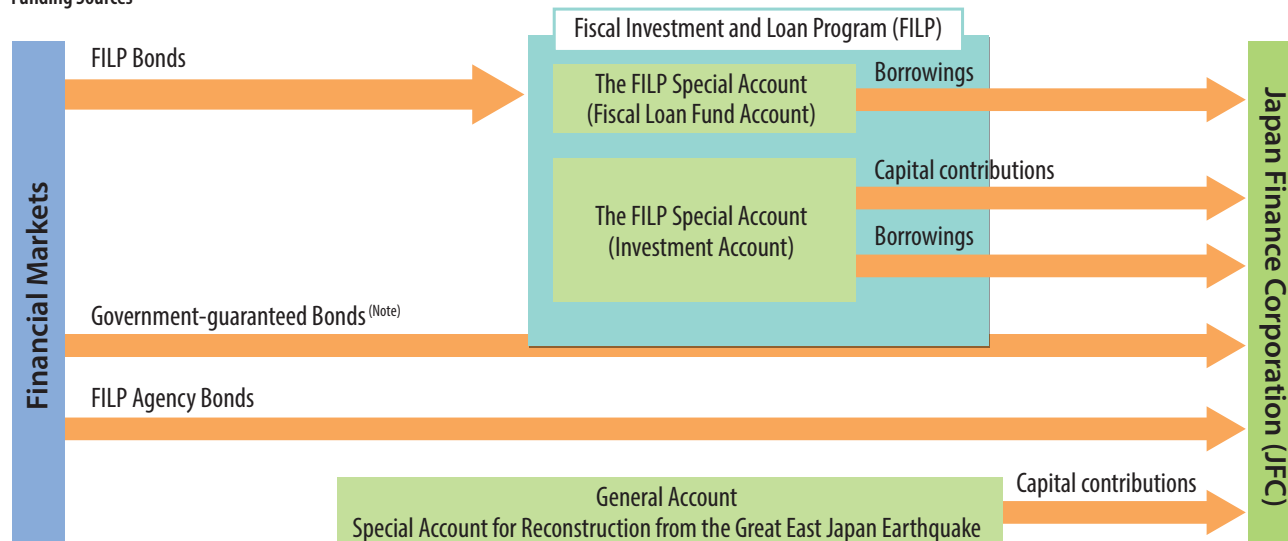
Assets			Liabilities and net assets		
Items	Amount		Items	Amount	
	2023	2024		2023	2024
Cash and due from banks	9,728.0	8,641.9	Borrowed money	18,519.1	15,783.5
Securities	48.2	45.5	Bonds payable	926.0	720.9
Loans and bills discounted	27,739.6	25,661.1	Entrusted funds	22.8	20.9
Other assets	27.3	33.8	Reserve for insurance policy liabilities	1,787.2	1,482.9
Property, plant and equipment	190.7	190.1	Other liabilities	31.9	26.4
Intangible assets	24.9	36.2	Provision for bonuses	5.4	5.4
Customers' liabilities for acceptances and guarantees	28.2	28.0	Provision for directors' bonuses	0.0	0.0
Allowance for loan losses	(1,056.4)	(1,118.0)	Provision for retirement benefits	95.1	98.4
			Provision for directors' retirement benefits	0.0	0.0
			Reserve for compensation losses	28.0	28.8
			Acceptances and guarantees	28.2	28.0
			Total liabilities	21,444.2	18,195.7
			Capital stock	11,696.1	11,768.4
			Capital surplus	5,490.5	5,465.6
			Retained earnings	(1,900.3)	(1,910.9)
			Valuation difference on available-for-sale securities	0.0	0.1
			Total net assets	15,286.4	15,323.2
Total assets	36,730.7	33,518.9	Total liabilities and net assets	36,730.7	33,518.9

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



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

Breakdown of funding sources

(Billion yen)

	FY2023 budget	FY2023 results	FY2024 budget
Borrowings from Fiscal Loan Fund, etc.	6,069.3	751.3	4,008.0
Government-guaranteed Bonds	100.0	—	100.0
Capital contributions from the government	144.8	118.9	46.8
Funding from the government (percentage of overall funding)	6,314.1 (96%)	870.2 (98%)	4,154.8 (93%)
FILP Agency Bonds	290.0	20.0	290.0
Total funding	6,604.1	890.2	4,444.8

Notes: 1. The budget amounts for FY2023 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.

(Billion yen)

Maturity	Fiscal year	FY2021		FY2022		FY2023		FY2024	
		Budget	Results	Budget	Results	Budget	Results	Budget	Results
10-year bond		500.0	—	—	—	—	—	—	—
Less than 5-year bond		400.0	—	100.0	—	100.0	—	100.0	—
Short-term bond (Less than 1 year)		300.0	—	—	—	—	—	—	—
Total		1,200.0	—	100.0	—	100.0	—	100.0	—

Notes: 1. In FY2024, JFC plans to issue government-guaranteed bonds depending on the progress of operations.

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 (excluding short-term bond (less than 1 year)*).

*The budget amounts for short-term bond (less than 1 year) are the outstanding-amount limits in the relevant fiscal year.

3. From FY2021 to FY2023, JFC has not issued any government-guaranteed bonds.

4. In FY2024, JFC has not issued government-guaranteed bonds as of May 31, 2024.

● FILP Agency Bonds

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

(Billion yen)

Month of issue/Maturity	Fiscal year		FY2021				FY2022				FY2023				FY2024	
	Amount of issue		(Budget 290.0)				(Budget 290.0)				(Budget 290.0)				(Budget 290.0)	
			Results 50.0				Results 20.9				Results 20.0				Results 0.0	
Month of issue	May	August	November	March	May	August	November	March	May	August	November	March	May	August	November	March
5-year bond	—	—	—	10.0	—	—	—	10.9	—	—	—	—	—	—	—	—
3-year bond	—	—	—	10.0	—	—	—	10.0	—	—	—	10.0	—	—	—	—
2-year bond	—	—	30.0	—	—	—	—	—	—	—	—	10.0	—	—	—	—

Notes: 1. The budget amounts for each fiscal year are the issue-amount limits in the relevant fiscal year.

2. In FY2024 JFC has not issued FILP agency bonds as of May 31, 2024.

Ratings of JFC (As of May 31, 2024)

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

Memo
