Japan Finance Corporation Annual Report

2025

Contents

Presentation of quantities and amounts in this Report:

 $1. \, Quantities \, and \, amounts \, less \, than \, one \, standard \, unit$

 $Quantities, monetary\ amounts\ and\ other\ numerical\ figures\ presented\ in\ this\ report\ are\ truncated\ (rounded\ down)\ to\ the\ nearest\ standard\ unit\ of\ presentation.$

 $Percentages \ are \ rounded \ up \ or \ down \ to \ the \ nearest \ decimal \ place \ presented. \ Consequently, some \ totals \ presented \ differ \ slightly \ from \ the \ sum \ of \ the \ component \ figures \ presented.$

 $2.\,Method\,of\,presentation$

In cases where quantities, numbers of items, monetary amounts and other numerical figures are less than one standard unit of presentation, such figures are presented as zero (0). In cases where there is no applicable amount, a hyphen (-) is shown.

Overview of Japan Finance Corporation

Message from the Governor & CEO	2
Profile ·····	4
Main Business Activities	5
Mission ·····	6
Basic Philosophy ·····	6
Management Policy, Business and Management Plan	7
Sustainability Initiatives	8

Message from the Governor & CEO

Roles and Mission of Japan Finance Corporation

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

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

In order to steadily fulfill this role, JFC will continue to support businesses by encouraging each and every employee to act autonomously under the mission of "As an expert in policy-based financing, creating futures together by providing support for reassurance and challenges."

Exercise of Safety Net Functions

Amid the normalization of socioeconomic activities following the COVID-19 pandemic, many businesses continue to face a challenging operating environment due to natural disasters, price hikes, labor shortages, and the impact of U.S. policy trends.

Currently, many businesses that utilized COVID-19 related loans are in the repayment phase. In response, JFC has implemented initiatives focused on business improvement and revitalization, including support measures aimed at easing the burden of repayment on existing debt. To this end, we have cooperated extensively with each region's private financial institutions. The future outlook remains unclear, but we are stepping up collaboration with private financial institutions, Chambers of Commerce and Industry, Societies of Commerce and Industry, and others, working with all supporting organizations to prop up businesses in order to provide them with effective financial support, as well as to bolster and restructure their financial foundations.

Future Measures

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

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

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

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

(Support for business succession)

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



(Support for overseas expansion)

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

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

In recent years, there has been growing emphasis on achieving both a stable food supply and the sustainable development of agriculture, forestry, and fisheries businesses while also addressing global environmental concerns.

At the same time, the business outlook remains uncertain for many operators due to persistently high feed and fertilizer prices, as well as wage increases in response to the worsening labor shortage. In response to these changes in the business environment, JFC is committed to supporting the sustainable growth of agriculture, forestry, and fisheries businesses by providing financial support and assistance in developing sales channels, including efforts such as promoting crop-livestock collaboration and the use of smart agriculture technologies.

(Service improvement and local community support)

JFC will continue working in collaboration with relevant organizations to help resolve the challenges faced by local communities and businesses by organizing seminars and business meetings, as well as providing business matching support utilizing its nationwide network of 152 branches. In particular, to address the issue of labor shortages, JFC will also focus on gathering information and providing guidance on the actual status of business activities that utilize foreign human resources, alongside efforts to improve productivity through the promotion of DX.

Going forward, JFC will continue to provide broad-ranging support so that businesses can view environmental changes as opportunities for growth and become a source of vitality for industry in each region. We sincerely hope for your further understanding and support in the future.

July 1, 2025



Profile (as of March 31, 2025)

Name	Japan Finance Corporation (JFC)		
Establishment	October 1, 2008		
Statutory Law	The Japan Finance Corporation Act		
Head Office	Otemachi Financial City North Tower, 1-9-4, Otemachi, Chiyoda-ku, Tokyo, Japan		
Governor & CEO	TANAKA Kazuho		
Capital, etc.	Capital: 11,768.6 billion yen		
	Reserve fund: 5,330.7 billion yen		
Branch Offices	Branch offices in Japan: 152		
	Overseas representative offices: 3		
Employees	7,423 (budgetary fixed number for FY2025)		
Total of Outstanding Loans	Total of Outstanding Loans:	24,477.9 billion yen	
	Micro Business and Individual Unit:	10,426.8 billion yen	
	Agriculture, Forestry, Fisheries and Food Business Unit:	3,609.0 billion yen	
	Small and Medium Enterprise (SME) Unit (Finance Operations):	7,685.4 billion yen	
	Operations to Facilitate Crisis Responses:	2,689.4 billion yen	
	Operations to Facilitate Specific Businesses Promotion, etc.:	67.0 billion yen	
Outstanding Amounts of Insurance	Small and Medium Enterprise (SME) Unit (Credit Insurance Programs): 34,525.9 billion yen		

Main Business Activities

JFC is a policy-based financial institution that aims to complement financial activities carried out by private financial institutions and contributes to the improvement in the living standards of Japanese people.

Major Business Operations of JFC

Micro Business and Individual Unit

Operations aimed at micro/small businesses and individuals

Scope of operations

- Small loans for micro/small businesses
- Support for business foundation and start-ups, business revitalization, business succession, social business, and overseas expansion
 - Educational loans and loans secured by government pensions, etc.

Agriculture, Forestry, Fisheries and Food Business Unit

Operations aimed at agriculture, forestry, fisheries, and food business

Scope of operations

- Long-term business funds for agriculture, forestry, fisheries, and food businesses
- Support for new entry into farming, business revitalization, business succession, and overseas expansion
 - Support for the resolution of business challenges, including business matching support

Synergy Effect

Supporting revitalization of local and regional economies Supporting business growth of customers

Supporting the globalization of SMEs

Small and Medium Enterprise (SME) Unit

Operations aimed at SMEs

Scope of operations

- Long-term business funds for SMEs
- Support for new businesses and start-ups, business revitalization, business succession, and overseas expansion
 - Securitization support
 - Acceptance of insurance on Credit Guarantee Corporations (CGCs) guaranteed liabilities
 - Support for the resolution of business challenges, including business matching support



Operations to Facilitate Crisis Responses and Specific Businesses Promotion, etc.

- Providing a certain credit to designated financial institutions at the occurrence of crises certified by the competent ministers, such as domestic or international financial disorder, large-scale natural disasters, and other similar events.
- Providing loans to designated financial institutions based on the Low Carbon Investment Promotion Act, etc.

Mission

The roles and purpose of Japan Finance Corporation (JFC) are stipulated as its "mission."

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

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

Our mission statement

As an Expert in Policy-based Financing

- Always maintain a sense of pride in the role as an expert in policy-based financing, conduct business with integrity, and strive to become a trusted presence in society.
- Serve our customers with an attentive attitude, gain a deep understanding of their actual situations and requests, and accurately provide policy-based financing.
- Constantly pursue self-transformation in response to changes of the times and environment, think proactively, and act swiftly.

Reassurance and Challenges

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

Creating a Future Together

• Demonstrate teamwork, support customers together with relevant organizations, contribute to the maintenance and development of local communities, and create the future of Japan.

Basic Philosophy

The basic philosophy represents the fundamental values of JFC.

Focused policy-based financing

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

Mainstreaming governance

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

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



- · · Fundamental values of JFC
- · · Roles and purpose of JFC
- · Medium- to long-term vision for realizing the mission
- · · Action plan for achieving the management policy

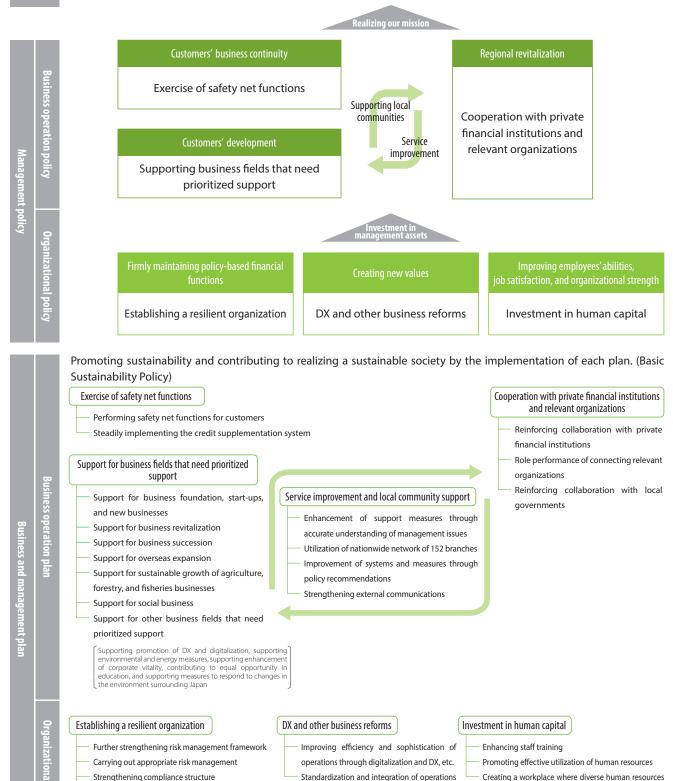
Management Policy, Business and Management Plan

JFC formulates the management policy and business management plan toward realizing its mission.

Mission

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

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



Please visit the JFC website for more information. https://www.jfc.go.jp/n/english/about/philosophy.html (Basic Philosophy, Mission, and Management Policy)

Enhancing stable system operations and implementing

comprehensive security measures



and systems

https://www.jfc.go.jp/n/english/about/business.html (Business and Management Plan)



can fulfill their potential

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

- $lue{lue}$ 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

Foster Human Resources

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 (SDGs Mapping)



Reduction of the economic burden involved in education through support to single-parent families, etc.



- Support for sustainable growth of agriculture, forestry, and fisheries businesses
- Support to persons newly embarking on agricultural
- Support for ensuring the sustainability of the food system



Support for bolstering the medical setup Support for customers involved in health management



- 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.
- Strengthening of staff expertise



- Positive appointment of women managers
 Promotion of men's participation in housework, child raising,



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

Support for maintaining the multilateral functions of forests (cultivation of water resources)



- 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

advanced information and communications system

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

Two-Step loans for securing stable supplies of specified goods of importance



- Exercise of safety net function
- Definite implementation of operations to facilitate crisis
- Steady implementation of credit supplementation
- Support for business foundation, start-ups and new businesses Business revitalization support
- Business succession support
- Social business support
 Overseas expansion support

- Promotion of digitalization and DX
 Further promotion of flexible workstyles, such as telecommuting
- Practice of work-life management
- Promotion of active roles for senior employees



Promotion of diversity

Steady implementation of the employment of disabled persons



Contribution to local and regional revitalization



Implementation of initiatives in



- Strengthening of crisis management preparations
- Strengthening of business continuity plan Understanding the risks of climate change



Supporting the development of a sustainable fisheries industry into a growth business



Support for the sustained and sound development of the forestry industry



- Strengthening and embedding of compliance awareness Strengthening of arrangements to exclude antisocial forces Establishment of evaluation and examination committee comprising external learned persons



- Cooperation with private financial institutions, etc. through
- cofinancing and securitization

 Cooperation with local governments through active participation in regional comprehensive strategies and the comprehensiv strategy for the Vision for a Digital Garden City Nation, etc.
- Conneration with related hodies, such as Chambers of Commerce and Industry, Societies of Commerce and Industry, etc.

