

1. Summary of operations implemented using FILP funds

For sustainable and sound development of agriculture, forestry and fisheries or businesses contributing to the security of stable food supply, JFC uses FILP funds for supplying long-term loans with low interest rates intended to complement financial services of general financial institutions to persons engaged in agriculture, forestry and fisheries management or in the business of manufacturing foodstuffs.

Note: Operations not eligible for FILP include financing related to interest free loans for forest management specially designed to maintain bio-diversity etc. JFC extends interest free loans using other funds than FILP. Securitization support operations are exempt from the analysis.

2. Amount of lending under FY2019 FILP

(Unit: billion yen)

FY2019 FILP	Estimated outstanding amount of FILP lending at the end of FY2018
530.0	2,401.7

3. Estimated policy cost analysis of the project

(1) Policy cost

(Unit: billion yen)

Category	FY2018	FY2019	Fluctuation
1. Government expenditure (subsidies, etc.)	65.5	70.4	+4.9
2. Government revenue (payments to the government, etc.)*	-191.3	-169.4	+21.9
3. Opportunity cost of capital investments, etc.	225.0	196.5	-28.6
Total (1+2+3=policy cost(A))	99.2	97.4	-1.8
Analysis period (years)	60 years	60 years	-

(2) Breakdown of policy cost by the time of the provision of funds

(Unit: billion yen)

Category	FY2018	FY2019	Fluctuation
(A) Policy cost (previously cited)	99.2	97.4	-1.8
1) Opportunity cost of capital investments, etc. provided before the beginning of the analysis period	223.5	195.1	-28.4
2) Policy cost expected to be newly accrued during the analysis period	-124.3	-97.7	+26.6
Government expenditure (subsidies, etc.)	65.5	70.4	+4.9
Government revenue (payments to the government, etc.)*	-191.3	-169.4	+21.9
Opportunity cost of surplus, etc.	1.5	1.3	-0.2
Opportunity cost of capital investments, etc.	0.0	0.0	-0.0

(3) Year-to-Year comparison analysis

(Computing any fluctuation from previous year)

(Unit: billion yen)

Policy cost		FY2018	FY2019	Simple fluctuation
		Simple comparison (before adjustment)	99.2	97.4
Past year comparison (after adjustment)	1) Adjusting initial years (Analysis results after adjusting initial year to that for FY2019 analysis)	82.2	108.7	+26.5
	2) Adjusting assumed interest rates (Analysis results of re-estimation using assumed interest rate for FY2018)			Real fluctuation (2-1)

[Real fluctuation factor analysis]

○Factors behind policy cost increase

- Increase in cost due to increase in loan losses (+16.1 billion yen)
- Increase in cost due to new loans in FY2019 (+6.4 billion yen)
- Others (Increase in administrative cost due to new financing, etc.) (+15.7 billion yen)

○Factors behind policy cost decrease

- Decrease in cost due to increase in advanced redemption (-11.7 billion yen)

(4) Breakdown of policy cost by causative factor

(Unit: billion yen)

(A) Policy cost in FY2019 (previously cited)	97.4
1) Prepayments	5.8
2) Loan losses	18.3
3) Others (including profit spread)	73.2

(5) Sensitivity analysis (cases where assumptions change)

(Unit: billion yen)

(A) Policy cost (previously cited)	Case for raising lending and fundraising rates by 1 %	Fluctuation	1. Government expenditure (subsidies, etc.)			2. Government revenue (payments to the government, etc.)*		3. Opportunity cost of capital investments, etc.	
97.4	240.0	+142.5	+3.2	+52.8	+86.5				

(A) Policy cost (previously cited)	Case for raising the bad loan write-off by 10 %	Fluctuation	1. Government expenditure (subsidies, etc.)			2. Government revenue (payments to the government, etc.)*		3. Opportunity cost of capital investments, etc.	
97.4	100.4	+3.0	+2.5	+0.5	+0.0				

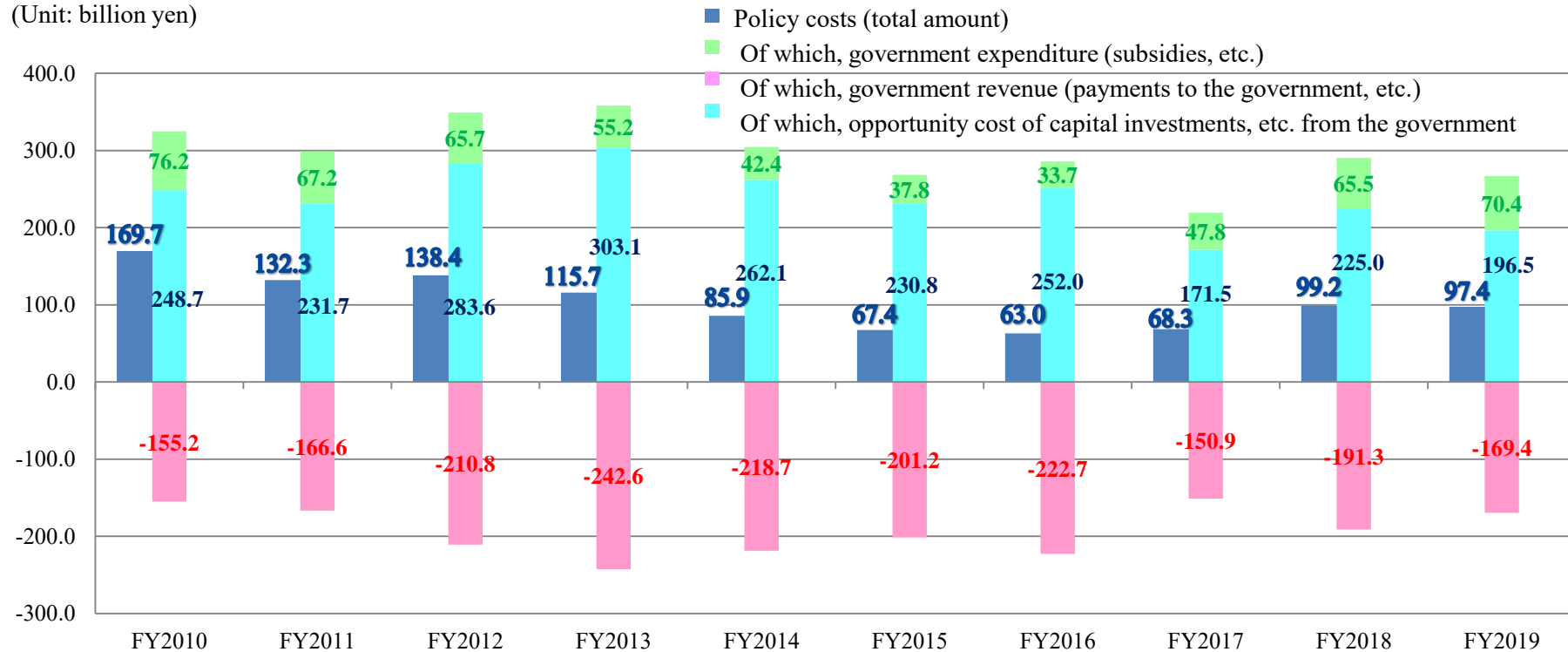
(Note) Components in each column may not add up to the total because of rounding.

* Government revenue (payments to the government, etc.) is booked as a negative amount. Example: -10 b. yen for 10 b. yen in payments to government, etc.

(Reference) Changes in Policy Costs by Component

<Japan Finance Corporation (Account for Agriculture, Forestry, Fisheries and Food Business Operations)>

(Unit: billion yen)



Notes: Policy costs for each fiscal year differ in assumptions including interest rates applied to estimates

(Points)

- From FY2012 to FY2016, the payments to the government and the opportunity cost of capital investments, etc. from the government have increased partly due to the extension of the analysis period in accordance with the extension of the loan period as a response to the Great East Japan Earthquake.
- In FY2019, policy costs decreased due to factors such as a drop in the opportunity cost of capital investments from the Government.

(Reference) Financial Statements

Balance Sheet (Account for Agriculture, Forestry, Fisheries and Food Business Operations)

(Unit: million yen)

Item	End of FY2017 (Result)	End of FY2018 (Estimated)	End of FY2019 (Planned)	Item	End of FY2017 (Result)	End of FY2018 (Estimated)	End of FY2019 (Planned)
(Assets)				(Liabilities and equity)			
Cash and deposits	44,158	40,232	36,384	Borrowed money			
Cash	1	1	1	Loans payable	2,183,396	2,421,052	2,683,780
Deposits	44,157	40,230	36,383	Bonds payable	229,975	259,978	289,981
Pecuniary claims payable	—	363	708	Trust money	28,726	29,272	28,484
Securities	2,891	6,853	6,853	Other liabilities	12,965	5,445	5,658
Stocks	2,030	2,030	2,030	Accrued expenses	4,805	4,438	4,210
Other securities	861	4,823	4,823	Revenue received in advance	9	13	16
Loans				Lease obligations	110	211	676
Loan on deeds	2,791,326	3,053,922	3,345,877	Other liabilities	8,039	781	754
Other assets	9,713	9,941	10,243	Reserve for bonuses	608	675	675
Prepaid expenses	0	0	0	Reserve for directors' bonuses	7	8	8
Accrued revenue	8,895	9,123	9,425	Reserves for retirement pensions	10,816	10,742	10,567
Agency account receivable	557	557	557	Reserve for directors' retirement benefits	28	21	3
Other assets	260	260	260	Acceptances and guarantees	2,910	3,810	4,483
Tangible fixed assets	32,248	32,790	33,911	(Total liabilities)	2,469,434	2,731,007	3,023,643
Buildings	7,084	7,349	7,672	Capital	399,061	399,471	399,531
Land	24,934	24,934	24,934	Retained earnings	2,655	2,655	2,655
Lease assets	88	192	617	Earned reserve	2,655	2,655	2,655
Construction in progress	28	180	540	Other retained earnings			
Other tangible fixed assets	112	133	145	Retained earnings brought forward	-0	—	—
Intangible fixed assets	1,912	3,016	4,891	Total shareholders' equity	401,717	402,127	402,187
Software	1,548	1,733	1,824				
Lease assets	8	1	1	(Total equity)	401,717	402,127	402,187
Other intangible fixed assets	355	1,281	3,065				
Guaranty endorsement	2,910	3,810	4,483				
Allowances for bad debts	-14,009	-17,794	-17,523				
Total assets	2,871,151	3,133,134	3,425,830	Total liabilities and equity	2,871,151	3,133,134	3,425,830

Notes 1. The balance sheet includes costs for projects other than those subject to the policy cost analysis.

2. Amounts of less than one million yen are rounded down.

Income Statement (Account for Agriculture, Forestry, Fisheries and Food Business Operations)

(Unit: million yen)

Item	End of FY2017 (Result)	End of FY2018 (Estimated)	End of FY2019 (Planned)
Ordinary income	42,028	46,978	49,570
Revenue from fund management	30,131	28,232	30,912
Interest on loans	30,131	28,228	30,908
Interest from repurchase agreements	—	0	0
Interest on deposits	0	0	0
Other interest received	0	3	4
Revenue from service transactions, etc.	39	48	60
Other service revenue	39	48	60
Revenue from government grants	8,231	16,990	16,911
Receipts from the general account	8,208	16,970	16,892
Receipts from the special account	22	20	18
Other ordinary income	3,625	1,707	1,685
Reversal of allowance for bad debts	2,387	—	—
Recoveries of write-offs	846	1,335	1,278
Other ordinary income	392	372	406
Ordinary expenses	41,994	46,938	49,567
Financing cost	24,151	22,492	25,223
Interest on call money	-2	-0	—
Interest on borrowed money	21,414	19,730	22,081
Interest on bonds	2,739	2,761	3,141
Expenses for service transactions, etc.	2,566	3,118	2,820
Other service expenses	2,566	3,118	2,820
Other operating expenses	86	156	153
Amortization of bond issue expenses	86	156	153
Business expenses	15,053	17,381	17,594
Other ordinary expenses	136	3,789	3,774
Provision of allowance for bad debts	—	3,784	3,774
Loan amortization	58	4	—
Other ordinary expenses	78	—	—
Ordinary profit	34	40	3
Extraordinary profit	5	—	—
Gain on disposal of fixed assets	5	—	—
Extraordinary loss	39	40	3
Loss on disposal of fixed assets	39	40	3
Net profit or loss	-0	—	—

Notes 1. The income statement includes costs for projects other than those subject to the policy cost analysis.

2. Amounts of less than one million yen are rounded down.