# JFM *at a glance*

October 2025

## The Joint Funding Organization for All Japanese Local Governments

- High credit quasi-sovereign issuer, wholly owned by Japanese local governments with the capital contribution from 1,789*1 local governments*2
- Operates as a non-profit organization under the JFM Law with the objective to provide long-term and low-interest-rate loans exclusively to Japanese local governments
- JFM has never experienced any default on its loans.

## Japanese Local Governments

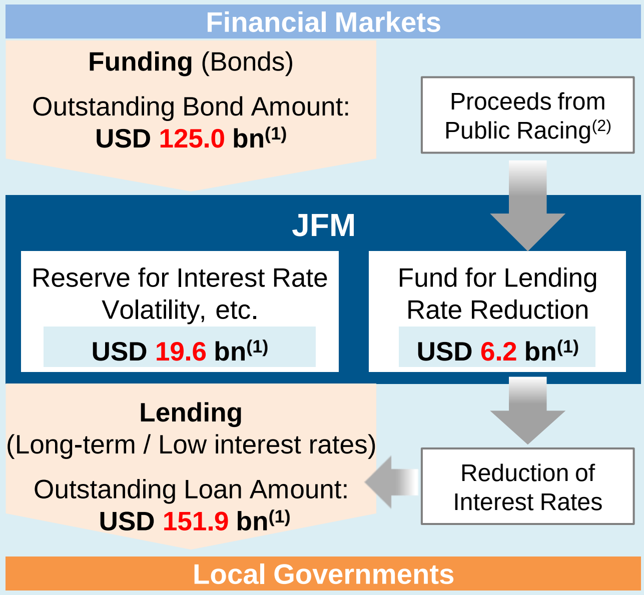
- Japanese local governments include 47 prefectures and a total of 1,741*1 cities and special wards of Tokyo, government-designated cities, as well as towns and villages.
- Revenue sources for the local governments are secured by the national government.
  - The national government allocates a part of national tax revenue to the local governments, in order to adjust revenue disparities among the local governments (Local Allocation Tax system).
  - The national government also prepares the Local Government Borrowing Programme (LGBP) each fiscal year, which specifies the amount of local government borrowing as well as funding sources.
  - In the case of each local government funding, consent or approval must, in principle, be obtained from the relevant authorities.
- The national government also establishes a legal framework to monitor fiscal indices for each local government and implement early correction measures if the local governments with the indices exceeding the early warning limits or reconstruction limits shall restore their financial soundness.
- Thus, none of the local governments has defaulted.
- BIS 0% risk weight for Japanese local governments*3

## Lending

- JFM funds have accounted for around 15-18% of the LGBP since fiscal 2018.
- JFM provides loans to almost all local governments.
- Loans planned to be made in fiscal 2025 ending 31 March 2026 are amounted to USD 10.7 bn.
- Maximum term to maturity of JFM loans is 40 years.

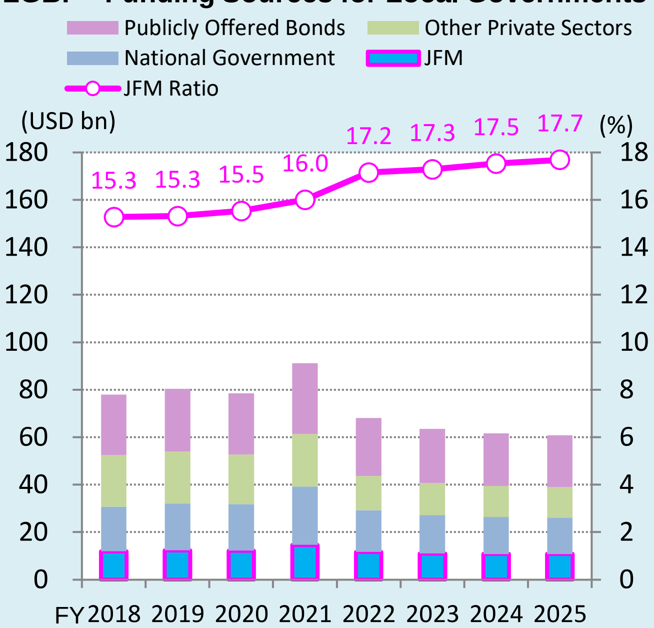
Note: Figures in USD are converted at USD 1 = JPY 149.48 as of 31 March 2025, unless otherwise noted.

## Basic Framework of JFM's Business Operations

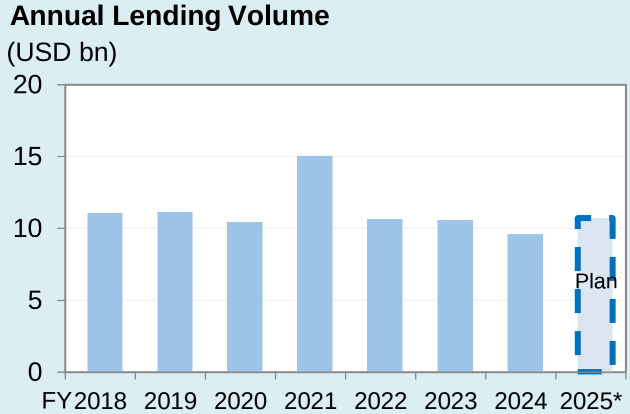



(1) Figures are as of 31 March 2025
(2) A portion of the earnings from municipally operated racing (horse, bicycle, motorcycle and speedboat).

## LGBP - Funding Sources for Local Governments




## Annual Lending Volume




* As of 31 March 2025. Planned amount; subject to change depending on market conditions and other factors.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## Funding

- Leading issuer in the Japanese bond market with an average annual funding volume of USD 13 bn over the past five fiscal years.
- Aiming to diversify its funding sources and expand its investor base – continues to access the international market through benchmark transactions as well as private placements, making use of its MTN Programme.
- In the international market, only non-government guaranteed bonds will be issued.
- In fiscal 2024, JFM issued a total of USD 2.1 bn worth of international bonds through 2 benchmark bonds.

## Support Structure

- Under the JFM Law, if JFM is to be dissolved and its obligations cannot be satisfied in full with its assets, local governments bear all costs necessary to satisfy the relevant obligations in full via payment to JFM.

## Solid Risk Management

- JFM maintained USD 19.6 bn of the reserves for interest rate volatility for the purpose of dealing with interest rate risk resulting from a duration gap between lending (7.00 years) and funding (7.08 years).
- The duration gap of -0.08 years*1 in the general account qualifies JFM's management target of the duration gap below 2 years.

## Credit Ratings

- A1 (Moody's), A+ (S&P)
- The ratings of JFM are the same as those of the Japanese sovereign.
- BIS risk weight*3: 10% for JFM bonds (non-guaranteed) denominated in JPY

Note: A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agencies.

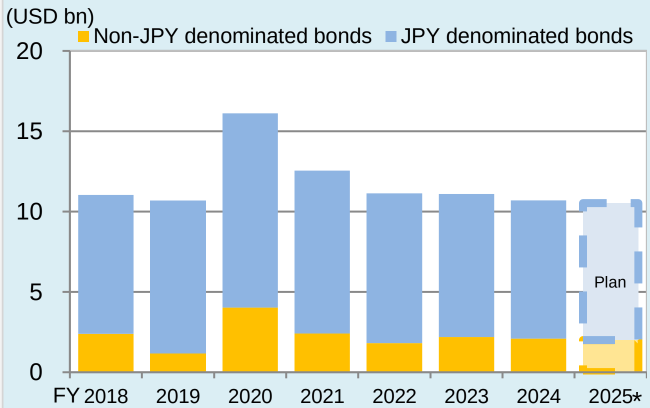
*1: As of 31 March 2025.
*2: Local governments comprise all of the prefectures, cities and special wards of Tokyo, government-designated cities, towns and villages, as well as some local government associations.
*3: Value for investors in Japan. For overseas bonds, the value is determined by respective authorities in each country (as of 31 March 2025).

### Funding Plan

| Type of Funding Instruments | FY2025 (Plan)(1) | FY2024 (Achieved) |
|---|---|---|
| Non-Guaranteed Bonds | USD 10.5 bn | USD 10.7 bn |
| Domestic Public Offerings | USD 4.1 bn | USD 5.0 bn |
| Domestic Private Placements | USD 3.3 bn | USD 3.6 bn |
| Overseas Offerings - GMTN | USD 2.0 bn | USD 2.1 bn(2) |
| Benchmark | | USD 2.1 bn(2) |
| Private Placements | | - |
| Open Issuance(3) | USD 1.2 bn | - |
| Guaranteed Bonds(4) | USD 1.9 bn | USD 0.9 bn |
| Long-term Bank Loans | USD 0.5 bn | USD 0.6 bn |

(1) Planned amount; subject to change depending on lending status, market conditions and other factors.
(2) Includes USD and EUR denominated bonds, each converted at the exchange rate at the time of pricing.
(3) Details of issuance such as tenor, issue size will be determined as necessary based on the lending status, market conditions and other factors.
(4) Denominated in JPY only and issued in the domestic market for refinancing our predecessor's government guaranteed bonds.
(5) Totals may not add up due to rounding.

### Non-Guaranteed Bond Issuance




* As of 31 March 2025. Planned amount; subject to change depending on market conditions and other factors.

### Outstanding Non-JPY Public Bonds (non-guaranteed)

| Issue Date | Currency | Issue Amount | Coupon (%) | Tenor |
|---|---|---|---|---|
| 30 Jul 2025 | USD | 750 mm | 4.125 | 5y |
| 2 Apr 2025 | USD | 1,000 mm | 4.375 | 5y |
| 16 Jan 2025 | EUR | 500 mm | 2.750 | 5y |
| 23 Apr 2024 | USD | 1,500 mm | 5.000 | 5y |
| 23 Jan 2024 | EUR | 500 mm | 2.875 | 5y |
| 1 Sep 2023 | USD | 750 mm | 5.125 | 3y |
| 27 Apr 2023 | USD | 1,000 mm | 4.125 | 5y |
| 22 Feb 2023 | EUR | 500 mm | 3.375 | 5y |
| 8 Sep 2022 | EUR | 1,250mm | 2.375 | 5y |
| 27 Jan 2022 | USD | 750 mm | 1.500 | 3y |
| 3 Sep 2021 | EUR | 1,000 mm | 0.100 | 10y |
| 20 Apr 2021 | USD | 1,250 mm | 1.125 | 5y |

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