



JASSO Social Bonds

Report on the Use of the Funds and Their Social Impacts
FY2019

September 2020

- JASSO contributes to the achievement of UN Sustainable Development Goal (SDGs) #4 “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all” through its scholarship programs for Japanese students, while working on support programs for international students, which promote international student exchanges, and student support programs, which provide support for career education and job search and for students with disabilities.

Scholarship Programs for Japanese Students

Under the philosophy of “equal opportunity for education” as stipulated in the Constitution and the Fundamental Law of Education, JASSO provides scholarships loans for achieving students who find it difficult to study due to financial reasons.

- Scholarship loan programs
- Scholarship grant programs



Support Programs for International Students

With globalization, Japan is expected to enhance the international competitiveness of the education and research level of universities and to strategically acquire academically outstanding international students, and it is also expected to encourage young people to study abroad in order to develop global human resources who will play an active role on the world stage. JASSO implements various support programs for both the acceptance and dispatch of international students to further promote international student exchanges.

- Study in Japan
- Promotion of Japanese students studying abroad
- Support for faculty and staff in charge of student exchange programs

Student Support Programs

JASSO aids universities and other such institutions in carrying out career education/employment support and support for disabled students, by collecting best practices, surveys, trainings, and other relevant items.

- Support programs for career education and job search
- Support programs for students with special needs such as students with disabilities, etc.
- Collection, analysis, and provision of information on student life and student support efforts at universities, etc.

Overview of Category 2 Scholarship Loans in Eligible Category (1)

- Loans or grants for school expenses are called "scholarships" and those receiving scholarships are called "scholarship students".
- Scholarships are classified into scholarship grants and scholarship loans. Scholarship loans are classified into Category 1 and Category 2 scholarship loans.

FY2019 Scholarship program funding sources (results)

Scholarship Grants

They are **scholarships basically without a repayment requirement** established with the aim of encouraging motivated and capable young persons to go to college, etc. by providing a scholarship grant so that they will not give up going to college for financial reasons. They were partially launched in FY2017, and full-fledged services were started in FY2018.

From FY2020, the scope of eligible persons will be greatly expanded and the amount of grants will be significantly increased for students, etc. from low-income households that truly need assistance, based on the law on support for study at colleges, etc.

Scholarship Loans Category 1 Scholarship Loans

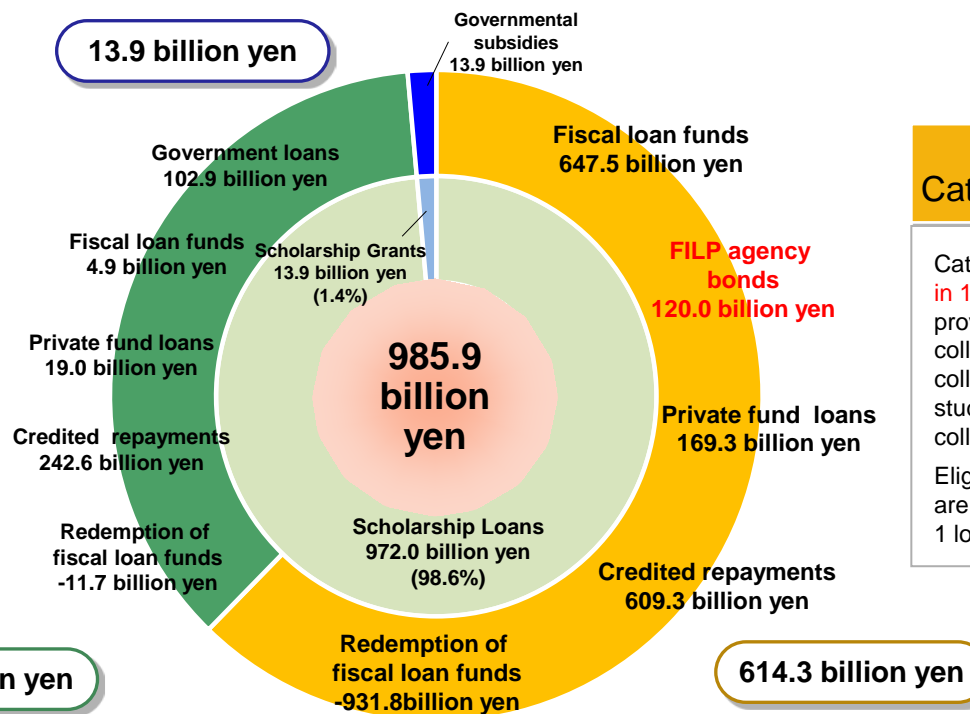
Category 1 scholarship loans (launched in 1943) are **interest-free loans** provided to students attending junior colleges, universities, graduate schools, colleges of technology and specialized training colleges (post secondary courses)

Loans are provided to students who are academically outstanding but who have extreme difficulties in pursuing their studies due to financial reasons.

Scholarship Loans Category 2 Scholarship Loans

Category 2 scholarship loans (launched in 1984) are **interest-bearing loans** provided to students attending junior colleges, universities, graduate schools, colleges of technology (4th and 5th year students) and specialized training colleges (post secondary courses).

Eligibility requirements for Category 2 are not as strict as with that for Category 1 loans.



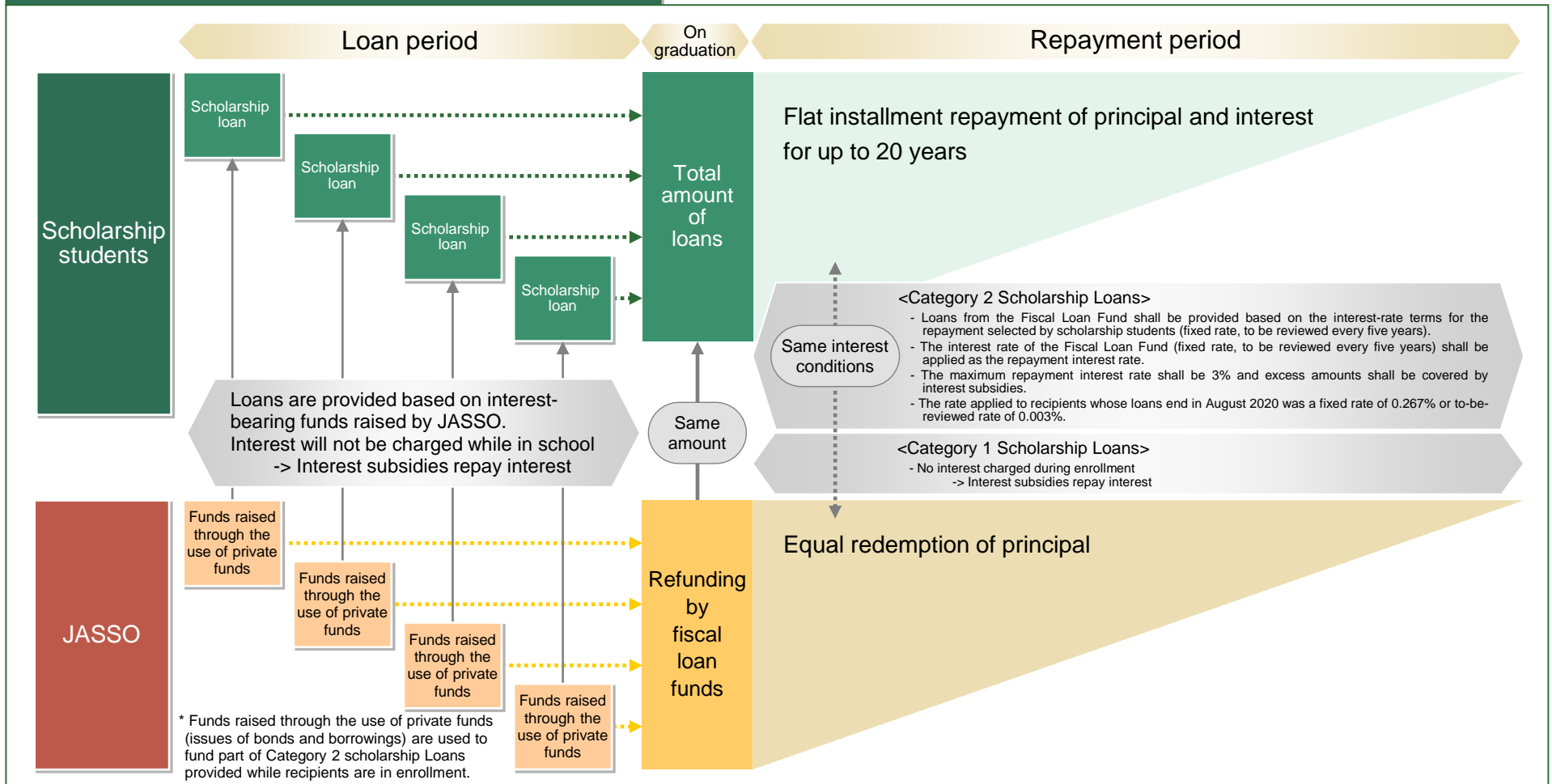
357.7 billion yen

614.3 billion yen

Overview of Category 2 Scholarship Loans in Eligible Category (2)

- The funds raised through Fiscal Investment and Loan Program (FILP) agency bonds (social bonds) are lent out to scholarship students as **Category 2 scholarship loans provided to cover school expenses.**

Cash Flow of Category 2 Scholarship Loans



Contents of the Report on the Use of Proceeds and Their Social Benefits(1)

- All the funds raised by issuing JASSO Bonds (social bonds) are used to fund part of Category 2 scholarship loans provided while recipients are in enrollment. The indicators of their social benefits are presented below.

Data Associated with Use of the Funds

Fiscal Year	JASSO Bond Issue	Issue Date	Redemption Date	Amount of Fund Used	Balance of Fund Left Unused	Refinance Ratio
FY2018	The 52nd	Sep. 7, 2018	Sep. 18, 2020	30.0 billion yen	0 yen	0%
	The 53rd	Nov. 7, 2018	Nov. 20, 2020	30.0 billion yen	0 yen	0%
	The 54th	Feb. 6, 2019	Feb. 19, 2021	30.0 billion yen	0 yen	0%
FY2019	The 55th	Jun. 7, 2019	Jun. 18, 2021	30.0 billion yen	0 yen	0%
	The 56th	Sep. 9, 2019	Sep. 17, 2021	30.0 billion yen	0 yen	0%
	The 57th	Nov. 7, 2019	Nov. 19, 2021	30.0 billion yen	0 yen	0%
	The 58th	Feb. 6, 2020	Feb. 18, 2022	30.0 billion yen	0 yen	0%
FY2020	The 59th	Jun. 9, 2020	Jun. 20, 2022	30.0 billion yen	0 yen	0%
	The 60th	Sep. 9, 2020	Sep. 20, 2022	30.0 billion yen	0 yen	0%

Data Associated with Their Social Benefits

Fiscal Year	Total Number of Recipients of Category 2 Scholarship Loans per Year	Total Amount of Lending through Category 2 Scholarship Loans per Year	Percentage of Recipients of the Scholarship among Applicants who meet the criteria (in %)
FY2019	702 thousand	614.3 billion yen	100%
FY2018	728 thousand	640.0 billion yen	100%

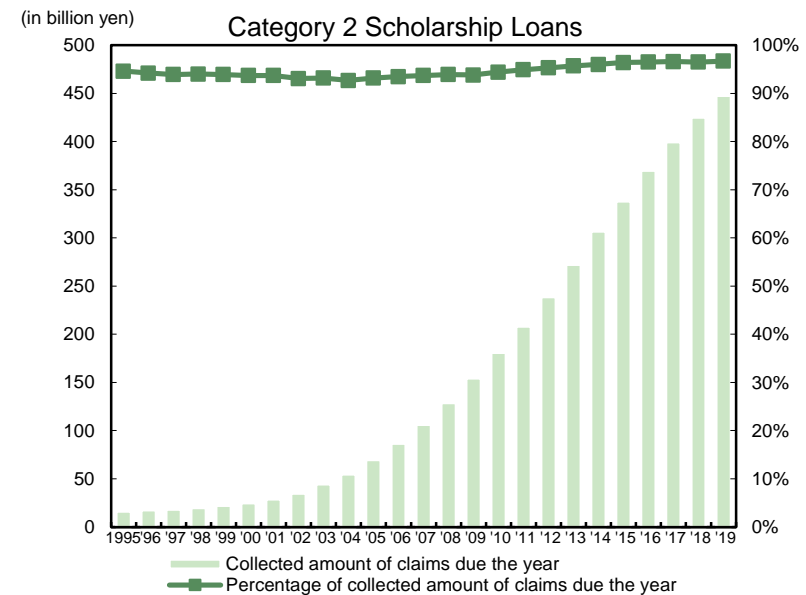
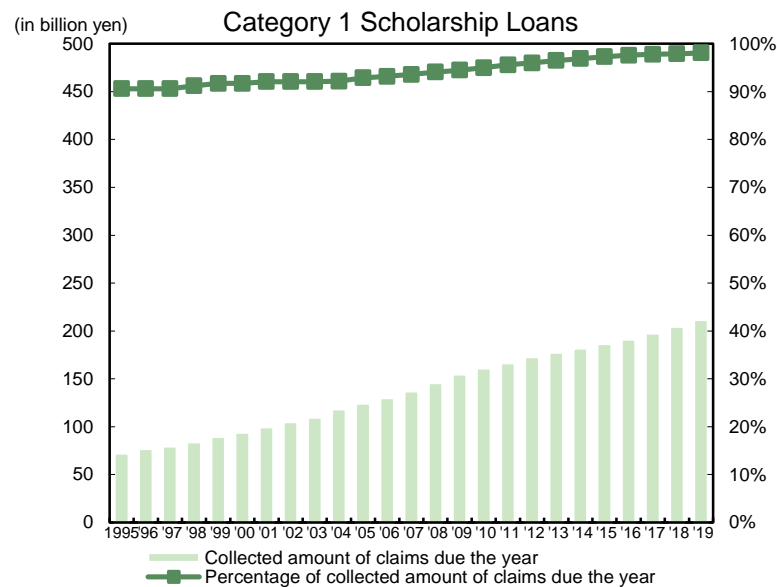
Related Data

Fiscal Year	18-Year-Old Population (Source: MEXT's School Basic Survey)	Advancement Rate to Higher Education Institutions (Source: MEXT's School Basic Survey)	Number of Students in Higher Education Institutions (A) (Source: JASSO)	Number of Scholarship Recipients (B) (Source: JASSO)	Ratio of Students Who Received Scholarship (B) / (A)
FY2019	1,170 thousand	82.8%	3,484 thousand	1,270 thousand	36.5%
FY2018	1,180 thousand	81.5%	3,481 thousand	1,276 thousand	36.7%

Contents of the Report on the Use of Proceeds and Their Social Benefits(2)

- The collection rate for FY2019 (collection of repayments due during the year) was 98.1% for Category 1 scholarship loans and 96.7% for Category 2 scholarship loans.

Collection situation of repayments



(Reference) Status of receivables

	Category 1 Scholarship Loans					Category 2 Scholarship Loans					Total number of Category 1&2 in each FY				
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2015	FY2016	FY2017	FY2018	FY2019	FY2015	FY2016	FY2017	FY2018	FY2019
Claims in arrears for 3 months or more (A)	72.8	68.3	65.0	63.6	61.0	166.8	170.5	174.9	183.2	179.9	239.6	238.8	239.8	246.7	240.9
Total claims (B)	2,617.6	2,681.2	2,752.1	2,829.2	2,912.3	6,305.6	6,498.2	6,622.1	6,677.6	6,694.3	8,923.2	9,179.3	9,374.3	9,506.7	9,606.7
Loans requiring repayment (C)	1,822.4	1,870.6	1,929.8	2,006.9	2,085.4	4,657.9	4,916.6	5,120.1	5,254.8	5,338.7	6,480.3	6,787.2	7,049.8	7,261.7	7,424.0
Percentage of loans in arrears for 3 month or more in total claims (A/B)	2.8%	2.5%	2.4%	2.2%	2.1%	2.6%	2.6%	2.6%	2.7%	2.7%	2.7%	2.6%	2.6%	2.6%	2.5%
Percentage of loans in arrears for 3 month or more in loans requiring repayment (A/C)	4.0%	3.7%	3.4%	3.2%	2.9%	3.6%	3.5%	3.4%	3.5%	3.4%	3.7%	3.5%	3.4%	3.4%	3.2%

(in billion yen)

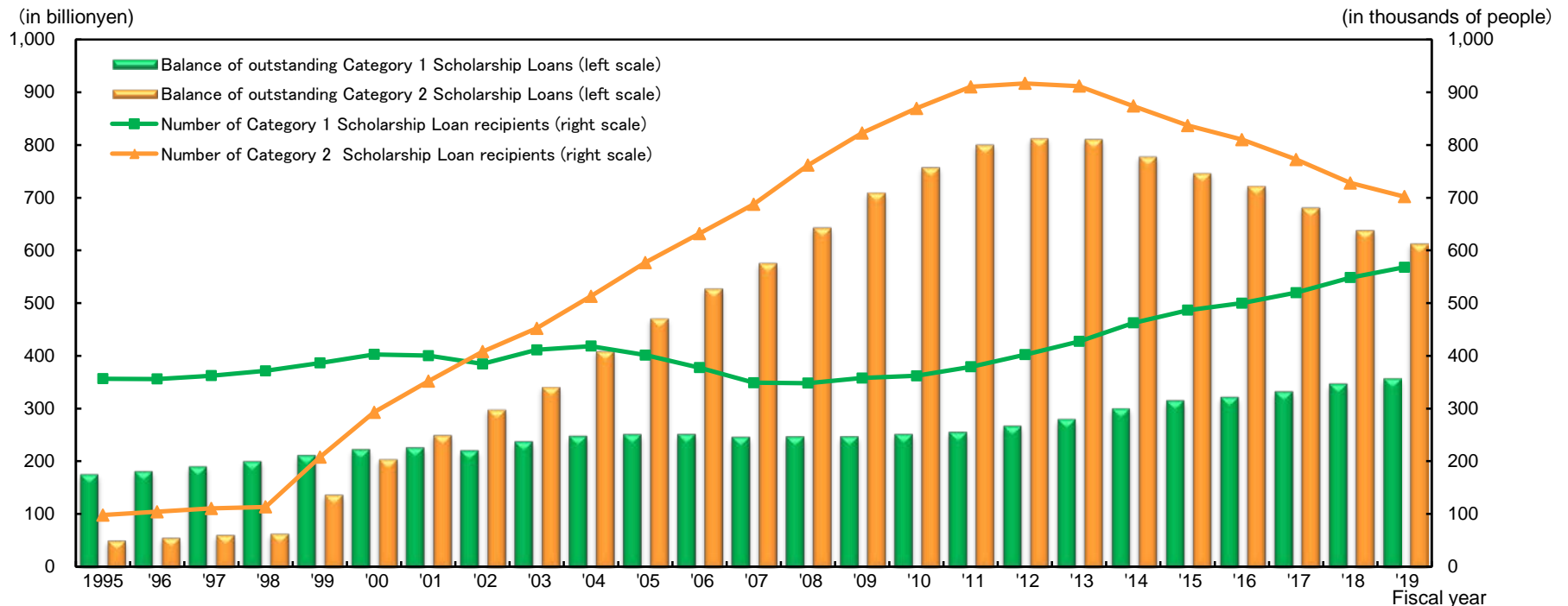
(Reference) Changes in Scholarship Loans

- Due to the increasing advancement rate and sudden changes in household finances in the economic downturn in recent years, applicants for scholarships are increasing.
- As for Category 1 scholarship loans, there have been no eligible recipients that missed out on scholarships since FY2017. In addition, we have practically removed the academic standard requirements for students from families who are excluded from inhabitant taxes.
- We fundamentally expanded Category 2 scholarship loans and relaxed their eligibility requirements in April 1999 to provide scholarships to all applicants who satisfy the eligibility requirements. As a result, the number of Category 2 scholarship loan recipients has increased dramatically since FY1999.

Budget in FY2020

	Recipients (thou.)	Amount (bn.)
Category 1 Scholarship Loans	518	JPY311.7
Category 2 Scholarship Loans	833	JPY732.7
Total	1,352	JPY1,044.4

Changes in number of scholarship students and amount of scholarship loans



JASSO (including former Japan Scholarship Foundation) has provided scholarship loans totaling about ¥21 trillion to about 13.72 million students in 77 years since 1943, when the scholarship loan programs were launched.

- The information herein has been prepared solely for information purposes and is not a solicitation of an offer to buy or sell any security or instrument.
- Investors are responsible for making their own investment decisions based on available latest data sources.

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