



JASSO Social Bonds

Report on the Use of the Funds and Their Social Impacts
FY2022

November 2023

JASSO's Programs

- 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.

FY2022 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 programs has been expanded, and we will **provide scholarships, without fail, for students, etc. from low-income households that truly need assistance**, based on the law on support for study at colleges, etc., **so that students can receive schooling at colleges etc. that help to develop individuals who can become independent and active in society.**

Scholarship Loans Category 1 Scholarship Loans

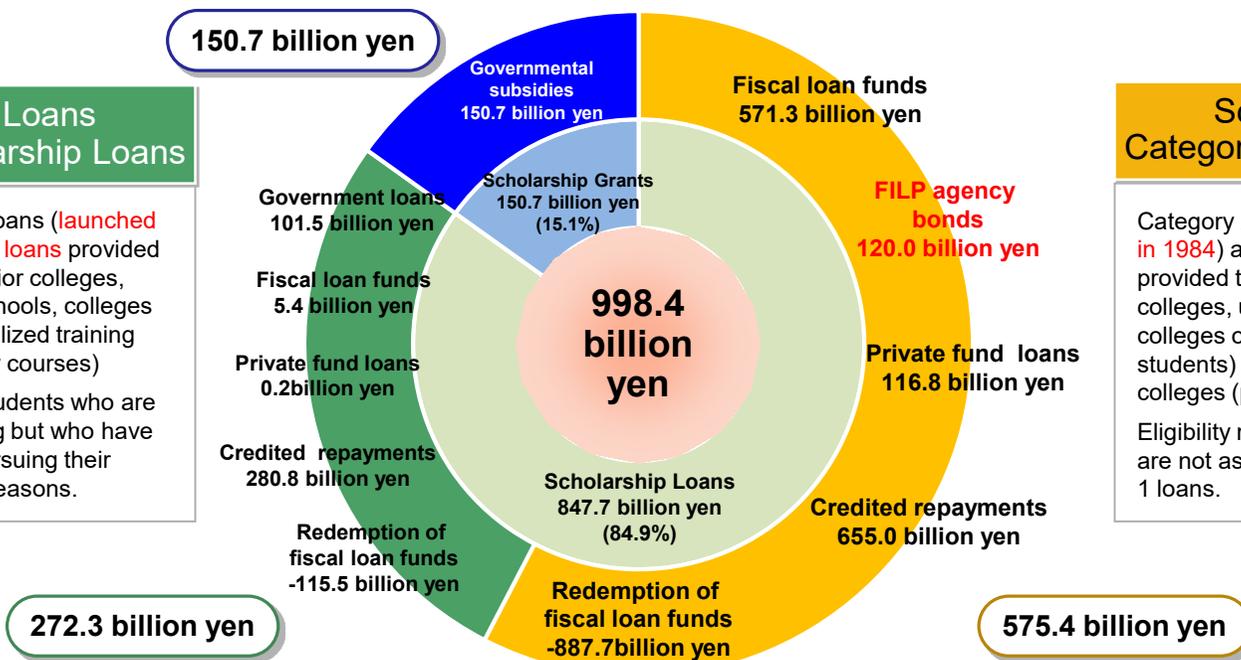
Category 1 scholarship loans (launched in 1943) are **interest-free loans** provided to students attending junior colleges, universities, graduate schools, colleges of technology and specialized training colleges (post secondary courses)

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).

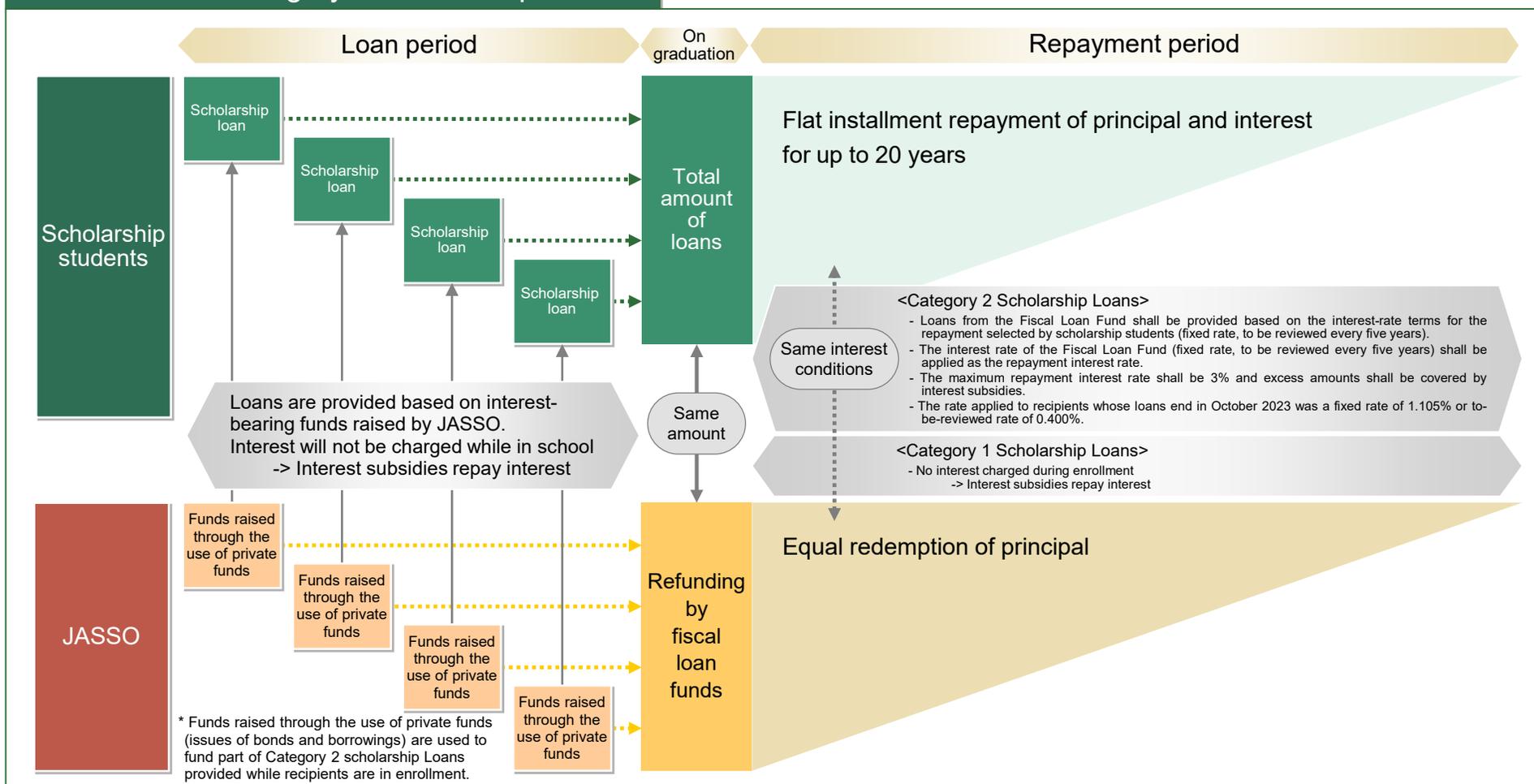
Eligibility requirements for Category 2 are not as strict as with that for Category 1 loans.



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)

- Funds raised through JASSO Bonds (social bonds) are entirely used to fund Category 2 Scholarship Loans provided while recipients are in enrollment, and the indicators showing the derived social benefits are as follows:

Use of Funds Raised by Social Bonds

Fiscal year	JASSO Bonds Issue	Issue date	Maturity date	Amount used as funds	Balance of unused funds	Refinance ratio
2021	65th	Nov. 9, 2021	Nov. 20, 2023	30 billion yen	0 yen	0%
	66th	Feb. 8, 2022	Feb. 20, 2024	30 billion yen	0 yen	0%
2022	67th	June 8, 2022	June 20, 2024	30 billion yen	0 yen	0%
	68th	Sept. 7, 2022	Sept. 20, 2024	30 billion yen	0 yen	0%
	69th	Nov. 9, 2022	Nov. 20, 2024	30 billion yen	0 yen	0%
	70th	Feb. 8, 2023	Feb. 20, 2025	30 billion yen	0 yen	0%
2023	71st	June 7, 2023	June 20, 2025	30 billion yen	0 yen	0%
	72nd	Sept. 7, 2023	Sept. 20, 2025	30 billion yen	0 yen	0%
	73rd	Nov. 9, 2023	Nov. 20, 2025	30 billion yen	0 yen	0%

Reference information ①: Ratio of students entering higher education institutions

Fiscal year	Population of 18-year-olds (Source: School Basic Survey by MEXT)	Ratio of students entering higher education institutions (Source: School Basic Survey by MEXT)	Number of students studying at higher education institutions (Source: JASSO)	Scholarship recipients (Source: JASSO)	Scholarship utilization ratio
2022	1.12 million	83.8%	3.646 million	1.132 million	31.0%

Reference information ②: Use of Funds Raised by Private Loans

※Funding through Social Loans has been provided since FY2023

Fiscal year	Issue date	Maturity date	Amount used as funds	Balance of unused funds	Refinance ratio
2022	Jan. 6, 2023	Jan. 9, 2024	44 billion yen	0 yen	0%
	Feb. 8, 2023	Feb. 7, 2024	43 billion yen	0 yen	0%
	Mar. 8, 2023	Mar. 7, 2024	30 billion yen	0 yen	0%

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

- Funds raised through JASSO Bonds (social bonds) are entirely used to fund Category 2 Scholarship Loans provided while recipients are in enrollment, and the indicators showing the derived social benefits are as follows:

Items Related to Social Benefits

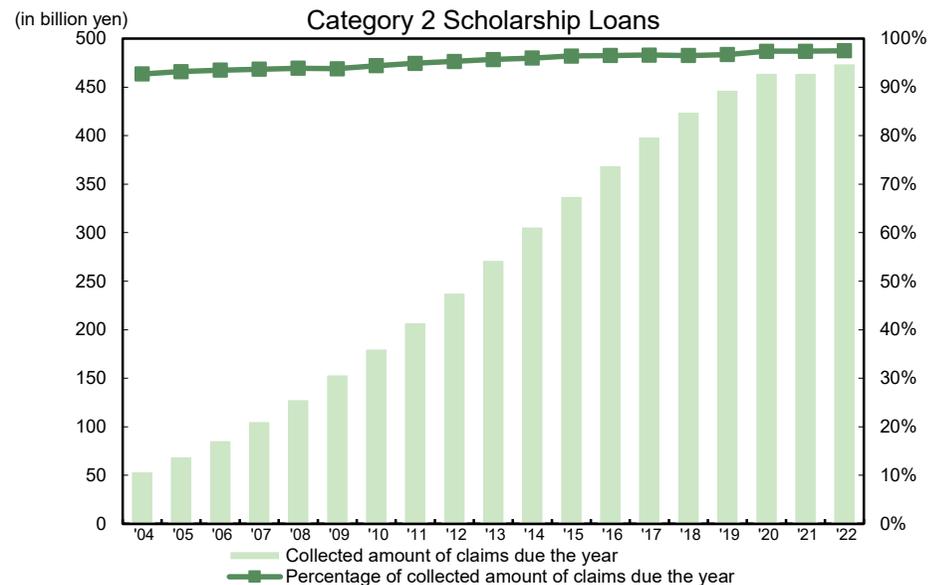
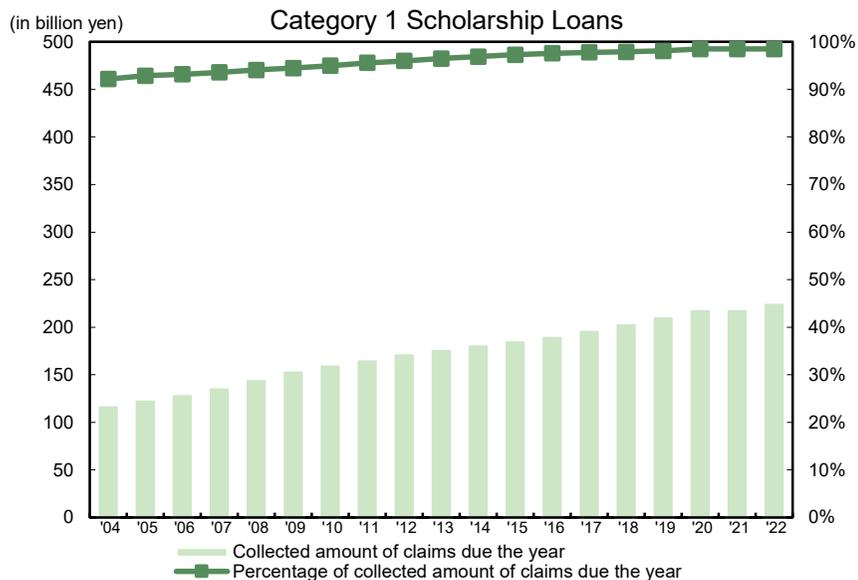
Year	Number of Category 2 Scholarship Loan recipients by fiscal year	Balance of outstanding Category 2 Scholarship Loans by fiscal year	Percentage of scholarship students who received loans among applicants who satisfied the criteria
FY2022	665,000	¥575.4 billion	100%
(Ref.) FY2021	686,000	¥588.3 billion	100%

Category 2 Scholarship Loan recipient details (FY2022)	Number of recipients	Amount	Number of schools where recipients are enrolled			
			Total	National	Public	Private
Category 2 Scholarship Loans (total)	664,800	¥575.41 billion	3,503	186	298	3,019
Universities, Junior Colleges	528,300	¥446.41 billion	1,087	83	112	892
Graduate schools	5,300	¥5.55 billion	424	82	61	281
Colleges of technology	300	¥0.21 billion	54	49	3	2
Specialized training colleges (post-secondary courses)	130,900	¥123.24 billion	2,345	50	181	2,114

Contents of the Report on the Use of Proceeds and Their Social Benefits(3)

- The collection rate for FY2022 (collection of repayments due during the year) was 98.5% for Category 1 scholarship loans and 97.3% for Category 2 scholarship loans.

Collection situation of repayments



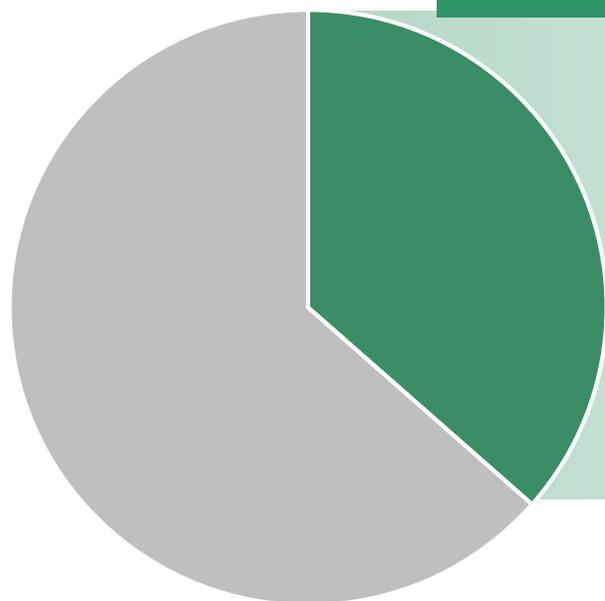
(Reference) Status of receivables

(in billion yen)

	Category 1 Scholarship Loans					Category 2 Scholarship Loans					Total number of Category 1&2 in each FY				
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2018	FY2019	FY2020	FY2021	FY2022	FY2018	FY2019	FY2020	FY2021	FY2022
Total claims (A)	2,829.2	2,912.3	2,917.3	2,903.4	2,884.0	6,677.6	6,694.3	6,674.7	6,632.2	6,577.2	9,506.7	9,606.7	9,592.0	9,535.6	9,461.3
Loans requiring repayment (B)	2,006.9	2,085.4	2,152.3	2,203.1	2,244.7	5,254.8	5,338.7	5,361.1	5,352.5	5,314.0	7,261.7	7,424.0	7,513.4	7,555.6	7,558.7
Claims in arrears for 3 months or more (C)	63.6	61.0	53.3	51.2	50.9	183.2	179.9	153.6	150.5	155.3	246.7	240.9	206.9	201.7	206.2
Percentage of loans in arrears for 3 month or more in total claims (C/A)	2.2%	2.1%	1.8%	1.8%	1.8%	2.7%	2.7%	2.3%	2.3%	2.4%	2.6%	2.5%	2.2%	2.1%	2.2%
Percentage of loans in arrears for 3 month or more in loans requiring repayment (C/B)	3.2%	2.9%	2.5%	2.3%	2.3%	3.5%	3.4%	2.9%	2.8%	2.9%	3.4%	3.2%	2.8%	2.7%	2.7%

(Reference) Scholarship Ratio to Total Numbers of Students

Scholarship utilization ratio



31.0%

1 in 3.2 students

- Of the 3.65 million students studying at higher education institutions in Japan in 2022, 1.13 million (31.0%) used JASSO loan scholarships.
- **“1 in 3.2” students are utilizing JASSO's scholarships.**

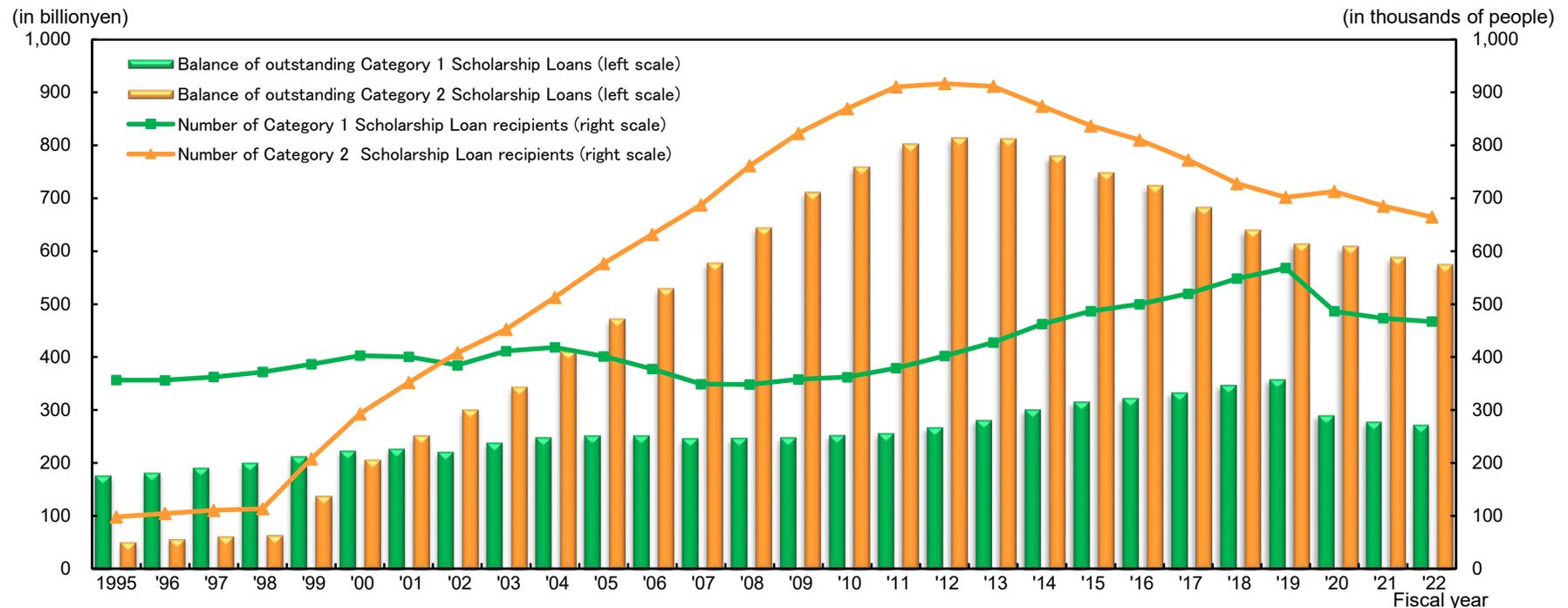
(Reference) Changes in Scholarship Loans

- We have been providing scholarship loans, without fail, to all applicants that satisfy the screening criteria so that motivated and capable students will not give up going to college for financial reasons.
- 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.
- As for Category 2 scholarship loans, we have fundamentally expanded them and relaxed their eligibility requirements in April 1999.

Budget in FY2023

	Recipients (thou.)	Amount (bn.)
Category 1 Scholarship Loans	503	JPY295.8
Category 2 Scholarship Loans	693	JPY594.9
Total	1,196	JPY890.7

Changes in number of scholarship students and amount of scholarship loans



JASSO (including former Japan Scholarship Foundation) has provided scholarship loans totaling about ¥24 trillion to about 14.85 million students in 80 years since 1943, when the scholarship loan programs were launched.

(Reference) Social Finance Framework (Overview)

- JASSO established a framework which is aligned with Social Bond Principles (SBP) 2021 by the International Capital Market Association (ICMA), Social Loan Principles 2023 by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), the Loan Syndication and Trading Association (LSTA), and Social Bond Guidelines 2021 by the Financial Services Agency.
- On April 14, 2023, JASSO has obtained a second party opinion from Japan Credit Rating Agency, Ltd. to ensure the eligibility as a social bond.

1 Use of proceeds

- The proceeds financed based on the Framework are used for scholarship loans.
- The Scholarship Loan Programs contribute to the achievement of UN Sustainable Development Goal (SDGs) #4 "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all."



3 Management of proceeds

- The proceeds financed based on the Framework are managed separately from other proceeds for scholarships.
- In cases where the remittance of scholarships is postponed due to disasters or others, the Organization continues to conduct its management and immediately transfers the amount as soon as the event causing the postponement is resolved.

2 Process for project evaluation and selection

- In selecting the scholarship students, JASSO selects the students who are recommended by school principals. In the selecting, students are judged comprehensively based on criteria such as personality, academic ability and family financial status in accordance with the stipulations of the statement of operation procedures.
- JASSO provides the loans to all applicants who satisfy the criteria.

4 Reporting

- JASSO prepares financial statements, etc. every business year and receives approval from the Minister of Education, Culture, Sports, Science and Technology.
- JASSO annually reports on proceeds allocated to projects and social benefits in the "allocation of proceeds/social impact reports," which will be continuously carried out hereafter.



- Sustainable Development Goals (SDGs): 17 goals and 169 targets to be achieved by UN member states by 2030. These are defined in the 2030 Agenda for Sustainable Development, which was adopted at the UN Sustainable Development Summit in September 2015.

- 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.



The green part, in the shape of the wing, represents young people opening up to their potential.

The orange part, in the shape of the palm of a hand, represents JASSO's role in supporting youth.

The two shapes combine to form the letter "S", which stands for the initial letter of "Student Services."

In addition, the green color of the wing represents the sound growth of the younger generation, and the orange color of the palm represents JASSO's philosophy and enthusiasm toward its activities.

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