



Guide to Japan Finance Corporation

2022

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 fishery policy, etc., with the aim to complement financing carried out by private financial institutions.

JFC's primary mission 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.

Responses to the Spread of COVID-19

We have responded to customer needs with a deep sense of our mission as a policy-based financial institution to "connect" policies and those involved in business.

Due to the unprecedented threat from the protracted impact of COVID-19, Japan is currently confronting previously unseen economic and social crises. Many businesses continue to face extremely challenging circumstances.

Since we established special consultation services in January 2020, we have made decisions for approximately 1.06 million COVID-19 related loans with a value of 18 trillion yen through the end of June of this year. This is the largest operation in the history of Japan's policy-based finance. In addition, in August 2020 we began handling COVID-19 Hybrid Subordinated Loan Program in order to bolster the financial foundations of SMEs and micro/small businesses that have been impacted by the COVID-19 pandemic. As of June 30, 2022, a total of 6,000 loan decisions were made worth a total of 900 billion yen.

Inquiries on financing support related to the COVID-19 pandemic have fallen compared to the peak. However, in addition to the ongoing pandemic, other factors such as rising crude oil and commodity prices, growing international tensions, and more, have led to a situation where the future outlook remains unclear. Still, 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

In line with its role as a policy-based financial institutions for emergencies, JFC supports businesses affected by the COVID-19 related crisis, reconstruction from the Great East Japan Earthquake and other earthquakes, typhoons, and other natural disasters, and consistently implements safety net functions in any situation.

Additionally, with a view to the post-COVID-19 world, we continue to focus our efforts on supporting the Strategic Fields of Growth, including support for start-ups and new business, business succession, and new expansion for the agriculture, forestry, and fisheries businesses.

(Support for start-ups and new business)

JFC is actively committed to supporting start-ups and new business and facilitates the launch of start-ups, which are driving force behind innovation. Some of these companies have later been listed on the stock exchange, taking on a leading role in the Japanese economy. Drawing on the experience and knowledge gained through the present time, JFC continues to provide support for start-ups and new business in a wide array of fields.

(Support for business succession)

In Japan, supporting business succession is a critically important issue exacerbated by problems such as the aging of management personnel and the prolonged COVID-19 pandemic. 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 relevant organizations to offer effective consulting including business matching.



(Support for new expansion by agricultural, forestry, and fisheries businesses)

In recent years, Japan's agricultural sector has begun to overcome the general public perception that it is small and unprofitable. As the implementation of smart agriculture and its expansion into global markets progress, there is now a real possibility that agriculture will serve as a growth engine for regional economies. With a view to remaking agricultural, forestry, and fisheries business into growth businesses, JFC collaborates with relevant organizations, including private finance institutions, to support the agricultural sector.

Closing

To contribute to regional revitalization, JFC will carefully ascertain the circumstances surrounding regions and businesses and adopt a bird's-eye perspective of regions to work toward solving their problems, taking into consideration the changes in business environment caused by COVID-19. While doing so, we will perform our function of connecting the various relevant organizations such as private financial institutions while utilizing our nationwide network of 152 branches to deepen collaboration with local communities.

In order to provide high-quality services regarding policy-based financing, while implementing the above measures, JFC will exercise appropriate risk-taking functions and make every effort to provide expert consulting. To reinforce our policy-based financing functions, we will work to streamline business and increase operational efficiency in the aspect of our organizational management, including stepping up digitalization.

In addition, through assistance programs for business and by doing our part for the community, we are working to achieve the SDGs and an all-around more sustainable society.

We sincerely hope for your further understanding and support in the future.

July 25, 2022

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TANAKA Kazuho
Governor & CEO

Overview of Japan Finance Corporation

Profile of Japan Finance Corporation (as of March 31, 2022)

- 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: 11,612.7 billion yen
Reserve fund: 5,394.1 billion yen
- Branch Offices: Branch Offices in Japan: 152
Overseas representative offices: 2
- Employees: 7,436 (budgetary fixed number for FY2022)

Management Policy

In order to carry out its Basic Philosophy, JFC promotes digitalization even during any crisis to build systems that can respond flexibly and agilely and strives to perform the functions required of it as a policy-based financial institution in collaboration with relevant organizations including private financial institutions, Chambers of Commerce and Industry, Societies of Commerce and Industry, and tax accountants.

● Exercise of safety net functions

- Perform policy-based financing functions to the greatest extent possible and respond agilely to demands for safety net services due to natural disasters, pandemics, economic change, etc.
- Establish systems that can respond flexibly and agilely to future crises including the creation of systems for operations during emergencies and further cooperation with private financial institutions.

● Contribution to the growth and development of the Japanese economy

- JFC will respond properly to meet the diverse needs required for policy-based financing including support for the creation of new businesses, business revitalization, business succession, overseas expansion, new expansion of agricultural, forestry, and fisheries businesses, decarbonization, and other environmental and energy measures as well as changes in the business environment caused by promotion of digital transformation (DX) and pandemic in accordance with national policies and will contribute to the growth and development of the Japanese economy.

● Contribution to regional revitalization

- Promote support to demonstrate vitality of SMEs and micro/small businesses and agricultural, forestry, and fishery businesses sustaining regional economies by creating and maintaining employment, etc.
- Promote coordination with local communities and contribute to regional revitalization by engaging in activities rooted in local areas including ascertaining conditions in regions that have been affected by changes in the business environment from the pandemic and other factors and participating in regional projects such as comprehensive strategies of the local government.

Basic Philosophy

● 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.

● Improving customer service

- JFC is committed to being a familiar and reliable organization that responds with compassion from the customer's perspective.
- JFC will fully understand its role in policy-based financing and appropriately operate systems, improve the quality of services by augmenting consulting functions and capacity, and respond promptly and precisely to the needs of a range of clients requiring policy-based financing, by leveraging funds and information.

● Use digital technologies to promote efficient business operations that show awareness of environment and energy issues

- To promote enhancement of customer services and rationalization and greater efficiency in administrative operations, put in place efficient information systems using state-of-the-art technologies.
- Responding to active improvement proposals from staff, work to rationalize administrative operations and realize efficient business operations.
- Contribute to society by promoting corporate activity that shows awareness of environment and energy issues.

● Creation of a rewarding workplace

- Encourage diversity and create workplaces where staff can fully utilize their capacities with pride and a sense of mission.
- Achieve diverse and flexible working styles by promoting telework and other measures.
- Further promote career opportunities for women, including the active appointment of female employees to managerial positions and by promoting career development for women.
- Boost training to increase the quality and ability of each employee's professional expertise for conducting policy-based financing.

● Engage in enhancement of risk management system and entrenchment of compliance awareness

- From the perspective of corporate governance, enhance risk management system and instill strong compliance awareness into management and staff.

Business and Management Plan (FY2022-2024)

The roles strongly required of JFC as a policy-based financial institution, of which there is renewed awareness as a result of its responses to the COVID-19 pandemic, are to continuously review operations to ensure that they are capable of addressing large-scale crises with the premise that such crises may occur in the future and to demonstrate reliable safety net functions under all circumstances.

JFC collaborates with relevant organizations to support business creation and new businesses including the start-up and other companies that will lead the new society in the post-COVID era, promote exports of agricultural, forestry, fishery and food products, and provide strong support in growth strategy areas such as business succession, which is a management issue for many clients. By supporting SMEs, micro/small businesses, and agriculture, forestry, fisheries and food business operators, which function as the foundations of regional economies, JFC is contributing to regional revitalization.

JFC also promotes further digitalization so that it can provide such policy-based financial services broadly and promptly.

In addition, JFC will contribute to the achievement of the Sustainable Development Goals (SDGs) in order to create a sustainable society by supporting these types of clients and contributing to communities.

In accordance with this approach, each employee, as a policy-based finance operator, will undertake the following with a sense of mission to demonstrate their roles to connect this policy to its various business endeavors.

First, when performing its safety net functions, JFC will support clients that were affected by the COVID-19 pandemic and steadily and agilely provide support for recovery from and restoration following other natural disaster including earthquakes and typhoons.

Next, JFC will focus its efforts on Strategic Fields of Growth, etc. including start-ups, new business, business revitalization, business succession, social business, overseas expansion, new development of agriculture, forestry, and fisheries business operators, environmental and energy measures, promotion of digital transformation (DX), and support for customers undertaking business restructuring with an eye toward the post-COVID era for the future development of the Japanese economy. Of these, we are responding to the increasing need for business succession by placing particular emphasis on enhancing information collection capabilities and collaborating with relevant organizations to provide effective consulting including matching. With regard to overseas development, we will bolster support for overseas expansion and export growth.

Furthermore, in order to contribute to regional revitalization, JFC carefully ascertains the circumstances surrounding regions and businesses, taking into consideration the changes in the business environment during the COVID-19 crisis in particular, and adopts a bird's eye perspective of regions to work together in order to solve their problems. In doing so, we will perform our function of connecting the various relevant organizations while using our nationwide network of 152 branches to utilize the unique characteristics of the JFC and promote further collaboration with local communities.

Also, given the significance of the policy finance function, we are working to perform an appropriate risk-taking function, and to provide high-quality services by focusing on demonstrating our consulting functions and our policy recommendation abilities, as well as consistently promoting publicity activities.

In carrying out our affairs, we will follow the principle of "doing ordinary tasks with excellence" while maintaining a high level of awareness of compliance and steadily and appropriately building on each individual task. In addition, taking a bottom-up approach to management as our motto, we aim to gain an accurate understanding of customer and regional needs, respond empathetically, and become a more familiar and reliable presence. To this end, we are working to reinforce our nationwide network of 152 branches. In particular, the integrated branch office manager will continue endeavoring to fulfill the role of the cornerstone of the network. Furthermore, in order to reinforce policy-based finance functions, taking into consideration responses to the COVID-19 crisis, we will address organizational operations by reinforcing organizational response capabilities by securing personnel and taking other measures during emergencies, promoting further digitalization, and undertaking measures to carry out proposals made from an on-site perspective to continuously streamline administration including abolishing unnecessary procedures and raise the efficiency of operations. When carrying out IT strategies, we will deeply analyze the trends of digitalization of private financial institutions, select the methods most suitable for JFC. We will also address human resource development and utilization and promote diversity by creating rewarding workplaces where employees can maximize their abilities through measures such as telework and staggered commuting times.

Business Operation Plans

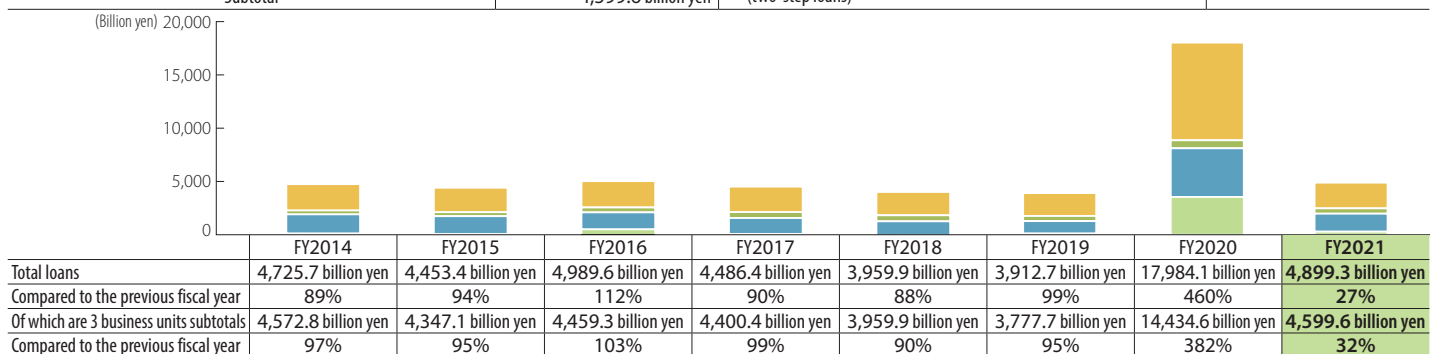
- Respond carefully to the needs for safety net services, provide a stable supply of funds, and collaborate with private financial institutions
- Supply funds with priority given to Strategic Fields of Growth, etc.
- Contribution to local and regional revitalization through collaboration with local communities
- Improve customer service and demonstrate policy significance
- Appropriate management of credit risk

Organizational Plans

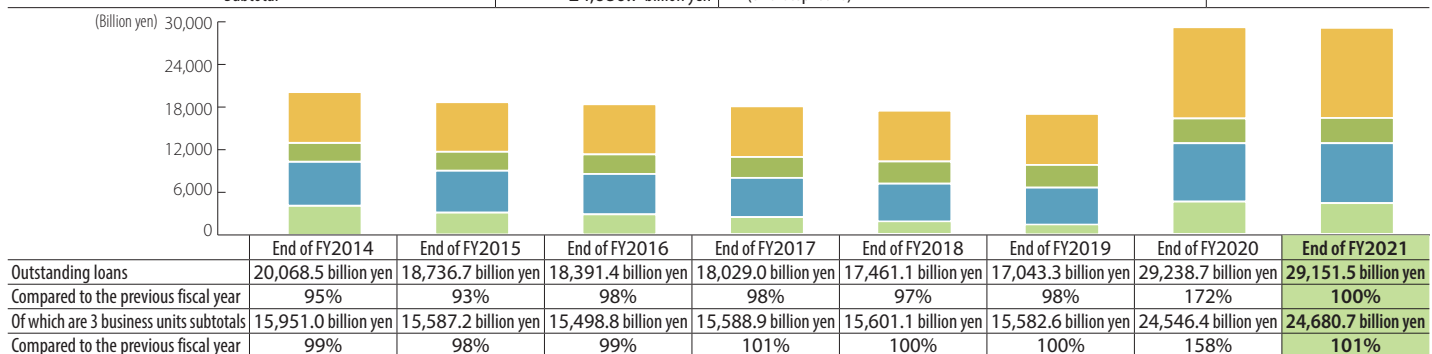
- Promote digitalization
- Enhancing branch office functions
- Conduct efficient and effective operations
- Foster and utilize human resources
- Promote diversity and improve the workplace environment
- Establishment and strengthening of risk management, compliance structures, and risk management framework

Overall Performance of Loan Program

FY2021 total loans: 4,899.3 billion yen (27% compared to the previous fiscal year)			
Micro Business and Individual Unit	2,411.5 billion yen	Operations to Facilitate Crisis Responses (two-step loans)	291.2 billion yen
Agriculture, Forestry, Fisheries and Food Business Unit	500.7 billion yen	Operations to Facilitate Specific Businesses Promotion, etc. (two-step loans)	8.5 billion yen
Small and Medium Enterprise (SME) Unit (finance)	1,687.3 billion yen		
Subtotal	4,599.6 billion yen		



End of FY2021 outstanding loans: 29,151.5 billion yen (100% compared to the end of previous fiscal year)			
Micro Business and Individual Unit	12,696.2 billion yen	Operations to Facilitate Crisis Responses (two-step loans)	4,359.9 billion yen
Agriculture, Forestry, Fisheries and Food Business Unit	3,551.7 billion yen	Operations to Facilitate Specific Businesses Promotion, etc. (two-step loans)	110.8 billion yen
Small and Medium Enterprise (SME) Unit (finance)	8,432.6 billion yen		
Subtotal	24,680.7 billion yen		

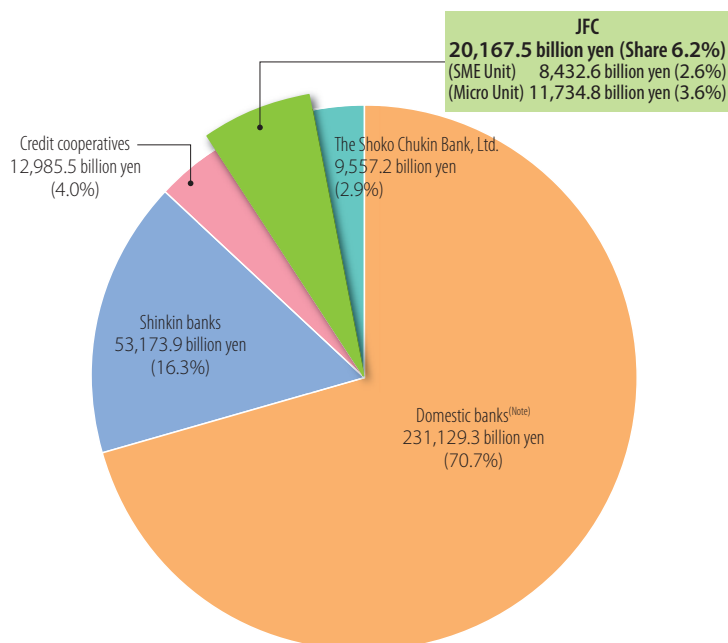


JFC has steadily and agilely performed the role of exhibiting safety net functions, including measures to respond to clients affected by the COVID-19 crisis and recovery and restoration from earthquakes, typhoons, and other natural disasters. At the same time, JFC works for the future development of the Japanese economy and provides support in six Strategic Fields of Growth, etc.: (i) support for start-ups and new business, (ii) support for business revitalization, (iii) support for business succession, (iv) support for social business (NPOs, etc.), (v) support for overseas expansion, and (vi) support for new expansion by agricultural, forestry, and fisheries businesses.

Financing Structure of JFC

JFC's share of the balance of financing to SMEs (Micro Unit and SME Unit) is **6.2%**.

Share of balance of financing to SMEs (as of March 31, 2022)

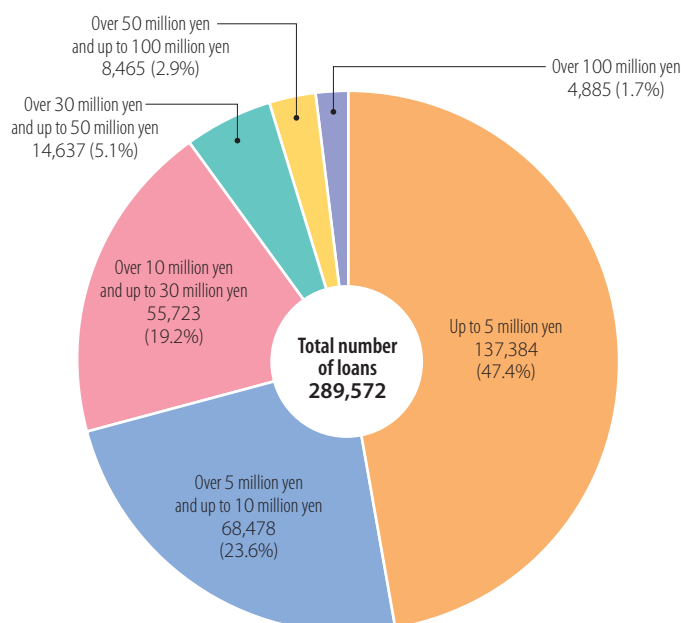


Note: Total of city banks, regional banks, regional banks II, and trust banks
 Sources: Bank of Japan, "Loans by Borrower," "Cash, Deposits, and Loans"; Shinkumi Bank, "Main Accounts of Nationwide Credit Unions"; Japan Finance Corporation, "Business Statistics"; Shoko Chukin Bank, "Business Statistics"

The composition of JFC's financing by loan amount in FY2021 was as follows. Of the total of approximately 290,000 business loans, **47% had loan amounts up to 5 million yen, and 90% were for 30 million yen or less.**

JFC also provides educational loans to the public (approximately 90,000 loans annually).

Financial results by loan amount in FY2021^(Note)



Note: Total of Micro Unit, AFFF Unit, and SME Unit (financing) business loans

Responses to the Spread of COVID-19

COVID-19 Related Loan

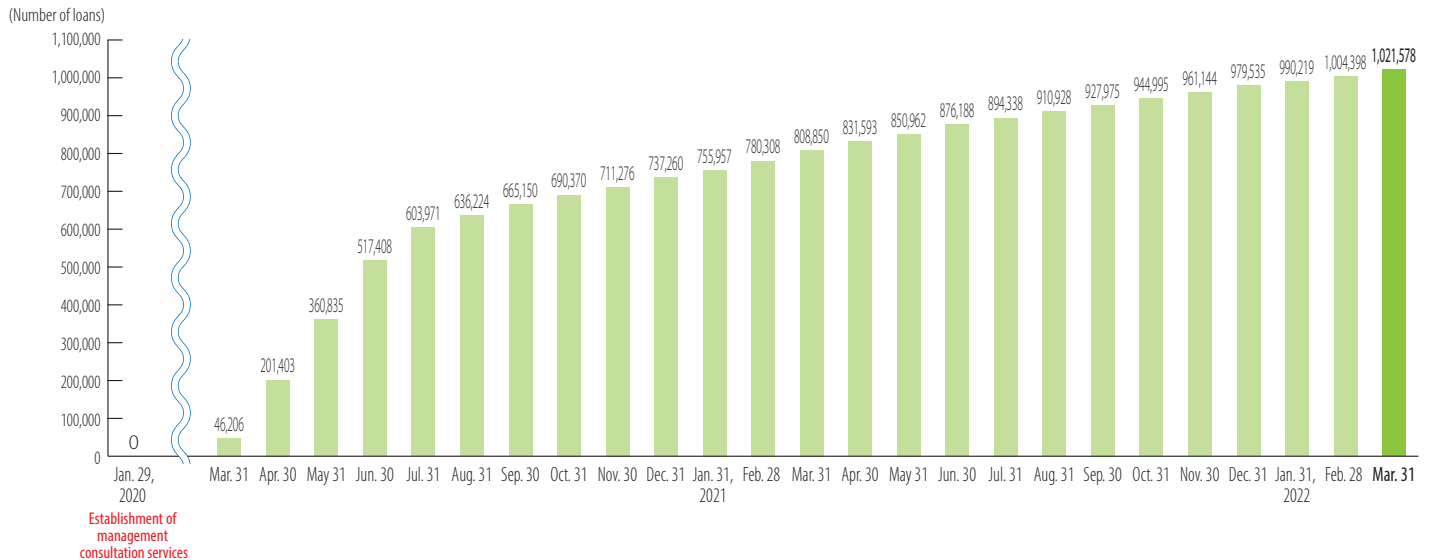
As of March 31, 2022, a total of **1,021,578** COVID-19 related loan decisions were made worth a total of **17,319.9 billion yen**.

COVID-19 related loan decision results

(as of March 31, 2022)

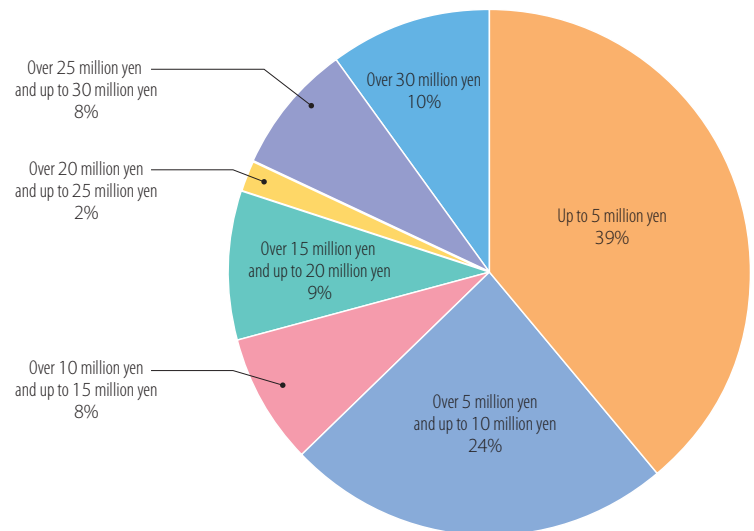
Number of loans	Amount
1,021,578	17,319.9 billion yen

Changes in number of COVID-19 related loan decisions (cumulative total)



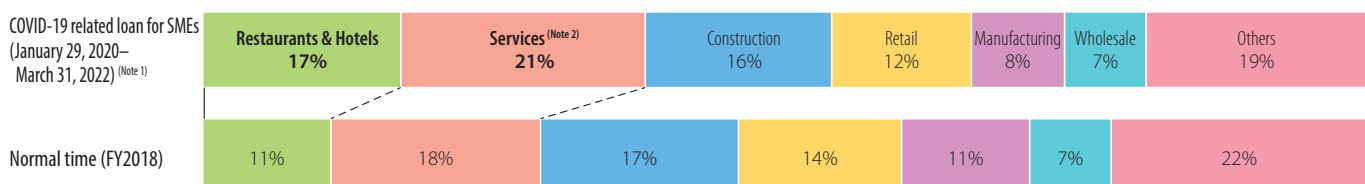
The composition of COVID-19 related loan by amount was **39% for loans up to 5 million yen and 24% for loans of over 5 million yen and up to 10 million yen**, and thus, the majority of the loans were for small amounts.

Component ratios by amount of COVID-19 related loan (January 29, 2020–March 31, 2022)



With respect to the ratio by industry of COVID-19 related loans for SMEs (Micro Unit and SME Unit), the ratio of those in restaurants & hotels and service increased compared to normal time.

Component ratios by industry for SMEs



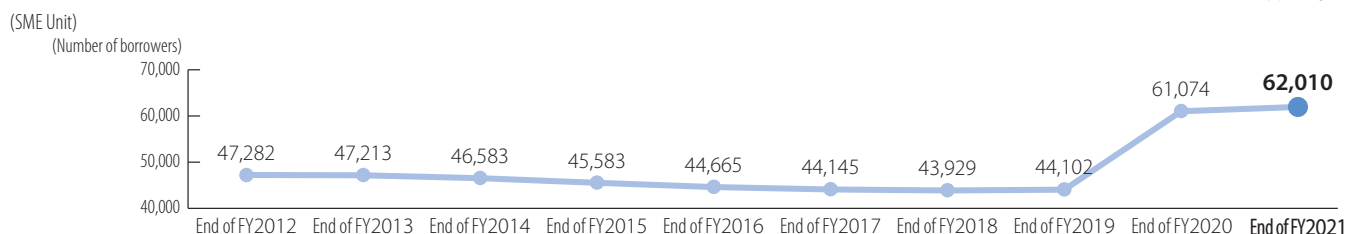
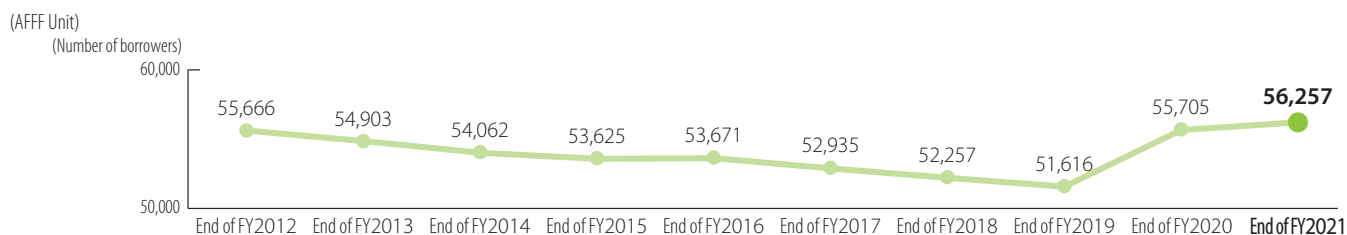
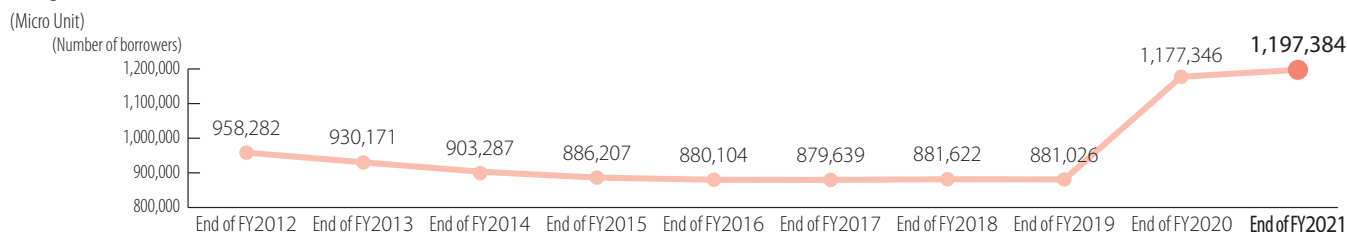
Notes: 1. COVID-19 related loan data is prepared on a loan decision basis.

2. Service industries include hairdressing and beauty salons, professional services, management consulting, automobile maintenance, advertising, and cosmetology as well as entertainment businesses such as theater groups and bands. Also, the share of the entertainment industry (including entertainment businesses such as theater groups and bands) within the service industry has increased compared to normal times (from 2.7% to 4.4%)

Change in Number of Borrowers

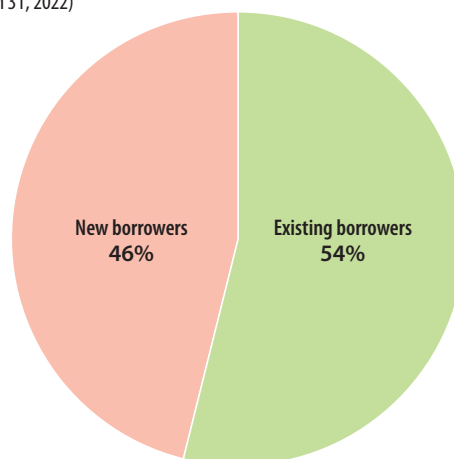
Until the outbreak of the COVID-19 pandemic, the number of JFC customers was trending downward, but as a result of responding to the unprecedented large number of inquiries concerning loans in response to COVID-19, the numbers of borrowers as of the end of FY2021 increased by **approximately 320,000** in the Micro Unit, **approximately 5,000** in the AFFF Unit, and **approximately 20,000** in the SME Unit compared to the end of FY2019.

Change in number of borrowers



Of the loan applications relating to COVID-19 (cumulative total), **46%** were from new borrowers (customers that did not have a business relationship with JFC).

Component Ratio of new borrowers among financing applicants
(January 29, 2020–March 31, 2022)



Collaboration with Private Financial Institutions during the COVID-19 Pandemic

Within our responses to COVID-19, we have provided funding support to SMEs and micro/small businesses that have been affected by the pandemic based on our existing collaborative relationships with private financial institutions.

Cooperative loan ^(Note) results

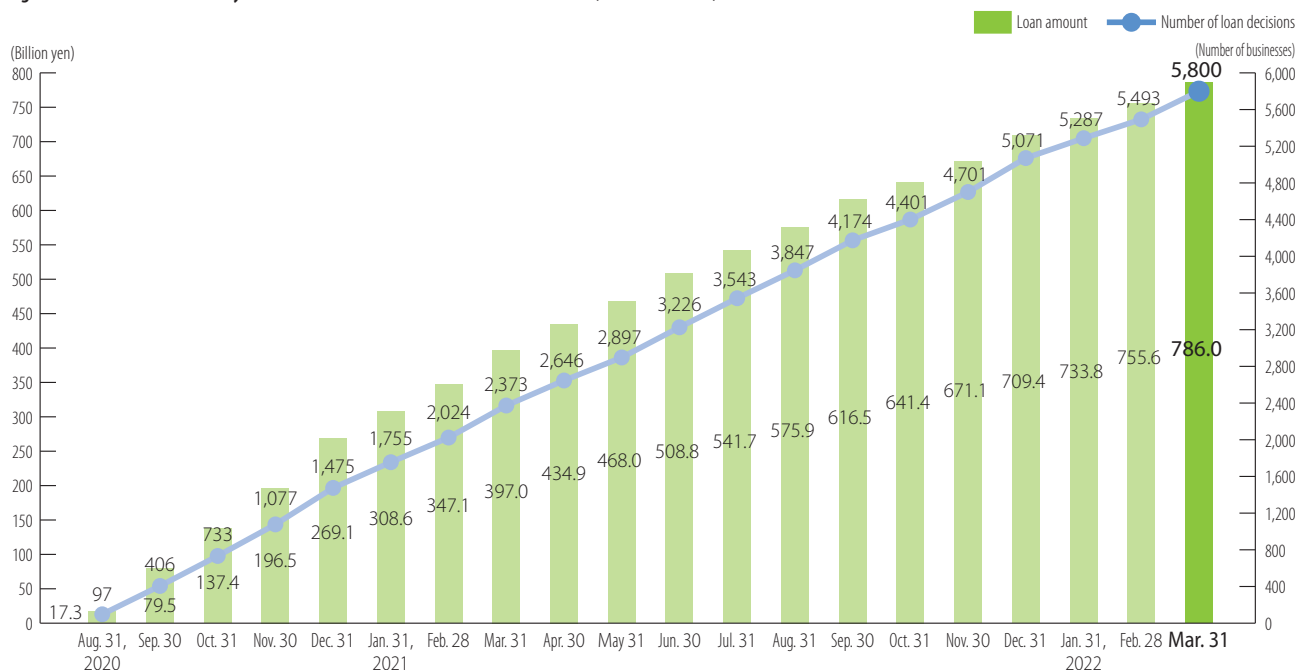
	FY2019	FY2020	FY2021	Compared to the previous fiscal year
Number of loans	28,736	24,467	25,259	103%
Amount	1,255.6 billion yen	1,684.7 billion yen	1,252.7 billion yen	74%
Amount per loan	43.69 million yen	68.85 million yen	49.59 million yen	72%

Note: Loans (guarantees) that are disbursed or decided by both JFC and private financial institutions after consultation by both parties for loan plans with identical objectives (Calculated by JFC. Including loans made on different dates between both parties).

COVID-19 Hybrid Subordinated Loan Program

In August 2020, we began handling COVID-19 Hybrid Subordinated Loan Program, which provides funds for reinforcing financial foundations, for companies that plan to develop and maintain business with support from relevant organizations, under an economic environment that was greatly affected by the COVID-19 pandemic. As of March 31, 2022, we made loan decisions for **5,800 businesses worth 786.0 billion yen**.

Changes in number of COVID-19 Hybrid Subordinated Loan decisions and amounts (cumulative total)



Information Dissemination during the COVID-19 Pandemic

● Dissemination of Examples of Measures by Businesses Addressing the COVID-19 Pandemic

In order to help businesses to do their best even during the COVID-19 pandemic, we present case studies of businesses employing various ideas and innovations to overcome this crisis and initiatives that will have a sustainable effect on the companies employing them.

Please visit the JFC website for more information.
<https://www.jfc.go.jp/n/corona-jirei/index.html>
 (Available only in Japanese)



● Issuing Case Study Examples of JFC Support during the COVID-19 Pandemic

At JFC, in addition to financial assistance programs on various kinds of financing, we provide a diverse array of management support services such as consulting and business matching, through related institutions including private financial institutions and our network of 152 branches nationwide.

We present businesses successfully overcoming the obstacles of the COVID-19 pandemic by way of assistance programs.

Please visit the JFC website for more information.
<https://www.jfc.go.jp/n/corona-jirei/sienjirei/index.html>
 (Available only in Japanese)



Cooperation with Private Financial Institutions

(1) Purpose of cooperation with private financial institutions

JFC supports SMEs, micro/small businesses and agricultural, forestry and fishery businesses, and other businesses based on the premise of complementing the activities of private financial institutions. We strive to increase convenience to customers in collaboration with private financial institutions by providing various services that combine their respective strengths and expertise.

(2) MOU conclusion status on business partnerships and collaboration

JFC has been promoting business partnerships with many private financial institutions. **As of March 31, 2022**, MOUs on business cooperation and collaboration have been concluded with **484 financial institutions**.

(3) Creation of cooperative loan programs

Since FY2014, JFC has been focusing on establishing loan schemes ^(Note) in cooperation with private financial institutions to enhance partnership effectiveness and the number of private financial institutions which established the cooperative loan schemes reached **437 institutions as of March 31, 2022**. For some of the cooperative loan scheme, private financial institutions and the JFC collaborate to establish cooperative loan programs to support businesses. **As of March 31, 2022, 459 programs** were created in collaboration with **300 financial institutions**.

Note: Specific introduction rules are set for projects treated as cooperative loans.

Creation of cooperative loan programs (as of March 31, 2022)

	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total ^(Note)
Number of financial institutions created cooperative loan programs	—	35	29	171	60	5	300
Number of cooperative loan programs ^(Note)	—	54	49	269	86	5	459

Note: Some cooperative loan programs were created jointly by multiple institutions, and as a result, the total number of programs does not equal the total of programs in each category.

(4) Total cooperative loans ^(Note)

In FY2021, total cooperative loans from private financial institutions came to: **25,259 loans (103% compared to the previous fiscal year), 1,252.7 billion yen (74% compared to the previous fiscal year)**.

Note: Loans (guarantees) that are disbursed or decided by JFC and private financial institutions after consultation by both parties for loan plans with identical objectives (Calculated by JFC. Including loans made on different dates between both parties).

Cooperative loans by business category (FY2021)

	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total ^(Note)		Reference FY2020 results
								Compared to the previous fiscal year	
Number of loans	1,717	8,481	2,890	10,813	1,473	504	25,259	103%	24,467
Amount	254.4 billion yen	580.2 billion yen	151.6 billion yen	301.7 billion yen	34.6 billion yen	54.9 billion yen	1,252.7 billion yen	74%	1,684.7 billion yen

Note: In cases where cooperative loans are provided with multiple private financial institutions, the number of loans and loan amounts indicated in the breakdown are totaled for each financial institution, and as a result, the totals do not match.

Example: In the case of a 100 million yen loan provided by a regional bank and regional bank II, the amounts for both the regional bank and regional bank II are reported as 100 million yen, and the total is reported as 100 million yen.

(5) Results of JFC customer referrals to private financial institutions

To respond to the diversifying capital needs of customers and increased customer options for capital procurement, JFC refers customers to private financial institutions.

In FY2021, **JFC referred 7,611 customers to private financial institutions**.

(6) Results of private financial institution customer referrals to JFC

JFC actively responds to referrals of customers from private financial institutions so that it can implement the stable provision of capital to more businesses.

In FY2021, **private financial institutions referred 24,316 customers to JFC**. Of these, in addition to cooperative loans, **JFC independently provided 12,160 loans** to start-ups and businesses in the agricultural, forestry, and fishery sectors, etc.

Supporting Business Succession

The Business Succession-related Loans in FY2021 came to **2,380 loans (165% compared to the previous fiscal year)** and **76.6 billion yen (160% compared to the previous fiscal year)**.

As the managers of SMEs and micro/small businesses age, JFC is responding to diverse demands for funds relating to business succession so that valuable management assets including the technologies and know-how that businesses have accumulated can be effectively transferred.

Business succession-related loans

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Number of loans	176	707	1,492	2,467	5,593	9,047	1,442	2,380
Amount	11.9 billion yen	18.6 billion yen	29.6 billion yen	42.4 billion yen	88.2 billion yen	150.3 billion yen	47.8 billion yen	76.6 billion yen

Notes: 1. JFC is expanding financing subjects in order to respond to broader demand for funds such as providing funds for business succession preparations from April 2017 and environmental health-related businesses from FY2020.

2. The figure above includes results from the New Business Activity Promotion Funds (business succession-related*) established in February 2015.

*Integrated into Business Success, Consolidation, and Revitalization Funds in 2017, etc.

3. Loans used for funding necessary for business succession other than Business Success, Consolidation, and Revitalization Funds, etc. (certified loans) have been added to the total since FY2018.

Examples of measures to raise manager awareness

Gift vol. 2, a collection of examples of business succession



This brochure showcases the initiatives of current business management as they take new steps forward, drawing on the strengths of their predecessors—who successfully handed the business down to them—and on the strengths of that business (Issued in May 2021)

Baton for the Future



A pamphlet that encourages self-diagnosis concerning business succession and provides information on sharing information with JFC officials concerning issues regarding business succession and the direction the company should take (Revised in April 2021)

Business Succession Seminar

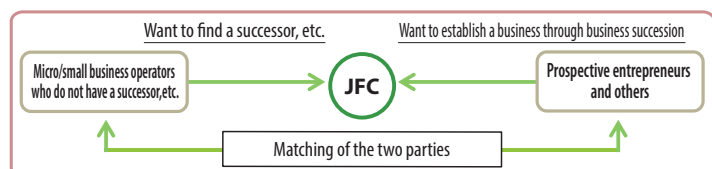


Seminars for management personnel designed to teach the importance of business succession and to acquire the business succession know-how to enable a sustainable business (Held in January 2022)

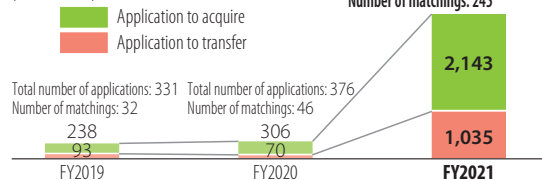
Business Succession Matching Support

Business succession matching support is a support program for business succession by the third party. This program supports for matching micro/small businesses that do not have a successor with people who wish to start their own businesses.

The program was launched on a trial basis in Tokyo in FY2019, and has expanded nationwide since FY2020. Due to the impact of factors such as the aging of business owners, as well as the COVID-19 pandemic, inquiries from micro/small businesses which don't have a successor have been increasing. In FY2021, the program had 3,178 applicants (845% compared to the previous fiscal year), with 245 successful matches made (533% compared to the previous fiscal year).



Business succession matching support results



Also available on the JFC website (Available only in Japanese)



Example of Successful Business Succession Matching Support

The transferred business is a tutoring school with a history of over 50 years covering elementary school through high school (Mr. A, sole proprietor). Because the proprietor is getting old and there is no successor, he registered JFC's business succession matching support program. The owner wanted to transfer the company to someone who would hand over the company's history and goodwill. The recipient had an experience to work as a teacher overseas (Japan Overseas Cooperation Volunteers, JOCV), and after coming back to Japan, she worked as school principal at a private-tutoring school (Ms. B, who wants to start a business). She was considering the transfer in light of her past career experience.

JFC carefully interviewed Mr. A about his wishes regarding the transfer of his business and introduced several potential successors. With support from JFC, Mr. A signed a transfer agreement with Ms. B in February 2022 after interviewing senior management and negotiating with several candidate transferees.



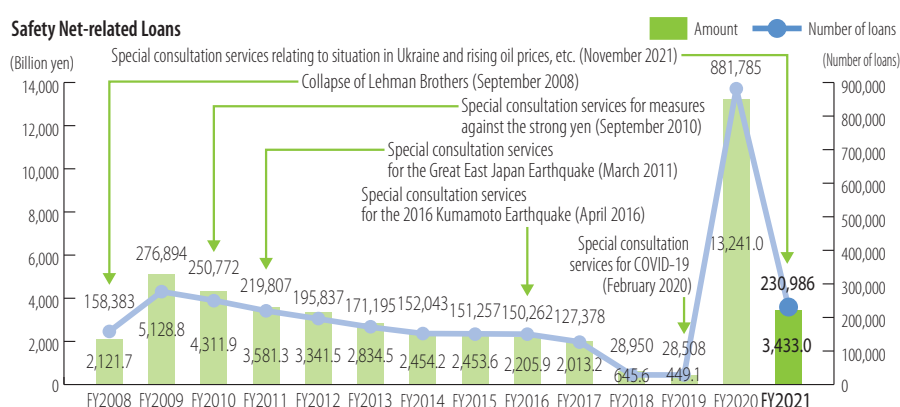
Mr. A and Ms. B signing the agreement

Provision of Policy-based Financing (Exercise of Safety Net Functions)

Safety Net-related Loans

In FY2021, financing related to Safety Net Loans ^(Note) to those facing obstacles due to international financial instability and economic contraction, and those impacted by the Great East Japan Earthquake, the 2016 Kumamoto Earthquake, typhoon and other disasters came to **230,986 loans (26% compared to the previous fiscal year) for 3,433.0 billion yen (26% compared to the previous fiscal year).**

Note: The loans related to Safety Net Loans include COVID-19 Special Loan Program, Disaster Recovery Loans, Great East Japan Earthquake Recovery Special Loan, funds for changes in operating environments, funds for changes in financial environment, and funds for Safety Net Loans to agricultural, forestry, and fisheries businesses, etc.



Provision of Policy-based Financing (Supporting Strategic Fields of Growth, etc.)

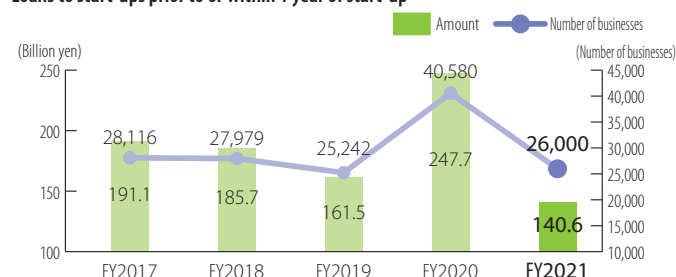
Support for Start-ups and New Business

(i) Loans to start-ups

The FY2021 loans to start-ups (consisting of those that have yet to start and those that are within 1 year of start-up) came to **26,000 businesses (64% compared to the previous fiscal year), 140.6 billion yen (57% compared to the previous fiscal year).**

The loans to women entrepreneurs came to **6,077 businesses (70% compared to the previous fiscal year)**; to senior entrepreneurs (aged 55 and older): **2,509 businesses (53% compared to the previous fiscal year)**; and to youth entrepreneurs (aged under 35): **7,889 businesses (72% compared to the previous fiscal year).**

Loans to start-ups prior or within 1 year of start-up



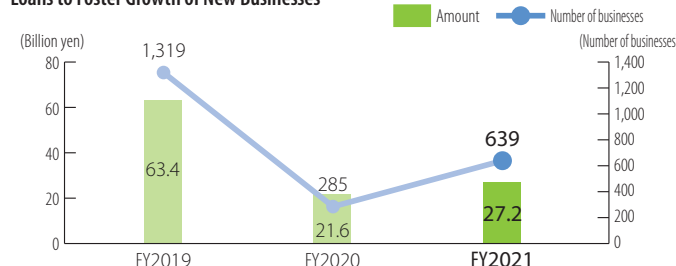
(ii) Loans to Foster Growth of New Businesses ^(Note)

In FY2021, Loans to Foster Growth of New Businesses came to **639 businesses (224% compared to the previous fiscal year), 27.2 billion yen (126% compared to the previous fiscal year).**

Note: A special loan program that provides support to venture SMEs working to develop new businesses with high growth potential.

We are working on discovery and support for regional venture companies by holding presentation events for venture support in local areas in cooperation with regional venture support institutions (regional banks, venture capitalists, brokerages, etc.).

Loans to Foster Growth of New Businesses



(iii) Capital Subordinated Loans ^(Note) (new businesses-type)

In FY2021, Capital Subordinated Loans (new businesses-type) came to **24 businesses (49% compared to the previous fiscal year), 2.9 billion yen (66% compared to the previous fiscal year).**

Note: A Loan Program for providing capital-like funds for reinforcing the financial standing of small and medium enterprises (SMEs). The feature of this loan program is unsecured/unguaranteed loans subordinated to other debts at the time of legal bankruptcy proceedings. In addition, it can be regarded as self-owned capital on financial inspection.

Results of Capital Subordinated Loans (new businesses-type)

	FY2019	FY2020	FY2021	Compared to the previous fiscal year
Number of businesses	207	49	24	49%
Amount	18.9 billion yen	4.4 billion yen	2.9 billion yen	66%

Support for Business Revitalization

The Corporate Revitalization Loans in FY2021 came to **308 businesses (47% compared to the previous fiscal year) and 30.2 billion yen (56% compared to the previous fiscal year).**

Results of loans related to support for revitalization

	FY2019	FY2020	FY2021	Compared to the previous fiscal year	
Corporate Revitalization Loans	Number of businesses	6,466	654	308	47%
	Amount	246.9 billion yen	54.3 billion yen	30.2 billion yen	56%
Capital Subordinated Loans (revitalization-type)	Number of businesses	485	66	17	26%
	Amount	33.5 billion yen	5.2 billion yen	2.2 billion yen	42%

Results of financial support for revitalization

	FY2019	FY2020	FY2021	Compared to the previous fiscal year
Methods of financing for comprehensive revitalization such as DDS and DES ^(Note)	160	93	114	123%

Note: These results are the total of DDS, DES, non-equivalent transfer of claims, secondary company method, and debt waiver; calculated by adding up the number of businesses agreed by JFC for the corresponding period.

•**DDS (Debt Debt Swap):** A financial technique for exchanging a part of an existing debt for a subordinated debt.

•**DES (Debt Equity Swap):** A financial method that seeks to improve company's financial constitution by equitizing a portion of existing liabilities.

•**Non-equivalent transfer of claims:** A financial method where creditors exchange their claims to a regional revitalization fund for less than face value (market value).

•**Secondary company method:** A financial method where a profitable business is spun off through a corporation division or business transfer and assumed by another business. The excess debt and non-profitable business are retained by the original company and debt relief is obtained through special liquidation or other legal reorganization proceedings.

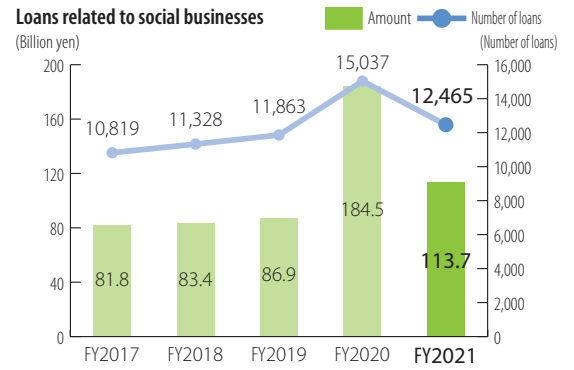
•**Debt waiver:** A financial method where creditors waive a portion of their claims to improve the cash flows and financial status of a reorganized company.

Support for Social Business ^(Note)

(i) Loans related to social businesses

In FY2021, loans related to social businesses came to: **12,465 loans, 113.7 billion yen.**

Note: Businesses that tackle regional and social issues, such as supporting the care and welfare of the elderly and disabled, child rearing, regional revitalization and environmental conservation, etc.



(ii) Collaboration and cooperation by the "Social Business Station"

On December 1, 2021, JFC launched the Social Business Station on the JFC website. The Social Business Station is an information platform targeting companies in support of the formulation of collaborative and cooperative relationships with NPOs. Anyone with an interest in social business may use this site, including managers and individuals launching new businesses.

Please visit the JFC website for more information.

<https://www.jfc.go.jp/n/finance/social/sbs/>
(Available only in Japanese)

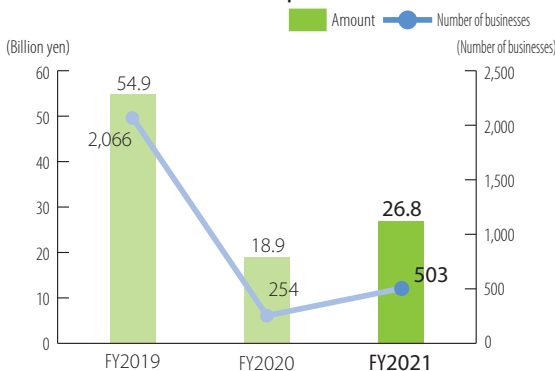


Support for Overseas Expansion

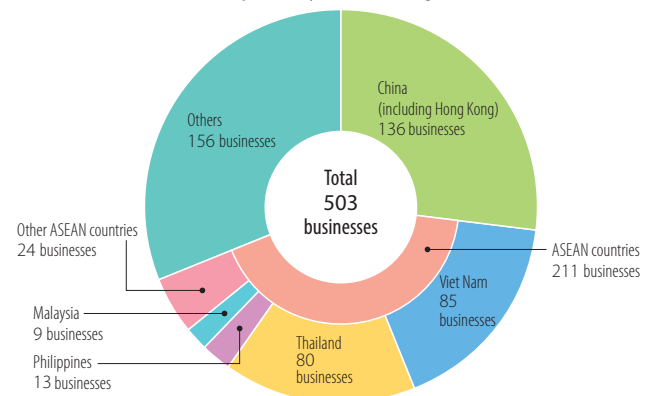
(i) Loans for Overseas Investment and Expansion

In FY2021, Loans for Overseas Investment and Expansion were provided to **503 businesses (198% compared to the previous fiscal year), totaling 26.8 billion yen (142% compared to the previous fiscal year).**

Loans for Overseas Investment and Expansion

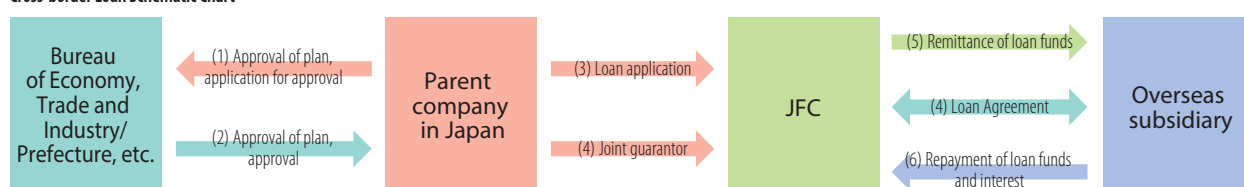


Loans for Overseas Investment and Expansion (by countries and regions)



The cross-border loans are a program under which JFC provides direct loans to overseas subsidiaries that work with their domestic parent companies (SMEs and others) to improve management capabilities, implement management innovations, and revitalize local economies in order to adapt to structural changes overseas. The countries and regions where this program can be used are Thailand, Viet Nam, Hong Kong, and Singapore. Loans were provided to **100 businesses** in FY2021, in the amount of **6.0 billion yen**. The totals since the system was launched in January 2021 (through March 31, 2022), stood at **111 businesses and 6.5 billion yen**.

Cross-border Loan Schematic Chart



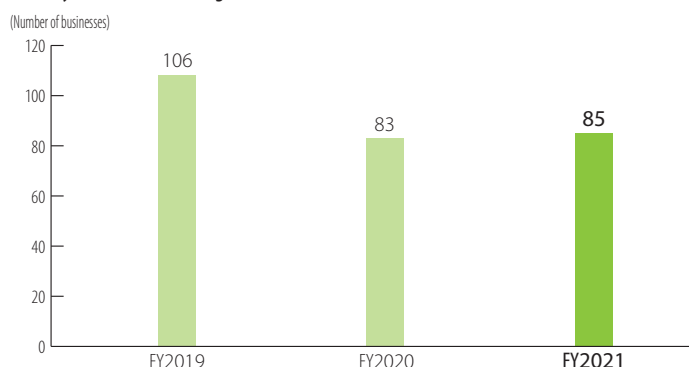
(ii) Standby Letter of Credit Program ^(Note)

As for FY2021, letters of credit were issued to the affiliated financial institutions in Thailand, China, Republic of Korea, Indonesia, Viet Nam, Mexico, Singapore, and Taiwan, being utilized by **85 businesses**. The cumulative usage (until March 31, 2022) of this program since its start in FY2012 has reached **805 businesses**.

In order to allow more SMEs to make use of this program, JFC established a scheme to partner regional financial institutions throughout Japan in FY2013. As of March 31, 2022, we have business partnerships with 61 regional financial institutions in Japan, and letters of credit were issued to a total of **54 businesses (8 businesses in FY2021)** through this partnership scheme.

Note: The Standby Letter of Credit Program supports overseas subsidiaries that work with their domestic parent companies (SMEs and others) to improve management capabilities, implement management innovations, and revitalize local economies, can smoothly procure the long-term local currency denominated funds from JFC's affiliated financial institutions by using JFC's standby letter of credit as a guarantee.

Standby Letter of Credit Program

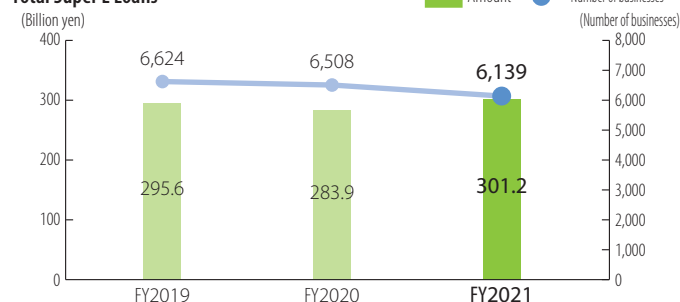


Support for New Expansion by Agricultural, Forestry, and Fisheries Businesses

(i) Supporting leaders of agriculture (new entry farmers, large family-run businesses, corporations)

Agricultural Management Framework Reinforcement Loans (name: Super L Loan) in FY2021, came to: **6,139 businesses (94% compared to the previous fiscal year), 301.2 billion yen (106% compared to the previous fiscal year)**.

Total Super L Loans



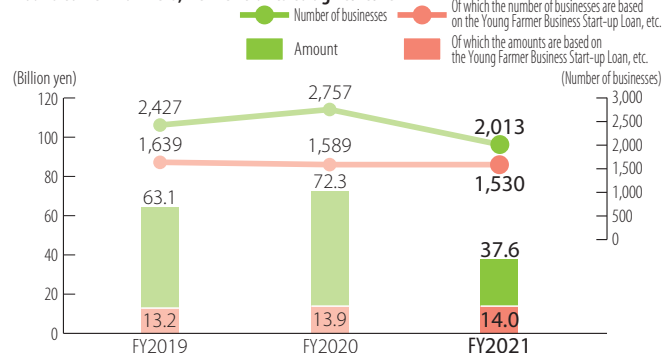
(ii) Supporting new agricultural business and new entry farmers

In FY2021, loans to new agricultural business and new entry farmers came to **2,013 businesses (73% compared to the previous fiscal year), and 37.6 billion yen (52% compared to the previous fiscal year)**.

From FY2014, newly started loans to the Young Farmer Business Start-up Loan, etc. ^(Note) came to: **1,530 businesses (96% compared to the previous fiscal year), 14.0 billion yen (101% compared to the previous fiscal year)**.

Note: Loans to support authorized new farmers certified by municipalities under the Young Farmers Plan as young people engaging in new farming businesses.

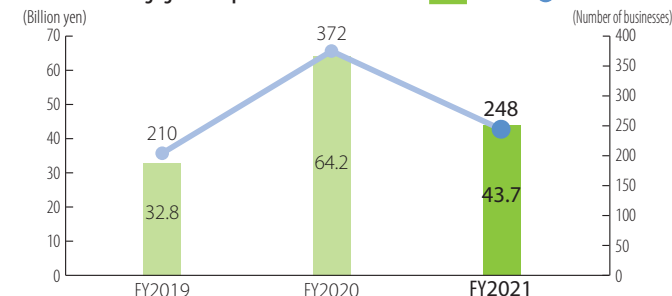
Loans to new farmers, new entrants to agriculture



(iii) Support for export development measures

In FY2021, loans to improve management through exports were made to **248 businesses (67% compared to the previous fiscal year)** and amounted to **43.7 billion yen (68% compared to the previous fiscal year)**.

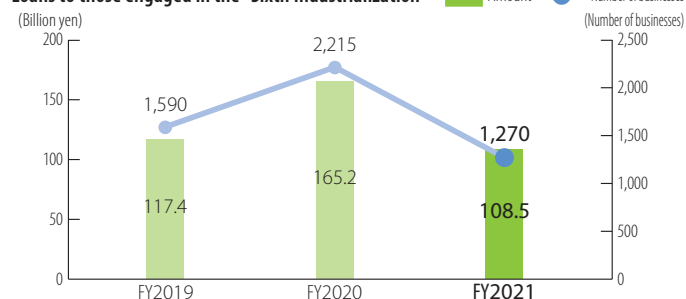
Loans to those engaged in export



(iv) Supporting the "Sixth Industrialization" activities

In FY2021, loans to activities due to improved management by the "Sixth Industrialization" (e.g., processing, sales, and other business undertaken integrally by agricultural, forestry, and fishery businesses to increase the added value of products) were made to: **1,270 businesses (57% compared to the previous fiscal year), 108.5 billion yen (66% compared to the previous fiscal year)**.

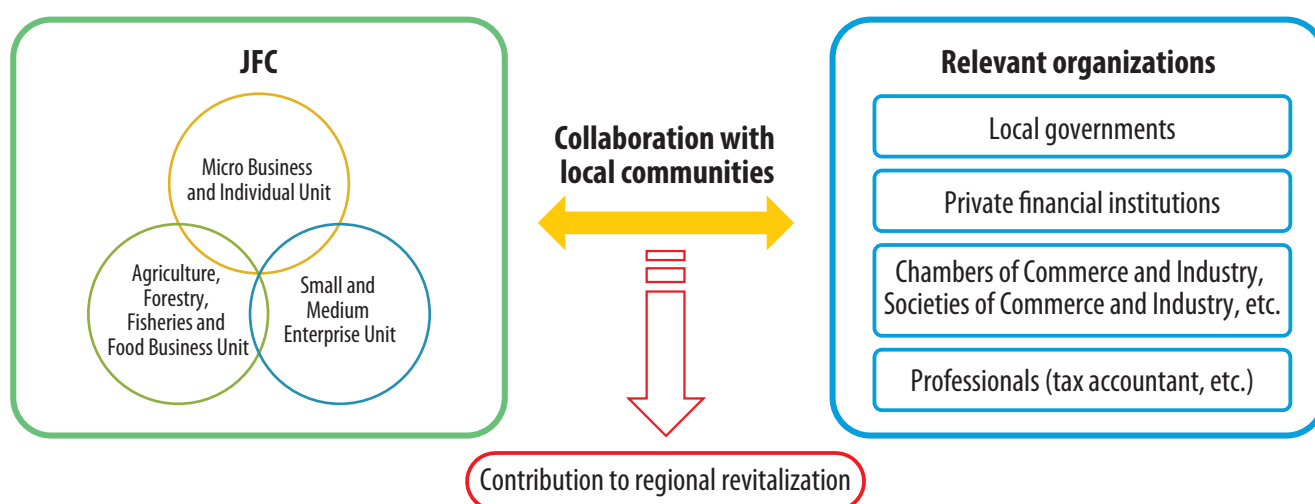
Loans to those engaged in the "Sixth Industrialization"



Contribution to Local and Regional Revitalization through Collaboration with Local Communities

JFC actively participates in regional comprehensive strategies and contributes to local and regional revitalization through programs such as matching, business discussion meetings and seminars implemented through use of its nationwide network of 152 branches.

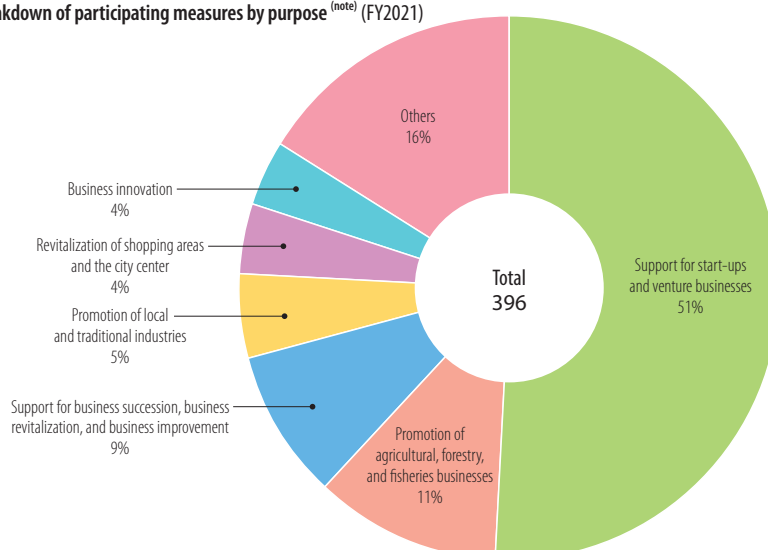
<p>(1) Reinforcement of collaboration with local government through active participation in regional comprehensive strategies</p>	<p>In order to contribute to regional revitalization, JFC supports the implementation and promotion of regional comprehensive strategies formulated by local governments through collaboration with private financial institutions and others under the national strategy for overcoming population decline and revitalizing local economies and actively contributes to measures for overcoming the COVID-19 pandemic.</p>
<p>(2) Provision of useful services tailored to customer and local needs</p>	<p>In order to deal with various needs of customers, JFC provides hands-on matching support for customers engaged in market and product development and conducts business discussion meetings and seminars by using its nationwide network of 152 branches.</p>
<p>(3) Performance of the role of connecting relevant organizations</p>	<p>JFC adopts an overall perspective of a region, strengthens cooperation with relevant organizations and works to resolve issues that the region and customers affected by the COVID-19 pandemic are facing.</p>



Reinforcement of Collaboration with Local Government through Active Participation in Regional Comprehensive Strategies

- JFC is attentively responding to regional challenges, taking into consideration local circumstances and needs, at 152 branches nationwide.
- In FY2021, we participated in **396 individual measures** in various fields such as support for start-ups and venture businesses and promotion of agriculture, forestry and fisheries businesses in Phase 2: Comprehensive Regional Strategies. Additionally, for local governments, etc., we provided information on JFC initiatives pertaining to the COVID-19 pandemic, along with case study examples of businesses addressing the pandemic. All in all, we stepped up collaboration with local governments to resolve issues faced by customers and regions.

Breakdown of participating measures by purpose ^(note) (FY2021)



Note: Classification by JFC

Provision of Useful Services Tailored to Customer and Local Needs

- In FY2021, we held matching events, business meetings, and seminars in regions throughout Japan according to the circumstances of each region while keeping in mind customer responses to the COVID-19 pandemic, as we did in FY2020.
- The Agri-Food EXPO and Nationwide Business Discussion Meeting were held online in consideration of the status of the COVID-19 pandemic, and branches throughout Japan provided support to solve customer problems by holding business meetings and seminars tailored to local conditions and taking other actions.
- Through its Internet business matching site, JFC provides a forum offering business opportunities to customers, including new buyers and new suppliers of raw materials.

JFC Internet Business Matching
<https://match.jfc.go.jp/>
 (Available only in Japanese)



Nationwide Online Business Discussion Meetings (February 14–18, 2022)



Performance of the Role of Connecting Relevant Organizations

- From the perspective of strengthening consulting functions for clients, we collaborate with relevant organizations and hold seminars for clients, study groups for the personnel of JFC and relevant organizations and other programs in various regions.
- As a policy-based finance institution, we play a role in “connecting” relevant organizations in regions and contribute to solving the problems that local customers are facing. In FY2021, we held regional Economic Revitalization Symposiums in Tokyo and Kumamoto with local financial institutions, support groups, local companies, and organizations. The theme in Tokyo was “Support Needed in the With-COVID Era,” while the theme in Kumamoto was “Regional Revitalization and Local Development: Five Years After the Kumamoto Earthquake and During the COVID-19 Pandemic.” At the events, information on support options was provided and information was exchanged on current measures and issues as well as possibilities for the future. The events were also live-streamed nationwide.



Regional Economic Revitalization Symposium in Tokyo (July 9, 2021)

Holding of the 9th High School Student Business Plan Grand Prix

JFC has been conducting the High School Student Business Plan Grand Prix since FY2013 with the aim of nurturing the ability to independently develop one's future through the process of creating a business plan. For the 9th High School Student Business Plan Grand Prix, a total of 3,087 entries were received from 353 schools. Business Start-up Support Centers nationwide visited 249 schools and gave lectures about how to create a business plan.

At the final screening, held in January, 2022, 10 groups of finalists gave enthusiastic presentations. The Grand Prix went to Miyagi Prefecture Agricultural High School for “#ZERO My Plastic,” which drew the attention of various media. In addition, Prime Minister Kishida sent a video message in response to the presentations.

The 10th High School Student Business Plan Grand Prix

Application period: August 23 to September 28, 2022 (*If sent by mail, applications must be received by September 21)

Announcement of ten finalist groups: Early December 2022

Final competition and award ceremony: January 8, 2023

- Please visit the JFC website for more information. Also, the High School Student Business Plan Grand Prix Facebook page and Instagram page are frequently updated with the latest information.



Students from Miyagi Prefecture Agricultural High School which received the 9th Grand Prix award



Video message by Prime Minister Kishida

High School Student Business Plan Grand Prix website
[\(https://www.jfc.go.jp/n/grandprix/\)](https://www.jfc.go.jp/n/grandprix/)
 (Available only in Japanese)



High School Student Business Plan Grand Prix Facebook
[\(https://www.facebook.com/grandprix.jfc/\)](https://www.facebook.com/grandprix.jfc/)
 (Available only in Japanese)



High School Student Business Plan Grand Prix Instagram
[\(https://www.instagram.com/grandprix_kouko/\)](https://www.instagram.com/grandprix_kouko/)
 (Available only in Japanese)



Provision of Information through the PR Magazine “Connect JFC”

JFC is engaged in the provision of information through the PR magazine “Connect JFC,” which aims to make the function, roles, and initiatives of JFC better known and create connections among those involved in policy and operations. In “Connect JFC,” we introduce not only the efforts of JFC, but also those of regional corporations.

Please visit the JFC website for more information.

https://www.jfc.go.jp/n/findings/tsunagu_index.html
(Available only in Japanese)



SDG-Related Initiatives

As a policy-based finance institution, JFC will continue to make efforts contributing to the achievement of the Sustainable Development Goals (SDGs) proposed by the United Nations.

Contributions to the SDGs Through JFC Initiatives (SDG Mapping)

<p>1 NO POVERTY [Project management] •Reduction of the economic burden involved in education through support to single-parent families, etc.</p>	<p>2 ZERO HUNGER [Project management] •Support to key agricultural management entities aiming for growth •Support to persons newly embarking on agricultural management •Support to agricultural, forestry, and fishery businesses engaged in the “Sixth Industrialization” •Support for food-product-related companies addressing the expansion of domestic and foreign demand for Japanese agricultural, forestry, and fishery products</p>	<p>3 GOOD HEALTH AND WELL-BEING [Project management] •Support for bolstering the medical setup</p>
<p>4 QUALITY EDUCATION [Project 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. [Organization management] •Strengthening of staff expertise</p>	<p>5 GENDER EQUALITY [Organization management] •Positive appointment of female managers •Promotion of men’s participation in housework, child raising, and care</p>	<p>6 CLEAN WATER AND SANITATION [Project management] •Support for maintaining the multilateral functions of forests (cultivation of water resources)</p>
<p>7 AFFORDABLE AND CLEAN ENERGY [Project management] •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</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH [Project management] •Support to customers impacted by the COVID-19 pandemic •Support for recovery from the Great East Japan Earthquake •Well-planned response to safety-net demand •Definite implementation of operations to facilitate crisis responses •Steady implementation of the credit supplementation system •Business start-up and new business support •Business revitalization support •Business succession support •Social business support [Organization management] •Promotion of digitalization •Further promotion of flexible workstyles, such as telecommuting</p>	<p>•Overseas expansion support •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 fishery policy</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE [Project management] •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 advanced information and communications systems</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES [Project management] •Contribution to local and regional revitalization</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION [Organization management] •Implementation of initiatives in consideration of the environment</p>
<p>10 REDUCED INEQUALITIES [Organization management] •Promotion of diversity •Steady implementation of the employment of disabled persons</p>	<p>13 CLIMATE ACTION [Organization management] •Strengthening of crisis management preparations •Strengthening of business continuity plan</p>	<p>14 LIFE BELOW WATER [Project management] •Support for strengthening of aquaculture infrastructure</p>
<p>16 PEACE, JUSTICE AND STRONG INSTITUTIONS [Organization management] •Strengthening and embedding of compliance awareness •Strengthening of arrangements to exclude antisocial forces •Establishment of evaluation and examination committee comprising external learned persons</p>	<p>17 PARTNERSHIPS FOR THE GOALS [Project management] •Cooperation with private financial institutions, etc. through cofinancing and securitization •Cooperation with local governments through active participation in regional comprehensive strategies, etc. •Cooperation with related bodies, such as Chambers of Commerce and Industry, Societies of Commerce and Industry, etc.</p>	<p>15 LIFE ON LAND [Project management] •Support for the sustained and sound development of the forestry industry •Efforts contributing to promoting the use of domestic material by timber-related businesses</p>

Our Business and Management Plan (FY2022–24) states clearly that “We will also contribute to the achievements of the SDGs toward the realization of a sustainable society through our support to customers and contribution to local communities.”

Furthermore, as well as the mapping of how the JFC’s initiatives are contributing to each of the 17 goals, we publish examples of initiatives taken by our loan beneficiaries and by JFC on our website.

Please visit the JFC website for more information.

<https://www.jfc.go.jp/n/company/sdgs/index.html>
(Available only in Japanese)



Micro Business and Individual Unit

In addition to supporting the growth and development of micro/small businesses and business start-ups, the Micro Business and Individual Unit (Micro Unit) also supports the future of our children through Educational Loans.

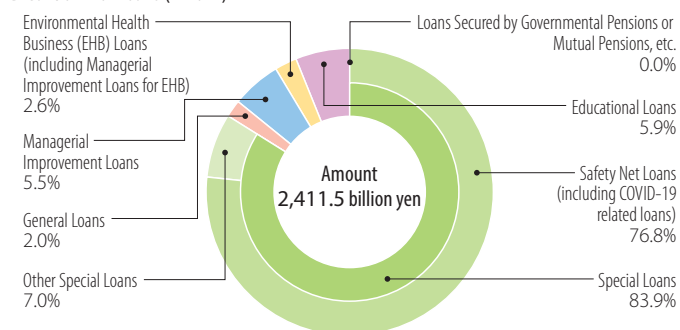
The Micro Unit acts as a community-based financial institution. It provides business loans to micro/small businesses, as well as educational loans to individuals who are in need of funds for school entrance fees and other educational expenses.

Business loans were provided to 1.19 million businesses as of March 31, 2022. Most of the loans are for small amounts, with an average loan balance per business of 9.80 million yen, and more than 90% of the loans were unsecured loans. Approximately 90% of the borrowers have nine or fewer employees, such businesses range from companies that are close to local community living like grocery stores, building contractors, etc., to new market pioneering businesses, such as venture companies, etc. These loans are utilized by a wide variety of business operators. To perform our safety net functions, we provided support to micro/small businesses affected by the COVID-19 pandemic, and since January 29, 2020, when the business consultation desks were established, we have made approximately 950,000 loan decisions worth a total of approximately 11 trillion yen through March 31, 2022.

In FY2021, the Micro Unit provided approximately 90,000 educational loans, which are intended to reduce household economic burdens relating to education and provide equal educational opportunities.

In addition to appropriately performing safety net functions, the Micro Unit is actively committed to supporting start-ups, business succession, and social businesses that are principally linked to revitalizing regional economies as well as those who need funds for their children's tuition and other educational expenses.

Breakdown of Loans (FY2021)



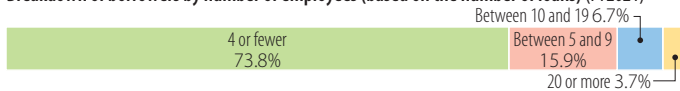
Number of business borrowers and average loan balance per business (as of March 31, 2022)

	Micro Business and Individual Unit	Total for Shinkin banks (254 credit associations)	Total for domestic banks (132 banks)
Number of business borrowers (million)	1.19	1.24	2.23
Average loan balance per business (million yen)	9.80	42.78	102.57

Notes: 1. Figures for Micro Unit are the total of General Loans and Environmental Health Business Loans.
 2. Domestic banks include major commercial banks, regional banks, regional banks II, and trust banks.
 3. Figures for shinkin banks (based on "total" in Deposits and Loans Market statistics by the Bank of Japan) and for domestic banks (based on "SMEs" in Deposits and Loans Market statistics by the Bank of Japan) do not include loans to individuals (loans for housing, consumption, tax payments, etc.), loans to regional public organizations, overseas yen-loans, or loans made to businesses in foreign countries in name of their domestic branches.
 4. Number of businesses for shinkin banks and domestic banks are based on "the number of loans" in Deposits and Loans Market statistics by the Bank of Japan.

Source: Bank of Japan website

Breakdown of borrowers by number of employees (based on the number of loans) (FY2021)



Note: The breakdown is the total of General Loans and Environmental Health Business Loans (direct loans).

Agriculture, Forestry, Fisheries and Food Business Unit

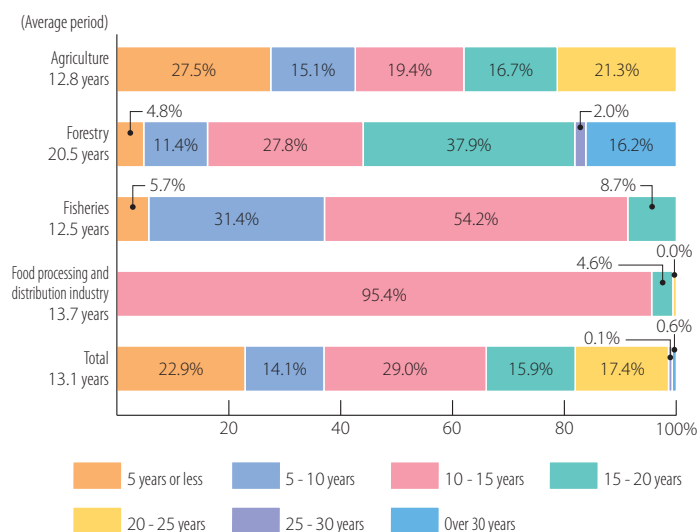
Supporting business development in the agricultural, forestry, fisheries, and food sectors that ensure Japan's food supply.

The Agriculture, Forestry, Fisheries and Food Business Unit (AFFF Unit) contributes to the reinforcement of the domestic agriculture, forestry, and fisheries industries and stable supplies of safe and good-quality of foods by providing supports to individuals and businesses in these industries.

The AFFF Unit provides long-term financing that contributes to ensuring stable food supplies and the sustainable and sound development of the agricultural, forestry and fisheries sectors, taking into account the fact that these sectors have unique business characteristics such as long investment recovery periods and unstable income caused by the effects of weather.

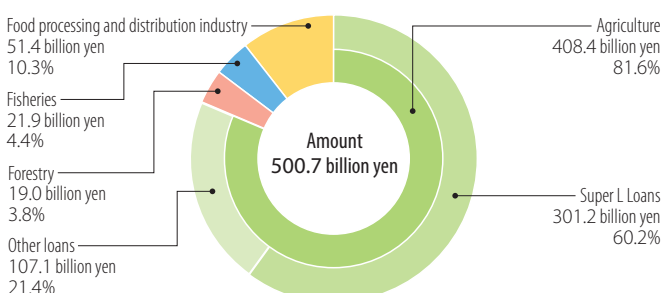
Besides loans and investments, JFC supports businesses through various efforts such as business consultation by business consultants who are familiar with agriculture, forestry, fishery industries, business matching support by Agri-Food EXPOs, and supports for customers who are engaged in exporting. JFC also provides useful information on a wide scale to all its customers through surveys and information magazines.

Status of loans by repayment period (FY2021)



Note: Aggregated by loan amount

Breakdown of Loans (FY2021)

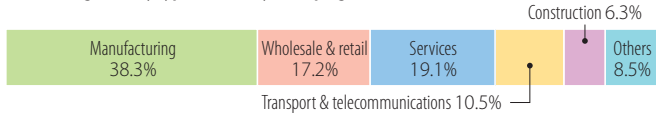


Small and Medium Enterprise (SME) Unit

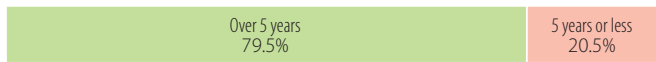
Through its various functions such as Loan Programs and Credit Insurance Programs, the Small and Medium Enterprise Unit (SME Unit) supports the growth and development of SMEs and micro/small businesses which are the source of Japan's economic vitality at both the national and regional levels.

The SME Unit complements the provision of loans by private financial institutions to various types of small and medium enterprises (SMEs) by the stable provision of business funding at long-term fixed interest rates and implementing special loans based on national policies.

Outstanding loans by type of industry (loan programs) (End of FY2021)



Breakdown of loans by lending period (share in terms of value) (FY2021)



Note: Data are for fixed interest rate loans only.

Businesses that have utilized JFC funds are flourishing in many fields

A total of 746 businesses ^(Note) have gone public after receiving support from the SME Unit, representing roughly 20% of all Japanese businesses that are publicly held. Many of these are flourishing as leading companies in Japan.

The number of businesses going public after receiving support from the SME Unit since 1989 is 578 ^(Note), accounting for roughly 20% of the total number of businesses that went.

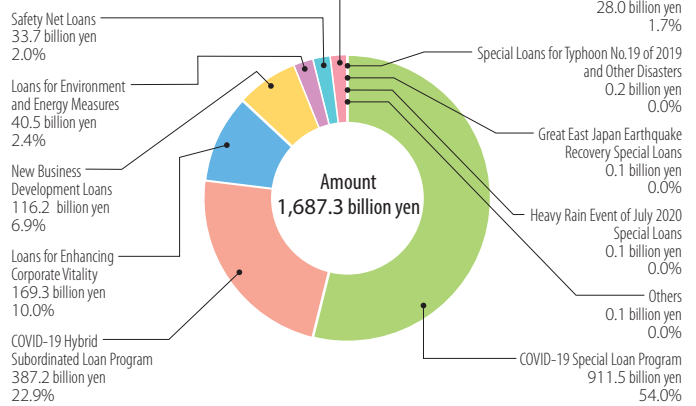
Note: The number of publicly listed businesses is as of April 3, 2022 (excluding delisted businesses and businesses that have dissolved due to merger, etc.).

Facilitating the smooth flow of funds to SMEs and micro/small businesses by working together with the Credit Guarantee System

The SME Unit insures guaranteed liabilities (credit guarantees) provided by CGCs to SMEs and micro/small businesses that fall short in terms of collateral or creditworthiness when raising funds from financial institutions or issuing corporate bonds (Credit Insurance System).

The Credit Insurance System was used by 1.58 million SMEs and micro/small businesses, accounting for 44% of all SMEs in Japan, through the Credit Guarantee System (as of March 31, 2022). It is designed so that these two systems together facilitate the smooth supply of business funds for SMEs and micro/small businesses.

Breakdown of Loans (FY2021)

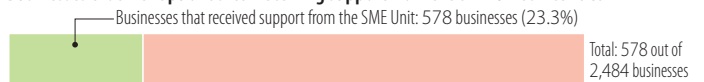


Note: Loans include corporate bonds, but excluding loans to Small and Medium Business Investment & Consultation Co., Ltd. Also, performance for respective loans is calculated while disregarding amounts of under 100 million yen.

Businesses that went public after receiving support from the SME Unit

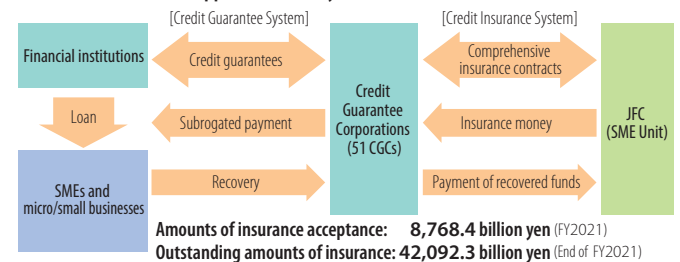


Businesses that went public after receiving support from the SME Unit since 1989



Note: JFC SME Unit. The number of publicly held businesses is as of April 3, 2022. Businesses in agriculture, forestry, fisheries, finance, and insurance, as well as foreign-owned corporations are excluded.

Overview of the Credit Supplementation System



Note: Amounts of insurance acceptance and outstanding amounts of insurance are those for Small Business Credit Insurance.

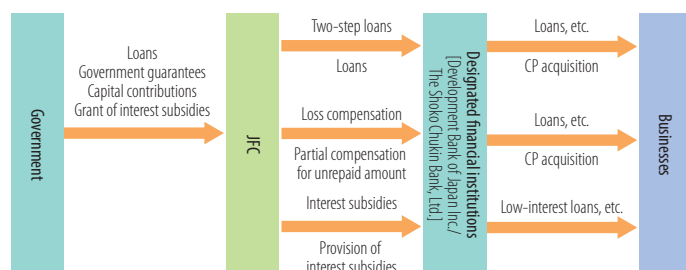
Operations to Facilitate Crisis Responses

At times of crisis designated by the competent minister—such as financial disorder in Japan or overseas or large-scale disaster—JFC carries out Operations to Facilitate Crisis Responses.

Since a business's credit risk generally increases at the time of a crisis, it is assumed that private financial institutions would be unable to provide a satisfactory amount of funds.

In order to counter this situation, JFC promotes the smooth provision of funds to business from designated financial institutions by granting them credit.

Overview of the system



Results of operations to facilitate crisis responses

	FY2019	FY2020	FY2021
Two-step loans	35.0 billion yen	3,549.4 billion yen	291.2 billion yen
Loss compensation	0.8 billion yen	2,364.5 billion yen	593.1 billion yen
Interest subsidies	2.7 billion yen	4.6 billion yen	18.2 billion yen

Note: With respect to loss compensation, the figures for loans, etc. represent the amounts of loans provided by designated financial institutions through the end of March 2022, with loss compensation underwritten by JFC for losses incurred until May 10, 2022.



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