

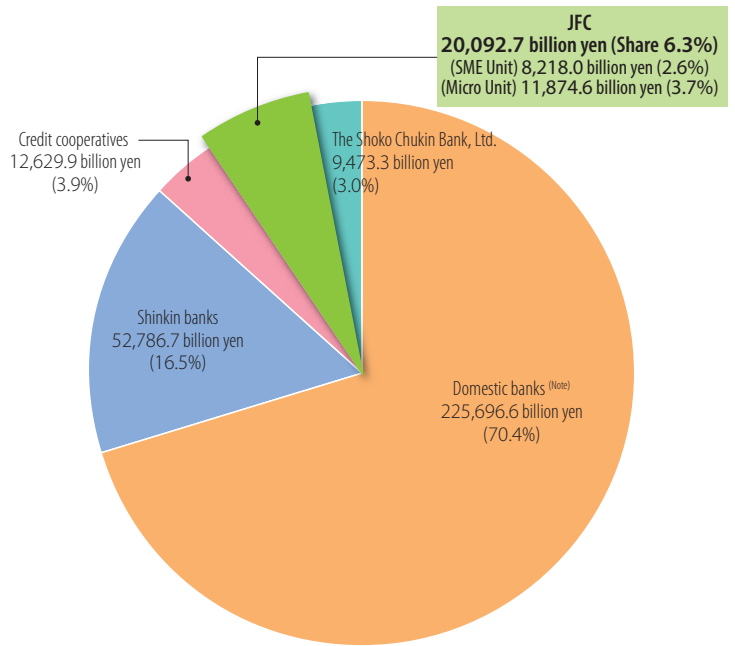
JFC Activities

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Financing Structure of JFC

JFC's share of the balance of financing to SMEs (Micro Unit and SME Unit) is **6.3%**.

Share of balance of financing to SMEs (as of March 31, 2021)

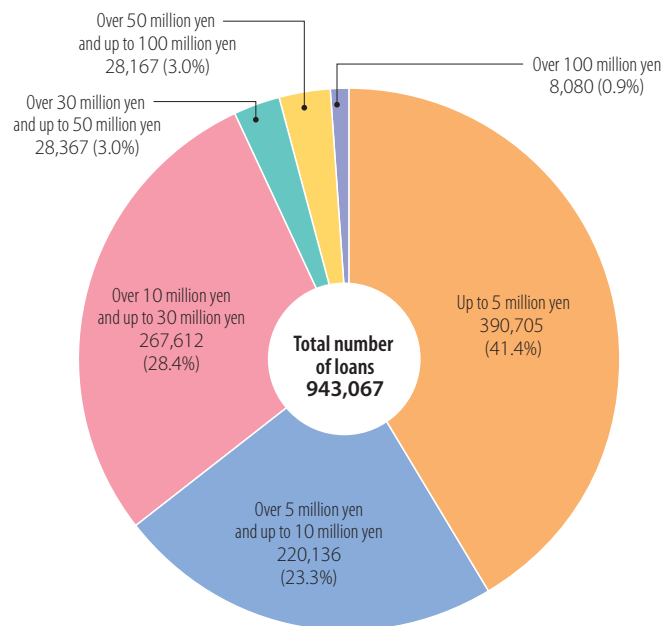


Note: Total of city banks, regional banks, regional banks II, and trust banks
 Sources: Bank of Japan, "Loans by Borrower," "Cash, Deposits, and Loans," Shinkumi Bank, "Main Accounts of Nationwide Credit Unions"; Japan Finance Corporation, "Business Statistics," Shoko Chukin Bank, "Business Statistics"

The composition of JFC's financing by loan amount in FY2020 was as follows. Of the total of approximately 940,000 business loans, **41% had loan amounts up to 5 million yen, and 93% 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 FY2020 (Note)



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

Responses to the Spread of COVID-19

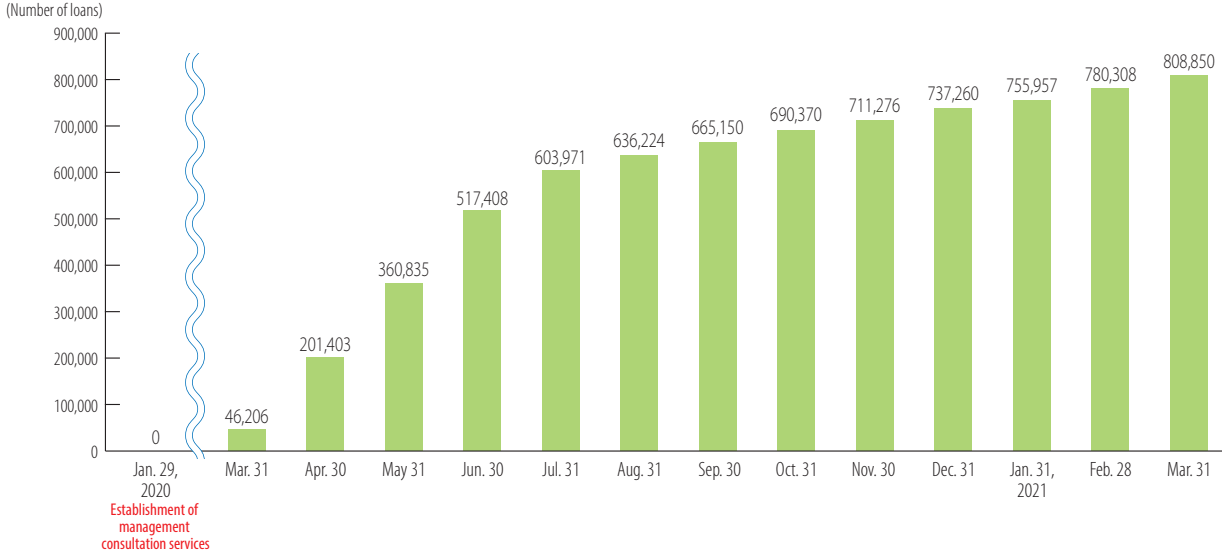
COVID-19 Related Loan

As of March 31, 2021, a total of **808,850** COVID-19 related loan decisions were made worth a total of **13,870.2 billion yen**.

COVID-19 related loan decision results
(as of March 31, 2021)

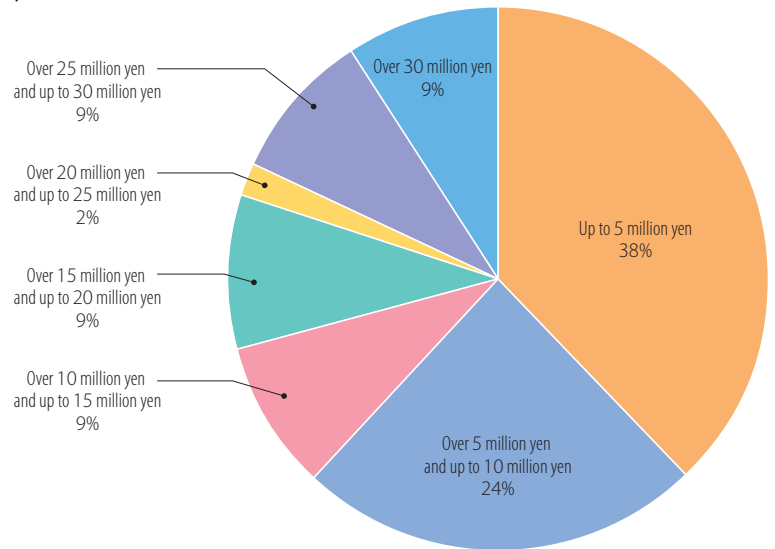
Number of loans	Amount
808,850	13,870.2 billion yen

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



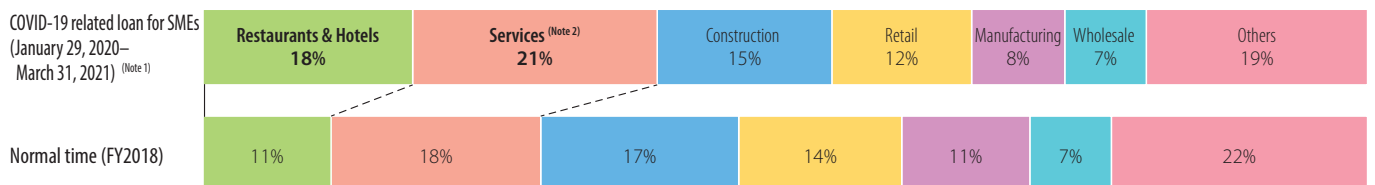
The composition of COVID-19 related loan by amount was **38% for loans up to 5 million yen** and **24% for loans of over 5 million yen and up to 10 million yen**, and thus, the majority of the loans were for small amounts.

Component ratios by amount of COVID-19 related loan
(January 29, 2020–March 31, 2021)



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



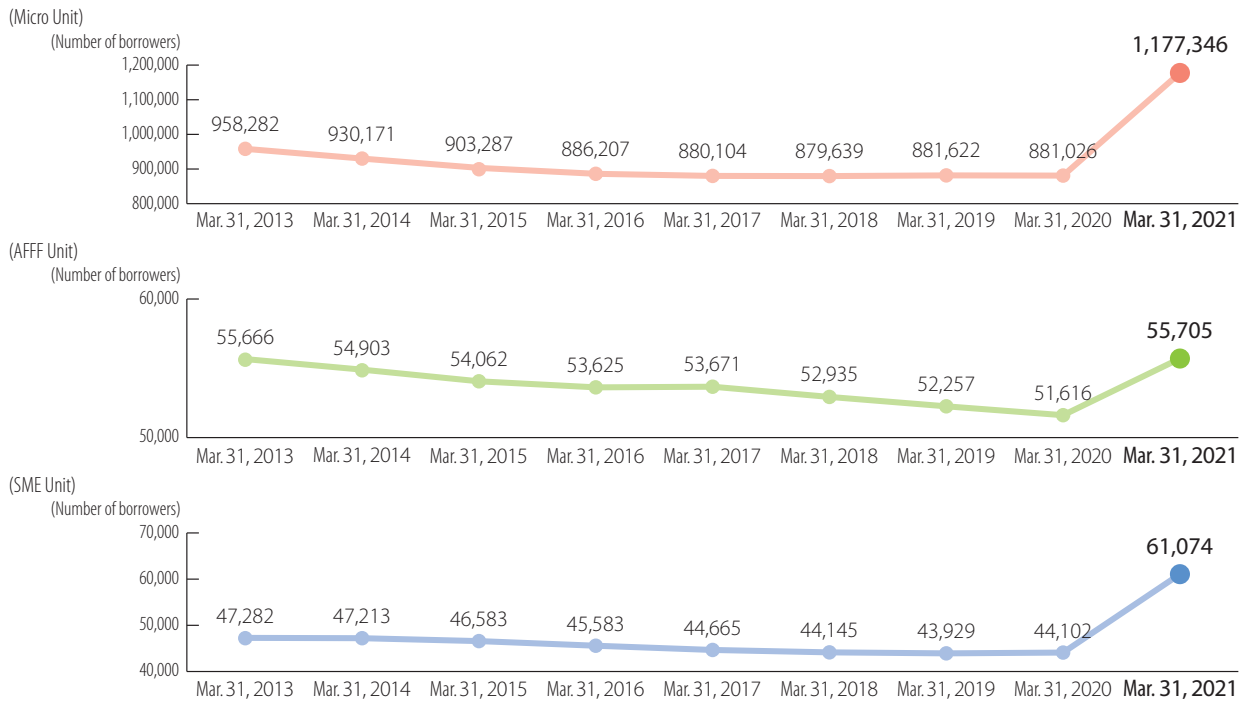
Notes: 1. COVID-19 related loan data is prepared on a loan decision basis.

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 4.6%).

Change in Number of Borrowers

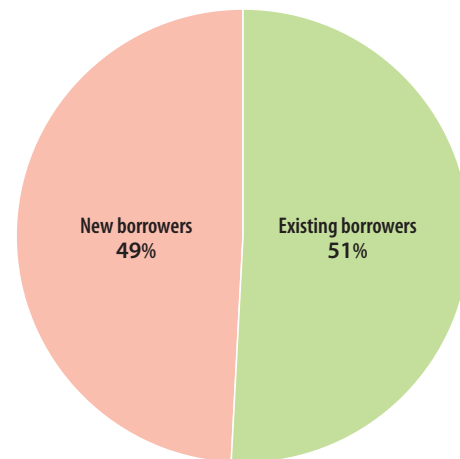
Until the outbreak of the COVID-19 pandemic, the number of JFC customers was trending downward, but as a result of responding to the unprecedented large number of inquiries concerning loans in response to COVID-19, the numbers of borrowers as of the end of FY2020 increased by **approximately 300,000** in the Micro Unit, **approximately 4,000** 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), **49%** 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, 2021)



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

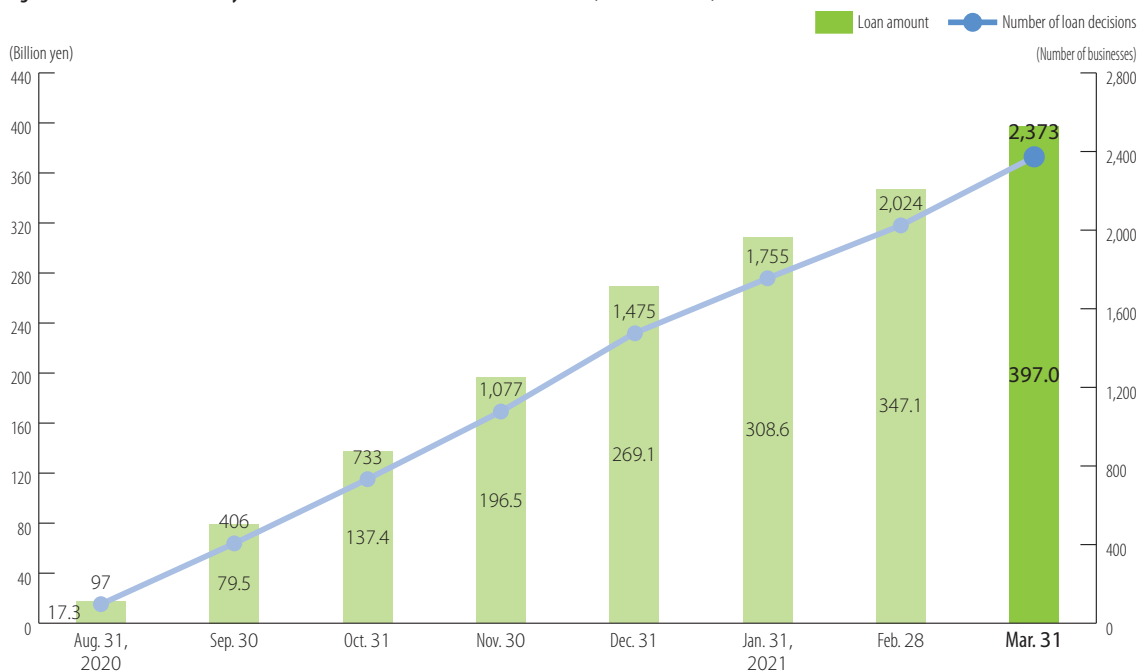
	FY2018	FY2019	FY2020	Compared to the previous fiscal year
Number of loans	30,768	28,736	24,467	85%
Amount	1,292.9 billion yen	1,255.6 billion yen	1,684.7 billion yen	134%
Amount per loan	42.02 million yen	43.69 million yen	68.85 million yen	158%

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 provide 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, 2021, we made loan decisions for **2,373 businesses worth 397.0 billion yen**.

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



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

In order to support businesses doing their best even during the COVID-19 pandemic, we put out a call for case studies of businesses that are using various ideas and innovations to overcome this crisis.

From among the submissions received, initiatives that will have a sustainable effect as a company are being presented on the website, in brochures, and in the "Connect JFC" PR magazine.



コロナ禍に立ち向かう事業者の取組み

コロナ禍を乗り切ろうと様々なアイデアや工夫を重ね、企業として持続的な効果をおけることができるような取組み事例をご紹介します。広報紙「日本公庫つなぐ」22号でも取組み事例をご紹介しております。くわしくはこちらをご覧ください。

想い × 連携	北映Northern Films / 南部美人 / 親子電気鉄道 / ツルミ印刷 / 今代町造 / ジャパン・フラワー・コーポレーション / やさみVCS / 京はやし / 京西澤業近宗博 / 吉兵衛 / 兵庫ペンダ工業 / 中の島 / OKM
サービス × 非接触	三浦商店 / アーツアンドクラフツ / 茂田製作所 / 和空プロジェクト / 大阪教育研究所 / H3 / ふく徳門 / 琴平バス / マツシマメジャテック / EデザインNAGASAKI
技術 × アイデア	スリーエス/バッテリー / テクシアマシナリー / WOTA / 中福・高橋 / あつみファッション / ビッグウェーブHD
既存事業 × 新分野	小野写真館 / 和心伝道DA'dA / ROSE LABO / ミナデザイン / 花岡雄輔 / 船作 / サン・クレア / アラインテック
選択 × 積極投資	オーエイチ / 高尾ビル / 深葉子のブルミエール / ヤマダアルカンパニー / 宇和南真珠

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

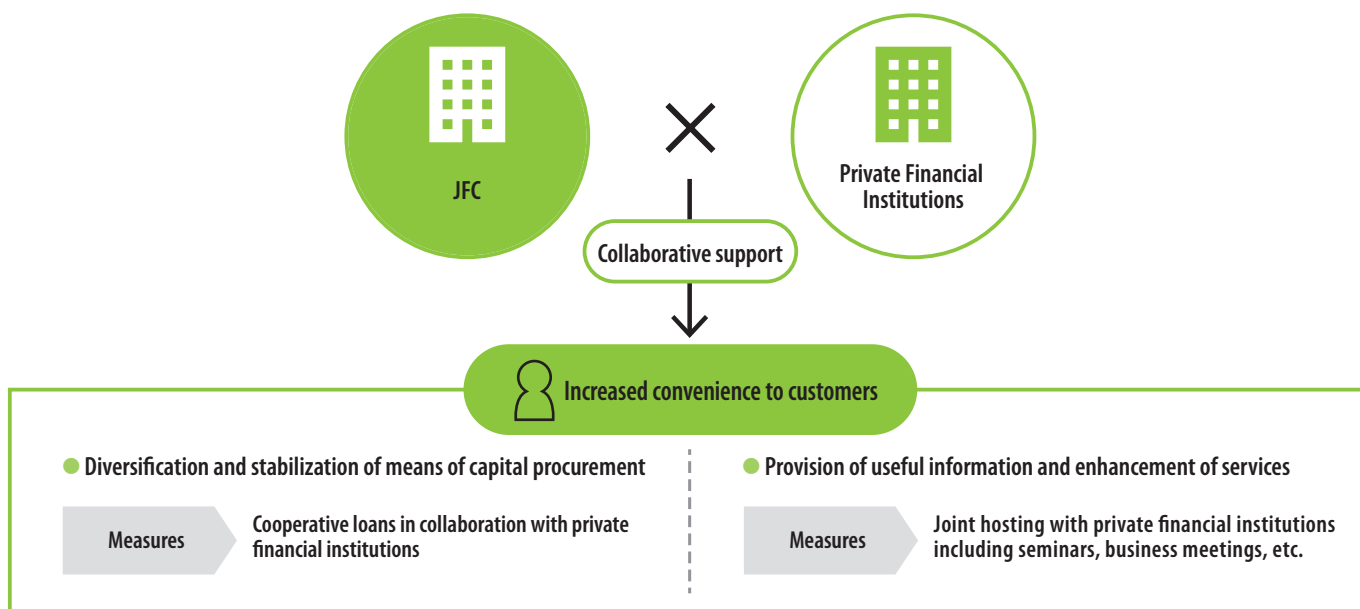


Cooperation with Private Financial Institutions

Working in Cooperation with Private Financial Institutions

(1) Purpose of cooperation with private financial institutions

JFC supports SMEs, micro/small businesses, 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, 2021**, 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 **438 financial institutions as of March 31, 2021**. 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, 2021, 425 programs** were created in collaboration with **288 financial institutions**.

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

Creation of cooperative loan programs (as of March 31, 2021)

	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total ^(Note)
Number of financial institutions created cooperative loan programs	—	34	29	162	58	5	288
Number of cooperative loan programs ^(Note)	—	53	48	248	76	5	425

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 of cooperative loans ^(Note)

In FY2020, total cooperative loans from private financial institutions came to: **24,467 loans (85% compared to the previous fiscal year), 1,684.7 billion yen (134% compared to the previous fiscal year).**

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).

Cooperative loans by business category (FY2020)

	City banks	Regional banks	Regional banks II	Shinkin banks	Credit cooperatives	Others	Total ^(Note)		Reference FY2019 results
								Compared to the previous fiscal year	
Number of loans	2,185	9,232	3,175	8,640	1,269	572	24,467	85%	28,736
Amount	359.5 billion yen	787.3 billion yen	201.6 billion yen	345.8 billion yen	41.1 billion yen	61.2 billion yen	1,684.7 billion yen	134%	1,255.6 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 FY2020, **JFC referred 5,266 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 FY2020, **private financial institutions referred 29,091 customers to JFC.** Of these, in addition to cooperative loans, **JFC independently provided 17,687 loans** to start-ups and businesses in the agricultural, forestry, and fishery sectors, etc.

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

Response to the Heavy Rain in July 2020

In response to the heavy rain that occurred in July 2020, JFC established special consultations desks at branches in the affected areas and provided timely and detailed responses to inquiries concerning financing and repayment from SMEs, micro/small businesses, and agricultural, forestry, and fishery businesses that sustained damage. We also provided support to SMEs and micro/small businesses that incurred damage through July 2020 Heavy Rain Special Loans and other programs.

July 2020 Heavy Rain-related Loans

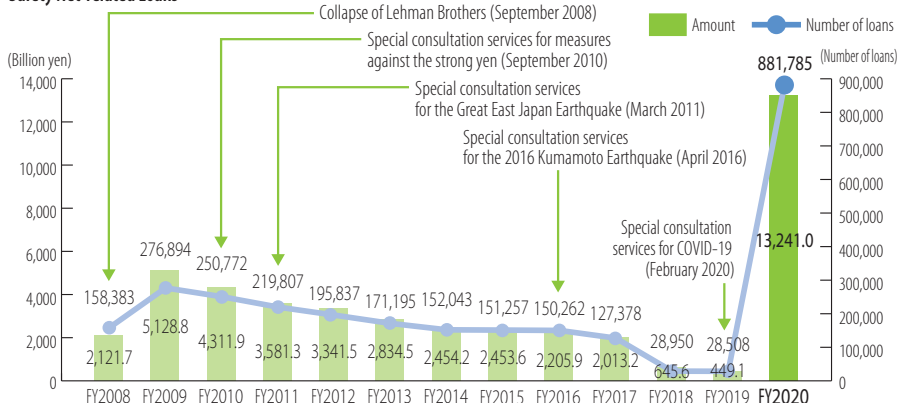
FY2020	
Number of loans	Amount
187	2.3 billion yen

Safety Net-related Loans

In FY2020, 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 **881,785 loans (3,093% compared to the previous fiscal year) for 13,241.0 billion yen (2,948% 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.

Safety Net-related Loans



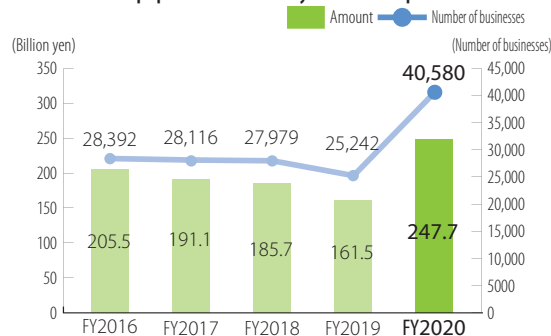
Provision of Policy-based Financing (Supporting Strategic Fields of Growth, etc.)

(1) Support for start-ups and new business

(i) Loans to start-ups

In FY2020, loans to start-ups (consisting of those that have yet to start and those that are within 1 year of start-up) came to: **40,580 businesses (161% compared to the previous fiscal year), 247.7 billion yen (153% compared to the previous fiscal year).**

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



Start-up loans to women, youth, and senior entrepreneurs

	FY2018	FY2019	FY2020	Compared to the previous fiscal year
Women	6,116 businesses	5,513 businesses	8,727 businesses	158%
Seniors (aged 55 and older)	3,071 businesses	2,603 businesses	4,701 businesses	181%
Youth (aged under 35)	7,787 businesses	6,954 businesses	10,986 businesses	158%

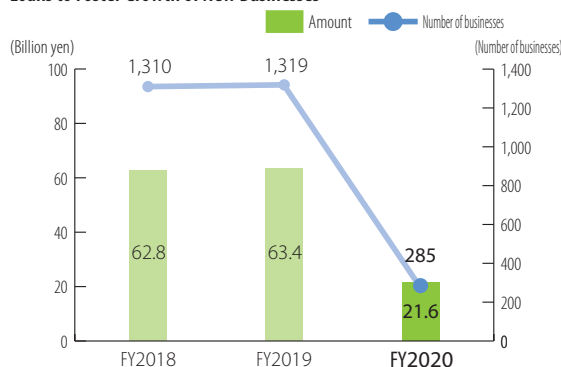
Note: Women who also qualify as youth or seniors included in the women category.

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

In FY2020, Loans to Foster Growth of New Businesses came to: **285 businesses (22% compared to the previous fiscal year), 21.6 billion yen (34% 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.

Loans to Foster Growth of New Businesses



(iii) Stock subscription rights loans

Loans to Foster Growth of New Businesses includes a program to provide unsecured loans through acquisition of new company-issued share options by SMEs, aimed at venture companies intending to publicly offer stocks.

In FY2020, loans came to: **15 businesses (48% compared to the previous fiscal year), 2.09 billion yen (69% compared to the previous fiscal year).**

Results of stock subscription rights loans included in Loans to Foster Growth of New Businesses

	FY2018	FY2019	FY2020	Compared to the previous fiscal year
Number of businesses	32	31	15	48%
Amount	1.5 billion yen	3.04 billion yen	2.09 billion yen	69%

(iv) Capital Subordinated Loans ^(Note)

In FY2020, Capital Subordinated Loans came to: **49 businesses (24% compared to the previous fiscal year), 4.4 billion yen (23% 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

	FY2018	FY2019	FY2020	Compared to the previous fiscal year
Number of businesses	279	207	49	24%
Amount	16.4 billion yen	18.9 billion yen	4.4 billion yen	23%

(v) Cooperation with regional venture support institutions

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

(2) Support for business revitalization

Results of financing relating to business revitalization in FY2020 came to **654 businesses (10% compared to the previous fiscal year) and 54.3 billion yen (22% compared to the previous fiscal year)** for Corporate Revitalization Loans, whereas Capital Subordinated Loans came to **66 businesses (14% compared to the previous fiscal year) and 5.2 billion yen (16% compared to the previous fiscal year)**. In addition, financing support relating to revitalization was provided to **93 businesses (58% compared to the previous fiscal year)**.

Results of loans related to support for revitalization

		FY2018	FY2019	FY2020	Compared to the previous fiscal year
Corporate Revitalization Loans	Number of businesses	7,669	6,466	654	10%
	Amount	221.5 billion yen	246.9 billion yen	54.3 billion yen	22%
Capital Subordinated Loans	Number of businesses	548	485	66	14%
	Amount	34.5 billion yen	33.5 billion yen	5.2 billion yen	16%

Results of financial support relating to revitalization

		FY2018	FY2019	FY2020	Compared to the previous fiscal year
Methods of financing for comprehensive revitalization such as DDS and DES ^(Note)	Number of businesses	165	160	93	58%

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 equityizing 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.

(3) Support for business succession

The business succession-related loans in FY2020 came to **1,442 loans (16% compared to the previous fiscal year) and 47.8 billion yen (32% 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
Number of loans	176	707	1,492	2,467	5,593	9,047	1,442
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

- 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, a collection of examples of third-party business succession



A pamphlet that introduces the ideas and efforts of prior managers who successfully implemented business succession to third parties who were not relatives or employees and of the current managers who acquired the businesses (Issued in December 2019)

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 success and the direction the company should take (Revised in April 2021)



Business succession support video



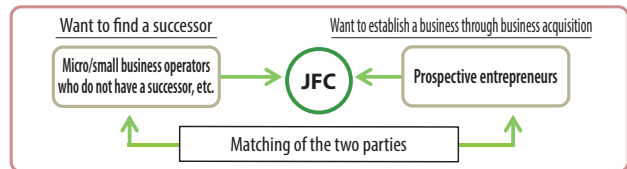
A video that provides information on the significance of business succession, the importance of preparation, and other topics (Currently available on the JFC website)

Business succession matching support

Business succession matching support is an initiative that identifies the needs of micro/small business operators who do not have a successor and want to transfer their business to a third party, searches for potential entrepreneurs or businesses that want to acquire a business and have matching wishes, and introduces them to each other.

The program was launched on a trial basis in Tokyo in FY2019, and it was confirmed that there is a certain level of need for support. There are many people in urban areas who wish to start a business, but it is said that the problem of business succession is particularly severe in regional areas.

In light of these circumstances and taking into consideration changes in the business environment due to the impact of the COVID-19 pandemic, JFC began matching support on a nationwide scale from FY2020.



Business succession matching support results

Results	Want to transfer business	Want to acquire business
Number of application registrations	163	544 (191)
Number of matchings	78	

- Notes: 1. Please refer to the JFC website for detailed information on business succession matching support.
 2. The results of business succession matching support are cumulative results from FY2019 to FY2020. Figures in parentheses are the numbers of registered application registrations persons who wish to start a business.

Example of Successful Business Succession Matching Support

The transferred business is a popular udon noodle restaurant (a sole proprietorship operated by Mr. A) that has been selected as a well-known restaurant on gourmet websites. The owner is aging and has no successor, so he registered for this service. He desired to transfer his business to a company that he could trust with the taste of his udon dishes and his goodwill. Meanwhile, Company B, the acquiring company, is a corporation that manages multiple restaurants and was considering acquiring a restaurant with a strong lunchtime clientele.

JFC carefully interviewed Mr. A about his wishes regarding the transfer of his business and supported his extensive search for a successor by using private matching sites. With support from JFC, Mr. A signed a transfer agreement with Company B in April 2021 after interviewing senior management and negotiating with several candidate transferees.



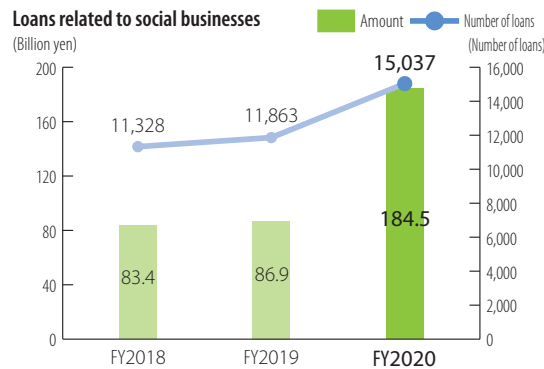
Mr. A and Company B signing the agreement

(4) Support for social business ^(Note)

(i) Loans related to social businesses

In FY2020, loans related to social businesses came to: **15,037 loans (127% compared to the previous fiscal year)**, **184.5 billion yen (212% compared to the previous fiscal year)**, of which **1,803 loans (156% compared to the previous fiscal year)**, **19.6 billion yen (276% compared to the previous fiscal year)** were loans to NPOs.

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.



Breakdown of loans related to social businesses results by recipient

		FY2018	FY2019	FY2020	Compared to the previous fiscal year
Number of loans related to social businesses ^(Note)	Number of loans	11,328	11,863	15,037	127%
	Amount	83.4 billion yen	86.9 billion yen	184.5 billion yen	212%
(i) For NPOs	Number of loans	1,381	1,155	1,803	156%
	Amount	8.7 billion yen	7.1 billion yen	19.6 billion yen	276%
(ii) For nursing care and welfare businesses	Number of loans	8,440	8,095	13,741	170%
	Amount	64.6 billion yen	59.2 billion yen	172.3 billion yen	291%
(iii) For businesses addressing social issues	Number of loans	2,527	3,447	560	16%
	Amount	17.0 billion yen	26.2 billion yen	5.0 billion yen	19%

Note: Total for loan performance (excluding duplicate loans to (i), (ii) to (i), (ii), and (iii)).

(ii) Supporting business plan formulation by issuing the Business Plan Visualization Book

Sustainable growth of social business activities requires the formulation of a highly feasible business plan and securing adequate profits. The JFC Micro Unit published the Business Plan Visualization Book (referred to as the "Visualization Book") on the JFC website to support the formulation of business plans.

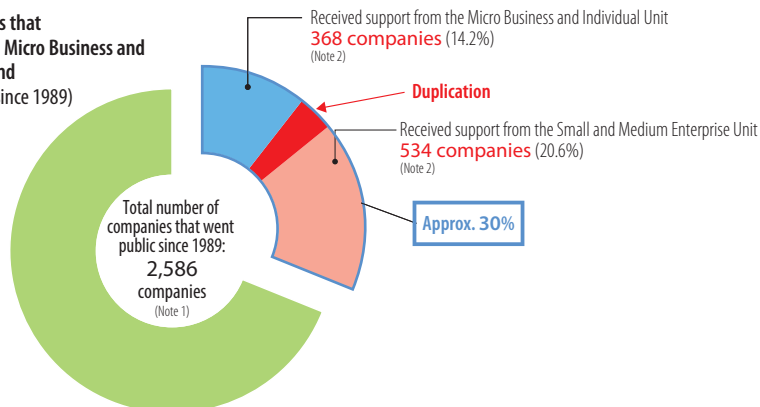
The Visualization Book is a workbook that helps businesses organize six elements relating to business planning (organizational mission, understanding of current conditions, implementation hypotheses, results targets, financial foundations, and organizational foundations). The Visualization Book can be used when those engaged in social business formulate business plans.



Record of JFC transactions with publicly-traded companies

Of those companies listed since 1989, the total numbers of companies that went public after receiving support from the Micro Business and Individual Unit or Small and Medium Enterprise Unit were 368 companies and 534 companies, respectively, with 798 companies receiving support from both (excluding duplication), accounting for approximately 30% of the total.

Publicly-traded companies that received support from the Micro Business and Individual Unit or Small and Medium Enterprise Unit (since 1989)



Notes: 1. Of those companies listed on each market since 1989, the total number of companies whose shares are publicly traded as of March 31, 2021 (according to JFC investigations)
2. Of those companies indicated in Note 1, companies confirmed to have received support from Micro Business and Individual Unit or Small and Medium Enterprise Unit.

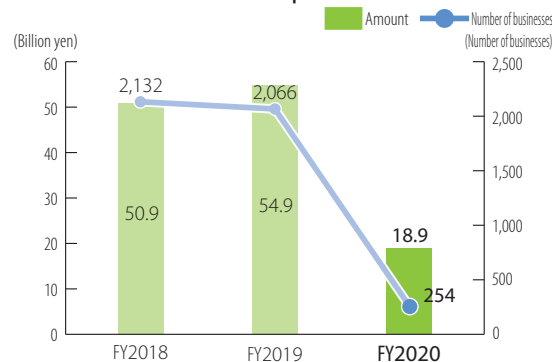
(5) Support for overseas expansion

(i) Loans for Overseas Investment and Expansion

In FY2020, Loans for Overseas Investment and Expansion were provided to **254 businesses (12% compared to the previous fiscal year), totaling 18.9 billion yen (34% compared to the previous fiscal year).**

We began handling the cross-border loans in January 2021 and support effective capital procurement by overseas subsidiaries. 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, and Hong Kong, and loans were provided to **11 businesses** in FY2020.

Loans for Overseas Investment and Expansion



Breakdown of business target countries and regions utilizing Loans for Overseas Investment and Expansion

	FY2018		FY2019		FY2020		
	Number of businesses	Ratio	Number of businesses	Ratio	Number of businesses	Ratio	Compared to the previous fiscal year
China (including Hong Kong)	701	33%	667	32%	56	22%	8%
ASEAN	532	25%	547	26%	107	42%	20%
Viet Nam	154	7%	169	8%	39	15%	23%
Thailand	124	6%	126	6%	26	10%	21%
Philippines	88	4%	62	3%	9	4%	15%
Malaysia	44	2%	46	2%	9	4%	20%
Other ASEAN countries	122	6%	144	7%	24	9%	17%
Others	899	42%	852	41%	91	36%	11%
Total	2,132	100%	2,066	100%	254	100%	12%

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

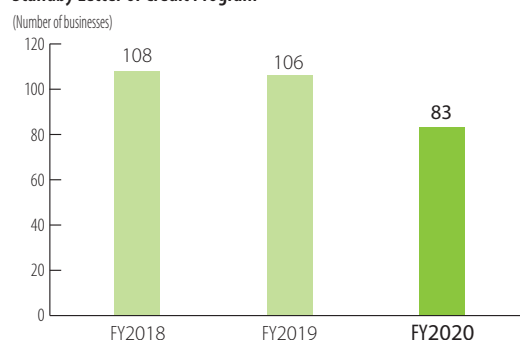
As for FY2020, letters of credit were issued to the affiliated financial institutions in Thailand, China, Republic of Korea, Indonesia, Viet Nam, Mexico, Singapore, and Taiwan, being utilized by **83 businesses**. The cumulative usage (until March 31, 2021) of this program since its start in FY2012 has reached **720 businesses**.

As of March 31, 2021, the number of affiliated financial institutions expanded to 15 institutions.

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, 2021, we have business partnerships with 60 regional financial institutions in Japan, and since the start of the program, letters of credit have been issued to a total of **46 businesses** through this partnership scheme.

Note: The Standby Letter of Credit Program supports SMEs' overseas subsidiaries' and branches' smooth procurement of 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



(iii) Performance of Trial Export Support Project on agricultural and fisheries businesses ^(Note)

In partnership with trading companies, the Trial Export Support Project has coordinated to provide support to domestic agricultural, fisheries and food manufacturing businesses showing an eagerness to export their products. This has resulted in support for **35 cases** of trial exports in FY2020.

Countries to which products were exported include Hong Kong with 9 cases, Singapore with 7 cases, Macau with 6 cases, Germany with 4 cases, the United States with 4 cases, Taiwan with 3 cases, France with 1 case, and Thailand with 1 case.

Actual types of products exported included 15 agricultural products (strawberry, sweet potato, etc.) and 20 processed foods (tea, black garlic, peach puree, tofu, etc.).

Note: As a part of business support services, the Trial Export Support Project was established by JFC AFF unit in FY2013, to support our customers attempting to export of agricultural and fisheries products for the first time, cooperating with experienced trade companies in the exportation of those products.

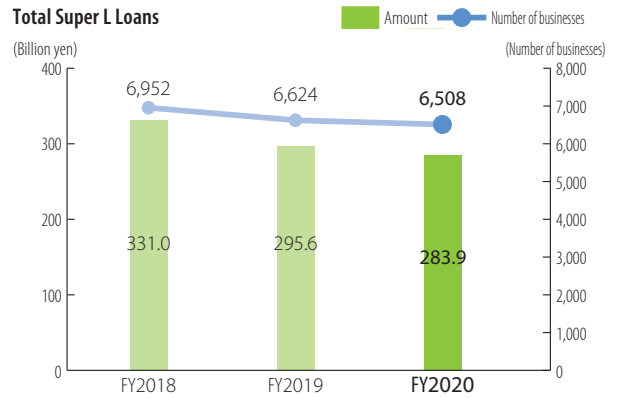
Performance of Trial Main Export Support Project

Country or region of export	FY2018 Number of trials	FY2019 Number of trials	FY2020 Number of trials	Items (FY2020)
Hong Kong	—	5	9	Processed meat, mandarin orange juice, pearl barley, processed green onion, black garlic, etc.
Singapore	15	3	7	Strawberry, tomato, Shine Muscat, confectionery, etc.
Macau	6	5	6	Melon, tea, asparagus, peach puree, etc.
Germany	—	—	4	Tea, komatsuna, tofu
United States	—	—	4	Strawberry, raisin, tomato ketchup
Taiwan	12	22	3	Rice, tea
France	—	3	1	Mushroom
Thailand	5	—	1	Sweet potato
Others	5	2	—	
Total	43	40	35	

(6) 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 FY2020, came to: **6,508 businesses (98% compared to the previous fiscal year), 283.9 billion yen (96% compared to the previous fiscal year).**

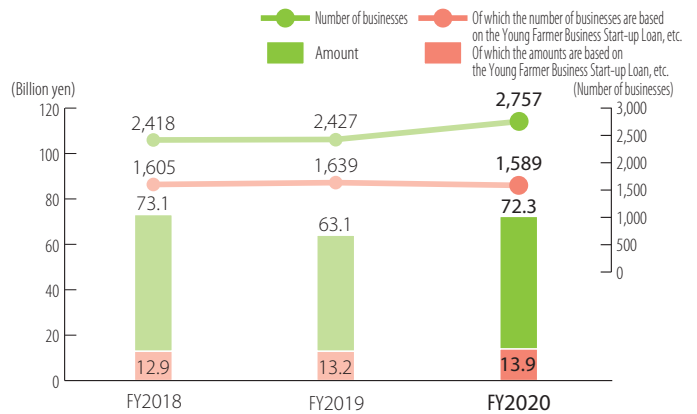


In FY2020, loans to new agricultural business and new entry farmers came to **2,757 businesses (114% compared to the previous fiscal year), and 72.3 billion yen (115% compared to the previous fiscal year).**

From FY2014, newly started loans to the Young Farmer Business Start-up Loan, etc. ^(Note) came to: **1,589 businesses (97% compared to the previous fiscal year), 13.9 billion yen (105% 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 farming businesses.

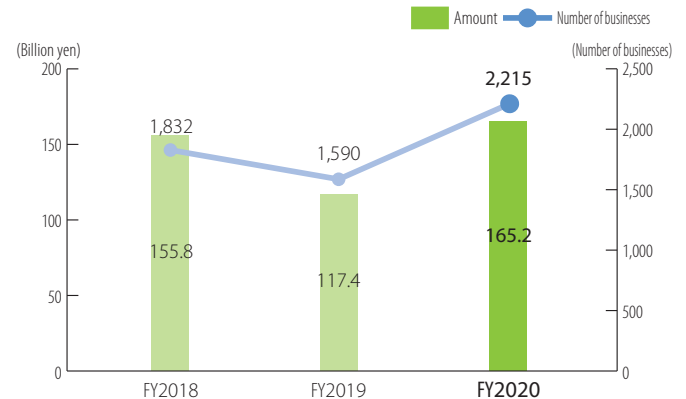
Loans to new farmers, new entrants to agriculture



(ii) Supporting the “Sixth Industrialization” activities

FY2020 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) increased to: **2,215 businesses (139% compared to the previous fiscal year), 165.2 billion yen (141% compared to the previous fiscal year).**

Loans to those engaged in the “Sixth Industrialization”



(iii) Providing investment support to agricultural corporations by private financial institutions, etc.

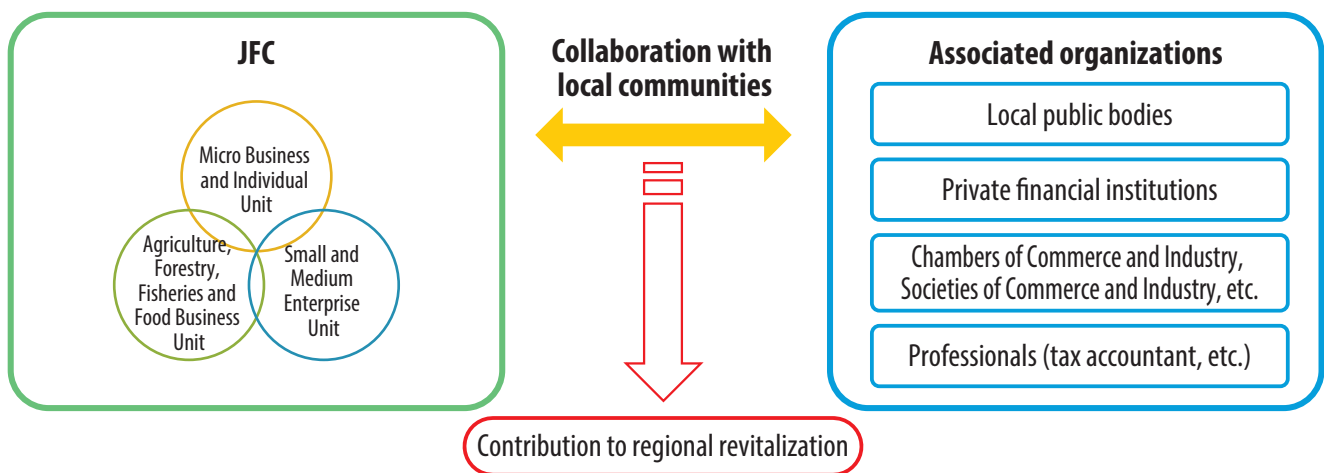
At the end of FY2020, investments came to **18 Limited Partnerships (LPS) (pledged investment amount by JFC: 3.56 billion yen), established by private financial institutions based on agricultural corporation investment development businesses ^(Note) and 1 stock company (investment amount by JFC: 2.03 billion yen).**

Note: Businesses providing management and technical guidance by acquisition/holding of stock from agricultural corporations based on the Act on Special Measures to Facilitate in Agricultural Corporations (Act No. 52 of 2002).

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 regional 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 provide 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 FY2020, we contacted **420** local governments to explain our approach to the COVID-19 pandemic while taking into account the circumstances of the pandemic. In addition, we cooperated in the formulation and implementation of phase 2 regional comprehensive strategies and worked to strengthen cooperation with local governments by participating in individual measures in various fields such as support for start-ups and venture businesses and promotion of industry.

Provision of Useful Services Tailored to Customer and Local Needs

- In FY2020, we held matching events and business meetings in regions throughout Japan according to the circumstances of each region while keeping in mind customer responses to the COVID-19 pandemic.
- The Agri-Food EXPO and National 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.

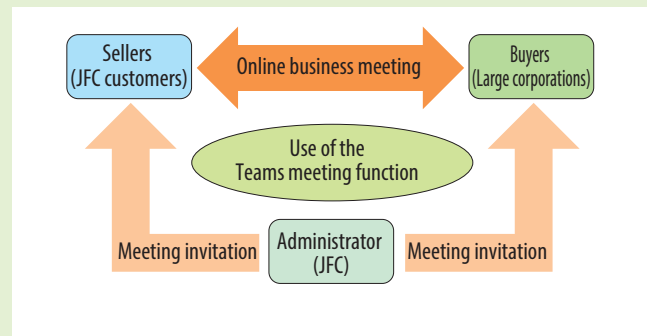
JFC Internet Business Matching

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



Online Business Meetings Between JFC Customers and Large Corporations

- To respond to the needs of customers who want to expand their sales channels to large corporations even during the COVID-19 pandemic, we held online business meetings (March 8-12, 2021).
- 331 JFC customers participated in these meetings, and as many as 424 effective business meetings were held with major corporations, resulting in a high level of satisfaction among the participants.



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 by holding regional Economic Revitalization Symposiums with local financial institutions, support groups, local companies and organizations in various locations around Japan. In FY2019, the symposiums were held in three locations nationwide (Nagoya, Niigata and Sendai), but in FY2020, the symposiums were canceled due to effects from the COVID-19 pandemic. In FY2021, we plan to hold the symposiums using a method that combines online distribution with supporting customers and communities affected by COVID-19 as the theme.



Regional Economic Revitalization Symposium in Nagoya

The 8th 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. Many high schools throughout Japan were closed due to the COVID-19 pandemic, and even after schools reopen, it was difficult for high school and technical college students to secure sufficient time to create a business plan, so the 8th High School Student Business Plan Grand Prix event was cancelled.

For the 7th High School Student Business Plan Grand Prix held in FY2019, a total of 3,808 entries were received from 409 schools. Business Start-up Support Centers nationwide visited 353 schools and gave lectures about how to create a business plan.

The 9th High School Student Business Plan Grand Prix

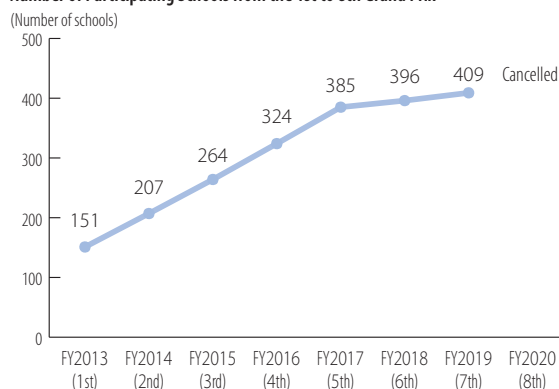
The 9th Grand Prix will be held after taking adequate measures to prevent the spread of infection, taking into account the status of COVID-19.

Application period: July 1 to September 29, 2021 (* If sent by mail, applications must be received by September 22)

Announcement of ten finalist groups: Late November 2021

Final competition and award ceremony: January 9, 2022

Number of Participating Schools from the 1st to 8th Grand Prix



Students and teachers from Osaka Prefectural Mikunigaoka High School which received the 7th Grand Prix award.

Please visit the JFC website for more information.

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



The High School Student Business Plan Grand Prix Facebook page is frequently updated with the latest information.

<https://www.facebook.com/grandprix.jfc/> (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)



Overview of Operations in FY2020 and Outline of Financial Statements

Overview of Operations in FY2020

In FY2020, the Japanese economy is still in a severe situation due to the COVID-19 pandemic. While it is showing the movements of picking up by the effects of various policies, the full recovery remains to be seen with the level of the economy below the pre-pandemic level.

JFC actively engaged in exercising of support customers affected by the COVID-19 pandemic, safety net functions, cooperation with private financial institutions, contributing to strategic fields of growth, improving customer services, and contributing to local and regional revitalization, etc.

Going forward, JFC will continue to take all possible measures to support customers affected by the COVID-19 pandemic and focus its efforts on following up with the many clients that have increased due to the COVID-19 pandemic. Based on the assumption that a large-scale crisis like the COVID-19 pandemic can occur in the future, JFC will undertake further digitalization, secure personnel in preparation for emergencies, and reinforces safety net functions to build systems that can respond to such crises.

In addition, JFC will deepen cooperation with relevant organizations that have played roles during the COVID-19 pandemic including private financial institutions, Chambers of Commerce and Industry, Societies of Commerce and Industry, and tax accountants, provide support in Strategic Fields of Growth by responding to increasing needs for business succession and rebuilding businesses with an eye toward the post-COVID era, and take measures to contribute to regional revitalization.

Support Customers Affected by the COVID-19 Pandemic

The government has implemented economic measures on an unprecedented budgetary scale in order to support those impacted by the COVID-19 pandemic. In accordance with this, loan programs were established and expanded, and as of March 31, 2021, the number of loan decisions reached approximately 800,000, greatly exceeding the results of the previous fiscal year as well as the results of FY2009, when businesses were greatly affected by the collapse of Lehman Brothers and the subsequent financial crisis.

In order to respond to the circumstances, JFC has strengthened staffing and operational systems by postponing regular personnel transfer, hiring former employees, dispatching support staff from the head office to branches, providing consultation services on holidays, increasing the number of toll-free consultations line, simplifying documents to be submitted for examination, and simplifying examination procedures.

Additionally, measures to prevent the spread of infection among customers and staff include introduction of an appointment system, encouraging customers to apply by mail or online to reduce visits to branches, installation of transparent acrylic panels at counters, and improving environments to avoid the three Cs (closed spaces, crowded places, close-contact settings).

To support customers affected by the COVID-19 pandemic, JFC established a Disaster and Accident Response Headquarters and will maintain measures to reinforce consultations while implementing countermeasures to prevent the spread of infections among customers and employees, and courteously, methodically, and promptly provided consultations on financing and repayment to alleviate the concerns of customers.

In addition, JFC will collect and disseminate case studies of business maintenance and development for overcoming the COVID-19 pandemic and demonstrate consulting functions through follow-ups after the provision of loans.

Exercising of Safety Net Functions

As a policy-based financial institution, JFC responded to the needs of customers with a sense of mission to connect policy with the people engaged in business such as SMEs, micro/small businesses, and agricultural, forestry, and fishery businesses affected by the Great East

Japan Earthquake, natural disasters such as typhoons, changes in the management environment due to economic circumstances, or other factors.

In response to the heavy rains in July 2020, Typhoon No. 14 of 2020, the heavy snowfall starting on December 16, 2020, the heavy snowfall starting on January 7, 2021, the earthquake off the coast of Fukushima prefecture in 2021, the large-scale fire in Ashikaga City, Tochigi Prefecture in 2021, and the landslide in Itoigawa City, Niigata Prefecture in 2021, JFC established special consultation desks and provided timely and detailed responses to financing and repayment inquiries to affected SMEs, micro/small businesses, and agricultural, forestry, and fishery businesses.

In addition, JFC conducted credit guarantee underwriting to ensure the effective provision of guarantees by Credit Guarantee Corporations (CGCs) and carried out the Operations to the Facilitate Crisis Responses.

Cooperation with Private Financial Institutions

Based on the premise of playing a complementary role with private financial institutions as specified in Article 1 of the Japan Finance Corporation Act, JFC promoted partnerships with many private financial institutions.

In FY2020, JFC maintained its existing actions in collaboration with private financial institutions and worked to strengthen collaboration in its responses to customers who have been affected by the COVID-19 pandemic.

Specifically, private financial institutions supported the preparation of documents needed for applications to JFC, and JFC took measures to present on its website information concerning interest-free and unsecured loan programs by private financial institutions as well as information concerning support relating to the COVID-19 pandemic by individual financial institutions.

In addition, JFC used the COVID-19 Hybrid Subordinated Loan Program and other programs to strengthen collaboration relating to management improvement and business revitalization support for businesses.

Support for Strategic Fields of Growth, etc.

Based on the government's policies, JFC appropriately determined its risk-taking functions and engaged in supporting start-ups, new businesses, business revitalization and succession, social businesses and overseas expansion as well as new expansion of agriculture, forestry, and fisheries business operators in hopes of contributing to the development and growth of the Japanese economy, taking into consideration changes in the environment during the COVID-19 pandemic.

As a part of these efforts, JFC is working in collaboration with relevant organizations regarding business succession with priority on the provision of effective information including matching.

Improving Customer Service and Contributions to Local and Regional Revitalization

To proactively improve customer service, JFC strived to provide useful information consistent with customer and local needs and enhance consultation capability, fully understanding its role in policy-based financing and appropriately operating systems.

Specifically, even during the COVID-19 pandemic, JFC actively participated in local projects such as phase 2 regional comprehensive strategies and provided financing support based on the needs of customers and local communities. JFC held the Agri Food Expo Online and online business meetings between JFC customers and large corporations, actively responding to the issues faced by customers.

As a result, JFC's loan results for FY2020 were 17,984.1 billion yen.

JFC's financial results during FY2020 were as follows: ordinary income was 478.8 billion yen and net loss including extraordinary incomes and losses was 1,037.2 billion yen.

Outline of Financial Statements for FY2020

1. Profit and loss

At the closing of FY2020 (ended March 31, 2021), JFC recorded a loss of 1,007.6 billion yen over the previous fiscal year, for a net loss of 1,037.2 billion yen.

The key factor was an increase of current net loss by 716.4 billion yen over the previous term in the Account for Credit Insurance Programs.

Profit and Loss Statement

(Unit: billion yen)

	Ordinary income		Ordinary expenses		Ordinary profit (loss)		Net income (loss)		
	2020	2021	2020	2021	2020	2021	2020	2021	
Japan Finance Corporation	469.4	478.8	498.7	1,515.8	(29.3)	(1,037.0)	(29.6)	(1,037.2)	
Micro Business and Individual Unit (Account for Micro Business and Individual Operations)	138.2	135.8	152.0	290.3	(13.7)	(154.5)	(13.9)	(154.6)	
Agriculture, Forestry, Fisheries and Food Business Unit (Account for Agriculture, Forestry, Fisheries and Food Business Operations)	43.2	49.9	43.2	49.9	0.0	0.0	(0.0)	0.0	
Small and Medium Enterprise (SME) Unit	Account for SME Loan Programs and Securitization Support Programs (Guarantee-type Operation)	80.8	80.6	84.7	232.9	(3.9)	(152.2)	(4.0)	(152.3)
	Account for Securitization Support Programs (Purchase-type Operation)	0.6	0.7	0.5	0.5	0.1	0.1	0.1	0.1
	Account for Credit Insurance Programs	195.3	201.6	197.7	920.4	(2.3)	(718.8)	(2.3)	(718.8)
Operations to Facilitate Crisis Responses (Account for Operations to Facilitate Crisis Responses)	11.2	10.1	20.6	21.7	(9.3)	(11.6)	(9.3)	(11.6)	
Operations to Facilitate Specific Businesses Promotion, etc. (Account for Operations to Facilitate Specific Businesses Promotion, etc.)	0.2	0.2	0.2	0.2	(0.0)	(0.0)	(0.0)	(0.0)	

2. Assets

Total assets were 35,959.7 billion yen, the majority of which were loans and bills discounted.

Loans and bills discounted increased 12,264.7 billion yen from March 31, 2020, to 28,945.7 billion yen.

Total net assets stood at 8,857.0 billion yen, taking into account an increase from having received capital contributions from the government of 4,117.6 billion yen, against a net loss of 1,037.2 billion yen, etc.

Balance Sheet

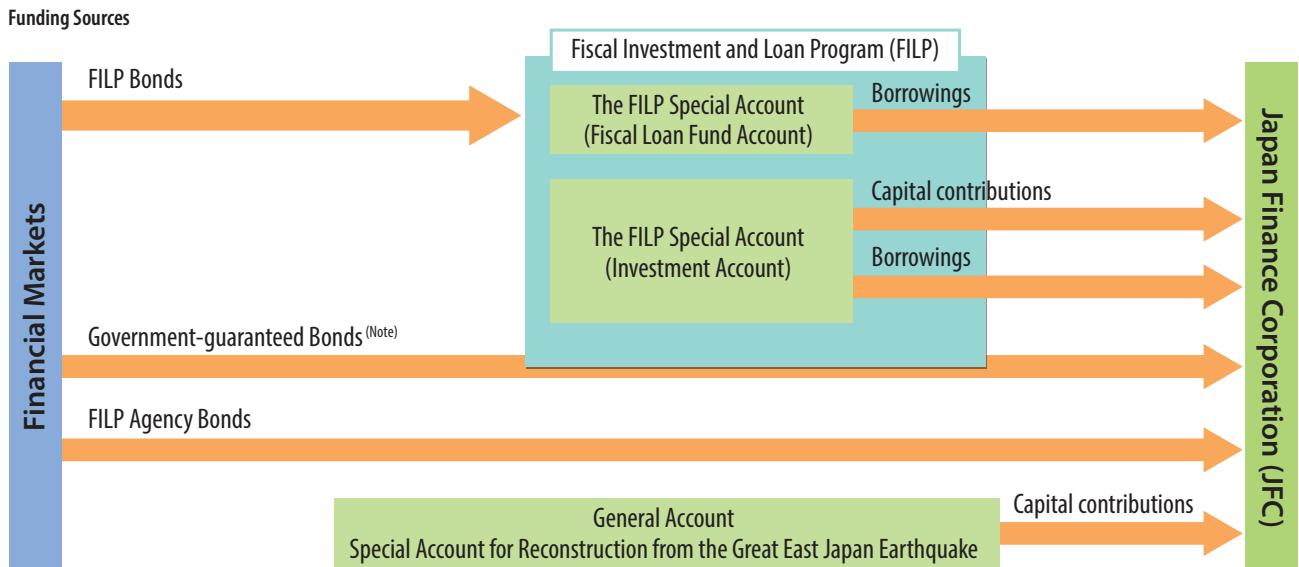
(Unit: billion yen)

Assets			Liabilities and net assets		
Items	Amount		Items	Amount	
	2020	2021		2020	2021
Cash and due from banks	4,401.1	7,403.5	Borrowed money	12,810.3	23,713.8
Securities	41.9	37.4	Bonds payable	1,410.4	1,575.6
Loans and bills discounted	16,680.9	28,945.7	Entrusted funds	27.0	26.0
Other assets	37.8	44.9	Reserve for insurance policy liabilities	773.1	1,536.8
Property, plant and equipment	194.6	195.1	Other liabilities	19.7	35.2
Intangible assets	15.7	18.3	Provision for bonuses	5.3	5.4
Customers' liabilities for acceptances and guarantees	100.9	93.8	Provision for directors' bonuses	0.0	0.0
Allowance for loan losses	(434.9)	(779.1)	Provision for retirement benefits	88.7	90.2
			Provision for directors' retirement benefits	0.0	0.0
			Reserve for compensation losses	25.6	25.4
			Acceptances and guarantees	100.9	93.8
			Total liabilities	15,261.5	27,102.7
			Capital stock	4,324.2	6,990.2
			Capital surplus	2,233.7	3,685.4
			Retained earnings	(781.2)	(1,818.5)
			Total net assets	5,776.7	8,857.0
Total assets	21,038.3	35,959.7	Total liabilities and net assets	21,038.3	35,959.7

Funding

Funding Sources

JFC obtains funds through various sources such as borrowings from the Fiscal Loan Fund, Government-guaranteed Bonds, FILP Agency Bonds, and capital contributions from the government.



Note: Government-guaranteed bonds with a redemption period of five years or more are included in FILP.

Breakdown of funding sources

(Unit: billion yen)

	FY2021 budget	FY2020 budget	FY2020 results
Borrowings from Fiscal Loan Fund, etc.	24,727.6	44,098.7	14,315.4
Government-guaranteed Bonds	1,200.0	7,600.0	200.0
Capital contributions from the government	51.1	12,301.5	4,117.6
Funding from the government (percentage of overall funding)	25,978.7 (99%)	64,000.2 (100%)	18,633.1 (99%)
FILP Agency Bonds	290.0	300.0	260.0
Total funding	26,268.7	64,300.2	18,893.1

Notes: 1. The budget amounts for FY2020 year are the revised levels following the supplementary budget.
The budget amounts for FY2020 include expenditures under the reserve funds.

2. The item "Borrowings from Fiscal Loan Fund, etc." refers to borrowings from the Fiscal Loan Fund, borrowings from the FILP Special Account (Investment Account) of the national budget, and entrusted funds from the Agriculture, Forestry and Fisheries Credit Foundations.

● Government-guaranteed Bonds

JFC has issued government-guaranteed general mortgage bonds within the issue-amount limits of the budget.

(Unit: billion yen)

Maturity	Fiscal year	FY2021		FY2020		FY2019		FY2018	
		Budget	Results	Budget	Results	Budget	Results	Budget	Results
10-year bond		500.0	—	500.0	50.0	30.0	—	70.0	50.0
6-year bond		—	—	—	—	90.0	45.0	115.0	55.0
Over 5-year bond (excluding 10-year bond)		—	—	6,000.0	—	—	—	—	—
Less than 5-year bond		400.0	—	600.0	150.0	100.0	—	200.0	—
Short-term bond (Less than 1 year)		300.0	—	500.0	—	—	—	—	—
Total		1,200.0	—	7,600.0	200.0	220.0	45.0	385.0	105.0

Notes: 1. The FY2020 budget amounts are the revised levels following the supplementary budget.

In FY2021, JFC plans to issue government-guaranteed bonds depending on the progress of operations.

2. The budget amounts for each fiscal year are the issue-amount limits, that is, the maximum amount of the government guaranty in the relevant fiscal year (excluding short-term bond (less than 1 year)*).

The budget amounts for short-term bond (less than 1 year) are the outstanding-amount limits in the relevant fiscal year.

3. In FY2021, JFC has not been issued government-guaranteed bonds as of May 31, 2021.

● FILP Agency Bonds

JFC has issued general mortgage bonds within the issue-amount limits of the budget.

(Unit: billion yen)

Month of issue/Maturity	Fiscal year	FY2021		FY2020			FY2019				FY2018				
		Amount of issue (Budget 290.0)	Results 0.0	(Budget 300.0)			(Budget 320.0)				(Budget 320.0)				
				May	August	November	March	May	August	November	March	May	August	November	March
Month of issue		May	May	May	August	November	March	May	August	November	March	May	August	November	March
10-year bond		—	—	—	—	—	—	10.0	10.0	—	—	—	25.0	—	—
4-year bond		—	—	—	80.0	—	—	30.0	—	—	15.0	30.0	—	—	15.0
3-year bond		—	—	—	—	—	10.0	—	—	—	—	—	25.0	—	—
2-year bond		—	60.0	110.0	—	—	—	50.0	40.0	50.0	—	60.0	50.0	30.0	—

Notes: 1. The budget amounts for each fiscal year are the issue-amount limits in the relevant fiscal year.

2. In FY2021, JFC has not been issued FILP agency bonds as of May 31, 2021.

Ratings of JFC (As of May 31, 2021)

Rating and Investment Information (R&I)	AA+ (Stable)
Moody's Japan (Moody's)	A1 (Stable)