



Japan Finance Corporation

Guide to the Operations
of the Micro Business
and Individual Unit

2022



JAPAN FINANCE CORPORATION

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Note: Figures used in this Report:

1. Figures for which the value is less than one whole unit.

Numbers of items and amounts are rounded down to the nearest whole unit. As a general rule, percentages (%) are rounded down to the nearest first decimal place when less than four and rounded up to the nearest first decimal place when five or more. Therefore, figures in the total column may not match the figure obtained by calculating all individual items.

2. Figures

Figures lower than the unit are shown as "0." "-" is shown when there is no applicable figure.

Message from the General Manager of the Micro Business and Individual Unit

First, I would like to express my sincere gratitude for your kind understanding and support to the operations of the Micro Business and Individual Unit, Japan Finance Corporation (JFC).

We offer life-based financing including business loans for micro/small businesses and educational loans.

In FY2021 we provided loans to support enterprises impacted by the prolonged COVID-19 pandemic and also devoted much effort to post-loan follow-up to support business succession and growth.

In addition to the prolonged COVID-19 pandemic, businesses are facing various other problems, such as the sharp rise in material costs and changes in the situation in Ukraine. Lending an ear to the voices of these people, we will endeavor to display our safety net function by definitely implementing necessary support.

Along with the government's growth strategy, we also have been proactively supporting SMEs in the field of "business start-up," "business succession," "business revitalization," "social business," and "overseas expansion."

Especially, support for business start-ups is crucial policy in local revitalization, so we enhance support for wide range of people, such as start-ups, female, young, and/or migrator entrepreneurs. We have focused on not only responding to the funding needs of entrepreneur at the time of start-ups, but also on solving problems after business start-up, helping businesses get on track. Also, we have held "High School Student Business Plan Grand Prix" to help foster entrepreneurship mindset in future generations of business leaders. We intend to continue passing on our experience and know-how of business start-up support to the field of entrepreneurial education.

At a time when the managers of SMEs and micro/small businesses age, business succession support is an important policy. In response, we implemented full-fledged nationwide expansion of "business succession matching support" that connects micro/small businesses who do not have a successor with prospective entrepreneurs. And also we held events and disseminate information on examples of success, etc. As a "bridge linking local hopes to the next generation," JFC will actively continue its efforts relating to business succession so that valuable management assets including the technologies and know-how that micro/small businesses have accumulated can be effectively transferred.

In the field of revitalizing businesses, we supported micro/small businesses which intend to reorganize their business management by flexibly responding to requests from customers, providing assistance on preparing management improvement plans. In the future, we will collaborate with regional financial institutions and other support organizations and bodies to support business revitalization for business continuation of micro/small businesses while using Capital Subordinated Loans that lead to increased capital.

We are making efforts to disseminate information concerning both social business support and overseas expansion support. Regarding the former, we have opened a page on our website called Social Business Station to promote collaboration and cooperation



between NPOs and companies. Regarding the latter, among other things, we disseminate examples of companies engaged in exports. We will continue our efforts to tackle the solution of issues faced by local communities and society and overseas business expansion.

Furthermore, we will pursue partnerships with regional financial institutions in order to thoroughly implement policy-based financing. We have focused our efforts on deepening dialogue and further strengthening our partnerships with regional financial institutions including creation and utilization of cooperative loan programs and referring customers to them in order to connect small business operators with regional financial institutions. We will continue to collaborate with regional financial institutions and support solutions to diverse management problems including funding support to micro/small businesses.

The Educational Loan program which aims to reduce the financial burden of educational expenses on households and provide equal educational opportunity has been used by many of our customers for more than 40 years. We will continue to promote assistance to people who require funds to enroll or maintain their children in school.

Through cooperation with Chambers of Commerce and Industry, and Societies of Commerce and Industry and relevant organizations such as tax accountants, we will continue to make every effort to support micro/small business owners. We also will proactively tackle the digitalization policies being promoted by the government, such as by promoting the use of our online JFC Direct and Internet Application services, thereby fulfilling our policy-based financing function.

I sincerely hope for your continued understanding and support.

TOMIYAMA Kazushige

General Manager, Micro Business and Individual Unit
Japan Finance Corporation

Overview of Japan Finance Corporation

Japan Finance Corporation (JFC) is a policy-based financial institution which developed out of the National Life Finance Corporation, the Agriculture, Forestry and Fisheries Finance Corporation and the Japan Finance Corporation for Small and Medium Enterprise.

Profile of JFC (as of Mar. 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)
- Outstanding Loans: 29,151.5 billion yen
 - Micro Business and Individual Unit: 12,696.2 billion yen
 - Agriculture, Forestry, Fisheries and Food Business Unit: 3,551.7 billion yen
 - Small and Medium Enterprise (SME) Unit (Finance Operations): 8,432.6 billion yen
- Operations to Facilitate Crisis Responses: 4,359.9 billion yen
- Operations to Facilitate Specific Businesses Promotion, etc.: 110.8 billion yen

Basic Philosophy

● Focused policy-based financing

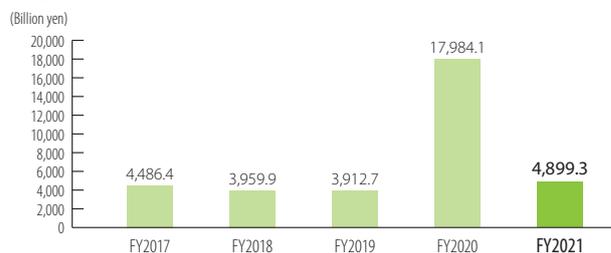
Following the national policy, provide flexible policy-based financing by utilizing a variety of financing programs and schemes to meet the needs of society, while complementing the activities of private financial institutions.

● Mainstreaming governance

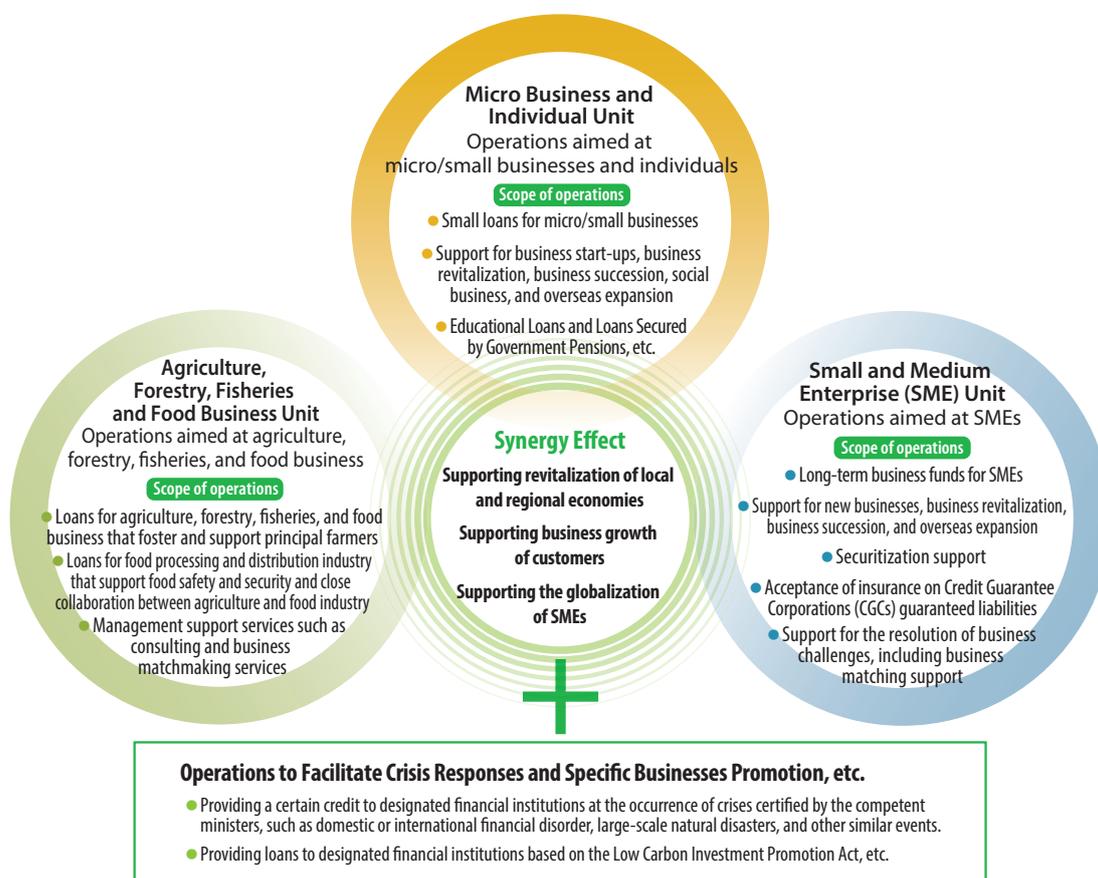
Strive to conduct highly transparent and efficient business operations based on a high level of corporate governance and hold itself accountable to the public.

Furthermore, JFC is committed to becoming a self-governing organization continuously evaluating and improving its activities.

Total Loans Provided

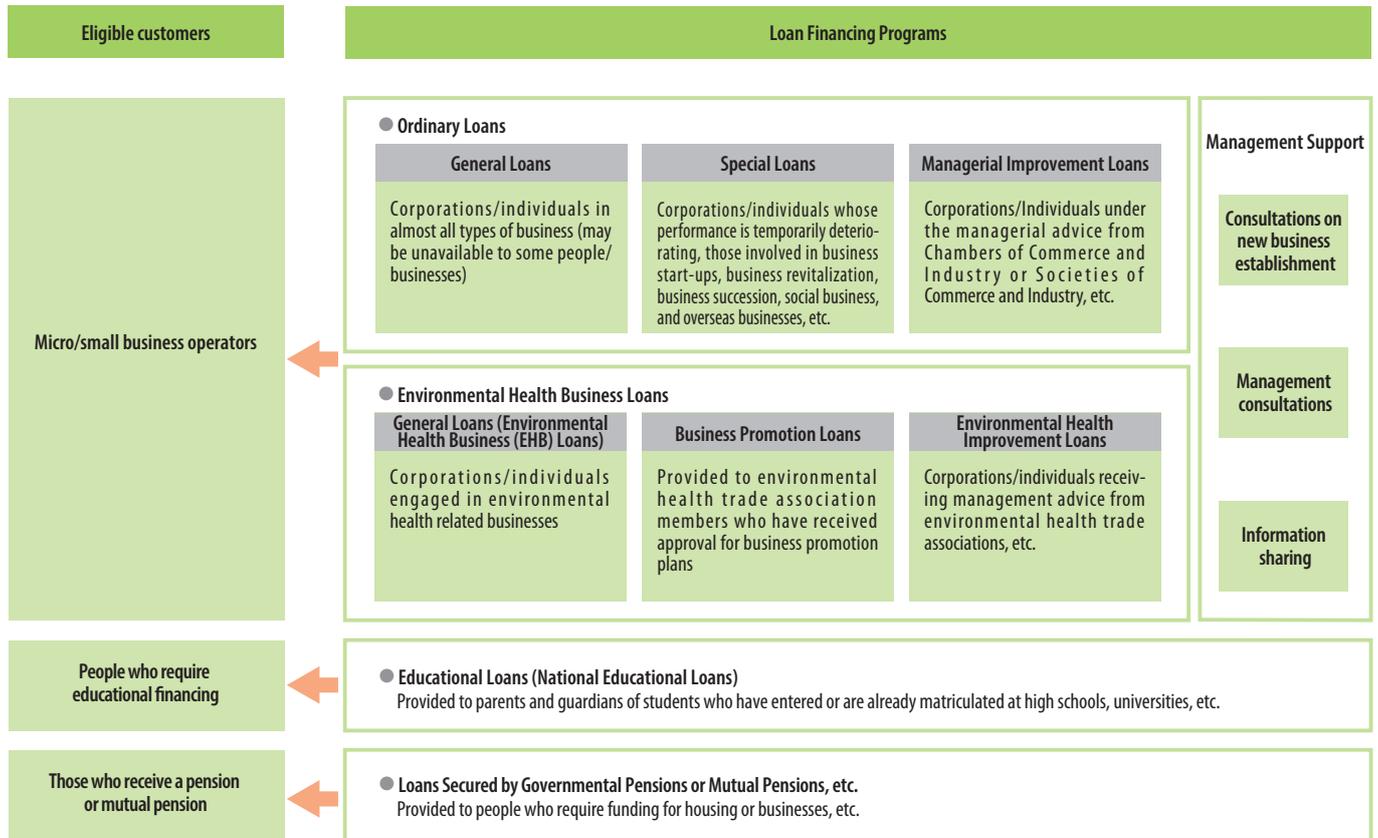


Major Business Operations of JFC

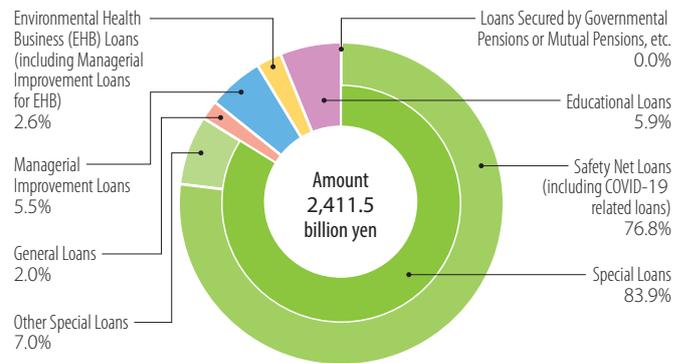
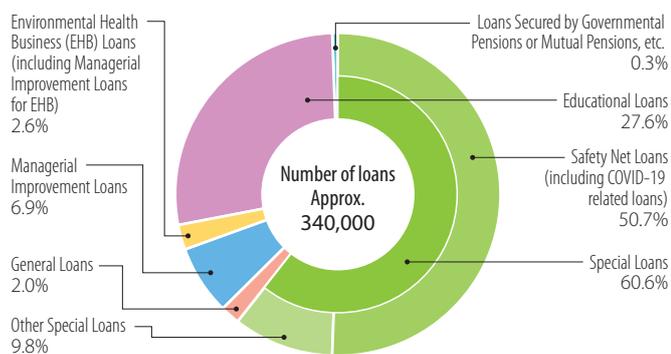


Overview of the Micro Business and Individual Unit

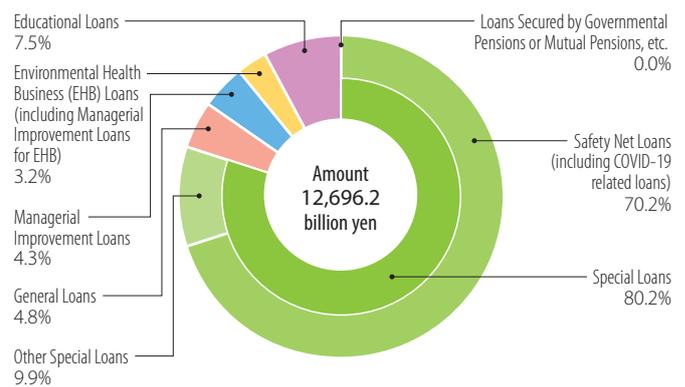
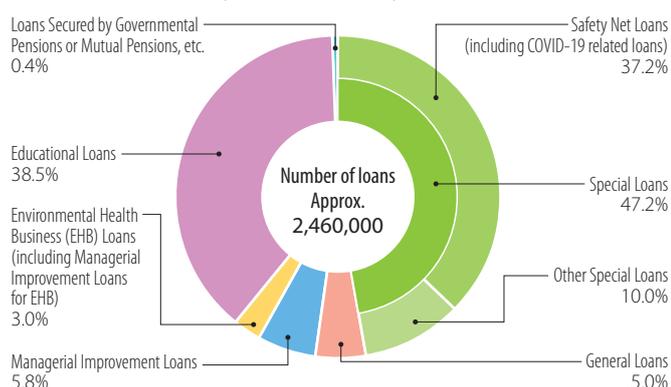
Providing Loans for a Wide Variety of Activities Closely Related to National Life, Including Business Financing



Breakdown of Loans (FY2021)



Breakdown of Loan Balance (as of the end of FY 2021)



Support for Micro/Small Businesses

Loans Used by Many Customer

JFC-Micro loans are used by many micro/small businesses, which are the source of vitality of the Japanese economy, employing many people, and support regional economies.

The number of SMEs and micro/small businesses nationwide in 1996 exceeded 5 million, but declined to 3.85 million in 2012 and 3.57 million in 2016. Under the circumstances, the number of loans provided by JFC-Micro has gradually declined and was 880,000 at the end of FY2019.

As a result of our full-scale efforts to support micro/small businesses that were impacted by the COVID-19 pandemic since 2020, the number of loans increased to 1.19 million as of March 31, 2022. In fact, approximately 30% of SMEs and micro/small businesses nationwide were making use of JFC-Micro loans.

Source: Prepared by the Small and Medium Enterprise Agency based primarily on Ministry of Internal Affairs and Communications, "Establishment and Enterprise Census"; "2009 Economic Census for Business Frame"; Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry, "2012 Economic Census for Business Activity"; Ministry of Internal Affairs and Communications, "2014 Economic Census for Business Frame"; Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry, "2016 Economic Census for Business Activity"; and other sources.

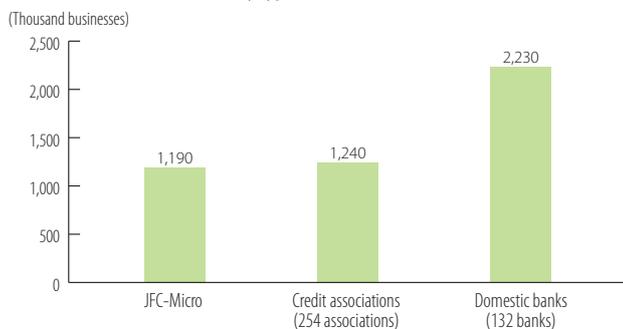
Changes in the number of business borrowers



Most Loans Are Small, Unsecured Loans

Approximately 80% of all loans are for 10 million yen or less and the average loan balance per business is 9.80 million yen. Also, more than 90% of all loans are unsecured.

Number of business borrowers by type of financial institution (as of the end of FY2021)

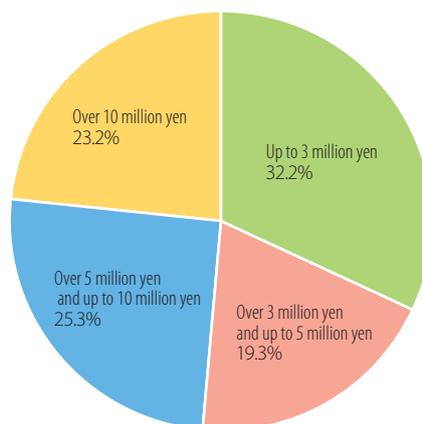


Type of financial institution	Average loan balance per business
Domestic banks	102.57 million yen
Credit associations	42.78 million yen
JFC-Micro	9.80 million yen

- Notes: 1. Figures for JFC-Micro 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 credit associations (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 credit associations 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 loans by credit amount

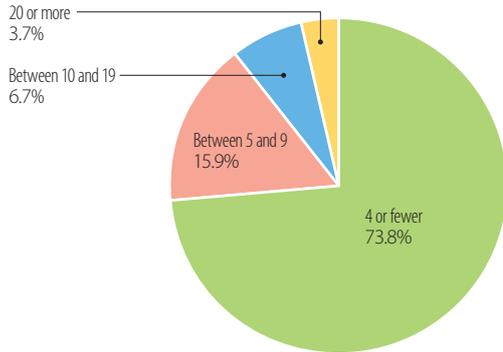


Note: The breakdown is the total of General Loans and Environmental Health Business Loans.

Most Borrowers Are Micro/Small Businesses, with Approximately Half Sole Proprietorships

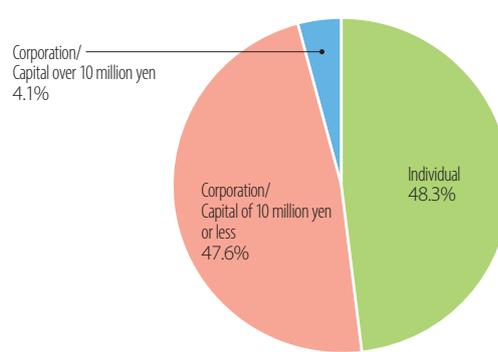
Approximately 90% of borrowers have nine or fewer employees, and many are sole proprietors.

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).

Breakdown of loans by capital, individual and corporation (based on the number of loans) (FY2021)



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

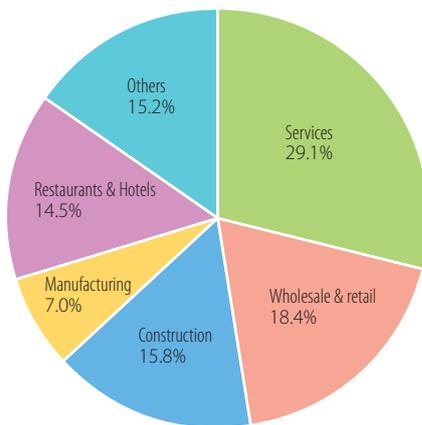
Providing Loans for Various Types of Micro/Small Businesses Through Our 152 Branch Offices

We provide a variety of loans for micro/small businesses by covering region widely through our 152 branch offices nationwide.

The ratio of loans by industry provided by JFC-Micro is almost the same as the ratio of companies in Japan by industry as a whole, and these loans are extensively used by a wide range of borrowers including micro/small businesses from companies with close relationships to local communities such as grocery stores of shopping streets, neighboring builders to those ready to be pioneers in new fields by using cutting-edge knowledge and technologies including biotech and AI.

Also, borrowers cover a wide range of micro/small businesses in various life stages such as those recently established that are aiming for growth to those with a solid management foundation and a stable business.

Breakdown of loans by type of business (based on the number of loans) (as of the end of FY2021)



Note: The breakdown is the total of General Loans and Environmental Health Business Loans.

Reference: Component ratios of Japanese companies by industry



Sources: Ministry of Internal Affairs and Communications and Ministry of Economy, Trade and Industry, "2016 Economic Census for Business Activity"

Exercise of Safety Net Functions

Measures to Address the COVID-19 Pandemic

Consultations for Micro/Small Businesses Affected by the COVID-19 Pandemic

JFC-Micro created special consultation desks at its 152 branches nationwide and is providing consultations on financing and repayment for micro/small businesses that have been impacted by the COVID-19 pandemic. We are providing COVID-19 Special Loan Program, which is virtually interest-free and require no collateral, to customers that meet certain conditions such as a decline in sales.

● COVID-19 related loans

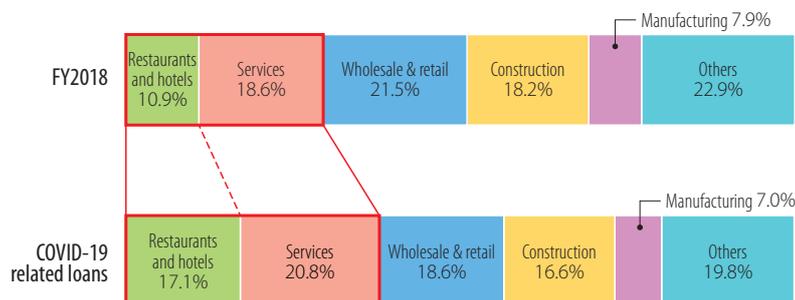
From January 29, 2020, the day that the consultation desks were established, to March 31, 2022, we made a decision to provide a total of 950,400 COVID-19 related loans worth a total of 11,026.9 billion yen. These loan results considerably surpassed even the results of FY2009, when businesses were greatly affected by the collapse of Lehman Brothers and the subsequent financial crisis, and loans related to the Great East Japan Earthquake.

With respect to the ratio of COVID-19 related loans by industry, the ratio of those in service industries such as restaurants, hotel, and hairdressing and beauty, which are businesses that were particularly affected by COVID-19, increased compared to FY2018. In addition, approximately 65% of loans were for 10 million yen or less.

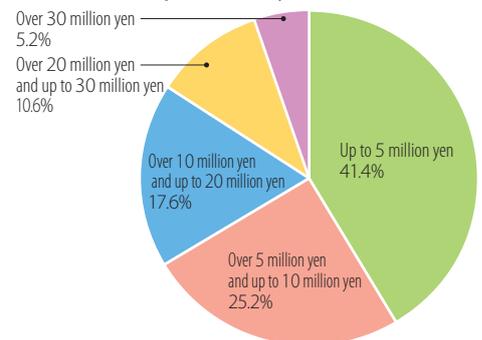
	Number of loans ^(Note)	Amount ^(Note)
COVID-19 related loans: January 29, 2020–March 2022	950,400	11,026.9 billion yen
Loans at the time of the collapse of Lehman Brothers: April 2009–March 2010	341,231	2,803.8 billion yen
Great East Japan Earthquake Related Loans: March 2011–March 2022	239,900	2,258.3 billion yen

Note: COVID-19 related financing data is prepared on a loan decision basis. The number of loans is the number of borrowers.

Component ratios by industry (number of loans)



Component ratios by amount (number of loans)



Example of a Loan Disbursed to a Business Affected by COVID-19

Company A operates a Japanese-style restaurant in Yamaguchi Prefecture. The number of customers declined due to effects of the COVID-19 pandemic. In addition, the restaurant reduced its business hours in accordance with requests from the national and prefectural governments.

As the pandemic spread and sales revenues declined, the business implemented measures to prevent infection of customers and employees, such as disinfecting and thoroughly ventilating the restaurant and placing seats to avoid crowding. As a result of these measures, the restaurant was certified as the first COVID-19 Countermeasures Declaration Restaurant by the Prefecture. In addition, due to the temporary closure of schools, the business started selling lunch boxes for children in after-school clubs who were facing food shortages and also work to provide meals for families and children impacted by the pandemic.

JFC-Micro provided a loan of operating funds needed because of the decline in sales revenues so that the business could pay various other expenses including personnel expenses.



● COVID-19 Hybrid Subordinated Loan Program

Under an economic environment that was greatly affected by the COVID-19 pandemic, we handled 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 related organizations. Through the active use of COVID-19 Hybrid Subordinated Loan Program, we support the continuation or revitalization of business by micro/small businesses and support the transformation of business formats for during and after the COVID-19 pandemic.

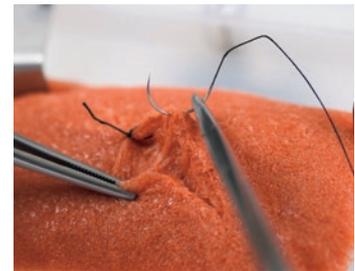
■ Overview of COVID-19 Hybrid Subordinated Loan Program

- (1) The loans are repayable in a lump-sum upon maturity, and only interest is paid until maturity, and consequently, the burdens of monthly principal repayments are lower.
- (2) The interest rate can be lowered during times of slumping business performance such as during the economic downturn caused by the COVID-19 pandemic.
- (3) The loan itself can be treated as owned capital for the purpose of asset audits by financial institutions.

Example of Financing Using a COVID-19 Hybrid Subordinated Loan Program: Support for New Initiatives

Company B is a business that develops and manufactures simulated organs for surgical training of medical professionals. Unlike the animal organs that were used in the past, the company uses konnyaku, a paste made from the starch of the konnyaku plant, as a raw material, which has the advantages of low environmental impact and low cost. In addition, the quality of the products is comparable to that of real organs, and these products are expected to contribute to the reduction of medical and surgical errors through surgical training using them.

Sales activities were restricted due to COVID-19, but the company planned a new initiative to install a new system that makes possible online training. Based on this business plan, the project was provided operating funds through a COVID-19 Hybrid Subordinated Loan Program in order to stabilize cash flow and provide a financial base for upfront expenses.



Surgical training using a simulated organ produced by Company B

COVID-19 related loan programs (as of May 31, 2022)

Loan programs	Eligible customers	Maximum loan amount	Repayment period
COVID-19 Special Loan Program	Businesses whose sales revenues have been negatively impacted on a temporary basis by the COVID-19 pandemic	Special amount 80 million yen If certain conditions are satisfied, a loan with virtually no interest up to a maximum of 60 million yen for an initial period out of three years can be obtained.	Equipment funds: 20 years or less Operating funds: 20 years or less (each including a grace period of 5 years or less)
Special Loans for COVID-19 Environmental Health	Businesses engaged in environmental health related business whose sales revenues have been negatively impacted on a temporary basis by the COVID-19 pandemic ^(Notes 1 and 2)	Special amount 80 million yen If certain conditions are satisfied, a loan with virtually no interest up to a maximum of 60 million yen for an initial period out of three years can be obtained.	Equipment funds: 20 years or less Operating funds: 20 years or less (each including a grace period of 5 years or less)
Managerial Improvement Loans (MARUKEI Loans) [COVID-19 related]	Businesses whose sales revenues have been negatively impacted on a temporary basis by the COVID-19 pandemic ^(Note 3)	Special amount 10 million yen If certain conditions are satisfied, a loan with virtually no interest up to a maximum of 10 million yen for an initial period out of three years can be obtained.	Equipment funds: 10 years or less (including a grace period of 4 years or less) Operating funds: 10 years or less (including a grace period of 3 years or less)
Environmental Health Improvement Loans [COVID-19 related]	Businesses engaged in environmental health related business whose sales revenues have been negatively impacted on a temporary basis by the COVID-19 pandemic ^(Note 4)	Special amount 10 million yen If certain conditions are satisfied, a loan with virtually no interest up to a maximum of 10 million yen for an initial period out of three years can be obtained.	Equipment funds: 10 years or less (including a grace period of 4 years or less) Operating funds: 10 years or less (including a grace period of 3 years or less)
COVID-19 Hybrid Subordinated Loan Program	Start-up businesses and businesses attempting to revitalize that have been affected by the COVID-19 pandemic, and those who will be making new capital investments to expand upon their businesses	Special amount 72 million yen	5 years and 1 month, 7 years, 10 years, 15 years, or 20 years (lump-sum repayment upon maturity (interest paid monthly))
Environmental Health COVID-19 Hybrid Subordinated Loan Program	Start-up businesses and businesses attempting to revitalize engaged in environmental health related business that have been affected by the COVID-19 pandemic and those who will be making new capital investments to expand upon their businesses ^(Notes 1 and 2)	Special amount 72 million yen	5 years and 1 month, 7 years, 10 years, 15 years, or 20 years (lump-sum repayment upon maturity (interest paid monthly))

Notes: 1. When using this loan, a Certificate of Funds for Project Implementation issued by the head of the association (including branch manager and directors authorized by the associated head) is required if the borrower is a member of an association certified under a promotion plan. In the case of a non-member of an association, a letter of recommendation from the prefectural governor is required (not required if the loan amount is 5 million yen or less).

2. Operating funds for non-members are provided only when refinancing existing loans (environmental health loans).

3. Management guidance provided by Chamber of Commerce and Industry, Society of Commerce and Industry, or prefectural federations of societies of commerce and industry, and a recommendation from the head of Chamber of Commerce and Industry or other such organization are required.

4. A recommendation from the head of an Environmental Health Trade Association or other such organization are required.

● Consultation services

We provided consultation services to micro/small businesses that have been impacted by the COVID-19 pandemic by conducting telephone conversations and other operations on holidays.

We are also taking measures to prevent infection including conducting consultations with prior appointments, installing transparent acrylic panels at consultation desks, ensuring proper ventilation, and using video communications to conduct online consultations so that customers can consult safely and with peace of mind.

Main Measures Implemented in Relation to COVID-19

【Consultation services】

- Telephone consultations on holidays, operations on holidays, extended operating hours
- Prolongation of periodic personnel transfers
- Dispatch of personnel from the head office and other sites to branches to provide support
- Hiring of former employees of JFC

【Measures to prevent infection】

- Recommendations that customers submit applications online via the website and submit documents by mail, implementation of branch reservations
- Creation of environments that avoid the Three Cs (waiting room spacing, guidance by receptionists, etc.)
- Installation of transparent acrylic panels at consultation desks and air purifiers
- Thorough implementation of infection-prevention measures (wearing masks, provision of alcohol-based sanitizers, ventilation, etc.)
- Online interviews and financing consultations using video communications

● Cooperation with private financial institutions

JFC-Micro is collaborating with private financial institutions to provide support to businesses that have been impacted by the COVID-19 pandemic. Specific measures include private financial institutions providing support for applications to JFC-Micro and provision of bridge loans to businesses that urgently need funds. In addition, JFC-Micro provides information on loan programs and support systems provided by private financial institutions on its website. We will continue to cooperate with private financial institutions to support businesses.

● Provision of COVID-19 related information

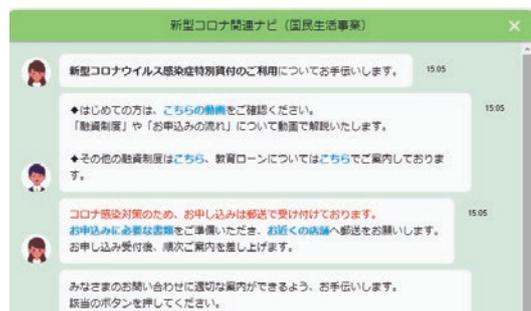
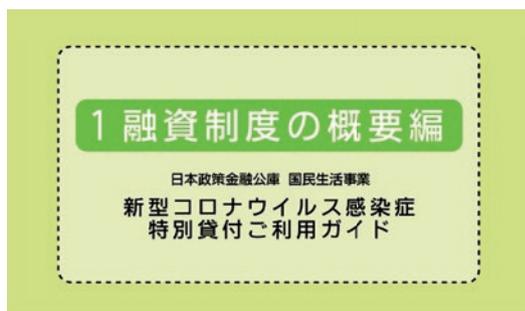
We make the latest information relating to loan programs, application procedures, and so on available on our website.

【Explanatory videos】

We prepared explanatory videos on topics such as an overview of loan programs and frequently asked questions (FAQs).

【COVID-19 related FAQs】

We provide information related to financing systems and the application process in frequently asked question (FAQ) format.



Measures against Disasters

Special Consultation Desks Are Established to Quickly Respond to Affected Micro/Small Businesses

A special consultation desk is immediately established in case of a major earthquake such as the Great East Japan Earthquake and the 2016 Kumamoto Earthquake, other natural disaster such as a typhoon or torrential rain, a major corporate bankruptcy, or other unforeseen events so that affected micro/small businesses can discuss their loan and repayment conditions.



Main consultation desks currently in operation (as of May 31, 2022)

	Number of consultation desks	Names of consultation desks	Date of establishment
Disaster-related	10	Special consultation desk for the Great East Japan Earthquake	Mar. 2011
		Special consultation desk for damage suffered as a result of the 2016 Kumamoto Earthquake	Apr. 2016
		Special consultation desk for damage suffered as a result of Typhoon No. 15 of 2019	Sep. 2019
		Special consultation desk for damage suffered as a result of Typhoon No. 19 of 2019	Oct. 2019
		Special consultation desk for damage suffered as a result of heavy rain from July 3, 2020	Jul. 2020
		Special consultation desk for damage suffered as a result of the earthquake off the coast of Fukushima prefecture in 2021	Feb. 2021
		Special consultation desk for damage suffered as a result of heavy rain from July 1, 2021	Jul. 2021
		Special consultation desk for damage suffered as a result of heavy rain associated with extratropical cyclone changed from Typhoon No. 9 of 2021	Aug. 2021
		Special consultation desk for damage suffered as a result of heavy rain from August 11, 2021	Aug. 2021
		Special consultation desk for damage suffered as a result of the earthquake off the coast of Fukushima prefecture in 2022	Mar. 2022
Others	3	Special consultation desk relating to COVID-19	Feb. 2020
		Special consultation desk relating to situation in Ukraine and rising oil prices, etc.	Nov. 2021
		Special consultation desk for SMEs relating to supply chain of Hino Motors	Apr. 2022

We Provide Support to the Recovery and Reconstruction Efforts of Micro/Small Businesses Affected by the Great East Japan Earthquake

In the wake of the Great East Japan Earthquake that struck on March 11, 2011, JFC-Micro has provided support for the recovery and reconstruction efforts of small business operators who were the victims of the disaster through the Great East Japan Earthquake Recovery Special Loans, etc.

● Changes in loans for the Great East Japan Earthquake (cumulative) (March 11, 2011–March 31, 2022)

A total of 239,900 loans amounting 2,258.3 billion yen have been disbursed to borrowers affected by the Great East Japan Earthquake from the happening of the incident until March 31, 2022.

The Great East Japan Earthquake Loan, Example: Support for Business in Reconstruction

Company C manufactures coils that are hand made by technicians for use in industrial motors in Fukushima Prefecture. Due to the nuclear accident, the company had to stop operating at its main factory in Minami-Soma City, which was in the Evacuation Directive Lift Prepared Area.

The company built a new factory, in the same city, outside the Evacuation Directive Lift Prepared Area and re-started in April 2015. For this project, JFC-Micro provided loans to the purchase of the machinery installed in the new factory together with a production site development subsidy and a loan from a private financial institution.



Servomotor electrical works

Initiatives in the Strategic Fields of Growth

Initiatives to Support Business Start-ups

The Number of Loans Disbursed to Business Start-ups (Consisting of Those That Have Yet to Start and Those That Are Within 1 Year of Start-up) Has Reached Around 26,000 a Year

There are not a few business start-ups consisting of those that have yet to start and those that are newly start-up face difficulties in obtaining funds for such reasons as a lack of business track record. JFC-Micro actively provides loans to such business start-ups. Also, in order to enable people who want to start their own businesses to receive one-stop information related to start-up business in each region, JFC is constructing a nationwide start-up support network in cooperation with municipalities, Chambers of Commerce and Industry, Societies of Commerce and Industry, regional financial institutions, etc.

● Changes of loans disbursed to businesses start-ups (number of businesses)

The number of loans disbursed to business start-ups (consisting of those that have yet to start and those that are within 1 year of start-up) in FY2021 totaled 26,000.

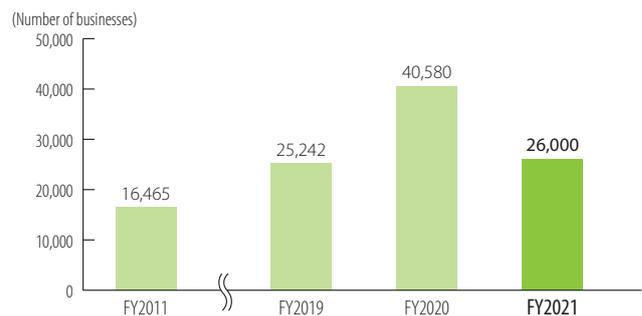
It can be considered that approximately 83,000 job creations a year have been made as a result of these loans disbursed to business start-ups.

[Job Creation Effects]

26,000 businesses × average of 3.2 employees^(Note) = 83,200 employees

Note: The average number of employees at time of business start, based on Survey on Business Start-ups in Japan (FY2021) by the JFC Research Institute.

Changes of loans disbursed to businesses start-ups (number of businesses) (consisting of those that have yet to start and those that are within 1 year of start-up)



● Support for Women, Youth, and Senior Entrepreneurs

As the economic society diversify, the range of business start-ups has been expanding start-ups by women who take advantage of their ability to notice the small things in daily life, young people who utilize novel ideas, and seniors who draw on their many years of experience. In such trend, JFC-Micro actively provides loans to such women, youth, and senior entrepreneurs.

Loans for women, youth and senior entrepreneurs (number of businesses)

Women
FY2021
6,077 businesses

Youth (aged under 35)
FY2021
7,889 businesses

Seniors (aged 55 and above)
FY2021
2,509 businesses

Note: Women who qualify as Youth or Seniors are also included in both the Women and the corresponding age-related category.

Example of a Loan Disbursed to a Women Entrepreneur: Sweets that Can Be Eaten with Peace of Mind by Those Who Need to Control Their Sugar Levels

Company D is in the business of manufacturing and selling sugar-free sweets and other products. The company was founded by its representative, who is a certified dietician and a diabetic, with a desire to create sweets that can be eaten with peace of mind by those who needs to control their sugar levels, after she personally experienced the difficulties of sugar restriction. Using reliable techniques learned from famous pastry chefs, she conducts extensive research and develops delicious sweets with low sugar content. The company was also recently commissioned to provide nutritional guidance to hospitals and is steadily expanding its business.

JFC-Micro provided a loan for equipment funds such as store remodeling at the time of opening.



Company D's products

Example of a Loan Disbursed to a Youth Entrepreneur: Acting as a Bridge Between Regional Producers and Consumers

Company E is involved in wholesale and retail fruit sales in the location where the company president now resides. In the past, the president worked with a Local Vitalization Cooperator in this same local region. When selling specialty items from his home region, he realized that some of these items were becoming popular, so he decided to launch a business linking producers and consumers in the area. He visited local farmers in different areas on foot to directly procure both farm-fresh and processed goods. His storefront is very approachable to people, and he has made more and more fans by telling the stories behind and explaining the value of the various products he offers to the customers.

This business was provided with operating capital for product procurement as well as funding for equipment needed for store renovation.



Company E's products

Example of a Senior Entrepreneur: Using Local Specialty Products to Revitalize Local Economies

In the region where the representative of Company F lives, the loquat is a specialty fruit. The representative, who had been a fulltime housewife, had a critical feeling regarding the abandonment of farms as a result of aged producers, and established the business that manufacture and sell processed goods using loquat fruit and leaves, such as soap and tea. The representative participated in a prefectural business plan contest at the time that the business was established, and won an award.

JFC-Micro collaborated with a private financial institution to loan the company funds for raw materials needed to manufacture the products.



Company F products made with loquat

Consultation Week Held for Women and Youth Entrepreneurs

Since FY2016, JFC-Micro has been holding Consultation Week for Women and Youth Entrepreneurs, a consultation event for people interested in starting a business, primarily among women and youth, who are struggling with the first step of starting their business.

This event is designed to help familiarize potential entrepreneurs with the concept of entrepreneurship through seminars and individual consultations that are useful before starting a business.

Considering the spread of COVID-19, the event was held online for the first time in November 2021. A total of 1,593 people participated, and the level of satisfaction amongst participants was greater than 90%.



● Support for regional migrating entrepreneurs

JFC-Micro uses its nationwide network of 152 branches to support persons who wish to migrate from a city to a rural area in order to establish a business. We provide support according to the stage of business establishment from before to after regional migration.

【Overall image of JFC-Micro's support for regional migrating entrepreneurs】



● Commercialization support for start-ups

JFC-Micro actively supports start-ups striving for rapid growth that form the driving force behind innovation at university ventures, and which provide new value with original ideas. We support them by providing both capital and information including Capital Subordinated Loan, which can be treated as “owned capital” rather than a “debt” for the purpose of asset audits by financial institutions.

Example of a Loan Disbursed to a Start-up: Support for Measures for Alternative Water Supply

Company G provides small-scale, autonomous, decentralized water infrastructure rather than the conventional water infrastructure (water supply) such as water purification plants. The company's motto is “water freedom for everyone, everywhere.” It has established core technologies relating to water reclamation that cannot be imitated by other companies against a backdrop of advanced technology and has developed small-scale autonomous decentralized waters of infrastructure to replace conventional water supply. In addition, not only can its infrastructure be installed anywhere, can also conserve water and maintain water quality. To date, the company has released portable water reclamation treatment plants, automated hand washing machines, and other products, and there are expectations that its products will be used for various purposes such as bathing at disaster sites and handwashing at the entrances of commercial facilities and restaurants.

JFC-Micro provided a loan for operating funds relating to research and development of a portable water processing plant.



Company G's portable water reclamation treatment plant

Reinforcing Our Structures for Responding to Inquiries from Customers

● Business Start-up Support Desks have been established in the 152 branch offices nationwide

Business Start-up Support Desks provide services in which specialists offer advice on business start-up plans to people planning to start a business and offer a wide variety of information on starting a business.

● Business Start-up Support Centers and Business Support Plazas have been established throughout the country

Business Start-up Support Centers organize diverse seminars targeted at customers in varying stages of their business cycle, both before and after starting business, and also provide timely support through collaboration with regional organizations that support start-ups. At Business Support Plazas, appointments for extensive consultation are available to persons planning to start a new business.

Contributing to the Growth and Development of Businesses through Loans and Other Activities

Of the companies that have got listed public since 1989, some 384 had received support from JFC-Micro before going public.

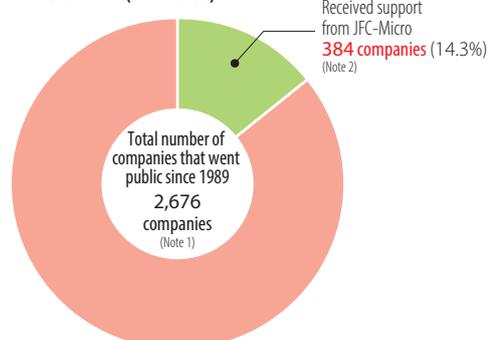
Approximately one-quarter of companies listed on the Tokyo Stock Exchange Growth Market, a representative market of high-growth and emerging stocks, have a history of support from JFC-Micro, indicating that JFC-Micro's support for businesses during the start-up and growth phases has produced certain results.

Examples of companies that went public after receiving support from JFC-Micro

Company name	Store or brand name	Establishment	Listing year (Note 1)	Stock market (Note 1)
BALMUDA Inc	BALMUDA	2003	2020	Tokyo Stock Exchange, Growth Market
Spacemarket, Inc.	SPACEMARKET	2014	2019	Tokyo Stock Exchange, Growth Market
Bushiroad Inc.	CARDFIGHT!! Vanguard New Japan Pro-Wrestling	2007	2019	Tokyo Stock Exchange, Growth Market
Sansan, Inc.	Sansan	2007	2019	Tokyo Stock Exchange, Prime Market
Kushikatsu Tanaka Holdings Co.	Kushikatsu Tanaka	2002	2016	Tokyo Stock Exchange, Standard Market
Hotland Co., Ltd.	Tsukiji Gindaco	1991	2014	Tokyo Stock Exchange, Prime Market
Torikizoku Co., Ltd. (Note 2)	Torikizoku	1985	2014	Tokyo Stock Exchange, Prime Market
JINS Holdings Inc.	JINS	1988	2006	Tokyo Stock Exchange, Prime Market
Bic Camera Inc.	Bic Camera	1978	2006	Tokyo Stock Exchange, Prime Market
Pepper Food Service Co., Ltd.	Ikinari Steak	1970	2006	Tokyo Stock Exchange, Prime Market
Tempstaff Co., Ltd. (Note 3)	Tempstaff	1973	2006	Tokyo Stock Exchange, Prime Market
Bookoff Corporation Ltd. (Note 4)	Book Off	1991	2004	Tokyo Stock Exchange, Prime Market
Village Vanguard Co., Ltd.	Village/Vanguard	1998	2003	Tokyo Stock Exchange, Standard Market
Seria Co., Ltd.	Seria	1987	2003	Tokyo Stock Exchange, Standard Market
Future Corporation	Future	1989	1999	Tokyo Stock Exchange, Prime Market

Notes: 1. The listing year is the year of the first listing, and the stock market is the main exchange on which the stock is currently traded.
2. Currently, Torikizoku Holdings is publicly traded.
3. The company changed its tradename to Persol Tempstaff in 2017. Currently, Persol Holdings is publicly traded.
4. Currently, Bookoff Holdings is publicly traded.

Publicly-traded companies that received support from JFC-Micro (since 1989)



Listed companies that received support from JFC-Micro (since 1989; by stock market)

(Unit: companies, %)

	Number of listed companies	Listed companies that received support from JFC-Micro	
		Number of companies	Share of their respective markets
Tokyo Stock Exchange, Prime Market	1,024	109	10.6
Tokyo Stock Exchange, Standard Market	1,069	125	11.7
Tokyo Stock Exchange, Growth Market	463	123	26.6
Others	120	27	22.5
Total	2,676	384	14.3



Notes: 1. Of those companies listed on each market since 1989, the total number of companies whose shares are publicly traded as of April 4, 2022 (according to JFC-Micro).
2. Of those companies indicated in Note 1, companies confirmed to have received support from JFC-Micro (according to JFC-Micro).

Developing Entrepreneurship among Youth

We take measures to foster an entrepreneurial mindset among youth and develop future entrepreneurs.

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 presentors.

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.

High School Student Business Plan Grand Prix website
(<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/>)
(Available only in Japanese)



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



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



Video message by Prime Minister Kishida

Initiatives to Support Business Revitalization

Support for Micro/Small Businesses Seeking Business Revitalization

Business revitalization support staff have been deployed at 152 branches nationwide to respond flexibly to requests for relaxing repayment terms e.g. a reduction in the installment amount, temporary deferment of principal repayment, etc. In addition, by way of loan programs for business revitalization support, and by providing advice for the resolution of business issues and support for the enactment of business improvement plans, JFC-Micro supports the businesses undergoing corporate reorganization in cooperation with other financial institutions and public enterprise turnaround institutions.

“Signal” Business Status Self-diagnosis Tool

During the protracted COVID-19 pandemic, it is important to keep abreast of business issues even when things are going smoothly, and to detect the signs of business changes at an early stage in order to increase the possibility of business continuity. JFC created the “Signal” check notebook, which enables businesses to perform a self-diagnosis of their business status.

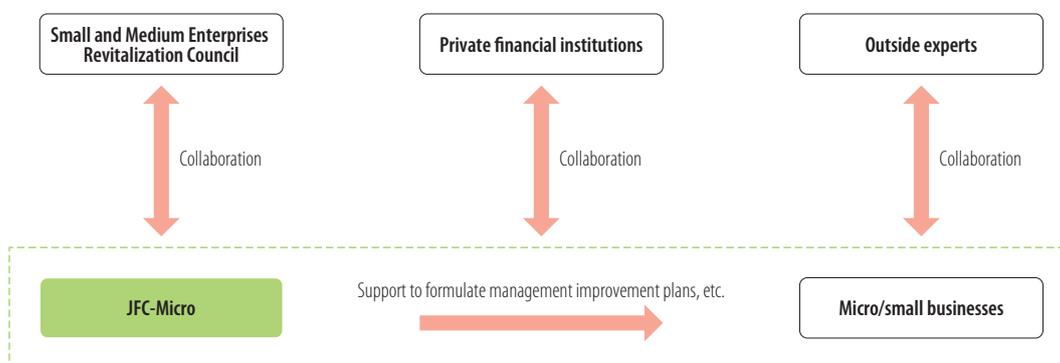
Signal has a checklist of events that are likely to occur before business changes for nine different industries. In addition, by converting the result into a radar chart, it can be used as a tool for easily visualizing management awareness.



● Collaboration with relevant organizations

JFC-Micro is reinforcing its collaboration with private financial institutions, the Small and Medium Enterprises Revitalization Council, outside experts, and others in order to encourage business revitalization in regional areas. We support the formulation of management improvement plans by customers that have collaborated with the Small and Medium Enterprises Revitalization Council and work with private financial institutions to provide long-term loans so that the relevant organizations can work together to support management improvement by customers.

Business revitalization in collaboration with relevant organizations



● Support through Capital Subordinated Loans

We support customers that seek to restructure management by using Capital Subordinated Loans and COVID-19 Hybrid Subordinated Loan Program, which lead to strengthened financial foundations.

Overview of Capital Subordinated Loans

Capital Subordinated Loans enable businesses to secure the necessary stable funding while undergoing management restructuring and strengthen financial foundations. The key features of Capital Subordinated Loans and COVID-19 Hybrid Subordinated Loan Program include “certain term lump-sum repayment,” “fixed interest rates according to the business performance,” and “the ability to view the funds as the borrower’s own capital for the purposes of asset assessments by financial institutions.” Since a lump-sum payment is made upon maturity and the interest rate is set according to business performance, the burdens of monthly principal repayments can be reduced and the interest rate can be lowered when business results are poor. In addition, loans obtained under this program allow the funds to be viewed as the borrower’s own capital for the purposes of asset assessments by financial institutions ^(Note), and therefore, it is easier for financial institutions to provide support than before the loan is obtained.

Note: The amount deemed the borrower’s own capital is gradually reduced at a fixed rate after the remaining loan term is fewer than five years.

Initiatives to Support Business Succession

Supporting the Business Succession of Micro/Small Businesses

Amid the aging of the owners of SMEs and micro/small businesses, JFC-Micro is supporting business succession in terms of both funds and information so that valuable management resources, including the technologies and know-how that businesses have accumulated, can be smoothly transferred.

Loans for businesses addressing business succession

We extend various loans needed by micro/small businesses that are addressing business succession such as the funds necessary to acquire shares and business assets and the funds necessary to prepare for business succession, such as the development of successors.

Example of a Loan to Micro/Small Businesses Addressing Business Succession

Company H engages in the planning and development of surveillance cameras for use in residences and parking lots and small cameras that can identify the causes of machine tool malfunctions.

The founder (the previous representative) did not have a successor and made a request to a business succession support center to search for a successor. As a result, the founder was put in contact with an electrical design engineer (the current representative) who was considering establishing an independent business, and a third-party succession was implemented with the current representative using financing from JFC to acquire the shares of Company H.

In order to take over the business, the current representative worked at Company H until the business succession and developed a thermography device (a non-contact thermometer) with the founder. By starting to handle this new product, the company attempts to overcome the difficult management environment caused by the COVID-19 pandemic.



The previous and current representatives of Company H

Measures to Raise Awareness of Owners

Encouraging third-party succession is necessary to facilitate business succession, but many micro/small businesses have a negative impression of third-party succession or believe that micro/small businesses are not suitable for third-party succession.

Our initiatives include providing business succession diagnoses, delivering successful examples, producing videos and holding events with relevant organizations to raise the awareness of owners and to foster an atmosphere making the business succession to a third-party.

Tools for Raising Awareness of Owners

Business succession diagnostic sheets



Check sheets for easy confirmation of the status of business succession preparation and issues

Tsunagu Notebook



A workbook that facilitates planning of measures for business succession

Yuzuru Note



This is a workbook for acquiring basic knowledge about third-party business succession and the transfer policy.

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



This pamphlet outlines the advantages of business transfer and the background of business succession to a third-party.

Initiatives in Collaboration with Support Organizations

Working in collaboration with Chambers of Commerce and Industry, Societies of Commerce and Industry, private financial institutions, business succession support centers, and other support organizations, we disseminate the advantages of third-party successions.

In May 2022, JFC signed the Collaborative Agreement on Business Succession Support with Central Federation of Societies of Commerce and Industry, with a view to providing optimal assistance on smooth business succession.



Cooperation agreement signing ceremony in progress

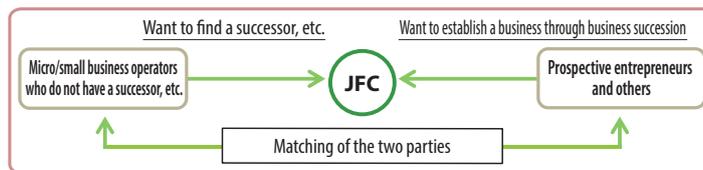
● Support finding successors

We help micro/small businesses without a successor find someone to take over the business.

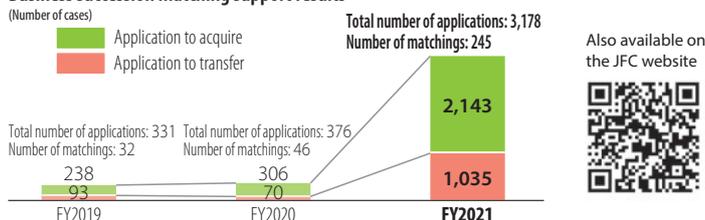
Business Succession Matching Support

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



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. I, 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. J, who wants to start a business). She was considering the transfer in light of her past career experience.



Mr. I and Ms. J signing the agreement

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

● Business Succession Start-Ups

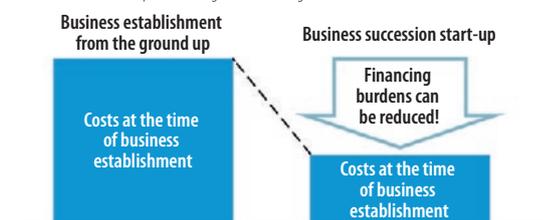
We support business succession start-ups, which is a way of launching a new business by acquiring an existing business, rather than the conventional means of establishing a business from the ground up (start-up from zero). We name it "Tsugu-sta," start-up by succession.

Characteristics of Business Succession Start-Ups (Tsugu-sta)

Unlike the establishment of a new business from the ground up, a business succession start-up (Tsugu-sta) can acquire existing management resources including facilities, technologies, and know-how, which make it possible to reduce start-up costs and achieve stable management.

Characteristics of Business Succession Start-ups (Tsugu-sta)

Reduced business start-up costs through use of existing facilities



Stable management can be achieved through the assumption of technologies, know-how, etc.



The Event on Support for Business Succession Start-up

We held the Business Succession Start-up Support Seminar and other events to promote business succession start-ups (Tsugu-sta). In FY2021, we will hold the first Business Succession Start-up School, an online course, to support the acquisition of knowledge necessary for achieving a business succession start-up and effective management after succession.

The Business Succession Start-up Support Seminar



Holding of seminars to disseminate the significance and merits of business succession start-ups



Business Succession Start-up School

The curriculum was conducted over a total of five days in August and September 2021. In addition to useful lectures for business succession start-ups, discussions of experiences by persons who conducted business succession start-ups was also broadcast live.

Initiatives to Support Social Business

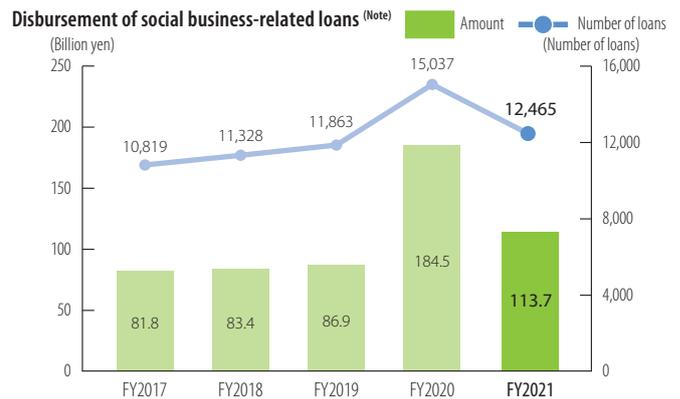
JFC-Micro Supports Social Business

JFC-Micro supports social business engaged in tackling regional and social issues such as nursing care and support for the elderly and disabled, child development, community revitalization, and environmental protection.

● Disbursement of social business-related loans

The FY2021 loans to social business came to 12,465 loans, 113.7 billion yen.

Note: This is the total of financing to (i) NPO corporations, (ii) nursing and welfare businesses, and (iii) businesses whose purpose is resolution of social issues (other than (i) and (ii)) and excluding overlaps in (i) and (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.



JFC website
Social Business Station
(<https://www.jfc.go.jp/n/finance/social/sbs/>)

Supporting business plan formulation by the Business Plan Visualization Book

Sustainable growth of social business activities requires the formulation of a highly feasible business plan and securing adequate profits. JFC-Micro published the Business Plan Visualization Book (hereinafter 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 is used when persons engaged in social business formulate business plans.



JFC website
Business Plan Visualization Book
(<https://www.jfc.go.jp/n/finance/social/sakutei.html>)

Social Business Support Network

JFC-Micro takes measures to build a network linking regional public organizations, local financial institutions, and NPO support organizations to support resolution of management issues. Comprising the policy and service operations of the member institutions, the network offers one-stop provision. Also, by means of management support seminars and individual counselling, it offers assistance for resolving management issues which social business operators face such as corporate establishment, business plan formulation, fund procurement, and personnel education. As of the end of March 2022 the network totaled 110 elements.

● Consultation Month for Social Business

As an initiative starting in FY2019, JFC-Micro designated the two months from September to October as Consultation Month for Social Business. By holding consultation meetings and other events, which the Social Business Support Network operates intensively during this period, JFC-Micro endeavors to improve consultation and support services for people engaged in social business.

Note: Consultation Month for Social Business in FY2020 was canceled due to effects of the COVID-19 pandemic. In FY2021 and later, we hold online events, taking into consideration the status of the COVID-19 pandemic at the time.



Initiatives to Support Overseas Expansion

JFC-Micro Supports Micro/Small Businesses Seeking to Expand Overseas

By providing financing programs and information relating to overseas expansion, we are supporting overseas businesses such as strengthening export, outsourcing production and conducting direct investment and so on.

● Support Systems for Micro/Small Businesses Seeking to Expand Overseas

Overseas Development Support Desks, established at 152 branches nationwide cooperate with Japan External Trade Organization (JETRO), Organization for Small & Medium Enterprises and Regional Innovation, JAPAN (SME Support, JAPAN), Japan Federation of Bar Associations, and other specialized organizations that support overseas expansion. JFC-Micro establishes consultations systems that can provide detailed support information according to the needs of customers by providing advice for first-time overseas expansion, information on overseas exhibitions and business meetings, and confirmation of local laws and regulations, required permits and licenses, and the details of contracts.



A leaflet on collaboration with SME Support, Japan



A leaflet on collaboration with JETRO

● Various Information Tools for Micro/Small Businesses Expanding Overseas

We support businesses that seek to expand overseas by providing useful information, such as booklets containing questionnaire research and case studies about cross-border e-commerce, as well as work notebooks outlining key points for export.

■ Collection of Case Studies on Overseas Expansion

There are various challenges to be addressed and points to be considered when a company expands business overseas. The case study collection includes examples of businesses that have actually overcome these challenges describing how they addressed and solved them. In addition, it also includes feature articles on timely topics that are trending concerning overseas expansion.

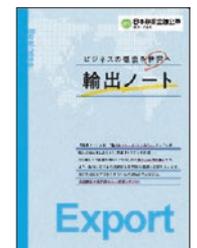
In recent years, the e-commerce environment, where products and services are sold across borders via the Internet, has expanded greatly. We offer a range of case study examples and advice from micro/small businesses aggressively meeting the challenges of cross-border e-commerce as the business environment has changed significantly due to the COVID-19 pandemic. We also offer special features containing the results of a questionnaire about cross-border e-commerce.



Collection of Case Studies on Overseas Expansion

■ Export Notebook

This workbook is for businesses planning to export. It contains key points for launching an export business, export practices, as well as space for notes. This notebook summarizes most things from initial information-gathering to points to consider on export operations, it helps businesses to lay out and organize any issues.



Export Notebook

■ Useful Information That Supports Overseas Expansion (JFC website)

The JFC website has information that is useful to businesses expanding overseas such as information about exports and case studies on overseas expansion.



The JFC website

Example of a Loan to a Micro/Small Business Expanding Overseas

Company K remakes Japanese kimono into hijab, the head scarf by Muslim women for religious reasons. Depending on the region, the hijab is also worn as a fashion item. Colorful hijab made from kimono have provided popular in some places for its good design.

Company K has also received assistance from local governments and public institutions. The company has launched an in-house English website and also taken an active stance on SNS, which has led to its being featured on television and news sites, boosting recognition of the company's EC site. At present, Company K exports to the U.S. and Europe, the Middle East, and Southeast Asian nations.

This company received assistance on operating capital for market research and website costs needed to develop sales channels.



A colorful hijab made from Japanese kimono

Collaboration with Support Organizations

JFC-Micro Collaborates with Chambers of Commerce and Industry and Societies of Commerce and Industry

JFC-Micro works in close collaboration with regional Chambers of Commerce and Industry, and with Societies of Commerce and Industry throughout Japan to support business improvement of micro/small businesses via Managerial Improvement Loans and consultation sessions.

● Overview of Managerial Improvement Loan

Managerial Improvement Loan (MARUKEI Loan) is a program whereby micro/small businesses receiving management advice, such as from Chambers of Commerce and Industry or Societies of Commerce and Industry, can utilize funds needed for managerial improvement without collateral and guarantors. Since the establishment of this program in 1973, approximately 5.20 million loans have been provided.

Also, the Micro/Small Management Development Support Fund was established which can be used by micro/small businesses who are working towards sustainable development, and have received assistance in developing and executing a business plan through certified management development support programs offered by Chambers of Commerce and Industry or Societies of Commerce and Industry.

● Holding of "One-Day JFC" Consultation Sessions at Chambers of Commerce and Industry or at Societies of Commerce and Industry

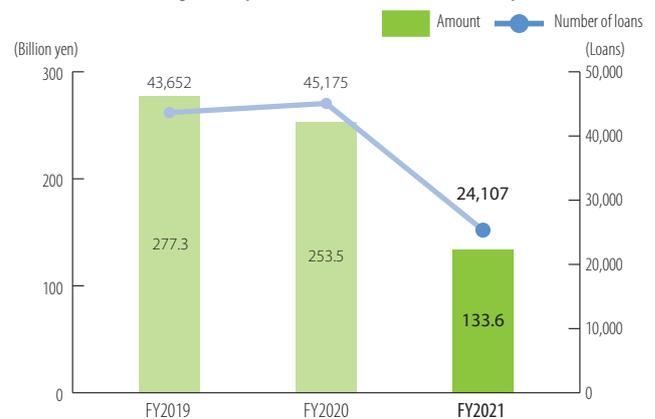
Consultation sessions called "One-Day JFC," where staff from JFC-Micro consult on finance, are held at Chambers of Commerce and Industry and at Societies of Commerce and Industry. Every year, many micro/small businesses come to ask for advice.

In addition, we also conduct online consultations to prevent the spread of COVID-19.

Structure of Managerial Improvement Loan (MARUKEI Loan)



Total number of Managerial Improvement Loans (MARUKEI Loans) provided



Digital Hotline Established

JFC has established digital hotlines for easy access to online consultations at the Saitama Chamber of Commerce and Industry and the Kawaguchi Chamber of Commerce and Industry.

Customers may visit their nearest Chamber of Commerce and Industry or branch to receive support from both the Chamber and a representative from JFC on financial assistance, rendering the process easier for people unaccustomed to digital equipment.

Sample Online Collaboration



JFC Collaborates with Various Organizations That Support Micro/Small Businesses

● Signing of MOU for business cooperation

JFC has concluded MOU to collaborate with the Japan Federation of Certified Tax Accountants Associations and other organizations. We are actively involved in stabilizing and strengthening the business foundation of micro/small businesses in collaboration with specialist institutions e.g. information provision through the dispatch of lecturers to seminars and study groups.

List of the main organizations signed MOU (as of the end of May 2022)

Japan Federation of Bar Associations	(Apr. 27, 2011)
Japan Federation of Labor and Social Security Attorney's Associations	(Sep. 1, 2011)
Japan Federation of Certified Tax Accountants Associations	(Oct. 14, 2011)
Japan Federation of Shihō-Shoshi Lawyer's Associations	(Nov. 11, 2011)
Japan Federation of Certified Administrative Procedures Legal Specialists Associations	(Mar. 29, 2012)
Japan External Trade Organization (JETRO)	(Oct. 25, 2012)
Organization for Small & Medium Enterprises and Regional Innovation, Japan	(Feb. 7, 2020)

Note: Dates within parentheses are the dates the MOU were concluded.

● Cooperation with the Approved Management Innovation Support Organizations ^(Note), such as Tax Accountants, Certified Public Accountants, and SME Management Consultants

JFC's loan support, together with the management support provided by the Approved Management Innovation Support Organization comprised of tax accountants and other specialists that play an important role in the support for small and medium-sized enterprises (SMEs), micro/small businesses in such important areas as business start-ups, management improvement, and business reconstruction.

Note: The Approved Management Innovation Support Organization is a support organization (tax accountant, certified public accountant, SME management consultant, Societies of Commerce and Industry, Chambers of Commerce and Industry, etc.) based on the Small and Medium-sized Enterprises Business Enhancement Act. Please refer to the Small and Medium Enterprise Agency website for more information.

Collaboration with Regional Financial Institutions

JFC-Micro Actively Collaborates with Regional Financial Institutions

JFC collaborates with regional financial institutions to support customers that have been impacted by COVID-19, help revitalize local economies, and improve customer convenience.

● Cooperative loan scheme construction^(Note) and creation of cooperative loan programs

In such various fields as respond to the spread of COVID-19 and support for business start-ups and business revitalization, we focus on creating financing schemes by linkages and collaboration in order to enhance the effectiveness of relationship with regional financial institutions. The number of regional financial institutions JFC-Micro has constructed the cooperative loan schemes with amount to 435 institutions as of the end of March 2022.

In addition, for some of the cooperative loan scheme, regional financial institutions and the JFC collaborates to establish cooperative loan programs to support businesses. Concrete results have already been generated from these programs.

Note: A cooperative loan scheme has specific referral rules for projects treated as cooperative loans.

● Total cooperative loans^(Note)

In FY2021, total cooperative loans with regional financial institutions amounted to 16,752 loans, 212.3 billion yen.

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

Cooperative loans by business category (FY2021)

Total number of cooperative loans	City banks	Regional banks	Regional banks II	Credit associations	Credit cooperatives	Others	Total		Reference FY2020 results
							Compared to the previous fiscal year		
Number of loans ^(Note)	1,717	8,481	2,890	10,813	1,473	504	25,259	103%	24,467
(Micro Business and Individual Unit)	229	4,324	1,823	9,009	1,279	88	16,752	138%	12,134
Amount ^(Note)	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
(Micro Business and Individual Unit)	5.4 billion yen	58.8 billion yen	24.0 billion yen	108.5 billion yen	14.2 billion yen	1.1 billion yen	212.3 billion yen	131%	161.8 billion yen

Note: In cases where cooperative loans are provided with multiple regional 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. The total is reported as 100 million yen.

● Collaboration during the COVID-19 pandemic

Based on a shared understanding the supporting businesses affected by the COVID-19 pandemic is a top priority, we continue to work with financial institutions to provide assistance. In particular, we are promoting the COVID-19 Hybrid Subordinated Loan Program, which we started to handle in August 2020, and stepping up collaboration including creation of cooperative loan scheme and collaborative loan products utilizing this program.

Going forward, JFC will deepen its collaboration with regional financial institutions and further promote support for business continuity and growth of customers that have been impacted by COVID-19.

Working towards Improved Customer Service

Measures to Contribute to Regional Revitalization

JFC's 152 branches located nationwide are strengthening their collaboration with local governments and actively participating in "regional comprehensive strategies" implemented by local governments. By leveraging our experience and know-how relating to business start-up support and business succession support, as well as our network of regional financial institutions, Chambers of Commerce and Industry, Societies of Commerce and Industry, tax accountants, and others, we are working to contribute to regional revitalization while taking into account the actual conditions and needs of each region.

"Companies Promoting Regional Revitalization Through Food and Agriculture" Project in Collaboration with Onan-cho, Shimane Prefecture (Hamada Branch)

The Hamada Branch actively participates in a "Job Creation" regional comprehensive strategy promoted by Onan-cho. The branch cooperates with a wide range of measures implemented by the town, such as conducting a "Practical Entrepreneurship Class" for entrepreneurs, supporting entrepreneurship, branding of the agricultural and forestry industries, and the sixth industrialization of food and agriculture (expansion of the A-class gourmet concept and support for developing chefs who will become entrepreneurs). As a result of these efforts, 40 businesses were created in Onan-cho from 2015 to 2018, and the Onan-cho model has spread throughout the country.

The collaboration between the Hamada Branch and Onan-cho was selected as a "FY2019 Noteworthy Examples of Financial Institutions and Other Organizations Contributing to Regional Development" announced by the Secretariat of Headquarter for Overcoming Population Decline and Vitalizing Local Economy in Japan.

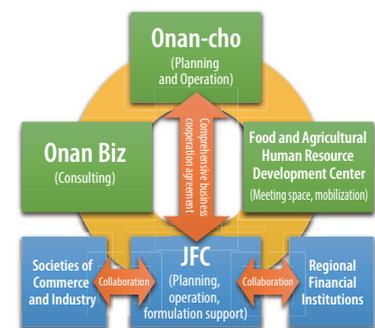


Diagram of the Collaborative Scheme
* Excerpted from the FY2019 Noteworthy Examples of Financial Institutions and Other Organizations Contributing to Regional Development

Digitalization Measures

Promoting the Digitalization of Operation

With the aim of becoming a financial institution that offers even greater convenience to customers, we are undertaking the digitalization of operation to facilitate use of JFC's services regardless of time and location.

We are also working to provide support through financing and to share information relating to digitalization so that SMEs and micro/small businesses can increase business efficiency and raise productivity.

● Increased convenience to customers

We are working to enhance customer convenience by reviewing procedures that required customers to come to a branch or to submit documents by mail and allowing these procedures to be performed online.

Specifically, we are expanding the functions of our Internet Application service, launching a dedicated site for services provided through the Internet (JFC Direct) to customers (members), as well as providing online consultations services using video calls for loan screening interviews and various consultations.

We will continue to accelerate our digitalization measures and improve customer service by introducing the latest digital technologies.

■ Online Applications

Application procedures for both business loans and educational loans can be performed online at any time, 24 hours a day, 365 days a year. The application process can be completed online without the need to visit a JFC branch or mail documents.



■ JFC Direct

JFC has a free-of-charge dedicated site for Internet services "JFC Direct" for customers (members).

Features of JFC Direct

- Check key information by e-mails
- Check and join seminars in the prefecture where you registered
- Check transaction information online ^(Note)
- Get certificates online ^(Note)



Click here to register as a member on the site.



Note: In addition to member registration, you must also be registered for dedicated services.

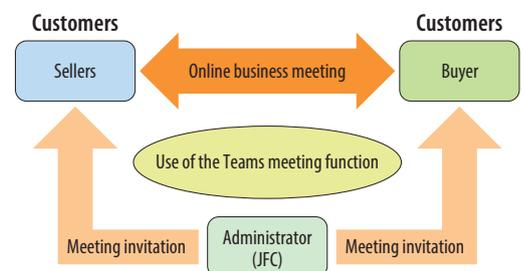
■ Online Consultation Service

We provide online loan counselling and screening services using video calls. We also offer online consultations in collaboration with related organizations.

At the three Business Support Plazas nationwide, online business start-up consultations are available by appointment on holidays for those who are considering starting a business.

■ Online Business Meeting

We are holding online business meetings via video call. By holding these meetings online, even during the COVID-19 pandemic, we are able to connect customers in remote areas where it is difficult to hold meetings, and we are working to provide management support for expanding the business opportunities of customers.



Schematic diagram of online consultations conducted by the Aomori, Toyama, and Takaoka branches

● Supporting digitalization by customers

JFC-Micro provides both financial and information support for the digitalization efforts of customers, which lead to higher business efficiency and increase productivity.

We use business vitality strengthening fund and other financing programs to support SMEs and micro/small businesses planning to digitalize their operations by providing funds for equipment.

We also provide information and case studies relating to digitalization and use networks with JFC and relevant organizations to provide referrals to outside experts.

International Cooperation

JFC-Micro shares expertise and experience through international cooperation

By sharing our accumulated credit analysis know-how and experience with micro/small businesses, we also support developing and other countries.

Supporting Developing Countries by ODA (Official Development Assistance)

JFC-Micro provides assistance to overcome issues which financial institutions in developing countries face through technical collaboration by Official Development Assistance (ODA). This assistance has been implemented by sharing our accumulated credit analysis know-how on micro/small businesses. In details, we are conducting seminars concerning SME finance in the foreign countries and in Japan in cooperation with Policy Research Institute, Ministry of Finance. To date, these have been implemented in Viet Nam, Malaysia, Laos, and Myanmar.

i. Laos

JFC-Micro implemented the technical assistance project from FY2011 to FY2017 with the Lao Development Bank (LDB), which is a state-owned commercial bank in Laos. This project provides our know-how in order to enhance LDB's human resources and improve their credit analysis capabilities. Seminars in Laos and Japan have been held a total of eight times, and lectures about credit analysis methods were conducted to employees of the bank. We have also helped LDB create their own credit analysis manual.

LDB and related governmental organizations have praised the project as extremely significant. LDB is currently working to improve its financing operations even further and is conducting employee training.

Over the two years starting in March 2017, based on the request by the Japan International Cooperation Agency (JICA), JFC-Micro dispatched our staff as the long-term expert for continuous support on site.

ii. Myanmar

In January 2015, the workshop on SME finance was held for Myanmar Ministry of Finance, the Central Bank of Myanmar, the Ministry of Industry, and the Myanmar Economic Bank (MEB) at the Myanmar Ministry of Finance in Myanmar's capital Naypyidaw. JFC-Micro gave explanations on the characteristics of Japan's SME finance, JFC's corporate profile, loan programs, and its credit analysis features, etc.

Later, a request was received from the government of Myanmar, and in April of that year, JFC commenced a technical assistance project for MEB and other organizations. In four seminars which have been held in Myanmar and Japan, JFC-Micro conducted lectures on fundamental credit analysis methods and other topics. These events have been quite active, with numerous questions posed by the participants on topics such as methods of grasping the actual situation of enterprises.

Second phase of this project was launched in June 2018 with the aim of developing MEB's credit analysis skills even further. JFC-Micro provided support to revise its credit analysis format and made other improvements so that the bank can get its new financing program for SMEs on track.

At the seminars held in Myanmar, we conducted practical courses such as a case study on the example for loans provided by MEB using a revised credit analysis format.



Lecture given at local seminars in Laos (Vientiane)



Seminar in Myanmar (Yangon)

Accepting Foreign Missions, etc.

Every year, a lot of foreign missions from mainly developing countries visit Japan to learn Japan's experience. JFC-Micro provides lectures on such as its history, summaries of its activities, loan programs and various other operations to overseas government related persons coming for observation/inspection tours as part of the training sponsored by JICA and others.



Lecture for foreign missions

